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Ticker Code 1447

(Date of dispatchment) June 7, 2024

(Start date of electronic provision measures) June 3, 2024

Dear shareholders

Toyosu 3-2-24, Koto-ku, Tokyo

ITbook Holdings Co., LTD.

Representative Director and President Toshimori Mae

Notice of the 6th Ordinary General Meeting of Shareholders

Dear Sir or Madam,

Thank you very much for your continued support.

We would like to announce that our 6th Ordinary General Meeting of Shareholders will be held as follows.

At the time of convening this General Meeting of Shareholders, we have taken measures to provide the information contained in the reference documents for the General Meeting of Shareholders (electronic provision measures) electronically and are posted on the following websites on the Internet. Therefore, please visit one of our websites and check it.

【Website of our company】

<https://www.itbook-hd.co.jp/>



(Please access the above website and select “IR information”, “IR library”, “materials related to general meeting of shareholders” from the menu in order and check them.

【Shareholder meeting materials posted website】

<https://d.sokai.jp/1447/teiji/>



If you are unable to attend on that day, you can exercise your voting rights via the Internet or in writing (by mail), so please consider the reference documents for the general meeting of shareholders and exercise your voting rights by 6:00 pm on June 24, 2024 (Monday).

[In the case of exercising voting rights via the Internet]

Please access the voting rights exercise website designated by the Company (<https://evote.tr.mufg.jp/>) and check the “Exercise Voting Rights Code” and “Password” displayed on the voting rights exercise form sent with this notice of convocation and use the “Code” and “Password” and follow the on-screen instructions to enter your vote for or against the proposal by the voting deadline listed above.

When exercising voting rights via the Internet, please refer to the “Guidelines for Exercising Voting Rights via the Internet” described in the following pages.

Sincerely yours,

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Details

1. Date / Time 10 am on June 25, 2024 (Tuesday)
2. Venue TEKKO KAIKAN Room 900 (9th floor)
Nihonbashi Kayabacho 3-2-10, Chuo-ku, Tokyo
(The venue is different from the previous one, so please refer to the "Directory Map of the General Meeting of Shareholders Venue" at the end of the page and be careful not to make any mistakes.)
3. Matters of purpose
 1. 6th period (from April 1, 2023 to March 31, 2024)
Matters to be reported Business reports, consolidated financial statements, and reports of audit results of consolidated financial statements by the accounting auditor and the Board of Corporate Auditors
 2. 6th period (from April 1, 2023 to March 31, 2024)
Financial statement report

Matters of resolutions

<Company proposal (from 1st item to 4th item)>

- No. 1: Reduction of the amount of capital reserves and disposal of surplus
- No. 2 Partial amendment to the articles of incorporation
- No. 3 Election of seven directors
- No. 4 Appointment of one substitute corporate auditor

<Shareholder proposal>

- No. 5 Election of seven directors

The content of each proposal is as stated in the reference documents for the general meeting of shareholders below. The Company's Board of Directors opposes the shareholder proposal (Proposal No. 5).

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- Regarding "Status of stock acquisition rights, etc." in the business report, "Consolidated statement of changes in stockholders' equity" and "Consolidated notes" in the consolidated financial statements, and "Changes in stockholders' equity, etc." and "Individual Notes" in the financial statements, among the electronic provision measures, this information is not stated in the documents issued to shareholders who request document delivery, based on laws and regulations and the provisions of Article 19 of the Articles of Incorporation. Therefore, the documents delivered to shareholders who have requested document delivery are part of the documents audited by the corporate auditors when preparing the audit report and when the accounting auditor prepares the accounting audit report.

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4. Information regarding the exercise of voting rights
- (1) Please refer to the “Reference Documents for the General Meeting of Shareholders” (pages 42 to 61) for details of the proposals at this general meeting and the Board of Directors’ view, please see below.
Furthermore, at this general meeting, one shareholder made a shareholder proposal regarding the election of directors (Proposal No. 5), and the Company's Board of Directors opposes this proposal. For details, please refer to [Board of Directors' Opinion regarding Proposal No. 5] starting on page 59. We shall ask shareholders who agree with the Company's Board of Directors’ ideas regarding the election of directors to exercise your voting right “for” the company’s proposal (Proposal No. 3) and “oppose” for the shareholder proposal (Proposal No. 5).
 - (2) Article 20 of our Articles of Incorporation stipulates that the number of directors of our company shall be seven or less.
On the other hand, the company proposal (Proposal No. 3) proposes the election of seven directors, and the shareholder proposal (Proposal No. 5) proposes the election of seven directors. If all candidates for both proposals (total of 14 people) are elected, the number of directors will exceed the number of directors stipulated in the Company's Articles of Incorporation.
Therefore, as a general rule, we will elect director candidates who have received the approval of a majority of candidates, including in writing or by electromagnetic means (e.g., the Internet). If the number of candidates exceeds 7, the number of candidates with the highest number of voting rights will be selected, up to a maximum of 7 candidates.
Please note that we will not limit the number of candidates who can vote in favor of both Proposal No. 3 and Proposal No. 5 to seven.
 - (3) If you do not indicate your approval or disapproval for each proposal in the voting form you have returned, we will treat it as if you have expressed your approval for the company proposal and your disapproval for the shareholder proposal.
 - (4) If you exercise your voting rights multiple times via the Internet, the last exercise of your voting rights will be treated as valid.
 - (5) If you exercise your voting rights both online and in writing (by mail), the exercise of your voting rights via the internet will be treated as valid regardless of the date and time of arrival.
 - (6) If you wish to exercise your voting rights by proxy, you may attend the general meeting of shareholders by appointing one other shareholder with voting rights as your proxy. However, please note that you will be required to submit a document proving your authority of representation.
 - (7) If you wish to exercise voting rights inconsistently, please notify the Company of your intention to exercise voting rights inconsistently and the reason thereof at least three days before the date of the general meeting of shareholders.

As stated above




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- If you are attending on the day of the meeting, please take the time to submit your voting rights exercise form at the reception desk at the venue.
 - If any amendments are made to the electronic provision measures, we will post to that effect as well as the matters before and after the amendment on our website above (<https://www.itbook-hd.co.jp/>) and on the website where the general meeting of shareholders materials are published.

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Information on exercising voting rights

The right to vote at a general meeting of shareholders is an important right of all shareholders. Please consider the reference documents for the general meeting of shareholders before exercising your voting rights. There are three ways to exercise your voting rights as described below:

 <p>Methodology to attend the general meeting of shareholders</p> <p>If you will be attending on the day of the meeting, please take the time to submit your voting rights exercise form to the reception desk at the venue.</p> <p>Date and time of general meeting of shareholders 10 am on June 25, 2024 (Tuesday)</p>	 <p>Methodology to exercise voting rights in writing (by mail)</p> <p>Please indicate your approval or disapproval of each proposal on the voting form and return it to us.</p> <p>Deadline of exercising voting rights It must arrive until 6 pm on June 24, 2024 (Monday)</p>	 <p>Methodology to exercise voting rights via the Internet</p> <p>Please follow the instructions on the next page and enter your approval or disapproval of the proposal.</p> <p>Deadline of exercising voting rights It must be input until 6 pm on June 24, 2024 (Monday)</p>
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Information on how to fill out the voting form

Please enter your approval or disapproval of the proposal here.

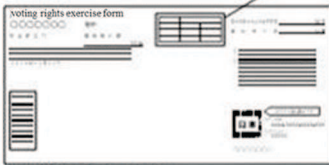


Image of voting rights exercise form

No. 1, No. 2, No. 4 Proposals (Company Proposal)	
If you agree >>	Fill in the "agree" column
If you object >>	Fill in the "denial" column
No. 3 Proposal (Company Proposal)	
If you agree >>	Fill in the "agree" column
If you object >>	Fill in the "denial" column
If you agree some candidates >>	Fill in the "agree" column and enter the number of the candidate(s) you oppose
No. 5 Proposal (Shareholder Proposal)	
If you agree >>	Fill in the "agree" column
If you object >>	Fill in the "denial" column
If you agree some candidates >>	Fill in the "agree" column and enter the number of the candidate(s) you oppose

※If you do not indicate your approval or disapproval for each proposal, we will treat it as if you have expressed your approval for the company proposal and disapproval for the shareholder proposal.

Please note that the Company's Board of Directors opposes the shareholder proposal (Proposal No. 5).

If you are attending on the day of the meeting, it is not required to exercise your voting rights by mail (voting rights exercise form) or online.

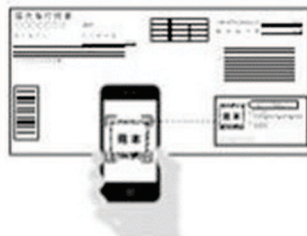
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Information on exercising voting rights via the Internet

Methodology to read QR code

You can login to the voting rights exercise site without entering the login ID and temporary password written on the voting rights exercise form.

1. Please scan the QR code written on the form of voting rights.



※QR code is a registered trademark of DENSO WAVE CORPORATION.

2. From then on, please follow the on-screen instructions to enter your approval or disapproval.

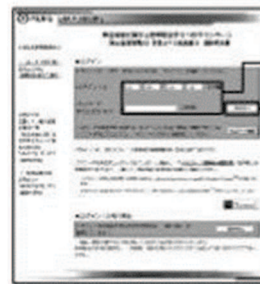


If you are not sure about how to operate a computer or smartphone when exercising voting rights via the Internet, please contact us using the information on the right.

Methodology to enter login ID and/or temporary password.

Website for exercise of voting rights <https://evote.tr.mufg.jp/>

1. Please access the website for exercising the voting rights.
2. Please enter the "login ID and password" written on the voting form and click.



Enter "login ID and temporary password"

Click "login"

3. From then on, please follow the on-screen instructions to enter your approval or disapproval.

※ The operation screen is an image.

Mitsubishi UFJ Trust and Banking Corporation
Stock Agency Department Help Desk
0120—173—027
(Toll free/Reception hours 9:00 a.m. to 9:00 p.m.)

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Business Report

(From April 1, 2023 to March 31, 2024)

1. Current status of the corporate group

(1) Business status for the current fiscal year

① Progress and results of the business

Although Japanese economy showed signs of gradual economic recovery during the current consolidated fiscal year ended March 31, 2024 due to the relaxation of movement restrictions by the novel coronavirus infection, the future has remained uncertain due to soaring energy and raw material prices caused by the prolonged situation in Ukraine, the rapid depreciation of Japanese Yen, and the acceleration of global financial tightening.

Even under these circumstances, the information systems industry, which is one of our group's core businesses, continues to move away from legacy systems and shift toward DX in the society and we could still see some companies making IT investments, such as the spread of cloud computing, expanding the use of big data and AI, and promoting IoT. We also sensed a positive attitude of some companies toward building systems that directly lead to corporate management and business improvement. On the other hand, there was a strong sense of a shortage of engineers, and the situation continued to be difficult in terms of securing human resources.

In the construction industry, which is another core business of our group, although public investment remains steady, the number of housing starts for owned homes and condominiums has decreased due to an increase in housing sales prices caused by soaring material prices and a decline in consumer confidence due to rising prices, which resulted in that the number of new housing starts decreased by 7.0% compared to the previous year. (Source: "Statistical Survey on Housing Starts" by Ministry of Land, Infrastructure, Transport and Tourism)

Under such environment, our group has promoted business in each segment with the aim of increasing corporate value.

As a result of the above, we recorded sales of JPY 29,270,215 thousand (95.9% compared to the previous fiscal year), gross profit of JPY 7,569,497 thousand (96.9% compared to the previous fiscal year), selling, general and administrative expenses of JPY 6,855,735 thousand (96.9% compared to the previous fiscal year), operating profit of JPY 713,762 thousand (96.5% compared to the previous fiscal year), ordinary profit of JPY 767,760 thousand (108.4% compared to the previous fiscal year), and net income attributable to owners of parent of JPY 183,138 thousand (112.7% compared to the previous fiscal year).

(Unit: JPY thousand)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Increase / decrease amount	Compared with the previous fiscal year (%)
Sales	30,528,153	29,270,215	△1,257,938	95.9
Gross profit	7,813,924	7,569,497	△244,427	96.9
Selling, general and administrative expenses	7,074,499	6,855,735	△218,763	96.9
Operating profit	739,425	713,762	△25,663	96.5
Ordinary profit	708,457	767,760	59,302	108.4
Net income attributable to owners of parent company	162,492	183,138	20,645	112.7

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The business result of each segment are as follows:

- Consulting business

In the consulting business, we worked to increase orders for consulting projects from central government agencies, independent administrative agencies, local governments, etc. taking advantage of the trust and knowledge we have accumulated from customers in the past, such as responding to the My Number system and the MyKey platform.

In consulting for the private sector, we analyze and utilize legacy systems owned by companies, we proposed a wide range of automatic conversion tools from the programming language "COBOL" to "JAVA", which is the standard for open systems that form the basis of DX.

In order to solve various social issues, we have endeavored to propose strategies and plans as a partner for government agencies and companies for fundamental solutions to various social issues and receive the orders from them at MIRAI Inc. which is a consulting firm and think tank where members with various specialized fields combine their knowledge and experience to regenerate and revitalize regions in Japan and overseas.

As a result, sales in the consulting business were JPY 1,929,173 thousand (110.8% compared to the previous fiscal year).

- System development business

In the system development business, we worked to develop software and develop and sell products in the IoT equipment field with the focus on nearshore development business.

Furthermore, due to the recent shortage of IT human resources, we were unable to hire engineers as originally planned, which affected our ability to win projects and resulted in sales being lower than planned.

As a result, sales in the system development business were JPY 3,158,888 thousand (91.9% compared to the previous fiscal year).

- Human resources business

In the human resources business, we worked to develop engineer dispatch business, secure human resources in the temporary staffing for manufacturing, distribution, and teachers and find companies to which we can dispatch them.

Regarding the engineer dispatch business, due to the recent shortage of IT human resources, we were not able to hire as many engineers as originally planned, which affected our ability to secure projects, and sales were lower than planned.

As a result, sales in the human resources business were JPY 5,914,765 thousand (91.3% compared to the previous fiscal year).

- Ground investigation improvement business

In the ground investigation and improvement business, in addition to the "column improvement method", which has been our mainstay, we worked to promote the "screw friction pile method", which constructs reinforcements with spiral knots of stable quality.

In addition, we are focusing on expanding our customer base beyond relying solely on the single-family housing market, we worked to promote sales of the "Column Z construction method" suitable for small commercial facilities and low-rise condominiums, etc. and the "EcoGeo method" which is positioned as a product to promote sales of the ground improvement method and uses only natural crushed stone also related to the SDGs.

Earth Prime Co., Ltd., which operates a soil investigation and testing business, worked hard

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to receive orders from major general contractors for soil testing for large-scale land preparation projects, etc. and for boring surveys from major construction developers.

Tomei Co., Ltd., which specializes in civil engineering foundation work related to railways, worked hard to receive orders of “TBH method of construction” and “BH method of construction” which enable large diameter drilling under construction conditions in narrow and low spaces with the focusing on receiving construction orders from major general contractors.

San-Ai Home Co., Ltd., which operates a real estate business, worked hard to buy and sell real estate taking advantage of the characteristics of a local company, mainly in Kawagoe City, Saitama Prefecture, and along the Tobu Tojo Line.

Although the first half of the year performed steadily, the second half of the year was affected by sluggish housing sales due to deterioration in the custom-built housing market, decrease in construction operation rate due to snowfall in the Tohoku region, and schedule delays of large projects and lost orders for large projects, resulting in sales that were lower than originally planned. In addition, in the real estate business, sales were significantly lower than originally planned due to the postponement of the start of construction work for real estate for sale by developers and the slump in the market for residential areas.

As a result, sales for the ground investigation and improvement business were JPY 16,081,173 thousand (93.6% compared to the previous fiscal year).

- Guarantee inspection business

We worked hard to receive orders of new home construction contract work derived from the home construction completion, quality inspection of rental housing buildings and associated repair work, in addition to promoting the guarantee department's comprehensive ground guarantee “THE LAND”.

As a result, sales in the guarantee inspection business were JPY 302,868 thousand (107.9% compared to the previous fiscal year).

- Construction tech business

The “GeoWeb System” which is our major selling product has also been adopted as the basic system of major house builders as it is able to strengthen the recording and management of various business data related to housing construction (fraud/tamper prevention function) and automate operations, and thus we worked hard to sell this product. We also worked to expand our business by linking with customers' infrastructure systems and to develop customization projects.

Furthermore, as a new business, we worked to newly develop Japanese market and promote sales of 3D cameras (4D products), which can be used in a wide range of fields such as construction, surveying, and entertainment, etc.

As a result, sales in the construction tech business were JPY 445,065 thousand (92.6% compared to the previous fiscal year).

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• Overseas business

In our overseas business, we worked hard to receive orders such as infrastructure development in Vietnam (bank protection, roads, bridges), ground investigation for solar power generation and wind power generation in renewable energy power generation projects, and temporary works related to sewerage construction.

As a result, overseas business sales amounted to JPY 931,648 thousand (168.8% compared to the previous fiscal year).

• Other business

Total sales of the financial business, M&A advisory business, data analysis business using drones, etc. were JPY 506,632 thousand (130.4% compared to the previous fiscal year).

(Unit: JPY thousand)

	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024		Increase/ decrease amount	Compared with the previous fiscal year (%)
	Sales	Composition ratio (%)	Sales	Composition ratio (%)		
Consulting business	1,741,893	5.7	1,929,173	6.6	187,280	110.8
System development business	3,436,796	11.3	3,158,888	10.8	△277,908	91.9
Human resources business	6,476,157	21.2	5,914,765	20.2	△561,392	91.3
Ground investigation improvement business	17,171,688	56.2	16,081,173	54.9	△1,090,515	93.6
Guarantee inspection business	280,581	0.9	302,868	1.0	22,287	107.9
Construction tech business	480,465	1.6	445,065	1.5	△35,399	92.6
Overseas business	551,882	1.8	931,648	3.2	379,765	168.8
Other business	388,508	1.3	506,632	1.7	118,124	130.4
Elimination or company- wide	180	0.0	—	—	△180	—
Total	30,528,153	100.0	29,270,215	100.0	△1,257,938	95.9

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② Status on capital investment

The Group's capital investment amount for the consolidated fiscal year ended March 31, 2024 was JPY 448,999,000, mainly consisting of acquisition cost of JPY 178,661,000 for machinery and equipment such as ground improvement equipment, construction management equipment, and ground investigation equipment as well as lease asset in the ground investigation and improvement business and the system investment of JPY 136,386,000 for software development in the system development business.

③ Status on financing

The main status of our group's financing during the consolidated fiscal year ended March 31, 2024 is that we procured JPY 10,332,682,000 in short-term and long-term loans from financial institutions as working capital and business investment funds.

④ Status of business transfer, absorption-type company split, or incorporation-type company split

Not applicable.

⑤ Status of transfer of business from another company

Not applicable

⑥ Status of succession of rights and obligations regarding the business of other corporations due to absorption-type merger or absorption-type split

Not applicable.

⑦ Status of acquisition or disposal of shares, other interests, stock acquisition rights, etc. of other companies

As of January 31, 2024, we acquired all the shares (30%) held by Kazuhiro Akiyama of our consolidated subsidiary San-Ai Home Co., Ltd.

As of February 20, 2024, we completed the liquidation of ZOX Corporation, our consolidated subsidiary.

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(2) Status on assets and profit/loss

Classification	3 rd Term (Fiscal Year ended March 2021)	4 th Term (Fiscal Year ended March 2022)	5 th Term (Fiscal Year ended March 2023)	6 th Term (Current consolidated fiscal year) (Fiscal Year ended March 2024)
Sales (JPY thousand)	22,634,593	26,346,996	30,528,153	29,270,215
Operating profit or operating loss(△) (JPY thousand)	△208,406	157,244	708,457	767,760
Net income or net loss (△) attributable to owners of parent company) (JPY thousand)	△843,457	△766,064	162,492	183,138
Net profit per share or net loss (△) per (JPY) share	△41.88	△35.59	6.93	7.59
Total asset (JPY thousand)	14,928,342	18,098,268	16,771,396	18,051,775
Net asset (JPY thousand)	2,519,927	2,199,258	2,977,471	3,120,698
Net asset per share (JPY)	108.48	81.90	108.75	118.42

(Note)

1. “Accounting Standards for Revenue Recognition” etc. (Corporate Accounting Standards No. 29, March 31, 2020), have been applied from the beginning of the fiscal year ending March 2022. The figures for the fiscal year ending March 2022 and beyond are after applying such relevant accounting standards, etc.
2. As an accounting error was discovered regarding the financial statements for previous years, the figures for the 3rd and 4th periods are shown after such error has been corrected.

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(3) Status of important parent company and subsidiaries

① Status of parent company

Not applicable.

② Status of important subsidiaries

Name of company	Capital (JPY thousand)	Ownership percentage of voting rights by our Company (%)	Content of main business
I T b o o k Co., Ltd.	1,048,673	100.0	Consulting business
SOMETHING Co.,Ltd.	50,000	100.0	Ground investigation and improvement business
MIRAI Inc.	90,000	100.0	Consulting business
ITbook Technology Co., Ltd.	100,000	100.0	System development business
Tokyo Application System Co., Ltd.	50,000	100.0	System development business
cosmo-engineering co.,Ltd..	30,000	100.0	System development business
NEXT Co., Ltd.	100,000	100.0	Human resources business
I-need Co., Ltd.	50,000	100.0	Human resources business
IST Inc.	75,000	100.0	Human resources business
GIR Co., Ltd.	100,000	100.0	Guarantee inspection business Ground investigation and improvement business
san-ai-home Inc.	80,000	100.0	Ground investigation and improvement business
Something Re.Co.,Ltd.	13,000	100.0	Guarantee inspection business
Geosign Co., Ltd.	96,650	53.6	Construction tech business
ITloan Co., Ltd.	70,000	100.0	Other business
shinei-insurance Co.,Ltd.	40,000	100.0 (49.0)	Other business
M&A Max Co., Ltd.	20,000	100.0	Other business

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Name of company	Capital (JPY thousand)	Ownership percentage of voting rights by our Company (%)	Content of main business
Creed Performance Co., Ltd.	12,000	83.3	Other business
Earth Prime Co., Ltd.	49,000	100.0 (100.0)	Ground investigation and improvement business
TOUMEI CO., LTD.	40,000	80.0 (80.0)	Ground investigation and improvement business
kiipl&nap Co., Ltd.	53,000	80.0 (80.0)	Other business
SOMETHING VIETNAM CO.,LTD.	30,630 VND million	100.0 (100.0)	Overseas business
JAPANEL HOME (CAMBODIA) CO.,LTD.	300,000 USD	100.0 (100.0)	Overseas business
SOMETHING HOLDINGS ASIA PTE.LTD.	350,000 SGD	100.0 (100.0)	Overseas business

(Note)

1. The number in parentheses in the "Company's voting rights ratio" column is the indirect ownership ratio.
2. On April 3, 2023, we acquired 51.4% of the shares in Geosign Co., Ltd., a consolidated subsidiary of our consolidated subsidiary SOMETHING Co.,Ltd., and made it a direct subsidiary.
3. On October 1, 2023, we conducted an absorption-type merger in which our consolidated subsidiary NEXT Co., Ltd. is the surviving company and our consolidated subsidiary Front Applications Co., Ltd. is the dissolving company.
4. On December 28, 2023, we acquired all shares of MIRAI Inc., I-need Co., Ltd., and IST Inc., which are consolidated subsidiaries of our consolidated subsidiary IT b o o k Co., Ltd., and made them direct subsidiaries.
5. On December 28, 2023, we acquired all shares of GIR Co., Ltd. and Something Re.Co.,Ltd. which are consolidated subsidiaries of our consolidated subsidiary SOMETHING Co., Ltd., and made them direct subsidiaries.
6. On December 28, 2023, we acquired 70% of the shares in san-ai-home Inc., a consolidated subsidiary of our consolidated subsidiary GIR Co., Ltd., and made it a direct subsidiary.
7. As of January 31, 2024, we acquired all shares (30%) held by Mr. Kazuhiro Akiyama of our consolidated subsidiary san-ai-home Inc., and made it a wholly owned subsidiary.
8. As of February 20, 2024, our consolidated subsidiary ZOX Corporation has completed liquidation.
9. On March 9, 2024, we conducted an absorption-type merger with consolidated subsidiary MIRAI Inc. as the surviving company and consolidated subsidiary B&W Co., Ltd. as the dissolved company.
10. As of March 13, 2024, CM Japan Co., Ltd. and TASC Co., Ltd., which are consolidated subsidiaries of our consolidated subsidiary I T b o o k Co., Ltd., have completed liquidation.
11. On March 18, 2024, we conducted an absorption-type merger with consolidated subsidiary Tokyo Application System Co., Ltd. as the surviving company and consolidated subsidiary Tohoku ITbook Co., Ltd. as the dissolved company.
12. As of March 29, 2024, we acquired all of the shares held by ORIX Corporation (2.2%) in our consolidated subsidiary Geosign Co., Ltd.

③ Status of specified wholly owned subsidiaries at the end of the current fiscal year
Not applicable.

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(4) Issues to be addressed

Our group's business direction is to become a "social problem-solving company," and we aim to expand our business from a multifaceted perspective, abandoning fixed concepts centered on our core businesses. After passing through the first period of transformation in the fiscal year ended March 2022, a "period of selection," we have positioned the fiscal year ended March 2023 as the second "period of concentration" for the transformation of all group companies and have prioritized increasing profits and improving corporate value at each group company based on the "medium-term management plan." In the fiscal year ended March 2024, the final period of our medium-term management plan, we will rebuild our group's earnings structure by consolidating group companies, strengthening our strategic portfolio with a focus on core businesses, and strengthening group governance

① Strengthening the governance system

The Company has received indications that there are some doubts regarding the accounting treatment of the Company's consolidated subsidiary, ITbook Technology Co., Ltd. (currently NEXT Co., Ltd.) for the fiscal year ended March 2021 and the fiscal year ended March 2022. Given this, a special investigation committee consisting of external experts was established and the investigation report from the committee was received on August 31, 2023.

This investigation report identifies the causes of inappropriate accounting treatment as vulnerabilities in business processes at our subsidiary, governance at the subsidiary, and disclosure system and accounting literacy issues among subsidiary officers and employees, as well as internal issues within the group including group internal controls, the development and operation of a whistle-blowing system, the sufficiency of investigations when suspicions of fraud are identified, and cooperation with audit firms.

In response to this, the Company has announced measures to prevent recurrence in the "Notice Regarding Recurrence Prevention Measures and Disposition of Related Persons" dated September 26, 2023, and the "Notice Regarding Submission of "Improvement Report" to the Tokyo Stock Exchange" dated October 26, 2023. In addition, we have announced the implementation status of measures to prevent recurrence in the "Notice Regarding Submission of "Improvement Status Report" to the Tokyo Stock Exchange" dated May 8, 2024.

We will continue to strengthen our governance system through the measures we have announced to prevent recurrence.

In order to prevent such a situation from occurring again, we will continue to work together as one company to continuously implement and improve the measures we have taken to prevent recurrence and maintain our governance and compliance systems. We will work hard to achieve sustainable growth and improve corporate value over the medium to long term and strive to further regain the trust of all our group's stakeholders.

② Creation of new businesses and research and development of new technologies

• Policy

As the social situation changes significantly with DX (digital transformation) in full swing, we believe that it is necessary to not only maintain existing businesses but also establish unique new businesses that ensure competitive advantage. We will work to establish new businesses with a broad perspective and flexibility, including businesses that have high synergies with our group's existing businesses and businesses that are necessary to expand business scale. We will also strive to hone our technological capabilities to respond to market needs in a timely and accurate manner, and to research and develop new technologies that are essential for establishing

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innovative new businesses.

- Core business

We position the consulting business, system development business, human resources business, and ground investigation and improvement business as the core businesses of our group as we aim to become a “social problem-solving company.” In addition to actively investing in these businesses, we will consider establishing new businesses that are expected to have synergies with our core businesses and research and development of new technologies.

- Ground investigation and improvement business

The Technology Headquarters of SOMETHING Co., Ltd. plays a central role in sharing technology and know-how both domestically and internationally and works on the research and development of new construction methods. We believe that we need to further strengthen our activities in order to differentiate ourselves in an environment where market needs are diversifying, technology is becoming more sophisticated, and competition is intensifying. We will continue to increase our workforce and promote research and development activities to further improve quality, sophistication, and add value to our services, which will help improve our group’s business performance.

- System development business

ITbook Technology Co., Ltd. (currently NEXT Co., Ltd.) will take the lead in realizing the improvement of convenience for users and the enhancement of ability to make proposals to customers by leveraging new technologies that are emerging one after another in AI and IoT. We will continue to promote research and development with a focus on architecture, civil engineering, agriculture, environment, disaster prevention IoT, and IoT devices, which are our areas of expertise.

- Human resources business

The need for human resources is increasing year by year due to the social labor shortage. The strength of our group’s human resources business is that we dispatch highly specialized human resources, such as dispatching engineers and teachers. We will continue to aim to expand our business by capturing social needs.

③ Regarding securing human resources

In the consulting and system development businesses, it is important to secure excellent human resources with IT consulting and project management know-how.

In addition, in order to maintain the quality of our ground investigation and improvement business above a certain level, as a general rule, our full-time employees perform on-site work. On the other hand, we are promoting mechanization and focusing on improving work productivity, but in order to expand our business, it is essential to secure a certain number of workers.

For this reason, the ITbook Holdings HR Communication Department is playing a central role in continuing to hire new graduates, strengthen mid-career recruitment of talented personnel, and share and optimize the group’s personnel system. Furthermore, through an in-house personnel evaluation system, a group-wide education system, and enhanced external training, we aim to create an organization that provides job satisfaction by developing and retaining excellent human resources and improving employee motivation and satisfaction.

④ Regarding coemption

As our group’s ground investigation and improvement business is expected to have a certain level of stable demand, there is a possibility that construction companies whose main business was receiving orders for public works may enter the field. It is also conceivable that existing

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ground improvement companies will adopt a low-price strategy in order to expand and maintain their market share.

As a countermeasure, we will promote the use of IT and other technologies, develop unique services not offered by other companies, and strive to differentiate ourselves from our competitors not only in terms of technology.

⑤ Regarding stabilization of overseas business profits

In our group's overseas business, we established a representative office in the Socialist Republic of Vietnam in 2011 from the perspective of ensuring long-term corporate growth. In 2013, we established a local subsidiary (SOMETHING VIETNAM CO., LTD.), and in 2016 we established a local subsidiary (JAPANEL HOME (CAMBODIA) CO., LTD.), and are proceeding with overseas business development.

In addition, since 2018, we have been conducting business activities in the Socialist Republic of Vietnam, focusing on ground investigation and improvement business, and have continued to make a profit. We will continue to strive to secure stable profits and further expand our business.

⑥ Stabilization of financial base and improvement of mobility

• Centralization of group money management

We have introduced CMS (Cash Management Service), and by centrally managing funds at our company, we are able to ensure stable funding for the entire group, reduce borrowing interest rates, streamline the flow of funds throughout the group, and improve financial performance and will work on stabilizing our foundation.

⑦ Future outlook

The full year forecast for the fiscal year ending March 2025, the final period of the medium-term management plan, has been changed from the original plan, with sales of JPY 31,300 million, operating profit of JPY 1,090 million, ordinary profit of JPY 970 million, net income attributable to parent company shareholders is expected to be JPY 280 million.

(Unit: JPY million)

	Fiscal Year ended March 2023 Actual	Fiscal Year ended March 2024 Actual	Fiscal Year ending March 2025 Plan
Sales	30,528	29,270	31,300
Operating profit	739	713	1,090
Ordinary profit	708	767	970
Net income attributable to parent company shareholders	162	183	280

In the fiscal year ended March 2024, we have established a group policy of “establishing group governance and restoring trust in the capital market,” and although this is the final year of the current medium-term plan, we have formulated a “revised business plan for the fiscal year ended March 2024.” We changed the budget formulation method to a bottom-up method, and based on the market environment and the performance of each company, our Corporate Planning Office established an achievable budget in consultation with the representatives of each group company. We also have a system in place to discuss and implement countermeasures at the Group Management Meeting, which is the venue for managing budgets and actual results. The plan was designed to help the entire group work to restore trust.

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(5) Contents of main business (as of March 31, 2024))

Classification of business	Content of business
Consulting business	We propose comprehensive organization and restructuring of business operations and information systems to government agencies and private companies, and support them in achieving their organizational strategic goals.
System development business	We develop new systems, nearshore development, hardware sales, web system development, market data system development, foreign exchange related system development, life insurance related system development, maintenance and operation, and embedded development.
Human resources business	We are engaged in the dispatch of engineers, the dispatch of human resources to fields such as manufacturing and distribution, the dispatch of teachers, etc., and human resource introduction business.
Ground investigation and improvement business	We provide ground investigation, surveying, ground improvement, and real estate services for detached houses, condominiums and buildings, etc. for builders such as house builders.
Guarantee inspection business	We provide ground guarantees, home completion guarantees, and home inspection-related services for home builders and other builders.
Construction tech business	We rent and sell GPS-equipped ground survey equipment “GeoWeb System” and provide electronic authentication services.
Overseas business	We conduct ground surveys, ground improvement, civil engineering work, housing construction contracts, and related businesses in Southeast Asia.
Other business	We are engaged in financial business, M&A advisory business, and data analysis business using drones.

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(6) Main sales offices and factories (as of March 31, 2024)

① Our company

Head Office	Koto-ku, Tokyo
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② Subsidiaries

I T b o o k Co., Ltd.	Head office	Koto-ku, Tokyo
SOMETHING Co.,Ltd.	Head office	Koto-ku, Tokyo
MIRAI Inc.	Head office	Chuo-ku, Hiroshima City, Hiroshima Prefecture
ITbook Technology Co., Ltd.	Head office	Minato-ku, Tokyo
Tokyo Application System Co.,Ltd	Head office	Chuo-ku, Niigata City, Toyokama Law
cosmo-engineering co.,ltd.	Head office	Chuo-ku, Niigata City, Nigata Prefecture
NEXT Co., Ltd.	Head office	Minato-ku, Tokyo
I-need Co., Ltd.	Head office	Kita-ku, Osaka City, Osaka
IST Inc.	Head office	Shibuya-ku, Tokyo
GIR Co., Ltd.	Head office	Koto-ku, Tokyo
Something Re.Co.,Ltd.	Head office	Malaysia
san-ai-home Inc.	Head office	Kawagoe City, Saitama Prefecture
Geosign Co., Ltd.	Head office	Chiyoda-ku, Tokyo
ITloan Co., Ltd.	Head office	Koto-ku, Tokyo
shinei-insurance Co.,Ltd.	Head office	Tochigi City, Tochigi Prefecture
M&A Max Co., Ltd.	Head office	Koto-ku, Tokyo
Creed Performance Co., Ltd.	Head office	Shinjuku-ku, Tokyo
Earth Prime Co., Ltd.	Head office	Higashi-Murayama City, Tokyo
TOUMEI CO., LTD.	Head office	Chofu City, Tokyo
kiipl&nap Co., Ltd.	Head office	Koto-ku, Tokyo
SOMETHING VIETNAM CO., LTD.	Head office	the Socialist Republic of Vietnam
JAPANEL HOME (CAMBODIA) CO., LTD.	Head office	the Socialist Republic of Vietnam
SOMETHING HOLDINGS ASIA PTE.LTD.	Head office	the Socialist Republic of Vietnam

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(7) Status of employee (as of March 31, 2024)

① Status of employees of the corporate group

Business category	Number of employee (people)		Increase/decrease compared with the end of the previous consolidated accounting period.
	Fiscal Year ended March 2023	Fiscal Year ended March 2024	
Consulting business	101 (20)	104 (15)	3 (△5)
System development business	236 (2)	246 (0)	10 (△2)
Human resources business	1,405 (3)	1,338 (2)	△67 (△1)
Ground investigation and improvement business	556 (35)	527 (13)	△29 (△22)
Guarantee inspection business	25 (7)	25 (3)	0 (△4)
Construction tech business	38 (2)	28 (1)	△10 (△1)
Overseas business	55 (0)	64 (0)	9 (0)
Other business	24 (0)	29 (0)	5 (0)
Company-wide (common)	21 (1)	23 (3)	0 (2)
Total	2,461 (70)	2,384 (37)	△77 (△33)

(Note)

1. The number of employees is the number of full-time employees, and for part-time and contract employees, the average number of employees for the year is stated in parentheses.
2. The number of employees listed as company-wide (common) is those who belong to administrative divisions that cannot be categorized into specific business segments.

② Status of employees of our Company

Number of employees (people)	Change from the end of the previous fiscal year (people)	Average age	Average years of service
23	2	52.3 years old	1 year and 4 months

(Note) The number of employees does not include employees seconded from the group.

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(8) Status of major lenders (as of March 31, 2024)

Lenders	Borrowing balance (Unit: JPY thousand)
MUFG Bank, Ltd. (Mitsubishi UFJ Bank,).	2,807,064
The Chiba Bank, Ltd.	1,318,317
Risona Bank, Limited	1,292,848
Central Bank for Commercial and Industrial Cooperative	1,169,872
Sumitomo Mitsui Banking Corporation	600,000
Japan Finance Corporation	409,381
THE TOKUSHIMA TAISHO BANK LTD.	405,519
THE ASHIKAGA BANK, LTD	290,000
The Musashino Bank, Ltd.	213,960
The 77 Bank, Ltd.	200,000
The Saitamaken Shinkin Bank	163,482
The Gunma Bank, Ltd.	131,373
The Towa Bank, Ltd.	122,553
Hanno Shinkin Bank	121,409

(Note)

1. This page describes the status of the main lenders of the Company and its consolidated subsidiaries.
2. Financial institutions with loan balances of JPY 100 million or more as of March 31, 2024 are listed.

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2. Current status of the Company

(1) Status of stocks (as of March 31, 2024)

- ① Total number of authorized shares 38,000,000 shares
- ② Total number of shares issued 24,446,958 shares

(Note)

Due to the issuance of new shares as restricted stock compensation, the total number of shares issued has increased by 294,257 shares.

- ③ Number of shareholders 17,980
- ④ Major shareholders

Name of shareholders	Number of shares held (shares)	Shareholding ratio (%)
FP Growth Support F Investment Business Limited Partnership	1,520,000	6.22
Toshimori Mae	1,416,270	5.79
The Tokyo Tanshi Co., Ltd.	500,000	2.05
UNS Co., Ltd.	400,000	1.64
DAIWA HOUSE INDUSTRY CO., LTD.	332,500	1.36
Matsui Securities Co., Ltd.	318,400	1.30
Yutaka Onda	305,900	1.25
Kazunori Udagawa	250,350	1.02
Hideyo Nakahara	250,000	1.02
ITbook Holdings Employee Stock Ownership Association	247,388	1.01

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(2) Status of company executives

① Status of directors and auditors (as of March 31, 2024)

Position in the company	Name	Status of responsibilities and important concurrent positions
Representative director and president	Toshimori Mae	Representative director and chairman of SOMETHING Co., Ltd. Director and chairman of TOUMEI CO., LTD. Director and chairman of kiip&nap Co., Ltd. Director of NEXT Co., Ltd. Director of ITbook Technology Co., Ltd. Director of IST Inc. Representative director and president of I-need Co., Ltd. Director of Tokyo Application System Co., Ltd. Representative director and president of I T b o o k Co., Ltd. Director and chairman of Creed Performance Co., Ltd.
Director and executive vice president	Kiyoshi Matsuba	Representative director and president of NEXT Co., Ltd. Representative director and president of ITbook Technology Co., Ltd. Director of M&A Max Co., Ltd. Director of I-need Co., Ltd.
Director	Takeshi Azuma	Representative director and executive vice president of SOMETHING Co., Ltd. Director of Geosign Co., Ltd. Director of GIR Co., Ltd. Director of kiip & nap Co., Ltd. Director of SOMETHINGVIETNAM CO., LTD. Director of JAPANEL HOME (CAMBODIA) CO., LTD. Director of I-need Co., Ltd. Director of I T b o o k Co., Ltd. Director of MIRAI Inc. Director of ITbook Technology Co., Ltd. Director of san-ai-home Inc. Director of Tokyo Application System Co., Ltd.
Director	Isao Tsukamoto	Representative director and chairman, executive officer of KAGA ELECTRONICS CO., LTD.
Director	Toshihiro Takahashi	Outside director of FUJIYA CO., LTD.

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Position in the company	Name	Status of responsibilities and important concurrent positions
Director	Chikako Morimoto	Director of NPO After School (specified non-profit corporation) Director of Social Investment Partners (General Incorporated Association) Representative director of morich inc. Representative director of morich-To inc. Director of Shizuoka Prefecture Rugby Football Association (General Incorporated Association) Outside director of Hero Producer Co., Ltd. Outside director of SHE inc. Outside director of COCOO Corp. Representative director of and morich inc. Director of AR Advanced Technology ,Inc.
Director	Takehiro Sakaguchi	Executive Partner of Innovation Engine Inc. Representative Director of International Human Resource Support Organization (General Incorporated Association) Principal of Friendly Partners KK.
Standing Statutory Auditor	Yasushi Nishiyama	Representative director of Asian Wealth Management Co., Ltd. Director of Pageone Neo Bank Co., Ltd. Auditor of I T b o o k Co., Ltd. Auditor of ITbook Technology Co., Ltd. Auditor of NEXT Co., Ltd. Outside director of Connecty Labs, Inc.
Auditor	Fusao Mitani	—
Auditor	Kenji Okada	Auditor of SOMETHING Co., Ltd.

(Note)

1. Directors Mr. Isao Tsukamoto, Mr. Toshihiro Takahashi, Ms. Chikako Morimoto, and Mr. Takehiro Sakaguchi are outside directors.
2. Mr. Fusao Mitani and Mr. Kenji Okada, Audit & Supervisory Board Members, are outside auditors.
3. Mr. Kenji Okada, Audit & Supervisory Board Member, is a qualified tax accountant and has considerable knowledge of finance and accounting.
4. The Company has designated Directors Mr. Isao Tsukamoto, Mr. Toshihiro Takahashi, Ms. Chikako Morimoto, Mr. Takehiro Sakaguchi, and Corporate Auditor Mr. Fusao Mitani as independent officers in accordance with the regulations of the Tokyo Stock Exchange and has notified them to the Exchange.

② Summary of the contents of the liability limitation agreement

Based on the Article 427, Paragraph 1 of the Companies Act, the Articles of Incorporation of the Company has stipulated that a contract may be concluded with directors (excluding those who are executive directors, etc.) and auditors to limit their liability for damaged under Article 423, Paragraph 1 of the Companies Act and as of March 31, 2024, we have entered into liability limitation agreements with each

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of our outside directors and audit & supervisory board members.

The limit on the liability for damages of outside directors and auditors under this agreement is the minimum liability limit stipulated in Article 425, Paragraph 1 of the Companies Act.

③ Summary of compensation agreement contents, etc.

Not applicable

④ Summary of the contents of directors and officers liability insurance contracts

The Company has entered into directors' liability insurance contracts, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with insurance companies for the officers (directors, auditors, executive officers, etc.) of the Company and its subsidiaries as insured persons.

The insurance premiums are paid in full by our company, therefore the insured person does not actually pay any insurance premiums. The insurance contract provides for compensation for legal damages and litigation costs when the insured is sued for damages arising from acts performed in his/her capacity. However, there are certain exemptions from the liability, such as the fact that damages caused by acts carried out with the knowledge that they are in violation of laws and regulations will not be compensated.

⑤ Remuneration for directors and auditors

I. Policies for determining the contents of executive remuneration, etc.

The Company's Board of Directors has resolved the policy for determining the details of compensation for individual directors.

The outline of the policy is as follows:

a. Basic remuneration policy

The person with authority to determine the policy regarding the amount of remuneration for our directors and the calculation method thereof is the Representative Director, delegated by the Board of Directors and has the authority to decide the amount of remuneration within the range of total remuneration resolved at the General Meeting of Shareholders, taking into consideration the duties of directors, business performance of each fiscal year, contribution level, etc.

The remuneration of Audit & Supervisory Board Members will be determined through discussion among the Audit & Supervisory Board Members, taking into consideration whether they are full-time or part-time and the division of duties, within the scope of the total remuneration resolved at the General Meeting of Shareholders.

The remuneration, etc. received by our directors during the current fiscal year ended March 31, 2024, shall consist solely of fixed remuneration.

b. Policy regarding performance-linked compensation, etc.

Not applicable

c. Policy on non-monetary compensation, etc.

We have established a stock option (stock acquisition rights) system for our directors with the aim of promoting sound management and improving social trust

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in the company by stimulating their motivation and morale to improve business performance.

d . Policy regarding the proportion of remuneration, etc.

Fixed remuneration is 100%.

e . Policy regarding timing and conditions of compensation, etc.

Fixed compensation will be in the form of money and will be paid regularly every month during the term of office.

f . Matters related to delegation of decisions on remuneration, etc.

During the current fiscal year ended March 2024, the amount of monetary remuneration for directors is determined by Representative and President Toshimori Mae, who was delegated this authority at the Board of Directors meeting held on June 26, 2023.

The reason for delegating this responsibility to the Representative Director is that the Representative Director is the most suitable person to assess the areas of responsibility and duties of each director while overseeing the performance of the entire Group.

g . Reasons why the board of directors has determined that the content of individual remuneration, etc. for directors for the current fiscal year ended March 2024 is in accordance with the decision policy.

Regarding individual remuneration for directors, the amount proposed by and Representative Director and President according to their position and responsibilities is determined by a resolution of the board of directors, within the maximum remuneration amount approved at the general meeting of shareholders and is determined by a resolution of the board of directors. We have consulted a voluntary remuneration committee chaired by an outside director, and we believe that the content is in line with the decision-making policy.

II. Total amount of remuneration for the current fiscal year ended March 2024

Classification	Number of personnel paid (people)	Amount of payment (JPY thousand)
Directors (of which, outside directors)	9 (5)	JPY 43,260 (JPY 13,500)
Auditors (of which, outside auditors)	3 (2)	JPY 6,192 (JPY 2,592)
Total (of which, outside executive officers)	12 (7)	JPY 49,452 (JPY 16,092)

(Note)

1. The table above includes one director and one outside director who retired due to the expiration of their term of office at the conclusion of the 5th Ordinary General Meeting of Shareholders held on June 26, 2023.
2. At the first Ordinary General Meeting of Shareholders held on June 26, 2019, it was resolved that the maximum amount of remuneration for directors would be JPY 50,000,000 per year (however, the employee salary of directors who also serve as employees is not included). In addition, at the 1st Ordinary General Meeting of

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- Shareholders held on June 26, 2019, it was resolved that the annual stock option compensation limit would be JPY 50,000,000 or less. As of the conclusion of the General Meeting of Shareholders, the number of directors is three (including one outside director).
3. At the first General Meeting of Shareholders held on June 26, 2019, it was resolved that the maximum amount of remuneration for corporate auditors would be no more than JPY 8,000,000 per year. The number of corporate auditors as of the conclusion of the General Meeting of Shareholders is three.
 4. In addition to the amount of remuneration mentioned above, the amount of remuneration received by the Company's outside officers from the Company's subsidiary during the current fiscal year ended March 2024 was JPY 2,904,000.
 5. The entire amount of remuneration for officers for the current fiscal year ended March 2024 is basic remuneration (monetary remuneration).

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⑥ Matters regarding outside officers

I. Status of important concurrent positions at other corporations, etc. and the relationship between the Company and such other corporations, etc.

Position	Name	Concurrent position	Relationship with our company
Director	Isao Tsukamoto	Representative director and chairman, executive officer of KAGA ELECTRONICS CO., LTD.	No special conflict of interest
Director	Toshihiro Takahashi	Outside director of FUJIYA CO., LTD.	No special conflict of interest
Director	Chikako Morimoto	Director of NPO After School (specified non-profit corporation) Director of Social Investment Partners (General Incorporated Association) Representative director of morich inc. Representative director of morich-To inc. Director of Shizuoka Prefecture Rugby Football Association (General Incorporated Association) Outside director of Hero Producer Co., Ltd. Outside director of SHE inc. Outside director of COCOO Corp. Representative director of and morich inc. Director of AR Advanced Technology ,Inc.	No special conflict of interest
Director	Takehiro Sakaguchi	Executive Partner of Innovation Engine Inc. Representative Director of International Human Resource Support Organization (General Incorporated Association) Principal of Friendly Partners KK.	No special conflict of interest
Auditor	Fusao Mitani	—	—
Auditor	Kenji Okada	Auditor of SOMETHING Co., Ltd.	Our subsidiary

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II. Main activities during the current fiscal year ended March 2024

a. Outside directors

Name	Status of attending the board meeting, of making statement Summary of duties performed regarding expected roles of outside directors
Isao Tsukamoto	He attended 11 of the 12 Board of Directors meetings held during the fiscal year under review, and based on his perspective as a person with extensive corporate management experience, he provided advice to the Board of Directors of the Company from an independent and objective standpoint in deliberating proposals, etc. He plays the role necessary to ensure the validity and appropriateness of decision-making that is expected of him, such as providing supervision and advice.
Toshihiro Takahashi	He attended 11 of the 12 Board of Directors meetings held during the fiscal year under review, and based on his perspective as a person with extensive corporate management experience, he provided advice to the Board of Directors of the Company from an independent and objective standpoint in deliberating proposals, etc. He plays the role necessary to ensure the validity and appropriateness of decision-making that is expected of him, such as providing supervision and advice.
Chikako Morimoto	She attended all 10 meetings of the Board of Directors held since taking office on June 26, 2023, and deliberated on proposals at the Company's Board of Directors from an independent and objective standpoint based on her perspective as a person with extensive corporate management experience. She has played the role necessary to ensure the validity and appropriateness of decision-making that is expected of her, such as providing supervision and advice.
Takehiro Sakaguchi	He attended all 10 meetings of the Board of Directors held since taking office on June 26, 2023, and deliberated on proposals at the Company's Board of Directors from an independent and objective standpoint based on his perspective as a person with extensive corporate management experience. He has played the role necessary to ensure the validity and appropriateness of decision-making that is expected of him, such as providing supervision and advice.

b. Outside auditor

Name	Main activities
Fusao Mitani	He attended all 12 meetings of the Board of Directors and 14 meetings of the Board of Corporate Auditors held during the fiscal year under review, and based on his extensive experience, knowledge, and wide-ranging insight in corporate management, finance, etc., he has made comments necessary to ensure the validity and appropriateness of decision-making in deliberations of proposals, etc.
Kenji Okada	He attended all 12 meetings of the Board of Directors and 14 meetings of the Board of Corporate Auditors held during the fiscal year under review, and based on his extensive experience and knowledge in finance and accounting, as well as his wide-ranging insight, he makes comments necessary to ensure the validity and appropriateness of decision-making in deliberations of proposals, etc.

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(3) Status of accounting auditor

① Name Zelos Limited Liability Audit Corporation

(Note) Nakachi Audit Corporation, which was the accounting auditor of the Company, terminated its contract at the conclusion of the 5th Ordinary General Meeting of Shareholders held on June 26, 2023.

② Amount of remuneration, etc.

	Zelos Limited Liability Audit Corporation (JPY thousand)
Amount of remuneration, etc. for the accounting auditor for the current business year ended March 2024	40,400
Total amount of money and other property benefits that the Company and its subsidiaries should pay to the accounting auditor	43,400

(Note)

1. In the audit contract between our company and our accounting auditor, the amount of audit fees, etc. for audits based on the Companies Act and audits based on the Financial Instruments and Exchange Act is not clearly differentiated, and it is virtually impossible to distinguish between them. Therefore, the total amount of these amounts is stated in the amount of remuneration, etc. for the accounting auditor for the fiscal year ended March 2024.
2. Our Board of Corporate Auditors, based on the “Practical Guidelines for Cooperation with Accounting Auditors” published by the Japan Audit & Supervisory Board Members Association, we have given consent to the remuneration of the accounting auditor pursuant to Article 399, Paragraph 1 of the Companies Act, as a result of considering the appropriateness of the scheduled audit time and remuneration amount for the current fiscal year.
3. Among the Company's important subsidiaries, the overseas subsidiary SOMETHING VIETNAM CO., LTD. is audited by a certified public accountant or auditing firm other than our own auditing firm (including those with qualifications equivalent to these qualifications overseas).
4. In addition to the above, during the current fiscal year ended March 2024, we paid additional compensation of JPY 36,000,000 to Nakachi Audit Corporation for the audit conducted in the previous fiscal year ended March 2023.

③ Contents of non-audit work

Not applicable

④ Policy for determining dismissal or non-reappointment of accounting auditors

If the Board of Corporate Auditors determines that it is necessary, such as when there is a problem with the execution of duties by the Accounting Auditor, the purpose of the general meeting of shareholders will be to dismiss or not reappoint the Accounting Auditor.

If the Board of Corporate Auditors determines that the Accounting Auditor falls under any of the items stipulated in Article 340, Paragraph 1 of the Companies Act, the Board of Corporate Auditors will dismiss the Accounting Auditor based on the consent of all Corporate Auditors. In this case, the auditor selected by the Board of Corporate Auditors will report the dismissal of the accounting auditor and the reason for the dismissal at the first general meeting of shareholders convened after the dismissal.

⑤ Summary of the contents of the liability limitation agreement

Based on the provisions of Article 427, Paragraph 1 of the Companies Act, the Company and the accounting auditor, Zeros LLC, have entered into an agreement that limits liability for damages as provided in Article 423, Paragraph 1 of the same Act.

The maximum amount of compensation for damages based on this agreement shall be the amount stipulated in Article 425, Paragraph 1 of the Companies Act.

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3. System for ensuring appropriate business operations and operational status of the system
 - (1) Summary of decisions regarding the system to ensure appropriateness of operations
 - ① System to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation
 - A) The regulations related to the compliance system will serve as a code of conduct for executives and employees to act in compliance with laws, the Articles of Incorporation, and social norms.
 - B) If any doubt arises regarding important legal issues or compliance-related matters in the execution of business, we will consult with external experts such as lawyers and auditing firms as appropriate and seek advice.
 - C) A hotline and legal advisor will be established and operated as a means for employees to directly provide information regarding legally questionable acts, etc. based on the “Whistleblowing Regulations.”
 - D) We will respond resolutely and systematically to anti-social forces that threaten social order and the sound activities of our company. Additionally, in the event of an incident of unreasonable demands by anti-social forces, we will respond in cooperation with the police, lawyers, and external specialized organizations such as the “Special Violence Prevention Measures Council” and “Tokyo Citizen Center for the Promotion of the Movement to Eliminate Organized Crime Groups.”
 - ② System for storing and managing information related to the execution of duties by directors
 - A) The minutes of Board of Directors meeting, approval documents, and other documents related to the execution of duties by directors (hereinafter referred to as “documents, etc.”) shall be recorded and stored in the form of electromagnetic medium.
 - B) Directors and corporate auditors shall be able to view these documents at all times.
 - ③ Regulations and other systems for managing the risk of loss
Regarding risks related to the environment, disasters, compliance, quality, information security, etc., each department in charge shall establish rules and guidelines, conduct training, and create and distribute manuals and the management headquarters will be responsible for monitoring the status of cross-organizational risks and responding company-wide. In the event that a risk materializes, the Board of Directors will appoint a director to be responsible for responding to the situation, establish a task force, and establish a system to swiftly respond and prevent damage from expanding.
 - ④ System to ensure that directors' duties are executed efficiently
 - A) In addition to regular meetings of the Board of Directors held once a month, extraordinary meetings of the Board of Directors shall be held to ensure prompt decision-making and the Company will also ensure a system that allows directors to appropriately execute their duties, such as establishing a system for providing information to directors.

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- B) The Board of Directors sets company-wide goals that are shared by directors, employees, etc., the director in charge shall determine the specific goals of each department and efficient methods of achieving them, including the distribution of authority based on the company's authority distribution and decision-making rules in order to achieve these goals, and we will also maintain a system that utilizes IT to improve the efficiency of company-wide operations, with the Board of Directors regularly reviewing progress and encouraging improvements.
- ⑤ System to ensure the appropriateness of operations within the corporate group consisting of our company and group companies
- A) The Head Office Administration Division will be given authority and responsibility to establish the board of directors, legal compliance system, and risk management system for the business of each segment of group companies and will promote and manage these in a cross-sectional manner.
 - B) We will establish and operate "Affiliate Company Management Regulations" to ensure that approval procedures for important management matters and regular reporting of business execution status, financial information, etc. are carried out appropriately for group companies.
 - C) We have established a system to receive timely reports on important management matters, business management systems, and business execution status of each group company, provide appropriate advice and guidance, and ensure the appropriateness of operations within the corporate group consisting of our company and group companies. prepare.
 - D) Each group company strives to comply with laws and regulations and manage risks.
 - E) Corporate auditors and the Internal Audit Office will conduct audits necessary to ensure the appropriateness of group company operations.
- ⑥ Matters related to employees when a corporate auditor requests the appointment of an employee to assist in his or her duties.
Audit & Supervisory Board Members may request employees, etc. to assist with audit operations. In addition, a system will be established in which corporate auditors can instruct employees who assist corporate auditors to perform their duties independently of directors, if necessary for the performance of their duties.
- ⑦ Matters regarding the independence of the employees mentioned in the preceding paragraph from directors
In order to ensure the independence of the employees from directors and executive officers, being referred to in the preceding paragraph, decisions regarding personnel matters such as transfers of such employees shall obtain the prior consent of the Board of Corporate Auditors.

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- ⑧ System for directors and employees of the Company and group companies to report to the Board of Corporate Auditors and other systems for reporting to the Board of Corporate Auditors
 - A) Directors or employees of the Company and group companies shall report to the corporate auditors facts that may have a significant impact on the Company and group companies, and other important matters regarding business operations in addition to matters required by law in a timely and appropriate manner.
 - B) Auditor shall establish a system for auditors to receive reports on important matters, such as attending board of directors meetings and other important meetings.

- ⑨ System to ensure that those who have made the report referred to in the previous item are not treated unfavorably because of having made such report.

Based on the “Whistleblowing Regulations”, we will establish a system to ensure that directors or employees of the Company and group companies who report to the Audit & Supervisory Board Members are not treated unfavorably because of their reporting.

- ⑩ Matters related to policies regarding processing of expenses or debts arising from the execution of duties by corporate auditors

The Company shall bear the costs of procedures for advance payment or reimbursement of expenses arising from the execution of duties by the Company's Audit & Supervisory Board Members, as well as any other expenses or obligations arising from the execution of such duties.

- ⑪ Other systems to ensure that audits by corporate auditors are conducted effectively
 - A) In order to ensure the effectiveness of audits and promote appropriate communication, the corporate auditors will coordinate with the Internal Audit Office and hold regular meetings to exchange opinions with the representative director, directors, or employees.
 - B) In order to ensure the effectiveness of business audits, corporate auditors may request on-site inspections and interviews with directors, employees, etc. at any time.
 - C) Audit & Supervisory Board Members may independently utilize specialized lawyers, certified public accountants, consultants, and other external experts when deemed necessary for auditing practice.

- ⑫ System to ensure reliability of financial reporting

In order to ensure reliability of financial reporting and effectively and appropriately submit internal control reports as stipulated by the Financial Instruments and Exchange Act, we will construct an internal control system under the direction of the representative director, continuously evaluate whether the system is functioning properly, make necessary corrections, and ensure compliance with the Financial Instruments and Exchange Act and related laws and regulations.

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(2) Overview of the operational status of the system to ensure the appropriateness of business operations

An overview of the operational status of the system to ensure the appropriateness of business operations is as follows.

① Board of directors

The Company holds regular meetings of the Board of Directors once a month and extraordinary meetings of the Board of Directors as necessary, to decide important matters regarding management, such as matters stipulated by laws and regulations, and the formulation of management policies and budgets, consider analysis, countermeasures, and evaluation of monthly business performance, as well as deliberating from the perspective of compatibility with laws and articles of incorporation, and appropriateness of operations.

② Board of Auditors

The Company's Board of Corporate Auditors held the meetings 14 times to discuss and decided on audit policies and plans, attended meetings of the Board of Directors and important internal meetings, audited the status of business and assets, audited the execution of duties by directors, and complied with laws and regulations, and audited compliance with laws, articles of incorporation, etc.

③ Internal control

In view of the importance of the impact on the reliability of financial reporting, the Company conducted an internal control evaluation based on the implementation plan that it had formulated. In addition, we have ensured the appropriateness of financial results disclosure materials by disclosing them after they have been discussed at a board of directors meeting.

④ Internal audit

We strive to ensure the appropriateness of the operations of each group company by dispatching directors and auditors to our group companies, and by conducting internal audits of each group company by the Internal Audit Office.

⑤ Group management meeting

The Company held regular meetings with executives of group companies to receive reports on management plans, business execution status, financial information, etc., and aimed to create synergies as a group.

⑥ Investment and loan committee

From the perspective of risk management related to investments and loans, the Investment and Loan Committee will be held as necessary to conduct preliminary examinations of important investment and loan projects for the Company and its group companies, prior to meetings of the Board of Directors and the Group Management Committee.

⑦ Group risk compliance committee

The Company regularly holds group risk compliance committee meetings to identify important risks within the Group and take appropriate actions depending on their importance. Additionally, we conduct compliance training for all employees of our group to raise awareness and educate them about compliance.

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Consolidated Balance Sheet

(as of March 31, 2024)

(Unit: JPY thousand)

Account items	Amount of money	Account items	Amount of money
(Assets section)		(Liabilities section)	
Current assets	13,308,488	Current liabilities	11,848,427
Cash and deposits	4,994,190	Notes payable and accounts payable	1,717,276
Notes receivable, accounts receivable and contract assets	5,847,730	Short-term loans	6,922,409
Goods and products	183,782	Corporate bonds scheduled to redeemed within one year	10,000
Real estate for sale	906,727	Long-term loans to be redeemed within one year	365,460
Unfinished construction expenditure	151,433	Accounts payable	961,586
Raw materials and supplies	140,546	Accrued corporate taxes, etc.	210,015
Work in process	19,996	Lease obligation	142,787
Others	1,084,659	Allowance for bonuses	292,494
Allowance for doubtful accounts	△ 20,579	Others	1,226,397
Fixed assets	4,743,111	Fixed liabilities	3,082,649
Tangible fixed assets	2,425,562	Long-term loans	2,305,286
Buildings and structures	685,459	Lease obligation	324,687
Machinery and transportation vehicles	313,186	Allowance for guarantee losses	40,311
Tools, instrument and equipment	269,408	Liabilities related to retirement benefits	52,851
Leased assets	372,034	Others	359,512
Land	701,045	Total liabilities	14,931,077
Construction in progress	9,680	(Net assets section)	
Others	74,747	Total shareholders' equity	3,019,849
Intangible fixed assets	1,068,713	Capital	1,909,570
Goodwill	617,132	Capital surplus	2,991,881
Others	451,580	Retained earnings	△ 1,881,601
Investments and other assets	1,248,836	Total accumulated other comprehensive income	△ 124,720
Investment securities	123,377	Valuation difference on other securities	2,410
Deferred tax asset	279,924	Foreign currency translation adjustment account	△ 127,130
Others	886,543	Stock acquisition right	6,840
Allowance for doubtful accounts	△ 41,009	Non-controlling interests	218,728
Deferred assets	175	Total net assets	3,120,698
Total assets	18,051,775	Total liabilities and net assets	18,051,775

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Consolidated Profit and Loss Statement

(From April 1, 2023
to March 31, 2024)

(Unit: JPY thousand)

Account items	Amount of money	
Sales		29,270,215
Cost of sales		21,700,717
Gross profit		7,569,497
Selling, general and administrative expenses		6,855,735
Operating profit		713,762
Non-operating income		
Interest income	3,107	
Dividend income	796	
Investment gain on equity method	314	
Foreign exchange gain	83,894	
Others	110,198	198,312
Non-operating expenses		
Interest expense	83,203	
Others	61,110	144,314
Ordinary profit		767,760
Special profit		
Gain on sale of fixed assets	7,847	
Gain on business transfer	171,788	
Others	14,257	193,892
Special loss		
Loss on retirement of fixed assets	39,416	
Impairment loss	10,300	
Expenses for special investigation, etc.	159,079	
Administrative Monetary Penalty	109,290	
Others	71,799	389,884
Net income before income taxes		571,767
Corporate tax, resident tax and business tax	325,521	
Corporate tax for the previous fiscal year, etc.	37,723	
Corporate tax adjustment amount	30,820	394,065
Net income		177,702
Net profit attributable to non-controlling shareholders or net loss attributable to non-controlling shareholders (Δ)		5,436
Net income attributable to owners of parent company		183,138

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Balance Sheet

(as of March 31, 2024)

(Unit: JPY thousand)

Account items	Amount of money	Account items	Amount of money
(Assets section)		(Liabilities section)	
Current assets	4,659,962	Current liabilities	7,322,418
Cash and deposits	1,461,802	Short-term loan	7,021,926
Prepaid expenses	75,514	Account payable	144,514
Short-term loans receivable	3,200,682	Long-term loans scheduled to be repaid within one year	21,775
Allowance for doubtful accounts	39,555	Accrued corporate taxes, etc.	31,235
Others	△ 117,591	Others	102,966
Fixed assets	4,533,672	Fixed liabilities	341,475
Tangible fixed assets	234,387	Long-term debt	127,400
Buildings and structures	221,019	Lease obligation	28,115
Tools, instrument and equipment	13,367	Asset retirement obligation/lease obligation	88,422
Intangible fixed assets	15,536	Unpaid installments	97,537
Software	15,536	Total liabilities	7,663,893
Investments and other assets	4,283,748	(Net assets section)	
Investment securities	6,345	Shareholders' equity	1,522,901
Affiliated company stocks	3,991,728	Capital	1,909,570
Long-term prepaid expenses	61,436	Capital surplus	2,245,062
Security deposit/guarantee	184,218	Capital reserve	2,245,062
Deferred tax asset	39,013	Retained earnings	△ 2,631,730
Others	1,006	Other retained earnings	△ 2,631,730
		Retained earnings carried forward	△ 2,631,730
		Stock acquisition right	6,840
		Total net assets	1,529,741
Total assets	9,193,635	Total liabilities and net assets	9,193,635

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Profit and Loss Statement

(From April 1, 2023
to March 32, 2024)

(Unit: JPY thousand)

Account items	Amount of money	
Operating income		864,000
Operating expenses		704,325
Operating Profit		159,674
Non-operating income		
Interest income	38,522	
Others	8,792	47,314
Non-operating expenses		
Interest expenses	43,039	
Others	2,581	45,620
Ordinary profit		161,368
Special profit		
Gain on reversal of allowance for doubtful accounts	151,883	
Others	40,274	192,158
Extraordinary loss		
Special investigation costs, etc.	153,850	
Administrative Monetary Penalty	109,290	
Others	18,243	281,384
Net income before tax		72,142
Corporate tax, resident tax and business tax	15,554	
Corporate tax adjustment amount	△39,013	△23,458
Net income		95,601

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Accounting audit report regarding consolidated financial statements

Audit report by independent auditor

May 24, 2024

To: ITbook Holdings Co., LTD.

Attn.: Board of Directors

Zelos Limited Liability Audit Corporation

Chiyoda-ku, Tokyo

Designated limited liability partner	Certified Public	Yoshiyuki Koiwa
Executive Employee	Accountant	
Designated limited liability partner	Certified Public	Shinichiro Matsumoto
Executive Employee	Accountant	
Designated limited liability partner	Certified Public	Yasuichiro Kubo
Executive Employee	Accountant	

Audit Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements of ITbook Holdings Co., LTD. for the consolidated fiscal year from April 1, 2023, to March 31, 2024, namely, the consolidated balance sheet, consolidated profit and loss statement, consolidated statement of changes in equity, and consolidated notes.

Our auditing firm believes that the above consolidated financial statements present fairly, in all material respects, the assets and profit and loss position of the corporate group consisting of ITbook Holdings Co., LTD. and its consolidated subsidiaries for the periods covered by these consolidated financial statements in accordance with generally accepted accounting standards in Japan.

Basis for the Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under the auditing standards are described in "Accounting Auditor's Responsibilities in the Audit of Consolidated Financial Statements." In accordance with the provisions of professional ethics in Japan, we are independent from the Company and its consolidated subsidiaries and have fulfilled our other ethical responsibilities as an accounting auditor. We believe that we have obtained sufficient appropriate audit evidence on which to express our opinion.

Other contents

Other contents are the business report and its supplementary schedules. The responsibility of management is to prepare and disclose other contents. In addition, the responsibility of the auditors and the board of auditors is to monitor the execution of the directors' duties in developing and operating the reporting process for other contents.

Our audit opinion on the consolidated financial statements does not include any other matters described therein, and we do not express any opinion on those other matters.

Our responsibility in auditing the consolidated financial statements is to read the other contents and, in the process of reading them, to consider whether there are any material differences between the other contents and the consolidated financial statements or the knowledge we have gained in the course of our audit, and to pay attention to whether there are any indications of material misstatement in the other contents other than such material differences.

If we determine that there are significant errors in the other descriptions based on the work we have performed, we are required to report that fact.

Regarding other matters described above, there are no other matters for us to report.

Responsibility of management, auditors, and the board of auditors for consolidated financial statements

Management's responsibility is to prepare and fairly present consolidated financial statements in accordance with generally accepted accounting standards in Japan. This includes the establishment and operation of internal controls that management considers necessary to prepare and fairly present consolidated financial statements that are free from material misstatements due to fraud or error.

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In preparing consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare consolidated financial statements based on the going concern assumption, and for disclosing matters related to the going concern, if such matters need to be disclosed in accordance with corporate accounting standards generally accepted in Japan.

The responsibility of the corporate auditors and the board of corporate auditors is to monitor the execution of duties by directors in the development and operation of the financial reporting process.

Accounting Auditor's responsibilities in auditing consolidated financial statements

The accounting auditor's responsibility is based on the audit conducted by the accounting auditor to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free of material misstatement due to fraud or error and to express opinions regarding the consolidated financial statements from an independent standpoint in the audit report. Misstatements may arise from fraud or error and are determined to be material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of the consolidated financial statements.

Accounting Auditors shall exercise professional judgment throughout the audit process in accordance with auditing standards generally accepted in Japan and perform the following maintaining professional skepticism.

- To identify and assess risks of material misstatement due to fraud or error. In addition, to plan and implement audit procedures that address the risks of material misstatement. The selection and application of audit procedures is at the discretion of the accounting auditor. In addition, obtain sufficient appropriate audit evidence on which to base the opinion.
- Although the purpose of an audit of consolidated financial statements is not to express an opinion on the effectiveness of internal control, accounting auditors consider internal controls relevant to the audit in order to design audit procedures appropriate to the circumstances in case of performing risk assessments.
- To evaluate the appropriateness of accounting policies adopted by management and their application methods, as well as the reasonableness of accounting estimates made by management and the appropriateness of related notes.
- To conclude whether it is appropriate for management to prepare consolidated financial statements on the assumption that it will continue as a going concern and/or whether there is material uncertainty regarding events or circumstances that cast material doubt on the going concern assumption based on the audit evidence obtained. It is required to call attention to the notes to the consolidated financial statements in the auditor's report in case that there is a material uncertainty regarding the going concern assumption or to express an opinion with exceptions on the consolidated financial statements in case that the notes to the consolidated financial statements regarding the material uncertainty are inappropriate. Although the accounting auditor's conclusions are based on audit evidence obtained up to the date of the auditor's report, future events or circumstances may cause the entity to no longer continue as a going concern.
- To evaluate whether presentation, composition and content of consolidated financial statements, including related notes and the consolidated financial statements fairly represent the underlying transactions and accounting events in addition to whether the presentation and notes of the consolidated financial statements comply with corporate accounting standards generally accepted in Japan.
- To obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The accounting auditor is responsible for instructing, supervising and conducting the audit of the consolidated financial statements. The accounting auditor is solely responsible for the audit opinion.

The accounting auditor shall inform the corporate auditors and the board of corporate auditors of the scope of the planned audit, the timing of its implementation, important findings from the audit, including any material deficiencies in internal controls identified during the audit process and other matters required by auditing standards.

The accounting auditor shall notify the auditors and the board of auditors that they have complied with Japan's professional ethics regulations regarding independence, as well as any matters that could reasonably be considered to affect the independence of the accounting auditor, and the details if measures are being taken to remove impeding factors or where safeguards are applied to reduce the impediment to an acceptable level.

Conflict of interest

According to the provisions of the Certified Public Accountants Act, there are no conflicts of interest between the company and its consolidated subsidiaries and our auditing firm or its executive members.

As stated above

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Accounting audit report regarding financial statements

Audit report by independent auditor

May 24, 2024

To: ITbook Holdings Co., Ltd.

Attn.: Board of Directors

Zelos Limited Liability Audit Corporation

Chiyoda-ku, Tokyo

Designated limited liability partner Executive Employee	Certified Public Accountant	Yoshiyuki Koiwa
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Designated limited liability partner Executive Employee	Certified Public Accountant	Shinichiro Matsumoto
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Designated limited liability partner Executive Employee	Certified Public Accountant	Yasuichiro Kubo
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Audit Opinion

Based on the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act, our auditing firm has obtained the financial statements of ITbook Holdings Co., LTD. for the 6th fiscal year from April 1, 2023 to March 31, 2024; In other words, we audited the balance sheet, income statement, statement of changes in shareholders' equity, individual notes, and supplementary schedules thereof (hereinafter referred to as "Financial Statements, etc.>").

Our auditing firm believes that the above financial statements, etc. properly displayed the status of assets and profits and losses for the period related to the financial statements, etc. in all important respects.

Basis of audit opinion

Our auditing firm conducted the audit in accordance with auditing standards generally accepted as fair and reasonable in Japan. Our auditing corporation's responsibilities under the auditing standards are described in "Auditor's Responsibilities in Audits of Financial Statements, etc." In accordance with Japan's professional ethics regulations, our auditing firm is independent from the company and fulfills other ethical responsibilities as an accounting auditor. We believe that we have obtained sufficient appropriate audit evidence to form the basis of our opinion.

Other contents

The other contents are the business report and its attached specifications. Management is responsible for preparing and disclosing other information. In addition, the responsibility of the corporate auditors and the board of corporate auditors is to monitor the execution of duties by directors in the development and operation of other reporting processes.

Our audit firm's audit opinion on financial statements, etc. does not include any other content, and our audit firm does not express an opinion on any other content.

Our auditing firm's responsibility in auditing financial statements, etc. is to read through the contents of other statements, and identify any differences between the other contents and the financial statements, etc. or the knowledge we have acquired in the course of the audit while in the process of reading through, and pay attention to whether there are signs of material errors in other written content in addition to such material discrepancies.

In case that our audit firm determines, based on the work we have performed, that there is a material error in other statements, we are required to report that fact.

There are no other matters to be reported by our auditing firm.

Responsibilities of management, corporate auditors, and board of corporate auditors regarding financial statements, etc.

The responsibility of management is to prepare and properly present financial statements in accordance with corporate accounting standards generally accepted in Japan. This includes developing and operating internal controls that management deems necessary to prepare and properly present financial statements, etc.

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that are free from material misstatements due to fraud or error.

The responsibility of management is to prepare and properly present financial statements in accordance with corporate accounting standards generally accepted in Japan. This includes developing and operating internal controls that management deems necessary to prepare and properly present financial statements, etc. that are free from material misstatements due to fraud or error.

When preparing financial statements, etc., management should evaluate whether it is appropriate to prepare financial statements, etc. based on the going concern assumption, and be responsible for disclosing such matters in case that it is necessary to disclose matters related to going concern based on corporate accounting standards generally accepted in Japan.

The responsibility of the corporate auditors and the board of corporate auditors is to monitor the execution of duties by directors in the development and operation of the financial reporting process.

Accounting auditor's responsibilities in auditing financial statements, etc.

The auditor's responsibility is to obtain reasonable assurance, based on the audit conducted by the auditor, whether the financial statements, etc. as a whole are free of material misstatement due to fraud or error and express opinions regarding financial statements, etc. from an independent standpoint in the audit report. Misstatements may result from fraud or error and are determined to be material in case that they could reasonably be expected to influence the decision-making of users of financial statements, etc. individually or in the aggregate.

The accounting auditor shall exercise professional judgment and maintain professional skepticism throughout the audit process, in accordance with auditing standards generally accepted in Japan.

- The accounting auditor shall identify and assess risks of material misstatement due to fraud or error. In addition, the Company plans and implements audit procedures that address the risks of material misstatement. The selection and application of audit procedures is at the discretion of the accounting auditor. In addition, the accounting auditor should obtain sufficient appropriate audit evidence on which to base the opinion.
- Although the purpose of an audit of financial statements, etc. is not to express an opinion on the effectiveness of internal controls, the accounting auditors shall consider internal controls relevant to the audit in order to design audit procedures appropriate to the circumstances in performing risk assessments.
- The accounting auditors shall evaluate the appropriateness of accounting policies adopted by management and their application methods, as well as the reasonableness of accounting estimates made by management and the appropriateness of related notes.
- Whether it is appropriate for management to prepare financial statements, etc. on the assumption of a going concern, and based on the audit evidence obtained, the accounting auditors shall conclude whether there are significant uncertainties regarding events or conditions that cast significant doubt on the going concern assumption. If there is a material uncertainty regarding the going concern assumption, the accounting auditors shall call attention to the notes in the financial statements, etc. in the audit report, or if the notes in the financial statements, etc. related to the material uncertainty are inappropriate, they are required to express opinions with exceptions on financial statements, etc. Although the accounting auditor's conclusions are based on audit evidence obtained up to the date of the auditor's report, future events or circumstances may cause the entity to no longer continue as a going concern.
- The accounting auditors shall evaluate the presentation, composition, and content of financial statements, etc., including related notes, and whether the financial statements, etc. properly represent the underlying transactions and accounting events in addition to whether the presentation and notes of financial statements, etc. comply with corporate accounting standards generally accepted in Japan, as well as the presentation, structure and content of financial statements, including related notes, and financial statements.

The accounting auditor shall inform the auditors and the board of auditors of information on the planned scope and timing of the audit, important audit findings, including any material deficiencies in internal controls identified during the audit process, and other matters required by auditing standards.

The accounting auditor shall notify the auditors and the board of auditors that they have complied with Japan's professional ethics regulations regarding independence, as well as any matters or impediments that may reasonably be considered to affect the auditor's independence and the contents in case that countermeasures have been taken to eliminate the impediments or safeguards have been applied to reduce the impediments to an acceptable level.

Conflict of interests

There is no conflict of interest between the company and our auditing corporation or our executive members that should be stated pursuant to the provisions of the Certified Public Accountants Act.

As stated above

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Audit report of the Board of Corporate Auditors

Auditor report

The Board of Corporate Auditors will deliberate on the execution of duties by directors for the 6th business year from April 1, 2023 to March 31, 2024, based on the audit report prepared by each corporate auditor. We have prepared this audit report and report as follows.

1. Audit methods and content by corporate auditors and the board of corporate auditors
 - (1) The Board of Corporate Auditors established audit policies, audit plans, etc., received reports from each corporate auditor on the implementation status and results of their audits, and received reports from directors, etc. and accounting auditors on the status of execution of their duties, asked for clarification when necessary.
 - (2) Each corporate auditor complied with the standards for corporate auditor audits established by the Board of Corporate Auditors, and in accordance with audit policies, audit plans, etc., communicated with directors, the Internal Audit Office, and other employees, collected information, and conducted audits and conducted audits using the following methods in addition to striving to improve the environment.
 - ① We attended meetings of the Board of Directors and other important meetings, received reports from directors and employees on the status of execution of their duties, requested explanations as necessary, viewed important approval documents, etc., and investigated the business and property situation at our head office. In addition, with regard to subsidiaries, we communicated and exchanged information with their directors, auditors, etc., and received business reports from subsidiaries as necessary.
 - ② We requested explanations from directors, employees, etc. regarding the status of its construction and operation as necessary, and expressed our opinions regarding a system to ensure that the execution of duties by directors described in business reports complies with laws and regulations and the Articles of Incorporation, other details of the resolution of the Board of Directors regarding the establishment of the systems stipulated in Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Companies Act as necessary to ensure the appropriateness of business operations of corporate groups consisting of stock companies and their subsidiaries and the system (internal control system) established based on the resolution.
 - ③ In addition to monitoring and verifying whether the accounting auditor maintains an independent position and conducts appropriate audits, we received reports from the accounting auditor on the status of execution of their duties and requested explanations as necessary. In addition, we receive notification from the accounting auditor that a "system to ensure that duties are carried out properly" (matters listed in Article 131 of the Corporate Accounting Regulations) in accordance with "Quality Control Standards for Audits," (Business Accounting Council) etc., and request explanations as necessary.

Based on the above method, we have considered the business report and its supplementary statements, financial statements (balance sheet, income statement, statement of changes in shareholders' equity, and individual notes) and its supplementary statements and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in shareholders' equity, and consolidated notes) for the relevant business year.

2. Audit results
 - (1) Audit results of business reports, etc.
 - ① We have acknowledged that the business report and its supporting specifications accurately represent the company's situation in accordance with laws and regulations and the articles of incorporation.
 - ② We have not found any wrongdoing in the execution of duties by directors or any material fact that violates laws or regulations or the Articles of Incorporation.
 - ③ We have acknowledged that the content of the resolution of the Board of Directors regarding the internal control system is appropriate. Furthermore, we have found no matters to pointed out regarding the contents of the business report on the internal control system and the execution of duties by the directors.
 - (2) Audit results of financial statements and their supplementary statements
We acknowledge that the auditing methods and results of the accounting auditor, Zelos Limited Liability Audit Corporation, are appropriate.
 - (3) Audit results of consolidated financial statements
We have acknowledged that the auditing methods and results of the accounting auditor, Zeros LLC, are appropriate.

May 27, 2024 ITbook Holdings Co., LTD.

Standing Statutory Auditor	Yasushi Nishiyama	(seal)
Outside Auditor	Fusao Mitani	(seal)
Outside Auditor	Kenji Okada	(seal)

As stated above

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Reference Documents for General Meeting of Shareholders

〈Company proposal (from No. 1 to No. 4 Proposals)〉

No. 1 Proposal Reduction in the amount of capital reserves and disposal of surplus
The Company would like to reduce the amount of capital reserves and dispose of surplus in order to make up for the current deficit in retained earnings brought forward and to improve the financial health of the Company.

Specifically, based on the provisions of Article 448, Paragraph 1 of the Companies Act, the amount of capital reserves will be reduced and transferred to other capital surplus, and based on Article 452 of the Companies Act, the amount of other capital surplus after the increase will be reduced and transferred to retained earnings brought forward and the use of the retained earnings brought forward to cover the deficit, hereby we request your approval for this.

Please note that this proposal will only reduce the amount of capital reserves without changing the total number of issued shares, and will not affect the number of shares held by shareholders.

Furthermore, there will be no change in the amount of net assets of the Company, therefore there will be no change in the amount of net assets per share.

1. Details of the decrease in the amount of capital reserves

(1) Amount of capital reserves to decrease

JPY 2,245,062,003

(2) Method of reducing the amount of capital reserves

The entire amount of the decrease in capital reserves of JPY 2,245,062,003 will be transferred to other capital surplus for the purpose of covering deficits.

(3) Effective date of reduction in amount of capital reserves

July 1, 2024 (planned)

2. Details of disposal of surplus

Pursuant to the provisions of Article 452 of the Companies Act, subject to the reduction in the amount of capital reserves set forth in 1 above becoming effective, the entire amount of other capital surplus resulting from the decrease in the amount of capital reserves will be reduced and transferred to retained earnings brought forward, which will be used to cover the deficit.

(1) Items of surplus that will decrease and their amounts

Other capital surplus JPY 2,245,062,003

(2) Items of surplus to be increased and their amounts

Retained earnings carried forward JPY 2,245,062,003

(3) Effective date of disposal of surplus

July 1, 2024 (planned)

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No. 2 Proposal Partial amendment to the articles of incorporation

1. Reason for proposal

In order to clarify our company's vision and become a social problem-solving company, we amended Article 1 (trade name) of the current Articles of Incorporation to change our trade name from "ITbook Holdings Co., LTD." to "SAAF Holdings Co., Ltd." The effective date of this amendment to the Articles of Incorporation will be September 1, 2024 by establishing a supplementary provision, which will be deleted after the effective date.

2. The contents of amendment

The details of the amendment are as follows.

(Underlined indicates amended parts.)

Current articles of incorporation	Proposed amendment
Chapter 1 General Provisions (trade name)	Chapter 1 General Provisions (trade name)
Article 1 Our company is called " <u>ITbook Holdings Co., LTD.</u> " and is indicated in English as " <u>ITbook Holdings Co., LTD.</u> "	Article 1 Our company is called " <u>SAAF Holdings Co., Ltd.</u> " and is indicated as " <u>SAAF Holdings Co., Ltd.</u> " in English.
Articles 2 to 48 (articles omitted)	Articles 2 to 48 (as current)
(Newly established)	<u>(Supplementary provisions)</u> <u>(Transitional measures regarding trade name change)</u> <u>Article 1</u> <u>The changes to Article 1 (Trade Name) of the Articles of Incorporation shall become effective on September 1, 2024, and these Supplementary Provisions will be deleted after the effective date of the changes to Article 1 (Trade Name) of the Articles of Incorporation.</u>

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No. 3 Proposal Election of seven directors

At the conclusion of this general meeting, the terms of office of Directors Toshimori Mae, Kiyoshi Matsuba, Takeshi Azuma, Isao Tsukamoto, Toshihiro Takahashi, Chikako Morimoto, and Takehiro Sakaguchi will expire.

Therefore, we would like to request the election of seven directors.

The candidates for director are as follows.

Candidate number	Name (Date of birth)	Biography, position and responsibilities at our company (Status of important concurrent positions)	Number of company shares owned
1	Toshimori Mae (January 16, 1967) Reappointment	1989 April Joined Wakita & Co., LTD. 1997 June Appointed as Representative Director and President of SOMETHING Co., Ltd. 2000 October Appointed as Representative Director and President of SOMETHING Holdings Co., Ltd. 2001 June Appointed as Representative Director and President of Something Re.Co.,Ltd. 2009 February Appointed as Director of Geosign Co., Ltd. 2016 June Appointed as Representative Director and President of GIR Co., Ltd. 2017 January Appointed as Representative Director and President of SOMETHING Co., Ltd. 2018 October Appointed as Representative Director and President, General Manager of Sales Headquarters (current position) 2019 April Appointed as Representative Director and Chairman of Something Co., Ltd. (current position) 2019 July Appointed Director of Geosign Co., Ltd. 2020 April Appointed Director and Chairman of Earth Prime Co., Ltd. 2021 August Representative Director and Chairman of ITloan Co., Ltd. 2021 August Appointed as Director of I-need Co., Ltd. (current position) 2021 August Appointed as Director of MIRAI Inc. 2021 August Appointed as Director of Tokyo Application System Co., Ltd. (current position) 2022 February Appointed as Director and Chairman of TOUMEI CO., LTD. (current position) 2022 March Appointed as Director of NEXT Co., Ltd. (current position) 2022 July Appointed as Director of ITbook Technology Co., Ltd. 2023 April Appointed as Director of I T b o o k Co., Ltd. (current position) 2023 April Appointed as Director of IST Inc. (current position) 2023 April Appointed as Director and Chairman of Creed Performance Co., Ltd. (current position) 2023 April Appointed as Director and Chairman of Kiip&nap Co., Ltd. (current position)	1,416,270 shares

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Candidate number	Name (Date of birth)	Biography, position and responsibilities at our company (Status of important concurrent positions)	Number of company shares owned	
2	Kiyoshi Matsuba (February 18, 1951) Reappointment	1973 April	Joined Daiwa Securities Co., Ltd.	22,100 shares
		1979 August	Appointed as Executive Vice President of DBS Daiwa Securities International	
		1983 July	Appointed as an advisor to BIA (Brunei Government Investment Authority)	
		1989 June	Appointed as President of Daiwa Singapore Limited	
		1997 March	Appointed Director of SIMEX (currently Singapore Exchange)	
		1999 March	Appointed as an advisor to MAS (Monetary and Financial Authority of Singapore)	
		1999 April	Appointed an executive officer of Daiwa Securities Group Headquarters, responsible for Asia and Oceania	
		2001 May	Appointed as Chairman of Daiwa Securities SMBC Europe Limited	
		2003 June	Appointed as Managing Executive Officer of Daiwa Securities SMBC Co., Ltd. in charge of overseas [Europe and Middle East region]	
		2005 June	Appointed as Senior Managing Executive Officer of N.I.F. Ventures Co., Ltd.	
		2008 June	Appointed as Director and Chairman of the Board of Capital Partners Securities Co., Ltd.	
		2010 April	Appointed as Representative Director and Chairman of Asia Connect Co., Ltd.	
		2013 June	Appointed as Outside Auditor of I T b o o k Co., Ltd.	
		2015 June	Appointed as Outside Director of I T b o o k Co., Ltd.	
		2016 March	Appointed as Outside Auditor of SOMETHING Holdings Co., Ltd.	
		2018 March	Appointed as Outside Director of SOMETHING Holdings Co., Ltd.	
		2021 June	Appointed as Director of ITbook Holdings Co., LTD.	
		2021 August	Appointed as Director of I T b o o k Co., Ltd.	
		2021 August	Appointed as Director of NEXT Co., Ltd.	
		2021 August	Appointed as Director of MIRAI Inc..	
2021 August	Appointed as Director of M&A Max Co., Ltd. (current position)			
2021 August	Appointed as Director of Geosign Co., Ltd.			
2022 March	Appointed as Representative Director and President of NEXT Co., Ltd. (current position)			
2022 July	Appointed as Representative Director and President of ITbook Technology Co., Ltd.			
2022 December	Appointed as Director and Executive Vice President of ITbook Holdings Co., LTD. (current position)			
2023 April	Appointed as Director of I-need Co., Ltd. (current position)			

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Candidate number	Name (Date of birth)	Biography, position and responsibilities at our company (Status of important concurrent positions)	Number of company shares owned	
3	Takeshi Azuma (December 2, 1970) Reappointment	2013 April	Joined SOMETHING Co., Ltd.	20,900 shares
		2013 September	Appointed as head of corporate planning department of SOMETHING Co., Ltd.	
		2014 January	Appointed as Executive Officer and Head of Corporate Planning Office of SOMETHING Co., Ltd.	
		2015 January	Appointed as Executive Officer and Head of Corporate Planning Office of SOMETHING Holdings Co., Ltd.	
		2015 January	Appointed as Managing Director and General Manager of Technology Headquarters of SOMETHING Co., Ltd.	
		2017 January	Appointed as Senior Executive Officer and General Manager of Management Headquarters at SOMETHING Holdings Co., Ltd.	
		2018 January	Appointed Director of Geosign Co., Ltd. (current position)	
		2018 January	Appointed as Director of GIR Co., Ltd. (current position)	
		2018 March	Appointed as Director of SOMETHING Holdings Co., Ltd.	
		2019 April	Appointed as Representative Director and Executive Vice President of SOMETHING Co., Ltd. (current position)	
		2019 April	Appointed as Director of kiip&nap Co., Ltd. (current position)	
		2021 August	Appointed as Director of Earth Prime Co., Ltd.	
		2021 October	Appointed as Executive Officer and General Manager of Business Strategy Department of ITbook Holdings Co., LTD.	
		2022 April	Appointed as Director of SOMETHING VIETNAM CO., LTD. (current position)	
		2022 April	Appointed as Director of JAPANEL HOME (CAMBODIA) CO., LTD. (current position)	
		2022 June	Appointed as Director of I-Need Co., Ltd. (current position)	
		2023 April	Appointed as Executive Officer and General Manager of Business Strategy Headquarters of ITbook Holdings Co., LTD.	
		2023 April	Appointed as Director of I T b o o k Co., Ltd. (current position)	
		2023 April	Appointed as Director of Tokyo Application System Co., Ltd. (current position)	
		2023 April	Appointed Director of MIRAI Inc. (current position)	
2023 June	Appointed as Director and General Manager of Business Strategy Headquarters and General Manager of Business Strategy Department of ITbook Holdings Co, LTD.			
2023 October	Appointed as Director of ITbook Technology Co., Ltd.			
2024 February	Appointed as Director of san-ai-home Inc. (current position)			
2024 April	Director and Head of Business Strategy Headquarters of ITbook Holdings Co., LTD. (current position)			
2024 April	Appointed as Director of NEXT Co., Ltd. (current position)			

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Candidate number	Name (Date of birth)	Biography, position and responsibilities at our company (Status of important concurrent positions)	Number of company shares owned		
4	Isao Tsukamoto (September 1, 1943) <table border="1" style="display: inline-table; vertical-align: middle;"> <tr> <td>Reappointment</td> <td>Outside director</td> </tr> </table>	Reappointment	Outside director	1968 September Established KAGA ELECTRONICS CO., LTD., and appointed Representative Director and President. 2007 April Appointed as Representative Director and Chairman of KAGA ELECTRONICS CO., LTD. 2021 June Appointed as an Outside Director of ITbook Holdings Co., LTD.. (current position) 2022 April Appointed as Representative Director and Chairman and Chairman and Executive Officer of KAGA ELECTRONICS CO., LTD. 2023 June Appointed as Representative Director, Chairman and Executive Officer of KAGA ELECTRONICS CO., LTD. (current position) (Status of important concurrent positions) Representative Director and Chairman, Chairman and Executive Officer of KAGA ELECTRONICS CO., LTD.	10,100 shares
Reappointment	Outside director				
<p>【Reasons for selection as a candidate for outside director and summary of expected role】</p> <p>Mr. Isao Tsukamoto established KAGA ELECTRONICS CO., LTD., which operates electronic equipment and semiconductor businesses, EMS, information equipment sales and system construction, and is involved in business expansion as the management of the company. Based on the above, we believe that he will contribute to strengthen the corporate governance in addition to providing advice on supervising the management of our company and general management as a whole with his extensive management experience and wide-ranging insight in the information business field and hereby we would to ask you to select him as a outside director for our Company. After his appointment, we expect him to appropriately carry out his duties as an outside director of the Company, including decisions on important management matters and supervision of business execution.</p>					

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Candidate number	Name (Date of birth)	Biography, position and responsibilities at our company (Status of important concurrent positions)	Number of company shares owned		
5	Chikako Morimoto (Current family name: Hattori) (July 9, 1970) <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>Reappointment</td><td>Outside director</td></tr></table>	Reappointment	Outside director	<p>1993 April Joined Recruit Human Resources Center Co., Ltd. (currently Recruit Co., Ltd.)</p> <p>2012 April Transferred to Recruit Executive Agent Co., Ltd.</p> <p>2014 May Appointed as Director of NPO After School (specified non-profit corporation) (current position)</p> <p>2017 January Director of Social Investment Partners (General Incorporated Association) (current position)</p> <p>2017 March Established morich inc. Appointed as Representative Director of morich inc. (current position)</p> <p>2019 October Established morich-To inc. Appointed as Representative Director of morich-To inc. (current position)</p> <p>2020 April Appointed as Outside Director of Bewin Co., Ltd.</p> <p>2020 November Appointed as Director of Natural Cultivation Association (General Incorporated Association)</p> <p>2021 April Appointed as Director of Shizuoka Prefecture Rugby Football Association (General Incorporated Association) (current position)</p> <p>2021 October Appointed as Outside director of Hero Producer Co., Ltd. (current position)</p> <p>2021 December Appointed as Outside Director of 4CsHD Co., Ltd. (current position)</p> <p>2022 April Appointed as Outside Director of SHE inc. (current position)</p> <p>2022 May Appointed as Outside Director of COCOO Corp. (current position)</p> <p>2022 June Appointed as Director of AGBIOTECH Co., Ltd.</p> <p>2022 July Established and morich inc. Appointed as Representative Director of and morich inc.</p> <p>2023 June Appointed as Outside Director of ITbook Holdings Co., LTD.</p> <p>2023 November Appointed as Director of AR Advanced Technology Co., Ltd. (current position)</p> <p>(Status of important concurrent positions) Director of NPO After School (specified non-profit corporation) Director of Social Investment Partners (General Incorporated Association) Representative Director of morich inc. Representative Director of morich-To inc. Director of Shizuoka Prefecture Rugby Football Association (General Incorporated Association) Outside director of Hero Producer Co., Ltd. Outside Director of SHE inc Director of COCOO Corp. Representative Director of and morich inc. Director of AR Advanced Technology Co., Ltd.</p>	— shares
Reappointment	Outside director				
<p>【Reasons for selection as a candidate for outside director and summary of expected role】</p> <p>Ms. Chikako Morimoto proposes a wide range of solutions to work on the corporate issues with the focus on supporting recruitment in the zone of executives mainly provides recruitment support for executives and also promotes alliances with external companies. In addition, we would like to request her election as an Outside Director in order to strengthen the promotion of alliances that will further enhance the synergistic effect of our Group, based on her connections with many companies and her extensive personal network, including outside directors and advisors. After her appointment, we expect her to appropriately carry out her duties as an Outside Director of the Company, including decisions on important management matters and supervision of business execution.</p>					

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Candidate number	Name (Date of birth)	Biography, position and responsibilities at our company (Status of important concurrent positions)	Number of company shares owned		
6	Takehiro Sakaguchi (February 18, 1971) <table border="1" style="display: inline-table; vertical-align: middle;"> <tr> <td>Reappointment</td> <td>Outside Director</td> </tr> </table>	Reappointment	Outside Director	1996 April Joined JAFCO Group Co., Ltd. 1997 July Assistant Manager of Industry-Accademia Collaboration Team at JAFCO Group Co., Ltd. 1998 April Visiting Researcher of Tsukuba University Advanced Research Center 2002 April Appointed as Venture Partner of Innovation Engine Inc. 2002 April Appointed as Management Advisor for Lattice Technology Co., Ltd. 2009 August House of Representative, Appointed as Director of Committee on Land, Infrastructure, Transport and Tourism 2020 October Appointed as Executive Partner of Innovation Engine Inc. (current position) 2022 October Appointed as Representative Director of Life Support Organization for Global Human Resources (General Incorporated Association) (current position) 2023 January Principal of Friendly Partners KK. (current position) 2023 June Appointed as Outside Director of ITbook Holdings Co., LTD. (Status of important concurrent positions) Innovation Engine Inc. Executive Partner Representative Director of Life Support Organization for Global Human Resources (General Incorporated Association) Friendly Partners KK, Principal	— shares
Reappointment	Outside Director				
【Reasons for selection as a candidate for outside director and summary of expected role】 Mr. Takehiro Sakaguchi has a wealth of experience and insight as an expert in corporate management and investment, and we would like him to utilize such expertise in corporate management, as well as to utilize the perspective of shareholders and investors in our management, whereby we would like to request you to elect him as an Outside Director. After his appointment, he shall serve as an Outside Director of the Company and although he has no experience of being directly involved in company management other than an Outside Director in the past, we expect him to appropriately carry out his duties in determining important management matters and supervising the business execution.					

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Candidate number	Name (Date of birth)	Biography, position and responsibilities at our company (Status of important concurrent positions)	Number of company shares owned		
7	Kazunori Nakaoka (February 5, 1960) <table border="1" style="display: inline-table; vertical-align: middle;"> <tr> <td>New appointment</td> <td>Outside Director</td> </tr> </table>	New appointment	Outside Director	<p>1983 April Joined KEIO TEITO ELECTRIC RAILWAY CO., LTD. (current Keio Corporation)</p> <p>2006 June Appointed as SC Sales General Manager of Keio Corporation</p> <p>2009 June Appointed as General Manager of Human Resources Division of Keio Corporation</p> <p>2011 June Appointed as General Manager of General Planning Headquarters Group of Keio Corporation</p> <p>2013 June Appointed as General Manager of Corporate Planning Division, General Planning Headquarters of Keio Corporation</p> <p>2015 June Appointed as Managing Director and General Manager of Development Planning Division of Keio Corporation</p> <p>2016 June Appointed as Managing Director, Head of Strategy Promotion Headquarters and Head of Development Business Headquarters of Keio Corporation.</p> <p>2017 June Appointed as Managing Director and Head of Development Business Headquarters of Keio Corporation</p> <p>2018 June Appointed as Managing Director and Head of Railway Business Headquarters of Keio Corporation</p> <p>2020 June Appointed as Director and Senior Executive Officer and Head of Strategy Promotion Headquarter and General Manager of Overseas Strategy Division of Keio Corporation</p> <p>2021 June Appointed as Director and Senior Executive Officer and Head of Strategy Promotion Headquarters of Keio Corporation</p> <p>2022 June Appointed as Director of Keio Corporation (current position)</p> <p>2022 June Appointed as Representative Director and President of Keio Department Store Co., Ltd. (current position)</p> <p>(Status of important concurrent positions)</p> <p>Director of Keio Corporation</p> <p>Representative Director and President of Keio Department Store Co., Ltd.</p>	— Shares
New appointment	Outside Director				
<p>【Reasons for selection as a candidate for outside director and summary of expected role】</p> <p>Mr. Kazunori Nakaoka has served as a Director of Keio Electric Railway Co., Ltd. and Representative Director and President of Keio Department Store Co., Ltd., and has extensive business experience and wide-ranging insight into corporate management, human resources and general affairs, safety management, sales and marketing, and urban development and lifestyle services. In light of the above, we would like to request you to elect him as an outside director, as we would like him to provide advice on the supervision of our company's management and overall management, as well as contribute to strengthening our corporate governance. After his appointment, we expect him to appropriately carry out his duties as an outside director of the Company, including decisions on important management matters and supervision of business execution.</p>					

(Note)

1. There is no special conflict of interests between each director candidate and the Company.
2. Mr. Isao Tsukamoto, Ms. Chikako Morimoto, Mr. Takehiro Sakaguchi, and Mr. Kazunori Nakaoka are candidates for Outside Director.
3. Mr. Isao Tsukamoto, Ms. Chikako Morimoto, Mr. Takehiro Sakaguchi, and Mr. Kazunori Nakaoka meet the requirements for independent officers based on the regulations of the Tokyo Stock Exchange, and they plan to notify the exchange as independent officers.
4. Mr. Isao Tsukamoto's term of office as an outside director of the Company will be three years at the conclusion of this Ordinary General Meeting of Shareholders.
5. The term of office of Ms. Chikako Morimoto and Mr. Takehiro Sakaguchi as Outside

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Directors of the Company will be one year at the conclusion of this Ordinary General Meeting of Shareholders.

6. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company's articles of incorporation limit liability for damages with Directors (excluding those who are executive directors, etc.) pursuant to Article 423, Paragraph 1 of the same Act. We have concluded a contract to do so. If Mr. Isao Tsukamoto, Ms. Chikako Morimoto, and Mr. Takehiro Sakaguchi are reappointed, the Company plans to continue this contract. In addition, if the appointment of Mr. Kazunori Nakaoka is approved, we plan to enter into an agreement with him that will limit the amount of liability for damages to the amount stipulated by law.
7. Our company has concluded an officer liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, where the insurance will cover legal damages and litigation costs in the event that an insured person is sued for damages due to actions, he or she has taken based on his or her position. The insured persons under this insurance contract are the officers (directors, auditors, executive officers, etc.) of the Company and its subsidiaries, and the Company pays the entire premium for all insured persons. If each candidate is selected and assumes office, they will be included as insured persons under the relevant insurance contract. Additionally, the insurance contract is scheduled to be renewed with the same content at the next renewal.

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No. 4 Proposal Appointment of one substitute corporate auditor

In the event that the number of corporate auditors required by law is insufficient, we would like to request the election of one substitute corporate auditor in advance.

Please note that the consent of the Board of Corporate Auditors has been obtained in advance for this proposal.

The candidates for Substitute Audit & Supervisory Board Member are as follows.

Name (Date of birth)	Biography, position and responsibilities at our company (Status of important concurrent positions)	Number of company shares owned	
Yuji Honma (April 21, 1953)	1976 April 1997 December	Joined Asahi Kasei Corporation Chairman's Secretary, Company Secretariat of Asahi Kasei Corporation	1,000 shares
	2001 July	Seconded to Japan/Tokyo Chamber of Commerce and Industry as Chairman's Secretary	
	2004 January	Chairman's Assistant of Japan/Tokyo Chamber of Commerce and Industry	
	2007 June	Asahi Kasei Medical Co., Ltd. Executive Officer and General Manager of Sepacel Business Division Manager	
	2009 April	Asahi Kasei Kuraray Medical Co., Ltd. General Manager of Corporate Management Department	
	2009 October	Appointed as Director of MED-TECH INC.	
	2011 June	Appointed as a full-time auditor of Asahi Kasei Chemicals Co., Ltd.	
	2011 June	Appointed as an Auditor of Asahi Kasei Home Products Co., Ltd.	
	2014 March	Appointed as Outside Auditor of SOMETHING Holdings Co., Ltd.	
	2014 July	Appointed as full-time auditor of Asahi Kasei Pax Co., Ltd.	

(Note)

- There are no special conflict of interests between the candidate for Substitute Audit & Supervisory Board Member and the Company.
- Mr. Yuji Honma is a candidate for the position of substitute outside corporate auditor.
- We would like to request the election of Mr. Yuji Homma as a substitute Audit & Supervisory Board Member in order to reflect his extensive experience and wide-ranging insight in the business management department in our audits. Furthermore, the reason why we judged him to be able to perform his duties appropriately was because we comprehensively took into consideration his practical experience as mentioned above.
- Regarding liability limitation contracts with substitute corporate auditor candidates.
The Articles of Incorporation provide that pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with the Audit & Supervisory Board Members to limit liability for damages as provided in Article 423, Paragraph 1 of the same Act.
If Mr. Yuji Homma is appointed as an Audit & Supervisory Board Member, the Company plans to enter into an agreement with him that will limit the amount of liability for compensation to the amount stipulated by law.
- Our company has concluded an officer liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance will cover legal damages and litigation costs in the event that an insured person is claimed for damages due to actions taken based on his or her position. The insured persons under this insurance contract are the officers (directors, auditors, executive officers, etc.) of the Company and its subsidiaries, and the Company pays the entire premium for all insured persons. If a candidate is appointed as an auditor, he or she will be included as an insured person under the insurance contract.

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〈Shareholder Proposal〉

No. 5 Proposal Election of seven directors

- This Shareholder Proposal was submitted by Mr. Yutaka Onda (hereinafter referred to as "Mr. Onda"), a shareholder.
- The contents of the notified proposals and the reasons for the proposals are stated in their original text, except for company notes.

Yutaka Onda (hereinafter referred to as "I") has continue to be a shareholder acquiring over 1/100th of the voting rights of all shareholders of ITbook Holdings Co., Ltd. (hereinafter referred to as "ITbook") for the past six months.

(Company notes)

Mr. Onda has not held voting rights of more than 1/100 of the voting rights of all shareholders of the Company for the past six months. However, since he has continued to hold over 300 voting rights for the past 6 months (Article 303, Paragraph 2 of the Companies Act), we are allowing the exercise of shareholder proposal rights at this General Meeting of Shareholders.

Pursuant to Article 303, Paragraph 2 and Article 305, Paragraph 1 of the Companies Act, I have decided that the purpose of the general meeting of shareholders scheduled to be held in June 2021 is as stated in 1 below and we hereby request that the outline of the proposal and the reasons for the proposal described in 2 be included in the convocation notice of general meeting of shareholders and shareholder reference documents for the general meeting of shareholders.

1. Proposed agenda

Election of 7 directors

2. Summary of the proposal and reasons for the proposal

(1) Outline of the proposal

The seven director candidates listed below will be elected as directors.

(2) Reason for proposal

I was involved in the management of ITbook from November 2009 to June 2021, and it achieved remarkable growth during that time. After I left, ITbook's stock price fell by half, and the employees are not happy.

ITbook has recently experienced a number of scandals, and about 20 executives, including presidents of six subsidiaries, have left the company. Furthermore, the auditing firm also voluntarily resigned.

The scandals occurred during the fiscal year ended March 2023 were as follows:

1. Embezzlement case by a subsidiary employee (JPY 67 million)
2. The securities report for the fiscal year ended March 2023 could not be submitted on time.
3. Voluntary retirement of the audit firm
4. Establishment of a special investigation committee to investigate inappropriate

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accounting treatment and publication regarding the facts of inappropriate accounting treatment.

5. Implementation of submission of “improvement report” requested by Tokyo Stock Exchange and “publication measures”
6. As a result of the recommendation of a surcharge payment order by the Securities and Exchange Surveillance Commission regarding securities reports, etc., the Financial Services Agency decides on a surcharge payment order. (JPY 109.29 million)

I believe that we cannot ignore this situation and believe that we have no choice but to reform the management team of the Company. Please note that even if I return as an officer, I will not receive any officer compensation.

By entrusting management to me again who dramatically increased the corporate value of ITbook (including ITbook Co., Ltd. before the integration) and by renewing other directors, we will make accurate management decisions, improve corporate governance by improving inappropriate management, realize appropriate dividends to ITbook's shareholders, and increase corporate value (stock price) by 10 times in three years.

Details

Director candidates are as follows:

1. Yutaka Onda

(1) Date of birth

September 17, 1934 (age 89 years old)

(2) Number of shares owned

305,900 shares

(3) Career summary

April 1962	Joined Daiwa Securities Co., Ltd.
June 1989	Director of Daiwa Securities
May 1991	Managing Director of Daiwa Securities
June 1991	Chairman of the Standing Committee of the Securities Association Council
January 1996	President of KOBE Securities Co., Ltd.
April 2006	President and Representative Director of Cima Co., Ltd.
November 2009	President of I T b o o k Co., Ltd.
October 2018	Representative Director, Chairman and CEO of ITbook Holdings Co., LTD.
June 2021	Resigned Representative Director, Chairman and CEO of ITbook Holdings Co., LTD

(Company note) Mr. Onda retired as CEO of the Company in June 2021, and also served as Honorary Chairman of the Company from June 2021 to March 2022.

(4) Reasons for selecting Mr. Onda as a candidate for director

Since becoming president of I T b o o k Co., Ltd. in November 2009, Mr. Onda has worked hard to manage the company and its holding company, ITbook Holdings, for

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approximately 12 years and eight months. As a result, the market capitalization of the Company, which was around JPY 300 million in 2009, increased by 100 times to JPY 31.8 billion in five years. This is the highest ever record on the Tokyo Stock Exchange. Utilizing such experience, Mr. Onda will take charge of management as a director, rebuild ITbook's current status, and will strive to improve ITbook's corporate value (stock price).

2. Tatsuyuki Saeki

(1) Date of birth

August 14, 1940 (age 83 years old)

(2) Number of shares owned

None

(3) Career summary

April 1964	Joined IBM Japan Co., Ltd.
April 1995	Representative Director and Vice President of IBM Japan
June 2000	Representative Director, Chairman and CEO of Nasdaq Japan Planning Co., Ltd.
July 2002	Representative Director and President of EDS Japan Co., Ltd.
April 2003	Representative Director and President of IMS Japan Co., Ltd.
April 2008	Representative Director and Chairman of IMS Japan Co., Ltd.
April 2011	Representative Director and President of Japan CA Co., Ltd.
January 2015	Representative Director and Chairman of TAM Co., Ltd. (current position)
June 2022	Outside Director of ITbook Holdings Co., LTD.
June 2023	Resigned Outside Director of ITbook Holdings Co., LTD.

(4) Reasons for selecting Mr. Saeki as a candidate for director

Mr. Tatsuyuki Saeki has long experience in the IT industry since joining IBM Japan, Ltd., and has a wealth of specialized knowledge and insight that can contribute to the management of ITbook, which has focused on IT business. In addition, he has a wealth of experience and wide-ranging insight regarding management cultivated through many years of corporate management. From such perspective, we believe that Mr. Saeki will be able to provide useful recommendations to improve ITbook's corporate value based on his experience and knowledge by assuming the position of director.

3. Junko Tateyama

(1) Date of birth

October 29, 1980 (age 43 years old)

(2) Number of shares owned

None

(3) Career summary

October 2006 Attorney registration

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October 2006	Joined Foreign Law Joint Venture Law Firm Linklaters
April 2009 to April 2011	Worked at the Climate Change Division, International Cooperation Bureau, Ministry of Foreign Affairs.
October 2012 to present	Joined Daiichi Chuo Law Office (current position)

(4) Reasons for selecting Ms. Tateyama as a candidate for director

Ms. Junko Tateyama is a qualified lawyer and has advanced legal expertise. In addition, she has worked at the Foreign Law Joint Venture Law Office and the Climate Change Division, International Cooperation Bureau, Ministry of Foreign Affairs, and thus has international knowledge and experience, therefore we believe that she will be able to utilize this knowledge and experience in future business development and she will be able to make use of such information and provide useful suggestions to improve ITbook's corporate value. Furthermore, from the perspective of ensuring diversity, having Ms. Tateyama, who is a woman and a lawyer, as a member of the Board of Directors will energize the Board of Directors and we believe that this is a strength to help ensure ITbook's sustainable growth.

4. Hideyoshi Nakajima

(1) Date of birth

January 21, 1958 (age 66 years old)

(2) Number of shares owned

None

(3) Career summary

April 1981	Joined Nippon Univac Co., Ltd. (currently BIPROGY Inc.)
May 1984	Joined Argo21 Co., Ltd. (currently Canon IT Solutions Co., Ltd.)
October 1987	Joined Waseda System Research Institute Co., Ltd. (currently Waseda System Development Co., Ltd.) (Successfully served as Director of Hokkaido Information Center, General Manager of Sales Planning Division at Tokyo Head Office, and Senior Managing Director)
April 2009	Joined Showa System Engineering Co., Ltd.
February 2018	Joined NCD Technologies Co., Ltd.
January 2023	Retired from NCD Technologies Co., Ltd.

(4) Reasons for selecting Mr. Nakajima as a candidate for director

Mr. Hideyoshi Nakajima has long experience in the IT industry and has a wealth of specialized knowledge and insights that can contribute to the management of ITbook, which has focused on IT business. Additionally, he had served as a director of multiple companies and has extensive experience and knowledge in corporate management. From this perspective, we believe that by appointing Mr. Nakajima as a director, we can expect him to utilize his specialized knowledge and experience to make useful recommendations to improve ITbook's corporate value.

5. Takanobu Nakagawa

(1) Date of birth

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August 2, 1944 (age 79 years old)

(2) Number of shares owned

None

(3) Career summary

April 1968	Joined the Ministry of Finance (currently the Ministry of Finance)
June 1993	Director of Kobe Customs
May 1995	Director of Financial Inspection Department, Finance Secretariat
July 1997	Representative member of the Ministry of Finance, Bank of Japan Policy Committee
September 2001	Managing Director of the Second Regional Banks Association
May 2002	Vice Chairman/Managing Director of Second Regional Bankers Association
June 2006	President and CEO of Tomato Bank, Ltd.
June 2014	Chairman of the Board, Tomato Bank, Ltd.

(4) Reasons for selecting Mr. Nakagawa as a candidate for director

After joining the Ministry of Finance (currently the Ministry of Finance), Mr. Takanobu Nakagawa held important positions such as a Representative member of the Ministry of Finance on the Bank of Japan's policy committee, Vice Chairman and Managing Director of the Second Regional Banks Association, and he has extensive experience and wide-ranging insight regarding corporate finance, financial market, and other aspects of the economy in general. Additionally, since 2006, he has been involved in management for many years as President and Chairman of Tomato Bank Co., Ltd., therefore we believe that he can carry out business management accurately, fairly, and efficiently based on the specialized experience and knowledge which he has cultivated over the years.

6. Sumio Sato

(1) Date of birth

March 19, 1958 (age 66 years old)

(2) Number of shares owned

None

(3) Career summary

April 1976	Tokyo Regional Taxation Bureau General Affairs Department
July 1987	Inspector of Tokyo Regional Taxation Bureau Inspection Department
April 1990	Chief Investigator of Tokyo District Public Prosecutors Office Special Investigation Department
April 1992	Served as Inspector, Chief Inspector, Assistant, etc. at Tokyo Regional Taxation Bureau Inspection Department
July 2006	Deputy Chief of Nishikawaguchi Tax Office
July 2008	Served as Special National Tax Inspector and Supervisor of Tokyo Regional Taxation Bureau Inspection Department

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July 2011	Chief of Nagai Tax Office
July 2013	Director, Inspection and Hearing Division, Inspection Department, Tokyo Regional Taxation Bureau
July 2014	Director of Inspection Supervisory Section 2, Tokyo Regional Taxation Bureau Inspection Department
July 2015	Director, Inspection Management Division, Inspection Department, Tokyo Regional Taxation Bureau
July 2016	Deputy Director, Tokyo Regional Taxation Bureau Inspection Department
July 2017	Chief of Shiba Tax Office
August 2018	Sumio Sato Tax Accountant Office

(4) Reasons for selecting Mr. Sato as a candidate for director

Mr. Sumio Sato has held important positions such as Chief Investigator of the Special Investigation Department of the Tokyo District Public Prosecutors Office and Deputy Director of the Inspection Department of the Tokyo Regional Taxation Bureau, and currently works as a tax accountant, and has advanced knowledge and experience in taxation and corporate accounting. Therefore, we believe that his participation in management will enable the Company to make accurate decisions based on tax benefits, risks, etc.

7. Akira Yoshimori

(1) Date of birth

January 29, 1949 (age 75 years old)

(2) Number of shares owned

None

(3) Career summary

April 1972	Joined Sumitomo Chemical Industries Co., Ltd.
April 1996	Joined Japan Ernst & Young Consulting Co., Ltd.
March 2003	Executive Vice President of Lush Inc. and President of Rush Japan Co., Ltd.
November 2006	Director of Kotobuki Co., Ltd.
April 2015	Representative Director and President of Kotobuki Holdings Co., Ltd.
June 2018	Director and President of NEW ART HOLDINGS Co., Ltd.
June 2020	Senior Managing Director of NEW ART HOLDINGS Co., Ltd. (current position)

(4) Reasons for selecting Mr. Akira involved in the management of multiple companies in Japan and overseas for many years, and is well-versed in domestic and international economic conditions and also has a wealth of experience and wide-ranging insight into management cultivated through many years of corporate management. Additionally, he has deep knowledge and extensive experience in group management, and we expect him to contribute to improving the corporate value of the entire ITbook Group based on his global perspective.

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(Note)

1. There are no special conflict of interests between each director candidate and ITbook.
2. Mr. Saeki, Ms. Tateyama, Mr. Nakajima, Mr. Nakagawa, and Mr. Sato are candidates for outside director as defined in Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Companies Act.
3. Ms. Tateyama and Mr. Nakagawa meet the requirements for independent officers based on the regulations of the Tokyo Stock Exchange, and are scheduled to be registered as independent officers.
4. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, ITbook has stipulated in its articles of incorporation that it may conclude a contract with its directors (excluding those who are executive directors) to limit liability for damages as provided in Article 423, Paragraph 1 of the same Act. Therefore, if this proposal is approved, we plan to conclude an agreement with Mr. Saeki, Ms. Tateyama, Mr. Nakajima, Mr. Nakagawa, and Mr. Sato that will limit the amount of liability for damages to the amount stipulated by law.

As stated above

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【Opinion of the Board of Directors of our Company regarding the Proposal No. 5】

The Board of Directors of our Company “opposes” this Shareholder Proposal for the following reasons.

(1) The management structure proposed by the company is optimal for improving the corporate value of the company.

As announced in the “Notice of Changes to the Medium-Term Management Plan” dated May 16, 2022, we have set “social problem-solving company” and “selection and concentration” as our new management policy.

In the past, management centered around Mr. Onda, the director candidate proposed by the shareholder, which does not consider the financial condition of our Group, entered into unprofitable businesses such as the apparel business and the e-commerce mall business, resulting in large losses.

In order to improve such situation, after the new management team was approved at the general meeting of shareholders in June 2021, the executive directors including Representative Director and President Toshimori Mae have been operating our business following the above management policy based on the opinions and advice based on the extensive experience and knowledge of outside directors appointed to strengthen corporate governance,

As a result, the business results for the fiscal year ended on March 31, 2023 “(numbers published on August 31, 2023 titled “(Correction/Numerical data correction) Regarding partial corrections to the “Summary of financial results for the fiscal year ended on March 31, 2023 [Japanese GAAP] (consolidated)” had recorded sales of JPY 30,528 million, operating income of JPY 739 million, ordinary income of JPY 708 million, and net income attributable to owners of the parent company of JPY 162 million. In addition, for the fiscal year ended March 2024, although we were unable to achieve our initial plans due to the discovery of past accounting errors by our company and accounting fraud at a subsidiary in August 2023, as well as various changes in the business environment, we have achieved improved profit margins as a result of shifting to a profit-oriented management structure. We believe that further restructuring is necessary for the fiscal year ending March 2025. Therefore, for the fiscal year ending March 31, 2025, we have established a group policy of “establishing group governance and restoring trust in the capital market,” and although this is the final year of the current medium-term plan, we have formulated a “revised business plan for fiscal year 2024” (for details, please refer to the “Notice Regarding Revisions to the Medium-Term Management Plan” published on May 15, 2019). The budget formulation method has been changed to a bottom-up method, and based on the market environment and the performance of each company of the Group, our Corporate Planning Office has established an achievable budget in consultation with representatives of each Group

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company. We also have a system in place to discuss and implement countermeasures at the Group Management Meeting, which is the venue for managing budgets and actual results. We shall improve group governance and thoroughly manage the group's budget and actual results.

Currently, our Group is promoting various reforms such as strengthening the Group management system, strengthening the management department of the company, and accelerating settlement of accounts in order to achieve further growth and improve corporate value. These reforms are essential for the ITbook Holdings Group to move up to the next stage. We believe that we need to continue to make accurate management decisions under the guidance of directors who have a good understanding of our Group.

(2) Regarding the scandal described in the “Reasons for Proposal” of this Shareholder Proposal

The Company deeply regrets some of the scandals listed in the “Reasons for Proposal” of this Shareholder Proposal, and will do our utmost effort to improve the governance of the Group by steadily implementing the improvement measures (hereinafter referred to as the “Improvement Measures”) which was announced in the “Notice Regarding Submission of an “Improvement Report” to the Tokyo Stock Exchange” dated October 26, 2023 and restore the trust of our Group's shareholders, investors, and stakeholders.

In addition, after consulting with the outside directors regarding this matter, we have taken action against the affected individuals, as we announced in “Notice Regarding Recurrence Prevention Measures and Disposition of Persons Related” dated July 25, 2023 and the “Notice Concerning Recurrence Prevention Measures and Disposition of Persons Related” dated September 26, 2023. We will continue to recognize our management responsibilities and strive to improve the corporate value of our Group.

Furthermore, regarding Mr. Onda, as announced in the “Notice regarding receipt of special investigation committee's investigation report” dated August 31, 2023, the inappropriate accounting treatments identified by the Special Investigation Committee include those made during his tenure of the former representative director, chairman and CEO of the Company (October 2018 to June 2021. Note that he retired as honorary chairman of the company in March 2022.), and issues such as internal control within the Group were pointed out as the cause of such case. In addition, inappropriate accounting practices have been found at ITbook Co., Ltd. and ITbook Technology Co., Ltd., where Mr. Onda served as representative director and chairman at the time. Therefore, as announced on January 30, 2024 in the “Request for Refund of Remuneration for Former Representative Director of the Company,” in order to clarify management responsibilities in the same way as directors of the Company, we have requested Mr. Onda to pay back a portion of his executive compensation at the time.

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However, as announced in the March 7, 2024 “(Progress of Disclosure) Request for Return of Remuneration to Former Representative Director of the Company,” there has been no response from Mr. Onda to voluntarily return compensation, and there is no such response from him at the present time. The Company finds it strange that Mr. Onda is acting as if he is unrelated, even though he also has management responsibilities.

In addition, the Special Investigation Committee's investigation report has stated that one of the causes of inappropriate accounting treatment was that Mr. Onda's comments and attitude towards the presidents of the Group's subsidiaries may have created a certain amount of pressure on the Group to achieve its budget and the insufficient structure of the Company's Internal Audit Office seems to have been influenced by Mr. Onda's intentions. On the other hand, the “Reasons for Proposal” states that “to aim to increase corporate value (stock price) by 10 times in three years.” To achieve this goal, there is a possibility that Mr. Onda shall set high targets and put pressure on companies and cut costs of administrative departments of the Company same as when he was in office. Such management policy of Mr. Onda is contrary to the Company's improvement measures, and there is a risk that scandals such as fraudulent accounting at each of group companies will occur again. Our company believes that it is necessary to build a more robust organization, placing priority on strengthening internal management systems and group governance. Furthermore, although Mr. Onda has set a goal of increasing the stock price 10 times over three years, we cannot see any specific measures in this Shareholder Proposal. We believe that it is easy to set goals based only on past performance without mentioning specific measures.

In addition, the “Reason for the Proposal” states that the company’s misconduct was due to the “voluntary resignation of the auditing firm.” However, the resignation of Nakachi, our former auditing firm (hereinafter referred to as “Nakachi”), has nothing to do with the recent scandals such as accounting fraud. Nakachi has been consulting with us since around the fourth quarter of the fiscal year ended March 2022 regarding the increasing trend of audit time due to the expansion of our business and the associated increase in audit fees. We have selected the current Zelos LLC Audit Corporation in consideration of Nakachi’s audit fees and the audit period since the time of Something Holdings Co., Ltd. (currently Something Co., Ltd.).

(3) Regarding the content of Shareholder Proposals

Regarding the proposal to elect seven directors proposed by Mr. Onda, the Company conducted a direct interview on May 20, 2024 with some of candidates who had track record to have served as directors of companies and confirmed the facts. Consequently, we found and confirmed that such candidates had a request from Mr. Onda to lend their name and they did not consent it and they shall not assume the position even if they are elected as a director at the general meeting of shareholders. It goes without saying that

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even if a resolution for the appointment of a director has been passed but consent is not obtained to serve as a director, we have concern that power may be concentrated in the hands of Mr. Onda even if consent is obtained at the end and we believe that it will be difficult to achieve the envisioned goal of “recovering corporate governance by making accurate management decisions and improving inappropriate management,” which is stated in this Shareholder Proposal.

(4) Conclusion

Based on these reasons, and after careful and thorough deliberation from the perspective of strengthening our internal management system and group governance, as well as increasing our corporate value, the Board of Directors of the Company believes that the selection of the seven director candidates announced today in the “Notice Regarding the Selection of Candidates for Directors and Substitute Audit & Supervisory Board Members” shall be the best in view of improving the sustainable corporate value of the Company and the interests of all stakeholders and has determined that the selection of the candidates proposed in this Shareholder Proposal is unnecessary.

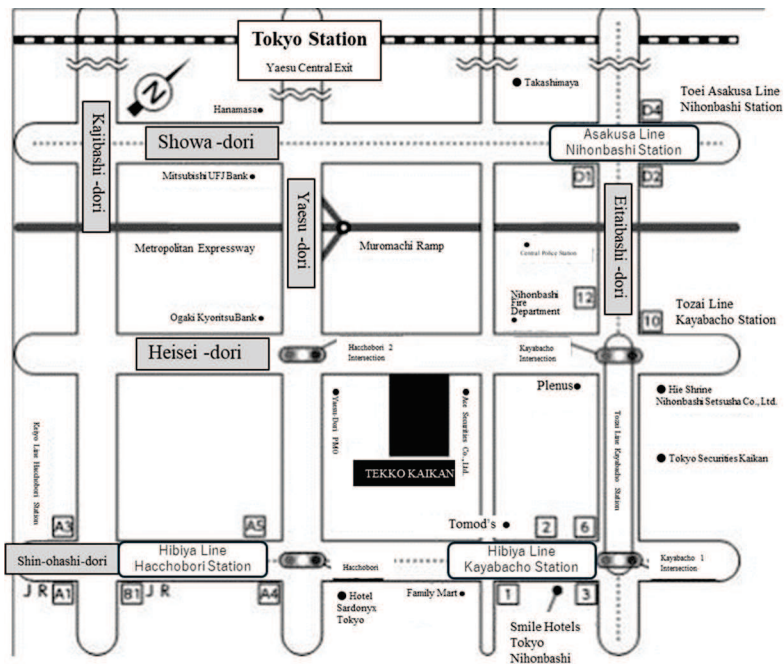
Therefore, our Board of Directors “opposes” this shareholder proposal.

As stated above

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Venue Guide Map for the General Meeting of Shareholders

Venue : Nihonbashi Kayabacho 3-2-10, Chuo-ku, Tokyo
 TEKKO KAIKAN Room 900 (9th floor)
 TEL 03-3669-4855



● indicates buildings and stores that serve as landmarks.

□ indicates the exit and exit number of the subway, etc.

●Tokyo Metro	Tozai Line	“Kayabacho Station”	Exit 12	5 minutes walk
	Hibiya Line	“Kayabacho Station”	Exit 2	5 minutes walk
		“Hacchobori Station”	Exit A5	5 minutes walk
●Toei Subway	Asakusa Line	“Nihonbashi Station”	Exit D1	10 minutes walk
● J R	Each line	“Tokyo Station”	Yaesu Central Exit	15 minutes walk
	Keiyo Line	“Hacchobori Station”	Exit B1	10 minutes walk

If there are major changes in the operation of this general meeting of shareholders,
 We will provide information on our website (<https://www.itbook-hd.co.jp/>).