

Notice: This document is a translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.



May 24, 2022

Company name: Iida Group Holdings Co., Ltd.

Representative: Masashi Kanei, President and Representative Director

Stock code: 3291, Tokyo Stock Exchange (Prime Market)

For inquiry: Hiroshi Nishino, Executive Board Director and Representative Director (Tel: +81-422-38-8828)

## Notice: Measures to Prevent Recurrence of Corporate Misconduct concerning the Fraudulent Loans Made by the Second-tier Subsidiary and Strengthening of Corporate Governance for the Whole Group

Iida Group Holdings Co., Ltd. (hereafter “the Company”) investigated what had really happened and analyzed the root causes behind the misconduct with the internal investigation committee and the external investigation committee comprised of the legal advisors who had no special interests in the Company and its group companies, which the Company established after the news of inappropriate loans by an ex-Board Director of the Company (hereafter “the Incident”) at a second-tier subsidiary of the Company, Family Life Service (hereafter “FLS”), came out. With regard to the Incident, the Company announced on “Concerning some media reports” on January 24, 2022.

Taking seriously the details of the investigation by the external investigation committee, the Company held serious and earnest discussions repeatedly, and approved the establishment of the measures to prevent recurrence of such misconduct at the Board of Directors’ meeting held today.

The Company would like to express the deepest apology for the great concern and trouble the Incident caused to many people including the customers, shareholders and business partners.

### 1 . Details of the Incident

The ex-Board Director of the Company made a loan to entities with possibilities of defaults without accepting the tender of a sufficient security.

FLS has been in consultation with its legal advisors in order to address the Incident.

### 2 . The root causes behind the Incident

According to the external investigation committee, the Company’s lack of controlling and monitoring of the subsidiaries, the number of which had increased sharply in a short while, and insufficient management-led governance function against the fraud risks were the root causes behind the Incident.

### 3. Point of the measures to prevent recurrence of corporate misconduct

The Company will establish the following measures not only to address the Incident but to strengthen the governance for the whole group based on the details of the investigation by the external investigation committee.

To support strengthening management function by the Board of Directors	①To dispatch the Company's representative directors to the subsidiaries as part-time directors for a certain period. (Under going) ②To interview about the issues of the subsidiaries and share them among the subsidiaries. ③To promote consolidation of the subsidiaries to let every worker there understand the corporate governance. (Under going)
To support strengthening auditing function by the Company's Board of Corporate Auditors	①To conduct irregular audits of the subsidiaries in cooperation with the Boards of Corporate Auditors of the subsidiaries. ②To strengthen the involvement of the Company's Board of Corporate Auditors concerning an appointment of full-time auditors of the subsidiaries. ③To regularly examine qualities of full-time auditors of the subsidiaries and share the result of the examination at the Board of Directors' meetings

### 4. Impact on the business performance

The impact on the consolidated business performance by the Incident for the fiscal year ended March 2022 is limited.