

January 8, 2025

Consolidated Financial Results for the Nine Months Ended November 30, 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, Chairman,CEO
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

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

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.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
November 30, 2024	449,634	3.0	10,058	(9.3)	11,281	(8.6)	7,044	(10.9)
November 30, 2023	436,410	4.2	11,094	7.9	12,341	7.1	7,907	1.8

Note: Comprehensive income For the nine months ended November 30, 2024: ¥ 5,714 million [(41.3) %]
 For the nine months ended November 30, 2023: ¥ 9,742 million [40.9 %]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended				
November 30, 2024		130.49		-
November 30, 2023		143.03		-

(2) Consolidated financial position

	Total assets		Net assets		Equity-to-asset ratio	
	Millions of yen		Millions of yen		%	
As of						
November 30, 2024		278,050		179,582		64.6
February 29, 2024		274,972		177,809		64.7

Reference: Equity
 As of November 30, 2024: ¥ 179,582 million
 As of February 29, 2024 : ¥ 177,809 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen				
Fiscal year ended February 29, 2024	-	29.00	-	39.00	68.00
Fiscal year ending February 28, 2025	-	34.00	-	-	-
Fiscal year ending February 28, 2025 (Forecast)				38.00	72.00

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

Please refer to the "Notice of Change in Dividend Policy and Dividend of Surplus (Dividend Increase)" released today (January 8, 2025) for the revision of the dividend forecast.

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
Fiscal year ending February 28, 2025	613,000	3.6	17,300	2.8	18,800	2.0	11,600	(1.4)	214.89

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: None
(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

For details, please refer to "2. Quarterly Consolidated Financial Statements and Notes (4) Notes to Quarterly Consolidated Financial Statements (Notes on accounting procedures specific to the preparation of quarterly consolidated financial statements)" on page 10 of the attached document.

- (3) Changes in accounting policies, changes in accounting estimates, and restatement
(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None

- (4) Number of issued shares (common shares)

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

As of November 30, 2024	57,649,868 shares
As of February 29, 2024	57,649,868 shares

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

As of November 30, 2024	3,669,355 shares
As of February 29, 2024	3,669,215 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended November 30, 2024	53,980,550 shares
Nine months ended November 30, 2023	55,286,821 shares

- * Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm:
nil

- * 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 "1. Operating Results (3) Explanation of Forward-Looking Statements" on page 4 for the assumptions used in forecasting financial results and precautions regarding the use of financial forecasts.

(Method of accessing supplementary material on financial results)

Supplementary materials for financial results will be posted on the Company's website on January 8, 2025 (Wednesday).

Quarterly consolidated balance sheet

(Millions of yen)

	As of February 29, 2024	As of November 30, 2024
Assets		
Current assets		
Cash and deposits	74,785	73,229
Accounts receivable - trade	6,718	7,957
Inventories	18,105	21,340
Accounts receivable - other	5,596	4,062
Other	3,786	4,294
Allowance for doubtful accounts	(103)	(89)
Total current assets	108,890	110,795
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	46,018	46,153
Tools, furniture and fixtures, net	7,138	8,725
Land	74,558	76,685
Leased assets, net	3,140	3,744
Other, net	378	344
Total property, plant and equipment	131,234	135,653
Intangible assets		
Goodwill	136	74
Software	6,374	5,457
Software in progress	338	12
Other	331	330
Total intangible assets	7,181	5,875
Investments and other assets		
Investment securities	11,957	10,018
Leasehold and guarantee deposits	10,819	10,413
Retirement benefit asset	1,670	2,118
Deferred tax assets	2,649	2,604
Other	578	578
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	27,667	25,726
Total non-current assets	166,082	167,255
Total assets	274,972	278,050

	As of February 29, 2024	As of November 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	31,686	36,131
Short-term borrowings	7,592	7,003
Lease liabilities	982	1,063
Accounts payable - other	6,263	7,165
Accrued expenses	5,624	6,901
Income taxes payable	3,416	1,817
Accrued consumption taxes	1,770	958
Provision for bonuses	3,043	1,414
Provision for point card certificates	616	682
Contract liabilities	3,954	4,591
Other	1,887	2,772
Total current liabilities	66,840	70,501
Non-current liabilities		
Long-term borrowings	14,394	12,594
Lease liabilities	3,240	3,700
Retirement benefit liability	905	444
Provision for retirement benefits for directors (and other officers)	528	548
Long-term guarantee deposits	4,229	4,141
Asset retirement obligations	5,912	5,929
Other	1,112	608
Total non-current liabilities	30,323	27,967
Total liabilities	97,163	98,468
Net assets		
Shareholders' equity		
Share capital	21,205	21,205
Capital surplus	24,996	24,996
Retained earnings	137,984	141,087
Treasury shares	(9,005)	(9,006)
Total shareholders' equity	175,180	178,283
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,894	502
Remeasurements of defined benefit plans	734	797
Total accumulated other comprehensive income	2,628	1,299
Total net assets	177,809	179,582
Total liabilities and net assets	274,972	278,050

Quarterly consolidated statement of income

(Millions of yen)

	Nine months ended November 30, 2023	Nine months ended November 30, 2024
Net sales	436,410	449,634
Cost of sales	327,141	337,221
Gross profit	109,269	112,413
Selling, general and administrative expenses		
The advertising decoration cost	3,323	3,431
A store rental	5,475	5,416
Provision for point card certificates	944	1,071
Remuneration for directors (and other officers)	502	499
Salaries and allowances	43,476	45,391
Provision for bonuses	1,850	1,936
Provision for retirement benefits for directors (and other officers)	44	43
Retirement benefit expenses	828	736
Utilities expenses	8,982	9,159
Taxes and dues	2,326	2,326
Depreciation	7,165	7,773
Amortization of goodwill	74	61
Other	23,181	24,507
Total selling, general and administrative expenses	98,175	102,355
Operating profit	11,094	10,058
Non-operating income		
Interest income	25	25
Dividend income	151	183
Share of profit of entities accounted for using equity method	46	49
Outsourcing service income	553	539
Other	629	584
Total non-operating income	1,406	1,381
Non-operating expenses		
Interest expenses	108	109
Other	50	48
Total non-operating expenses	158	157
Ordinary profit	12,341	11,281
Extraordinary income		
Gain on sale of non-current assets	8	5
Compensation income	-	19
Gain on reversal of asset retirement obligations	5	10
Gain on sale of investment securities	7	-
Other	0	-
Total extraordinary income	21	35
Extraordinary losses		
Loss on sale and retirement of non-current assets	38	43
Loss on store closings	10	2
Other	2	32
Total extraordinary losses	51	78
Profit before income taxes	12,311	11,238
Income taxes	4,403	4,193
Profit	7,907	7,044
Profit attributable to owners of parent	7,907	7,044

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Nine months ended November 30, 2023	Nine months ended November 30, 2024
Profit	7,907	7,044
Other comprehensive income		
Valuation difference on available-for-sale securities	1,728	(1,391)
Remeasurements of defined benefit plans, net of tax	105	62
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	1,834	(1,329)
Comprehensive income	9,742	5,714
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,742	5,714
Comprehensive income attributable to non-controlling interests	-	-

Quarterly consolidated statement of cash flows

(Millions of yen)

	Nine months ended November 30, 2023	Nine months ended November 30, 2024
Cash flows from operating activities		
Profit before income taxes	12,311	11,238
Depreciation	7,199	7,806
Interest and dividend income	(177)	(208)
Interest expenses	108	109
Increase (decrease) in provision for bonuses	(1,373)	(1,628)
Increase (decrease) in provision for point card certificates	177	66
Increase (decrease) in contract liabilities	1,162	636
Decrease (increase) in trade receivables	(1,046)	(1,238)
Decrease (increase) in inventories	(2,649)	(3,235)
Increase (decrease) in trade payables	4,175	4,444
Increase (decrease) in accrued consumption taxes	203	(812)
Other, net	1,451	4,121
Subtotal	21,544	21,298
Interest and dividends received	179	193
Interest paid	(104)	(103)
Income taxes paid	(5,373)	(5,832)
Net cash provided by (used in) operating activities	16,247	15,556
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,395)	(9,350)
Proceeds from sale of property, plant and equipment	46	59
Purchase of intangible assets	(852)	(743)
Payments of guarantee deposits	(128)	(221)
Proceeds from refund of guarantee deposits	127	227
Refund of guarantee deposits received	(62)	(91)
Guarantee deposits received	304	33
Payments into time deposits	(43)	(43)
Proceeds from withdrawal of time deposits	46	43
Other, net	92	50
Net cash provided by (used in) investing activities	(7,864)	(10,035)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	150	(340)
Proceeds from long-term borrowings	1,000	2,000
Repayments of long-term borrowings	(4,770)	(4,049)
Purchase of treasury shares	(4,308)	(0)
Dividends paid	(3,245)	(3,905)
Other, net	(929)	(782)
Net cash provided by (used in) financing activities	(12,103)	(7,078)
Net increase (decrease) in cash and cash equivalents	(3,721)	(1,556)
Cash and cash equivalents at beginning of period	72,594	74,731
Cash and cash equivalents at end of period	68,873	73,175