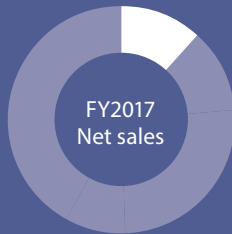


Berlitz

The core of our operations is Berlitz, one of the largest language-education companies in the world. Under a new CEO, we are moving ahead with radical reforms.



11.8%
¥51.3 billion



In 2018, Berlitz celebrated 140 years in business.



Language Instruction Business

Helping everyone from children through working adults to learn languages



A Berlitz lesson

ELS (Overseas Study Support) Business

Helping people who want to study abroad—in the US and elsewhere—to develop their language skills



An ELS lesson

Results and Forecasts

FY2017 Results

Net sales ¥51.3 billion
Operating loss ¥3.9 billion

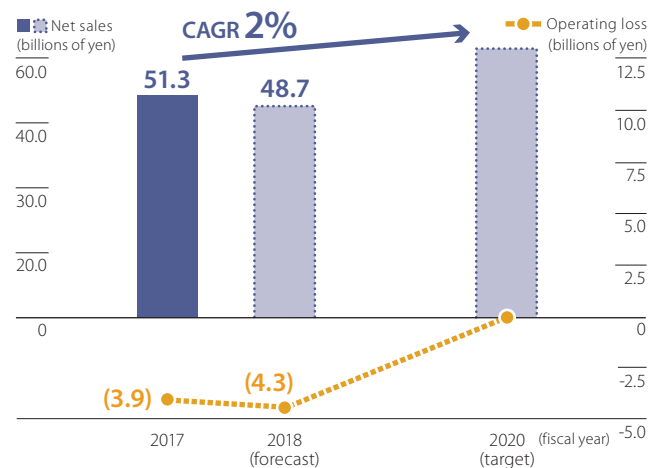
FY2020 Targets

Net sales CAGR 2%

Restore business performance by reforming the cost structure and transforming products and business processes

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 Loss



Policies and Strategies Going Forward

Under a new management team, we will revitalize Berlitz, a company with a 140 year history

Berlitz, which pioneered the industry-leading Berlitz Method* and has continuously maintained a strong brand, in 2018 celebrated 140 years in business. Berlitz's profits are currently low as a result of delays in undertaking reforms due to management issues, but I believe that every "issue" that can be improved through effort represents an "opportunity." In order to radically rebuild the business, I have brought together a number of individuals with expertise in revitalizing businesses and formed them into a new management team. Drawing on my own knowledge and experience in the education industry and on other resources, we have formulated a revitalization plan that centers on reforming the cost structure and transforming products and business processes, and we are implementing measures such as thoroughgoing cost reduction, product innovation that uses both face-to-face teaching and technology on a concurrent basis, and transformation of business processes through the use of IT. With these measures, we aim to return to profitability in FY2020 and contribute to the Group's profitability in FY2022.

* A proprietary method, used around the world for 140 years, in which learners do not use their native language at all, but only the language they are studying; the method enables the learners to understand things spoken in that language without any translation, and to respond in that language.

Curtis Uehlein
CEO, Berlitz Corporation

Served as CEO or COO at an IT consulting firm and at several companies in the field of education, including language companies that compete with Berlitz. With 20 years of experience in the education industry, he was named CEO of Berlitz Corporation in August 2017.



Transforming products and business processes in order to rebuild profit and reform cost structure

The reform of the cost structure aims to reduce fixed costs through downsizing, primarily at the US headquarters and at ELS centers. As a result of these efforts, costs in FY2018 have been cut by US\$6.7 million compared to a year earlier, and US\$13 million in cuts are planned from FY2019 onward.

To transform products and business processes, we have inaugurated "Berlitz 2.0." We are developing and launching new products that make use of both face-to-face teaching and technology, and are using an IT system to improve our business processes.

Specific structural-reform measures

Reforming the cost structure

Cutting costs drastically through downsizing

- Reducing staffing by roughly 520, mainly at US headquarters, and scaling back ELS centers
- Positive effects of the downsizing on profit (compared to FY2017)*
 - FY2018: US\$6.7 million
 - FY2019 onward: approx. US\$13 million
- Restructuring costs*
 - FY2018: US\$14.1 million
 - FY2019: US\$7.4 million

Significant reduction in fixed costs

Transforming products and business processes

Inauguration of Berlitz 2.0 project, which aims to develop and launch new products and to improve business processes

- Berlitz 2.0 project
 - Reforming products to have them use both face-to-face teaching and technology
 - Transforming business processes through the use of a new IT system
- Using digital marketing to boost sales
- Rebuilding the franchise strategy and putting it into operation
- Launching new ELS products (pathway programs)

Significantly increased product appeal and improved marginal profit ratio

* Calculated in accordance with US accounting standards