

**Consolidated Financial Summary for the Second Quarter of Fiscal Year Ending March 31, 2022
(Six Months Ended September 30, 2021)**

[Japanese GAAP]

November 11, 2021

Stock listed on TSE JASDAQ

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

Company name: **With us Corporation**

Stock code: 9696

Representative: Tomio Ikoma, President

Contact: Takushi Akagawa, Director, Administration Coordination Headquarters

Scheduled date of filing of Quarterly Report: November 12, 2021

Scheduled date of payment of dividend: December 2, 2021

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, 2021 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, 2021

(April 1, 2021 - September 30, 2021)

(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, 2021	8,225	13.8	758	-	832	-	488	-
Six months ended Sep. 30, 2020	7,225	(12.5)	(380)	-	(296)	-	(290)	-

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2021: 510 (-%)

Six months ended Sep. 30, 2020: (269) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2021	51.09	50.60
Six months ended Sep. 30, 2020	(30.44)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2021	14,349	5,127	33.9	508.00
As of Mar. 31, 2021	14,742	5,348	34.6	534.14

Reference: Shareholders' equity (million yen)

As of Sep. 30, 2021: 4,859

As of Mar. 31, 2021: 5,099

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2021	-	6.00	-	10.00	16.00
Fiscal year ending Mar. 31, 2022	-	6.00	-	-	-
Fiscal year ending Mar. 31, 2022 (forecast)	-	-	-	12.00	18.00

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

3. Consolidated earnings forecast for the fiscal year ending March 31, 2022 (April 1, 2021 - March 31, 2022)

(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	17,700	8.7	1,500	35.1	1,600	20.2	600	4.2	62.91

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: Yes
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting-based estimates: None
- 4) Restatements: None

Note: Please refer to the section “2. Quarterly Consolidated Financial Statements and Notes, (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 12 of the attachments for further information.

(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, 2021:	10,440,000 shares	As of Mar. 31, 2021:	10,440,000 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2021:	873,250 shares	As of Mar. 31, 2021:	893,328 shares
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3) Average number of shares during the period

Six months ended Sep. 30, 2021:	9,556,711 shares	Six months ended Sep. 30, 2020:	9,528,589 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 5 of the attachments 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, 2022 (hereinafter “the period under review”), the Japanese economy still remained uncertain resulting from the global pandemic of the novel coronavirus disease (COVID-19).

For the environment surrounding the industry in which we operate, active involvement of foreign, senior, and female workers has been increasingly valued with the working population shrinking in Japan. In addition, the society is aging with a declining birth rate, which can be described as society of longevity, or the age of 100 years of life. These factors have contributed to increased need to provide opportunities for lifelong learning and relearning. Our industry is also facing the commencement of major reforms of Japan’s educational system in both hard and soft aspects. The reforms include the full implementation of the new curriculum guidelines in Junior high schools, the enhancement of language activities and foreign language education, as well as the acceleration of digitalization under the government-led GIGA (Global and Innovative Gateway for All) School Concept.

In this business environment, With us Corporation (hereinafter “the Company”) and its subsidiaries and associates (hereinafter collectively “the Group”) have set the following five targets as the core of the Group’s management policy: 1) Enhancing customer satisfaction, 2) Strengthening service quality, 3) Expanding the scope of our support activities in response to the trend in lifelong learning, 4) Enhancing our value proposition through enabling the interaction of people in both online and offline environment, and 5) Maximizing the intra-Group synergies through M&A and alliances. 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 fourth state of emergency was declared in July. Giving top priority to the safety and security of students and employees, the Group took all possible measures to prevent the spread of COVID-19 infections and conducted classes, completing class hours as usual.

The Gakushu-juku business segment created an environment in which students can take classes with a sense of security by offering a two-way live streaming class through a combination of face-to-face and online classes, which are interactive and adopted for both group and personal education. Such efforts contributed to a year-on-year increase in the average number of enrolled students during the period under review.

The High School and Careers Support business segment showed strong performance in terms of the number of enrolled students because correspondence high schools were increasingly gaining social recognition as a place for diverse learning through EdTech, which combines education and technology. The strong performance is also attributable to the appreciation of our value as an education service provider.

As a new measure to further expand our scope of business activities, we have established Lira Inc. and entered into new business field of transition support for employment to provide necessary training, support for getting employment, and support after starting work for persons with disabilities who seek to work. Although there is an increasing need for diverse work styles including work from home, telework, and a shorter work-hour system, the current situation is that the employment of persons with disabilities has seemingly not made enough progress yet. In this business, Lira Inc. intends to make utmost effort to “foster people who will be successful in their career” so that it will function as a bridge between persons with disabilities and society.

Meanwhile, the Japanese language education services and translation services were adversely impacted by declines in the number of new foreign students and demand for inbound tourism due to restrictions on entry into Japan caused by the spread of the COVID-19 pandemic.

As a result of the above, net sales amounted to 8,225 million yen (up 13.8% year-on-year) with operating profit of 758 million yen (compared to operating loss of 380 million yen for the same period a year earlier), ordinary profit of 832 million yen (compared to ordinary loss of 296 million yen for the same period a year earlier), and profit attributable to owners of parent was 488 million yen (compared to loss attributable to owners of parent of 290 million yen for the same period a year earlier).

Segment performance is described as below.

1) Gakushu-juku Business

In the Gakushu-juku business segment, the key concept is to increase self-motivation through our unique educational method (“plus-cycle learning method”) based on findings from latest brain science research. In the group education division, we regrouped classes involving online learning to optimize the formulation of student population beyond the framework of our schools in an effort to further increase students’ self-motivation and improve their academic performance. In the university entrance examination division, we have already launched initiatives to attract students beyond prefectural borders by offering such courses online focusing on regional universities to students not enrolled in our schools. For overhead costs, we continued to manage them effectively by improving operational efficiency and optimizing rent, advertising and other expenses. As a result of the foregoing, net sales of the segment amounted to 3,387 million yen (up 14.6% 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. We continued to see strong performance in terms of the number of students enrolled in our correspondence high school, which holds unique ICT education and course content for specialist training, with 53 campuses mainly in major cities across Japan. We believe that the strong performance reflects the fact that correspondence high schools in general were increasingly gaining social recognition, in addition to technological evolution and changes in living and learning styles. We intend to promote the Group’s corporate vision “to become an outstanding educational institution capable of fostering people who will be successful in their career” by providing students with opportunities for further growth and visualizing their sense of accomplishment and performance—enhancement of our unique “growth and self-accomplishment-based education.”

On the other hand, Japanese language education services are still being impacted by restrictions on new entries by foreign students. With an eye on the easing of entry restrictions, we provide support such as online classes for foreign students who have been waiting for entry into Japan. As a result of the foregoing, net sales of the segment amounted to 3,413 million yen (up 19.1% 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, English education for infants and schoolchildren, and corporate training for anger management, which provides mental training to better understand and properly control their emotions.

Anger Management Corporation, which was newly included in the Group in May 2021, contributed to improving our performance because its operations associated with corporate training and facilitator training delivered steady performance. In recent years, as various harassment, bullying, abuse, and domestic violence have emerged as social issues, Anger Management strengthened media exposure, appearing on internet programs, sending messages on social media, and publishing books.

SRJ Co., Ltd. is engaged in ability development driven by speed reading and the planning and development of English learning programs. It achieved steady performance in terms of revenue and the number of students by attracting visitors effectively and efficiently through its efforts such as actively offering online seminars.

Meanwhile, continued restrictions on new entries by foreign nationals coming to Japan have significantly impacted the inbound market, thereby influencing revenues of some subsidiaries of the Group. As a result of the foregoing, net sales of the segment amounted to 1,424 million yen (up 1.5% year-on-year).

The Company started to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) at the beginning of the first quarter of the current fiscal year. For more information, please refer to “(4) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies and Segment and Other Information” on page 12.

(2) Explanation of Financial Position

1) Assets, liabilities and net assets

Assets

Current assets decreased 11.7% from the end of the previous fiscal year to 7,273 million yen. This was due mainly to decreases of 734 million yen in cash and deposits and 241 million yen in accounts receivable-school fees.

Non-current assets increased 8.8% from the end of the previous fiscal year to 7,076 million yen. This was due mainly to increases of 293 million yen in goodwill and 226 million yen in other under investments and other assets.

As a result, total assets decreased 2.7% from the end of the previous fiscal year to 14,349 million yen.

Liabilities

Current liabilities decreased 7.8% from the end of the previous fiscal year to 6,654 million yen. This was due mainly to an increase of 500 million yen in short-term borrowings, and decreases of 1,200 million yen in contract liabilities and 150 million yen in notes and accounts payable-trade.

Non-current liabilities increased 17.8% from the end of the previous fiscal year to 2,567 million yen. This was due mainly to an increase of 333 million yen in long-term borrowings.

As a result, total liabilities decreased 1.8% from the end of the previous fiscal year to 9,222 million yen.

Net assets

Net assets decreased 4.1% from the end of the previous fiscal year to 5,127 million yen. This was attributable mainly to a decrease of 250 million yen in retained earnings.

2) Cash Flows

The balance of cash and cash equivalents (hereinafter "net cash") as of the end of the period under review increased 1,923 million yen year-on-year to 6,338 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 936 million yen in the period under review (compared with 1,992 million yen used in the same period of the previous fiscal year). The result was attributable mainly to a decrease of 2,016 million yen in contract liabilities and recording of profit before income taxes of 835 million yen.

Cash flows from investing activities

Net cash used in investing activities was 613 million yen in the period under review (compared with 389 million yen used in the same period of the previous fiscal year). The result was attributable mainly to purchase of shares of subsidiaries resulting in change in scope of consolidation of 288 million yen, payments of 150 million yen for purchase of property, plant and equipment, and 129 million yen for purchase of insurance funds.

Cash flows from financing activities

Net cash provided by financing activities was 816 million yen in the period under review (compared with 15 million yen provided in the same period of the previous fiscal year). The result was attributable mainly to proceeds from short-term borrowings of 900 million yen, which was partially offset by repayments of short-term borrowings of 400 million yen, proceeds from long-term borrowings of 500 million yen, repayments of long-term borrowings of 73 million yen and dividends paid of 94 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, 2022, which was announced on May 14, 2021.

The forecasts are made by the Company based 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, 2021	As of Sep. 30, 2021
Assets		
Current assets		
Cash and deposits	7,191,794	6,457,570
Notes and accounts receivable-trade	238,902	-
Notes and accounts receivable - trade, and contract assets	-	249,691
Accounts receivable-school fees	289,807	48,342
Merchandise and finished goods	27,669	35,491
Teaching material	36,272	31,364
Raw materials and supplies	16,812	16,270
Other	458,658	447,852
Allowance for doubtful accounts	(19,668)	(13,219)
Total current assets	8,240,249	7,273,363
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,370,174	1,433,621
Other, net	469,341	509,168
Total property, plant and equipment	1,839,516	1,942,789
Intangible assets		
Goodwill	9,583	303,482
Other	697,786	662,792
Total intangible assets	707,370	966,275
Investments and other assets		
Investment securities	894,491	888,737
Leasehold and guarantee deposits	1,185,284	1,176,436
Other	1,905,571	2,132,250
Allowance for doubtful accounts	(30,012)	(29,978)
Total investments and other assets	3,955,335	4,167,446
Total non-current assets	6,502,222	7,076,510
Total assets	14,742,471	14,349,874

	(Unit: thousand yen)	
	As of Mar. 31, 2021	As of Sep. 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	266,219	115,326
Short-term borrowings	100,000	600,000
Current portion of long-term borrowings	79,887	172,558
Income taxes payable	266,782	177,141
Advances received	5,400,661	-
Contract liabilities	-	4,200,275
Provision for bonuses	186,361	218,153
Other	915,627	1,171,214
Total current liabilities	7,215,538	6,654,670
Non-current liabilities		
Long-term borrowings	240,765	574,123
Provision for retirement benefits for directors (and other officers)	5,099	6,014
Retirement benefit liability	1,048,555	1,061,711
Asset retirement obligations	723,944	732,035
Other	160,412	193,790
Total non-current liabilities	2,178,777	2,567,676
Total liabilities	9,394,316	9,222,346
Net assets		
Shareholders' equity		
Share capital	1,299,375	1,299,375
Capital surplus	1,462,047	1,465,846
Retained earnings	2,714,826	2,464,749
Treasury shares	(354,663)	(346,697)
Total shareholders' equity	5,121,585	4,883,272
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	50,886	50,052
Revaluation reserve for land	(73,101)	(73,101)
Foreign currency translation adjustment	(83)	(331)
Total accumulated other comprehensive income	(22,298)	(23,380)
Share acquisition rights	28,409	28,409
Non-controlling interests	220,459	239,225
Total net assets	5,348,155	5,127,527
Total liabilities and net assets	14,742,471	14,349,874

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

(Unit: thousand yen)

	Apr. 1, 2020 - Sep. 30, 2020	Apr. 1, 2021 - Sep. 30, 2021
Net sales	7,225,219	8,225,558
Cost of sales	5,510,286	5,345,400
Gross profit	1,714,933	2,880,157
Selling, general and administrative expenses	2,095,412	2,121,753
Operating profit (loss)	(380,479)	758,403
Non-operating income		
Interest income	4,742	5,029
Dividend income	9,974	7,436
Share of profit of entities accounted for using equity method	-	9,525
Subsidy income	41,524	35,114
Other	37,634	21,104
Total non-operating income	93,876	78,210
Non-operating expenses		
Interest expenses	4,876	3,571
Share of loss of entities accounted for using equity method	3,008	-
Other	1,513	757
Total non-operating expenses	9,398	4,328
Ordinary profit (loss)	(296,002)	832,286
Extraordinary income		
Settlement received	-	16,000
Total extraordinary income	-	16,000
Extraordinary losses		
Loss on retirement of non-current assets	2,832	2,222
Loss on valuation of shares of subsidiaries and associates	-	2,699
Loss on cancellation of insurance policies	-	7,789
Total extraordinary losses	2,832	12,712
Profit (loss) before income taxes	(298,834)	835,573
Income taxes-current	107,525	126,112
Income taxes-deferred	(129,300)	197,997
Total income taxes	(21,775)	324,109
Profit (loss)	(277,059)	511,463
Profit attributable to non-controlling interests	12,968	23,207
Profit (loss) attributable to owners of parent	(290,027)	488,256

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

(Unit: thousand yen)

	Apr. 1, 2020 - Sep. 30, 2020	Apr. 1, 2021 - Sep. 30, 2021
Profit (loss)	(277,059)	511,463
Other comprehensive income		
Valuation difference on available-for-sale securities	7,732	(834)
Share of other comprehensive income of entities accounted for using equity method	(34)	(247)
Total other comprehensive income	7,698	(1,081)
Comprehensive income	(269,361)	510,382
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(282,329)	487,174
Comprehensive income attributable to non-controlling interests	12,968	23,207

(3) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Apr. 1, 2020 - Sep. 30, 2020	Apr. 1, 2021 - Sep. 30, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	(298,834)	835,573
Depreciation	217,713	195,511
Share-based payment expenses	6,195	6,080
Loss on retirement of non-current assets	2,832	2,222
Loss (gain) on cancellation of insurance policies	-	7,789
Amortization of goodwill	3,026	10,268
Increase (decrease) in allowance for doubtful accounts	605	(6,482)
Increase (decrease) in provision for bonuses	23,611	31,792
Increase (decrease) in retirement benefit liability	5,521	13,155
Increase (decrease) in provision for retirement benefits for directors (and other officers)	914	914
Interest and dividend income	(14,717)	(12,466)
Interest expenses	4,876	3,571
Share of loss (profit) of entities accounted for using equity method	3,008	(9,525)
Loss on valuation of shares of subsidiaries and associates	-	2,699
Decrease (increase) in trade receivables	240,342	123,871
Decrease (increase) in inventories	6,090	4,287
Increase (decrease) in trade payables	(193,106)	(150,892)
Increase (decrease) in advances received	(1,825,490)	-
Increase (decrease) in contract liabilities	-	(2,016,762)
Decrease (increase) in other assets	(8,464)	27,317
Increase (decrease) in other liabilities	157,251	193,344
Payments for other operating activities	-	(2,327)
Subtotal	(1,668,622)	(740,056)
Interest and dividends received	14,783	14,023
Interest paid	(4,700)	(4,088)
Income taxes paid	(333,572)	(206,606)
Net cash provided by (used in) operating activities	(1,992,111)	(936,728)
Cash flows from investing activities		
Payments into time deposits	(70,339)	(50,414)
Proceeds from withdrawal of time deposits	70,352	50,414
Purchase of property, plant and equipment	(102,265)	(150,371)
Proceeds from sale of non-current assets	1,488	-
Purchase of intangible assets	(152,814)	(62,831)
Purchase of investment securities	(180)	(1,180)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(11,008)	(288,446)
Proceeds from liquidation of affiliated company	-	3,830
Payments for asset retirement obligations	(23,831)	(5,009)
Decrease (increase) in leasehold and guarantee deposits	(1,494)	8,780
Purchase of insurance funds	(101,975)	(129,648)
Proceeds from cancellation of insurance funds	7,322	10,390
Other, net	(4,297)	618
Net cash provided by (used in) investing activities	(389,044)	(613,866)

(Unit: thousand yen)

	Apr. 1, 2020 - Sep. 30, 2020	Apr. 1, 2021 - Sep. 30, 2021
Cash flows from financing activities		
Proceeds from short-term borrowings	1,200,000	900,000
Repayments of short-term borrowings	(1,100,000)	(400,000)
Proceeds from long-term borrowings	70,000	500,000
Repayments of long-term borrowings	(41,993)	(73,970)
Repayments of lease obligations	(8,853)	(7,496)
Payments for long-term accounts payable-other	(4,146)	(2,764)
Purchase of treasury shares	-	(14)
Dividends paid	(94,673)	(94,944)
Dividends paid to non-controlling interests	(5,082)	(4,440)
Net cash provided by (used in) financing activities	15,251	816,370
Net increase (decrease) in cash and cash equivalents	(2,365,903)	(734,224)
Cash and cash equivalents at beginning of period	6,780,839	7,072,840
Cash and cash equivalents at end of period	4,414,935	6,338,615

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in Accounting Policies

Application of the Accounting Standard for Revenue Recognition

The Company started to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) at the beginning of the first quarter of the current fiscal year. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers. Accordingly, the changes involve revenue from membership and enrollment and other fees, which had conventionally been recognized at a point in time. For such revenue from membership and enrollment fees, the progress of fulfilling the performance obligation is estimated, and revenue is now recognized over a certain period of time based on the progress. Where promises with customers are treated as performance obligations for which the Company arranges goods or services to be provided by other parties as principal, the method of revenue recognition has been changed so that revenue is recognized as agent on a net basis.

For the application of the Accounting Standard for Revenue Recognition, in accordance with the transitional measures in the proviso to Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied prior to the first quarter of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings. In addition, The Company has applied the method prescribed in Paragraph 86, Article 1 of the Accounting Standard for Revenue Recognition, and accounted for contract changes made prior to the beginning of the first quarter of the current fiscal year based on the contract terms after reflecting all contract changes, and added or subtracted the cumulative effect of such changes to retained earnings at the beginning of the first quarter of the current fiscal year.

As a result, the application of the new standard resulted in an increase of 121 million yen in sales, a decrease of 76 million yen in cost of sales, and increases of 198 million yen each in operating income, ordinary income and profit before income taxes. In addition, the new standard decreased retained earnings at the beginning of the first half by 642 million yen.

“Notes and accounts receivable-trade” that was presented in the current assets section of the consolidated balance sheet in the previous fiscal year is presented as “Notes and accounts receivable-trade, and contract assets,” and “Advances received” that was presented in the current liabilities section is presented as “Contract liabilities” from the first quarter of the current fiscal year. In accordance with the transitional measures prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made to the prior year’s consolidated financial statements to conform to the new presentation. Furthermore, in accordance with the transitional measures prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), the Company has not presented information on revenue from contracts with customers broken down for the first half of the previous fiscal year.

Application of the Accounting Standard for Measurement of Fair Value

The Company has applied the Accounting Standard for Measurement of Fair Value (ASBJ Statement No. 30, July 4, 2019) and other standards from the beginning of the first quarter of the current fiscal year and the new accounting policies set forth by the Accounting Standard for Measurement of Fair Value prospectively in accordance with the transitional measures in Paragraph 19 of the Accounting Standard for Measurement of Fair Value and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect of the application of these standards on the quarterly consolidated financial statements.

Additional Information

Impact of the COVID-19 outbreak on accounting estimates

In the period under review, there is no significant change of assumptions about the effect of the COVID-19 outbreak set forth in the previous fiscal year’s Annual Securities Report in conducting accounting-based estimates of impairment losses on non-current assets.

Segment and Other Information

Segment information

I. Apr. 1, 2020 – Sep. 30, 2020

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	2,955,785	2,865,723	5,821,508	1,403,711	7,225,219	-	7,225,219
Inter-segment sales and transfers	-	6,600	6,600	329,684	336,284	(336,284)	-
Total	2,955,785	2,872,323	5,828,108	1,733,396	7,561,504	(336,284)	7,225,219
Segment profit (loss)	(5,753)	478,154	472,400	(34,757)	437,643	(818,122)	(380,479)

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 818,122 thousand yen adjustment to segment profit (loss) includes 441 thousand yen in elimination for inter-segment transactions and minus 818,564 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 reportable segment.

3. Segment profit (loss) is adjusted operating loss on the quarterly consolidated statement of income.

II. Apr. 1, 2021 – Sep. 30, 2021

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	3,387,582	3,413,130	6,800,712	1,424,845	8,225,558	-	8,225,558
Inter-segment sales and transfers	-	8,008	8,008	304,986	312,994	(312,994)	-
Total	3,387,582	3,421,138	6,808,721	1,729,832	8,538,553	(312,994)	8,225,558
Segment profit (loss)	565,622	1,008,503	1,574,126	(36,822)	1,537,303	(778,900)	758,403

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 778,900 thousand yen adjustment to segment profit (loss) includes 394 thousand yen in elimination for inter-segment transactions and minus 779,294 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 reportable segment.

3. Segment profit (loss) is adjusted operating profit on the quarterly consolidated statement of income.

2. Information related to revisions for reportable segments

As described in Changes in Accounting Policies, the Company has applied the Accounting Standard for Revenue Recognition from the beginning of the first quarter of the current fiscal year and changed the accounting method for revenue recognition. Accordingly, the method for calculating segment profit (loss) has been changed as well.

The effect of this change was to increase net sales and segment profit for the first half of the current fiscal year in the Gakushu-juku Business by 53 million yen each. Net sales and segment profit in the High School and Careers Support Business increased 68 million yen and 145 million yen, respectively.

* 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.