

May 15, 2025

To our Stakeholders

Company name:	Advance Create Co., Ltd.
Representative:	Yoshiharu Hamada, President (Securities code: 8798; Tokyo, Sapporo, Fukuoka Market)
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Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Progress Report on the Plan to Meet Listing Maintenance Criteria

As stated in the Annual Securities Report for the fiscal year ended September 30, 2024 submitted on February 28, 2025, Advance Create Co., Ltd. (hereinafter referred to as the “Company”) has become insolvent as of the end of the consolidated fiscal year ended September 30, 2024, and the Company is no longer in compliance with the listing maintenance criteria (net assets must be positive) of the Tokyo Stock Exchange Prime Market, Fukuoka Stock Exchange and Sapporo Securities Exchange where the Company is listed. As a result, the Company disclosed its “Plan for Compliance with the Listing Maintenance Criteria (Net Asset Criteria) (Entering the Improvement Period)” on the same date. Therefore, the Company would like to inform you of the progress of our plan to comply with the listing maintenance criteria (net asset criteria) for the first and second quarters of the fiscal year ending September 30, 2025, as follows. Since the Company is simultaneously announcing financial results for the first and second quarters of the fiscal year ending September 30, 2025 today, the Company will also provide a summary of the progress status for the first and second quarters of the fiscal year ending September 30, 2025.

1. Status of compliance with the Company's listing maintenance criteria and planned period (improvement period)

As announced in the “Notice Concerning Investigation Report of the Investigation Committee and Efforts to Prevent Recurrence” dated October 8, 2024 and the “Notice Concerning Postponement of Announcement of Financial Results for the Fiscal Year Ended September 30, 2024 and Correction of Prior Period Financial Results” dated October 30, 2024, the Company's previous accounting auditor indicated that some of the results of PV calculation results deviated from actual conditions. And the Company has formed an investigation committee consisting of independent third-party attorneys and outside auditors to calculate the amount of deviation from the actual PV calculation that should be corrected, and has concluded that it is appropriate to correct this deviation by amending the financial statements for prior periods. Subsequently, as announced in the “Notice of Additional Investigation

Report by the Investigation Committee” dated January 10, 2025, the Company received an additional investigation report from the Investigation Committee regarding problems with PV calculations in prior periods and recalculated PV sales retroactively for prior periods. As a result, it was found that the Company had an excess liability of 4,973 million yen as of the end of the fiscal year ended September 30, 2024. The improvement period is until the end of September 2025, and the criteria for maintaining listing must be met as of the end of September 2025. In order to fulfill the criteria for maintaining listing on the Tokyo Stock Exchange Prime Market, Fukuoka Stock Exchange, and Sapporo Securities Exchange, which was non-compliant this time, by the end of the planning period (end of September 2025, the improvement period), the Company will proceed with various efforts to comply with the criteria for maintaining listing. If the Company's net assets are not confirmed to be in compliance by the end of September 2025, it will be designated as Securities Under Supervision (Confirmation) by the Tokyo Stock Exchange Prime Market, Fukuoka Stock Exchange, and Sapporo Securities Exchange, and if the Company's net assets are not confirmed to be in compliance in the Annual Securities Report for the period ending September 2025 to be submitted afterwards, it will be designated as Securities to Be Delisted and delisted on April 1, 2026. If the Company fails to confirm the positive net assets in the securities report for the fiscal year ending September 30, 2025, it will be designated as a delisting issue and the Company's shares will be delisted on April 1, 2026. (On Fukuoka Stock Exchange, and Sapporo Securities Exchange, delisted issues will be delisted on the day one month has elapsed from the date of designation as Securities to Be Delisted.)

2. Financial Results for the First and Second Quarter of the Fiscal Year Ending September 30, 2025

Please refer to the financial results disclosed today.

3. Basic Policy on Efforts to Conform to Listing Maintenance Criteria

As announced in the “Plan for Compliance with the Listing Maintenance Criteria (Net Asset Criteria) (Entering the Improvement Period)” dated February 28, 2025, the Company will strive to resolve this situation by strengthening internal controls, promoting measures to increase capital, stabilizing business and financial aspects, and continuously improving income and expenditures. The Company will also work to resolve and improve the situation by stabilizing our business and financial conditions and continuously improving our income and expenditures.

4. Progress of Efforts to Conform to Listing Maintenance Criteria

Details of the Company's initiatives to meet the Tokyo Stock Exchange Prime Market, Fukuoka Stock Exchange, and Sapporo Securities Exchange listing maintenance criteria, please refer to the "Progress Report on the Plan to Meet Listing Maintenance Criteria" of the Japanese original (in Japanese only).