

March 26, 2021

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Notice of the Decision to Dismiss a Petition for a Provisional Disposition Order

A petition for a provisional disposition order (e.g., status confirmation) (the “Petition”) was filed against Meiko Network Japan Co., Ltd. (the “Company”) by Meiko Network Kyushu CO., LTD. and Meiko Gijuku Kyushu CO., LTD. as announced in the “Notice of the Receipt of a Petition for a Provisional Disposition Order” on January 25, 2021. However, the Company hereby announces as follows that it received a decision to the effect that the Petition has been dismissed from the Tokyo District Court dated March 25, 2021.

1. Date of Decision

March 25, 2021

2. Background to the Decision

The Company entered into an area franchise agreement with Meiko Network Kyushu CO., LTD. and Meiko Gijuku Kyushu CO., LTD. This agreement gave Meiko Network Kyushu CO., LTD. franchisor authority as an agent of the Company in all the prefectures of Kyushu, Okinawa Prefecture and Yamaguchi Prefecture. 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 Meiko Network Kyushu CO., LTD. and Meiko Gijuku Kyushu CO., LTD. Accordingly, the Company gave notice to those companies to the effect that it would cancel its area franchise agreement with them on December 17, 2020. The Company has been coordinating to give management guidance directly since January 2021. In response to this, Meiko Network Kyushu CO., LTD. and Meiko Gijuku Kyushu CO., LTD. filed the Petition seeking a provisional disposition order (e.g., status confirmation) to the effect that this cancelation of the area franchise agreement was invalid and that they continue to have area franchise rights under the area franchise agreement on January 8, 2021.

The Company stated the legitimacy of its claims in the court proceedings. As a result of that, the Company received the decision to the effect that the Petition has been dismissed on March 25, 2021.

3. Future Outlook

The Company believes that the impact 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.