

**Meiko Network Japan Co.,Ltd.
Consolidated financial results for
the fiscal year ended August 2018**

October 11,2018

Setsuro Tagami,President

The 34th term
(year ended August 2018)
Performance report

Highlight of consolidated results

(Unit: million yen)

	Previous term	Results of this FY	Quarterly	Correction forecast value	Correction forecast value comparison
Net sales	19,383	19,116	△267 △1.4%	19,120	△4 △0.02%
Operating income	2,615	1,441	△1,174 △44.9%	1,280	+161 +12.6%
Ordinary income	2,806	1,558	△1,248 △44.5%	1,390	+168 +12.1%
Net income	2,042	657	△1,385 △67.8%	730	△73 △10.0%

- Delay in recovering profitability of Meiko Gijuku , increase cost of strategic upfront investment.
- Operating income increased by 12.6% due to review and restraint of expenses.

Highlight of consolidated results

【Meiko Gijyuku】

	This FY	Last FY	Quarterly
Schools	2,029	2,074	△45
Students	116,374	125,219	△8,845

- Delay in recovering the number of students, renewing branding, expanding ICT contents etc. Revenue and earnings declined year-on-year, due to increased costs due to strategic upfront investment, etc.
- By utilizing advanced learning teaching methods and ICT tools etc.
We are promoting differentiation, but while we are introducing to all classrooms.

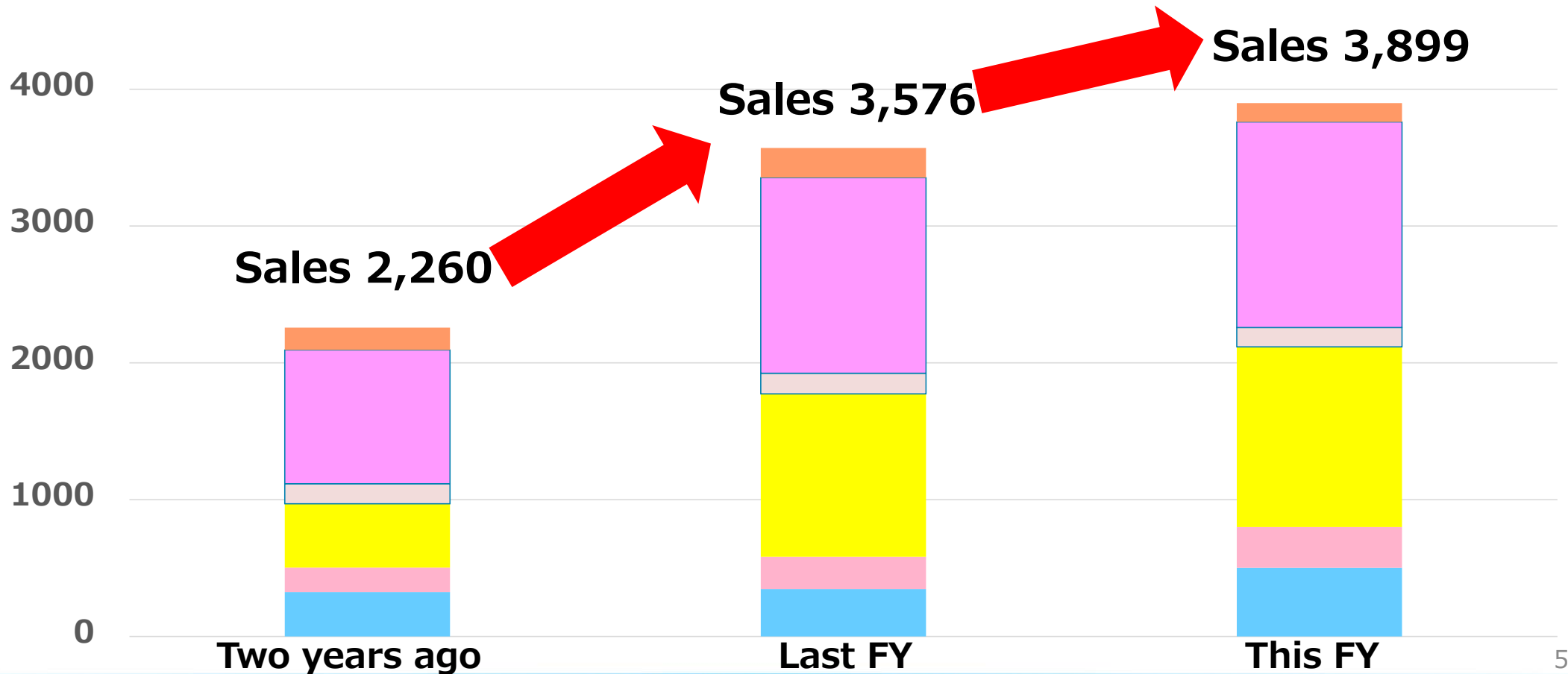
【Preparatory school business】

- The number of entrance students in the spring of 2018 decreased in comparison with the previous year due to intensified competition environment etc.

Highlight of consolidated results

【Other Business】 Each business is growing steadily

Unit: million yen



Sales and operating income by segment (Unit:millon yen)

segment		Last FY	This FY	Quarterly	
MeikoGijyuku Direct operation	Sales	9,647	9,530	△117	△1.2%
	Operating income	1,135	865	△270	△23.8%
MeikoGijyuku FC business	Sales	5,586	5,242	△344	△6.2%
	Operating income	2,644	1,729	△915	△34.6%
Preparatory School	Sales	573	443	△130	△22.6%
	Operating income	71	△21	△92	—
Others business	Sales	3,576	3,899	+323	+9.0%
	Operating income	83	151	+68	+81.9%
Company Total	Sales	19,383	19,116	△267	△1.4%
	Operating income	2,615	1,441	△1,177	△44.9%

. Intra-group transactions are eliminated from sales amounts. Deducted amounts are 1 million yen in Meiko Gijuku Direct operation, deducted amounts are 527 million yen in Meiko Gijuku franchised and 140 million yen in others.

Meiko Gijyuku directly Operation (Unit: million yen)

		Last FY	This FY	Increase & Decrease
Sales		9,647	9,530	△117
Operating income		1,135	865	△270
Schools	Our Company	233	233	0
	MAXIS	95	93	△2
	K.line	-	42	42
	計	328	368	40
Students	Our Company	17,023	15,942	△1,081
	MAXIS	6,699	6,552	△147
	K.line	-	2,765	2,765
	Total	23,722	25,259	1,537

(K.line concluded PL from June 1, 2018. Number of classrooms as of the end of August. The average number of students during the term.)

Meiko Gijyuku FC Business

(Unit:million yen)

	Last FY	This FY	Increase & Decrease
Sales	5,586	5,242	△344
Operating income	2,644	1,729	△915
Schools	1,746	1,661	△85
Students	102,852	91,115	△11,737

(Number of classrooms as of the end of August.
The average number of students during the term.)

Other business

(Unit:million yen)

		Last FY	This FY	Increase & Decrease
Other business	Sales	3,576	3,899	+323
	Waseda Academy Kobetsu School	347	372	+25
	Meiko Kids	236	298	+62
	Meiko Soccer School	151	141	△10
	Waseda EDU Japanese language school	382	453	+71
	JCLI Japanese language school	808	864	+56
	Kotoh Jimusho	466	518	+52
	You DEC	679	633	△46
	Koyoshobo	285	352	+67
	MAXIS(other business)	168	167	△1
	Other	49	98	+49
	Operating income	83	151	+68

Other Buginess(number of people)

- The number of students has increased, and it has grown steadily.

	End of August 2017	End of August 2018	Increase & Decrease
Waseda Academy Kobetsu School	2,595	2,839	+244
Meiko Kids	782	1,002	+220
Waseda EDU Japanese language school	597	686	+89
JCLI Japanese language school	1,118	1,131	+13

Consolidated B/S FY 2018

(Unit: million yen)

	End of last FY	End of this FY	Increase & Decrease
Current assets	10,431	9,170	△1,261
Fixed asset	8,883	9,665	+782
Total assets	19,314	18,835	△479
Current liabilities	4,168	3,564	△604
Fixed liabilities	729	934	+205
Total liabilities	4,897	4,498	△399
Total net assets	14,416	14,336	△80
Total liabilities net assets	19,314	18,835	△479

Consolidated C/F FY 2018

(Unit: million yen)

	Last FY	This FY	YoY
Net cash provided by (used in) operating activities	3,088	405	△2,683
Net cash provided by (used in) investing activities	1,136	△505	△1,641
Net cash provided by (used in) financing activities	△1,108	△1,088	+20
Net increase (decrease) in cash and cash equivalents	3,116	△1,189	△4,305
Cash and cash equivalents at beginning of period	4,189	7,306	+3,117
Cash and cash equivalents at end of period	7,306	6,116	△1,190

Consolidated earnings forecast for the fiscal year ending August 2019

(Unit: million yen)

	Consolidated results for the fiscal year ending August 2018	Consolidated earnings forecast for the fiscal year ending August 2019	Quarterly
Amount of sales	19,116	20,320	+1,204 +6.3%
Operating income	1,441	1,860	+419 +29.1%
Ordinary income	1,558	1,940	+382 +24.5%
Net income	657	1,020	+363 +55.3%

Dividend forecast

■ Estimated dividend per share for the fiscal year ending August 2019 is 30 yen

■ Trends in dividends

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Dividend per share	27yen	32yen	34yen	38yen	40yen	42yen	30yen (Forecast)
Dividend payout ratio (consolidated)	34.3%	40.2%	39.6%	107.8%	52.0%	169.8%	78.1% (Forecast)

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