

FY2/16(March 2015~February 2016)

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1. Trends in the current fiscal year and previous fiscal year

(1) Performance overview

| (Millions of yen) | FY February-2015 (FY2/15) | | | | FY February-2016 (FY2/16) | | | | | | | | | | | |
|--------------------------------|--------------------------------|--|---------------------------------|---------------------------------------|----------------------------|---------|--------|------------------------------------|---------|--------|-----------------------------|---------|--------|-----------------------------------|---------|--------|
| | 1Q (2014/3/1~ 2014/5/31) | First half (2014/3/1~ 2014/8/31) | 3Q (2014/3/1~ 2014/11/30) | Full year (2014/3/1~ 2015/2/28) | 1Q (2015/3/1~2015/5/31) | | | First half (2015/3/1~2015/8/31) | | | 3Q (2015/3/1~2015/11/30) | | | Full year (2015/3/1~2016/2/29) | | |
| | | | | | Result | YOY +/- | YOY % | Result | YOY +/- | YOY % | Result | YOY +/- | YOY % | Result | YOY +/- | YOY % |
| Net sales | 2,870 | 7,354 | 10,894 | 15,717 | 3,042 | 172 | 106.0% | 7,906 | 552 | 107.5% | 11,777 | 883 | 108.1% | 17,094 | 1,376 | 108.8% |
| Cost of sales | 2,107 | 4,617 | 6,969 | 9,593 | 2,300 | 193 | 109.2% | 5,029 | 412 | 108.9% | 7,550 | 581 | 108.3% | 10,364 | 770 | 108.0% |
| Cost of sales ratio | 73.4% | 62.8% | 64.0% | 61.0% | 75.6% | - | - | 63.6% | - | - | 64.1% | - | - | 60.6% | - | - |
| Gross profit | 762 | 2,737 | 3,924 | 6,124 | 741 | -20 | 97.2% | 2,877 | 139 | 105.1% | 4,227 | 302 | 107.7% | 6,730 | 605 | 109.9% |
| Gross profit margin | 26.6% | 37.2% | 36.0% | 39.0% | 24.4% | - | - | 36.4% | - | - | 35.9% | - | - | 39.4% | - | - |
| SG&A | 1,615 | 2,655 | 3,409 | 4,400 | 1,640 | 24 | 101.5% | 2,716 | 60 | 102.3% | 3,541 | 132 | 103.9% | 4,512 | 112 | 102.6% |
| SG&A ratio | 56.3% | 36.1% | 31.3% | 28.0% | 53.9% | - | - | 34.4% | - | - | 30.1% | - | - | 26.4% | - | - |
| Operating income (loss) | -852 | 81 | 515 | 1,724 | -898 | -45 | - | 160 | 78 | 196.3% | 685 | 169 | 132.8% | 2,217 | 493 | 128.6% |
| Operating income margin | - | 1.1% | 4.7% | 11.0% | - | - | - | 2.0% | - | - | 5.8% | - | - | 13.0% | - | - |
| Ordinary income (loss) | -851 | 84 | 520 | 1,729 | -896 | -45 | - | 163 | 78 | 193.0% | 689 | 169 | 132.5% | 2,223 | 494 | 128.6% |
| Ordinary income margin | - | 1.2% | 4.8% | 11.0% | - | - | - | 2.1% | - | - | 5.9% | - | - | 13.0% | - | - |
| Net income (loss) | -539 | 37 | 299 | 1,075 | -596 | -56 | - | 81 | 43 | 215.4% | 413 | 114 | 138.3% | 1,383 | 307 | 128.6% |
| Net income margin | - | 0.5% | 2.7% | 6.8% | - | - | - | 1.0% | - | - | 3.5% | - | - | 8.1% | - | - |

(2) Cost of sales breakdown

| (Millions of yen) | FY February-2015 (FY2/15) | | | | FY February-2016 (FY2/16) | | | | | | | | | | | |
|-----------------------------|--------------------------------|--|---------------------------------|---------------------------------------|----------------------------|---------|--------|------------------------------------|---------|--------|-----------------------------|---------|--------|-----------------------------------|---------|--------|
| | 1Q (2014/3/1~ 2014/5/31) | First half (2014/3/1~ 2014/8/31) | 3Q (2014/3/1~ 2014/11/30) | Full year (2014/3/1~ 2015/2/28) | 1Q (2015/3/1~2015/5/31) | | | First half (2015/3/1~2015/8/31) | | | 3Q (2015/3/1~2015/11/30) | | | Full year (2015/3/1~2016/2/29) | | |
| | | | | | Result | YOY +/- | YOY % | Result | YOY +/- | YOY % | Result | YOY +/- | YOY % | Result | YOY +/- | YOY % |
| Cost of sales (100%) | 2,107 | 4,617 | 6,969 | 9,593 | 2,300 | 193 | 109.2% | 5,029 | 412 | 108.9% | 7,550 | 581 | 108.3% | 10,364 | 770 | 108.0% |
| Personnel expenses | 444 | 943 | 1,462 | 1,962 | 550 | 106 | 123.9% | 1,089 | 145 | 115.4% | 1,588 | 126 | 108.6% | 2,096 | 134 | 106.9% |
| Ratio to cost of sales | 21.1% | 20.4% | 21.0% | 20.5% | 23.9% | - | - | 21.7% | - | - | 21.0% | - | - | 20.2% | - | - |
| Instructors expense | 813 | 1,940 | 2,898 | 4,146 | 867 | 53 | 106.6% | 2,123 | 182 | 109.4% | 3,202 | 303 | 110.5% | 4,609 | 462 | 111.2% |
| Ratio to cost of sales | 38.6% | 42.0% | 41.6% | 43.2% | 37.7% | - | - | 42.2% | - | - | 42.4% | - | - | 44.5% | - | - |
| Rent | 434 | 885 | 1,340 | 1,806 | 474 | 40 | 109.2% | 963 | 78 | 108.8% | 1,467 | 127 | 109.5% | 1,978 | 172 | 109.5% |
| Ratio to cost of sales | 20.6% | 19.2% | 19.2% | 18.8% | 20.6% | - | - | 19.2% | - | - | 19.4% | - | - | 19.1% | - | - |
| Lease | 62 | 121 | 184 | 246 | 69 | 6 | 110.7% | 135 | 13 | 111.3% | 207 | 22 | 112.2% | 275 | 29 | 111.8% |
| Ratio to cost of sales | 3.0% | 2.6% | 2.6% | 2.6% | 3.0% | - | - | 2.7% | - | - | 2.7% | - | - | 2.7% | - | - |
| Property expense | 71 | 128 | 186 | 263 | 55 | -15 | 78.2% | 121 | -7 | 94.4% | 180 | -5 | 96.8% | 231 | -31 | 87.9% |
| Ratio to cost of sales | 3.4% | 2.8% | 2.7% | 2.7% | 2.4% | - | - | 2.4% | - | - | 2.4% | - | - | 2.2% | - | - |
| Depreciation | 26 | 58 | 91 | 128 | 29 | 3 | 114.2% | 65 | 6 | 111.5% | 103 | 12 | 113.2% | 142 | 13 | 110.9% |
| Ratio to cost of sales | 1.2% | 1.3% | 1.3% | 1.3% | 1.3% | - | - | 1.3% | - | - | 1.4% | - | - | 1.4% | - | - |
| Others | 254 | 538 | 806 | 1,040 | 253 | -1 | 99.6% | 531 | -7 | 98.7% | 801 | -4 | 99.4% | 1,030 | -10 | 99.0% |
| Ratio to cost of sales | 12.1% | 11.7% | 11.6% | 10.8% | 11.0% | - | - | 10.6% | - | - | 10.6% | - | - | 9.9% | - | - |

(3) SG&A breakdown

| (Millions of yen) | FY February-2015 (FY2/15) | | | | FY February-2016 (FY2/16) | | | | | | | | | | | |
|---|--------------------------------|--|---------------------------------|---------------------------------------|----------------------------|---------|--------|------------------------------------|---------|--------|-----------------------------|---------|--------|-----------------------------------|---------|--------|
| | 1Q (2014/3/1~ 2014/5/31) | First half (2014/3/1~ 2014/8/31) | 3Q (2014/3/1~ 2014/11/30) | Full year (2014/3/1~ 2015/2/28) | 1Q (2015/3/1~2015/5/31) | | | First half (2015/3/1~2015/8/31) | | | 3Q (2015/3/1~2015/11/30) | | | Full year (2015/3/1~2016/2/29) | | |
| | | | | | Result | YOY +/- | YOY % | Result | YOY +/- | YOY % | Result | YOY +/- | YOY % | Result | YOY +/- | YOY % |
| SG&A (100%) | 1,615 | 2,655 | 3,409 | 4,400 | 1,640 | 24 | 101.5% | 2,716 | 60 | 102.3% | 3,541 | 132 | 103.9% | 4,512 | 112 | 102.6% |
| Personnel expenses <small>(Salaries/Bonuses/Miscellaneous wages and salaries)</small> | 259 | 523 | 767 | 1,036 | 260 | 1 | 100.5% | 518 | -4 | 99.1% | 793 | 26 | 103.4% | 1,066 | 29 | 102.9% |
| Ratio to SG&A | 16.0% | 19.7% | 22.5% | 23.6% | 15.9% | - | - | 19.1% | - | - | 22.4% | - | - | 23.6% | - | - |
| Advertising | 982 | 1,462 | 1,675 | 2,154 | 1,048 | 66 | 106.7% | 1,587 | 125 | 108.6% | 1,862 | 187 | 111.2% | 2,262 | 107 | 105.0% |
| Ratio to SG&A | 60.8% | 55.1% | 49.1% | 49.0% | 63.9% | - | - | 58.4% | - | - | 52.6% | - | - | 50.1% | - | - |
| Recruiting | 80 | 108 | 152 | 190 | 79 | 0 | 98.8% | 112 | 3 | 103.0% | 152 | 0 | 99.9% | 194 | 4 | 102.2% |
| Ratio to SG&A | 5.0% | 4.1% | 4.5% | 4.3% | 4.8% | - | - | 4.1% | - | - | 4.3% | - | - | 4.3% | - | - |
| Rent | 16 | 38 | 57 | 75 | 19 | 2 | 115.1% | 38 | 0 | 102.0% | 58 | 1 | 102.1% | 78 | 2 | 103.8% |
| Ratio to SG&A | 1.0% | 1.4% | 1.7% | 1.7% | 1.2% | - | - | 1.4% | - | - | 1.7% | - | - | 1.7% | - | - |
| Commissions | 125 | 258 | 390 | 498 | 124 | 0 | 99.2% | 252 | -6 | 97.5% | 362 | -27 | 92.9% | 507 | 8 | 101.7% |
| Ratio to SG&A | 7.8% | 9.7% | 11.5% | 11.3% | 7.6% | - | - | 9.3% | - | - | 10.2% | - | - | 11.2% | - | - |
| Depreciation | 14 | 31 | 44 | 56 | 8 | -5 | 58.6% | 17 | -13 | 56.0% | 26 | -18 | 58.8% | 38 | -18 | 67.7% |
| Ratio to SG&A | 0.9% | 1.2% | 1.3% | 1.3% | 0.5% | - | - | 0.6% | - | - | 0.7% | - | - | 0.8% | - | - |
| Others | 136 | 232 | 321 | 387 | 98 | -37 | 72.4% | 189 | -43 | 81.5% | 285 | -35 | 89.0% | 364 | -22 | 94.2% |
| Ratio to SG&A | 8.5% | 8.8% | 9.4% | 88.0% | 6.0% | - | - | 7.0% | - | - | 8.1% | - | - | 8.1% | - | - |

(4) Net sales by segment

| (Millions of yen) | FY February-2015 (FY2/15) | | | | FY February-2016 (FY2/16) | | | | | | | | | | | |
|----------------------------|--------------------------------|--|---------------------------------|---------------------------------------|----------------------------|------------|---------------|------------------------------------|------------|---------------|-----------------------------|------------|---------------|-----------------------------------|--------------|---------------|
| | 1Q (2014/3/1~ 2014/5/31) | First half (2014/3/1~ 2014/8/31) | 3Q (2014/3/1~ 2014/11/30) | Full year (2014/3/1~ 2015/2/28) | 1Q (2015/3/1~2015/5/31) | | | First half (2015/3/1~2015/8/31) | | | 3Q (2015/3/1~2015/11/30) | | | Full year (2015/3/1~2016/2/29) | | |
| | | | | | Result | YOY +/- | YOY % | Result | YOY +/- | YOY % | Result | YOY +/- | YOY % | Result | YOY +/- | YOY % |
| Tuition | 2,160 | 4,674 | 7,888 | 10,887 | 2,235 | 74 | 103.5% | 4,906 | 231 | 105.0% | 8,417 | 529 | 106.7% | 11,671 | 783 | 107.2% |
| Workshops | 453 | 2,123 | 2,117 | 3,620 | 530 | 76 | 116.8% | 2,395 | 271 | 112.8% | 2,385 | 267 | 112.6% | 4,082 | 462 | 112.8% |
| Admission Fees & Occupancy | 160 | 347 | 557 | 766 | 173 | 12 | 107.5% | 376 | 29 | 108.5% | 607 | 50 | 109.1% | 838 | 72 | 109.4% |
| Textbooks, etc. | 55 | 113 | 182 | 244 | 45 | -10 | 81.9% | 107 | -5 | 95.4% | 177 | -4 | 97.3% | 247 | 3 | 101.4% |
| Science/Writing | 38 | 96 | 147 | 197 | 54 | 15 | 141.3% | 108 | 12 | 112.8% | 169 | 21 | 114.3% | 224 | 26 | 113.5% |
| Internet | - | 0 | 0 | 1 | 1 | 1 | - | 6 | 6 | 28577.1% | 10 | 10 | 3754.0% | 15 | 14 | 1257.2% |
| Class Benesse | - | - | - | 0 | 1 | 1 | - | 6 | 6 | - | 9 | 9 | - | 14 | 13 | 4438.5% |
| Total | 2,870 | 7,354 | 10,894 | 15,717 | 3,042 | 172 | 106.0% | 7,906 | 552 | 107.5% | 11,777 | 883 | 108.1% | 17,094 | 1,376 | 108.8% |

(5) Net sales by grade

| (Millions of yen) | FY February-2015 (FY2/15) | | | | FY February-2016 (FY2/16) | | | | | | | | | | | |
|-----------------------------|--------------------------------|--|---------------------------------|---------------------------------------|----------------------------|------------|---------------|------------------------------------|------------|---------------|-----------------------------|------------|---------------|-----------------------------------|--------------|---------------|
| | 1Q (2014/3/1~ 2014/5/31) | First half (2014/3/1~ 2014/8/31) | 3Q (2014/3/1~ 2014/11/30) | Full year (2014/3/1~ 2015/2/28) | 1Q (2015/3/1~2015/5/31) | | | First half (2015/3/1~2015/8/31) | | | 3Q (2015/3/1~2015/11/30) | | | Full year (2015/3/1~2016/2/29) | | |
| | | | | | Result | YOY +/- | YOY % | Result | YOY +/- | YOY % | Result | YOY +/- | YOY % | Result | YOY +/- | YOY % |
| Elementary school students | 282 | 632 | 925 | 1,326 | 296 | 13 | 104.6% | 667 | 35 | 105.6% | 976 | 51 | 105.6% | 1,397 | 70 | 105.3% |
| Junior high school students | 1,159 | 2,839 | 4,162 | 6,210 | 1,189 | 29 | 102.6% | 2,973 | 134 | 104.7% | 4,390 | 227 | 105.5% | 6,614 | 404 | 106.5% |
| High school students | 1,388 | 3,786 | 5,658 | 7,982 | 1,499 | 110 | 108.0% | 4,144 | 357 | 109.4% | 6,222 | 563 | 110.0% | 8,828 | 845 | 110.6% |
| Science/Writing | 38 | 96 | 147 | 197 | 54 | 15 | 141.3% | 108 | 12 | 112.8% | 169 | 21 | 114.3% | 224 | 26 | 113.5% |
| Net school students | - | 0 | 0 | 1 | 1 | 1 | - | 6 | 6 | 28577.1% | 10 | 10 | 3754.0% | 15 | 14 | 1257.2% |
| Class Benesse | - | - | - | 0 | 1 | 1 | - | 6 | 6 | - | 9 | 9 | - | 14 | 13 | 4438.5% |
| Total | 2,870 | 7,354 | 10,894 | 15,717 | 3,042 | 172 | 106.0% | 7,906 | 552 | 107.5% | 11,777 | 883 | 108.1% | 17,094 | 1,376 | 108.8% |

2. Secular trends in the fourth quarter financial results

(1) Performance overview

| (Millions of yen) | 4Q (12/1 ~ 2/28) | | | | | Total (3/1 ~ 2/28) | | | | |
|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| | FY 2/12 (29th) | FY 2/13 (30th) | FY 2/14 (31st) | FY 2/15 (32nd) | FY 2/16 (33rd) | FY 2/12 (29th) | FY 2/13 (30th) | FY 2/14 (31st) | FY 2/15 (32nd) | FY 2/16 (33rd) |
| Sales | 3,816 | 3,901 | 4,391 | 4,823 | 5,316 | 12,572 | 13,017 | 14,322 | 15,717 | 17,094 |
| Cost of sales | 2,141 | 2,183 | 2,370 | 2,624 | 2,813 | 7,991 | 8,223 | 8,629 | 9,593 | 10,364 |
| Cost of sales ratio | 56.1% | 56.0% | 54.0% | 54.4% | 52.9% | 63.6% | 63.2% | 60.3% | 61.0% | 60.6% |
| Gross profit | 1,674 | 1,718 | 2,021 | 2,199 | 2,502 | 4,580 | 4,793 | 5,693 | 6,124 | 6,730 |
| Gross profit margin | 43.9% | 44.0% | 46.0% | 45.6% | 47.1% | 36.4% | 36.8% | 39.7% | 39.0% | 39.4% |
| SG&A | 1,130 | 1,060 | 1,083 | 990 | 970 | 4,233 | 4,076 | 4,420 | 4,400 | 4,512 |
| SG&A ratio | 29.6% | 27.2% | 24.7% | 20.5% | 18.3% | 33.7% | 31.3% | 30.9% | 28.0% | 26.4% |
| Operating income | 543 | 658 | 937 | 1,208 | 1,532 | 347 | 716 | 1,272 | 1,724 | 2,217 |
| Operating income margin | 14.2% | 16.9% | 21.3% | 25.0% | 28.8% | 2.8% | 5.5% | 8.9% | 11.0% | 13.0% |
| Ordinary income | 545 | 660 | 938 | 1,208 | 1,534 | 353 | 723 | 1,277 | 1,729 | 2,223 |
| Ordinary income margin | 14.3% | 16.9% | 21.4% | 25.1% | 28.9% | 2.8% | 5.6% | 8.9% | 11.0% | 13.0% |
| Net income | 277 | 344 | 549 | 776 | 969 | 132 | 358 | 737 | 1,075 | 1,383 |
| Net income margin | 7.3% | 8.8% | 12.5% | 16.1% | 18.2% | 1.1% | 2.8% | 5.2% | 6.8% | 8.1% |

(2) Cost of sales breakdown

| (Millions of yen) | 4Q (12/1~2/28) | | | | | Total (3/1~2/28) | | | | |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | FY 2/12 (29th) | FY 2/13 (30th) | FY 2/14 (31st) | FY 2/15 (32nd) | FY 2/16 (33rd) | FY 2/12 (29th) | FY 2/13 (30th) | FY 2/14 (31st) | FY 2/15 (32nd) | FY 2/16 (33rd) |
| Cost of sales (100%) | 2,141 | 2,183 | 2,370 | 2,624 | 2,813 | 7,991 | 8,223 | 8,629 | 9,593 | 10,364 |
| Personnel expenses | 417 | 436 | 454 | 499 | 507 | 1,605 | 1,707 | 1,704 | 1,962 | 2,096 |
| Ratio to cost of sales | 19.5% | 20.0% | 19.2% | 19.0% | 18.0% | 20.1% | 20.8% | 19.7% | 20.5% | 20.2% |
| Instructors expense | 1,049 | 1,037 | 1,133 | 1,248 | 1,407 | 3,525 | 3,555 | 3,810 | 4,146 | 4,609 |
| Ratio to cost of sales | 49.0% | 47.5% | 47.8% | 47.6% | 50.0% | 44.1% | 43.2% | 44.2% | 43.2% | 44.5% |
| Rent | 386 | 379 | 419 | 466 | 511 | 1,611 | 1,586 | 1,646 | 1,806 | 1,978 |
| Ratio to cost of sales | 18.0% | 17.4% | 17.7% | 17.8% | 18.2% | 20.2% | 19.3% | 19.1% | 18.8% | 19.1% |
| Lease | 37 | 46 | 52 | 61 | 68 | 172 | 186 | 211 | 246 | 275 |
| Ratio to cost of sales | 1.8% | 2.1% | 2.2% | 2.4% | 2.4% | 2.2% | 2.3% | 2.5% | 2.6% | 2.7% |
| Property expense | 48 | 60 | 51 | 76 | 50 | 214 | 221 | 204 | 263 | 231 |
| Ratio to cost of sales | 2.2% | 2.8% | 2.2% | 2.9% | 1.8% | 2.7% | 2.7% | 2.4% | 2.7% | 2.2% |
| Depreciation | 23 | 30 | 33 | 36 | 38 | 72 | 102 | 115 | 128 | 142 |
| Ratio to cost of sales | 1.1% | 1.4% | 1.4% | 1.4% | 1.4% | 0.9% | 1.2% | 1.3% | 1.3% | 1.4% |
| Others | 179 | 192 | 224 | 234 | 229 | 789 | 863 | 936 | 1,040 | 1,030 |
| Ratio to cost of sales | 8.4% | 8.8% | 9.5% | 8.9% | 8.1% | 9.9% | 10.5% | 10.9% | 10.8% | 9.9% |

(3) SG&A breakdown

| (Millions of yen) | 4Q (12/1~2/28) | | | | | Total (3/1~2/28) | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | FY 2/12 (29th) | FY 2/13 (30th) | FY 2/14 (31st) | FY 2/15 (32nd) | FY 2/16 (33rd) | FY 2/12 (29th) | FY 2/13 (30th) | FY 2/14 (31st) | FY 2/15 (32nd) | FY 2/16 (33rd) |
| SG&A (100%) | 1,130 | 1,060 | 1,083 | 990 | 970 | 4,233 | 4,076 | 4,420 | 4,400 | 4,512 |
| Personnel expenses (salary/bonus/miscellaneouswagesalary) | 259 | 291 | 333 | 269 | 272 | 939 | 979 | 1,098 | 1,036 | 1,066 |
| Ratio to SG&A | 23.0% | 27.5% | 30.7% | 27.2% | 28.1% | 22.2% | 24.0% | 24.9% | 23.6% | 23.6% |
| Advertising | 506 | 515 | 485 | 478 | 399 | 2,025 | 2,063 | 2,216 | 2,154 | 2,262 |
| Ratio to SG&A | 44.8% | 48.6% | 44.8% | 48.3% | 41.2% | 47.8% | 50.6% | 50.1% | 49.0% | 50.1% |
| Recruiting | 39 | 34 | 47 | 37 | 42 | 113 | 136 | 172 | 190 | 194 |
| Ratio to SG&A | 3.5% | 3.2% | 4.4% | 3.8% | 4.4% | 2.7% | 3.3% | 3.9% | 4.3% | 4.3% |
| Rent | 13 | 16 | 16 | 18 | 19 | 69 | 67 | 66 | 75 | 78 |
| Ratio to SG&A | 1.2% | 1.6% | 1.5% | 1.8% | 2.1% | 1.6% | 1.6% | 1.5% | 1.7% | 1.7% |
| Commissions | 204 | 116 | 115 | 108 | 144 | 650 | 436 | 448 | 498 | 507 |
| Ratio to SG&A | 18.1% | 11.0% | 10.6% | 10.9% | 14.9% | 15.4% | 10.7% | 10.1% | 11.3% | 11.2% |
| Depreciation | 12 | 11 | 11 | 12 | 12 | 51 | 45 | 47 | 56 | 38 |
| Ratio to SG&A | 1.1% | 1.1% | 1.1% | 1.2% | 1.2% | 1.2% | 1.1% | 1.1% | 1.3% | 0.8% |
| Others | 95 | 73 | 74 | 66 | 79 | 383 | 347 | 371 | 387 | 364 |
| Ratio to SG&A | 8.4% | 6.9% | 6.9% | 6.7% | 8.1% | 9.0% | 8.5% | 8.4% | 8.8% | 8.1% |

(4) Net sales by segment

| (Millions of yen) | 4Q (12/1~2/28) | | | | | Total (3/1~2/28) | | | | |
|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | FY 2/12 (29th) | FY 2/13 (30th) | FY 2/14 (31st) | FY 2/15 (32nd) | FY 2/16 (33rd) | FY 2/12 (29th) | FY 2/13 (30th) | FY 2/14 (31st) | FY 2/15 (32nd) | FY 2/16 (33rd) |
| Tuition | 2,436 | 2,468 | 2,680 | 2,999 | 3,253 | 9,061 | 9,069 | 9,925 | 10,887 | 11,671 |
| Workshops | 1,150 | 1,202 | 1,352 | 1,502 | 1,697 | 2,545 | 3,012 | 3,360 | 3,620 | 4,082 |
| Admission Fees & Occupancy | 186 | 162 | 192 | 208 | 230 | 782 | 706 | 687 | 766 | 838 |
| Textbooks, etc. | 43 | 68 | 166 | 61 | 69 | 183 | 228 | 349 | 244 | 247 |
| Science/Writing | - | - | - | 49 | 55 | - | - | - | 197 | 224 |
| Internet | - | - | - | - | 5 | - | - | - | 1 | 15 |
| Class Benesse | - | - | - | - | 5 | - | - | - | - | 14 |
| Total | 3,816 | 3,901 | 4,391 | 4,823 | 5,316 | 12,572 | 13,017 | 14,322 | 15,717 | 17,094 |

(5) Net sales by grade

| (Millions of yen) | 4Q (12/1~2/28) | | | | | Total (3/1~2/28) | | | | |
|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | FY 2/12 (29th) | FY 2/13 (30th) | FY 2/14 (31st) | FY 2/15 (32nd) | FY 2/16 (33rd) | FY 2/12 (29th) | FY 2/13 (30th) | FY 2/14 (31st) | FY 2/15 (32nd) | FY 2/16 (33rd) |
| Primary school students | 360 | 357 | 374 | 400 | 420 | 1,183 | 1,148 | 1,269 | 1,326 | 1,397 |
| Middle school students | 1,742 | 1,714 | 1,996 | 2,047 | 2,224 | 5,273 | 5,112 | 5,953 | 6,210 | 6,614 |
| High school students | 1,713 | 1,830 | 2,020 | 2,323 | 2,606 | 6,115 | 6,756 | 7,100 | 7,982 | 8,828 |
| Science/Writing | - | - | - | 49 | 55 | - | - | - | 197 | 224 |
| Net school students | - | - | - | - | 5 | - | - | - | 1 | 15 |
| Class Benesse | - | - | - | - | 5 | - | - | - | - | 14 |
| Total | 3,816 | 3,901 | 4,391 | 4,823 | 5,316 | 12,572 | 13,017 | 14,322 | 15,717 | 17,094 |

3. Business overview

(1) No. of students at the end of month

(Students)

| | FY 2/12 (29th) | FY 2/13 (30th) | FY 2/14 (31st) | FY 2/15 (32nd) | FY 2/16 (33rd) | YOY +/- | YOY % |
|--------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------|---------------|
| Mar. | 18,451 | 18,766 | 19,173 | 20,696 | 21,749 | 1,053 | 105.1% |
| Apr. | 19,201 | 19,591 | 20,663 | 22,190 | 23,357 | 1,167 | 105.3% |
| May | 19,340 | 19,696 | 20,971 | 22,638 | 23,813 | 1,175 | 105.2% |
| Jun. | 20,065 | 20,523 | 21,981 | 23,571 | 25,144 | 1,573 | 106.7% |
| Jul. | 22,560 | 23,316 | 25,252 | 27,075 | 28,956 | 1,881 | 106.9% |
| Aug. | 22,855 | 23,480 | 25,649 | 27,359 | 29,404 | 2,045 | 107.5% |
| Sep. | 23,048 | 23,701 | 26,047 | 27,695 | 29,806 | 2,111 | 107.6% |
| Oct. | 23,225 | 23,927 | 26,455 | 27,999 | 30,137 | 2,138 | 107.6% |
| Nov. | 23,212 | 23,856 | 26,539 | 27,885 | 30,165 | 2,280 | 108.2% |
| Dec. | 23,338 | 24,233 | 26,830 | 28,203 | 30,493 | 2,290 | 108.1% |
| Jan. | 21,850 | 22,576 | 25,118 | 26,315 | 28,500 | 2,185 | 108.3% |
| Feb. | 18,910 | 19,235 | 20,807 | 21,473 | 22,918 | 1,445 | 106.7% |
| Total | 21,337 | 21,908 | 23,790 | 25,258 | 27,036 | 1,778 | 107.0% |

Note: Monthly quick estimates

(2) No. of new students

(Students)

| | FY 2/12 (29th) | FY 2/13 (30th) | FY 2/14 (31st) | FY 2/15 (32nd) | FY 2/16 (33rd) | YOY +/- | YOY % |
|--------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------|---------------|
| Mar. | 985 | 2,404 | 2,467 | 2,803 | 3,112 | 309 | 111.0% |
| Apr. | 1,261 | 1,570 | 2,170 | 2,238 | 2,419 | 181 | 108.1% |
| May | 696 | 686 | 877 | 1,028 | 950 | -78 | 92.4% |
| Jun. | 1,183 | 1,360 | 1,646 | 1,653 | 2,017 | 364 | 122.0% |
| Jul. | 3,068 | 3,353 | 4,022 | 4,172 | 4,673 | 501 | 112.0% |
| Aug. | 759 | 730 | 1,170 | 1,093 | 1,269 | 176 | 116.1% |
| Sep. | 789 | 835 | 1,130 | 1,115 | 1,364 | 249 | 122.3% |
| Oct. | 855 | 969 | 1,225 | 1,142 | 1,340 | 198 | 117.3% |
| Nov. | 900 | 971 | 1,261 | 1,128 | 1,263 | 135 | 112.0% |
| Dec. | 1,171 | 1,435 | 1,635 | 1,602 | 1,764 | 162 | 110.1% |
| Jan. | 597 | 792 | 980 | 1,011 | 977 | -34 | 96.6% |
| Feb. | 909 | 1,056 | 1,027 | 1,135 | 1,251 | 116 | 110.2% |
| Total | 13,173 | 16,161 | 19,610 | 20,120 | 22,399 | 2,279 | 111.3% |

Note: Monthly quick estimates

(3) Withdrawal rate (Including graduated students who proceed to higher education)

| | FY 2/12 (29th) | FY 2/13 (30th) | FY 2/14 (31st) | FY 2/15 (32nd) | FY 2/16 (33rd) | YOY +/- |
|--------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------|
| Mar. | 13.46% | 13.47% | 13.15% | 14.00% | 13.21% | -0.79% |
| Apr. | 2.77% | 3.97% | 3.55% | 3.59% | 3.73% | 0.14% |
| May | 2.90% | 2.97% | 2.75% | 2.61% | 2.11% | -0.50% |
| Jun. | 2.37% | 2.71% | 3.03% | 3.18% | 2.88% | -0.30% |
| Jul. | 2.86% | 2.73% | 3.42% | 2.83% | 3.42% | 0.59% |
| Aug. | 2.06% | 2.43% | 3.06% | 2.99% | 2.84% | -0.15% |
| Sep. | 2.61% | 2.61% | 2.85% | 2.85% | 3.27% | 0.42% |
| Oct. | 2.94% | 3.13% | 3.14% | 3.03% | 3.39% | 0.36% |
| Nov. | 3.93% | 4.35% | 4.45% | 4.44% | 4.10% | -0.34% |
| Dec. | 4.50% | 4.43% | 5.06% | 4.60% | 4.76% | 0.16% |
| Jan. | 8.93% | 10.11% | 10.03% | 10.28% | 9.74% | -0.54% |
| Feb. | 17.62% | 19.48% | 21.25% | 22.71% | 23.98% | 1.27% |
| Total | 66.95% | 72.39% | 75.74% | 77.11% | 77.43% | 0.32% |

Note: Monthly quick estimates

(4) Breakdown by student type (Avg.)

(Students)

| | FY 2/12 (29th) 11/03-12/02 | FY 2/13 (30th) 12/03-13/02 | FY 2/14 (31st) 13/03-14/02 | FY 2/15 (32nd) 14/03-15/02 | FY 2/16 (33rd) 15/03-16/02 | YOY +/- |
|-----------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|-------------------|
| Elementary school students | 2,245 10.5% | 2,269 10.4% | 2,564 10.8% | 2,699 10.7% | 2,755 10.2% | 56 - |
| Junior high school students | 8,839 41.4% | 8,646 39.5% | 9,891 41.6% | 10,202 40.4% | 10,774 39.8% | 572 - |
| High school students | 10,254 48.1% | 10,993 50.2% | 11,335 47.6% | 12,357 48.9% | 13,507 50.0% | 1,150 - |
| Total | 21,338 100.0% | 21,908 100.0% | 23,790 100.0% | 25,258 100.0% | 27,036 100.0% | 1,778 - |

(5) Net sales per student (Individualized education)

| | FY 2/12 (29th) 11/03-12/02 | FY 2/13 (30th) 12/03-13/02 | FY 2/14 (31st) 13/03-14/02 | FY 2/15 (32nd) 14/03-15/02 | FY 2/16 (33rd) 15/03-16/02 | YOY +/- |
|---------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|-----------|
| Net sales (1,000 yen) | 12,572,457 | 13,017,461 | 14,322,973 | 15,518,404 | 16,839,721 | 1,321,317 |
| Average no. students (Students) | 21,338 | 21,908 | 23,790 | 25,258 | 27,036 | 1,778 |
| Net sales per student (Yen) | 589,205 | 594,187 | 602,058 | 614,395 | 622,862 | 8,467 |

4. Secular trends in key indicators

(1) Financial condition, others (Full year)

| (Millions of yen) | Full year | | | | |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | FY 2/12 (29th) | FY 2/13 (30th) | FY 2/14 (31st) | FY 2/15 (32nd) | FY 2/16 (33rd) |
| Net sales | 12,572 | 13,017 | 14,322 | 15,717 | 17,094 |
| Cost of sales | 7,991 | 8,223 | 8,629 | 9,593 | 10,364 |
| Cost of sales ratio | 63.6% | 63.2% | 60.3% | 61.0% | 60.6% |
| Gross profit | 4,580 | 4,793 | 5,693 | 6,124 | 6,730 |
| Gross profit margin | 36.4% | 36.8% | 39.7% | 39.0% | 39.4% |
| SG&A | 4,233 | 4,076 | 4,420 | 4,400 | 4,512 |
| SG&A ratio | 33.7% | 31.3% | 30.9% | 28.0% | 26.4% |
| Operating income | 347 | 716 | 1,272 | 1,724 | 2,217 |
| Operating income margin | 2.8% | 5.5% | 8.9% | 11.0% | 13.0% |
| Ordinary income | 353 | 723 | 1,277 | 1,729 | 2,223 |
| Ordinary income margin | 2.8% | 5.6% | 8.9% | 11.0% | 13.0% |
| Net income | 132 | 358 | 737 | 1,075 | 1,383 |
| Net income margin | 1.1% | 2.8% | 5.2% | 6.8% | 8.1% |
| Total assets | 7,790 | 8,216 | 8,886 | 9,898 | 10,415 |
| Current assets | 5,752 | 6,582 | 7,180 | 7,829 | 8,168 |
| Cash and deposits | 5,183 | 5,981 | 6,490 | 7,136 | 7,099 |
| Accounts receivable | 216 | 247 | 286 | 319 | 335 |
| Fixed assets | 2,037 | 1,634 | 1,706 | 2,068 | 2,247 |
| Current liabilities | 1,254 | 1,635 | 1,895 | 2,223 | 2,234 |
| Accounts payable & expenses | 899 | 879 | 914 | 1,145 | 1,054 |
| Long-term liabilities | 19 | 33 | 30 | 18 | 9 |
| Total equity | 6,515 | 6,548 | 6,960 | 7,656 | 8,171 |
| Paid-in Cap. (Millions of yen) | 642 | 642 | 642 | 642 | 642 |
| No. of shares issued | 54,291,435 | 54,291,435 | 54,291,435 | 54,291,435 | 54,291,435 |
| (Treasury stock incl. in above) | 50 | 51 | 51 | 51 | 51 |
| ROE (%) Average | 2.0% | 5.5% | 10.9% | 14.7% | 17.5% |
| EPS (Yen) Average | 2.44 | 6.60 | 13.59 | 19.82 | 25.48 |
| BPS (Yen) Average | 120.01 | 120.62 | 128.21 | 141.02 | 150.51 |
| Full-year dividends (Yen) | 6.00 | 6.00 | 6.00 | 8.00 | 24.00 |
| No. of schools | 197 | 202 | 208 | 218 | 225 |
| No. of students | 18,910 | 19,235 | 20,807 | 21,473 | 22,918 |
| Employees (regular) | 402 | 393 | 387 | 418 | 439 |
| Part-time employees, etc. | 5,855 | 5,821 | 6,289 | 7,082 | 7,453 |

(2) Shareholder composition (Top 15)

As of February 29, 2016

| Name of shareholders | Shares | Composition % |
|---|------------|---------------|
| Benesse Holdings, Inc. | 33,610,800 | 61.90% |
| SB Asset Management Co., Ltd. | 10,344,800 | 19.05% |
| Shinji Baba | 3,228,000 | 5.94% |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 994,800 | 1.83% |
| JPMORGAN CHASE BANK 380646 | 498,800 | 0.91% |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 398,300 | 0.73% |
| Isao Ishihara | 386,600 | 0.71% |
| Kyoko Ishihara | 250,000 | 0.46% |
| Trans Pacific Education Network Co. | 135,000 | 0.24% |
| Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account) | 133,400 | 0.24% |
| Japan Trustee Services Bank, Ltd. (Trust Account 1) | 129,000 | 0.23% |
| Japan Trustee Services Bank, Ltd. (Trust Account 6) | 128,300 | 0.23% |
| Trust & Custody Services Bank, Ltd. (Pension Trust account) | 123,100 | 0.22% |
| Japan Trustee Services Bank, Ltd. (Trust Account 5) | 104,700 | 0.19% |
| Japan Trustee Services Bank, Ltd. (Trust Account 2) | 102,900 | 0.18% |

(3) No. of shareholders and percentage of shares held

| | No. of shareholders | Foreigners | Mutual Funds | Pension Funds |
|---------------------|---------------------|--------------|--------------|---------------|
| As of Feb 13 | 5,996 | 0.53% | 4.45% | 2.34% |
| As of Aug 13 | 6,432 | 2.57% | 1.67% | 3.17% |
| As of Feb 14 | 4,710 | 4.42% | 1.61% | 3.00% |
| As of Aug 14 | 4,405 | 4.06% | 2.98% | 3.05% |
| As of Feb 15 | 4,566 | 2.21% | 4.03% | 2.66% |
| As of Aug 15 | 3,858 | 1.98% | 1.86% | 1.91% |
| As of Feb 16 | 3,827 | 1.85% | 2.36% | 2.21% |