October 13, 2026

To Whom It May Concern:

Company Name:	ARCLANDS CORPORATION
Name of Representative:	Yoshifumi Sato, President (COO) (Securities Code: 9842; Tokyo Stock Exchange, Prime Market)
Contact:	Kimitoshi Ino, Director, Administration General Manager (Telephone: +81-48-610-0641)

Notice Concerning Measures to Prevent Recurrence

As announced in the "Notice Concerning Receipt and Publication of the Investigation Report of the Special Investigation Committee and the Schedule for Financial Results Announcements" dated October 2, 2026, ARCLANDS CORPORATION (the "Company") received an investigation report concerning improper accounting treatment (the "Misconduct") at Pets-first Holdings CO., LTD. ("PFH"), a consolidated subsidiary of the Company, from a special investigation committee composed solely of independent external experts and structured to ensure independence and objectivity (the "Special Investigation Committee").

The Company takes the Misconduct seriously. Based on the Special Investigation Committee's analysis of causes and recommendations, the Company's Board of Directors resolved at its meeting held today to adopt the measures to prevent recurrence set out below.

1. Analysis of Causes and Basic Policy on Measures to Prevent Recurrence

The Company recognizes that the direct cause of the Misconduct was fraudulent accounting treatment by PFH's CFO arising from a lack of awareness of the importance of accuracy and integrity in financial reporting. The Company also recognizes that the underlying organizational causes that prevented the prompt detection and correction of such misconduct were the absence of organizational checks on the CFO at PFH and the resulting failure of governance, together with weaknesses in the governance framework of the Company's group (the "Group"), including the

Company's management of its subsidiaries.

Specifically, PFH's governance framework, including its board of directors and company auditor, did not sufficiently prevent fraudulent financial reporting by PFH's CFO. The Company, as the parent company, also limited its review to ordinary verification procedures for consolidated financial reporting, which contributed to the delay in detecting the Misconduct. In addition, in-depth verification and additional monitoring in light of the accounting and internal control issues identified at the time of the acquisition, were insufficient. As a result, material discrepancies in financial figures were not detected and corrected at an early stage.

Based on the above analysis of causes, the Company will formulate measures to prevent recurrence that address these causes, prevent future misconduct, and strengthen its governance framework.

2. Overview of Measures to Prevent Recurrence

Based on the analysis on the causes of the Misconduct and the recommendations set out in the Special Investigation Committee's investigation report, the Company will implement the following measures to prevent recurrence throughout the Group, including the Company and PFH.

In particular, in light of the finding that the post-merger integration efforts ("PMI") were insufficient, the Company will promptly undertake renewed PMI efforts concerning financial reporting and internal controls at PFH. The Company will also apply the lessons learned and approaches developed through improvements at PFH across the Group and rebuild its management framework, including PMI for future M&A transactions.

Specifically, the Company will implement the following measures to prevent recurrence and, to ensure their effectiveness, continuously review their operation and revise them as necessary.

(1) Advancement of PMI for PFH

Taking into account the accounting and internal control issues identified through due diligence and other procedures at the time of the acquisition, the Company will engage external experts to promptly re-plan and implement PMI for PFH. For each process relating to monthly, quarterly and annual closing, sub-consolidation, and financial reporting to the parent company, the Company will identify the responsible persons, approval procedures, significant manual adjustments and key risks, clarify improvement policies, the persons responsible for implementation and timelines, and conduct ongoing monitoring. Progress on improvements will also be reported to the Company's Management Policy Meeting (management meeting)

and Board of Directors, through which the Company will conduct ongoing monitoring.

For future M&A transactions undertaken by the Group, the Company will also draw on this incident to ensure that responses to issues identified through acquisition due diligence and other procedures are fully understood and shared at the time of acquisition. Specific improvement measures to be implemented immediately after acquisition will be formulated and promptly implemented under the leadership of the acquired company's management, with the Company also monitoring their implementation.

(2) Ensuring the Suitability of Financial Reporting Officers

In light of the fact that the Misconduct was committed by the CFO responsible for overseeing accounting and finance for the PFH group, when selecting and appointing financial reporting officers, the Company will place importance not only on experience and skills in consolidated financial reporting and other relevant areas, but also on a full understanding of the importance of accurate financial reporting as part of a listed-company group, and on the awareness and commitment necessary to appropriately report and correct issues when identified. Following appointment, the relevant boards of directors and company auditors will also conduct their supervision with due attention to these aspects of suitability.

(3) Ensuring the Effectiveness of PFH's Board of Directors and Audit Function

PFH will hold Board of Directors meetings regularly, specifically every month in conjunction with the finalization of financial statements. Officers of the Company will also attend and participate in these meetings to share information on important matters, including financial reporting and internal controls, and strengthen the Company's supervisory function as the parent company. With respect to significant financial reporting issues, arrangements will be made to enable PFH's company auditor to access necessary materials and, as needed, receive explanations directly from personnel other than the person responsible for accounting and finance.

In addition, to enhance the Group governance, the Company will lead efforts to strengthen information sharing and coordination between subsidiaries and the parent company's Audit and Supervisory Committee or internal audit department.

Furthermore, although PFH is not a company with an accounting auditor under the Companies Act, it will consider introducing voluntary external audits by an audit firm or similar measures.

(4) Strengthening Risk Assessment and Monitoring of Subsidiaries

The relevant principal department of the Company will assess the specific risks of each subsidiary. For subsidiaries with relatively higher risks, particularly newly consolidated subsidiaries, the Company will conduct additional monitoring beyond ordinary consolidation procedures. This will include reconciling major accounts between figures in accounting systems and consolidation worksheets and consolidated reporting packages ("Consolidated RPs"), and verifying the supporting grounds for significant manual adjustments and consolidation adjustments. In addition, regarding matters subject to the evaluation of internal control over financial reporting (J-SOX), an independent evaluation will be conducted by the Company's internal audit office.

(5) Establishing and Strengthening the Operation of Escalation and Whistleblowing Routes

Throughout the Group, including PFH, the Company will clarify routes through which personnel can consult or report directly to management, company auditors, or the parent company's finance and accounting departments, without going through the relevant person, where concerns arise regarding the decisions or instructions of the person responsible for accounting and finance or another superior.

The Company has already expanded access to its internal whistleblowing hotline to all Group companies. The Company will ensure that officers and employees throughout the Group are fully informed of how to use the internal whistleblowing system and the protections available to whistleblowers, including confidentiality protections and the prohibition of disadvantageous treatment for making a report, through various meetings, communications through department heads, the Group's websites, email and other channels. The Company will also regularly assess and review awareness of the system and its operation to ensure that it functions effectively to identify and correct issues at an early stage.

(6) Education and Training

The Company will provide ongoing education and training, with the assistance of external experts, to accounting and finance personnel and other relevant officers and employees throughout the Group, including PFH. Topics will include the clear distinction between financial accounting and management accounting, key considerations in consolidation accounting, the importance of figures reported to the parent company, and the importance of timely reporting and correction when serious concerns regarding financial reporting are identified.

The Company will also enhance senior management's awareness and understanding of financial reporting through the sharing of financial statements and review of financial figures at the first management meeting following the finalization of each monthly closing, within its weekly management meeting schedule.

(7) Monitoring the Implementation of Measures to Prevent Recurrence

The Company will report the status of implementation of the measures to prevent recurrence to its Board of Directors. The Board of Directors will continuously monitor the operation of these measures and progress in their implementation.

End