

July 31, 2020

Company name Meiko Network Japan Co., Ltd.
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Stock code: 4668 (TSE First Section)
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**Notice of the Establishment of a Subsidiary with a Company Split
(Simple Incorporation-type Company Split)**

Meiko Network Japan Co., Ltd. (the “Company”) hereby announces that, at the meeting of its Board of Directors held on July 31, 2020, the Company resolved as follows to establish a wholly owned subsidiary of the Company (the “New Company”) with a simple incorporation-type company split and to transfer part of the Meiko Gijuku business to the New Company (the “Incorporation-type Company Split”). The effective date of the Incorporation-type Company Split will be September 1, 2020.

The Company has omitted some disclosure items and details. This is because this matter is a simple incorporation-type company split solely involving the Company.

1. Purpose of the Incorporation-type Company Split

The Company has two management philosophies: to aim to nurture human resources through our contribution to educational and cultural programs and to achieve goals through our development and diffusion of franchise know-how. Under these management philosophies, the Company directly manages and deploys nationwide under the franchise system Meiko Gijuku individual tutoring cram schools according to the self-motivated learning and individual tutoring methods. The Company has received high praise for its expertise in operating individual tutoring cram schools and deploying franchises as a pioneer of individual tutoring cram schools.

The Company considers swift decision-making and clarification of the responsibility structure with independent profits an urgent matter for further growth to strengthen its regional strategy. The Company will strategically implement the Incorporation-type Company Split as part of this.

2. Summary of the Incorporation-type Company Split

(1) Schedule of the Incorporation-type Company Split

Date on which the incorporation-type company split plan was approved: July 31, 2020

Date of the company split (effective date): September 1, 2020 (Planned)

The Incorporation-type Company Split satisfies the requirements of a simple split based on the provisions of Article 805 of the Companies Act. Therefore, the Company will omit approval for this at the Shareholders Meeting.

(2) Method of the Incorporation-type Company Split

The Company will perform an incorporation-type company split with the Company serving as the newly split company and the New Company serving as the company newly established by the split.

(3) Details of the Allocation Relating to the Incorporation-type Company Split

The New Company will issue 300 shares (200,000 yen per share) with the Incorporation-type Company Split. All of these shares will be allocated and handed over to the Company. The capital will be 45,000,000 yen and the capital reserve will be 15,000,000 yen.

(4) Handling of Share Warrants and Warrant Bonds due to the Incorporation-type Company Split
There are no applicable matters.

(5) Capital Increase/Decrease due to the Incorporation-type Company Split
There will be no changes to the capital of the Company due to the Incorporation-type Company Split.

(6) Rights and Obligations Inherited by the New Company
The New Company will inherit some of the assets, liabilities, contractual statuses, and associated rights and obligations relating to the Meiko Gijuku business from the Company on the effective date. However, this will exclude those established separately in the incorporation-type company split plan approved on July 31, 2020.

(7) Expectation of Fulfilling Liabilities
The Company has determined there is an expectation of fulfilling the liabilities of the New Company with a coming repayment period after the effective date of the Incorporation-type Company Split.

(8) Overview of the Parties Concerned in the Incorporation-type Company Split

	Split Company	New Company
Name of company	Meiko Network Japan Co., Ltd.	One link Co., Ltd.
Address	7-20-1 Nishi-Shinjuku, Shinjuku Ward, Tokyo	3-1-1 Nishishoji, Minoh City, Osaka
Name and title of representative	Kazuhito Yamashita, President & Representative Director	Hajime Tabara, President
Business description	Meiko Gijuku direct management business, Meiko Gijuku franchise business and afterschool childcare business	Meiko Gijuku business
Capital	972,512,000 yen	50,000,000 yen (Planned)
Date of establishment	September 1984	September 1, 2020 (Planned)
Number of outstanding shares	27,803,600	300 (Planned)
Accounting period	August 31	August 31
Major shareholders and shareholding ratio	Meiko Kyoiku Kenkyujo: 7.53% Hirotake Watanabe: 6.76% Gakken Holdings Co., Ltd.: 4.27% Meiko Co., Ltd.: 3.77% Yoshiko Okui: 2.99%	Meiko Network Japan Co., Ltd.: 100%
Financial position and Business performance	Fiscal Year Ended August 31, 2019 (Consolidated)	—
Net assets	14,414 million yen	—
Total assets	19,765 million yen	—
Net assets per share	542.21 yen	—
Consolidated net sales	19,967 million yen	—
Consolidated operating income	1,775 million yen	—
Consolidated ordinary income	1,907 million yen	—
Net income attributable to owners of parent	958 million yen	—
Consolidated net income per share (yen)	36.08 yen	—

(9) Business Performance of the Department to Be Split

The classrooms acquired by franchise owners during the fiscal year ending August 31, 2020 will be included in the New Company. Accordingly, it is difficult to calculate the business performance of the department to be split at the present time. Nevertheless, the segment net sales of the Meiko Gijuku direct management business in the fiscal year ended August 31, 2019 was 10,639 million yen. The number of classrooms is 397. The New Company will cover 21 classrooms.

(10) Amount of Assets and Liabilities to Be Split (Current as of July 31, 2020)

The amount of assets to be split is 27,361,000 yen. However, the amount of liabilities to be split will be confirmed with the advance payment of tuition fees up to the effective date of the Incorporation-type Company Split. Therefore, the actual amount to be inherited will differ to the above amount.

(11) Situation in the Split Company after the Incorporation-type Company Split

There will be no changes to the name, address, name/title of the representative, business description, capital or accounting period of the Company that will serve as the split company.

3. Future Outlook

The New Company will be a wholly owned subsidiary of the Company. Therefore, the impact of the Incorporation-type Company Split on the consolidated business results of the Company will be minimal.