

Fibergate (9450, Corporate)

Transformation

27th August 2024

Share price: ¥1,218

Market cap: ¥25.1bn

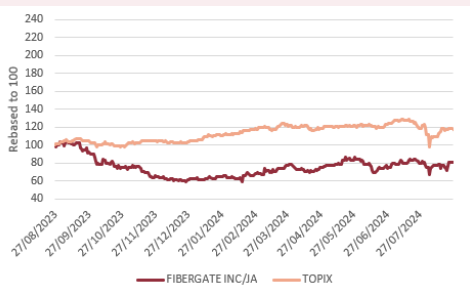
Record high Business-Use OPM & a bulging pipeline showcase Fibergate's transformation towards an On-Premise Infrastructure Integrator.

Company sector

Diversified Telecommunication (GICS Industry)

Stock data

Price (¥)	1,218
Mkt cap (¥bn)/(\$m)	25.1 / 173.0
52-week range (¥)	875 - 1,591
Shares O/S (m)	20.6
Average daily value (\$m)	0.9
Free float (%)	45.4
Foreign shareholding (%)	9.8
Ticker	9450
Exchange	Tokyo Prime
Net Debt/Equity (%)	39.8



Source: Bloomberg

- **Below plan FY 6/24 earnings were due to weaker Home-Use OP & fewer Real Estate transactions YoY versus high hurdles. In contrast, we note Business-Use division OP was above plan with 2H margin improvement in the key Business-Use division, including a 4Q OPM of 32.4%.**
- **Given the comprehensive project pipeline, allied to strong demand from mid & small sized corporations for network development, robust Business-Use OP growth is likely to continue into FY 6/25 & the medium term.**
- **Fibergate has released its new 5th stage MTP to FY 6/27, with a focus on transforming from an independent Wi-Fi solutions operator to becoming an On-Premise Infrastructure Integrator (OPIIer). It targets an OP CAGR of +28.6% driven by Business-Use & Renewable Energy growth, assuming steady expansion in the Home-Use division, & boosted by product cross-selling.**
- **The increased contribution from Business-Use flow sales & resultant positive impact on FCF is enabling the company to take a proactive stance in its MTP towards operational efficiency investment & capital allocation using suitable gearing, including raising the dividend payout ratio to 33.3%.**
- **On 15x FY 6/25 company estimates, trading -53% below its Dec 2020 high, we conclude FY 6/24 earnings & Business-Use division progress have crystallised Fibergate's shift from Wi-Fi solutions provider to OPII & the accompanying long-term growth potential. We recommend investors book time with senior management to update & delve deeper into the investment thesis: [here](#).**

BUSINESS OVERVIEW

Fibergate is the #2 ranked supplier of domestic wireless telecom services, including free Wi-Fi spot construction, maintenance & operation.

Next event

1Q 6/24 results in November 2024.

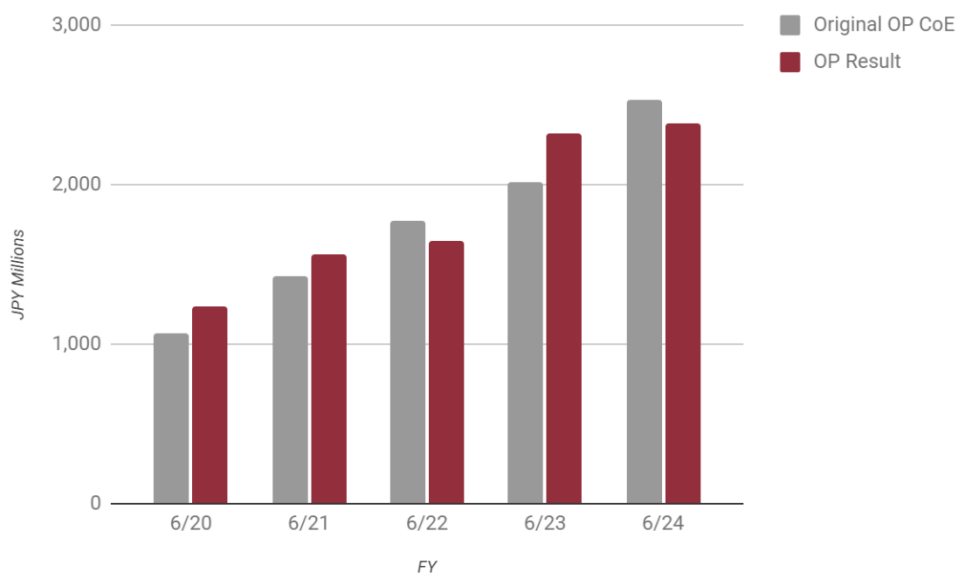
Storm Corporate: +44 (0) 121 288 3402

info@stormresearch.co.uk[Storm corporate profile page](#)

Fibergate is a research client of Storm Research

Year end	6/2022	6/2023	6/2024	6/2025E
Sales (¥bn)	10.6	12.8	12.6	14.4
OP (¥bn)	1.7	2.3	2.4	2.6
NP (¥bn)	1.1	1.5	1.6	1.7
EPS (¥)	52.6	72.7	77.2	81.4
DPS (¥)	4.5	10.0	17.5	27.0
Sales growth YoY (%)	+25.1	+20.4	-1.4	+13.9
OP growth YoY (%)	+6.0	+40.4	+2.9	+9.8
NP growth YoY (%)	+ 5.3	+38.1	+5.7	+5.3
EPS growth YoY (%)	+5.0	+38.2	+6.2	+5.4
PER (x)	18.1	20.5	14.4	15.0
EV/EBITDA (x)	8.3	8.6	6.2	6.8
PBR (x)	5.9	6.4	3.9	4.3
ROE (%)	30.9	37.1	29.8	n/a
ROIC (%)	12.6	16.7	16.5	n/a
FCF yield (%)	0.5	6.2	2.2	n/a
Dividend yield (%)	0.5	0.7	1.6	2.2

RESULTS VS FORECAST HISTORY



EARNINGS

FY 6/24 sales & OP were respectively 8% & 5.6% below the company forecast due to a slowdown in some sales channels due to increased competition in the Home-Use market & below plan sales of real estate. FY 6/24 sales declined -1.4%YoY, the first decline since listing in 2018 due to weakness in Real Estate sales versus tough comps, also reflecting the volatile nature of real estate sales.

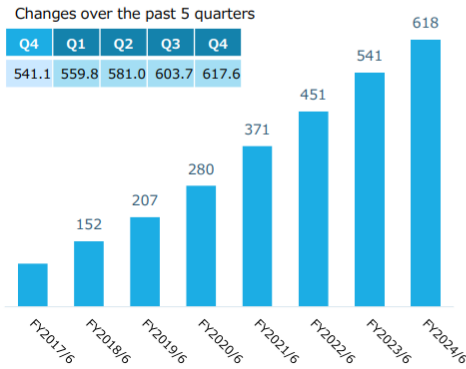
- *Business-Use*: Despite FY 6/24 Business-Use division sales - Fibergate's key target growth area - finishing 10% below forecast, OP increased +66.1%YoY to ¥480m & was 4% above plan due to a strong pipeline of high value-added projects & a focus on productivity & profitability. We note 2H Business-Use division OPM exceeded 30%, achieving a similar OPM to the Home-Use division.

- *Home-Use*: FY 6/24 Home-Use division sales increased +8.2%YoY but OP declined -2%YoY & both sales & OP were below the company's FY 6/24 forecasts due to intense competition. Fibergate is focusing on limiting price discounts & maintaining profitability. It will also be targeting higher exposure to new build projects & adding value via cross-selling of other services, including network cameras, interphones & delivery boxes.

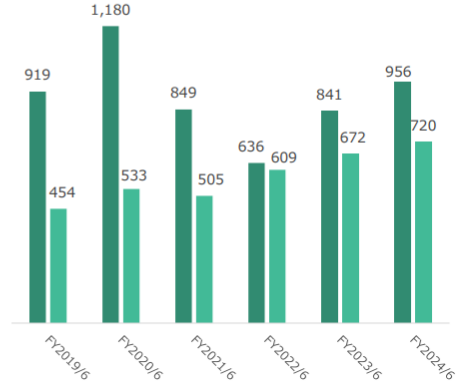
- *Stock vs flow*: Home-Use & Business-Use telco-related monthly subscription (stock) sales increased +12.2%YoY to ¥8.4bn, whilst installation (flow) business, a leading indicator for Business-Use division sales, increased +13.7%YoY, 1.5x above the FY 6/22 COVID-related bottom in demand. Ongoing strength in Business-Use flow business is set to drive future positive FCF growth.

- Trends in key indicators:

Trends in number of residences connected to the Residential Wi-Fi service
(thousands of houses)



Trends in Business-Use sales by flow/stock
(In millions of yen)



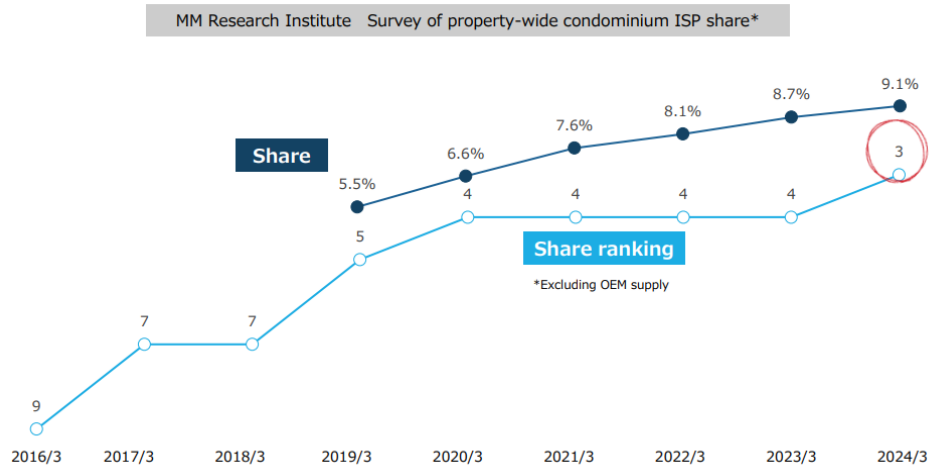
- FY 6/25 outlook: Fibergate targets FY 6/25 sales & OP growth of +13.9%YoY & +9.7%YoY, with OP driven by Business-Use & Renewable Energy. The company assumes an OPM of 18.2% -0.7ppt YoY, mainly due to one-off upfront investment in personnel to strengthen the salesforce in all divisions, as well as system investment. Fibergate expects similar profitability to be maintained or improved over the medium term.

HOME-USE

(JPY Millions)	1-3Q 6/24 Results	YoY	6/24 CoE	YoY	6/24 Results	YoY	6/25 CoE	YoY
Sales	7,816	9.6%	11,020	14.8%	10,386	8.2%	11,140	7.3%
OP	2,299	0.6%	3,290	10.8%	2,910	-2.0%	3,110	6.9%
OPM	29.4%	-2.6%	29.9%	-1.1%	28.0%	-2.9%	27.9%	-0.1%

FY 6/24 Home-Use sales were slightly below plan & OP declined YoY due to increased competition. According to the MM Research Institute Share Survey of property-wide ISPs, Fibergate's market share (excluding OEM supply) was 9.1% in FY 3/24, ranking it 3rd, which compares to its #4 ranking between FY 3/19 - FY 3/23 with a share of 6.6%-8.7%, & #5 in FY 3/19 with a 5.5% share.

- Market share:



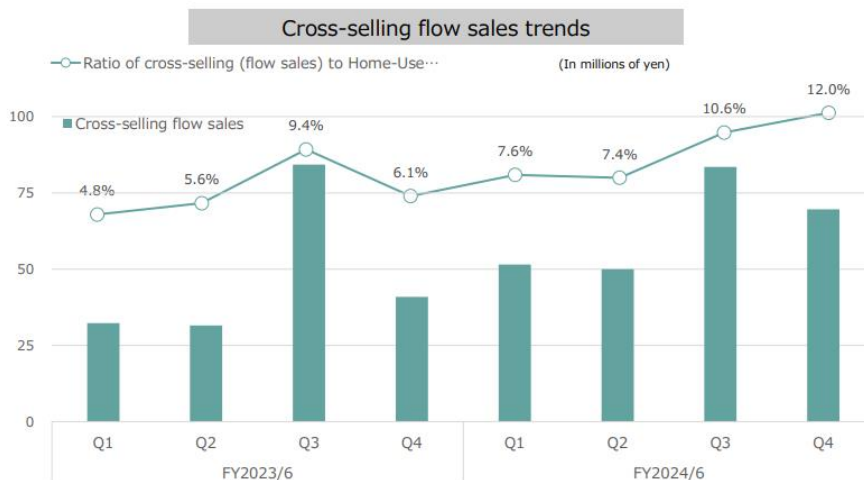
The number of new 4Q construction projects was approx. flat YoY, with the ratio of new construction projects at 46% +5ppt YoY. The FY 6/24 new construction ratio averaged 46% +7ppt YoY & Fibergate targets a further increase in new construction project share given the potential for a slowdown in existing building project demand.

The number of active connections for the Residence Wi-Fi service reached 617,600 at the end of the 4Q, a slowdown in the quarterly increases in connections per quarter at +13,700 versus 1Q +18,700, 2Q +21,200 & 3Q +22,700. As a result, new Wi-Fi units fell short of the FY forecast of +85,000 to 626,000 given slower existing building growth, instead increasing +76,600.

- *Cross selling:* Fibergate started to focus on cross-selling related equipment from June 2023. Services include the FG Smart Call doorbell, FG TV, network cameras, delivery box installation, smart lock & smart sensor & EV charging systems.

Additional product sales totalled 12% of 4Q Home-Use flow sales, versus the average of 9.4% in FY 6/24 & 6.5% in FY 6/23. Fibergate does not have a long-term target but expects to further raise the level to drive Home-Use business growth.

- Cross selling flow sales:

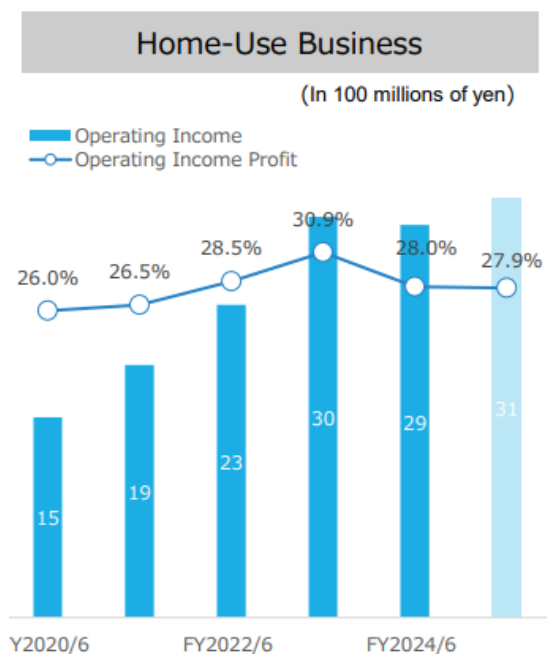


As part of the MTP, cross-selling will also focus on renewable energy, including solar panels & storage batteries.

- *FY 6/25 outlook:* Fibergate targets sales & OP growth of +7.3%YoY & +6.8%YoY to record highs, with the number of unit connections forecast to reach 700,000 (+82,400). Whilst competition is expected to remain tough, Fibergate assumes it can continue to drive earnings growth by strengthening its salesforce, using data to improve efficiency, diversifying its sales partners & cross-selling additional services.

Although it anticipates a slight OPM decline in FY 6/25 due to sales promotions, we expect steady growth to continue & for the Business-Use division to grow in tandem with Home-Use earnings.

- *Home-Use OP:*



- *Medium term plan:* As part of its new MTP, Fibergate targets 800,000 contracted Wi-Fi units as of FY 6/27 versus 617,600 in FY 6/24, as well as an increase in partner companies to 500 versus 365 at FY 6/24. We note the MM Research Institute Survey forecasts the total number of condos with ISP provision exceeding 8m by FY 3/27, with a market CAGR of +9.2% or just below +600,000 units per year.

To achieve its targeted growth, Fibergate plans to expand & strengthen its salesforce, invest in systems & boost cross-selling services, including renewable energy.

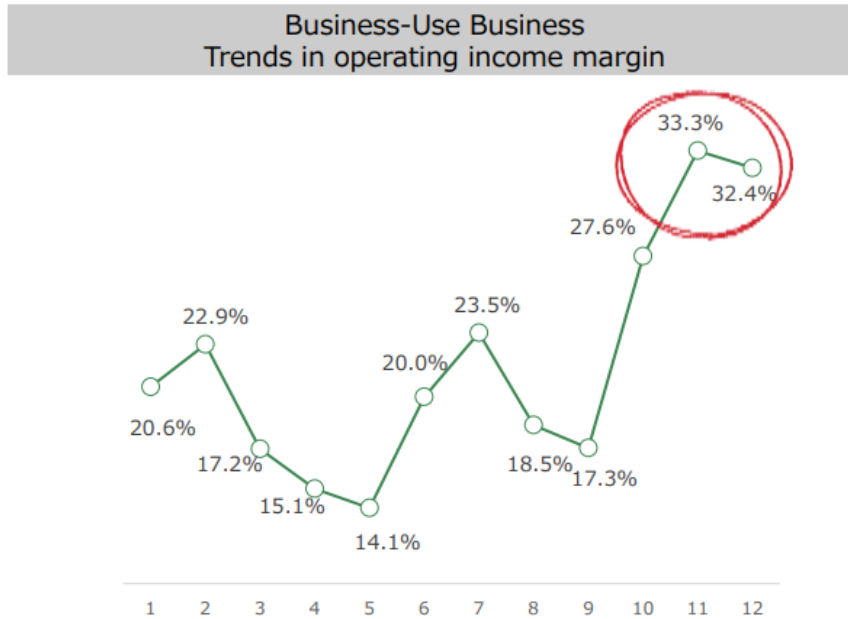
BUSINESS-USE

(JPY Millions)	1-3Q 6/24 Results	YoY	6/24 CoE	YoY	6/24 Results	YoY	6/25 CoE	YoY
Sales	1,174	10.5%	1,860	23.0%	1,675	10.8%	2,220	32.5%
OP	318	54.4%	460	59.2%	480	66.1%	690	43.8%
OPM	27.1%	7.7%	24.7%	5.6%	28.7%	9.5%	31.1%	2.4%

Whilst Business-Use sales were slightly below plan due to slower than expected sales in the 1H as a result of long lead times, OP was above plan as the strong project pipeline drove 2H sales growth & a 2H OPM improvement to >30%, a level similar to the Home-Use division.

Free Wi-Fi sales increased steadily in all of Fibergate’s 3 target areas of medical/nursing care, public/transportation/logistics & tourism. Demand also increased in food/retail/services & entertainment.

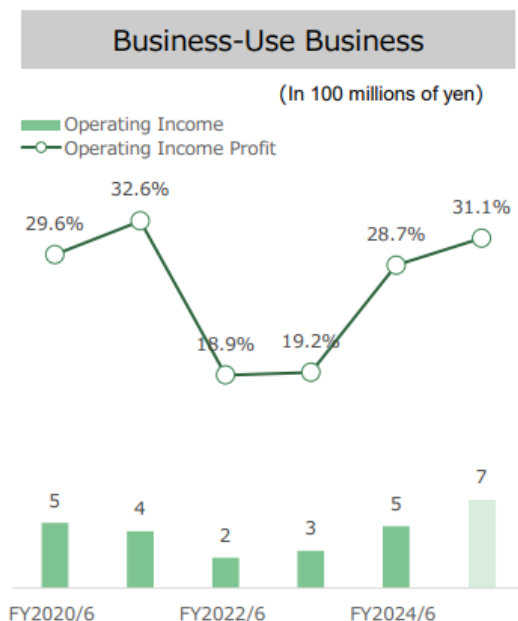
- Business-Use OPM:



- FY 6/25 outlook: Fibergate forecasts strong sales growth & for the OPM to improve to >30%, in line with the 2H FY 6/24. Although division sales are forecast to be just 15.4% of total FY 6/25 sales, OP is set to reach 26% of the total & is expected to be the key earnings growth driver.

Fibergate assumes Business-Use stock business sales growth of +4.9%YoY to ¥755m & flow business sales +53.2%YoY to ¥1.46bn.

- Business-Use OP:



- *Medium term plan:* As part of its new MTP, Fibergate targets FY 6/27 Business-Use flow sales of ¥4bn versus ¥960m in FY 6/24, & to have links with 150 partner companies versus 92 in FY 6/24.

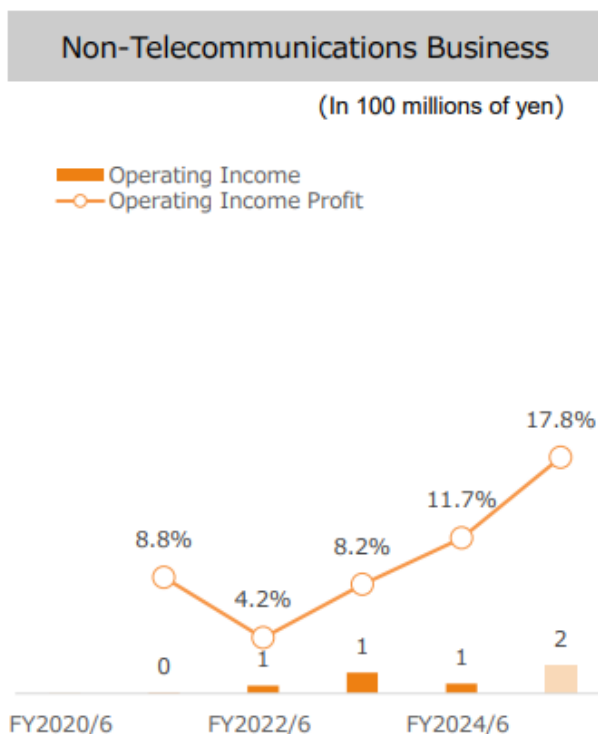
To achieve its targets, Fibergate plans to increase sales staff, strengthen internet sales & establish a JV to develop sales channels. It will continue to focus on growth in its 3 target areas of hospitals/nursing homes, tourism & public services where there is strong demand for DX.

NON-TELECOMMUNICATIONS BUSINESS

(JPY Millions)	1-3Q 6/24 Results	YoY	6/24 CoE	YoY	6/24 Results	YoY	6/25 CoE	YoY
Sales	547	1609.4%	830	-50.4%	551	-67.2%	1,010	83.1 %
OP	74	n/a	80	-41.2%	64	-53.2%	180	178.2 %
OPM	13.5%	n/a	9.6%	1.5%	11.7%	2.8%	17.8%	6.1%

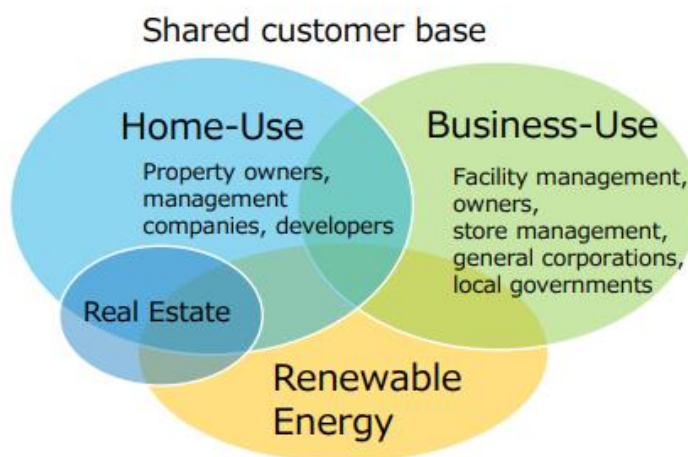
As of FY 6/24, the Non-Telecommunications Business mainly comprised Real Estate sales. In FY 6/25, Real Estate sales are forecast to be broadly flat YoY, with growth driven by solar panel / renewable energy related sales both for Home-Use & Business-use purposes.

- Non-Telecommunications OP:



- *Medium term plan:* As part of its new MTP, Fibergate targets FY 6/27 divisional sales of ¥3.5bn, of which it expects ¥3bn from renewable energy sales which it anticipates cross-selling given its shared customer base in the Home-Use, Business-Use & Real Estate divisions.

- *Shared customer base:*



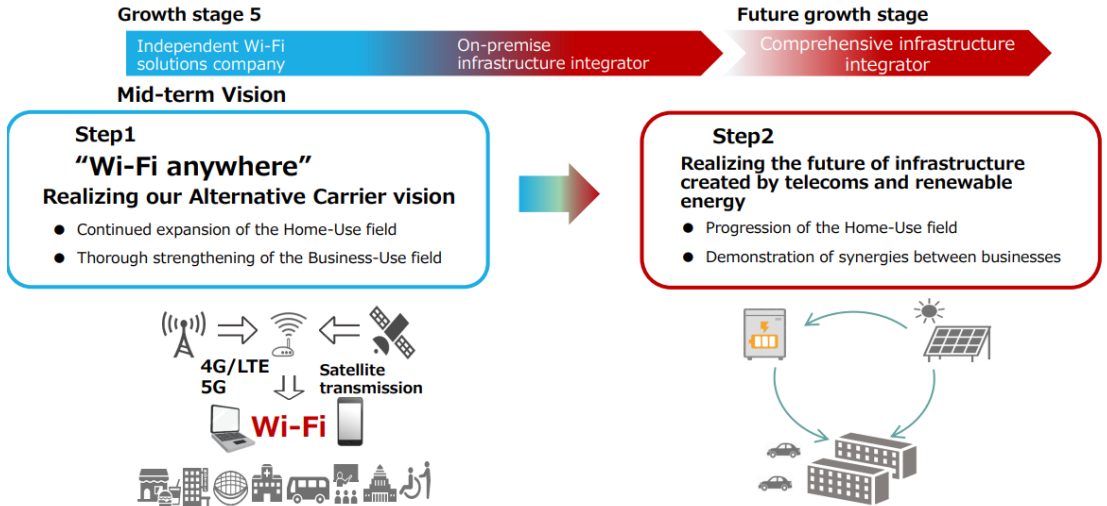
Strong FY 6/25 sales & OP growth is set to be driven by sales of solar panels through shared area plans & private area plans for apartment complexes, a sales expansion into local government projects &, longer term, the construction & proposal of on-site VPP (Virtual Power Plant) models.

MTP

From FY 6/25, Fibergate has started stage 5 of its MTP to FY 6/27.

- *Medium-term vision:*

Mid-term Vision and Growth Stage



Within stage 5, **Fibergate plans to shift from being an independent Wi-Fi Solutions company to an On-Premise Infrastructure Integrator (OPller)**, with comprehensive provision of optimal communication environments to users.

It targets an OP CAGR of +28.6%, with OP rising from ¥2.6bn in FY 6/24 to ¥4.3bn in FY 6/27 as well as targeting a RPM maintained or improved from the forecast FY 6/25 level of 18.1%. In addition, the company targets a RoE of 30% (FY 6/24 29.9%) & RoA of 15% (FY 6/24 12.1%).

In terms of stock & flow business, Fibergate is aiming for a 1.7x increase in stock income to ¥14bn & 2x increase in flow income to ¥7.3bn by FY 6/27, with increased flow income driving FCF for new stock business acceleration.

In the Business-Use division, Fibergate is positioning itself in the largest market of Small & Medium sized corporations, where there is significant demand from customers in need of network development as it is inefficient to do in-house. Amongst competitors, major vendors often only supply unnecessarily high-spec solutions & small and medium sized vendors often lack sufficient scalability & functionality.

- *Capital efficiency & allocation:* **A core focus of the MTP is improved capital efficiency & allocation.** Over the 3 years to FY 6/27, Fibergate plans a dividend payout ratio of at least 33% at >¥ 2.5bn, strategic investments (including systems & staff) of >¥3bn & fixed asset investment for business expansion of ¥5bn - ¥7bn. It expects to generate ¥10bn in operating cash flow in the 3 years to FY 6/27, with any extra required to be financed by cash reserve drawdown or interest-bearing debt.

Historically, the company's RoIC has been significantly above the WACC. Fibergate assumes it can maintain its RoIC at >15% in FY 6/25 but anticipates the WACC gradually increasing due to

rising interest rates & the improving equity ratio. Fibergate is mindful of this & is therefore focused on efficient operational management to maintain the RoIC significantly above WACC.

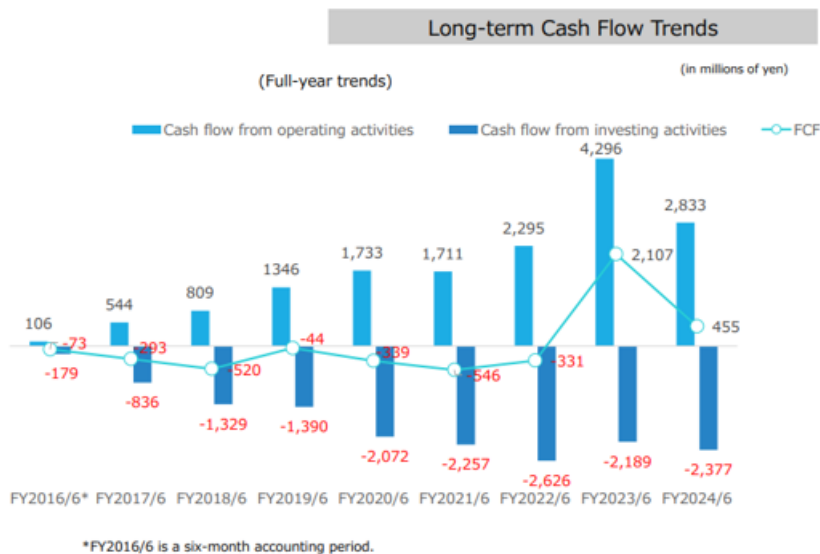
The company also targets an improvement in labour productivity by using the ¥3bn in strategic investment allocated in the MTP. As of FY 6/24, OP per employee was ¥10m / year, but Fibergate targets ¥15m per year by FY 6/27 by introducing systems, investing in employees, outsourcing, flexibility in sales methods & M&A.

- *Sustainability*: Fibergate contributes to society through its telecom solutions, including regional revitalisation & renewable energy, which reduces CO2 emissions & lowers energy & environmental costs.

SHAREHOLDER RETURNS

As of FY 6/24, the equity ratio was 44.3%, the highest level since listing in 2018, & FCF was positive for the 2nd consecutive FY - despite declining real estate sales - due to increased Business-Use flow sales as it does not require upfront investment needed in the Home-Use business. We therefore expect the positive FCF trend to continue.

- *Cash flow trends*:



As part of the MTP, Fibergate plans to shift its focus from improving the balance sheet & generating FCF to leveraging the balance sheet to maximise returns.

As of FY 6/24, the dividend payout ratio was 22.7%, including a dividend of ¥17.5, +¥7 YoY. At the release of the new MTP, Fibergate raised its dividend payout ratio policy to >33% & forecasts a FY 6/25 dividend of ¥27, implying a payout ratio of 33.2%.

PREVIOUS REPORTS

- 30th May 2024: [‘Business-Use emergence’](#)
- 5th March 2024: [‘Business-Use traction’](#)
- 1st Dec 2023: [‘Growth in tandem’](#)
- 28th Sep 2023: [‘Improving momentum’](#)
- 5th Jun 2023: [‘Renovation & new build WiFi’](#)
- 3rd March 2023: [‘Laying foundations’](#)
- 25th Nov 2022: [‘Strong residential WiFi’](#)
- 11th Nov 2022: Initiating coverage: [‘Residential & business WiFi’](#)

MANAGEMENT

President		Masanori Inomata
Year of Birth		1965
Shareholding (direct)		25.85%
Career history		
1987		Joined Koa Fire and Marine Insurance Co. (now Sampo Japan Insurance)
1995		Appointed CEO of Mynet
2003		Joined Fibergate as President (current position)
2008		Appointed Auditor to LEOC JAPAN Co. Appointed Representative Director to the Japan Monthly Mansion Association
2011		Appointed CEO of Chintai Seikatsu (now Mi Corporation) (current position)
2015		Appointed CEO of Fibergate Taiwan
2020		Appointed Director of BizGenesis Appointed Director of FG-Lab (current position)
2021		Appointed Director of FG Smart Asset (current position) Appointed CEO of Off-Grid Lab (current position)
2022		Appointed Representative Director of Sakura Aid (current position) Appointed Director of General Incorporated Foundation MI Management (current position)
2023		Appointed Outside Director of 3eee Inc. (current position)
Director		Mie Ishimaru
Year of Birth		1969
Shareholding (direct)		0.04%
Career history		
1997		Joined Asahi Auditors (now KPMG AZSA)
2003		Registered as a CPA
2010		Joined Ishimaru Tax Attorneys as Office Head (current position)
2011		Joined Densan Co.
2011		Registered as a tax accountant
2012		Appointed Director at Densan
2018		Appointed Director at TMR Systems
2018		Appointed External Director of Janpara Co. (current position)
2018		Joined Fibergate as a Director
2019		Appointed Director, Vice-Head of Business Administration and Head of Finance and Accounting at Fibergate
2020		Appointed Auditor of BizGenesis
2020		Appointed Auditor of FG-Lab (current position)
2021		Appointed Director, Head of Business Administration and Head of Finance and Accounting at Fibergate
2023		Director and General Manager of Business Administration Division at Fibergate (current position)

Senior Managing Director	Takafumi Hamauzu
Year of Birth	1976
Shareholding (direct)	0.57%
Career history	
2000	Joined Venture Link
2007	Joined Orix Capital
2011	Joined Fibergate as Head of Planning
2013	Appointed Officer at Fibergate
2013	Appointed Director of FG Marketing
2014	Appointed Senior Officer at Fibergate
2016	Appointed Managing Director of Fibergate
2020	Appointed Managing Director of Business Administration, and Head of Business Planning at Fibergate
2021	Appointed Auditor of FG Smart Asset (current position)
2021	Appointed Managing Director of Business Planning at Fibergate
2022	Appointed Senior Managing Director of Business Planning at Fibergate (current position)
Managing Director	Hisashi Kaneko
Year of Birth	1966
Shareholding (direct)	0.54%
Career history	
1989	Joined Ome Shinkin Bank
1994	Joined Oosaka Broadcasting (now USEN)
2009	Joined UCOM
2013	Joined Fibergate as Head of East Japan, Mansion ISP Sales
2015	Appointed Officer of East Japan, Sales
2016	Appointed Senior Officer of East Japan, Sales
2020	Appointed Managing Director of Residence Wi-Fi Sales, Department of Sales Promotion
2021	Appointed Director of FG Smart Asset (current position) Appointed Managing Director of Sales Promotion, Head of Business-Use Sales, and Head of Business Development
2022	Appointed Managing Director of Business-Use Sales, and Head of Business Development (current position) Appointed Director of Off-Grid Lab (current position)
Director	Daisuke Ishikawa
Year of Birth	1989
Shareholding (direct)	0.02%
Career history	
2012	Joined Fibergate
2019	Appointed Sales Manager for Residence Wi-Fi Sales, Department of Sales Promotion
2020	Appointed Sales Manager for East Japan, Department of Sales Promotion
2021	Appointed Officer for Sales Promotion and Sales Manager for East Japan
2022	Appointed Officer for Home-Use Sales, and Sales Manager for West Japan Appointed Director for Home-Use Sales, and Sales Manager for West Japan (current position)
2023	Appointed Director, Head of Home Use Sales Division and General Manager of West Japan Sales Department at Fibergate. Appointed Director, Head of Home Use Sales Division and General Manager of Business Use Sales Division (current position)

Independent Director	Nobuyuki Shinoda
Year of Birth	1951
Shareholding (direct)	0.02%
Career history	
1974	Joined Seibu Department Stores
1995	Appointed Head of HR and Manager of Ikebukuro HR
1997	Joined Loft
2002	Appointed Director
2004	Appointed Executive Director of Business Management
2008	Appointed Executive Director and Head of Management
2016	Joined Fibergate as a Director (current position)
2020	Appointed Chair of the Remuneration Committee at Fibergate (current position)
2023	Appointed Chairman of Nominating and Compensation Committee at Fibergate (current position)
Independent Director	Chikako Shimahata
Year of Birth	1985
Shareholding (direct)	-
Career history	
2007	Joined Shinko Securities (now Mizuho Securities), Sapporo branch
2012	Joined the Japan Pension Service, Sapporo West Office
2013	Registered as a Labour and Social Security Attorney
2013	Appointed Head of Pirika Office (current position)
2020	Appointed CEO of Pirika (current position)
2020	Appointed Director at Fibergate (current position)

COMPANY INFORMATION

Key corporate timeline	
2003	Began fully-fledged operations. Core business: selling broadband lines via the internet and a network of multiple brick-and-mortar locations
2004	Started business: free internet for communal housing
2005	Established Tokyo Office in Minato-ku, Tokyo Started business: free internet for communal housing using wireless LAN Unified all services and began operation using the FGBB® Series across the board
2006	Began providing free internet for communal housing using a private brand
2008	Started business: internet connection for monthly serviced apartments
2009	Call centre began providing customer service to tenants of FGBB® equipped properties in multiple languages Started business: the free Wi-Fi service “Wi-Fi Nex®”
2011	Established Osaka Office in Chuo-ku, Osaka
2013	Established NOIS Inc. as a wholly-owned subsidiary to plan, develop, and sell computer hardware and software, and to act as an internet line agency
2014	Started business: the sale of company-developed communication devices Began providing Wi-Fi services for stores and commercial facilities under a private brand Established Fukuoka Office in Hakata-ku, Fukuoka Established Nagoya Office in Atsuta-ku, Nagoya
2015	Acquired Telecommunications Contractor Authorization (Governor of Hokkaido Authorization (Fune-26) Ishi No.22017) Began providing the Wi-Fi service “SHINOBI Wi-Fi” to visiting foreigners Established Fibergate Taiwan Inc. as a wholly-owned subsidiary in Taiwan Acquired a license as a telecommunications business in accordance with the Telecommunications Business Act (Registration Number: No.358)
2016	Certified as a Management Innovation Plan Approval Company by the Governor of Hokkaido (Sekishoro: No.74-33) Acquired Privacy Mark certification (Registration Number: No. 17002586 (01) End of fiscal year changed from December to June Nagoya Office moved to Naka-ku, Nagoya
2017	Satellite office opened in the Tokyo Office Osaka Office moved to Chuo-ku, Osaka Established Sendai Office in Miyagino-ku, Sendai Fukuoka Office moved within Hakata-ku, Fukuoka
2018	Listed on TSE Mothers Began providing the “One-Touch Wi-Fi” service as a Wi-Fi service for offices and stores Acquired certification as an Information Security Management System (ISMS) (Certification No.: MSA-IS-284)
2019	Transferred to the TSE 1 st Section Listed on the Main Market of the Sapporo Securities Exchange
2020	Established FG-Lab Inc. as a wholly-owned subsidiary that researches and develops company-provided telecommunication devices and systems Established BizGenesis Inc. to provide telecommunication services to corporations Relocated Fukuoka office within Hakata-ku, Fukuoka
2021	Established FG Smart Asset Inc. as a wholly-owned subsidiary to engage in real estate-related business including the purchase, sale, leasing, and management of real estate Established OffGrid-Lab Inc. to operate a renewable energy business
2022	Acquired TM Asset Inc. as a wholly-owned sub-subsiary to engage in real estate sales and leasing Merged with BizGenesis Inc., a telecommunication service provider for enterprises
2023	Started the Renewable Energy business
2024	Established Enepulse Inc., a joint venture company that operates as an energy agency

Major shareholders	Stake %
MI Corp KK	23.06
Masanori Inomata	21.98
Taizou Matsumoto	5.30
GPIF Japan	3.35
Newton Investment	3.26
Fibergate	1.56
Nomura Hdgs	1.54
Vanguard Group Inc	1.42
Bank of New York Mellon	1.04
Sumitomo Mitsui Trust Hdgs	1.00

Source: Bloomberg

Company contact details

060-0061 No.28 Keiwa Building, 10-3 Minami 1
Nishi 8, Chuo-ku, Sapporo-shi, Hokkaido
Japan

Website: <https://www.fibergate.co.jp/>
IR Contact: fgir@fibergate.co.jp
TEL: +81-11-204-6121

J GAAP Financial statements

Income statement (¥bn)	FY 6/22	FY 6/23	FY 6/24
Sales	10.6	12.8	12.6
COGS	5.8	7.1	6.8
Gross profit	4.8	5.7	5.8
Gross profit margin (%)	45.5	44.9	46.1
Operating expense	3.2	3.4	3.4
Total OP	1.7	2.3	2.4
OP margin (%)	15.5	18.1	18.9
Non-Op Income (Loss)	0.1	0.1	0.1
Pretax Income	1.6	2.2	2.3
Tax	0.5	0.7	0.7
Effective tax rate (%)	32.2	31.7	31.8
Net income	1.1	1.5	1.6

Balance sheet (¥bn)	FY 6/22	FY 6/23	FY 6/24
Cash & equivalents	2.3	2.4	2.1
Accounts & notes receivable	1.4	1.6	1.8
Inventories	2.1	1.3	1.2
Other short-term assets	0.1	0.1	0.1
Current assets	6.0	5.6	5.3
Property, plant & equipment (net of depreciation)	6.2	6.6	7.2
Long term investments & receivables	0.1	0.1	0.0
Other long-term assets	0.8	0.6	0.5
Total non-current assets	7.1	7.2	7.7
Total assets	13.1	12.8	13.1
Payables & accruals	0.9	1.1	1.0
Short-term debt	2.6	1.4	1.3
Other short-term liabilities	2.2	2.1	1.8
Total current liabilities	5.6	4.7	4.1
Long term debt	4.1	3.3	3.1
Other long-term liabilities	0.1	0.0	0.1
Total non-current liabilities	4.2	3.3	3.2
Total liabilities	9.8	8.0	7.2
Share capital & APIC	0.9	0.9	0.9
Treasury stock	0.2	0.2	0.4
Retained earnings	2.6	4.0	5.2
Other equity	0.0	0.0	0.0
Equity before minority interest	3.3	4.7	5.8
Total equity	3.3	4.8	5.8
Total liabilities & equity	13.1	12.8	13.1

Cash flow statement (¥bn)	FY 6/22	FY 6/23	FY 6/24
Net income/pre-tax profit	1.1	1.5	1.6
Depreciation/amortization	1.2	1.5	1.7
Other non-cash items	0.1	0.6	0.0
Changes in working capital	-0.1	0.8	-0.4
Net cash from discontinued operations	0.0	0.0	0.0
Cash from Operating Activities	2.3	4.3	2.8
Change in fixed & intangible assets	-2.3	-2.2	-2.4
Net change in long-term investments	0.0	0.0	0.0
Net cash from acquisitions & divestitures	-0.3	0.0	0.0
Other investing activities	0.0	0.0	0.0
Net cash from discontinued operations	0.0	0.0	0.0
Cash from Investing Activities	-2.6	-2.2	-2.4
Dividends paid	-0.1	-0.1	-0.3
Cash from (repayment) debt	0.6	-1.9	-0.2
Cash from (repurchase) of equity	-0.1	0.0	-0.2
Other financing activities	-0.1	0.0	-0.2
Net cash from discontinued operations	0.0	0.0	0.0
Cash from Financing Activities	0.4	-2.0	-0.7
FX impact	0.0	0.0	0.0
Net cash flow	0.1	0.1	-0.3
Free cash flow	0.1	1.9	0.5
EBITDA	2.9	3.8	4.0

Key metrics	FY 6/22	FY 6/23	FY 6/24
Profitability			
Gross margin (%)	45.5	44.9	46.1
Operating margin (%)	15.5	18.1	18.9
Net margin (%)	10.1	11.6	12.4
ROIC (%)	12.6	16.6	16.5
Liquidity			
Current ratio (x)	1.1	1.2	1.3
Quick ratio (x)	0.7	0.8	1.0
Leverage			
Debt/Equity ratio	202.9	99.1	76.7
Net Debt/Equity ratio	132.6	48.1	39.8

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