

July 10, 2020

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Announcement of Full-year Consolidated Earnings Forecast for the Fiscal Year Ending August 31, 2020 and Notice of a Reduction in the Remuneration of Officers

Meiko Network Japan Co., Ltd. (the “Company”) hereby announces that, at the meeting of its Board of Directors held on July 10, 2020, the Company determined its full-year consolidated earnings forecast for the fiscal year ending August 31, 2020 which it set to pending in the “Notice of a Difference between the Consolidated Earnings Forecast and the Actual Results for the Second Quarter and a Revision to the Full-year Earnings Forecast” that it released on April 10, 2020. Together with this, the Company hereby announces that it will reduce the remuneration of its officers.

1. Revised Consolidated Earnings Forecast for This Term (September 1, 2019 to August 31, 2020)

	Consolidated Net Sales	Consolidated Operating Income	Consolidated Ordinary Income	Net Income Attributable to Owners of the Parent	Consolidated Net Income Per Share
Previously announced forecast (A) (Announced on April 10, 2020)	—	—	—	—	—
This forecast (B)	¥18,220 million	(¥80 million)	¥100 million	¥240 million	¥9.16
Change (B – A)	—	—	—	—	—
Percentage change (%)	—	—	—	—	—
Reference: Consolidated results for the previous term (Fiscal year ended August 31, 2019)	¥19,967 million	¥1,775 million	¥1,907 million	¥958 million	¥36.08

2. Reason for the Announcement

The Company withdrew and set to pending its full-year consolidated earnings forecast for the fiscal year ending August 31, 2020. The reason for this was the difficulty in making a reasonable prediction due to the impact of the spread of Covid-19 infections. However, the emergency declaration has been lifted and economic activities are in the process of resuming. In response to this, the Company has forecast the impact of Covid-19 infections on the companies in its group based on information available at the current point in time and recent performance trends. The

Company has now made the decision to announce this forecast.

The Company closed all its schools from March 2 to 15, 2020 in its core business of the Meiko Gijuku due to the spread of COVID-19 infections. In addition, the Company cancelled all classes in its schools at the request of local governments in affected areas from when the emergency declaration was made until when it was lifted. Moreover, the spread of Covid-19 infections coincided with the period of the recruitment for enrollment in the new school year. This led to a significant decline in the enrollment of new students. Furthermore, the Company has extended its summer class period this year; instead of it being July and August as it usually is, it will be from July to September this year. This is due to the shortening of the summer vacation to secure time for classes in schools.

In terms of the Company's Japanese language school business, restrictions on entering Japan due to the spread of Covid-19 infections meant international students scheduled to enroll in April and July 2020 were unable to enter the country. Therefore, the Company has postponed their enrollment to a scheduled start in October in the next term.

The Company expects to post a gain on the sale of investment securities as an extraordinary gain for the fourth quarter consolidated accounting period in this term (June 1 to August 31, 2020).

In light of these circumstances, the Company forecasts full-year consolidated net sales of 18,220 million yen (down 8.8% year-on-year), an operating loss of 80 million yen (there was operating income of 1,775 million yen in the previous term), ordinary income of 100 million yen (down 94.8% year-on-year) and net income attributable to owners of the parent of 240 million yen (down 75.0% year-on-year).

Note: The Company has prepared the abovementioned forecast figures based on information available as of the publication date of this document. However, it is possible that actual performance may fluctuate greatly due to changes in the business conditions in the future that include the impact of the spread of Covid-19 infections. If the need for a revision to this earnings forecast arises in the future, the Company will do so promptly.

3. Reduction in the Remuneration of Officers

The Company takes seriously the details of this full-year consolidated earnings forecast for the fiscal year ending August 31, 2020. Accordingly, the Company will reduce the remuneration of the following Directors to clarify their management responsibility for this.

- (1) Reduction in the Remuneration of Officers
 - (i) President and Chairperson: 30%
 - (ii) Directors (excluding Outside Directors): 10%
- (2) Applicable Period
Six months from June to November 2020