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Consolidated Financial Results for the Three Months of Fiscal Year Ending June 2025 (Under Japanese GAAP)

November 14, 2024

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		
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 Hamauzu	(TEL) 011(204)6121
Scheduled date to commence dividend payments	—			
Preparation of supplementary material on financial results: Yes	(Supplementary explanatory materials for financial results will be posted on our website as appropriate.)			
Holding of financial results briefing:	None			

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

1. Consolidated earnings for first three months of the fiscal year ending June 30, 2025 (from July 1, 2024 to September 30, 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								
September 30, 2024	3,054	7.1	463	-11.8	458	-16.4	310	-16.3
September 30, 2023	2,852	10.1	525	9.3	548	14.1	370	9.9

Note:

Comprehensive income For the three months ended September 30, 2024 302Millions of yen (-17.7%)

For the three months ended September 30, 2023 367Millions of Yen (9.0%)

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
September 30, 2024	15.30	—
September 30, 2023	18.19	18.15

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	12,986	5,895	45.0
June 30, 2025	13,076	5,836	44.3

Reference: Equity As of September 30, 2024 5,844Millions 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	—				
Year ended June 30, 2025 (Forecast)		13.50	—	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 treasury shares at the end of the period

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

※ Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

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 6 in the attachment.

(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, etc

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	3,054	463	458	310	15.30
Previous quarter consolidated fiscal year	2,852	525	548	370	18.19
Percent change from the same period last year (%)	7.1	-11.8	-16.4	-16.3	-16.3

During the first quarter of the current fiscal year (from July 1, 2024 to September 30, 2024), Japan's economy has been on a moderate recovery trend, with progress in improving employment and income. On the other hand, there are downward risks to the economy, such as rising prices due to international instability and the effects of the yen's depreciation, and the outlook remains uncertain, making the situation remain unpredictable.

Under such circumstances, the Group is promoting further growth as a company that provides an optimal communication environment to users as an “on-premise infrastructure integrator” with the aim of transforming its business model in line with changes in the environment.

In the Home-Use Business, the cumulative effect of the recurring-revenue business has continued in a stable manner, and sales of cross-sell products such as network cameras and “FG Smart Call”, an intercom compatible system, which we have been focusing on, have been steady, and the ratio of sales in the Home-Use Business has also been on the increase.

On the other hand, we are increasing the number of projects adopting one-time sales method as a method of providing devices and the profit margin is temporarily declining as costs are recorded in a lump sum in the initial year of transactions. Although the profit margin in the initial year of transactions will decrease due to the adoption of one-time sales method, it is expected that the profit margin of future stock income will be improved and the tax burden will be reduced due to the curb on depreciable assets.

As a result, in the Home-Use Business, sales were 2.643 billion yen (increased by 4.8% year-on-year) and segment profit was 668 million yen (decreased by 6.4% year-on-year).

In the Business-Use Business, sales of on-premise communication infrastructure services for medical and nursing care facilities, public facilities, and tourist facilities, which we have been focusing on, are growing steadily. Sales from these three target areas accounted for approximately 60% of the Business-Use Business, and sales from medical and nursing care facilities increased in particular during the first quarter of the current fiscal year.

In addition, there was no noticeable decline in profitability for each project, and the profit margin was about the same as the previous quarter's consolidated cumulative period.

As a result, in the Business-Use Business, sales were 405 million yen (increased by 24.0% year-on-year) and segment profit was 72 million yen (increased by 28.2% year-on-year).

In the real estate business, there were no real estate sales as of the first quarter, although there was rental income from Reunir Gracias Kawaguchi, a new-generation SDGs ecological condominium owned by FG Smart Asset Inc.

As a result, sales in the real estate business were 4 million yen (increased by 11.5% year-on-year) and segment loss was 0 million yen (2 million yen in the same period of the previous year).

In other businesses, there were R&D expenses for the renewable energy (electricity) business from OffGrid-Lab Inc. and expenses related to the establishment of the newly established Enepulse Inc.

As a result, sales in other businesses were 0 million yen (increased by 5.1% year-on-year) and segment loss was 7 million yen (2 million yen in the same period of the previous year).

As a result, operating results for the first quarter of the current fiscal year were 3.054 billion yen in sales (increased by 7.1% year-on-year), 463 million yen in operating profit (decreased by 11.8% year-on-year), 458 million yen in ordinary profit (decreased by 16.4% year-on-year), and 310 million yen in net income attributable to the parent company's shareholders (decreased by 16.3% year-on-year).

(2) Overview of financial position

	At the end of previous consolidated fiscal year	At the end of current quarter consolidated fiscal year	Percent change (%)
Total assets	13,076	12,986	-0.7
Net assets	5,836	5,895	1.0
Shareholders' equity ratio	44.3	45.0	0.1
Net assets per share	285.59	288.31	1.0

(Assets)

Total assets at the end of the first quarter of the current fiscal year decreased by 89 million yen from the end of the previous fiscal year to 12.986 billion yen. This was mainly due to a decrease of 100 million yen in fixed assets, despite an increase of 10 million yen in current assets.

The increase in current assets was mainly due to an increase of 162 million yen in commodity, despite a decrease of 119 million yen in cash and deposits and 39 million yen in accounts receivable and contract assets. The decrease in fixed assets was mainly due to a decrease of 40 million yen in telecommunication equipment for the provision of the Company's telecommunication services and 53 million yen in deferred tax assets.

(Liabilities)

Liabilities decreased by 149 million yen from the end of the previous consolidated fiscal year to 7.090 billion yen. This was mainly due to a decrease of 86 million yen in contract liabilities, 259 million yen in income taxes payable, and 319 million yen in long-term borrowings, despite an increase of 250 million yen in accounts payable and 350 million yen in short-term borrowings.

(Net assets)

Net assets increased by 59 million yen from the end of the previous consolidated fiscal year to 5.895 billion yen. This was mainly due to an increase of 57 million yen in retained earnings.

(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 September 30, 2024
Assets		
Current assets		
Cash and deposits	2,120	2,001
Accounts receivable and Contract Assets	1,980	1,940
Commodity	665	827
Real estate for sale	489	486
Real estate for sale	0	1
Supplies	0	0
Others	87	95
Allowance for doubtful accounts	-5	-5
Total current assets	5,339	5,349
Fixed asset		
tangible fixed assets		
Building (net)	35	35
Tools, furniture & fixtures(net)	10	9
Communication equipment (net)	7,153	7,113
Construction in progress	0	0
Total tangible fixed assets	7,200	7,158
Intangible assets		
Software	67	63
Software in progress	20	21
Total intangible assets	88	85
Investments and other assets		
Investment securities	11	11
Deposit	46	45
Deferred tax assets	372	319
Claims in bankruptcy, reorganization, etc.	1	1
Others	18	17
Allowance for doubtful accounts	-1	-1
Total investments and other assets	447	392
Total fixed assets	7,736	7,636
Deferred assets		
Inaugural expenses	0	0
Total deferred assets	0	0
Total assets	13,076	12,986

(Millions of yen)

	As of June 30, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable	623	873
Short-term borrowings	140	490
Current portion of long-term borrowings	1,203	1,164
Income taxes payable	358	99
Contract liabilities	1,317	1,230
Provision for bonuses	88	46
Others	356	353
Total current liabilities	4,086	4,258
Fixed liabilities		
Corporate bond	50	50
Long-term borrowings	3,049	2,729
Retirement benefit liability	53	52
Total fixed liabilities	3,153	2,832
Total liabilities	7,240	7,090
Net assets		
Shareholders' equity		
Capital	494	494
Capital surplus	423	423
Retained earnings	5,225	5,282
Treasury share	△356	△356
Total shareholders' equity	5,786	5,843
Other comprehensive income cumulative amount		
Valuation difference of other securities	0	△0
Foreign currency translation adjustment account	3	1
Other comprehensive income cumulative amount	3	1
Non-controlling interest	46	51
Total net assets	5,836	5,895
Total liabilities and net assets	13,076	12,986

(2) Quarterly Consolidated statement of income and Quarterly consolidated statement of comprehensive income
(Quarterly Consolidated statement of income)
(Results for the Three Months Ended September 30, 2024)

(Millions of yen)

	Three months ended September 30, 2023	Three months ended September 30, 2024
Sales	2,852	3,054
Cost of goods sold	1,466	1,699
Gross profit	1,386	1,354
Selling, general and administrative expenses	861	891
Operating profit	525	463
Non-operating income		
Interest income	0	0
Dividend income	0	0
Foreign exchange profit	1	—
Insurance income	26	—
Point revenue	1	1
Others	0	0
Total non-operating income	28	1
Non-operating expenses		
Interest expenses	5	6
Foreign exchange loss	—	0
Others	0	—
Total non-operating expenses	6	6
Ordinary profit	548	458
Extraordinary loss		
Loss on disposal of fixed assets	9	14
Total extraordinary losses	9	14
Net quarterly income before income taxes	538	444
Income taxes-current	130	86
Income taxes-deferred	40	53
Total income taxes	171	139
Net quarterly profit	367	304
Net quarterly profit attributable to non-controlling interests	△2	△5
Quarterly profit attributable to owners of parent	370	310

(Quarterly consolidated statement of comprehensive income)
(Results for the Three Months Ended September 30, 2024)

(Millions of yen)

	Three months ended September 30, 2023	Three months ended September 30, 2024
Net quarterly profit	367	304
Other comprehensive profit		
Other valuation difference on available-for-sale securities	0	△0
Foreign currency translation adjustment account	△0	△2
Other comprehensive profit total	△0	△2
Comprehensive quarterly profit	367	302
(Breakdown)		
Comprehensive quarterly profit related to shareholders of the parent	370	308
Comprehensive quarterly profit related to non-controlling interests	△2	△5

(3) Notes on quarterly consolidated financial statements

(Segment information ,etc)

【Segment Information】

I Three months ended September 30, 2023

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

(Millions of yen)

	Reporting Segments				Others (Notes1)	Total	Adjustment amount (Notes2)	Amount reported on the consolidated financial statements (Notes3)
	Home-Use Business	Business- Use Business	Real estate Business	Total				
Sales								
Sales to external customers	2,521	327	4	2,852	0	2,852	—	2,852
Internal sales or transfers between segments	—	—	—	—	—	—	—	—
Total	2,521	327	4	2,852	0	2,852	—	2,852
Segment Profit or Loss	714	56	-2	768	-2	766	-241	525

(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 -241 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.

2. 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 amount of sales and profits or losses for each reporting segment

(Millions of yen)

	Reporting Segments				Others (Notes1)	Total	Adjustment amount (Notes2)	Amount reported on the consolidated financial statements (Notes3)
	Home-Use Business	Business- Use Business	Real estate Business	Total				
Sales								
Sales to external customers	2,643	405	4	3,054	0	3,054	—	3,054
Internal sales or transfers between segments	—	—	—	—	—	—	—	—
Total	2,643	405	4	3,054	0	3,054	—	3,054
Segment Profit or Loss	668	72	-0	740	-7	733	-269	463

(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 -269 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.

2. Information on impairment losses on fixed assets or goodwill by reported segment
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 to assumptions for going concern)

There are no applicable matters.

(Note on quarterly consolidated statements of cash flows)

We have not prepared a quarterly consolidated statements of cash flows for the first quarter of the current fiscal year.

Depreciation expenses for the consolidated cumulative period of the first quarter (including amortization of intangible assets excluding goodwill) are as follows.

	Three months ended September 30, 2023	Three months ended September 30, 2024
Depreciation expenses	367 Million yen	404 Million yen
