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Consolidated Six-Month Financial Results for the Fiscal Year Ending June 2025 (Under Japanese GAAP)

February 14, 2025

Name of listed company	Fibergate Inc.		Exchange listed on: Tokyo Stock Exchange (Prime Market). Sapporo Securities Exchange	
Securities code number	9450	URL https://www.fibergate.co.jp/en/		
Representative	(Position)	Representative Director, President Executive Officer	(Name) Masanori Inomata	
Contact person in charge	(Position)	Director, Senior Executive Officer Head of Corporate Planning	(Name) Takafumi Hamazu	(TEL) 011(204)6121
Scheduled date to file semi-annual securities report	February 14, 2025		Scheduled date to commence dividend payments	March 12, 2025
Preparation of supplementary material on financial results: Yes	(Supplementary explanatory materials for financial results will be posted on our website as appropriate.)			
Holding financial results briefing: Yes	(for institutional investors and analysts)			

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated earnings for second Six months of the fiscal year ending June 30, 2025 (from July 1, 2024, to December 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
December 31, 2024	6,556	12.9	979	△10.9	969	△13.2	654	△10.5
December 31, 2023	5,806	11.6	1,098	10.8	1,117	13.9	731	8.2

Note:

Comprehensive income For the six months ended December 31, 2024 646Millions of yen (△12.7%) For the three months ended December 31, 2023 741Millions of yen (9.8%)

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
December 31, 2024	32.29	32.25
December 31, 2023	35.97	35.89

(2) Consolidated financial position

	Total Assets	Total Net Assets	Equity Ratio
As of	Millions of yen	Millions of yen	%
December 31, 2024	12,877	6,248	48.1
June 30, 2024	13,076	5,836	44.3

Reference: Equity As of December 30, 2024, 6,188Millions of yen As of June 30, 2024 5,789Millions of yen

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended June 30, 2024	—	5.00	—	12.50	17.50
Year ended June 30, 2025	—	13.50			
Year ended June 30, 2025 (Forecast)			—	13.50	27.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of Consolidated Results for the FY Ending June 2025 (from July 1, 2024 to June 30, 2025)

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending June 30, 2025	14,370	13.9	2,620	9.7	2,600	8.5	1,650	5.3	81.40

Note: Revision from the most recently announced earnings forecast: None

Since the Company manages its operations on an annual basis, the description of the consolidated earnings forecast for the second quarter (cumulative) has been omitted. For details, please refer to “(3) Future outlook of 1. Overview of Quarter Operating Results, etc.” on page 6 of the Appendix.

Notes

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 company (Enepulse Inc.)

Excluded: 0 companies

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	20,593,600Shares	As of June 30, 2024	20,593,600 Shares
As of September 30, 2024	322,207Shares	As of June 30, 2024	322,207 Shares
As of September 30, 2024	20,271,393Shares	As of September 30, 2023	20,374,718 Shares

(ii) Number of treasuries shares at the end of the period

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

※ Financial Results are not subject to audit procedures by Certified Public Accountants or audit firms.

Explanation of appropriate use of the financial forecast and other special remarks

(Notes to the forward-looking statements)

The forward-looking statements, such as the financial forecast, provided in this material are based on information currently available to Fibergate Inc. (“Company”) and certain assumptions that the Company believes are reasonable, and are not intended as a guarantee that the Company will achieve the same. In addition, actual results may significantly differ due to various factors. For notes on the assumptions used for the financial forecast and instructions on how to use the financial forecast, please see “1. Overview of Operating Results, etc. (3) Future outlook” on Page 7 in the attachment.

(Method of obtaining contents of the financial results briefing)

The Company plans to hold the financial results briefing for institutional investors and analysts on February 14, 2025. The materials to be used at the briefing will be posted on the Company’s website immediately after the briefing.

(Method of obtaining supplementary explanatory materials for the financial results)

The supplementary explanatory materials will be disclosed on TDnet on that day and posted on the Company’s website as well.

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1. Overview of Quarter Operating Results

Forward-looking statements in this report are based on the judgment as of the end of the current quarter consolidated fiscal year.

(1) Overview of operating results

(Millions of yen)

Three months ended	Sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net profit per share (Yen)
Current quarter consolidated fiscal year	6,556	979	969	654	32.29
Current quarter consolidated fiscal year	5,806	1,098	1,117	731	35.97
Year-on-Year comparison	750	△119	△147	△77	△3.68
Percent change from the same period last year (%)	12.9	△10.9	△13.2	△10.5	△10.2

During the current interim consolidated accounting period (July 1, 2024, to December 31, 2024), the Japanese economy is on a gradual recovery trend with progress in employment and income improvements. On the other hand, there are also risks of downward pressure on the economy, such as rising prices due to international instability and the effects of the weaker yen, and the future remains uncertain, and the situation remains unpredictable.

Under these circumstances, our group aims to transform its business model in line with the changes in the environment and continue to grow as a company that provides optimal communications environments to users all at once as a "premises infrastructure integrator."

In the home use business, the accumulated effects of the stock business continue to be stable, and sales of cross-selling products such as network cameras and intercom compatible systems "FG Smart Call", which we have been focusing on, are also trending steadily, and the percentage of sales in the home use business is also on the rise. On the other hand

We are increasing the number of cases in which we use the outright sale method to provide equipment, and as the cost is recorded in a lump sum in the first year of the transaction, profit margins are temporarily decreasing. By adopting the outright sale method, although the profit margin in the first year of trading will decrease, it is expected that the profit margin of future stock income will improve, and the tax burden will be reduced due to the control of depreciable assets.

As a result of the above, the home use business had sales of 5,285 million yen (up 3.9% from the same period last year) and segment profit of 1,331 million yen (down 10.1% from the same period last year).

In the business use business, sales of in-premise communication infrastructure services for medical and nursing care facilities, public facilities, and tourist facilities, which we have traditionally focused on, are growing steadily. Sales to these three target areas account for approximately 60% of the business use business, and sales to medical and nursing care facilities particularly increased during the first quarter of the current consolidated cumulative period.

Additionally, there was no noticeable decline in profitability for each project, and the profit margin remained at the same level as in the previous quarter.

As a result of the above, the business use business achieved sales of 816 million yen (up 19.4% from the same period last year) and segment profit of 151 million yen (down 2.4% from the same period last year).

In the real estate business, FG Smart Asset Co., Ltd. had one real estate sale.

As a result of the above, the real estate business had sales of 441 million yen (compared to 8 million yen in the same period of the previous year) and segment profit of 72 million yen (segment loss of 2 million yen in the same period of the previous year).

In other businesses, there were research and development expenses related to the renewable energy (electricity) business of Off Grid Lab Co., Ltd. and costs related to the establishment of the newly established Enepulse Co., Ltd.

As a result of the above, other businesses had sales of 13 million yen (down 51.1% from the same period of the previous year) and a segment loss of 6 million yen (segment profit of 13 million yen in the same period of the previous year).

As a result, the business results for the current interim consolidated accounting period were sales of 6,556 million yen (up 12.9% from the same period of the previous year), operating income of 979 million yen (down 10.9% from the same period of the previous year), ordinary income of 969 million yen (down 13.2% from the same period of the previous year), and interim net income attributable to owners of the parent company of 654 million yen (down 10.5% from the same period of the previous year).

(2) Overview of financial position

1. Assets, liabilities and net assets

(Millions of yen)

	At the end of the previously consolidated fiscal year	At the end of current quarter consolidated fiscal year	Percent change (%)
Total assets	13,076	12,877	△1.5
Net assets	5,836	6,248	7.1
Shareholders' equity ratio (%)	44.2	48.1	2.7
Net assets per share (yen)	285.59	305.30	6.9

(Assets)

Total assets at the end of the current interim consolidated accounting period were 12,877 million yen, a decrease of 198 million yen compared to the end of the previous consolidated fiscal year. This was due to a decrease of 61 million yen in current assets and a decrease of 136 million yen in fixed assets.

The increase in current assets was mainly due to a decrease of 349 million yen in real estate for sale, although cash and deposits increased by 83 million yen and merchandise increased by 245 million yen. The decrease in fixed assets was mainly due to a decrease of 91 million yen in communications equipment used to provide our communications services.

(Liabilities)

Liabilities decreased by 610 million yen from the end of the previous fiscal year to 6,629 million yen. This was mainly due to decreases in long-term loans payable (including repayments within one year) of 980 million yen and contract liabilities of 176 million yen, although accounts payable increased by 239 million yen and short-term loans payable increased by 400 million yen.

(Net assets)

Net assets increased by 412 million yen from the end of the previous fiscal year to 6,248 million yen. This was due to an increase of 401 million yen in retained earnings and 3 million yen in non-controlling interests.

2. Status of cash flow

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the current interim consolidated accounting period increased by 83 million yen from the end of the previous consolidated fiscal year to 2,203 million yen.

The status of each cash flow and its factors are as follows.

(Cash flow from operating activities)

Funds obtained from operating activities were 1,659 million yen (compared to 1,053 million yen in the same period last year). This was due to an increase in funds due to interim net income before taxes and other adjustments of 941 million yen, depreciation and amortization of 826 million yen, and increase/decrease in trade payables of 238 million yen, but there was a decrease in funds due to factors such as an increase/decrease in contract liabilities of 176 million yen and income taxes paid of 339 million yen.

(Cash flow from investment activities)

Funds used in investment activities amounted to 742 million yen (compared to 1,206 million yen spent in the same period last year). This was due to a decrease in funds due to expenditures of 746 million yen for the acquisition of tangible fixed assets.

(Cash flow from financial activities)

Funds used in financing activities amounted to 833 million yen (compared to 230 million yen spent in the same period last year). This was due to an increase in funds due to an increase/decrease in short-term loans payable of 400 million yen, but a decrease in funds due to expenditures of 980 million yen due to repayment of long-term loans payable and expenditures due to dividends of 253 million yen.

(3) Explanation of forward-looking information such as consolidated earnings forecasts

Regarding the consolidated earnings forecasts for the fiscal year ending June 2025, there is no change to the consolidated earnings forecasts stated in the “Financial Results for the Fiscal Year Ended June 2024 [Japan GAAP] (Consolidated)” announced on August 14, 2024.

We will continue to examine the outlook for the future, and if it becomes necessary to revise the consolidated earnings forecasts, we will promptly disclose it.

Forward-looking statements are based on information currently available to the Company and certain assumptions that the Company believes are reasonable, and actual results may significantly differ due to various factors.

(Forecast of consolidated business results)

(Millions of yen)

	June 2024 Result	June 2025 Forecast	Percentage change (%)
Sales	12,613	14,370	13.9
Operating profit	2,387	2,620	9.7
Ordinary profit	2,395	2,600	8.5
Net profit attributable to owners of the parent	1,567	1,650	5.3

2. Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of June 30, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	2,120	2,203
Accounts receivable and contract assets	1,980	1,940
Commodity	665	910
Real estate for sale	489	140
Work in process	0	7
Supplies	0	0
Others	87	78
Allowance for doubtful accounts	△5	△5
Total current assets	5,339	5,277
Fixed asset		
Tangible fixed assets		
Building (net)	35	34
Tools, furniture & fixtures(net)	10	13
Communication equipment (net)	7,153	7,062
Construction in progress	0	—
Total tangible fixed assets	7,200	7,109
Intangible assets		
Software	67	59
Software in progress	20	23
Total intangible assets	88	83
Investments and other assets		
Investment securities	11	11
Deposit	46	45
Deferred tax assets	372	334
Claims in bankruptcy, reorganization, etc.	1	1
Others	18	16
Allowance for doubtful accounts	△1	△1
Total investments and other assets	447	406
Total fixed assets	7,736	7,599
Deferred assets		
Inaugural expenses	0	0
Total deferred assets	0	0
Total assets	13,076	12,877

(Millions of yen)

	As of June 30, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable	623	862
Short-term borrowings	140	540
Current portion of long-term borrowings	1,203	1,118
Income taxes payable	358	273
Contract liabilities	1,317	1,140
Provision for bonuses	88	91
Provision for share-based payment	—	1
Others	356	342
Total current liabilities	4,086	4,371
Fixed liabilities		
Corporate bonds	50	50
Long-term borrowings	3,049	2,153
Retirement benefit liability	53	54
Total fixed liabilities	3,153	2,257
Total liabilities	7,240	6,629
Net assets		
Shareholders' equity		
Capital	494	494
Capital surplus	423	423
Retained earnings	5,225	5,626
Treasury share	△356	△356
Total shareholders' equity	5,786	6,187
Other comprehensive income cumulative amount		
Valuation difference of other securities	0	△0
Foreign currency translation adjustment account	3	1
Total other comprehensive income cumulative amount	3	1
Common stock pre-emptive right	—	8
Non-controlling interest	46	50
Total net assets	5,836	6,248
Total liabilities and net assets	13,076	12,877

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly consolidated statement of income)

(Millions of yen)

	Three months ended December 31, 2023	Three months ended December 31, 2024
Sales	5,806	6,556
Cost of goods sold	2,975	3,863
Gross profit	2,831	2,693
Selling, general and administrative expenses	1,732	1,713
Operating profit	1,098	979
Non-operating income		
Interest income	0	0
Dividend income	0	0
Insurance income	26	—
Point revenue	3	2
Others	2	0
Total non-operating income	31	3
Non-operating expenses		
Interest expenses	12	12
Foreign exchange loss	0	1
Others	0	—
Total non-operating expenses	13	13
Ordinary profit	1,117	969
Extraordinary loss		
Loss on disposal of fixed assets	23	27
Total extraordinary losses	23	27
Net quarterly income before income taxes	1,093	941
Income taxes-current	300	255
Income taxes deferred	52	38
Total income taxes	352	293
Net quarterly profit	741	648
Net quarterly profit attributable to non-controlling interests	9	△5
Quarterly profit attributable to owners of parent	731	654

(Quarterly consolidated statement of comprehensive income)

(Millions of yen)

	Three months ended December 31, 2023	Three months ended December 31, 2024
Net quarterly profit	741	648
Other comprehensive profit		
Other valuation difference on available-for-sale securities	0	△0
Foreign currency translation adjustment account	△0	△1
Other comprehensive profit total	△0	△1
Comprehensive quarterly profit	741	646
(Breakdown)		
Comprehensive quarterly profit related to shareholders of the parent	731	652
Comprehensive quarterly profit related to non-controlling interests	9	△5

(3) Consolidated Interim Statements of Cash Flows

(Millions of yen)

	Three months ended December 31, 2023	Three months ended December 31, 2024
Operating activities		
Net income before taxes and other adjustments	1,093	941
Depreciation and amortization	764	826
Share-based compensation expenses	11	10
Loss on retirement of non-current assets	23	27
Decrease (increase) in allowance for doubtful accounts	0	0
Decrease (increase) in provision for bonuses	0	3
Decrease (increase) in retirement benefit liability	2	0
Interest income	△0	△0
Interest expenses	12	12
Decrease (increase) in accounts receivable and contract assets	△34	40
Decrease (increase) in inventory assets	△554	91
Decrease (increase) in trade payables	379	238
Decrease (increase) in contract liabilities	△165	△176
Foreign exchange profit or loss	△1	0
Others	△65	△5
Subtotal	1,467	2,010
Interest income received	0	0
Interest paid	△12	△11
Income taxes paid	△401	△339
Net cash provided by (used in) operating activities	1,053	1,659
Investment activities		
Investment expenditures	△0	△0
Tangible fixed assets expenditures	△1,171	△746
Intangible assets expenditures	△20	△6
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	9
Payments of leasehold deposits	△14	—
Others	—	0
Net cash provided by (used in) investment activities	△1,206	△742
Financial activities		
Decrease (increase) in short-term borrowings	300	400
Proceeds from long-term borrowings	400	—
Repayments of long-term borrowings	△537	△980
Treasury share expenditure	△188	—
Dividend payment	△204	△253
Net cash provided by (used in) financial activities	△230	△833
Net effect of exchange rates changes	1	△0
Decrease (increase) in cash and cash equivalent	△381	83
Cash and cash equivalent at beginning of year	2,382	2,120
Cash and cash equivalents at end of year	2,001	2,203

(4) Notes on quarterly consolidated financial statements

(Notes to assumptions for going concern)

There are no applicable matters.

(Note in the event of a significant change in the amount of shareholders' equity)

There are no applicable matters.

(Notes on segment information etc.)

【Segment Information】

I Three months ended December 31, 2023

1. Information on the number of sales and profits or losses for each reporting segment

(Millions of yen)

	Reporting Segments				Others (Notes 1)	Total	Adjustment amount (Notes 2)	Amount reported on the consolidated financial statements (Notes 3)
	Home-Use Business	Business Use Business	Real estate Business	Total				
Sales								
Sales to external customers	5,086	683	8	5,778	27	5,806	—	5,806
Internal sales or transfers between segments	—	—	—	—	—	—	—	—
Total	5,086	683	8	5,778	27	5,806	—	5,806
Segment Profit or Loss	1,482	154	△2	1,634	13	1,647	△548	1,098

(Notes)

1. The "Others" category is a business segment that is not included in the reporting segment and includes the renewable energy (electricity) Business.
2. The adjustment of segment profit of -548 million yen is general and administrative expenses that have not been allocated to each reporting segment.
3. Segment profit is adjusted to operating income in consolidated financial statements.
4. Information on impairment losses on fixed assets or goodwill by reported segment There are no applicable matters.

II Three months ended September 30, 2024

1. Information on the number of sales and profits or losses for each reporting segment

(Millions of yen)

	Reporting Segments				Others (Notes 1)	Total	Adjustment amount (Notes 2)	Amount reported on the consolidated financial statements (Notes 3)
	Home-Use Business	Business Use Business	Real estate Business	Total				
Sales								
Sales to external customers	5,285	816	441	6,543	13	6,556	—	6,556
Internal sales or transfers between segments	—	—	—	—	—	—	—	—
Total	5,285	816	441	6,543	13	6,556	—	6,556
Segment Profit or Loss	1,331	151	72	1,555	△6	1,548	△569	979

(Notes)

1. The "Others" category is a business segment that is not included in the reporting segment and includes the renewable energy (electricity) Business.
2. The adjustment of segment profit of -569 million yen is general and administrative expenses that have not been allocated to each reporting segment.
3. Segment profit is adjusted to operating income in consolidated financial statements.
4. Information on impairment losses on fixed assets or goodwill by reported segment There are no applicable matters.