

October 13, 2026

Consolidated Financial Results for the Six Months Ended August 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/>
 Representative: Kiyoshi Yokoyama, Chairman,CEO
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 Scheduled date to file semi-annual securities report: October 13, 2026
 Scheduled date to commence dividend payments: November 5, 2026
 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, 2026 (from March 1, 2026 to August 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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2026	318,685	1.6	7,766	(2.7)	8,517	(2.7)	5,375	(5.9)
August 31, 2025	313,693	3.6	7,981	11.4	8,758	9.8	5,713	14.3

Note: Comprehensive income For the six months ended August 31, 2026: ¥5,246 million [(24.3)%]
 For the six months ended August 31, 2025: ¥6,933 million [65.2%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
August 31, 2026	100.89	-
August 31, 2025	105.85	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
August 31, 2026	304,246	198,990	65.4
February 28, 2026	300,714	196,142	65.2

Reference: Equity
 As of August 31, 2026: ¥198,990 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	-	41.00			
Fiscal year ending February 28, 2027 (Forecast)				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
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 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: 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 August 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 August 31, 2026	4,369,768 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)

Six months ended August 31, 2026	53,280,282 shares
Six months ended August 31, 2025	53,980,425 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 13, 2026.

The Company plans to hold a financial results briefing for analysts in the form of a web conference on Wednesday, October 14, 2026. 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, 2026	As of August 31, 2026
Assets		
Current assets		
Cash and deposits	91,183	91,035
Accounts receivable - trade	7,593	10,224
Inventories	21,105	21,593
Accounts receivable - other	5,340	4,632
Other	4,320	3,770
Allowance for doubtful accounts	(107)	(114)
Total current assets	129,436	131,142
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	43,936	43,981
Tools, furniture and fixtures, net	7,682	8,207
Land	77,502	77,791
Leased assets, net	4,093	3,824
Other, net	313	502
Total property, plant and equipment	133,528	134,307
Intangible assets		
Software	3,026	2,047
Software in progress	726	2,185
Other	324	323
Total intangible assets	4,077	4,557
Investments and other assets		
Investment securities	13,523	13,619
Leasehold and guarantee deposits	9,878	9,991
Retirement benefit asset	8,593	8,937
Deferred tax assets	1,216	1,231
Other	487	467
Allowance for doubtful accounts	(28)	(6)
Total investments and other assets	33,671	34,240
Total non-current assets	171,277	173,104
Total assets	300,714	304,246

	As of February 28, 2026	As of August 31, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	32,853	39,257
Short-term borrowings	10,663	8,372
Lease liabilities	1,046	1,040
Accounts payable - other	5,877	5,672
Accrued expenses	6,813	7,132
Income taxes payable	4,022	3,522
Accrued consumption taxes	2,144	1,275
Provision for bonuses	3,420	3,972
Provision for point card certificates	644	732
Contract liabilities	4,070	4,687
Other	2,096	2,219
Total current liabilities	73,654	77,886
Non-current liabilities		
Long-term borrowings	13,486	10,461
Lease liabilities	4,137	3,790
Retirement benefit liability	524	542
Deferred tax liabilities	1,966	1,873
Provision for retirement benefits for directors (and other officers)	567	559
Long-term guarantee deposits	4,039	3,942
Asset retirement obligations	6,008	6,041
Other	186	158
Total non-current liabilities	30,917	27,370
Total liabilities	104,571	105,256
Net assets		
Shareholders' equity		
Share capital	21,205	21,205
Capital surplus	24,996	24,996
Retained earnings	153,396	156,373
Treasury shares	(11,300)	(11,301)
Total shareholders' equity	188,297	191,274
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,335	3,382
Remeasurements of defined benefit plans	4,509	4,333
Total accumulated other comprehensive income	7,845	7,716
Total net assets	196,142	198,990
Total liabilities and net assets	300,714	304,246

Semi-annual consolidated statement of income

(Millions of yen)

	Six months ended August 31, 2025	Six months ended August 31, 2026
Net sales	313,693	318,685
Cost of sales	235,359	239,463
Gross profit	78,334	79,221
Selling, general and administrative expenses		
The advertising decoration cost	2,335	2,334
a store rental	3,503	3,532
Provision for point card certificates	778	774
Remuneration for directors (and other officers)	319	333
Salaries and allowances	29,332	30,706
Provision for bonuses	3,828	3,884
Provision for retirement benefits for directors (and other officers)	28	28
Retirement benefit expenses	455	112
Utilities expenses	6,356	6,044
Taxes and dues	1,596	1,617
Depreciation	5,105	4,996
Other	16,712	17,088
Total selling, general and administrative expenses	70,352	71,454
Operating profit	7,981	7,766
Non-operating income		
Interest income	31	43
Dividend income	169	158
Share of profit of entities accounted for using equity method	44	40
Outsourcing service income	358	351
Other	294	336
Total non-operating income	898	929
Non-operating expenses		
Interest expenses	93	142
Other	28	35
Total non-operating expenses	121	178
Ordinary profit	8,758	8,517
Extraordinary income		
Gain on sale of non-current assets	0	0
Compensation income	29	-
Gain on sale of investment securities	72	-
Other	0	-
Total extraordinary income	102	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	20	12
Loss on store closings	39	3
Loss on disaster	13	55
Impairment losses	-	36
Other	0	4
Total extraordinary losses	73	112
Profit before income taxes	8,787	8,406
Income taxes	3,073	3,030
Profit	5,713	5,375
Profit attributable to owners of parent	5,713	5,375

Semi-annual consolidated statement of comprehensive income

(Millions of yen)

	Six months ended August 31, 2025	Six months ended August 31, 2026
Profit	5,713	5,375
Other comprehensive income		
Valuation difference on available-for-sale securities	1,193	46
Remeasurements of defined benefit plans, net of tax	25	(175)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	1,220	(128)
Comprehensive income	6,933	5,246
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,933	5,246
Comprehensive income attributable to non-controlling interests	-	-

Semi-annual consolidated statement of cash flows

(Millions of yen)

	Six months ended August 31, 2025	Six months ended August 31, 2026
Cash flows from operating activities		
Profit before income taxes	8,787	8,406
Depreciation	5,123	5,011
Interest and dividend income	(200)	(201)
Interest expenses	93	142
Increase (decrease) in provision for bonuses	862	551
Increase (decrease) in provision for point card certificates	96	87
Increase (decrease) in contract liabilities	554	616
Decrease (increase) in trade receivables	(2,088)	(2,631)
Decrease (increase) in inventories	27	(487)
Increase (decrease) in trade payables	7,222	6,403
Increase (decrease) in accrued consumption taxes	563	(868)
Other, net	4,020	994
Subtotal	25,063	18,024
Interest and dividends received	198	202
Interest paid	(88)	(148)
Income taxes paid	(2,294)	(3,597)
Net cash provided by (used in) operating activities	22,878	14,480
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,767)	(4,522)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(280)	(1,771)
Payments of guarantee deposits	(56)	(43)
Proceeds from refund of guarantee deposits	107	43
Refund of guarantee deposits received	(39)	(114)
Guarantee deposits received	16	27
Payments into time deposits	(0)	(1,800)
Other, net	549	(12)
Net cash provided by (used in) investing activities	(3,470)	(8,193)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(500)	100
Proceeds from long-term borrowings	-	200
Repayments of long-term borrowings	(2,987)	(5,616)
Purchase of treasury shares	(0)	(0)
Dividends paid	(2,163)	(2,383)
Other, net	(600)	(535)
Net cash provided by (used in) financing activities	(6,252)	(8,235)
Net increase (decrease) in cash and cash equivalents	13,155	(1,947)
Cash and cash equivalents at beginning of period	80,035	91,130
Cash and cash equivalents at end of period	93,190	89,182

(Notes on segment information, etc.)

Segment Information

I. Previous interim consolidated accounting period (from March 1, 2025 to August 31, 2025)

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

II. Interim Consolidated Accounting Period (March 1, 2026 to August 31, 2026)

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