

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2022 (Based on Japanese GAAP)

November 11, 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: November 11, 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 nine months ended September 30, 2022 (from January 1, 2022 to September 30, 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	%
Nine months ended September 30, 2022	6,409	(15.7)	166	277.8	84	399.2	60	36.0
Nine months ended September 30, 2021	7,601	(6.2)	44	(11.5)	16	(61.3)	44	7.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2022	5.62		–	
Nine months ended September 30, 2021	4.13		4.13	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	3,033	952	30.5
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	–	0.00	–		
Year ending December 31, 2022 (Forecast)				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 nine months ended September 30, 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 September 30, 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 September 30, 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)

Nine months ended September 30, 2022	10,726,774 shares	Nine months ended September 30, 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 September 30, 2022
Assets		
Current assets		
Cash and deposits	1,360,954	1,485,804
Accounts receivable - trade	831,734	810,304
Merchandise	28,838	56,618
Advance payments to suppliers	6	–
Prepaid expenses	188,697	254,481
Income taxes receivable	1,098	–
Other	14,547	3,122
Allowance for doubtful accounts	(15,065)	(14,964)
Total current assets	2,410,811	2,595,367
Non-current assets		
Property, plant and equipment	54,894	42,658
Intangible assets	6,408	3,766
Investments and other assets		
Investment securities	418,765	351,256
Long-term prepaid expenses	80,923	378
Long-term accounts receivable - other	190,810	189,018
Deferred tax assets	31,335	5,910
Other	33,838	33,838
Allowance for doubtful accounts	(190,810)	(189,018)
Total investments and other assets	564,862	391,384
Total non-current assets	626,165	437,809
Total assets	3,036,977	3,033,177
Liabilities		
Current liabilities		
Accounts payable - trade	908,991	918,543
Short-term borrowings	500,000	500,000
Current portion of long-term borrowings	100,008	100,008
Accounts payable - other	504,563	493,817
Income taxes payable	–	16,506
Other	29,058	24,611
Total current liabilities	2,042,622	2,053,486
Non-current liabilities		
Long-term borrowings	91,634	16,628
Asset retirement obligations	10,066	10,144
Total non-current liabilities	101,700	26,772
Total liabilities	2,144,322	2,080,258
Net assets		
Shareholders' equity		
Share capital	908,009	908,009
Capital surplus	1,245,157	1,245,157
Retained earnings	(1,161,224)	(1,100,960)
Treasury shares	(127,657)	(127,657)
Total shareholders' equity	864,285	924,549
Share acquisition rights	28,369	28,369
Total net assets	892,655	952,918
Total liabilities and net assets	3,036,977	3,033,177

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

(Thousands of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Net sales	7,601,975	6,409,651
Cost of sales	4,872,471	3,175,495
Gross profit	2,729,504	3,234,156
Selling, general and administrative expenses	2,685,411	3,067,590
Operating profit	44,092	166,565
Non-operating income		
Interest income	31	2
Interest on tax refund	46	40
Reversal of allowance for doubtful accounts	500	1,792
Royalty income	953	–
Subsidy income	–	1,680
Other	498	290
Total non-operating income	2,029	3,805
Non-operating expenses		
Interest expenses	6,534	1,842
Share of loss of entities accounted for using equity method	16,969	76,583
Loss on investments in investment partnerships	2,145	7,605
Amortization of long-term prepaid expenses	1,743	–
Loss on cancellation of insurance policies	1,759	–
Other	75	2
Total non-operating expenses	29,227	86,034
Ordinary profit	16,894	84,337
Extraordinary income		
Gain on change in equity	–	16,680
Total extraordinary income	–	16,680
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	9,798	101,017
Income taxes - current	611	15,329
Income taxes - deferred	3,610	25,424
Total income taxes	4,222	40,753
Profit	5,575	60,263
Profit attributable to		
Profit attributable to owners of parent	44,302	60,263
Loss attributable to non-controlling interests	(38,726)	–
Comprehensive income	5,575	60,263
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	44,302	60,263
Comprehensive income attributable to non-controlling interests	(38,726)	–