

Domestic Education (Japan)

In the Domestic Education business—the Group’s main business, accounting for more than 40% of consolidated sales—we aim to use the educational and entrance-exam reforms as an opportunity for further growth.



41.9%
¥182.0 billion



Shinkenzeni Business

Shinkenzeni correspondence courses for students from elementary school through high school (ages 6–18)



Shinkenzeni Elementary School Courses

School & Teacher Support Business

Educational support for schools, including the Shinken Simulated Exams (mock university-entrance exams) and the GTEC proficiency tests covers the four English skills



GTEC Speaking Test

Area and Classroom Education Business

Operation of cram schools and prep schools
Operation of English language classes for children



A Tetsuyokukai class

Results and Forecasts

FY2017 Results

Net sales	¥182.0 billion
Operating income	¥9.0 billion

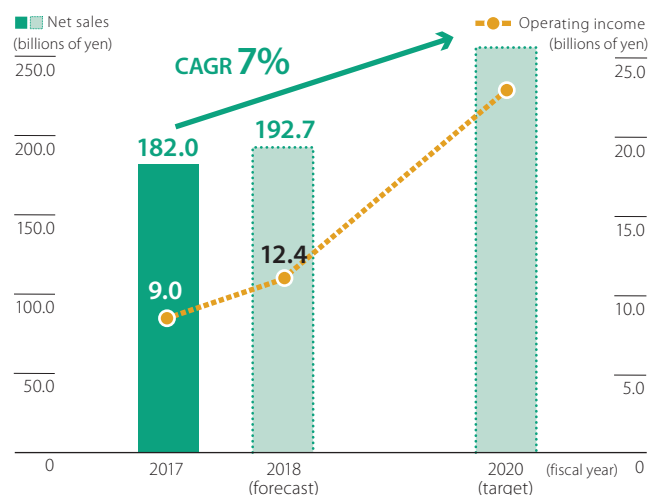
FY2020 Targets

Net sales CAGR 7%

- Leverage the educational and entrance-exam reforms to push ahead with growth strategies in the Shinkenzeni, School & Teacher Support, and Area and Classroom Education businesses
- Use our collective capabilities to promote the GTEC proficiency tests in the four English skills

Note: Starting in FY2018, we have modified the segmentation of the Group’s businesses. The results for FY2017 are reclassified according to the new segmentation. Please note that the figures for FY2017 are unaudited, and may change later.

Net Sales & Operating Income



Shinkenzemi Business—Policies and Strategies Going Forward

Reaching our target of 3 million enrollees in FY2020

In the Zemi Business Company, we are pushing ahead with growth strategies that involve leveraging the educational and entrance-exam reforms as our most significant business opportunity, and working to make the most of the comprehensive strengths of Benesse. Numerically, our target is to have the combined enrollment of the Shinkenzemi and Kodomo Challenge correspondence courses be 3 million in April 2020. Maintaining a balance between boosting enrollment, on the one hand, and improving profitability through additional reform of our cost structure, on the other hand, we are aiming for greatly improved profitability in FY2020. This will be a challenging target to reach, but we aim to reach the target by accurately meeting the new customer needs that will emerge amid the various changes involved in the reforms, and by creating new value in advance of the competition.

Michiaki Yamamoto

Corporate Executive Vice President,
President of Zemi Business Company



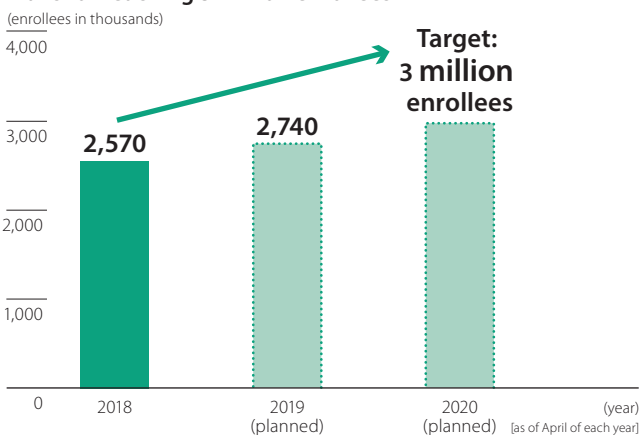
Boosting enrollment in Shinkenzemi

Achieving recovery in the number of correspondence-course enrollees is a major issue for Benesse. At Shinkenzemi, our highest priority is to increase customer satisfaction, so we believe that we will succeed in maintaining a high retention rate, which is a measure of customers' trust and support.

The products for FY2017 were all redesigned exclusively from the customer's perspective. In particular, a major reason for the recovery in enrollment was the change we made in our tablet strategy. Specifically, we carried out a radical overhaul of our teaching materials, moving to hybrid teaching materials that combine conventional, paper teaching resources with devices like dedicated tablet devices and smartphones.

In developing teaching materials, we strive for ease of understanding and ease of use, so that children will not get confused, and we incorporate at every turn features that will motivate the children and features that will get them to continue. As a result, retention rates for the April 2018 edition were up, year on year, for every school grade from 1st grade in elementary school through the 3rd year of senior high school.

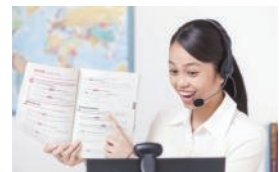
Plans for reaching 3 million enrollees*



* Combined enrollment of Shinkenzemi and of domestic Kodomo Challenge

Accelerating our preparations for the educational and entrance-exam reforms

In the university entrance exam that will begin to be implemented in FY2020, there will be tests to measure proficiency in the four skills of listening, reading, speaking, and writing in English. The first students to take the new entrance exam will be those who are currently freshmen in senior high school. To assist these current freshmen, in April 2018 we began supporting the requirements of the CEFR*1 in our senior high school courses by offering, at no additional charge, online speaking by foreign instructors as part of our new curriculum.



An online English conversation—taught by a foreign instructor—that is available in the senior high school courses

In addition, in FY2020 programming education is scheduled to become compulsory at elementary schools. In response, in FY2018 we have begun providing teaching material for programming-related education in our elementary school courses. This teaching material, which is easy to understand even for children who have no previous exposure to programming, is capable of firmly establishing the thinking cycle found in a programming-like way of reasoning*2.

In addition to developing our products and services in this way so as to increase customer satisfaction and keep retention rates high, we are also increasing the number of new enrollees by developing our direct marketing. In particular, we are establishing a stable enrollment-growth structure by focusing on increasing the numbers of enrollees in the first year of each of the courses.

Going forward, we will be fusing the strengths that Shinkenzemi has cultivated with the resources of other Benesse business companies or Group companies, and using these comprehensive strengths to provide new products and services that support development of the skills and abilities called for by the educational and entrance-exam reforms, with the aim of acquiring the trust of an even greater number of customers.

*1 A European standard for the measurement of ability to use a foreign language.

*2 When one intends to bring about a series of activities, the ability to reason logically about questions such as what sorts of actions need to be combined, how the symbols corresponding to the individual actions should be combined, and how the combination of symbols can be improved upon in order to come closer to bringing about the activities that one intends. (Ministry of Education, Culture, Sports, Science and Technology)

Domestic Education (Japan)

School & Teacher Support Business—Policies and Strategies Going Forward

Achieving growth by moving quickly to prepare for the educational and entrance-exam reforms

In order for Benesse to prepare for the major change represented by the educational and entrance-exam reforms, the School & Teacher Support Business Company, which is the business company most closely tied to the classroom environment, will have to take the initiative in changing. In that sense, the adoption of the GTEC as one of the private-sector proficiency tests for the four skills in English on the uniform test for university admissions constitutes a very significant turning point. Sales, Planning, Product Creation, and other departments at the Business Company are working together to listen to customers' views, hone our products and services, and provide learning in new forms (and with new content).

Masaki Yamasaki

Director and Corporate Executive Vice President,
President of School and Teacher Support Business Company



Solidifying our predominance in high school and English education

The GTEC has been adopted as one of the private-sector proficiency tests—for the four skills in English—that will be used on the uniform test for university admissions to be implemented beginning in FY2020. The GTEC, which in FY2017 was adopted by 1,850 senior high schools and combined junior-and-senior high schools throughout Japan, and which is taken by more than 1.02 million students per year, is a score-based proficiency test of the four English skills. We have been refining and improving the test since it was first developed, over 20 years ago. Since the very beginning, our focus has been on practical English.

The concept behind the GTEC meshes with the orientation of the reforms of English teaching, an orientation that focuses on the increase in globalization that is taking place in society.

The adoption of the GTEC imparts great predominance to the expansion of Benesse's business operations. By placing at the center of one's learning the GTEC, a test that envisions putting to actual use the English learned in class, it becomes possible for a student to learn English in a substantive manner without any distinction between day-to-day English learning via textbooks and English learning in preparation for the uniform test for university

admissions or for external proficiency tests. We will continue to shoulder our extremely important responsibility for one part of the university entrance exam while also helping children to learn English that they can use.

Benesse at schools

Benesse signs agreement with Tama City in Tokyo to assist in enhancing English education

In November 2017, Benesse and Tama City signed a Comprehensive Collaboration Agreement for the Promotion of Community Development. To kick off the collaboration, classes using Benesse's Online English Conversation have begun being taught at all of the City's municipal junior high schools. By providing one-on-one English conversation classes with foreign instructors via the Internet, we help improve the language skills of students and also contribute to improving the teaching skills of teachers.

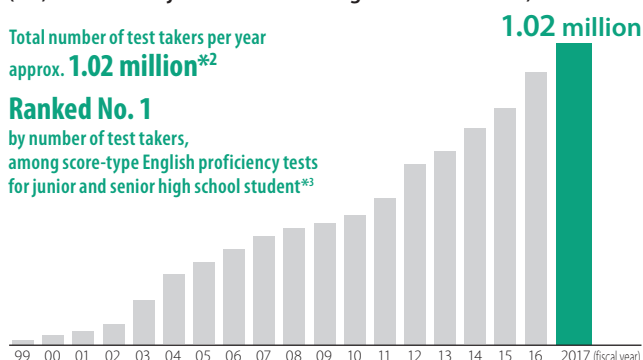


The signing ceremony with Tama City
Left: Hiroyuki Abe, Mayor of Tama
Right: Hitoshi Kobayashi, Representative
Director and President, Benesse Corporation

Number of students taking the GTEC (i.e., the tests for junior and senior high school students)*1

Total number of test takers per year
approx. **1.02 million***2

Ranked No. 1
by number of test takers,
among score-type English proficiency tests
for junior and senior high school student*3



*1 In the case of a proficiency test with stand-alone score (including students who were tested on only three skills)

*2 Number of people who took the GTEC tests (including those who were tested on only three skills) for junior or senior high school students in FY2017

*3 Result in FY2017; sample limited to proficiency exams that in FY2017 satisfied the requirements for participation in the system for the providing of English grades for university entrance exams.

Providing Classi to meet the teaching needs of schools

Classi Corp., a company established by Benesse Holdings and Softbank Corp., has since 2014 been offering Classi, a learning-support platform service for schools. Nationwide, in FY2017 the number of schools (junior and senior high schools) using the service was approximately 2,100, and the number of paid enrollees was approximately 830,000.

Classi, which provides ICT support in adapting to the changing environment that schools find themselves in, is an educational platform for an increasingly digital age. It is quick to provide the features that the era is asking for, such as portfolio functions that let learning records be stored and reviewed for use in

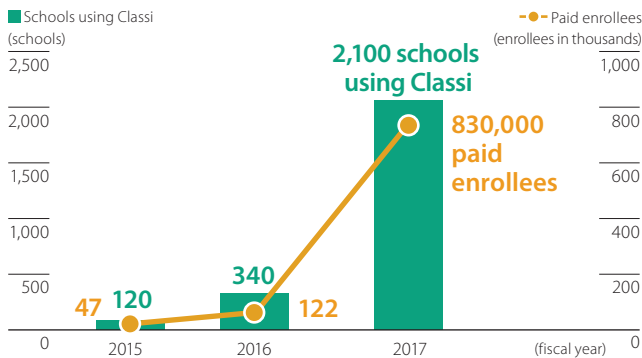


St. Catalina Gakuen High School is using ICT for the purpose of training students to have the strong academic abilities needed in the 21st century

the multifaceted and comprehensive evaluation that will be implemented with the educational and entrance-exam reforms.

Benesse looks on Classi as the nexus between the schools, where all education starts, and the Company's various services. Going forward, we will be boosting the value of Classi dramatically and increasing customer satisfaction by augmenting the sense of speed in our other teaching materials and services and linking them to Classi.

Trends in the number of schools using Classi and the number of paid enrollees



Note: Figures are out of a total of approximately 3.2 million senior high school students and 5,000 senior high schools in Japan

Benesse at schools

Benesse teams up with Meisei Junior and Senior High School to hold ICT Education Seminar

In March 2018, Classi Corp. and Meisei Junior and Senior High School jointly put on a seminar entitled ICT Education Seminar. At the seminar, reports were given on actual examples of the use of Classi's portfolio functions in teaching and on initiatives in ICT education, and presentations were made on the topic of ICT in education from the student's point of view.



The seminar was attended by a large number of educators from all over the country

Area and Classroom Education Business—Policies and Strategies Going Forward

Growing in the region and contributing to education in the region

As customers' needs and learning styles become more and more diverse, the Area and Classroom Education Business is providing a diverse assortment of products and services, such as cram schools, English schools for children, and English teaching materials for preschoolers, elementary schoolers, and junior high schoolers. The goals of the business are to use these products and services in order to create a model for continued growth on the part of Benesse and contribute to improving the ability of the region to educate. Going forward, we aim to achieve additional growth by building on the strengths of the different categories of content and sharing our knowledge of marketing and other areas.

Kenji Yamakawa

Corporate Executive Vice President,
President of Area and Classroom Education Business Company



Expanding BE Studio, where students learn English skills that they can use

As globalization progresses, acquiring the ability to use English is becoming more and more important. In response to increasing demand for English education on the part of parents and the need for English learning to start younger, Benesse Corporation in April 2018 inaugurated a new brand, BE Studio Benesse English Schools.

The BE Studio schools were formed by uniting Benesse Children's English Classes and Minerva English Conversation for Children, and the aim is to provide services that make the most of the strengths of each of the chains. The schools will be offering services to fit customers' needs, such as courses taught by Japanese-national instructors in open, homelike classrooms and courses taught by native-speaker instructors at classrooms located in shopping centers.

Expanding the cram-school operations and Class Benesse

The cram schools run by individual Group companies have their own particular strengths. For example, *Tetsuryokukai* receives overwhelming support from students hoping to get into the University of Tokyo or into medical schools, while Tokyo Individualized Educational Institute every year receives high marks in private-sector rankings of customer satisfaction, and UP has strong roots in the Kansai region. To maintain their good reputations, the schools strive to further improve on the value that they offer.

In addition, we have inaugurated Class Benesse, individual-guidance schools using Shinkenzenmi that are based on a philosophy of training children to learn on their own. We aim to expand Class Benesse by means such as franchising.

In the future, we will continue to draw on our strength of having a real, physical presence in the region so as to help even more children to grow.