



**Consolidated Financial Summary for the Second Quarter of Fiscal Year Ending March 31, 2020
(Six Months Ended September 30, 2019)**

[Japanese GAAP]
November 11, 2019

Company name: **With us Corporation**

Stock listed on TSE JASDAQ

Stock code: 9696

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Scheduled date of dividend payment: December 3, 2019

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on November 11, 2019 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, 2019 (April 1, 2019 - September 30, 2019)

(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, 2019	8,260	6.1	156	245.9	209	125.5	38	-
Six months ended Sep. 30, 2018	7,781	4.2	45	-	92	438.0	(6)	-

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2019: 56 (up 138.2%)
Six months ended Sep. 30, 2018: 23 (down 49.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2019	4.09	4.05
Six months ended Sep. 30, 2018	(0.63)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2019	12,237	4,945	37.0	474.75
As of Mar. 31, 2019	13,631	4,981	33.6	483.49

Reference: Shareholders' equity (million yen) As of Sep. 30, 2019: 4,522 As of Mar. 31, 2019: 4,580

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2019	-	6.00	-	10.00	16.00
Fiscal year ending Mar. 31, 2020	-	6.00	-	-	-
Fiscal year ending Mar. 31, 2020 (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, 2020 (April 1, 2019 - March 31, 2020)

(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	17,600	3.8	1,200	1.6	1,200	(2.9)	450	(21.7)	47.50

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, 2019:	10,440,000 shares	As of Mar. 31, 2019:	10,440,000 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2019:	915,028 shares	As of Mar. 31, 2019:	967,228 shares
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3) Average number of shares during the period

Six months ended Sep. 30, 2019:	9,488,872 shares	Six months ended Sep. 30, 2018:	10,080,722 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, 2020 (hereinafter “the period under review”), the Japanese economy saw a gradual recovery in consumer spending, along with continued improvement in employment and income. However, further attention should be paid to the impact of trade issue development on the global economy.

Amid the declining birthrate and aging population, the educational services sector, in which we operate, is experiencing a period of major changes before the upcoming educational system reforms in Japan, including a shift to the new courses of study for school, and standardized testing for college admissions. As educational services are becoming diversified in keeping with the advancement of technology and the utilization of AI and IoT, expectations are heightening for the private education sector to offer more fulfilling programs and expand to new fields.

In this business environment, with us Corporation (hereinafter “the Company”) and its subsidiaries and associates (hereinafter collectively “the Group”) have set the following six targets as the core of the Group’s management policy: 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. These are based on the Group’s corporate vision “to become an outstanding educational institution capable of fostering people who will be successful in their career.” By achieving these targets, the Group aims to promptly respond to changes in its business surroundings and increase its corporate value.

During the period under review, the Group’s mainstay segments, the gakushu-juku business and the high school and careers support business, provided high value-added educational services to assist students in achieving personal growth. With further utilization of information and communications technology (ICT), we developed programs for helping students learn how to study and watch their own progress. The Group also promoted students’ improvement in academic performance and independence and fostered their motivation and attitude toward proactive learning, which will be more needed in the future, by using its unique educational method (the “plus-cycle learning method”) based on the latest findings in brain science. In addition, the Group offered after-school activities for children to spend English-only time with native speaker instructors.

Furthermore, as the Group expanded the business domains, mainly in its subsidiaries, steady growth was witnessed in various services: Japanese language education services, reflecting the rising popularity of learning Japanese; language services such as interpretation, translation, and temporary staffing to respond to the progress of globalization and the rise of inbound tourism in Japan; and the fields of ICT education and skill development driven by speed reading.

As a result, net sales for the period under review amounted to 8,260 million yen (up 6.1% year-on-year), a record high for the first half, with operating profit of 156 million yen (up 245.9% year-on-year), ordinary profit of 209 million yen (up 125.5% year-on-year), and profit attributable to owners of parent was 38 million yen (compared with loss attributable to owners of parent of 6 million yen in the same period a year earlier).

It is noted that the Group’s earnings are 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, operating costs such as fixed and advertising expenses are incurred throughout the year.

The overview of each business segment is as described below. In line with the revision of performance management categories following the organizational change on April 1, 2019, we have changed the reportable segment structure from the current fiscal year. 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, the key concept is to arouse self-motivation through our unique educational method (“plus-cycle learning method”) based on findings from brain science research. We are creating programs to realize “next-generation learning” as advocated in education reforms. Our language education includes programs aimed for children to acquire language from early school ages; English programs for four skills (listening, speaking, reading, and writing) through online lessons with native speaker instructors; and English proficiency test preparation courses. While developing new programs in preparation for the university entrance examination reform and the shift to the new courses of study for school, we ensure that our educational instruction leads to students’ improvement in academic performance, by drawing their “motivation to learn” and “ability to learn” and teaching them “how to learn.” As a result of the above efforts, net sales of the segment amounted to 3,612 million yen (down 7.3% year-on-year), including the effects of the consolidation of 16 schools in the previous fiscal year, among other factors.

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 courses, career support courses for working adults, and Japanese language education services. Following the previous fiscal year, in the mainstay correspondence high school business, we continued to have an increasing number of students enrolled in our correspondence high school. Its unique ICT education and attractive course content for specialist training contributed to the favorable enrollment on the back of the rapid progress of ICT and a change in learning style. Our ICT education is designed to provide students with opportunities for further growth, and sense of accomplishment. We are actively working to develop educational programs using problem-solving approaches to promote the “nurturing of people who will flourish in the future society.” For Japanese-language education services, Genki Global, Inc. opened its Kyoto school in May, to further respond to a growing demand for Japanese-language education. As a result of the above efforts, net sales of the segment amounted to 3,027 million yen (up 22.5% year-on-year).

3) Other businesses

The “Other” businesses segment consists of the following businesses: advertising, ICT education and skill development, content development and sales for corporate training portal site, language services, healthcare, and English education for infants and school children to spend English-only time with native speaker instructors. Strong growth was achieved by SRJ Co., Ltd., engaged in ability development driven by speed reading and the planning and development of English learning programs, and REVIC Global Co., Ltd., which provides companies with educational material content designed for personnel training and skill development. Supported by this strong performance, net sales of the segment increased to 1,620 million yen (up 14.8% year-on-year).

(2) Explanation of Financial Position

1) Assets, liabilities and net assets

Assets

Current assets decreased 24.3% from the end of the previous fiscal year to 4,857 million yen. This was due mainly to decreases of 1,298 million yen in cash and deposits, and 257 million yen in accounts receivable-school fees.

Non-current assets increased 2.3% from the end of the previous fiscal year to 7,379 million yen. This was due mainly to an increase of 188 million yen in other under intangible assets.

As a result, total assets decreased 10.2% from the end of the previous fiscal year to 12,237 million yen.

Liabilities

Current liabilities decreased 19.8% from the end of the previous fiscal year to 5,047 million yen. This was due mainly to decreases of 1,408 million yen in advances received, 199 million yen in income taxes payable and 149 million yen in notes and accounts payable-trade, which were partially offset by an increase of 600 million yen in short-term loans payable.

Non-current liabilities decreased 4.6% from the end of the previous fiscal year to 2,244 million yen. This was due mainly to decreases of 47 million yen in other, 33 million yen in long-term loans payable, and 22 million yen in provision for retirement benefits for directors (and other officers).

As a result, total liabilities decreased 15.7% from the end of the previous fiscal year to 7,291 million yen.

Net assets

Net assets decreased 0.7% from the end of the previous fiscal year to 4,945 million yen. This was attributable mainly to decreases of 57 million yen in retained earnings, 20 million yen in treasury shares (presented as a negative balance in the net assets section), and 15 million yen in valuation difference on available-for-sale securities, which were partially offset by an increase of 29 million yen in non-controlling interests.

2) Cash Flows

The balance of cash and cash equivalents (hereinafter “net cash”) as of the end of the period under review increased 441 million yen year-on-year to 3,899 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 1,337 million yen in the period under review (compared with 743 million yen used in the same period of the previous fiscal year). The result was attributable mainly to a decrease of 1,408 million yen in advances received.

Cash flows from investing activities

Net cash used in investing activities was 487 million yen in the period under review (compared with 330 million yen used in the same period of the previous fiscal year). The result was attributable mainly to payments of 202 million yen for purchase of property, plant and equipment, 174 million yen for purchase of intangible assets, and 103 million yen for purchase of insurance funds.

Cash flows from financing activities

Net cash provided by financing activities was 426 million yen in the period under review (compared with 307 million yen used in the same period of the previous fiscal year). The result was attributable mainly to proceeds from short-term loans payable of 700 million yen, which were partially offset by repayments of short-term loans payable of 100 million yen, cash dividends paid of 94 million yen, and repayments of long-term loans payable of 54 million yen.

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

We will not make any revisions to the full-year consolidated earnings forecast for the fiscal year ending on March 31, 2020, which was announced on May 14, 2019.

The forecasts are made by the Company on information available at the time of release of this summary report. Actual results may differ significantly 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, 2019	As of Sep. 30, 2019
Assets		
Current assets		
Cash and deposits	5,317,469	4,018,649
Notes and accounts receivable-trade	297,208	290,675
Accounts receivable-school fees	321,844	63,913
Merchandise and finished goods	16,991	18,212
Teaching material	38,808	34,249
Raw materials and supplies	15,914	15,038
Other	425,557	436,245
Allowance for doubtful accounts	(19,154)	(19,161)
Total current assets	6,414,639	4,857,822
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,873,702	1,932,222
Other, net	585,084	581,512
Total property, plant and equipment	2,458,787	2,513,734
Intangible assets		
Goodwill	351,115	322,164
Other	540,480	728,637
Total intangible assets	891,596	1,050,802
Investments and other assets		
Investment securities	975,304	1,038,266
Leasehold and guarantee deposits	1,173,778	1,174,706
Other	1,763,435	1,643,650
Allowance for doubtful accounts	(46,435)	(41,348)
Total investments and other assets	3,866,083	3,815,275
Total non-current assets	7,216,466	7,379,812
Total assets	13,631,106	12,237,635

	(Unit: thousand yen)	
	As of Mar. 31, 2019	As of Sep. 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable-trade	330,910	181,854
Short-term loans payable	100,000	700,000
Current portion of long-term loans payable	98,193	89,213
Income taxes payable	348,425	148,680
Advances received	4,216,224	2,807,283
Provision for bonuses	170,653	210,333
Other	1,032,531	909,891
Total current liabilities	6,296,938	5,047,256
Non-current liabilities		
Long-term loans payable	286,389	252,778
Provision for retirement benefits for directors (and other officers)	24,773	2,354
Retirement benefit liability	1,028,218	1,019,350
Asset retirement obligations	723,147	726,762
Other	290,482	243,146
Total non-current liabilities	2,353,011	2,244,392
Total liabilities	8,649,949	7,291,648
Net assets		
Shareholders' equity		
Capital stock	1,299,375	1,299,375
Capital surplus	1,482,840	1,482,782
Retained earnings	2,237,365	2,180,063
Treasury shares	(384,002)	(363,278)
Total shareholders' equity	4,635,578	4,598,942
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	130,198	114,939
Revaluation reserve for land	(191,835)	(191,835)
Foreign currency translation adjustment	(34)	(27)
Remeasurements of defined benefit plans	6,124	-
Total accumulated other comprehensive income	(55,548)	(76,923)
Share acquisition rights	35,189	28,409
Non-controlling interests	365,936	395,559
Total net assets	4,981,157	4,945,987
Total liabilities and net assets	13,631,106	12,237,635

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

(Unit: thousand yen)

	Apr. 1, 2018- Sep. 30, 2018	Apr. 1, 2019- Sep. 30, 2019
Net sales	7,781,867	8,260,070
Cost of sales	5,821,400	6,057,611
Gross profit	1,960,466	2,202,459
Selling, general and administrative expenses	1,915,335	2,046,334
Operating profit	45,130	156,125
Non-operating income		
Interest income	3,544	4,144
Dividend income	10,612	10,857
Share of profit of entities accounted for using equity method	8,855	5,170
Insurance claim income	-	10,025
Other	34,498	28,174
Total non-operating income	57,511	58,372
Non-operating expenses		
Interest expenses	4,707	3,092
Provision of allowance for doubtful accounts	1,992	-
Other	3,053	1,961
Total non-operating expenses	9,754	5,054
Ordinary profit	92,888	209,443
Extraordinary income		
Gain on sales of non-current assets	-	3,373
Gain on sales of shares of subsidiaries	64,482	-
Other	-	495
Total extraordinary income	64,482	3,868
Extraordinary losses		
Loss on retirement of non-current assets	1,653	1,460
Impairment loss	5,853	-
Loss on valuation of investment securities	15,725	18,007
Loss on valuation of shares of subsidiaries and associates	-	8,941
Loss on cancellation of insurance policies	-	16,152
Other	968	-
Total extraordinary losses	24,200	44,562
Profit before income taxes	133,170	168,750
Income taxes-current	157,742	113,623
Income taxes-deferred	(67,688)	(22,650)
Total income taxes	90,054	90,973
Profit	43,115	77,777
Profit attributable to non-controlling interests	49,418	38,944
Profit attributable to owners of parent	(6,303)	38,832

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

(Unit: thousand yen)

	Apr. 1, 2018- Sep. 30, 2018	Apr. 1, 2019- Sep. 30, 2019
Profit	43,115	77,777
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,062)	(15,258)
Remeasurements of defined benefit plans, net of tax	(18,373)	(6,124)
Share of other comprehensive income of entities accounted for using equity method	-	7
Total other comprehensive income	(19,436)	(21,375)
Comprehensive income	23,679	56,401
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(25,739)	17,457
Comprehensive income attributable to non-controlling interests	49,418	38,944

(3) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Apr. 1, 2018- Sep. 30, 2018	Apr. 1, 2019- Sep. 30, 2019
Cash flows from operating activities		
Profit before income taxes	133,170	168,750
Depreciation	212,196	197,295
Share-based remuneration expenses	5,771	6,125
Impairment loss	5,853	-
Loss on retirement of non-current assets	1,653	1,460
Loss (gain) on cancellation of insurance policies	-	16,152
Amortization of goodwill	47,099	47,099
Increase (decrease) in allowance for doubtful accounts	(567)	(5,164)
Increase (decrease) in provision for bonuses	3,762	39,680
Increase (decrease) in retirement benefit liability	(21,323)	(17,693)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1,039	(22,418)
Interest and dividend income	(14,157)	(15,002)
Interest expenses	4,707	3,092
Share of loss (profit) of entities accounted for using equity method	(8,855)	(5,170)
Loss (gain) on sales of shares of subsidiaries	(64,482)	-
Loss (gain) on valuation of investment securities	15,725	18,007
Loss on valuation of shares of subsidiaries and associates	-	8,941
Loss (gain) on sales of property, plant and equipment	-	(3,373)
Decrease (increase) in notes and accounts receivable-trade	281,032	265,068
Decrease (increase) in inventories	5,381	6,889
Increase (decrease) in notes and accounts payable-trade	(165,163)	(149,055)
Increase (decrease) in advances received	(994,964)	(1,408,941)
Decrease (increase) in other assets	(33,058)	(11,824)
Increase (decrease) in other liabilities	87,453	(203,307)
Subtotal	(497,726)	(1,063,387)
Interest and dividend income received	13,326	13,854
Interest expenses paid	(5,472)	(3,692)
Income taxes paid	(253,229)	(284,123)
Net cash provided by (used in) operating activities	(743,102)	(1,337,350)
Cash flows from investing activities		
Payments into time deposits	(44,077)	(100,000)
Proceeds from withdrawal of time deposits	118,090	-
Purchase of property, plant and equipment	(145,065)	(202,159)
Proceeds from sales of non-current assets	-	3,373
Purchase of intangible assets	(139,621)	(174,127)
Purchase of investment securities	(180)	(100,180)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(5,272)
Purchase of shares of subsidiaries and associates	-	(4,500)
Payments for asset retirement obligations	(29,537)	(16,399)
Payments or guarantee for lease deposits	(6,534)	(4,635)
Purchase of insurance funds	(99,229)	(103,469)
Proceeds from cancellation of insurance funds	14,224	225,688
Other, net	1,227	(6,011)
Net cash provided by (used in) investing activities	(330,704)	(487,691)

(Unit: thousand yen)

	Apr. 1, 2018- Sep. 30, 2018	Apr. 1, 2019- Sep. 30, 2019
Cash flows from financing activities		
Increase in short-term loans payable	840,000	700,000
Decrease in short-term loans payable	(730,000)	(100,000)
Proceeds from long-term loans payable	10,000	1,000
Repayments of long-term loans payable	(79,521)	(54,861)
Redemption of bonds	(40,000)	-
Repayments of lease obligations	(9,697)	(10,021)
Payments for long-term accounts payable-other	(4,146)	(4,146)
Cash dividends paid	(100,201)	(94,416)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(181,335)	(1,025)
Proceeds from share issuance to non-controlling shareholders	3,000	-
Dividends paid to non-controlling interests	(15,295)	(10,307)
Net cash provided by (used in) financing activities	(307,196)	426,221
Net increase (decrease) in cash and cash equivalents	(1,381,003)	(1,398,820)
Cash and cash equivalents at beginning of period	4,839,223	5,298,518
Cash and cash equivalents at end of period	3,458,220	3,899,697

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Additional Information

Not applicable.

Segment and Other Information

Segment information

I. 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 statement of income (Note 3)
	Gakushu-juku	High school and careers support	Subtotal				
Net sales							
External sales	3,898,537	2,471,434	6,369,972	1,411,895	7,781,867	-	7,781,867
Inter-segment sales and transfers	-	6,600	6,600	393,921	400,521	(400,521)	-
Total	3,898,537	2,478,034	6,376,572	1,805,816	8,182,388	(400,521)	7,781,867
Segment profit	303,439	285,377	588,816	95,532	684,349	(639,218)	45,130

Notes: 1. The "Other" businesses segment includes the following businesses 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, the English education business for infants and school children, and the healthcare business.

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 segments. 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.

II. Apr. 1, 2019 – Sep. 30, 2019

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 statement of income (Note 3)
	Gakushu-juku	High school and careers support	Subtotal				
Net sales							
External sales	3,612,420	3,027,390	6,639,811	1,620,259	8,260,070	-	8,260,070
Inter-segment sales and transfers	-	6,600	6,600	357,175	363,775	(363,775)	-
Total	3,612,420	3,033,990	6,646,411	1,977,435	8,623,846	(363,775)	8,260,070
Segment profit	294,494	571,088	865,583	22,364	887,948	(731,823)	156,125

Notes: 1. The “Other” businesses segment includes the following businesses 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, the English education business for infants and school children, and the healthcare business.

2. The minus 731,823 thousand yen adjustment to segment profit includes 431 thousand yen in elimination for inter-segment transactions and minus 731,254 thousand yen in corporate expenses that cannot be allocated to any reportable segments. 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

We have changed the reportable segment structure in line with the revision of performance management categories resulting from the organizational change that took effect on April 1, 2019. Specifically, the preschool education business included in the Gakushu-juku business segment in the previous fiscal year has been integrated into the “Other” businesses segment as the English education business for infants and school children 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.*