

Translation

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**Summary of Non-Consolidated Financial Results
for the Year Ended December 31, 2023
(Based on Japanese GAAP)**

February 14, 2024

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 TEL 03-6433-2045
 Scheduled date of ordinary general meeting of shareholders: March 26, 2024
 Scheduled date to file Securities Report: March 26, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Non-consolidated operating results

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	%
Year ended December 31, 2023	8,483	(0.6)	224	17.4	225	19.8	241	23.1
Year ended December 31, 2022	8,531	(11.6)	191	–	188	–	195	–

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2023	22.48	22.32	28.1	7.8	2.6
Year ended December 31, 2022	18.27	–	–	–	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2023	2,968	1,015	33.0	91.33
As of December 31, 2022	2,787	772	26.5	68.85

(3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2023	424	(3)	(91)	1,779
Year ended December 31, 2022	–	–	–	–

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2022	–	0.00	–	0.00	0.00	–	–	–
Year ended December 31, 2023	–	0.00	–	0.00	0.00	–	–	–
Year ending December 31, 2024 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Forecast of non-consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

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	8,741	3.0	162	(27.8)	162	(27.8)	178	(26.0)	16.63

4. Notes

(1) 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

(2) Number of issued shares (common shares)

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

As of December 31, 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 December 31, 2023	53,000 shares	As of December 31, 2022	53,000 shares
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Average number of shares during the period

Year ended December 31, 2023	10,726,774 shares	Year ended December 31, 2022	10,726,774 shares
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Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	1,352,332	1,779,088
Accounts receivable - trade	817,290	839,398
Merchandise	79,000	59,192
Prepaid expenses	247,589	59,082
Other	3,306	7,107
Allowance for doubtful accounts	(11,033)	(587)
Total current assets	2,488,485	2,743,283
Non-current assets		
Property, plant and equipment		
Buildings	26,390	25,808
Accumulated depreciation	(18,370)	(19,062)
Buildings, net	8,019	6,746
Machinery and equipment	–	2,094
Accumulated depreciation	–	(488)
Machinery and equipment, net	–	1,605
Tools, furniture and fixtures	280,426	165,495
Accumulated depreciation	(249,866)	(149,578)
Tools, furniture and fixtures, net	30,560	15,916
Total property, plant and equipment	38,580	24,268
Intangible assets		
Software	3,001	1,033
Total intangible assets	3,001	1,033
Investments and other assets		
Investment securities	84,239	74,873
Shares of subsidiaries and associates	108,427	8,427
Long-term prepaid expenses	307	23
Deferred tax assets	30,622	82,820
Long-term accounts receivable - other	188,499	188,546
Other	33,838	33,838
Allowance for doubtful accounts	(188,499)	(188,546)
Total investments and other assets	257,436	199,983
Total non-current assets	299,018	225,285
Total assets	2,787,503	2,968,569

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	875,180	893,909
Short-term borrowings	500,000	500,000
Current portion of long-term borrowings	91,634	–
Accounts payable - other	498,616	483,097
Income taxes payable	13,493	36,397
Accrued consumption taxes	19,104	23,248
Deposits received	3,099	5,364
Unearned revenue	964	964
Other	3,116	–
Total current liabilities	2,005,208	1,942,982
Non-current liabilities		
Asset retirement obligations	10,170	10,275
Total non-current liabilities	10,170	10,275
Total liabilities	2,015,379	1,953,258
Net assets		
Shareholders' equity		
Share capital	908,009	908,009
Capital surplus		
Legal capital surplus	847,230	847,230
Total capital surplus	847,230	847,230
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(889,019)	(647,854)
Total retained earnings	(889,019)	(647,854)
Treasury shares	(127,657)	(127,657)
Total shareholders' equity	738,563	979,728
Share acquisition rights	33,560	35,582
Total net assets	772,123	1,015,310
Total liabilities and net assets	2,787,503	2,968,569

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Net sales	8,531,068	8,483,383
Cost of sales	4,265,606	4,477,405
Gross profit	4,265,461	4,005,977
Selling, general and administrative expenses	4,074,158	3,781,316
Operating profit	191,303	224,661
Non-operating income		
Interest income	2	3
Commission income	–	331
Gain on forfeiture of unclaimed dividends	–	891
Reversal of allowance for doubtful accounts	5,479	3,388
Subsidy income	1,680	–
Other	440	529
Total non-operating income	7,603	5,145
Non-operating expenses		
Interest expenses	2,336	1,884
Loss on investments in investment partnerships	8,298	2,438
Other	34	10
Total non-operating expenses	10,669	4,333
Ordinary profit	188,236	225,473
Extraordinary income		
Gain on sale of investment securities	21,293	–
Gain on reversal of share acquisition rights	6,935	4,589
Total extraordinary income	28,228	4,589
Extraordinary losses		
Loss on retirement of non-current assets	–	5,501
Loss on valuation of investment securities	10,035	–
Loss on extinguishment of tie-in shares	–	2,939
Total extraordinary losses	10,035	8,441
Profit before income taxes	206,429	221,622
Income taxes - current	9,758	32,655
Income taxes - deferred	712	(52,197)
Total income taxes	10,471	(19,542)
Profit	195,958	241,165

Non-consolidated statements of changes in equity

Fiscal year ended December 31, 2022

(Thousands of yen)

	Net assets						
	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
			Retained earnings brought forward				
Balance at beginning of period	908,009	847,230	847,230	(1,084,977)	(1,084,977)	(127,657)	542,604
Changes during period							
Profit (loss)				195,958	195,958		195,958
Net changes in items other than shareholders' equity							
Total changes during period	–	–	–	195,958	195,958	–	195,958
Balance at end of period	908,009	847,230	847,230	(889,019)	(889,019)	(127,657)	738,563

	Net assets	
	Share acquisition rights	Total net assets
Balance at beginning of period	28,369	570,974
Changes during period		
Profit (loss)		195,958
Net changes in items other than shareholders' equity	5,191	5,191
Total changes during period	5,191	201,149
Balance at end of period	33,560	772,123

Fiscal year ended December 31, 2023

(Thousands of yen)

	Net assets						
	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
			Retained earnings brought forward				
Balance at beginning of period	908,009	847,230	847,230	(889,019)	(889,019)	(127,657)	738,563
Changes during period							
Profit (loss)				241,165	241,165		241,165
Net changes in items other than shareholders' equity							
Total changes during period	–	–	–	241,165	241,165	–	241,165
Balance at end of period	908,009	847,230	847,230	(647,854)	(647,854)	(127,657)	979,728

	Net assets	
	Share acquisition rights	Total net assets
Balance at beginning of period	33,560	772,123
Changes during period		
Profit (loss)		241,165
Net changes in items other than shareholders' equity	2,021	2,021
Total changes during period	2,021	243,186
Balance at end of period	35,582	1,015,310

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2023
Cash flows from operating activities	
Profit before income taxes	221,622
Depreciation	14,276
Increase (decrease) in allowance for doubtful accounts	(10,399)
Interest income	(3)
Loss on retirement of non-current assets	5,501
Share-based payment expenses	6,611
Gain on reversal of share acquisition rights	(4,589)
Interest expenses	1,884
Loss (gain) on extinguishment of tie-in shares	2,939
Loss (gain) on investments in investment partnerships	2,438
Decrease (increase) in trade receivables	(22,108)
Decrease (increase) in inventories	19,807
Increase (decrease) in trade payables	18,729
Decrease (increase) in long-term prepaid expenses	284
Increase (decrease) in accounts payable - other	(15,934)
Decrease (increase) in prepaid expenses	188,416
Other, net	6,249
Subtotal	435,724
Interest received	3
Interest paid	(1,794)
Income taxes paid	(12,101)
Other proceeds	2,400
Net cash provided by (used in) operating activities	424,231
Cash flows from investing activities	
Purchase of property, plant and equipment	(3,081)
Net cash provided by (used in) investing activities	(3,081)
Cash flows from financing activities	
Repayments of long-term borrowings	(91,634)
Net cash provided by (used in) financing activities	(91,634)
Net increase (decrease) in cash and cash equivalents	329,515
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	1,779,088