March 17, 2025

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Notice of Judgment of Lawsuit

As disclosed in the "Notice of the Dismissal of the Immediate Appeal by Meiko Network Kyushu CO., LTD. and Meiko Gijuku Kyushu CO., LTD. and the Submission of a Lawsuit by Meiko Network Japan Co., Ltd. against Both Companies" dated November 10, 2021, Meiko Network Japan Co., Ltd. (the "Company") submitted a lawsuit to the Tokyo District Court on July 19, 2021 with Meiko Network Kyushu CO., LTD., Meiko Gijuku Kyushu CO., LTD. and ANEM Corporation as the defendants seeking an injunction against trademark infringement and a payment of damages. On March 14, 2025, the said court rendered a judgment recognizing the validity of the cancelation of the area franchise agreement by the Company and upholding most of the Company's claims.

1. Court that Issued the Judgment and the Date

Tokyo District Court, March 14, 2025

2. Cause of the Lawsuit and Circumstances Leading to the Filing of the Lawsuit

(1) The Company entered into an area franchise agreement with Meiko Network Kyushu CO., LTD. and Meiko Gijuku Kyushu CO., LTD. (collectively "Both Companies"). This agreement gave Meiko Network Kyushu CO., LTD. the area franchise rights to allow Meiko Gijuku franchisee applicants to open and manage Meiko Gijuku schools under the condition of the Company's approval in all the prefectures of Kyushu, Okinawa Prefecture and Yamaguchi Prefecture (the "Area"). In addition, this agreement gave Meiko Gijuku Kyushu CO., LTD. the franchise rights to operate Meiko Gijuku schools.

However, the Company discovered a serious default on debt by Both Companies. Accordingly, the Company canceled its area franchise agreement with them on December 17, 2020. The Company has been giving management guidance directly to the franchisees in the Area since January 2021.

(2) In response to this, Both Companies filed petitions to the Tokyo District Court on January 8, 2021 for provisional disposition seeking provisional status confirmation to the effect

that this cancelation of the area franchise agreement was invalid and that they continue to have status with area franchise rights and franchise rights. However, the Tokyo District Court dismissed all these petitions on March 25, 2021. (The Tokyo District Court determined that the cancelation of the area franchise agreements by the Company was valid.)

(3) Both Companies objected to this decision and so made an immediate appeal of the decision (the "Immediate Appeal") to the Tokyo High Court on April 2, 2021. Nevertheless, the Tokyo High Court decided on November 5, 2021 to dismiss the Immediate Appeal.

(4) The Company submitted a lawsuit to the Tokyo District Court on July 19, 2021 (the "Lawsuit") against Both Companies that operate schools using Meiko Gijuku's trademarks, etc. even after the cancelation of the area franchise agreement, and their joint guarantor ANEM Corporation, to seek an injunction of the use of trademarks, etc., payment of damages and unpaid royalties, etc., on the premise that the cancelation of the area franchise agreement is effective.

3. Main Contents of the Judgement

The court ruled that the default on debt, including the understatement of royalties, non-payment of royalties, fraudulent reporting of the number of students, and violation of non-competition, constitutes a violation of important obligations under the franchise agreement, a serious breach of trust with the Company, and a serious damage to the relationship of trust. The court also ruled that the cancelation of the area franchise agreement by the Company is valid and upheld the Company's claim for an injunction of the use of the Company's trademarks, claim for unpaid royalties, and claim for payment of damages, as follows.

(1) Meiko Network Kyushu CO., LTD. shall pay 462,373 yen at the rate of 5% per annum.
(2) Meiko Network Kyushu CO., LTD. and ANEM Corporation shall jointly and severally pay 10,187,317 yen at the rate of 14.6% per annum.
(3) ANEM Corporation, Meiko Gijuku Kyushu CO., LTD. and Meiko Network Kyushu CO., LTD. shall jointly and severally pay 348,065,219 yen at the rate of 3% per annum.
(4) Prohibition of the use and disposal of Meiko Gijuku's marks, etc., including on signboards and on the Internet for Meiko Network Kyushu CO., LTD. and Meiko Gijuku Kyushu CO., LTD. (partially against ANEM Corporation).
(5) Injunction of the use of the trade name of Meiko Network Kyushu CO., LTD. and implementation of its registration of cancelation procedures.
(6) Prohibition of the use of the trade name of Meiko Gijuku Kyushu CO., LTD. and

implementation of its registration of cancelation procedures.

(7) Implementation of application procedures for deletion of registration of the domain name “v-meiko.co.jp” of Meiko Gijuku Kyushu CO., LTD.

(8) Prohibition of the use of customer information for Meiko Gijuku Kyushu CO., LTD. and Meiko Network Kyushu CO., LTD.

4. Future Outlook

The above judgment basically accepts the Company's argument. The Company believes that the impact of this judgment on its consolidated business results will be minimal. However, the Company will make a prompt announcement if matters that need to be disclosed arise.