



## Consolidated Financial Summary for the Fiscal Year Ended March 31, 2022

[Japanese GAAP]

May 13, 2022

Company name: **With us Corporation**

Stock listed on TSE

Stock code: 9696

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

Representative: Tomio Ikoma, President

Contact: Takushi Akagawa, Director, Administration Coordination Headquarters

Scheduled date of General Meeting of Shareholders: June 24, 2022

Scheduled date of filing of Annual Securities Report: June 24, 2022

Scheduled date of dividend payment: June 10, 2022

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: None

Note: The original disclosure in Japanese was released on May 13, 2022 at 15:10 (GMT +9).

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

### 1. Consolidated financial results for the fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(1) Consolidated business results (The percentages for net sales and profits represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2022	17,635	8.3	2,127	91.6	2,245	68.6	1,284	122.7
Fiscal year ended Mar. 31, 2021	16,277	(7.5)	1,110	(21.1)	1,331	(9.6)	576	77.3

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2022: 1,550 (up 118.4%)

Fiscal year ended Mar. 31, 2021: 709 (up 133.2%)

	Net income per share	Diluted net income per share	ROE	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2022	135.74	134.43	24.0	13.4	12.1
Fiscal year ended Mar. 31, 2021	60.48	59.91	11.8	9.0	6.8

Reference: Equity method income (million yen) Fiscal year ended Mar. 31, 2022: 11 Fiscal year ended Mar. 31, 2021: (4)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2022	18,773	5,888	29.8	604.07
As of Mar. 31, 2021	14,742	5,348	34.6	534.14

Reference: Shareholders' equity (million yen) As of Mar. 31, 2022: 5,597 As of Mar. 31, 2021: 5,099

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2022	3,219	(1,301)	721	9,712
Fiscal year ended Mar. 31, 2021	1,807	(348)	(1,166)	7,072

### 2. Dividends

	Dividend per share					Total dividends	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2021	-	6.00	-	10.00	16.00	151	26.5	3.1
Fiscal year ended Mar. 31, 2022	-	6.00	-	12.00	18.00	168	13.3	3.2
Fiscal year ending Mar. 31, 2023 (forecast)	-	6.00	-	12.00	18.00		-	

### 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) 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

(3) Number of shares issued (common shares)

1) Number of shares issued at the end of the period (including treasury shares)

As of Mar. 31, 2022: 10,440,000 shares As of Mar. 31, 2021: 10,440,000 shares

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

As of Mar. 31, 2022: 1,173,250 shares As of Mar. 31, 2021: 893,328 shares

3) Average number of shares during the period

Fiscal year ended Mar. 31, 2022: 9,461,731 shares Fiscal year ended Mar. 31, 2021: 9,537,630 shares

**Reference: Summary of Unconsolidated Financial Results**

**1. Unconsolidated financial results for the fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)**

(1) Unconsolidated business results

(The percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2022	13,229	9.7	2,045	88.1	2,113	86.6	1,113	161.8
Fiscal year ended Mar. 31, 2021	12,062	(4.2)	1,087	(11.4)	1,132	(11.2)	425	34.5

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2022	117.69	116.54
Fiscal year ended Mar. 31, 2021	44.60	44.19

(2) Unconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2022	15,814	4,733	29.8	507.74
As of Mar. 31, 2021	12,341	4,406	35.5	458.55

Reference: Shareholders' equity (million yen) As of Mar. 31, 2022: 4,705 As of Mar. 31, 2021: 4,377

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

Note 2: Explanation of appropriate use of forward-looking statements, and other special items

Forward-looking statements in this report are based on assumptions judged to be valid and information currently available to the Company. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of factors. Please refer to "1. Overview of Results of Operations, (4) Outlook" on page 5 of the attachments for assumptions for forecasts and notes of caution for usage.

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## 1. Overview of Results of Operations

### (1) Results of Operations

During the fiscal year ended March 31, 2022 (hereinafter “the period under review”), economic activity increased in Japan as people received vaccinations and for other reasons even as the pandemic continued. However, an upturn in infections caused by a new variant resulted in the imposition of some restrictions on outings. Although Japan has started easing restrictions in stages on the entry of foreigners, the outlook for the economy remains uncertain.

In the education services sector, the value of foreign, senior and female workers is increasing in Japan as the working age population shrinks along with the falling number of children. In addition, 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. Japan completely revised the new curriculum guidelines for elementary and junior high schools in a process that was completed in 2021. Now the curriculum guidelines for high schools are being revised. Due to the rapid pace of changes in society, students today need to acquire the skills for solving problems as they make decisions on their own. The increasingly rapid pace of the digitalization of education due to the GIGA (Global and Innovative Gateway for All) School Concept and other events are fueling dramatic reforms in Japan with regard to every aspect of education, including the required teaching tools.

In this business environment, With us Corporation (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.

In February 2022, we acquired all of the stock of Blue Sky FC Co., Ltd., which has established a distinctive position in the market for individual lessons for entrance examination preparations. Our plan is to use the individual lesson expertise and powerful brand of this company for the continued growth of the Gakushu-juku business and the expansion of areas where we have a dominant presence in this market category.

In March 2022, With us signed a contract with Vietnam Japan University, which operates under Vietnam National University, Hanoi, to jointly operate a Japanese language education center at this university. The center will help strengthen Japanese language and other educational activities in Vietnam. Collaboration with Vietnam Japan University will be further strengthened involving Japanese language certification test courses, business Japanese language courses, training for Japanese language teachers and other activities. By offering Japanese language education in Vietnam to people of all ages, With us will work with its partners to give people the knowledge and skills to succeed throughout Asia and the world while playing a part in solving global issues.

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 used 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 during the fiscal year, primarily for correspondence high schools.

Meanwhile, the Japanese language education services and translation services were adversely impacted due to restrictions on entry into Japan caused by the spread of the COVID-19 pandemic.

Expenses were held down by numerous activities for the control of expenses, such as by making business activities more efficient and holding advertising and marketing expenses at the proper level.

As a result of the above, net sales amounted to 17,635 million yen (up 8.3% year-on-year) with operating profit of 2,127 million yen (up 91.6% year-on-year), ordinary profit of 2,245 million yen (up 68.6% year-on-year), and profit attributable to owners of parent was 1,284 million yen (up 122.7% year-on-year) on a consolidated basis. All net sales, operating profit, ordinary profit and profit attributable to owners of parent were record highs for the Group.

The Company started to apply the Accounting Standard for Revenue Recognition (Accounting Standard Board of Japan (ASBJ) Statement No. 29, March 31, 2020) at the beginning of the current fiscal year. For more information, please refer to “(5) Notes to Consolidated Financial Statements, Changes in Accounting Policies” on page 15.

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. There were 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.

Students are spending more time learning at home and interacting with parents because of school closings and restrictions on activities caused by the pandemic. In addition to school activities to support the growth of students, Gakushu-juku business has been increasing emphasis on relationships with students’ homes, such as by holding online seminars about parent-child relationships and the importance of home education. In addition, the performance of this business continued to benefit from effective cost-control measures, such as steps to improve efficiency and hold advertising and marketing expenses to the proper level.

As a result of the foregoing, net sales of the segment amounted to 6,838 million yen (up 4.5% 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 (Dai-ichi Gakuin High School), which holds unique ICT education and course content for specialist training, with 54 campuses mainly in major cities across Japan.

Dai-ichi Gakuin High School uses a unique growth-linked education program that enables students to directly feel they are making progress and provides for the visualization of their performance. Respect is shown for the distinctive characteristics of each student. Another major theme of this high school is project-based learning in which students take on the challenge of solving personal issues, social issues and other issues. The goals of this high school are to give students the power to think and create solutions on their own and the desire to work with others to solve problems.

The success of all of these activities resulted in the receipt of the Minister of Education, Culture, Sports, Science and Technology Award, which is the highest recognition, by Dai-ichi Gakuin High School at the All-Japan High School My Project Awards 2021 that were given in March 2022. This nationwide award program is Japan’s largest event for high school students who are participating in research and project learning activities. For the 2021 awards, there were a record-high 6,225 projects with the online participation of 16,822 high school students.

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 7,730 million yen (up 12.4% year-on-year).

### **3) Other businesses**

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

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. The With us Group's Japan Anger Management Association plans to establish a certifications program for people of all ages in order to facilitate the visualization of the understanding and implementing anger management methods. Preparations are under way and certifications are scheduled to begin during the summer of 2022.

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. SRJ has been certified as a 2022 Health & Productivity Management Outstanding Organization (small and midsize company category) by a program of the Ministry of Economy, Trade and Industry in which certified companies are chosen by the Nippon Kenko Kaigi. SRJ is using this accomplishment to continue taking many actions to ensure a healthy workplace environment for all employees.

Meanwhile, continued restrictions on new entries by foreign nationals coming to Japan have 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 3,065 million yen (up 7.4% year-on-year).

## **(2) Financial Position**

Total assets increased 4,030 million yen from the end of the previous fiscal year to 18,773 million yen at the end of the period under review. This was attributable mainly to increases of 2,644 million yen in cash and deposits, 783 million yen in goodwill, and 290 million yen in investment securities.

Total liabilities increased 3,490 million yen to 12,885 million yen. This was attributable mainly to increases of 1,622 million yen in contract liabilities, 921 million yen in long-term borrowings and 362 million yen in accounts payable-other.

Total net assets increased 540 million yen to 5,888 million yen. This was attributable mainly to increases of 488 million yen in retained earnings, 219 million yen in valuation difference on available-for-sale securities and 212 million yen in treasury shares.

## **(3) Cash Flows**

The balance of cash and cash equivalents (hereinafter "net cash") as of the end of the period under review increased 2,639 million yen year-on-year to 9,712 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 provided by operating activities was 3,219 million yen in the period under review (compared with 1,807 million yen provided in the previous fiscal year). The result was attributable mainly to recording of profit before income taxes of 2,170 million yen and an increase of 806 million yen in contract liabilities.

### Cash flows from investing activities

Net cash used in investing activities was 1,301 million yen in the period under review (compared with 348 million yen used in the previous fiscal year). The result was attributable mainly to purchase of shares of subsidiaries resulting in change in scope of consolidation of 817 million yen, 252 million yen for purchase of insurance funds, and 237 million yen for purchase of property, plant and equipment.

### Cash flows from financing activities

Net cash provided by financing activities was 721 million yen in the period under review (compared with 1,166 million yen used in the previous fiscal year). The result was attributable mainly to proceeds from long-term borrowings of 1,300 million yen, which was partially offset by purchase of treasury shares of 220 million yen, repayments of long-term borrowings of 176 million yen and dividends paid of 152 million yen.

## Reference: Cash flow indicators

	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22
Ratio of shareholders' equity to total assets (%)	33.7	33.6	31.6	34.6	29.8
Ratio of shareholders' equity to total assets (market value basis) (%)	31.9	28.2	32.6	33.8	38.8
Cash flows to debt ratio (%)	85.1	25.2	78.9	26.4	52.7
Interest coverage ratio (times)	145.6	257.2	242.0	172.3	393.4

Notes: Indicators are calculated as follows:

- Ratio of shareholders' equity to total assets: Shareholders' equity / Total assets
- Ratio of shareholders' equity to total assets (market value basis): Market capitalization / Total assets
- Cash flows to debt ratio: Interest-bearing debt / Operating cash flow
- Interest coverage ratio: Operating cash flows / Interest payments

1. All indicators are calculated based on consolidated figures.
2. Market capitalization is calculated by multiplying the closing share price at the period end by the number of shares issued at the period end (less treasury shares).
3. The operating cash flows used in these calculations are net cash flow provided by operating activities stated in the consolidated statement of cash flows. Interest-bearing debt is the aggregate of those liabilities on the consolidated balance sheet that incur interests. Interest payments are that stated as "Interest paid" on the consolidated statement of cash flows.

**(4) Outlook**

The outlook for the economy remains unclear because the pandemic is still having a negative effect on economic activity in Japan and many other countries. Furthermore, customers in Japan are becoming increasingly selective as the number of children in the country falls. As a result, the business climate for education services is expected to continue to be challenging. As Japan's working age population declines, there will be increasing demands for the use of foreigners, seniors and women in the workforce. There will be an increasing need to provide education and opportunities for learning new skills to people with a broad range backgrounds. In Japan, dramatic education reforms are taking place, notably revisions to the curriculum guidelines and implementation of the GIGA School Concept. Expectations are growing for the emergence of an education system that gives students thinking, decision-making, issue-solving and other skills that will be required for successful careers.

Under these circumstances, we are determined to enhance our corporate value by swiftly responding to the changing environment based on the Group's corporate vision, "to become an outstanding educational institution capable of fostering people who will be successful in their career."

In the Gakushu-juku business segment, we will continue to strengthen our unique plus-cycle learning method and continue activities for raising the motivation of students. The goal of these activities is to give students the skills and motivation for learning on their own initiative at our schools, their regular schools and at home. Expanding classes provided by using the new online live lesson format, which is not restricted by the number of locations of physical schools, is another goal of the next fiscal year. There were many activities during the past fiscal year to strengthen this lesson format. We plan to use online live classes to provide high-quality services that are not limited by time of day or locations of students in order to further improve customer satisfaction. For expansion of the school network, the February 2022 acquisition of Blue Sky FC Co., Ltd., which added the Individual Learning Manabi and other brands to the With us Group, is expected to reinforce our dominance in Osaka prefecture. We plan to continue the growth of the Gakushu-juku business while utilizing the expertise of Blue Sky FC.

In the High School and Careers Support business segment, we expect the number of students at Dai-ichi Gakuin High School, a wide-area correspondence school, to continue to increase as we provide an even broader range of support. Public awareness of correspondence high schools is increasing as people recognize the ability of these schools to meet a diverse array of education needs. Growth is also backed by recognition of the educational benefits of the exclusive With us education system that enables students to see and confirm their progress as they learn. We will continue to operate our integrated education concept extending up to ten years that encompasses junior and senior high school and university. This program begins with the Dai-ichi Gakuin Junior High School and includes linkage with the Online University managara of Niigata Sangyo University, which is a With us alliance partner. Many activities will continue to support the increasingly diverse ways that people want to learn.

One step is strengthening career education programs (joint community advancement) that utilize entire regions as a school. We are also using the digital transformation of education to optimize individualized lessons and using our nationwide network for academic learning and a variety of events. The objective of all these activities is strengthening the benefits of our education programs and helping all our students achieve their dreams.

In the Japanese language education service business and language services business, performance is expected to improve as the easing of pandemic restrictions on entering Japan allows foreign students who have been waiting to come to Japan to enroll in our schools. A recovery in demand associated with foreign tourists in Japan is also expected to support the performance of these businesses. However, there is still a risk of negative effects on these businesses if restrictions return in response to another wave of COVID-19 cases or the emergence of a new variant.

With us has signed a basic agreement with Vietnam Japan University for the joint operation of a Japanese language education center at this university, which is a member university of Vietnam National University, Hanoi. The center will make it possible for With us and Vietnam Japan University to provide Japanese language classes, training for Japanese language teachers and other services in Vietnam. The expansion of this business platform is planned with the goal of playing a role in solving issues from a global perspective.

In the next fiscal year ending March 31, 2023, we expect net sales of 19,800 million yen (up 12.3% year-on-year), operating profit of 2,200 million yen (up 3.4%), ordinary profit of 2,300 million yen (up 2.4%), and profit attributable to owners of parent of 1,300 million yen (up 1.2%) on a consolidated basis.

Cautionary statement with respect to forward-looking statements

Forward-looking statements in this report are based on assumptions judged to be valid and information currently available to the Company. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of factors.

## (5) Fundamental Policy for Allocating Earnings and Dividends for the Current and Next Fiscal Years

The distribution of earnings to shareholders is one of the most important priorities involving the management of With us. Our fundamental policy is to distribute a substantial amount of earnings to shareholders by paying a consistent dividend. At the same time, we will retain sufficient earnings to fund investments for future growth and responses to changes in market conditions as well as to maintain a sound financial position.

Based on these policies, we plan to pay a year-end dividend of 12 yen per share for the fiscal year ended March 31, 2022. With the interim dividend of 6 yen per share that was paid on December 2, 2021, this will result in a total dividend of 18 yen per share applicable to the fiscal year ended on March 31, 2022.

For the fiscal year ending March 31, 2023, based on the outlook for the strong performance of the previous fiscal year to continue, we plan to maintain the 2 yen dividend increase in the previous fiscal year. Accordingly, we are going to pay an annual ordinary dividend 18 yen per share, comprising the interim dividend of 6 yen per share and the year-end dividend of 12 yen per share.

(Unit: yen)

Record date	Dividend per share		
	2Q-end	Year-end	Total
Forecast for fiscal year ending March 31, 2023	6	12	18
(Reference)			
Forecast for fiscal year ended March 31, 2022	-	12	
Results for fiscal year ended March 31, 2022	6	-	18

## 2. Basic Stance on Selection of Accounting Standards

The accounting standard that the Group applies is Japanese GAAP. This is because its stakeholders consist predominantly of domestic shareholders, creditors, customers and suppliers, and there is little need to procure funds from overseas.

**3. Consolidated Financial Statements and Notes****(1) Consolidated Balance Sheet**

(Unit: thousand yen)

	As of Mar. 31, 2021	As of Mar. 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	7,191,794	9,836,128
Notes and accounts receivable-trade	238,902	-
Notes and accounts receivable-trade, and contract assets	-	304,534
Accounts receivable-school fees	289,807	153,157
Merchandise and finished goods	27,669	46,280
Teaching material	36,272	37,527
Raw materials and supplies	16,812	18,913
Other	458,658	545,274
Allowance for doubtful accounts	(19,668)	(8,943)
Total current assets	8,240,249	10,932,873
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,710,949	4,841,066
Accumulated depreciation	(3,340,775)	(3,410,544)
Buildings and structures, net	1,370,174	1,430,521
Land	374,001	348,310
Leased assets	52,078	101,081
Accumulated depreciation	(45,222)	(47,908)
Leased assets, net	6,855	53,172
Construction in progress	1,549	23,828
Other	1,046,175	1,117,994
Accumulated depreciation	(959,241)	(998,137)
Other, net	86,934	119,857
Total property, plant and equipment	1,839,516	1,975,691
Intangible assets		
Goodwill	9,583	792,918
Software	523,080	465,891
Other	174,706	283,863
Total intangible assets	707,370	1,542,673
Investments and other assets		
Investment securities	894,491	1,184,883
Long-term loans receivable	54,807	44,319
Leasing and guarantee deposits	1,185,284	1,212,007
Insurance funds	1,160,340	1,284,411
Retirement benefit asset	16,391	241
Deferred tax assets	560,009	490,293
Other	114,023	135,891
Allowance for doubtful accounts	(30,012)	(29,945)
Total investments and other assets	3,955,335	4,322,103
Total non-current assets	6,502,222	7,840,467
Total assets	14,742,471	18,773,341

	(Unit: thousand yen)	
	As of Mar. 31, 2021	As of Mar. 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	266,219	263,239
Short-term borrowings	100,000	100,000
Current portion of long-term borrowings	79,887	334,588
Lease liabilities	15,093	22,107
Accounts payable-other	511,908	874,288
Income taxes payable	266,782	417,150
Accrued consumption taxes	108,424	116,718
Advances received	5,400,661	-
Contract liabilities	-	7,023,600
Provision for bonuses	186,361	190,115
Asset retirement obligations	7,212	6,344
Other	272,988	309,462
<b>Total current liabilities</b>	<b>7,215,538</b>	<b>9,657,616</b>
<b>Non-current liabilities</b>		
Long-term borrowings	240,765	1,162,451
Lease liabilities	40,701	75,834
Provision for retirement benefits for directors (and other officers)	5,099	56,929
Retirement benefit liability	1,048,555	1,040,318
Asset retirement obligations	723,944	787,481
Other	119,710	104,404
<b>Total non-current liabilities</b>	<b>2,178,777</b>	<b>3,227,420</b>
<b>Total liabilities</b>	<b>9,394,316</b>	<b>12,885,037</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,299,375	1,299,375
Capital surplus	1,462,047	1,465,632
Retained earnings	2,714,826	3,203,462
Treasury shares	(354,663)	(567,497)
<b>Total shareholders' equity</b>	<b>5,121,585</b>	<b>5,400,971</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	50,886	270,119
Revaluation reserve for land	(73,101)	(73,101)
Foreign currency translation adjustment	(83)	(270)
<b>Total accumulated other comprehensive income</b>	<b>(22,298)</b>	<b>196,747</b>
Share acquisition rights	28,409	28,409
Non-controlling interests	220,459	262,175
<b>Total net assets</b>	<b>5,348,155</b>	<b>5,888,303</b>
<b>Total liabilities and net assets</b>	<b>14,742,471</b>	<b>18,773,341</b>

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

(Unit: thousand yen)

	Apr. 1, 2020 - Mar. 31, 2021	Apr. 1, 2021 - Mar. 31, 2022
Net sales	16,277,688	17,635,038
Cost of sales	11,082,363	11,101,836
Gross profit	5,195,324	6,533,201
Selling, general and administrative expenses	4,085,094	4,405,835
Operating profit	1,110,229	2,127,366
Non-operating income		
Interest income	9,666	10,230
Dividend income	14,823	11,547
Share of profit of entities accounted for using equity method	-	11,148
Subsidy income	153,953	58,899
Gain on redemption of investment securities	23,583	-
Other	37,863	35,265
Total non-operating income	239,891	127,091
Non-operating expenses		
Interest expenses	9,679	7,997
Share of loss of entities accounted for using equity method	4,398	-
Other	4,248	514
Total non-operating expenses	18,327	8,511
Ordinary profit	1,331,794	2,245,946
Extraordinary income		
Gain on sale of non-current assets	59,407	36,032
Gain on sale of investment securities	10,869	-
Surrender value of insurance policies	-	880
Settlement income	13,000	16,000
Total extraordinary income	83,276	52,912
Extraordinary losses		
Loss on sale of non-current assets	6,139	-
Loss on retirement of non-current assets	9,214	20,334
Impairment losses	291,869	51,713
Loss on sale of investment securities	-	40,276
Other	29,097	16,310
Total extraordinary losses	336,320	128,635
Profit before income taxes	1,078,750	2,170,222
Income taxes-current	496,543	585,077
Income taxes-deferred	(21,148)	253,832
Total income taxes	475,394	838,910
Profit	603,355	1,331,312
Profit attributable to non-controlling interests	26,548	46,943
Profit attributable to owners of parent	576,807	1,284,369

**Consolidated Statement of Comprehensive Income**

(Unit: thousand yen)

	Apr. 1, 2020 - Mar. 31, 2021	Apr. 1, 2021 - Mar. 31, 2022
Profit	603,355	1,331,312
Other comprehensive income		
Valuation difference on available-for-sale securities	(12,307)	219,233
Revaluation reserve for land	118,734	-
Share of other comprehensive income of entities accounted for using equity method	(16)	(187)
Total other comprehensive income	106,410	219,046
Comprehensive income	709,766	1,550,358
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	683,217	1,503,415
Comprehensive income attributable to non-controlling interests	26,548	46,943

**(3) Consolidated Statement of Changes in Equity**

FY3/21 (Apr. 1, 2020 - Mar. 31, 2021)

(Unit: thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,299,375	1,458,119	2,409,283	(363,278)	4,803,500
Changes during period					
Dividends of surplus			(152,529)		(152,529)
Profit attributable to owners of parent			576,807		576,807
Disposal of treasury shares		3,927		8,615	12,542
Purchase of shares of consolidated subsidiaries					
Reversal of revaluation reserve for land			(118,734)		(118,734)
Net changes in items other than shareholders' equity					
Total changes during period	-	3,927	305,542	8,615	318,085
Balance at end of period	1,299,375	1,462,047	2,714,826	(354,663)	5,121,585

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	63,193	(191,835)	(66)	(128,709)	28,409	197,283	4,900,483
Changes during period							
Dividends of surplus							(152,529)
Profit attributable to owners of parent							576,807
Disposal of treasury shares							12,542
Purchase of shares of consolidated subsidiaries							
Reversal of revaluation reserve for land							(118,734)
Net changes in items other than shareholders' equity	(12,307)	118,734	(16)	106,410	-	23,175	129,586
Total changes during period	(12,307)	118,734	(16)	106,410	-	23,175	447,672
Balance at end of period	50,886	(73,101)	(83)	(22,298)	28,409	220,459	5,348,155

FY3/22 (Apr. 1, 2021 - Mar. 31, 2022)

(Unit: thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,299,375	1,462,047	2,714,826	(354,663)	5,121,585
Cumulative effects of changes in accounting policies			(642,866)		(642,866)
Restated balance	1,299,375	1,462,047	2,071,959	(354,663)	4,478,718
Changes during period					
Dividends of surplus			(152,867)		(152,867)
Profit attributable to owners of parent			1,284,369		1,284,369
Purchase of treasury shares				(220,814)	(220,814)
Disposal of treasury shares		3,798		7,979	11,778
Purchase of shares of consolidated subsidiaries		(213)			(213)
Net changes in items other than shareholders' equity					
Total changes during period	-	3,585	1,131,502	(212,834)	922,253
Balance at end of period	1,299,375	1,465,632	3,203,462	(567,497)	5,400,971

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	50,886	(73,101)	(83)	(22,298)	28,409	220,459	5,348,155
Cumulative effects of changes in accounting policies							(642,866)
Restated balance	50,886	(73,101)	(83)	(22,298)	28,409	220,459	4,705,288
Changes during period							
Dividends of surplus							(152,867)
Profit attributable to owners of parent							1,284,369
Purchase of treasury shares							(220,814)
Disposal of treasury shares							11,778
Purchase of shares of consolidated subsidiaries							(213)
Net changes in items other than shareholders' equity	219,233	-	(187)	219,046	-	41,716	260,762
Total changes during period	219,233	-	(187)	219,046	-	41,716	1,183,015
Balance at end of period	270,119	(73,101)	(270)	196,747	28,409	262,175	5,888,303

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

(Unit: thousand yen)

	Apr. 1, 2020 - Mar. 31, 2021	Apr. 1, 2021 - Mar. 31, 2022
Cash flows from operating activities		
Profit before income taxes	1,078,750	2,170,222
Depreciation	437,852	421,575
Impairment losses	291,869	51,713
Amortization of goodwill	10,066	26,114
Share-based payment expenses	12,466	11,969
Increase (decrease) in allowance for doubtful accounts	(12,199)	(10,791)
Increase (decrease) in provision for bonuses	(337)	3,754
Increase (decrease) in retirement benefit liability	37,875	7,912
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1,829	1,829
Interest and dividend income	(24,490)	(21,778)
Interest expenses	9,679	7,997
Share of loss (profit) of entities accounted for using equity method	4,398	(11,148)
Loss (gain) on sale of investment securities	(10,869)	40,276
Loss (gain) on valuation of investment securities	9,181	-
Loss (gain) on redemption of investment securities	(23,583)	-
Loss (gain) on sale of non-current assets	(53,268)	(36,032)
Loss on retirement of non-current assets	9,214	20,334
Loss on cancellation of insurance policies	14,586	5,035
Decrease (increase) in trade receivables	19,750	(35,787)
Decrease (increase) in inventories	(1,685)	(13,584)
Increase (decrease) in trade payables	(65,194)	(2,979)
Increase (decrease) in advances received	667,356	-
Increase (decrease) in contract liabilities	-	806,563
Decrease (increase) in other assets	3,749	17,748
Increase (decrease) in other liabilities	(30,925)	217,595
Other, net	(60)	6,132
Subtotal	2,386,012	3,684,675
Interest and dividends received	24,531	22,607
Interest paid	(10,488)	(8,183)
Income taxes refund (paid)	(592,538)	(480,064)
Net cash provided by (used in) operating activities	1,807,517	3,219,035

(Unit: thousand yen)

	Apr. 1, 2020 - Mar. 31, 2021	Apr. 1, 2021 - Mar. 31, 2022
Cash flows from investing activities		
Payments into time deposits	(70,414)	(50,414)
Proceeds from withdrawal of time deposits	70,489	50,414
Purchase of property, plant and equipment	(147,271)	(237,417)
Proceeds from sale of non-current assets	171,488	73,820
Purchase of intangible assets	(196,989)	(152,331)
Purchase of investment securities	(360)	(101,260)
Proceeds from redemption of investment securities	50,000	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(11,008)	(817,124)
Payments for asset retirement obligations	(28,048)	(5,009)
Decrease (increase) in leasehold and guarantee deposits	(8,483)	(13,759)
Purchase of insurance funds	(336,269)	(252,181)
Proceeds from cancellation of insurance funds	154,749	123,833
Other investment payments	(26,990)	(12,069)
Other investment proceeds	30,412	91,878
Net cash provided by (used in) investing activities	(348,695)	(1,301,621)
Cash flows from financing activities		
Proceeds from short-term borrowings	2,200,000	1,000,000
Repayments of short-term borrowings	(3,200,000)	(1,000,000)
Proceeds from long-term borrowings	120,000	1,300,000
Repayments of long-term borrowings	(104,173)	(176,220)
Repayments of lease liabilities	(17,706)	(20,148)
Payments for long-term accounts payable-other	(8,292)	(2,764)
Purchase of treasury shares	-	(220,814)
Dividends paid	(151,566)	(152,694)
Dividends paid to non-controlling interests	(5,082)	(4,440)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(1,000)
Net cash provided by (used in) financing activities	(1,166,820)	721,918
Net increase (decrease) in cash and cash equivalents	292,001	2,639,332
Cash and cash equivalents at beginning of period	6,780,839	7,072,840
Cash and cash equivalents at end of period	7,072,840	9,712,172

## **(5) Notes to Consolidated Financial Statements**

### **Going Concern Assumption**

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 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 current fiscal year, is added to or subtracted from retained earnings at the beginning 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 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 current fiscal year.

As a result, the application of the new standard resulted in a decrease of 70 million yen in net sales, a decrease of 91 million yen in cost of sales, and increases of 21 million yen each in operating profit, ordinary profit and profit before income taxes. In addition, the new standard decreased retained earnings at the beginning of the current fiscal year 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 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.

#### **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 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 consolidated financial statements.

## **Segment and Other Information**

### Segment information

#### 1. Overview of reportable segment

Segments used for financial reporting are the Company's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

As a comprehensive education services company, the With us Group conducts a broad range of business activities. Major business operations are assistance with academic courses, preparation for entrance exam, and instructions for skill development for children ranging from infants to high school students, as well as the management of wide-area correspondence high schools, preparation for exams to help acquire various qualifications, and Japanese language education services.

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

#### 2. Calculation method for net sales, profit or loss, assets, and other items for each reportable segment

The accounting methods for reportable segments are generally the same as those listed in "Basis of Presenting Consolidated Financial Statements."

Profits for reportable segments are operating profit figures. Inter-segment sales and transfers are based on market prices.

## 3. Information related to net sales, profit or loss, assets, and other items for each reportable segment

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Unit: thousand yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Gakushu-juku	High School and Careers Support	Subtotal				
Net sales							
External sales	6,546,561	6,875,865	13,422,427	2,855,260	16,277,688	-	16,277,688
Inter-segment sales and transfers	-	13,200	13,200	752,314	765,514	(765,514)	-
Total	6,546,561	6,889,065	13,435,627	3,607,575	17,043,202	(765,514)	16,277,688
Segment profit (loss)	462,034	2,230,871	2,692,906	(1,789)	2,691,117	(1,580,887)	1,110,229
Segment assets	3,328,666	1,314,242	4,642,909	2,456,125	7,099,035	7,643,436	14,742,471
Other items							
Depreciation	113,228	87,505	200,733	212,488	413,222	24,630	437,852
Amortization of goodwill	10,066	-	10,066	-	10,066	-	10,066
Increases in property, plant and equipment and intangible assets (Note 4)	89,229	34,218	123,448	91,983	215,432	25,473	240,906

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 corporate training portal site business, the English education business for infants and school children, and the healthcare business.

2. Adjustments are as follows:

- (1) The minus 1,580,887 thousand yen adjustment to segment profit (loss) includes 832 thousand yen in elimination for inter-segment transactions and minus 1,581,720 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.
  - (2) The 7,643,436 thousand yen adjustment to segment assets includes minus 110,259 thousand yen in elimination for inter-segment transactions and 7,753,695 thousand yen in corporate assets that cannot be allocated to any of the reportable segments. These corporate assets consist mainly of cash and deposits, investment securities, non-current assets of the Company's administration division, deferred tax assets, etc. that cannot be attributed to any reportable segment.
  - (3) The 24,630 thousand yen adjustment to depreciation includes corporate assets that cannot be allocated to reportable segments.
  - (4) The 25,473 thousand yen adjustment to increase in property, plant and equipment and intangible assets includes construction resulting from expanding floor areas of the Company headquarters in Tokyo and mobile PCs, etc.
3. Segment profit (loss) is adjusted to be consistent with operating profit on the consolidated statement of income.
4. The increases in property, plant and equipment, and intangible assets do not include increases from newly consolidated subsidiaries.

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Unit: thousand yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Gakushu-juku	High School and Careers Support	Subtotal				
Net sales							
External sales	6,838,857	7,730,852	14,569,710	3,065,328	17,635,038	-	17,635,038
Inter-segment sales and transfers	-	16,783	16,783	738,336	755,119	(755,119)	-
Total	6,838,857	7,747,635	14,586,493	3,803,665	18,390,158	(755,119)	17,635,038
Segment profit	896,043	2,918,058	3,814,102	9,392	3,823,494	(1,696,127)	2,127,366
Segment assets	4,370,097	1,305,746	5,675,843	4,014,114	9,689,957	9,083,383	18,773,341
Other items							
Depreciation	97,936	75,714	173,650	203,218	376,868	31,860	408,729
Amortization of goodwill	6,052	-	6,052	20,061	26,114	-	26,114
Increases in property, plant and equipment and intangible assets (Note 4)	150,414	105,236	255,650	135,304	390,955	68,726	459,681

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 corporate training portal site business, the English education business for infants and school children, and the healthcare business.

2. Adjustments are as follows:

- (1) The minus 1,696,127 thousand yen adjustment to segment profit includes 275 thousand yen in elimination for inter-segment transactions and minus 1,696,402 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.
- (2) The 9,083,383 thousand yen adjustment to segment assets includes minus 16,853 thousand yen in elimination for inter-segment transactions and 9,100,237 thousand yen in corporate assets that cannot be allocated to any of the reportable segments. These corporate assets consist mainly of cash and deposits, investment securities, non-current assets of the Company's administration division, deferred tax assets, etc. that cannot be attributed to any reportable segment.
- (3) The 31,860 thousand yen adjustment to depreciation includes corporate assets that cannot be allocated to reportable segments.
- (4) The 68,726 thousand yen adjustment to increase in property, plant and equipment and intangible assets includes construction resulting from expanding floor areas of the Company headquarters in Tokyo, multi-function devices (MFDs) and mobile PCs, etc.

3. Segment profit (loss) is adjusted to be consistent with operating profit on the consolidated statement of income.

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

#### 4. Information related to net sales, profit/loss, assets, and other items for each reportable segment

As was explained in the section concerning changes to accounting policies, With us started using the Accounting Standard for Revenue Recognition at the beginning of the current fiscal year. As a result, the method used to calculate business segment profit (loss) has changed.

Compared with the method in previous years, the new accounting standard reduced net sales and segment profit in the Gakushu-juku business segment by 49 million yen each and increased net sales by 232 million yen and increased segment profit by 324 million yen in the High School and Careers Support business segment.

**Per-share Information**

(Unit: yen)

	FY3/21 (Apr. 1, 2020 - Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 - Mar. 31, 2022)
Net assets per share	534.14	604.07
Net income per share	60.48	135.74
Diluted net income per share	59.91	134.43

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

	FY3/21 (Apr. 1, 2020 - Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 - Mar. 31, 2022)
Net income per share		
Profit attributable to owners of parent (thousands of yen)	576,807	1,284,369
Amount not attributed to common shareholders (thousands of yen)	-	-
Profit attributable to common shareholders of parent (thousands of yen)	576,807	1,284,369
Average number of common shares during the period (thousand shares)	9,537	9,461
Diluted net income per share		
Adjustment to profit attributable to owners of parent (thousands of yen)	-	-
Number of shares of common stock to be increased (thousand shares)	92	92
(Of which, share acquisition rights (thousand shares))	( 92)	( 92)
Summary of potentially dilutive shares not included in the calculation of diluted net income per share due to their anti-dilutive effect	-	-

**Material Subsequent Events**

Not applicable.

\* This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.