

Overview of Business Segments

Domestic Education (Japan)

Domestic Education is 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.



43.7%
¥192.0 billion



Strengths

- Customer trust built up over many years in the education field, with an overwhelmingly large customer base
- The largest business scale in the industry, and collective capability that covers schools from elementary through junior and senior high, plus extracurricular education for elementary, junior high, and senior high school students
- Extensive educational knowledge from helping “bolster children’s motivation and ability to learn on their own” through the development of learning materials, entrance exam preparation, learning and career counseling, and more
- Diverse personnel and corporate culture that embody our customer-centric philosophy

Social Changes

Opportunities

- Reforms to university entrance examinations and enactment of new educational guidelines
- Progress in English four skills and the accelerated start of English education
- Change in parent attitudes due to larger numbers of four-year university graduates and double-income households
- Larger disparities between schools, and between the education level in different regions

Risks

- Market stagnation and contraction due to the decreasing birthrate
- Intensifying competition from digital technology companies entering the market, and increased activity by competitors
- Commodification of educational content and price collapse due to the advancement of digital mediums

FY2020 Targets

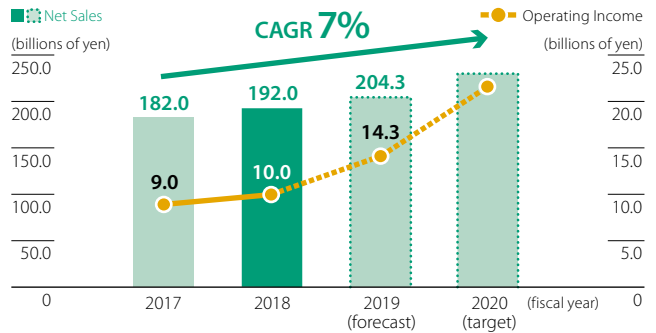
Net sales CAGR **7%**

- Leverage the educational and entrance-exam reforms to push ahead with growth strategies in each business segment
- Use our collective capabilities to promote the GTEC proficiency tests in the four English skills

FY2018 Results

- Shinkenzemi total enrollment increased steady business growth in school support, and cram schools
- Absorbed investments for bolstering Shinkenzemi product offerings and for education reform-related initiatives such as GTEC, and increased both revenues and profit

Net Sales & Operating Income



Shinkenzemi Business

**Enrollment increased despite price revisions
We will continue to grow profitability while focusing on retention rate**

Michiaki Yamamoto Corporate Executive Vice President, President of Zemi Business Company



FY2018 Results

- Average annual retention rate remained steady while new enrollment increased year-on-year while falling short of plan
- Released Level-Specific English Four Skills Training [Page 25](#)

FY2019 Initiatives

- Shift strategy to focus more on profit growth rather than increasing enrollment. Pursue customer satisfaction
- Shift to digital products and services for more individualization

Highlights

The release of Level-Specific English Four Skills Training

In April 2019, we began offering Level-Specific English Four Skills Training to Shinkenzemi enrollees in elementary, junior high, and senior high schools. They appreciate how it allows them to learn the four skills of English—listening, reading, speaking, and writing—at home, in a balanced manner according to their own capabilities.



Compatible with your own computer or smartphone in addition to dedicated Shinkenzemi tablets, making it possible to study on your own anywhere, at any time

Highlights

Improving the functions of Challenge Touch

An increasing number of users are utilizing Challenge Touch dedicated learning tablets to take Shinkenzemi Elementary School Courses. This method is boosting lesson completion rates and overall scores by taking advantage of the digital medium to get them to try again at solving previously attempted problems, which is essential to retaining what is learned. In 2019, we also added the Double Try Again function, which allows students to try solving important problems again at certain intervals. Enhancing the learning effects of enrollees will lead to further improvement in retention rate.



Challenge Touch helps improve retention rate

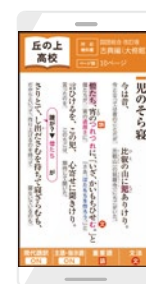
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Highlights

Prep & Review App makes effective use of students' free time

We are focusing on developing smartphone-based learning for our Shinkenzei high school courses. In April 2019, we released the Prep & Review App, an effective tool that students use during their free time. Not only does the app support efficient investigative learning for preparation, review, and homework involving the textbooks and other materials that students use at their schools, but it also offers video lectures that offer deeper understanding of the problem solving process. We put ingenuity into designing this app to adapt to the lifestyles and learning needs of high school students who are constantly busy with club activities and friends.

Attentive support is also available through in-app questions to Shinkenzei advisors when information in the app is not enough to help students understand. Simultaneously, we now actively promote use of the app, including an introductory video being streamed on YouTube as of June, produced through collaboration with a video creator who is a high school student and is popular with junior and senior high school students.



Hold a smartphone up to the page number in a textbook or reference book, and the optimal content will be displayed

School & Teacher Support Business

Offering new forms of learning in educational settings by moving quickly to prepare for the educational and entrance-exam reforms

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



FY2018 Results

- GTEC test takers and schools using Classi steadily increased
- Converted school affairs support system provider EDUCOM Corporation into a subsidiary, concluded a strategic partnership with Classi Corp.

FY2019 Initiatives

- Move quickly to prepare for the educational and entrance-exam reforms
- Bolster our support for schools and expand the business

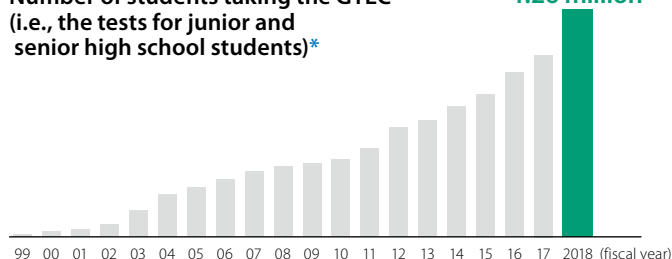
Highlights

Further elevating our predominance in high school 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 test is gaining prevalence, now in use at approximately 1,850 senior high and other schools throughout Japan and with more than 1.26 million total test takers per year. We will continue fulfilling our responsibility as part of the entrance examination process while helping children learn English they can actually use.

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

1.26 million



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

Highlights

Launching computer programming education support at 1,600 elementary schools throughout Japan

The new educational guidelines that go into effect in FY2020 make computer programming a mandatory subject at elementary schools. While exploration into specific initiatives for programming in the school setting will now begin, putting these initiatives into practice involves a variety of challenges. One major challenge is the importance of having people available to support instruction. To help solve this, Benesse is combining in-house developed original learning material for programming with ICT services deployed on-site to support high-quality programming education at no cost for around 1,600 schools.



"Mirai Seed" dedicated programming content

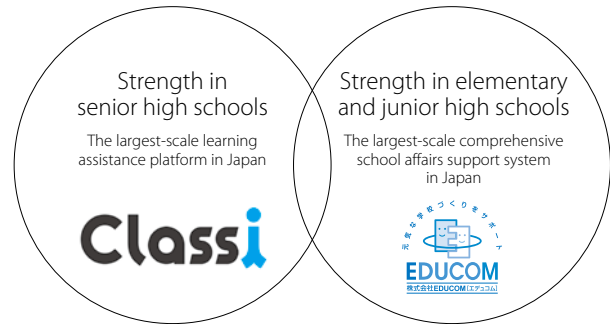
Highlights

Helping to improve the quality of school education with school affairs support + learning assistance

Classi is a cloud-based learning assistance platform service that supports the shift to ICT in school education in four areas—adaptive learning, active learning, portfolio, and communication. Classi currently has around 2,500 member schools and approximately 1.16 million individual paid members. Efforts are being dedicated to offering functions in Classi that deliver what the times require, such as the portfolio function, for the multifaceted and comprehensive evaluations that will go into place along with the educational and entrance-exam reforms. Classi Corp. has also entered into a strategic partnership with EDUCOM Corporation, which provides integrated support systems for school affairs in elementary and junior high schools. This will allow us to deliver high-quality, highly-detailed school guidance support by using the educational and learning assistance data of Classi in tandem with the various types of school affairs data of EDUCOM. Reducing the workload involved

in learning assistance and school affairs, we will help create school environments where teachers spend more time interacting with the students while leveraging the strengths of digital mediums to create new forms of learning.

Classi and EDUCOM enter into a strategic partnership



Area and Classroom Education Business

Solid growth in cram schools and better English learning services

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



FY2018 Results

- Numbers of students increased at Tokyo Individualized Educational Institute and *Tetsuryokukai*
- New service Class Benesse combining Shinkenzeni with face-to-face learning guidance expanded to 48 classrooms
- Expanded the number of locations of BE Studio English services for kids

FY2019 Initiatives

- Utilize our unique strengths to further expand cram schools
- Increase the number of Class Benesse classrooms through franchising
- Collaborate more with other cram schools on proficiency tests in the English four skills

Highlights

Increase the number of Class Benesse individual instruction classrooms through franchising

The combined number of directly-managed and franchised Class Benesse classrooms reached a total of 50 in June 2019. Combining Shinkenzeni learning material with individualized face-to-face learning guidance, Class Benesse provides individualized guidance with the philosophy of educating children to learn independently. Based on this philosophy we will work to expand franchises while aiming to have 80 classrooms in operation throughout Japan by spring of 2020, with a focus on small class sizes that combine Shinkenzeni and original learning material.



Number of classrooms by year

