

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

Company name: WirelessGate, Inc.
 Stock exchange listing: Tokyo
 Stock code: 9419 URL <https://www.wirelessgate.co.jp/>
 Representative: Representative Member of the Board and CEO HAMA NOBUHIRO
 CFO and Member of the Board, and CAO of the Company Minoru Harada TEL 03-6433-2045
 Inquiries: Minoru Harada
 Scheduled date to file Quarterly Securities Report: May 13, 2022
 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 three months ended March 31, 2022 (from January 1, 2022 to March 31, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2022	2,151	(18.2)	65	–	35	–	13	–
Three months ended March 31, 2021	2,631	(4.5)	(22)	–	(27)	–	(17)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2022	1.30		–	
Three months ended March 31, 2021	(1.64)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2022	3,299	906	26.6
As of December 31, 2021	3,036	892	28.5

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, 2021	–	0.00	–	0.00	0.00
Year ending December 31, 2022	–	–	–	–	–
Year ending December 31, 2022 (Forecast)	–	0.00	–	0.00	0.00

3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

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	9,004	(7.9)	200	–	50	–	9	–	0.91

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (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: Yes
- 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 March 31, 2022	10,779,774 shares	As of December 31, 2021	10,779,774 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	53,000 shares	As of December 31, 2021	53,000 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2022	10,726,774 shares	Three months ended March 31, 2021	10,726,774 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	1,360,954	1,719,074
Accounts receivable - trade	831,734	829,625
Merchandise	28,838	27,617
Advance payments to suppliers	6	–
Prepaid expenses	188,697	197,001
Income taxes receivable	1,098	2,901
Other	14,547	9,584
Allowance for doubtful accounts	(15,065)	(15,077)
Total current assets	2,410,811	2,770,727
Non-current assets		
Property, plant and equipment	54,894	50,815
Intangible assets	6,408	5,472
Investments and other assets		
Investment securities	418,765	387,129
Long-term prepaid expenses	80,923	40,686
Long-term accounts receivable - other	190,810	190,124
Deferred tax assets	31,335	10,448
Other	33,838	33,838
Allowance for doubtful accounts	(190,810)	(190,124)
Total investments and other assets	564,862	472,103
Total non-current assets	626,165	528,391
Total assets	3,036,977	3,299,118
Liabilities		
Current liabilities		
Accounts payable - trade	908,991	829,265
Short-term borrowings	500,000	800,000
Current portion of long-term borrowings	100,008	100,008
Accounts payable - other	504,563	558,668
Other	29,058	27,833
Total current liabilities	2,042,622	2,315,775
Non-current liabilities		
Long-term borrowings	91,634	66,632
Asset retirement obligations	10,066	10,092
Total non-current liabilities	101,700	76,724
Total liabilities	2,144,322	2,392,499
Net assets		
Shareholders' equity		
Share capital	908,009	908,009
Capital surplus	1,245,157	1,245,157
Retained earnings	(1,161,224)	(1,147,259)
Treasury shares	(127,657)	(127,657)
Total shareholders' equity	864,285	878,249
Share acquisition rights	28,369	28,369
Total net assets	892,655	906,619
Total liabilities and net assets	3,036,977	3,299,118

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

(Thousands of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Net sales	2,631,632	2,151,836
Cost of sales	1,696,445	1,016,229
Gross profit	935,187	1,135,606
Selling, general and administrative expenses	957,455	1,070,278
Operating profit (loss)	(22,268)	65,328
Non-operating income		
Interest income	1	1
Interest on tax refund	29	–
Reversal of allowance for doubtful accounts	–	686
Royalty income	524	–
Subsidy income	–	1,680
Other	88	107
Total non-operating income	644	2,475
Non-operating expenses		
Interest expenses	4,691	709
Share of loss of entities accounted for using equity method	–	25,393
Loss on investments in investment partnerships	781	6,241
Amortization of long-term prepaid expenses	581	–
Other	64	0
Total non-operating expenses	6,118	32,344
Ordinary profit (loss)	(27,742)	35,459
Profit (loss) before income taxes	(27,742)	35,459
Income taxes - current	355	608
Income taxes - deferred	3,010	20,886
Total income taxes	3,365	21,494
Profit (loss)	(31,108)	13,964
Profit attributable to		
Profit (loss) attributable to owners of parent	(17,547)	13,964
Loss attributable to non-controlling interests	(13,560)	–
Comprehensive income	(31,108)	13,964
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(17,547)	13,964
Comprehensive income attributable to non-controlling interests	(13,560)	–