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Consolidated Financial Results for the Nine Months Ended November 30, 2024 (under IFRS)

January 14, 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
 Inquiries: Taisuke Fujimoto, Director, Executive Officer and CFO
 TEL: +81-3-5962-7400
 Scheduled date to commence dividend payments: –
 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 nine months ended November 30, 2024 (from March 1, 2024 to November 30, 2024)

(1) Consolidated operating results (cumulative) (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	%
Nine months ended November 30, 2024	21,610	9.8	6,536	4.5	6,551	4.8	4,685	4.7
November 30, 2023	19,684	15.7	6,255	19.5	6,250	21.1	4,474	15.4

	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
Nine months ended November 30, 2024	4,702	4.5	4,465	(20.1)	136.45	135.27
November 30, 2023	4,499	15.1	5,586	30.8	131.60	129.79

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	%
Nine months ended November 30, 2024	7,603	5.6
November 30, 2023	7,202	17.1

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
As of	Millions of yen	Millions of yen	Millions of yen	%
November 30, 2024	67,370	40,649	40,644	60.3
February 29, 2024	65,950	39,096	39,074	59.2

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 ending February 28, 2025	0.00	42.00	0.00		
Fiscal year ending February 28, 2025 (Forecast)				62.00	104.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

Breakdown of year-end dividends for the fiscal year ending February 28, 2025:

Ordinary dividend: ¥42.00

Commemorative dividend: ¥20.00

3. Consolidated earnings forecasts for the fiscal year ending February 28, 2025 (from March 1, 2024 to February 28, 2025)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		EBITDA		Profit attributable to equity holders of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending February 28, 2025	28,500	10.7	8,100	10.8	9,560	11.2	5,850	8.1

Note: Revisions to the earnings forecasts most recently announced: Yes

* 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 November 30, 2024	34,895,070 shares
As of February 29, 2024	34,823,070 shares

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

As of November 30, 2024	389,428 shares
As of February 29, 2024	433,932 shares

c. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

For the nine months ended November 30, 2024	34,462,020 shares
For the nine months ended November 30, 2023	34,190,361 shares

* **Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None**

* **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.

(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.

Condensed Quarterly Consolidated Financial Statements**(1) Condensed quarterly consolidated statements of financial position**

(Unit: thousand yen)

	As of February 29, 2024	As of November 30, 2024
Assets		
Current assets		
Cash and cash equivalents	12,986,833	13,886,371
Trade and other receivables	1,669,666	2,356,757
Other financial assets	48,396	91,597
Other current assets	568,832	786,991
Total current assets	15,273,728	17,121,718
Non-current assets		
Property and equipment	1,803,563	1,731,844
Goodwill	27,348,960	27,706,102
Other intangible assets	15,674,016	15,181,564
Other financial assets	5,826,150	5,592,936
Other non-current assets	23,607	35,953
Total non-current assets	50,676,299	50,248,401
Total assets	65,950,027	67,370,120
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	857,791	990,401
Contract liabilities	6,989,780	8,426,158
Current portion of long-term borrowings	1,426,936	1,474,034
Income taxes payable	1,181,178	591,966
Other financial liabilities	497,285	632,830
Other current liabilities	2,395,864	1,888,690
Total current liabilities	13,348,837	14,004,081
Non-current liabilities		
Long-term borrowings, net of current portion	8,515,758	7,815,319
Provisions	169,700	192,452
Other financial liabilities	108,529	98,107
Deferred tax liabilities	4,710,751	4,610,898
Total non-current liabilities	13,504,740	12,716,777
Total liabilities	26,853,578	26,720,859
Equity		
Issued capital	1,199,817	1,218,303
Capital surplus	12,250,296	12,281,034
Other components of equity	2,487,971	2,266,959
Retained earnings	23,700,677	25,384,780
Treasury shares	(564,305)	(506,450)
Equity attributable to equity holders of the parent	39,074,456	40,644,627
Non-controlling interests	21,993	4,633
Total equity	39,096,449	40,649,261
Total liabilities and equity	65,950,027	67,370,120

- (2) Condensed quarterly consolidated statements of profit or loss and condensed quarterly consolidated statements of comprehensive income
(Condensed quarterly consolidated statements of profit or loss)

(Unit: thousand yen, unless otherwise stated)

	Nine months ended November 30, 2023	Nine months ended November 30, 2024
Revenue	19,684,980	21,610,900
Personnel expenses except those included in research and development costs	(4,588,572)	(5,250,770)
Research and development costs	(2,253,590)	(2,456,551)
Outsourcing expenses	(1,809,871)	(2,122,947)
Commission expenses	(889,257)	(987,205)
Other operating income	16,635	20,307
Other operating expenses	(3,905,257)	(4,277,281)
Operating profit	6,255,067	6,536,450
Finance income	81,485	79,793
Finance costs	(86,531)	(64,434)
Profit before income taxes	6,250,021	6,551,809
Income taxes	(1,775,455)	(1,866,610)
Profit	4,474,565	4,685,198
Profit attributable to:		
Equity holders of the parent	4,499,545	4,702,558
Non-controlling interests	(24,979)	(17,359)
Profit	4,474,565	4,685,198
Earnings per share		
Basic earnings per share (yen)	131.60	136.45
Diluted earnings per share (yen)	129.79	135.27

(Condensed quarterly consolidated statements of comprehensive income)

(Unit: thousand yen)

	Nine months ended November 30, 2023	Nine months ended November 30, 2024
Profit	4,474,565	4,685,198
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	1,042,147	(226,214)
Total of items that will not be reclassified to profit or loss	1,042,147	(226,214)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	69,341	6,174
Total of items that may be reclassified to profit or loss	69,341	6,174
Other comprehensive income, net of income taxes	1,111,488	(220,039)
Total comprehensive income, net of income taxes	5,586,053	4,465,159
Attributable to:		
Equity holders of the parent	5,611,033	4,482,518
Non-controlling interests	(24,979)	(17,359)
Total comprehensive income	5,586,053	4,465,159

(3) Condensed quarterly consolidated statement of changes in equity
Nine months ended November 30, 2023

(Unit: thousand yen)

	Equity attributable to equity holders of the parent					(Unit: thousand yen)
	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			69,341		1,042,147	1,111,488
Comprehensive income	—	—	69,341	—	1,042,147	1,111,488
Dividends						—
Share-based payment transactions		609				—
Exercise of stock acquisition rights	58,102	58,102		(3,055)		(3,055)
Purchase of treasury shares						—
Changes in ownership interest in subsidiaries		(374)				—
Total transactions with equity holders	58,102	58,337	—	(3,055)	—	(3,055)
As of November 30, 2023	1,193,244	12,219,611	177,483	5,931	2,578,550	2,761,965

(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	4,499,545		4,499,545	(24,979)	4,474,565
Other comprehensive income			1,111,488		1,111,488
Comprehensive income	4,499,545	–	5,611,033	(24,979)	5,586,053
Dividends	(1,901,092)		(1,901,092)		(1,901,092)
Share-based payment transactions		59,398	60,007		60,007
Exercise of stock acquisition rights			113,150		113,150
Purchase of treasury shares		(201)	(201)		(201)
Changes in ownership interest in subsidiaries			(374)	(2,502)	(2,876)
Total transactions with equity holders	(1,901,092)	59,197	(1,728,510)	(2,502)	(1,731,012)
As of November 30, 2023	22,788,803	(564,188)	38,399,436	29,746	38,429,182

Nine months ended November 30, 2024

(Unit: thousand yen)

	Equity attributable to equity holders of the parent					
	Other components of equity					Total
	Issued capital	Capital surplus	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			6,174		(226,214)	(220,039)
Comprehensive income	—	—	6,174	—	(226,214)	(220,039)
Dividends						—
Share-based payment transactions		12,252				—
Exercise of stock acquisition rights	18,486	18,486		(972)		(972)
Total transactions with equity holders	18,486	30,738	—	(972)	—	(972)
As of November 30, 2024	1,218,303	12,281,034	188,463	4,614	2,073,881	2,266,959

(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	4,702,558		4,702,558	(17,359)	4,685,198
Other comprehensive income			(220,039)		(220,039)
Comprehensive income	4,702,558	—	4,482,518	(17,359)	4,465,159
Dividends	(3,018,455)		(3,018,455)		(3,018,455)
Share-based payment transactions		57,855	70,107		70,107
Exercise of stock acquisition rights			36,000		36,000
Total transactions with equity holders	(3,018,455)	57,855	(2,912,347)	—	(2,912,347)
As of November 30, 2024	25,384,780	(506,450)	40,644,627	4,633	40,649,261

(4) Condensed quarterly consolidated statements of cash flows

(Unit: thousand yen)

	Nine months ended November 30, 2023	Nine months ended November 30, 2024
Cash flows from operating activities		
Profit before income taxes	6,250,021	6,551,809
Depreciation and amortization expenses	1,190,488	1,317,200
Finance income	(81,485)	(80,891)
Finance costs	98,160	59,015
Decrease (increase) in trade and other receivables	(443,746)	(603,657)
Increase (decrease) in trade and other payables	(284,707)	42,545
Increase (decrease) in contract liabilities	1,044,582	1,436,378
Others	(24,730)	(128,257)
Subtotal	7,748,582	8,594,143
Interest and dividends received	65,172	73,133
Interest paid	(51,856)	(43,964)
Income taxes paid	(1,779,805)	(2,600,173)
Net cash flows from operating activities	5,982,092	6,023,138
Cash flows from investing activities		
Purchase of property and equipment	(473,581)	(339,941)
Purchase of intangible assets	(517,348)	(332,052)
Payments for leasehold and guarantee deposits	(8,061)	(22,549)
Proceeds from refund of leasehold and guarantee deposits	7,567	9,418
Purchase of investment securities	(487,095)	–
Proceeds from sale and redemption of investment securities	35,548	622
Payments for acquisition of subsidiaries	–	(410,059)
Others	(30,608)	1,720
Net cash flows used in investing activities	(1,473,579)	(1,092,841)
Cash flows from financing activities		
Repayments of lease liabilities	(287,956)	(312,032)
Repayments of long-term borrowings	(1,000,000)	(752,659)
Dividends paid	(1,896,766)	(3,006,310)
Proceeds from issuance of new shares	113,150	36,000
Purchase of treasury shares	(201)	–
Purchase of interests in subsidiaries from non-controlling interests	(2,876)	–
Others	(3,315)	(1,799)
Net cash flows used in financing activities	(3,077,965)	(4,036,802)
Net foreign exchange differences	38,055	6,043
Net increase (decrease) in cash and cash equivalents	1,468,602	899,538
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	12,644,590	13,886,371