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Consolidated Financial Results for the Fiscal Year Ended February 28, 2025 (under IFRS)

April 10, 2025

Company name: **WingArc1st Inc.**
Listing: Tokyo Stock Exchange
Securities code: 4432
URL: <https://www.wingarc.com/en/>
Representative: Jun Tanaka, President, Executive Officer and CEO
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TEL: +81-3-5962-7400
Scheduled date of annual general meeting of shareholders: May 30, 2025
Scheduled date to commence dividend payments: May 15, 2025
Scheduled date to file annual securities report: May 31, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated financial results for the fiscal year ended February 28, 2025 (from March 1, 2024 to February 28, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before income taxes		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
February 28, 2025	28,708	11.5	8,216	12.4	8,253	13.0	5,906	9.8
February 29, 2024	25,752	15.2	7,309	22.9	7,304	24.6	5,378	23.2

	Profit attributable to equity holders of the parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal year ended						
February 28, 2025	5,929	9.6	5,479	(11.9)	171.97	170.57
February 29, 2024	5,411	23.0	6,216	18.4	158.05	156.03

	Return on equity attributable to equity holders of the parent	Ratio of profit before income tax to total assets	Ratio of operating profit to revenue
	%	%	%
Fiscal year ended			
February 28, 2025	14.7	12.3	28.6
February 29, 2024	14.7	11.4	28.4

(Reference) Share of profit (loss) of investments accounted for using equity method

February 28, 2025 ¥4 million

February 29, 2024 ¥– million

Note: Effective the fiscal year ended February 28, 2022, the Company has adopted a share-based remuneration system which utilizes an officer remuneration BIP trust, and shares of the Company held by the trust are included in treasury shares. In line with this, for the calculation of basic earnings per share and diluted earnings per share, the number of the Company's own shares held by the trust was included in the number of treasury shares, which are excluded from the calculation for the weighted average number of ordinary shares outstanding during the period.

(Reference)

	EBITDA	
	Millions of yen	%
Fiscal year ended		
February 28, 2025	9,650	12.2
February 29, 2024	8,597	20.0

- Notes:
1. The Group uses EBITDA as an important management indicator. For information about the indicator, refer to “(Notes when referring to summary information)” below.
 2. The Group previously disclosed “adjusted EBITDA” and “adjusted profit” (hereinafter, “adjusted indicators”) as important management indicators, but has not disclosed “adjusted indicators” from the fiscal year ended February 29, 2024 as expenses for which adjustments are deemed necessary when making investment decisions have, for the most part, not arisen since the fiscal year ended February 28, 2022. If the Group utilizes comparisons against “adjusted indicators” going forward, it will specify that it has done so.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to equity holders of the parent	Ratio of equity attributable to equity holders of the parent	Equity attributable to equity holders of the parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of					
February 28, 2025	68,436	41,846	41,792	61.1	1,209.85
February 29, 2024	65,950	39,096	39,074	59.2	1,136.24

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended				
February 28, 2025	8,196	(1,657)	(4,802)	14,715
February 29, 2024	7,840	(1,600)	(4,462)	12,986

2. Cash dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 29, 2024	0.00	33.50	0.00	45.20	78.70
Fiscal year ended February 28, 2025	0.00	42.00	0.00	62.00	104.00
Fiscal year ending February 28, 2026 (Forecast)	0.00	52.00	0.00	52.00	104.00

	Total cash dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to equity attributable to equity holders of the parent (consolidated)
	Millions of yen	%	%
Fiscal year ended February 29, 2024	2,716	50.2	7.3
Fiscal year ended February 28, 2025	3,606	60.8	8.9
Fiscal year ending February 28, 2026 (Forecast)		56.7	

3. Consolidated earnings forecasts for the fiscal year ending February 28, 2026
(from March 1, 2025 to February 28, 2026)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		EBITDA		Profit attributable to equity holders of the parent	
Fiscal year ending February 28, 2026	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
	30,300	5.5	8,900	8.3	10,400	7.8	6,360	7.3

* **Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies and changes in accounting estimates

- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

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

As of February 28, 2025	34,932,870 shares
As of February 29, 2024	34,823,070 shares

b. Number of treasury shares at the end of the period

As of February 28, 2025	389,428 shares
As of February 29, 2024	433,932 shares

c. Average number of shares outstanding during the period

For the fiscal year ended February 28, 2025	34,480,075 shares
For the fiscal year ended February 29, 2024	34,237,838 shares

* **Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.**

* **Proper use of earnings forecasts, and other special items**

(Caution concerning forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors.

(Method of accessing supplementary material on financial results and contents of financial results presentation meeting)

The Company will hold a live online presentation meeting for institutional investors and analysts on Thursday, April 10, 2025. The material on financial results to be used on the day will be posted on the Company's website.

(Notes when referring to summary information)

1. EBITDA = Operating profit + Depreciation and amortization expenses
2. From the fiscal year ended February 29, 2020, due to the adoption of IFRS 16, the right of use related to office leases is recognized as a right-of-use asset, and depreciation related to this asset is also recorded. However, in the calculation of EBITDA, depreciation related to this right-of-use asset is excluded from "Depreciation and amortization expenses."

3. EBITDA is not a measure prescribed by IFRS, but rather is a financial measure that the Group believes is useful for investors to evaluate the Group's performance.
4. EBITDA should not be considered as an alternative measure to other measures presented in accordance with IFRS, as it excludes some of the items that affect profit and has significant limitations as a means of analysis. EBITDA for the Group may not be comparable to the measures used by other companies in the industry due to different calculation methods from those used for the same or similar measures. As a result, its usefulness may be reduced.

Consolidated Financial Statements**(1) Consolidated statements of financial position**

	(Unit: thousand yen)	
	As of February 29, 2024	As of February 28, 2025
Assets		
Current assets		
Cash and cash equivalents	12,986,833	14,715,413
Trade and other receivables	1,669,666	2,451,376
Other financial assets	48,396	81,750
Other current assets	568,832	575,509
Total current assets	15,273,728	17,824,050
Non-current assets		
Property and equipment	1,803,563	2,076,237
Goodwill	27,348,960	27,674,087
Other intangible assets	15,674,016	15,055,624
Other financial assets	5,826,150	5,770,509
Other non-current assets	23,607	36,443
Total non-current assets	50,676,299	50,612,902
Total assets	65,950,027	68,436,952
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	857,791	988,411
Contract liabilities	6,989,780	8,082,590
Current portion of long-term borrowings	1,426,936	1,452,125
Income taxes payable	1,181,178	1,291,671
Other financial liabilities	497,285	613,887
Other current liabilities	2,395,864	2,411,553
Total current liabilities	13,348,837	14,840,239
Non-current liabilities		
Long-term borrowings, net of current portion	8,515,758	7,106,203
Provisions	169,700	192,820
Other financial liabilities	108,529	243,757
Deferred tax liabilities	4,710,751	4,207,737
Total non-current liabilities	13,504,740	11,750,519
Total liabilities	26,853,578	26,590,758
Equity		
Issued capital	1,199,817	1,228,008
Capital surplus	12,250,296	12,399,974
Other components of equity	2,487,971	2,059,091
Retained earnings	23,700,677	26,611,769
Treasury shares	(564,305)	(506,450)
Equity attributable to equity holders of the parent	39,074,456	41,792,393
Non-controlling interests	21,993	53,800
Total equity	39,096,449	41,846,194
Total liabilities and equity	65,950,027	68,436,952

(2) Consolidated statements of profit or loss and consolidated statements of comprehensive income
(Consolidated statements of profit or loss)

	(Unit: thousand yen, unless otherwise stated)	
	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Revenue	25,752,957	28,708,071
Personnel expenses except those included in research and development costs	(6,424,574)	(7,352,611)
Research and development costs	(3,055,193)	(3,300,644)
Outsourcing expenses	(2,498,931)	(2,911,611)
Commission expenses	(1,212,474)	(1,347,043)
Other operating income	17,819	31,269
Other operating expenses	(5,270,420)	(5,610,614)
Operating profit	7,309,182	8,216,816
Finance income	123,892	135,441
Finance costs	(128,238)	(102,779)
Share of profit (loss) of investments accounted for using equity method	–	4,516
Profit before income taxes	7,304,837	8,253,995
Income taxes	(1,926,151)	(2,347,551)
Profit	5,378,686	5,906,443
Profit attributable to:		
Equity holders of the parent	5,411,419	5,929,547
Non-controlling interests	(32,732)	(23,103)
Profit	5,378,686	5,906,443
Earnings per share		
Basic earnings per share (yen)	158.05	171.97
Diluted earnings per share (yen)	156.03	170.57

(Consolidated statements of comprehensive income)

(Unit: thousand yen)

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Profit	5,378,686	5,906,443
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	763,692	(401,525)
Total of items that will not be reclassified to profit or loss	763,692	(401,525)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	74,145	(25,872)
Total of items that may be reclassified to profit or loss	74,145	(25,872)
Other comprehensive income, net of income taxes	837,838	(427,397)
Total comprehensive income, net of income taxes	6,216,524	5,479,046
Attributable to:		
Equity holders of the parent	6,249,257	5,502,149
Non-controlling interests	(32,732)	(23,103)
Total comprehensive income	6,216,524	5,479,046

(3) Consolidated statement of changes in equity
Fiscal year ended February 29, 2024

(Unit: thousand yen)

	Equity attributable to equity holders of the parent					
	Other components of equity					
	Issued capital	Capital surplus	Exchange differences on translation of foreign operations	Stock acquisition rights	Financial assets measured at fair value through other comprehensive income	Total
As of March 1, 2023	1,135,142	12,161,273	108,142	8,986	1,536,403	1,653,532
Profit						–
Other comprehensive income			74,145		763,692	837,838
Comprehensive income	–	–	74,145	–	763,692	837,838
Dividends						–
Share-based payment transactions		24,721				–
Purchase of treasury shares						–
Exercise of stock acquisition rights	64,675	64,675		(3,400)		(3,400)
Changes in ownership interest in subsidiaries		(374)				–
Total transactions with equity holders	64,675	89,022	–	(3,400)	–	(3,400)
As of February 29, 2024	1,199,817	12,250,296	182,288	5,586	2,300,096	2,487,971

(Unit: thousand yen)

	Equity attributable to equity holders of the parent			Non-controlling interests	Total
	Retained earnings	Treasury shares	Total		
As of March 1, 2023	20,190,350	(623,385)	34,516,913	57,228	34,574,141
Profit	5,411,419		5,411,419	(32,732)	5,378,686
Other comprehensive income			837,838		837,838
Comprehensive income	5,411,419	—	6,249,257	(32,732)	6,216,524
Dividends	(1,901,092)		(1,901,092)		(1,901,092)
Share-based payment transactions		59,398	84,119		84,119
Purchase of treasury shares		(317)	(317)		(317)
Exercise of stock acquisition rights			125,950		125,950
Changes in ownership interest in subsidiaries			(374)	(2,502)	(2,876)
Total transactions with equity holders	(1,901,092)	59,080	(1,691,714)	(2,502)	(1,694,217)
As of February 29, 2024	23,700,677	(564,305)	39,074,456	21,993	39,096,449

Fiscal year ended February 28, 2025

(Unit: thousand yen)

	Equity attributable to equity holders of the parent					Total
	Issued capital	Capital surplus	Other components of equity			
			Exchange differences on translation of foreign operations	Stock acquisition rights	Financial assets measured at fair value through other comprehensive income	
As of March 1, 2024	1,199,817	12,250,296	182,288	5,586	2,300,096	2,487,971
Profit						—
Other comprehensive income			(25,872)		(401,525)	(427,397)
Comprehensive income	—	—	(25,872)	—	(401,525)	(427,397)
Dividends						—
Share-based payment transactions		120,398				—
Exercise of stock acquisition rights	28,191	28,191		(1,482)		(1,482)
Changes in ownership interest in subsidiaries		1,089				—
Total transactions with equity holders	28,191	149,678	—	(1,482)	—	(1,482)
As of February 28, 2025	1,228,008	12,399,974	156,416	4,104	1,898,570	2,059,091

(Unit: thousand yen)

	Equity attributable to equity holders of the parent			Non-controlling interests	Total
	Retained earnings	Treasury shares	Total		
As of March 1, 2024	23,700,677	(564,305)	39,074,456	21,993	39,096,449
Profit	5,929,547		5,929,547	(23,103)	5,906,443
Other comprehensive income			(427,397)		(427,397)
Comprehensive income	5,929,547	—	5,502,149	(23,103)	5,479,046
Dividends	(3,018,455)		(3,018,455)		(3,018,455)
Share-based payment transactions		57,855	178,253		178,253
Exercise of stock acquisition rights			54,900		54,900
Changes in ownership interest in subsidiaries			1,089	54,910	56,000
Total transactions with equity holders	(3,018,455)	57,855	(2,784,212)	54,910	(2,729,301)
As of February 28, 2025	26,611,769	(506,450)	41,792,393	53,800	41,846,194

(4) Consolidated statements of cash flows

(Unit: thousand yen)

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Cash flows from operating activities		
Profit before income taxes	7,304,837	8,253,995
Depreciation and amortization expenses	1,612,451	1,764,835
Finance income	(123,893)	(152,048)
Finance costs	142,889	108,075
Decrease (increase) in trade and other receivables	(196,751)	(698,276)
Increase (decrease) in trade and other payables	(203,872)	51,684
Increase (decrease) in contract liabilities	632,068	1,092,810
Increase (decrease) in other current liabilities	223,395	(55,653)
Others	207,101	394,112
Subtotal	9,598,226	10,759,534
Interest and dividends received	101,339	124,960
Interest paid	(68,152)	(66,422)
Income taxes paid	(1,791,385)	(2,621,828)
Net cash flows from operating activities	7,840,027	8,196,244
Cash flows from investing activities		
Purchase of property and equipment	(488,573)	(390,578)
Purchase of intangible assets	(585,223)	(429,313)
Payments for leasehold and guarantee deposits	(16,436)	(23,401)
Proceeds from refund of leasehold and guarantee deposits	11,482	16,242
Purchase of investment securities	(527,095)	–
Proceeds from sale and redemption of investment securities	35,548	22,992
Payments for acquisition of subsidiaries	–	(410,059)
Payments for acquisition of associates	–	(450,000)
Others	(30,608)	7,047
Net cash flows used in investing activities	(1,600,906)	(1,657,070)
Cash flows from financing activities		
Proceeds from long-term borrowings	10,000,000	–
Repayments of long-term borrowings	(12,250,000)	(1,487,228)
Repayments of lease liabilities	(390,372)	(406,917)
Proceeds from issuance of new shares	125,950	54,900
Purchase of treasury shares	(317)	–
Dividends paid	(1,900,536)	(3,017,439)
Purchase of interests in subsidiaries from non-controlling interests	(2,876)	–
Capital contribution from non-controlling interests	–	56,000
Others	(44,249)	(1,507)
Net cash flows used in financing activities	(4,462,403)	(4,802,193)
Effect of exchange rate changes on cash and cash equivalents	34,127	(8,399)
Net increase (decrease) in cash and cash equivalents	1,810,845	1,728,580
Cash and cash equivalents at the beginning of the period	11,175,988	12,986,833
Cash and cash equivalents at the end of the period	12,986,833	14,715,413