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## Corporate Governance Report

CORPORATE GOVERNANCE

MEIKO NETWORK JAPAN Co., Ltd.

Last Update: April 15, 2024

### MEIKO NETWORK JAPAN Co., Ltd.

Kazuhiro YAMSIHTA, President & Representative Director

Contact: Kouyuki SAKAMOTO

Securities code: 4668

<https://www.meikonet.co.jp>

The corporate governance of Meiko Network Japan Co., Ltd (the “Company”) is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

### 1. Basic Views

The Company recognizes the importance of strengthening corporate governance in order to ensure the sustainable growth of our group and maximize corporate value for all stakeholders, and the Company will strive to achieve this goal based on the following basic policies.

1. Ensure transparency and soundness by strengthening management oversight functions
2. Establish a prompt decision-making and efficient execution system
3. Clarification of accountability
4. Disclosure of information with emphasis on timeliness, continuity, and fairness

The Company has established the "Meiko Network Japan Group Corporate Governance Guidelines" to clarify the status of its efforts and policies with respect to each principle of the Corporate Governance Code, and to fulfill its fiduciary and explanatory responsibilities.

<https://www.meikonet.co.jp/en/ir/management/governance.html>

## Reasons for Non-compliance with the Principles of the Corporate Governance Code

[Supplementary Principle 5-1.1]

The person in charge of IR in the Corporate Planning Department handles dialogue (interviews) with shareholders.

In addition, directors, including outside directors, as well as the president, strive to respond to shareholders' requests for interviews.

[Principle 5-2. Establishing and Disclosing Business Strategies and Business Plans]

Measures to realize management that is conscious of the cost of capital and stock price (disclosed) [English disclosure is available]

The Company has established a mid-term management plan and an annual plan, and discloses the target values for sales, operating income, net income, etc. on the Company's website, etc.

In addition, the Company explains specific measures to achieve the targets through financial results briefings and other events.

In formulating the management plan, the Company ensures a sound financial base based on an accurate understanding of its own cost of capital, presents as specific numerical targets as possible regarding the allocation of management resources, and

promotes understanding of future management strategies and specific measures to be taken.

The Company has minimal interest-bearing debt and calculates its cost of capital solely on the basis of the cost of shareholders' equity. Based on the following CAPM calculation formula, the Company recognizes its cost of shareholders' equity to be approximately 4-5%.

$$R_f (0.7) + (\beta (0.8) \times (E_r (5.0) - R_f (0.7))) = 4.14$$

R<sub>f</sub>: long-term government bond (10-year) yield, β: most recent 5 years (date and time), E<sub>r</sub>: most recent 5-year TOPIX return on investment

Additionally, based on this cost of capital, in the mid-term management plan "Fan • Fun Innovation" for the period from August 2022 to August 2024, the company sets the fundamental principle of its capital strategy as the enhancement of self-capital necessary for strengthening and investing in business foundations and aims to enhance corporate value in the medium to long term through stable and sustainable profit returns to shareholders. The management goal is an ROE (Return on Equity) of 8% or higher.

The management plan is reviewed annually in light of business performance and future social and economic conditions, and when changes are made, the background and details of the changes are explained at financial results briefings and the general meeting of shareholders.

[Supplementary Principle 5-2.1]

The Company will strengthen our monitoring of growth and profitability based on the cash flow of each business, review our business portfolio, and strive to appropriately allocate management resources.

## Disclosure Based on each Principle of the Corporate Governance Code

[Principle 1-4. Strategic stockholdings]

Shares held for purposes other than investment are held by counterparties as strategic stockholdings for the purpose of business tie-ups, maintenance and strengthening of transactions, and stabilization of stocks.

The Board of Directors examines the necessity of the reduction of the shares from the viewpoint of whether it is necessary for our growth and whether there is any other effective use of funds, as appropriate.

In addition, when exercising voting rights in relation to the shares, the supervising department shall closely examine the content of the proposal and decide whether or not to approve the proposal based on the situation of the portfolio company and the business relationship with the relevant company.

[Principle 1-7. Related Party Transactions]

The Company conduct competitive business transactions and conflict of interest transactions with corporations that are effectively controlled by directors and directors, which require deliberation and resolution by the Board of Directors.

The Company discloses the terms and conditions of transactions and the policy for determining the terms and conditions of transactions in the Notice of General Meeting of Shareholders and the Annual Securities Report. In the event that our officers and directors conduct transactions as our customers by a corporation and major shareholders that are effectively controlled by us, we have established a system that does not constitute a disadvantage to the company.

[Supplementary Principle 2-3.1 Sustainability Issues, Including Social and Environmental Matters]

In November 2022, companies established the Sustainability Committee, which is an advisory body to the Board of Directors

chaired by the President and Representative Director, and is composed mainly of directors. The committee meets quarterly to discuss and resolve basic policies and important matters related to sustainability management. In particular, we regard consideration for climate change and environmental issues, human rights, the working environment of employees, and thorough compliance as important themes in the Meiko Network Japan Basic Policy on Sustainability.

The Company also established the Sustainability Promotion Office to promote sustainability management. The General Manager of the Sustainability Promotion Office (Senior Executive Officer) formulates an annual plan, manages the progress of indicators and reduction targets based on the annual plan, and discusses it with the Sustainability Committee. The Sustainability Committee evaluates, monitors, deliberates, and resolves the annual plans, indicators, progress, and other important matters that have been discussed, and reports to the Board of Directors. In this way, the Company strengthens its monitoring and supervisory functions and ensures its effectiveness.

[Principle 2-4. Ensuring Diversity, Including Active Participation of Women]

The Company is working to create a work environment where female employees can work enthusiastically and continuously in a variety of fields, and to create systems for flextime and telecommuting. Through these systems, we are working to reform work styles to realize a work-life balance. In particular, the Company have introduced and utilized a childcare leave and shortened working hours system to support employees in balancing work and childcare. Since there is a problem with the wage disparity between men and women, we will set targets as indicators to measure the active participation of women and work to make improvements.

<Indicators for measuring the active participation of women>

Indicators	Results (Fiscal year ended Aug. 2023)	Targets (Fiscal year ending Aug. 2025)
Ratio of Female Employees. (Full-time Employees)	34.7%	40.0%
Percentage of female employees in managerial positions	24.6%	25.5%
Rate of male workers taking childcare leave	27.8%	30.0%
Wage difference between men and women of workers (all employees) However, there is no difference in wages between men and women in the base salary within the same grade.	64.0%	65.0%

[Supplementary Principle 2-4.1]

The Company believe that the physical and mental health of our employees, who are our most important capital, will lead to the growth and development of the company. In addition, the Company is promoting diversity and inclusion in order to be a company and organization that is easy to work in and rewarding, which gives consideration to the human rights of all people involved with us and enables employees to make the most of their individual abilities and share diverse values. The Company will create innovation and create value for the future by leveraging our human resources with diverse backgrounds and offering opportunities that enable them to maximize their capabilities.

At present, there is a problem with the low ratio of managers in their 30s or younger. At present, mid-career recruits are actively promoted to positions requiring mid-career recruitment. By systematizing the education system and promoting a personnel strategy that strengthens human capital, we will work to increase the ratio of internal recruits. In order to generate innovation and

continue to create value for the future, it is essential to utilize diverse human resources. We will set targets for indicators that measure the utilization of diverse human resources and work to make improvements.

<Indicators for measuring the utilization of diverse human resources>

Indicators	Results (Fiscal year ended Aug. 2023)	Targets (Fiscal year ending Aug. 2025)
Ratio of mid-career employees in managerial positions	77.8%	75%
Ratio of internally appointed employees in managerial positions	22.2%	25%
Percentage of managers in their 30s or younger	19.0%	20%

[Principle 2-6. Roles of Corporate Pension Funds as Asset Owners]

The Company do not introduce a corporate pension fund system, but we have introduced a corporate defined contribution pension plan (life plan system) to ensure stable asset formation for employees. The Company hold in-house seminars and distribute videos of seminars to educate employees on the selection of investment products, etc.

[Principle 3-1. Full Disclosure]

- (i) The Company management philosophy, educational philosophy, "Purpose" "Vision" "Values," and mid-term management plan, which are our founding spirit, are disclosed on corporate website and in our financial results briefing materials.
- (ii) The Company discloses basic policies on corporate governance on corporate website and in the report on corporate governance.
- (iii) The basic policy on remuneration for directors (excluding directors serving as members of the Audit and Supervisory Committee) are to be set at an appropriate level based on their respective responsibilities in order to function sufficiently as an incentive for the sustained improvement of corporate value, and to be determined through a process that is transparent and objective. Remuneration consists of fixed monthly remuneration, which is determined within the total amount of remuneration determined by a resolution of the General Meeting of Shareholders, and restricted stock remuneration, which is intended to provide further incentives and further promote the sharing of value with shareholders, and performance-linked stock remuneration, which is introduced for the purpose of contributing to the sustained improvement of business performance and corporate value over the mid to long term. Remuneration for Outside Directors (excluding Directors serving as Audit and Supervisory Committee Members) are not linked to performance because it is an independent position from the execution of business, and only base remuneration is to be paid as monthly remuneration.
- (iv) Board of Directors has not more than 10 directors (excluding directors serving on the Audit and Supervisory Committee) and no more than 5 directors serving on the Audit and Supervisory Committee. In addition, when appointing and dismissing senior management and nominating candidates for the position of director, they are presented to the Board of Directors as a matter solely decided by the representative director and are deliberated by the Board of Directors. In the Proposal for Director Candidates, directors who are Audit and Supervisory Committee members are distinguished from other directors, and they are submitted to the General Meeting of Shareholders as proposals for the General Meeting of Shareholders.
- (v) Reasons for election and dismissal of senior management and nomination of director candidates are disclosed in the Business Report of the Notice of Convocation of the General Meeting of Shareholders.

[Supplementary Principle 3-1.3]

#### Basic Sustainability Policy

As a pioneer in providing individual instruction, we have provided opportunities to gain access to high-quality education without distinguishing between men and women through our business activities. Our two management philosophies are "We aim to nurture human resources through our contribution to educational and cultural programs" and "We help achieve goals through our development and diffusion of franchise know-how" and our education philosophy "To nurture creative, independently-minded human resources for 21st century society through an individual tutoring service that promotes self-motivated learning."

Taking this founding philosophy as "Founding Spirit" as our starting point, we will create a variety of businesses that provide services that anticipate the needs of the times in order to respond to the rapid changes in the social environment. Our goal is to grow into a "corporate group that extracts the potential of people" and to increase the corporate value of our Group, based on the idea that "Create a memory of 'You can if you think you can.'"

The Company will continue to actively engage in dialogue with outside experts and stakeholders, correctly understand the negative impacts such as large economic disparities, forced labor, and adverse impacts on ecosystems, and promote initiatives to resolve these issues through our business activities, in order to remain a company that is chosen by society.

The Company established the Sustainability Committee to realize "a bright future society" and "the creation of a sustainable society that realizes SDGs" as "the infrastructure for learning" through our business activities. As a responsible prime market listed company, the Company will identify important company-wide issues and discuss and implement countermeasures to address them, thereby enhancing our corporate value and reducing the risk of damage to our corporate value and promoting initiatives to fulfill our social responsibilities. The Company will widely disclose our activities and their results.

#### Disclosures based on TCFD recommendations

The Company is keenly aware that addressing climate change and environmental issues is one of our most important management issues. Based on the framework of the Paris Agreement and the goal set by the Government of Japan to virtually eliminate CO2 emissions by 2050, we recognize the roles that companies should play in achieving a sustainable society. The Company believes that realizing solutions to this issue through businesses will lead to the sustainable growth of our group.

This year, the Company will disclose information based on TCFD framework so that we can communicate smoothly with a wide range of stakeholders, including shareholders and investors.

#### <Governance>

In November 2022, The Company established the Sustainability Committee, which is an advisory body to the Board of Directors chaired by the President and Representative Director, and is composed mainly of directors. The committee meets quarterly to discuss and resolve basic policies and important matters related to sustainability management. Meiko Network Japan's Basic Policy on Sustainability is one of the most important themes for addressing climate change and environmental issues. We also established the Sustainability Promotion Office to promote sustainability management.

The General Manager of the Sustainability Promotion Office (Senior Executive Officer) formulates an annual plan, manages the progress of indicators and reduction targets based on the annual plan, and discusses it with the Sustainability Committee. The Sustainability Committee evaluates, monitors, and deliberates on the annual plans, indicators, progress, and other important

matters discussed, and reports the results to the Board of Directors. In this way, the Company strengthens its monitoring and supervisory functions and ensures their effectiveness.

#### <Strategy: Business Risks and Opportunities>

The Company recognizes that the negative impact of climate change on society is enormous and believe that it is important to contribute to the realization of carbon neutrality worldwide. Based on the 1.5°C scenario (IEA Net Zero Emissions by 2050 Scenario) envisaged by the International Energy Agency (IEA), we will ascertain the risks and opportunities of our business due to climate change through scenario analysis and strengthen our response to the various risks that are envisaged.

As for the risk of transition, the Company is anticipating the risk of deterioration in profitability due to stricter laws and regulations such as the introduction of a carbon tax, the development of educational materials that reduce environmental impact, increased capital expenditures such as the introduction of LED at schools and facilities, and an increase in the burden of classroom assignments that take into account the risk of flooding.

In the fiscal year ended Aug. 31, 2022, the Company and its consolidated subsidiaries released 3,574 tons of GHG (Scope 1 and 2\*), which is considered to have a limited financial impact.

As for physical risks, the Company assumes that the frequency of damage to classrooms and facilities and the occurrence of infectious diseases will increase due to the increasing size of typhoons caused by climate change and the worsening of natural disasters such as floods, and that energy costs will soar due to extreme weather conditions.

Meanwhile, the Company has positioned the strengthening of DX initiatives in response to the risks posed by climate change as a new business opportunity. Accordingly, we have developed tailored services tailored to customer needs in line with the Meiko DX Strategic Roadmap. The Company will also promote paperless educational materials and communication with customers.

\*Scope 1 and 2 are classifications of greenhouse gases. Scope 1 is the company's own direct emissions, Scope 2 shows indirect emissions associated with the use of electricity, heat, and steam supplied by other companies.

#### <Risk Management>

The Company has established a risk management system centered on the Risk Management Committee and the Compliance Committee and are promoting flexible responses to risks. The Board of Directors and other bodies identify necessary items in the operational process and are appropriately managed by conducting regular monitoring.

In particular, we have selected climate change responses as a company-wide important risk. The sustainability committee, which is composed mainly of directors, holds regular discussions and assesses the impact of scenario analysis on our business.

In addition, the Sustainability Committee reviews the Basic Policy, Strategies, and Measures for Sustainability at least once a year, taking into account global trends, including climate change, the sharing of external factors such as changes in legal systems and regulations, the progress of measures, and changes in future risks and opportunities.

The General Manager of the Sustainability Promotion Office (Senior Executive Officer) will manage the appropriateness of numerical reduction targets for climate change-related activities and the progress of measures. The Secretary-General of the Sustainability Office will take the lead in promoting specific initiatives. The Company will also establish subcommittees for the effectiveness of the E, S and G material issues, and appoint responsible divisional managers (division heads) to implement PDCA cycle.

<Indicators and Targets>

The Company has continued to promote LED of in-school floating lights and other measures. Going forward, we will step up our efforts to achieve our group-wide greenhouse gas reduction target of 10% reduction\* by 2030 compared to the fiscal year ending Aug. 2022 (3,574 tons) and virtually zero by 2050, with a view to the introduction of renewable energy, etc.

\*Scope 1 + Scope 2

[Supplementary Principle 4-1.1]

The Company clearly distinguish between the Board of Directors as a decision-making and supervisory body for management and the business execution system based on that decision. We have established Board of Directors' rules and other regulations to clarify matters that the Board of Directors itself should decide and the matters that management should decide.

[Supplementary Principle 4-2.2 Roles and Responsibilities of the Board of Directors]

At a meeting of the Board of Directors held on Mar. 31, 2023, the Company resolved to establish the Basic Policy on Sustainability.

Basic Sustainability Policy

As a pioneer in providing individual instruction, we have provided opportunities to gain access to high-quality education without distinguishing between men and women through our business activities. Our two management philosophies are "we aim to nurture human resources through our contribution to educational and cultural programs" and "we help achieve goals through our development and diffusion of franchise know-how" and our education philosophy "To nurture creative, independently-minded human resources for 21st century society through an individual tutoring service that promotes self-motivated learning."

Taking this founding philosophy as "Founding Spirit" as our starting point, we will create a variety of businesses that provide services that anticipate the needs of the times in order to respond to the rapid changes in the social environment. Our goal is to grow into a "corporate group that extracts the potential of people" and to increase the corporate value of our Group, based on the idea that "Create a memory of "You can if you think you can."

The Company will continue to actively engage in dialogue with outside experts and stakeholders, correctly understand the negative impacts such as large economic disparities, forced labor, and adverse impacts on ecosystems, and promote initiatives to resolve these issues through our business activities, in order to remain a company that is chosen by society.

The Company established the Sustainability Committee to realize "a bright future society" and "the creation of a sustainable society that realizes SDGs" as "the infrastructure for learning" through our business activities. As a responsible prime market listed company, the Company will identify important company-wide issues and discuss and implement countermeasures to address them, thereby enhancing our corporate value and reducing the risk of damage to our corporate value and promoting initiatives to fulfill our social responsibilities. The Company will widely disclose our activities and their results.

With regard to the allocation of management resources, we view the growth of employees as our growth, so that all employees can take pride in their own work and demonstrate their individual abilities. Accordingly, we are investing in human capital in the companies of "skills and capability development," "leadership development and succession," "advancement of DX and CX," "diversity and inclusion," and "Well-being."

In addition, the Company will strengthen monitoring of growth and profitability based on human capital investment and cash flow of each business, and report to the Board of Directors as appropriate, in order to ensure that the Board of Directors is functioning with effective oversight.

[Principle 4-9. Independence Standards and Qualification for Independent Directors]

The Company has established our own "Guidelines for the Appointment of Outside Directors and Outside Audit and Supervisory Board Members" and "Standards for the Independence of Outside Audit and Supervisory Board Members" and disclose them in the Notice of the General Meeting of Shareholders and the Annual Securities Report.

In selecting candidates for Independent Outside Directors, in addition to the standards stipulated by the Companies Act and the Tokyo Stock Exchange, we select candidates who meet our own standards.

[Supplementary Principle 4-10.1]

In Nov. 2022, companies established the Nomination and Compensation Committee, a voluntary committee, to strengthen the fairness, transparency, and objectivity of procedures and to further enhance corporate governance in the process of determining the appointment, dismissal, and compensation of directors. The Nominating and Compensation Committee consists of at least three members selected by resolution of the Board of Directors, the majority of whom are independent outside directors and Audit and Supervisory Committee members. In addition, the chairperson is appointed by resolution of the Board of Directors from among the members who are independent outside directors and Audit and Supervisory Committee members based on discussions at the Nomination and Compensation Committee. Each of the Independent Outside Directors and Audit and Supervisory Committee Members, utilizing their high levels of specialized knowledge and abundant experience, expresses their opinions to the Board of Directors and each Director, and requires them to provide advice as necessary. The appointment and appointment of directors are decided by the Board of Directors after the President and Representative Director prepares a draft and consults with the Nomination and Compensation Committee, which includes the Outside Director Audit and Supervisory Committee.

The basic policy on remuneration for directors (excluding directors serving as members of the Audit and Supervisory Committee) are to be set at an appropriate level based on their respective responsibilities in order to function sufficiently as an incentive for the sustained improvement of corporate value, and to be determined through a process that is transparent and objective. Remuneration consists of fixed monthly remuneration, which is determined within the total amount of remuneration determined by a resolution of the General Meeting of Shareholders, and restricted stock remuneration, which is intended to provide further incentives and further promote the sharing of value with shareholders, and performance-linked stock remuneration, which is introduced for the purpose of contributing to the sustained improvement of business performance and corporate value over the mid to long term. Remuneration for Outside Directors (excluding Directors serving as Audit and Supervisory Committee Members) are not linked to performance because it is an independent position from the execution of business, and only base remuneration is to be paid as monthly remuneration.

[Supplementary Principle 4-11.1]

The Company's Board of Directors is limited to 15 members and consists of 9 members. (4 of whom are outside directors). We believe this is the size of the Board's suitability for continuing to promote swift decision-making.



The breakdown is also made up of internal directors, which are composed of members with a sense of balance and achievements that enable them to grasp and conduct activities in general, and with the ability to make decisions. Outside directors, which are composed of multiple members with diverse perspectives, abundant experience, and a high level of insight and expertise, have a balanced structure. The Skills Matrix, which lists the knowledge, experience, and abilities of each director, has been disclosed since the 37th Ordinary General Meeting of Shareholders.

[Supplementary Principle 4-11.2]

The status of concurrent positions held by outside directors and outside statutory auditors at other companies is disclosed annually through the Notice of Convocation of the General Meeting of Shareholders, the Annual Securities Report and the Report on Corporate Governance.

[Supplementary Principle 4-11.3]

In principle, the Board of Directors meets once a month to discuss and resolve important matters in a timely manner. Materials are distributed or explained in advance, and the Board of Directors ensures sufficient time for deliberation and lively discussions, and thoroughly examines management issues.

In addition, the Board of Directors supervises the execution of duties by reporting the progress and results of resolutions in a timely manner. With regard to the evaluation of effectiveness at the Board of Directors meetings, the Board of Directors analyzes and evaluates the effectiveness of the Board of Directors once a year since 2018 and analyzes and evaluates the effectiveness of the Board of Directors in terms of the composition, operation, deliberation status, and management structure of the Board of Directors. In this way, the Company aims to build a more extensive corporate governance system and further increase corporate value. A summary of the results are also disclosed.

The following is an overview of the results of the Board of Directors' evaluation of effectiveness for the fiscal year ended August 2023.

#### 1. Evaluation method

In light of the issues in evaluating the effectiveness of the Board of Directors in the previous fiscal year (fiscal year ended August 2022), a questionnaire consisting of 13 items including the composition of the Board of Directors, the status of deliberations, the management system, and the effectiveness of the voluntary advisory committee was distributed to all directors as an index to measure the effectiveness of the Board of Directors. Based on the opinions received from all directors, the status of improvement was confirmed.

#### 2. Issues in Evaluating the Effectiveness of the Board of Directors in the Previous Fiscal Year (fiscal year ended August 2022)

Strengthen the monitoring function of the Board of Directors through more flexible business execution and further enhancement of management issues, management plans, and their progress from a mid-to long-term perspective, as well as verification, etc.

#### 3. Summary of evaluation results

In order to realize more agile business execution, the Nomination and Compensation Committee consulted on the

establishment and appointment of a senior executive officer system, and the Board of Directors appointed two senior executive officers with decision-making authority similar to that of directors. In addition, the Company has strengthened the monitoring function of the Board of Directors by holding systematic meetings of the Sustainability Committee to discuss sustainability issues on an ongoing basis and by enhancing discussions on management issues from a mid-to long-term perspective and management plans and their progress and verification.

Accordingly, with regard to the issues in the previous fiscal year, we evaluated that certain improvements have been made, and that the composition of the Board of Directors, the status of deliberations, and the management system, etc. have generally been appropriate and effective.

However, the Company recognize that there are the following issues.

To enhance discussions on the allocation of resources to sustainability initiatives, the examination of priorities, internal penetration, and the strengthening of group governance.

#### 4. Future actions

Based on the results of this evaluation, our Board of Directors will make continuous efforts to resolve issues and further improve the effectiveness of the Board of Directors.

[Supplementary Principle 4-14.2]

In order to provide appropriate and timely information necessary for the execution of duties so that directors and corporate auditors can fully exercise their management oversight and auditing functions, and to deepen their understanding of their roles and responsibilities, external seminars, etc. are attended as needed.

In addition, for the purpose of continuously updating knowledge during the term of office, the Company provides training opportunities suitable for individual directors and Audit and Supervisory Committee members and supports the cost thereof.

[Principle 5-1. Policy for Constructive Dialogue with Shareholders]

The Company has the Corporate Planning Department as the department in charge of IR.

Financial results briefings are held once every 6 months for shareholders and investors, and individual interviews are held one after another.

In particular, we promote dialogue (engagement) with institutional investors that respects the Principles for Responsible Investment. The Company compiles opinions and proposals that contribute to the enhancement of corporate value and sustainability, and then report to the Sustainability Committee and the Board of Directors for improvement. Through these two-way dialogues, we will pursue sustainable growth and medium-to long-term enhancement of corporate value.

[Supplementary Principle 5-1.1]

The person in charge of IR in the Corporate Planning Department handles dialogue (interviews) with shareholders.

In addition, in response to shareholder requests, directors, including outside directors, as well as the president, will endeavor to respond to interviews.

[Principle 5-2. Establishing and Disclosing Business Strategies and Business Plans]

Measures to realize management that is conscious of the cost of capital and stock price (disclosed) [English disclosure is available]

The Company has established a mid-term management plan and an annual plan, and discloses the target values for sales, operating income, net income, etc. on the Company's website, etc.

In addition, the Company explains specific measures to achieve the targets through financial results briefings and other events.

In formulating the management plan, the Company ensures a sound financial base based on an accurate understanding of its own cost of capital, presents as specific numerical targets as possible regarding the allocation of management resources, and promotes understanding of future management strategies and specific measures to be taken.

The Company has minimal interest-bearing debt and calculates its cost of capital solely on the basis of the cost of shareholders' equity. Based on the following CAPM calculation formula, the Company recognizes its cost of shareholders' equity to be approximately 4-5%.

$$R_f (0.7) + (\beta (0.8) \times (E_r (5.0) - R_f (0.7))) = 4.14$$

R<sub>f</sub>: long-term government bond (10-year) yield, β: most recent 5 years (date and time), E<sub>r</sub>: most recent 5-year TOPIX return on investment

Additionally, based on this cost of capital, in the mid-term management plan "Fan • Fun Innovation" for the period from August 2022 to August 2024, the Company sets the fundamental principle of its capital strategy as the enhancement of self-capital necessary for strengthening and investing in business foundations and aims to enhance corporate value in the medium to long term through stable and sustainable profit returns to shareholders. The management goal is an ROE (Return on Equity) of 8% or higher. The management plan is reviewed annually in light of business performance and future social and economic conditions, and when changes are made, the background and details of the changes are explained at financial results briefings and the general meeting of shareholders.

[Supplementary Principle 5-2.1]

The Company will strengthen our monitoring of growth and profitability based on the cash flow of each business, review our business portfolio, and strive to appropriately allocate management resources.

## 2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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### Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
THE MASTER TRUST BANK OF JAPAN, LTD. (Trust Account)	2,465,500	9.72%
Hirotake WATANABE	2,024,500	7.99%
MEIKO KYOIKU KENKYUJO (Public Interest Incorporated Foundation)	2,000,000	7.89%
Yoshiko OKUI	792,800	3.13%
CUSTODY BANK OF JAPAN, LTD. (Trust Account)	581,600	2.29%
STATE STREET BANK AND TRUST COMPANY 505223 (Standing Proxy, Settlement Sales Department, Mizuho Bank, Ltd.)	545,000	2.15%

SMBC Nikko Securities Inc.	375,400	1.48%
WASEDA ACADEMY CO., LTD.	347,600	1.37%
Satoshi OKUI	300,000	1.18%
With us Corporation	231,300	0.91%

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	-
Name of Parent Company, if applicable	None

### Supplementary Explanation

\* In addition to the above, there are 2,451,148 shares of treasury stock held by the Company.  
 \* The number of shares held by The Custody Bank of Japan, Ltd. (Trust Account) includes 141,000 shares held by the "Stock Granting Trust for Officers". (the ratio of the number of shares held to the total number of shares issued (excluding treasury stock) is 0.56%).

### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	August
Business Sector	Services
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥10 billion or more but less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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### 5. Other Special Circumstances which may have a Material Impact on Corporate Governance

No applicable matters.

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

### 1. Organizational Composition and Operation

Corporate Governance System	Company with Supervisory Committee
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#### Directors

Number of Directors Stipulated in Articles of Incorporation	10
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairperson (excluding those concurrently serving as President)
Number of Directors	9

Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

#### Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hiroshi JINZA	From another company											
Nanako AONO	From another company											
Saiko KUMAO	Lawyer											
Kanako IWASE	From another company											

\*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- Person who executes business for a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- Other

#### Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Hiroshi JINZA	○	○	There are no special interests between him and the Company.	Mr. Hiroshi Jinza has a wealth of experience and knowledge in banking, finance and corporate management gained from his long years of service at financial institutions, etc. In addition, expecting to duly provide effective advice and opinion on important management issues of the Company from a global perspective based on his working experience overseas, the Company has selected that he will be capable of enhancing audit effectiveness in the Company, along with monitoring overall management.
Nanako AONO	○	○	There are no special interests between her and the Company.	Ms. Nanako Aono has extensive knowledge of finance and accounting as a certified public accountant as well as a wealth of experience and broad knowledge of corporate management. As such, the Company has selected that she will help ensure management transparency and further strengthen corporate governance.

Saiko KUMAO	○	○	There are no special interests between her and the Company.	Ms. Saiko Kumao has expertise in corporate legal affairs as well as a wealth of business experience from having served in roles in various industries while preparing for her bar exam. She also has experience as a director who is an audit and supervisory committee member. The Company has selected that, amid the growing importance of business administration incorporating ESG issues in corporate management, she will be able to ensure management transparency and further strengthen corporate governance while contributing to the operation of the Board of Directors based on her expertise and broad perspective.
Kanako IWASE	○	○	There are no special interests between her and the Company.	Ms. Kanako Iwase has an understanding of and abundant experience in the SDGs and sustainability, which she has gained through providing employment opportunities for refugees living in Japan to support their independence and work experience opportunities for children in foster homes, with the aim to solve social issues through business management. She also has a point of view with the Company's vision of "extracting the potential in people." The Company has selected that she will be able to provide advice and suggestions to the Board of Directors, drawing on her wide-ranging insight as a business manager.

## Supervisory Committee

### Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	4	1	0	4	Outside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed
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### Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

Directors and employees to assist the Audit and Supervisory Committee in its duties will not be fixed, but will be implemented by the department in charge as appropriate. In addition, employees shall be assigned to assist the Audit and Supervisory Committee when requested by the Audit and Supervisory Committee. The full-time or dual appointment will be determined based on the scope of duties expected of such employees and the length of time they are expected to serve.

### Cooperation among the Supervisory Committee, Accounting Auditors and Internal Audit Department

As mutual cooperation among internal audits, audits by the Audit and Supervisory Committee, and accounting audits, the Internal Audit Office, full-time Audit and Supervisory Committee member, and accounting auditors hold liaison meetings on a regular basis to share information and exchange opinions regarding accounting and operational audits.

In addition, the Internal Audit Office shares information and collaborates with each other by reporting audit results to full-time Audit and Supervisory Committee member as appropriate.

### Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Compensation Committee	6	3	2	4	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Compensation Committee	6	3	2	4	0	0	Outside Director

Supplementary Explanation

None

### Matters Concerning Independent Directors

Number of Independent Directors	4
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Other Matters Concerning Independent Directors

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### Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme
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Supplementary Explanation for Applicable Items

The performance-linked stock compensation plan for directors (excluding directors who are members of the Audit and Supervisory Committee) is a stock compensation plan under which the Company's shares are acquired through a trust (the trust established under the plan is hereinafter referred to as the "Trust") with money contributed by the Company as the source of funds, and the Company's shares and money equivalent to the amount obtained by converting the Company's shares to market price (hereinafter referred to as the "Company's shares, etc.") are delivered to Directors through the Trust in accordance with the

share delivery rules for Directors established by the Company. In principle, the time when Directors receive the Company's shares, etc. shall be at the time of their retirement from office. The maximum amount of the total points to be granted to directors (excluding outside directors) during the trust period (initial four years) is set at 40,000 points per fiscal year (one point is one share of the Company's stock) in the 36th Ordinary General Meeting of Shareholders held on November 20, 2020.

Persons Eligible for Stock Options

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Supplementary Explanation for Applicable Items

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## Director Remuneration

Status of Disclosure of Individual Director's Remuneration

No Disclosure for any Directors

Supplementary Explanation for Applicable Items

The total amount of each of the Directors and Outside Corporate Auditors is disclosed.

The details of remuneration for directors and corporate auditors for the fiscal year ended August 31, 2023 are as follows.

Compensation to Directors (excluding Audit and Supervisory Board Members) : 121 million yen (7 Directors)

(including 2 outside directors: 2 million yen)

Compensation to Directors (Audit and Supervisory Committee Members) : 22 million yen (4 Directors)

(including 4 outside directors: 22 million yen)

Compensation to corporate auditors: 6 million yen (4 corporate auditors)

(including 4 outside corporate auditors: 6 million yen)

Total 15 people: 143 million yen

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

### 1. Method of Determination of Policy on Determination of Remuneration for Individual Directors

Our basic policy is to ensure that the remuneration of our directors' functions sufficiently as an incentive for the sustained improvement of corporate value. When determining the remuneration of individual directors, it is determined by a process that is transparent and objective, and that the remuneration of each director is at an appropriate level based on his or her respective responsibilities.

Remuneration for executive directors consists of base remuneration as fixed remuneration (monthly remuneration) and non-monetary remuneration (stock remuneration). The policy for determining such remuneration is resolved at the Board of Directors meeting held on Oct. 26, 2023. Regarding remuneration, etc. for individual outside directors, non-monetary remuneration (stock remuneration) is not introduced because the remuneration is independent from business execution, and only base remuneration



is paid as monthly remuneration.

## 2. Summary of Details of Decision-Making Policies

### (a) Basic Compensation Policy

The total annual remuneration of directors is resolved at the Ordinary General Meeting of Shareholders. Compensation for each director is determined by the Board of Directors after the President and Representative Director prepares a draft and consults with the Nomination and Compensation Committee based on the details of each director's duties and our circumstances.

### (b) Policy on Non-Monetary Compensation (Stock Compensation)

Non-monetary compensation for directors (excluding outside directors) consists of a stock compensation plan based on a stock grant trust as a performance-linked compensation (hereinafter referred to as the "Stock Grant Trust Plan") and a restricted stock compensation plan (hereinafter referred to as the "RS Plan").

Among non-monetary remuneration, the stock granting trust system is a stock remuneration system under which shares of the Company are acquired through a trust (hereinafter referred to as the "Trust") using the money contributed by the Company as the source of funds, and in accordance with the executive stock granting regulations stipulated by the Company, shares of the Company and the equivalent amount of money (hereinafter referred to as "our Shares, etc.") converted into shares of the Company's stock at market value are delivered through the Trust. The purpose of this system is to clarify more clearly the linkage between the remuneration of directors and our performance and share value, and to raise the awareness that directors will contribute to the improvement of medium-to long-term performance and the increase of corporate value by sharing the profits and risks of share price fluctuations with shareholders. In principle, the time when directors receive shares of the Company is upon the retirement of directors. The limit amount for the stock issuance trust system is set at 40 thousand points per business year (1 point is 1 stock of our company) for the total amount of points granted to the directors (excluding external directors) during the trust period (the first 4 years) in the 38th Ordinary General Meeting of Shareholders held on Nov. 18, 2022. In terms of the number of allotments related to the stock granting trust system, the President and Representative Director prepares a draft based on the contents of the duties of each director and our circumstances, in accordance with the Regulations Governing the Issuance of Stock to Directors, and the Board of Directors determines the draft after consulting with the Nomination and Compensation Committee.

Among non-monetary compensation, RS Plan concludes a restricted stock allotment agreement between us and directors, pursuant to which restricted stock is allocated. The plan aims to further provide incentives for directors to continuously improve our corporate value by holding shares even during the restricted period, and to further promote value sharing with shareholders. The number of restricted shares to be allocated is determined by the Board of Directors based on the draft prepared by the President and Representative Director and consulted with the Nomination and Compensation Committee at a certain time based on position, performance, contributions, and our situation.

### (c) Policy on determining the amount of basic remuneration or the amount of non-monetary remuneration, etc. as a percentage of the amount of remuneration, etc. for each individual director

The percentage of remuneration for each type of director will be determined by the Board of Directors after consulting with the Nomination and Compensation Committee, based on the duty scale of each director and the level of remuneration of

companies belonging to industries and types of business that are similar to ours, such as the content of the duties of each director and our situation.

(d) Reasons for the Board of Directors' judgment that the contents of remuneration, etc. for each individual director conform to the said policy.

In determining the details of basic remuneration for individual directors, the Board of Directors determines the basic remuneration based on the basic remuneration policy determined by the Board of Directors. Based on the details of each director's duties and our circumstances, the President and Representative Director prepares a draft, which is decided by the Board of Directors after consulting with the Nomination and Compensation Committee, and is in line with the decision-making policy. Regarding non-monetary remuneration (stock remuneration) for individual directors (excluding outside directors), the Company has confirmed that the methods for determining the content of remuneration, etc. and the determined content of remuneration, etc. are consistent with the relevant decision policy, and that the reports from the Nomination and Compensation Advisory Committee are respected, and the Company has determined that remuneration is in line with the decision policy.

3. Matters concerning resolutions at general meetings of shareholders with regard to remuneration, etc. for directors and auditors

The maximum amount of remuneration for directors is as follows. At the 38th Ordinary General Meeting of Shareholders held on Nov. 18, 2022, the maximum amount of remuneration for directors (excluding directors serving as members of the Audit and Supervisory Committee) was resolved as an annual amount of 300 million yen (including bonuses to directors and employees, but not including salaries for employees) (the number of directors at the conclusion of the General Meeting of Shareholders at the time of identification was 5). In addition, we have introduced a stock-company compensation system for directors (excluding directors serving on the Audit and Supervisory Committee and outside directors). At the 38th Ordinary General Meeting of Shareholders held on Nov. 18, 2022, the maximum amount of money to be paid to a board member (excluding the members of the Audit and Supervisory Board and the Outside Director) during the trust period (the first 4 years) was 70 million per business year, and the maximum total number of points to be given to a board member (excluding the members of the Audit and Supervisory Board and the Outside Director) was 40 thousand points per business year (1 point per share of our stock). (The number of members of the board member (excluding the members of the Audit and Supervisory Board and the Outside Director) at the end of the General Meeting of Shareholders is 5.) In addition, the upper limit of RS plan was resolved at the 39th Ordinary General Meeting of Shareholders held on Nov. 17, 2023, to be 50 million yen per year, with a total of 70 thousand shares or less (the number of directors (excluding directors serving as Audit and Supervisory Committee members and outside directors) at the conclusion of the Ordinary General Meeting of Shareholders at the time of identification is five persons).

The maximum amount of remuneration for directors who are Audit and Supervisory Committee members is as follows.

At the 38th Ordinary General Meeting of Shareholders held on Nov. 18, 2022, the maximum amount of remuneration for directors who are members of the Audit and Supervisory Committee was resolved to be no more than 50 million yen per year (the number of directors who are members of the Audit and Supervisory Committee at the conclusion of the Ordinary General Meeting of Shareholders at the time of identification was 4).

## Support System for Outside Directors

1. System for Directors (excluding Directors who are Audit and Supervisory Committee Members) and Employees to Report to the Audit and Supervisory Committee.

(a) The Audit and Supervisory Committee members attend important meetings on business execution (the Board of Directors, Management Committee, and Division Chairman meetings for the full-time Audit and Supervisory Committee, and the Board of Directors for the part-time Audit and Supervisory Committee) in order to understand the progress of management policy decisions and the status of business execution.

(b) In order for the Audit and Supervisory Committee to accurately grasp the actual conditions of the Company and to form a fair and reasonable audit opinion, the Directors shall report the status of sales and operations to the Audit and Supervisory Committee. In addition, important matters that have a significant impact on the Company and corporate information that is disclosed shall be reported to the Audit and Supervisory Committee in a timely manner.

(c) The Audit and Supervisory Committee shall hold liaison meetings with the Internal Audit Office and the Risk Management Office as appropriate to receive reports on internal controls and risk management.

2. System for reporting to the Audit and Supervisory Committee by Directors, Audit and Supervisory Board Members, employees and employees of subsidiaries, or persons who receive reports from these persons.

The Audit and Supervisory Committee shall hold a Liaison Conference for Group Corporate Auditors to quickly identify problems related to overall subsidiary management information and share information.

## Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
Yoshiko OKUI	<i>Sodanyaku</i>	As the founder of the Company, she has been appointed as <i>Sodanyaku</i> to provide advice on the transmission of the Company's founding and management principles, as well as the operation of the Meiko Gijuku franchise chain.	Type of service: Part-time Remuneration: None	Nov. 22, 2018	The term of office is not specified. <i>Sodanyaku</i> will step down from her position when she expresses her intention to step down from the position. The Board of Directors may dismiss a <i>Sodanyaku</i> by its resolution.

Number of Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.)  
After Retiring as Representative Director and President, etc.

1

### Other Related Matters

The Company appoints, by resolution of the Board of Directors, persons deemed necessary by the Company to serve as advisors. In addition, the Company has established bylaws regarding the advisory board member system.

## 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

(Board of Directors)

The Board of Directors serves as the highest decision-making body in management. The Board of Directors makes important decisions on matters stipulated in laws, regulations, and the Articles of Incorporation, as well as management policies, strategies, and management plans, and supervises business execution based on those decisions. The Board of Directors is composed of five directors (excluding directors serving on the Audit and Supervisory Committee) and four Audit and Supervisory Committee members (including four outside directors). In principle, the Board of Directors meets once a month, and extraordinary meetings are held flexibly as necessary.

(The Audit and Supervisory Committee.)

We have established the Audit and Supervisory Committee, which is composed of four members of the Audit and Supervisory Committee (one full-time member and three outside directors). The Audit and Supervisory Committee audits the execution of duties by directors from an independent perspective. In principle, the Audit and Supervisory Committee meets once a month, and extraordinary committees are held as necessary. In accordance with the policy established by the Audit and Supervisory Committee, the Audit and Supervisory Committee Members of the Board of Directors shall request reports and investigations required of Directors, etc. who are not Audit and Supervisory Committee Members, and conduct audits and supervision of management in cooperation with the Internal Audit Office, Accounting Auditors, etc.

(Internal Audit Office)

The Company has established the Internal Audit Office, which is independent from business divisions, and the chief of the internal audit one and the two members of the Internal Audit Office conduct business audits based on the Internal Audit Regulations to cover the entire Group. We report the results of audits to the representative directors and the Audit and Supervisory Committee on whether operations are conducted in compliance with laws and regulations and internal regulations and whether operations are conducted in a rational manner. The Representative Director directs the divisions to be audited to take necessary measures, measures, etc. based on the report of the audit results, and reports the results to maintain and improve internal controls. In addition, the Internal Audit Office, the Audit and Supervisory Committee, and the accounting auditor regularly exchange information to conduct audits effectively and efficiently.

(Nomination and Compensation Committee)

In Nov. 2022, companies established the Nomination and Compensation Committee, chaired by the Audit and Supervisory Committee, as an advisory body to the Board of Directors. The Board of Directors consists of five committees: the President and Representative Director, and four members of the Audit and Supervisory Committee. The Board of Directors is composed of a majority of outside directors. The Board of Directors makes recommendations on the appointment and dismissal of directors and executive officers, the determination of compensation, the development of directors and executive officers, and the succession plan after prior deliberation by the Committee. The Board of Directors ensures independence and objectivity and the transparency of the decision-making process.

(Sustainability Committee)

In Nov. 2022, companies established the Sustainability Committee to recognize issues related to sustainability that need to be resolved through our business activities as new revenue opportunities and to accelerate our efforts to realize a sustainable society. This committee, chaired by the president and CEO, is made up of senior management, including outside directors. It determines important issues for realizing sustainability management, including not only contributing to a decarbonised society, but also providing high-quality education, respecting human rights and further penetrating diversity. Based on the Basic Policy on Sustainability, the committee strives to realize both corporate value and improvement in environmental and social value. In addition, we endorse the recommendations of TCFD\* (Climate-related Financial Disclosure Task Force) and promote voluntary and proactive information disclosure based on the recommendations in order to examine long-term strategies using scenarios that are consistent with our own business with regard to climate change-related risks and opportunities.

(Risk Management Committee)

The Company has established the Risk Management Committee, which is composed of directors, executive officers, and division heads, in order to properly implement risk management. The committee meets regularly to formulate policies, measures, and annual plans related to risk management, to ascertain the status of risk management, to provide guidance on risk avoidance measures to the divisions in charge of individual risk management, and to provide guidance on business continuity related to the company's main and important businesses and other important operations.

(Compliance Committee)

We have established the Compliance Committee, which is composed of directors, executive officers, and division heads, to strengthen and enhance our compliance system. The committee meets regularly in cooperation with counsel and is responsible for fostering an in-house culture to ensure thorough compliance and promote initiatives, formulating compliance education policies, and discussing measures to be taken in the event of doubts regarding compliance in the execution of business.

### 3. Reasons for Adoption of Current Corporate Governance System

The Company has transitioned to a company with an Audit and Supervisory Committee, and have strengthened our auditing and supervisory functions by having Audit and Supervisory Committee members, who are directors, exercise their voting rights at the Board of Directors meetings. At the same time, we have delegated authority from the Board of Directors to the Board of Directors to speed up decision-making and business execution. We have also established a voluntary Nominating and Compensation Committee and a Sustainability Committee to further enhance corporate governance and increase corporate value. We also established the Sustainability Promotion Office to promote our sustainability management.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Company will make every effort to ship as soon as possible.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The Company sets the date and place of the meeting so that more shareholders can attend the meeting. In addition, we have prepared an environment in which shareholders can easily exercise their voting rights by preparing voting forms to be sent by mail and via the Internet.
Electronic Exercise of Voting Rights	Electronic exercise of voting rights was started from the 31st Annual General Meeting of Shareholders held on November 20, 2015.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	From the 31st Ordinary General Meeting of Shareholders held on November 20, 2015, the Company has supported the exercise of voting rights by an electromagnetic method using the environment of the electronic voting platform for institutional investors operated by ICJ, Inc. Effective from the 36th Ordinary General Meeting of Shareholders to be held on November 20, 2020, the Company has introduced Smart Exercise, which enables shareholders to exercise their voting rights simply by reading the QR code on the voting form.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company prepares the convocation notice in English and registers it on the electronic voting platform for institutional investors operated by ICJ Inc.
Other	-

### 2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	Disclosure Policy is established and published on the Company's website.	
Regular Investor Briefings held for Individual Investors	The Company regularly hold briefings for individual investors. The President and Representative Director or IR representative explains the company's corporate profile, financial information, business strategies, mid-term management plan, etc. using visualized materials.	Held
Regular Investor Briefings held for Analysts and Institutional Investors	The Company held earnings results briefings twice a year (for the second quarter and the end of fiscal year) to provide analysts and institutional investors with information useful for investment decision making. At these briefings, the President and Representative Director personally explains management performance and other information to enable investors and others to	Held

	make appropriate judgments about the company's situation. The Company also strive to reflect the opinions of the capital market in our management through communication at these briefings.	
Regular Investor Briefings held for Overseas Investors	The Company do not hold briefings for overseas investors, but English-language videos of financial results briefings are available on our corporate website.	Not Held
Online Disclosure of IR Information	The Company have set up a IR section on corporate website to provide investors and other interested parties with useful input for investment decision-making. In addition to financial highlights, IR section contains financial results, financial reports, business reports, and news releases, and discloses information on the status of the companies to interested parties in a timely and appropriate manner.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Corporate Planning Department is in charge of implementing IR activities. In addition, Kouyuki SAKAMOTO, Senior Executive Officer and General Manager of Corporate Planning Department, serves as IR Administrative Liaison Manager.	
Other	-	

### 3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	-
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Company is actively engaged in social contribution activities, such as efforts to combat global warming and conserve electricity, donation to the "School Meal Program" of the United Nations WFP and the "National Federation of Guide Dog Facilities" and support for foreign child education so that children who protect foreigners as Japanese language educational institutions cannot receive adequate Japanese language guidance and can receive education to solve the social problem of being unable to advance to school or obtain employment.
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company recognize that information disclosure is one of our important management responsibilities. To ensure that accurate information is communicated to all stakeholders, including shareholders, the Company will continue to disclose information in a plain and specific manner. In addition, based on our shareholder composition, we have established an English-language version of corporate website and have prepared an English-language version of our financial results briefing materials. The Notice of Annual General Meeting of Shareholders has been prepared in English since the Notice of Annual General Meeting of Shareholders held in Nov. 2015. At the same time, the Company will disclose this information on our website and other media and will continue to strive to enhance the provision of information in English to overseas shareholders.
Other	-

## IV. Matters Concerning the Internal Control System

### 1. Basic Views on Internal Control System and Status of Development

The status of the development of the Company and Meiko group's main internal control systems is as follows.

1. Structure to ensure that the execution of duties by directors and hired experts is in keeping with corporate law and the articles of incorporation.

(a) Recognizing the Company social responsibilities and public mission, the Company regard the conduct of business operations in good faith without violation of laws, regulations, the Articles of Incorporation, and other rules and regulations as an important management issue for all directors and employees. To ensure that all officers and employees are fully aware of this, the Compliance Committee shall be established, and the Compliance Regulations and the Charter of Corporate Behavior shall be distributed and enlightened to strengthen the foundation of corporate governance.

(b) In order to ensure compliance with laws and regulations and the appropriateness of operations by directors and employees, clear authority and division of duties are stipulated in the Company Regulations, and important matters are deliberated by the Management Committee and the Board of Directors.

(c) The Company appoint several outside directors from among the directors who make up the Board of Directors to ensure the fairness and transparency of resolutions by the Board of Directors. In addition, the Directors shall prevent violations of laws and regulations and implement the necessary measures to this end. In the event that a director discovers a violation of laws or regulations by another director, the Company shall immediately report to the Audit and Supervisory Committee, Representative Director (Chairman of the Risk Management Committee), and Director in charge of risk management.

(d) The Company declare "hospitality" as our corporate ethics and promote the improvement of corporate ethics throughout the franchise chain.

(e) The Company have established a Risk Management Committee to respond swiftly to risks that arise in response to changes in the business environment. The Risk Management Office is in charge of the office. Based on the Risk Management Regulations, the Risk Management Committee coordinates and manages risk assessments, management, and countermeasures for business execution divisions, and promotes flexible responses to risks and the execution of compliance. At the same time, the Company continue to provide education on compliance and clarify procedures for dealing with compliance violations in order to prevent the recurrence of similar incidents.

(f) The Company is strengthening compliance management by introducing an internal reporting system.

(g) Internal Audit Regulations have been established to monitor the development and operation of internal controls, and an Internal Audit Office has been established. The results of internal audits are reported to the Board of Directors and the Audit and Supervisory Committee to promote continuous improvement of the internal control system.

(h) The Company will ensure the transparency of our corporate activities by disclosing financial information, which is the result of our business operations, and important corporate information, which is aggregated into the Compliance Committee and the Risk Management Committee, in a proper and timely manner.

(i) Executives and employees shall, as a whole, take a firm stance against anti-social forces that make unreasonable demands without giving rise to such pressures, and shall not give any benefits, including economic interests, to anti-social forces.



## 2. Structure and System to Maintain and Manage Information Relating to Directors in the Execution of their Duties

- (a) Minutes of General Meetings of Shareholders, Minutes of the Board of Directors, and other documents required to be prepared pursuant to laws and regulations shall be properly prepared and stored pursuant to laws and regulations.
- (b) Documents related to the execution of duties, management decision-making, and reporting to the directors of the Company shall be appropriately prepared, stored, or disposed of in accordance with the Document Management Regulations, the Regulations for Approval of Consensus-Building Decisions, the Information Security Regulations, and other rules.
- (c) The Company will maintain the Rules for the Protection of Personal Information and the Rules for the Management of Trade Secrets, and properly and safely store and manage personal information and important trade secrets.
- (d) The Directors may at any time inspect these stored documents.

## 3. Systems for managing risks of loss including the relevant internal regulations

- (a) Matters relating to risks of loss, such as accidents, disasters, credit, etc., shall be examined and measures implemented by each business execution division to identify risks and prevent them from occurring in accordance with the Risk Management Regulations.

These risks shall be consolidated into the Risk Management Committee on a company-wide basis, and guidelines shall be established and manuals prepared in order to verify the operational status of measures against potential risks and to ensure appropriate ex-post responses in the event that they materialize.

- (b) With regard to important risks related to business establishments, such as crisis management and personal information protection, we will present to the entire franchise chain the measures for preventing and mitigating risks that have been consolidated by the Risk Management Committee, and strive to stabilize management throughout the franchise chain.

## 4. System for ensuring efficient execution of Directors' duties

- (a) The Board of Directors establishes the annual management plan and the medium-term management plan, clarifies the targets to be achieved as a company, and promotes the efficiency of business execution by setting the responsibilities of directors. In addition, the Company will examine and evaluate whether its management targets are progressing as originally planned through regular performance reports to improve its PDCA cycle.
- (b) The Board of Directors meets at least once a month to strengthen the Company's role as an important decision-making body, to provide regular reports on the status of business execution to each director, and to strengthen its role as a supervisory body for the conduct of business. For important management matters, the Executive Committee, which is composed of directors (excluding directors serving on the Audit and Supervisory Committee) and full-time Audit and Supervisory Committee member, resolves, deliberates, examines, and shares information to increase the speed of management decision-making and to ensure transparency and efficiency.
- (c) The Directors receive reports from the dedicated Internal Audit Office on areas for improvement in business execution, and work to optimize the effectiveness and efficiency of the operations they are in charge of.

## 5. System to ensure the appropriateness of operations in the corporate group consisting of us and our subsidiaries

### (A) General Provisions

- (a) Based on our management philosophy, the Company will clarify our raison d'etre and roles as a group, and share our future

goals as a group through our management vision. In addition, the Company will comprehensively understand the risks of the entire Group, and properly establish and operate a risk assessment and management system.

(b) The Company fully confirm that transactions within the Group are appropriate in accordance with laws and regulations and do not differ significantly from the terms of ordinary transactions with third parties.

(c) The Company will strengthen compliance management throughout the Group by introducing an internal reporting system.

(B) System for reporting matters related to the execution of duties by directors, etc. of subsidiaries to the Company.

(a) The Company have established the Regulations Governing the Management of Affiliated Companies to ensure the effectiveness of internal controls at each subsidiary. In addition, in accordance with the Regulations Governing the Management of Affiliated Companies, each subsidiary is required to regularly report to us on its business performance, financial condition, and other important business matters.

(b) The Internal Audit Office audits the operational status of subsidiaries and reports to the Representative Director, the Board of Directors, and the Audit and Supervisory Committee.

(C) Rules and other systems concerning risk of loss of subsidiaries.

Each Group company will appropriately establish and operate a risk assessment and management system.

(D) System to ensure the efficient execution of duties by directors, etc. of subsidiaries.

The authority and responsibilities related to the execution of duties shall be clearly stated in the Division of Duties Regulations, Administrative Authority Regulations, and other regulations by each Group company, and each business shall be efficiently executed.

(E) System to ensure that directors, etc. and employees of subsidiaries perform their duties in compliance with laws and regulations and the articles of incorporation.

The Company have established a basic compliance policy for the entire Group. In accordance with this basic policy, Group companies will promote the establishment of such a system in accordance with each company's business content, scale, country of domicile, and other circumstances, and will also promote education and enlightenment of compliance.

6. Matters concerning directors and employees to assist the Audit and Supervisory Committee in its duties.

(a) The Company do not fix the division or employee in charge of the audit and supervision of the Audit and Supervisory Committee, and the division in charge conducts the audit as necessary.

(b) At the request of the Audit and Supervisory Committee, employees to assist the Audit and Supervisory Committee shall be appointed. The full-time or interlocking office shall be determined according to the scope of work expected of the employee and the term of office.

7. Matters concerning independence of directors and employees of the previous item from other directors (excluding directors who are Audit and Supervisory Committee members) and matters concerning ensuring the effectiveness of instructions of the Audit and Supervisory Committee to such employees

In the event that the Audit and Supervisory Committee has appointed an employee to assist the Audit and Supervisory Committee, services to assist the audit shall not be directed by anyone other than the Audit and Supervisory Committee, as directed by the Audit and Supervisory Committee. In addition, personnel transfers, personnel evaluations, and other matters related to such employees require the consent of the Audit and Supervisory Committee.

8. System for Reporting to the Audit and Supervisory Committee.

(A) System for Directors (excluding Directors who are Audit and Supervisory Committee Members) and Employees to Report to the Audit and Supervisory Committee.

(a) Audit and Supervisory Committee members meet on important matters related to business execution in order to know the progress of management policy decisions and the status of business execution.

(Full-time Audit and Supervisory Committee members attend meetings of the Board of Directors, Management Committee, and Division Chairman meetings, and part-time Audit and Supervisory Committee members attend meetings of the Board of Directors.)

(b) In order for the Audit and Supervisory Committee to accurately grasp the actual conditions of the Company and to form a fair and reasonable audit opinion, the Directors shall report the status of sales and operations to the Audit and Supervisory Committee. In addition, important matters that have a significant impact on the Company and corporate information that is disclosed shall be reported to the Audit and Supervisory Committee in a timely manner.

(c) The Audit and Supervisory Committee shall hold liaison meetings with the Internal Audit Office and the Risk Management Office as appropriate to receive reports on internal controls and risk management.

9. System for reporting to the Audit and Supervisory Committee by Directors, Audit and Supervisory Board Members, employees and employees of subsidiaries, or persons who receive reports from these persons.

The Audit and Supervisory Committee shall hold a Liaison Conference for Group Corporate Auditors to quickly identify problems related to overall subsidiary management information and share information.

10. A system to ensure that the person who has made the report set forth in the preceding item is not treated disadvantageously by reason of such person's having made the report.

The Company shall not dismiss or treat in any way disadvantageous for having reported to the Audit and Supervisory Committee.

11. Matters concerning the procedures for advance payment or reimbursement of expenses incurred with regard to the execution of the duties of Audit and Supervisory Committee Members (limited to those concerning the execution of the duties of the Audit and Supervisory Committee) and any other matters concerning the policy pertaining to the processing of expenses or liabilities incurred in the execution of said duties.

Expenses incurred in the execution of duties by Audit and Supervisory Committee members will be borne by the Company through prescribed procedures.

12. Other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively.

(a) The Audit and Supervisory Committee shall hold regular meetings of the Internal Audit Office and the 3-party liaison meeting of the auditing firm to receive reports and information on accounting audits and operational audits, and shall monitor and verify the status of the internal control system.

(b) Full-time Audit and Supervisory Committee Member shall grasp the status of business execution in a timely manner through regular audits, such as the inspection of application forms and other important documents related to business execution, the

acquisition of important assets, and the examination of the status of possession and management.

(c) Directors (excluding directors serving on the Audit & Supervisory Committee) and employees shall deepen their awareness of the Audit and Supervisory Committee's audits and endeavor to ensure that the Audit and Supervisory Committee's audits are promoted efficiently.

## 2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The following is our basic stance toward the elimination of antisocial forces and the status of their development.

### (1) Basic Approach

The Company will take a firm stance toward anti-social forces that make unreasonable demands, without succumbing to those pressures, and will not provide any benefits, including economic interests, to anti-social forces.

(2) With regard to important risks related to the status of development and corporate activities, the Risk Management Committee examines measures for preventing and mitigating risks that have been consolidated, and in addition, in peacetime builds relationships of trust with the police, lawyers, and other external organizations.

In the Compliance Rules, the Company have stipulated that we have no relationship with antisocial forces that threaten the order and safety of society, and have implemented educational activities.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

#### Supplementary Explanation for Applicable Items

The Company recognize that sustained growth and the enhancement of corporate value are top priorities in order to meet the mandate of our shareholders, and currently we do not plan to introduce takeover defenses.

### 2. Other Matters Concerning the Corporate Governance System

#### Outline of Timely Disclosure System

##### 1. Appropriateness of information disclosure

##### Establishment of a system for confirming disclosure documents

The Company conducts strict auditing of the consolidated financial statements, etc. under the Companies Act and the financial statements, etc. under the Financial Instruments and Exchange Act by Ernst & Young ShinNihon LLC, and also checks the financial results, etc. by this corporation.

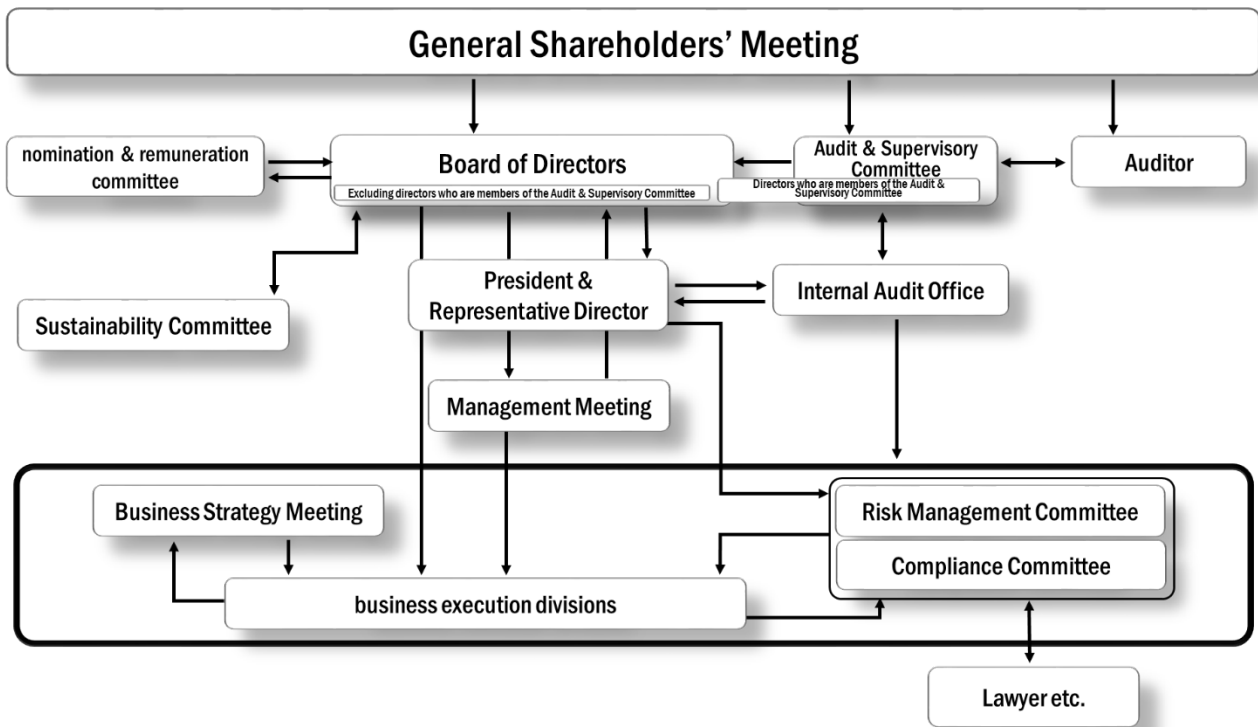
Advance confirmations are made to the Tokyo Stock Exchange, the Kanto Local Finance Bureau, lead securities companies, and auditing firms as necessary.

##### 2. Timeliness of information disclosure

The Company have secured a system for promptly disclosing information by gathering information to the Corporate Planning Department and supervising information.

3. TDnet of the Tokyo Stock Exchange, EDINET of the Financial Services Agency, and the corporate website disclose information on the methods of verifying and disclosing compliance with the Rules for Preventing Insider Trading by the General Affairs Department.

The diagram below shows an overview of our business execution system and management oversight.



END