

October 29, 2021

Company name: Meiko Network Japan Co., Ltd.
Representative: Kazuhito Yamashita,
President & Representative Director
Stock code: 4668 (TSE First Section)
Contact: Kouyuki Sakamoto, Executive Officer,
General Manager of
Corporate Planning Department
Tel. +81-3-5860-2111

Notice of the Establishment of a Wholly-owned Subsidiary through a Company Split (Simple Incorporation-type Company Split), the Transfer of Shares to WASEDA ACADEMY CO., LTD. of the Newly Established Company, and the Dissolution of the Capital and Business Partnership with WASEDA ACADEMY CO., LTD.

Meiko Network Japan Co., Ltd. (the “Company”) hereby announces that, at the meeting of its Board of Directors held on October 29, 2021, it made the following resolutions; to establish a wholly-owned subsidiary of the Company called Kobetsu Shingakukan Co., Ltd. (“Kobetsu Shingakukan”) through a simple incorporation-type company split and to then transfer the WASEDA ACADEMY Kobetsu School business to Kobetsu Shingakukan with November 5, 2021 serving as the effective date (the “Incorporation-type Company Split”); to transfer the shares of Kobetsu Shingakukan to WASEDA ACADEMY CO., LTD. (First Section of the Tokyo Stock Exchange / Securities code: 4718; “WASEDA ACADEMY”) upon Kobetsu Shingakukan taking over the WASEDA ACADEMY Kobetsu School business possessed by a wholly-owned subsidiary of the Company called MAXIS Education Inc. (“MAXIS Education”) (the “Transfer”); and to dissolve the capital and business partnership between the Company and WASEDA ACADEMY “Dissolution of the Capital and Business Partnership”).

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

1. Purpose of the Incorporation-type Company Split, the Transfer and the Dissolution of the Capital and Business Partnership
The Company and WASEDA ACADEMY entered into a capital and business partnership contract (hereinafter the “Capital and Business Partnership”) as notified in the Company’s press release on August 27, 2010 titled “Notice of a Business Partnership between Meiko Network Japan Co., Ltd. and WASEDA ACADEMY CO., LTD.” and the Company’s press release on September 9, 2010 titled “Notice of a Capital and Business Partnership and the Disposal of Treasury Stock through a Third-party Allocation due to a Business and Capital Partnership.” Under this partnership, the Company and WASEDA ACADEMY worked to mutually expand WASEDA ACADEMY Kobetsu Schools, individual tutoring cram schools for students with advanced scholarly abilities, (direct management expansion by each company and franchise expansion by the Company) by utilizing the individual tutoring operation and franchise expansion expertise of the Company and the hard-to-get-into school examination instruction expertise of WASEDA ACADEMY.

As a result of discussions between the Company and WASEDA ACADEMY about the ideal form of the Capital and Business Partnership, a recognition was reached that it had been possible to fulfill the main purpose of the Capital and Business Partnership by gradually proceeding with the new development and mutual expansion of WASEDA ACADEMY

Kobetsu Schools utilizing the expertise of both companies. With this result, the Company will establish Kobetsu Shingakukan through the Incorporation-type Company Split and then transfer the WASEDA ACADEMY Kobetsu School business to it so that the WASEDA ACADEMY Kobetsu School business can achieve further growth in the future. The shares of Kobetsu Shingakukan will then be transferred to WASEDA ACADEMY upon Kobetsu Shingakukan taking over the WASEDA ACADEMY Kobetsu School business possessed by MAXIS Education. This will ensure a focus on the expansion of WASEDA ACADEMY instead of mutual expansion. Mutual complementation of group tutoring and individual tutoring will be strengthened and business will be expanded utilizing franchise expertise. It has been judged that this is an effective strategy, so the decision has been reached to dissolve the Capital and Business Partnership.

The Company has made the decision to focus its management resources on opening new schools in new school formats and improving customer engagement in its existing business and on strengthening its efforts on its new personnel business as it has proclaimed as its business strategy to promote the Mid-term Management Plan: Fan and Fun Innovation that it announced on October 14, 2021. This will enhance management efficiency to accelerate the pace of achieving the Mid-term Management Plan and will contribute to an improvement in overall corporate value.

1. Overview of the Mid-term Management Plan (Fiscal Year Ending August 31, 2022 to Fiscal Year Ending August 31, 2024)

(1) Mid-term Management Policy

Fan and Fun Innovation

The Company is aiming to be a corporate group that **extracts the potential of people** while repeatedly **transforming** with its **purpose** as its origin. It will achieve sustainable improvement in corporate value and growth by making fans through **innovation (= new combination)** that links **Fan** and **Fun**.

Basic Policy

(i) Make Fans

- Make new fans by promoting digital transformation and deepening and exploring the Meiko brand
- Unfold learning infrastructure by proposing new value corresponding to changes in society

(ii) Make Fun

- Foster fan engagement brimming with satisfaction and trust through excitement
- Aim to make well-being workplaces where it is rewarding to work

(iii) Make Innovation (= New Combination)

- Change awareness continually looking with a new viewpoint to make judgments and take actions
- Reform business structure to further improve business profits

2. Strategies in the Mid-term Management Plan

(i) Business Strategy

- The Company will continue to strengthen efforts to open new schools with new school formats in its existing business and to improve customer engagement.
- The Company will strengthen efforts for its new personnel business. This will allow it to create another pillar of profits following on from its education business and transform to a business portfolio resistant to changes in the social environment.
- The Company will work to realize company-wide digital marketing functions and to build a digital transformation data platform as its digital transformation strategy.

(ii) Personnel Strategy

- The Company will strive to promote diversity management to create innovation and to pursue well-being through work style reforms.

(iii) Capital Strategy

- The Company will enhance its corporate value on a mid- to long-term basis by strengthening its business foundations, enhancing its self-funding necessary for growth investment, and stably and continuously returning profit to shareholders.

(3) Targeted Management Indicators

	Results in the Fiscal Year Ended August 31, 2021	Target for the Fiscal Year Ending August 31, 2024
Consolidated sales	19.03 billion yen	21 billion yen
Consolidated operating income	960 million yen	2 billion yen
Consolidated operating income margin	5.1%	9.5%

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: October 29, 2021

Date of the company split (effective date): November 5, 2021 (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 200 shares (450,000 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 60,000,000 yen and the capital reserve will be 30,000,000 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 Waseda Academy Kobetsu School business from the Company on the effective date. However, this will exclude those established separately in the incorporation-type company split plan approved on October 29, 2021.

(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.	Kobetsu Shingakukan Co., Ltd
Address	7-20-1 Nishi-Shinjuku, Shinjuku Ward, Tokyo	1-16-15 Minami-Ikebukuro, Toshima Ward, Tokyo
Name and title of representative	Kazuhito Yamashita, President & Representative Director	Kazuhito Yamashita, President & Representative Director
Business description	Meiko Gijuku direct management business, Meiko Gijuku franchise business and afterschool childcare business	Waseda Academy Kobetsu School business
Capital	972,512,000 yen	60,000,000 yen (Planned)
Date of establishment	September 21, 1984	November 5, 2021 (Planned)
Number of outstanding shares	27,803,600	200 (Planned)
Accounting period	August 31	March 31
Major shareholders and shareholding ratio	Meiko Kyoiku Kenkyujo: 7.89% Hirotake Watanabe: 7.08% Meiko Co., Ltd.: 3.95% Yoshiko Okui: 3.13% The master trust bank of Japan, Ltd. (Trust Account) : 2.81%	Meiko Network Japan Co., Ltd.:
Financial position and Business performance	Fiscal Year Ended August 31, 2021 (Consolidated)	—

Net assets	10,025 million yen	—
Total assets	14,649 million yen	—
Net assets per share	399.67 yen	—
Consolidated net sales	19,039 million yen	—
Consolidated operating income	969 million yen	—
Consolidated ordinary income	1,113 million yen	—
Net income attributable to owners of parent	1,140 million yen	—
Consolidated net income per share (yen)	45.47 yen	—

(9) Business Performance of the Department to Be Split

The segment net sales were 620 million yen and operating income were 31 million yen of the Waseda Academy Kobetsu School business for the fiscal year ended August 31, 2021.

The number of schools are 7 directly operated by the Company and 20 franchised schools (including MAXIS Education).

(10) Amount of Assets and Liabilities to Be Split (Current as of October 29, 2021)

The amount of assets to be split is 90,000,000 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. Summary of the Transfer and the Dissolution of the Capital and Business Partnership

The Company and WASEDA ACADEMY have agreed to the Company transferring Kobetsu School to WASEDA ACADEMY and to dissolving their capital and business partnership. The Company holds 833,400 shares of WASEDA ACADEMY (ratio with respect to the number of outstanding shares as of March 31, 2021: 4.38%) under the Capital and Business Partnership. However, the Company intends to continue holding these shares as investment securities even after the Dissolution of the Capital and Business Partnership. WASEDA ACADEMY holds 347,600 shares of the Company (ratio with respect to the number of outstanding shares as of August 31, 2021: 1.37%) under the capital and business partnership. However, WASEDA ACADEMY will consider this position upon carefully ascertaining trends in the stock market, the impact on the market and other factors after the Dissolution of the Capital and Business Partnership.

(1) Schedule of the Transfer and the Dissolution of the Capital and Business Partnership

Date of the resolution by the Board of Directors:	October 29, 2021
Date of the share transfer contract:	November 30, 2021

Date of the share transfer:	November 30, 2021
Date of the Dissolution of the Capital and Business Partnership Agreement:	November 30, 2021
Date of the Dissolution of the Capital and Business Partnership:	November 30, 2021

(2) Number of Transferred Shares, Transfer Price and Number of Shares Held Before/After the Transfer

Number of shares held before the transfer	200 (Voting rights ownership ratio: 100%)
Number of shares acquired by transfer	200 (Voting rights ownership ratio: 100%)
Transfer price:	-
Number of shares held after the transfer	0 (Voting rights ownership rate: 0%)

*The Company will not disclose the transfer price based on duty of confidentiality in the transfer contract. However, the Company performed due diligence through a third-party organization to calculate a fair and reasonable monetary amount upon mutual discussions.

4. Overview the Other Party in the Share Transfer and the Dissolution of the Capital and Business Partnership

Name of company	WASEDA ACADEMY CO., LTD.										
Address	1-16-15 Minami-Ikebukuro, Toshima Ward, Tokyo										
Name and title of the representative	Yutaka Yamamoto, President										
Business description	Management of cram schools for elementary school, junior high school and high school students, etc.										
Capital	2,014 million yen										
Date of establishment	November 1974										
Number of outstanding shares	19,012,452										
Accounting period	Fiscal year ending March 31										
Number of employees	980 (Consolidated)										
Major shareholders and shareholding ratio	<table> <tr> <td>Nagase Brothers Inc.:</td> <td>15.87%</td> </tr> <tr> <td>EISHINKAN Co., Ltd.:</td> <td>9.62%</td> </tr> <tr> <td>Shinichi Kawabata:</td> <td>6.31%</td> </tr> <tr> <td>Fukuyama Industry Co., Ltd.:</td> <td>6.12%</td> </tr> <tr> <td>Meiko Network Japan Co., Ltd.:</td> <td>4.38%</td> </tr> </table>	Nagase Brothers Inc.:	15.87%	EISHINKAN Co., Ltd.:	9.62%	Shinichi Kawabata:	6.31%	Fukuyama Industry Co., Ltd.:	6.12%	Meiko Network Japan Co., Ltd.:	4.38%
Nagase Brothers Inc.:	15.87%										
EISHINKAN Co., Ltd.:	9.62%										
Shinichi Kawabata:	6.31%										
Fukuyama Industry Co., Ltd.:	6.12%										
Meiko Network Japan Co., Ltd.:	4.38%										

Relationship between the Company and WASEDA ACADEMY

Capital relationship	The Company holds 833,400 shares of WASEDA ACADEMY (ratio with respect to the number of outstanding shares as of March 31, 2021: 4.38%). WASEDA ACADEMY holds 347,600 shares of the Company (ratio with respect to the number of outstanding shares as of August 31, 2021: 1.37%).
Personnel relationship	No applicable matters
Business relationship	There is mutual business between the Company and WASEDA ACADEMY under a business partnership. This business includes the payment of royalties in the WASEDA ACADEMY Kobetsu School business and the sale of products.

Applicability as related parties	Neither the Company nor WASEDA ACADEMY corresponds to a related party of the other. In addition, none of the persons concerned and the affiliated companies of either company corresponds to a related party of the other.		
Business performance and Financial Condition for the Last Three Years			
Accounting Period	Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2021
Consolidated net assets (millions of yen)	7,625	8,242	11,004
Consolidated total assets (millions of yen)	15,063	15,324	18,586
Consolidated net assets per share (yen)	481.33	520.29	583.59
Consolidated net sales (millions of yen)	23,814	24,611	25,453
Consolidated operating income (millions of yen)	1,526	1,169	1,064
Consolidated ordinary income (millions of yen)	1,538	1,162	1,077
Net income attributable to owners of the parent (yen)	925	772	529
Consolidated net income per share (yen)	58.43	48.76	33.13

5. Future Outlook

The Company expects the Incorporation-type Company Split, the Transfer and the Dissolution of the Capital and Business Partnership to have a minor impact on its consolidated business results. However, the Company will make a prompt announcement in the event matters that should be disclosed arise in the future.