August 14, 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 Income and Extraordinary Loss

Advance Create Co., Ltd. (hereinafter referred to as the "Company") announces that it has recognized extraordinary income and extraordinary loss in its consolidated financial results for the first half (October 1, 2025 to March 31, 2026) of the fiscal year ending September 30, 2026.

1. Details of Extraordinary Income

In connection with the consolidation of floors at the Tokyo Branch, the Company recognized 70,000 thousand yen as compensation received and 41,463 thousand yen as gain on reversal of asset retirement obligations.

2. Details of Extraordinary Loss

The Company recognized an impairment loss of 99,802 thousand yen due to factors including a decline in the profitability of fixed assets. Additionally, the Company recognized 16,506 thousand yen as provision for loss on guarantees and 4,032 thousand yen as loss on lease terminations.

3. Impact on Financial Results

The impact of the aforementioned extraordinary income and losses on business results is reflected in the "Consolidated Financial Results for the Six Months Ended March 31, 2026 (Under Japanese GAAP)" announced today, August 14, 2026.

4. Other Matters

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 our wholly owned subsidiary, Hoken Ichiba Co., Ltd., which operates an advertising agency business, we had been conducting an investigation 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 have made corrections to our prior-period financial statements.

The costs incurred for the investigation, as well as the costs required for the correction of prior-period financial statements and related matters, are scheduled to be recorded as extraordinary losses from the third quarter of the fiscal year ending September 2026 onward. These costs are currently being tallied, but as of today, are expected to amount to approximately ¥524 million.