

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2021 (Based on Japanese GAAP)

November 12, 2021

Company name: WirelessGate, Inc.
 Stock exchange listing: Tokyo
 Stock code: 9419 URL <http://www.wirelessgate.co.jp/>
 Representative: Representative Member of the Board and CEO HAMA NOBUHIRO
 Inquiries: Corporate Officer, CFO and Head of Administration Department TAKANO HIROYUKI TEL 03-6433-2045
 Scheduled date to file Quarterly Securities Report: November 12, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended September 30, 2021 (from January 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2021	7,601	(6.2)	44	(11.5)	16	(61.3)	44	7.5
Nine months ended September 30, 2020	8,106	(5.2)	49	(46.8)	43	(34.3)	41	(40.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2021	4.13		4.13	
Nine months ended September 30, 2020	3.88		3.78	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	3,576	1,325	36.3
As of December 31, 2020	3,752	802	21.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2020	–	0.00	–	0.00	0.00
Year ending December 31, 2021	–	0.00	–		
Year ending December 31, 2021 (Forecast)				0.00	0.00

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	10,313	(4.0)	46	(35.5)	44	(28.4)	55	–	5.20

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2021
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2021	10,779,774 shares	As of December 31, 2020	10,779,774 shares
--------------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2021	53,000 shares	As of December 31, 2020	53,000 shares
--------------------------	---------------	-------------------------	---------------

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

Nine months ended September 30, 2021	10,726,774 shares	Nine months ended September 30, 2020	10,623,976 shares
--------------------------------------	-------------------	--------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2020	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	1,148,460	1,206,222
Accounts receivable - trade	1,099,338	1,025,355
Merchandise	47,624	14,768
Advance payments - trade	397,517	199,083
Prepaid expenses	188,443	173,976
Income taxes receivable	–	9,733
Other	25,650	10,246
Allowance for doubtful accounts	(15,943)	(16,292)
Total current assets	2,891,091	2,623,094
Non-current assets		
Property, plant and equipment	93,759	55,621
Intangible assets	114,713	7,376
Investments and other assets		
Investment securities	145,300	495,592
Long-term prepaid expenses	250,676	128,132
Insurance funds	203,216	201,456
Deferred tax assets	30,877	27,266
Other	79,693	94,231
Allowance for doubtful accounts	(56,964)	(56,464)
Total investments and other assets	652,800	890,216
Total non-current assets	861,273	953,215
Total assets	3,752,365	3,576,309
Liabilities		
Current liabilities		
Accounts payable - trade	1,239,777	1,006,291
Short-term borrowings	550,000	500,000
Current portion of long-term borrowings	364,968	160,008
Current portion of bonds with share acquisition rights	60,000	–
Accounts payable - other	440,768	431,202
Income taxes payable	36,841	–
Other	47,671	26,630
Total current liabilities	2,740,026	2,124,132
Non-current liabilities		
Long-term borrowings	200,042	116,636
Asset retirement obligations	9,962	10,040
Total non-current liabilities	210,004	126,676
Total liabilities	2,950,031	2,250,809

(Thousands of yen)

	As of December 31, 2020	As of September 30, 2021
Net assets		
Shareholders' equity		
Share capital	908,009	908,009
Capital surplus	787,727	1,245,157
Retained earnings	(772,681)	(728,378)
Treasury shares	(127,657)	(127,657)
Total shareholders' equity	795,398	1,297,130
Share acquisition rights	6,935	28,369
Total net assets	802,334	1,325,500
Total liabilities and net assets	3,752,365	3,576,309

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Net sales	8,106,802	7,601,975
Cost of sales	5,496,099	4,872,471
Gross profit	2,610,703	2,729,504
Selling, general and administrative expenses	2,560,898	2,685,411
Operating profit	49,804	44,092
Non-operating income		
Interest income	3	31
Gain on forfeiture of unclaimed dividends	1,125	–
Reversal of allowance for doubtful accounts	4,500	500
Royalty income	6,323	953
Other	1,063	545
Total non-operating income	13,015	2,029
Non-operating expenses		
Interest expenses	3,370	6,534
Share of loss of entities accounted for using equity method	–	16,969
Share issuance costs	163	–
Loss on investments in investment partnerships	4,816	2,145
Amortization of long-term prepaid expenses	10,499	1,743
Loss on cancellation of insurance policies	–	1,759
Other	318	75
Total non-operating expenses	19,168	29,227
Ordinary profit	43,651	16,894
Extraordinary losses		
Loss on retirement of non-current assets	–	1,359
Loss on valuation of investment securities	–	5,736
Total extraordinary losses	–	7,095
Profit before income taxes	43,651	9,798
Income taxes - current	25,190	611
Income taxes - deferred	22,346	3,610
Total income taxes	47,537	4,222
Profit (loss)	(3,885)	5,575
Profit attributable to		
Profit attributable to owners of parent	41,195	44,302
Loss attributable to non-controlling interests	(45,080)	(38,726)
Comprehensive income	(3,885)	5,575
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	41,195	44,302
Comprehensive income attributable to non-controlling interests	(45,080)	(38,726)