



March 31, 2026

To Whom It May Concern:

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### **Notice Regarding Recording of Extraordinary Income and Extraordinary Losses (Forecast) and Revision of Full-Year Consolidated Financial Results Forecast**

MUSCAT GROUP Inc. hereby announces that in the consolidated financial results for the fiscal year ending March 2026, the Company expects to record extraordinary income (gain on sale of shares of subsidiaries) and extraordinary losses (impairment loss on goodwill and business withdrawal loss) as described below.

In addition, MUSCAT GROUP Inc. has decided to revise the financial results forecast for the fiscal year ending March 2026 (April 1, 2025 to March 31, 2026) disclosed in the "Notice Regarding Revision of Full-Year Financial Results Forecast" dated November 14, 2025.

#### 1. Recording of Extraordinary Income and Extraordinary Losses

##### (1) Expected Amount to be Recorded (Approximate Amount)

Gain on sale of shares of subsidiaries (Extraordinary Income): 652 million yen

Impairment loss on goodwill (Extraordinary Loss): 304 million yen

Business withdrawal loss (Extraordinary Loss): 37 million yen

##### (2) Reason for Recording

###### (1) Recording of Extraordinary Income (Gain on sale of shares of subsidiaries)

As announced in the "Notice Regarding Change in Subsidiaries (Share Transfer)" dated February 18, 2026, and the "[Progress of Disclosed Matters] Notice Regarding Completion of Change in Subsidiaries (Share Transfer)" dated March 19, 2026, MUSCAT GROUP Inc. will record the gain on sale as extraordinary income following the completion of the share transfer of Rice Curry LS Inc., which was a consolidated subsidiary.

###### (2) Recording of Extraordinary Losses (Impairment loss on goodwill and business withdrawal loss)

Regarding the goodwill related to the "RiLi Casting Business" and "Apparel Business" of the former RiLi Inc. (currently operated within WinC Inc.), which MUSCAT GROUP Inc. made a subsidiary in July 2022 and announced its dissolution through absorption-type merger in the "Notice Concerning Merger Between Wholly Owned Subsidiaries" dated August 26, 2024, MUSCAT GROUP Inc. will record the entire book value as an impairment loss. In the "RiLi Casting Business," due to changes in the advertising strategies of major clients and the acceleration of in-house marketing, the prospect of continuing orders as initially anticipated has become extremely difficult. In addition, regarding the "Apparel Business (JUDIN)," in light of the poor performance during the recent winter season, MUSCAT GROUP Inc. has decided to withdraw from this business effective March 31, 2026.

As MUSCAT GROUP Inc. promotes the "Niche Top Strategy" of the MUSCAT GROUP, the priority for allocating

management resources to this business has declined. In order to eliminate future uncertainties at an early stage and improve the soundness of the financial structure, MUSCAT GROUP Inc. has decided to fully impair the relevant goodwill.

In addition, business withdrawal losses associated with the withdrawal from this business and the withdrawal from other small-scale brands are also recorded as extraordinary losses.

## 2. Revision of Business Forecast

### (1) Revision of Consolidated Business Forecast for the Current Fiscal Year (April 1, 2025 to March 31, 2026)

	N e t s a l e s	Operating profit	A d j u s t e d E B I T D A * 1	A d j u s t e d n e t p r o f i t * 2
Previous forecast (A)	Million yen 4,470	Million yen —	Million yen 350	Million yen 218
Revised forecast (B)	4,100	(439)	(90)	334
Difference(B-A)	(370)	—	(440)	116
Rate of change (%)	(8.3%)	—	—	53.2%
(Reference) Previous consolidated results (Fiscal year ended March 2025)	2,986	88	235	159

\*1) Consolidated operating profit + Depreciation + Amortization of goodwill + M&A-related costs

\*2) Profit attributable to owners of parent + Amortization of goodwill + Impairment loss on goodwill - Gain on bargain purchase - Profit and loss related to tax effects and differences from tax amount based on statutory tax rate + M&A-related costs

### (2) Reasons for Revision

Regarding net sales, at KANALABO CO.,LTD. which became a consolidated subsidiary in October 2025, sales performance fell below the previous forecast due to deteriorating market conditions, including intensified competition in the retail market such as variety stores, which are the main sales channels, and changes in consumer trends. In addition, in the Brand Partner segment, as a result of being significantly affected by the severe business environment, including a decrease in orders due to client companies' restraint on advertising expenses and the acceleration of in-house marketing strategies, net sales are expected to be 4,100 million yen, 370 million yen (8.3%) below the previous announced forecast.

Adjusted EBITDA is expected to be (90) million yen, 440 million yen below the previous forecast. This is attributed to the impact of decreased revenue, soaring raw material costs and logistics costs, as well as the impact of foreign exchange fluctuations, which have put pressure on profits. In addition, at KANALABO CO.,LTD. based on future sales strategies, MUSCAT GROUP Inc. has recorded a proactive valuation loss for inventory of 58 million yen (as of the end of December 2025) with low turnover rates to prevent future declines in profitability.

Adjusted net profit is expected to be 334 million yen, 116 million yen (53.2%) above the previous forecast, by recording extraordinary income from the sale of shares in affiliated companies and deducting extraordinary losses from goodwill impairment and business withdrawal losses of RiLi Inc. Regarding business withdrawal losses, in order to fundamentally improve profitability from the next fiscal year onward, MUSCAT GROUP Inc. has concentrated non-recurring costs related to the reorganization of unprofitable businesses and inventory normalization in the current fiscal year. Among the brands decided for withdrawal, MUSCAT GROUP Inc. has carried out inventory disposal including "JUDIN" 12 million yen and "HICAT" 3 million yen (both as of the end of January 2026).

This initiative was implemented based on the "Niche Top Strategy" promoted by the MUSCAT GROUP, with the purpose of withdrawing from unprofitable areas and boldly shifting management resources to high-growth, high-profitability areas.

Through this series of structural reorganizations, uncertain risks and negative legacies have been resolved within the current fiscal year to ensure a "clean slate" for the next fiscal year.

In the next fiscal year, MUSCAT GROUP Inc. will implement appropriate pass-through of increased raw material and logistics costs resulting from foreign exchange fluctuations to product prices, while steadily promoting measures to expand sales in distribution channels with high gross profit margins. In addition, with regard to selling, general and administrative expenses, MUSCAT GROUP Inc. will work to further improve profitability by optimizing advertising expenses and reducing outsourcing costs through the utilization of AI in corporate operations.

Through these efforts, MUSCAT GROUP Inc. will eliminate burdensome costs and transform into a leaner and more robust profit structure, thereby solidifying its return to a growth trajectory and sustainable enhancement of corporate value.

For specific business plans for the next fiscal year and beyond, please refer to "VISION2029 - Medium-Term Management Plan -" announced today, which contains detailed information.