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Summary of Consolidated Financial Results for the Three Months Ended November 30, 2023 (Japanese GAAP)

January 10, 2024

Company name: MEIKO NETWORK JAPAN CO., LTD.
 Listing: Tokyo
 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 11, 2024
 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, 2023 (From September 1, 2023 to November 30, 2023)

(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, 2023	5,157	6.9	52	(66.1)	72	(59.8)	(10)	-
November 30, 2022	4,823	5.1	154	(57.1)	179	(53.1)	96	(84.6)

(Note) Comprehensive income: For the three months ended November 30, 2023: ¥155 million [34.0%]
 For the three months ended November 30, 2022: ¥115 million [(82.6) %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended November 30, 2023	(0.42)	-
November 30, 2022	3.86	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of November 30, 2023	15,765	11,005	69.8
August 31, 2023	15,811	11,203	70.9

Reference: Equity As of November 30, 2023: ¥11,005 million
 As of August 31, 2023: ¥11,203 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, 2023	-	12.00	-	12.00	24.00
Fiscal year ending August 31, 2024	-				
Fiscal year ending August 31, 2024 (Forecast)		22.00	-	12.00	34.00

Note: Revision of dividend forecast in the current quarter: None
 Details of the dividend at the end of the second quarter of the fiscal year ending August 31, 2024.
 Ordinary dividend: 12.00 yen Special dividend: 10.00 yen (40th Anniversary Commemorative Dividend)

3. Consolidated Financial Results Forecast for fiscal year ending August 31, 2024 (From September 1, 2023 to August 31, 2024)

(% 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)	10,930	4.6	740	(15.6)	760	(24.0)	480	(27.0)	19.04
Full-year	22,000	5.4	1,200	12.7	1,250	0.6	820	1.4	32.53

(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: None

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, 2023	27,803,600 shares
As of August 31, 2023	27,803,600 shares

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

As of November 30, 2023	2,599,108 shares
As of August 31, 2023	2,599,108 shares

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

Three months ended November 30, 2023	25,204,492 shares
Three months ended November 30, 2022	25,083,542 shares

Note: Treasury stock for the three months ended November 30, 2023 includes the Company's shares held by the "Stock Granting Trust for Officers." (141,000 shares of treasury stock at the end of the fiscal year) Treasury stock for the fiscal year ended August 31, 2023 includes the Company's shares held by the "Stock Granting Trust for Officers." (141,000 shares of treasury stock at the end of the fiscal year)

* 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, 2022		Three months ended November 30, 2023	
Fiscal Period	From Sep. 1, 2022 to Nov. 30, 2022		From Sep. 1, 2023 to Nov. 30, 2023	
	Operating results	YOY comparison	Operating results	YOY comparison
Number of Meiko Gijuku directly operated schools (MNJ)	224	17	252	28
Number of Meiko Gijuku directly operated schools (MAXIS)	95	2	97	2
Number of Meiko Gijuku directly operated schools (KLINE)	41	-	40	(1)
Number of Meiko Gijuku directly operated schools (TOMONI)	42	-	42	-
Number of Meiko Gijuku directly operated schools (One link)	22	1	22	-
Number of Meiko Gijuku directly operated schools (Cooth)	16	16	19	3
Subtotal number of Meiko Gijuku directly operated schools	440	36	472	32
Number of Meiko Gijuku franchised schools	1,333	(29)	1,279	(54)
Total number of Meiko Gijuku schools	1,773	7	1,751	(22)
Number of registered students of Meiko Gijuku directly operated schools (MNJ)	16,302	1,115	17,660	1,358
Number of registered students of Meiko Gijuku directly operated schools (MAXIS)	6,760	(267)	6,590	(170)
Number of registered students of Meiko Gijuku directly operated schools (KLINE)	2,856	(120)	2,807	(49)
Number of registered students of Meiko Gijuku directly operated schools (TOMONI)	2,328	45	2,181	(147)
Number of registered students of Meiko Gijuku directly operated schools (One link)	981	33	959	(22)
Number of registered students of Meiko Gijuku directly operated schools (Cooth)	1,210	1,210	1,276	66
Subtotal number of registered students of Meiko Gijuku directly operated schools	30,437	2,016	31,473	1,036
Number of registered students of Meiko Gijuku franchised Schools	70,911	(5,468)	66,539	(4,372)
Total number of registered students of Meiko Gijuku schools	101,348	(3,452)	98,012	(3,336)
Sales from Meiko Gijuku directly operated schools (Millions of yen)	2,773	184	2,909	136
Sales from Meiko Gijuku franchised schools *1 (Millions of yen)	991	(91)	985	(6)
Sales from Japanese language schools (Millions of yen)	271	86	342	70
Sales from others (Millions of yen)	786	52	920	133
Total Sales (Millions of yen)	4,823	232	5,157	333
Sales from Meiko Gijuku directly operated schools (Millions of yen)	2,773	184	2,909	136
System-wide sales from Meiko Gijuku franchised schools (Millions of yen)	5,609	(400)	5,437	(172)
Total system-wide sales from Meiko Gijuku schools*2 (Millions of yen)	8,383	(216)	8,346	(36)

*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.

Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated statement of Balance Sheets

(Millions of yen)

	As of August 31, 2023	As of November 30, 2023
Assets		
Current assets		
Cash and deposits	8,472	7,851
Accounts receivable – trade	1,038	1,213
Securities	100	100
Merchandise	123	119
Work in process	13	11
Supplies	10	8
Advance payments to suppliers	28	7
Prepaid expenses	357	396
Other	309	528
Allowance for doubtful accounts	(34)	(35)
Total current assets	10,421	10,201
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,416	1,467
Accumulated depreciation	(833)	(850)
Buildings and structures, net	582	617
Tools, furniture and fixtures	415	436
Accumulated depreciation	(359)	(364)
Tools, furniture and fixtures, net	55	72
Land	48	48
Leased assets	19	19
Accumulated depreciation	(13)	(13)
Leased assets, net	6	5
Total property, plant and equipment	693	744
Intangible assets		
Goodwill	292	291
Software	163	202
Software in progress	20	19
Telephone subscription right	4	4
Total intangible assets	482	517
Investments and other assets		
Investment securities	2,809	2,951
Long-term prepaid expenses	26	24
Deferred tax assets	98	139
Leasehold and guarantee deposits	1,022	1,038
Long-term time deposits	100	100
Other	158	47
Total investments and other assets	4,214	4,301
Total non-current assets	5,390	5,563
Total assets	15,811	15,765

(Millions of yen)

	As of August 31, 2023	As of November 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	157	197
Accounts payable - other	138	128
Accrued expenses	1,204	991
Income taxes payable	166	218
Accrued consumption taxes	231	271
Contract liabilities	1,218	1,198
Lease liabilities	2	2
Deposits received	132	196
Provision for bonuses	445	637
Other	62	59
Total current liabilities	3,759	3,902
Non-current liabilities		
Retirement benefit liability	135	134
Provision for share awards for directors (and other officers)	36	41
Long-term accounts payable-other to employees	79	79
Long-term accounts payable-other to officers	116	116
Deferred tax liabilities	67	57
Lease liabilities	4	4
Asset retirement obligations	406	422
Long-term guarantee deposits	1	1
Total non-current liabilities	848	856
Total liabilities	4,607	4,759
Net assets		
Shareholders' equity		
Share capital	972	972
Capital surplus	909	909
Retained earnings	11,184	10,821
Treasury shares	(2,707)	(2,707)
Total shareholders' equity	10,358	9,995
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	815	979
Foreign currency translation adjustment	29	30
Total accumulated other comprehensive income	844	1,010
Total net assets	11,203	11,005
Total liabilities and net assets	15,811	15,765

(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, 2022	Three months ended November 30, 2023
Net sales	4,823	5,157
Cost of sales	3,789	4,126
Gross profit	1,033	1,030
Selling, general and administrative expenses	878	978
Operating profit	154	52
Non-operating income		
Interest income	2	1
Dividend income	7	9
Rental income	3	4
Reversal of allowance for doubtful accounts	3	2
Subsidy income	0	-
Other	9	7
Total non-operating income	25	25
Non-operating expenses		
Rental expenses	0	0
Other	0	5
Total non-operating expenses	0	5
Ordinary profit	179	72
Extraordinary income		
Gain on sale of property, plant and equipment	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on change in equity	9	-
Loss on sale of non-current assets	0	-
Loss on retirement of non-current assets	-	4
Loss on store closings	-	4
Total extraordinary losses	9	8
Profit before income taxes	170	63
Income taxes - current	157	196
Income taxes - deferred	(84)	(122)
Total income taxes	73	73
Profit	96	(10)
Profit attributable to owners of parent	96	(10)

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Three months ended November 30, 2022	Three months ended November 30, 2023
Profit	96	(10)
Other comprehensive income		
Valuation difference on available-for-sale securities	18	164
Share of other comprehensive income of entities accounted for using equity method	0	1
Total other comprehensive income	18	165
Comprehensive income	115	155
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	115	155

Segment Information

I. Three months ended November 30, 2022 (September 1, 2022 to November 30, 2022)

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	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 contracts with customers	2,773	991	271	4,036	786	4,823
Other income	-	-	-	-	-	-
Sales to external customers	2,773	991	271	4,036	786	4,823
Inter-segment 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), Jiritsugausyu 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 income in consolidated financial statements	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.

II Three months ended November 30, 2023 (September 1, 2023 to November 30, 2023)

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	357	-	538	571	1,110
Goods or services that are transferred over a fixed period of time	2,728	627	342	3,698	349	4,047
Revenue from a contract with a customer	2,909	985	342	4,236	920	5,157
Other income	-	-	-	-	-	-
Sales to external customers	2,909	985	342	4,236	920	5,157
Intersegment sales and transfers	-	229	-	229	75	305
Total	2,909	1,214	342	4,466	996	5,462
Segment profit (loss)	5	320	25	350	53	404

(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	350
Profit (loss) for "Others" category	53
Corporate expenses*	(351)
Operating profit reported on quarterly statements of income	52

(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

Meiko Career Partners Co., Ltd. and Reverse Inc., which were non-consolidated subsidiaries until the previous fiscal year, were included in the scope of consolidation from the current fiscal year due to their increased importance.

As a result, the increase in goodwill in the "Other" segment was 30 million.