

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on premise of a going concern)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Nine months ended May 31, 2023 (from September 1, 2022 to May 31, 2023)

Not applicable.

(Change in accounting policy)

(Application of Accounting Standard for Measurement of Fair Value)

In accordance with the transitional treatment prescribed in Paragraph 27-2 of the Guidance on Accounting Standard for Measurement of Fair Value, the new accounting policy prescribed by the Guidance on Accounting Standard for Measurement of Fair Value is to be applied prospectively. There is no impact on the quarterly consolidated financial statements.

Segment Information

I Nine months ended May 31, 2022 (from September 1, 2021 to May 31, 2022)

1. Information related to net sales, profit or loss for each reportable segment.

(Millions of yen)

	Reportable segment				Others*	Total
	Meiko Gijuku directly operated schools	Meiko Gijuku franchised schools	Japanese language schools	Total		
Net sales						
Goods or services that are transferred at a point in time	550	1,226	-	1,776	941	2,718
Goods or services that are transferred over a fixed period of time	7,936	2,004	552	10,492	673	11,166
Revenue from contracts with customers	8,486	3,230	552	12,268	1,615	13,884
Other income	-	-	-	-	-	-
Sales to external customers	8,486	3,230	552	12,268	1,615	13,884
Inter-segment sales and transfers	-	655	-	655	4	659
Total	8,486	3,885	552	12,924	1,619	14,543
Segment profit (loss)	606	1,233	(172)	1,667	(132)	1,534

(Note)* "Others" consists of the operating segments not included in reportable segments. It includes Kids Business (Afterschool), Waseda Academy Kobetsu Schools, MEIKO Kids e business, Jiritsugausyu RED, HR solution business and consolidated subsidiaries Koto & Company.

2. Difference between the total of the reportable segments' measures of profit or loss and income according to consolidated quarterly statements of income, and the main components of the difference. (Matters related to adjustment of difference)

(Millions of yen)

Profit (Loss)	Amount
Reportable segment total	1,667
Profit (Loss) for "Others" category	(132)
Corporate expenses*	(887)
Operating profit reported on quarterly statements of income	647

(Note)* Corporate expenses are mainly expenses that relate to the General Affairs section of the parent company that are not attributable to the reportable segment.

3. Information on impairment loss on fixed assets and goodwill by reportable Segment (Significant changes in the amount of goodwill)

From the third quarter of the current fiscal year, the Company acquired all outstanding shares of Simple Inc., which is now included in the scope of consolidation.

As a result, the amount of increase in goodwill in the "Others" segment was 287 million yen.

II Nine months ended May 31, 2023 (September 1, 2022 to May 31, 2023)

1. Information about Segment Sales and Income (Loss)

(Millions of yen)

	Reportable segment				Others*	Total
	Meiko Gijuku directly operated schools	Meiko Gijuku franchised schools	Japanese language schools	Total		
Net sales						
Goods or services that are transferred at a point in time	515	1,165	-	1,681	1,526	3,207
Goods or services that are transferred over a fixed period of time	8,336	1,890	816	11,043	673	11,717
Revenue from a contract with a customer	8,852	3,055	816	12,724	2,199	14,924
Other income	-	-	-	-	-	-
Sales to external customers	8,852	3,055	816	12,724	2,199	14,924
Intersegment sales and transfers	-	683	0	683	297	981
Total	8,852	3,739	816	13,408	2,497	15,906
Segment profit (loss)	403	877	18	1,300	13	1,313

(Note)* “Others” consists of the operating segments not included in reportable segments. It includes Kids Business (Afterschool), Jiritsugakusyū RED, Meiko Kids e Business, HR solution Business and consolidated subsidiaries Koto & Company and Simple Inc.

2. Difference between the Total of the Reportable Segments’ Measures of Profit or Loss and Income according to Consolidated Quarterly Statements of Income, and the Main Components of the Difference (Matters related to adjustment of difference)

(Millions of Yen)

Profit (Loss)	Amount
Reportable segment total	1,300
Profit (loss) for “Others” category	13
Corporate expenses*	(960)
Operating profit reported on quarterly statements of income	352

(Note)* Corporate expenses are mainly expenses that relate to the General Affairs section of the parent company that are not attributable to the reportable segment.

3. Information on impairment loss on fixed assets and goodwill by reportable Segment (Significant changes in the amount of goodwill)

Not applicable.