

**Consolidated Financial Summary for the Second Quarter of Fiscal Year Ending March 31, 2019
(Six Months Ended September 30, 2018)**

[Japanese GAAP]

November 9, 2018

Company name: **With us Corporation**

Stock listed on TSE JASDAQ

Stock code: 9696

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Scheduled date of filing of Quarterly Report:

November 13, 2018

Scheduled date of dividend payment:

December 4, 2018

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

None

Note: The original disclosure in Japanese was released on November 9, 2018 at 15:10 (GMT +9).

(All amounts are rounded down to the nearest million yen.)

1. Consolidated financial results for the six months ended September 30, 2018 (April 1, 2018 - September 30, 2018)

(1) Consolidated business results

(The percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2018	7,781	4.2	45	-	92	438.0	(6)	-
Six months ended Sep. 30, 2017	7,466	15.3	(1)	-	17	-	(63)	-

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2018: 23 (down 49.7%)
Six months ended Sep. 30, 2017: 47 (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2018	(0.63)	-
Six months ended Sep. 30, 2017	(6.28)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2018	11,893	4,758	36.8	433.84
As of Mar. 31, 2018	13,475	5,014	33.7	451.06

Reference: Shareholders' equity (million yen) As of Sep. 30, 2018: 4,381 As of Mar. 31, 2018: 4,538

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2018	-	6.00	-	10.00	16.00
Fiscal year ending Mar. 31, 2019	-	6.00	-	-	-
Fiscal year ending Mar. 31, 2019 (forecast)	-	-	-	10.00	16.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated earnings forecast for the fiscal year ending March 31, 2019 (April 1, 2018 - March 31, 2019)

(The percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	16,686	2.7	907	9.8	924	10.2	370	107.9	36.77

Note: Revisions to the most recently announced consolidated earnings forecast: None

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares issued (common shares)

1) Number of shares issued at the end of the period (including treasury shares)

As of Sep. 30, 2018:	10,440,000 shares	As of Mar. 31, 2018:	10,440,000 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2018:	340,828 shares	As of Mar. 31, 2018:	377,728 shares
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3) Average number of shares during the period

Six months ended Sep. 30, 2018:	10,080,722 shares	Six months ended Sep. 30, 2017:	10,062,272 shares
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Note 1: The current quarterly summary report is not subject to quarterly review by certified public accountants or auditing firms.

Note 2: Explanation of appropriate use of forward-looking statements, and other special items

Cautionary statement with respect to forward-looking statements and other special items

Forward-looking statements in this report are based on assumptions judged to be valid and information currently available to the Company. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of factors. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements” on page 4 for assumptions for forecasts and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Business Results

During the first half of the fiscal year ending March 31, 2019 (hereinafter “the period under review”), the Japanese economy maintained a moderate recovery trend, led principally by improvements in employment and personal income. The outlook, however, remains uncertain due to the intensifying trade friction and the occurrences of natural disasters, such as torrential rain, typhoons and earthquakes.

In the educational services sector, in which we operate, we have observed more clearly the trends to diversify services, explore opportunities for capital and business alliances, and branch out into new business domains so as to cope with intensified competition among the industry peers, given the environment where the number of children per household continues to decline. On the other hand, the private education sector sees an opportunity for offering educational services as demand for educational services will be stimulated by the introduction of English as a mandatory subject and computer programming education into elementary school curriculum, and reform of university entrance exams.

With us Corporation (hereinafter “the Company”) and its subsidiaries and associates (hereinafter collectively “the Group”) has set the following six targets as the core of its management policy to promote balanced portfolio management that can respond to environmental changes: 1) enhancing customer satisfaction, 2) strengthening service quality, 3) redesigning lines of service and developing new business formats, 4) expanding the business domains, 5) developing human resources and strengthening management capability, and 6) rebuilding the intra-Group synergies, in accordance with the corporate vision “to become an outstanding educational institution capable of fostering people who will be successful in their carrier,” aiming for further growth.”

During the period under review, we implemented measures for diversifying our service offerings such as expanding educational services by utilizing audio-visuals supported by ICT and setting up attractive courses that anticipated the needs of the times with an aim to achieve sustainable growth of our mainstay gakushu-juku and high school and careers support business segments.

Furthermore, as a measure to further expand our scope of business activities going forward, we have aggressively invested in new businesses as well as further promoted globalization of the business by offering language services such as translation and interpretation and Japanese-language education services.

In July 2018, we entered a business alliance with Waseda Elderly Health Association Co., Ltd. for healthcare services including care prevention. In August, we formed another business alliance with Hakusen Gakuin—an incorporated educational institution that operates Niigata Sangyo University and its attached high school—for university-high school cooperation and remote learning leveraging ICT. In September, we also concluded a capital and business alliance with Gakken Holdings Co., Ltd. for coordinated operation of Gakken’s classroom and our gakushu-juku, and development of products that satisfies the educational needs of a wide range of generations. We believe that building long-term cooperative ties with these partners will allow us to significantly expand the range of our services.

As a result, net sales for the period under review amounted to 7,781 million yen (up 4.2% year-on-year)—a record high for the first half sales—with operating profit of 45 million yen (compared with operating loss of 1 million yen for the same period a year earlier), ordinary profit of 92 million yen (up 438.0% year-on-year), and loss attributable to owners of parent was 6 million yen (compared with loss attributable to owners of parent of 63 million yen for the same period a year earlier).

The Group’s earnings are significantly affected by our core business that is subject to seasonal fluctuations. Specifically, the student enrollment is smallest in April, the first month of the academic year, and increases thereafter. Furthermore, sales of the months in which we offer the summer, winter and spring seminars are higher than those of other average months. In addition, up-front expenditures such as fixed expenses and advertising and marketing expenses required during the first half of the fiscal year also contribute to such fluctuations.

The overview of each business segment is as described below. In line with the revision of performance management categories, we have changed the reportable segment structure from the first quarter of the current fiscal year based on the method for determining allocation of management resources and on the similarity and relevance of the performance evaluation method. The following year-on-year comparisons are based on the segment structure after the change.

Reportable segment performance is described as below.

1) Gakushu-juku Business

In the gakushu-juku business segment, we have thoroughly implemented the plus-cycle study method that helps students deepen their learning experience in a way that makes them say “I did it!” rather than “I think I get it.” The method has evolved from the Educational Method of Self-motivation (EMS) program—our exclusive approach to stimulating the desire to learn—which has been established from the latest findings in brain science. In addition, we have established an on-line English lesson program offered by native speakers and a prep course for the *Eiken* Test in Practical English Proficiency in response for the rising demand for English learning aimed at acquiring four skills (listening, speaking, reading and writing), and increased the number of programming schools for elementary school students. Furthermore, as we acquired Kyodai Seminar Kubo-Juku Co., Ltd. with a customer base in Hyogo Prefecture in September last year and made it a wholly-owned subsidiary of the Company, it has contributed to our consolidated earnings from the beginning of the current fiscal year. As a result, net sales of the segment increased to 3,988 million yen (up 1.8% year-on-year).

2) High School and Careers Support Business

In the high school and careers support business segment, we are primarily engaged in offering correspondence high school course, career support course for working adults, and Japanese language education services. In the mainstay correspondence high school business, we have continued to have an increasing number of students enrolled in our correspondence high school. This strong performance is attributable to enhanced awareness of our brand along with rapid progress of ICT technology and a change in learning style as well as our attractive course content for specialist training enabled by our unique ICT platform.

Furthermore, performances of Genki Global, Inc. and N.I.S. Co. Ltd., which operate Japanese language education services, remained steady in response to the recent rise of inbound tourism in Japan. As a result, net sales of the segment increased to 2,471 million yen (up 12.6% year-on-year).

3) Other businesses

The other businesses segment consists of a newly added healthcare business providing services that help enhance quality of life (QOL) mainly through health care and preventive care as well as the existing businesses of advertising, ICT-enabled education and skill development, content development and sales for corporate training portal site, and language services. Net sales of the segment decreased to 1,321 million yen (down 2.4% year-on-year) because one of our consolidated subsidiaries in the previous fiscal year has become an equity method affiliate from the current fiscal year.

(2) Explanation of Financial Position

1) Assets, liabilities and net assets

Assets

Current assets decreased 28.6% from the end of the previous fiscal year to 4,337 million yen. This was due mainly to decreases of 1,455 million yen in cash and deposits and 295 million yen in accounts receivable-school fees.

Non-current assets increased 2.1% from the end of the previous fiscal year to 7,556 million yen. This was due mainly to increases of 111 million yen in other of the investments and other assets section and 37 million yen in investment securities.

As a result, total assets decreased 11.7% from the end of the previous fiscal year to 11,893 million yen.

Liabilities

Current liabilities decreased 20.9% from the end of the previous fiscal year to 4,687 million yen. This was due mainly to decreases of 995 million yen in advances received, 176 million yen in notes and accounts payable-trade, and 81 million yen in income taxes payable.

Non-current liabilities decreased 3.3% from the end of the previous fiscal year to 2,447 million yen. This was due mainly to decreases of 49 million yen in other and 44 million yen in long-term loans payable.

As a result, total liabilities decreased 15.7% from the end of the previous fiscal year to 7,135 million yen.

Net assets

Net assets decreased 5.1% from the end of the previous fiscal year to 4,758 million yen. This was attributable mainly to decreases of 106 million yen in retained earnings, 99 million yen in non-controlling interests, and 44 million yen in capital surplus.

2) Cash Flows

The balance of cash and cash equivalents (hereinafter “net cash”) as of the end of the period under review increased 80 million yen year-on-year to 3,458 million yen as a result of below mentioned cash flows.

Cash flows during the period under review and major components were as follows:

Cash flows from operating activities

Net cash used in operating activities was 743 million yen in the period under review (compared with 516 million yen used in the same period of the previous fiscal year). The result was attributable mainly to decreases of 994 million yen in advances received and 281 million yen in trade receivables.

Cash flows from investing activities

Net cash used in investing activities was 330 million yen in the period under review (compared with 480 million yen used in the same period of the previous fiscal year). The result was attributable mainly to payments of 145 million yen for purchase of property, plant and equipment, 139 million yen for purchase of intangible assets, and 99 million yen for purchase of insurance funds.

Cash flows from financing activities

Net cash used in financing activities was 307 million yen in the period under review (compared with 111 million yen provided in the same period of the previous fiscal year). The result was attributable mainly to payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation of 181 million yen and repayments of long-term loans payable of 129 million yen.

(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements

We will not make any revisions to the consolidated earnings forecast for the fiscal year ending on March 31, 2019 that was announced on May 14, 2018.

The above forecasts are made by the Company on information available at the time of release of this summary report. Actual results may differ from these forecasts due to various factors.

2. Quarterly Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheet**

(Unit: thousand yen)

	As of Mar. 31, 2018	As of Sep. 30, 2018
Assets		
Current assets		
Cash and deposits	4,932,185	3,477,171
Notes and accounts receivable-trade	332,271	315,051
Accounts receivable-school fees	354,670	58,720
Merchandise and finished goods	15,351	15,916
Teaching material	51,695	36,014
Raw materials and supplies	7,075	14,275
Other	396,210	433,136
Allowance for doubtful accounts	(15,662)	(13,101)
Total current assets	6,073,797	4,337,183
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,144,992	2,171,630
Other, net	621,310	662,397
Total property, plant and equipment	2,766,303	2,834,028
Intangible assets		
Goodwill	445,313	398,214
Other	580,238	561,979
Total intangible assets	1,025,551	960,193
Investments and other assets		
Investment securities	893,040	930,869
Lease and guarantee deposits	1,174,408	1,179,222
Other	1,586,816	1,698,550
Allowance for doubtful accounts	(44,488)	(46,482)
Total investments and other assets	3,609,776	3,762,160
Total non-current assets	7,401,631	7,556,382
Total assets	13,475,429	11,893,566

	(Unit: thousand yen)	
	As of Mar. 31, 2018	As of Sep. 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable-trade	349,614	172,874
Short-term loans payable	630,000	743,000
Current portion of bonds	40,000	-
Current portion of long-term loans payable	154,071	126,071
Income taxes payable	275,425	193,478
Advances received	3,319,617	2,324,088
Provision for bonuses	188,325	192,087
Other	972,567	936,133
Total current liabilities	5,929,621	4,687,734
Non-current liabilities		
Long-term loans payable	379,084	334,563
Provision for directors' retirement benefits	22,693	23,733
Net defined benefit liability	993,353	998,505
Asset retirement obligations	719,228	722,708
Other	417,289	367,777
Total non-current liabilities	2,531,649	2,447,287
Total liabilities	8,461,270	7,135,021
Net assets		
Shareholders' equity		
Capital stock	1,299,375	1,299,375
Capital surplus	1,527,761	1,482,840
Retained earnings	1,823,720	1,716,795
Treasury shares	(143,724)	(129,684)
Total shareholders' equity	4,507,133	4,369,326
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	180,498	179,435
Revaluation reserve for land	(191,835)	(191,835)
Remeasurements of defined benefit plans	42,872	24,498
Total accumulated other comprehensive income	31,534	12,098
Share acquisition rights	34,530	35,189
Non-controlling interests	440,960	341,929
Total net assets	5,014,158	4,758,544
Total liabilities and net assets	13,475,429	11,893,566

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income
(For the Six-month Period)**

(Unit: thousand yen)

	Apr. 1, 2017 - Sep. 30, 2017	Apr. 1, 2018- Sep. 30, 2018
Net sales	7,466,510	7,781,867
Cost of sales	5,586,407	5,821,400
Gross profit	1,880,102	1,960,466
Selling, general and administrative expenses	1,881,222	1,915,335
Operating profit (loss)	(1,119)	45,130
Non-operating income		
Interest income	4,691	3,544
Dividend income	10,518	10,612
Share of profit of entities accounted for using equity method	-	8,855
Income from participated event	4,197	4,325
Other	19,031	30,173
Total non-operating income	38,438	57,511
Non-operating expenses		
Interest expenses	5,194	4,707
Share of loss of entities accounted for using equity method	10,449	-
Provision of allowance for doubtful accounts	-	1,992
Other	4,408	3,053
Total non-operating expenses	20,052	9,754
Ordinary profit	17,266	92,888
Extraordinary income		
Gain on sales of shares of subsidiaries	-	64,482
Surrender value of insurance	14,657	-
Compensation income	12,585	-
Total extraordinary income	27,243	64,482
Extraordinary losses		
Loss on sales of non-current assets	4,605	-
Loss on retirement of non-current assets	3,967	1,653
Impairment loss	-	5,853
Loss on valuation of investment securities	-	15,725
Other	-	968
Total extraordinary losses	8,572	24,200
Profit before income taxes	35,937	133,170
Income taxes-current	135,369	157,742
Income taxes-deferred	(66,842)	(67,688)
Total income taxes	68,526	90,054
Profit (loss)	(32,589)	43,115
Profit attributable to non-controlling interests	30,576	49,418
Loss attributable to owners of parent	(63,165)	(6,303)

Consolidated Statement of Comprehensive Income
(For the Six-month Period)

(Unit: thousand yen)

	Apr. 1, 2017 - Sep. 30, 2017	Apr. 1, 2018- Sep. 30, 2018
Profit (loss)	(32,589)	43,115
Other comprehensive income		
Valuation difference on available-for-sale securities	72,250	(1,062)
Revaluation reserve for land	25,808	-
Remeasurements of defined benefit plans, net of tax	(18,373)	(18,373)
Total other comprehensive income	79,684	(19,436)
Comprehensive income	47,095	23,679
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,519	(25,739)
Comprehensive income attributable to non-controlling interests	30,576	49,418

(3) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Apr. 1, 2017 - Sep. 30, 2017	Apr. 1, 2018- Sep. 30, 2018
Cash flows from operating activities		
Profit before income taxes	35,937	133,170
Depreciation	185,034	212,196
Share-based compensation expenses	6,360	5,771
Impairment loss	-	5,853
Loss on retirement of non-current assets	3,967	1,653
Surrender value of insurance	(14,657)	-
Amortization of goodwill	64,051	47,099
Increase (decrease) in allowance for doubtful accounts	(2,197)	(567)
Increase (decrease) in provision for bonuses	13,763	3,762
Increase (decrease) in net defined benefit liability	(9,163)	(21,323)
Increase (decrease) in provision for directors' retirement benefits	1,039	1,039
Interest and dividend income	(15,209)	(14,157)
Interest expenses	5,194	4,707
Share of loss (profit) of entities accounted for using equity method	10,449	(8,855)
Loss (gain) on sales of shares of subsidiaries	-	(64,482)
Loss (gain) on valuation of investment securities	-	15,725
Loss (gain) on sales of property, plant and equipment	4,605	-
Decrease (increase) in notes and accounts receivable-trade	324,870	281,032
Decrease (increase) in inventories	10,908	5,381
Increase (decrease) in notes and accounts payable-trade	(149,460)	(165,163)
Increase (decrease) in advances received	(846,319)	(994,964)
Decrease (increase) in other assets	(51,196)	(33,058)
Increase (decrease) in other liabilities	122,729	87,453
Subtotal	(299,293)	(497,726)
Interest and dividend income received	14,244	13,326
Interest expenses paid	(4,982)	(5,472)
Income taxes paid	(226,243)	(253,229)
Net cash provided by (used in) operating activities	(516,275)	(743,102)
Cash flows from investing activities		
Payments into time deposits	(16,042)	(44,077)
Proceeds from withdrawal of time deposits	10,042	118,090
Purchase of property, plant and equipment	(116,586)	(145,065)
Proceeds from sales of non-current assets	11,668	-
Purchase of intangible assets	(134,473)	(139,621)
Purchase of investment securities	(21,180)	(180)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(119,312)	-
Purchase of shares of subsidiaries and associates	(11,512)	-
Payments for asset retirement obligations	(10,524)	(29,537)
Payments or guarantee for lease deposits	(3,165)	(6,534)
Purchase of insurance funds	(129,505)	(99,229)
Proceeds from cancellation of insurance funds	59,969	14,224
Other, net	(134)	1,227
Net cash provided by (used in) investing activities	(480,756)	(330,704)

(Unit: thousand yen)

	Apr. 1, 2017 - Sep. 30, 2017	Apr. 1, 2018- Sep. 30, 2018
Cash flows from financing activities		
Increase in short-term loans payable	730,000	840,000
Decrease in short-term loans payable	(680,000)	(730,000)
Proceeds from long-term loans payable	302,000	10,000
Repayments of long-term loans payable	(66,967)	(79,521)
Redemption of bonds	(40,000)	(40,000)
Repayments of lease obligations	(14,767)	(9,697)
Payments for long-term accounts payable-other	(4,146)	(4,146)
Cash dividends paid	(100,156)	(100,201)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(181,335)
Proceeds from share issuance to non-controlling shareholders	-	3,000
Dividends paid to non-controlling interests	(14,651)	(15,295)
Net cash provided by (used in) financing activities	111,311	(307,196)
Net increase (decrease) in cash and cash equivalents	(885,720)	(1,381,003)
Cash and cash equivalents at beginning of period	4,263,075	4,839,223
Cash and cash equivalents at end of period	3,377,355	3,458,220

(4) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Additional Information

(Application of Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.)

Effective from the beginning of the first quarter of the current fiscal year, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standard Board of Japan (ASBJ) No. 28, February 16, 2018) and other related pronouncements. Accordingly, deferred tax assets and deferred tax liabilities have been presented in the investments and other assets section and the non-current liabilities section of the balance sheet, respectively.

Segment and Other Information

Segment information

I. Apr. 1, 2017 – Sep. 30, 2017

1. Information related to net sales, profit or loss for each reportable segment (Unit: thousand yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Gakushu-juku	High school and careers support	Subtotal				
Net sales							
External sales	3,918,531	2,194,281	6,112,813	1,353,697	7,466,510	-	7,466,510
Inter-segment sales and transfers	-	-	-	470,956	470,956	(470,956)	-
Total	3,918,531	2,194,281	6,112,813	1,824,653	7,937,466	(470,956)	7,466,510
Segment profit	388,147	125,611	513,758	154,204	667,962	(669,082)	(1,119)

Notes: 1. The "Other" segment consists of activities that are not included in any of the reportable segments: the advertising business, the ICT education and skill development business, the language services business, the content development and sales business for corporate training portal site, and other activities.

2. The minus 669,082 thousand yen adjustment to segment profit includes minus 34,580 thousand yen in elimination for inter-segment transactions and minus 634,501 thousand yen in corporate expenses that cannot be allocated to any reportable segment. Corporate expenses mainly include general and administration expenses of the Company that cannot be attributed to any reportable segment.

3. Segment profit is adjusted to be consistent with operating loss on the quarterly consolidated statement of income.

II. Apr. 1, 2018 – Sep. 30, 2018

1. Information related to net sales, profit or loss for each reportable segment (Unit: thousand yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Gakushu-juku	High school and careers support	Subtotal				
Net sales							
External sales	3,988,945	2,471,434	6,460,379	1,321,487	7,781,867	-	7,781,867
Inter-segment sales and transfers	-	6,600	6,600	393,921	400,521	(400,521)	-
Total	3,988,945	2,478,034	6,466,979	1,715,408	8,182,388	(400,521)	7,781,867
Segment profit	307,397	285,377	592,774	91,574	684,349	(639,218)	45,130

Notes: 1. The “Other” segment consists of activities that are not included in any of the reportable segments: the advertising business, the ICT education and skill development business, the language services business, the content development and sales business for corporate training portal site, and other activities.

2. The minus 639,218 thousand yen adjustment to segment profit includes 784 thousand yen in elimination for inter-segment transactions and minus 640,003 thousand yen in corporate expenses that cannot be allocated to any reportable segment. Corporate expenses mainly include general and administration expenses of the Company that cannot be attributed to any reportable segment.

3. Segment profit is adjusted to be consistent with operating profit on the quarterly consolidated statement of income.

2. Information related to changes in reportable segments

In line with the revision of performance management categories, we have changed the reportable segment structure from the first quarter of the current fiscal year based on the method for determining allocation of management resources and on the similarity and relevance of the performance evaluation method. Specifically, the preschool education business included in the “Other” segment in the previous fiscal year has been integrated into the gakushu-juku business segment since the beginning of the first quarter of the current fiscal year.

The segment information for the first half of the previous fiscal year was prepared and disclosed based on the reportable segment structure after the change.

Material Subsequent Events

Not applicable.

** This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*