

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

January 13, 2022

Company name: MEIKO NETWORK JAPAN CO., LTD.  
 Listing: The First Section of the Tokyo Stock Exchange  
 Securities code: 4668 (URL: <https://www.meikonet.co.jp>)  
 Representative: Kazuhito Yamashita, President & Representative Director  
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 Scheduled date to file quarterly securities report: January 14, 2022  
 Scheduled date to commencement dividend payment: -  
 Preparation of supplementary material on quarterly financial results: None  
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions)

**1. Consolidated financial results for the three months ended November 30, 2021 (from September 1, 2021 to November 30, 2021)**

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	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, 2021	4,591	2.0	360	(9.1)	383	(14.9)	629	102.1
November 30, 2020	4,502	(5.1)	396	21.0	450	13.0	311	59.0

(Note) Comprehensive income: Three months ended November 30, 2021: ¥665 million [119.8 %]  
 Three months ended November 30, 2020: ¥302 million [(57.2) %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
November 30, 2021	25.08	—
November 30, 2020	12.41	—

**(2) Consolidated financial position**

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
November 30, 2021	15,103	10,425	69.0
August 31, 2021	14,649	10,025	68.4

(Reference) Equity: As of November 30, 2021: ¥10,425 million  
 As of August 31, 2021: ¥10,025 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, 2021	—	10.00	—	10.00	20.00
Fiscal year ending August 31, 2022	—				
Fiscal year ending August 31, 2022 (Forecast)		11.00	—	11.00	22.00

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

**3. Consolidated Financial Results Forecast for Fiscal Year Ending August 31, 2022 (from September 1, 2021 to August 31, 2022)**

(% 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
First half (cumulative)	10,100	3.6	952	2.3	1,017	0.1	967	45.1	38.55
Full-year	19,800	4.0	1,040	7.3	1,114	0.0	1,025	(10.1)	40.86

(Note) Revision to the financial results forecast announced most recently: Yes

**\*Notes:**

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

(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

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

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) 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, 2021	27,803,600 shares
As of August 31, 2021	27,803,600 shares

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

As of November 30, 2021	2,720,058 shares
As of August 31, 2021	2,720,058 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended November 30, 2021	25,083,542 shares
Three months ended November 30, 2020	25,083,622 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, 2020		Three months ended November 30, 2021	
Fiscal Period	From Sep. 1, 2020 to Nov. 30, 2020		From Sep. 1, 2021 to Nov. 30, 2021	
	Operating results	YOY comparison	Operating results	YOY comparison
Number of Meiko Gijuku directly operated schools	208	(15)	207	(1)
Number of Meiko Gijuku directly operated schools (MAXIS)	93	+1	93	—
Number of Meiko Gijuku directly operated schools (KLINE)	41	—	41	—
Number of Meiko Gijuku directly operated schools (TOMONI)*3	42	(1)	42	—
Number of Meiko Gijuku directly operated schools (One link)	21	+21	21	—
Number of Meiko Gijuku directly operated schools	405	+6	404	(1)
Number of Meiko Gijuku franchised schools	1,437	(93)	1,362	(75)
Total number of Meiko Gijuku schools	1,842	(87)	1,766	(76)
Number of registered students of Meiko Gijuku directly operated schools	14,523	(1,113)	15,187	+664
Number of registered students of Meiko Gijuku directly operated schools (MAXIS)	6,977	(31)	7,027	+50
Number of registered students of Meiko Gijuku directly operated schools (KLINE)	2,766	+57	2,976	+210
Number of registered students of Meiko Gijuku directly operated schools (TOMONI)*3	2,187	(164)	2,283	+96
Number of registered students of Meiko Gijuku directly operated schools (One link)	867	+867	948	+81
Number of registered students of Meiko Gijuku directly operated schools	27,320	(384)	28,421	+1,101
Number of registered students of Meiko Gijuku franchised Schools	81,310	(7,983)	76,379	(4,931)
Total number of registered students of Meiko Gijuku schools	108,630	(8,367)	104,800	(3,830)
Sales from Meiko Gijuku directly operated schools (Millions of yen)	2,605	+213	2,589	(16)
Sales from Meiko Gijuku franchised schools *1 (Millions of yen)	1,026	(75)	1,082	+56
Sales from Japanese language schools (Millions of yen)	191	(189)	185	(6)
Sales from others (Millions of yen)	679	(188)	734	+54
Total Sales (Millions of yen)	4,502	(240)	4,591	+88
Sales from Meiko Gijuku directly operated schools (Millions of yen)	2,605	+213	2,589	(16)
System-wide sales from Meiko Gijuku franchised schools (Millions of yen)	6,408	(502)	6,010	(398)
Total system-wide sales from Meiko Gijuku schools *2 (Millions of yen)	9,014	(288)	8,599	(415)

- \* 1 Sales from Meiko Gijuku franchised schools represent royalty revenues and sales of products.  
2 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.  
3 K.M.G Corporation Co., Ltd has changed its name to TOMONI Co., Ltd. as of September 1, 2021.

**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, 2021)	Quarterly Consolidated Accounting Period (As of Nov. 30, 2021)
Assets		
Current assets		
Cash and deposits	8,727	9,271
Accounts receivable - trade	767	—
Accounts receivable and contract assets	—	946
Securities	200	100
Merchandise	114	98
Work in process	13	8
Supplies	7	8
Advance payments to suppliers	19	14
Prepaid expenses	303	274
Other	322	192
Allowance for doubtful accounts	(33)	(33)
Total current assets	10,441	10,879
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,145	1,153
Accumulated depreciation	(676)	(677)
Buildings and structures, net	469	476
Tools, furniture and fixtures	375	371
Accumulated depreciation	(322)	(317)
Tools, furniture and fixtures, net	52	54
Land	0	0
Leased assets	10	10
Accumulated depreciation	(1)	(2)
Leased assets, net	8	8
Total property, plant and equipment	531	538
Intangible assets		
Goodwill	203	185
Software	190	156
Software in progress	4	—
Telephone subscription right	4	4
Total intangible assets	402	346
Investments and other assets		
Investment securities	2,022	2,075
Long-term prepaid expenses	42	38
Deferred tax assets	226	274
Leasehold and guarantee deposits	942	910
Other	40	40
Total investments and other assets	3,274	3,338
Total non-current assets	4,207	4,223
Total assets	14,649	15,103

**(1) Quarterly consolidated statement of Balance Sheets**

	(Millions of yen)	
	Previous consolidated fiscal year (As of Aug. 31, 2021)	Quarterly Consolidated Accounting Period (As of Nov. 30, 2021)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	119	164
Accounts payable - other	102	92
Accrued expenses	1,139	897
Income taxes payable	427	436
Accrued consumption taxes	331	251
Advances received	1,242	—
Contract liabilities	—	1,296
Lease obligations	1	1
Deposits received	54	201
Provision for bonuses	404	563
Other	51	29
Total current liabilities	3,876	3,935
Non-current liabilities		
Retirement benefit liability	111	111
Provision for share awards for directors (and other officers)	11	15
Provision for share awards	34	34
Long-term accounts payable-other to employees	104	100
Long-term accounts payable-other to officers	117	117
Deferred tax liabilities	18	16
Lease obligations	7	7
Asset retirement obligations	339	337
Long-term guarantee deposits	1	1
Total non-current liabilities	747	743
Total liabilities	4,624	4,678
<b>Net assets</b>		
Shareholders' equity		
Share capital	972	972
Capital surplus	909	909
Retained earnings	10,529	10,893
Treasury shares	(2,779)	(2,779)
Total shareholders' equity	9,632	9,995
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	377	415
Foreign currency translation adjustment	15	13
Total accumulated other comprehensive income	392	429
Total net assets	10,025	10,425
Total liabilities and net assets	14,649	15,103

**(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, 2020 (from Sep. 1, 2020 to Nov. 30, 2020)	Three months ended November 30, 2021 (from Sep. 1, 2021 to Nov. 30, 2021)
Net sales	4,502	4,591
Cost of sales	3,336	3,461
Gross profit	1,166	1,130
Selling, general and administrative expenses	769	769
Operating profit	396	360
Non-operating income		
Interest income	2	1
Dividend income	6	8
Rental income	5	3
Reversal of allowance for doubtful accounts	15	1
Subsidy income	23	4
Other	2	3
Total non-operating income	55	23
Non-operating expenses		
Rental expenses	1	0
Other	0	0
Total non-operating expenses	1	0
Ordinary profit	450	383
Extraordinary income		
Gain on sale of investment securities	53	—
Gain on sale of shares of subsidiaries and associates	—	623
Total extraordinary income	53	623
Extraordinary losses		
Loss on retirement of property, plant and equipment	0	—
Extra retirement payments	—	24
Other	—	3
Total extraordinary losses	0	28
Profit before income taxes	503	978
Income taxes - current	220	411
Income taxes - deferred	(28)	(61)
Total income taxes	192	349
Profit	311	629
Profit attributable to owners of parent	311	629

**Quarterly consolidated statements of comprehensive income**

	(Millions of yen)	
	Three months ended November 30, 2020 (from Sep. 1, 2020 to Nov. 30, 2020)	Three months ended November 30, 2021 (from Sep. 1, 2021 to Nov. 30, 2021)
Profit	311	629
Other comprehensive income		
Valuation difference on available-for-sale securities	(8)	38
Share of other comprehensive income of entities accounted for using equity method	0	(1)
Total other comprehensive income	(8)	36
Comprehensive income	302	665
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	302	665

## Segment Information

### I Three months ended November 30, 2020 (September 1, 2020 to November 30, 2020)

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						
external sales	2,605	1,026	191	3,823	679	4,502
Inter-segment sales and transfers	—	203	—	203	6	210
Total	2,605	1,230	191	4,027	685	4,713
Segment profit (loss)	145	462	(22)	584	77	662

(Note)\* “Others” consists of the operating segments not included in reportable segments. It includes Kids Business (Afterschool), Waseda Academy Kobetsu Schools, MEIKO Kids e business, Jiritsugausyu RED and other businesses of consolidated subsidiaries.

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	584
Profit (Loss) for “Others” category	77
Corporate expenses*	(265)
Operating profit reported on quarterly statements of income	396

(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, 2021 (September 1, 2021 to November 30, 2021)**

## 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	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 a contract with a customer	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
Intersegment 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, Jiritsugakusyu RED, Meiko Kids e Business, recruitment and temporary staffing, training programs and other businesses of consolidated subsidiaries.

## 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 profit reported on quarterly statements of income	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.

## 4. Matters related to changes in reportable segments

As described in "Changes in accounting policies," the Company has applied the Accounting Standard for Revenue Recognition from the beginning of the first quarter of the current fiscal year. The method of calculating profit or loss for business segments has been changed as well.

As a result of this change, net sales and segment income of the Meiko Gijuku franchised school business for the first quarter of the fiscal year under review were 5 million yen higher than they would have been under the previous method. Net sales and segment income of "Other" increased by 9 million yen each.