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 (Securities code: 9948; TSE Prime Market and SSE)
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Notice Concerning Revisions to Non-Consolidated Financial Results Forecast and the Recording of Extraordinary Losses and Other Items Related to a Consolidated Subsidiary

ARCS COMPANY, LIMITED (“ARCS”) has decided to revise its full-year non-consolidated financial results forecast for the fiscal year ending February 28, 2026, which was previously announced on April 14, 2025. Furthermore, ARCS expects to record non-operating expenses and extraordinary losses related to its consolidated subsidiary. Details of the announcement are as follows.

1. Revisions to Non-consolidated financial results forecast for the current fiscal year (March 1, 2025 through February 28, 2026)

	Net sales	Operating Profit	Ordinary Profit	Net Income	Net Income Per Share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Previously announced forecast (A)	10,300	3,377	3,960	3,950	73.17
Revised forecast (B)	22,200	15,600	14,500	12,600	234.22
Change (B-A)	11,900	12,223	10,540	8,650	
Changes (%)	115.5	361.9	266.2	219.0	
(Reference) Previous fiscal year’s results (Fiscal year ended February 28, 2025)	9,330	2,968	3,475	3,474	64.36

2. Reason for the revisions

As announced in the "Notice Concerning the Receipt of Special Dividends from Consolidated Subsidiaries" dated February 16, 2026, ARCS received special dividends totaling 11,864 million yen from three of its consolidated subsidiaries in order to continue proactively promoting a flexible capital policy. The special dividends will be recorded in ARCS’s net sales and each level of profit. As a result, net sales, operating profit, ordinary profit, and net income are expected to exceed the previously announced forecasts. In addition, ARCS expects to record non-operating expenses and extraordinary losses related to its consolidated subsidiary, OTANI Co., Ltd. (“OTANI”), as described in (1) and (2) below. These impacts have

also been reflected in the full-year non-consolidated financial results forecast for the fiscal year ending February 28, 2026.

(1) Details of Non-operating Expenses

OTANI operates 31 supermarkets in Tochigi and Saitama Prefectures and joined the ARCS Group as the Group's first consolidated subsidiary in the Northern Kanto region in April 2021. Since then, we have implemented various measures, including strengthening its management system, improving product procurement capabilities, and integrating membership card systems. However, in recent years, intensifying competition in the region has led to a decline in sales, impacting OTANI's financial condition. Consequently, ARCS expects to record a 1,848 million yen provision for allowance for doubtful accounts related to loans to the subsidiary as non-operating expenses.

(2) Details of Extraordinary Losses

The actual value of shares held by ARCS in its consolidated subsidiary, OTANI, has declined significantly. Consequently, ARCS will recognize an impairment under the "Accounting Standard for Financial Instruments" and expects to record a loss on valuation of shares of subsidiaries and associates of 1,531 million yen as an extraordinary loss.

Furthermore, for the purpose of strengthening the management and improving the financial position of the subsidiary, ARCS has decided to forgive a portion of the loans to the subsidiary and expects to record a loss on support to subsidiaries and associates of 300 million yen as an extraordinary loss.

Going forward, ARCS Group will consolidate its full strengths to allocate management resources—"Human resources, Goods, Capital"—and enhance the horizontal sharing of information. We will further accelerate various measures to improve the business performance of OTANI.

3. Impact on the full-year consolidated financial results forecast

These increases in net sales, as well as the non-operating expenses and extraordinary losses, will be recorded only in ARCS's non-consolidated financial results. Since these items will be eliminated in the consolidated financial results, there will be no impact on the consolidated financial results. Consequently, there are no revisions to the full-year consolidated financial results forecast for the fiscal year ending February 28, 2026, which was previously announced on April 14, 2025.

(Note)

The above forecasts are based on information available as of the date of announcement of this document and actual results may differ from these forecasts due to various factors in the future.