

March 6, 2026

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Representative Director, President Executive Officer: Masanori Inomata  
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Video and Transcript of Explanation of Financial Results for the Six Months Ended December 31, 2025

Fibergate Inc. held its financial results explanation for the Six Months Ended December 31, 2025, on February 13, 2026. We are pleased to announce that the archived video and full transcript of the session are now available to the public.

In our continued effort to ensure clear and timely disclosure for shareholders, investors, and other stakeholders, we are providing both video and text versions of the session content.

- [Consolidated Financial Results for the Six Months Ended December 31, 2025](#)
- [Presentation material for the Six Months Ended December 31, 2025](#)
- [Video of Financial Results for the Six Months Ended December 31, 2025 \(Japanese\)](#)

Briefing Title	Explanation of Financial Results for the Six Months Ended December 31, 2025
Date and Time	Friday, February 13, 2026, from 16:00 (JST)
Format	Online (Webcast)
Speaker	Masanori Inomata, Representative Director, President Executive Officer

Host): We will now begin Fibergate Inc.'s financial results presentation for the six months ended December 31, 2025. This presentation is scheduled to last 45 minutes. After the explanation of the financial results, there will be time at the end to answer questions from participants. The materials used for this presentation are "Presentation Material for the Six Months Ended December 31, 2025," which were announced February 13, 2026. The Zoom teleconference screen will show these same materials as we conduct the presentation. If participants wish to ask a question, please use the Zoom Q&A function. Please enter your question using the Q&A button at the bottom of the Zoom screen. We will address the questions you have following the financial results explanation.

Now, I would like to introduce today's presenter. Masanori Inomata is the Representative Director, President and CEO of Fibergate.

I would like to turn the presentation over to Mr. Inomata.

Inomata) : Welcome, everyone. I am Masanori Inomata. Thank you very much for taking the time out of your busy schedules to attend our presentation. I am delighted to welcome you. Without further ado, I would like to move straight into our financial results briefing. Before we begin, I would like to mention that I am presenting this from our office in the Harumi district of Tokyo, where we are holding internal training. There are about 20 employees in the room with me, and they will be listening to the presentation quietly, but you may hear some coughing or other noise in the background. Thank you for your understanding.

## 2 New Slogan: 'Telecomenergy'



Telecomenergy: Term coined by the company that combines "telecommunications" and "energy" solutions. It defines our attempt to create new future value for society through our unique, differentiated strategy.

Aim of the New Slogan: Evolving the company's role from "connecting communications" to "creating new value starting from communications"

Strategic Goal : Maximizing synergy between communications and energy, advancing a unique differentiation strategy

Target Value : Enhancing asset value for location owners while achieving both user convenience and economic efficiency

**Declaration of the company's resolve to create future value that contributes to a sustainable society by treating communications and energy as an integrated infrastructure.**

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Before discussing the financial figures, I would like to explain our new corporate slogan announced in January. The slogan is "Lead The Telecomenergy." The word "Telecomenergy" does not literally mean "telecom energy." It is a coined word. Since this is our own coined word, we are in the process of securing the intellectual property rights through a trademark application. To add just a little more explanation, we had previously used the slogan "Wi-Fi, Anywhere" to promote our business. The slogan "Wi-Fi, Anywhere" communicated the goal of connecting people to Wi-Fi services no matter where they went. We had used the slogan for some eight years after listing as a public company. Since then, however, Wi-Fi has been completely commoditized. Fibergate was the first company in Japan to be listed in the Wi-Fi business category. In the past eight years, Wi-Fi has become a commodity. Eight years ago, however, Wi-Fi was not well-known. It was still a very new market back then. I believe this commoditization of Wi-Fi is the reason why our stock price and our PER have fallen. We thought it necessary to formulate a new slogan and promote the new slogan to the market. That is the background of the slogan we created.

This new slogan will help differentiate us, and in that sense, it represents the new business strategy we have adopted. The word "Telecomenergy" is a coined word combining the concepts of "Telecommunications" and "Energy Solutions." We are pursuing not only telecom but also energy. Energy has been a part of our business offerings, but this marks our determination to pursue a full-fledged renewable energy business. We

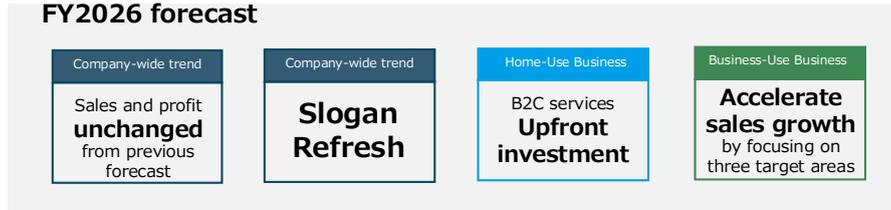
therefore have added energy to the slogan. As I have said before, telecommunications and energy have very strong business affinities because some parts of the businesses are very similar. By combining telecommunications and energy into the slogan, we are promoting our aim of becoming an on-premise infrastructure integrator combining these two services. Our purpose is not only to maximize the value of properties, but to contribute to the goal of making global society carbon-neutral. This desire to contribute is reflected in the new slogan.

Many telecommunications carriers and trading companies are actively offering telecom and energy packages. We are focused on areas of the market they cannot serve, or perhaps the markets they do not have plans to serve. We will continue to cultivate unique segments of the market, as we have done in the past, by discovering market needs and creating new value. This is the powerful resolve behind our new slogan. We will actively promote this new slogan moving ahead, and we appreciate everyone's support and understanding.

### FY2026 Q2 Results



### FY2026 forecast



\*Percentage of cross-selling flow sales in the Home-Use Business flow sales

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Next, I would like to explain our financial results in detail. Slide 4 shows the company-wide trends. There are signs of recovery in ordinary profit and other areas of our business. While we are making progress, it is also important to note that we are striving to speed up the improvement trend, and I will explain this in more detail later on. I will also explain the full-year forecast in detail later. Suffice to say for now, we are maintaining the forecast announced at the beginning of the current fiscal year.

## Summary of Consolidated Financial results for FY2026 Q2

- Cumulative results for Q2 in fiscal year ending June 2026, revenue increased by 3% YoY, and ordinary profit decreased by 6% YoY. While Real Estate, Renewable Energy, and other businesses saw revenue declines, this was offset by increased revenue in the telecommunications sector.
- Meanwhile, ordinary profit has decreased YoY for six consecutive quarters. Ordinary profit margin was 13.4%, marking the lowest level since the first half of the fiscal year ended June 2019 on a half-year basis.
- By business segment, the company's core Home-Use Business saw increased revenue and decreased profit. The impact of declining profit margin due to the increase in the ratio of the equipment outright-sales still remains. Real estate/renewable energy business also posted operating loss due to sluggish sales growth.

(in millions of yen)	FY2024 Q2 results	FY2025 Q2 results	FY2026 Q2			FY2026 Full Year	
			Results	Year-on-year difference	Year-on-year comparison	Forecast	Progress
Net sales	5,806	6,556	6,774	+217	+3.3%	14,050	48.2%
Home-Use Business	5,086	5,285	5,563	+278	+5.3%	11,600	48.0%
Business-Use Business	683	816	833	+17	+2.1%	1,810	46.0%
Renewable Energy/Real Estate/Other	36	455	377	-77	-17.1%	640	58.9%
Operating profit	1,098	979	919	-59	-6.1%	2,000	46.0%
Home-Use Business	1,482	1,331	1,286	-45	-3.4%	2,910	44.2%
Business-Use Business	154	151	204	+53	+35.3%	400	51.2%
Renewable Energy/Real Estate/Other	10	65	-64	-129	Deficit widening	90	-
Adjusted	-548	-569	-507	+61	+10.8%	-1,400	36.3%
Ordinary profit	1,117	969	908	-60	-6.3%	2,000	45.4%
Ordinary profit Margin	19.2%	14.8%	13.4%	-1.4pp	—	14.2%	-
Profit attributable to owners of parent	731	654	622	-31	-4.8%	1,270	49.0%

※ Rounded down to the nearest million yen Rounded to the nearest 0.1%

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Now I will explain the results in more detail. For the first six months of the fiscal year, net sales increased slightly. Unfortunately, ordinary profit and operating profit declined slightly. There are many factors for the profit decline. One factor is that the second half of the fiscal year will account for a somewhat larger portion of our business results than in previous years. The result of this heavier second-half weighting is that first-half results were somewhat lower than forecast, but not too far from what we expected.

- Revenue decreased and profits increased compared with Q1. However, excluding the impact of decreased revenue in the Real Estate and Renewable Energy Business, which had few projects, the telecommunications sector saw a slight increase in revenue.
- The strong performance in Telecom Business contributed to the profit and loss. It offset the negative impact from reduced profits in Real Estate and Renewable Energy Business, and the profit margin recovered to 15%. While profit margin had been on a downward trend, the company recognizes that this trend has now been halted.

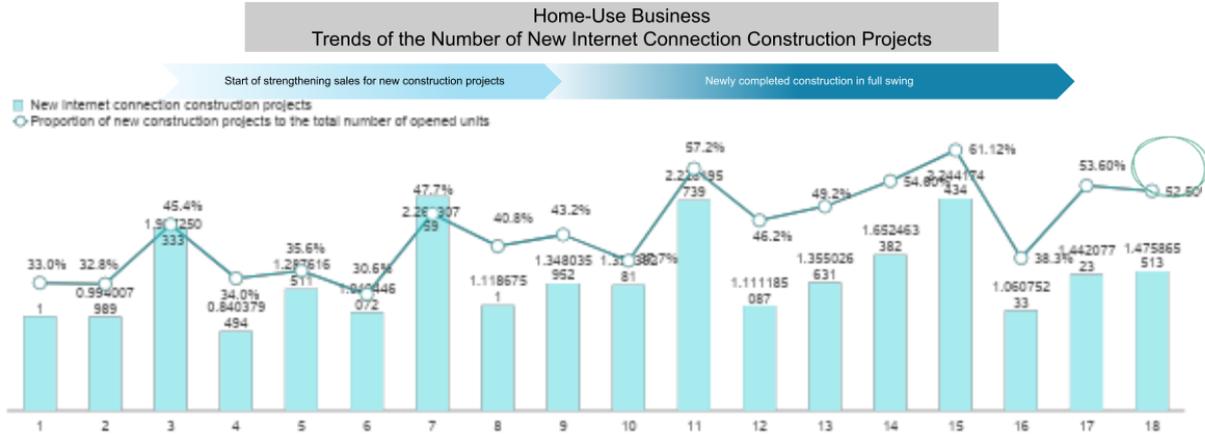
(in millions of yen)	FY2024				FY2025				FY2026		Q1/Q2 comparison	Year-on-year difference
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		
Net sales	2,852	2,953	3,731	3,075	3,054	3,502	3,265	3,248	3,456	<b>3,317</b>	-139	-185
Home-Use Business	2,521	2,565	2,729	2,569	2,643	2,642	2,835	2,743	2,752	<b>2,811</b>	+58	+168
Business-Use Business	327	356	490	501	405	410	415	452	389	<b>444</b>	+54	+33
Renewable Energy/Real Estate/Other	4	31	511	4	4	450	14	51	315	<b>62</b>	-252	-388
Operating profit	525	573	783	504	463	515	542	436	412	<b>507</b>	+95	-8
Home-Use Business	714	767	817	610	668	662	665	640	591	<b>695</b>	+104	+32
Business-Use Business	56	98	163	162	72	78	89	86	82	<b>122</b>	+40	+43
Renewable Energy/Real Estate/Other	-4	14	63	-9	-8	73	0	1	-16	<b>-47</b>	-31	-121
Adjusted	-241	-307	-260	-259	-269	-299	-212	-292	-245	<b>-262</b>	-17	+36
Ordinary profit	548	569	778	499	458	510	542	431	407	<b>501</b>	+93	-9
Ordinary profit Margin	19.2%	19.3%	20.9%	16.3%	15.0%	14.6%	16.6%	13.3%	11.8%	<b>15.1%</b>	+3.3pp	+0.5pp
Profit attributable to owners of parent	370	361	524	310	310	344	369	295	286	<b>335</b>	+48	-8

※ Rounded down to the nearest million yen Rounded to the nearest 0.1%

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Slide 7 shows the results by quarter. Our net sales in the second quarter were a little lower than the first-quarter results. We feel certain, however, that we can make up for the decline in the second half. The ordinary profit margin improved by 3.3 points in the second quarter compared to the first. There was also a year-on-year improvement in the ordinary profit margin compared with the second quarter of the previous year.

- The number of houses opened for new construction projects in Q2 of fiscal year ending June 2026 decreased by 10% YoY. The ratio of new construction projects to the total number of opened units was 53%.
- While the company has been pursuing new construction projects, over the past two years, the ratio of houses opened for new construction projects and existing construction project to the total number of houses opened has remained nearly 1:1. While recognizing that new construction projects still hold upside potential, the amount of personnel available for long-term new construction projects appears to be constrained.

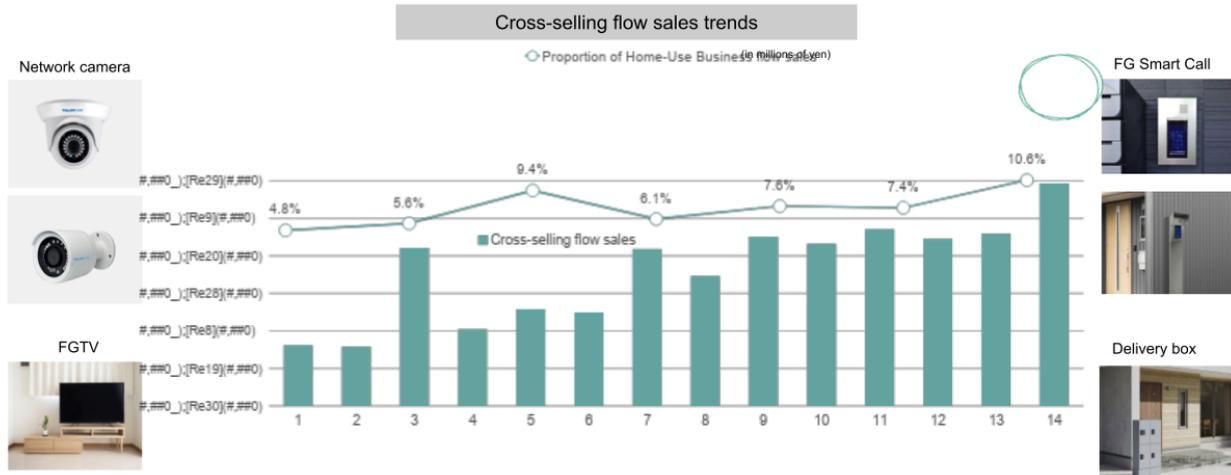


※ Index showing the number of new internet connection construction projects in FY2022 Q1 set at 1

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The explanation of results by business area begins on slide 8. First, I would like to explain the Home-Use Business. The number of houses opened for new construction projects in the second quarter decreased by 10% year on year. However, the proportion of new construction projects to the total number of opened units rose to 53%. It is difficult to predict the trend in new construction projects considering the interest rate increase and rising construction costs. Overall, we expect the proportion of new construction projects to remain around 50%. As I have said in previous briefings, we have traditionally been strong in the market for smaller existing properties. However, the ratio of existing properties with Wi-Fi installation continues to increase, and therefore our emphasis is strongly on the new construction market, where we will invest more effort. If we focus mostly on the new construction projects, our orders will continue to accumulate. There is, however, a limited profit impact from these projects during project development. Therefore, we must continue to also invest sales efforts into existing projects, which progress much faster. Our sales staff and other personnel are working hard in these areas.

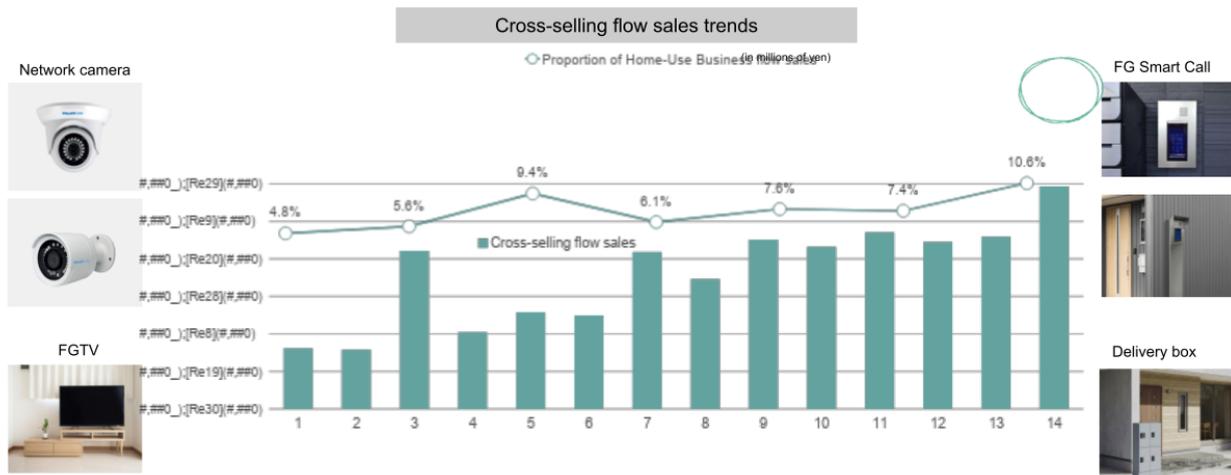
- Cross-selling, which is positioned as a growth driver for the Home-Use Business, generated flow sales (installation business), a leading indicator of the business, of 120 million yen in Q2. Since the company began focusing on cross-selling, sales exceeded 100 million yen for the first time in a single quarter. The adoption of webcams has seen a particularly sharp increase.
- Cross-selling ratio of flow sales in the Home-Use Business rose significantly to 19.3% in Q2. The penetration of cross-selling gained momentum.



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Slide 9 illustrates the cross-selling status. We have invested efforts in cross-selling for several years now. We are actively selling various products, including network cameras and delivery boxes. The proportion of overall sales has risen to the level shown on the graph. The cross-selling flow sales have risen to 19.3% of all Home-Use Business flow sales, a record level. We plan to continue strengthening cross-selling. At the same time, however, if we invest all of our efforts here, we will neglect the development of new Wi-Fi projects. Therefore we will continue our progress in cross-selling while at the same time pursuing new properties. Throughout our company, we have developed an awareness of the need for cross-selling. It delivers benefits for the property owners, but more than that, it adds value to the property itself and supports higher tenant retention. In that way, it brings significant benefits to the tenants, the property management company, and the owner. This awareness has begun to spread, and that has driven the growth of the business. There is a very strong possibility that these cross-selling goods become standard throughout the real estate industry, mostly cameras. We will continue to enhance our cross-selling with a range of products beyond cameras, including interphones.

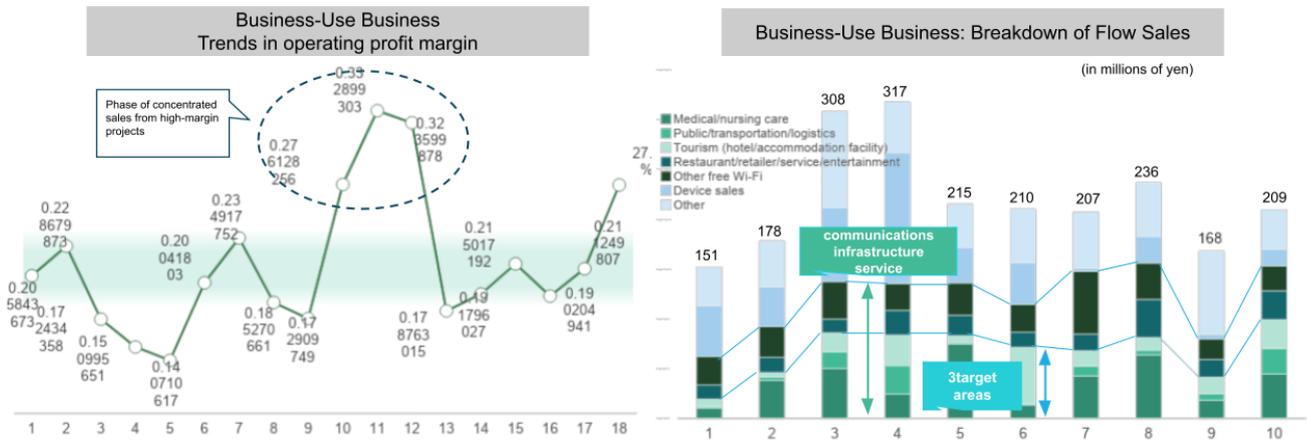
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Slide 10 shows our Home-Use Business operating profit margin. Over the past 18 months, the switch from capital investment to the outright-sales system has impacted the operating profit to a certain degree. Although there was a clear decline in the operating profit margin, I believe that this decline has bottomed out. As I previously mentioned, the decline in the profit margin was caused by the full-scale implementation of the outright-sales model for home-use equipment. Specifically, cost of sales increases sharply under the new model, while conversely depreciation is eliminated afterwards. This improves the gross margin of the stock business. Additionally, because the equipment is not recognized as fixed assets, we do not pay asset taxes, which lowers our overall tax burden over the long term. Over the medium to long term, this change will significantly boost our cash flow. It has been more than a year since we changed to this new model, and we are seeing a smoothing of our results as the negative impact gradually lessens. Furthermore, as I previously explained, the ratio of cross-selling flow sales to overall sales is increasing, and this is supporting the recovery of our operating profit margin. In the bullet point beginning with “However,” the presentation materials note that the outright-sales model has a high affinity with new construction projects. In the past, new construction was concentrated in spring and autumn, while now we see projects completed all year round. But in periods of concentrated new construction, there is a possibility that gross profit margin declines due to the increase in outright sales. This could adversely affect operating profit margin and segment profits. That is one point I wanted to clarify.

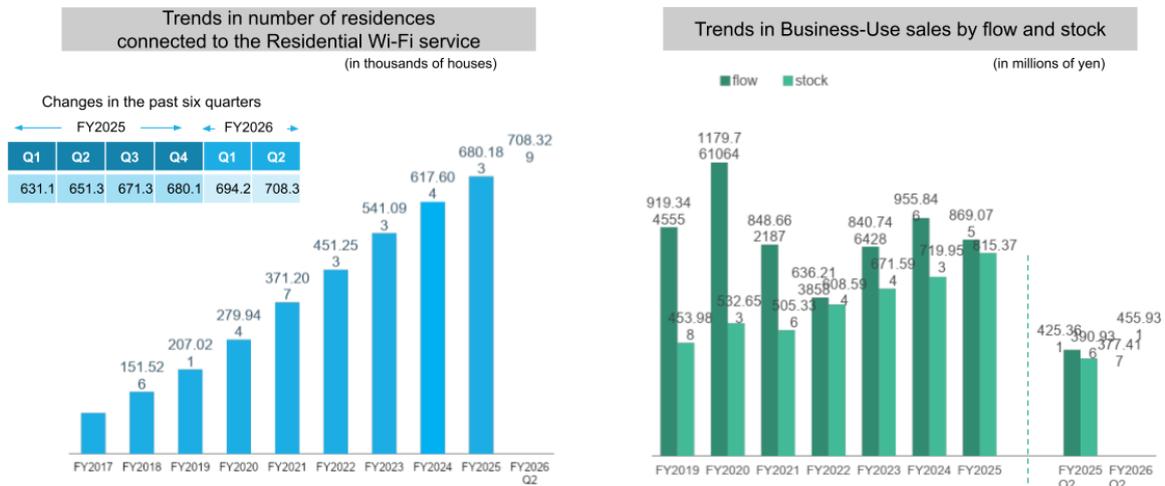
- The operating profit margin for the Business-Use Business in Q2 was 28%. Profit margin exceeded the average range for the first time in a while, recovering to levels last seen in the fiscal year ended June 2024, when there was a concentration of high-margin projects. Recognized high-margin projects such as free Wi-Fi in shared offices and construction projects for medical and nursing care facilities.
- Flow sales, a leading indicator, also recovered. The three target areas remained strong, particularly in the medical and nursing care areas, and sales related to the on-premise communication infrastructure services, including free Wi-Fi, also increased YoY and QoQ. For medical and nursing care areas, this is recorded as construction sales, contributing to improved profitability.



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Next, I would like to explain Business-Use Business on slide 11. Business-Use Business operating profit margin in the second quarter rebounded to 28%. The green band shown on the graph represents the normal operating profit range. In the third and fourth quarters of fiscal 2024, we booked projects with extraordinarily high margins, raising the segment’s operating profit margin to above 30%. We did not have any projects of that level last year, so the margin remained in the normal green range. In the second quarter of this year, we booked some projects with high margins, which pushed the segment’s operating profit margin to around 28% for the quarter. Some of the projects we completed in the quarter included shared offices and rental offices with free Wi-Fi, along with newly completed installations at medical and nursing facilities, among others. The flow sales, which are a leading indicator of stock sales, rebounded in the quarter. We have three main target areas, which include medical and nursing as well as tourism, posted strong results in the period, not only with the conventional free Wi-Fi services, but with year-on-year growth in infrastructure services as well. These were the main drivers behind the increased profit margins in the period.

- The number of homes connected to the Residential Wi-Fi Service at the end of Q2 was approximately 710,000. The pace of increase in the number of connected homes continued the normal pace of 14,000 per quarter.
- In the Business-Use Business, sales from the stock business (monthly subscription business) continued to be strong. Its leading indicator, flow sales, declined YoY, showing somewhat lackluster momentum.

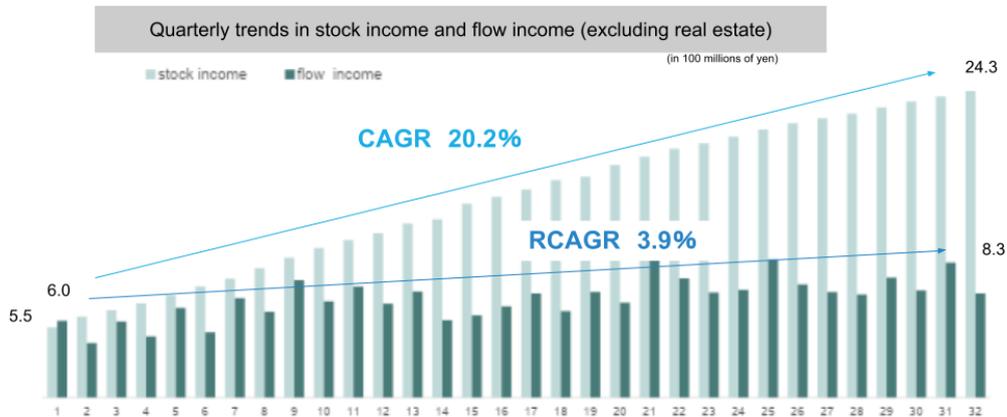


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The next slide illustrates our key indicator trends. These are indicators for both the Home-Use Business and the Business-Use Business. In the Home-Use Business, the number of homes connected to the Residential Wi-Fi Service increased by 14,000 units compared with the first quarter, demonstrating that the normal pace of growth remains strong. In the Business-Use Business, sales from the stock business continued to be strong. As I mentioned previously, although the Business-Use Business flow sales showed somewhat lackluster momentum year on year, orders will be more concentrated in the second half of the fiscal year. While it states “lackluster momentum” here, we expect the second half of the fiscal year to be stronger. I do not believe that flow sales were all that bad for the first half. It is true, however, that the results were somewhat lower than the business plan.

## <Reference> Trends in Stock Income and Flow Income

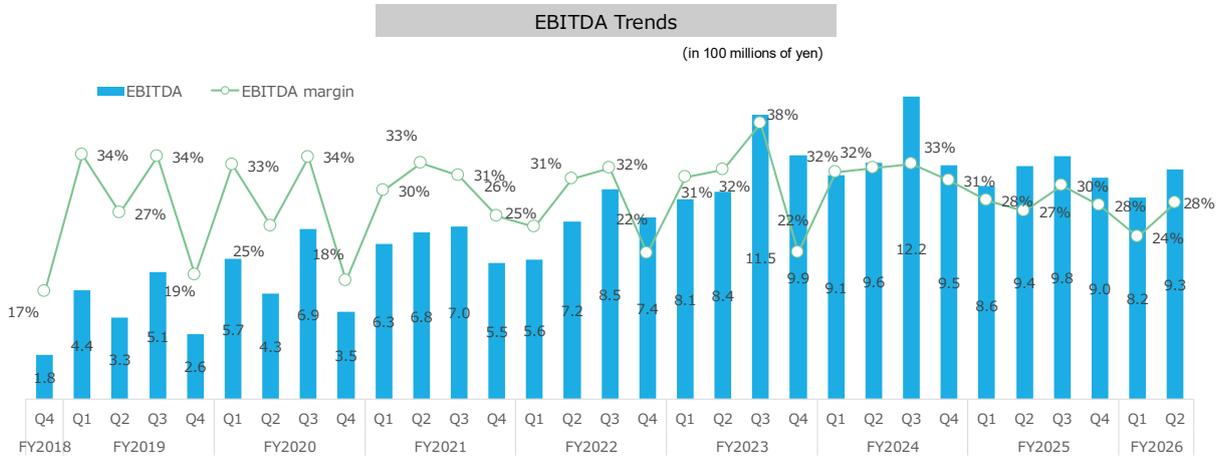
- Stock sales have been steadily increasing. They have increased for 31 consecutive quarters since the company became listed, and still maintains the CAGR of over 20. The pace of increase in the number of residences connected to the Residential Wi-Fi service remains stable.
- Flow sales have remained fluctuating. However, it is also true that they have remained within a relatively stable range since the company became listed. The company recognizes the need to break through the upper limit of the range to increase stock sales.



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I would like to move on to the trends in stock and flow sales on slide 13. The denominator continues to increase, and therefore the growth rate, or CAGR, has slowed in comparison with the past years, when there was dramatic growth. Still, the annual growth rate has remained over 20%. Flow sales have fluctuated, but the level has remained relatively steady. As I mentioned at the start of the briefing, there are indications that the second half will have a heavier weight this year. While the figures are fluctuating within a range, we expect improvements in the second half. The bullet point states that, “The company recognizes the need to break through the upper limit of the range to increase stock sales.” As a way of explanation, when we have a concentrated period of strong sales, we also have a concentrated period of deliveries to follow. These types of peaks and valleys are normal for the business, especially the Business-Use Business. There is a strong possibility that the deliveries will be concentrated in the second half of the fiscal year. For this reason, we expect flow sales to increase in the second half.

- EBITDA for Q2 was 930 million yen. The EBITDA margin was 28%. Both actual EBITDA and margin turned upward for the first time in three quarters.
- Although it is still too early to conclude that the previous trend of gradual decline has ended, the impact of factors such as the acceleration of the equipment outright-sales and sluggish growth in the Business-Use Business, which had been weighing on margin, is steadily easing.

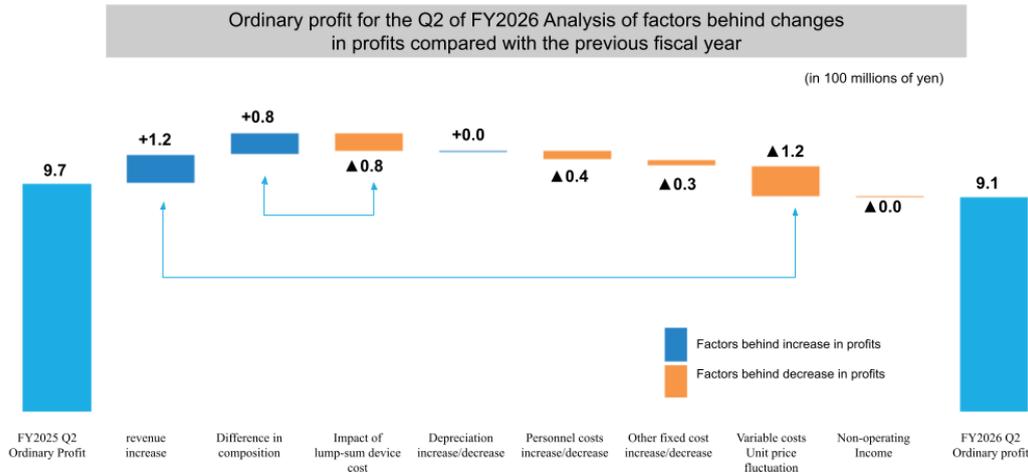


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Slide 14 shows EBITDA trends. The EBITDA for the second quarter was 930 million yen. The EBITDA margin rebounded to 28% in the second quarter after having fallen the previous quarter. At risk of repeating myself, the margin was previously weighed down by the acceleration of the switch to the outright-sales model in the Home-Use Business and the slower growth in the Business-Use Business. The rebound in EBITDA reflects the easing of the impact of these factors. If the flow sales rebound as expected, the EBITDA margin should also rise further as a result. Of course, we will need to secure contracts for properties offering a high gross margin. With the accumulation of new customers, the stock business will also contribute to the EBITDA margin. First, however, we will need to acquire more new flow business with high gross margins. One of the key strategic themes is therefore the growth of high-profit flow business.

## Ordinary Profit Analysis of Factors of Change in Profits

- The factors behind the decrease in ordinary profit were the impact of the shift to outright sales model for equipment, an increase in variable cost per unit, and an increase in fixed costs. However, the impact of the outright sales model—previously a major burden—has been gradually absorbed through improvements in the sales mix. There is growing recognition that value-added initiatives such as cross-selling are now sufficiently established to contribute to earnings.
- The main drivers of the increase in variable cost per unit were higher unit line usage fees, higher material costs for certain services in addition to the impact of the outright sales model for equipment, and the booking of upfront costs related to switching lines for B2C services. These factors were largely offset by the positive impact of the increased unit line usage fees; however, the increase in fixed costs, including personnel expenses, could not be absorbed.



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Slide 15 shows the factors affecting the change in ordinary profit. In regard to this chart, as I have said in previous briefings, detailed numerical analysis is not my specialty. As you can see from the analysis, the increase in sales was outstripped by the increases in cost of sales and expenses, leading to a lower ordinary profit. The difference was not large, however, and we plan to take new measures to lower the cost of sales and make every effort to raise efficiency in our spending. In this way, it will be important for us to improve cost efficiency and raise profit efficiency.

One of the factors involved in the lower margin is the upfront investments we have made. As I explained in previous briefings, in April 2025, we announced an alliance with Sony in the Home-Use Business. We are finally planning to start the joint B2C business in spring 2026. This will mark the full start of the business. There were many preparations necessary to start the business. One of the main investments was the residential-use telecommunication lines installed jointly with Sony. The stock business cost of sales increased as a result. These investments were made over the past six months to generate new business in the near future. Now we are ready to start recouping our investment. As a result of those initiatives, our cost of sales increased, particularly the stock business cost of sales. It will be important to recoup our investment and ensure that the investment translates into a large increase in profit. That was one of the factors in the profit decline shown in this analysis.

- Total assets increased by 6%. In addition to the increase in working assets accompanying sales growth, real estate-related inventory also increased. The impact of bridge loans procured for consolidated subsidiaries in Q1 disappeared.
- The equity ratio at the end of the term was 52.7%. With the impact of bridge loans disappearing, it has recovered to a level exceeding 50% once again.

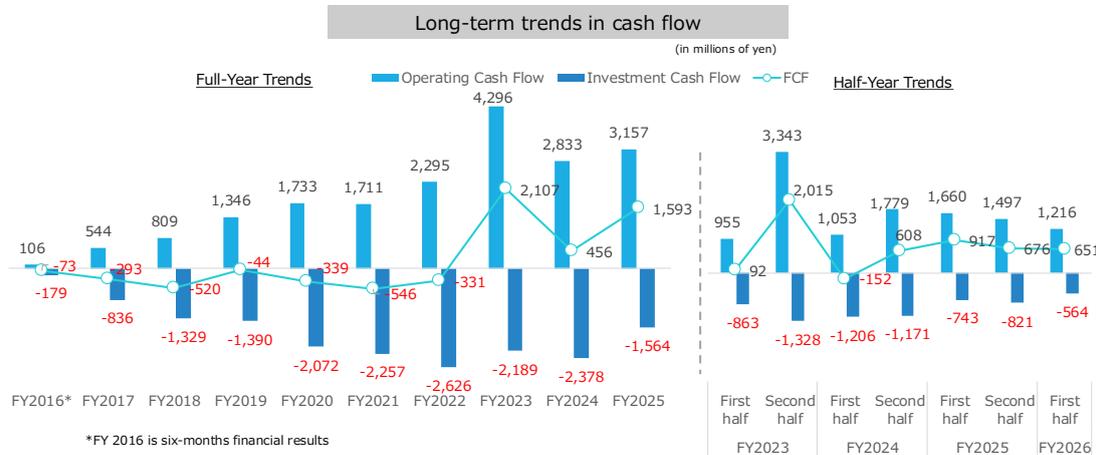
(in millions of yen)	FY2024	FY2025	FY2026 Q2	FY2025 increase/ decrease comparison	
<b>Current Assets</b>	5,339	4,707	<b>5,622</b>	+914	
Cash and deposits	2,120	1,853	<b>2,079</b>	+226	Increase due to sales expansion
Accounts receivable	1,772	1,809	<b>1,978</b>	+169	
Inventory (Communications)	666	578	<b>732</b>	+153	Temporary increase in equipment inventory. Also affected by a rebound increase following the low level at the end of the previous fiscal year.
Inventory (Real estate)	489	212	<b>564</b>	+352	
<b>Fixed Assets</b>	7,736	7,436	<b>7,273</b>	▲163	Increase in real estate related preparations
Tangible fixed assets	7,200	6,998	<b>6,865</b>	▲133	
<b>Total Assets</b>	13,076	12,144	<b>12,896</b>	+751	Fixed assets gradually decreased due to an increase in the outright sale model
<b>Liabilities</b>	7,240	5,641	<b>6,087</b>	+446	
Interest-bearing liabilities	4,442	3,245	<b>3,633</b>	+387	Bridge loans impact subsidies, but working assets increase due to increased sales
Contract liabilities	1,317	987	<b>835</b>	▲152	
<b>Net Assets</b>	5,836	6,502	<b>6,808</b>	+305	
<b>Total Liabilities and Net Assets</b>	13,076	12,144	<b>12,896</b>	+751	Equity ratio 52.7%

\*Rounded down to the nearest million yen. Rounded to the nearest 0.1%.

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Turning to our balance sheet, our total assets grew by 6%. Our accounts receivable increased as a result of the sales increase. There was also an increase in real estate-related inventories. Looking ahead to the second half and the next fiscal year and beyond, we are focused on transforming inventories into sales. In other words, we are making products that we can sell, and as a result, our inventories are increasing. In the first quarter, there were outstanding bridge loans to a consolidated subsidiary and for the acquisition of the company PDI at the end of August. These bridge loans no longer exist, and therefore they no longer have an impact. This factor has a certain amount of impact on the balance sheet. But the impact of this factor was positive, not negative. Our equity ratio as of the end of the second quarter rose to 52.7%. The bridge loans were no longer a factor and there was a somewhat lower level of assets compared to the first quarter, and therefore the equity ratio rebounded above 50%.

- Free cash flow (FCF) for Q2 in fiscal year ending June2026 was positive (650 million yen). This marks the fourth consecutive quarter of surplus. A situation where stable FCF can be generated has been established.
- However, in step with the decline in profit margin, cash flow from operating activities has contracted for three consecutive quarters. The structure supporting FCF is based on the suppression of cash flow from investing activities resulting from the introduction of outright-sales model for Wi-Fi devices for the Home-Use Business.
- However, while both cash flow from operating activities and cash flow from investing activities are showing a declining trend, the company recognizes that this is by no means desirable from the perspective of business dynamism.



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The trends in cash flow are shown on slide 17. There was positive free cash flow of 650 million yen in the period. This marks the fourth consecutive quarter of free cash flow surplus. For the first seven or eight years after our listing as a public company, we focused on upfront capital expenditures to build business, and as a result, we posted negative free cash flow for many years. The adoption of the outright-sales model in recent years has boosted free cash flow, as this system causes cash flow from operating activities to increase and at the same time cash flow from investing activities to decrease. This results in a structure to increase free cash flow. The contribution from this model has led to consistent positive free cash flow. We have established, or perhaps I should say we are in the process of establishing, a structure under which we can generate a stable, positive free cash flow. I should note, however, that cash flow from operating activities has declined consecutively over three quarters due to the decline in profit margin. In the Home-Use Business, the switch to the outright-sales model for the Wi-Fi equipment has reduced investing cash flow, contributing to the generation of positive free cash flow. However, the decline in profit margin means that operating profit in absolute terms is insufficient. As a result, the cash flow from operating activities has declined for three straight quarters. One of the issues ahead of us is restoring our profitability. Cash flows from operating activities and from investing activities are both declining. At some point, we must break down the barriers to improvement. We are taking initiatives to break through these barriers, namely those that I have mentioned previously today. They include expanding the B2C business, acquiring high margin projects in the Business-Use Business, and enhancing our deliveries.

## Forecast of Consolidated Financial Results for FY2026

- Revenue is expected to increase by 8% and ordinary profit by 3% in fiscal year ending June 2026. Although a V-shaped recovery is not expected, the company anticipates an early exit from the profit decline phase.
- For the second half, revenue and profits are expected to increase compared with the first half. The ordinary profit margin in the second half is expected to improve from the first-half level, reaching 15.0%.
- By segment: Home-Use remains steady on recurring (stock) projects; Business-Use targets record-high half-year sales across three areas despite fewer high-margin projects; Real Estate/Renewable Energy is expected to return to profit as loss-making projects decline.

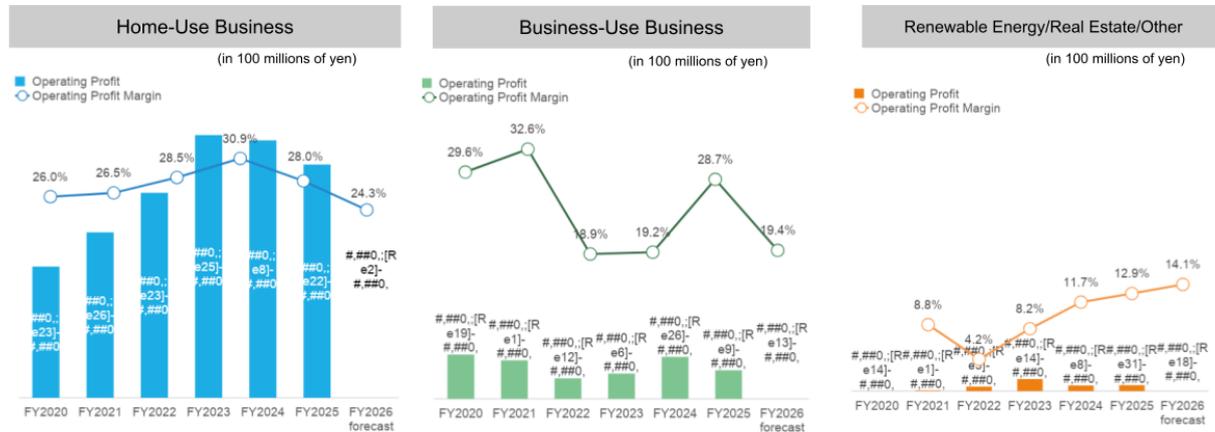
(in millions of yen)	FY2023 Results	FY2024 Results	FY2025 Results	FY2026			Year-on-year	
				1H Results	2H Forecast	Full-year Forecast	difference	comparison
Net sales	12,795	12,613	13,070	6,774	7,275	14,050	+979	+7.5%
Home-Use Business	9,600	10,386	10,864	5,563	6,036	11,600	+735	+6.8%
Business-Use Business	1,512	1,675	1,684	833	976	1,810	+125	+7.5%
Renewable Energy/Real Estate/Other	1,682	551	520	377	262	640	+119	+22.8%
Operating profit	2,320	2,387	1,958	919	1,080	2,000	+41	+2.1%
Home-Use Business	2,970	2,910	2,638	1,286	1,623	2,910	+271	+10.3%
Business-Use Business	289	480	326	204	195	400	+73	+22.4%
Renewable Energy/Real Estate/Other	138	64	67	-64	154	90	+22	+34.2%
Adjusted	-1,078	-1,068	-1,073	-507	-892	-1,400	-326	-30.4%
Ordinary profit	2,290	2,395	1,943	908	1,091	2,000	+56	+2.9%
Ordinary profit Margin	17.9%	19.0%	14.9%	13.4%	15.0%	14.2%	-0.6pp	-
Profit attributable to owners of parent	1,482	1,567	1,319	622	647	1,270	-49	-3.7%

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Next, I would like to explain the full-year forecast, from slide 19. The full-year forecast is unchanged from the original forecast. We forecast 8% growth in net sales and 3% growth in ordinary profit. As you can see from the trends, we reported lower profit on higher sales for the fiscal year ended June 2025 compared with the fiscal year ended June 2024. For the fiscal year ending June 2026, we still do not expect to surpass the profits recorded for the fiscal year ended June 2024. Of course, our plan is to post record profits as soon as possible in the next few years. This fiscal year will be challenging in those terms, but we are in the process of making a plan to achieve record profits. Although we are still in the planning stage, the entire company is rallying around the effort to map out a strategy whereby we can achieve record profits after the fiscal year ending June 2027.

Looking at the forecast by segment, Home-Use Business is expected to post strong growth, as stock income continues to accumulate, even in comparison to the first half. In the Business-Use Business, we expect record net sales for a six-month period in the second half, driven by growth around the three target areas. Although the number of high-margin projects is expected to decline somewhat, there are still opportunities in the second half and the business as a whole is weighted more heavily in the second half of the fiscal year. With the acquisition of more high-margin projects, we expect to post record results. The slide states that Real Estate and Renewable Energy are expected to return to profit as loss-making projects decline. In the Real Estate Business, there are factors that will weigh on profitability for the fiscal year ending June 2027 and onwards. That aside, despite what is written regarding the Renewable Energy Business, instead of simply aiming for a return to profitability, from the second half of the fiscal year we expect many new orders, although we have not announced them and I cannot speak in detail now. Overall, in the Renewable Energy Business, our orders are accumulating, although there are existing orders with short lead times that have not been recognized. We are working diligently throughout the company to ensure that the business returns to profitability for the full year. There are almost five months left in the fiscal year, so we will make every effort to do this. The most important point here is that our outstanding orders are strong. That refers to the Renewable Energy Business.

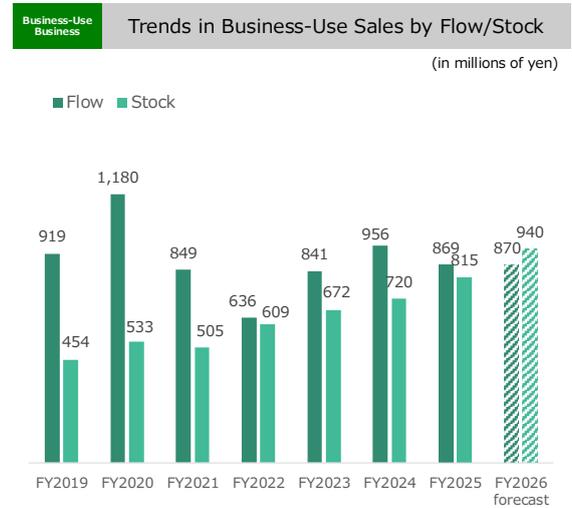
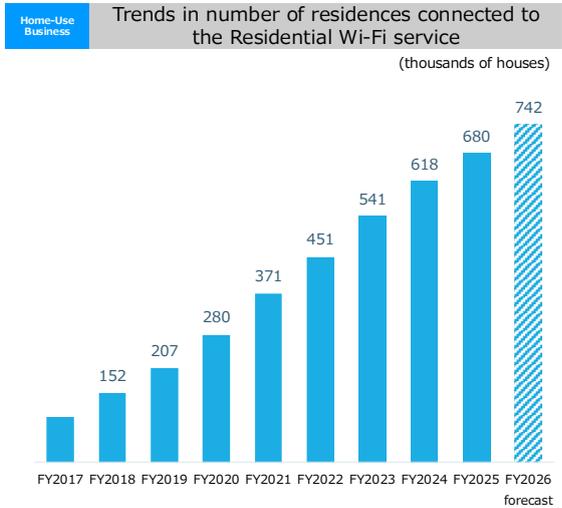
- Home-Use Business is expected to return to profit growth. Operating profit is expected to approach a record-high level. With equipment outright sales becoming a steady state, increases in added value are expected to directly contribute to an improved profit margin.
- Business-Use Business is also expected to return to profit growth. Sales are expected to increase by 7.5% and the profit margin is also expected to rise.
- Regarding the non-telecommunications sector, no remarkable increase in real estate is expected, but contributions from renewable energy-related business are anticipated.



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That is the segment-based analysis. Home-Use Business is expected to return to profit growth. Operating profit is expected to approach record-high levels, driven by the normalization of the outright-sales model and higher added value to increase profit margin. This higher added value is mainly from cross-selling, so the end results will depend on the success of cross-selling. Another factor is the nature of projects. New construction projects typically have a longer lead time than existing property projects, and therefore the success of our sales to existing properties will have an effect on results. Business-Use Business is also expected to return to profit growth, supported by sales growth of 7.5%. Overall, the business is regaining momentum. The profit margin is also expected to increase with the booking of high-margin projects in the second half. The Renewable Energy Business is as explained earlier, dependent on our success in the second half. In the second half, the Renewable Energy Business may not achieve the number of projects we expected, and the newly acquired subsidiary PDI may not meet its sales target for the year. There may be projects that end up being booked in the next fiscal year. The delivery schedule for the current year is tight, but we will strive to complete deliveries this fiscal year and post a profit for the business. This will be a major factor.

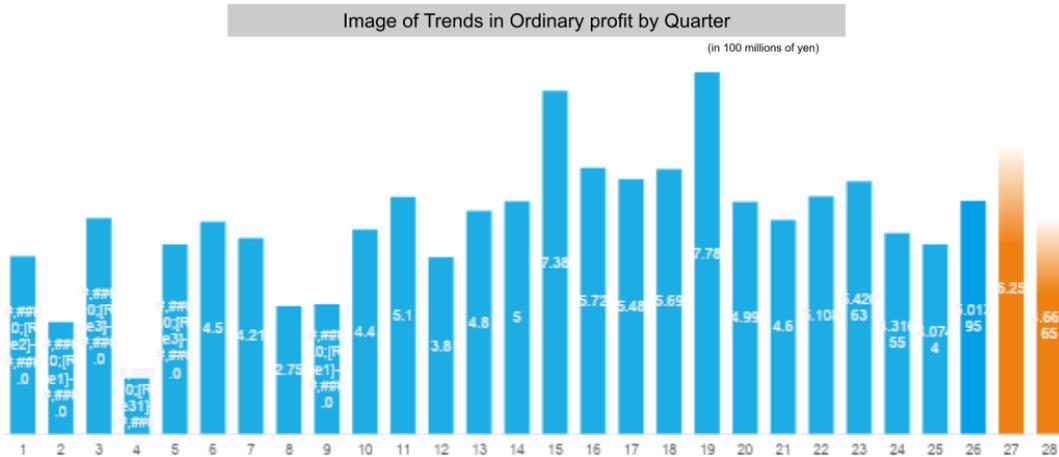
- The number of Residential Wi-Fi Service at the end of the fiscal year is expected to be 740,000. Although the pace of increase is expected to slow slightly to 60,000 per year, the company will accelerate the accumulation of existing construction projects.
- Regarding the Business-Use Business, flow sales, a leading indicator of business expansion, are expected to remain flat at 870 million yen. While the company is rushing to take measures to accelerate flow sales, it will take time for these measures to take effect. The main target will continue to be the three areas of medical care/nursing care, public/transportation/logistics, and tourism. Stock sales are expected to increase steadily.



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The key assumptions and KPIs are shown on slide 21. In the Home-Use Business, the number of Residential Wi-Fi Service units at the end of the fiscal year is expected to be 742,000. The bullet point on the slide states that “the pace of increase is expected to slow slightly.” As I mentioned previously, we are working to increase the number of existing property contracts as much as possible. Regarding the Business-Use Business, flow sales, a leading indicator of business expansion, are expected to remain flat at 870 million yen. It is a steady level, but we are working to increase it. Stock sales continue to increase steadily, and overall we expect Business-Use Business to post record sales, with growth compared with last year and overcoming the challenges, especially the period around the COVID pandemic.

- Ordinary profit in Q2 exceeded the quarterly overview as of Q1. Profit margin improved beyond expectations as factors related to the equipment outright-sales have eased.
- Q3 is a period when new construction completions are concentrated. The company continues to expect the quarter to record the highest profit of the fiscal year.



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Slide 22 shows our ordinary profit trends and forecasts on a quarterly basis. For the current fiscal year, our results are more heavily weighted in the second half when compared to last year's results, as I have mentioned. As you can see from the graph, our highest results have traditionally been in the third quarter, the peak for the Home-Use Business. But the results have leveled out somewhat more recently. Having said that, however, the third quarter is still the peak period for the Home-Use Business, and this is the period we expect to complete many deliveries in the Business-Use Business. Overall, therefore, the third quarter is expected to generate the highest levels of operating profit this fiscal year as well.

Promoting flexible panels in Renewable Energy Business and solar power generation services

⇒ Effective for implementation in existing apartment complexes and urban facilities, a focus of the company

### ■ Advantages

#### 1. Meets load-bearing requirements

Standard panels require a sturdy mounting frame for installation. Flexible panels weigh only about one-third to one-fifth as much as conventional panels, enabling installation in locations previously ruled out due to load-bearing limitations.

#### 2. Adaptability to unique shapes

Can be installed on curved roofs and vertical surfaces (e.g., walls), enabling flexible installation.

#### 3. Consideration for the Urban Landscape and Environment

Many feature anti-glare coatings (which suppress reflections), reducing the risk of reflected light for nearby residents. Allowing stylish installations without detracting from urban landscapes.



Flat roof installation example (with mounting frame)



Flexible panel installation example



Reference image for flexible panel flexibility



Flexible panel installation example

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The next section of the briefing covers various business topics. Slide 24 explains the utilization of flexible solar panels in the Renewable Energy Business. Most of you are familiar with the conventional solar panels shown in the left-side image, which was taken at a property in Sapporo I believe. There is a mounting frame on which an extremely heavy and hard panel is installed. That is the conventional system. The images in the center and right show a technically innovative film-type panel made with cutting-edge perovskite. This is a very thin film-type panel that was more or less invented in Japan. It is thin and the power generation performance is not bad at all. Although the cost is higher than other panels, it can be used on roofs that previously could not accommodate conventional solar panels, such as roofs that did not allow for heavy or very hard panels. It is a product that clears many hurdles for use on various roof types. The use of these flexible panels makes solar power generation possible for flat roofs which could not accommodate conventional panels. The price of the panel itself is higher than conventional panels, but since the mounting frame is unnecessary, the total cost does not change very much. We have received very positive feedback on the panels. The installation costs, however, are also a little higher than normal. This cost is also gradually declining, and we believe the new flexible panels will be a very competitive product. The flexible panel design makes it suitable for various special types of forms, while also restraining the amount of light reflection from the panel surface. This reflected light from panel surfaces has been considered light pollution. This is an issue because, as I have said in previous briefings, the future of solar power generation is not megasolar systems outside cities, but the urbanization of large solar systems. One issue that will occur with solar urbanization is the huge amount of light pollution. There are coatings that have been developed to restrain the amount of reflected light from panels. With these solutions, we can be aggressive in promoting the new systems and respond to the needs for renewable energy and solar urbanization. It will be very important for us to offer fully integrated services covering order, design, installation, and delivery, with of course all of the construction-related processes. We will actively adopt and promote these new flexible panel systems.

From January 2026, the company has begun providing “Wi-Fi BUS®” to approximately 200 express buses operated by Hokkaido Chuo Bus.



#### ■Key Points

- Conducting communication speed tests using actual equipment on intercity buses connecting various locations in the Hokkaido region
- Utilizing the Ministry of Land, Infrastructure, Transport and Tourism’s “Transportation Service Convenience Improvement Promotion Project (Business Improvement Support Project by Transportation DX and GX)

→ Improve communication quality while significantly reducing implementation costs

#### ■ Utilizing in-bus advertising



\*Business Improvement Support Project by Transportation DX and GX:

A support system led by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) that aims to resolve two major challenges faced by regional public transportation (buses, taxis, passenger ships, etc.) and logistics operators; severe labor shortages and rising fuel costs, and decarbonization efforts, through the power of technology.

#### ■Hokkaido Chuo Bus Co., Ltd.

Representative: Takahito Nikaido, President and CEO

Head Office: 1-8-6, Ironai, Otaru-shi, 047-8601

Security Code: 9085 (Sapporo Stock Exchange)

Business Details: Warehousing and transportation-related business

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In the telecommunications field, Hokkaido Chuo Bus is one of the major bus operators in the Hokkaido region. The company has purchased about 200 of our Wi-Fi systems for installation on their highway express buses. We will be advertising the Wi-Fi system renewal on some 200 buses through posters in order to raise awareness of the new services. In past briefings I have spoken about our business on bus networks, and one of the points I would like to make here is that our company has a very large share of the highway express bus Wi-Fi market in Japan. We have not researched our market share, so I cannot say exactly what our share is, but in the tourism area, there will be more opportunities for selling systems to bus companies, especially for the inbound tourism market in the future. There is some demand for these systems on local buses, but the main demand is for inter-city highway buses and for tourist buses, where Wi-Fi is a necessity. To some extent, Wi-Fi is becoming a standard service on these buses. We are also entering a replacement period for systems, with more bus companies expressing a desire for faster transmission speeds, and so we can expect demand for higher quality systems. This is an example of services meeting these needs. The Ministry of Land, Infrastructure, Transport and Tourism is promoting nationally the need for more convenient telecommunications services on buses and taxis, focused around MaaS. Hokkaido Chuo was chosen as part of a national telecommunications project, and the company selected us to install the systems. Moving ahead, we plan to increase our efforts in the tourism-related transportation field.

## Group Purpose

**We contribute to the development of a prosperous society by establishing our business model as an on-premise infrastructure integrator and creating new economic value guided by the spirit of a triple win—benefiting sellers (ourselves), buyers (our customers), and society at large.**



We will maximize the efficiency of communications and energy to establish our business model as an on-premise infrastructure integrator.

By providing our customers with happiness in the form of convenience and comfort and stimulating economic activity together with our business partners, our group aims to build a triple-win structure and contribute to the development of a prosperous society.

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From last year, I have been actively promoting our Group Purpose. I have discussed the AI era and how the further development of AI will greatly accelerate changes in daily life. In this era, it is critical to have a philosophy and to establish a purpose. We are placing great importance on this. It is important that we pursue business that AI cannot address, or business that only humans can do. For example, recently it has been said that SaaS is basically dead. But I believe that AI has the potential to greatly raise the efficiency of business operations. What is important is that our philosophy and purpose are instilled among all employees and that these employees take a sincere approach to carrying out the purpose by providing services closely aligned to the customer needs. This may seem like a uniquely analog approach. We are promoting a triple win for all parties involved by going back to the basics and gaining the appreciation of customers. These things are important to us. I previously discussed our new slogan, “Telecomenergy.” It is very important for companies to communicate their purposes and slogans to the public. Financial data are simply the results of business activities. These results are important, but for me, the analog corporate spirit which produces these results is very important. I will continue to actively communicate our spirit going forward.

Looking at our growth stages and future plans, we have progressed through previous business models to the current stage five, where we must overcome various challenges on the road to stage six. There are times when you need to gather your strength before the next leap. For example, our core internal systems need to be upgraded. We have to make an investment here. Stage six will start somewhere around 2029 or 2030. The current stage five is a period for slow, careful planning and preparation designed to regain the kind of explosive growth we enjoyed before. Having said that, we will still continue to grow in stage five. Stage five is a period for us to prepare for explosive growth in the future, rooted in our Group Purpose and philosophy. One of the major goals of stage 5 is to establish an on-premise infrastructure integrator business model. I ask everyone to follow our progress as we move forward.

The remainder of the presentation materials cover the same topics as in previous sessions, so I will refrain from explaining the final slides. This concludes my explanation of the financial results for the first six months of the fiscal year. Please excuse my having omitted some of the details. Thank you very much for taking the time to participate today.

Host) : Thank you very much. Now, we will take questions from the participants.

Q1 Here is the first question. In the Home-Use Business, do you feel as though there has been a change in the growth rate for the market as a whole? Further, in regard to apartment complexes where your services are installed, do you feel as though there is a change in trends?

Inomata): There are two questions here. First, your question is whether we feel there is a change in the growth rate in the overall market served by the Home-Use Business. To answer that, we first need to understand the entire market. Fibergate has cultivated the Wi-Fi market for rental properties. According to a recent survey by the Ministry of Land, Infrastructure, Transport and Tourism, Japan's private rental property market is just under 16 million residences. There are many types of rental properties included in this. Besides privately rented properties, there are public housing units managed by prefectures or the national government. According to one source, there are approximately 15.6 million private rental residences in Japan. Some of these units are detached rental properties or properties in which only one unit is rented under a condominium lease. Excluding these, there are approximately 12 to 13 million private rental residences in Japan. These are our target customers. MM Research Institute and other think tanks have estimated the exact size of the currently installed Wi-Fi market. The general feeling is that the market is about 4.2 to 4.3 million rental residences in Japan. The currently installed market may be approximately 4.5 million units. If the total number of private rental residences is about 12 to 13 million units, then the number of residences with the potential for Wi-Fi service adoption can be estimated at about half, or 6.5 million rental residences. If the total current market size is about 4.5 million rental residences, then there is room for an increase of about 2 million residences. In that sense, the market has already peaked. The peak was probably reached about two years ago. Our own KPI reflects this. In the past, we had a net increase of about 100,000 residences. Today, the net increase is about 60,000 residences. This trend is not limited to our business. I believe the entire market has peaked. So in regard to your question about a feeling of change in the growth rate for the Home-Use Business, this is my sense of the market as a whole.

What is happening now is that the market is shifting from blue ocean to red ocean. Once the market approaches saturation in the future, the number of market participants will shrink. We will not be among the companies that shrink, eaten by a competitor, but rather a company that eats its competitors. In past years, we did not have many M&A discussions. Recently, we have been approached with M&A discussions regarding companies in the same industry. It is certain, therefore, that the number of companies will begin to shrink. In the Home-Use Business, the next wave of business will be replacement orders. There will be competition over this market for replacement systems. The competition will not be only about system price, but the ability of companies to raise the level of various kinds of added value. This will take the shape of cross-selling or B2C business. There is no mistake that if you have a building with 20 tenants, about 20%, while happy to have free internet, are also willing to pay extra for a high quality internet connection. That is a customer we must go out and capture. We can propose hybrid-type products that help to increase tenant retention through value-added offerings for the owners and the property. We must sell such services in a way that meets the expectations of the property owners. These are offerings we need to propose.

So in response to the question about whether we feel a change in the trends in apartment complexes where services are installed, that is my basic answer. The market has shifted from having uniform needs consistent across the entire market to more individual needs for each property. I think the market is changing in that way. We have succeeded in dominating the market, though by saying that I do not intend to offend any of our customers. We have worked hard to cultivate this market, and now we are in a position to respond to individual needs and ensure that we can secure income by dedicating ourselves to our triple-win approach. I think there are expectations that we will approach the market this way.

Host) : We will take the next question please.

Q2) To what degree are higher interest rates impacting your business and what counter-measures are you taking? What are your thoughts on foreign exchange rates?

Inomata): The increase in interest rates is having a large impact on the entire real estate sector. I believe, however, that housing construction costs are having a larger impact. Construction costs are surging now. This is a more serious issue than rising interest rates. More specifically, apartment complexes are built to

generate income, and therefore they can be considered a financial product. The gross rate of return on this kind of financial product is typically around four or five percent. If interest rates rise by about one point, this has a powerful drive on the market. Housing rental prices typically do not fluctuate much. They are very stable. However, in Tokyo and other cities, even Sapporo, we have seen rental price increases. Prices are finally moving higher. For property owners, even when interest rates increase, their actual return will unlikely change that much, though it depends on the property itself. This is true of the entire market as a whole. On the other hand, construction costs are rising much faster than interest rates, and this is severely denting the gross rate of return for property owners. Some investors have secured land for condominiums but are unable to go ahead with construction because the costs are exorbitant and they cannot sell expensive units. Instead, I have heard that owners are switching their development plans from condominiums to rental properties. This is another result of the higher rates.

On whether or not we have counter-measures, to speak honestly, we have no way to combat higher interest rates. We have no counter-measures. Although there are no direct counter-measures, in the Home-Use Business, when we make an investment in a new project, the equipment is sold outright, accelerating cash receipt. In that sense, we avoid taking loans to pay for the equipment. Even though the business itself has not changed, our interest-payment burden has declined as a result. Although interest rates are rising, we are more focused on using M&As and other measures to invest and generate high growth. We are aiming for growth and recovering our growth momentum. Instead of interest rate measures, we will focus on the more important task of creating business models that can provide a return higher than the interest rate. This is far more important. That is why we are not taking any direct interest rate counter-measures. Every business has to contend with higher interest rates, so honestly speaking, there is nothing we can do about it. As I have said, the more important task at hand is restoring our high growth rate and accelerating our growth. The most important measure is to continually challenge ourselves to create business that provides a greater return than interest rates, with the aim of generating 5 billion or 10 billion yen in ordinary profit.

The next question was about foreign exchange rates. We do not have much dollar-denominated business. There was some dollar-denominated business in the past. For vendors, trading companies and manufacturers, the payments they make for purchases typically end up being dollar-based whether they transact in yen or dollars. So these companies typically compute in dollars. We typically do business in yen, but there is some impact on our business. While there is some impact, the overall impact is limited. Back in the era when the Democratic Party of Japan ruled, the yen was valued between 80 and 90 to the dollar. And we made products under this rate. Those were the good days. After the Liberal Democratic Party returned to power and the U.S. administration changed, the yen weakened rapidly against the dollar. The war in Ukraine was another factor, but as the yen weakened rapidly, we created a structure that was resilient to foreign exchange fluctuations. If the yen weakens even further than it is now, then our import costs will rise significantly. This is true of other companies as well.

While foreign exchange measures and resiliency are certainly important, a more important issue I think is how the foreign exchange rates impact our customers. We are now experiencing yen weakening, but there are periods when the yen suddenly strengthens. For example, from the perspective of the tourism business, the yen weakening has had a major impact on inbound tourism. If the yen strengthens, this will have a large impact on inbound visitors. In terms of which market is better for us to pursue, for example hotels and Japanese inns for telecommunications services, or renewable energy projects, we have many hotel customers, and more visitors will generate profits for hotels. That is the preferable scenario for us. Instead of concerns about our equipment and the import costs, we are more concerned about how the yen rates impact our customers. In terms of our customers, this is limited mainly to tourism. For tourism, the weaker yen encourages more inbound visitors, whose stays in Japan boost earnings of hotels and Japanese inns. These facilities will hold more meetings, adopt Wi-Fi equipment, and use Wi-Fi for international meetings. There are also subsidies available to support hotels in implementing GX and DX initiatives. These same facilities will introduce renewable energy equipment, which is also good for our business. Overall, therefore, instead of how the foreign exchange rates impact us, we are more concerned with how rates impact our customers. This includes how we view interest rates. We aim for triple-win, and I think that is the correct approach.

Host) : We will take the next question please.

Q3) Do you believe the profit margin decline has bottomed out in the Home-Use Business? Do you anticipate the margin rising back to the 30% level? I would like to know if the rate will continue to trend around the current 25%.

Inomata): There are two different ways of thinking, and my instinct is that the margin decline has bottomed out. That is my gut feeling, but there is also the fact that it is still difficult for our industry to pass on cost increases to customers. I serve as director of industry groups and I have the opportunity to talk with other industry group leaders, and this is evident from our discussions. From Prime Minister Yoshihide Suga's administration, the government has supported price reductions in the telecommunications sector. This trend of price restraint is not only found in the mobile industry. Landline prices have also not risen. In terms of only the mobile industry, the telecommunications carriers are on course to gradually increase prices for their sub-brands. In the future, I believe landline companies will also raise prices. NTT has announced an increase in its connection charges. But that does not mean that our industry, the residence and condominium ISP industry, can pass on higher costs to customers. It is still difficult to do. Our cost of sales continues to increase. The traffic has increased, our installation costs have increased, and our personnel costs have increased. These cost increases have put strong pressure on our gross profit. We must find ways to avoid these increases. Competition remains severe, making it difficult for us to pass on cost increases. Now that we have seen increases in housing rents, which typically remain stable, it is only a matter of time before our industry can also raise prices. We have finally reached a phase where we can consider raising our unit prices. Even so, compared with the sticky housing rents, it will be even more difficult for our industry to increase prices. I am explaining the actual situation in the market. Price increases will be possible at some point, though we have not yet reached that stage.

One development that will be necessary for us to restore previous profit levels is the increase in cross-selling. We must continue to increase cross-selling. Currently, our cross-selling rate is 19.7% or 19.6%, but we must raise this to around 25%. One other necessary business development is the acquisition of contracts for individual telecommunication lines. We can meet customer needs by offering individual lines. Customers are willing to pay for dedicated lines with high-quality connections. We are certain there are many of these customers. We cannot miss this opportunity to acquire these individual line contracts. There are currently about 700,000 residences using our services. Considering occupancy rates, we believe we can potentially sign about 60,000 residences. Assuming an occupancy rate of 90%, and the 700,000 residences using our services, there are more than 600,000 residences we can target. This is about 10% of our current user base. If we can sign 10%, then we can raise the Home-Use Business profit margin back to 30% level. The reality is that at some point we will be able to raise prices. Considering these factors, there may be some people who think the outlook is bleak as the market approaches saturation. That is not at all the case. I think there is a bright outlook for the market depending on how a company approaches the business. Therefore, depending on the market approach, there is a high possibility that the profit margin can even exceed the levels in the past. But this will take some time to achieve. We will need to make more capital investments into telecommunication lines, and there will be a time lag between the investment and the return. We will need some time to achieve this. But to answer the question, I believe it necessary to rebuild our business model to achieve a profit margin surpassing past levels.

Host: I am afraid we have reached the end of our allotted time. We will now conclude the question and answer session. We are pleased to accept individual questions from analysts and institutional investors. If you have a question, please contact the Corporate Planning Division.

We will now conclude today's presentation. I would like to sincerely thank all the participants for taking time out of your schedules to attend. Thank you very much.

(END)