



Consolidated Financial Summary for the Fiscal Year Ended March 31, 2020

[Japanese GAAP]

May 14, 2020

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 24, 2020

Scheduled date of filing of Annual Securities Report: June 24, 2020

Scheduled date of dividend payment: June 10, 2020

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: None

Note: The original disclosure in Japanese was released on May 14, 2020 at 15:30 (GMT +9).

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

1. Consolidated financial results for the fiscal year ended March 31, 2020 (April 1, 2019 - March 31, 2020)

(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, 2020	17,592	3.7	1,407	19.2	1,473	19.2	325	(43.4)
Fiscal year ended Mar. 31, 2019	16,958	4.4	1,180	43.0	1,235	47.4	574	223.0

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2020: 304 (down 45.8%)

Fiscal year ended Mar. 31, 2019: 561 (up 134.5%)

	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, 2020	34.23	33.88	7.0	10.4	8.0
Fiscal year ended Mar. 31, 2019	57.27	56.61	12.6	9.1	7.0

Reference: Equity method income (million yen) Fiscal year ended Mar. 31, 2020: 16 Fiscal year ended Mar. 31, 2019: 11

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2020	14,801	4,900	31.6	490.79
As of Mar. 31, 2019	13,631	4,981	33.6	483.49

Reference: Shareholders' equity (million yen) As of Mar. 31, 2020: 4,674 As of Mar. 31, 2019: 4,580

(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, 2020	1,862	(856)	475	6,780
Fiscal year ended Mar. 31, 2019	2,284	(470)	(1,354)	5,298

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	Million yen	%	%
Fiscal year ended Mar. 31, 2019	-	6.00	-	10.00	16.00	155	27.0	3.4
Fiscal year ended Mar. 31, 2020	-	6.00	-	10.00	16.00	151	46.8	3.3
Fiscal year ending Mar. 31, 2021 (forecast)	-	-	-	-	-	-	-	-

Note: We have not yet determined the dividend forecast for the fiscal year ending Mar. 31, 2021.

3. Consolidated earnings forecast for the fiscal year ending March 31, 2021 (April 1, 2020 - March 31, 2021)

We have not yet determined the consolidated earnings forecast for the fiscal year ending March 31, 2021 based on the judgement that it was difficult to make an appropriate estimate due to the COVID-19 outbreak at this time. We will immediately release the earnings forecast in a timely manner once a reasonable estimate becomes available.

*** 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, 2020: 10,440,000 shares As of Mar. 31, 2019: 10,440,000 shares

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

As of Mar. 31, 2020: 915,028 shares As of Mar. 31, 2019: 967,228 shares

3) Average number of shares during the period

Fiscal year ended Mar. 31, 2020: 9,506,922 shares Fiscal year ended Mar. 31, 2019: 10,037,747 shares

Reference: Summary of Unconsolidated Financial Results

1. Unconsolidated financial results for the fiscal year ended March 31, 2020 (April 1, 2019 - March 31, 2020)

(1) Unconsolidated business results

(The percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2020	12,594	4.5	1,227	52.6	1,274	50.0	316	(0.9)
Fiscal year ended Mar. 31, 2019	12,051	2.5	804	51.7	849	45.1	319	579.3

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2020	33.27	32.93
Fiscal year ended Mar. 31, 2019	31.78	31.42

(2) Unconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2020	12,700	4,132	32.3	430.84
As of Mar. 31, 2019	11,129	4,022	35.8	420.90

Reference: Shareholders' equity (million yen) As of Mar. 31, 2020: 4,103 As of Mar. 31, 2019: 3,987

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

We have not yet determined the earnings forecast for the fiscal year ending March 31, 2021 based on the judgement that it was difficult to make an appropriate estimate due to COVID-19 outbreak at this time. We will immediately release the forecast in a timely manner once a reasonable estimate becomes available.

Please refer to "1. Overview of Results of Operations, (4) Outlook" on page 5 for assumptions for forecasts and notes of caution for usage.

Also, we have not determined the dividend forecast for the fiscal year ending March 31, 2021 as it was difficult to make an appropriate estimate at this time.

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1. Overview of Results of Operations

(1) Results of Operations

During the fiscal year ended March 31, 2020 (hereinafter “the period under review”), despite the impact of natural disasters such as typhoons, the Japanese economy was in a gradual recovery trend, along with continued improvement in employment and income. However, uncertainty was created by the pandemic of the novel coronavirus disease (COVID-19) as well as a slowdown in consumption after the consumption tax hike and heightened tension in the world.

Our industry is preparing for the major reforms of Japan’s educational system, including a shift to the new courses of study for school and standardized testing for college admissions. Meanwhile, expectations are growing for the private education sector to utilize AI and IoT and offer more fulfilling programs in keeping with the advancement of technology, and respond appropriately to extended closure of schools.

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, in anticipation of the direction of Japan’s educational environment, the Group promoted students’ improvement in academic performance and independence and fostered their motivation and attitude toward proactive learning, for which the demand will grow increasingly in the future. With further utilization of information and communications technology (ICT), we developed programs for helping students learn how to study and watch their own progress. Additionally, in the gakushu-juku business, we strove not only to improve the quality of lessons but also to address new needs such as efficiently arranging adaptive learning programs. The high school and careers support business segment saw an increase in the number of students enrolled in the correspondence high schools. This was because the Company’s uniqueness was acknowledged while correspondence high schools in general were increasingly gaining social recognition as a place for learning through EdTech, which combines education and technology. In addition, the Group aggressively offered after-school activities for children to spend English-only time with native speaker instructors.

However, the Group’s results for the period under review were affected by the Japanese government’s declaration of a state of emergency in response to the spread of COVID-19 infections, calling for self-restraint in outings and suspension of various businesses. Consequently, impairment loss was recorded on some subsidiaries that were impacted by a decline in inbound tourism in Japan, while the Company posted loss on valuation of investment securities and impairment loss on goodwill. Consequently, as announced on May 14, 2020 in the “Notice on Recording of Extraordinary Loss and Revision to Earnings Forecast (Japanese version only),” the Group posted impairment loss of 526 million yen as extraordinary losses.

As a result of the above, net sales amounted to 17,592 million yen (up 3.7% year-on-year) with operating profit of 1,407 million yen (up 19.2% year-on-year), ordinary profit of 1,473 million yen (up 19.2% year-on-year), and profit attributable to owners of parent was 325 million yen (down 43.4% year-on-year).

Net sales and ordinary profit were record highs for the Group.

Reportable segment performance is described as 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 period under review. 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, 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 7,445 million yen (down 8.2% year-on-year), including the effects of the consolidation of 16 schools in the previous fiscal year, with operating profit (segment profit) of 889 million yen (up 16.6% 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 courses, career support courses for working adults, and Japanese language education services.

Following the previous fiscal year, we continued to increase the number of students enrolled in our correspondence high school. This favorable enrollment is due to the school’s unique ICT education and attractive course content for specialist training, as the rapid progress of technology is beginning to change learning style. Our 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.”

As a result of the above efforts, net sales of the segment amounted to 6,977 million yen (up 17.8% year-on-year), with operating profit (segment profit) of 2,036 million yen (up 40.2% 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. As a result, net sales of the segment amounted to 3,169 million yen (up 8.5% year-on-year) due to aggressively opening schools for infants and school children in the English education business; however, the segment posted operating loss (segment loss) of 39 million yen, compared to operating profit (segment profit) of 216 million yen in the previous fiscal year.

(2) Financial Condition

Total assets increased 1,170 million yen from the end of the previous fiscal year to 14,801 million yen at the end of the period under review. This was attributable mainly to increases of 1,582 million yen in cash and deposits, and 243 million yen in software, which were partially offset by decreases of 335 million yen in goodwill and 248 million yen in property, plant and equipment.

Total liabilities increased 1,250 million yen to 9,900 million yen. This was attributable mainly to increases of 1,000 million yen in short-term borrowings and 517 million yen in advances received, which were partially offset by decreases of 100 million yen in other (current liabilities), 79 million yen in other (non-current liabilities), and 77 million yen in long-term borrowings.

Total net assets decreased 80 million yen to 4,900 million yen. This was attributable mainly to an increase of 171 million yen in retained earnings, which was partially offset by decreases of 168 million yen in non-controlling interests and 67 million yen in valuation difference on available-for-sale securities.

(3) Cash Flows

The balance of cash and cash equivalents (hereinafter “net cash”) as of the end of the period under review increased 1,482 million yen year-on-year to 6,780 million yen.

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 1,862 million yen in the period under review (compared with 2,284 million yen provided in the previous fiscal year). The result was attributable mainly to an increase of 517 million yen in advances received as well as recording of impairment loss of 526 million yen, depreciation of 404 million yen, and amortization of goodwill of 95 million yen as non-cash expenses.

Cash flows from investing activities

Net cash used in investing activities was 856 million yen in the period under review (compared with 470 million yen used in the previous fiscal year). The result was attributable mainly to payments of 406 million yen for purchase of intangible assets, 249 million yen for purchase of property, plant and equipment, and 194 million yen for purchase of insurance funds.

Cash flows from financing activities

Net cash provided by financing activities was 475 million yen in the period under review (compared with 1,354 million yen used in the previous fiscal year). The result was attributable mainly to proceeds from short-term loans payable of 2,150 million yen, which was partially offset by repayments of short-term borrowings of 1,150 million yen, purchase of treasury shares of 230 million yen, dividends paid of 151 million yen, and repayments of long-term borrowings of 99 million yen.

Reference: Cash flow indicators

	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20
Ratio of shareholders' equity to total assets (%)	39.0	35.8	33.7	33.6	31.6
Ratio of shareholders' equity to total assets (market value basis) (%)	26.9	30.1	31.9	28.2	32.6
Cash flows to debt ratio (%)	133.5	113.8	85.1	25.2	78.9
Interest coverage ratio (times)	51.8	132.1	145.6	257.2	242.0

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

Regarding the Japanese economy, consumption is expected to be sluggish in the near future due to the spread of the COVID-19 infection and the request for self-restraint in outings and suspension of businesses. While it is unpredictable when the spread of the virus will end, the Japanese language education service business is seeing a decrease in the number of students from abroad, especially from China, the U.S., and Europe, due to immigration restrictions. The language service business is also experiencing a fall in demand for the dispatch of interpreters and translators, resulting from the postponement of the Olympic games and the decline in inbound tourism. Uncertainty is currently increasing in the business environment surrounding the Group and the impact on the Group's businesses in the future is particularly unclear.

At this point, our earnings forecasts for the fiscal year ending March 31, 2021 are undetermined due to the difficulty of making reasonable estimates of the impact of the spread of the COVID-19 infection. We will immediately disclose our earnings forecasts in a timely manner once a reasonable estimate becomes available.

(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, 2020. With the interim dividend of 6 yen per share that was paid on December 3, 2019, this will result in a total dividend of 16 yen per share applicable to the fiscal year ended on March 31, 2020.

With regard to dividends for the fiscal year ending March 31, 2021, we have not determined due to the difficulty of calculating reasonably accurate earnings forecast at this time.

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, 2019	As of Mar. 31, 2020
Assets		
Current assets		
Cash and deposits	5,317,469	6,899,792
Notes and accounts receivable-trade	297,208	267,406
Accounts receivable-school fees	321,844	280,818
Merchandise and finished goods	16,991	30,521
Teaching material	38,808	34,613
Raw materials and supplies	15,914	15,881
Other	425,557	435,694
Allowance for doubtful accounts	(19,154)	(20,478)
Total current assets	6,414,639	7,944,249
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,270,426	5,071,058
Accumulated depreciation	(3,396,723)	(3,428,323)
Buildings and structures, net	1,873,702	1,642,734
Land	441,880	441,880
Leased assets	52,944	54,204
Accumulated depreciation	(28,717)	(36,942)
Leased assets, net	24,226	17,261
Construction in progress	1,669	1,549
Other	1,061,914	1,064,013
Accumulated depreciation	(944,606)	(957,257)
Other, net	117,308	106,755
Total property, plant and equipment	2,458,787	2,210,182
Intangible assets		
Goodwill	351,115	15,636
Software	337,318	580,624
Other	203,162	206,659
Total intangible assets	891,596	802,919
Investments and other assets		
Investment securities	975,304	941,464
Long-term loans receivable	60,564	74,402
Leasing and guarantee deposits	1,173,778	1,185,328
Insurance funds	1,068,035	993,407
Retirement benefit asset	1,241	16,355
Deferred tax assets	504,989	553,776
Other	128,603	120,687
Allowance for doubtful accounts	(46,435)	(41,400)
Total investments and other assets	3,866,083	3,844,021
Total non-current assets	7,216,466	6,857,123
Total assets	13,631,106	14,801,373

	(Unit: thousand yen)	
	As of Mar. 31, 2019	As of Mar. 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable-trade	330,910	331,413
Short-term borrowings	100,000	1,100,000
Current portion of long-term borrowings	98,193	87,936
Lease obligations	18,804	17,706
Accounts payable-other	544,789	515,659
Income taxes payable	348,425	378,562
Accrued consumption taxes	109,483	157,992
Advances received	4,216,224	4,733,304
Provision for bonuses	170,653	186,698
Asset retirement obligations	18,337	15,835
Other	341,115	241,101
Total current liabilities	6,296,938	7,766,211
Non-current liabilities		
Long-term borrowings	286,389	209,053
Lease obligations	71,174	55,795
Provision for retirement benefits for directors (and other officers)	24,773	3,269
Retirement benefit liability	1,028,218	1,010,644
Asset retirement obligations	723,147	715,990
Other	219,308	139,924
Total non-current liabilities	2,353,011	2,134,678
Total liabilities	8,649,949	9,900,889
Net assets		
Shareholders' equity		
Share capital	1,299,375	1,299,375
Capital surplus	1,482,840	1,458,119
Retained earnings	2,237,365	2,409,283
Treasury shares	(384,002)	(363,278)
Total shareholders' equity	4,635,578	4,803,500
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	130,198	63,193
Revaluation reserve for land	(191,835)	(191,835)
Foreign currency translation adjustment	(34)	(66)
Remeasurements of defined benefit plans	6,124	-
Total accumulated other comprehensive income	(55,548)	(128,709)
Share acquisition rights	35,189	28,409
Non-controlling interests	365,936	197,283
Total net assets	4,981,157	4,900,483
Total liabilities and net assets	13,631,106	14,801,373

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

(Unit: thousand yen)

	Apr. 1, 2018 - Mar. 31, 2019	Apr. 1, 2019 - Mar. 31, 2020
Net sales	16,958,828	17,592,341
Cost of sales	11,811,258	12,039,529
Gross profit	5,147,570	5,552,811
Selling, general and administrative expenses	3,966,654	4,145,015
Operating profit	1,180,915	1,407,796
Non-operating income		
Interest income	7,798	9,769
Dividend income	16,166	15,929
Insurance claim income	2,274	10,572
Share of profit of entities accounted for using equity method	11,356	16,494
Other	30,991	34,680
Total non-operating income	68,587	87,447
Non-operating expenses		
Interest expenses	9,329	6,903
Loss on valuation of compound financial instruments	-	10,465
Other	4,540	4,727
Total non-operating expenses	13,869	22,095
Ordinary profit	1,235,633	1,473,148
Extraordinary income		
Gain on sales of non-current assets	78,947	3,374
Gain on sales of investment securities	1,666	4,590
Gain on sales of shares of subsidiaries	64,482	-
Surrender value of insurance policies	9,490	19,191
Other	275	1,491
Total extraordinary income	154,863	28,648
Extraordinary losses		
Loss on retirement of non-current assets	1,649	6,256
Impairment loss	273,445	526,185
Loss on valuation of investment securities	17,223	50,717
Loss on cancellation of insurance policies	-	16,152
Other	968	-
Total extraordinary losses	293,286	599,312
Profit before income taxes	1,097,210	902,484
Income taxes-current	470,373	550,338
Income taxes-deferred	(21,452)	(25,376)
Total income taxes	448,921	524,962
Profit	648,288	377,522
Profit attributable to non-controlling interests	73,425	52,130
Profit attributable to owners of parent	574,862	325,391

Consolidated Statement of Comprehensive Income

(Unit: thousand yen)

	Apr. 1, 2018 - Mar. 31, 2019	Apr. 1, 2019 - Mar. 31, 2020
Profit	648,288	377,522
Other comprehensive income		
Valuation difference on available-for-sale securities	(50,300)	(67,004)
Remeasurements of defined benefit plans, net of tax	(36,747)	(6,124)
Share of other comprehensive income of entities accounted for using equity method	(34)	(31)
Total other comprehensive income	(87,082)	(73,161)
Comprehensive income	561,205	304,360
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	487,779	252,230
Comprehensive income attributable to non-controlling interests	73,425	52,130

(3) Consolidated Statement of Changes in Equity

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

(Unit: thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,299,375	1,527,761	1,823,720	(143,724)	4,507,133
Changes 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 in equity due to acquisition of treasury stock by a consolidated subsidiary		(45,195)			(45,195)
Net changes in items other than shareholders' equity					
Total changes during period	-	(44,921)	413,644	(240,277)	128,445
Balance at end of 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 period	180,498	(191,835)	-	42,872	31,534	34,530	440,960	5,014,158
Changes 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 in equity due to acquisition of treasury stock by a consolidated subsidiary								(45,195)
Net changes in items other than shareholders' equity	(50,300)	-	(34)	(36,747)	(87,082)	659	(75,023)	(161,447)
Total changes during period	(50,300)	-	(34)	(36,747)	(87,082)	659	(75,023)	(33,001)
Balance at end of period	130,198	(191,835)	(34)	6,124	(55,548)	35,189	365,936	4,981,157

FY3/20 (Apr. 1, 2019 - Mar. 31, 2020)

(Unit: thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,299,375	1,482,840	2,237,365	(384,002)	4,635,578
Changes during period					
Dividends of surplus			(151,877)		(151,877)
Profit attributable to owners of parent			325,391		325,391
Disposal of treasury shares		(1,681)		20,723	19,042
Transfer of loss on disposal of treasury shares		1,407	(1,407)		-
Change in equity due to acquisition of treasury stock by a consolidated subsidiary		1,518			1,518
Increase or decrease due to stock transfer		(3,272)			(3,272)
Change in equity due to acquisition of treasury stock by a consolidated subsidiary		(22,691)			(22,691)
Change in scope of consolidation			(189)		(189)
Net changes in items other than shareholders' equity					
Total changes during period	-	(24,720)	171,917	20,723	167,921
Balance at end of period	1,299,375	1,458,119	2,409,283	(363,278)	4,803,500

	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 period	130,198	(191,835)	(34)	6,124	(55,548)	35,189	365,936	4,981,157
Changes during period								
Dividends of surplus								(151,877)
Profit attributable to owners of parent								325,391
Disposal of treasury shares								19,042
Transfer of loss on disposal of treasury shares								-
Change in equity due to acquisition of treasury stock by a consolidated subsidiary								1,518
Increase or decrease due to stock transfer								(3,272)
Change in equity due to acquisition of treasury stock by a consolidated subsidiary								(22,691)
Change in scope of consolidation								(189)
Net changes in items other than shareholders' equity	(67,004)	-	(31)	(6,124)	(73,161)	(6,780)	(168,653)	(248,595)
Total changes during period	(67,004)	-	(31)	(6,124)	(73,161)	(6,780)	(168,653)	(80,673)
Balance at end of period	63,193	(191,835)	(66)	-	(128,709)	28,409	197,283	4,900,483

(4) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Apr. 1, 2018 - Mar. 31, 2019	Apr. 1, 2019 - Mar. 31, 2020
Cash flows from operating activities		
Profit before income taxes	1,097,210	902,484
Depreciation	422,807	404,965
Impairment loss	273,445	526,185
Amortization of goodwill	94,198	95,105
Share-based remuneration expenses	11,901	12,245
Increase (decrease) in allowance for doubtful accounts	5,438	(3,795)
Increase (decrease) in provision for bonuses	(17,671)	16,045
Increase (decrease) in retirement benefit liability	(7,695)	(49,912)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	2,080	(21,503)
Interest and dividend income	(23,965)	(25,699)
Interest expenses	9,329	6,903
Share of loss (profit) of entities accounted for using equity method	(11,356)	(16,494)
Loss (gain) on valuation of investment securities	17,223	50,717
Loss (gain) on sales of investment securities	(1,666)	-
Loss (gain) on sales of shares of subsidiaries	(64,482)	(4,590)
Loss (gain) on valuation of compound financial instruments	(537)	10,465
Loss (gain) on sales of non-current assets	(78,947)	(3,374)
Loss on retirement of non-current assets	1,649	6,256
Surrender value of insurance policies	(9,490)	(19,191)
Loss on cancellation of insurance policies	-	16,152
Decrease (increase) in trade receivables	35,751	71,432
Decrease (increase) in inventories	(278)	(8,506)
Increase (decrease) in trade payables	(7,128)	503
Increase (decrease) in advances received	897,170	517,079
Decrease (increase) in other assets	(27,065)	(15,744)
Increase (decrease) in other liabilities	73,204	(118,999)
Other, net	(60)	(60)
Subtotal	2,691,064	2,348,669
Interest and dividends received	21,808	23,500
Interest paid	(8,867)	(7,695)
Income taxes (paid) refund	(419,250)	(501,794)
Net cash provided by (used in) operating activities	2,284,754	1,862,679

(Unit: thousand yen)

	Apr. 1, 2018 - Mar. 31, 2019	Apr. 1, 2019 - Mar. 31, 2020
Cash flows from investing activities		
Payments into time deposits	(47,077)	(130,233)
Proceeds from withdrawal of time deposits	121,225	30,282
Purchase of property, plant and equipment	(228,051)	(249,765)
Proceeds from sales of non-current assets	172,659	3,374
Purchase of intangible assets	(169,479)	(406,439)
Purchase of investment securities	(224,235)	(123,360)
Proceeds from sales of investment securities	102,230	-
Purchase of shares of subsidiaries and associates	-	(16,500)
Proceeds from sales of shares of subsidiaries and associates	-	33,745
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(5,272)
Payments for asset retirement obligations	(29,537)	(37,845)
Payments or guarantee for lease deposits	473	(9,988)
Purchase of insurance funds	(200,967)	(194,657)
Proceeds from cancellation of insurance funds	42,248	272,325
Other investment payments	(21,599)	(23,853)
Other investment proceeds	11,454	1,920
Net cash provided by (used in) investing activities	(470,656)	(856,267)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,530,000	2,150,000
Repayments of short-term borrowings	(2,060,000)	(1,150,000)
Proceeds from long-term borrowings	10,000	1,000
Repayments of long-term borrowings	(158,572)	(99,863)
Redemption of bonds	(40,000)	-
Repayments of lease obligations	(19,341)	(19,804)
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)	(230,000)
Dividends paid	(160,649)	(151,247)
Dividends paid to non-controlling interests	(15,295)	(10,307)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(181,335)	(5,575)
Net cash provided by (used in) financing activities	(1,354,803)	475,909
Net increase (decrease) in cash and cash equivalents	459,294	1,482,321
Cash and cash equivalents at beginning of period	4,839,223	5,298,518
Cash and cash equivalents at end of period	5,298,518	6,780,839

(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 assistance with academic courses, preparation for entrance exam, and instructions for skill development for children ranging from infants to high school students, as well as the management of wide-area correspondence high schools, preparation for exams to help acquire various qualifications, and Japanese language education services.

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

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 English education business for infants and school children included in the Gakushu-juku Business segment in the previous fiscal year has been integrated into the Other businesses segment since the beginning of the period under review.

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

FY3/19 (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	8,114,043	5,924,896	14,038,939	2,919,889	16,958,828	-	16,958,828
Inter-segment sales and transfers	-	13,200	13,200	945,709	958,909	(958,909)	-
Total	8,114,043	5,938,096	14,052,139	3,865,598	17,917,738	(958,909)	16,958,828
Segment profit	763,225	1,452,239	2,215,465	216,817	2,432,283	(1,251,367)	1,180,915
Segment assets	3,908,148	1,584,990	5,493,138	2,596,279	8,089,417	5,541,688	13,631,106
Other items							
Depreciation	171,584	82,558	254,142	134,160	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)	156,123	99,625	255,748	162,286	418,035	8,955	426,990

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. Adjustments 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 increases in property, plant and equipment and intangible assets includes software pertaining to 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.

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(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	7,445,696	6,977,384	14,423,081	3,169,259	17,592,341	-	17,592,341
Inter-segment sales and transfers	-	13,262	13,262	845,413	858,675	(858,675)	-
Total	7,445,696	6,990,646	14,436,343	4,014,673	18,451,016	(858,675)	17,592,341
Segment profit (loss)	889,569	2,036,656	2,926,225	(39,687)	2,886,538	(1,478,742)	1,407,796
Segment assets	3,554,765	1,383,969	4,938,734	2,392,792	7,331,527	7,469,846	14,801,373
Other items							
Depreciation	156,922	77,625	234,548	138,470	373,018	31,946	404,965
Amortization of goodwill	6,052	51,008	57,061	38,044	95,105	-	95,105
Increases in property, plant and equipment and intangible assets (Note 4)	138,628	54,183	192,812	441,282	634,094	17,966	652,061

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. Adjustments are as follows:

- (1) The minus 1,478,742 thousand yen adjustment to segment profit includes 825 thousand yen in elimination for inter-segment transactions, and minus 1,479,567 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 7,469,846 thousand yen adjustment to segment assets includes minus 148,692 thousand yen in elimination for inter-segment transactions, and 7,618,538 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 31,946 thousand yen adjustment to depreciation includes corporate assets that cannot be allocated to reportable segments.
- (4) The 17,966 thousand yen adjustment to increase in property, plant and equipment and intangible assets includes air conditioners replacement for the Company headquarters, mobile PCs, adoption cost for workflow system, 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)

	FY3/19 (Apr. 1, 2018 - Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 - Mar. 31, 2020)
Net assets per share	483.49	490.79
Net income per share	57.27	34.23
Diluted net income per share	56.61	33.88

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

	FY3/19 (Apr. 1, 2018 - Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 - Mar. 31, 2020)
Net income per share		
Profit attributable to owners of parent (thousands of yen)	574,862	325,391
Amount not attributed to common shareholders (thousands of yen)	-	-
Profit attributable to common shareholders of parent (thousands of yen)	574,862	325,391
Average number of common shares during the period (thousand shares)	10,037	9,506
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)	116	98
(Of which, share acquisition rights)	(116)	(98)
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.