

Presentation Materials

for the Second Quarter of Fiscal
Year Ending August 31, 2023

Meiko Network Japan Co., Ltd.

Kazuhito Yamashita

President & Representative Director

April 13, 2023

TSE Prime Market 4668



1 Corporate Profile

2 Summary of Financial Results

(Highlights and details of business results for the fiscal year ending February 28, 2023)

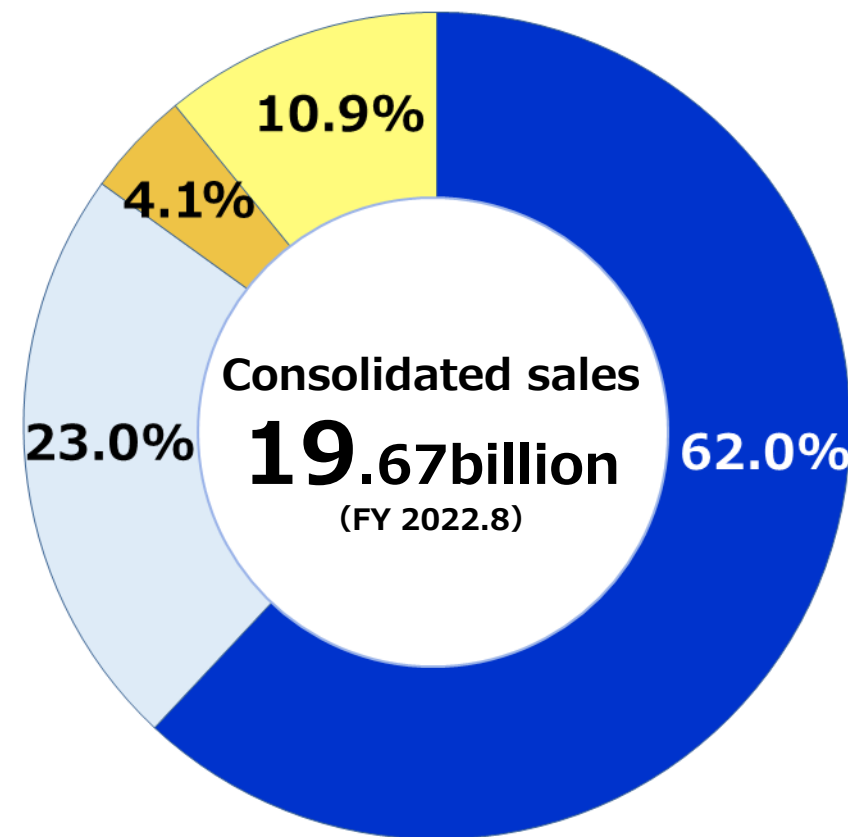
3 Progress of the Mid-Term Management Plan

4 Earnings and Dividend Forecasts

(Forecast for the fiscal year ending August 31, 2023)

Corporate profile

Company name	MEIKO NETWORK JAPAN CO., LTD.
Head office address	7-20-1 Nishi-Shinjuku, Shinjuku Ward, Tokyo, Japan.
Establishment	September 1984
Representative	Kazuhito YAMASHITA (President & Representative Director)
Capital	972 million yen
Number of employees	1,027 (consolidated) (as of end of Aug. 2022)
Listing	TSE Prime (cord : 4668)
Business content	Educational service business centered on directly operated and franchised Meiko Gijuku private tutoring cram schools, etc.
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.



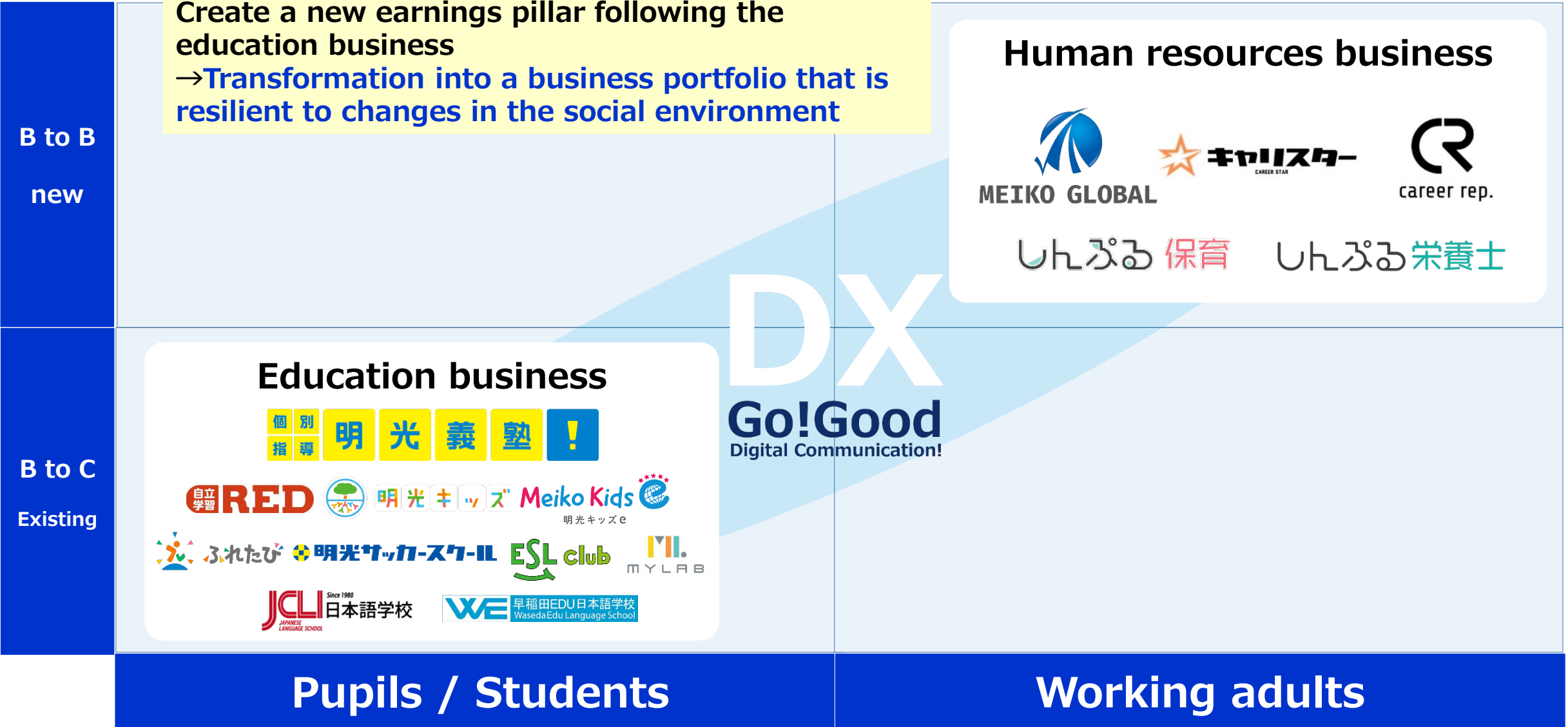
- Meiko Gijuku (directly operated)
- Meiko Gijuku (FC)
- Japanese Language Schools
- Others

Purpose



Our business

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



Highlights of business results

Top-line and operating income both generally progressed as expected

(unit: millions of yen)

	Earning forecast (Announced: Oct. 13, 2022)	2Q FY08/2023 Results	Percentage of change
Sales	10,500	10,448	(0.5)%
Operating income	870	876	+0.7%
Operating profit margin (%)	8.3%	8.4%	+0.1pt
Ordinary profit	906	1,000	+10.4%
Ordinary profit margin(%)	8.6%	9.6%	+1.0pt
Quarterly net Profit*	529	657	+24.3%
Quarterly net profit margin(%)	5.0%	6.3%	+1.3pt

* Profit attributable to owners of parent

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

(Unit: millions of yen)

	2Q FY08/2022	2Q FY08/2023	YoY	
			change	Percentage of change
Net sales	9,927	10,448	+521	+5.3%
Cost of sales	7,033	7,755	+722	+10.3%
(%)	70.8%	74.2%		+3.4pt
Gross profit	2,894	2,693	(201)	(7.0)%
(%)	29.2%	25.8%		(3.4)pt
Selling, general and administrative expenses	1,628	1,816	+188	+11.6%
(%)	16.4%	17.4%		+1.0pt
Operating income	1,265	876	(389)	(30.8)%
(%)	12.8%	8.4%		(4.4)pt
Non-operating income	62	131	+69	+110.6%
Non-operating expenses	1	8	+6	+367.4%
Ordinary income	1,326	1,000	(326)	(24.6)%
(%)	13.4%	9.6%		(3.8)pt
Extraordinary income	623	150	(473)	(75.9)%
Extraordinary loss	28	10	(18)	(64.5)%
Net income	1,227	657	(569)	(46.4)%
(%)	12.4%	6.3%		(6.1)pt

(Unit: millions of yen)

■Sales

- Meiko Gijuku Directly operated +272
- Meiko Gijuku Franchise (157)
- Japanese Language Schools +209
- Others +197

■Cost of Sales

- Personnel expenses +354
 - …Meiko Gijuku (MNJ, Cooth), Waseda EDU, Simple Inc.
- Expenses +385
 - …Meiko Gijuku headquarter (system), HR solution (EPA), Simple Inc.

■Selling, General and Administrative Expenses

- Personnel expenses +95
- Goodwill amortization amount +25
- Commission expenses +22

■Non-Operating income

- Miscellaneous income +37
- Equity method investment gain +33

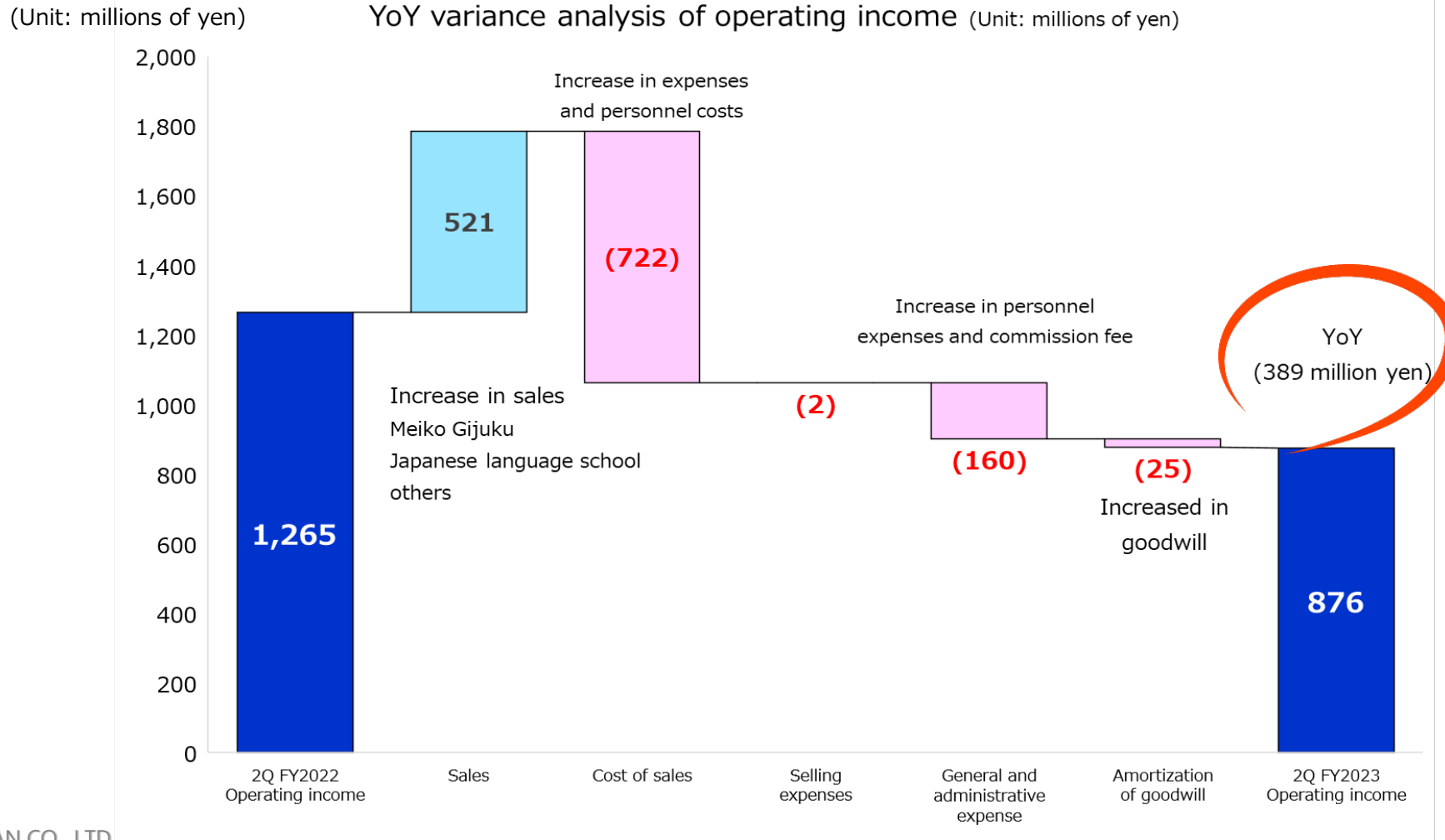
■Extraordinary Income

- Investment marketable securities gain on sale +149
- Gain on sales of subsidiaries and affiliates' stocks (623)

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

~ YoY variance analysis of operating income ~

Decrease due to increase in personnel cost and expenses despite increase in revenue (in line with initial plan)



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

(Unit: millions of yen)

	End of FY08/2022	2Q FY08/2023	YoY comparison	
			change	Percentage of change
Current assets	10,405	9,890	(515)	(5.0)%
Property, plant and equipment	624	683	+59	+9.6%
Intangible assets	607	560	(47)	(7.8)%
Investments and other assets	3,801	4,141	+339	+8.9%
Total assets	15,439	15,275	(164)	(1.1)%
Current liabilities	4,019	3,363	(656)	(16.3)%
Non-current liabilities	813	787	(26)	(3.2)%
Total liabilities	4,833	4,150	(682)	(14.1)%
Total net assets	10,606	11,125	+518	+4.9%
Total liabilities and net assets	15,439	15,275	(164)	(1.1)%

(Unit: millions of yen)

■ Assets

(Current assets)

- Cash and deposits **(423)**
- (Property, plant and equipment)
- Increased in buildings and structures **+58**
- (Intangible assets)
- Decreased in goodwill **(64)**
- (Investments and other assets)
- Increased in investment securities **+246**
- Increased in long-term loans receivable **+110**

■ Liabilities

(Current liabilities)

- Decreased in contract liability **(435)**
- …Transfer to net sales due to implementation of classes in Japanese language school business
- Decreased in accrued expenses **(217)**

■ Net assets

- Increased in retained earnings **+377**
- Increased in net unrealized gains on securities **+80**

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

(Unit: millions of yen)

	2Q FY 08/2022	2Q FY2023	YoY
C/F from operating activities	615	131	(484)
C/F from investing activities	538	(284)	(822)
C/F from financing activities	(259)	(283)	(24)
Cash and cash equivalents	894	(437)	(1,331)
Balance at beginning of period	8,577	8,563	(13)
Balance at end of period	9,471	8,136	(1,335)

(Unit: millions of yen)

■ Cash flows from operating activities

- Decrease in income before income taxes and minority interests (781)
- Increase in loss (gain) on sales of investment securities (149)
- Decrease in loss (gain) on sales of stocks of subsidiaries and affiliates +623
- Increase in income taxes paid (175)

■ Cash flows from investing activities

- Proceeds from redemption of securities (100)
- Proceeds from selling of investment securities (577)
- Proceeds from redemption of investment securities (100)

■ Cash flows from financing activities

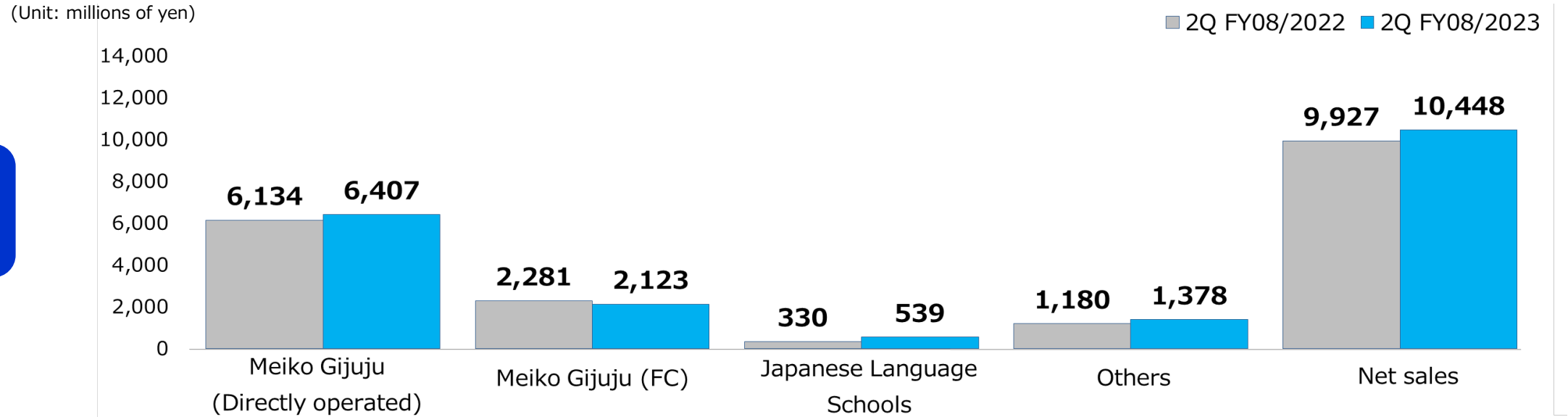
- Dividends paid (25)

■ Cash and cash equivalents

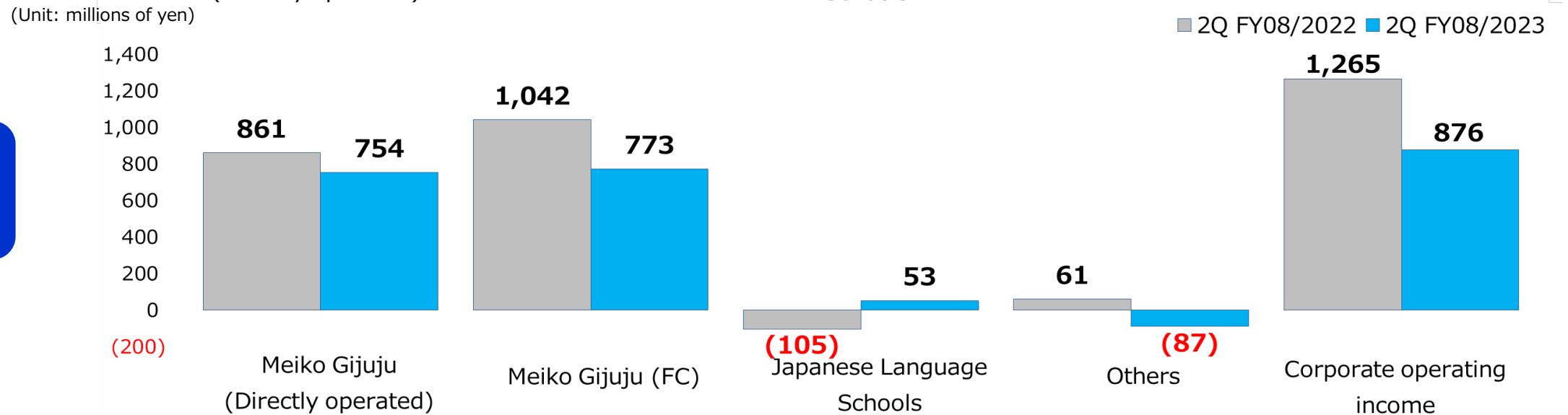
- Balance at end of period (1,335)

Results by Segments Sales and Operating Income

Sales



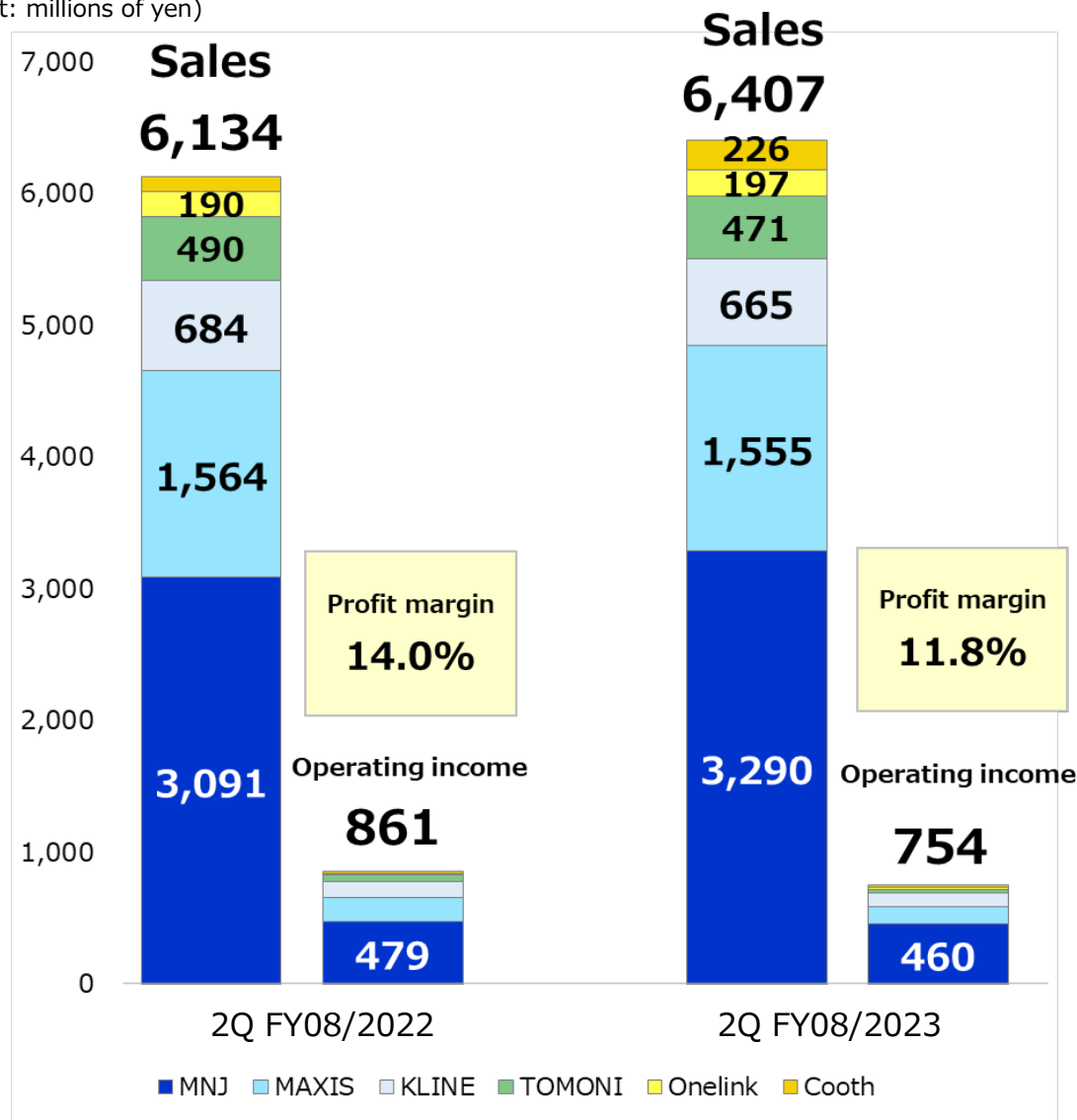
Operating Income



Results by Segments Meiko Gijuku (Directly operated)*

*MNJ and five consolidated subsidiaries (MAXIS Education, K-Line, TOMONI, One link, Cooth Corporation)

(Unit: millions of yen)



■ Number of Schools : 445 (YoY +17)

•MNJ : +15

(New open/Transfer from FC : +17 Closed : (2))

•MAXIS•KLINE•TOMONI : ±0 (all three companies)

•One link : +1 •Cooth : +1

■ Number of Students : 29,475 (YoY +1,034)

•MNJ : +1,079

•MAXIS : (135)

•KLINE : ± 0

•TOMONI : (12)

•One link : +10

•Cooth : +92

■ Sales : 272 million yen increased (Unit: millions of yen)

•MNJ : +198

•MAXIS : (9)

•KLINE : (19)

•TOMONI : (18)

•One link : + 6

•Cooth : +114 (Became a consolidated subsidiary in 2021.12)

■ Operating Income : 107 million yen decreased

•MNJ : (19)

•MAXIS : (46)

•KLINE : (23)

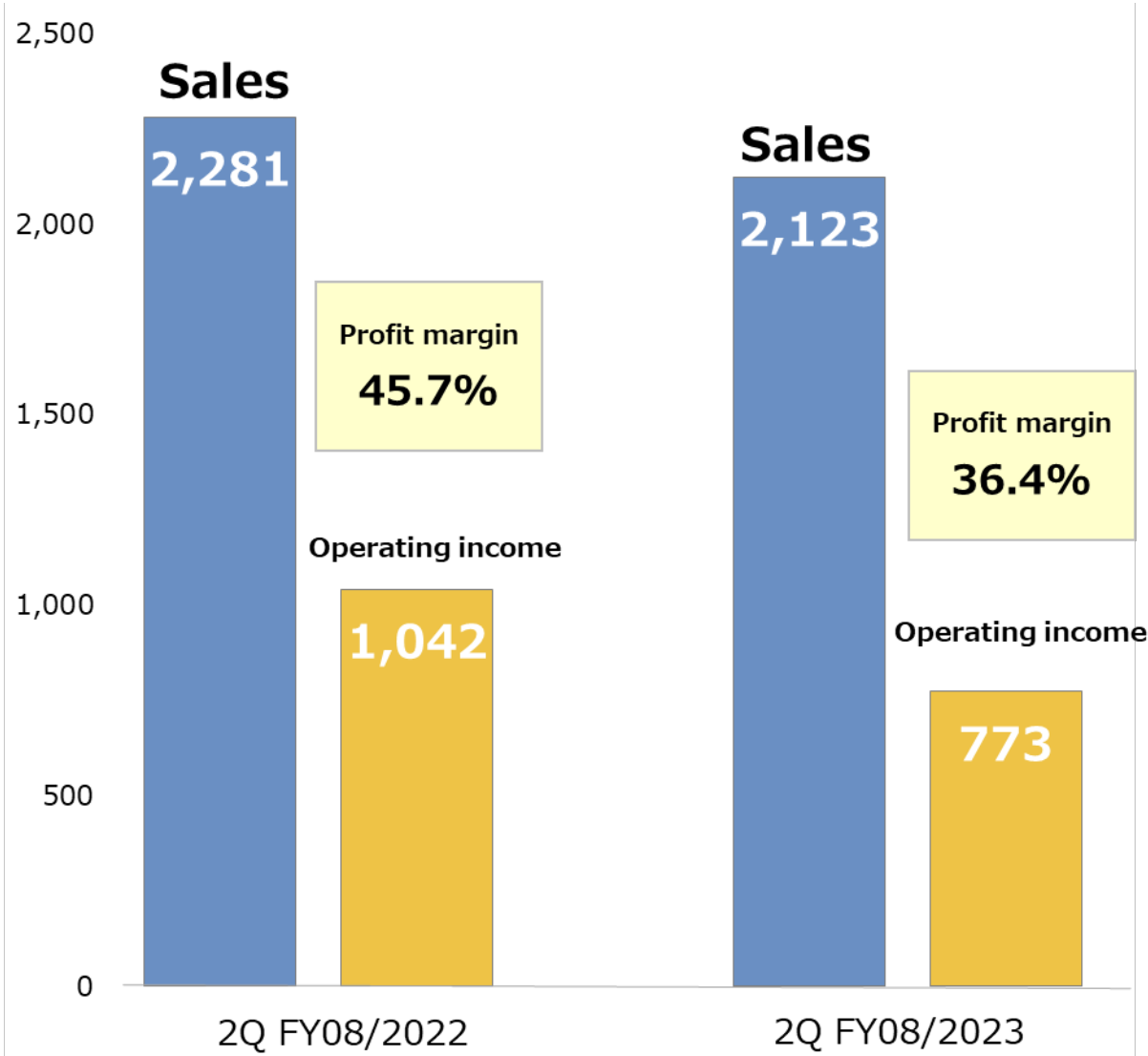
•TOMONI : (18)

•One link : +1

•Cooth : (1) (Became a consolidated subsidiary in 2021.12)

Results by Segments Meiko Gijuku (FC)

(Unit: millions of yen)



■ Number of Schools : 1,336 (YoY(14))

- New open/re-open : + 18
- Transfer from MNJ : + 1
- Closed : (28)
- Transfer to MNJ : (5)

■ Number of Students : 67,355 (YoY(3,886))

■ Sales : 157 million yen decreased (Unit: millions of yen)

- Royalty income : (89)
- Sales of educational materials : (26)
- Advertising Sales : (21)

■ Operating income : 269 million yen decreased

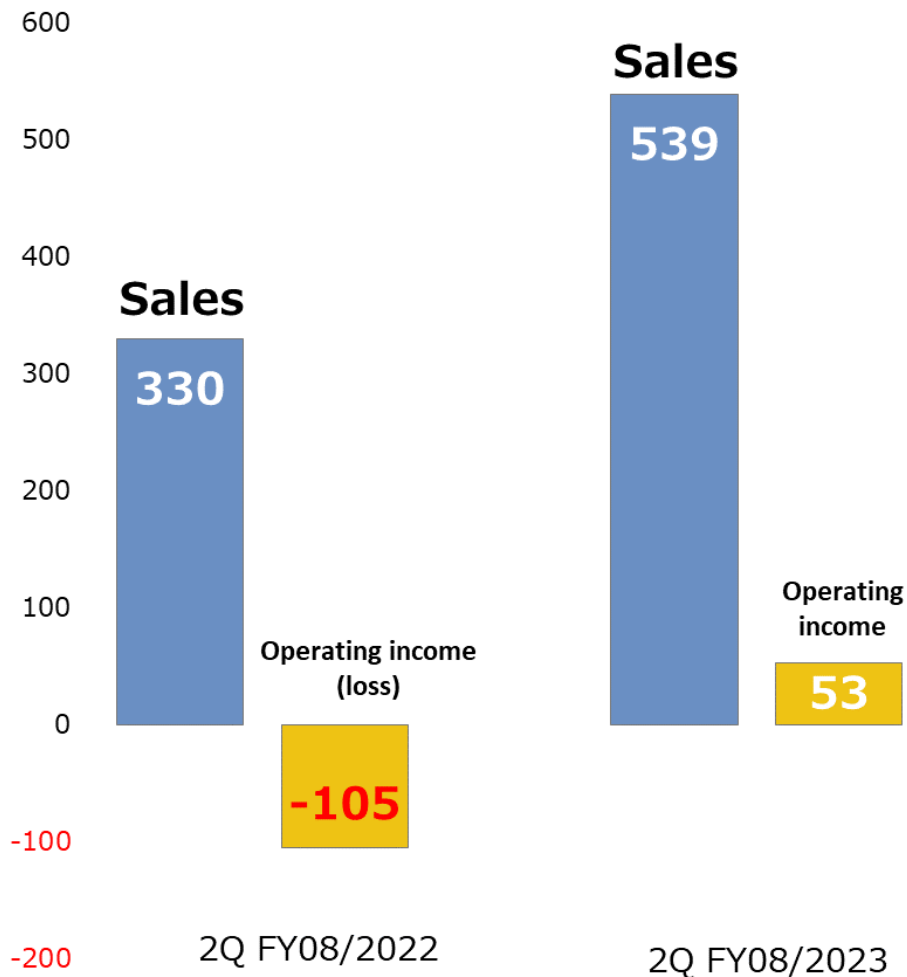
- Personnel expense : + 40
- Expenses (Commission paid, maintenance fees, etc.) : + 93

Results by Segments Japanese Language Schools*

* Consolidated subsidiaries: Waseda EDU (Waseda EDU Japanese Language School), International Human Resources Development (JCLI Japanese Language School)

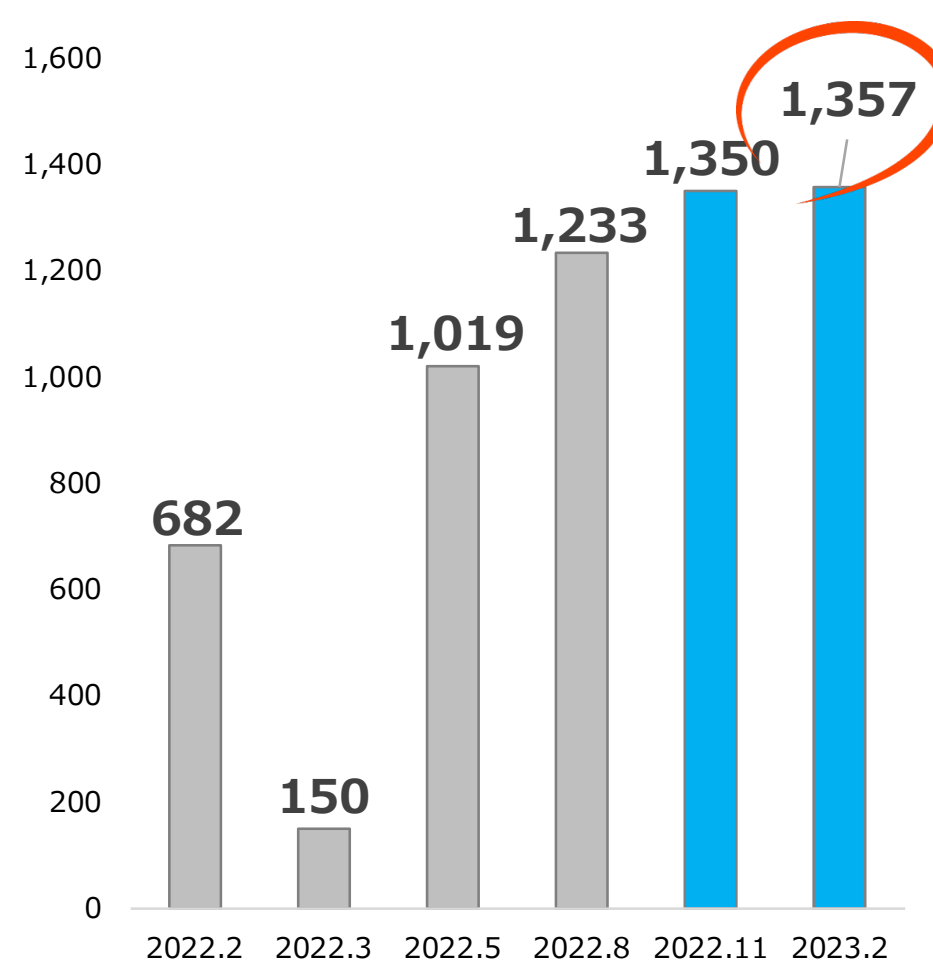
Revenues increased and turned profitable as a result of a significant recovery in the number of students since the easing of immigration restrictions

(Unit: millions of yen)



(Unit: People)

<Changes in the number of students>

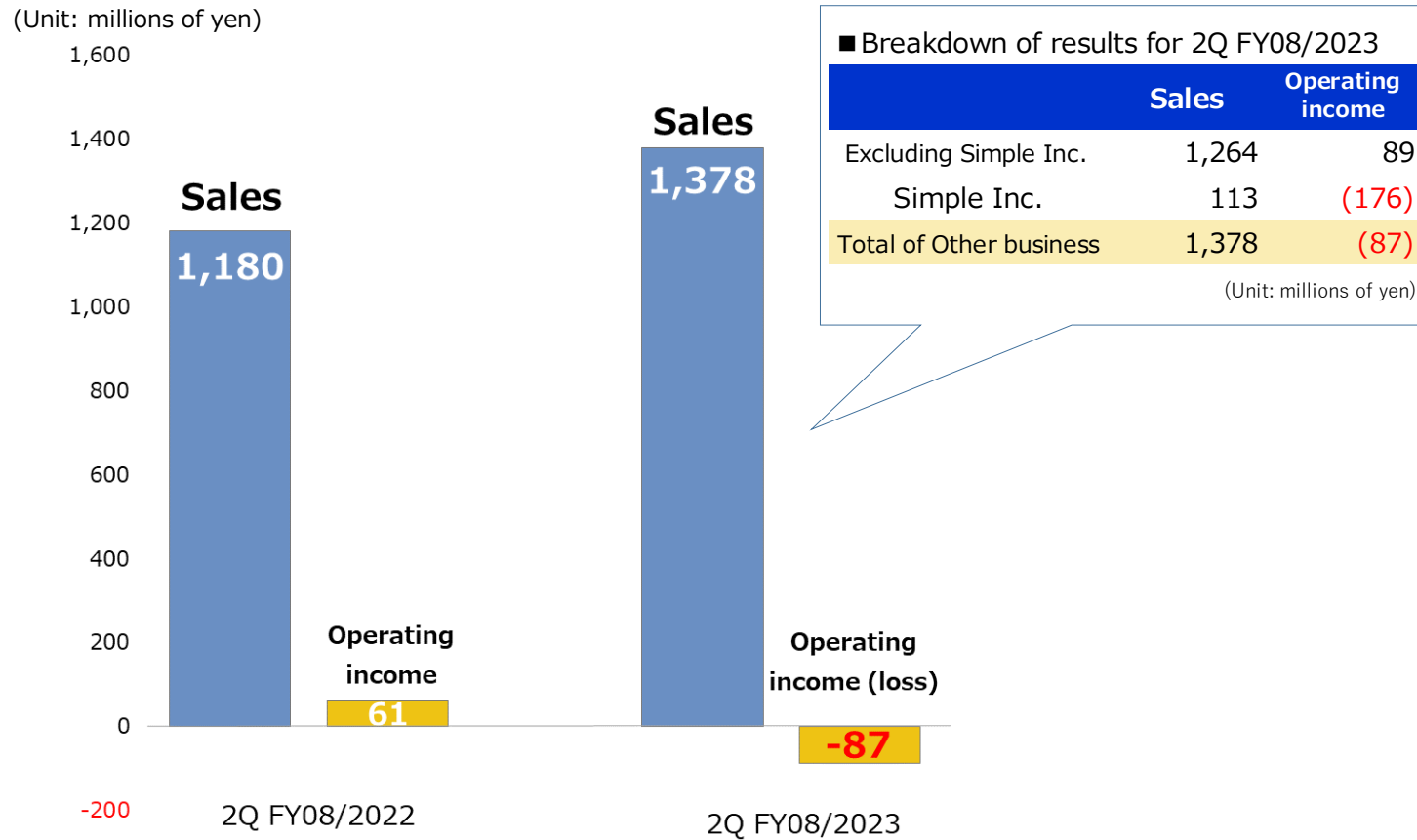


*March is the end of the month after graduation.

Results by Segments Other business*

*Kids (after-school), Jiritugakusyuu RED (IT-based individual tutoring cram schools), Meiko Kids e (all-English childcare and preschool) HR Solution (foreign resident personnel placement services, training services, Japanese personnel placement services, pre-visit Japanese language training business commissioned by the Ministry of Foreign Affairs of Japan, etc.), etc.
 Consolidated subsidiaries: Koto (business related to university entrance examinations and university education), Simple (career change support services for nursery and dietitians.), Go Good (marketing DX, etc.)

- HR Solutions business and Simple's participation in the Meiko Group contributed to revenue growth
- Due to the nature of Simple's business, the number of childcare workers it introduces to licensed nursery schools and other facilities is concentrated in April of the new fiscal year, so the company will have to incur costs in advance.



■ **Sales: 197 million yen increased**

- **HR solution business +126**
- **Simple Inc.* +113**

■ **Operating income: 148 million yen decreased**

- **Simple Inc.* (176)**
- **Kids (Afterschool) +22**

*Career change support services for nursery and dietitians.

FY2022 - FY2024

“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.

Strategies in the Mid-term Management Plan

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

FY2023 Management Policy

Accelerate! “Fan · Fun Innovation”

To accelerate fan and fun innovation toward the final year of the mid-term management plan.



Fan · Fun
Innovation

Accelerate initiatives tailored to regional needs in each of the five companies

Consideration and implementation of entrance exam preparation classes by prefecture

Implement measures to increase recognition in each region

福井県 中3生対象 秋の高校入試対策講座
aim@ 学力診断テスト模擬問題コース

模擬問題から苦手分野をAIが分析！
 反復演習で苦手分野を克服！

AIを使った新しいシステムであなたの苦手単元を抽出し、あなたの学習の進捗に合わせて、最適な学習プランを作成します。タブレット上で答えを入力すると自動で採点をしてくれるので、忙しいあなたにぴったり！効果よく北辰テストの対策をしていきましょう。

学力診断テスト 模擬問題演習 → 苦手分野特定 → 苦手問題 反復演習

POINT1 学力診断テストを併せて実施し、学習の進捗を把握。模擬問題から苦手分野を抽出し、最適な学習プランを作成します。

POINT2 模擬問題から、一人ひとりの得意分野を抽出し、学習プランを作成します。学習プランに基づいて、AIが最適な学習プランを作成します。

POINT3 模擬問題から、一人ひとりの得意分野を抽出し、学習プランを作成します。学習プランに基づいて、AIが最適な学習プランを作成します。

実施期間	9月●日(●)～10月●日(●)
費用	模擬問題コース 11,000円(税込) 模擬問題コース+反復演習コース 14,000円(税込) 反復演習コース 22,000円(税込) (高松地区は、参加費別途)

明光 東海 1

中3生対象 【10月実施回】第5回 北辰テストへ向け
aim@ 北辰テスト対策コース

模擬問題から苦手分野をAIが分析！
 反復演習で苦手分野を克服！

AIを使った新しいシステムであなたの苦手単元を抽出し、あなたの学習の進捗に合わせて、最適な学習プランを作成します。タブレット上で答えを入力すると自動で採点をしてくれるので、忙しいあなたにぴったり！効果よく北辰テストの対策をしていきましょう。

POINT1 AIを使った新しいシステムであなたの苦手単元を抽出し、あなたの学習の進捗に合わせて、最適な学習プランを作成します。

POINT2 模擬問題から、一人ひとりの得意分野を抽出し、学習プランを作成します。学習プランに基づいて、AIが最適な学習プランを作成します。

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明光 東海 1



Sponsorship of "Koshien Brass Band Festival 2023" to be held at Hanshin Koshien Stadium on June 11.

Conduct region-specific workshops and training sessions



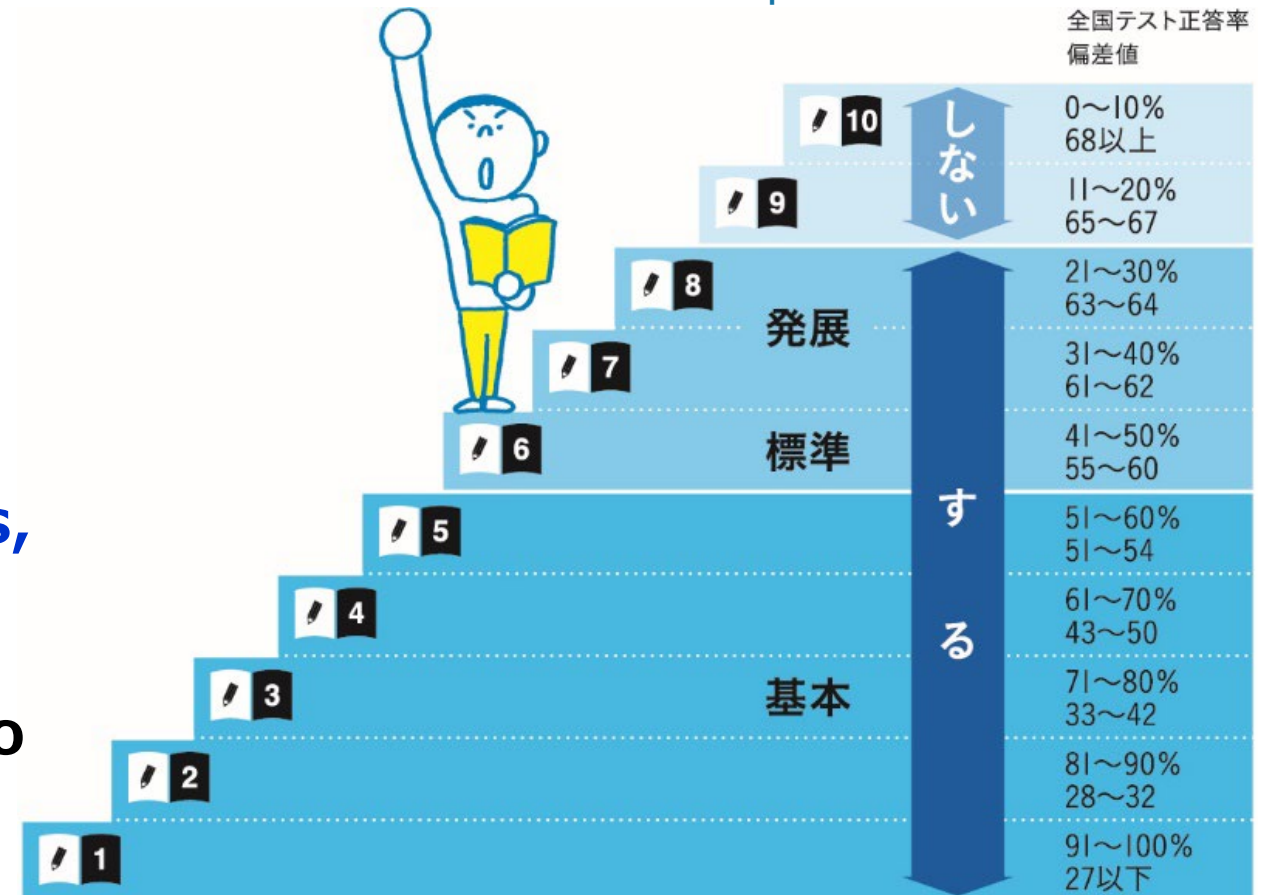
- Event sponsorship
- Free newspaper and portal site for the local community
- Career information magazine for junior high school students published by a local newspaper
- Sponsorship of local FM radio stations
- Sponsorship of bus wrapping, etc.

Released **the Meiko-style Patent 10-stage Learning Method** to upgrade the quality of education

We provide instruction that not only **improves regular test scores**, but also helps students acquire **real academic skills** by clarifying **"issues to be addressed"** according to the students' academic abilities.

Meiko-style Patent 10-stage Learning Method

Optimal guidance is provided at 10 levels for each student's performance



Home study monitoring service **MEIKO ! IE Study®** Started

Daily online home study monitoring

We not only provide lessons at the school, but also make it a habit to study every day by ensuring home study time, which is essential for improving grades.



Educational metaverse event for college-bound high school students by NTTQONQO・Meiko Network Japan・GoGood

DOOR Academia EXPO「Go!Good Shingaku」 (March 22-26, 2023)

Go!Good進学

Supported by 明光義塾!

Live career counseling sessions by 14 famous universities including Meiji University, Aoyama Gakuin University, and Rikkyo University, and study counseling sessions by Meiko Gijuku will be held with no pre-registration required and free admission.



No. of visitors
8,462
people



Meiko Gijuku "App student ID" Strengthen communication with students/parents

Expanded to
approximately
1,400
classrooms

Scheduled to expand
sequentially



QR code to notify you when
you enter or leave the room

Simultaneous
notification function

Push Notification

Body temperature
management

Schedule management

Chat function

Notification function

Survey management

New Invoice

New IE Study linkage

New Refer-a-Friend
function

and more...

Meiko Gijuku's Smartphone Learning Apps Released

- Release of YDK English vocabulary app and YDK Kanji app that anyone can use for free
- Improvement of CX (Customer Experience Value) before & after enrollment



Application of English vocabulary questions based to the EIKEN Levels 4 to 2.



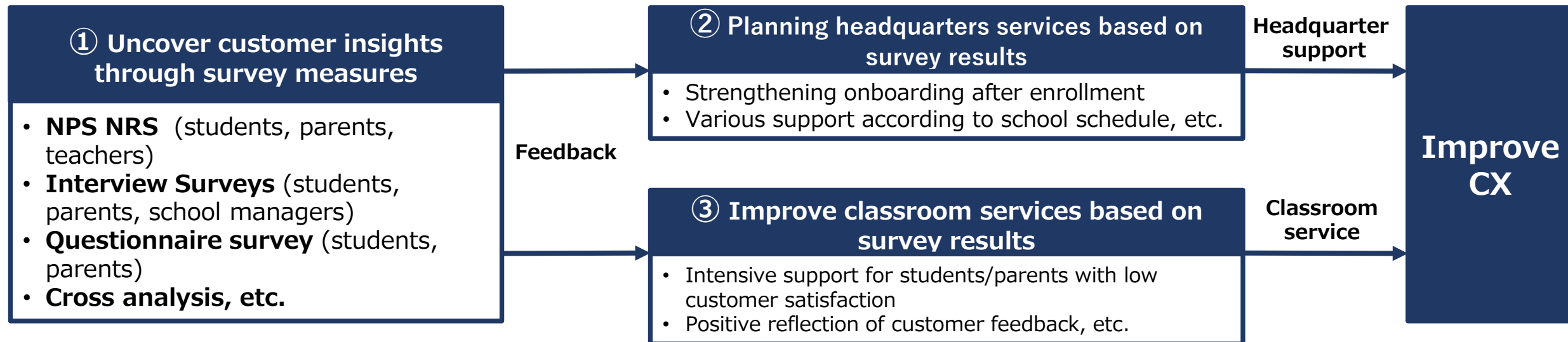
Based on the Kanji Aptitude Test Levels 5 to 2 Kanji question app



Accelerate 3-step strategy to improve CX (Customer Experience Value) for students/parents to gain further competitive advantage in the increasingly commoditized tutoring school industry

- ① Uncover customer insights through survey measures
- ② Planning headquarters services based on survey results
- ③ Improve classroom services based on survey results

"In marketing terms, 'insight' refers to a deep understanding and perception of customer behavior, needs, motivations, thought processes, and other essential factors."



Business Alliance with Jonan Academic Preparatory Institute, Inc. on April 13, 2023

- Aiming to increase the number of new students by combining Jonan Preparatory Institute's **high-quality infant education brand and content** with our operational and development know-how
 - Outline of Business Alliance
 - (1) **Mutual development of infant education brands**
(direct management and franchise development by each company)
 - (2) Joint development and mutual provision of other services
- *The roles of the two companies will be discussed at the "Steering Committee (tentative name)" to be established by the two companies.



明光ネットワークジャパン



城南進学研究社

Alliance Strategy x Accelerate

Accelerate customer engagement by building long-term relationships and providing better service from infancy

Jonan Preparatory Institute's infant education brand

	Infant	Toddler	Elementary	Junior High	High school	College	Adult	Foreigner
B to C	Infant and Toddler Classes (Intellectual education and entrance exam)	Meiko Gijuku			Jiritugakusyu RED			Taiwan Meiko / NEXCUBE (Korea)
		ESL club			MYLAB			
B to B		Meiko Kids Fretabi Meiko Kids e	Meiko Soccer school				Waseda EDU & JCLI Japanese language School	
		Building long-term relationships and providing better service from infancy						
		DX GoGood						
						Koto & Company	Career star Career rep. Simple	MEIKO GLOBAL Human Resources & Training

Accelerate contracted operation of private elementary school after-school programs

- Provide services optimized to meet the needs of private elementary schools based on our rich experience and know-how in directly managed schools
- **Received management contracts from 10 private elementary schools**

Ritsumeikan E.S. / Chiben Gakuen Nara College E.S. / Urawa Luthern E.S. affiliated with Aoyama Gakuin University / Meisei E.S. /Koka Gakuen E.S. / Tokyo Soka Gakuen E.S. / Soshin Gakuin E.S. / Konodai Girls' E.S. / Hinode Gakuen E.S. And more...



Alliance Strategy x Accelerate

Concluded the partnership agreement with Marumori town, Miyagi Prefecture, on the enhancement of education to foster human resources with rich hearts and minds.

- Meiko Network Japan's **First partnership Agreement with a Municipality**
- Partnership includes operation of **town-run tutoring schools** to be established by the end of this year



明光ネットワークジャパン



丸森町
MARUMORI TOWN



■ Established “Meiko Network Japan Basic Policy on Sustainability.”

Established the “Sustainability Committee” to identify important issues facing the company as a responsible prime market listed company, and to deliberate and implement measures to address them, thereby **enhancing corporate value and fulfilling our social responsibility.**

E (Environment)

■ Important themes

Response to climate change and concern for the environment

Policy

- The Group is very aware that addressing climate change and environmental issues is one of its most important management issues. Based on the framework of the Paris Agreement and the Japanese government's target of reducing CO2 emissions to 0 by 2050, we recognize the role that companies must play to realize a sustainable society, and we believe that solving these issues through business will lead to sustainable growth for the Group.

S (Society)

■ Important themes

Health management, human rights, human capital strategy, and diversity

Policy

- The Group defines its employees as its most important asset. We believe that the physical and mental health of our employees leads to the growth and development of our company. In addition, we will promote human capital strategy and diversity while considering the human rights of all people involved in the Company, aiming to become a company and organization that is easy and rewarding to work for, where all employees can maximize their individual abilities and share diverse values.

G (Governance)

■ Important themes

Assessing the effectiveness of the Board of Directors and improving corporate governance

Policy

- The Group will seek to strengthen corporate governance functions, including the activities of the Board of Directors, with the pillars of ensuring management efficiency, legality, and transparency for shareholders, and will work to achieve sustainable growth and increase corporate value over the medium to long term.

Sustainability Management

■ Disclosure based on **TCFD (Task Force on Climate-related Financial Disclosures)**

recommendations

- Disclose information on "**Governance,**" "**Strategy (Business Risks and Opportunities),**" "**Risk Management,**" and "**Indicators and Targets**" related to climate change-related risks and opportunities based on the TCFD framework.
- **GHG emissions** (Scope 1 and 2) of the Company and its consolidated subsidiaries for the fiscal year ended August 31, 2022 were **3,574 tons**.

■ **Greenhouse Gas Reduction Targets** for the Meiko Group

- **Reduce by 10% by 2030** compared to the fiscal year ended August 31, 2022 (3,574 tons) (Scope 1 and 2)
- **Virtually zero by 2050**



Sustainability Management

- March 8, 2023: Certified as a **"Corporation with Excellent Health Management 2023 (Large Corporation Category)"**
 - We declared our "Health Management Declaration" in 2021, and promoting the creation of a "well-being" workplace to make a broad contribution to society.
- October 31, 2022: Acquired **the certification mark "Eruboshi" as an excellent company under the Law for Promotion of Women's Activity**
 - Meiko Network Japan has been certified by the Minister of Health, Labor and Welfare as a company with excellent implementation of initiatives related to the promotion of women's activities.
 - Of the five certification items, the company met the criteria for four of them: "Recruitment," "Continuous Employment," "Working Hours," and "Diverse Career Courses," and was certified as a **2-stars (the second level)**.



Forecast for the Fiscal Year Ending August 31, 2023

Full-year forecasts remain unchanged as progress has been largely in line with plans through the second quarter.

(Unit: millions of yen)

	Consolidated results FY 08/2022	Consolidated estimate FY 08/2023	YoY	
			Change	Percentage of change
sales	19,674	21,000	+ 1,325	+ 6.7%
Operating income	1,168	1,300	+ 132	+ 11.2%
Ordinary income	1,289	1,350	+ 61	+ 4.7%
Net income*	974	800	(174)	(17.9)%

* Net income attributable to shareholders of the parent company

Forecast of Dividends for the Fiscal Year Ending August 31, 2023

Dividend forecast is as planned.

Second quarter-end: **¥12** (results) Fiscal year-end: **¥12**, (forecast)

Total: **¥24** (forecast) per share **(increase ¥2)**

(Unit: millions of yen)

Cut off date	Dividend per share of stock			Consolidated payout ratio
	End of 2Q	End of year	Total	
Actual results for the FY 2022	11yen	11yen	22yen	56.6%
FY 2023 2Q Results, Year-End Forecast	12yen	12yen	24yen	75.3%

Disclaimer

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