

Securities Code 4668
November 2, 2018

To All Shareholders With Voting Rights

Setsuro Tagami
President and Representative Director
MEIKO NETWORK JAPAN CO., LTD.
7-20-1 Nishi-Shinjuku, Shinjuku Ward, Tokyo, Japan

NOTICE OF THE 34TH ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the 34th Annual Meeting of Shareholders of MEIKO NETWORK JAPAN CO., LTD. (hereinafter the “Company”) to be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet and other means as set forth in How to Exercise Your Voting Rights on pages 2-3. Please review the Reference Documents for the Annual Meeting of Shareholders, and cast your vote by 6:00 p.m. on Wednesday, November 21, 2018 Japan time.

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| 1. Date and Time: | Thursday, November 22, 2018 at 10:00 a.m. |
| 2. Place: | “Century Room,” B1 floor, Hyatt Regency Tokyo
2-7-2 Nishi-Shinjuku, Shinjuku Ward, Tokyo, Japan |
| 3. Agenda of the Meeting: | |
| Matters to be reported: | <ol style="list-style-type: none">1. Business Report, Consolidated Financial Statements for the 34th term (from September 1, 2017 to August 31, 2018) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements2. Non-consolidated Financial Statements for the Company’s 34th term (from September 1, 2017 to August 31, 2018) |
| Proposals to be resolved: | |
| Proposal No. 1: | Partial Amendments to the Articles of Incorporation |
| Proposal No. 2: | Election of Six (6) Directors |
| Proposal No. 3: | Election of Two (2) Corporate Auditors |

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- © A small gift offered to the shareholders attending Annual Meeting of Shareholders has been discontinued. Your kind understanding is appreciated.
- © Shareholders attending the meeting are kindly requested to submit the enclosed Voting Right Exercise Form to the reception at the venue.
- © Of the documents to be presented along with this Notice, “Notes to Consolidated Financial Statements” and “Notes to Non-consolidated Financial Statements” are posted on the Company’s website (<http://www.meikonet.co.jp>) in accordance with laws and regulations, as well as Article 15 of the Company’s Articles of Incorporation, and are therefore not included in this Notice.
- © If there are any changes to the Reference Documents for Annual Meeting of Shareholders, Business Report, Consolidated Financial Statements or Non-consolidated Financial Statements, changes on the matters shall be posted on the Company’s website (<http://www.meikonet.co.jp>).
- © If a voting right is exercised in duplicate by the same shareholder through writing and electromagnetic means, the Company shall treat the latter as valid.
- © If an exercise of voting right through electromagnetic means was conducted for multiple times, and if there are conflicting votes to the same proposal, the last exercise of voting right through electromagnetic means shall be treated as valid.

How to Exercise Your Voting Rights

Voting rights are important rights that enable shareholders to participate in the management of the Company. There are three methods for exercising your voting rights.

For shareholders attending in person:

Submit your voting rights at the reception.

Please submit the Voting Right Exercise Form to the reception at the venue of Annual Meeting of Shareholders on the day of the meeting.

Date and time of the Annual Meeting of Shareholders:	Thursday, November 22, 2018 at 10:00 a.m. (Reception is scheduled to start at 9:00 a.m.)
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For shareholders who are not able to attend the meeting:

If you are not able to attend the meeting, you may exercise your voting rights by either of the following methods:

Exercise of Voting Rights in Writing

Please indicate your approval or disapproval on the Voting Right Exercise Form, and return by post at your earliest convenience.

Deadline for Exercising Voting Rights:	To be received by the Company by Wednesday, November 21, 2018 at 6:00 p.m.
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Exercise of Voting Rights via the Internet

<https://www.web54.net>

Please access the above website via the Internet.

Please exercise your voting rights following the instruction on the screen using the login ID and temporary password.

Deadline for Exercising Voting Rights:	Wednesday, November 21, 2018 at 6:00 p.m.
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Please refer to the next page for details.

Treatment of voting rights exercised in duplicate

- ◎ If a voting right is exercised in duplicate by the same shareholder through writing and electromagnetic means, the Company shall treat the latter as valid.
- ◎ If an exercise of voting right through electromagnetic means was conducted for multiple times, and if there are conflicting votes to the same proposal, the last exercise of voting right through electromagnetic means shall be treated as valid.

Procedures for Exercising Your Voting Rights

For Institutional Investors

Apart from the exercise of voting rights via the Internet as follows, institutional investors are able to use an electronic platform for exercise of voting rights run by ICJ, Inc., sponsored by Tokyo Stock Exchange, Inc., etc. subject to prior application and registration.

Exercise of Voting Rights in Writing

Please indicate your approval or disapproval on the enclosed Voting Right Exercise Form, and return by post so that it is received by the Company by the following date.

Deadline for Exercising Voting Rights:	To be received by the Company by Wednesday, November 21, 2018 at 6:00 p.m.
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Exercise of Voting Rights via the Internet

Please have your Voting Right Exercise Form ready.

Exercise of voting rights via the Internet is available only by accessing the website for exercising voting rights (<https://www.web54.net>) designated by the Company through a computer or smart phone.

While your exercises of voting rights via the Internet are accepted until Wednesday, November 21, 2018 at 6:00 p.m., we suggest that you do so as early as possible. Should you have any inquiry, please contact our help desk.

1. Access the website for exercising voting rights **<https://www.web54.net>**
Click “Next”

2. Login
Enter the “Code for Exercising Voting Rights” printed on your Voting Right Exercise Form.
Click “Next”

Please follow instructions on the screen and enter your approval or disapproval.

- *1 *Exercise of voting rights by computer may not be possible depending on the Internet environment due to factors including usage of firewalls, etc. in connecting to the Internet, usage of anti-virus programs, and usage of proxy servers.*
- *2 *Costs incurred for accessing the website for exercising voting rights (Internet connection charges, phone charges, etc.) are to be borne by shareholders.*

Inquiries regarding operation of computers, etc. (Helpdesk)

Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited

Transfer Agency Web Support Service: 0120-652-031 (available from 9:00 a.m. to 9:00 p.m.)

Other inquiries: 0120-782-031 (available from 9:00 a.m. to 5:00 p.m., weekdays excluding holidays)

Reference Documents for the Annual Meeting of Shareholders

Proposals and References

Proposal No. 1

Partial Amendments to the Articles of Incorporation

1. Reasons for the Proposal

In order to prepare for future business diversification, the Company will add business purposes in Article 2 (Purpose) of the current Articles of Incorporation.

2. Detail of the Amendments

Details of the amendments are as follows:

(Amended parts are underlined)

Current Articles of Incorporation	Proposed Amendments
CHAPTER I. GENERAL PROVISIONS (Purpose) Article 2. The purpose of the Company shall be to engage in the following businesses: 1. to 18. (Omitted) (Newly established) (Newly established) <u>19.</u> (Omitted)	CHAPTER I. GENERAL PROVISIONS (Purpose) Article 2. (Unchanged) 1. to 18. (Unchanged) <u>19. Management of nursery schools, after-school care service, etc. and business related thereto</u> <u>20. Undertaking of management of nursery schools, after-school care, etc.</u> <u>21.</u> (Unchanged)

Proposal No. 2

Election of Six (6) Directors

The terms of office of all eight (8) Directors will expire at the conclusion of this Annual Meeting of Shareholders. Accordingly, the election of six (6) Directors is proposed.

The candidates are as follows:

No.	Name		Position in the Company	Number of years in office	Board of Directors meetings attendance
1	Hirotake Watanabe	Reappointment	Chairperson and Representative Director	34 years	100% (17/17 times)
2	Kazuhito Yamashita	Reappointment	Vice President and Director	11 years	100% (17/17 times)
3	Koshi Horiuchi	Reappointment	Director	4 years	100% (17/17 times)
4	Yukie Osaka	Newly appointed	Executive Officer	-	-
5	Masahiro Harada	Reappointment	Outside Director	4 years	100% (17/17 times)
6	Noriko Yao	Reappointment	Outside Director	3 years	100% (17/17 times)

Reference Documents for the Annual Meeting of Shareholders

No.	1	Hirotake Watanabe (Date of birth: Sept. 19, 1942)	Reappointment
Number of the Company's shares held		Brief personal record, position, responsibilities and important concurrent posts	
1,794,600 shares		Sept. 1984: Established the Company, Director of the Company	
		May 1985: President and Representative Director	
		Nov. 2015: Chairperson and Representative Director (present)	
Board of Directors meetings attendance		[Important concurrent posts]	
100% (17/17 times)		Representative Director of MEIKO KYOIKU KENKYUJO (Public Interest Incorporated Foundation)	

No. **2** Kazuhito Yamashita (Date of birth: Dec. 7, 1959)

Reappointment

Number of the Company's shares held

18,500 shares

Board of Directors meetings attendance

100% (17/17 times)

■ Brief personal record, position, responsibilities and important concurrent posts

Mar. 2007: Joined the Company

Nov. 2007: Director

Nov. 2008: Managing Director

Sept. 2012: General Manager, Kobetsu School Business
In charge of Soccer School Business Division, in charge
of Meiko Kids Business Division and in charge of
Business Development Division

Jul. 2013: General Manager, Business Development Headquarters

Sept. 2014: General Manager, Meikogijuku Business Headquarters
and in charge of FC Business Development Division
(present)

Nov. 2014: Senior Managing Director

Nov. 2015: Vice President and Director (present)

[Important concurrent posts]

Chairperson and Representative Director of Tokyo Ishin Gakuin Co.,
LTD.

Director of MAXIS Education Inc.

Director of K.LINE Co., Ltd.

No. **3** Koshi Horiuchi (Date of birth: Dec. 5, 1969)

Reappointment

Number of the Company's shares held

400 shares

Board of Directors meetings attendance

100% (17/17 times)

Brief personal record, position, responsibilities and important concurrent posts

Oct. 1999: Joined the Company
 Nov. 2010: General Manager of 2nd Business Division, Meikogijuku Business Headquarters
 Sept. 2014: General Manager of 7th Business Division, Meikogijuku Business Headquarters
 Nov. 2014: Director (present)
 Sept. 2015: Deputy General Manager of Meikogijuku Business Headquarters
 Nov. 2015: In charge of Headquarters Office
 In charge of Meiko Support Center
 Sept. 2016: In charge of Academic Division (present)
 Sept. 2017: In charge of Shinsei Meiko Business Development Office and in charge of Study Club Business Development Division
 Nov. 2017: General Manager, Kobetsu School Business (present)
 General Manager, Study Club Business Development Division (present)

[Important concurrent posts]

Director of K.LINE Co., Ltd.

No. **4** Yukie Osaka (Date of birth: Mar. 15, 1956)

Newly appointed

Number of the Company's shares held

- shares

Board of Directors meetings attendance

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■ **Brief personal record, position, responsibilities and important concurrent posts**

Apr. 1978: Joined Nihon Short-wave Broadcasting Co., Ltd. (current NIKKEI RADIO BROADCASTING CORPORATION)
Sept. 1994: Joined Tokyo Metropolitan Television Broadcasting Corporation
Sept. 1997: Joined Japan Satellite Broadcasting Inc. (current WOWOW Inc.)
Jun. 2014: Director, General Manager, Sales Division of WOWOW COMMUNICATIONS INC.
May 2016: Joined the Company
General Manager, Promotions Division (current Marketing Division) (present)
Apr. 2017: Executive Officer (present)
Sept. 2017: In charge of Headquarters Office (present)
Sept. 2018: In charge of Sales Planning Division (present)

No. **5** Masahiro Harada (Date of birth: Apr. 28, 1952) Reappointment Outside Director

Number of the Company's shares held

300 shares

Board of Directors meetings attendance

100% (17/17 times)

■ **Brief personal record, position, responsibilities and important concurrent posts**

Apr. 1975: Joined the Sumitomo Bank Co., Ltd. (current Sumitomo Mitsui Banking Corporation)
 Apr. 1996: General Manager, Kanamachi Branch of Sumitomo Bank Co., Ltd.
 Apr. 2002: Representative Director and Managing Director of SMBC PERSONNEL SUPPORT CO., LTD.
 Jun. 2011: President and Representative Director of Rising Insurance Service Co., Ltd.
 Nov. 2014: Director of the Company (present)

■ **Reasons for selection as a candidate for Outside Director**

Mr. Masahiro Harada has a wealth of experience and intelligence gained from his experience in corporate review at financial institutions and corporate management. As such, the Company has determined that the candidate will be able to contribute to ensuring management transparency and further strengthening of corporate governance, and thereby proposes the election of the candidate as Outside Director.

Mr. Harada will have served as Outside Director of the Company for four years at the conclusion of this Annual Meeting of Shareholders.

No.

6

Noriko Yao (Date of birth: Aug. 27, 1967)

Reappointment

Outside Director

Number of the Company's shares held

- shares

Board of Directors meetings attendance

100% (17/17 times)

Brief personal record, position, responsibilities and important concurrent posts

Mar. 1995: Graduated Legal Training and Research Institute of the Supreme Court of Japan

Apr. 1995: Registered as Attorney-at-Law in Fukuoka Bar Association
Joined Fuji Law Office

Jun. 2001: Graduated from Georgetown University Law Center (LL.M.)

Sept. 2001: Joined Paul, Hastings, Janofsky & Walker LLP (Los Angeles Office)

Oct. 2002: Registered as Attorney-at-law in Daini Tokyo Bar Association
Joined Taiyo Law Office (current Paul Hastings Foreign Law Joint Enterprise)
Registered as Attorney-at-law in New York State Bar Association

Jul. 2007: Joined TMI Associates

Jan. 2008: Partner of TMI Associates (present)

Nov. 2015: Director of the Company (present)

[Important concurrent posts]

Partner of TMI Associates

Outside Auditor of Japan Overseas Infrastructure Investment

Corporation for Transport & Urban Development

External Audit & Supervisory Board Member of SATO HOLDINGS CORPORATION

Reasons for selection as a candidate for Outside Director

Ms. Noriko Yao has an adequate insight for governing corporate management as she is familiar with corporate legal affairs, etc. as an attorney-at-law. As such, the Company has determined that the candidate will be able to contribute to ensuring management transparency and further strengthening of corporate governance, and thereby proposes the election of the candidate as Outside Director.

Ms. Yao will have served as Outside Director of the Company for three years at the conclusion of this Annual Meeting of Shareholders.

- (Notes)
1. None of the candidates for Directors have special conflict of interest with the Company.
 2. The Company has concluded liability limitation agreement with Mr. Masahiro Harada and Ms. Noriko Yao based on the provisions of Article 427, Paragraph 1 of the Companies Act, for the purpose of limiting the liability for damages arising from the act as set out in Article 423, Paragraph 1 of the Act; provided, however, that the limit of the liability shall be an amount stipulated in Article 425, Paragraph 1 of the Act. The Company plans to continue the agreement with them upon the approval on their reappointment.
 3. Mr. Masahiro Harada and Ms. Noriko Yao are candidates for Outside Directors. All candidates for Outside Directors are required to meet the election criteria for independent outside officers set out by the Company, and both of the two candidates meet all such criteria.
 4. Mr. Masahiro Harada and Ms. Noriko Yao meet the requirements for independent officer based on the regulations of Tokyo Stock Exchange, Inc. The Company has designated them as independent officers and registered them as such at Tokyo Stock Exchange, Inc.

Reference Documents for the Annual Meeting of Shareholders

Proposal No. 3

Election of Two (2) Corporate Auditors

As the terms of office of Corporate Auditors Messrs. Kazuya Matsushita and Takao Oguchi will expire at the conclusion of this Annual Meeting of Shareholders, the election of two (2) Corporate Auditors is proposed.

As for the submission of this proposal, consent has been obtained from the Board of Corporate Auditors.

The candidates are as follows:

No. **1** **Kazuya Matsushita** (Date of birth: Dec. 19, 1954) **Reappointment** **Outside Corporate Auditor**

Number of the Company's shares held

900 shares

Board of Directors meetings attendance

94% (16/17 times)

Board of Corporate Auditors meetings attendance

100% (16/16 times)

■ Brief personal record, position and important concurrent posts

Apr. 1977: Joined The Mitsubishi Bank, Ltd. (current MUFG Bank, Ltd.)
 Jan. 1998: Manager, Nagahara Branch of The Bank of Tokyo-Mitsubishi, Ltd. (current MUFG Bank, Ltd.)
 May 2003: Manager, Chicago Branch and Manager, Minnesota Corporate Banking Office of The Bank of Tokyo-Mitsubishi, Ltd. (current MUFG Bank, Ltd.)
 Jul. 2006: Manager, Houston Branch and Manager, Dallas Agency of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (current MUFG Bank, Ltd.)
 Feb. 2007: Executive Officer, Corporate General Manager of Finance Office and General Manager of Financial Planning Department of MITSUBISHI MOTORS CORPORATION
 Jul. 2010: Assistant to Corporate General Manager of Finance Office of MITSUBISHI MOTORS CORPORATION
 Nov. 2010: Corporate Auditor of the Company (full-time) (present)

■ Reasons for selection as a candidate for Outside Corporate Auditor

Mr. Kazuya Matsushita has experience of having engaged in corporate review at financial institutions and served as Executive Officer, Corporate General Manager of Finance Office and General Manager of Financial Planning Department of MITSUBISHI MOTORS CORPORATION, and possesses considerable financial and accounting knowledge. He has executed his duties in audits of the Company appropriately and monitored overall management. The Company has determined that the candidate will be capable of enhancing audit effectiveness in the Company as well, and thereby proposes the election of the candidate as Outside Corporate Auditor.

Mr. Matsushita will have served as Outside Corporate Auditor of the Company for eight years at the conclusion of this Annual Meeting of Shareholders.

No. **2** **Takao Oguchi** (Date of birth: Feb. 25, 1949) **Reappointment** **Outside Corporate Auditor**

Number of the Company's shares held

56,800 shares

Board of Directors meetings attendance

100% (17/17 times)

Board of Corporate Auditors meetings attendance

100% (16/16 times)

Brief personal record, position and important concurrent posts

- Apr. 1980: Registered as Attorney-at-law in Dai-Ichi Tokyo Bar Association
- May 1983: Established Oguchi Law Office (current Arai Oguchi Hoshide Law Office) (present)
- Nov. 1996: Corporate Auditor of the Company (part-time) (present)

[Important concurrent posts]

Arai Oguchi Hoshide Law Office

Reasons for selection as a candidate for Outside Corporate Auditor

Mr. Takao Oguchi possesses expertise as an attorney-at-law, and has provided effective advice on important management matters of the Company, along with monitoring overall management. The Company has determined that the candidate will be capable of enhancing audit effectiveness in the Company as well, and thereby proposes the election of the candidate as Outside Corporate Auditor.

Mr. Oguchi will have served as Outside Corporate Auditor of the Company for twenty-two years at the conclusion of this Annual Meeting of Shareholders.

- (Notes)
1. None of the candidates for Corporate Auditors have special conflict of interest with the Company.
 2. The Company has concluded liability limitation agreement with Messrs. Kazuya Matsushita and Takao Oguchi based on the provisions of Article 427, Paragraph 1 of the Companies Act, for the purpose of limiting the liability for damages arising from the act as set out in Article 423, Paragraph 1 of the Act; provided, however, that the limit of the liability shall be an amount stipulated in Article 425, Paragraph 1 of the Act. The Company plans to continue the agreement with them upon the approval on their reappointment.
 3. Messrs. Kazuya Matsushita and Takao Oguchi are candidates for Outside Corporate Auditors. All candidates for Outside Corporate Auditors are required to meet the election criteria for independent outside officers set out by the Company, and both of the two candidates meet all such criteria.
 4. Mr. Takao Oguchi meets the requirements for independent officer based on the regulations of Tokyo Stock Exchange, Inc. The Company has designated him as an independent officer and registered him as such at Tokyo Stock Exchange, Inc.

Reference Documents for the Annual Meeting of Shareholders

<Reference> “Criteria for Election of Independent Outside Officers”

1. Independent Outside Officers should not be currently serving or have served in the past as Director (excluding Outside Director, hereinafter the same shall apply), Corporate Auditor (excluding Outside Corporate Auditor, hereinafter the same shall apply), Executive Officer, Manager and other employee of the Company or the Group.
2. Independent Outside Officers should not be currently serving or have served in the past five years as Director, Corporate Auditor, Executive Officer, Manager and other employee of a major shareholder of the Company.
3. Independent Outside Officers should not be currently serving as Director, Corporate Auditor, Executive Officer, Manager and other employee of a company which, at present, is a principal shareholder of the Company.
4. Independent Outside Officers should not be currently serving or have served in the past three years as Director, Corporate Auditor, Executive Officer, Manager and other employee of a company which is a principal business partners (accounting for more than 2% of the consolidated gross sales of the Company in the previous fiscal year) of the Company or the Group.
5. Independent Outside Officers should not be currently serving as Director (referring to Executive Director only), or other executor of business (referring to officer, member or employee engaged in the execution of business) at an organization (such as public interest incorporated foundation, public interest incorporated association, non-profit corporation) that receives donation or subsidy in excess of certain amount (10 million yen on average over the past three years) from the Company or the Group.
6. Independent Outside Officers should not be currently serving as Director, Corporate Auditor or Executive Officer of a company or its subsidiary where the Company or the Group has seconded a Director or Corporate Auditor (whether full-time or part-time).
7. Independent Outside Officers should not be currently serving or have served in the past five years as Director, Corporate Auditor, Executive Officer, Manager and other employee of a principal financial institution of the Company or the Group (a financial institution vital for fund raising at the Company or the Group, conducting comprehensive review to determine whether there is a situation likely to give rise to an issue of conflicts of interest between the Company and shareholders (involving actual or potential insolvency), and other review, such as financial/credit rating, capital ratio, financing dependency on specific creditors or ability to repay loans of the Company or the Group).
8. Independent Outside Officers should not be currently serving or have served in the past five years as Director (excluding outside Director, hereinafter the same shall apply), Corporate Auditor (excluding outside Corporate Auditor, hereinafter the same shall apply), Executive Officer, Manager and other employee of a brokerage lead manager of the Company.
9. Independent Outside Officers should not be currently serving or have served in the past three years as member, partner or employee of the accounting auditor (or tax accountant's corporation) of the Company or the Group.
10. Independent Outside Officers should not be currently serving as professional service provider including attorney, certified public accountant, tax accountant and consultant of various natures, who receives compensation in excess of certain amount (10 million yen on average over the past three years) from the Company or the Group.
11. Independent Outside Officers should not be relatives within the second degree of kinship, or other relatives living together with the person concerned in each of the above 1 through 10.
12. However, a person who falls into any of the above may still be appointed as an Independent Outside Officer of the Company, as long as the person is deemed appropriate by the Company as an Independent Outside Officer of the Company in light of his/her character, insight and other qualities, subject to an external explanation justifying such reason for the appointment.
13. Apart from the qualifications listed above, Independent Outside Officers should not be determined to be questionable in terms of his/her independence as an Independent Outside Officer, and may cause substantive and permanent conflicts of interest with general shareholders.

Consolidated Financial Statements

Consolidated Balance Sheet (As of August 31, 2018)

(Unit: Thousand yen)

Item	Amount
Assets	
Current assets	9,170,487
Cash and deposits	6,508,431
Accounts receivable - trade	1,286,469
Securities	200,000
Merchandise	369,207
Work in process	11,243
Supplies	11,151
Advance payments - trade	107,098
Prepaid expenses	263,893
Deferred tax assets	210,551
Other	269,891
Allowance for doubtful accounts	(67,450)
Non-current assets	9,665,339
Property, plant and equipment	1,134,288
Buildings and structures	627,886
Tools, furniture and fixtures	60,342
Land	446,059
Intangible assets	3,436,728
Goodwill	3,251,028
Software	178,875
Telephone subscription right	6,824
Investment and other assets	5,094,322
Investment securities	3,724,989
Long-term loans receivable from subsidiaries and associates	20,000
Long-term prepaid expenses	85,344
Deferred tax assets	90,011
Lease and guarantee deposits	937,901
Long-term time deposits	200,000
Other	36,075
Total assets	18,835,827

Item	Amount
Liabilities	
Current liabilities	3,564,345
Accounts payable - trade	184,059
Short-term loans payable	70,000
Accounts payable - other	145,764
Accrued expenses	1,018,658
Deferred tax liabilities	597
Income taxes payable	209,272
Accrued consumption taxes	68,587
Advances received	1,379,990
Deposits received	83,826
Provision for bonuses	350,544
Provision for sales returns	29,470
Other	23,575
Non-current liabilities	934,620
Net defined benefit liability	72,797
Long-term accounts payable - employees	130,602
Long-term accounts payable - directors	176,980
Deferred tax liabilities	263,616
Asset retirement obligations	273,375
Long-term guarantee deposited	17,132
Other	116
Total liabilities	4,498,965
Net assets	
Shareholders' equity	13,554,007
Capital stock	972,512
Capital surplus	909,768
Retained earnings	13,315,513
Treasury shares	(1,643,787)
Accumulated other comprehensive income	752,738
Valuation difference on available-for-sale securities	738,497
Foreign currency translation adjustment	14,241
Non-controlling interests	30,115
Total net assets	14,336,861
Total liabilities and net assets	18,835,827

Consolidated Financial Statements

Consolidated Statement of Income (From September 1, 2017 to August 31, 2018)

(Unit: Thousand yen)

Item	Amount	
Net sales		19,116,595
Cost of sales		13,020,061
Gross profit		6,096,534
Selling, general and administrative expenses		4,654,654
Operating income		1,441,879
Non-operating income		
Interest income	22,374	
Dividend income	46,993	
Rent income	18,347	
Reversal of allowance for doubtful accounts	23,562	
Penalty income	3,197	
Other	18,763	133,238
Non-operating expenses		
Interest expenses	435	
Share of loss of entities accounted for using equity method	10,435	
Rent expenses	6,119	
Other	21	17,012
Ordinary income		1,558,105
Extraordinary losses		
Loss on retirement of property, plant and equipment	23,362	
Loss on retirement of software	13,055	
Impairment loss	49,673	86,091
Profit before income taxes		1,472,014
Income taxes - current	711,913	
Income taxes - deferred	98,087	810,001
Profit		662,013
Profit attributable to non-controlling interests		4,989
Profit attributable to owners of the parent		657,024

Consolidated Statement of Changes in Equity (From September 1, 2017 to August 31, 2018)

(Unit: Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	972,512	909,768	13,747,327	(1,643,787)	13,985,821
Changes of items during period					
Dividends of surplus			(1,088,838)		(1,088,838)
Profit attributable to owners of the parent			657,024		657,024
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	(431,813)	—	(431,813)
Balance at end of period	972,512	909,768	13,315,513	(1,643,787)	13,554,007

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	392,014	13,707	405,722	25,109	14,416,652
Changes of items during period					
Dividends of surplus					(1,088,838)
Profit attributable to owners of the parent					657,024
Net changes of items other than shareholders' equity	346,483	533	347,016	5,006	352,023
Total changes of items during period	346,483	533	347,016	5,006	(79,790)
Balance at end of period	738,497	14,241	752,738	30,115	14,336,861

Non-consolidated Financial Statements

Balance Sheet (As of August 31, 2018)

(Unit: Thousand yen)

Item	Amount
Assets	
Current assets	5,177,350
Cash and deposits	3,334,316
Accounts receivable - trade	996,484
Securities	200,000
Merchandise	114,799
Supplies	9,483
Advance payments - trade	15,953
Prepaid expenses	153,347
Deferred tax assets	150,908
Short-term loans receivable	36,000
Other	217,945
Allowance for doubtful accounts	(51,886)
Non-current assets	10,878,799
Property, plant and equipment	452,829
Buildings	269,264
Tools, furniture and fixtures	20,506
Land	163,059
Intangible assets	173,018
Software	168,546
Telephone subscription right	4,471
Investments and other assets	10,252,952
Investment securities	3,583,673
Shares of subsidiaries and associates	5,559,426
Investments in capital	10,010
Long-term loans receivable from subsidiaries and associates	277,000
Long-term prepaid expenses	68,871
Lease and guarantee deposits	530,435
Long-term time deposits	200,000
Other	23,534
Total assets	16,056,150

Item	Amount
Liabilities	
Current liabilities	1,398,813
Accounts payable - trade	109,494
Accounts payable - other	30,380
Accrued expenses	692,190
Income taxes payable	59,320
Advances received	106,749
Deposits received	59,862
Provision for bonuses	324,802
Other	16,014
Non-current liabilities	678,322
Long-term accounts payable - employees	130,602
Long-term accounts payable - directors	159,250
Deferred tax liabilities	234,241
Asset retirement obligations	152,928
Long-term guarantee deposited	1,300
Total liabilities	2,077,135
Net assets	
Shareholders' equity	13,242,050
Capital stock	972,512
Capital surplus	915,503
Legal capital surplus	915,503
Retained earnings	12,997,821
Legal retained earnings	54,482
Other retained earnings	12,943,339
General reserve	9,147,000
Retained earnings brought forward	3,796,339
Treasury shares	(1,643,787)
Valuation and translation adjustments	736,965
Valuation difference on available-for-sale securities	736,965
Total net assets	13,979,015
Total liabilities and net assets	16,056,150

Statement of Income (From September 1, 2017 to August 31, 2018)

(Unit: Thousand yen)

Item	Amount	
Net sales		12,993,037
Cost of sales		8,807,736
Gross profit		4,185,301
Selling, general and administrative expenses		3,096,628
Operating income		1,088,672
Non-operating income		
Interest income	6,423	
Interest on securities	21,317	
Dividend income	46,863	
Rent income	49,918	
Reversal of allowance for doubtful accounts	22,970	
Penalty income	3,197	
Other	8,436	159,127
Non-operating expenses		
Rent expenses	31,738	
Other	16	31,754
Ordinary income		1,216,045
Extraordinary losses		
Loss on retirement of property, plant and equipment	7,534	
Loss on retirement of software	13,055	
Impairment loss	46,591	67,181
Profit before income taxes		1,148,864
Income taxes - current	444,220	
Income taxes - deferred	31,371	475,591
Profit		673,273

Non-consolidated Financial Statements

Statement of Changes in Equity (From September 1, 2017 to August 31, 2018)

(Unit: Thousand yen)

	Shareholders' equity							
	Capital stock	Capital surplus	Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
				General reserve	Retained earnings brought forward			
Balance at beginning of period	972,512	915,503	54,482	9,147,000	4,211,904	13,413,386	(1,643,787)	13,657,615
Changes of items during period								
Dividends of surplus					(1,088,838)	(1,088,838)		(1,088,838)
Profit					673,273	673,273		673,273
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	—	—	(415,564)	(415,564)	—	(415,564)
Balance at end of period	972,512	915,503	54,482	9,147,000	3,796,339	12,997,821	(1,643,787)	13,242,050

	Valuation and translation adjustments	Total net assets
	Valuation difference on available-for-sale securities	
Balance at beginning of period	390,822	14,048,438
Changes of items during period		
Dividends of surplus		(1,088,838)
Profit		673,273
Net changes of items other than shareholders' equity	346,142	346,142
Total changes of items during period	346,142	(69,422)
Balance at end of period	736,965	13,979,015