

December 4, 2018

Company name: Meiko Network Japan Co., Ltd.
Representative: Kazuhito Yamashita,
President & Representative Director
Stock code: 4668 (TSE First Section)
Contact: Osamu Ogita, Executive Officer,
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Notice of Acquisition of 100% Ownership of K.M.G. Corporation Co., Ltd.

Meiko Network Japan Co., Ltd. (the “Company”) hereby announces that, at the meeting of its Board of Directors held on December 4, 2018, the Company resolved as follows to absorb K.M.G. Corporation Co., Ltd. and thus make it a wholly-owned subsidiary of the Company.

1. Purpose of Acquisition

The Company’s core business, Meiko Gijuku, is Japan’s first cram school service to provide individual tutoring. With a combination of direct management and franchising, the Company has developed Meiko Gijuku into an expansive network consisting of more than two-thousand schools across Japan.

K.M.G. Corporation Co., Ltd. is one of the leading Meiko Gijuku franchisees, operating 43 Meiko Gijuku schools in Kyoto Prefecture, Shiga Prefecture and Nara Prefecture.

The Company is working to increase the competitiveness of Meiko Gijuku. The Company has determined that acquiring K.M.G. Corporation Co., Ltd. as a wholly-owned subsidiary will help make the Meiko Gijuku chain more competitive and achieve sustainable growth, which will in turn contribute to the corporate value of the Company’s group.

K.M.G. Corporation Co., Ltd. will become a consolidated subsidiary of the Company.

2. Overview of the Subsidiary to be Acquired

Overview of K.M.G. Corporation Co., Ltd.

(1) Name of company	K.M.G. Corporation Co., Ltd.
(2) Address	195 Shimomyokakuji-cho, Oike-agaru, Koromodana-dori, Nakagyo-ku, Kyoto-shi, Kyoto
(3) Name and title of representative	Shuji Tsuji, Chairperson and Representative Director Hiromi Tsuji, Vice Chairperson and Representative Director Hisashi Kudo, President and Director
(4) Business description	Cram school management
(5) Capital	10 million yen
(6) Date of incorporation	July 1, 2011

(7)	Major shareholder and shareholding ratio	K.M.G. Holdings Co., Ltd.: 100.0%		
(8)	The Company's relationship with K.M.G. Corporation Co., Ltd.	Capital relationship	There are no significant capital relationships between the two companies.	
		Personnel relationship	There are no significant personnel relationships between the two companies.	
		Transactional relationship	The Company provides K.M.G. Corporation Co., Ltd. with its expertise regarding its system of individual tutoring. It also provides the company with management guidance and sells it merchandise.	
(9)	Business performance and financial position in the last three years			
	Accounting period	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2018
	Net assets	¥308 mn	¥332 mn	¥40 mn
	Total assets	¥516 mn	¥527 mn	¥200 mn
	Net assets per share	¥303,758	¥332,469	¥40,118
	Net sales	¥1,251 mn	¥1,178 mn	¥1,041 mn
	Operating income	¥64 mn	¥42 mn	¥12 mn
	Ordinary income	¥61 mn	¥41 mn	¥11 mn
	Net income	¥43 mn	¥28 mn	(¥292mn)
	Net income per share	¥43,902	¥28,710	(¥292,350)
	Dividend per share	¥0	¥0	¥0

3. Overview of the Seller of the Shares

Overview of K.M.G. Holdings Co., Ltd.

(1)	Name of company	K.M.G. Holdings Co., Ltd.
(2)	Address	195 Shimomyokakuji-cho, Oike-agaru, Koromodana-dori, Nakagyo-ku, Kyoto-shi, Kyoto
(3)	Name and title of representative	Shuji Tsuji, Representative Director
(4)	Business description	Cram school management
(5)	Capital	10 million yen
(6)	Date of establishment	January 5, 1988
(7)	Major shareholder and shareholding ratio	Shuji Tsuji: 77.5%

(8) The Company's relationship with K.M.G. Holdings Co., Ltd.	There are no significant capital, personnel, or transactional relationships between the two companies
(9) Net assets and total assets	Net assets: 1,227 million yen/Total assets: 1,248 million yen (Fiscal year ended June 30, 2018)

4. Number of Shares to be acquired and Shareholding around the Time of the Acquisition

(1) Number of shares held prior to the acquisition	0 shares (Voting rights: 0) (Ownership ratio: 0%)
(2) Number of shares to be acquired	1,000 shares (Voting rights: 1,000)
(3) Number of shares to be held after the acquisition	1,000 shares (Voting rights: 1,000) (Ownership ratio: 100.0%)

Note: We will not disclose the acquisition price due to the intentions of the other party.

5. Schedule

(1) Date of resolution by the Board of Directors	December 4, 2018
(2) Date on which the contract was concluded	December 4, 2018
(3) Date of share transfer	December 11, 2018

6. Outlook

The Company is currently investigating how the share acquisition may impact its consolidated financial results for the year ending August 2019.