

MEIKO NETWORK JAPAN

Consolidated Financial Results Presentation Materials for the Six Month Ended February 28, 2022

Meiko Network Japan Co., Ltd. (TSE Prime Market 4668)

Kazuhito Yamashita

President & Representative Director

April 13, 2022

1. Corporate Profile

2. Summary of Financial Results

(Highlights and details of business results for the six month ended February 28, 2022)

3. Progress of the Mid-Term Management Plan

4. Earnings and Dividend Forecasts

(Forecast for the fiscal year ending August 31, 2022)

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(Forecast for the fiscal year ending August 31,2022)

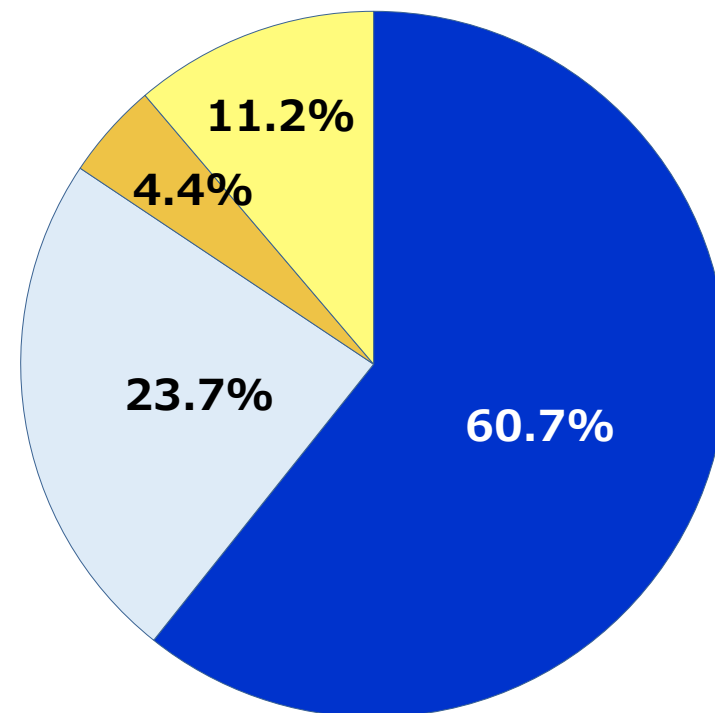
Corporate profile

Company Name	MEIKO NETWORK JAPAN CO.,LTD.
Head office Address	7-20-1 Nishi-Shinjuku, Shinjuku Ward, Tokyo, Japan.
Establishment	September 1984
Number of Employees	920 (consolidated) (as of Aug. 2021)
Representative	Kazuhito YAMASHITA (President & Representative Director)
Founding Spirit	Management Philosophy We aim to nurture human resources through our contribution to educational and cultural programs. We help achieve goals through our development and diffusion of franchise know-how. Educational Philosophy To nurture creative, independently-minded human resources for 21st century society through an individual tutoring service that promotes self-motivated learning.

Profit Structure

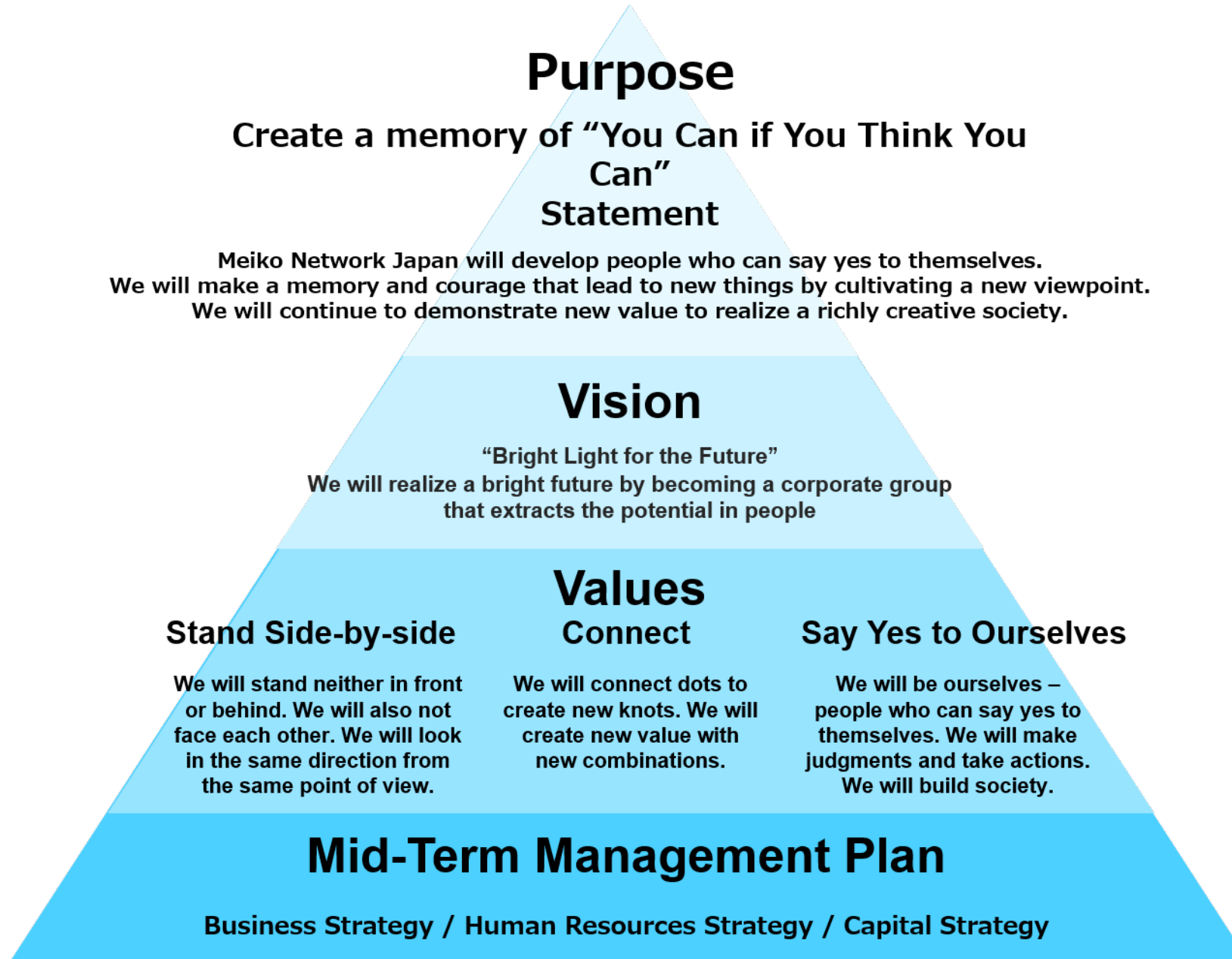
Consolidated sales: **19.0billion**

(FY Aug, 2021)



- Meiko Gijuku (directly operated)
- Meiko Gijuku (FC)
- Japanese Language schools
- Others

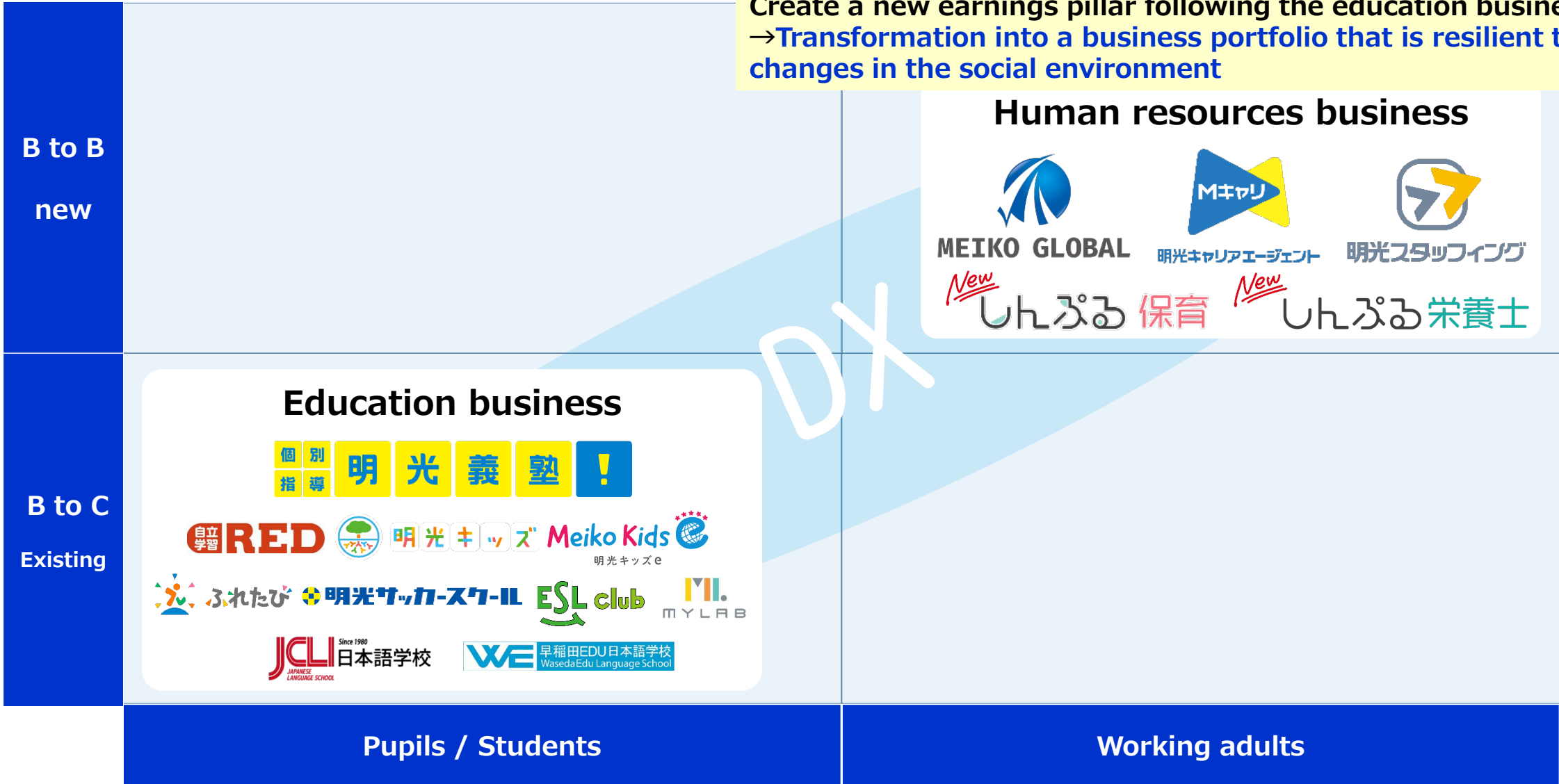
Purpose



Our business

Human Resource Development Project to “extracts the potential in people”

Create a new earnings pillar following the education business
 → Transformation into a business portfolio that is resilient to changes in the social environment



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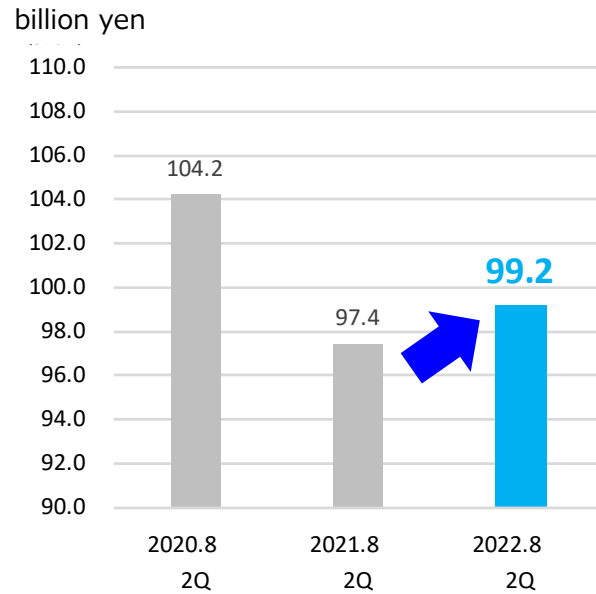
(1) Highlights of business results

Operating income recovered V-shaped to the level before the Corona epidemic.

Sales

9.92 billion yen

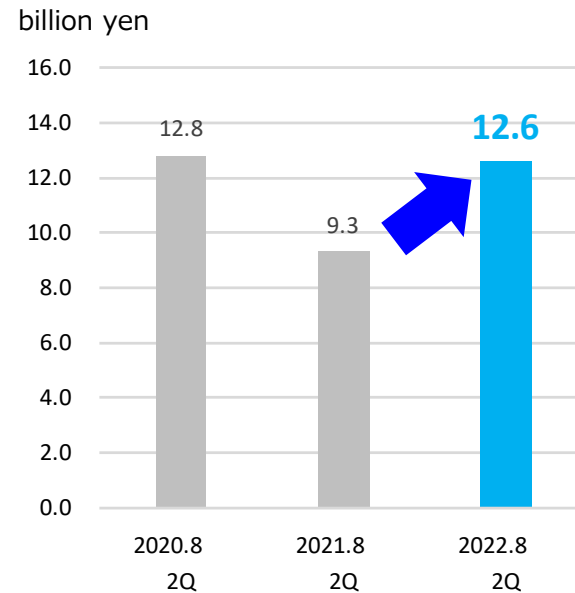
1.9% increased YoY



Operating income

1.26 billion yen

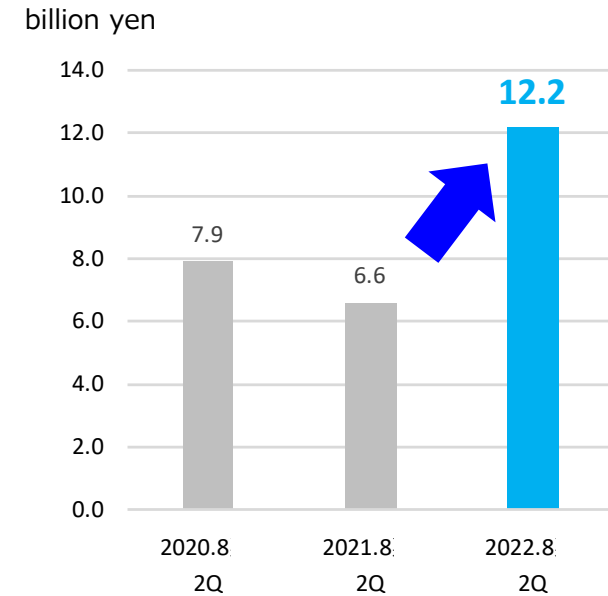
36.1% increased YoY



Quarterly Net income

1.22 billion yen

84.2% increased YoY



* Net income attributable to shareholders of the parent company.

* Gain on sales of stocks of subsidiaries and associates will be recorded as extraordinary income in the fiscal year ending August 2022.

(1) Highlights of business results (Meiko Gijuku)

- Number of classrooms **increased QoQ**
- Number of enrolled students **negative growth rate reduced from the QoQ** during Omicron's epidemic.

		1Q	2Q	Change from QoQ
Number of Schools	FY 2021.8	1,842	1,809	(33)
	FY 2022.8	1,766	1,778	+12
Number of Students	FY 2021.8	108,630	102,759	(5,871)
	FY 2022.8	104,800	99,682	(5,118)

(2) Summary of 2nd Quarter Financial Results (P/L)

(Unit: millions of yen)

	FY 2021.8 2Q	FY 2022.8 2Q	YoY	
			Change	Percentage of Change
Net sales	9,744	9,927	+182	+1.9%
Cost of sales	6,897	7,033	+135	+2.0%
(%)	70.8%	70.8%		+0.1pt
Gross profit	2,846	2,894	+47	+1.7%
(%)	29.2%	29.2%		(0.1)pt
Selling, general and administrative expenses	1,916	1,628	(288)	(15.0%)
(%)	19.7%	16.4%		(3.3)pt
Operating income	930	1,265	+335	+36.1%
(%)	9.5%	12.8%		+3.3pt
Non-operating income	93	62	(31)	(33.3%)
Non-operating expenses	7	1	(6)	(78.3%)
Ordinary income	1,016	1,326	+310	+30.6%
(%)	10.4%	13.4%		+3.0pt
Extraordinary income	53	623	+569	+1,062.3%
Extraordinary loss	0	28	+27	+3,313.8%
Net income	666	1,227	+561	+84.2%
(%)	6.8%	12.4%		+5.5pt

(Unit: millions of yen)

■ Sales

- Meiko Gijuku Business +379
(Directly operated/ FC)
- Japanese Language School Business (144)
(Impact of immigration restrictions)
- Other Business (51)

■ Cost of Sales

- Purchase +105
- Personnel expenses +53
- Expenses (24)

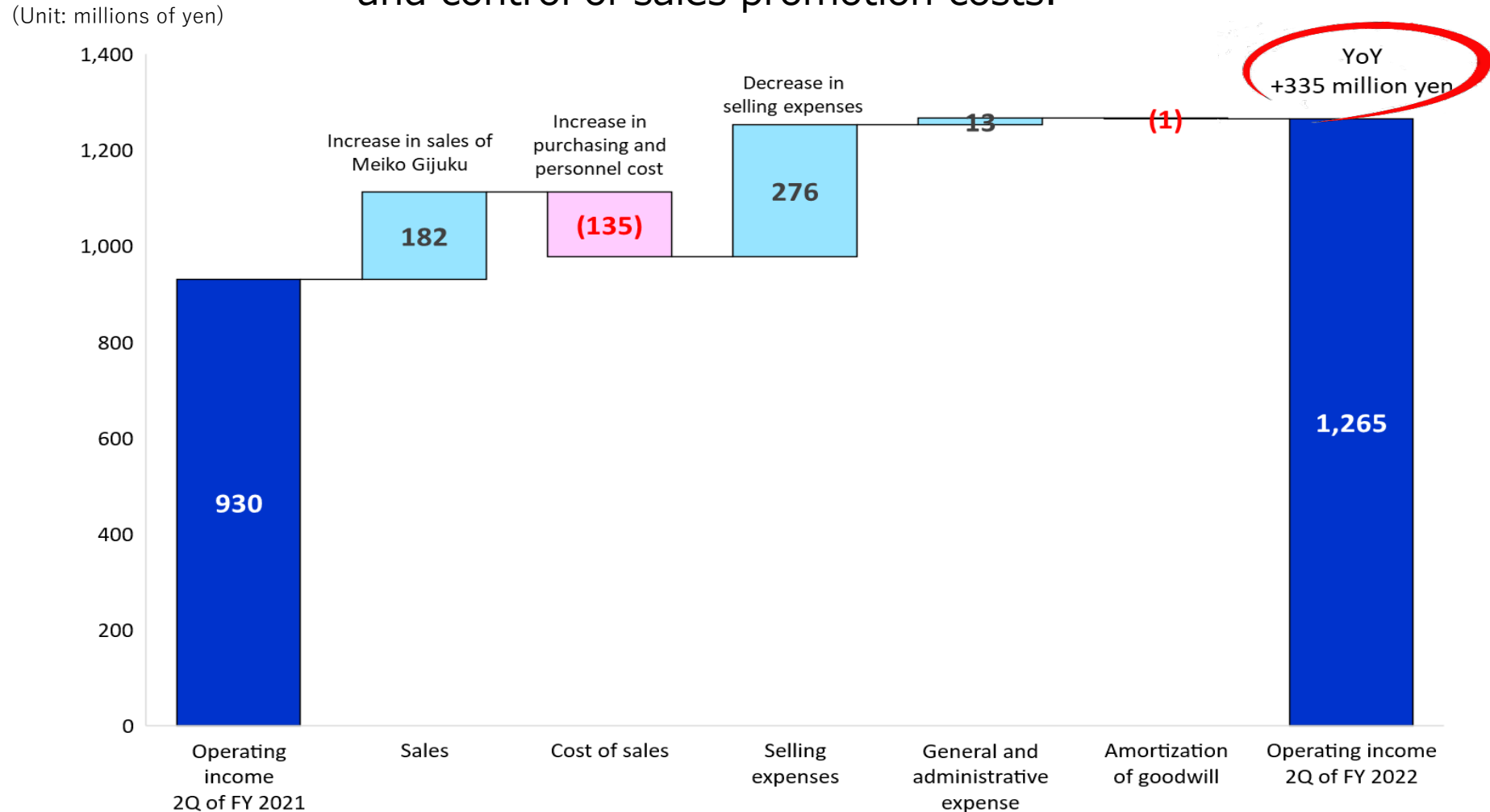
■ Selling and Administrative expenses

- Sales promotion expenses (266)
- Commission fee (20)

(2) Summary of 2nd Quarter Financial Results (P/L)

~ YoY variance analysis of operating income ~

Operating profit increased due to higher sales in the Meiko Gijuku business and control of sales promotion costs.



(2) Summary of 2nd Quarter Financial Results (B / S)

(Unit: millions of yen)

	FY 2021.8	FY 2022.8 2Q	YoY	
			change	Percentage of change
Current assets	10,441	11,158	+716	+6.9%
Property, plant and equipment	531	674	+142	+26.9%
Intangible assets	402	364	(37)	(9.3%)
Investments and other assets	3,274	3,553	+278	+8.5%
Total assets	14,649	15,750	+1,100	+7.5%
Current liabilities	3,876	3,891	+15	+0.4%
Non-current liabilities	747	812	+64	+8.7%
Total liabilities	4,624	4,704	+80	+1.7%
Total net assets	10,025	11,045	+1,019	+10.2%
Total liabilities and net assets	14,649	15,750	+1,100	+7.5%

■ Assets

(Current assets)

- Increased in cash and deposits +932
- Decreased in securities (200)

(Property, plant and equipment)

- Increased in buildings and structures +82
- Increased in land +48

(Investments and other assets)

- Increased in investment securities +227

■ Liabilities

(Current liabilities)

- Increased in accounts payable – trade +94
- Increased in accounts payable – other +81
- Decreased in accrued expenses (215)
- Increased in income taxes payable +290
- Increased in accrued consumption taxes +126
- Decreased in advances received and contract liabilities (390)
- Increased in deposits received +97

■ Net assets

- Increased in retained earnings +961

(Unit: millions of yen)

(2) Summary of 2nd Quarter Financial Results (C/F)

(Unit: millions of yen)

	FY 2021.8 2Q	FY 2022.8 2Q	YoY
C/F from operating activities	588	615	+27
C/F from investing activities	365	538	+172
C/F from financing activities	623	(259)	(882)
Cash and cash equivalents	1,577	894	(683)
Balance at beginning of period	6,765	8,577	+1,811
Balance at end of quarter	8,343	9,471	+1,128

(Unit: millions of yen)

■ Cash flows from operating activities

- Increased in income before income tax +852
- Increase in loss (gain) on sales of investment securities (569)
- Decreased in accrued expenses (349)

■ Cash flows from investing activities

- Proceeds from sale of investment securities +624
- Increased in time deposits (increase) (201)
- Purchase of investment securities (122)
- Proceeds from redemption of investment securities (100)

■ Cash flows from financing activities

- Proceeds from borrowing (1,000)

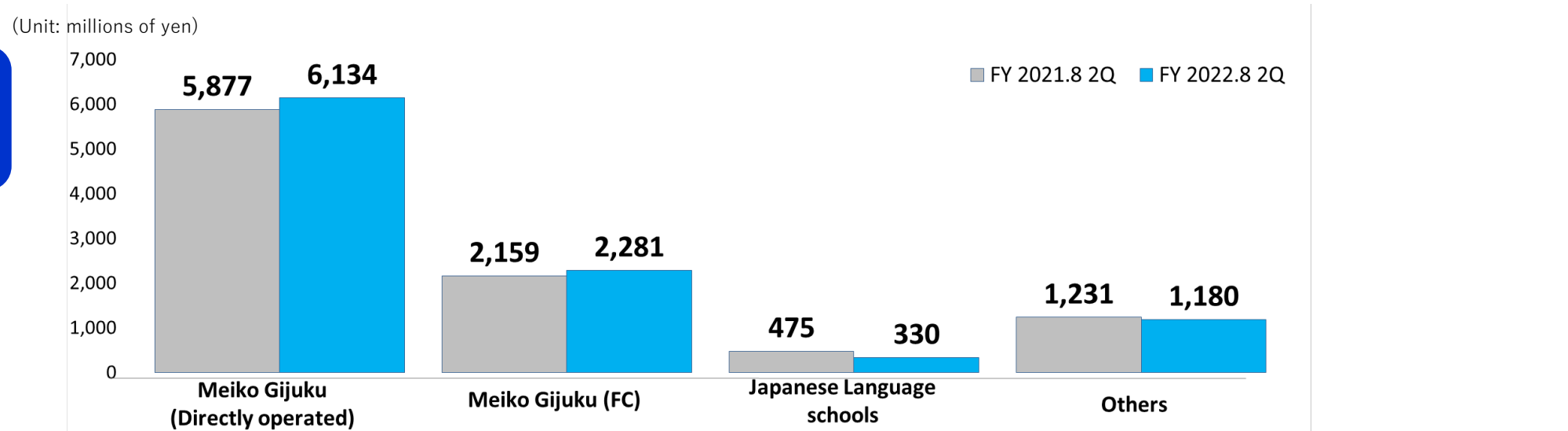
■ Cash and cash equivalents

- Balance at beginning of period +1,128

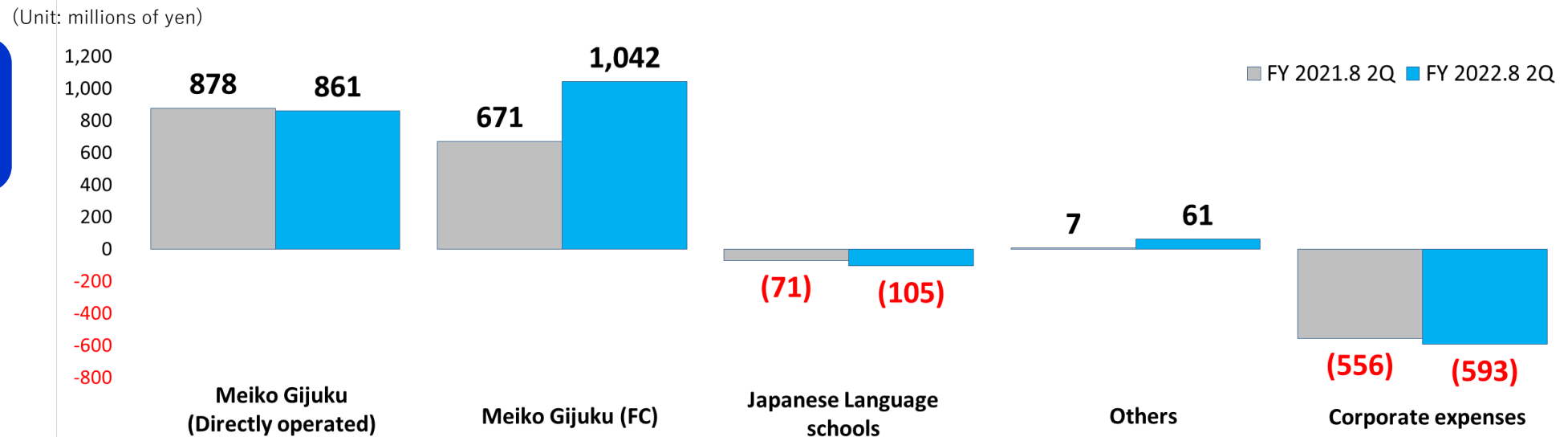
(3) Results by Segments

Sales and Operating Income

Sales



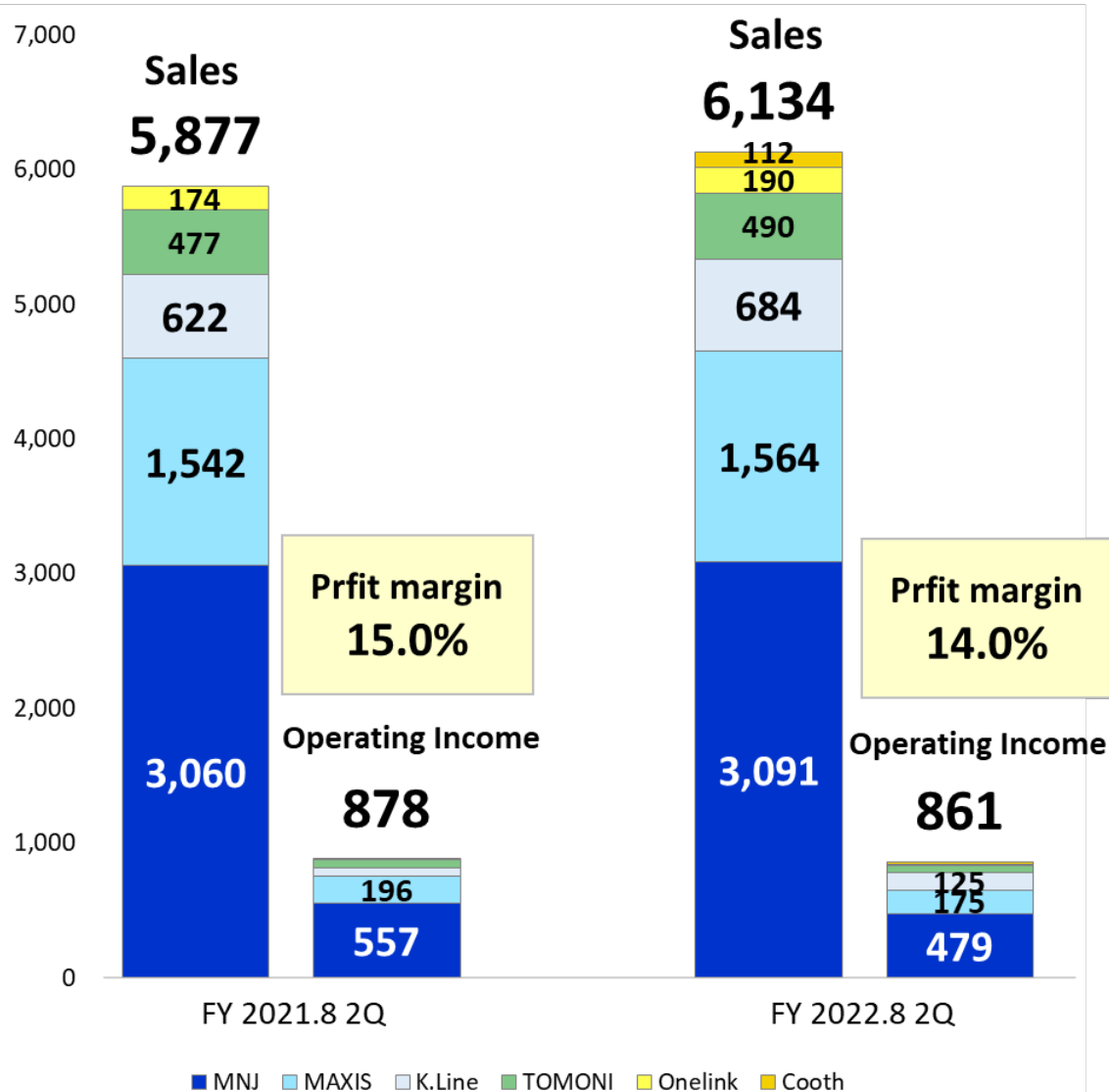
Operating Income



(3) Results by Segments

Meiko Gijuku Directly Operated

(Unit: millions of yen)



■ Number of schools : 428 (YOY +23)

- New open / Transfer from FC : +18
- Closed : (3)
- Transfer to FC : (7)
- Cooth Co., Ltd. * : +15

■ Sales : +257 million yen

- MNJ : +31 million yen MAXIS : +22 million yen
- K.Line : +62 million yen TOMONI : +13 million yen
- One link ** : +15 million yen
- Cooth Co., Ltd * : +112 million yen

■ Operating Income : 17 million yen decreased

- MNJ*** : (77) million yen
- MAXIS : (21) million yen
- K.Line : +61 million yen
- TOMONI : (5) million yen
- One link** : +5 million yen
- Cooth Co., Ltd* : +20 million yen

* 2021.12 consolidated subsidiary

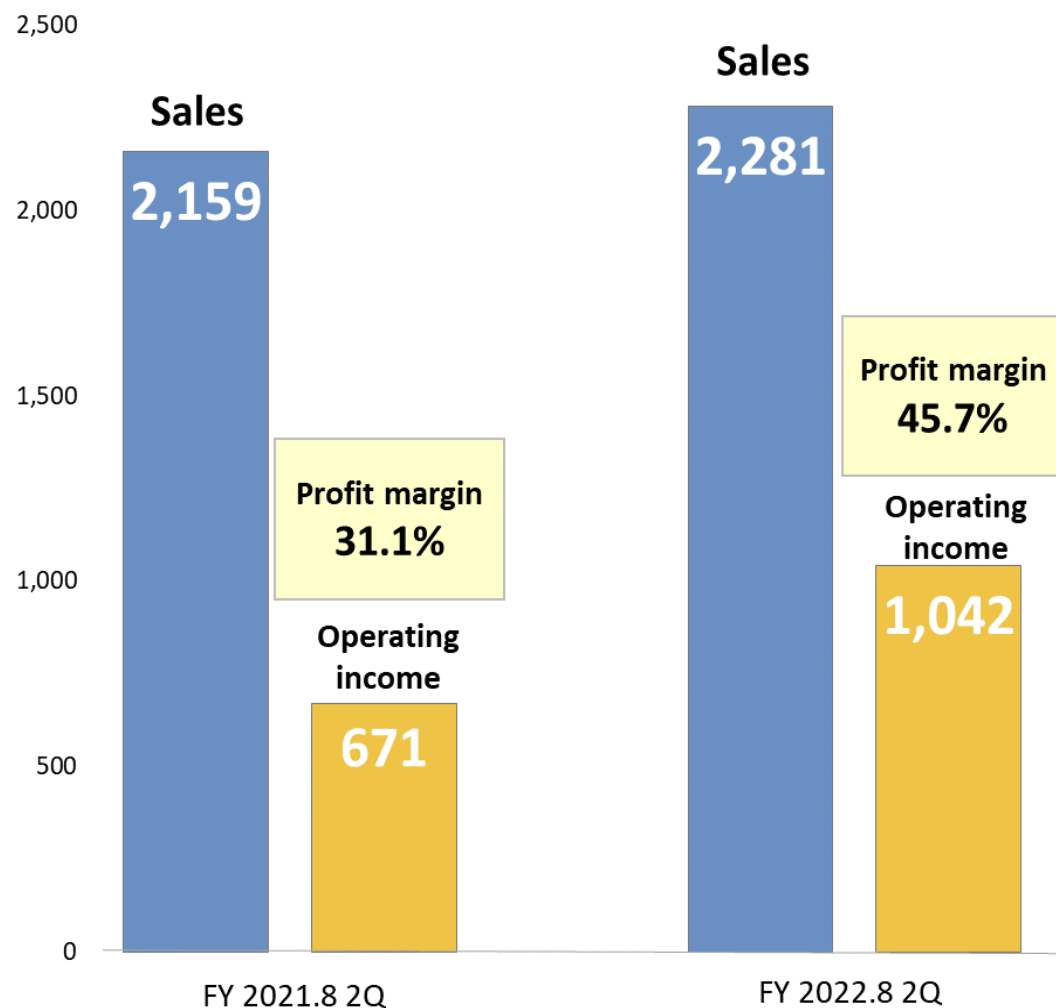
**2020.9simple incorporation-type company split

***Increased personnel, consumables and sales promotion costs due to the opening of new schools, etc.

(3) Results by Segments

Meiko Gijuku Franchise

(Unit: Millions of yen)



■ **Number of schools : 1,350 (54 YoY)**

- New open / reopen : +9
- Transfer from MNJ : +7
- Closed : (54)
- Transfer to MNJ : (1)
- Cooth Co., Ltd : (15)

(* Counting in Meiko Gijuku directly operated)

■ **Sales : +121 million yen**

(Unit: Millions of yen)

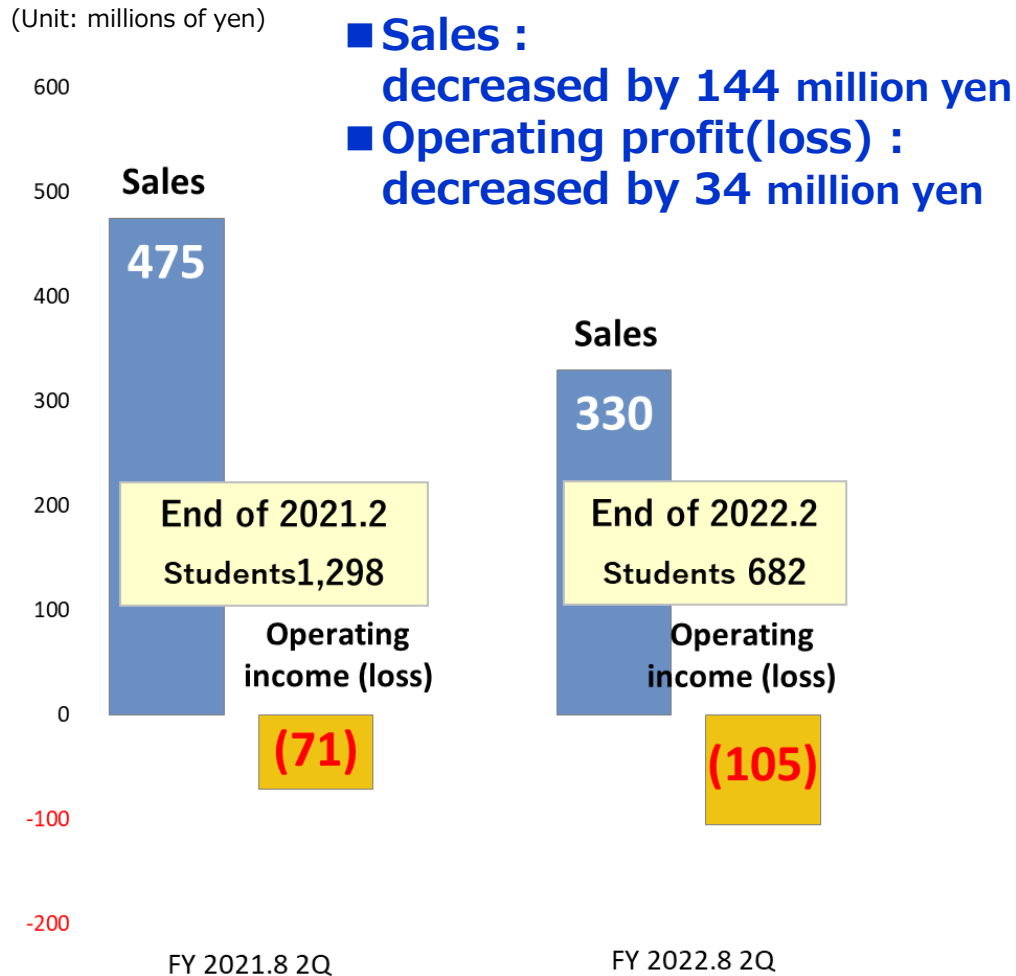
- Royalty income : +62
- Sales of educational materials to franchisees : +104
(Provide packaged ICT teaching materials and revision of textbooks in line with revised Courses of Study.)
- Contract sales : (22)
- Sales from the transfer of goodwill : (20)

■ **Operating income : +370 million yen**

- Decreased in sales promotion expenses : (265)
→ Promotional support to franchisees was systematically controlled.

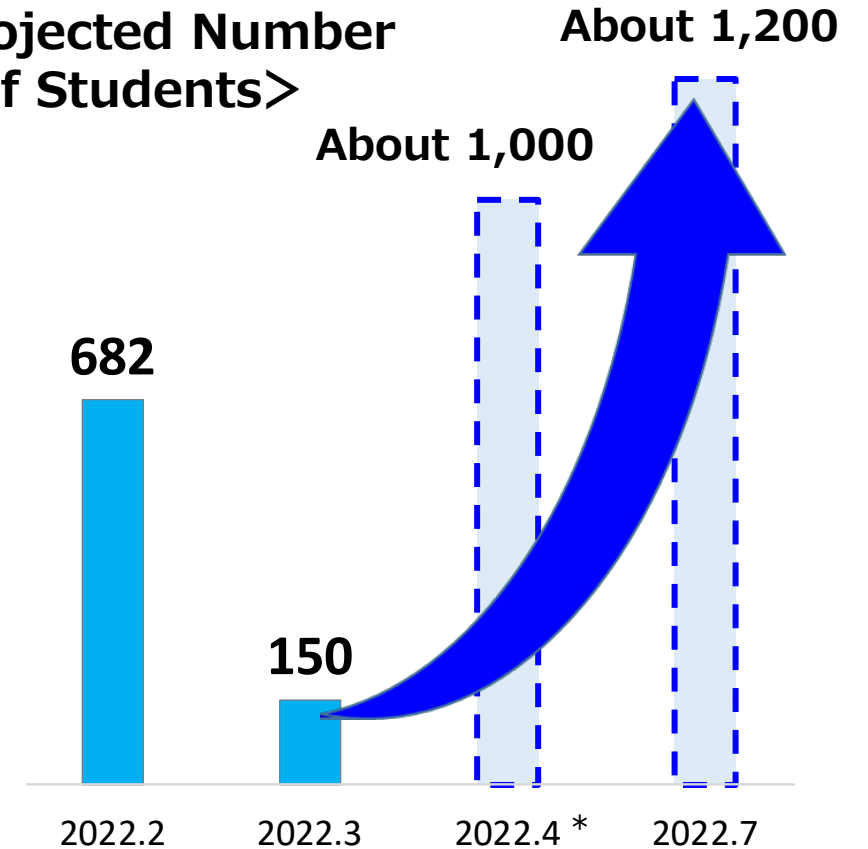
(3) Results by Segments Japanese Language Schools

➤ Decline in student numbers due to immigration restrictions.



➤ With the easing of restrictions on immigration, the number of students is expected to recover significantly, as April and July enrolments are now possible.

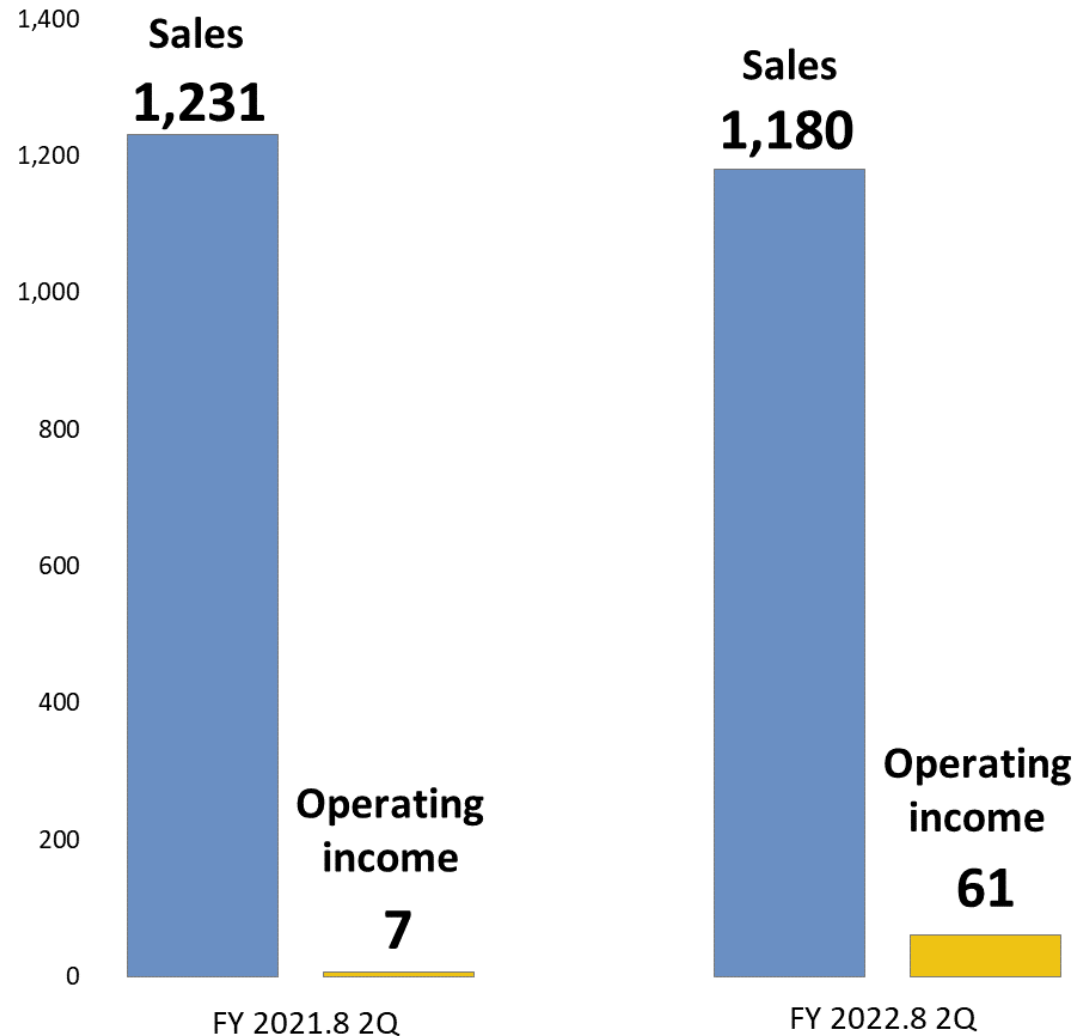
<Projected Number of Students>



*In April 2022 enrollment includes international students who have not yet arrived in Japan (awaiting entry). Students scheduled to enter in May/June will take online classes until their arrival.

(3) Results by Segments Others

(Unit: millions of yen)



- **Sales: decreased by 51 million yen**
 - …Impact of sales decrease due to transfer and liquidation
 - Waseda Academy Kobetsu school **(193)** million yen (transferred at the end of Nov. 2021.11)
 - Tokyo Ishin Gakuin **(113)** million yen (liquidation at the end of Jun. 2021)
 - HR Solution business • Koto & Company • RED • Kids • ESL +243 million yen
- **Operating Income: increased by 53 million yen**
 - Tokyo Ishin Gakuin (liquidation at the end of Jun. 2021) and Koto & Company contributed positively to operating income.
 - HR solution, RED and Kids e are in the investment stage.

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Mid-Term Management Plan

Numerical Plan (consolidated)

	Plans for FY 2022.8	Plans for FY 2024.8
Sales	19.8 billion yen	21.0 billion yen
Operating income	1.04 billion yen	2.00 billion yen
Operating income margin	5.3%	9.5%



Fan · 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

1. 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

2. Make Fun

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

3. 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

Deepening the Meiko Bland

Deepening Meiko Brand × Make Fans ～Expanding the Education Infrastructure～

「やればできる」の記憶をつくる



18 new Schools
opened in Feb & Mar 2022.



Meiko Group *Include consolidated subsidiaries	10 Schools
FC	8 Schools
Total	18 Schools

Deepening Meiko Brand × Make Fans

～Expanding the Education Infrastructure～

Promoting the opening of new independent learning schools, Jiritsugakusyu RED, where students learn through an AI-based, individually optimized curriculum.

自ら学ぶ力で可能性を広げる



13 new schools
opened between Feb
and April *Under our jurisdiction



MNJ Group	2 Schools
F C	11 Schools
Total	13 Schools

Deepening Meiko Brand × Make Fans

~Responding to Educational Reforms~

Meiko Gijuku's ICT Teaching Material Lineup to Include "Math for Junior High Entrance Exams" from April.

<aim@>
Math for Junior High
Entrance Exams









① 単元ごとに問題演習



② 正答状況により苦手を特定



③ 苦手問題の類題を反復演習

Elementary School	Junior High School	High School
 : English four skills	Science and Social Studies Forester	 志望大学合格へ! 高校生の映像授業 Video lessons
 <i>New</i> Math for junior high school and public high school entrance exam, periodic test preparation		
 TERRACE Teaching materials to learn quick reading comprehension		
 : Programing class		
		atama+ : Individualized teaching materials by AI + human teachers
 : AI-based teaching materials for English and memorization		
MEIKO EIKEN® Preparation Seminar: Original ICT materials for EIKEN preparation for EIKEN Levels 5 to 2		

Deepening Meiko Brand × Make Fans

~Responding to Educational Reforms~

"365-Day English Drill for a Little Bit of Everyday" went on sale in March.

- To create new Fans, Meiko Gijuku's English Vocabulary Drills for elementary school students now on the market.
- This textbook corresponds to the revision of the Courses of Study to make English a subject in elementary school.
- Teaching materials that enable students to acquire the Meiko Method of learning vocabulary and develop study habits.



[Book Summary]

Title: "365-Day English Drill for a Little Bit of Everyday"

Edited by Bunri Corporation

Price: 1,320 yen (include 10% tax)

Release date: March 3, 2022

Format: A4 size / 100 pages

Appendix: English audio (voice delivery)

Publisher: Bunri Corporation



14



15

Deepening Meiko Brand × Make Fun ~Teachers forum 2022~

- **Effort to improve the value of classes and services through school management that draws out the autonomy of teachers.**
- Based on the results of last year's "Teachers Awards" held at directly operated schools, this year's awards will be held on a nationwide scale.
- Each schools selected a theme in line with Meiko Gijuku policies, and presented and shared the details of their efforts.
- External lectures and other events were held with the intention of encouraging initiatives and deepening the learning of teachers.



<Teachers Award 2021 held last year>

Deepening Meiko Brand × Make Fun ～SNS “Meiko Alumni”～

- **Meiko Alumni, a network of graduating Meiko Gijuku teachers, was launched in March.**
- Not only graduating teachers but also current teachers and school manager can participate in this social networking service.
- The main contents are (1) **"Career support"** for graduated and current teachers (2) **"Future education"** create with graduated teachers



明光義塾! for アルムナイ

明光義塾の元講師・現役講師・社員の皆様へ

今こそ、一緒に。

明光義塾は、今までもこれからも、
人と人の繋がりを大切にします。
繋がりにくい今だからこそ、
一緒に乗りこえよう。



CONTENT

アルムナイと現役講師をつなぐコンテンツ



キャリア支援

未来教育

*This social networking service is invitation-only. This social networking service is by invitation only. To participate, you will need an invitation link from a current Meiko Gijuku teacher or employee.

Deepening Meiko Brand × Make Fans × Make Fun ~Japanese Language Schools~

<JCLI Japanese Language School>

- Event to **send messages of support** to international students unable to enter Japan due to the Corona Disaster with original colored cards from **108 famous Japanese manga artists and animators**



<Waseda EDU Japanese Language Lshcool>

- Online speech contest with the message that even though students are spending in an "online space" due to the Corona disaster, they can "see and hear" each other, and that they are not alone.

ねえ、見えますか。聞こえますか。
オンラインスピーチ大会 2022
CAN YOU SEE ME? CAN YOU HEAR ME?

WASEDA EDU LANGUAGE SCHOOL

YouTube で無料配信!
「Nihongo EDU online」で検索! 配信視聴中
中国地区学校

2.25 [日] FEBRUARY 25 12:00 START
主催: 早稲田大学日本語学校 東京国際大学国際言語センター 早稲田大学
早稲田大学日本語学校オンラインスピーチ大会 2022
<https://www.waseda.edu>

Exploring for new business

Exploring for new business × Make Innovation

～HR Solution Business～

<EPA business>

- On February 14, an online opening ceremony was held for the pre-visit Japanese language training program for Vietnamese nurse and care worker candidates under the EPA entrusted by the Ministry of Foreign Affairs of Japan.
- 10-month-long educational program in Vietnam has been launched.



<Recruitment business for Japanese>

- Meiko Career Agent, "a career tutoring" service that utilizes career counseling and guidance skills cultivated in the education business
- Meiko Career Academy, a career development support program open to the general public, has a cumulative total of 700 students who have participated in the program to help them develop "self-directed careers".



Exploring for new business × Make Innovation ~M&A strategy~

The Company will **strengthen efforts for its new personnel business**. This will allow it to **create another pillar to profits** following on from its education business and **transform to a business portfolio resistant to changes in the social environment**.

As part of the implementation of the above business strategy, **M&A will be executed**.

Simple Inc. which is engaged in the placement of nursery and nutritionists in the childcare industry, has **joined the Meiko Group** in April **to solve the social issue of a "decrease in the number of workers"**.

Company name	Simple Inc.
Head office	Shinagawa Ward, Tokyo, JAPAN
Establishment	May 2019
Representative	Sato Hiroshi (President)
Capital	23,300 thousand yen
Business results	FY 2021.4 Sales 205 million yen
Philosophy	"Leading to a better future for all through our involvement"

シムプル 保育
シムプル 栄養士

Step3

Developing applications that use data

- Develop applications to support students
- Deployment of class information management
- Utilization in retargeting advertisements
- Developing other business applications

Step2

Seamlessly link various types of data Establishment of DX data platform

- Integrated distribution of various types of data
- Strengthening of various system linkages
- Implement management decisions based on various data
- Visualization of policy effects and implementation of measures



Step1

Organize various business data of Meiko Network Japan

- Promoting DX communication between classrooms and students/parents through a dedicated application.
- Started in March 2022 in some classrooms, with additional classrooms to be added gradually.

“App for Meiko Gijuku Students ID” (image)



- QR code to notify you when you enter or leave the room
- Body temperature management
- Schedule management
- Notification function
- Simultaneous notification function
- Push Notification
- Chat function
- Survey management

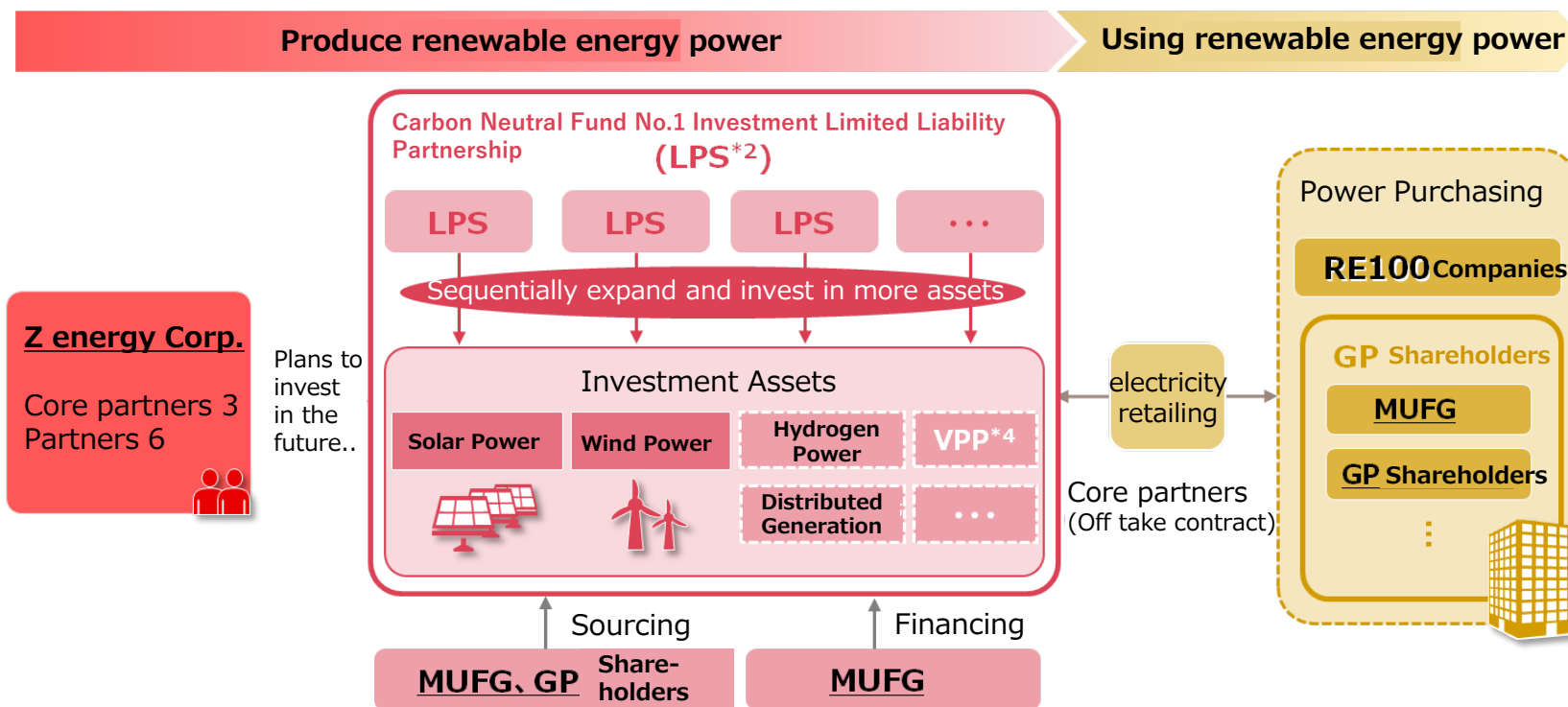


*This app can be downloaded from AppleStore or Google Play.

*To use this app, you will need a special ID and password distributed from each Meiko Gijuku school.

Investment in “Carbon Neutral Fund No.1 Investment Limited Liability Partnership”

- This fund was established by **Z Energy Corporation** (established in Sep. 2021). The fund not only invests in power generation projects that “**produce**” **renewable energy power**, but also provides a **one-stop service for “using” renewable energy power**. The fund aims to contribute to the diffusion and expansion of renewable energy in Japan.
- Through this fund, we will address the social issue of climate change and strengthen efforts to build a carbon-neutral, decarbonized society.



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Forecast for the Fiscal Year Ending August 31, 2022

The forecast for the fiscal year ending August 31, 2022 remains unchanged after careful consideration of the following factors and the future impact of Omicron variant.

【Meiko Gijuku (directly operated and franchised)】

- In February and March, costs were controlled due to the impact of the Omicron epidemic. In April, enrollment showed signs of recovery, so the company strengthened marketing and opening of new directly operated schools.

【Japanese Language school business】

- Increased in commissions to agents due to rapid recovery in the number of students following the lifting of restrictions on immigration.

【Other business】

- Expenses for stock acquisition of Simple Corporation, which became a group company on April 1, etc.

(Unit: millions of yen)

	Consolidated results FY 2021.8	Consolidated estimate FY 2022.8	YoY	
			Change	Percentage of change
Sales	19,039	19,800	+761	+4.0%
Operating income	969	1,040	+71	+7.3%
Ordinary income	1,113	1,114	+1	+0.0%
Net income*	1,140	1,025	(115)	(10.1%)

Dividend forecast for the year ending August 31, 2022

Dividend forecast is ¥11 per share at the end of the second quarter and ¥11 per share at the end of the fiscal year, for a total annual dividend of ¥22 per share, as planned.

(Unit: millions of yen)

Cut off date	Dividend per share stock			Consolidated payout ratio
	End of 2Q	Year end	Total	
Results for FY 2021.8	10 yen	10 yen	20 yen	44.0%
FY 2022.8 2Q end results, Year-end forecast	11 yen	11 yen	22 yen	53.8%

Disclaimer

This material is provided solely for the purpose of providing information to investors and is not intended as a solicitation to buy or sell.

The information and forward-looking statements in this material are based on information available at the time the material was prepared and include risks and uncertainties.

Please be aware that changes in various factors may cause actual results and achievements to differ materially from these statements.

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