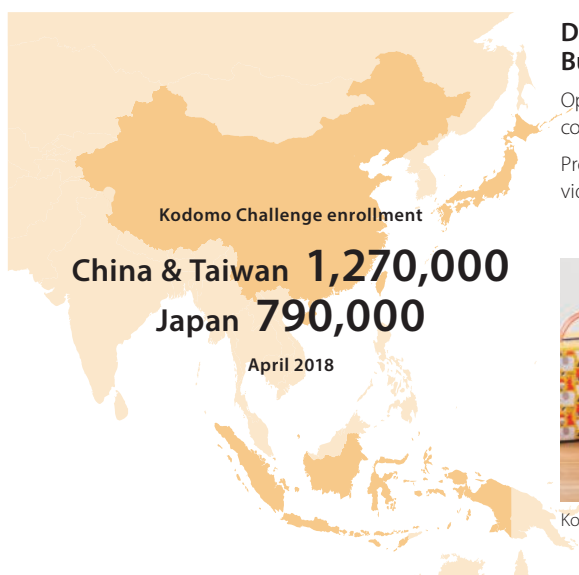


Global Kodomo Challenge

Keeping our focus on Kodomo Challenge, a correspondence course for preschoolers that draws on the expertise of Benesse, we are pushing ahead with expanding this competitive brand globally.



12.0%
¥52.2 billion



Domestic Preschool Education Business (Japan)

Operation of Kodomo Challenge, a series of correspondence courses for preschoolers
Providing of concerts, movies and digital videos for enrollees



Kodomo Challenge

Overseas Preschool Education Business

Operation of correspondence courses, primarily for preschoolers in China, Taiwan, and Indonesia

Providing of concerts, movies and digital videos for enrollees



Preschool courses in China

Results and Forecasts

FY2017 Results

Net sales	¥52.2 billion
Operating income	¥2.3 billion

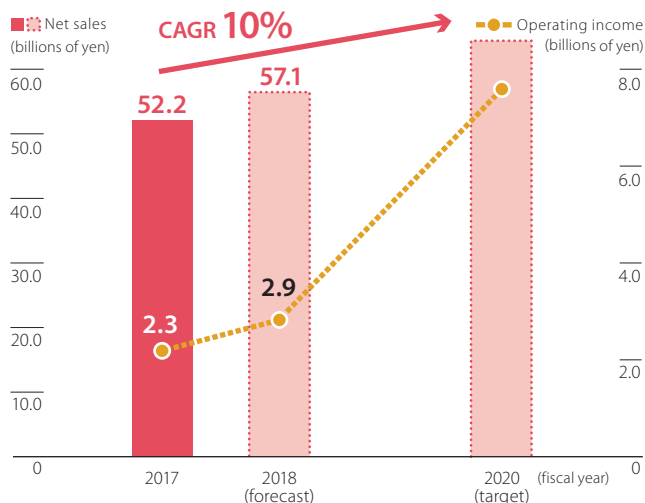
FY2020 Targets

Net sales CAGR 10%

- Focus on increasing the competitive edge and the number of enrollees in Kodomo Challenge, both in Japan and abroad (primarily China)
- Use global standard products and global alliances to expand

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



Policies and Strategies Going Forward

Uniting the Japanese market and overseas markets, and boosting competitiveness

The Global Kodomo Challenge Business Company was set up in April 2018 for the purpose of making Kodomo Challenge, a series of correspondence courses for preschoolers that was celebrating its 30th anniversary, grow into a more globally competitive business. Regardless of the country or region, our aim is always for Kodomo Challenge to be a product that children will enjoy, will become absorbed in, and will work on by themselves in accordance with their age and state of development. We aim to adapt the product to different cultures and values by means of painstaking localization, and make Kodomo Challenge into a business that broadens children's possibilities.

Haruna Okada

Corporate Executive Vice President,
President of Global Kodomo Challenge Company



Expanding business overseas with global standard teaching materials

As of April 2018, domestic enrollment in Kodomo Challenge stood at approximately 790,000, representing an increase of 50,000 enrollees over one year earlier. This V-shaped recovery in enrollment was due to our expanding the points of contact with customers—such as by enhancing Shimajiyo Concerts, movie screenings, and digital videos—and to our focusing on expanding the product lineup (e.g., starting up the new Thinking Skills Specialized Course).

To achieve additional growth, going forward we will be accelerating our expansion overseas, and our basic strategies for this will be to develop products by means of global standard (GS) teaching materials and to strengthen the brand using Shimajiyo World.

In July 2018, we began offering Kodomo Challenge in Indonesia. For teaching materials, we took GS materials and partially localized them to fit local culture and values, our aim being to reduce development costs without sacrificing quality. One year prior to offering the courses in Indonesia, we began broadcasting Shimajiyo Anime on television there. We are successfully increasing recognition of Shimajiyo World both quickly and efficiently. Sales are carried out in collaboration with a partner in Indonesia.

From here on out, we will use these methods in countries and regions where there is a high probability of business success—primarily in Asia—in order to accelerate the overseas expansion of the Kodomo Challenge business.

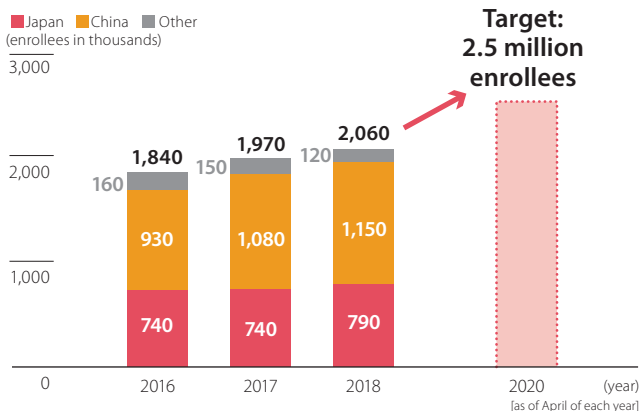
Aiming to reach 1.5 million enrollees in China

In China, as of April 2018 there were 1.15 million children taking Kodomo Challenge. We have set ourselves the target of increasing this to 1.5 million by FY2020.

Since entering the Chinese market 12 years ago, we have enjoyed steady growth. However, in recent years the rate of growth has slowed somewhat. The main reason for this is that rapid changes in Chinese society have given rise to a mismatch between what customers want and the products that Benesse offers. Shimajiyo (marketed in China as Qiaohu) is enjoying increasing recognition, and the brand is coming to be seen as one that accompanies children as they grow and helps them acquire living habits. Nevertheless, in the midst of the sweeping changes that Chinese society is undergoing, the brand needs to offer the additional value of being an educational brand that broadens children's future possibilities.

Global Kodomo Challenge Business Company is therefore radically overhauling its products one by one, starting with those for the youngest children. The age-in-months-line course for children aged between 1 and 2 years (i.e., for children aged 13–24 months), whose overhaul was completed in March 2018, has had excellent results, including a large year-on-year increase in enrollment. Going forward, we will be carrying on with these efforts so as to reach our target of 1.5 million enrollees.

April enrollment in Kodomo Challenge



China business expansion model

