

Translation

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Summary of Non-Consolidated Financial Results for the Six Months Ended June 30, 2023 (Based on Japanese GAAP)

August 14, 2023

Company name: WirelessGate, Inc.
 Stock exchange listing: Tokyo
 Stock code: 9419 URL <https://www.wirelessgate.co.jp/>
 Representative: Representative Member of the Board and HAMA NOBUHIRO
 CEO
 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: August 14, 2023
 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. Non-consolidated financial results for the six months ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

(1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2023	4,266	–	63	–	63	–	92	–
Six months ended June 30, 2022	–	–	–	–	–	–	–	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2023	8.62		–	
Six months ended June 30, 2022	–		–	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of June 30, 2023	2,897		863		28.7	
As of December 31, 2022	2,787		772		26.5	

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, 2022	–	0.00	–	0.00	0.00
Year ending December 31, 2023	–	0.00	–	–	–
Year ending December 31, 2023 (Forecast)	–	–	–	0.00	0.00

3. Forecast of non-consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	8,318	(2.5)	209	9.6	204	8.6	146	(25.2)	13.66

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: No

(2) 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

(3) Number of issued shares (common shares)

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

As of June 30, 2023	10,779,774 shares	As of December 31, 2022	10,779,774 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	53,000 shares	As of December 31, 2022	53,000 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2023	10,726,774 shares	Six months ended June 30, 2022	10,726,774 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	1,352,332	1,603,890
Accounts receivable - trade	817,290	844,122
Merchandise	79,000	53,619
Advance payments to suppliers	—	238
Prepaid expenses	247,589	174,831
Other	3,306	2,690
Allowance for doubtful accounts	(11,033)	(10,905)
Total current assets	2,488,485	2,668,488
Non-current assets		
Property, plant and equipment	38,580	30,231
Intangible assets	3,001	1,484
Investments and other assets		
Investment securities	84,239	82,903
Shares of subsidiaries and associates	108,427	8,427
Long-term prepaid expenses	307	165
Deferred tax assets	30,622	71,825
Long-term accounts receivable - other	188,499	187,597
Other	33,838	33,838
Allowance for doubtful accounts	(188,499)	(187,597)
Total investments and other assets	257,436	197,160
Total non-current assets	299,018	228,876
Total assets	2,787,503	2,897,364
Liabilities		
Current liabilities		
Accounts payable - trade	875,180	906,460
Short-term borrowings	500,000	500,000
Current portion of long-term borrowings	91,634	41,630
Accounts payable - other	498,616	535,259
Income taxes payable	13,493	15,880
Accrued consumption taxes	19,104	18,561
Deposits received	3,099	3,611
Unearned revenue	964	438
Other	3,116	2,000
Total current liabilities	2,005,208	2,023,842
Non-current liabilities		
Asset retirement obligations	10,170	10,223
Total non-current liabilities	10,170	10,223
Total liabilities	2,015,379	2,034,065
Net assets		
Shareholders' equity		
Share capital	908,009	908,009
Capital surplus	847,230	847,230
Retained earnings	(889,019)	(796,559)
Treasury shares	(127,657)	(127,657)
Total shareholders' equity	738,563	831,022
Share acquisition rights	33,560	32,276
Total net assets	772,123	863,299
Total liabilities and net assets	2,787,503	2,897,364

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2023
Net sales	4,266,290
Cost of sales	2,154,036
Gross profit	2,112,253
Selling, general and administrative expenses	2,048,942
Operating profit	63,310
Non-operating income	
Interest income	1
Commission income	331
Gain on forfeiture of unclaimed dividends	891
Reversal of allowance for doubtful accounts	1,380
Other	287
Total non-operating income	2,893
Non-operating expenses	
Interest expenses	916
Loss on investments in investment partnerships	1,335
Total non-operating expenses	2,252
Ordinary profit	63,951
Extraordinary income	
Gain on reversal of share acquisition rights	4,589
Total extraordinary income	4,589
Extraordinary losses	
Loss on retirement of non-current assets	5,260
Loss on extinguishment of tie-in shares	2,939
Total extraordinary losses	8,200
Profit before income taxes	60,341
Income taxes - current	9,084
Income taxes - deferred	(41,202)
Total income taxes	(32,117)
Profit	92,459

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2023
Cash flows from operating activities	
Profit before income taxes	60,341
Depreciation	7,425
Loss on retirement of non-current assets	5,260
Loss (gain) on extinguishment of tie-in shares	2,939
Share-based payment expenses	3,305
Gain on reversal of share acquisition rights	(4,589)
Increase (decrease) in allowance for doubtful accounts	(1,030)
Interest income	(1)
Interest expenses	916
Loss (gain) on investments in investment partnerships	1,335
Decrease (increase) in trade receivables	(26,832)
Decrease (increase) in inventories	25,380
Increase (decrease) in trade payables	31,280
Decrease (increase) in long-term prepaid expenses	142
Increase (decrease) in accounts payable - other	34,305
Decrease (increase) in prepaid expenses	72,534
Other, net	(355)
Subtotal	212,357
Interest received	1
Interest paid	(932)
Income taxes paid	(7,222)
Other proceeds	600
Net cash provided by (used in) operating activities	204,803
Cash flows from investing activities	
Purchase of property, plant and equipment	(481)
Net cash provided by (used in) investing activities	(481)
Cash flows from financing activities	
Repayments of long-term borrowings	(50,004)
Net cash provided by (used in) financing activities	(50,004)
Net increase (decrease) in cash and cash equivalents	154,318
Cash and cash equivalents at beginning of period	1,352,332
Increase (decrease) in cash and cash equivalents resulting from merger of consolidated subsidiaries	97,240
Cash and cash equivalents at end of period	1,603,890