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## Summary of Consolidated Financial Results for the Three Months Ended November 30, 2022 (Japanese GAAP)

January 11, 2023

Company name: MEIKO NETWORK JAPAN CO., LTD.  
 Listing: Tokyo  
 Securities code: 4668 (URL: <https://www.meikonet.co.jp>)  
 Representative: Kazuhito Yamashita, President & Representative Director  
 Inquiries: Kouyuki Sakamoto, Executive Officer, General Manager of Corporate Planning Department  
 Telephone: +81-3-5860-2111  
 Scheduled date to file quarterly securities report: January 12, 2023  
 Scheduled date to commencement dividend payment: -  
 Preparation of supplementary material on quarterly financial results: None  
 Scheduled date of annual general meeting of shareholders: None

(Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the three months ended November 30, 2022 (From September 1, 2022 to November 30, 2022)

(1) Consolidated operating results (cumulative) (% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended November 30, 2022	4,823	5.1	154	(57.1)	179	(53.1)	96	(84.6)
November 30, 2021	4,591	2.0	360	(9.1)	383	(14.9)	629	102.1

(Note) Comprehensive income: For the three months ended November 30, 2022: ¥115 million [(82.6) %]  
 For the three months ended November 30, 2021: ¥665 million [119.8 %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended November 30, 2022	3.86	-
November 30, 2021	25.08	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of November 30, 2022	14,834	10,441	70.4
August 31, 2022	15,439	10,606	68.7

Reference: Equity As of November 30, 2022: ¥10,441 million  
 As of August 31, 2022: ¥10,606 million

2. Cash Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended August 31, 2022	-	11.00	-	11.00	22.00
Fiscal year ending August 31, 2023	-				
Fiscal year ending August 31, 2023 (Forecast)		12.00	-	12.00	24.00

(Note) Revision of dividend forecast in the current quarter: None

## 3. Consolidated Financial Results Forecast for fiscal year ending August 31, 2023 (From September 1, 2022 to August 31, 2023)

(% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Second quarter (cumulative)	10,500	5.8	870	(31.3)	906	(31.7)	529	(56.9)	21.09
Full-year	21,000	6.7	1,300	11.2	1,350	4.7	800	(17.9)	31.89

(Note) Revision to the financial results forecast announced most recently: None

**Notes:**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in the scope of consolidation): None

Newly included: 0 companies (Company name)

Excluded: 0 companies (Company name)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies caused by revision of accounting standards: Yes

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of November 30, 2022	27,803,600 shares
As of August 31, 2022	27,803,600 shares

(ii) Number of treasury shares at the end of the period

As of November 30, 2022	2,720,058 shares
As of August 31, 2022	2,720,058 shares

(iii) Average number of shares outstanding during the period.

Three months ended November 30, 2022	25,083,542 shares
Three months ended November 30, 2021	25,083,542 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

Forward-looking statements in the document, such as earnings forecasts, are based on the information currently available and certain assumptions that the company thinks reasonable. Actual results may differ remarkably from the statements due to variety of different factors.

**(Reference) Trend of numbers of Meiko Gijuku schools and registered students and system-wide sales**

Term	Three months ended November 30, 2021		Three months ended November 30, 2022	
Fiscal Period	From Sep. 1, 2021 to Nov. 30, 2021		From Sep. 1, 2022 to Nov. 30, 2022	
	Operating results	YOY comparison	Operating results	YOY comparison
Number of Meiko Gijuku directly operated schools (MNJ)	207	(1)	224	17
Number of Meiko Gijuku directly operated schools (MAXIS)	93	-	95	2
Number of Meiko Gijuku directly operated schools (KLINE)	41	-	41	-
Number of Meiko Gijuku directly operated schools (TOMONI)	42	-	42	-
Number of Meiko Gijuku directly operated schools (One link)	21	-	22	1
Number of Meiko Gijuku directly operated schools (Cooth) *1	-	-	16	16
Subtotal number of Meiko Gijuku directly operated schools	404	(1)	440	36
Number of Meiko Gijuku franchised schools	1,362	(75)	1,333	(29)
Total number of Meiko Gijuku schools	1,766	(76)	1,773	7
Number of registered students of Meiko Gijuku directly operated schools (MNJ)	15,187	664	16,302	1,115
Number of registered students of Meiko Gijuku directly operated schools (MAXIS)	7,027	50	6,760	(267)
Number of registered students of Meiko Gijuku directly operated schools (KLINE)	2,976	210	2,856	(120)
Number of registered students of Meiko Gijuku directly operated schools (TOMONI)	2,283	96	2,328	45
Number of registered students of Meiko Gijuku directly operated schools (One link)	948	81	981	33
Number of registered students of Meiko Gijuku directly operated schools (Cooth) *1	-	-	1,210	1,210
Subtotal number of registered students of Meiko Gijuku directly operated schools	28,421	1,101	30,437	2,016
Number of registered students of Meiko Gijuku franchised Schools	76,379	(4,931)	70,911	(5,468)
Total number of registered students of Meiko Gijuku schools	104,800	(3,830)	101,348	(3,452)
Sales from Meiko Gijuku directly operated schools (Millions of yen)	2,589	(16)	2,773	184
Sales from Meiko Gijuku franchised schools *2 (Millions of yen)	1,082	56	991	(91)
Sales from Japanese language schools (Millions of yen)	185	(6)	271	86
Sales from others (Millions of yen)	734	54	786	52
Total Sales (Millions of yen)	4,591	88	4,823	232
Sales from Meiko Gijuku directly operated schools (Millions of yen)	2,589	(16)	2,773	184
System-wide sales from Meiko Gijuku franchised schools (Millions of yen)	6,010	(398)	5,609	(400)
Total system-wide sales from Meiko Gijuku schools*3 (Millions of yen)	8,599	(415)	8,383	(216)

\*1 Cooth CO., LTD. was included in the scope of consolidation on December 1, 2021 due to the acquisition of shares.

\*2 Sales from Meiko Gijuku franchised schools represent royalty revenues and sales of products.

\*3 Total system-wide sales from Meiko Gijuku schools represent the sum of total sales of Meiko Gijuku directly operated schools, including tuition, materials fees, and examination fees, and the total sales of Meiko Gijuku franchised schools, including tuition. Materials fees and examination fees of franchised schools are excluded.

**Quarterly Consolidated Financial Statements and Major Notes****(1) Quarterly consolidated statement of Balance Sheets**

	(Millions of yen)	
	Previous consolidated fiscal year (As of Aug. 31, 2022)	Quarterly Consolidated Accounting Period (As of Nov. 30, 2022)
Assets		
Current assets		
Cash and deposits	8,755	7,938
Accounts receivable - trade	977	1,164
Merchandise	95	96
Work in process	13	10
Supplies	7	9
Advance payments to suppliers	16	14
Prepaid expenses	329	303
Other	243	148
Allowance for doubtful accounts	(33)	(38)
Total current assets	10,405	9,647
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,290	1,329
Accumulated depreciation	(780)	(796)
Buildings and structures, net	509	532
Tools, furniture and fixtures	394	399
Accumulated depreciation	(340)	(344)
Tools, furniture and fixtures, net	53	55
Land	49	49
Leased assets	35	19
Accumulated depreciation	(23)	(10)
Leased assets, net	11	8
Total property, plant and equipment	624	645
Intangible assets		
Goodwill	422	390
Software	180	163
Software in progress	-	33
Telephone subscription right	4	4
Total intangible assets	607	591
Investments and other assets		
Investment securities	2,452	2,473
Long-term prepaid expenses	22	24
Deferred tax assets	233	309
Leasehold and guarantee deposits	949	993
Long-term time deposits	100	100
Other	44	49
Total investments and other assets	3,801	3,950
Total non-current assets	5,033	5,187
Total assets	15,439	14,834

	(Millions of yen)	
	Previous consolidated fiscal year (As of Aug. 31, 2022)	Quarterly Consolidated Accounting Period (As of Nov. 30, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	128	185
Accounts payable - other	231	160
Accrued expenses	1,179	938
Income taxes payable	570	174
Accrued consumption taxes	195	253
Contract liabilities	1,148	1,080
Lease liabilities	1	1
Deposits received	85	159
Provision for bonuses	434	597
Other	44	26
Total current liabilities	<u>4,019</u>	<u>3,577</u>
<b>Non-current liabilities</b>		
Retirement benefit liability	121	123
Provision for share awards for directors (and other officers)	26	30
Provision for share awards	62	62
Long-term accounts payable-other to employees	84	80
Long-term accounts payable-other to officers	117	116
Deferred tax liabilities	9	9
Lease liabilities	10	5
Asset retirement obligations	380	384
Long-term guarantee deposits	1	1
Total non-current liabilities	<u>813</u>	<u>815</u>
Total liabilities	<u>4,833</u>	<u>4,393</u>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	972	972
Capital surplus	909	909
Retained earnings	10,959	10,776
Treasury shares	(2,779)	(2,779)
Total shareholders' equity	<u>10,062</u>	<u>9,878</u>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	521	539
Foreign currency translation adjustment	21	22
Total accumulated other comprehensive income	<u>543</u>	<u>562</u>
Total net assets	<u>10,606</u>	<u>10,441</u>
Total liabilities and net assets	<u>15,439</u>	<u>14,834</u>

**(2) Quarterly Consolidated statements of profit or loss and comprehensive income**  
**Quarterly Consolidated statements of profit or loss**

	(Millions of yen)	
	Three months ended November 30, 2021 (from Sep. 1, 2021 to Nov. 30, 2021)	Three months ended November 30, 2022 (from Sep. 1, 2022 to Nov. 30, 2022)
Net sales	4,591	4,823
Cost of sales	3,461	3,789
Gross profit	1,130	1,033
Selling, general and administrative expenses	769	878
Operating profit	360	154
Non-operating income		
Interest income	1	2
Dividend income	8	7
Rental income	3	3
Reversal of allowance for doubtful accounts	1	3
Subsidy income	4	0
Other	3	9
Total non-operating income	23	25
Non-operating expenses		
Rental expenses	0	0
Other	0	0
Total non-operating expenses	0	0
Ordinary profit	383	179
Extraordinary income		
Gain on sale of property, plant and equipment	-	0
Gain on sale of shares of subsidiaries and associates	623	-
Total extraordinary income	623	0
Extraordinary losses		
Loss on change in equity	-	9
Loss on sale of non-current assets	-	0
Extra retirement payments	24	-
Other	3	-
Total extraordinary losses	28	9
Profit before income taxes	978	170
Income taxes - current	411	157
Income taxes - deferred	(61)	(84)
Total income taxes	349	73
Profit	629	96
Profit attributable to owners of parent	629	96

**Quarterly consolidated statements of comprehensive income**

	(Millions of yen)	
	Three months ended November 30, 2021 (from Sep. 1, 2021 to Nov. 30, 2021)	Three months ended November 30, 2022 (from Sep. 1, 2022 to Nov. 30, 2022)
Profit	629	96
Other comprehensive income		
Valuation difference on available-for-sale securities	38	18
Share of other comprehensive income of entities accounted for using equity method	(1)	0
Total other comprehensive income	36	18
Comprehensive income	665	115
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	665	115

## Segment Information

### I. Three months ended November 30, 2021 (September 1, 2021 to November 30, 2021)

#### 1. Information related to net sales, profit or loss for each reportable segment.

(Millions of yen)

	Reportable segment				Others*	Total
	Meiko Gijuku directly operated schools	Meiko Gijuku franchised schools	Japanese language schools	Total		
Net sales						
Goods or services that are transferred at a point in time	180	385	-	565	455	1,021
Goods or services that are transferred over a fixed period of time	2,409	697	185	3,291	278	3,570
Revenue from contracts with customers	2,589	1,082	185	3,857	734	4,591
Other income	-	-	-	-	-	-
Sales to external customers	2,589	1,082	185	3,857	734	4,591
Inter-segment sales and transfers	-	216	-	216	5	221
Total	2,589	1,299	185	4,073	739	4,812
Segment profit (loss)	70	525	(60)	535	122	658

(Note) "Others" consists of the operating segments not included in reportable segments. It includes Kids Business (Afterschool), Waseda Academy Kobetsu Schools, Jiritsugausyu RED, MEIKO Kids e business, recruitment and temporary staffing, training programs and other businesses of consolidated subsidiaries Koto & Company.

#### 2. Difference between the Total of the Reportable Segments' Measures of Profit or Loss and Income according to Consolidated Quarterly Statements of Income, and the Main Components of the Difference (Matters related to Adjustment of Difference)

(Millions of yen)

Profit (Loss)	Amount
Reportable segment total	535
Profit (Loss) for "Others" category	122
Corporate expenses *	(297)
Operating income in consolidated financial statements	360

(Note)\* Corporate expenses are mainly expenses that relate to the General Affairs section of the parent company that are not attributable to the reportable segment.

#### 3. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

No applicable items.



**II Three months ended November 30, 2022 (September 1, 2022 to November 30, 2022)**

## 1. Information about Segment Sales and Income (Loss)

(Millions of yen)

	Reportable segment				Others*	Total
	Meiko Gijuku directly operated schools	Meiko Gijuku franchised schools	Japanese language schools	Total		
Net sales						
Goods or services that are transferred at a point in time	166	340	-	506	567	1,074
Goods or services that are transferred over a fixed period of time	2,606	651	271	3,529	219	3,749
Revenue from a contract with a customer	2,773	991	271	4,036	786	4,823
Other income	-	-	-	-	-	-
Sales to external customers	2,773	991	271	4,036	786	4,823
Intersegment sales and transfers	-	224	-	224	47	272
Total	2,773	1,215	271	4,260	834	5,095
Segment profit (loss)	34	391	8	434	23	458

(Note) \* “Others” consists of the operating segments not included in reportable segments. It includes Kids Business (Afterschool), Jiritsugakusyū RED, Meiko Kids e Business, HR solution business and other businesses of consolidated subsidiaries Koto & Company and Simple Inc.

## 2. Difference between the Total of the Reportable Segments’ Measures of Profit or Loss and Income according to Consolidated Quarterly Statements of Income, and the Main Components of the Difference (Matters related to Adjustment of Difference)

(Millions of Yen)

Profit (Loss)	Amount
Reportable segment total	434
Profit (loss) for “Others” category	23
Corporate expenses*	(303)
Operating profit reported on quarterly statements of income	154

(Note)\* Corporate expenses are mainly expenses that relate to the General Affairs section of the parent company that are not attributable to the reportable segment.

## 3. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

No applicable items.