



## Consolidated Financial Summary for the Fiscal Year Ended March 31, 2018

[Japanese GAAP]

May 14, 2018

Company name: **With us Corporation**

Stock listed on TSE JASDAQ

Stock code: 9696

URL: <http://www.with-us.co.jp/>

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Scheduled date of General Meeting of Shareholders:

June 26, 2018

Scheduled date of filing of Annual Securities Report:

June 26, 2018

Scheduled date of dividend payment:

June 12, 2018

Preparation of supplementary materials for financial results:

None

Holding of financial results meeting:

None

Note: The original disclosure in Japanese was released on May 14, 2018 at 15:10 (GMT +9).

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

### 1. Consolidated financial results for the fiscal year ended March 31, 2018 (April 1, 2017 - March 31, 2018)

(1) Consolidated business results (The percentages for net sales and profits 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	%
Fiscal year ended Mar. 31, 2018	16,241	13.5	826	31.1	838	28.3	177	58.0
Fiscal year ended Mar. 31, 2017	14,313	4.6	629	(44.8)	653	(44.0)	112	(79.2)

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2018: 239 (up 65.2%)

Fiscal year ended Mar. 31, 2017: 144 (down 73.0%)

	Net income per share	Diluted net income per share	ROE	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2018	17.69	17.50	3.9	6.4	5.1
Fiscal year ended Mar. 31, 2017	11.19	11.12	2.5	5.3	4.4

Reference: Equity method income (million yen) Fiscal year ended Mar. 31, 2018: (10) Fiscal year ended Mar. 31, 2017: (8)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2018	13,478	5,014	33.7	451.06
As of Mar. 31, 2017	12,652	4,939	35.8	449.95

Reference: Shareholders' equity (million yen) As of Mar. 31, 2018: 4,538 As of Mar. 31, 2017: 4,527

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2018	1,538	(773)	(213)	4,839
Fiscal year ended Mar. 31, 2017	1,178	(1,193)	(268)	4,263

### 2. Dividends

	Dividend per share					Total dividends	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen			
Fiscal year ended Mar. 31, 2017	-	6.00	-	10.00	16.00	160	143.0	3.5
Fiscal year ended Mar. 31, 2018	-	6.00	-	10.00	16.00	160	90.5	3.6
Fiscal year ending Mar. 31, 2019 (forecast)	-	6.00	-	10.00	16.00		43.5	

### 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

**\* Notes**

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

Newly added: - Excluded: -

(2) 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

(3) Number of shares issued (common shares)

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

As of Mar. 31, 2018: 10,440,000 shares As of Mar. 31, 2017: 10,440,000 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2018: 377,728 shares As of Mar. 31, 2017: 377,728 shares

3) Average number of shares during the period

Fiscal year ended Mar. 31, 2018: 10,062,272 shares Fiscal year ended Mar. 31, 2017: 10,062,272 shares

**Reference: Summary of Unconsolidated Financial Results**

**Unconsolidated financial results for the fiscal year ended March 31, 2018 (April 1, 2017 - March 31, 2018)**

(1) Unconsolidated business results

(The percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2018	11,755	2.4	530	29.8	585	16.1	46	(42.3)
Fiscal year ended Mar. 31, 2017	11,475	0.5	408	(50.5)	504	(44.7)	81	(81.4)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2018	4.67	4.62
Fiscal year ended Mar. 31, 2017	8.09	8.03

(2) Unconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2018	11,075	4,153	37.2	409.36
As of Mar. 31, 2017	10,763	4,225	39.1	417.71

Reference: Shareholders' equity (million yen) As of Mar. 31, 2018: 4,119 As of Mar. 31, 2017: 4,203

Note 1: The current financial report is not subject to audit by certified public accountants or auditing firms.

Note 2: 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. Overview of Results of Operations, (4) Outlook" on page 5 for assumptions for forecasts and notes of caution for usage.

Contents of Attachments

1. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Condition	4
(3) Cash Flows	4
(4) Outlook	5
(5) Fundamental Policy for Allocating Earnings and Dividends for the Current and Next Fiscal Years	6
2. Basic Stance on Selection of Accounting Standards	6
3. Consolidated Financial Statements and Notes	7
(1) Consolidated Balance Sheet	7
(2) Consolidated Statements of Income and Comprehensive Income	9
Consolidated Statement of Income	9
Consolidated Statement of Comprehensive Income	10
(3) Consolidated Statement of Changes in Equity	11
(4) Consolidated Statement of Cash Flows	13
(5) Notes to Consolidated Financial Statements	15
Going Concern Assumption	15
Segment and Other Information	15
Per-share Information	17
Material Subsequent Events	17

## 1. Overview of Results of Operations

### (1) Results of Operations

The Japanese economy for the fiscal year ended March 31, 2018 (hereinafter “the current fiscal year”) was on a moderate recovery trend as a whole with improving corporate earnings, employment and personal income on the back of economic measures by the government. On the other hand, given the policy development in the U.S. and geopolitical risk of the East Asian region, the outlook for the Japanese economy still remains unclear.

The business environment surrounding the education services industry remains challenging and customers become more selective due to the intensifying competition not only with our peers but also across industries and business formats as the number of children per household continues to decline.

Against this backdrop, With us Corporation (hereinafter, “the Company”) and its subsidiaries and associates (hereinafter collectively, “the Group”) have worked hard to improve service qualities, offer services adapting to the changes of time, develop new business formats, and expand into new business domains 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.

In the Gakushu-juku Business segment, we have enhanced our competitiveness by promoting the plus-cycle study method, our unique educational method established by application of the latest research findings of brain science, and by developing skilled human resources. In addition, we have expanded our business domain by developing more individual instruction facilities mainly in urban areas and by adding Kyodai Seminar Kubo-Juku Co., Ltd. (hereinafter “Kubo-Juku”) based in Hyogo Prefecture to the Group as a consolidated subsidiary.

In the High School and Careers Support Business segment, two factors contributed to the segment’s business performance. The first one is an increase in the number of students enrolled in the correspondence high schools thanks to improved brand awareness. The second one is Genki Global, Inc., a provider of Japanese language education services, which we acquired in the previous fiscal year. Genki Global fully contributed to the Group’s earnings as a wholly-owned subsidiary from the current fiscal year.

In addition, Kikko Corporation, a provider of translation and interpretation services and specialists staffing services, that we acquired and made a wholly-owned subsidiary in the previous fiscal year, has made a steady progress to contribute to globalization of the Group.

As a result, net sales for the current fiscal year amounted to a record high of 16,241 million yen (up 13.5% year-on-year) with operating profit of 826 million yen (up 31.1% year-on-year), ordinary profit of 838 million yen (up 28.3% year-on-year) and profit attributable to owners of parent of 177 million yen (up 58.0% year-on-year), even with extraordinary loss of 281 million yen as a result of recognizing an impairment loss on non-current assets of unprofitable schools and additional amortization of goodwill held by one of the consolidated subsidiaries.

Reportable segment performance is described as below.

#### 1) Gakushu-juku Business

In the Gakushu-juku Business segment, we have thoroughly implemented educational instruction to help improve students’ academic performance by drawing their “motivation to study” and “ability to learn” through our unique educational method (the plus-cycle study method) based on the findings from brain science research. We have diversified service offerings by expanding visual education services utilizing information and communication technology (ICT), promoting English learning aimed at acquiring four skills (listening, speaking, reading and writing), and increasing the number of programming schools for elementary school students. Additionally, we have made Kubo-Juku in Hyogo Prefecture a wholly-owned subsidiary with the aim of expanding our dominant area and increasing our competitiveness on top of opening 16 new schools (seven of which are owned by the newly acquired subsidiary), relocating four schools, and expanding floor areas of four schools. Meanwhile, we consolidated seven schools at the end of the current fiscal year after reviewing earnings forecast of those schools in the years ahead.

As a result of the above efforts, the average number of students enrolled during the current fiscal year was 19,979 (up 7.1% year-on-year), with net sales of the segment of 8,264 million yen (up 2.4% year-on-year) and operating profit (segment profit) of 1,033 million yen (up 2.0% year-on-year).

## 2) High School and Careers Support Business

This segment is 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 earlier introduced active learning that helps students to subjectively, proactively, and cooperatively engage in study, as well as adaptive learning that enables learning contents to be tailored to individual students, by leveraging the leading-edge ICT. Furthermore, we have offered many different courses, ranging from those for show business, sports, cosmetology, creator development and pet care.

The average number of students enrolled in the correspondence high school for the current fiscal year increased to 5,625 (up 4.3% year-on-year). This is attributed to a substantial increase in enrollment due to enhanced awareness of the correspondence high school brand in association with rapid progress of AI technology and change in learning style.

The average number of students enrolled for the segment as a whole for the current fiscal year was 6,525 (down 3.3% year-on-year) due to a decrease in the enrollment of the career support course for working adults caused by an institutional change in the nursing care training course. Nevertheless, the segment's performance was solid thanks to the increased number of correspondence high school students, a category where sales per student are high, as well as the contribution from Genki Global, Inc., a Japanese language education service provider that we made a wholly-owned subsidiary at the end of the previous fiscal year. We have improved our facilities in this segment by opening three new schools, with two of which are owned by the newly acquired subsidiary.

As a result of the above efforts, net sales of the segment amounted to 5,119 million yen (up 14.2% year-on-year) with operating profit (segment profit) of 870 million yen (up 30.4% year-on-year).

## 3) Other businesses

The other businesses segment consists mainly of the advertising business, ICT-enabled education and skill development business, content development and sales business for corporate training portal sites, and language services business. Kikko Corporation, a wholly-owned subsidiary of the Company through the M&A deal in the previous fiscal year, operates in the field of language services including interpretation and translation services and specialists staffing services, and contributed to the Company's consolidated earnings. As a result, net sales of the segment increased to 2,857 million yen (up 62.0% year-on-year) with operating profit (segment profit) of 233 million yen (up 150.0% year-on-year).

Reference: Net sales and the number of students by business segment (Unit: thousand yen, rounded down)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)			FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)			Change
	Enrollment	Amount	Comp.	Enrollment	Amount	Comp.	
	Number	Thousand yen	%	Number	Thousand yen	%	%
Gakushu-juku Business	18,657	8,068,326	56.4	19,979	8,264,660	50.9	2.4
High School and Careers Support Business	6,747	4,481,249	31.3	6,525	5,119,281	31.5	14.2
Other Businesses	443	1,764,188	12.3	470	2,857,463	17.6	62.0
Total	25,847	14,313,764	100.0	26,974	16,241,406	100.0	13.5

Note 1: The enrollment figures above represent averages for the period.

Note 2: Enrollment figures in the other businesses segment are the number of students recorded in the preschool education business.

Note 3: The monetary amounts above do not include consumption taxes.

**(2) Financial Condition**

Total assets were 13,478 million yen at the end of the current fiscal year, an increase of 826 million yen compared with the end of the previous fiscal year. This was attributable mainly to increases of 571 million yen in cash and deposits, 69 million yen in other (under the current assets section), 88 million yen in software and 274 million yen in insurance funds, which were partially offset by decreases of 107 million yen in property, plant and equipment, and 154 million yen in goodwill.

Total liabilities increased 751 million yen to 8,464 million yen. This was attributable mainly to increases of 386 million yen in advances received, 100 million yen in other (under the current liabilities section), 111 million yen in long-term loans payable and 145 million yen in other (under the non-current liabilities section).

Total net assets increased 75 million yen to 5,014 million yen. This was attributable mainly to an increase of 52 million yen in non-controlling interests.

**(3) Cash Flows**

The balance of cash and cash equivalents (hereinafter referred to as “net cash”) as of the end of the current fiscal year increased 576 million yen year-on-year to 4,839 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 provided by operating activities was 1,538 million yen in the current fiscal year, compared with 1,178 million yen provided in the previous fiscal year. This was due mainly to an increase of 386 million yen in advances received, as well as the adding back of depreciation of 383 million yen, impairment loss of 114 million yen and amortization of goodwill of 237 million yen as non-cash expenses.

*Cash flows from investing activities*

Net cash used in investing activities was 773 million yen in the current fiscal year, compared with 1,193 million yen used in the previous fiscal year. The result was attributable mainly to payments of 178 million yen for purchase of property, plant and equipment, 223 million yen for purchase of intangible assets, 175 million yen for purchase of investment securities, and 234 million yen for purchase of insurance funds.

*Cash flows from financing activities*

Net cash used in financing activities was 213 million yen in the current fiscal year, compared with 268 million yen used in the previous fiscal year. The result was attributable mainly to proceeds from short-term loans payable of 1,930 million yen and proceeds from long-term loans payable of 304 million yen, which were more than offset by repayment of short-term loans payable of 2,000 million yen, repayment of long-term loans payable of 155 million yen, redemption of bonds of 80 million yen, and cash dividends paid of 160 million yen.

Reference: Cash flow indicators

	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18
Ratio of shareholders' equity to total assets (%)	30.7	34.4	39.0	35.8	33.7
Ratio of shareholders' equity to total assets (market value basis) (%)	24.1	26.2	26.9	30.1	31.9
Cash flows to debt ratio (%)	366.2	98.4	133.5	113.8	85.1
Interest coverage ratio (times)	18.3	64.8	51.8	132.1	145.6

Notes: Indicators are calculated as follows:

- Ratio of shareholders' equity to total assets: Shareholders' equity / Total assets
- Ratio of shareholders' equity to total assets (market value basis): Market capitalization / Total assets
- Cash flows to debt ratio: Interest-bearing debt / Operating cash flow
- Interest coverage ratio: Operating cash flows / Interests payments

1. All indicators are calculated based on consolidated figures.
2. Market capitalization is calculated by multiplying the closing share price at the period end by the number of shares issued at the period end (less treasury shares).
3. The operating cash flows used in these calculations are net cash flow provided by operating activities stated in the consolidated statement of cash flows. Interest-bearing debt is the aggregate of those liabilities on the consolidated balance sheet that incur interests. Interest payments are that stated as “Interest expenses paid” on the consolidated statement of cash flows.

#### **(4) Outlook**

We expect that the Japanese economy will recover moderately backed by the continued improvements in employment and income environment. However, outlook for consumer spending remains uncertain.

We expect that the education services industry will continue to face challenging business environment, where customers become more selective due to the intensifying competition not only with our peers but also across industries and business formats as the number of children per household continues to decline.

In such environment, the Group will strive to enhance its corporate value through offering a broad range of education and services to diverse customers with continued focuses on 1) enhancing customer satisfaction, 2) strengthening service quality, 3) redesigning the service lines and developing new business formats, 4) expanding the scope of business activities, 5) strengthening development of human resources and 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.”

For our mainstay segments of the Gakushu-juku Business and the High School and Careers Support Business we are going to implement measures such as securing and cultivating human resources, opening eight new schools, promoting our ICT-enabled education solution, and exploring opportunities for M&A and capital & business alliance during the next fiscal year ending March 31, 2019. As measures to address the globalization, we have expanded our business into the field of language services including interpretation and translation services and specialists staffing services, and Japanese language education services to cater for the inbound demand. In addition, we will enter into fee-charging employment agency business targeting Japanese companies that seek to employ foreign workers. In this business we provide Japanese language education to prospective foreign workers in their own country through alliance with local institutions and universities in the Philippines and other ASEAN countries and then introduce them to Japanese customers.

We strive to improve our performance and grow our business by acquiring new customers in anticipation of future changes in the market as well as further developing the initiatives described above.

In the next fiscal year ending March 31, 2019, we expect net sales of 16,686 million yen (up 2.7% year-on-year), operating profit of 907 million yen (up 9.8%), ordinary profit of 924 million yen (up 10.2%), and profit attributable to owners of parent of 370 million yen (up 107.9%) on a consolidated basis.

#### 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.

**(5) Fundamental Policy for Allocating Earnings and Dividends for the Current and Next Fiscal Years**

The distribution of earnings to shareholders is one of the most important priorities involving the management of With us. Our fundamental policy is to distribute a substantial amount of earnings to shareholders by paying a consistent dividend. At the same time, we will retain sufficient earnings to fund investments for future growth and responses to changes in market conditions as well as to maintain a sound financial position.

Based on these policies, we plan to pay a year-end dividend of 10 yen per share for the fiscal year ended March 31, 2018. With the interim dividend of 6 yen per share that was paid on December 5, 2017, this will result in a total dividend of 16 yen per share applicable to the fiscal year ended on March 31, 2018.

With regard to dividends for the fiscal year ending March 31, 2019, we plan to maintain the amount of an ordinary dividend per annum of 16 yen per share, comprising the interim dividend of 6 yen per share and the year-end dividend of 10 yen per share.

(Unit: yen)

Date of record	Dividend per share		
	2Q-end	Year-end	Total
Forecast for fiscal year ending March 31, 2019	6	10	16
(Reference)			
Forecast for fiscal year ended March 31, 2018	-	10	16
Results for fiscal year ended March 31, 2018	6	-	

**2. Basic Stance on Selection of Accounting Standards**

The accounting standard that the Group applies is Japanese GAAP. This is because its stakeholders consist predominantly of domestic shareholders, creditors, customers and suppliers, and there is little need to procure funds from overseas.



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

(Unit: thousand yen)

	As of Mar. 31, 2017	As of Mar. 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	4,361,037	4,932,185
Notes and accounts receivable-trade	292,464	332,271
Accounts receivable-school fees	394,931	354,670
Merchandise and finished goods	32,358	15,351
Teaching material	37,229	51,695
Raw materials and supplies	6,401	7,075
Deferred tax assets	127,618	141,382
Other	326,238	396,210
Allowance for doubtful accounts	(9,802)	(15,662)
Total current assets	5,568,479	6,215,179
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,539,409	5,554,761
Accumulated depreciation	(3,295,827)	(3,409,768)
Buildings and structures, net	2,243,582	2,144,992
Land	507,019	507,755
Leased assets	50,004	50,004
Accumulated depreciation	(11,304)	(20,769)
Leased assets, net	38,699	29,234
Construction in progress	1,669	1,669
Other	981,732	1,016,298
Accumulated depreciation	(899,016)	(933,647)
Other, net	82,716	82,650
Total property, plant and equipment	2,873,686	2,766,303
Intangible assets		
Goodwill	599,755	445,313
Software	245,669	334,159
Other	228,616	246,078
Total intangible assets	1,074,041	1,025,551
Investments and other assets		
Investment securities	814,046	893,040
Long-term loans receivable	83,246	71,405
Lease and guarantee deposits	1,184,967	1,174,408
Deferred tax assets	340,365	349,345
Insurance funds	625,019	899,825
Net defined benefit asset	2,094	3,233
Other	127,460	124,755
Allowance for doubtful accounts	(41,261)	(44,488)
Total investments and other assets	3,135,940	3,471,525
Total non-current assets	7,083,668	7,263,380
Total assets	12,652,147	13,478,560

	(Unit: thousand yen)	
	As of Mar. 31, 2017	As of Mar. 31, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	327,264	349,614
Short-term loans payable	700,000	630,000
Current portion of bonds	80,000	40,000
Current portion of long-term loans payable	116,789	154,071
Lease obligations	29,238	19,924
Accounts payable - other	459,788	440,181
Income taxes payable	248,876	275,425
Accrued consumption taxes	119,918	145,825
Advances received	2,932,706	3,319,617
Provision for bonuses	183,079	188,325
Asset retirement obligations	13,055	22,117
Other	243,707	344,521
<b>Total current liabilities</b>	<b>5,454,423</b>	<b>5,929,623</b>
<b>Non-current liabilities</b>		
Bonds payable	40,000	-
Long-term loans payable	267,419	379,084
Lease obligations	108,681	86,603
Net defined benefit liability	933,462	993,353
Provision for directors' retirement benefits	20,613	22,693
Asset retirement obligations	700,218	719,228
Other	188,218	333,814
<b>Total non-current liabilities</b>	<b>2,258,613</b>	<b>2,534,778</b>
<b>Total liabilities</b>	<b>7,713,036</b>	<b>8,464,401</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,299,375	1,299,375
Capital surplus	1,527,761	1,527,761
Retained earnings	1,871,873	1,823,720
Treasury shares	(143,724)	(143,724)
<b>Total shareholders' equity</b>	<b>4,555,285</b>	<b>4,507,133</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	174,960	180,498
Revaluation reserve for land	(282,354)	(191,835)
Remeasurements of defined benefit plans	79,620	42,872
<b>Total accumulated other comprehensive income</b>	<b>(27,773)</b>	<b>31,534</b>
Share acquisition rights	22,757	34,530
Non-controlling interests	388,841	440,960
<b>Total net assets</b>	<b>4,939,110</b>	<b>5,014,158</b>
<b>Total liabilities and net assets</b>	<b>12,652,147</b>	<b>13,478,560</b>

**(2) Consolidated Statements of Income and Comprehensive Income****Consolidated Statement of Income**

(Unit: thousand yen)

	Apr. 1, 2016 - Mar. 31, 2017	Apr. 1, 2017 - Mar. 31, 2018
Net sales	14,313,764	16,241,406
Cost of sales	10,287,127	11,490,481
Gross profit	4,026,637	4,750,925
Selling, general and administrative expenses	3,396,753	3,924,913
Operating profit	629,884	826,011
Non-operating income		
Interest income	9,391	8,207
Dividend income	14,741	16,580
Income from participated event	4,398	5,479
Other	22,559	27,309
Total non-operating income	51,091	57,576
Non-operating expenses		
Interest expenses	8,350	10,406
Share of loss of entities accounted for using equity method	8,846	10,448
Loss on valuation of compound financial instruments	-	13,656
Other	10,495	10,624
Total non-operating expenses	27,692	45,135
Ordinary profit	653,283	838,452
Extraordinary income		
Gain on sales of non-current assets	11,226	877
Gain on sales of investment securities	2,323	-
Gain on change in equity	28,310	-
Surrender value of insurance	-	19,037
Compensation income	32,680	19,067
Total extraordinary income	74,540	38,981
Extraordinary losses		
Loss on sales of non-current assets	11,829	4,605
Loss on retirement of non-current assets	3,961	11,939
Impairment loss	275,551	114,346
Amortization of goodwill	-	108,592
Loss on valuation of investment securities	23,227	23,478
Other	-	18,256
Total extraordinary losses	314,570	281,218
Profit before income taxes	413,254	596,215
Income taxes-current	279,148	347,275
Income taxes-deferred	(21,381)	4,210
Total income taxes	257,766	351,486
Profit	155,487	244,729
Profit attributable to non-controlling interests	42,866	66,770
Profit attributable to owners of parent	112,621	177,959

**Consolidated Statement of Comprehensive Income**

(Unit: thousand yen)

	Apr. 1, 2016 - Mar. 31, 2017	Apr. 1, 2017 - Mar. 31, 2018
Profit	155,487	244,729
Other comprehensive income		
Valuation difference on available-for-sale securities	23,429	5,537
Revaluation reserve for land	-	25,808
Remeasurements of defined benefit plans, net of tax	(34,031)	(36,747)
Total other comprehensive income	(10,602)	(5,402)
Comprehensive income	144,885	239,327
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	102,019	172,556
Comprehensive income attributable to non-controlling interests	42,866	66,770

**(3) Consolidated Statement of Changes in Equity**

FY3/17 (Apr. 1, 2016 - Mar. 31, 2017)

(Unit: thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,299,375	1,527,761	2,106,672	(143,724)	4,790,084
Changes of items during period					
Dividends of surplus			(140,871)		(140,871)
Profit attributable to owners of parent			112,621		112,621
Change of scope of equity method			(34,473)		(34,473)
Reversal of revaluation reserve for land			(172,074)		(172,074)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	(234,799)	-	(234,799)
Balance at end of current period	1,299,375	1,527,761	1,871,873	(143,724)	4,555,285

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	151,531	(454,429)	113,651	(189,246)	8,844	356,600	4,966,283
Changes of items during period							
Dividends of surplus							(140,871)
Profit attributable to owners of parent							112,621
Change of scope of equity method							(34,473)
Reversal of revaluation reserve for land							(172,074)
Net changes of items other than shareholders' equity	23,429	172,074	(34,031)	161,472	13,913	32,240	207,626
Total changes of items during period	23,429	172,074	(34,031)	161,472	13,913	32,240	(27,172)
Balance at end of current period	174,960	(282,354)	79,620	(27,773)	22,757	388,841	4,939,110

FY3/18 (Apr. 1, 2017 - Mar. 31, 2018)

(Unit: thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,299,375	1,527,761	1,871,873	(143,724)	4,555,285
Changes of items during period					
Dividends of surplus			(160,996)		(160,996)
Profit attributable to owners of parent			177,959		177,959
Change of scope of consolidation			(403)		(403)
Reversal of revaluation reserve for land			(64,710)		(64,710)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	(48,152)	-	(48,152)
Balance at end of current period	1,299,375	1,527,761	1,823,720	(143,724)	4,507,133

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	174,960	(282,354)	79,620	(27,773)	22,757	388,841	4,939,110
Changes of items during period							
Dividends of surplus							(160,996)
Profit attributable to owners of parent							177,959
Change of scope of consolidation							(403)
Reversal of revaluation reserve for land							(64,710)
Net changes of items other than shareholders' equity	5,537	90,519	(36,747)	59,308	11,772	52,119	123,200
Total changes of items during period	5,537	90,519	(36,747)	59,308	11,772	52,119	75,048
Balance at end of current period	180,498	(191,835)	42,872	31,534	34,530	440,960	5,014,158

**(4) Consolidated Statement of Cash Flows**

(Unit: thousand yen)

	Apr. 1, 2016 - Mar. 31, 2017	Apr. 1, 2017 - Mar. 31, 2018
Cash flows from operating activities		
Profit before income taxes	413,254	596,215
Depreciation	371,268	383,789
Impairment loss	275,551	114,346
Amortization of goodwill	46,770	237,337
Share-based compensation expenses	13,913	11,772
Surrender value of insurance	-	(19,037)
Loss (gain) on change in equity	(28,310)	-
Increase (decrease) in allowance for doubtful accounts	(985)	9,088
Increase (decrease) in provision for bonuses	14,274	2,046
Increase (decrease) in net defined benefit liability	(981)	(212)
Increase (decrease) in provision for directors' retirement benefits	2,080	2,080
Interest and dividend income	(24,133)	(24,787)
Interest expenses	8,350	10,406
Share of loss (profit) of entities accounted for using equity method	8,846	10,448
Loss (gain) on valuation of investment securities	23,227	23,478
Loss (gain) on sales of investment securities	(2,323)	-
Loss (gain) on valuation of compound financial instruments	-	13,656
Loss (gain) on sales of property, plant and equipment	602	3,728
Loss on retirement of non-current assets	3,961	11,939
Decrease (increase) in notes and accounts receivable-trade	30,618	454
Decrease (increase) in inventories	4,341	12,125
Increase (decrease) in notes and accounts payable-trade	70,046	22,350
Increase (decrease) in advances received	84,524	386,910
Decrease (increase) in other assets	8,664	(4,958)
Increase (decrease) in other liabilities	(37,844)	100,633
Other, net	1,541	6,498
Subtotal	1,287,259	1,910,309
Interest and dividend income received	23,450	22,903
Interest expenses paid	(8,924)	(10,569)
Income taxes (paid) refund	(122,921)	(383,918)
Net cash provided by (used in) operating activities	1,178,864	1,538,724

(Unit: thousand yen)

	Apr. 1, 2016 - Mar. 31, 2017	Apr. 1, 2017 - Mar. 31, 2018
Cash flows from investing activities		
Payments into time deposits	(42,000)	(32,042)
Proceeds from withdrawal of time deposits	23,003	37,044
Purchase of property, plant and equipment	(207,607)	(178,077)
Proceeds from sales of non-current assets	40,250	71,977
Purchase of intangible assets	(95,462)	(223,502)
Purchase of investment securities	(10,210)	(175,365)
Proceeds from sales of investment securities	7,198	-
Proceeds from redemption of investment securities	-	50,000
Purchase of shares of subsidiaries and associates	(25,000)	(11,512)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(769,910)	(119,312)
Payments for asset retirement obligations	(19,076)	(12,909)
Payments or guarantee for lease deposits	18,062	(6,403)
Purchase of insurance funds	(151,582)	(234,516)
Proceeds from cancellation of insurance funds	42,452	75,275
Other investment proceeds	(10,747)	(15,108)
Other investment payments	7,058	1,143
Net cash provided by (used in) investing activities	(1,193,571)	(773,309)
Cash flows from financing activities		
Increase in short-term loans payable	940,000	1,930,000
Decrease in short-term loans payable	(763,790)	(2,000,000)
Proceeds from long-term loans payable	53,000	304,500
Repayments of long-term loans payable	(210,081)	(155,552)
Redemption of bonds	(110,000)	(80,000)
Repayments of lease obligations	(22,084)	(29,074)
Payments for long-term accounts payable-other	(5,528)	(8,292)
Cash dividends paid	(139,815)	(160,795)
Dividends paid to non-controlling interests	(10,626)	(14,651)
Net cash provided by (used in) financing activities	(268,926)	(213,866)
Net increase (decrease) in cash and cash equivalents	(283,633)	551,549
Cash and cash equivalents at beginning of period	4,546,708	4,263,075
Increase in cash and cash equivalents from newly consolidated subsidiary	-	24,598
Cash and cash equivalents at end of period	4,263,075	4,839,223



**(5) Notes to Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Segment and Other Information**

Segment information

## 1. Overview of reportable segment

Segments used for financial reporting are the Company's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

As a comprehensive education services company, the With us Group conducts a broad range of business activities. Major business operations are exam preparation and assistance with academic courses for elementary school pupils and, junior high school and high school students, the management of wide-area correspondence high schools, exam preparation services to help acquire various qualifications, and Japanese language education services.

Consequently, the Group has two reporting segments that are based on types of education and types of students: the Gakushu-juku Business and the High School and Careers Support Business.

## 2. Calculation method for net sales, profit/loss, assets, and other items for each reportable segment

The accounting methods for reportable segments are generally the same as those listed in "Basis of Presenting Consolidated Financial Statements."

Profits for reportable segments are operating profit figures. Inter-segment sales and transfers are based on market prices.

## 3. Information related to net sales, profit/loss, assets, and other items for each reportable segment

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(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	8,068,326	4,481,249	12,549,576	1,764,188	14,313,764	-	14,313,764
Inter-segment sales and transfers	-	-	-	1,159,885	1,159,885	(1,159,885)	-
Total	8,068,326	4,481,249	12,549,576	2,924,074	15,473,650	(1,159,885)	14,313,764
Segment profit	1,013,885	667,251	1,681,136	93,419	1,774,556	(1,144,672)	629,884
Segment assets	3,690,810	1,747,197	5,438,007	2,239,723	7,677,731	4,974,416	12,652,147
Other items							
Depreciation	140,861	101,807	242,669	86,467	329,136	42,132	371,268
Amortization of goodwill	3,168	36,197	39,366	7,404	46,770	-	46,770
Increase in property, plant and equipment and intangible assets (Note 4)	177,961	44,186	222,147	79,939	302,087	100,509	402,597

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

2. Adjustments to segment profits are as follows:

(1) The minus 1,144,672 thousand yen adjustment to segment profit includes minus 54,587 thousand yen in elimination for inter-segment transactions, and minus 1,090,084 thousand yen in corporate costs that cannot

be allocated to any of the reportable segments. These corporate costs mainly include general and administration expenses of the Company that cannot be attributed to any of the reportable segments.

- (2) The 4,974,416 thousand yen adjustment to segment assets includes minus 155,630 thousand yen in elimination for inter-segment transactions, and 5,130,046 thousand yen in corporate assets that cannot be allocated to any of the reportable segments. These corporate assets consist mainly of cash and deposits, investment securities, non-current assets of the Company's administration division, deferred tax assets, etc. that cannot be attributed to any of the reportable segments.
  - (3) The 42,132 thousand yen adjustment to depreciation includes corporate assets that cannot be allocated to reportable segments.
  - (4) The 100,509 thousand yen adjustment to increase in property, plant and equipment and intangible assets includes software associated with replacement of business-use terminals and leased assets associated with replacement of multi-function devices (MFDs).
3. Segment profit is adjusted with operating profit on the consolidated statement of income.
  4. Increase in property, plant and equipment and intangible assets does not include an increase associated with consolidation of newly acquired subsidiaries.

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(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	8,264,660	5,119,281	13,383,942	2,857,463	16,241,406	-	16,241,406
Inter-segment sales and transfers	-	-	-	1,135,230	1,135,230	(1,135,230)	-
Total	8,264,660	5,119,281	13,383,942	3,992,693	17,376,636	(1,135,230)	16,241,406
Segment profit	1,033,709	870,092	1,903,802	233,576	2,137,378	(1,311,367)	826,011
Segment assets	4,148,195	1,571,088	5,719,283	2,499,767	8,219,051	5,259,509	13,478,560
Other items							
Depreciation	162,585	94,643	257,228	99,805	357,033	26,755	383,789
Amortization of goodwill (Note 4)	2,521	195,798	198,320	39,016	237,337	-	237,337
Increase in property, plant and equipment and intangible assets	124,097	48,075	172,173	154,580	326,754	85,347	412,102

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

2. Adjustments to segment profits are as follows:

- (1) The minus 1,311,367 thousand yen adjustment to segment profit includes minus 26,220 thousand yen in elimination for inter-segment transactions, and minus 1,285,146 thousand yen in corporate costs that cannot be allocated to any of the reportable segments. These corporate costs mainly include general and administration expenses of the Company that cannot be attributed to any of the reportable segments.
  - (2) The 5,259,509 thousand yen adjustment to segment assets includes minus 153,468 thousand yen in elimination for inter-segment transactions, and 5,412,978 thousand yen in corporate assets that cannot be allocated to any of the reportable segments. These corporate assets consist mainly of cash and deposits, investment securities, non-current assets of the Company's administration division, deferred tax assets, etc. that cannot be attributed to any of the reportable segments.
  - (3) The 26,755 thousand yen adjustment to depreciation includes corporate assets that cannot be allocated to reportable segments.
  - (4) The 85,347 thousand yen adjustment to increase in property, plant and equipment and intangible assets includes software pertaining to development of the learning management system for the next term.
3. Segment profit is adjusted with operating profit on the consolidated statement of income.
  4. Amortization of goodwill for the High School and Careers Support Business includes "Amortization of goodwill" of 108,592 thousand yen presented under the extraordinary losses section of the consolidated statement of income.

**Per-share Information**

(Unit: yen)

	FY3/17 (Apr. 1, 2016 - Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 - Mar. 31, 2018)
Net assets per share	449.95	451.06
Net income per share	11.19	17.69
Diluted net income per share	11.12	17.50

Note: Basis for calculating net income per share and diluted net income per share is as follows:

	FY3/17 (Apr. 1, 2016 - Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 - Mar. 31, 2018)
Net income per share		
Profit attributable to owners of parent (thousands of yen)	112,621	177,959
Amount not attributed to common shareholders (thousands of yen)	-	-
Profit attributable to common shareholders of parent (thousands of yen)	112,621	177,959
Average number of common shares during the fiscal year (thousand shares)	10,062	10,062
Diluted net income per share		
Adjustment to profit attributable to owners of parent (thousands of yen)	-	-
Number of shares of common stock to be increased (thousand shares)	65	106
(Of which, share acquisition rights)	65	106
Summary of potentially dilutive shares not included in the calculation of diluted net income per share due to their anti-dilutive effect	-	-

**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.