

**MEIKO Network Japan Co., Ltd.**  
**Consolidated financial results for the  
fiscal year ended August 2017**

**October 12, 2017**  
**Setsuro Tagami, President**

**The 33rd term  
(year ended August 2017)  
Performance report**

# Highlight of consolidated results

(Unit: million yen)

	Results of this FY	YoY		Against plan **	
<b>Net sales</b>	<b>19,383</b>	+711	(+ 3.8%)	△657	(△ 3.3%)
<b>Operating income</b>	<b>2,615</b>	+440	(+20.2%)	+55	(+ 2.2%)
<b>Ordinary income</b>	<b>2,806</b>	+481	(+20.7%)	+156	(+ 5.9%)
<b>Net income *</b>	<b>2,042</b>	+1,098	(+116.4%)	+156	(+ 8.3%)

\* Net income for this year attributable to shareholders of the parent company (Same in the following slides)

\*\* Revised on April 12, 2017

- Meiko Gijuku Number of schools **2,074** (△28 classrooms YoY)  
(as of August 2017) (new open +21, close △49)  
Number of students **125,219** (△5,040 YoY)  
(directly operated(MNJ) △836, directly operated (MAXIS) △176, franchised △4,028 )

# Financial summary of FY 2017 ended in August (consolidated P/L)

(Unit: million yen)

	Last FY	This FY	YoY	
			Change	Percentage change
<b>Net sales</b>	18,672	19,383	711	+3.8%
<b>Cost of sales</b>	12,165	12,696	531	+4.4%
Cost of sales percentage (%)	65.2%	65.5%		+0.3pt
<b>Gross profit</b>	6,506	6,686	180	+2.8%
Gross profit ratio (%)	34.8%	34.5%		+0.3pt
<b>SGA</b>	4,331	4,070	Δ260	Δ6.0%
SGA percentage (%)	23.2%	21.0%		Δ2.2pt
<b>Operating income</b>	2,175	2,615	440	+20.2%
Operating income ratio (%)	11.7%	13.5%		+1.8pt
<b>Ordinary income</b>	2,325	2,806	481	+20.7%
Ordinary income ratio (%)	12.5%	14.5%		+2.0pt
<b>Extraordinary income</b>	67	542	474	-
<b>Extraordinary losses</b>	575	9	Δ566	-
<b>Net income *</b>	944	2,042	1,098	+116.4%
Net income rate of this FY (%)	5.1%	10.5%		+5.5pt

## ■ Sales

- Meiko Gijuku directly operated Δ476 million yen
  - Meiko Gijuku franchised Δ11 million yen
  - Supplemental education business Δ116 million yen
  - Waseda Academy Kobetsu School +22 million yen
  - Meiko Kids +57 million yen
  - Waseda EDU +88 million yen
  - Kokusai Jinzai Kaihatsu +636 million yen
  - Kotoh Jimusho +436 million yen
- etc.

## ■ Cost of sales

- Kokusai Jinzai Kaihatsu +366 million yen
  - Kotoh Jimusho +152 million yen
- etc.

## ■ SGA

- SGA Δ625 million yen
- Allocating additional sales promotion cost (547 million yen) in last FY
- Administrative expense +365 million yen
- Increase in burden of amortization of goodwill of new consolidated companies etc.

## ■ Extraordinary income

- Gain on sale of investment property 539 million yen etc.

(Note) Kokusai Jinzai Kaihatsu and Kotoh Jimusho were included in the consolidated accounts from the 4Q of FY 2016 (Last FY: 3 months, this FY: 12 months)

# Financial summary of FY 2017 ended in August (consolidated B/S)

(Unit: million yen)

	End of last FY	End of this FY	YoY	
			Change	Percentage change
<b>Current assets</b>	6,865	10,431	+3,566	+51.9%
Property, plant and equipment	1,161	1,164	+2	+0.3%
<b>Intangible assets</b>	3,782	3,348	△434	△11.5%
Investments and other assets	5,160	4,370	△789	△15.3%
<b>Total assets</b>	16,970	19,314	+2,343	+13.8%
<b>Current liabilities</b>	3,059	4,168	+1,109	+36.3%
<b>Non-current liabilities</b>	701	729	+27	+4.1%
<b>Total liabilities</b>	3,760	4,897	+1,137	+30.2%
<b>Total net assets</b>	13,209	14,416	+1,206	+9.1%
<b>Total liabilities and net assets</b>	16,970	19,314	+2,343	+13.8%

## ■ Assets

(Current assets)

- Increase in cash and deposits +3,189 million yen etc.  
 Increase in proceeds from sales, proceeds from sale of investment property etc.

(Intangible assets)

- Amortization of goodwill  
 MAXIS △407 million yen etc.  
 Kokusai Jinzai Kaihatsu △143 million yen  
 Kotoh Jimusho △123 million yen  
 Waseda EDU △74 million yen  
 You DEC △45 million yen  
 △20 million yen

(Investment and other assets)

- Sale of investment property △721 million yen etc.

## ■ Liabilities

(Current liabilities)

- Increase in income taxes payable +770 million yen etc.

# Financial summary of FY 2017 ended in August (consolidated C/F)

(Unit: million yen)

	Last FY	This FY	YoY
Net cash provided by (used in) operating activities	937	3,088	+2,151
Net cash provided by (used in) investing activities	115	1,136	+1,020
Net cash provided by (used in) financing activities	△2,486	△1,108	+1,378
Net increase (decrease) in cash and cash	△1,434	3,116	+4,551
Cash and cash equivalents at beginning of period	5,623	4,189	△1,434
Cash and cash equivalents at end of period	4,189	7,306	+3,116

## ■ Operating activities

- 3,088 million yen, an increase of 2,151 million yen year on year from the increase in operating income and adjustment of tutors' salary paid in last year (408 million yen)

## ■ Investing activities

- 1,136 million yen, 1,020 million yen higher year on year based on the proceeds from the sale of investment property (1,300 million yen)

## ■ Financing activities

- Payment of △1,034 million yen for dividend etc.  
(In the last FY, payment of △1,500 million yen for acquisition of treasury shares was made other than payment of △973 million yen for dividend)

# Sales and operating income by segment

(Unit: million yen)

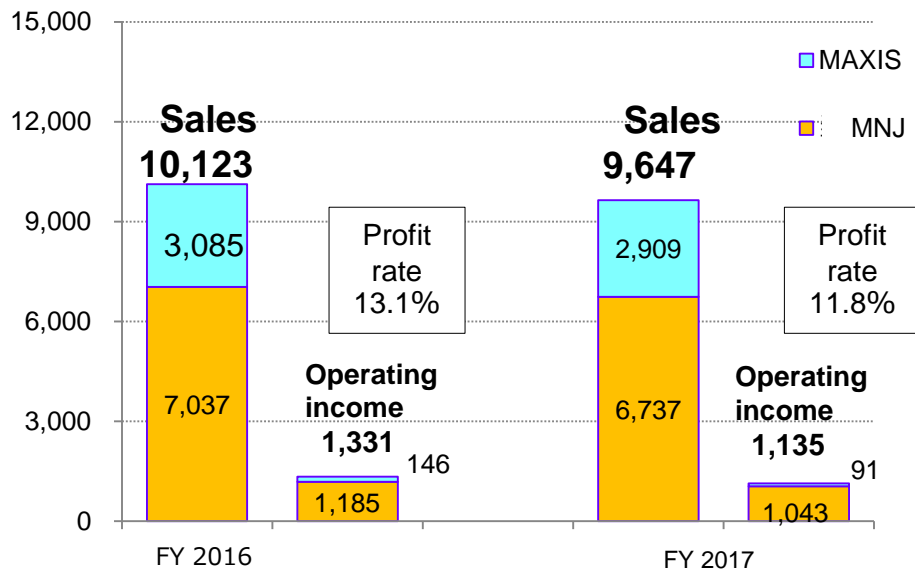
		Meiko Gijuku directly operated schools	Meiko Gijuku franchised schools	Supplemental education	Others *1	Common expenses	Across the board
FY 2017	Sales *2	9,647	5,586	573	3,576	-	19,383
	(YoY)	(Δ476)	(Δ11)	(Δ116)	(+1,315)	-	(+711)
	Operating income	1,135	2,644	71	83	Δ1,318	2,615
	(YoY)	(Δ196)	(+496)	(Δ47)	(+260)	(Δ72)	(+440)
	Operating income ratio	11.8%	47.3%	12.5%	2.3%	-	13.5%
FY 2016	Sales *2	10,123	5,597	689	2,260	-	18,672
	Operating income	1,331	2,147	119	Δ176	Δ1,246	2,175
	Operating income ratio	13.1%	38.4%	17.3%	-	-	11.6%

\*1. Waseda Academy Kobetsu School, Meiko Kids, Meiko Soccer School, and businesses of consolidated subsidiaries (Waseda EDU, Kokusai Jinzai Kaihatsu, Kotoh Jimusho, You DEC, Koyoshobou)etc.

\*2. Intra-group transactions are eliminated from sales amounts. Deducted amounts are 515 million yen in Meiko Gijuku franchised (FY2016: 546 million yen), and 145 million yen in others (FY2016: 144 million yen).

# Meiko Gijuku directly operated school business

(Unit: million yen)



- Number of schools: 328 (up 5 YOY)
  - MNJ: +3      MAXIS: +2
- Sales: 9,647 million yen
  - YOY  $\Delta$ 4.7% ( $\Delta$ 476 million yen)
- Operating income: 1,135 million yen
  - YOY  $\Delta$ 14.8% ( $\Delta$ 196 million yen)

## MNJ

	FY 2016	FY 2017	Percentage change	Change
Number of schools (as of Aug.)	230	233	-	+3
Number of students (average of the term)	17,441	17,023	-2.4%	$\Delta$ 418
Average number of students	75.8	73.1	-3.6%	$\Delta$ 2.7
Average sales per students	403.5	395.8	-1.9%	$\Delta$ 7.7

## MAXIS

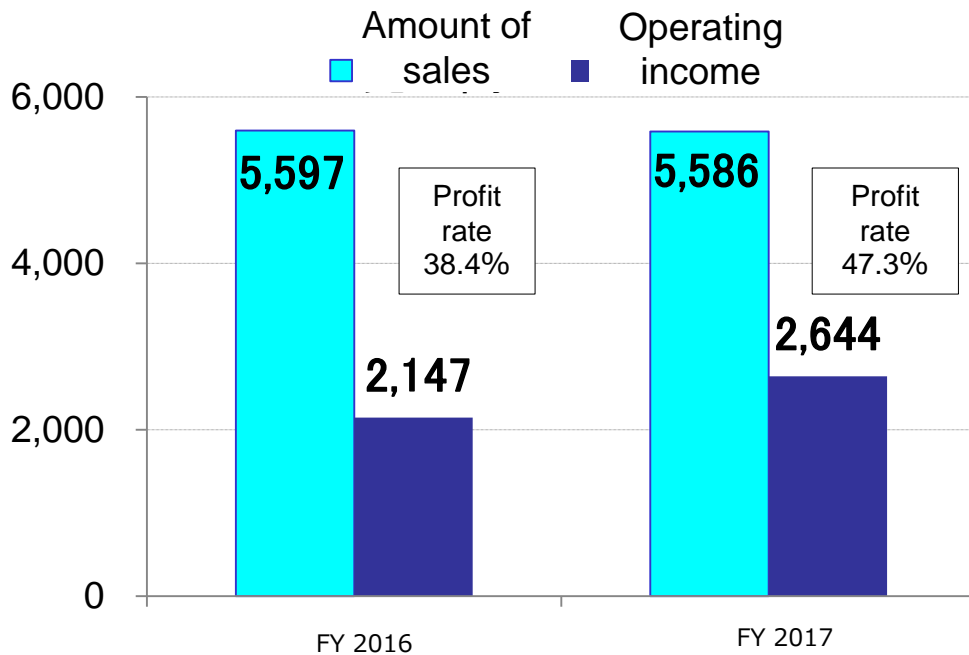
(Unit: schools, people, thousand yen)

	FY 2016	FY 2017	Percentage change	Change
Number of schools (as of Aug.)	93	95	-	+2
Number of students (average of the term)	6,963	6,700	-3.8%	$\Delta$ 263
Average number of students	74.9	70.5	-5.9%	$\Delta$ 4.4
Average sales per students	443.2	434.3	-2.0%	$\Delta$ 8.9



# Meiko Gijuku franchised school business

(Unit: million yen)



■ Number of schools: 1,746 (down 33)

- New open +16 Close  $\Delta$ 49

■ Sales: 5,586 million yen

- YOY  $\Delta$ 0.2% ( $\Delta$ 11 million yen)

■ Operating income: 2,644 million yen

- YOY +23.1% (+496 million yen)

\* Sales amounts exclude intra-group transactions.

(Unit: schools, people)

Franchised	FY2016	FY2017	Percentage change	Change
Number of schools (as of Aug.)	1,783	1,746	-	$\Delta$ 37
Number of students (average of the term)	107,685	102,852	-4.5%	$\Delta$ 4,833
Average number of students	60.4	58.9	-2.5%	$\Delta$ 1.5
Royalty revenues (million yen)	3,686	3,520	-4.5%	$\Delta$ 166
Average royalty revenues per school (thousand yen)	2,067	2,016	-2.5%	$\Delta$ 51

# Supplemental education business (Medical cram school “Tokyo Ishin Gakuin”)

(Unit: million yen)

	FY2016	FY2017	Year-on-year rate
Sales	689	573	△116
Operating income	119	71	△48
Operating income ratio	17.3%	12.5%	△4.8pt

■ Sales: 573 million yen

- YOY △116 million yen

-> Affected by decrease in the number of new students in this spring

■ Operating income : 71 million yen

- YOY △48 million yen

-> Sales decreased, so making efforts of cost reduction

■ Number of students: 104

(As of the end of August 2017)



[The whole dormitory system] Mitaka School

# Other Business

(Unit: million yen)

	FY 2016	FY 2017			
		Results	Year-on-year rate	Year-on-year	Special notes
<b>Sales</b>	2,260	3,576	58.2%	+1,315	( )...increase and decrease from FY 2016
Waseda Academy Kobetsu School	325	347	6.8%	+22	Number of schools: 32 (+2), Students: 2,595 (+240)
Meiko Kids	179	236	31.8%	+57	Number of schools: 15 (8), Students: 401 (+159)
Meiko Soccer School	147	151	2.7%	+4	Number of schools: 16 (△2), students: 926 (△45)
Waseda EDU	294	382	29.9%	+88	Japanese language schools Number of students: 597 (+136)
Kokusai Jinzai Kaihatsu	172	808	369.8%	+636	Japanese language schools Number of students: 1,118 (+199)
Kotoh Jimusho	30	466	1453.3%	+436	Business relating to university education
You DEC	701	679	-3.1%	△22	Sales at cram schools, sales of practice tests
Koyoshobou	246	285	15.9%	+39	Sales of books
MAXIS (other business)	147	168	14.3%	+21	Businesses other than Meiko Gijuku operated by a subsidiary MAXIS Education
Other	16	49	206.3%	+33	
<b>Operating income</b>	△176	83	-	+260	

Note: Sales amounts exclude intra-group transactions

Kokusai Jinzai Kaihatsu and Kotoh Jimusho were included in the consolidated accounts from the 4Q of FY 2016 (FY 2016: 3 months; FY 2017: 12 months)

# Plan for the 34th period (FY 2018)

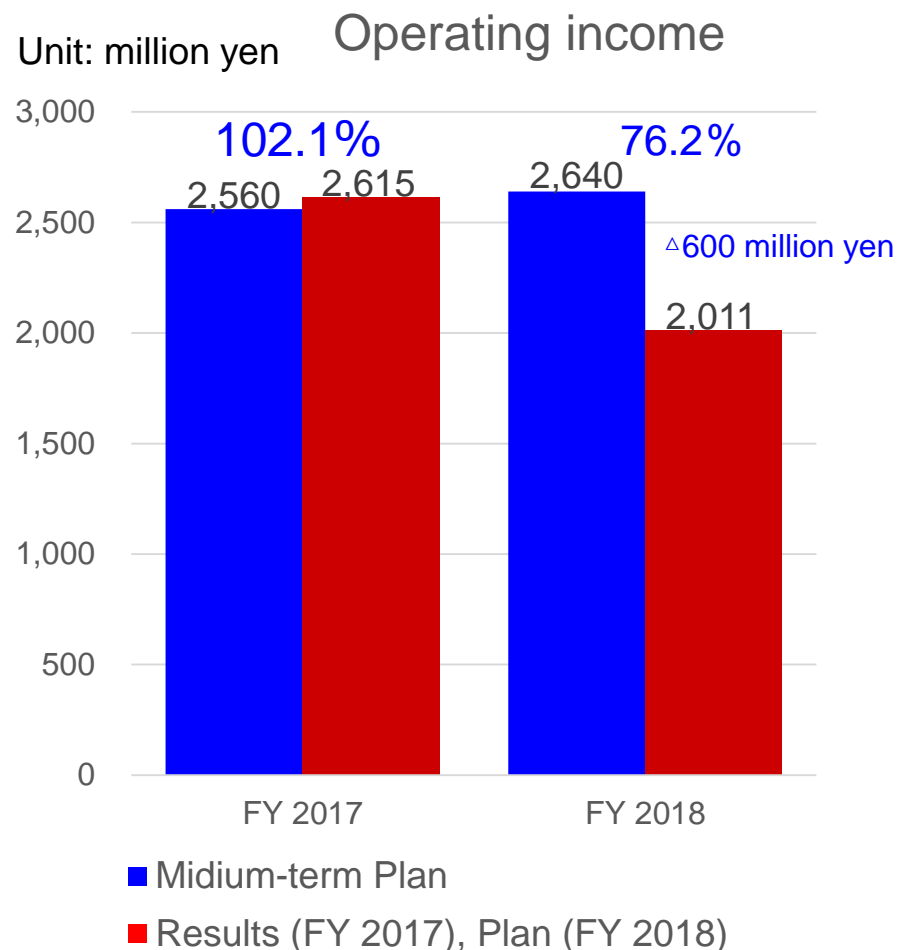
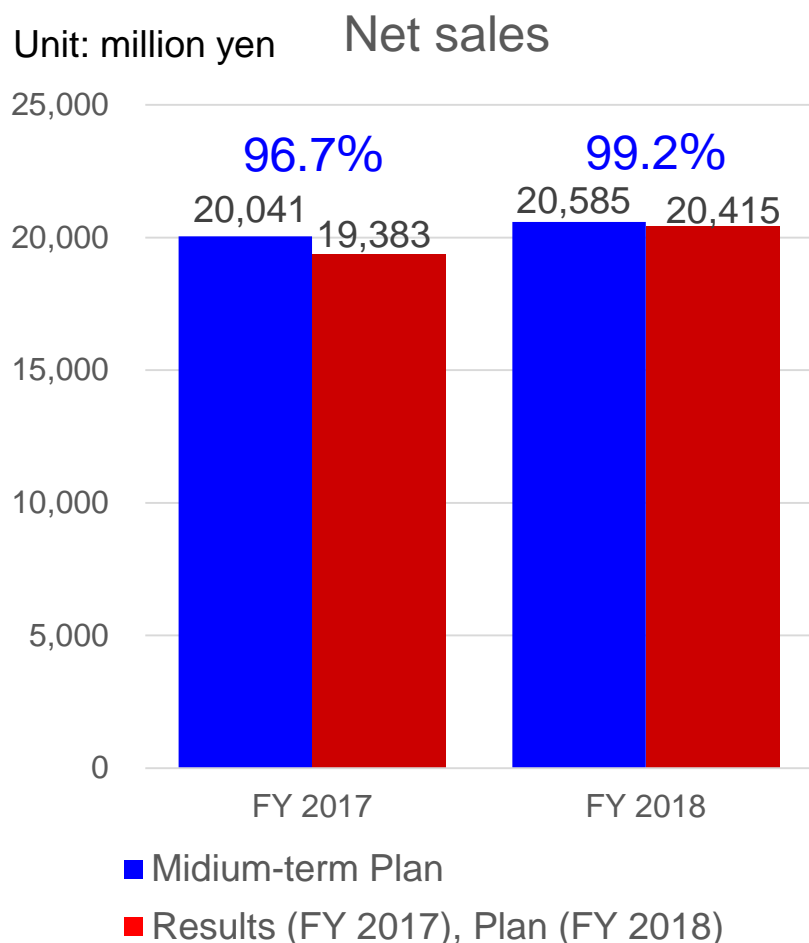
(Unit: million yen)

		FY 2017 (Results)		FY 2018 (Plan)			
		The 33rd period		The 34th period			
		2Q	Full year	2Q	Year-on-year	Full year	Year-on-year
<b>Net sales</b>		<b>10,145</b>	<b>19,383</b>	<b>10,054</b>	<b>99.1%</b>	<b>20,415</b>	<b>105.3%</b>
	Meiko Gijuku	7,958	15,233	7,782	97.8%	15,787	103.6%
	Directly	5,143	9,647	5,073	98.6%	10,107	104.8%
	Franchised	2,815	5,586	2,709	96.2%	5,680	101.7%
	Supplemental education	329	573	234	71.0%	578	101.0%
	Others	1,855	3,576	2,037	109.8%	4,049	113.2%
<b>Operating income</b>		<b>2,039</b>	<b>2,615</b>	<b>924</b>	<b>45.3%</b>	<b>2,011</b>	<b>76.9%</b>
Profit rate		20.1%	13.5%	9.2%		9.9%	
<b>Ordinary income</b>		<b>2,164</b>	<b>2,806</b>	<b>968</b>	<b>44.8%</b>	<b>2,100</b>	<b>74.8%</b>
Profit rate		21.3%	14.5%	9.6%		10.3%	
<b>Net income</b>		<b>1,713</b>	<b>2,042</b>	<b>525</b>	<b>30.7%</b>	<b>1,191</b>	<b>58.3%</b>
Profit rate		16.9%	10.5%	5.2%		5.8%	

Note: The internal transaction was deducted from the sales.

Others include Waseda Academy Kobetsu School, Kids business, Succor business, and various business of consolidated subsidiaries.

# Progress of medium-term management plan



# Dividend policy

## [Basic policy]

Continuous increase in dividend per share

## [Development of dividends]

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Dividend per share	32 yen	34 yen	38 yen	40 yen	<b>42 yen</b>
Payout ratio (consolidated)	40.2%	39.6%	107.8%	52.0%	<b>93.6%</b>

We plan to pay out **42 yen, an increase of 2 yen**

for the year ending August 2018

**We aim to continue increasing dividend for consecutive 20 years** from the following year of the JASDAQ listing in April 1997.

Note: the amount shown in the 2018 column is planned.

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