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Consolidated Financial Results for the Three Months Ended May 31, 2025 (under IFRS)

July 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 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 three months ended May 31, 2025 (from March 1, 2025 to May 31, 2025)

(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 | % |
| Three months ended May 31, 2025 | 7,314 | 2.7 | 2,097 | (13.1) | 2,088 | (13.2) | 1,463 | (16.0) |
| May 31, 2024 | 7,120 | 2.9 | 2,413 | (6.4) | 2,405 | (5.7) | 1,742 | (4.8) |

| | 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 |
| Three months ended May 31, 2025 | 1,466 | (16.1) | 2,209 | 62.6 | 42.36 | 42.08 |
| May 31, 2024 | 1,748 | (4.8) | 1,358 | (32.6) | 50.80 | 50.34 |

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 | % |
| Three months ended May 31, 2025 | 2,467 | (10.6) |
| May 31, 2024 | 2,761 | (4.2) |

Note: The Group uses EBITDA as an important management indicator. For information about the indicator, refer to “(Notes when referring to summary information)” below.

(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 | % |
| May 31, 2025 | 69,181 | 41,968 | 41,917 | 60.6 |
| February 28, 2025 | 68,436 | 41,846 | 41,792 | 61.1 |

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 28, 2025 | 0.00 | 42.00 | 0.00 | 62.00 | 104.00 |
| Fiscal year ending February 28, 2026 | 0.00 | | | | |
| Fiscal year ending February 28, 2026 (Forecast) | | 52.00 | 0.00 | 52.00 | 104.00 |

Note: Revisions to the forecast of cash dividends most recently announced: None

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 | |
|--------------------------------------|-----------------|-----|------------------|-----|-----------------|-----|---|-----|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year ending February 28, 2026 | 31,200 | 8.7 | 8,950 | 8.9 | 10,460 | 8.4 | 6,400 | 7.9 |

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 May 31, 2025 | 34,956,270 shares |
| As of February 28, 2025 | 34,932,870 shares |

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

| | |
|-------------------------|----------------|
| As of May 31, 2025 | 329,732 shares |
| As of February 28, 2025 | 389,428 shares |

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

| | |
|---|-------------------|
| For the three months ended May 31, 2025 | 34,623,171 shares |
| For the three months ended May 31, 2024 | 34,419,574 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 quarterly 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 28, 2025 | As of May 31, 2025 |
|---|-------------------------|--------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 14,715,413 | 14,135,892 |
| Trade and other receivables | 2,451,376 | 2,438,181 |
| Other financial assets | 81,750 | 94,633 |
| Other current assets | 575,509 | 1,059,070 |
| Total current assets | 17,824,050 | 17,727,778 |
| Non-current assets | | |
| Property and equipment | 2,076,237 | 1,933,203 |
| Goodwill | 27,674,087 | 27,669,761 |
| Other intangible assets | 15,055,624 | 14,854,722 |
| Investments accounted for using equity method | 454,516 | 480,793 |
| Other financial assets | 5,315,992 | 6,470,782 |
| Other non-current assets | 36,443 | 44,012 |
| Total non-current assets | 50,612,902 | 51,453,275 |
| Total assets | 68,436,952 | 69,181,054 |
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 988,411 | 841,894 |
| Contract liabilities | 8,082,590 | 9,255,966 |
| Current portion of long-term borrowings | 1,452,125 | 1,442,225 |
| Income taxes payable | 1,291,671 | 543,935 |
| Other financial liabilities | 613,887 | 1,091,145 |
| Other current liabilities | 2,411,553 | 1,969,267 |
| Total current liabilities | 14,840,239 | 15,144,434 |
| Non-current liabilities | | |
| Long-term borrowings | 7,106,203 | 7,104,627 |
| Provisions | 192,820 | 193,191 |
| Other financial liabilities | 243,757 | 176,807 |
| Deferred tax liabilities | 4,207,737 | 4,593,843 |
| Total non-current liabilities | 11,750,519 | 12,068,470 |
| Total liabilities | 26,590,758 | 27,212,905 |
| Equity | | |
| Issued capital | 1,228,008 | 1,234,016 |
| Capital surplus | 12,399,974 | 12,381,051 |
| Other components of equity | 2,059,091 | 2,804,237 |
| Retained earnings | 26,611,769 | 25,926,858 |
| Treasury shares | (506,450) | (428,959) |
| Equity attributable to equity holders of the parent | 41,792,393 | 41,917,204 |
| Non-controlling interests | 53,800 | 50,944 |
| Total equity | 41,846,194 | 41,968,149 |
| Total liabilities and equity | 68,436,952 | 69,181,054 |

(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) | |
|--|------------------------------------|------------------------------------|
| | Three months ended May 31, 2024 | Three months ended May 31, 2025 |
| Revenue | 7,120,388 | 7,314,189 |
| Personnel expenses except those included in research and development costs | (1,646,416) | (1,918,338) |
| Research and development costs | (823,250) | (897,297) |
| Outsourcing expenses | (616,914) | (746,313) |
| Commission expenses | (336,497) | (283,203) |
| Other operating income | 14,804 | 26,572 |
| Other operating expenses | (1,298,408) | (1,398,446) |
| Operating profit | 2,413,704 | 2,097,162 |
| Finance income | 12,186 | 5,199 |
| Finance costs | (20,000) | (39,749) |
| Share of profit (loss) of investments accounted for using equity method | — | 26,277 |
| Profit before income taxes | 2,405,890 | 2,088,890 |
| Income taxes | (663,652) | (624,995) |
| Profit | 1,742,237 | 1,463,894 |
| Profit attributable to: | | |
| Equity holders of the parent | 1,748,560 | 1,466,750 |
| Non-controlling interests | (6,323) | (2,855) |
| Profit | 1,742,237 | 1,463,894 |
| Earnings per share | | |
| Basic earnings per share (yen) | 50.80 | 42.36 |
| Diluted earnings per share (yen) | 50.34 | 42.08 |

(Condensed quarterly consolidated statements of comprehensive income)

(Unit: thousand yen)

| | Three months ended May 31, 2024 | Three months ended May 31, 2025 |
|---|------------------------------------|------------------------------------|
| Profit | 1,742,237 | 1,463,894 |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss | | |
| Financial assets measured at fair value through other comprehensive income | (461,526) | 761,116 |
| Total of items that will not be reclassified to profit or loss | (461,526) | 761,116 |
| Items that may be reclassified to profit or loss | | |
| Exchange differences on translation of foreign operations | 78,020 | (15,653) |
| Total of items that may be reclassified to profit or loss | 78,020 | (15,653) |
| Other comprehensive income, net of income taxes | (383,505) | 745,462 |
| Total comprehensive income, net of income taxes | 1,358,732 | 2,209,356 |
| Attributable to: | | |
| Equity holders of the parent | 1,365,055 | 2,212,212 |
| Non-controlling interests | (6,323) | (2,855) |
| Total comprehensive income | 1,358,732 | 2,209,356 |

(3) Condensed quarterly consolidated statement of changes in equity
Three months ended May 31, 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, 2024 | 1,199,817 | 12,250,296 | 182,288 | 5,586 | 2,300,096 | 2,487,971 |
| Profit | | | | | | – |
| Other comprehensive income | | | 78,020 | | (461,526) | (383,505) |
| Comprehensive income | – | – | 78,020 | – | (461,526) | (383,505) |
| Dividends | | | | | | – |
| Share-based payment transactions | | (34,361) | | | | – |
| Exercise of stock acquisition rights | 4,441 | 4,441 | | (233) | | (233) |
| Total transactions with equity holders | 4,441 | (29,919) | – | (233) | – | (233) |
| As of May 31, 2024 | 1,204,259 | 12,220,376 | 260,309 | 5,352 | 1,838,569 | 2,104,232 |

(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 | 1,748,560 | | 1,748,560 | (6,323) | 1,742,237 |
| Other comprehensive income | | | (383,505) | | (383,505) |
| Comprehensive income | 1,748,560 | – | 1,365,055 | (6,323) | 1,358,732 |
| Dividends | (1,563,667) | | (1,563,667) | | (1,563,667) |
| Share-based payment transactions | | 57,855 | 23,493 | | 23,493 |
| Exercise of stock acquisition rights | | | 8,650 | | 8,650 |
| Total transactions with equity holders | (1,563,667) | 57,855 | (1,531,523) | – | (1,531,523) |
| As of May 31, 2024 | 23,885,570 | (506,450) | 38,907,988 | 15,670 | 38,923,658 |

Three months ended May 31, 2025

(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, 2025 | 1,228,008 | 12,399,974 | 156,416 | 4,104 | 1,898,570 | 2,059,091 |
| Profit | | | | | | – |
| Other comprehensive income | | | (15,653) | | 761,116 | 745,462 |
| Comprehensive income | – | – | (15,653) | – | 761,116 | 745,462 |
| Dividends | | | | | | – |
| Share-based payment transactions | | (24,931) | | | | – |
| Exercise of stock acquisition rights | 6,007 | 6,007 | | (315) | | (315) |
| Purchase of treasury shares | | | | | | – |
| Total transactions with equity holders | 6,007 | (18,923) | – | (315) | – | (315) |
| As of May 31, 2025 | 1,234,016 | 12,381,051 | 140,762 | 3,788 | 2,659,687 | 2,804,237 |

(Unit: thousand yen)

| | Equity attributable to equity holders of the parent | | | Non-controlling interests | Total |
|--|---|-----------------|-------------|---------------------------|-------------|
| | Retained earnings | Treasury shares | Total | | |
| As of March 1, 2025 | 26,611,769 | (506,450) | 41,792,393 | 53,800 | 41,846,194 |
| Profit | 1,466,750 | | 1,466,750 | (2,855) | 1,463,894 |
| Other comprehensive income | | | 745,462 | | 745,462 |
| Comprehensive income | 1,466,750 | – | 2,212,212 | (2,855) | 2,209,356 |
| Dividends | (2,151,660) | | (2,151,660) | | (2,151,660) |
| Share-based payment transactions | | 77,667 | 52,735 | | 52,735 |
| Exercise of stock acquisition rights | | | 11,700 | | 11,700 |
| Purchase of treasury shares | | (176) | (176) | | (176) |
| Total transactions with equity holders | (2,151,660) | 77,490 | (2,087,401) | – | (2,087,401) |
| As of May 31, 2025 | 25,926,858 | (428,959) | 41,917,204 | 50,944 | 41,968,149 |

(4) Condensed quarterly consolidated statements of cash flows

(Unit: thousand yen)

| | Three months ended May 31, 2024 | Three months ended May 31, 2025 |
|--|------------------------------------|------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 2,405,890 | 2,088,890 |
| Depreciation and amortization expenses | 429,283 | 432,553 |
| Finance income | (11,333) | (5,199) |
| Finance costs | 28,251 | 24,898 |
| Decrease (increase) in trade and other receivables | (452,714) | 13,195 |
| Increase (decrease) in trade and other payables | (56,925) | (146,567) |
| Increase (decrease) in contract liabilities | 1,774,217 | 1,173,375 |
| Increase (decrease) in other current liabilities | (559,781) | (415,193) |
| Others | (8,570) | 177,717 |
| Subtotal | 3,548,317 | 3,343,669 |
| Interest and dividends received | 5,604 | 5,199 |
| Interest paid | (13,230) | (30,367) |
| Income taxes paid | (1,318,990) | (1,401,605) |
| Net cash flows from operating activities | 2,221,701 | 1,916,897 |
| Cash flows from investing activities | | |
| Purchase of property and equipment | (52,228) | (69,342) |
| Purchase of intangible assets | (96,851) | (152,803) |
| Payments for leasehold and guarantee deposits | (22,469) | (226) |
| Proceeds from refund of leasehold and guarantee deposits | 120 | 156 |
| Payments for acquisition of subsidiaries | (410,059) | – |
| Others | – | (8,342) |
| Net cash flows used in investing activities | (581,489) | (230,558) |
| Cash flows from financing activities | | |
| Repayments of lease liabilities | (104,499) | (95,881) |
| Repayments of long-term borrowings | – | (14,747) |
| Dividends paid | (1,558,136) | (2,151,610) |
| Proceeds from issuance of new shares | 8,650 | 11,700 |
| Purchase of treasury shares | – | (176) |
| Others | (924) | – |
| Net cash flows used in financing activities | (1,654,910) | (2,250,716) |
| Net foreign exchange differences | 42,230 | (15,143) |
| Net increase (decrease) in cash and cash equivalents | 27,532 | (579,520) |
| Cash and cash equivalents at the beginning of the period | 12,986,833 | 14,715,413 |
| Cash and cash equivalents at the end of the period | 13,014,365 | 14,135,892 |