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## Consolidated Financial Results for the Fiscal Year Ended February 28, 2022 (under IFRS)

April 13, 2022

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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Scheduled date of annual general meeting of shareholders: May 25, 2022  
 Scheduled date to commence dividend payments: May 11, 2022  
 Scheduled date to file annual securities report: May 26, 2022  
 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, 2022 (from March 1, 2021 to February 28, 2022)

#### (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, 2022	19,833	8.5	5,986	86.7	5,910	87.4	4,353	77.5
February 28, 2021	18,285	(2.1)	3,207	(43.6)	3,153	(42.9)	2,452	(39.8)

	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
Fiscal year ended						
February 28, 2022	4,352	77.5	4,532	63.3	132.30	126.48
February 28, 2021	2,452	(39.8)	2,774	(34.7)	79.45	79.45

	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, 2022	15.5	10.3	30.2
February 28, 2021	10.0	5.5	17.5

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

February 28, 2022 ¥- million

February 28, 2021 ¥- million

Notes: 1. The Company's shares were unlisted as of February 28, 2021, and although stock acquisition rights exist, vesting is conditional on listing, and therefore stock acquisition rights are not included in the calculation of the diluted earnings per share for the fiscal year ended February 28, 2021.

2. 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)

Fiscal year ended	EBITDA		Adjusted EBITDA		Adjusted profit attributable to equity holders of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2022	7,260	63.4	7,314	11.1	4,392	6.7
February 28, 2021	4,444	(36.2)	6,583	(7.6)	4,115	(2.0)

Note: The Company uses EBITDA, adjusted EBITDA and adjusted profit attributable to equity holders of the parent as important management indicators. For information about each indicator, refer to “(Notes when referring to summary information)” below.

## (2) Consolidated financial position

As of	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
February 28, 2022	58,919	30,619	30,543	51.8	901.71
February 28, 2021	55,909	25,677	25,676	45.9	836.43

## (3) Consolidated cash flows

Fiscal year ended	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
February 28, 2022	6,439	(532)	(2,084)	9,016
February 28, 2021	4,952	(134)	(4,646)	5,170

## 2. Cash dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual total
Fiscal year ended February 28, 2021	Yen 0.00	Yen 0.00	Yen 0.00	Yen 24.00	Yen 24.00
Fiscal year ended February 28, 2022	0.00	20.60	0.00	22.00	42.60
Fiscal year ending February 28, 2023 (Forecast)	0.00	21.30	0.00	21.30	42.60

Fiscal year ended	Total cash dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to equity attributable to equity holders of the parent (consolidated)
	Millions of yen	%	%
February 28, 2021	736	30.0	3.0
February 28, 2022	1,443	33.2	4.7
February 28, 2023 (Forecast)		42.2	

**3. Consolidated earnings forecasts for the fiscal year ending February 28, 2023  
(from March 1, 2022 to February 28, 2023)**

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Adjusted EBITDA		Adjusted 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, 2023	21,000	5.9	4,750	(20.6)	6,000	(18.0)	3,450	(21.5)

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: 1 company (Name) traevo Inc.

- (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, 2022	34,372,370 shares
As of February 28, 2021	31,198,000 shares

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

As of February 28, 2022	500,000 shares
As of February 28, 2021	500,000 shares

- c. Average number of shares outstanding during the period

For the fiscal year ended February 28, 2022	32,898,706 shares
For the fiscal year ended February 28, 2021	30,862,384 shares

## (Reference) Summary of Non-consolidated Financial Results (under IFRS)

### Non-consolidated financial results for the fiscal year ended February 28, 2022 (from March 1, 2021 to February 28, 2022)

#### (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	%
Fiscal year ended								
February 28, 2022	19,141	8.3	3,538	42.7	3,504	44.4	2,154	724.5
February 28, 2021	17,669	(2.3)	2,480	(23.6)	2,426	(20.3)	261	(85.8)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
February 28, 2022	65.49	62.61
February 28, 2021	8.47	—

#### (2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
February 28, 2022	43,745	17,432	39.8	514.11
February 28, 2021	43,064	14,854	34.3	473.71

(Reference) Equity February 28, 2022 ¥17,414 million  
February 28, 2021 ¥14,778 million

<Reasons for differences in non-consolidated financial results from actual results for the previous fiscal year>

In the fiscal year ended February 28, 2021, the Company reviewed (cancelled) a portion of the rental contract for the Company head office and recorded loss on retirement of non-current assets and loss on cancellation of rental contracts of the head office, which resulted in a difference between the actual results of the previous fiscal year and the actual results of the current fiscal year.

\* **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 Wednesday, April 13, 2022. 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. Adjusted EBITDA = EBITDA + One-time expenses
4. Adjusted profit attributable to equity holders of the parent = Profit attributable to equity holders of the parent + One-time expenses – Tax effect adjustment
5. EBITDA, Adjusted EBITDA and Adjusted profit attributable to equity holders of the parent are not measures prescribed by IFRS, but rather are financial measures that the Group believes are useful for investors to evaluate the Group's performance.
6. EBITDA, Adjusted EBITDA and Adjusted profit attributable to equity holders of the parent should not be considered as alternative measures to other measures presented in accordance with IFRS, as they exclude some of the items that affect quarterly profit and have significant limitations as a means of analysis. EBITDA, Adjusted EBITDA, and Adjusted profit attributable to equity holders of the parent 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, their usefulness may be reduced.

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

(Unit: thousand yen)

	As of February 28, 2021	As of February 28, 2022
<b>Assets</b>		
Current assets		
Cash and cash equivalents	5,170,346	9,016,639
Trade and other receivables	1,728,618	1,495,336
Other financial assets	19,105	32,215
Other current assets	373,631	396,721
Total current assets	7,291,702	10,940,914
Non-current assets		
Property and equipment	1,910,629	1,481,054
Goodwill	27,248,000	27,249,587
Other intangible assets	17,206,028	16,636,995
Other financial assets	2,245,766	2,597,678
Other non-current assets	7,775	13,141
Total non-current assets	48,618,199	47,978,457
Total assets	55,909,901	58,919,371
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Current liabilities		
Trade and other payables	833,934	636,663
Contract liabilities	5,526,490	5,746,468
Current portion of long-term borrowings	1,997,480	1,997,478
Income taxes payable	402,520	840,301
Other financial liabilities	440,998	383,667
Other current liabilities	1,974,056	1,798,507
Total current liabilities	11,175,481	11,403,085
Non-current liabilities		
Long-term borrowings, net of current portion	14,164,417	12,191,351
Provisions	91,519	90,297
Other financial liabilities	259,407	57,041
Deferred tax liabilities	4,541,151	4,558,135
Total non-current liabilities	19,056,496	16,896,826
Total liabilities	30,231,977	28,299,912
<b>Equity</b>		
Issued capital	200,000	1,084,100
Capital surplus	11,124,874	12,061,694
Other components of equity	656,664	778,173
Retained earnings	14,345,215	17,269,118
Treasury shares	(650,000)	(650,000)
Equity attributable to equity holders of the parent	25,676,754	30,543,086
Non-controlling interests	1,170	76,372
Total equity	25,677,924	30,619,458
<b>Total liabilities and equity</b>	<b>55,909,901</b>	<b>58,919,371</b>

(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 28, 2021	Fiscal year ended February 28, 2022
Revenue	18,285,444	19,833,201
Personnel expenses except those included in research and development costs	(4,985,913)	(5,186,632)
Research and development costs	(2,267,789)	(2,446,336)
Outsourcing expenses	(1,483,302)	(1,862,558)
Commission expenses	(829,063)	(846,463)
Other operating income	8,256	8,379
Other operating expenses	(5,520,612)	(3,513,530)
Operating profit	3,207,018	5,986,058
Finance income	96,572	53,511
Finance costs	(150,019)	(129,533)
Profit before income taxes	3,153,570	5,910,036
Income taxes	(700,827)	(1,556,524)
Profit	2,452,743	4,353,512
Profit attributable to:		
Equity holders of the parent	2,452,118	4,352,816
Non-controlling interests	624	695
Profit	2,452,743	4,353,512
Earnings per share		
Basic earnings per share (yen)	79.45	132.30
Diluted earnings per share (yen)	79.45	126.48

## (Consolidated statements of comprehensive income)

(Unit: thousand yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Profit	2,452,743	4,353,512
Other comprehensive income (loss)		
Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods		
Financial assets measured at fair value through other comprehensive income	251,738	169,339
Net other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods	251,738	169,339
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign operations	70,317	9,728
Net other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods	70,317	9,728
Other comprehensive income (loss), net of income taxes	322,056	179,068
Total comprehensive income, net of income taxes	2,774,799	4,532,580
Attributable to:		
Equity holders of the parent	2,774,175	4,531,884
Non-controlling interests	624	695
Total comprehensive income	2,774,799	4,532,580



(3) Consolidated statement of changes in equity  
Fiscal year ended February 28, 2021

(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, 2020	200,000	11,124,874	(83,882)	51,886	342,511	310,514
Profit						-
Other comprehensive income (loss)			70,317		251,738	322,056
Comprehensive income	-	-	70,317	-	251,738	322,056
Share-based payments				24,093		24,093
Purchase of treasury shares						-
Total transactions with equity holders	-	-	-	24,093	-	24,093
As of February 28, 2021	200,000	11,124,874	(13,565)	75,980	594,250	656,664

(Unit: thousand yen)

	Equity attributable to equity holders of the parent			Non-controlling interests	Total
	Treasury shares	Retained earnings	Total		
As of March 1, 2020	-	11,893,096	23,528,485	545	23,529,030
Profit		2,452,118	2,452,118	624	2,452,743
Other comprehensive income (loss)			322,056		322,056
Comprehensive income	-	2,452,118	2,774,175	624	2,774,799
Share-based payments			24,093		24,093
Purchase of treasury shares	(650,000)		(650,000)		(650,000)
Total transactions with equity holders	(650,000)	-	(625,906)	-	(625,906)
As of February 28, 2021	(650,000)	14,345,215	25,676,754	1,170	25,677,924

Fiscal year ended February 28, 2022

(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, 2021	200,000	11,124,874	(13,565)	75,980	594,250	656,664
Profit						-
Other comprehensive income (loss)			9,728		169,339	179,068
Comprehensive income	-	-	9,728	-	169,339	179,068
Dividends						-
Share-based payments		42,323				-
Purchase of treasury shares						-
Cancellation of treasury shares		(67)				-
Exercise of stock acquisition rights	884,100	884,100		(47,095)		(47,095)
Forfeiture of stock acquisition rights		10,464		(10,464)		(10,464)
Obtaining of control of subsidiaries						-
Total transactions with equity holders	884,100	936,820	-	(57,559)	-	(57,559)
As of February 28, 2022	1,084,100	12,061,694	(3,837)	18,420	763,589	778,173

(Unit: thousand yen)

	Equity attributable to equity holders of the parent			Non-controlling interests	Total
	Treasury shares	Retained earnings	Total		
As of March 1, 2021	(650,000)	14,345,215	25,676,754	1,170	25,677,924
Profit		4,352,816	4,352,816	695	4,353,512
Other comprehensive income (loss)			179,068		179,068
Comprehensive income	-	4,352,816	4,531,884	695	4,532,580
Dividends		(1,428,913)	(1,428,913)		(1,428,913)
Share-based payments			42,323		42,323
Purchase of treasury shares	(67)		(67)		(67)
Cancellation of treasury shares	67		-		-
Exercise of stock acquisition rights			1,721,105		1,721,105
Forfeiture of stock acquisition rights			-		-
Obtaining of control of subsidiaries			-	74,506	74,506
Total transactions with equity holders	-	(1,428,913)	334,447	74,506	408,953
As of February 28, 2022	(650,000)	17,269,118	30,543,086	76,372	30,619,458

## (4) Consolidated statements of cash flows

(Unit: thousand yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Cash flows from operating activities		
Profit before income taxes	3,153,570	5,910,036
Depreciation and amortization expenses	3,104,019	1,538,900
Penalty loss	400,077	–
Finance income	(89,206)	(50,026)
Finance costs	150,019	143,948
Decrease (increase) in trade and other receivables	(51,101)	233,281
Increase (decrease) in trade and other payables	(46,606)	(204,222)
Increase (decrease) in contract liabilities	27,690	219,978
Increase (decrease) in other current liabilities	90,988	(239,532)
Others	53,811	76,249
Subtotal	6,793,264	7,628,613
Interest and dividends received	24,822	42,822
Interest paid	(113,059)	(89,784)
Income taxes paid	(1,752,105)	(1,142,201)
Net cash flows from operating activities	4,952,922	6,439,450
Cash flows from investing activities		
Purchase of property and equipment	(490,409)	(104,090)
Purchase of intangible assets	(10,787)	(391,472)
Payments for leasehold and guarantee deposits	(6,728)	(2,021)
Proceeds from refund of leasehold and guarantee deposits	440,089	9,287
Purchase of investment securities	(128,000)	(121,299)
Proceeds from sale and redemption of investment securities	60,957	2,229
Proceeds from acquisition of subsidiaries	–	77,000
Others	–	(2,184)
Net cash flows used in investing activities	(134,879)	(532,551)
Cash flows from financing activities		
Dividends paid	–	(1,428,913)
Proceeds from issuance of new shares	–	1,721,105
Repayments of long-term borrowings	(6,500,000)	(2,000,000)
Proceeds from short-term borrowings	4,500,000	–
Repayments of lease liabilities	(1,997,285)	(369,941)
Purchase of treasury shares	(650,000)	(67)
Others	875	(6,856)
Net cash flows used in financing activities	(4,646,410)	(2,084,673)
Effect of exchange rate changes on cash and cash equivalents	36,129	24,067
Net increase (decrease) in cash and cash equivalents	207,762	3,846,292
Cash and cash equivalents at the beginning of the period	4,962,584	5,170,346
Cash and cash equivalents at the end of the period	5,170,346	9,016,639