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To Whom It May Concern:

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Notice Regarding Material Weakness in Internal Control Over Financial Reporting

MUSCAT GROUP Inc. hereby announces that, in the Internal Control Report for the 10th fiscal year (fiscal year ended March 31, 2026) submitted to the Kanto Local Finance Bureau today pursuant to Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act, the Company has stated that there is a material weakness and that internal control over financial reporting is not effective, as described below.

1. Details of the Material Weakness

In the financial reporting process for the current fiscal year, an error regarding the recording of loss on valuation of shares of subsidiaries and associates was identified after points were raised by the accounting auditor and subsequent internal verification.

As the Company executes active M&A and organizational restructuring to realize sustainable growth and enhance corporate value, the number of non-routine estimation items to be considered in financial reporting has been continuously increasing due to factors such as an increase in the number of consolidated subsidiaries. Under such circumstances, the framework for review and reporting format for certain estimation items in the financial reporting process were not sufficiently established, and the personnel resources were insufficient for the items under review. In addition, the Company was unable to sufficiently perform management monitoring of such non-routine estimation items. As a result, the Company was unable to take appropriate actions related to the valuation of shares of subsidiaries and associates based on the performance information of each subsidiary, which led to the aforementioned error.

These deficiencies in internal control over financial reporting were judged to have a high possibility of having a material impact on financial reporting and to constitute a material weakness. Therefore, the Company determined that its internal control over financial reporting was not effective as of the end of the current fiscal year.

2. Reason for not being able to remediate by the fiscal year-end

Regarding the aforementioned material weakness in internal control over financial reporting, the Company was unable to complete the remediation by the end of the current fiscal year because the weakness was identified after the fiscal year-end.

3. Policy for remediation of the material weakness The Company recognizes the importance of establishing and operating internal control over financial reporting, and intends to implement recurrence prevention measures based on the following policy, remediate the material weakness, and establish, maintain, and operate appropriate internal controls.

- (1) Standardization of performance reporting and verification methods for each subsidiary
- (2) Improvement of monitoring methods by management for estimation items
- (3) Strengthening of the operational structure of the administrative departments of the Company and its subsidiaries (supplementing personnel and enhancing education to improve accounting literacy)

4. Impact on Consolidated Financial Statements and Financial Statements All necessary adjustments resulting from the above-mentioned material weaknesses that should be disclosed have been reflected in the financial statements. As a result, there is no impact on the audit of the financial statements.

5. Audit Opinion in the Audit Report for Consolidated Financial Statements and Financial Statements

The audit opinion is an unqualified opinion.