

April 15, 2024

## Consolidated Financial Results for the Fiscal Year Ended February 29, 2024 (Under Japanese GAAP)

Company name: ARCS COMPANY,LIMITED  
 Listing: Tokyo Stock Exchange / Sapporo Stock Exchange  
 Securities code: 9948  
 URL: <https://www.arcs-g.co.jp/>  
 Representative: Yokoyama Kiyoshi, Representative Director and President  
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 Telephone: +81-11-530-1000  
 Scheduled date of annual general meeting of shareholders: May 28, 2024  
 Scheduled date to commence dividend payments: May 29, 2024  
 Scheduled date to file annual securities report: May 28, 2024  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (For institutional investors and investment analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the fiscal year ended February 29, 2024 (from March 1, 2023 to February 29, 2024 )

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended February 29, 2024	591,557	4.5	16,831	13.5	18,439	12.1	11,766	18.3
February 28, 2023	566,209	-	14,835	-	16,444	(5.0)	9,947	(3.5)

Note: Comprehensive income For the fiscal year ended February 29, 2024: ¥ 14,626 million [ 26.8 % ]  
 For the fiscal year ended February 28, 2023: ¥ 11,532 million [ 14.7 % ]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
February 29, 2024	214.03	-	6.7	6.8	2.8
February 28, 2023	177.47	-	5.9	6.3	2.6

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended February 29, 2024: ¥ 53 million  
 For the fiscal year ended February 28, 2023: ¥ 46 million

(Note) "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others are applied from the beginning of the previous fiscal year, and each figure for the fiscal year ending February 28, 2023 is the figure after applying such accounting standards. The percentages of increase or decrease in net sales and operating income from the previous period are not shown due to the different accounting methods used for comparative purposes. However, the percentages of increase or decrease in net sales and operating income from the previous period for the fiscal year ending February 28, 2023, calculated on the assumption that the relevant accounting standards were applied in the fiscal year ending February 28, 2022, are as follows.

Net sales up 1.7%, operating income down 6.9

Since the adoption of this accounting standard had only a negligible effect on ordinary income and net income attributable to owners of the parent, the percentage change from the previous year is shown.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 29, 2024	274,972	177,809	64.7	3,293.94
February 28, 2023	266,155	171,686	64.5	3,066.86

Reference: Equity  
 As of February 29, 2024: ¥ 177,809 million  
 As of February 28, 2023: ¥ 171,686 million

#### (3) 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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 29, 2024	24,052	(10,647)	(11,267)	74,731
February 28, 2023	16,989	(7,768)	(2,801)	72,594

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended February 28, 2023	-	28.00	-	30.00	58.00	3,247	32.7	1.9
Fiscal year ended February 29, 2024	-	29.00	-	39.00	68.00	3,699	31.8	2.1
Fiscal year ending February 28, 2025 (Forecast)		34.00		34.00	68.00		31.6	

## 3. Forecast of consolidated financial results for the fiscal year ending February 28, 2025 (from March 1, 2024 to February 28, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2024	306,000	4.7	8,200	3.3	9,000	2.1	5,900	1.7	109.30
Fiscal year ending February 28, 2025	613,000	3.6	17,300	2.8	18,800	2.0	11,600	(1.4)	214.89

### \* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of February 29, 2024	57,649,868 shares
As of February 28, 2023	57,649,868 shares

(ii) Number of treasury shares at the end of the period

As of February 29, 2024	3,669,215 shares
As of February 28, 2023	1,668,699 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended February 29, 2024	54,975,638 shares
Fiscal year ended February 28, 2023	56,052,540 shares

## [Reference] Overview of non-consolidated financial results

### 1. Non-Consolidated financial results for the fiscal year ended February 29, 2024 (from March 1, 2023 to February 29, 2024)

#### (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 29, 2024	8,700	(0.7)	2,710	(9.2)	3,082	(18.1)	3,078	(18.1)
February 28, 2023	8,760	6.5	2,984	8.5	3,765	6.8	3,760	29.3

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Fiscal year ended February 29, 2024	56.00	-	-	-
February 28, 2023	67.08	-	-	-

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

	Total assets		Net assets		Equity-to-asset ratio		Net assets per share	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	Yen	Yen	
As of February 29, 2024	103,101	61,183	61,183	59.3	1,133.40			
February 28, 2023	100,840	65,018	65,018	64.5	1,161.40			

Reference: Equity

As of February 29, 2024: ¥ 61,183 million

As of February 28, 2023: ¥ 65,018 million

## 2. Non-Consolidated Financial Forecast for the fiscal year ending February 28, 2025 (March 1, 2024 - February 28, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2024	4,667	7.2	1,293	(1.7)	1,530	(2.6)	1,525	(2.8)	28.25
Fiscal year ending February 28, 2025	9,330	7.2	2,641	(2.6)	3,195	3.6	3,185	3.4	59.00

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

\* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including forecasts of financial results, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual financial results, etc. may differ substantially due to various factors.

Please refer to “(4) Future outlook” of “1. Overview of Operating Results and Others” on page 7 of the attached materials for the conditions that form the assumptions for the forecasts of financial results and cautions concerning the use thereof.

(Method of accessing supplementary material on financial results and contents of the financial results briefing)

Supplementary materials for financial results will be posted on the Company's website on Monday, April 15, 2024.

The Company plans to hold a financial results presentation for analysts in the form of a web conference on Tuesday, April 16, 2024. The financial results presentation materials to be used on the day of the meeting will be posted on the Company's website on the same day.

## Consolidated balance sheet

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	72,662	74,785
Accounts receivable - trade	6,232	6,718
Inventories	17,183	18,105
Other	9,715	9,383
Allowance for doubtful accounts	(64)	(103)
Total current assets	105,729	108,890
Non-current assets		
Property, plant and equipment		
Buildings and structures	146,353	154,219
Accumulated depreciation and impairment	(101,231)	(108,200)
Buildings and structures, net	45,121	46,018
Land	72,301	74,558
Leased assets	10,866	9,120
Accumulated depreciation and impairment	(7,331)	(5,979)
Leased assets, net	3,535	3,140
Construction in progress	239	25
Other	31,405	34,875
Accumulated depreciation and impairment	(25,445)	(27,383)
Other, net	5,959	7,492
Total property, plant and equipment	127,158	131,234
Intangible assets		
Goodwill	140	136
Software	7,955	6,374
Software in progress	17	338
Other	335	331
Total intangible assets	8,448	7,181
Investments and other assets		
Investment securities	9,720	11,957
Long-term loans receivable	47	27
Retirement benefit asset	182	1,670
Leasehold and guarantee deposits	11,006	10,819
Deferred tax assets	3,270	2,649
Other	603	550
Allowance for doubtful accounts	(12)	(6)
Total investments and other assets	24,819	27,667
Total non-current assets	160,426	166,082
<b>Total assets</b>	<b>266,155</b>	<b>274,972</b>

	As of February 28, 2023	As of February 29, 2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	29,922	31,686
Short-term borrowings	7,890	7,592
Lease liabilities	1,149	982
Accounts payable - other	5,815	6,263
Accrued expenses	5,200	5,624
Income taxes payable	3,232	3,416
Accrued consumption taxes	1,048	1,770
Provision for bonuses	2,745	3,043
Provision for point card certificates	530	616
Contract liabilities	3,612	3,954
Other	1,751	1,887
<b>Total current liabilities</b>	<b>62,899</b>	<b>66,840</b>
<b>Non-current liabilities</b>		
Long-term borrowings	14,917	14,394
Lease liabilities	3,576	3,240
Retirement benefit liability	1,975	905
Deferred tax liabilities	372	949
Provision for retirement benefits for directors (and other officers)	1,020	528
Long-term guarantee deposits	4,033	4,229
Asset retirement obligations	5,505	5,912
Other	168	163
<b>Total non-current liabilities</b>	<b>31,569</b>	<b>30,323</b>
<b>Total liabilities</b>	<b>94,469</b>	<b>97,163</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	21,205	21,205
Capital surplus	24,996	24,996
Retained earnings	129,491	137,984
Treasury shares	(3,775)	(9,005)
<b>Total shareholders' equity</b>	<b>171,917</b>	<b>175,180</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	106	1,894
Remeasurements of defined benefit plans	(337)	734
<b>Total accumulated other comprehensive income</b>	<b>(230)</b>	<b>2,628</b>
<b>Total net assets</b>	<b>171,686</b>	<b>177,809</b>
<b>Total liabilities and net assets</b>	<b>266,155</b>	<b>274,972</b>

## Consolidated statement of income

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Net sales	566,209	591,557
Cost of sales	424,408	442,139
Gross profit	141,800	149,417
Selling, general and administrative expenses		
The advertising decoration cost	4,457	4,434
a store rental	7,292	7,286
Remuneration for directors (and other officers)	724	662
Salaries and allowances	55,554	57,837
Provision for bonuses	2,735	2,993
Provision for retirement benefits for directors (and other officers)	65	58
Provision for point card certificates	1,078	1,269
Retirement benefit expenses	1,240	1,092
Utilities expenses	12,440	12,160
Taxes and dues	2,951	3,091
Depreciation	8,709	9,724
Amortization of goodwill	93	103
Other	29,621	31,870
Total selling, general and administrative expenses	126,965	132,586
Operating profit	14,835	16,831
Non-operating income		
Interest income	44	38
Dividend income	204	207
Share of profit of entities accounted for using equity method	46	53
Outsourcing service income	763	731
Subsidy income	35	181
Other	749	634
Total non-operating income	1,843	1,846
Non-operating expenses		
Interest expenses	145	143
Provision of allowance for doubtful accounts	15	23
Other	73	71
Total non-operating expenses	234	238
Ordinary profit	16,444	18,439

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Extraordinary income		
Gain on sale of non-current assets	14	8
Gain on sale of investment securities	2	7
Subsidy income	55	-
Gain on bargain purchase	84	-
Gain on reversal of asset retirement obligations	-	5
Gain on cancellation of leasehold contracts	2	-
Other	19	0
Total extraordinary income	179	21
Extraordinary losses		
Loss on sale and retirement of non-current assets	34	52
Loss on store closings	6	71
Impairment losses	1,043	867
Other	45	21
Total extraordinary losses	1,129	1,012
Profit before income taxes	15,495	17,449
Income taxes - current	5,216	5,523
Income taxes - deferred	334	158
Total income taxes	5,550	5,682
Profit	9,944	11,766
Loss attributable to non-controlling interests	(3)	-
Profit attributable to owners of parent	9,947	11,766

## Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Profit	9,944	11,766
Other comprehensive income		
Valuation difference on available-for-sale securities	(267)	1,787
Remeasurements of defined benefit plans, net of tax	1,855	1,071
Share of other comprehensive income of entities accounted for using equity method	(0)	1
Total other comprehensive income	1,588	2,859
Comprehensive income	11,532	14,626
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,535	14,626
Comprehensive income attributable to non-controlling interests	(3)	-



## Consolidated statement of changes in equity

Fiscal year ended February 28, 2023

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income		
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of period	21,205	24,996	122,622	(3,094)	165,730	373	(2,192)	(1,819)
Cumulative effects of changes in accounting policies			178		178			
Restated balance	21,205	24,996	122,801	(3,094)	165,908	373	(2,192)	(1,819)
Dividends of surplus			(3,257)		(3,257)			
Profit attributable to owners of parent			9,947		9,947			
Purchase of treasury shares				(681)	(681)			
Disposal of treasury shares		(0)		0	0			
Net changes in items other than shareholders' equity						(267)	1,855	1,588
Total changes during period	-	(0)	6,690	(681)	6,008	(267)	1,855	1,588
Balance at end of period	21,205	24,996	129,491	(3,775)	171,917	106	(337)	(230)

	Non-controlling interests	Total net assets
Balance at beginning of period	84	163,995
Cumulative effects of changes in accounting policies		178
Restated balance	84	164,173
Dividends of surplus		(3,257)
Profit attributable to owners of parent		9,947
Purchase of treasury shares		(681)
Disposal of treasury shares		0
Net changes in items other than shareholders' equity	(84)	1,503
Total changes during period	(84)	7,512
Balance at end of period	-	171,686

## Consolidated statement of changes in equity

Fiscal year ended February 29, 2024

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income		
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of period	21,205	24,996	129,491	(3,775)	171,917	106	(337)	(230)
Cumulative effects of changes in accounting policies			-		-			
Restated balance	21,205	24,996	129,491	(3,775)	171,917	106	(337)	(230)
Dividends of surplus			(3,273)		(3,273)			
Profit attributable to owners of parent			11,766		11,766			
Purchase of treasury shares				(5,229)	(5,229)			
Disposal of treasury shares					-			
Net changes in items other than shareholders' equity						1,788	1,071	2,859
Total changes during period	-	-	8,492	(5,229)	3,262	1,788	1,071	2,859
Balance at end of period	21,205	24,996	137,984	(9,005)	175,180	1,894	734	2,628

	Non-controlling interests	Total net assets
Balance at beginning of period	-	171,686
Cumulative effects of changes in accounting policies		-
Restated balance	-	171,686
Dividends of surplus		(3,273)
Profit attributable to owners of parent		11,766
Purchase of treasury shares		(5,229)
Disposal of treasury shares		-
Net changes in items other than shareholders' equity	-	2,859
Total changes during period	-	6,122
Balance at end of period	-	177,809

## Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Cash flows from operating activities		
Profit before income taxes	15,495	17,449
Depreciation	8,729	9,771
Impairment losses	1,043	867
Amortization of goodwill	93	103
Gain on bargain purchase	(84)	-
Interest and dividend income	(248)	(245)
Interest expenses	145	143
Loss (gain) on sale and retirement of non-current assets	20	44
Loss (gain) on sale of investment securities	(2)	(6)
Loss (gain) on valuation of investment securities	-	0
Share of loss (profit) of entities accounted for using equity method	(46)	(53)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(144)	(489)
Increase (decrease) in retirement benefit liability	(1,613)	(1,488)
Increase (decrease) in provision for bonuses	105	297
Increase (decrease) in allowance for doubtful accounts	15	33
Increase (decrease) in provision for point card certificates	(3,448)	86
Increase (decrease) in contract liabilities	3,612	326
Decrease (increase) in trade receivables	(1,463)	(463)
Decrease (increase) in inventories	(1,360)	(818)
Decrease (increase) in other current assets	(665)	382
Increase (decrease) in trade payables	(1,052)	1,573
Increase (decrease) in other current liabilities	777	346
Increase (decrease) in accrued consumption taxes	169	715
Decrease (increase) in guarantee deposits	(7)	14
Other, net	472	286
Subtotal	20,540	28,872
Interest and dividends received	241	238
Interest paid	(139)	(136)
Income taxes paid	(3,652)	(4,921)
Net cash provided by (used in) operating activities	16,989	24,052

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Cash flows from investing activities		
Payments into time deposits	(46)	(43)
Proceeds from withdrawal of time deposits	108	56
Purchase of property, plant and equipment	(6,934)	(9,854)
Proceeds from sale of property, plant and equipment	22	34
Purchase of intangible assets	(818)	(1,184)
Proceeds from sale of investment securities	120	122
Purchase of investment securities	(0)	(0)
Loan advances	(1)	(3)
Proceeds from collection of loans receivable	11	11
Payments of guarantee deposits	(240)	(154)
Proceeds from refund of guarantee deposits	233	176
Refund of guarantee deposits received	(196)	(92)
Guarantee deposits received	53	330
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	16
Payments for acquisition of businesses	(33)	-
Other, net	(47)	(62)
Net cash provided by (used in) investing activities	(7,768)	(10,647)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(200)	(300)
Proceeds from long-term borrowings	9,450	5,000
Repayments of long-term borrowings	(6,791)	(6,246)
Purchase of treasury shares	(682)	(5,241)
Dividends paid	(3,259)	(3,271)
Repayments to non-controlling shareholders	(81)	-
Other, net	(1,237)	(1,207)
Net cash provided by (used in) financing activities	(2,801)	(11,267)
Net increase (decrease) in cash and cash equivalents	6,418	2,137
Cash and cash equivalents at beginning of period	66,175	72,594
Cash and cash equivalents at end of period	72,594	74,731