

Summary Report on Financial Results for the First Quarter of the Year Ending August 2019  
(Japanese Accounting Standards)

January 10, 2019

Company name: MEIKO NETWORK JAPAN CO., LTD.  
 Stock exchange listing: The First Section of the Tokyo Stock Exchange  
 Stock code: 4668 ( URL : <http://www.meikonet.co.jp> )  
 Representative: Kazuhito Yamashita, President  
 Contact: Osamu Ogita, Executive officer  
 , General Manager of the Corporate Planning Department  
 Tel: +81-3-5860-2111  
 Scheduled date for filing the securities report: January 10, 2019  
 Scheduled date for commencement of dividend payment: -  
 Supplementary material development: None  
 Financial results meeting: None

(Amounts less than one million yen are discarded)

1. Consolidated financial results for the First quarter of the year ending August 2019 (September 1, 2018 through November 30, 2018)

(1) Consolidated operating results (cumulative)

(Percentages represent increases or decreases from the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	million yen	%	million yen	%	million yen	%	million yen	%
First quarter of the year ending August 2019	4,591	4.1	430	7.2	453	5.9	261	13.5
First quarter of the year ended August 2018	4,411	(1.4)	401	(26.2)	427	(28.6)	229	(29.6)

(Note) Comprehensive income:

First quarter of the year ending August 2019: 356 million yen (31.4%)  
 First quarter of the year ended August 2018: 520 million yen 25.3%

	Net income per share	Fully diluted net income per share
	yen	yen
First quarter of the year ending August 2019	9.83	—
First quarter of the year ended August 2018	8.66	—

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
First quarter of the year ending August 2019	18,587	14,135	75.9
Year ended August 2018	18,683	14,336	76.6

(Reference) Shareholders' equity:

First quarter of the year ending August 2019: 14,112 million yen  
 Year ended August 2018: 14,306 million yen

2. Dividends

	Yearly Dividends per share				
	End of the first quarter	End of the second quarter	End of the third quarter	End of the term	annual
	yen	yen	yen	yen	yen
Year ended August 2018	—	21.00	—	21.00	42.00
Year ending August 2019	—				
Year ending August 2019 (estimate)		15.00	—	15.00	30.00

(Note) Revision of dividend projections in the current quarter: None

3. Forecast of consolidated financial results for fiscal year ending August 2019 (September 1, 2018 through August 31, 2019)

(Percentages represent increases or decreases from the previous year for the full-year figures, and from the second quarter of the previous year for the second quarter figures.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Second quarter (cumulative)	10,240	4.8	1,240	4.5	1,280	1.5	690	1.0	25.98
Full-year	20,320	6.3	1,860	29.0	1,940	24.5	1,020	55.2	38.41

(Note) Revision of consolidated earnings projections' numerical values in the current quarter: None

(Notes)

(1) Changes of important subsidiaries during the period

(changes of specific subsidiaries in accordance with changes in the scope of consolidation): None

(2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies and changes or restatement of accounting estimates

( i ) Changes in accounting policies caused by revision of accounting standards: None

( ii ) Changes in accounting policies other than ( i ): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of outstanding issues (common stock)

( i ) Number of outstanding shares at the end of the period (including treasury stock)

First quarter of the year ending August 2019: 27,803,600 shares

Year ended August 2018: 27,803,600 shares

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

First quarter of the year ending August 2019: 1,246,574 shares

Year ended August 2018: 1,246,573 shares

(iii) Average number of shares during the period (accumulated consolidated quarter)

First quarter of the year ending August 2019: 26,557,026 shares

First quarter of the year ended August 2018: 26,557,027 shares

※ This financial summary falls outside the scope of quarterly review procedures.

※ Explanation of the appropriate use of the forecasts of financial results, and other noteworthy matters

Forward-looking statements in the document, such as earnings forecasts, are based on current information in the possession of the company and certain assumptions the company thinks reasonable. Actual results may differ remarkably from the statements due to a variety of different factors.

(About change of money unit)

The amounts of items and other matters listed in the Company's quarterly consolidated financial statements have been stated in thousands of yen, but from the first quarter consolidated accounting period and the first quarter consolidated interim period under review, We changed it to be stated in million yen unit.

## (Reference) Trend of numbers of Meiko Gijuku schools and registered students and system-wide sales

Term	First quarter of the year ended August 2018		First quarter of the year ending August 2019	
	From September 1, 2017 to November 30, 2017		From September 1, 2018 to November 30, 2018	
Fiscal Period	Operating results	Same period the previous year	Operating results	Same period the previous year
Number of Meiko Gijuku directly operated schools	233	+2	231	(2)
Number of Meiko Gijuku directly operated schools (MAXIS)	95	+2	93	(2)
Number of Meiko Gijuku directly operated schools (KLINE)	—	—	42	+42
Number of Meiko Gijuku franchised schools	1,741	(36)	1,655	(86)
Total number of Meiko Gijuku schools	2,069	(32)	2,021	(48)
Number of registered students of Meiko Gijuku directly operated schools	17,076	(987)	16,069	(1,007)
Number of registered students of Meiko Gijuku directly operated schools (MAXIS)	6,769	(296)	6,712	(57)
Number of registered students of Meiko Gijuku directly operated schools (KLINE)	—	—	2,815	+2,815
Number of registered students of Meiko Gijuku franchised schools	107,222	(4,721)	96,108	(11,114)
Total number of registered students of Meiko Gijuku schools	131,067	(6,004)	121,704	(9,363)
Sales from Meiko Gijuku directly operated schools (million yen)	2,025	(111)	2,215	+189
Sales from Meiko Gijuku franchised schools ※1 (million yen)	1,199	(66)	1,192	(6)
Sales from others (million yen)	1,186	+113	1,183	(3)
Total Sales (million yen)	4,411	(64)	4,591	+179
Sales from Meiko Gijuku directly operated schools (million yen)	2,025	(111)	2,215	+189
System-wide sales from Meiko Gijuku franchised schools (million yen)	7,983	(409)	7,405	(578)
Total system-wide sales from Meiko Gijuku schools ※2 (million yen)	10,008	(520)	9,620	(388)

※ 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 entrance fees, tuition, materials fees, and examination fees, and the total sales of Meiko Gijuku franchised schools, including entrance fees and tuition. Materials fees, and examination fees of franchised schools are excluded.

Summary of consolidated financial statements  
(1) Consolidated balance sheets

(Million yen)

	End of previous fiscal year (As of August 31, 2018)	End of first quarter of the fiscal year (As of November 30, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	6,508	6,632
Accounts receivable - trade	1,286	1,298
Securities	200	100
Merchandise	369	362
Work in process	11	11
Supplies	11	12
Advance payments - trade	107	20
Prepaid expenses	263	256
Other	269	183
Allowance for doubtful accounts	(67)	(85)
Total current assets	8,959	8,794
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,397	1,435
Accumulated depreciation	(769)	(737)
Buildings and structures, net	627	698
Tools, furniture and fixtures	365	368
Accumulated depreciation	(304)	(295)
Tools, furniture and fixtures, net	60	72
Land	446	446
Total property, plant and equipment	1,134	1,216
Intangible assets		
Goodwill	3,251	3,139
Software	178	164
Telephone subscription right	6	6
Total intangible assets	3,436	3,310
Investments and other assets		
Investment securities	3,724	3,871
Long-term loans receivable from subsidiaries and associates	20	-
Long-term prepaid expenses	85	83
Deferred tax assets	148	153
Lease and guarantee deposits	937	922
Long-term time deposits	200	200
Other	36	36
Total investments and other assets	5,152	5,266
Total non-current assets	9,723	9,793
Total assets	18,683	18,587

(Million yen)

	End of previous fiscal year (As of August 31, 2018)	End of first quarter of the fiscal year (As of November 30, 2018)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	184	209
Short-term loans payable	70	102
Accounts payable - other	145	112
Accrued expenses	1,018	781
Income taxes payable	209	277
Accrued consumption taxes	68	180
Advances received	1,379	1,181
Deposits received	83	201
Provision for bonuses	350	540
Provision for sales returns	29	29
Other	23	44
Total current liabilities	<u>3,563</u>	<u>3,662</u>
Non-current liabilities		
Long-Term loans payable	-	74
Net defined benefit liability	72	73
Long-term accounts payable-other to employees	130	118
Long-term accounts payable-other to officers	176	117
Deferred tax liabilities	111	102
Asset retirement obligations	273	284
Long-term guarantee deposited	17	17
Other	0	-
Total non-current liabilities	<u>782</u>	<u>789</u>
Total liabilities	<u>4,346</u>	<u>4,451</u>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	972	972
Capital surplus	909	909
Retained earnings	13,315	13,018
Treasury shares	(1,643)	(1,643)
Total shareholders' equity	<u>13,554</u>	<u>13,257</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	738	839
Foreign currency translation adjustment	14	14
Total accumulated other comprehensive income	<u>752</u>	<u>854</u>
Non-controlling interests	30	23
Total net assets	<u>14,336</u>	<u>14,135</u>
Total liabilities and net assets	<u>18,683</u>	<u>18,587</u>

## Segment Information

I Three months ended November 30, 2017(From September 1, 2017 to November 30, 2017)

### 1. Information about Segment Sales and Income (Loss)

(Million of Yen)

	Reportable segment				Others*	Total
	Meiko Gijuku directly operated schools	Meiko Gijuku franchised schools	Supplemental education	Total		
Net sales						
Sales to third party	2,025	1,199	102	3,327	1,083	4,411
Intersegment sales	—	121	—	121	39	160
Total	2,025	1,320	102	3,449	1,122	4,572
Segment income(loss)	29	574	△10	593	154	748

(Note)\* “Others” consists of the operating segments not included in reportable segments. It includes Meiko Soccer Business, Waseda Academy Kobetsu Schools, Kids Business, and other businesses of consolidated subsidiaries.

### 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)

(Million of Yen)

Income(Loss)	Amount
Reportable segment total	593
Income(Loss) for “Others”category	154
Corporate expenses*	(346)
Operating income reported on quarterly statements of income	401

(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.

II Three months ended November 30, 2018 (From September 1, 2018 to November 30, 2018)

### 1. Information about Segment Sales and Income (Loss)

(Million of Yen)

	Reportable segment				Others*	Total
	Meiko Gijuku directly operated schools	Meiko Gijuku franchised schools	Supplemental education	Total		
Net sales						
Sales to third party	2,215	1,192	96	3,504	1,086	4,91
Intersegment sales	—	150	—	150	37	187
Total	2,215	1,342	96	3,654	1,123	4,778
Segment income(loss)	(7)	561	(3)	550	155	706

(Note)\* “Others” consists of the operating segments not included in reportable segments. It includes Meiko Soccer Business, Waseda Academy Kobetsu Schools, Kids Business, and other businesses of consolidated subsidiaries.

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)

(Million of Yen)

Income(Loss)	Amount
Reportable segment total	550
Income(Loss) for "Others" category	155
Corporate expenses*	(275)
Operating income reported on quarterly statements of income	403

(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.