



**Consolidated Financial Summary for the Second Quarter of Fiscal Year Ending March 31, 2023  
(Six Months Ended September 30, 2022)**

[Japanese GAAP]

November 11, 2022

Company name: **With us Corporation**

Stock listed on TSE

Stock code: 9696

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

Representative: Tomio Ikoma, President

Contact: Takushi Akagawa, Director, Administration Coordination Headquarters

Scheduled date of filing of Quarterly Report: November 14, 2022

Scheduled date of payment of dividend: December 2, 2022

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: None (The recorded video presentation for the financial results will be available on the Company's website on November 18, 2022.)

Note: The original disclosure in Japanese was released on November 11, 2022 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, 2022**

**(April 1, 2022 – September 30, 2022)**

(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, 2022	9,296	13.0	807	6.8	848	2.3	435	(10.7)
Six months ended Sep. 30, 2021	8,225	13.8	755	–	829	–	487	–

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2022: 350 (down 31.2%)

Six months ended Sep. 30, 2021: 509 (–%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2022	46.94	46.48
Six months ended Sep. 30, 2021	51.00	50.51

Note: In the third quarter of the fiscal year ended March 31, 2022, the Company finalized the provisional accounting treatment for the business combination, and each figure for six months ended Sep. 30, 2021 reflects the finalized provisional accounting treatment.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2022	16,734	6,136	34.8	627.20
As of Mar. 31, 2022	18,773	5,888	29.8	604.07

Reference: Shareholders' equity (million yen)

As of Sep. 30, 2022: 5,826

As of Mar. 31, 2022: 5,597

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2022	–	6.00	–	12.00	18.00
Fiscal year ending Mar. 31, 2023	–	10.00	–	–	–
Fiscal year ending Mar. 31, 2023 (forecast)	–	–	–	20.00	30.00

Note: Revisions to the most recently announced dividend forecast: Yes

For the revisions to the dividend forecast, please refer to the “Notice Concerning the Changes in Basic Dividend Policy, Dividend of Surplus (Interim Dividend) and Revision to Year-end Dividend Forecast (Dividend Increase)” announced today.

**3. Consolidated earnings forecast for the fiscal year ending March 31, 2023 (April 1, 2022 - March 31, 2023)**

(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	19,800	12.3	2,200	3.4	2,300	2.4	1,300	1.2	140.29

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, 2022:	10,440,000 shares	As of Mar. 31, 2022:	10,440,000 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2022:	1,150,050 shares	As of Mar. 31, 2022:	1,173,250 shares
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3) Average number of shares during the period

Six months ended Sep. 30, 2022:	9,270,617 shares	Six months ended Sep. 30, 2021:	9,556,711 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.

How to obtain supplementary materials and the details of the financial results meeting

Supplementary materials and the recorded video presentation for the financial results will be available on the Company's website on November 11, 2022 and November 18, 2022, respectively.

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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, 2023 (hereinafter “the period under review”), Japanese economic and social activities showed signs of normalization as the government started to ease COVID-19 related movement restrictions. Meanwhile, the outlook for the economy remains uncertain. This is attributed to the price rises due to higher raw material prices and the sharp yen depreciation amid the concerns about the lingering supply chain risks.

In the education services sector, the value of foreign, senior, and female workers is increasing in Japan as the working age population shrinks and the population is aging and the birth rate is declining. Japan has become a country where people live many years, even to the age of 100. The result is an increasing need for education services that allow people to learn new skills during their entire lives. Additionally, educational reforms have started in Japan. Among them are the reform of college entrance examinations, the revision of the curriculum guidelines, the digitalization of education due to the “Global and Innovative Gateway for All (GIGA)” School Concept, and the acceleration of online education.

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 by 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.

The Group offers opportunities for learning for all generations. One of them is wide supports for the growth of junior and senior high school students. To this end, we offer Gakushu juku services through Dai-ichi Seminar and other schools to help students to prepare for entrance exam, and run Dai-ichi Gakuin High School, our credit-based correspondence high school. Others are Japanese language education services to foreigners who study or work in Japan, and training and online education services to working adults.

The Company upgraded the global business departments to the Global Business Division in April. It was a measure to strengthen the global business as a new business pillar following the Gakushu-juku business and the high school and careers support business. From the current fiscal year, the Company has started to enhance relationships with players in Southeast Asian countries. A collaboration has already started in Indonesia, with PT EDIY Djaya Global, a local online education platform operator. We also operate the Japanese Language Education Center jointly with Vietnam Japan University, which operates under Vietnam National University, Hanoi. In August, it held a debut ceremony to celebrate the full-scale launch of the Center. By these measures, With us will meet the needs for Japanese language education from ASEAN countries and create opportunities for them to work in Japan. Thus, we will make efforts to solve global issues faced by Southeast Asian countries and Japan.

Additionally, Dai-ichi Gakuin High School held the first student exchange meeting online with Taibei Senior High School, our partner school in Taiwan. Through the international cultural exchanges, With us will enhance the activities to provide our students with opportunities to become grown-ups who can actively participate in the international society.

Currently, as the pandemic continues, the highest priority of business activities remains the safety of students and employees. In addition to implementing many safety measures, we take advantage of ICT for the development of programs that can further increase the value of what students learn in our classes. In part due to the success of these activities, the number of students increased, primarily for correspondence high schools.

As a result of the above, net sales amounted to 9,296 million yen (up 13.0% year-on-year) with operating profit of 807 million yen (up 6.8% year-on-year), ordinary profit of 848 million yen (up 2.3% year-on-year), and profit attributable to owners of parent was 435 million yen (down 10.7% year-on-year) on a consolidated basis.

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. This business designs educational programs that give students the skill to learn on their own. The goal for students of this business is to instill the confidence and motivation to willingly take on challenges at any time and for any reason. Another unique educational method is the independent leaning system optimized for individual students, branded as Positive Learning System or PLS. It is a combination of video lessons, classroom lessons, self-study based on a curriculum optimized for each student, and individual supports. Through this cycle, students develop habits to think on their own initiative by learning effectively with state-of-the-art ICT and clarifying their problems.

There are many activities using the online strengths of this business to enable students to learn without restrictions involving time or locations. New online live lessons, which are not restricted to school buildings, have contributed to a further increase in customer satisfaction.

During the period under review, Blue Sky FC Co., Ltd., which was included in the Group in February, opened six Individual Learning Manabi schools in Osaka and Hyogo prefectures. While the number of existing schools remains stable, With us will continue to strengthen the area dominance strategy.

As a result of the foregoing, net sales of the segment amounted to 3,644 million yen (up 7.6% year-on-year).

### 2) High School and Careers Support Business

In the High School and Careers Support business segment, we are primarily engaged in operating correspondence high schools, and offering junior high students ICT-based learning opportunities in out-of-school settings, and foreigners Japanese language education services.

Backed by diversified forms of learning with more students choosing to study via correspondence, 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.

Dai-ichi Gakuin has an integrated education system for up to 10 years starting from junior high school, offering various options. The goal is to help each student to choose their own path and become independent in the society. We offer systematic education services in accordance with each student’s interests and concerns. Dai-ichi Gakuin Junior High School offers early supports to students unwilling to go to school, whose number is rising in recent years. Dai-ichi Gakuin High School has a wide range of courses to accommodate students with various learning needs. We also have ties to an Internet university (“managara”), which is the correspondence college course of Department of Economics and Administration, Faculty of Economics of Niigata Sangyo University, run by Hakusen Gakuin, a business partner of ours. We will continue to promote the “one-over-one education,” or the education tailored to each student, by providing them with opportunities for their further growth. On the other hand, Japanese language education services are being resumed. In-person classes restarted as the government has eased entry restrictions for foreign students who were waiting for entry into Japan.

As a result of the foregoing, net sales of the segment amounted to 3,958 million yen (up 16.0% year-on-year).

### 3) Other businesses

The “Other” businesses segment consists of the following businesses: advertising, ICT education and skill development, language services, corporate training portal site, English education for infants and school children, healthcare, and anger management instructor development and training business.

Kikko Corporation achieved better performance mainly via interpretation and translation services, by responding to the movement of the international situation and economy. Kikko is a provider of language services including interpretation and translation, and quality bilingual staff.

REVIC Global Co., Ltd., also maintained strong performance. It offers supports for global business development and solutions for increasing organizational power, through the learning management system and educational

contents. REVIC focuses on supporting the development of human resources who think on their own initiative by giving individually optimized learning opportunities. In July, it launched a training course for college students who have received a job offer so that they can build a mindset as a member of society and become a useful employee soon after they start to work.

As a result of the foregoing, net sales of the segment amounted to 1,694 million yen (up 18.9% year-on-year).

## **(2) Explanation of Financial Position**

### **1) Assets, liabilities and net assets**

#### **Assets**

Current assets decreased 20.1% from the end of the previous fiscal year to 8,730 million yen. This was due mainly to decreases of 2,057 million yen in cash and deposits and 106 million yen in accounts receivable-school fees.

Non-current assets increased 2.1% from the end of the previous fiscal year to 8,003 million yen. This was due mainly to increases of 155 million yen in investment securities and 138 million yen in buildings and structures, which were partially offset by decreases of 59 million yen in software included in other of intangible assets and 53 million yen in goodwill.

As a result, total assets decreased 10.9% from the end of the previous fiscal year to 16,734 million yen.

#### **Liabilities**

Current liabilities decreased 21.9% from the end of the previous fiscal year to 7,546 million yen. This was due mainly to a decrease of 2,302 million yen in contract liabilities, which was partially offset by an increase of 200 million yen in short-term borrowings.

Non-current liabilities decreased 5.4% from the end of the previous fiscal year to 3,051 million yen. This was due mainly to a decrease of 159 million yen in long-term borrowings.

As a result, total liabilities decreased 17.8% from the end of the previous fiscal year to 10,597 million yen.

#### **Net assets**

Net assets increased 4.2 % from the end of the previous fiscal year to 6,136 million yen. This was due mainly to an increase of 323 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 1,316 million yen year on year to 7,654 million yen as a result of below mentioned cash flows.

Cash flows during the period under review and major components were as follows:

#### Cash flows from operating activities

Net cash used in operating activities was 1,256 million yen in the period under review (compared with 936 million yen used in the same period of the previous fiscal year). The result was attributable mainly to a decrease of 2,302 million yen in contract liabilities and the recording of profit before income taxes of 793 million yen.

#### Cash flows from investing activities

Net cash used in investing activities was 695 million yen in the period under review (compared with 613 million yen used in the same period of the previous fiscal year). The result was attributable mainly to purchase of investment securities of 349 million yen and purchase of property, plant and equipment of 254 million yen.

#### Cash flows from financing activities

Net cash used in financing activities was 105 million yen in the period under review (compared with 816 million yen provided in the same period of the previous fiscal year). The result was attributable mainly to repayments of

short-term borrowings of 100 million yen, repayments of long-term borrowings of 179 million yen, and dividends paid of 110 million yen, which were partially offset by proceeds from short-term borrowings of 300 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, 2023, which was announced on May 13, 2022.

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, 2022	As of Sep. 30, 2022
Assets		
Current assets		
Cash and deposits	9,836,128	7,778,682
Notes and accounts receivable - trade, and contract assets	304,534	324,471
Accounts receivable-school fees	153,157	46,420
Merchandise and finished goods	46,280	41,353
Teaching material	37,527	30,545
Raw materials and supplies	18,913	17,945
Other	545,274	495,923
Allowance for doubtful accounts	(8,943)	(4,607)
Total current assets	10,932,873	8,730,733
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,430,521	1,569,436
Other, net	545,169	533,291
Total property, plant and equipment	1,975,691	2,102,728
Intangible assets		
Goodwill	792,918	739,622
Other	749,754	678,913
Total intangible assets	1,542,673	1,418,535
Investments and other assets		
Investment securities	1,184,883	1,340,629
Leasehold and guarantee deposits	1,212,007	1,227,030
Other	1,955,157	1,944,488
Allowance for doubtful accounts	(29,945)	(29,910)
Total investments and other assets	4,322,103	4,482,238
Total non-current assets	7,840,467	8,003,502
Total assets	18,773,341	16,734,236



	(Unit: thousand yen)	
	As of Mar. 31, 2022	As of Sep. 30, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	263,239	121,779
Short-term borrowings	100,000	300,000
Current portion of long-term borrowings	334,588	314,548
Income taxes payable	417,150	364,641
Contract liabilities	7,023,600	4,721,486
Provision for bonuses	190,115	226,657
Other	1,328,921	1,497,167
<b>Total current liabilities</b>	<b>9,657,616</b>	<b>7,546,279</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,162,451	1,003,118
Provision for retirement benefits for directors (and other officers)	56,929	57,844
Retirement benefit liability	1,040,318	1,034,458
Asset retirement obligations	787,481	797,439
Other	180,239	158,731
<b>Total non-current liabilities</b>	<b>3,227,420</b>	<b>3,051,593</b>
<b>Total liabilities</b>	<b>12,885,037</b>	<b>10,597,873</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,299,375	1,299,375
Capital surplus	1,465,632	1,469,812
Retained earnings	3,203,462	3,527,434
Treasury shares	(567,497)	(556,275)
<b>Total shareholders' equity</b>	<b>5,400,971</b>	<b>5,740,345</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	270,119	159,940
Revaluation reserve for land	(73,101)	(73,101)
Foreign currency translation adjustment	(270)	(548)
<b>Total accumulated other comprehensive income</b>	<b>196,747</b>	<b>86,289</b>
Share acquisition rights	28,409	26,362
Non-controlling interests	262,175	283,364
<b>Total net assets</b>	<b>5,888,303</b>	<b>6,136,362</b>
<b>Total liabilities and net assets</b>	<b>18,773,341</b>	<b>16,734,236</b>

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

(Unit: thousand yen)

	Apr. 1, 2021 - Sep. 30, 2021	Apr. 1, 2022 - Sep. 30, 2022
Net sales	8,225,558	9,296,611
Cost of sales	5,345,400	6,170,195
Gross profit	2,880,157	3,126,416
Selling, general and administrative expenses	2,124,293	2,319,160
Operating profit	755,863	807,255
Non-operating income		
Interest income	5,029	5,721
Dividend income	7,436	8,147
Share of profit of entities accounted for using equity method	9,525	6,831
Other	56,219	26,638
Total non-operating income	78,210	47,338
Non-operating expenses		
Interest expenses	3,571	4,920
Other	757	717
Total non-operating expenses	4,328	5,638
Ordinary profit	829,746	848,956
Extraordinary income		
Settlement received	16,000	–
Surrender value of insurance policies	–	23,861
Total extraordinary income	16,000	23,861
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	2,699	–
Loss on valuation of investment securities	–	33,084
Loss on cancellation of insurance policies	7,789	37,057
Other	2,222	9,538
Total extraordinary losses	12,712	79,680
Profit before income taxes	833,033	793,137
Income taxes-current	126,112	318,829
Income taxes-deferred	196,348	13,451
Total income taxes	322,460	332,280
Profit	510,573	460,856
Profit attributable to non-controlling interests	23,207	25,683
Profit attributable to owners of parent	487,365	435,173

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

(Unit: thousand yen)

	Apr. 1, 2021 - Sep. 30, 2021	Apr. 1, 2022 - Sep. 30, 2022
Profit	510,573	460,856
Other comprehensive income		
Valuation difference on available-for-sale securities	(834)	(110,179)
Share of other comprehensive income of entities accounted for using equity method	(247)	(278)
Total other comprehensive income	(1,081)	(110,457)
Comprehensive income	509,491	350,398
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	486,284	324,715
Comprehensive income attributable to non-controlling interests	23,207	25,683

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

(Unit: thousand yen)

	Apr. 1, 2021 - Sep. 30, 2021	Apr. 1, 2022 - Sep. 30, 2022
Cash flows from operating activities		
Profit before income taxes	833,033	793,137
Depreciation	200,278	224,901
Share-based payment expenses	6,080	6,281
Surrender value of insurance policies	–	(23,861)
Loss on cancellation of insurance policies	7,789	37,057
Amortization of goodwill	8,041	77,952
Increase (decrease) in allowance for doubtful accounts	(6,482)	(4,407)
Increase (decrease) in provision for bonuses	31,792	36,541
Increase (decrease) in retirement benefit liability	13,155	(5,859)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	914	914
Interest and dividend income	(12,466)	(13,868)
Interest expenses	3,571	4,920
Share of loss (profit) of entities accounted for using equity method	(9,525)	(6,831)
Loss on valuation of shares of subsidiaries and associates	2,699	–
Decrease (increase) in trade receivables	123,871	89,722
Decrease (increase) in inventories	4,287	14,061
Increase (decrease) in trade payables	(150,892)	(141,460)
Increase (decrease) in contract liabilities	(2,016,762)	(2,302,114)
Decrease (increase) in other assets	29,540	60,471
Increase (decrease) in other liabilities	193,344	214,201
Other	(2,327)	33,078
Subtotal	(740,056)	(905,162)
Interest and dividends received	14,023	15,735
Interest paid	(4,088)	(5,150)
Income taxes paid	(206,606)	(361,499)
Net cash provided by (used in) operating activities	(936,728)	(1,256,076)
Cash flows from investing activities		
Payments into time deposits	(50,414)	(50,414)
Proceeds from withdrawal of time deposits	50,414	50,414
Purchase of property, plant and equipment	(150,371)	(254,999)
Purchase of intangible assets	(62,831)	(59,360)
Purchase of investment securities	(1,180)	(349,238)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(288,446)	(15,403)
Proceeds from liquidation of affiliated company	3,830	–
Payments for asset retirement obligations	(5,009)	(11,739)
Decrease (increase) in leasehold and guarantee deposits	8,780	(14,854)
Purchase of insurance funds	(129,648)	(187,809)
Proceeds from cancellation of insurance funds	10,390	161,067
Other, net	618	36,654
Net cash provided by (used in) investing activities	(613,866)	(695,684)

(Unit: thousand yen)

	Apr. 1, 2021 - Sep. 30, 2021	Apr. 1, 2022 - Sep. 30, 2022
Cash flows from financing activities		
Proceeds from short-term borrowings	900,000	300,000
Repayments of short-term borrowings	(400,000)	(100,000)
Proceeds from long-term borrowings	500,000	—
Repayments of long-term borrowings	(73,970)	(179,373)
Repayments of lease obligations	(7,496)	(11,053)
Payments for long-term accounts payable-other	(2,764)	—
Purchase of treasury shares	(14)	—
Dividends paid	(94,944)	(110,764)
Dividends paid to non-controlling interests	(4,440)	(4,494)
Net cash provided by (used in) financing activities	816,370	(105,686)
Net increase (decrease) in cash and cash equivalents	(734,224)	(2,057,446)
Cash and cash equivalents at beginning of period	7,072,840	9,712,172
Cash and cash equivalents at end of period	6,338,615	7,654,725

#### **(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 Implementation Guidance on Accounting Standard for Fair Value Measurement**

We have applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31 issued on June 17, 2021; hereinafter the "Implementation Guidance on Fair Value Measurement Accounting Standard") from the beginning of the first quarter of the current fiscal year. In accordance with the transitional treatment prescribed in Paragraph 27-2 of the Implementation Guidance on Fair Value Measurement Accounting Standard, we have decided to prospectively apply the new accounting policy prescribed in the Implementation Guidance on Fair Value Measurement Accounting Standard. This decision has no impact on the quarterly financial statements for the period under review.

##### **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, 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	(39,362)	1,534,763	(778,900)	755,863

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 to be consistent with operating profit on the quarterly consolidated statement of income.

II. Apr. 1, 2022 – Sep. 30, 2022

1. Information related to net sales, profit 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	3,644,074	3,958,159	7,602,234	1,694,377	9,296,611	–	9,296,611
Inter-segment sales and transfers	–	6,954	6,954	300,611	307,565	(307,565)	–
Total	3,644,074	3,965,113	7,609,188	1,994,988	9,604,177	(307,565)	9,296,611
Segment profit	280,393	1,321,108	1,601,502	78,935	1,680,438	(873,182)	807,255

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, the healthcare business, and anger management instructor development and training business.

2. The minus 873,182 thousand yen adjustment to segment profit includes 197 thousand yen in elimination for inter-segment transactions and minus 873,379 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 is adjusted to be consistent with operating profit on the quarterly consolidated statement of income.

\* 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.