

April 14, 2025

Consolidated Financial Results for the Fiscal Year Ended February 28, 2025 (Under Japanese GAAP)

Company name: ARCS COMPANY,LIMITED
 Listing: Tokyo Stock Exchange / Sapporo Stock Exchange
 Securities code: 9948
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 Representative: Kiyoshi Yokoyama, Chairman,CEO
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 Scheduled date of annual general meeting of shareholders: May 27, 2025
 Scheduled date to commence dividend payments: May 28, 2025
 Scheduled date to file annual securities report: May 26, 2025
 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 28, 2025 (from March 1, 2024 to February 28, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2025	608,284	2.8	15,936	(5.3)	17,540	(4.9)	11,063	(6.0)
February 29, 2024	591,557	4.5	16,831	13.5	18,439	12.1	11,766	18.3

Note: Comprehensive income For the fiscal year ended February 28, 2025: ¥10,169 million [(30.5)%]
 For the fiscal year ended February 29, 2024: ¥14,626 million [26.8%]

Fiscal year ended	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
	Yen	Yen	%	%	%
February 28, 2025	204.96	-	6.1	6.3	2.6
February 29, 2024	214.03	-	6.7	6.8	2.8

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended February 28, 2025: ¥53 million
 For the fiscal year ended February 29, 2024: ¥53 million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
February 28, 2025	282,662	184,037	65.1	3,409.33
February 29, 2024	274,972	177,809	64.7	3,293.94

Reference: Equity
 As of February 28, 2025: ¥184,037 million
 As of February 29, 2024: ¥177,809 million

(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 end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2025	19,384	(11,490)	(2,590)	80,035
February 29, 2024	24,052	(10,647)	(11,267)	74,731

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 29, 2024	-	29.00	-	39.00	68.00	3,699	31.8	2.1
Fiscal year ended February 28, 2025	-	34.00	-	40.00	74.00	3,994	36.1	2.2
Fiscal year ending February 28, 2026 (Forecast)		37.00		37.00	74.00		35.7	

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

* **Notes**

- (1) Significant changes in the scope of consolidation during the period: 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: None
- (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 28, 2025	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 February 28, 2025	3,669,445 shares
As of February 29, 2024	3,669,215 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended February 28, 2025	53,980,526 shares
Fiscal year ended February 29, 2024	54,975,638 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended February 28, 2025 (from March 1, 2024 to February 28, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2025	9,330	7.2	2,968	9.5	3,475	12.8	3,474	12.9
February 29, 2024	8,700	(0.7)	2,710	(9.2)	3,082	(18.1)	3,078	(18.1)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
February 28, 2025	64.36	-
February 29, 2024	56.00	-

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
February 28, 2025	105,211	59,490	56.5	1,102.04
February 29, 2024	103,101	61,183	59.3	1,133.40

Reference: Equity

As of February 28, 2025: ¥59,490 million

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

2. Non-consolidated earnings forecast for the fiscal year ending February 28, 2026 (March 1, 2025 ~ February 28, 2026)

(Percentages indicate year-on-year changes.)

Six months ending	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
August 31, 2025	5,152	10.4	1,675	14.6	1,939	29.5	1,934	29.3	35.83
Fiscal year ending February 28, 2026	10,300	10.4	3,377	13.8	3,960	13.9	3,950	13.7	73.17

* Financial results reports are exempt from audit 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.

Please refer to “(4) Future outlook” of “1. Overview of Operating Results and Others” on page 6 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 financial results materials will be posted on the Company's website on Monday, April 14, 2025.

The Company plans to hold a financial results briefing for analysts in the form of a web conference on Tuesday, April 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.

Consolidated balance sheet

(Millions of yen)

	As of February 29, 2024	As of February 28, 2025
Assets		
Current assets		
Cash and deposits	74,785	80,089
Accounts receivable - trade	6,718	6,980
Inventories	18,105	19,887
Other	9,383	9,422
Allowance for doubtful accounts	(103)	(92)
Total current assets	108,890	116,286
Non-current assets		
Property, plant and equipment		
Buildings and structures	154,219	156,691
Accumulated depreciation and impairment	(108,200)	(111,271)
Buildings and structures, net	46,018	45,420
Tools, furniture and fixtures	32,713	35,846
Accumulated depreciation and impairment	(25,574)	(27,680)
Tools, furniture and fixtures, net	7,138	8,165
Land	74,558	76,659
Leased assets	9,120	9,746
Accumulated depreciation and impairment	(5,979)	(5,187)
Leased assets, net	3,140	4,558
Construction in progress	25	115
Other	2,162	2,133
Accumulated depreciation and impairment	(1,808)	(1,865)
Other, net	353	268
Total property, plant and equipment	131,234	135,188
Intangible assets		
Goodwill	136	-
Software	6,374	4,974
Software in progress	338	17
Other	331	328
Total intangible assets	7,181	5,321
Investments and other assets		
Investment securities	11,957	10,461
Long-term loans receivable	27	21
Retirement benefit asset	1,670	2,691
Leasehold and guarantee deposits	10,819	10,088
Deferred tax assets	2,649	2,069
Other	550	549
Allowance for doubtful accounts	(6)	(16)
Total investments and other assets	27,667	25,865
Total non-current assets	166,082	166,375
Total assets	274,972	282,662

	As of February 29, 2024	As of February 28, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	31,686	31,862
Short-term borrowings	7,592	10,584
Lease liabilities	982	1,166
Accounts payable - other	6,263	5,637
Accrued expenses	5,624	5,877
Income taxes payable	3,416	2,854
Accrued consumption taxes	1,770	1,148
Provision for bonuses	3,043	3,062
Provision for point card certificates	616	605
Contract liabilities	3,954	3,837
Other	1,887	1,749
Total current liabilities	66,840	68,386
Non-current liabilities		
Long-term borrowings	14,394	13,797
Lease liabilities	3,240	4,597
Retirement benefit liability	905	520
Deferred tax liabilities	949	423
Provision for retirement benefits for directors (and other officers)	528	562
Long-term guarantee deposits	4,229	4,113
Asset retirement obligations	5,912	5,976
Other	163	246
Total non-current liabilities	30,323	30,238
Total liabilities	97,163	98,624
Net assets		
Shareholders' equity		
Share capital	21,205	21,205
Capital surplus	24,996	24,996
Retained earnings	137,984	145,107
Treasury shares	(9,005)	(9,006)
Total shareholders' equity	175,180	182,302
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,894	827
Remeasurements of defined benefit plans	734	907
Total accumulated other comprehensive income	2,628	1,734
Total net assets	177,809	184,037
Total liabilities and net assets	274,972	282,662

Consolidated statement of income

(Millions of yen)

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Net sales	591,557	608,284
Cost of sales	442,139	455,344
Gross profit	149,417	152,939
Selling, general and administrative expenses		
The advertising decoration cost	4,434	4,588
a store rental	7,286	7,205
Remuneration for directors (and other officers)	662	664
Salaries and allowances	57,837	60,245
Provision for bonuses	2,993	3,032
Provision for retirement benefits for directors (and other officers)	58	57
Provision for point card certificates	1,269	1,442
Retirement benefit expenses	1,092	976
Utilities expenses	12,160	12,574
Taxes and dues	3,091	3,037
Depreciation	9,724	10,359
Amortization of goodwill	103	66
Other	31,870	32,750
Total selling, general and administrative expenses	132,586	137,002
Operating profit	16,831	15,936
Non-operating income		
Interest income	38	41
Dividend income	207	245
Share of profit of entities accounted for using equity method	53	53
Outsourcing service income	731	716
Subsidy income	181	80
Other	634	698
Total non-operating income	1,846	1,835
Non-operating expenses		
Interest expenses	143	150
Provision of allowance for doubtful accounts	23	24
Other	71	56
Total non-operating expenses	238	231
Ordinary profit	18,439	17,540

(Millions of yen)

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Extraordinary income		
Gain on sale of non-current assets	8	6
Compensation income	-	72
Gain on sale of investment securities	7	-
Gain on reversal of asset retirement obligations	5	18
Other	0	-
Total extraordinary income	21	97
Extraordinary losses		
Loss on sale and retirement of non-current assets	52	57
Loss on store closings	71	2
Impairment losses	867	1,123
Other	21	52
Total extraordinary losses	1,012	1,236
Profit before income taxes	17,449	16,402
Income taxes - current	5,523	5,006
Income taxes - deferred	158	332
Total income taxes	5,682	5,338
Profit	11,766	11,063
Profit attributable to owners of parent	11,766	11,063

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Profit	11,766	11,063
Other comprehensive income		
Valuation difference on available-for-sale securities	1,787	(1,067)
Remeasurements of defined benefit plans, net of tax	1,071	173
Share of other comprehensive income of entities accounted for using equity method	1	(0)
Total other comprehensive income	2,859	(894)
Comprehensive income	14,626	10,169
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,626	10,169
Comprehensive income attributable to non-controlling interests	-	-

Consolidated statement of changes in equity

Fiscal year ended February 29, 2024

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	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)	171,686
Dividends of surplus			(3,273)		(3,273)				(3,273)
Profit attributable to owners of parent			11,766		11,766				11,766
Purchase of treasury shares				(5,229)	(5,229)				(5,229)
Disposal of treasury shares					-				-
Net changes in items other than shareholders' equity						1,788	1,071	2,859	2,859
Total changes during period	-	-	8,492	(5,229)	3,262	1,788	1,071	2,859	6,122
Balance at end of period	21,205	24,996	137,984	(9,005)	175,180	1,894	734	2,628	177,809

Consolidated statement of changes in equity

Fiscal year ended February 28, 2025

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	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	137,984	(9,005)	175,180	1,894	734	2,628	177,809
Dividends of surplus			(3,940)		(3,940)				(3,940)
Profit attributable to owners of parent			11,063		11,063				11,063
Purchase of treasury shares				(0)	(0)				(0)
Disposal of treasury shares		0		0	0				0
Net changes in items other than shareholders' equity						(1,067)	173	(894)	(894)
Total changes during period	-	0	7,122	(0)	7,122	(1,067)	173	(894)	6,228
Balance at end of period	21,205	24,996	145,107	(9,006)	182,302	827	907	1,734	184,037

Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Cash flows from operating activities		
Profit before income taxes	17,449	16,402
Depreciation	9,771	10,404
Impairment losses	867	1,123
Amortization of goodwill	103	66
Interest and dividend income	(245)	(287)
Interest expenses	143	150
Loss (gain) on sale and retirement of non-current assets	44	51
Loss (gain) on sale of investment securities	(6)	-
Loss (gain) on valuation of investment securities	0	-
Share of loss (profit) of entities accounted for using equity method	(53)	(53)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(489)	37
Increase (decrease) in retirement benefit liability	(1,488)	(1,235)
Increase (decrease) in provision for bonuses	297	19
Increase (decrease) in allowance for doubtful accounts	33	(0)
Increase (decrease) in provision for point card certificates	86	(11)
Increase (decrease) in contract liabilities	326	(117)
Decrease (increase) in trade receivables	(463)	(261)
Decrease (increase) in inventories	(818)	(1,782)
Decrease (increase) in other current assets	382	(49)
Increase (decrease) in trade payables	1,573	176
Increase (decrease) in other current liabilities	346	377
Increase (decrease) in accrued consumption taxes	715	(622)
Decrease (increase) in guarantee deposits	14	34
Other, net	286	277
Subtotal	28,872	24,700
Interest and dividends received	238	256
Interest paid	(136)	(134)
Income taxes paid	(4,921)	(5,438)
Net cash provided by (used in) operating activities	24,052	19,384

	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Cash flows from investing activities		
Payments into time deposits	(43)	(43)
Proceeds from withdrawal of time deposits	56	43
Purchase of property, plant and equipment	(9,854)	(11,057)
Proceeds from sale of property, plant and equipment	34	25
Purchase of intangible assets	(1,184)	(932)
Purchase of investment securities	(0)	(33)
Proceeds from sale of investment securities	122	113
Loan advances	(3)	(5)
Proceeds from collection of loans receivable	11	12
Payments of guarantee deposits	(154)	(239)
Proceeds from refund of guarantee deposits	176	753
Refund of guarantee deposits received	(92)	(114)
Guarantee deposits received	330	43
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	16	-
Other, net	(62)	(54)
Net cash provided by (used in) investing activities	(10,647)	(11,490)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(300)	(290)
Proceeds from long-term borrowings	5,000	9,000
Repayments of long-term borrowings	(6,246)	(6,315)
Purchase of treasury shares	(5,241)	(0)
Dividends paid	(3,271)	(3,934)
Other, net	(1,207)	(1,049)
Net cash provided by (used in) financing activities	(11,267)	(2,590)
Net increase (decrease) in cash and cash equivalents	2,137	5,303
Cash and cash equivalents at beginning of period	72,594	74,731
Cash and cash equivalents at end of period	74,731	80,035

(Notes on segment information, etc.)

Segment Information

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

Related Information

The previous fiscal year (March 1, 2023 to February 29, 2024)

1. Product and Service Information

Revenue to external customers in a single product or service segment exceeds 90% of operating sales in the consolidated statements of income, so the description is omitted.

2. Regional Information

(1) Net sales

Since there are no sales to external customers outside of Japan, there is no such matter.

(2) Property, plant and equipment

Since there are no property, plant and equipment located outside of Japan, there is no applicable matter.

3. Information per main customer

There is no mention of sales to external customers because there are no counterparties that account for more than 10% of sales in the consolidated statements of income.

The current fiscal year (March 1, 2024 to February 28, 2025)

1. Product and Service Information

Revenue to external customers in a single product or service segment exceeds 90% of operating sales in the consolidated statements of income, so the description is omitted.

2. Regional Information

(1) Net sales

Since there are no sales to external customers outside of Japan, there is no such matter.

(2) Property, plant and equipment

Since there are no property, plant and equipment located outside of Japan, there is no applicable matter.

3. Information per main customer

There is no mention of sales to external customers because there are no counterparties that account for more than 10% of sales in the consolidated statements of income.

Information on impairment losses on fixed assets by reporting segment

The previous fiscal year (March 1, 2023 to February 29, 2024)

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

The current fiscal year (March 1, 2024 to February 28, 2025)

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

Information on amortization and unamortized balances of goodwill by reporting segment

The previous fiscal year (March 1, 2023 to February 29, 2024)

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

The current fiscal year (March 1, 2024 to February 28, 2025)

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

Information on Negative Goodwill Accrual Gains by Reporting Segment

The previous fiscal year (March 1, 2023 to February 29, 2024)

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

The current fiscal year (March 1, 2024 to February 28, 2025)

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