

Company name: Meiko Network Japan Co., Ltd.
 Representative: Kazuhito Yamashita,
 President & Representative Director
 Stock code: 4668 (TSE First Section)
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Notice of the Transfer of a Consolidated Subsidiary (Transfer of Shares)

Meiko Network Japan Co., Ltd. (the “Company”) hereby announces that, at the meeting of its Board of Directors held on May 27, 2020, the Company made a resolution concerning Youdec Co. Ltd. (“Youdec”), a consolidated subsidiary of the Company, and KOYO SHOBO Corporation (“KOYO SHOBO”), a wholly owned subsidiary of Youdec, to transfer all the shares held by the Company in Youdec to KYOIKU LABO Co., Ltd. (“KYOIKU LABO”). Youdec and KOYO SHOBO will be excluded from the scope of the consolidation of the Company with this transfer of shares.

1. Reason for the Transfer of Shares

The Company acquired shares in Youdec, which sells teaching materials adopted by coaching schools and mock examinations and operates on-campus preparatory schools, in September 2010. (The Company acquired 19.2% of the total number of outstanding shares at the time of acquisition; after that, the Company’s ownership increased to 63.1% in July 2012 and 88.38% in June 2017.) Youdec provides Meiko Gijuku unified tests and sells past collection problems of public high school entrance examinations to the Meiko Gijuku chain. In addition, KOYO SHOBO is involved in the publication business with a focus on publishing university textbooks.

Youdec and KOYO SHOBO have contributed to the growth of the Group. However, the Company has decided to transfer these shares from the perspective of the optimal allocation of management resources over the whole of the Group in the future.

2. Overview of the Consolidated Subsidiary to Be Transferred

(1) Name of company	Youdec Co., Ltd.
(2) Address	3-5-24 Miyahara, Yodogawa-ku, Osaka-shi, Osaka
(3) Name and title of representative	Yoshiyuki Muro, President
(4) Business description	Sale of teaching materials adopted by coaching schools, sale of mock examinations and operation of on-campus preparatory schools
(5) Capital	99 million yen
(6) Date of incorporation	October 20, 1987
(7) Major shareholder and shareholding ratio	The Company: 88.38%

(8) The Company's relationship with Youdec	Capital relationship	The Company holds 88.38% of the shares in Youdec.	
	Personnel relationship	An employee of the Company also serves as an auditor in Youdec.	
	Transactional relationship	There is a business relationship in terms of sales between the Company and the applicable company.	
(9) Consolidated business performance and consolidated financial position in Youdec in the last three years			
Accounting period	Fiscal Year Ended August 31, 2017	Fiscal Year Ended August 31, 2018	Fiscal Year Ended August 31, 2019
Net assets	¥216 mn	¥234 mn	¥119 mn
Total assets	¥796 mn	¥749 mn	¥752 mn
Net assets per share	¥109,531.24	¥118,525.59	¥60,193.31
Net sales	¥1,066 mn	¥1,085 mn	¥936 mn
Operating income	¥12 mn	¥47 mn	(¥93 mn)
Ordinary income	¥23 mn	¥44 mn	(¥95 mn)
Net income attributable to owners of the parent	(¥5 mn)	¥15 mn	(¥101 mn)
Net income per share	¥1,490.55	¥8,921.49	(¥58,148.41)
Dividend per share	-	-	-

3. Overview of the Party Being Transferred the Shares

(1) Name of company	KYOIKU LABO Co., Ltd.	
(2) Address	7 Saiinkitayakakecho, Ukyo-ku, Kyoto-shi, Kyoto	
(3) Name and title of representative	Junpei Hagiwara, President	
(4) Business description	Holding company (Control and management of the business activities of companies involved in printing operations; the publication and sale of books and magazines; the planning, production, editing and sale of e-books and e-magazines; and the planning, production and sale of mock examinations)	
(5) Capital	2 yen	
(6) Date of incorporation	May 8, 2020	
(7) Major shareholder and shareholding ratio	Junpei Hagiwara: 100%	
(8) The Company's relationship with KYOIKU LABO	Capital relationship	No applicable matters
	Personnel relationship	No applicable matters
	Transactional relationship	No applicable matters
	Status of applicability to the related parties	No applicable matters

4. Number of Shares to Be Transferred, Transfer Price, and Shareholding Around the Time of the Transfer

(1) Number of shares held prior to the transfer	1,750
(2) Number of shares to be transferred	1,750
(3) Transfer price	1,750 yen

(4) Number of shares to be held after the transfer	0
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5. Schedule

(1) Date of resolution by the Board of Directors	May 27, 2020
(2) Date of agreement	May 27, 2020
(3) Date of share transfer	May 29, 2020 (Scheduled)

6. Future Outlook

The Company is currently investigating the amount of impact that this transfer of share will have. The Company will make an announcement about this once it becomes possible to reasonably predict an earnings forecast that takes into account the impact of Covid-19 infections.