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 Regarding Submission of Amended Internal Control Reports for Prior Fiscal Years and Material Weaknesses in Internal Control Over Financial Reporting

The Company has determined that there are material weaknesses in internal control over financial reporting for the fiscal year ended February 2026, and that the Company's internal control report over financial reporting is not effective. Accordingly, we have submitted an amended Internal control report for the relevant fiscal year to the Kanto Local Finance Bureau today.

We sincerely apologize for any inconvenience and concern this may have caused to our shareholders, investors, and all related parties.

1. Details of Material Weaknesses

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, the Company received an investigation report from the Special Investigation Committee regarding inappropriate accounting practices at Pets-first Holdings CO., LTD. (“PFH”; PFH and its subsidiaries are collectively referred to as the "PFH Group"), which became a wholly owned subsidiary in June 2025.

Based on the investigation findings stated in the report, it was discovered that the consolidated reporting packages for each quarter (hereinafter referred to as "Consolidated RP") submitted by PFH to the Company contained figures that differed from the PFH Group's consolidated figures prepared based on data from the accounting system, and that there were failures to eliminate unrealized profits related to inventories and deferrals in recording allowance for doubtful accounts and provision for bonuses.

Based on the investigation findings, the Company re-evaluated its internal controls and identified the following material weaknesses.

- The Company did not establish a post-acquisition integration promotion system (hereinafter referred to as "PMI system") appropriate to the specific risks of newly consolidated subsidiaries, nor did it conduct additional financial reporting monitoring: (Risk Assessment and Response)
- The Company's consolidated financial closing procedures focused primarily on confirming consistency between the submitted Consolidated RP and monthly performance reports, without reconciling them with the accounting system and consolidation worksheets: (Financial Closing and Reporting Processes That Should Be Evaluated from a Company-wide Perspective)

- At PFH, the selection and assignment process to ensure the competence of the person responsible for financial reporting was not clearly defined, and the Board of Directors' supervisory function over financial reporting was not effectively performed: (Control Environment)

The Company has determined that these deficiencies constitute material weaknesses, as they have a significant impact on financial reporting. Accordingly, we have determined that the internal control over financial reporting of the Company Group as of February 28, 2026 is not effective, and have amended the previous evaluation results.

2. Reasons Why the Deficiencies Were Not Remediated by the End of the Fiscal Year

The above deficiencies were discovered after the end of the fiscal year ended February 2026 (during the process of preparing the consolidated financial statements for the first quarter of the fiscal year ending February 2027), and therefore could not be remediated by the end of that fiscal year.

3. Remediation Policy and Implementation Plan for Material Weaknesses

The Company recognizes the importance of establishing and operating internal control over financial reporting. To remediate the material weaknesses and to establish and operate appropriate internal controls, we will implement the following measures.

(1) Establishment of a PMI system appropriate to the specific risks of newly consolidated subsidiaries

(2) Strengthening of financial reporting monitoring for newly consolidated subsidiaries, including reconciliation of consolidation worksheets and Consolidated RP for submission with each subsidiary's accounting system data

(3) Review of the selection and assignment process to ensure the competence of the person responsible for financial reporting at PFH

(4) Ensuring the effectiveness of the Board of Directors at PFH

(5) Thorough promotion of awareness regarding the Group's internal whistleblowing system and implementation of internal training and education

4. Remediation Measures Implemented After the End of the Fiscal Year

Since this series of material weaknesses was discovered after the end of the current fiscal year, they could not be remediated by the end of the fiscal year, and as of the submission date of this document, these material weaknesses have not yet been remediated. Additionally, there are no subsequent events that would have a significant impact on the evaluation of the effectiveness of internal control over financial reporting.

5. Internal Control Report Subject to Amendment and Details of Amendments

For the 57th Fiscal Year Internal Control Report (from March 1, 2025 to February 28, 2026), Section "3 [Matters Regarding Evaluation Results]," we have amended the evaluation stating that internal control over financial reporting as of February 28, 2026 was effective to an evaluation stating that it is not effective, and have included descriptions of the details of the material weaknesses, reasons for non-remediation, and measures to prevent recurrence. For details of the amendments, please refer to the amended report on the internal control report submitted today.

6. Impact on Financial Statements

For details of the amendments to prior year financial results and the amounts of impact related to this matter, please refer to the "Notice Concerning Submission of Amended Securities Reports, etc. for Prior Fiscal Years and Amendments to Financial Results Summaries, etc. for Prior Fiscal Years" dated today.

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