

Consolidated Financial Results for the Three Months Ended May 31, 2025 (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/>
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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 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.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
May 31, 2025	154,294	3.7	3,874	0.1	4,233	(0.7)	2,798	5.1
May 31, 2024	148,824	4.1	3,870	(2.8)	4,264	(4.3)	2,664	(11.4)

Note: Comprehensive income For the three months ended May 31, 2025: ¥3,249 million [14.8%]
 For the three months ended May 31, 2024: ¥2,831 million [(19.8)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
May 31, 2025	51.85	-
May 31, 2024	49.35	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
May 31, 2025	289,023	185,127	64.1
February 28, 2025	282,662	184,037	65.1

Reference: Equity
 As of May 31, 2025: ¥185,127 million
 As of February 28, 2025: ¥184,037 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2025	-	34.00	-	40.00	74.00
Fiscal year ending February 28, 2026	-				
Fiscal year ending February 28, 2026 (Forecast)		37.00		37.00	74.00

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

3. Forecast of consolidated financial results for the fiscal year ending February 28, 2026 (from March 1, 2025 to February 28, 2026)

(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, 2025	311,300	2.8	7,750	8.2	8,550	7.2	5,560	11.2	103.00
Fiscal year ending February 28, 2026	623,000	2.4	16,400	2.9	18,000	2.6	11,200	1.2	207.48

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 Appendix P.10 "2. Quarterly Consolidated Financial Statements and Key Notes (4) Notes on Quarterly Consolidated Financial Statements (Notes on Accounting Procedures Specific to the Preparation of Quarterly Consolidated Financial Statements)" are available.

(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: Yes

(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 May 31, 2025	57,649,868 shares
As of February 28, 2025	57,649,868 shares

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

As of May 31, 2025	3,669,445 shares
As of February 28, 2025	3,669,445 shares

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

Three months ended May 31, 2025	53,980,423 shares
Three months ended May 31, 2024	53,980,624 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: nothing

* 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.

For the conditions on which earnings forecasts are predicated and precautions for using earnings forecasts, please refer to Appendix P.4 "1. Qualitative Information on the Financial Results for the this quarter (3) Explanation of Forward-Looking Information such as Consolidated Earnings Forecasts."

(Method of accessing supplementary material on financial results)

Supplementary financial results materials will be posted on the Company's website on Friday, July 4, 2025.

Quarterly consolidated balance sheet

(Millions of yen)

	As of February 28, 2025	As of May 31, 2025
Assets		
Current assets		
Cash and deposits	80,089	85,920
Accounts receivable - trade	6,980	8,614
Inventories	19,887	20,657
Accounts receivable - other	5,345	3,398
Other	4,076	3,769
Allowance for doubtful accounts	(92)	(96)
Total current assets	116,286	122,263
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	45,420	45,301
Tools, furniture and fixtures, net	8,165	8,263
Land	76,659	77,214
Leased assets, net	4,558	4,585
Other, net	384	306
Total property, plant and equipment	135,188	135,671
Intangible assets		
Software	4,974	4,471
Software in progress	17	64
Other	328	327
Total intangible assets	5,321	4,864
Investments and other assets		
Investment securities	10,461	10,579
Leasehold and guarantee deposits	10,088	10,206
Retirement benefit asset	2,691	2,897
Deferred tax assets	2,069	2,017
Other	571	539
Allowance for doubtful accounts	(16)	(16)
Total investments and other assets	25,865	26,224
Total non-current assets	166,375	166,759
Total assets	282,662	289,023

	As of February 28, 2025	As of May 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	31,862	36,163
Short-term borrowings	10,584	9,782
Lease liabilities	1,166	1,144
Accounts payable - other	5,637	5,525
Accrued expenses	5,877	7,650
Income taxes payable	2,854	1,706
Accrued consumption taxes	1,148	1,831
Provision for bonuses	3,062	4,012
Provision for point card certificates	605	629
Contract liabilities	3,837	3,987
Other	1,749	2,555
Total current liabilities	68,386	74,989
Non-current liabilities		
Long-term borrowings	13,797	12,431
Lease liabilities	4,597	4,613
Retirement benefit liability	520	523
Provision for retirement benefits for directors (and other officers)	562	520
Long-term guarantee deposits	4,113	4,094
Asset retirement obligations	5,976	5,981
Other	670	740
Total non-current liabilities	30,238	28,906
Total liabilities	98,624	103,895
Net assets		
Shareholders' equity		
Share capital	21,205	21,205
Capital surplus	24,996	24,996
Retained earnings	145,107	145,746
Treasury shares	(9,006)	(9,006)
Total shareholders' equity	182,302	182,941
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	827	1,269
Remeasurements of defined benefit plans	907	916
Total accumulated other comprehensive income	1,734	2,185
Total net assets	184,037	185,127
Total liabilities and net assets	282,662	289,023

Quarterly consolidated statement of income

(Millions of yen)

	Three months ended May 31, 2024	Three months ended May 31, 2025
Net sales	148,824	154,294
Cost of sales	111,509	115,682
Gross profit	37,314	38,612
Selling, general and administrative expenses		
The advertising decoration cost	1,077	1,181
a store rental	1,810	1,751
Provision for point card certificates	395	374
Remuneration for directors (and other officers)	166	152
Salaries and allowances	13,887	14,519
Provision for bonuses	1,813	1,930
Provision for retirement benefits for directors (and other officers)	14	14
Retirement benefit expenses	246	227
Utilities expenses	2,893	3,044
Taxes and dues	785	784
Depreciation	2,434	2,512
Amortization of goodwill	28	-
Other	7,891	8,241
Total selling, general and administrative expenses	33,444	34,737
Operating profit	3,870	3,874
Non-operating income		
Interest income	8	10
Dividend income	54	78
Share of profit of entities accounted for using equity method	17	17
Outsourcing service income	179	177
Subsidy income	24	1
Other	161	140
Total non-operating income	444	425
Non-operating expenses		
Interest expenses	37	47
Other	13	19
Total non-operating expenses	50	66
Ordinary profit	4,264	4,233
Extraordinary income		
Gain on sale of non-current assets	0	0
Compensation income	19	29
Total extraordinary income	19	30
Extraordinary losses		
Loss on sale and retirement of non-current assets	7	7
Loss on tax purpose reduction entry of non-current assets	20	-
Loss on store closings	0	4
Extraordinary loss on office	9	-
Other	0	-
Total extraordinary losses	38	11
Profit before income taxes	4,245	4,252
Income taxes	1,581	1,453
Profit	2,664	2,798
Profit attributable to owners of parent	2,664	2,798

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Three months ended May 31, 2024	Three months ended May 31, 2025
Profit	2,664	2,798
Other comprehensive income		
Valuation difference on available-for-sale securities	145	442
Remeasurements of defined benefit plans, net of tax	22	8
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	167	451
Comprehensive income	2,831	3,249
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,831	3,249
Comprehensive income attributable to non-controlling interests	-	-

Quarterly consolidated statement of cash flows

(Millions of yen)

	Three months ended May 31, 2024	Three months ended May 31, 2025
Cash flows from operating activities		
Profit before income taxes	4,245	4,252
Depreciation	2,444	2,522
Interest and dividend income	(62)	(89)
Interest expenses	37	47
Increase (decrease) in provision for bonuses	746	950
Increase (decrease) in provision for point card certificates	(27)	24
Increase (decrease) in contract liabilities	(329)	149
Decrease (increase) in trade receivables	(965)	(1,634)
Decrease (increase) in inventories	(1,204)	(769)
Increase (decrease) in trade payables	2,931	4,300
Increase (decrease) in accrued consumption taxes	(8)	683
Other, net	2,483	3,965
Subtotal	10,289	14,402
Interest and dividends received	78	100
Interest paid	(32)	(45)
Income taxes paid	(2,808)	(2,294)
Net cash provided by (used in) operating activities	7,526	12,163
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,026)	(2,061)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(329)	(175)
Payments of guarantee deposits	(113)	(45)
Proceeds from refund of guarantee deposits	68	102
Refund of guarantee deposits received	(31)	(18)
Guarantee deposits received	9	9
Payments into time deposits	(43)	-
Proceeds from withdrawal of time deposits	43	-
Other, net	(8)	447
Net cash provided by (used in) investing activities	(2,431)	(1,741)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(250)	(700)
Proceeds from long-term borrowings	2,000	-
Repayments of long-term borrowings	(1,274)	(1,468)
Purchase of treasury shares	(0)	-
Dividends paid	(2,066)	(2,131)
Other, net	(259)	(292)
Net cash provided by (used in) financing activities	(1,851)	(4,591)
Net increase (decrease) in cash and cash equivalents	3,243	5,830
Cash and cash equivalents at beginning of period	74,731	80,035
Cash and cash equivalents at end of period	77,975	85,866

(Notes on segment information, etc.)

Segment Information

I. the three months of the previous fiscal year (March 1, 2024 to May 31, 2024)

The Group is a single segment of the retail-related business, so it is omitted.

II. the three months of the current fiscal year (March 1, 2025 to May 31, 2025)

The Group is a single segment of the retail-related business, so it is omitted.