September 18, 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 third quarter (April 1, 2026 to June 30, 2026) of the fiscal year ending September 30, 2026.

1. Details of Extraordinary Losses

As announced in the "Notice Concerning Filing of Amendment Reports for Prior-Year Securities Reports and Amendments to Prior-Year Financial Results" dated August 14, 2026, following the discovery of suspicions that inappropriate accounting treatment had been carried out in connection with certain advertising transactions in prior fiscal years and the capitalization of software assets, among other matters, at the Company and at its wholly owned subsidiary, Hoken Ichiba Co., Ltd., which operates an advertising agency business, an investigation was conducted by a third-party committee. The Company received the investigation report from the third-party committee on July 31, 2026. In addition, based on the findings of the third-party committee's investigation, the Company has made corrections to its prior-period financial statements.

As announced in the "Notice of Recognition of Extraordinary Income and Extraordinary Loss" dated August 14, 2026, the expenses for the relevant investigation and the expenses required for the correction of prior-year financial results were expected to be approximately 524 million yen as of the same date, and were scheduled to be recognized as extraordinary losses from the third quarter of the fiscal year ending September 30, 2026, onwards. Accordingly, the Company has recognized extraordinary investigation expenses of 274,537 thousand yen related to the relevant investigation and expenses associated with prior-year corrections of 3,526 thousand yen as extraordinary losses in its consolidated financial results for the third quarter of the fiscal year ending September 30, 2026. While the amounts are currently under close examination, the Company also plans to recognize the investigation expenses and expenses required for the correction of prior-year financial results as extraordinary losses in the financial results for the full fiscal year ending September 30, 2026.

Additionally, the Company has recognized an impairment loss of 205,978 thousand yen due to factors including a decline in the profitability of fixed assets, 23,018 thousand yen as provision for loss on guarantees, 22,167 thousand yen as loss on cancellation of rental contracts, and 4,032 thousand yen as loss on lease terminations.

2. Impact on Financial Results
The impact of the aforementioned extraordinary losses on business results is reflected in the "Consolidated Financial Results for the Nine Months Ended June 30, 2026 (Under Japanese GAAP)" announced today, September 18, 2026.