

Securities Code 4668  
November 4, 2020

To All Shareholders With Voting Rights

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

## NOTICE OF THE 36TH ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholders:

Please be informed that the 36th Annual Meeting of Shareholders of MEIKO NETWORK JAPAN CO., LTD. (hereinafter the “Company”) shall be held as described below.

**Ensuring the safety of shareholders is the Company’s top priority. Therefore, this year, in order to prevent the spread of COVID-19, all shareholders are encouraged to exercise their voting rights beforehand in writing or via the Internet, etc. Please review the Reference Documents for the Annual Meeting of Shareholders, and cast your vote by 6:00 p.m. on Thursday, November 19, 2020 Japan time.**

- |  |  |    |   |    |   |
|--|--|----|---|----|---|
| 1. Date and Time:                                    | Friday, November 20, 2020 at 10:00 a.m.  |    |   |    |   |
| 2. Place:  | “Century Room,” B1 floor, Hyatt Regency Tokyo<br>2-7-2 Nishi-Shinjuku, Shinjuku Ward, Tokyo, Japan   |    |   |    |   |
| 3. Agenda of the Meeting:<br>Matters to be reported: | <table border="0"><tr><td>1.</td><td>Business Report, Consolidated Financial Statements for the 36th term (from September 1, 2019 to August 31, 2020) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements</td></tr><tr><td>2.</td><td>Non-consolidated Financial Statements for the Company’s 36th term (from September 1, 2019 to August 31, 2020)</td></tr></table> | 1. | Business Report, Consolidated Financial Statements for the 36th term (from September 1, 2019 to August 31, 2020) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements | 2. | Non-consolidated Financial Statements for the Company’s 36th term (from September 1, 2019 to August 31, 2020) |
| 1.   | Business Report, Consolidated Financial Statements for the 36th term (from September 1, 2019 to August 31, 2020) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements  |    |   |    |   |
| 2.   | Non-consolidated Financial Statements for the Company’s 36th term (from September 1, 2019 to August 31, 2020)  |    |   |    |   |
| Proposals to be resolved:                            |  |    |   |    |   |
| Proposal No. 1:                                      | Election of Six (6) Directors  |    |   |    |   |
| Proposal No. 2:                                      | Determination of Amount and Details of Performance-Based Stock Compensation, etc. for Directors  |    |   |    |   |

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◎ This year, as seats will be placed a distance apart, there will be a much smaller number of seats available compared to previous years. Therefore, some attendees may be refused entry on the day. Your kind understanding on this matter is appreciated.

◎ Shareholders attending the meeting are kindly requested to submit the enclosed Voting Right Exercise Form to the reception at the venue.

◎ Of the documents to be presented along with this Notice, “Notes to Consolidated Financial Statements” and “Notes to Non-consolidated Financial Statements” are posted on the Company’s website (<https://www.meikonet.co.jp>) in accordance with laws and regulations, as well as Article 15 of the Company’s Articles of Incorporation, and are therefore not included in this Notice.

◎ If there are any changes to the Reference Documents for the Annual Meeting of Shareholders, Business Report, Consolidated Financial Statements or Non-consolidated Financial Statements, changes on the matters shall be posted on the Company’s website (<https://www.meikonet.co.jp>).

◎ 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 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 19, 2020 at 6:00 p.m.

### **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>

Thursday, November 19, 2020 at 6:00 p.m.

### **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.)

### **Exercise of Voting Rights by Attending Meeting in Person**

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

Please bring this Notice with you on the day.

Friday, November 20, 2020 at 10:00 a.m.

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.

### **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.

### **Measures to Prevent the Spread of COVID-19**

From the perspective of preventing the spread of COVID-19, for this year’s Annual Meeting of Shareholders, all shareholders are encouraged to exercise their voting rights in advance.

Depending on the situation going forward, if any major changes are made to the operations, etc. of the Annual Meeting of Shareholders, the changes shall be posted on the Company’s website.

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

## Reference Documents for the Annual Meeting of Shareholders

### Proposals and References

#### Proposal No. 1 Election of Six (6) Directors

The terms of office of all six (6) Directors will expire at the conclusion of this Annual Meeting of Shareholders. Accordingly, the election of six (6) Directors is proposed. 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	36 years	100% (18/18 times)
2	Kazuhito Yamashita	Reappointment	President and Representative Director	13 years	100% (18/18 times)
3	Kotaro Okamoto	Newly appointed	Counselor	-	-
4	Dai Komiyama	Newly appointed	Executive Officer	-	-
5	Noriko Yao	Reappointment	Outside Director	5 years	94% (17/18 times)
6	Chie Ikegawa	Reappointment	Outside Director	1 year	100% (15/15 times) *

\* As Ms. Ikegawa assumed her position on November 15, 2019, the Board of Directors meetings held on and after November 15 are presented.

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No.

1

Hirotake Watanabe (Date of birth: Sept. 19, 1942)

Reappointment

Number of the Company's shares held

1,794,600 shares

Board of Directors meetings attendance

100% (18/18 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)

## Reference Documents for the Annual Meeting of Shareholders

No. **2** Kazuhito Yamashita (Date of birth: Dec. 7, 1959) Reappointment

Number of the Company's shares held	<b>■ Brief personal record, position, responsibilities and important concurrent posts</b>
24,000 shares	
Board of Directors meetings attendance	
100% (18/18 times)	<p>Mar. 2007: Joined the Company</p> <p>Nov. 2007: Director</p> <p>Nov. 2008: Managing Director</p> <p>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</p> <p>Jul. 2013: General Manager, Business Development Headquarters</p> <p>Sept. 2014: General Manager, Meikogijuku Business Headquarters (present) In charge of FC Business Development Division</p> <p>Nov. 2014: Senior Managing Director</p> <p>Nov. 2015: Vice President and Director</p> <p>Nov. 2018: President and Representative Director (present)</p> <p><b>[Important concurrent posts]</b> Councilor of MEIKO KYOIKU KENKYUJO (Public Interest Incorporated Foundation)</p>

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No. **3** Kotaro Okamoto October 31, 1970

Newly appointed

Number of the Company's shares held

- shares

Board of Directors meetings attendance

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**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 (present)

**[Important concurrent posts]**

Director of KOTOH & COMPANY CO., LTD

Reference Documents for the Annual Meeting of Shareholders

No.

4

Dai Komiyama (October 19, 1975)

Newly appointed

Number of the Company's shares held	■ Brief personal record, position, responsibilities and important concurrent posts
900 shares	
Board of Directors meetings attendance	
-	
	Oct. 2013: President and Representative Director of MAXIS Holdings Inc. (current MAXIS Education Inc.)
	Nov. 2018: Joined the Company, Executive Officer (present), in charge of Academic Division
	Oct. 2019: In charge of Cram School Development Headquarters
	Apr. 2020: Deputy General Manager of Meikogijuku Business Headquarters (present)
	Chairperson and Representative Director of MAXIS Education Inc. (present)
	Aug. 2020: General Manager, Kobetsu School Business of the Company (present)
	Oct. 2020: General Manager, tyotto juku Business Headquarters (present)

Number of the Company's shares held	<b>Brief personal record, position, responsibilities and important concurrent posts</b> Mar. 1995: Graduated Legal Training and Research Institute of the Supreme Court of Japan Apr. 1995: Registered as Attorney-at-Law in Fukuoka Bar Association Joined Fuji Law Office Jun. 2001: Graduated from Georgetown University Law Center (LL.M.) Sept. 2001: Joined Paul, Hastings, Janofsky & Walker LLP (Los Angeles Office) Oct. 2002: Registered as Attorney-at-law in Daini Tokyo Bar Association Joined Taiyo Law Office (current Paul Hastings Foreign Law Joint Enterprise) Registered as Attorney-at-law in New York State Bar Association Jul. 2007: Joined TMI Associates Jan. 2008: Partner of TMI Associates (present) Nov. 2015: Director of the Company (present)
- shares	
Board of Directors meetings attendance	<b>[Important concurrent posts]</b> Partner of TMI Associates Outside Auditor of Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development External Audit & Supervisory Board Member of SATO HOLDINGS CORPORATION Non-executive Director of Asahi Net, Inc.
94% (17/18 times)	
	<b>Reasons for selection as a candidate for Outside Director</b> Ms. Noriko Yao has an adequate insight for governing corporate management as she is familiar with corporate legal affairs, etc. as an attorney-at-law. As such, the Company has determined that the candidate will be able to contribute to ensuring management transparency and further strengthening of corporate governance. Although Ms. Yao is the candidate who does not have experience of being involved in corporate management in the past, considering the reasons stated above, the Company proposes the election of the candidate as Outside Director. Ms. Yao will have served as Outside Director of the Company for five years at the conclusion of this Annual Meeting of Shareholders.



## Reference Documents for the Annual Meeting of Shareholders

No. **6** **Chie Ikegawa** (Date of birth: Feb. 4, 1966)

Reappointment

Outside Director

### Number of the Company's shares held

- shares

### Board of Directors meetings attendance

100% (15/15 times)

\* As Ms. Ikegawa assumed her position on November 15, 2019, the Board of Directors meetings held on and after November 15 are presented.

### Brief personal record, position, responsibilities and important concurrent posts

Apr. 1989: Joined Procter & Gamble Far East, Inc. (current The Procter & Gamble Company of Japan Limited (P&G Japan Limited))  
 Oct. 2006: Joined McDonald's Company (Japan), Ltd.  
 Feb. 2010: Joined Lenovo Japan Ltd., Director & CFO, General Manager of Finance Management Division  
 Oct. 2011: Auditor of NEC Personal Computers, Ltd.  
 Jan. 2014: Joined Kellogg (Japan) G.K., Executive Officer, General Manager of Business Administration and Finance Division  
 Dec. 2018: Vice President of Commercial Finance, Business Administration Division of Seiyu GK. (Walmart Japan)  
 May 2019: Representative Director of Strat Consulting Co., Ltd. (present)  
 Nov. 2019: Director (present)

### [Important concurrent posts]

Representative Director, Strat Consulting Co., Ltd.

Outside Director, WILL GROUP, INC.

### Reasons for selection as a candidate for Outside Director

Ms. Chie Ikegawa has a profound wealth of knowledge in business administration, planning, finance and accounting of corporations. The Company has determined that the candidate will be able to contribute to ensuring management of the Company by drawing on her accumulated experience and knowledge, and thereby proposes the election of the candidate as Outside Director.

Ms. Ikegawa will have served as Outside Director of the Company for one year at the conclusion of this Annual Meeting of Shareholders.

- (Notes)
1. None of the candidates for Directors have special conflict of interest with the Company.
  2. The Company has concluded liability limitation agreements with Ms. Noriko Yao and Ms. Chie Ikegawa based on the provisions of Article 427, Paragraph 1 of the Companies Act, for the purpose of limiting the liability for damages arising from the act as set out in Article 423, Paragraph 1 of the Act; provided, however, that the limit of the liability shall be an amount stipulated in Article 425, Paragraph 1 of the Act. The Company plans to continue the agreement with both candidates upon the approval on their reappointment.
  3. Ms. Noriko Yao and Ms. Chie Ikegawa are candidates for Outside Directors. All candidates for Outside Directors are required to meet the election criteria for independent outside officers set out by the Company, and both of the two candidates meet all such criteria.
  4. Ms. Noriko Yao and Ms. Chie Ikegawa meet the requirements for independent officers based on the regulations of Tokyo Stock Exchange, Inc. The Company has designated them as independent officers and registered them as such at Tokyo Stock Exchange, Inc.

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<Reference> “Criteria for Election of Independent Outside Officers”

1. Independent Outside Officers should not be currently serving or have served in the past as Director (excluding Outside Director, hereinafter the same shall apply), Corporate Auditor (excluding Outside Corporate Auditor, hereinafter the same shall apply), Executive Officer, Manager and other employee of the Company or the Group.
2. Independent Outside Officers should not be currently serving or have served in the past five years as Director, Corporate Auditor, Executive Officer, Manager and other employee of a major shareholder of the Company.
3. Independent Outside Officers should not be currently serving as Director, Corporate Auditor, Executive Officer, Manager and other employee of a company which, at present, is a principal shareholder of the Company.
4. Independent Outside Officers should not be currently serving or have served in the past three years as Director, Corporate Auditor, Executive Officer, Manager and other employee of a company which is a principal business partners (accounting for more than 2% of the consolidated gross sales of the Company in the previous fiscal year) of the Company or the Group.
5. Independent Outside Officers should not be currently serving as Director (referring to Executive Director only), or other executor of business (referring to officer, member or employee engaged in the execution of business) at an organization (such as public interest incorporated foundation, public interest incorporated association, non-profit corporation) that receives donation or subsidy in excess of certain amount (10 million yen on average over the past three years) from the Company or the Group.
6. Independent Outside Officers should not be currently serving as Director, Corporate Auditor or Executive Officer of a company or its subsidiary where the Company or the Group has seconded a Director or Corporate Auditor (whether full-time or part-time).
7. Independent Outside Officers should not be currently serving or have served in the past five years as Director, Corporate Auditor, Executive Officer, Manager and other employee of a principal financial institution of the Company or the Group (a financial institution vital for fund raising at the Company or the Group, conducting comprehensive review to determine whether there is a situation likely to give rise to an issue of conflicts of interest between the Company and shareholders (involving actual or potential insolvency), and other review, such as financial/credit rating, capital ratio, financing dependency on specific creditors or ability to repay loans of the Company or the Group).
8. Independent Outside Officers should not be currently serving or have served in the past five years as Director (excluding outside Director, hereinafter the same shall apply), Corporate Auditor (excluding outside Corporate Auditor, hereinafter the same shall apply), Executive Officer, Manager and other employee of a brokerage lead manager of the Company.
9. Independent Outside Officers should not be currently serving or have served in the past three years as member, partner or employee of the accounting auditor (or tax accountant's corporation) of the Company or the Group.
10. Independent Outside Officers should not be currently serving as professional service provider including attorney, certified public accountant, tax accountant and consultant of various natures, who receives compensation in excess of certain amount (10 million yen on average over the past three years) from the Company or the Group.
11. Independent Outside Officers should not be relatives within the second degree of kinship, or other relatives living together with the person concerned in each of the above 1 through 10.
12. However, a person who falls into any of the above may still be appointed as an Independent Outside Officer of the Company, as long as the person is deemed appropriate by the Company as an Independent Outside Officer of the Company in light of his/her character, insight and other qualities, subject to an external explanation justifying such reason for the appointment.
13. Apart from the qualifications listed above, Independent Outside Officers should not be determined to be questionable in terms of his/her independence as an Independent Outside Officer, and may cause substantive and permanent conflicts of interest with general shareholders.

## Reference Documents for the Annual Meeting of Shareholders

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### Proposal No. 2

### Determination of Amount and Details of Performance-Based Stock Compensation, etc. for Directors

#### 1. Reasons for the Proposal and why Said Compensation System is Appropriate

Compensation for the Company's Directors comprises "basic compensation," "officer bonus" and "stock options." In this proposal, the Company requests approval for the introduction of a new performance-based stock compensation plan (hereinafter the "Plan") for the Company's Directors (excluding Outside Directors, as stated below). The formulation of details for the plan shall be entrusted to the Board of Directors, provided they fall within the scope stated in "2." below.

By clearly defining the linkage between Directors' compensation and the Company's business performance as well as share value, the Plan allows Directors to share the benefits and risks of fluctuations in the share price with shareholders, and thereby aims to raise the willingness of Directors to contribute to the improvement of business performance and the enhancement of corporate value in the medium- to long-term. Therefore, the said compensation system is deemed to be appropriate.

In this proposal, the payment of performance-based stock compensation to Directors (excluding Outside Directors, hereinafter the same shall apply) who are in office during the four fiscal years from the fiscal year ending August 31, 2021 to the fiscal year ending August 31, 2024 (hereinafter the "Eligible Period") is proposed. This compensation shall be in a new category separate from the maximum amount (within 300 million yen in a year, including officer bonus but excluding employee salary) of Directors' compensation approved in the 22nd Annual Meeting of Shareholders held on November 22, 2006.

If Proposal No. 1 "Election of Six (6) Directors" is approved as originally proposed, there will be four Directors eligible for the Plan.

\*If this proposal is approved as originally proposed, the Company plans to introduce the same stock compensation plan for Directors of major Group subsidiaries.

\*If this proposal is approved as originally proposed, the current "stock options" system shall be abolished, and no new stock options shall be granted.

#### 2. Amount and Details, etc. of Compensation, etc. under the Plan

##### (1) Overview of the Plan

The Plan is a stock compensation plan where a trust established by a monetary contribution made by the Company (hereinafter the "Trust") will acquire the Company's shares, and Company's shares corresponding to the number of points to be granted to each Director by the Company will be delivered to each Director through the trust.

As a general principle, the Company's shares will be delivered to a Director when the Director retires from office.

1. Persons eligible for the Plan	Directors of the Company (excluding Outside Directors)
2. Eligible Period	From the fiscal year ending August 31, 2021 to the fiscal year ending August 31, 2024
3. Maximum amount the Company shall contribute as funds for acquiring the Company's shares that are required for delivery to eligible persons in "1." during the four fiscal years of the Eligible Period in "2."	280 million yen in total
4. Acquisition method of the Company's shares	Via the method of disposal of treasury shares, or via the method of acquisition from the exchange market (including after-hours trading)
5. Maximum number of points to be granted to eligible person in "1."	40,000 points per fiscal year
6. Criteria for granting points	Points are granted according to the Director's position, level of completion of performance goal, etc.
7. Timing of issuance of the Company's shares to eligible persons in "1."	In general, when the Director retires from office

(2) Maximum amount of the Company's monetary contribution

The first trust period of the Trust shall be approximately four years. During the Eligible Period, the Company shall contribute money (a maximum of 280 million yen in total) that will be used as funds for acquiring the Company's shares, which are required based on the Plan for delivery to Directors, as compensation to Directors in office during the Eligible Period. The Company will designate Directors who fulfill certain criteria as beneficiaries of the Trust. Using money entrusted by the Company as capital, the Trust shall acquire the Company's shares via the method of the Company's disposal of its treasury shares, or via the method of acquisition from the exchange market (including after-hours trading).

Note: In addition to the above-mentioned funds for acquiring the Company's shares, the actual amount of money that the Company shall entrust to the Trust is a sum that includes estimates of necessary fees such as trust fees and trust administrator compensation. Furthermore, as mentioned above, if the same stock compensation plan is introduced for Directors of major Group subsidiaries of the Company, based on the said plan, the Company shall also entrust funds required for acquiring the Company's shares that will be delivered to Directors of the major Group subsidiaries of the Company.

Through a decision made by the Company's Board of Directors, whenever necessary, the Eligible Period can be stipulated and extended for a period within five fiscal years. In line with the above, when the trust period of the Trust is extended (including case when the trust period is effectively extended due to trust assets being transferred from the Trust to another trust that was established by the Company for the same purpose as the Trust, hereinafter the same shall apply), the Plan can be continued. In such a case, during the said extended Eligible Period, as additional funds for acquiring the Company's shares required for delivery to Directors through the Plan, the Company shall additionally contribute to the Trust a maximum of an amount derived by multiplying 70 million yen by the number of fiscal years extended, and continue granting points and delivering the Company's shares as stated in (3) in the next page.

Even if the Eligible Period is not extended like in the case above and the Plan is discontinued, when the trust period expires, if there are Directors who have been granted points and who have not retired from office, the trust period of the Trust may be extended until the said Directors retire from office and the delivery of the Company's shares to them has been completed.

## Reference Documents for the Annual Meeting of Shareholders

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### (3) Calculation method and maximum number of the Company's shares to be delivered to Directors

#### (i) Method of granting points to Directors, etc.

Based on the share delivery regulations stipulated by the Company's Board of Directors, the Company shall grant points to each Director according to their positions, level of completion of performance goal, etc. on the point granting day stipulated in the share issuance regulations during the trust period.

However, the maximum number of points that the Company shall grant to Directors shall be 40,000 points in total per fiscal year.

#### (ii) Delivery of the Company's shares in accordance with the number of points granted

Directors shall receive the delivery of the Company's shares, in accordance with the number of points granted to them in (i) above, and by following the procedures in (iii) below.

One point shall correspond to one share of the Company's stock. However, in the case of an occurrence for which it is reasonable to adjust the number of the Company's shares to be delivered, such as a share split or a share consolidation, etc. of the Company's shares, reasonable adjustments shall be made according to the split ratio or consolidation ratio, etc.

#### (iii) Delivery of the Company's shares to Directors

The delivery of the Company's shares to each Director stated in (ii) above shall be implemented through the Trust by having each Director, as a general principle, conduct the designated beneficiary confirmation procedures when they retire from office.

However, for a certain ratio of the Company's shares out of the above, the Company may deliver money in place of the Company's shares, provided that the Company has sold and converted funds for tax obligations, such as income tax withheld, into money in the Trust, for the purpose of withholding tax. Furthermore, if an application for a tender offer of the Company's shares in the Trust is made, the transaction is settled, etc., and the Company's shares in the Trust is converted into money, money may be delivered in place of the Company's shares.

### (4) Exercise of voting rights

Based on the orders of the trust administrator, who is independent from the Company and the Company's officers, all voting rights of the Company's shares in the Trust shall not be exercised. By employing such a method for the exercise of voting rights of the Company's shares in the Trust, the Company aims to ensure the neutrality of the Company's management.

### (5) Treatment of dividends

Dividends from the Company's shares in the Trust shall be accepted by the Trust, and used as funds for acquiring the Company's shares or as trust fees paid to trustees associated with the Trust, etc.

## Consolidated Financial Statements

### Consolidated Balance Sheet (As of August 31, 2020)

(Unit: Million yen)

Item	Amount
<b>Assets</b>	
<b>Current assets</b>	<b>8,848</b>
Cash and deposits	7,015
Accounts receivable - trade	845
Securities	300
Merchandise	137
Work in process	11
Supplies	7
Advance payments - trade	14
Prepaid expenses	279
Other	282
Allowance for doubtful accounts	(46)
<b>Non-current assets</b>	<b>5,192</b>
<b>Property, plant and equipment</b>	<b>1,142</b>
Buildings and structures	719
Tools, furniture and fixtures	28
Land	385
Leased assets	9
<b>Intangible assets</b>	<b>545</b>
Goodwill	277
Software	255
Software in progress	8
Telephone subscription right	4
<b>Investments and other assets</b>	<b>3,504</b>
Investment securities	2,120
Long-term prepaid expenses	41
Deferred tax assets	198
Lease and guarantee deposits	1,006
Long-term time deposits	100
Other	37
<b>Total assets</b>	<b>14,041</b>

Item	Amount
<b>Liabilities</b>	
<b>Current liabilities</b>	<b>3,847</b>
Accounts payable - trade	119
Accounts payable - other	134
Accrued expenses	1,055
Income taxes payable	287
Accrued consumption taxes	198
Advances received	1,537
Lease obligations	1
Deposits received	45
Provision for bonuses	423
Other	43
<b>Non-current liabilities</b>	<b>720</b>
Net defined benefit liability	104
Long-term accounts payable - employees	108
Long-term accounts payable - directors	117
Deferred tax liabilities	32
Lease obligations	9
Asset retirement obligations	346
Long-term guarantee deposited	1
<b>Total liabilities</b>	<b>4,568</b>
<b>Net assets</b>	
<b>Shareholders' equity</b>	<b>9,119</b>
Capital stock	972
Capital surplus	909
Retained earnings	10,140
Treasury shares	(2,903)
<b>Accumulated other comprehensive income</b>	<b>354</b>
Valuation difference on available-for-sale securities	342
Foreign currency translation adjustment	11
<b>Total net assets</b>	<b>9,473</b>
<b>Total liabilities and net assets</b>	<b>14,041</b>

## Consolidated Financial Statements

### Consolidated Statement of Income (From September 1, 2019 to August 31, 2020)

(Unit: Million yen)

Item	Amount	
<b>Net sales</b>		<b>18,218</b>
<b>Cost of sales</b>		<b>13,816</b>
<b>Gross profit</b>		<b>4,401</b>
<b>Selling, general and administrative expenses</b>		<b>4,187</b>
<b>Operating income</b>		<b>214</b>
<b>Non-operating income</b>		
Interest income	16	
Dividend income	45	
Share of profit of entities accounted for using equity method	12	
Rent income	20	
Reversal of allowance for doubtful accounts	74	
Subsidy income	55	
Other	24	249
<b>Non-operating expenses</b>		
Interest expenses	1	
Commission for purchase of treasury shares	3	
Rent expenses	6	
Other	1	12
<b>Ordinary income</b>		<b>451</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	994	994
<b>Extraordinary losses</b>		
Loss on retirement of property, plant and equipment	8	
Loss on valuation of investment securities	468	
Loss on sales of shares of subsidiaries and associates	53	
Impairment loss	2,453	2,983
<b>Loss before income taxes</b>		<b>(1,537)</b>
Income taxes - current	659	
Income taxes - deferred	41	701
<b>Loss</b>		<b>(2,238)</b>
<b>Loss attributable to non-controlling interests</b>		<b>(6)</b>
<b>Loss attributable to owners of the parent</b>		<b>(2,232)</b>

# Consolidated Statement of Changes in Equity (From September 1, 2019 to August 31, 2020)

(Unit: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	972	909	13,317	(1,643)	13,556
Changes of items during period					
Dividends of surplus			(796)		(796)
Loss attributable to owners of the parent			(2,232)		(2,232)
Purchase of treasury shares				(1,259)	(1,259)
Change in scope of consolidation			(148)		(148)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	(3,177)	(1,259)	(4,436)
Balance at end of period	972	909	10,140	(2,903)	9,119

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	830	12	843	15	14,414
Changes of items during period					
Dividends of surplus					(796)
Loss attributable to owners of the parent					(2,232)
Purchase of treasury shares					(1,259)
Change in scope of consolidation					(148)
Net changes of items other than shareholders' equity	(488)	(1)	(489)	(15)	(504)
Total changes of items during period	(488)	(1)	(489)	(15)	(4,941)
Balance at end of period	342	11	354	-	9,473



## Non-consolidated Financial Statements

### Balance Sheet (As of August 31, 2020)

(Unit: Million yen)

Item	Amount
<b>Assets</b>	
<b>Current assets</b>	<b>4,397</b>
Cash and deposits	2,743
Accounts receivable - trade	847
Securities	300
Merchandise	130
Supplies	5
Advance payments - trade	10
Prepaid expenses	157
Short-term loans receivable	52
Other	189
Allowance for doubtful accounts	(39)
<b>Non-current assets</b>	<b>7,474</b>
<b>Property, plant and equipment</b>	<b>584</b>
Buildings	392
Tools, furniture and fixtures	19
Land	163
Leased assets	9
<b>Intangible assets</b>	<b>260</b>
Software	247
Software in progress	8
Telephone subscription right	4
<b>Investments and other assets</b>	<b>6,629</b>
Investment securities	1,939
Shares of subsidiaries and associates	3,739
Investments in capital	10
Long-term loans receivable from subsidiaries and associates	85
Long-term prepaid expenses	35
Deferred tax assets	134
Lease and guarantee deposits	561
Long-term time deposits	100
Other	23
<b>Total assets</b>	<b>11,871</b>

Item	Amount
<b>Liabilities</b>	
<b>Current liabilities</b>	<b>1,671</b>
Accounts payable - trade	86
Accounts payable - other	35
Accrued expenses	773
Income taxes payable	157
Accrued consumption taxes	94
Advances received	120
Lease obligations	1
Deposits received	25
Provision for bonuses	361
Other	15
<b>Non-current liabilities</b>	<b>409</b>
Long-term accounts payable - employees	108
Long-term accounts payable - directors	99
Lease obligations	9
Asset retirement obligations	190
Long-term guarantee deposited	1
<b>Total liabilities</b>	<b>2,081</b>
<b>Net assets</b>	
<b>Shareholders' equity</b>	<b>9,447</b>
<b>Capital stock</b>	<b>972</b>
<b>Capital surplus</b>	<b>915</b>
Legal capital surplus	915
<b>Retained earnings</b>	<b>10,462</b>
Legal retained earnings	54
Other retained earnings	10,408
General reserve	9,147
Retained earnings brought forward	1,261
<b>Treasury shares</b>	<b>(2,903)</b>
<b>Valuation and translation adjustments</b>	<b>343</b>
Valuation difference on available-for-sale securities	343
<b>Total net assets</b>	<b>9,790</b>
<b>Total liabilities and net assets</b>	<b>11,871</b>

**Statement of Income** (From September 1, 2019 to August 31, 2020)

(Unit: Million yen)

Item	Amount	
<b>Net sales</b>		<b>11,796</b>
<b>Cost of sales</b>		<b>8,982</b>
<b>Gross profit</b>		<b>2,813</b>
<b>Selling, general and administrative expenses</b>		<b>2,572</b>
<b>Operating income</b>		<b>241</b>
<b>Non-operating income</b>		
Interest income	4	
Interest on securities	15	
Dividend income	45	
Rent income	50	
Reversal of allowance for doubtful accounts	73	
Subsidy income	32	
Other	13	235
<b>Non-operating expenses</b>		
Interest expenses	0	
Commission for purchase of treasury shares	3	
Rent expenses	34	
Other	0	38
<b>Ordinary income</b>		<b>438</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	994	994
<b>Extraordinary losses</b>		
Loss on retirement of property, plant and equipment	7	
Loss on valuation of investment securities	468	
Loss on sales of shares of subsidiaries and associates	186	
Loss on valuation of shares of subsidiaries and associates	2,006	
Impairment loss	19	2,688
<b>Loss before income taxes</b>		<b>(1,256)</b>
Income taxes - current	438	417
Income taxes - deferred	(21)	
<b>Loss</b>		<b>(1,673)</b>

## Non-consolidated Financial Statements

### Statement of Changes in Equity (From September 1, 2019 to August 31, 2020)

(Unit: Million yen)

	Shareholders' equity							
	Capital stock	Capital surplus	Retained earnings				Treasury shares	Total shareholders equity
		Legal capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
				General reserve	Retained earnings brought forward			
Balance at beginning of period	972	915	54	9,147	3,731	12,932	(1,643)	13,177
Changes of items during period								
Dividends of surplus					(796)	(796)		(796)
Loss					(1,673)	(1,673)		(1,673)
Purchase of treasury shares							(1,259)	(1,259)
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	-	-	(2,470)	(2,470)	(1,259)	(3,730)
Balance at end of period	972	915	54	9,147	1,261	10,462	(2,903)	9,447

	Valuation and translation adjustments	Total net assets
	Valuation difference on available-for-sale securities	
Balance at beginning of period	830	14,007
Changes of items during period		
Dividends of surplus		(796)
Loss		(1,673)
Purchase of treasury shares		(1,259)
Net changes of items other than shareholders' equity	(487)	(487)
Total changes of items during period	(487)	(4,217)
Balance at end of period	343	9,790