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Notice of the Dismissal of the Immediate Appeal by Meiko Network Kyushu CO., LTD. and Meiko Gijuku Kyushu CO., LTD. and the Submission of a Lawsuit by Meiko Network Japan Co., Ltd. against Both Companies

Meiko Network Japan Co., Ltd. (the “Company”) received a decision from the Tokyo High Court on November 9, 2021 to the effect that it had dismissed the immediate appeal filed by Meiko Network Kyushu CO., LTD. and Meiko Gijuku Kyushu CO., LTD. on November 5, 2021. In addition, the Company hereby announces that it has already submitted a lawsuit to the Tokyo District Court on July 19, 2021 with Meiko Network Kyushu CO., LTD., Meiko Gijuku Kyushu CO., LTD. and ANEM Corporation as the defendants.

1. Background and Reasons to the Lawsuit

(1) Background to the Cancellation of the Area Franchise Agreement

The Company entered into an area franchise agreement with Meiko Network Kyushu CO., LTD. and Meiko Gijuku Kyushu CO., LTD. (collectively “Both Companies”). This agreement gave Meiko Network Kyushu CO., LTD. the area franchise rights to allow Meiko Gijuku franchisee applicants to open and manage Meiko Gijuku schools under the condition of the Company’s approval in all the prefectures of Kyushu, Okinawa Prefecture and Yamaguchi Prefecture (the “Area”). In addition, this agreement gave Meiko Gijuku Kyushu CO., LTD. the franchise rights to operate Meiko Gijuku schools.

However, the Company discovered a serious default on debt by Both Companies. Accordingly, the Company canceled its area franchise agreement with them on December 17, 2020. The Company has been giving management guidance directly to the franchisees in the Area since January 2021.

(2) Filing of Petitions for Provisional Disposition and Immediate Appeal by Both Companies and the Results of That

In response to this, Both Companies filed petitions to the Tokyo District Court on January 8, 2021 for provisional disposition seeking provisional status confirmation to the effect that this cancellation of the area franchise agreement was invalid and that they continue to have status with area franchise rights and franchise rights. However, the Tokyo District Court dismissed all these petitions on March 25, 2021. (The Tokyo District Court determined that the cancellation of the area franchise agreements by the Company was valid.)

Both Companies objected to this decision and so made an immediate appeal of the decision (the “Immediate Appeal”) to the Tokyo High Court on April 2, 2021. Nevertheless, as mentioned above, **the Tokyo High Court decided on November 5, 2021 to dismiss the Immediate Appeal and the Company received the letter of that decision on November 9, 2021.**

(3) Submission of a Lawsuit by the Company against Both Companies and ANEM Corporation

The Company submitted a lawsuit to the Tokyo District Court (the “Lawsuit”) against Both Companies and their joint guarantor ANEM Corporation on July 19, 2021. The Lawsuit seeks an injunction of the use of names and other elements, an injunction on opening of individual guidance schools based on the obligation of Both Companies to avoid competing business, the transfer of school management rights, and the payment of damages and unpaid royalties. The Lawsuit is currently under trial.

(4) Documents Published up to the Submission of the Lawsuit

The documents published by the Company up to the submission of the Lawsuit are the *Notice of the Receipt of a Petition for a Provisional Disposition Order* on January 25, 2021 and the *Notice of the Decision to Dismiss a Petition for a Provisional Disposition Order* on March 26, 2021.

2. Future Outlook

The Company has been giving management guidance directly to the franchisees in the Area since January 2021. It has been working to strengthen support as a top priority area in its management strategy. Such efforts have been successful and business results have been steadily recovering even during the COVID-19 pandemic. The Company will continue to aim to increase the number of students and to improve business results while accelerating the pace of support as a top priority area in its management strategy in the future.

The Company believes that the impact from the Immediate Appeal dismissal and the Lawsuit on its consolidated business results will be minimal at the current time. However, the Company will make a prompt announcement if matters that need to be reported arise.