

October 14, 2025

Consolidated Financial Results for the Six Months Ended August 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/>
 Representative: Kiyoshi Yokoyama, Chairman,CEO
 Inquiries: Koichi Furukawa, Vice Chairman,CFO
 Telephone: +81-11-530-1000
 Scheduled date to file semi-annual securities report: October 14, 2025
 Scheduled date to commence dividend payments: November 6, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and securities analysts)

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

1. Consolidated financial results for the six months ended August 31, 2025 (from March 1, 2025 to August 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2025	313,693	3.6	7,981	11.4	8,758	9.8	5,713	14.3
August 31, 2024	302,740	3.6	7,162	(9.7)	7,973	(9.5)	4,999	(13.8)

Note: Comprehensive income For the six months ended August 31, 2025: ¥6,933 million [65.2%]
 For the six months ended August 31, 2024: ¥4,197 million [(39.3)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
August 31, 2025	105.85	-
August 31, 2024	92.61	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
August 31, 2025	296,540	188,812	63.7
February 28, 2025	282,662	184,037	65.1

Reference: Equity
 As of August 31, 2025: ¥188,812 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	-	37.00			
Fiscal year ending February 28, 2026 (Forecast)				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
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 semi-annual consolidated financial statements: Yes

For details, please refer to Appendix P.10 "2. Interim Consolidated Financial Statements and Major Notes (4) Notes on Interim Consolidated Financial Statements (Notes on Accounting Procedures Specific to the Preparation of Interim Consolidated Financial Statements)" for more information.

(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 August 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 August 31, 2025	3,669,366 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)

Six months ended August 31, 2025	53,980,425 shares
Six months ended August 31, 2024	53,980,580 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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. Summary of Operating Results, etc. (3) Explanation of Forward-Looking Information such as Consolidated Earnings Forecasts."

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

Supplementary financial results materials will be posted on the Company's website on Tuesday, October 14, 2025.

The Company plans to hold a financial results briefing for analysts in the form of a web conference on Wednesday, October 15, 2025. The financial results briefing materials to be used on the day will be posted on the Company's website on the same day.

Semi-annual consolidated balance sheet

(Millions of yen)

	As of February 28, 2025	As of August 31, 2025
Assets		
Current assets		
Cash and deposits	80,089	93,244
Accounts receivable - trade	6,980	9,068
Inventories	19,887	19,860
Accounts receivable - other	5,345	3,889
Other	4,076	3,682
Allowance for doubtful accounts	(92)	(100)
Total current assets	116,286	129,644
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	45,420	45,092
Tools, furniture and fixtures, net	8,165	8,210
Land	76,659	77,255
Leased assets, net	4,558	4,444
Other, net	384	274
Total property, plant and equipment	135,188	135,277
Intangible assets		
Software	4,974	3,957
Software in progress	17	64
Other	328	326
Total intangible assets	5,321	4,348
Investments and other assets		
Investment securities	10,461	11,603
Leasehold and guarantee deposits	10,088	10,148
Retirement benefit asset	2,691	3,072
Deferred tax assets	2,069	1,935
Other	571	527
Allowance for doubtful accounts	(16)	(16)
Total investments and other assets	25,865	27,270
Total non-current assets	166,375	166,896
Total assets	282,662	296,540

	As of February 28, 2025	As of August 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	31,862	39,085
Short-term borrowings	10,584	11,772
Lease liabilities	1,166	1,103
Accounts payable - other	5,637	5,830
Accrued expenses	5,877	7,588
Income taxes payable	2,854	3,584
Accrued consumption taxes	1,148	1,711
Provision for bonuses	3,062	3,924
Provision for point card certificates	605	701
Contract liabilities	3,837	4,392
Other	1,749	2,405
Total current liabilities	68,386	82,099
Non-current liabilities		
Long-term borrowings	13,797	9,121
Lease liabilities	4,597	4,465
Retirement benefit liability	520	528
Provision for retirement benefits for directors (and other officers)	562	539
Long-term guarantee deposits	4,113	4,064
Asset retirement obligations	5,976	5,991
Other	670	917
Total non-current liabilities	30,238	25,628
Total liabilities	98,624	107,728
Net assets		
Shareholders' equity		
Share capital	21,205	21,205
Capital surplus	24,996	24,996
Retained earnings	145,107	148,661
Treasury shares	(9,006)	(9,006)
Total shareholders' equity	182,302	185,857
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	827	2,021
Remeasurements of defined benefit plans	907	933
Total accumulated other comprehensive income	1,734	2,954
Total net assets	184,037	188,812
Total liabilities and net assets	282,662	296,540

Semi-annual consolidated statement of income

(Millions of yen)

	Six months ended August 31, 2024	Six months ended August 31, 2025
Net sales	302,740	313,693
Cost of sales	227,246	235,359
Gross profit	75,494	78,334
Selling, general and administrative expenses		
The advertising decoration cost	2,222	2,335
a store rental	3,622	3,503
Provision for point card certificates	712	778
Remuneration for directors (and other officers)	333	319
Salaries and allowances	28,098	29,332
Provision for bonuses	3,624	3,828
Provision for retirement benefits for directors (and other officers)	29	28
Retirement benefit expenses	492	455
Utilities expenses	6,245	6,356
Taxes and dues	1,553	1,596
Depreciation	5,028	5,105
Amortization of goodwill	56	-
Other	16,311	16,712
Total selling, general and administrative expenses	68,331	70,352
Operating profit	7,162	7,981
Non-operating income		
Interest income	16	31
Dividend income	137	169
Share of profit of entities accounted for using equity method	45	44
Outsourcing service income	361	358
Other	359	294
Total non-operating income	920	898
Non-operating expenses		
Interest expenses	74	93
Other	35	28
Total non-operating expenses	109	121
Ordinary profit	7,973	8,758
Extraordinary income		
Gain on sale of non-current assets	1	0
Compensation income	19	29
Gain on reversal of asset retirement obligations	10	-
Gain on sale of investment securities	-	72
Other	-	0
Total extraordinary income	31	102
Extraordinary losses		
Loss on sale and retirement of non-current assets	27	20
Loss on tax purpose reduction entry of non-current assets	15	-
Loss on store closings	1	39
Other	14	14
Total extraordinary losses	58	73
Profit before income taxes	7,946	8,787
Income taxes	2,947	3,073
Profit	4,999	5,713
Profit attributable to owners of parent	4,999	5,713

Semi-annual consolidated statement of comprehensive income

(Millions of yen)

	Six months ended August 31, 2024	Six months ended August 31, 2025
Profit	4,999	5,713
Other comprehensive income		
Valuation difference on available-for-sale securities	(843)	1,193
Remeasurements of defined benefit plans, net of tax	42	25
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(802)	1,220
Comprehensive income	4,197	6,933
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,197	6,933
Comprehensive income attributable to non-controlling interests	-	-

Semi-annual consolidated statement of cash flows

(Millions of yen)

	Six months ended August 31, 2024	Six months ended August 31, 2025
Cash flows from operating activities		
Profit before income taxes	7,946	8,787
Depreciation	5,049	5,123
Interest and dividend income	(154)	(200)
Interest expenses	74	93
Increase (decrease) in provision for bonuses	513	862
Increase (decrease) in provision for point card certificates	9	96
Increase (decrease) in contract liabilities	71	554
Decrease (increase) in trade receivables	(1,355)	(2,088)
Decrease (increase) in inventories	(1,116)	27
Increase (decrease) in trade payables	6,423	7,222
Increase (decrease) in accrued consumption taxes	(519)	563
Other, net	3,670	4,020
Subtotal	20,612	25,063
Interest and dividends received	152	198
Interest paid	(68)	(88)
Income taxes paid	(2,828)	(2,294)
Net cash provided by (used in) operating activities	17,867	22,878
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,654)	(3,767)
Proceeds from sale of property, plant and equipment	1	0
Purchase of intangible assets	(544)	(280)
Payments of guarantee deposits	(135)	(56)
Proceeds from refund of guarantee deposits	220	107
Refund of guarantee deposits received	(52)	(39)
Guarantee deposits received	17	16
Payments into time deposits	(43)	(0)
Proceeds from withdrawal of time deposits	43	-
Other, net	(92)	549
Net cash provided by (used in) investing activities	(6,240)	(3,470)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(850)	(500)
Proceeds from long-term borrowings	2,000	-
Repayments of long-term borrowings	(2,509)	(2,987)
Purchase of treasury shares	(0)	(0)
Dividends paid	(2,102)	(2,163)
Other, net	(480)	(600)
Net cash provided by (used in) financing activities	(3,942)	(6,252)
Net increase (decrease) in cash and cash equivalents	7,684	13,155
Cash and cash equivalents at beginning of period	74,731	80,035
Cash and cash equivalents at end of period	82,416	93,190

(Notes on segment information, etc.)

Segment Information

I. Previous interim consolidated accounting period (March 1, 2024 to August 31, 2024)

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

II. Interim Consolidated Accounting Period (March 1, 2025 to August 31, 2025)

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