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Securities Code 4668
October 31, 2023

To All Shareholders With Voting Rights

Kazuhiro Yamashita
President and Representative Director
MEIKO NETWORK JAPAN CO., LTD.
7-20-1 Nishi-Shinjuku, Shinjuku Ward, Tokyo, Japan

NOTICE OF THE 39TH ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholders:

Please be informed that the 39th Annual Meeting of Shareholders of MEIKO NETWORK JAPAN CO., LTD. (hereinafter the “Company”) shall be held as described below.

When convening this general meeting of shareholders, the Company provides information contained in the reference documents for the general meeting of shareholders, etc. (matters to be provided electronically) electronically, and posts this information on the Company’s website. Please access the website by using the internet address shown below to review the information.

The Company’s website:

<https://www.meikonet.co.jp/ja/ir/stock/meeting.html> (in Japanese)

In addition to posting matters to be provided electronically on our website, the Company also posts this information on the website of Tokyo Stock Exchange, Inc. (TSE).

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Access the TSE website by using the internet address shown above, enter “MEIKO NETWORK JAPAN” in “Issue name (company name)” or the Company’s securities code “4668” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

If you are unable to attend the meeting in person, you may exercise your voting rights via the internet, etc. or in writing. Please review the Reference Documents for the Annual Meeting of Shareholders, and exercise your voting rights **by 6:00 p.m. on Thursday, November 16, 2023 (JST)**.

- 1. Date and Time:** Friday, **November 17, 2023** at 10:00 a.m. (JST)
- 2. Place:** “**Century Room,**” **B1 floor, Hyatt Regency Tokyo**
2-7-2 Nishi-Shinjuku, Shinjuku Ward, Tokyo, Japan

3. Agenda of the Meeting:

Matters to be reported:

1. Business Report, Consolidated Financial Statements for the 39th term (from September 1, 2022 to August 31, 2023) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
2. Non-consolidated Financial Statements for the 39th term (from September 1, 2022 to August 31, 2023)

Proposals to be resolved:

- Proposal No. 1:** Election of Five (5) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal No. 2:** Determination of Compensation for Granting Restricted Stock to Directors (Excluding Outside Directors and Directors Who Are Audit and Supervisory Committee Members)

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- Shareholders attending the meeting are kindly requested to submit the Voting Right Exercise Form to the reception at the venue.
 - Note that, for this general meeting of shareholders, paper-based documents stating matters to be provided electronically will be delivered to all shareholders regardless of whether they have made a request for delivery of such documents. Among the matters to be provided electronically, in accordance with the provisions of laws and regulations and Article 15, Paragraph 2 of the Articles of Incorporation of the Company, System to Ensure the Properness of Operations, Overview of Operational Status of System to Ensure the Properness of Operations, Consolidated Statement of Changes in Equity, Notes to Consolidated Financial Statements, Statement of Changes in Equity, and Notes to Non-consolidated Financial Statements are not provided in the documents delivered to shareholders. Accordingly, the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements in the paper-based documents are part of the documents included in the scope of audits by the Accounting Auditor in the preparation of the accounting audit report, and by Audit and Supervisory Committee in the preparation of the audit report.
 - If there are any changes to the matters to be provided electronically, a notice of the changes and the details of the matters before and after the changes will be posted on the Company's aforementioned website and the TSE website.
 - If a voting right is exercised in duplicate by the same shareholder through writing and electromagnetic means, the Company shall treat the latter as valid. In addition, if an exercise of voting right through electromagnetic means was conducted for multiple times, and if there are conflicting votes to the same proposal, the last exercise of voting right through electromagnetic means shall be treated as valid.

How to Exercise Your Voting Rights, Etc.

Exercise of Voting Rights via the Internet

Please access the following website for exercising voting rights and exercise your voting rights.

<https://www.web54.net> (in Japanese)

Inquiries (Toll-free number)

Transfer Agency Web Support Service, Sumitomo Mitsui Trust Bank, Limited
Telephone number: 0120-652-031 (available from 9:00 a.m. to 9:00 p.m.)

Thursday, November 16, 2023 at 6:00 p.m. (JST)

Exercise of Voting Rights in Writing

Please indicate your approval or disapproval for each proposal, and send us your response.

- For each proposal, if there is no indication of an approval or disapproval, the vote shall be treated as an approval.

To be received by the Company by Thursday, November 16, 2023 at 6:00 p.m. (JST)

Exercise of Voting Rights by Attending Meeting in Person

Please submit the Voting Right Exercise Form to the reception at the venue.

- Please bring this Notice with you on the day.

Friday, November 17, 2023 at 10:00 a.m. (JST)

Exercising voting rights is easy with “smart exercising.”

You can exercise your voting rights simply by using your smartphone to read the QR code on the Voting Right Exercise Form.

*1 Depending on the type of device used, the internet connection, etc., there may be cases where this service is unavailable.

*2 After the first login, an ID and password will be required.

*3 “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.

For Institutional Investors

For shareholders whose names are listed on the shareholder register such as management trust banks (including the standing proxy), institutional investors can use an electronic platform run by ICJ, Inc. for the exercise of voting rights, subject to prior application and registration.

Reference Documents for the Annual Meeting of Shareholders

Proposals and References

Proposal No. 1

Election of Five (5) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all five (5) Directors (excluding Directors who are Audit and Supervisory Committee members; the same shall apply hereinafter in this proposal) will expire at the conclusion of this Annual Meeting of Shareholders. Accordingly, the election of five (5) Directors is proposed.

Concerning this proposal, the Audit and Supervisory Committee of the Company has confirmed that those candidates were nominated through appropriate procedures at the Nomination and Compensation Committee, which consists of Independent Outside Directors as major constituent members, and conducted review, and has judged that all of the candidates for Directors are appropriate.

The candidates are as follows:

No.	Name		Position in the Company	Number of years in office	Board of Directors meetings attendance
1	Hirotake Watanabe	Reappointment	Chairperson and Director	39 years	100% (17/17 times)
2	Kazuhito Yamashita	Reappointment	President and Representative Director	16 years	100% (17/17 times)
3	Kotaro Okamoto	Reappointment	Vice President and Director	3 years	100% (17/17 times)
4	Yasutada Taniguchi	Reappointment	Managing Director	1 year	100% (14/14 times)*
5	Dai Komiyama	Reappointment	Director	3 years	100% (17/17 times)

* As Mr. Taniguchi assumed his position on November 18, 2022, his attendance above covers the Board of Directors meetings held on and after November 18, 2022.

Number of the Company's shares held

1,794,600 shares

Board of Directors meetings attendance

100% (17/17 times)

▶ **Brief personal record, position, responsibilities and important concurrent posts**

Sept. 1984: Established the Company, Director of the Company

May 1985: President and Representative Director

Nov. 2015: Chairperson and Representative Director

Nov. 2018: Chairperson and Director (present)

[Important concurrent posts]

Representative Director of MEIKO KYOIKU KENKYUJO (Public Interest Incorporated Foundation)

▶ **Reasons for selection as a candidate for Director**

Mr. Hirotake Watanabe has been leading the management of the Company as a founder since the Company was founded in September 1984. He has made contribution to the enhancement of corporate value of the Company through his outstanding foresight, abundant management experience, and quick decision-making ability, mainly by opening Meikogijuku franchise individual tutoring cram schools nationwide.

The Company expects that he will remain a spiritual pillar for employees as a founder while demonstrating strong leadership and be able to continue contributing to further growth of the Company, and therefore proposes the reelection of the candidate as Director of the Company.

Number of the Company's shares held

35,800 shares

Board of Directors meetings attendance

100% (17/17 times)

▶ **Brief personal record, position, responsibilities and important concurrent posts**

Mar. 2007: Joined the Company

Nov. 2007: Director

Nov. 2008: Managing Director

Sept. 2012: General Manager, Kobetsu School Business

In charge of Soccer School Business Division, in charge of Meiko Kids Business Division and in charge of Business Development Division

Jul. 2013: General Manager, Business Development Headquarters

Sept. 2014: General Manager, Meikogijuku Business Headquarters (present)

In charge of FC Business Development Division

Nov. 2014: Senior Managing Director

Nov. 2015: Vice President and Director

Nov. 2018: President and Representative Director (present)

[Important concurrent posts]

Councilor of MEIKO KYOIKU KENKYUJO (Public Interest Incorporated Foundation)

▶ **Reasons for selection as a candidate for Director**

Mr. Kazuhito Yamashita has abundant knowledge and experience accumulated as a corporate manager. He has made efforts to create fans by deepening existing businesses and to create new businesses that follow the Meikogijuku Business. He also places importance on communication with employees, and drives the Company's human capital management by utilizing the individuality of each employee as diversity and drawing out individual initiative. The Company expects that he will be able to continue contributing to the enhancement of corporate value, and therefore proposes the reelection of the candidate as Director of the Company.

Number of the Company's shares held

3,500 shares

Board of Directors meetings attendance

100% (17/17 times)

▶ **Brief personal record, position, responsibilities and important concurrent posts**

- Sept. 1995: Joined Nissho Motors Co. Ltd. (ONIX)
- Apr. 2002: Director of Nissho Motors Co. Ltd.
- Apr. 2004: President and Representative Director of Nissho Motors Co. Ltd.
- Feb. 2005: Joined Carlets Co., Ltd., President and Representative Director
- Jun. 2008: Joined Krispy Kreme Doughnuts Japan, Inc., Executive Officer and COO
- Mar. 2012: President and Representative Director of Krispy Kreme Doughnuts Japan, Inc.
- Apr. 2017: Partner of GrowthPoint Equity LLP
- Jul. 2020: Joined the Company, Counselor
- Oct. 2020: Director of KOTOH & COMPANY CO., LTD (present)
- Nov. 2020: Senior Managing Director of the Company
- Sept. 2021: General Manager, Kids Business Headquarters (present)
- Apr. 2022: Director of Simple Inc. (present)
- Sept. 2022: Director of MEIKO Carrier Partners Co., Ltd. (present)
- Oct. 2022: Director of Go Good Co., Ltd. (present)
- Apr. 2023: Vice President and Director of the Company (present)

[Important concurrent posts]

Director of KOTOH & COMPANY CO., LTD

Director of Simple Inc.

Director of MEIKO Carrier Partners Co., Ltd.

Director of Go Good Co., Ltd.

▶ **Reasons for selection as a candidate for Director**

Mr. Kotaro Okamoto has a track record of managing three corporations as President and Representative Director prior to his appointment as Director of the Company. Since his appointment as a Director of the Company, he has overseen the Japanese Language School Business and Other Businesses such as Kids Business from the perspective of a professional manager, and has properly managed and supervised the execution of business operations. He also has abundant knowledge of business strategy, M&A, and financial accounting, and is committed to using his expertise to expand the scope of businesses. The Company has determined that he will be able to contribute to further growth of the Company and the enhancement of corporate value, and therefore proposes the reelection of the candidate as Director of the Company.

Number of the Company's shares held
2,500 shares

Board of Directors meetings attendance
100% (14/14 times)

* As Mr. Taniguchi assumed his position on November 18, 2022, his attendance above covers the Board of Directors meetings held on and after November 18, 2022.

▶ **Brief personal record, position, responsibilities and important concurrent posts**

Apr. 1998: Joined Nippon Telegraph and Telephone Corporation (NTT)
Apr. 2004: Transferred to NTT Resonant Inc.
Nov. 2010: Transferred to NTT Communications Corporation
Mar. 2021: Joined the Company, General Manager, DX Promotion Office
Jun. 2021: Executive Officer, General Manager, DX Promotion Office
Jul. 2021: Executive Officer, General Manager, DX Strategy Division
Sept. 2021: Executive Officer, General Manager, Marketing Department
Apr. 2022: Executive Officer, General Manager, Information Systems Department
Jun. 2022: President Representative Director of Go Good Co., Ltd. (present)
Nov. 2022: Director of the Company
General Manager, DX Strategy Division (present)
Aug. 2023: Managing Director (present)

[Important concurrent posts]

President Representative Director of Go Good Co., Ltd.

▶ **Reasons for selection as a candidate for Director**

As General Manager of the Company's DX Strategy Division, Mr. Yasutada Taniguchi has promoted organizational simplification and clarification of areas of responsibility through the use of digital technology, and has played a central role in fundamentally transforming the Company's business through productivity improvement and cost control.

He is also actively working to develop human resources capable of promoting DX and CX (customer experience value) improvement in order to respond to changes in the business environment surrounding the Company. The Company expects that he will be able to contribute to further growth of the Company and the enhancement of corporate value, and therefore proposes the reelection of the candidate as Director of the Company.

Number of the Company's shares held
2,000 shares

Board of Directors meetings attendance
100% (17/17 times)

▶ **Brief personal record, position, responsibilities and important concurrent posts**

- Oct. 2013: President and Representative Director of MAXIS Holdings Inc. (current MAXIS Education Inc.)
- Nov. 2018: Joined the Company, Executive Officer, in charge of Academic Division
- Oct. 2019: In charge of Cram School Development Headquarters
- Apr. 2020: Deputy General Manager, Meikogijuku Business Headquarters (present)
Chairperson and Representative Director of MAXIS Education Inc. (present)
- Aug. 2020: General Manager, Kobetsu School Business of the Company
- Nov. 2020: Director (present)

[Important concurrent posts]

Chairperson and Representative Director of MAXIS Education Inc.

▶ **Reasons for selection as a candidate for Director**

Mr. Dai Komiya has accumulated experience as a student, part-time instructor and classroom manager at Meikogijuku as well as a manager of a mega-franchisee, and has abundant knowledge and experience in franchise management. He also has extensive knowledge of the education and tutoring industries. The Company expects that he will be able to contribute to further enhancement of corporate value, and therefore proposes the reelection of the candidate as Director of the Company.

- (Notes)
1. None of the candidates for Directors have special conflict of interest with the Company.
 2. The Company has entered into a directors and officers liability insurance contract with an insurance company, which covers Directors as the insured persons, as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers damages and litigation expenses to be borne by the insureds in the event that a claim for damages is made against the insured due to an act (including omission) committed by the insured in his/her capacity as a director or officer of the Company. The insurance premiums are fully borne by the Company. The candidates for Directors will be insured by the insurance contract upon the approval on their appointment. The Company plans to renew the insurance contract with the same terms and conditions during their terms of office.

<Reference>

Basic Views on Officer Structure

The Company has formulated a Mid-term Management Plan, “Fan and Fun Innovation” for the fiscal year ended August 31, 2022 to the fiscal year ending August 31, 2024, in order to respond to the unpredictable age of VUCA. The Company is aiming to be a corporate group that extracts the potential of people, which is its vision, by promoting the deepening of existing businesses and the creation of new services while repeatedly transforming with its purpose as its origin.

Achieving this vision requires the clear definition and execution of business strategy, DX strategy, human capital management, and capital strategy. The Company has selected a senior management team by defining the required or expected skills to lead the definition and execution of these strategies and to pursue sustainable growth for society and the Company.

Executive Officers as well as Inside and Outside Directors will utilize their expertise and experience while complementing each other to enhance the effectiveness of the Board of Directors.

Principal expertise and experience particularly required or expected out of Directors

	No.	Name	Purpose management / management strategy	Sustainability	Human capital management	Business and sales experience	DX / CX	Marketing / branding	Creation of new businesses / M&A	Legal affairs / compliance	Financial affairs
Directors	1	Hirotake Watanabe	●	●	●	●		●	●	●	●
	2	Kazuhito Yamashita	●	●	●	●		●	●	●	
	3	Kotaro Okamoto	●		●	●		●	●		●
	4	Yasutada Taniguchi		●		●	●	●	●		
	5	Dai Komiyama	●			●		●	●	●	
Audit and Supervisory Committee members		Hiroshi Jinza	Outside	●		●			●	●	●
		Nanako Aono	Outside			●				●	●
		Saiko Kumao	Outside	●		●	●			●	
		Kanako Iwase	Outside	●	●	●					

* The table above shows items that are required or expected of each Director/Audit and Supervisory Committee member. In addition, the Company will continue to discuss and flexibly change required or expected roles and diversity in accordance with factors such as changes in the business environment surrounding the Company and progress in the Company’s business strategies.

■ Principal expertise and experience particularly required or expected out of Executive Officers

Name	Position	Business strategy	Sustainability	Human capital strategy	Industry experience / sales	DX / CX	Marketing / branding	Compliance / risk management	Financial affairs
Kouyuki Sakamoto	Senior Executive Officer General Manager of the Corporate Planning Department Executive Manager of Sustainability Promotion Office	●	●	●		●			●
Mahito Asamizu	Senior Executive Officer President of Kanto and Koshin Company in the Meikogijuku Business Headquarters	●		●	●	●	●		
Shuji Watanabe	Executive Officer Director of Administration General Manager of the Finance and Accounting Department and Director of Human Resources Department		●	●				●	●
Naofumi Furukawa	Executive Officer President of Kinki Company in the Meikogijuku Business Headquarters				●	●	●	●	
Yoshihiro Etou	Executive Officer President of West Japan Company in the Meikogijuku Business Headquarters	●			●		●	●	
Hiroaki Tateyama	Executive Officer General Manager of the Kids Business Division in the Kids Business Headquarters	●			●		●	●	

* The table above shows items that are required or expected of each Executive Officer. It does not cover all the expertise and experience possessed by each of them. In addition, the Company will continue to discuss and flexibly change required or expected roles and diversity in accordance with factors such as changes in the business environment surrounding the Company and progress in the Company's business strategies.

Criteria for Nominating Independent Outside Directors

The Company has established criteria for nominating Independent Outside Directors to ensure the independence of candidates when nominating candidates for Outside Directors, and disclosed it on the Company's website (<https://www.meikonet.co.jp/ja/ir/management/governance.html> (in Japanese)).

At the 38th Annual Meeting of Shareholders held on November 18, 2022, it was approved that the maximum amount of monetary compensation for Directors (excluding Directors who are Audit and Supervisory Committee members) of the Company shall be 300 million yen per year (including officer bonuses but excluding employee salaries); that the maximum amount of performance-based compensation (stock compensation) to be contributed as compensation to Directors of the Company (excluding Outside Directors and Directors who are Audit and Supervisory Committee members) during the trust period (the first four-year period) shall be 70 million yen per fiscal year, separate from the monetary compensation; and that the maximum total number of points to be granted to Directors of the Company (excluding Outside Directors and Directors who are Audit and Supervisory Committee members) shall be 40,000 points per fiscal year (one point is one Company share). However, in order to grant further incentives to Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee members; hereinafter, the “Eligible Directors”) for the sustainable improvement of the corporate value of the Company and to promote the further sharing of value between Eligible Directors and shareholders, the Company seeks approval to introduce a compensation plan to grant shares of stock with transfer restrictions (“restricted stock”) to Eligible Directors of the Company. Therefore, the Company proposes that the total maximum amount of monetary compensation to be paid to Eligible Directors for the granting of restricted stock within the current maximum amount of monetary compensation for Directors (excluding Directors who are Audit and Supervisory Committee members) of the Company be 50 million yen per year, which is considered reasonable in light of the above objectives, and that the total number of shares of common stock of the Company to be issued or disposed of under this plan be limited to 70,000 shares per year (however, in the event of a stock split (including gratis allotment of common stock of the Company) or a reverse stock split of common stock of the Company, or any other event requiring adjustment of the total number of shares of common stock of the Company to be issued or disposed of as restricted stock on or after the date of approval of this proposal, such total number shall be adjusted within reasonable limits). The specific allocation to each Eligible Director shall be determined by resolution of the Board of Directors.

There are currently five (5) Eligible Directors, and if Proposal No. 1 is approved and passed as originally proposed, the number of Eligible Directors will continue to be five (5).

The Eligible Directors shall pay all monetary remuneration claims to be provided under this proposal in the form of property contributed in kind, in accordance with the resolution of the Board of Directors of the Company, and shall, in return, receive common stock of the Company that shall be issued or disposed of by the Company. The amount to be paid per share shall be determined by the Board of Directors based on the closing price of common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of such resolution by the Board of Directors (or the closing price of the immediately preceding trading day if no trading was conducted on that date), to the extent not particularly favorable to the Eligible Director. For such issuance or disposal of the common stock of the Company, a restricted stock allotment agreement that includes the content outlined below (the “Allotment Agreement”) shall be entered into between the Company and each Eligible Director.

- (1) Eligible Directors shall, during a period from the date of delivery of restricted stock to the date that they lose their positions as Director of the Company or any other positions determined by the Board of Directors of the Company (provided, however, that if losing their positions before three months have elapsed after the fiscal year in which the date of delivery of restricted stock has elapsed, and if there is a date separately prescribed by the Company’s Board of Directors within six months after the aforesaid fiscal year has elapsed, such prescribed date) (hereinafter, the “Transfer Restriction Period”), be prohibited from transfers, creation of security interest on, or otherwise dispose of the common stock of the Company allotted according to the Allotment Agreement (hereinafter, the “Allotted Stock”) (hereinafter, the “Transfer Restrictions”).
- (2) If an Eligible Director loses any of the positions mentioned in (1) above before the expiration of the period separately specified by the Board of Directors of the Company (hereinafter, the “Service Period”), the Company shall automatically acquire the Allotted Stock without contribution unless there is any reason the Board of the Company deems justifiable.
- (3) The Company shall, on the condition that Eligible Directors continuously remain in the positions as Director of the Company or any other positions specified by the Board of Directors of the Company throughout the Service

Period, lift the Transfer Restrictions of all of shares of the Allotted Stock upon expiration of the Transfer Restriction Period. However, if the Eligible Director loses any of the positions mentioned in (1) above before the expiration of the Service Period due to the reason the Board of Directors of the Company deems justifiable, which is designated in (2) above, the Company shall rationally adjust the number of shares of the Allotted Stock on which the Transfer Restrictions are to be lifted, and the timing of lifting as needed.

- (4) The Company shall automatically acquire without contribution the Allotted Stock on which the Transfer Restrictions have not been lifted at the expiration of the Transfer Restriction Period in accordance with the provision of (3) above.
- (5) If, during the Transfer Restriction Period, matters relating to a merger agreement in which the Company is the disappearing company, a stock exchange agreement or stock transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's general meeting of shareholders (or at a meeting of its Board of Directors in cases where approval at the Company's general meeting of shareholders is not required in relation to the reorganization, etc.), the Company shall lift the Transfer Restrictions on the Allotted Stock with the number of shares that is reasonably determined, by resolution of the Board of Directors of the Company.
- (6) In cases provided for in (5) above, the Company shall automatically acquire without contribution the Allotted Stock on which the Transfer Restrictions have not been lifted as of the time immediately after the Transfer Restrictions were lifted in accordance with the provisions in (5) above.
- (7) The method for expressing intentions and giving notifications in the Allotment Agreement, the method for amending the Allotment Agreement, and other matters to be determined by the Board of Directors shall be laid out in the Allotment Agreement.

The Company revised a policy for determining the details of compensation, etc. for Directors at the Board of Directors meeting held on July 27, 2023. The Company plans to change this policy so that it is aligned with this proposal, subject to the approval of this proposal. Details, etc. of the changed policy are provided in <Reference (2)> below. Additionally, as outlined above, the amount to be paid in for the Allotted Stock will be an amount within the extent that will not be particularly advantageous to the Eligible Directors, while the dilution rate is also insignificant, so granting the Allotted Stock has been determined to be appropriate.

<Reference (1)>

On condition that this proposal is approved, the Company plans to allot restricted stock equivalent to that described above to Executive Officers of the Company.

<Reference (2)>

- 1) Matters pertaining to policy regarding the determination of amount of officer compensation, etc. and its calculation method
 - a. Matters regarding policy on determining the content of individual compensation, etc. for Directors (excluding Directors who are Audit and Supervisory Committee members; the same shall apply hereinafter in this item a.)
 - (a) Method of determining policy on determining the content of individual compensation, etc. for Directors
The Company's basic policy for compensation for Directors is to determine an appropriate level of compensation for each individual Director based on their respective responsibilities and to ensure that decisions are made through a transparent and objective process, so that compensation continues to duly function as an incentive for the sustainable improvement of corporate value.
Compensation for Executive Directors consists of basic compensation (monthly compensation) as fixed compensation and non-monetary compensation (stock compensation). The policy for determining this compensation was revised at a meeting of the Board of Directors held on October 26, 2023. With respect to individual compensation, etc. to Outside Directors, since they are independent from the execution of business operations, the Company has decided not to introduce non-monetary compensation (stock compensation), and to pay only basic compensation as monthly compensation.

(b) Outline of the contents of the determination policy

i. Policy for basic compensation

The total amount of annual compensation for Directors is resolved at the Annual Meeting of Shareholders. Compensation for each Director is drafted by the President and Representative Director based on factors such as the duties of each Director and the Company's situation, and is determined by the Board of Directors after consultation with the Nomination and Compensation Committee.

ii. Policy for non-monetary compensation (stock compensation)

Non-monetary compensation for Directors (excluding Outside Directors) consists of a stock compensation plan based on a stock delivery trust as performance-based compensation (hereinafter, the "Stock Delivery Trust Plan") and a restricted stock compensation plan (hereinafter, the "RS Plan").

Amongst non-monetary compensation, the Stock Delivery Trust Plan is a stock compensation plan under which the Company's shares are acquired through a trust (the trust established under the Stock Delivery Trust Plan; hereinafter, the "Trust") using a monetary contribution made by the Company as the source of funds. The Company's shares and money equivalent to the amount obtained by converting the Company's shares at market value (hereinafter, the "Company's Shares, Etc.") will be delivered to Directors through the Trust in accordance with Executive Officer Stock Delivery Regulations established by the Company. The purpose of this plan is to further clarify the linkage between Director compensation and the Company's business performance and stock value, and to raise awareness among Directors of the need to contribute to improving the Company's performance and increasing its corporate value over the medium to long term by sharing the benefits and risks associated with fluctuations in stock prices with shareholders. The Directors shall receive the Company's Shares, Etc. upon their retirement, in principle. The maximum amount of the Stock Delivery Trust Plan was determined at the 38th Annual Meeting of Shareholders held on November 18, 2022 to be 40,000 points per fiscal year (one point is one Company share) to be granted to Directors (excluding Outside Directors) during the trust period (first four-year period). The number of shares to be allotted under the Stock Delivery Trust Plan is drafted by the President and Representative Director in accordance with Executive Officer Stock Delivery Regulations based on factors such as the duties of each Director and the Company's situation, and is determined by the Board of Directors after consultation with the Nomination and Compensation Committee.

Amongst non-monetary compensation, the RS Plan is a plan under which the Company and Directors enter into a restricted stock allotment agreement, and restricted stock is allotted based on this agreement. The purpose of this plan is to grant further incentives to Directors to continuously improve the Company's corporate value and further promote value sharing with shareholders by allowing Directors to hold shares even during the Transfer Restriction Period. The number of shares of restricted stock to be allotted is drafted by the President and Representative Director at fixed periods in time based on factors such as position, performance status, degree of contribution, and the Company's situation, and is determined by the Board of Directors after consultation with the Nomination and Compensation Committee.

iii. Policy on determining the ratio of the amount of basic compensation or the amount of non-monetary compensation to the amount of individual compensation to Directors

The ratio of each type of compensation to Directors is determined by the Board of Directors after consultation with the Nomination and Compensation Committee based on factors such as the duties of each Director and the Company's situation, as well as the compensation levels of companies in the same business size and related industries and business categories as those of the Company.

iv. Reasons why the Board of Directors has judged that the content of compensation, etc. for individual Directors is in line with the policy

In determining the details of basic compensation for each individual Director, as per the policy on determining basic compensation resolved by the Board of Directors, the President and Representative Director prepares a draft based on factors such as the duties of each Director and the Company's situation and the Board of Directors makes a decision after consulting with the Nomination and Compensation Committee. This is deemed to be in line with the determination policy. With regard to individual non-monetary compensation (stock compensation) for Directors

(excluding Outside Directors), the Company has confirmed that the method for determining the details of compensation, etc. and the details of compensation, etc. determined are consistent with the determination policy and that the report from the Nomination and Compensation Advisory Committee is respected. This is deemed to be in line with the determination policy.

- b. Matters regarding general meeting of shareholders resolutions pertaining to compensation, etc. for Directors
- (a) The maximum amount of compensation for Directors is as follows:

At the 38th Annual Meeting of Shareholders held on November 18, 2022, it was resolved that the maximum amount of compensation for Directors of the Company (excluding Directors who are Audit and Supervisory Committee members) shall be 300 million yen per year (including officer bonuses but excluding employee salaries) (the number of Directors at the conclusion of said Annual Meeting of Shareholders was five). In addition, the Company has introduced a stock compensation plan for Directors (excluding Directors who are Audit and Supervisory Committee members and Outside Directors). At the 38th Annual Meeting of Shareholders held on November 18, 2022, it was resolved that the maximum amount of the Stock Delivery Trust Plan to be contributed as compensation to Directors of the Company (excluding Directors who are Audit and Supervisory Committee members and Outside Directors) during the trust period (the first four-year period) shall be 70 million yen per fiscal year, separate from the monetary compensation; and that the maximum total number of points to be granted to Directors of the Company (excluding Directors who are Audit and Supervisory Committee members and Outside Directors) shall be 40,000 points per fiscal year (one point is one Company share) (the number of Directors (excluding Directors who are Audit and Supervisory Committee members and Outside Directors) at the conclusion of said Annual Meeting of Shareholders was five). In addition, at the 39th Annual Meeting of Shareholders held on November 17, 2023 it was resolved that the maximum amount of the RS Plan shall be 50 million yen per year within the maximum amount of monetary compensation and the total number of shares of common stock of the Company be limited to 70,000 shares per year (the number of Directors (excluding Directors who are Audit and Supervisory Committee members and Outside Directors) at the conclusion of said Annual Meeting of Shareholders was five).

- (b) The maximum amount of compensation for Directors who are Audit and Supervisory Committee members is as follows:

At the 38th Annual Meeting of Shareholders held on November 18, 2022, it was resolved that the maximum amount of compensation for Directors who are Audit and Supervisory Committee members shall be 50 million yen per year (the number of Directors who are Audit and Supervisory Committee members at the conclusion of said Annual Meeting of Shareholders was four).

Consolidated Financial Statements

Consolidated Balance Sheet (As of August 31, 2023)

(Unit: Million yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	10,421	Current liabilities	3,759
Cash and deposits	8,472	Accounts payable - trade	157
Accounts receivable - trade	1,038	Accounts payable - other	138
Securities	100	Accrued expenses	1,204
Merchandise	123	Income taxes payable	166
Work in process	13	Accrued consumption taxes	231
Supplies	10	Contract liabilities	1,218
Advance payments to suppliers	28	Lease liabilities	2
Prepaid expenses	357	Deposits received	132
Other	309	Provision for bonuses	445
Allowance for doubtful accounts	(34)	Other	62
Non-current assets	5,390	Non-current liabilities	848
Property, plant and equipment	693	Retirement benefit liability	135
Buildings and structures	582	Provision for share awards for directors (and other officers)	36
Tools, furniture and fixtures	55	Long-term accounts payable - other to employees	79
Land	48	Long-term accounts payable - other to officers	116
Leased assets	6	Deferred tax liabilities	67
Intangible assets	482	Lease liabilities	4
Goodwill	292	Asset retirement obligations	406
Software	163	Long-term guarantee deposits	1
Software in progress	20	Total liabilities	4,607
Telephone subscription right	4	Net assets	
Investments and other assets	4,214	Shareholders' equity	10,358
Investment securities	2,809	Share capital	972
Long-term prepaid expenses	26	Capital surplus	909
Deferred tax assets	98	Retained earnings	11,184
Leasehold and guarantee deposits	1,022	Treasury shares	(2,707)
Long-term time deposits	100	Accumulated other comprehensive income	844
Other	158	Valuation difference on available-for-sale securities	815
		Foreign currency translation adjustment	29
Total assets	15,811	Total net assets	11,203
		Total liabilities and net assets	15,811

Consolidated Statement of Income (From September 1, 2022 to August 31, 2023)

(Unit: Million yen)

Item	Amount	
Net sales		20,871
Cost of sales		15,819
Gross profit		5,051
Selling, general and administrative expenses		3,987
Operating profit		1,064
Non-operating income		
Interest income	11	
Dividend income	30	
Share of profit of entities accounted for using equity method	58	
Rental income	25	
Reversal of allowance for doubtful accounts	14	
Subsidy income	0	
Penalty income	21	
Other	39	201
Non-operating expenses		
Loss on investments in investment partnerships	7	
Rental expenses	11	
Other	3	22
Ordinary profit		1,243
Extraordinary income		
Gain on sale of property, plant and equipment	0	
Gain on sales of investment securities	149	150
Extraordinary losses		
Loss on change in equity	9	
Loss on sale of non-current assets	1	
Loss on retirement of property, plant and equipment	2	
Impairment losses	26	
Other	2	42
Profit before income taxes		1,350
Income taxes - current	478	
Income taxes - deferred	63	541
Profit		809
Profit attributable to owners of parent		809

Non-consolidated Financial Statements

Balance Sheet (As of August 31, 2023)

(Unit: Million yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	4,752	Current liabilities	1,873
Cash and deposits	2,864	Accounts payable - trade	109
Accounts receivable - trade	1,027	Accounts payable - other	19
Securities	100	Accrued expenses	897
Merchandise	118	Income taxes payable	63
Supplies	8	Accrued consumption taxes	107
Advance payments to suppliers	27	Contract liabilities	97
Prepaid expenses	181	Lease liabilities	1
Short-term loans receivable	165	Deposits received	158
Other	284	Provision for bonuses	369
Allowance for doubtful accounts	(24)	Other	49
Non-current assets	8,262	Non-current liabilities	473
Property, plant and equipment	288	Provision for share awards for directors (and other officers)	23
Buildings	265	Long-term accounts payable - other to employees	79
Tools, furniture and fixtures	17	Deferred tax liabilities	60
Leased assets	5	Long-term accounts payable - other to officers	98
Intangible assets	170	Lease liabilities	4
Software	155	Asset retirement obligations	205
Software in progress	10	Long-term guarantee deposits	1
Telephone subscription right	4	Total liabilities	2,346
Investments and other assets	7,803	Net assets	
Investment securities	2,464	Shareholders' equity	9,853
Shares of subsidiaries and associates	4,522	Share capital	972
Investments in capital	10	Capital surplus	915
Long-term loans receivable	110	Legal capital surplus	915
Long-term prepaid expenses	17	Retained earnings	10,673
Leasehold and guarantee deposits	546	Legal retained earnings	54
Long-term time deposits	100	Other retained earnings	10,619
Other	33	General reserve	9,147
		Retained earnings brought forward	1,472
		Treasury shares	(2,707)
		Valuation and translation adjustments	815
		Valuation difference on available-for-sale securities	815
Total assets	13,015	Total net assets	10,668
		Total liabilities and net assets	13,015

Statement of Income (From September 1, 2022 to August 31, 2023)

(Unit: Million yen)

Item	Amount	
Net sales		13,426
Cost of sales		10,338
Gross profit		3,088
Selling, general and administrative expenses		2,617
Operating profit		471
Non-operating income		
Interest income	1	
Interest on securities	10	
Dividend income	30	
Rental income	30	
Reversal of allowance for doubtful accounts	14	
Subsidy income	0	
Penalty income	21	
Other	13	122
Non-operating expenses		
Loss on investments in investment partnerships	7	
Commission expenses	18	
Rental expenses	30	
Other	1	58
Ordinary profit		535
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	149	149
Extraordinary losses		
Loss on retirement of property, plant and equipment	0	
Impairment losses	21	
Other	3	25
Profit before income taxes		660
Income taxes - current	214	
Income taxes - deferred	50	264
Profit		395