

October 15, 2020

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

**Notice of a Difference between the Consolidated Earnings Forecast and the Actual Results and the Recording of Extraordinary Losses (Impairment Losses and a Loss Resulting from a Revised Valuation of Investment Securities)**

Meiko Network Japan Co., Ltd. (the “Company”) hereby announces that a difference has arisen between the consolidated earnings forecast for the fiscal year ended August 31, 2020 that it announced on July 10, 2020 and the consolidated business results that it announced today.

Together with this, the Company hereby announces that, at the meeting of its Board of Directors held on October 15, 2020, it resolved as follows to record impairment losses and a loss resulting from a revised valuation of investment securities as extraordinary losses in relation to the fourth quarter accounting period (June 1 to August 31, 2020) for the fiscal year ended August 31, 2020.

1. Difference between the Consolidated Earnings Forecast and the Actual Results for the Fiscal Year Ended August 31, 2020 (September 1, 2019 to August 31, 2020)

(1) Difference between the Consolidated Earnings Forecast and the Actual Results

(Unit: millions of yen)

	Consolidated Net Sales	Consolidated Operating Income	Consolidated Ordinary Income	Net Income Attributable to Owners of Parent	Consolidated Net Income Per Share
Previously announced forecast [A] (Announced on July 10, 2020)	18,220	(80)	100	240	9.16 yen
Actual results [B]	18,218	214	451	(2,232)	(85.21 yen)
Change [B – A]	(2)	294	351	(2,472)	-
Percentage change (%)	(0.01)	-	351.92	-	-
Reference: Consolidated results for the previous fiscal year (fiscal year ended August 31, 2019)	19,967	1,775	1,907	958	36.08 yen

(2) Reason for the Difference

Net sales were generally in line with the previously announced forecast in regards to the consolidated business results for the fiscal year ended August 31, 2020. However, operating income increased 294 million yen from the previously announced forecast to 214 million yen and ordinary income increased 351 million yen from the previously announced forecast to 451 million yen. This was as a result of efforts to control expenses in general, including personnel expenses and sales promotion expenses, across the whole of the Group. In addition, net income attributable to owners of the parent decreased 2,472 million yen to minus 2,232 million yen due to the recording of extraordinary losses. It should be noted that the company has not changed its year-ended dividend forecast of 15 yen per share that it announced on July 10, 2020.

2. Recording of Extraordinary Losses (Impairment Losses and Loss Resulting from a Revised Valuation of Investment Securities)

The Company examined the state of progress and outlook for the business plans of three consolidated subsidiaries of the Company in its Meiko Gijuku business – MAXIS Education Inc., K.LINE Co., Ltd. and K.M.G. Corporation Co., Ltd. – and two companies in its Japanese language school business – Waseda EDU Co., Ltd. and International Human Resource Development Co., Ltd. The Company did this based on the immigration restrictions, the impact on consumer sentiment and the sluggish economic situation in the market conditions due to the spread of COVID-19. As a result, the Company has recorded a 156 million yen fixed asset and 2,296 million yen goodwill unamortized balance impairment losses as extraordinary losses for the fiscal year ended August 31, 2020. Moreover, the Company has recorded a 468 million yen loss resulting from a revised valuation of investment securities as an extraordinary loss for the fiscal year ended August 31, 2020 for investment securities for which the recovery of their real value cannot be recognized considering the financial conditions and business plans among those investment securities held by the Company.

The aforementioned extraordinary loss has been reflected in the summary of accounts for the fiscal year ended August 31, 2020 that the Company announced today.