



Consolidated Financial Summary for the Fiscal Year Ended March 31, 2019

[Japanese GAAP]

May 14, 2019

Company name: **With us Corporation**

Stock listed on TSE JASDAQ

Stock code: 9696

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

Representative: Tomio Ikoma, President

Contact: Takushi Akagawa, Director, Administration Coordination Headquarters

Scheduled date of General Meeting of Shareholders: June 27, 2019

Scheduled date of filing of Annual Securities Report: June 27, 2019

Scheduled date of dividend payment: June 13, 2019

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, 2019 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, 2019 (April 1, 2018 - March 31, 2019)

(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, 2019	16,958	4.4	1,180	43.0	1,235	47.4	574	223.0
Fiscal year ended Mar. 31, 2018	16,241	13.5	826	31.1	838	28.3	177	58.0

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2019: 561 (up 134.5%)

Fiscal year ended Mar. 31, 2018: 239 (up 65.2%)

	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, 2019	57.27	56.61	12.6	9.1	7.0
Fiscal year ended Mar. 31, 2018	17.69	17.50	3.9	6.4	5.1

Reference: Equity method income (million yen) Fiscal year ended Mar. 31, 2019: 11 Fiscal year ended Mar. 31, 2018: (10)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2019	13,631	4,981	33.6	483.49
As of Mar. 31, 2018	13,475	5,014	33.7	451.06

Reference: Shareholders' equity (million yen) As of Mar. 31, 2019: 4,580 As of Mar. 31, 2018: 4,538

(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, 2019	2,284	(470)	(1,354)	5,298
Fiscal year ended Mar. 31, 2018	1,538	(773)	(213)	4,839

2. Dividends

	Dividend per share					Total dividends	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2018	-	6.00	-	10.00	16.00	160	90.5	3.6
Fiscal year ended Mar. 31, 2019	-	6.00	-	10.00	16.00	155	27.0	3.1
Fiscal year ending Mar. 31, 2020 (forecast)	-	6.00	-	10.00	16.00		33.7	

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

*** 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, 2019: 10,440,000 shares As of Mar. 31, 2018: 10,440,000 shares

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

As of Mar. 31, 2019: 967,228 shares As of Mar. 31, 2018: 377,728 shares

3) Average number of shares during the period

Fiscal year ended Mar. 31, 2019: 10,037,747 shares Fiscal year ended Mar. 31, 2018: 10,062,272 shares

Reference: Summary of Unconsolidated Financial Results

1. Unconsolidated financial results for the fiscal year ended March 31, 2019 (April 1, 2018 - March 31, 2019)

(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, 2019	12,051	2.5	804	51.7	849	45.1	319	579.3
Fiscal year ended Mar. 31, 2018	11,755	2.4	530	29.8	585	16.1	46	(42.3)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2019	31.78	31.42
Fiscal year ended Mar. 31, 2018	4.67	4.62

(2) Unconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2019	11,129	4,022	35.8	420.90
As of Mar. 31, 2018	11,075	4,153	37.2	409.36

Reference: Shareholders' equity (million yen) As of Mar. 31, 2019: 3,987 As of Mar. 31, 2018: 4,119

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

Note 2: Explanation of appropriate use of 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.

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1. Overview of Results of Operations

(1) Results of Operations

In the fiscal year ended March 31, 2019 (hereinafter “the current fiscal year”), the Japanese economy, although hit by natural disasters through mid-year, saw improved employment and income on the back of favorable corporate earnings, and consumer spending also showed signs of a gradual recovery. The economic situation, however, is unpredictable due to remaining concerns over the impact on the global economy from the development of trade issues, and uncertainty about the overseas economy.

In the educational services sector, in which we operate, we have observed more clearly the trends to diversify services 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.

In this business environment, 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 career,” aiming for further growth.

During the current fiscal year, in our mainstay businesses, the gakushu-juku and high school and careers support business segments, we have promoted our unique educational method (the “plus-cycle learning method”), which we established on the basis of the latest findings in brain science. By this approach, we have provided high value-added education services that not only teach students school subjects but also help them achieve personal growth with a feeling of appreciation for others who always support them.

We put our focus on the following measures: selection and concentration on lines of services to respond to changing educational needs; transformation of teaching and learning through ICT; and new businesses, including after-school activities for children to spend English-only time with native speaker instructors.

Furthermore, as we expanded the business domains, mainly in our subsidiaries, steady growth was witnessed in various services: Japanese language education services which reflect 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 business centered on speed reading. All these factors contributed to the Group’s growth.

As a result, net sales for the current fiscal year amounted to 16,958 million yen (up 4.4% year-on-year) with operating profit of 1,180 million yen (up 43.0% year-on-year), ordinary profit of 1,235 million yen (up 47.4% year-on-year), and profit attributable to owners of parent was 574 million yen (up 223.0% year-on-year).

Net sales and profit attributable to owners of parent posted record-highs.

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 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.

1) Gakushu-juku Business

In the gakushu-juku business segment, with our commitment to enhancing customer satisfaction, we have thoroughly implemented our educational instruction so that students can improve their academic performance and gain acceptance at schools of their choice, by drawing their “motivation to study” and “ability to learn” through our unique educational method (plus-cycle learning method) based on the findings from brain science

research. We have also expanded audio and visual education services by utilizing information and communication technology (ICT), and promoted English learning aimed at acquiring four skills (listening, speaking, reading and writing) to be prepared for further globalization and an age when English skills are indispensable. At the same time, we have provided speed reading and comprehension courses to enhance reading speed as a basic learning ability and computer programming schools for elementary school students, among other services. On top of these, as a new business, we have actively provided after-school activities in which children spend English-only time with native speaker instructors (Blue Dolphins after school).

We opened four schools with the aim of optimizing the environment to address changing local needs, specifically the size of school building, facilities, and business formats. Furthermore, we implemented a scrap-and-build policy by increasing a floor area of one school, decreasing a floor area of three schools, and consolidating 16 schools.

As a result of the above efforts, net sales of the segment amounted to 8,289 million yen (down 1.9% year-on-year) with operating profit (segment profit) of 759 million yen (down 27.4% 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 are promoting “plus-cycle instruction,” our exclusive approach to stimulating students’ desire to learn. This method enables students to reset the “negative self-image” created by their own assumption, clarify their vision, think positively and motivate themselves. In our career education “community sharing,” which considers an entire community as a school, we guide students to participate in volunteer activities and events and to feel being supported by others. We have taken the lead in introducing 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.

Correspondence high schools no longer have the old-fashioned image that those have projected and are now a place of learning based on EdTech, combining education and technology. Our correspondence high school features provision of high added-value educational services based on humans and cutting-edge ICT and contribution to the development of specialists and we had a larger enrollment than expected. Consequently, net sales significantly increased in line with the growth in sales per student associated with tablet sales, among others.

In addition, the Japanese language education service business remained steady, reflecting an increasing number of Japanese language learners who wish to work in Japanese companies or to interact or experience culture.

As a result of the above efforts, net sales of the segment amounted to 5,924 million yen (up 15.7% year-on-year) with operating profit (segment profit) of 1,452 million yen (up 66.9% 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, corporate training portal site, and language services. One of the consolidated subsidiaries reported in the previous fiscal year became an equity-method subsidiary in the current fiscal year, resulting in a decrease in earnings accordingly. Thanks to the growth of SRJ Co., Ltd., engaged in the development and sales of speed-reading instructional materials and Kikko Corporation, which provides language services, including interpretation and translation services, and specialist staffing, net sales of the segment increased to 2,744 million yen (up 2.5% year-on-year) with operating profit (segment profit) of 220 million yen (down 0.5% year-on-year).

(2) Financial Condition

Total assets were 13,631 million yen at the end of the current fiscal year, an increase of 155 million yen compared with the end of the previous fiscal year. This was attributable mainly to increases of 385 million yen in cash and deposits, 168 million yen in insurance funds, and 82 million yen in investment securities, which were partially offset by decreases of 307 million yen in property, plant and equipment, and 133 million yen in intangible assets.

Total liabilities increased 188 million yen to 8,649 million yen. This was attributable mainly to an increase of 896 million yen in advances received, which were partially offset by decreases of 530 million yen in short-term loans payable, 111 million yen in other (non-current liabilities), and 92 million yen in long-term loans payable.

Total net assets decreased 33 million yen to 4,981 million yen. This was attributable mainly to increases of 413 million yen in retained earnings and 240 million yen in treasury shares (shown as a negative balance in the net assets section), which were partially offset by decreases of 75 million yen in non-controlling interests, 50 million yen in valuation difference on available-for-sale securities, 44 million yen in capital surplus, and 36 million yen in remeasurements of defined benefit plans.

(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 459 million yen year-on-year to 5,298 million yen.

Cash flows during the current fiscal year and major components were as follows:

Cash flows from operating activities

Net cash provided by operating activities was 2,284 million yen in the current fiscal year (compared with 1,538 million yen provided in the previous fiscal year). This was due mainly to an increase of 897 million yen in advances received, as well as the adding back of depreciation of 422 million yen, impairment loss of 273 million yen and amortization of goodwill of 94 million yen as non-cash expenses.

Cash flows from investing activities

Net cash used in investing activities was 470 million yen in the current fiscal year (compared with 773 million yen used in the previous fiscal year). The result was attributable mainly to payments of 228 million yen for purchase of property, plant and equipment, and 224 million yen for purchase of investment securities.

Cash flows from financing activities

Net cash used in financing activities was 1,354 million yen in the current fiscal year (compared with 213 million yen used in the previous fiscal year). The result was attributable mainly to proceeds from short-term loans payable of 1,530 million yen, repayments of short-term loans payable of 2,060 million yen, payments for acquisition of treasury shares of 254 million yen, payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation of 181 million yen, dividends paid of 160 million yen, and repayments of long-term loans payable of 158 million yen.

Reference: Cash flow indicators

	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19
Ratio of shareholders' equity to total assets (%)	34.4	39.0	35.8	33.7	33.6
Ratio of shareholders' equity to total assets (market value basis) (%)	26.2	26.9	30.1	31.9	28.2
Cash flows to debt ratio (%)	98.4	133.5	113.8	85.1	25.2
Interest coverage ratio (times)	64.8	51.8	132.1	145.6	257.2

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 / Interest 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 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 an environment, the Group will strive to expand its markets to responds to lifelong learning and globalization, widening the scope of business in line with its corporate vision “to become an outstanding educational institution capable of fostering people who will be successful in their career.”

In the gakushu-juku business segment, we will further deepen the concept of our unique educational method (plus-cycle learning method) and commit ourselves to bolstering our competitive edge and developing human resources. At the same time, we will expand our lines of service (further improving students’ performance by combining ICT-enabled audio/visual lecture distribution and a learning management system) in order to establish a solid business foundation.

The high school and careers support businesses has been making remarkable growth. In this segment, we aim to “foster people capable of being active in their future career.” To drive educational effects towards students’ significant growth, we will deepen our unique self-motivation method (plus-cycle instruction), promote the style of education using an entire community as a school (community sharing), and improve ICT-based assistance with academic courses. For the role that a correspondence high school should play in the future, we will strengthen cooperation with affiliated companies to develop specialists with sophisticated expertise.

In our efforts to address the globalization, we will accelerate the rollout of a new type of after-school activity (Blue Dolphins after school) in which children can learn English in earnest through real communication with native speaker instructors (24 schools planned as of the end of the fiscal year).

In the field of language services, including interpretation, translation, and specialist staffing services, we expect to see high demand, given the Rugby World Cup 2019 and the Olympic and Paralympic Games Tokyo 2020, among other events. In the firmly growing field of Japanese education, we plan to not only expand service locations and increase the number of long-term international students, but also enhance support for companies accepting foreign workers.

In the next fiscal year ending March 31, 2020, we forecast net sales of 17,600 million yen (up 3.8% year-on-year), operating profit of 1,200 million yen (up 1.6% year-on-year), ordinary profit of 1,200 million yen (down 2.9% year-on-year), and profit attributable to owners of parent of 450 million yen (down 21.7% year-on-year) 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, 2019. With the interim dividend of 6 yen per share that was paid on December 4, 2018, this will result in a total dividend of 16 yen per share applicable to the fiscal year ended on March 31, 2019.

With regard to dividends for the fiscal year ending March 31, 2020, 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, 2020	6	10	16
(Reference)			
Forecast for fiscal year ended March 31, 2019	-	10	
Results for fiscal year ended March 31, 2019	6	-	16

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, 2018	As of Mar. 31, 2019
Assets		
Current assets		
Cash and deposits	4,932,185	5,317,469
Notes and accounts receivable-trade	332,271	297,208
Accounts receivable-school fees	354,670	321,844
Merchandise and finished goods	15,351	16,991
Teaching material	51,695	38,808
Raw materials and supplies	7,075	15,914
Other	396,210	425,557
Allowance for doubtful accounts	(15,662)	(19,154)
Total current assets	6,073,797	6,414,639
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,554,761	5,270,426
Accumulated depreciation	(3,409,768)	(3,396,723)
Buildings and structures, net	2,144,992	1,873,702
Land	507,755	441,880
Leased assets	50,004	52,944
Accumulated depreciation	(20,769)	(28,717)
Leased assets, net	29,234	24,226
Construction in progress	1,669	1,669
Other	1,016,298	1,061,914
Accumulated depreciation	(933,647)	(944,606)
Other, net	82,650	117,308
Total property, plant and equipment	2,766,303	2,458,787
Intangible assets		
Goodwill	445,313	351,115
Software	334,159	337,318
Other	246,078	203,162
Total intangible assets	1,025,551	891,596
Investments and other assets		
Investment securities	893,040	975,304
Long-term loans receivable	71,405	60,564
Leasing and guarantee deposits	1,174,408	1,173,778
Insurance funds	899,825	1,068,035
Retirement benefit asset	3,233	1,241
Deferred tax assets	487,596	504,989
Other	124,755	128,603
Allowance for doubtful accounts	(44,488)	(46,435)
Total investments and other assets	3,609,776	3,866,083
Total non-current assets	7,401,631	7,216,466
Total assets	13,475,429	13,631,106

	(Unit: thousand yen)	
	As of Mar. 31, 2018	As of Mar. 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable-trade	349,614	330,910
Short-term loans payable	630,000	100,000
Current portion of bonds	40,000	-
Current portion of long-term loans payable	154,071	98,193
Lease obligations	19,924	18,804
Accounts payable - other	440,181	544,789
Income taxes payable	275,425	348,425
Accrued consumption taxes	145,825	109,483
Advances received	3,319,617	4,216,224
Provision for bonuses	188,325	170,653
Asset retirement obligations	22,117	18,337
Other	344,519	341,115
Total current liabilities	5,929,621	6,296,938
Non-current liabilities		
Long-term loans payable	379,084	286,389
Lease obligations	86,603	71,174
Provision for retirement benefits for directors (and other officers)	22,693	24,773
Retirement benefit liability	993,353	1,028,218
Asset retirement obligations	719,228	723,147
Other	330,685	219,308
Total non-current liabilities	2,531,649	2,353,011
Total liabilities	8,461,270	8,649,949
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	2,237,365
Treasury shares	(143,724)	(384,002)
Total shareholders' equity	4,507,133	4,635,578
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	180,498	130,198
Revaluation reserve for land	(191,835)	(191,835)
Foreign currency translation adjustment	-	(34)
Remeasurements of defined benefit plans	42,872	6,124
Total accumulated other comprehensive income	31,534	(55,548)
Share acquisition rights	34,530	35,189
Non-controlling interests	440,960	365,936
Total net assets	5,014,158	4,981,157
Total liabilities and net assets	13,475,429	13,631,106

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

(Unit: thousand yen)

	Apr. 1, 2017 - Mar. 31, 2018	Apr. 1, 2018 - Mar. 31, 2019
Net sales	16,241,406	16,958,828
Cost of sales	11,490,481	11,811,258
Gross profit	4,750,925	5,147,570
Selling, general and administrative expenses	3,924,913	3,966,654
Operating profit	826,011	1,180,915
Non-operating income		
Interest income	8,207	7,798
Dividend income	16,580	16,166
Share of profit of entities accounted for using equity method	-	11,356
Rent income	5,491	8,629
Other	27,296	24,636
Total non-operating income	57,576	68,587
Non-operating expenses		
Interest expenses	10,406	9,329
Share of loss of entities accounted for using equity method	10,448	-
Loss on valuation of compound financial instruments	13,656	-
Other	10,624	4,540
Total non-operating expenses	45,135	13,869
Ordinary profit	838,452	1,235,633
Extraordinary income		
Gain on sales of non-current assets	877	78,947
Gain on sales of investment securities	-	1,666
Gain on sales of shares of subsidiaries	-	64,482
Compensation income	19,067	-
Other	19,037	9,766
Total extraordinary income	38,981	154,863
Extraordinary losses		
Loss on sales of non-current assets	4,605	-
Loss on retirement of non-current assets	11,939	1,649
Impairment loss	114,346	273,445
Amortization of goodwill	108,592	-
Loss on valuation of investment securities	23,478	17,223
Other	18,256	968
Total extraordinary losses	281,218	293,286
Profit before income taxes	596,215	1,097,210
Income taxes-current	347,275	470,373
Income taxes-deferred	4,210	(21,452)
Total income taxes	351,486	448,921
Profit	244,729	648,288
Profit attributable to non-controlling interests	66,770	73,425
Profit attributable to owners of parent	177,959	574,862

Consolidated Statement of Comprehensive Income

(Unit: thousand yen)

	Apr. 1, 2017 - Mar. 31, 2018	Apr. 1, 2018 - Mar. 31, 2019
Profit	244,729	648,288
Other comprehensive income		
Valuation difference on available-for-sale securities	5,537	(50,300)
Revaluation reserve for land	25,808	-
Remeasurements of defined benefit plans, net of tax	(36,747)	(36,747)
Share of other comprehensive income of entities accounted for using equity method	-	(34)
Total other comprehensive income	(5,402)	(87,082)
Comprehensive income	239,327	561,205
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	172,556	487,779
Comprehensive income attributable to non-controlling interests	66,770	73,425

(3) Consolidated Statement of Changes in Equity

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

FY3/19 (Apr. 1, 2018 - Mar. 31, 2019)

(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	1,823,720	(143,724)	4,507,133
Changes of items during period					
Dividends of surplus			(161,217)		(161,217)
Profit attributable to owners of parent			574,862		574,862
Purchase of treasury shares				(254,318)	(254,318)
Disposal of treasury shares		273		14,040	14,314
Change of scope of consolidation		(45,195)			(45,195)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(44,921)	413,644	(240,277)	128,445
Balance at end of current period	1,299,375	1,482,840	2,237,365	(384,002)	4,635,578

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	180,498	(191,835)	-	42,872	31,534	34,530	440,960	5,014,158
Changes of items during period								
Dividends of surplus								(161,217)
Profit attributable to owners of parent								574,862
Purchase of treasury shares								(254,318)
Disposal of treasury shares								14,314
Change of scope of consolidation								(45,195)
Net changes of items other than shareholders' equity	(50,300)	-	(34)	(36,747)	(87,082)	659	(75,023)	(161,447)
Total changes of items during period	(50,300)	-	(34)	(36,747)	(87,082)	659	(75,023)	(33,001)
Balance at end of current period	130,198	(191,835)	(34)	6,124	(55,548)	35,189	365,936	4,981,157

(4) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Apr. 1, 2017 - Mar. 31, 2018	Apr. 1, 2018 - Mar. 31, 2019
Cash flows from operating activities		
Profit before income taxes	596,215	1,097,210
Depreciation	383,789	422,807
Impairment loss	114,346	273,445
Amortization of goodwill	237,337	94,198
Share-based compensation expenses	11,772	11,901
Surrender value of insurance	(19,037)	(9,490)
Increase (decrease) in allowance for doubtful accounts	9,088	5,438
Increase (decrease) in provision for bonuses	2,046	(17,671)
Increase (decrease) in retirement benefit liability	(212)	(7,695)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	2,080	2,080
Interest and dividend income	(24,787)	(23,965)
Interest expenses	10,406	9,329
Share of loss (profit) of entities accounted for using equity method	10,448	(11,356)
Loss (gain) on valuation of investment securities	23,478	17,223
Loss (gain) on sales of investment securities	-	(1,666)
Loss (gain) on sales of shares of subsidiaries	-	(64,482)
Loss (gain) on sales of non-current assets	3,728	(78,947)
Loss on retirement of non-current assets	11,939	1,649
Decrease (increase) in notes and accounts receivable-trade	454	35,751
Decrease (increase) in inventories	12,125	(278)
Increase (decrease) in notes and accounts payable-trade	22,350	(7,128)
Increase (decrease) in advances received	386,910	897,170
Decrease (increase) in other assets	8,697	(27,602)
Increase (decrease) in other liabilities	100,633	73,204
Other, net	6,498	(60)
Subtotal	1,910,309	2,691,064
Interest and dividend income received	22,903	21,808
Interest expenses paid	(10,569)	(8,867)
Income taxes (paid) refund	(383,918)	(419,250)
Net cash provided by (used in) operating activities	1,538,724	2,284,754

(Unit: thousand yen)

	Apr. 1, 2017 - Mar. 31, 2018	Apr. 1, 2018 - Mar. 31, 2019
Cash flows from investing activities		
Payments into time deposits	(32,042)	(47,077)
Proceeds from withdrawal of time deposits	37,044	121,225
Purchase of property, plant and equipment	(178,077)	(228,051)
Proceeds from sales of non-current assets	71,977	172,659
Purchase of intangible assets	(223,502)	(169,479)
Purchase of investment securities	(175,365)	(224,235)
Proceeds from sales of investment securities	-	102,230
Proceeds from redemption of investment securities	50,000	-
Purchase of shares of subsidiaries and associates	(11,512)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(119,312)	-
Payments for asset retirement obligations	(12,909)	(29,537)
Payments or guarantee for lease deposits	(6,403)	473
Purchase of insurance funds	(234,516)	(200,967)
Proceeds from cancellation of insurance funds	75,275	42,248
Other investment proceeds	(15,108)	(21,599)
Other investment payments	1,143	11,454
Net cash provided by (used in) investing activities	(773,309)	(470,656)
Cash flows from financing activities		
Increase in short-term loans payable	1,930,000	1,530,000
Decrease in short-term loans payable	(2,000,000)	(2,060,000)
Proceeds from long-term loans payable	304,500	10,000
Repayments of long-term loans payable	(155,552)	(158,572)
Redemption of bonds	(80,000)	(40,000)
Repayments of lease obligations	(29,074)	(19,341)
Payments for long-term accounts payable-other	(8,292)	(8,292)
Proceeds from share issuance to non-controlling shareholders	-	3,000
Purchase of treasury shares	-	(254,318)
Cash dividends paid	(160,795)	(160,649)
Dividends paid to non-controlling interests	(14,651)	(15,295)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(181,335)
Net cash provided by (used in) financing activities	(213,866)	(1,354,803)
Net increase (decrease) in cash and cash equivalents	551,549	459,294
Cash and cash equivalents at beginning of period	4,263,075	4,839,223
Increase in cash and cash equivalents from newly consolidated subsidiary	24,598	-
Cash and cash equivalents at end of period	4,839,223	5,298,518

(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 children ranging from infants to 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.

In line with the revision of performance management categories, we have changed the reportable segment structure from 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 current fiscal year.

It is noted that the segment information for the previous fiscal year was prepared and disclosed based on the reportable segment structure after the change.

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

FY3/18 (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	8,445,531	5,119,281	13,564,813	2,676,592	16,241,406	-	16,241,406
Inter-segment sales and transfers	-	-	-	1,135,230	1,135,230	(1,135,230)	-
Total	8,445,531	5,119,281	13,564,813	3,811,822	17,376,636	(1,135,230)	16,241,406
Segment profit	1,045,542	870,092	1,915,635	221,743	2,137,378	(1,311,367)	826,011
Segment assets	4,166,018	1,571,088	5,737,106	2,472,929	8,210,036	5,265,393	13,475,429
Other items							
Depreciation	164,547	94,643	259,190	97,843	357,033	26,755	383,789
Amortization of goodwill (Note 4)	2,521	195,798	198,320	39,016	237,337	-	237,337
Increases in property, plant and equipment and intangible assets (Note 5)	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 5,265,393 thousand yen adjustment to segment assets includes minus 153,468 thousand yen in elimination for inter-segment transactions, and 5,418,862 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 generation.

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.

5. The increases in property, plant and equipment, and intangible assets do not include increases from newly consolidated subsidiaries.

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(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	8,289,127	5,924,896	14,214,023	2,744,805	16,958,828	-	16,958,828
Inter-segment sales and transfers	-	13,200	13,200	945,709	958,909	(958,909)	-
Total	8,289,127	5,938,096	14,227,223	3,690,514	17,917,738	(958,909)	16,958,828
Segment profit	759,517	1,452,239	2,211,756	220,526	2,432,283	(1,251,367)	1,180,915
Segment assets	3,951,571	1,584,990	5,536,561	2,552,856	8,089,417	5,541,688	13,631,106
Other items							
Depreciation	175,062	82,558	257,620	130,682	388,302	34,504	422,807
Amortization of goodwill	6,052	51,008	57,061	37,136	94,198	-	94,198
Increases in property, plant and equipment and intangible assets (Note 4)	182,682	99,625	282,307	135,727	418,035	8,955	426,990

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, corporate training portal site business, and other activities.

2. Adjustments to segment profits are as follows:

(1) The minus 1,251,367 thousand yen adjustment to segment profit includes 3,511 thousand yen in elimination for inter-segment transactions, and minus 1,254,879 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 5,541,688 thousand yen adjustment to segment assets includes minus 126,013 thousand yen in elimination for inter-segment transactions, and 5,667,702 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 34,504 thousand yen adjustment to depreciation includes corporate assets that cannot be allocated to reportable segments.

(4) The 8,955 thousand yen adjustment to increase in property, plant and equipment and intangible assets includes software pertaining to development of the learning management system, personnel management server, etc.

3. Segment profit is adjusted with operating profit on the consolidated statement of income.

4. The increases in property, plant and equipment, and intangible assets do not include increases from newly consolidated subsidiaries.

Per-share Information

(Unit: yen)

	FY3/18 (Apr. 1, 2017 - Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 - Mar. 31, 2019)
Net assets per share	451.06	483.49
Net income per share	17.69	57.27
Diluted net income per share	17.50	56.61

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

	FY3/18 (Apr. 1, 2017 - Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 - Mar. 31, 2019)
Net income per share		
Profit attributable to owners of parent (thousands of yen)	177,959	574,862
Amount not attributed to common shareholders (thousands of yen)	-	-
Profit attributable to common shareholders of parent (thousands of yen)	177,959	574,862
Average number of common shares during the fiscal year (thousand shares)	10,062	10,037
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)	106	116
(Of which, share acquisition rights)	(106)	(116)
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.