

Consolidated Financial Summary for the Second Quarter of Fiscal Year Ending March 31, 2025 (Six Months Ended September 30, 2024)

[Japanese GAAP]

November 13, 2024

Company name: **With us Corporation**

Stock code: 9696

Representative: Tomio Ikoma, President

Contact: Takushi Akagawa, Managing Director, Chief Senior Director of Support

Scheduled date of filing of semi-annual Report:

November 13, 2024

Scheduled date of dividend payment:

December 3, 2024

Preparation of supplementary materials for semi-annual financial results: Yes

Holding of semi-annual financial results meeting:

None (The recorded video presentation for the financial results will be available on the Company's website on November 19, 2024.)

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

1. Consolidated financial results for the six months ended September 30, 2024

(April 1, 2024–September 30, 2024)

(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, 2024	10,223	5.2	597	(11.0)	589	(12.2)	314	(13.3)
Six months ended Sep. 30, 2023	9,715	4.5	671	(16.9)	671	(20.9)	362	(16.6)

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2024: 262 (down 39.4%)

Six months ended Sep. 30, 2023: 433 (up 23.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2024	34.78	34.46
Six months ended Sep. 30, 2023	40.35	39.97

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2024	18,790	6,062	32.0
As of Mar. 31, 2024	18,315	6,212	33.8

Reference: Shareholders' equity (million yen) As of Sep. 30, 2024: 6,008 As of Mar. 31, 2024: 6,186

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2024	—	10.00	—	50.00	60.00
Fiscal year ending Mar. 31, 2025	—	20.00	—	—	—
Fiscal year ending Mar. 31, 2025 (forecast)	—	—	—	40.00	60.00

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

3. Consolidated earnings forecast for the fiscal year ending March 31, 2025 (April 1, 2024–March 31, 2025)

(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	21,300	2.9	2,100	6.6	2,200	12.7	1,200	32.6	132.75

Note: Revisions to the most recently announced consolidated earnings forecast: None

Notes

(1) Significant changes in the scope of consolidation during the period: None

Newly added: –

Excluded: –

(2) Application of special accounting methods for presenting semi-annual 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: For details, please refer to page 13 of the Attachments “2. Semi-annual Consolidated Financial Statements and Notes, (4) Notes to Semi-annual Consolidated Financial Statements (Changes in Accounting Policies).”

(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, 2024:	10,140,000 shares	As of Mar. 31, 2024:	10,140,000 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2024:	1,095,858 shares	As of Mar. 31, 2024:	1,100,258 shares
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3) Average number of shares during the period

Six months ended Sep. 30, 2024:	9,041,525 shares	Six months ended Sep. 30, 2023:	8,994,653 shares
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Note 1: The current semi-annual summary report is not subject to 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. Overview of Results of Operations, (3) Consolidated Earnings Forecast and Other Forward-looking Statements” on page 6 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 financial results will be available on the Company’s website on November 13, 2024 and November 19, 2024, respectively.

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1. Overview of Results of Operations

(1) Results of Operations

The With us Group, consisting of With us Corporation (“the Company”) and its subsidiaries and associates, aims to increase its corporate value by promptly responding to changes in its business environment. In doing so, the Group has set the following six targets as the core of its management policy based on its corporate vision “To become an outstanding educational institution capable of fostering people who will be successful in their career.”

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 environments
- (5) Expanding the global business
- (6) Maximizing the intra-Group synergies through M&A and alliances

The following is a summary of consolidated operating results for the first half of the fiscal year ending March 31, 2025 (the “period under review”).

	First half of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)	Year on year change (%)
Net sales	10,223	Up 5.2%
Operating profit	597	Down 11.0%
Ordinary profit	589	Down 12.2%
Profit attributable to owners of parent	314	Down 13.3%

Net sales increased in all business segments except the Other business segment. In the High School and University business, external net sales grew 5.4% year-on-year due to the increase in the number of students at correspondence high school Dai-Ichi Gakuin High School. In the Gakushu-juku business, external net sales grew 1.6% year-on-year due to the increase in the number of students receiving individual tutorial services. In the Global business, external net sales grew 14.3% year-on-year due to the recovery of inbound tourism and increase in the number of foreign students entering Japan. In the Skill Development and Careers Support business, external net sales grew 13.3% year-on-year due to strong sales of LMS and e-learning content for companies.

Operating profit decreased in the High School and University business due to higher costs for personnel and face-to-face events as a result of the increase in the number of students this fiscal year, as well as expenses for opening new schools in areas we have not yet served. In the Gakushu-juku business, operating profit increased due to cost reductions resulting from the Company-wide optimization of locations and changes to the business format. In the Global Business segment, operating profit increased due to growth of sales, which outweighed the increase in costs resulting from the recovery of inbound tourism and increase in the number of students at Japanese language schools. In the Skill Development and Careers Support business, operating profit decreased due to the decline in the number of accounts for ability development content mainly for Gakushu-juku compared to the previous year, sluggish sales of new merchandise, and the increase in the number of employees as a result of strengthening the sales structure to increase orders for learning portal services, e-learning content, and LMS introduction for companies for reskilling and relearning. In addition, increases in BPO expenses to improve operational efficiency of the administrative division and increases in taxes and dues also contributed to the year-on-year decline in operating profit for the period under review.

The environment surrounding the industry can be framed by the rapid evolution of technology. Digitization and online services have received further attention with the COVID-19 pandemic. Moreover, the country’s “Global and Innovative Gateway for All (GIGA)” School Concept and the rapid spread of generative AI as represented by ChatGPT have been further expanding the way we learn. In addition, given the fact that the revision of the current curriculum guidelines requires schools “to ensure that knowledge and skills are acquired,” “to develop students’ abilities to think, make judgements, and express themselves,” and “to cultivate the motivation to learn and humanity,” selection methods are becoming more diverse in high school and university entrance examinations.

At the same time, the value of foreign, senior, and female workers is increasing as we enter a society with a long life expectancy, also known as the era of 100-year life expectancy, as the working age population shrinks. The result of these is an increasing need and importance for diverse education services.

To respond promptly to these changes in the business environment, the Company has adopted an internal company system. We will contribute to solving various social issues associated with the “diversification of forms of learning” by aiming to realize (1) strengthen the Group management and governance, (2) promote flexible decision-making, and (3) establish a structure to embody portfolio management.

Operating results by segment under the segment structure for the period under review are as follows. 3

The following year-on-year comparisons are based on figures that have been reclassified into the segments under the new segment structure.

(Unit: million yen)		
	External net sales	Year on year change (%)
High School and University business	4,276	Up 5.4%
Gakushu-juku business	3,673	Up 1.6%
Global business	128	Up 14.3%
Skill Development and Careers Support business	970	Up 13.3%
Other businesses	94	Down 25.3%

Note: Effective from the period under review, some segment classifications have been changed. For details, please refer to “Segment and Other Information 2. Changes in reportable segments” on P14.

1) High School and University Business (High School and University Business Company)

In the High School and University business segment, we provide a wide range of growth support for high school students through the operation of correspondence high school Dai-Ichi Gakuin High School, as well as learning opportunities for junior high school students, and services for university students and adults to acquire various qualifications and skills. In addition, through cooperation with Niigata Sangyo University, run by Hakusen Gakuin, a business partner of ours, we have established a system that provides consistent education from junior high school for up to 10 years.

According to the latest FY2024 School Basic Survey (Preliminary) by the Ministry of Education, Culture, Sports, Science and Technology, the number of pupils and students who are not attending school has increased further, and the number of correspondence high schools and students reached a record high. Under such a circumstance, along with the diversification of students’ educational needs, the number of their choosing correspondence high schools is steadily increasing. As a result, enrollment in Dai-Ichi Gakuin High School, which offers unique ICT education, schooling to provide students with a greater sense of growth, and various specialist training courses, has increased.

In addition to Ikebukuro, Tokyo and Umeda, Osaka, we opened in September 2024 another “Dai-Ichi Gakuin managara BASE” in Fukui, an area not yet served by the school. This serves as a new brand community space, where people of different ages from high school, university, and the workforce can gather to support each individual’s growth centering on respective perspectives through various learning opportunities including collaboration with the community. In this way, we are promoting initiatives to meet the increasingly diverse needs of our customers.

2) Gakushu-juku Business (Gakushu-juku Business Company)

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 brain science research. At Dai-Ichi Seminar, we have introduced “study support time” outside of class to reinforce individual students’ understanding and retention of what they learned in class, thereby enhancing customer satisfaction. In addition, PLS (Positive Learning System), an independent learning system optimized for individual students, utilizes the latest ICT and takes an instructional approach that focuses on helping students develop the habit of thinking independently.

In addition, Individual Learning Manabi operated by Blue Sky FC Co., Ltd. has received positive reviews for its unique and high-quality instruction, and it is proceeding with its plans to open new schools. The number of students

continues to increase steadily, including for the classes that were rebranded from Dai-Ichi Seminar Pharos Individual Learning Institute to “Individual Learning Manabi” at the end of the previous fiscal year.

In order to accelerate the current trend of improvement in the Gakushu-juku Business Company, we are strengthening cooperation between the Gakushu-juku Business Division and subsidiaries and associates within the Group to promote more integrated public relations and marketing activities and synergies in terms of operation, teaching, and recruitment.

3) Global Business (Global Business Company)

The Global business segment provides interpretation & translation and dispatch of highly skilled language professionals, Japanese language education for international students and foreigners working in Japan, training of Japanese language teachers, and services ranging from recruitment of foreign nationals to support for their employment and daily lives, all in an integrated manner. In anticipation of diverse needs stemming from the overseas expansion of companies, the government’s plans to increase foreign students, and the promotion of inbound tourism, we will contribute to the development of people and companies that can play an active role in an increasingly globalized society by fostering language skills and international perspectives, as well as through human resource development and the strategic deployment of talent.

Kikko Corporation has seen a steady increase in temporary staffing projects driven by the recovery of the inbound tourism market. Global With us Co., Ltd., an operator of Japanese language schools, has also been steadily accepting foreign students for both long-term and short-term study abroad programs.

Furthermore, as part of our ongoing efforts to secure human resources with specific skills and develop highly skilled IT engineers in Southeast Asia, we are collaborating with several universities in Vietnam. These efforts include not only providing Japanese language education but also creating internship opportunities in Japan and enhancing support for students aspiring to work in Japan to help them achieve their career goals. Through these initiatives, we will continue to contribute to the development of human resources in Southeast Asia and help address the IT labor shortages faced by Japanese companies.

4) Skill Development and Careers Support Business (Skill Development and Careers Support Business Company)

The Skill Development and Careers Support business is also responsible for the marketing function across the Group. Therefore, we provide a variety of educational solutions such as supporting the creation of a learning environment that is not limited to this particular Business Company.

We provide ICT educational solutions and ability development content to improve reading comprehension, including “Soku Dokkairyoku Shikoryoku Koza,” or Speed-reading Comprehension and Thinking Skills Course, “Sokudokucho Eigo Koza,” or Speed-reading Listening English Courses, and “Shin-Kokugo Koza,” or the New Japanese Language Course at Gakushu-juku and schools nationwide. We are also developing learning portal services for companies for reskilling and relearning, as well as instructor training and corporate training for anger management.

With all the attention paid to human capital through “investment in people” promoted by the government, REVIC Global Co., Ltd., a provider of various training services for companies and organizations, has continued to perform well.

REVIC Global Co., Ltd. is also strengthening the development of products that utilize AI and integrates with talent management systems. Additionally, as a sales agent for an AI-driven recruitment and employee evaluation product developed by VARIETAS Inc., an HR startup in which we have invested, REVIC Global has begun collaborative sales efforts primarily targeting major corporate clients. Going ahead, it aims to create synergies with the employee education and training programs of both existing and new companies and organizations.

5) Other Businesses (Other Services)

Other businesses provide fitness for healthy aging. We also provide daycare services to maintain and improve the functions of daily life and prevent nursing care for seniors. Through these efforts, we support the lifelong fostering of people.

(2) Financial Position

1) Assets, liabilities and net assets

Assets

Current assets decreased 0.9% from the end of the previous fiscal year to 9,277 million yen. This was mainly due to decreases of 171 million yen in cash and deposits and 47 million yen in teaching materials, which were partially offset by an increase of 129 million yen in merchandise and finished goods.

Non-current assets increased 6.3% from the end of the previous fiscal year to 9,512 million yen. This was mainly due to increases of 212 million yen in goodwill, 211 million yen in buildings and structures, 136 million yen in other under intangible assets, and 112 million yen in other under investments and other assets, which were partially offset by a decrease of 164 million yen in investment securities.

As a result, total assets increased 2.6% from the end of the previous fiscal year to 18,790 million yen.

Liabilities

Current liabilities decreased 6.3% from the end of the previous fiscal year to 8,999 million yen. This was mainly due to a decrease of 2,737 million yen in contract liabilities, which was partially offset by increases of 1,500 million yen in short-term borrowings, 397 million yen in current portion of long-term borrowings, and 239 million yen in other under current liabilities.

Non-current liabilities increased 49.2% from the end of the previous fiscal year to 3,728 million yen. This was mainly due to an increase of 1,209 million yen in long-term borrowings.

As a result, total liabilities increased 5.2% from the end of the previous fiscal year to 12,727 million yen.

Net Assets

Net assets decreased 2.4% from the end of the previous fiscal year to 6,062 million yen. This was mainly due to decreases of 137 million yen in retained earnings and 49 million yen in valuation difference on available-for-sale securities.

2) Cash Flows

The balance of cash and cash equivalents (hereinafter “net cash”) as of the end of the period under review increased 581 million yen year-on-year to 7,777 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 1,774 million yen in the period under review (compared with 1,965 million yen used in the same period of the previous fiscal year). The result was mainly attributable to a decrease of 2,812 million yen in contract liabilities, which was partially offset by the recording of profit before income taxes of 576 million yen, an increase of 288 million yen in other liabilities, and the recording of depreciation of 239 million yen.

Cash flows from investing activities

Net cash used in investing activities was 917 million yen in the period under review (compared with 942 million yen used in the same period of the previous fiscal year). The result was mainly attributable to purchase of insurance funds of 659 million yen, purchase of intangible assets of 339 million yen, purchase of property, plant and equipment of 294 million yen, and purchase of investment securities of 148 million yen, which was partially offset by proceeds from cancellation of insurance funds of 506 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 2,520 million yen in the period under review (compared with 61 million yen provided for the same period of the previous fiscal year). The result was mainly attributable to proceeds from short-term borrowings of 2,400 million yen and proceeds from long-term borrowings of 1,800 million yen,

which were partially offset by repayments of short-term borrowings of 1,025 million yen, repayments of long-term borrowings of 193 million yen, and dividends paid of 450 million yen.

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

We will not make any revisions to the earnings forecast for the fiscal year ending March 2025, which was announced on May 13, 2024.

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. Semi-annual Consolidated Financial Statements and Notes**(1) Semi-annual Consolidated Balance Sheet**

(Unit: thousand yen)

	As of Mar. 31, 2024	As of Sep. 30, 2024
Assets		
Current assets		
Cash and deposits	8,067,632	7,896,014
Notes and accounts receivable - trade, and contract assets	356,873	382,924
Accounts receivable-school fees	129,363	116,757
Merchandise and finished goods	49,366	179,314
Teaching material	79,176	31,677
Raw materials and supplies	7,137	6,248
Other	679,639	668,506
Allowance for doubtful accounts	(4,014)	(3,491)
Total current assets	9,365,175	9,277,951
Non-current assets		
Property, plant and equipment		
Buildings and structures	889,840	1,101,263
Other, net	460,352	489,179
Total property, plant and equipment	1,350,193	1,590,443
Intangible assets		
Goodwill	359,282	572,225
Other	1,054,204	1,191,147
Total intangible assets	1,413,486	1,763,373
Investments and other assets		
Investment securities	3,040,034	2,875,497
Leasehold and guarantee deposits	1,215,127	1,238,377
Other	1,947,897	2,060,614
Allowance for doubtful accounts	(16,184)	(16,162)
Total investments and other assets	6,186,874	6,158,327
Total non-current assets	8,950,554	9,512,144
Total assets	18,315,729	18,790,095

	(Unit: thousand yen)	
	As of Mar. 31, 2024	As of Sep. 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable-trade	257,335	150,567
Short-term borrowings	100,000	1,600,000
Current portion of long-term borrowings	286,378	683,687
Income taxes payable	220,032	286,319
Contract liabilities	7,053,429	4,316,099
Provision for bonuses	230,332	266,149
Other	1,456,900	1,696,204
Total current liabilities	9,604,409	8,999,027
Non-current liabilities		
Long-term borrowings	579,461	1,788,989
Provision for retirement benefits for directors (and other officers)	60,589	61,504
Retirement benefit liability	991,665	996,101
Asset retirement obligations	767,754	787,798
Other	99,292	93,934
Total non-current liabilities	2,498,763	3,728,328
Total liabilities	12,103,173	12,727,356
Net assets		
Shareholders' equity		
Share capital	1,299,375	1,299,375
Capital surplus	1,267,872	1,274,045
Retained earnings	4,069,768	3,932,272
Treasury shares	(618,553)	(615,180)
Total shareholders' equity	6,018,462	5,890,512
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	241,737	192,461
Revaluation reserve for land	(73,101)	(73,101)
Foreign currency translation adjustment	(905)	(1,436)
Total accumulated other comprehensive income	167,731	117,922
Share acquisition rights	26,362	26,362
Non-controlling interests	—	27,941
Total net assets	6,212,556	6,062,739
Total liabilities and net assets	18,315,729	18,790,095

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income**Semi-annual Consolidated Statement of Income**

	(Unit: thousand yen)	
	Apr. 1, 2023–Sep. 30, 2023	Apr. 1, 2024–Sep. 30, 2024
Net sales	9,715,556	10,223,986
Cost of sales	6,464,106	6,862,412
Gross profit	3,251,450	3,361,574
Selling, general and administrative expenses	2,580,370	2,764,562
Operating profit	671,079	597,012
Non-operating income		
Interest income	11,001	13,733
Dividend income	10,169	11,747
Other	33,265	26,804
Total non-operating income	54,437	52,285
Non-operating expenses		
Interest expenses	4,075	7,173
Share of loss of entities accounted for using equity method	42,351	41,861
Loss on investments in investment partnerships	–	2,793
Other	7,454	7,813
Total non-operating expenses	53,881	59,641
Ordinary profit	671,635	589,655
Extraordinary income		
Gain on step acquisitions	–	40,083
Gain on sale of non-current assets	–	1,661
Total extraordinary income	–	41,745
Extraordinary losses		
Impairment losses	19,454	–
Loss on cancellation of insurance policies	–	54,330
Other	2,099	699
Total extraordinary losses	21,554	55,030
Profit before income taxes	650,080	576,371
Income taxes-current	219,780	257,481
Income taxes-deferred	48,480	6,725
Total income taxes	268,261	264,207
Profit	381,819	312,164
Profit (loss) attributable to non-controlling interests	18,903	(2,326)
Profit attributable to owners of parent	362,915	314,491

Semi-annual Consolidated Statement of Comprehensive Income

(Unit: thousand yen)

	Apr. 1, 2023–Sep. 30, 2023	Apr. 1, 2024–Sep. 30, 2024
Profit	381,819	312,164
Other comprehensive income		
Valuation difference on available-for-sale securities	52,103	(49,276)
Share of other comprehensive income of entities accounted for using equity method	(657)	(531)
Total other comprehensive income	51,445	(49,808)
Comprehensive income	433,264	262,355
Comprehensive income attributable to:		
Owners of parent	414,360	264,682
Non-controlling interests	18,903	(2,326)

(3) Semi-annual Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Apr. 1, 2023–Sep. 30, 2023	Apr. 1, 2024–Sep. 30, 2024
Cash flows from operating activities		
Profit before income taxes	650,080	576,371
Depreciation	225,865	239,625
Impairment losses	19,454	–
Loss on cancellation of insurance policies	–	54,330
Loss (gain) on sale of non-current assets	–	(1,661)
Loss (gain) on step acquisitions	–	(40,083)
Amortization of goodwill	76,687	70,405
Share-based payment expenses	6,137	5,186
Increase (decrease) in allowance for doubtful accounts	(12,069)	(667)
Increase (decrease) in provision for bonuses	31,591	33,866
Increase (decrease) in retirement benefit liability	(21,253)	4,435
Increase (decrease) in provision for retirement benefits for directors (and other officers)	914	914
Interest and dividend income	(21,171)	(25,480)
Interest expenses	4,075	7,173
Share of loss (profit) of entities accounted for using equity method	42,351	41,861
Decrease (increase) in trade receivables	71,804	117,276
Decrease (increase) in inventories	2,670	(1,908)
Increase (decrease) in trade payables	(124,664)	(168,974)
Increase (decrease) in contract liabilities	(2,682,383)	(2,812,240)
Decrease (increase) in other assets	(48,605)	9,658
Increase (decrease) in other liabilities	292,905	288,405
Other, net	625	2,147
Subtotal	(1,484,982)	(1,599,358)
Interest and dividends received	24,004	26,971
Interest paid	(4,347)	(9,287)
Income taxes paid	(500,540)	(193,200)
Net cash provided by (used in) operating activities	(1,965,865)	(1,774,875)

(Unit: thousand yen)

	Apr. 1, 2023–Sep. 30, 2023	Apr. 1, 2024–Sep. 30, 2024
Cash flows from investing activities		
Payments into time deposits	(52,588)	(52,652)
Proceeds from withdrawal of time deposits	52,588	52,652
Purchase of property, plant and equipment	(281,308)	(294,505)
Proceeds from sale of property, plant and equipment	–	1,661
Purchase of intangible assets	(274,534)	(339,391)
Purchase of investment securities	(104,338)	(148,747)
Proceeds from redemption of investment securities	–	200,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(131,742)
Purchase of shares of subsidiaries and associates	–	(1,170)
Payments for asset retirement obligations	(37,843)	(33,667)
Decrease (increase) in leasehold and guarantee deposits	(27,253)	(15,200)
Purchase of insurance funds	(217,353)	(659,944)
Proceeds from cancellation of insurance funds	9,221	506,035
Other	(9,356)	(672)
Net cash provided by (used in) investing activities	(942,767)	(917,343)
Cash flows from financing activities		
Proceeds from short-term borrowings	800,000	2,400,000
Repayments of short-term borrowings	(400,000)	(1,025,000)
Proceeds from long-term borrowings	10,000	1,800,000
Repayments of long-term borrowings	(150,401)	(193,163)
Repayments of lease liabilities	(11,043)	(11,033)
Dividends paid	(179,022)	(450,202)
Dividends paid to non-controlling interests	(4,746)	–
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(3,000)	–
Net cash provided by (used in) financing activities	61,786	2,520,601
Net increase (decrease) in cash and cash equivalents	(2,846,847)	(171,618)
Cash and cash equivalents at beginning of period	10,042,785	7,948,677
Cash and cash equivalents at end of period	7,195,938	7,777,058

(4) Notes to Semi-annual Consolidated Financial Statements**Changes in Accounting Policies****Application of the Accounting Standard for Current Income Taxes**

The Company has applied the Accounting Standard for Current Income Taxes, etc. (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard 2022”) effective from the beginning of the period under review.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Revised Implementation Guidance 2022”). This change in accounting policies has no impact on the semi-annual consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the period under review. This change in accounting policies is applied retrospectively, and semi-annual consolidated financial statements and consolidated financial statements for the previous year are after retrospective application. This change in accounting policies has no impact on the semi-annual consolidated financial statements for the semi-annual period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

Segment and Other Information**Segment information**

I. Apr. 1, 2023–Sep. 30, 2023

1. Information related to net sales and profit for each reportable segment

(Unit: thousand yen)

	Reportable segment					Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on semi-annual consolidated statement of income (Note 3)
	High School and University	Gakushu-juku	Global	Skill Development and Careers Support	Subtotal				
Net sales									
External sales	4,057,990	3,616,833	1,057,662	856,654	9,589,141	126,415	9,715,556	–	9,715,556
Inter-segment sales and transfers	–	–	37,241	291,447	328,688	(128)	328,560	(328,560)	–
Total	4,057,990	3,616,833	1,094,903	1,148,102	9,917,830	126,287	10,044,117	(328,560)	9,715,556
Segment profit (loss)	1,582,456	104,836	(1,957)	113,744	1,799,079	(87,581)	1,711,498	(1,040,418)	671,079

Notes: 1. The “Other” businesses segment includes businesses such as the healthcare business that are not included in any of the reportable segments.

2. The minus 1,040,418 thousand yen adjustment to segment profit (loss) includes minus 20 thousand yen in elimination for inter-segment transactions and minus 1,040,398 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 semi-annual consolidated statement of income.

II. Apr. 1, 2024–Sep. 30, 2024

1. Information related to net sales and profit for each reportable segment

(Unit: thousand yen)

	Reportable segment					Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on semi-annual consolidated statement of income (Note 3)
	High School and University	Gakushu-juku	Global	Skill Development and Careers Support	Subtotal				
Net sales									
External sales	4,276,307	3,673,929	1,208,410	970,852	10,129,499	94,487	10,223,986	–	10,223,986
Inter-segment sales and transfers	–	–	39,111	232,141	271,252	–	271,252	(271,252)	–
Total	4,276,307	3,673,929	1,247,522	1,202,993	10,400,752	94,487	10,495,239	(271,252)	10,223,986
Segment profit (loss)	1,498,244	236,870	15,271	89,815	1,840,202	(73,646)	1,766,555	(1,169,543)	597,012

Notes: 1. The “Other” businesses segment includes businesses such as the healthcare business that are not included in any of the reportable segments.

2. The minus 1,169,543 thousand yen adjustment to segment profit (loss) includes minus 70 thousand yen in elimination for inter-segment transactions and minus 1,169,473 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 semi-annual consolidated statement of income.

2. Changes in reportable segments

Effective from the period under review, the advertising business, which was included in the Other business segment, has been changed to the Skill Development and Careers Support business as a result of the Company’s partial organizational reform. The segment information for the previous semi-annual period is disclosed based on the segment classification after the change.

Significant Changes in Shareholders’ Equity

Not applicable.

Going Concern Assumption

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.*