November 13, 2026

To our Stakeholders

Company name: Advance Create Co., Ltd.
Representative: Yoshiharu Hamada, President
(Securities code: 8798; Tokyo, Sapporo, Fukuoka Market)
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Notice of Recognition of Extraordinary Losses

Advance Create Co., Ltd. (hereinafter referred to as the "Company") announces that it has recognized extraordinary losses in its consolidated financial results for the fiscal year ended September 30, 2026 (October 1, 2025 to September 30, 2026).

1. Details of Extraordinary Losses

As stated in the notice dated September 18, 2026, titled "Notice of Recognition of Extraordinary Losses" suspicions came to light that improper accounting had been conducted in prior fiscal years in connection with certain advertising transactions and the capitalization of software by the Company and its wholly owned subsidiary, Hoken Ichiba Co., Ltd., which operates an advertising agency business. In response, the Company conducted an investigation by an independent third-party committee and restated its prior-period financial statements.

In the consolidated financial results for the third quarter of the fiscal year ended September 30, 2026, the Company recorded as extraordinary losses the costs of the investigation and the restatement of prior-period financial statements. The Company had also expected to record such costs as extraordinary losses in its financial results for the fiscal year ended September 30, 2026. Accordingly, the Company recorded ¥449,743 thousand in special investigation expenses and ¥128,549 thousand in expenses related to the restatement of prior-period financial statements as extraordinary losses.

In addition, the Company recorded impairment losses of ¥240,755 thousand due to a decline in the profitability of fixed assets, a provision for losses on guarantees of ¥26,264 thousand, losses on cancellation of lease agreements of ¥22,167 thousand, and losses on cancellation of leases of ¥4,032 thousand as extraordinary losses.

2. Impact on Financial Results

The impact of the extraordinary losses described above has been reflected in the “Consolidated Financial Results for the Fiscal Year Ended September 30, 2026 (Under Japanese GAAP),” dated November 13, 2026.