

Consolidated Financial Results for the Three Months Ended May 31, 2026 (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, 2026 (from March 1, 2026 to May 31, 2026)

(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, 2026	158,479	2.7	4,104	5.9	4,472	5.6	2,881	3.0
May 31, 2025	154,294	3.7	3,874	0.1	4,233	(0.7)	2,798	5.1

Note: Comprehensive income For the three months ended May 31, 2026: ¥2,173 million [(33.1)%]
 For the three months ended May 31, 2025: ¥3,249 million [14.8%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended				
May 31, 2026	54.09		-	
May 31, 2025	51.85		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity-to-asset ratio	
	Millions of yen		Millions of yen		%	
As of						
May 31, 2026	302,876		195,918		64.7	
February 28, 2026	300,714		196,142		65.2	

Reference: Equity
 As of May 31, 2026: ¥195,918 million
 As of February 28, 2026: ¥196,142 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, 2026	-	37.00	-	45.00	82.00
Fiscal year ending February 28, 2027	-				
Fiscal year ending February 28, 2027 (Forecast)		41.00		41.00	82.00

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, 2027 (from March 1, 2026 to February 28, 2027)

(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, 2026	323,500	3.1	8,430	5.6	9,200	5.0	6,000	5.0	112.61
Fiscal year ending February 28, 2027	648,000	3.4	18,000	2.1	19,600	2.3	12,400	(0.4)	232.73

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: 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 May 31, 2026	57,649,868 shares
As of February 28, 2026	57,649,868 shares

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

As of May 31, 2026	4,369,516 shares
As of February 28, 2026	4,369,516 shares

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

Three months ended May 31, 2026	53,280,352 shares
Three months ended May 31, 2025	53,980,423 shares

- * Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

- * 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)

Supplementary financial results materials will be posted on the Company's website on Friday, July 3, 2026.

Quarterly consolidated balance sheet

(Millions of yen)

	As of February 28, 2026	As of May 31, 2026
Assets		
Current assets		
Cash and deposits	91,183	92,622
Accounts receivable - trade	7,593	10,362
Inventories	21,105	21,173
Accounts receivable - other	5,340	3,478
Other	4,320	3,937
Allowance for doubtful accounts	(107)	(110)
Total current assets	129,436	131,464
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	43,936	43,659
Tools, furniture and fixtures, net	7,682	7,818
Land	77,502	77,502
Leased assets, net	4,093	3,945
Other, net	313	432
Total property, plant and equipment	133,528	133,358
Intangible assets		
Software	3,026	2,651
Software in progress	726	1,958
Other	324	324
Total intangible assets	4,077	4,934
Investments and other assets		
Investment securities	13,523	12,612
Leasehold and guarantee deposits	9,878	10,042
Retirement benefit asset	8,593	8,757
Deferred tax assets	1,216	1,237
Other	487	476
Allowance for doubtful accounts	(28)	(6)
Total investments and other assets	33,671	33,119
Total non-current assets	171,277	171,412
Total assets	300,714	302,876

	As of February 28, 2026	As of May 31, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	32,853	37,846
Short-term borrowings	10,663	9,961
Lease liabilities	1,046	1,038
Accounts payable - other	5,877	5,676
Accrued expenses	6,813	7,986
Income taxes payable	4,022	1,785
Accrued consumption taxes	2,144	1,973
Provision for bonuses	3,420	4,292
Provision for point card certificates	644	683
Contract liabilities	4,070	4,314
Other	2,096	2,633
Total current liabilities	73,654	78,191
Non-current liabilities		
Long-term borrowings	13,486	11,860
Lease liabilities	4,137	3,954
Retirement benefit liability	524	534
Deferred tax liabilities	1,966	1,638
Provision for retirement benefits for directors (and other officers)	567	544
Long-term guarantee deposits	4,039	4,028
Asset retirement obligations	6,008	6,030
Other	186	173
Total non-current liabilities	30,917	28,766
Total liabilities	104,571	106,958
Net assets		
Shareholders' equity		
Share capital	21,205	21,205
Capital surplus	24,996	24,996
Retained earnings	153,396	153,880
Treasury shares	(11,300)	(11,300)
Total shareholders' equity	188,297	188,781
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,335	2,705
Remeasurements of defined benefit plans	4,509	4,431
Total accumulated other comprehensive income	7,845	7,137
Total net assets	196,142	195,918
Total liabilities and net assets	300,714	302,876

Quarterly consolidated statement of income

(Millions of yen)

	Three months ended May 31, 2025	Three months ended May 31, 2026
Net sales	154,294	158,479
Cost of sales	115,682	119,167
Gross profit	38,612	39,312
Selling, general and administrative expenses		
The advertising decoration cost	1,181	1,166
a store rental	1,751	1,762
Provision for point card certificates	374	384
Remuneration for directors (and other officers)	152	169
Salaries and allowances	14,519	15,209
Provision for bonuses	1,930	2,003
Provision for retirement benefits for directors (and other officers)	14	13
Retirement benefit expenses	227	57
Utilities expenses	3,044	2,856
Taxes and dues	784	789
Depreciation	2,512	2,446
Other	8,241	8,347
Total selling, general and administrative expenses	34,737	35,207
Operating profit	3,874	4,104
Non-operating income		
Interest income	10	11
Dividend income	78	69
Share of profit of entities accounted for using equity method	17	19
Outsourcing service income	177	176
Other	141	184
Total non-operating income	425	461
Non-operating expenses		
Interest expenses	47	72
Other	19	20
Total non-operating expenses	66	92
Ordinary profit	4,233	4,472
Extraordinary income		
Gain on sale of non-current assets	0	0
Compensation income	29	-
Total extraordinary income	30	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	7	1
Loss on store closings	4	-
Loss on disaster	-	16
Total extraordinary losses	11	18
Profit before income taxes	4,252	4,454
Income taxes	1,453	1,572
Profit	2,798	2,881
Profit attributable to owners of parent	2,798	2,881

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Three months ended May 31, 2025	Three months ended May 31, 2026
Profit	2,798	2,881
Other comprehensive income		
Valuation difference on available-for-sale securities	442	(629)
Remeasurements of defined benefit plans, net of tax	8	(77)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	451	(708)
Comprehensive income	3,249	2,173
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,249	2,173
Comprehensive income attributable to non-controlling interests	-	-

Quarterly consolidated statement of cash flows

(Millions of yen)

	Three months ended May 31, 2025	Three months ended May 31, 2026
Cash flows from operating activities		
Profit before income taxes	4,252	4,454
Depreciation	2,522	2,453
Interest and dividend income	(89)	(80)
Interest expenses	47	72
Increase (decrease) in provision for bonuses	950	871
Increase (decrease) in provision for point card certificates	24	38
Increase (decrease) in contract liabilities	149	243
Decrease (increase) in trade receivables	(1,634)	(2,769)
Decrease (increase) in inventories	(769)	(68)
Increase (decrease) in trade payables	4,300	4,992
Increase (decrease) in accrued consumption taxes	683	(170)
Other, net	3,965	3,003
Subtotal	14,402	13,042
Interest and dividends received	100	94
Interest paid	(45)	(68)
Income taxes paid	(2,294)	(3,546)
Net cash provided by (used in) operating activities	12,163	9,522
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,061)	(1,570)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(175)	(1,556)
Payments of guarantee deposits	(45)	(28)
Proceeds from refund of guarantee deposits	102	19
Refund of guarantee deposits received	(18)	(21)
Guarantee deposits received	9	25
Payments into time deposits	-	(1,800)
Other, net	447	0
Net cash provided by (used in) investing activities	(1,741)	(4,931)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(700)	(400)
Repayments of long-term borrowings	(1,468)	(1,928)
Dividends paid	(2,131)	(2,355)
Other, net	(292)	(268)
Net cash provided by (used in) financing activities	(4,591)	(4,952)
Net increase (decrease) in cash and cash equivalents	5,830	(361)
Cash and cash equivalents at beginning of period	80,035	91,130
Cash and cash equivalents at end of period	85,866	90,768

(Notes on segment information, etc.)

Segment Information

I. The three months of the previous fiscal year (March 1, 2025 to May 31, 2025)

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, 2026 to May 31, 2026)

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