



# Analyst meeting for Nursing Care and Childcare Business (Company)

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September 14, 2022  
Benesse Holdings, Inc.

This presentation contains forward looking statements concerning the future plans, strategies, beliefs and performance of Benesse Holdings, Inc. and its subsidiaries. These forward looking statements are not historical facts. They are expectations, estimates, forecasts and projections based on information currently available to the Company and are subject to a number of risks, uncertainties and assumptions. As such, actual results may differ materially from those projected.

## Benesse Group Business Description

### Overview

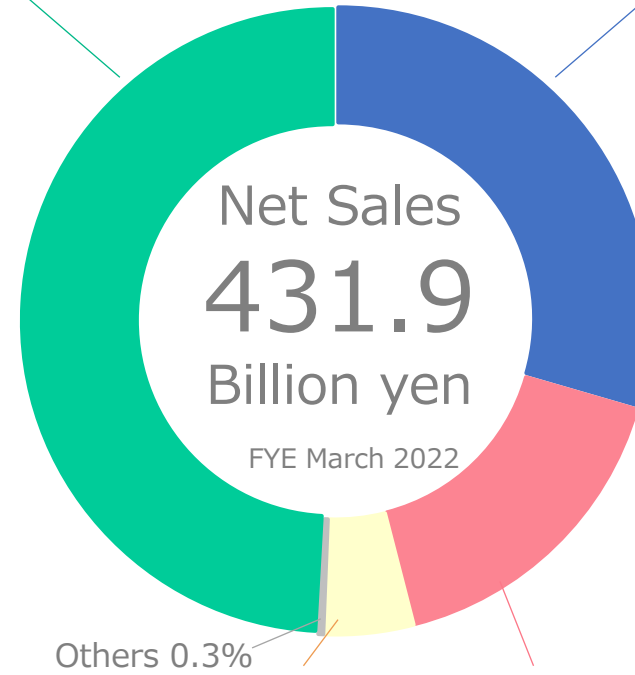
### Education Business in Japan 49.1%

#### Main Businesses/Services

- Shinkenzeni
- School & teacher support
- Prep schools/Classrooms

#### Affiliated Companies

Benesse Corporation  
 Tokyo Individualized Educational Institute, Inc.  
 UP Inc.  
 Tokyo Educational Institute Co., Ltd. (Tetsuryokukai)  
 Ochanomizu Seminar Co., Ltd.  
 Shinken-AD Co., Ltd.  
 Benesse i-Career Co., Ltd.  
 Benesse BE studio Inc.  
 Classi Corp. others



### Nursing Care and Childcare Business 29.5 %

#### Main Businesses/Services

- Nursing home care
- Meal delivery, nursing care consultation
- HR recruitment & dispatch for nursing and care staff
- Daycare and afterschool childcare

#### Affiliated Companies

Benesse Style Care Co., Ltd.  
 Benesse MCM Corp.  
 Heart Medical Care Co., Ltd.  
 Benesse Palette Co., Ltd.  
 Benesse Senior Support Co., Ltd.

### Kids & Family Business 16.5%

#### Main Businesses/Services

- Kodomo Challenge
- Pregnancy, Childbirth, and Child-Rearing
- Lifestyle
- Pet

#### Affiliated Companies

Benesse Corporation  
 Benesse Corporation China  
 PT. Benesse Indonesia  
 others

Note: Regarding Berlitz Corporation, as a result of the share transfer on February 14, 2022, Berlitz is not included in the fourth quarter results of the consolidated accounting period.

# **(1) Overview of the Nursing Care and Childcare Business (Company)**

- **Overview and Background**
- **Our Philosophy**
- **Business Model**

## **(2) Medium-to-Long Term Strategy and Future Vision**

## **(3) Profitability • Capital Efficiency**

# Overview and Background

# Overview of Nursing Care and Childcare Business (Company)



**Nursing Care and Childcare Business Company combines Benesse Style Care Co., Ltd. and 4 affiliate companies to offer nursing care, daycare and afterschool childcare business, and other peripheral business in the field of nursing care.**



Director and Senior Managing Executive Officer, Head of the Nursing Care and Childcare Business Company  
Representative Director and President of Benesse Style Care Co., Ltd.

Shinya Takiyama

## Nursing Care and Childcare Business Company

### Nursing Care, Daycare, Afterschool Childcare Business

#### Benesse Style Care Co., Ltd.

- Nursing home care service, seniors housing
- Home help services
- Childcare and afterschool



Representative Director and Executive Vice President  
Masato Kosugi

アリア グラニー&グランダ

ボンセジュール ここち

くらら まどか LI-Re リレ

ベネッセの保育園

ベネッセの学童クラブ



Head of Childcare and afterschool Business  
Takako Sakuma

### Nursing Care Peripheral Businesses

#### Benesse Palette Co., Ltd.



- Meal delivery service to the elderly
- Catering service for elderly homes and housing



Representative Director and President  
Takeshi Iwaida

#### Benesse Senior Support Co., Ltd.

- Nursing care consultation service
- B2B support for nursing and care staff retention



Representative Director and President  
Yasuhiko Honma

#### Benesse MCM Corp.

- Medical and nursing care recruitment & dispatch



Representative Director and President  
Yoko Fukazawa

#### Benesse Holdings Subsidiary Heart Medical Care Co., Ltd.

- HR recruitment and dispatch services for medical, nursing, and welfare fields; nursing care industry news services
- Sale and rental of nursing care equipment (subsidiaries: Marufuji Co., Ltd., Silverheart Co., Ltd.)

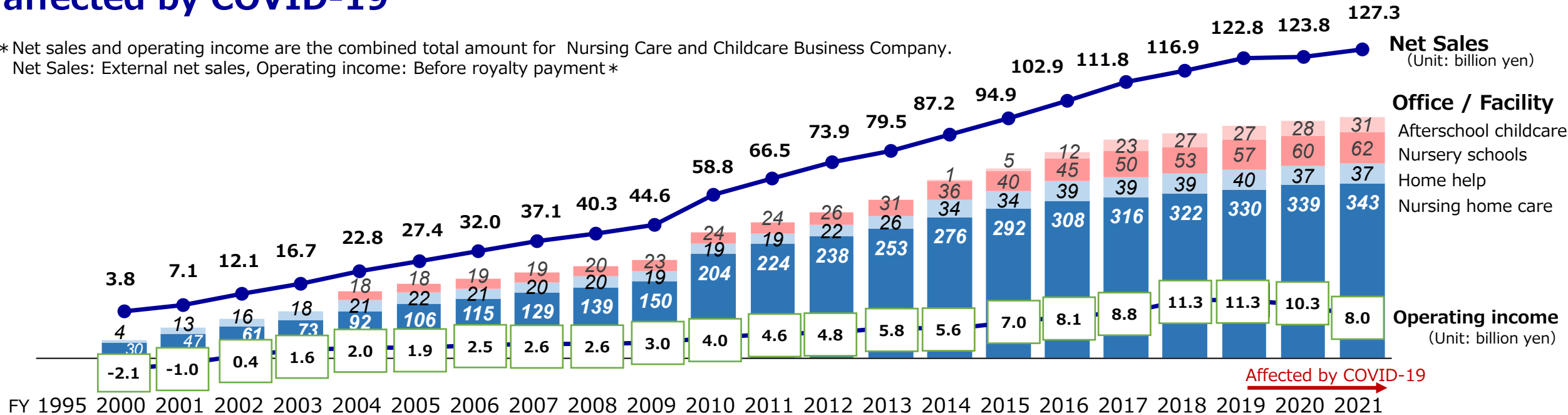


Representative Director and President  
Koji Ito

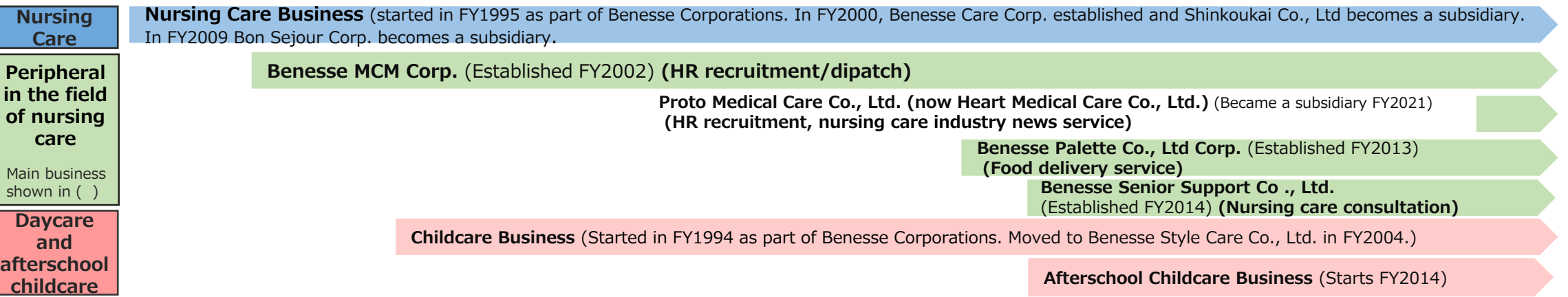
# Changes in the Business from the Start to Present

**Growth is mostly attributed to an increase in facilities offering nursing home care services and the expansion into other business fields. FY2019~FY2021 results were affected by COVID-19**

\* Net sales and operating income are the combined total amount for Nursing Care and Childcare Business Company.  
 Net Sales: External net sales, Operating income: Before royalty payment\*



Affected by COVID-19



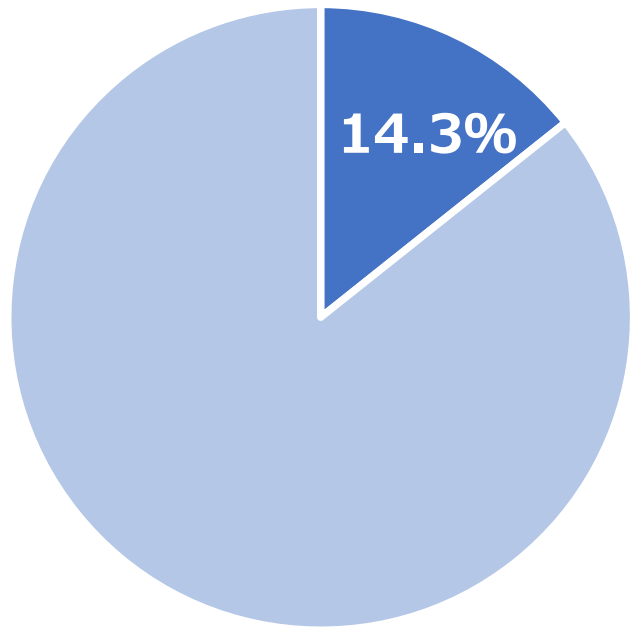
# Change in Ratio of Net Sales for Nursing Care and Childcare Business



Ratio of Nursing Care and Childcare Business in the Group is expanding.

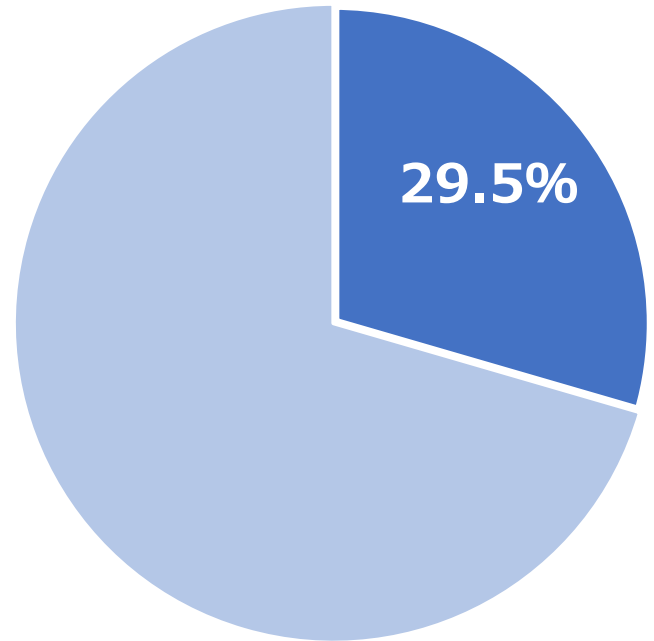
**Ratio of Nursing Care and Childcare Business net sales to consolidated net sales**

**FY2010**



Nursing Care and Childcare  
Net Sales: 58.8 billion yen

**FY2021**

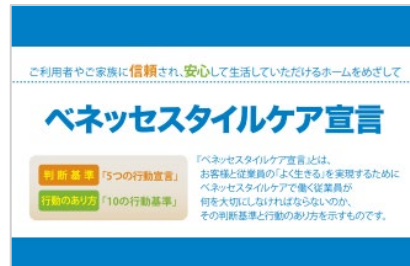


Nursing Care and Childcare  
Net Sales: 127.3 billion yen

# Our Philosophy



## Aiming to improve QOL for the elderly by pursuing a service that “Provides what you want for yourself or your family”



We believe that improving QOL means  
bringing the person closer to the life way they want to live  
(a life of dignity.)

As we work to make that a reality  
we prioritize having a **deep respect for people's individuality.**

In addition, by providing our Group's services to the local community,  
seniors can continue living a life that suits them in a familiar environment,  
enabling us to contribute to creating a society where  
**people grow happier as they grow older.**

# Expansion of Operation From Nursing Home Business, to Providing Various Solutions for Issues Related to Nursing Care

## ■ Providing support that helps people who require care or have dementia to find a reason for living.

Positioning nursing homes as a place of hope for families who have reached their limit with caring for loved ones at home.

## ■ Leveraging our unique experiences and knowledge gained from providing round the clock care 365 days a year

Caring for 17,000 residents serves as a source for new ideas and solutions.

## ■ Offering mutual agreement contracts that allow customizing of services and products within long-term care insurance cover

Reducing dependence on long-term care insurance gives the potential for price competitiveness

## ■ Using our hands-on experience as a Nursing Care Business to understand the real needs of peripheral businesses

For example, introducing client-friendly pricing system\* for HR recruitments businesses.

## ■ Japan's role as one of the first developed countries to face declining birthrate and aging population.

Experience and knowledge gained in Japan can help tackle these issues as they emerge in other countries.

\*Note: This system delays payment of the referral fee until the worker has been in position for one month in order to protect clients from the nursing care industry's high rate of turnover in the first few weeks of employment."

# Business Model

- Nursing Care Business
- Daycare and Afterschool Childcare Business

## Rooted in community and supporting seniors with various backgrounds



**Facilities expansion focused on urban centres. Residents range from healthy people to those certified as requiring long-term care.**

## Facilities (As of June 30, 2022)

### ■ 346 senior citizen nursing homes in operation

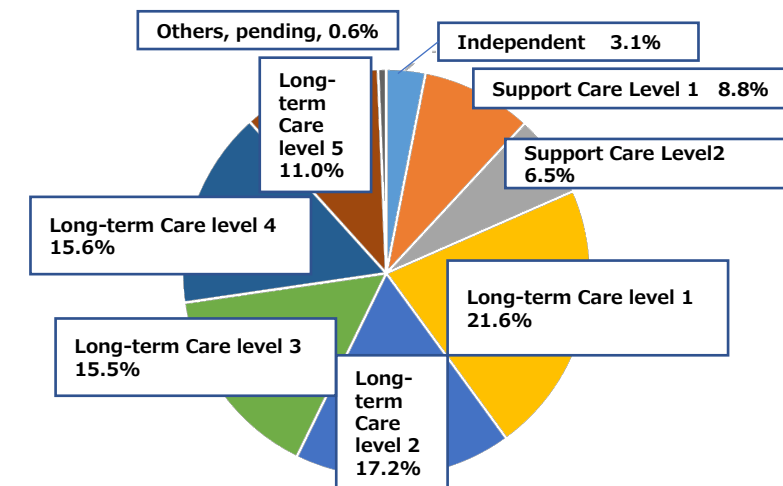
- 341 private-pay nursing homes (of these, 262 facilities with nursing care, 79 residential facilities )
- 2 group home facilities
- 1 care house
- 2 nursing homes with care services

### ■ Expansion in 13 prefectures, mainly in Tokyo metropolitan area

- Northern Japan: Hokkaido, Miyagi Prefecture
- Tokyo metropolitan area: Tokyo, Kanagawa, Chiba, and Saitama
- Tokai: Aichi
- Western Japan: Osaka, Hyogo, Kyoto, Nara, Okayama
- Kyushu: Fukuoka

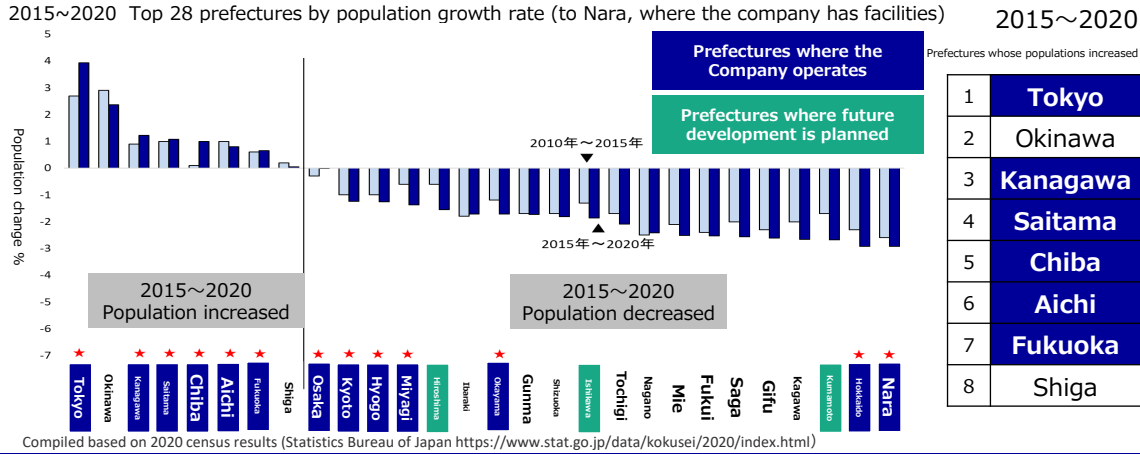
## Residents (As of June 30, 2022)

- Residents: Approximately 17,000
- Average age: 89.2 years
- Female 80%、Male 20%
- Nursing care level (see pie chart below)
  - Used by people with a wide range of nursing care needs



Number of elderly people expected to increase in the long term, developing facilities mainly in the Tokyo metropolitan area, Nagoya, and Kinki region where many wealthy people reside

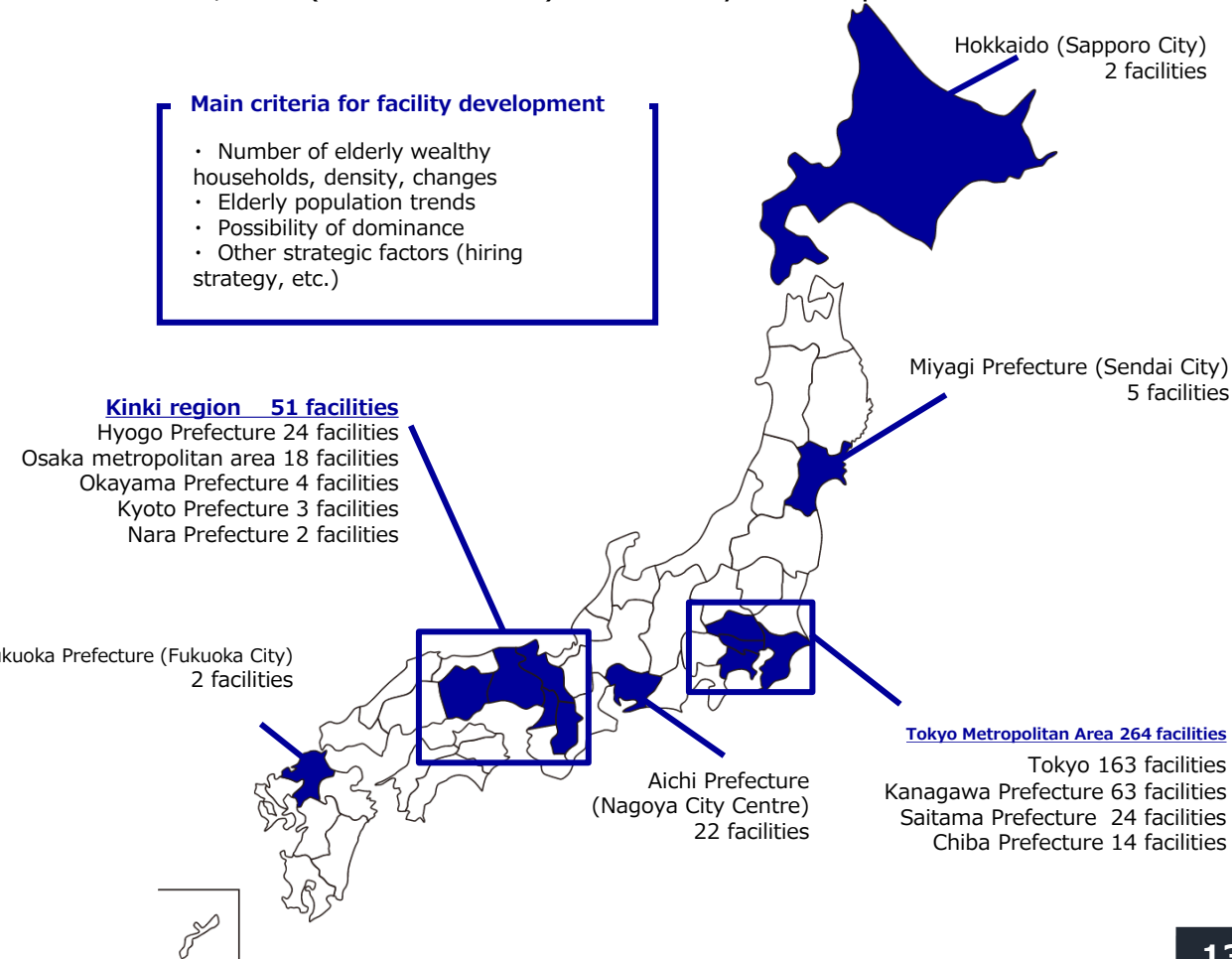
## 2015~2020 Population growth rates by prefecture



## Facilities by prefecture

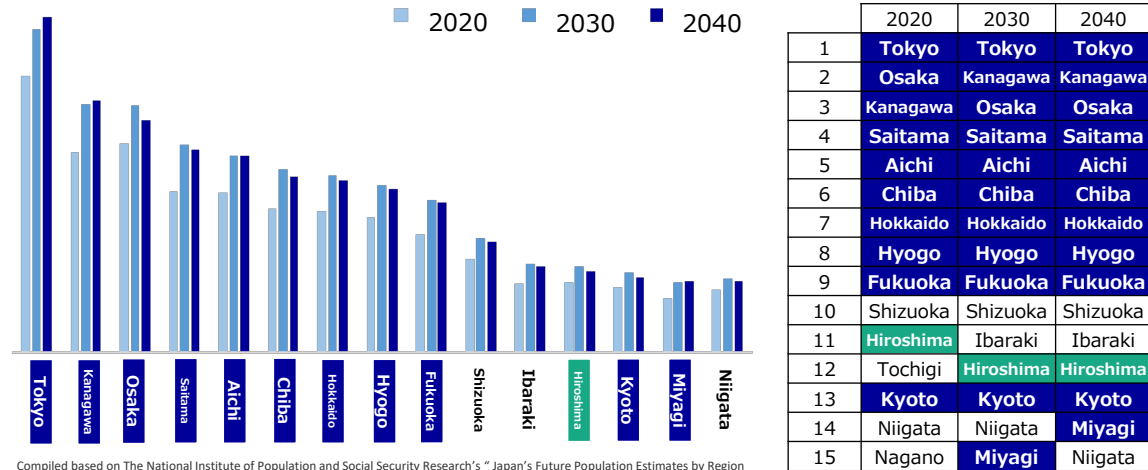
346 facilities in 13 prefectures. (As of June 30, 2022)  
Of these, 264 (76.3% of total) are in Tokyo metropolitan area

- Main criteria for facility development**
- Number of elderly wealthy households, density, changes
  - Elderly population trends
  - Possibility of dominance
  - Other strategic factors (hiring strategy, etc.)



## Population over 75 years old by prefecture future estimate

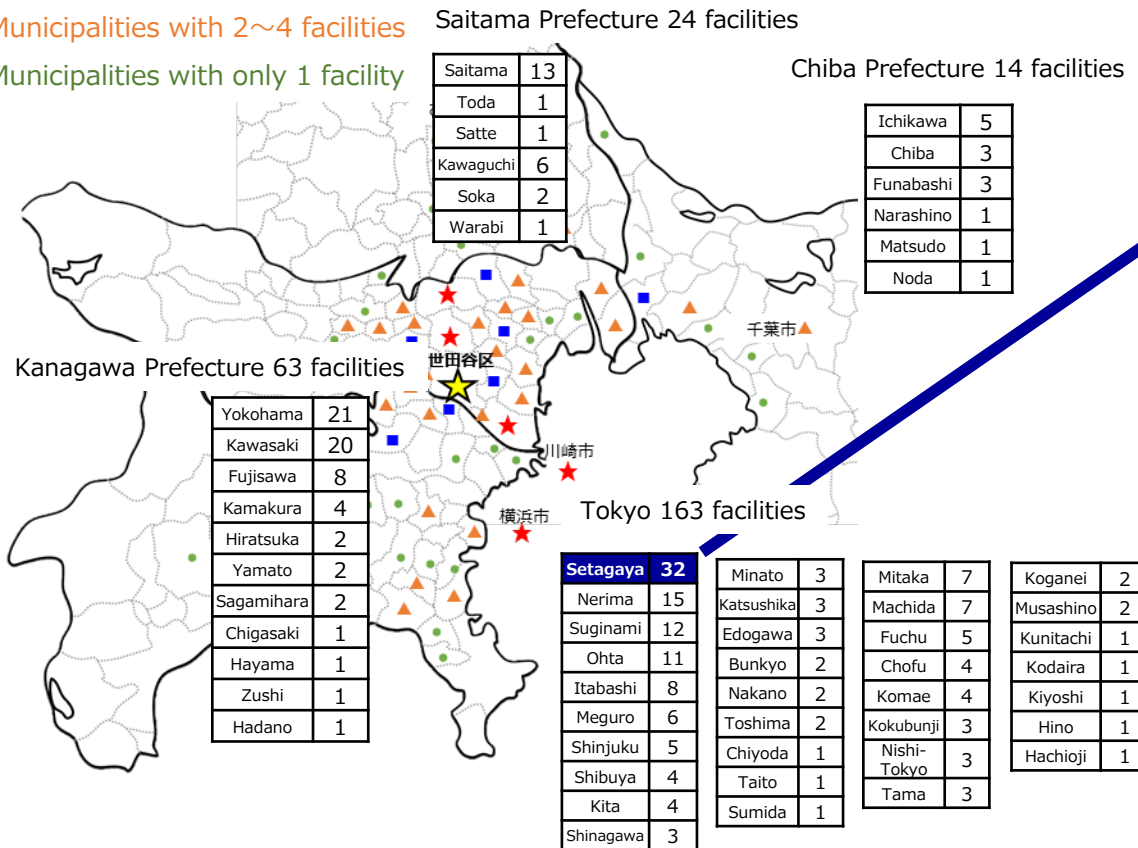
Top 15 prefectures ranked by estimate of population over 75 in 2040 | Top 15 prefectures ranked by population over 75



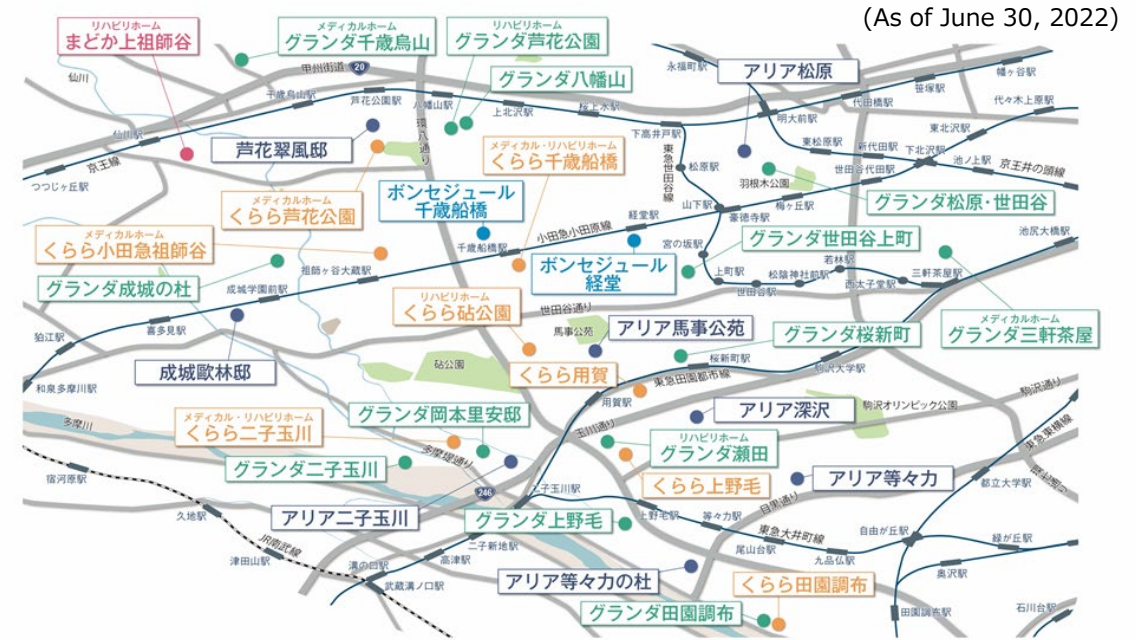
Among facilities mainly in the Tokyo metropolitan area, Benesse has an overwhelmingly dominant position particularly in Setagaya Ward.

## Tokyo metropolitan area facilities by municipality

- ★ Municipalities with 10 or more facilities
- Municipalities with 5~9 facilities
- ▲ Municipalities with 2~4 facilities
- Municipalities with only 1 facility



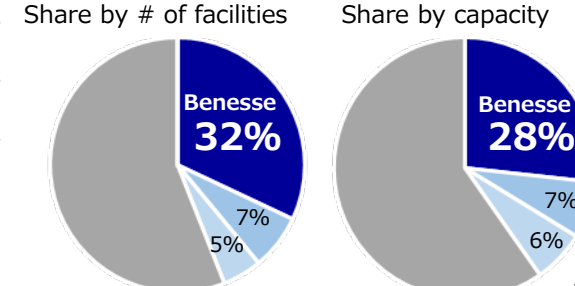
## Example of dominance Setagaya Ward



### ◆ Nursing care related locations

- Private-pay nursing homes 32 facilities
- Nursing care centers (in-home care) 3 locations
- Day service 2 locations
- Food delivery for the elderly 1 location
- Medical equipment rental and sales 1 location

### ◆ Private-pay nursing home share



Source: Tamura Planning & Operating "Seniors Housing Data 2022" and in-house survey (as of June 30, 2022)

## Offering broad selection of private-pay nursing homes to suit a variety of budgets

Number of facilities as of June 2022. Excludes care houses, Li-Re (assisted-living residence), group homes.

### High-end

Monthly equivalent:  
over 550,000 yen

**Aria**

**27 homes**

### Mid-range

Monthly equivalent  
Between 200,000 and 550,000 yen

**Granny  
&  
Granda**

**157 homes**

**Bon Sejour**

**50 homes**

**Clara  
35 homes**

**Madoka**

**57 homes**

**Cocochi  
15 homes**

### Low-end

Monthly equivalent:  
less than 200,000 yen

\* Monthly equivalent: Occupancy fee divided by 60 months plus monthly fee, assuming equal amortization of the occupancy fee over 5 years.

Fee example for each brand*1		Aria Fukuzawa (Type A)	Granda Futagotamagawa (Type A1)	Bon Sejour Minami Urawa (Type A/Basic)	Clara Miyamaedaira	Madoka Musashi-Shinjo	Cocochi Noda (Type A/Basic)
Occupancy- fee Based Contract	Standard admission*2	29,000,000 yen	10,800,000 yen	6,680,000 yen	–	–	2,970,000 yen
	Monthly Fee (example) (tax incl)*3	314,430 yen	267,310 yen	224,599 yen	–	–	190,817 yen
Monthly-fee Based Contract	Deposit *4	3,306,000 yen	1,231,200 yen	1,171,800 yen	660,000 yen	720,000 yen	687,000 yen
	Monthly Fee (example) (tax incl)*3	865,430 yen	472,510 yen	359,899 yen	361,910 yen	287,210 yen	240,317 yen

Fee examples are as of September 2022.

\*1 Example fee for Nursing Care Level 1 resident in a private-pay nursing care home.

\*2 A person aged 75 or over at time of admission.

\*3 Monthly fees include food, maintenance, and other costs. Other expenses include long-term care insurance contributions.

\*4 The full amount is to be returned at the end of the contract.



The main focus is the private-pay nursing home business with low dependence on long-term care compensation

<b>Sales</b>	<b>Monthly usage fees</b> (Rent, meals, management fees, etc.)  <b>Approx. 45%</b>	<b>Long-term care compensation</b>  <b>Approx. 35%</b>	<b>Deposit amortization</b>  <b>Approx. 20%</b>
<b>Expenses</b>	<b>Labour and personnel costs</b>  <b>Approx. 45%</b>	<b>Facility expenses</b> (Rent, depreciation, repairs, etc.)  <b>Approx. 15%</b>	<b>Other expenses</b> (Utilities, consumables, Kitchen outsourcing, etc.)  <b>Approx. 20%</b>

% of sales

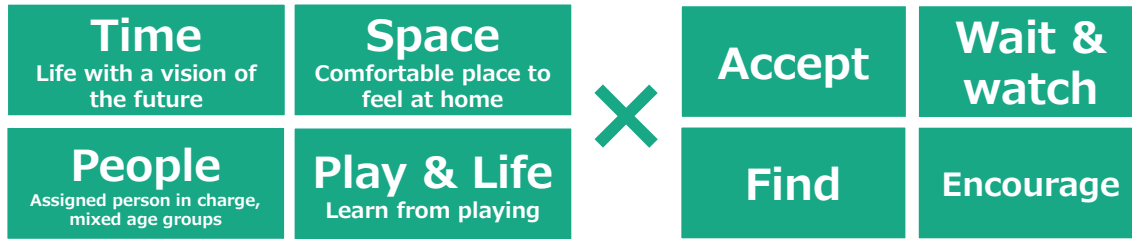
## Childcare that fosters the power to learn so children can live in society in an age of uncertainty

### Daycare Business

Features of Benesse's daycares 4 environments x 4 relations

Create an environment

Teachers' careful approach

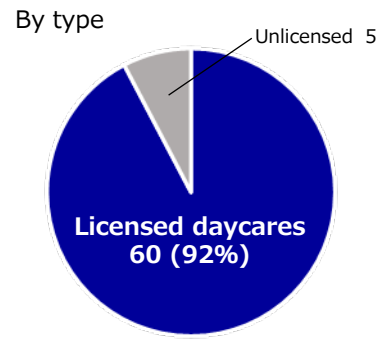
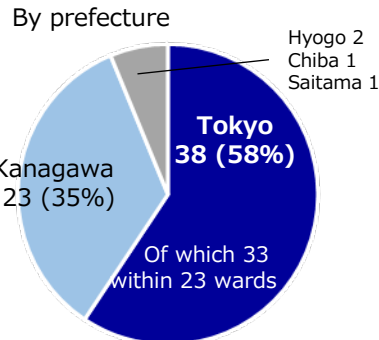


Mainly licensed daycares in Tokyo metropolitan area where the need for childcare is great (92% of total)

# of daycares in operation

# 65

(As of June 30, 2022)



### Afterschool Childcare Business

Features of Benesse's childcare clubs

Create a rhythm of learning and play

**Making a habit of learning**

**Learning through experience**

Supporting the fun of learning

Variety of formative experiences and immersive programs to shape children's future

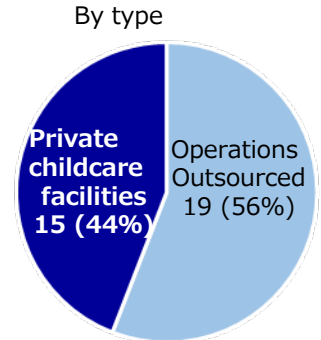
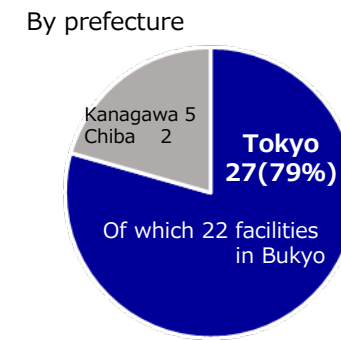


In metropolitan area (Tokyo 79%) where there are waiting lists, all private childcare clubs operate as a Class II social welfare service

# of childcare clubs in operation

# 34

(As of June 30, 2022)



## **(1) Overview of the Nursing Care and Childcare Business (Company)**

## **(2) Medium-to-Long Term Strategy and Future Vision**

- Nursing Care Business environment
- Nursing Care Business growth strategy
- Daycare and Afterschool Childcare Business growth strategy

## **(3) Profitability • Capital Efficiency**

# Nursing Care Business Environment

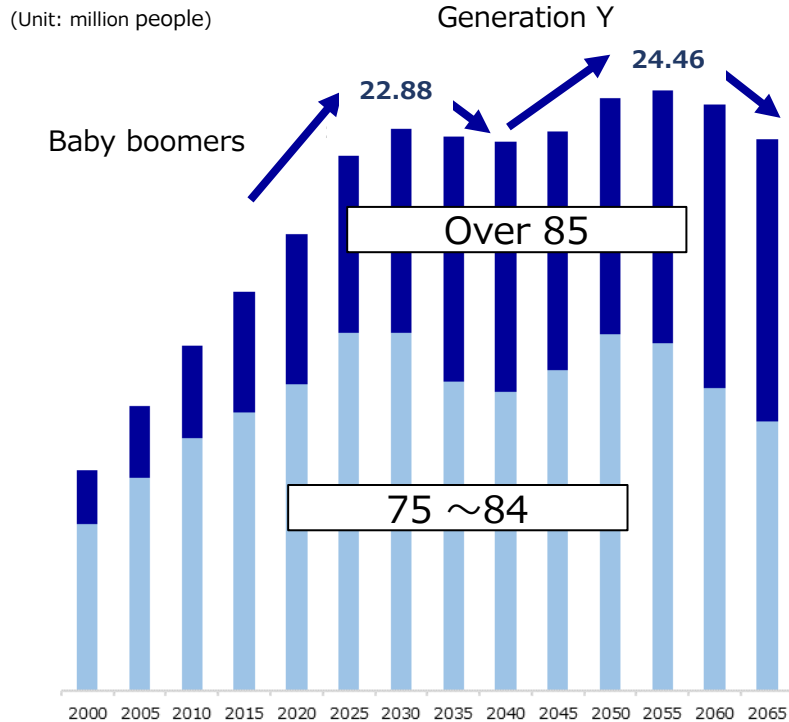
# Elderly Population

The over 85 population, the main target of nursing homes, will increase until 2060.

The increase is projected to be greater in municipalities where we operate private-pay nursing homes than the national rate of increase.

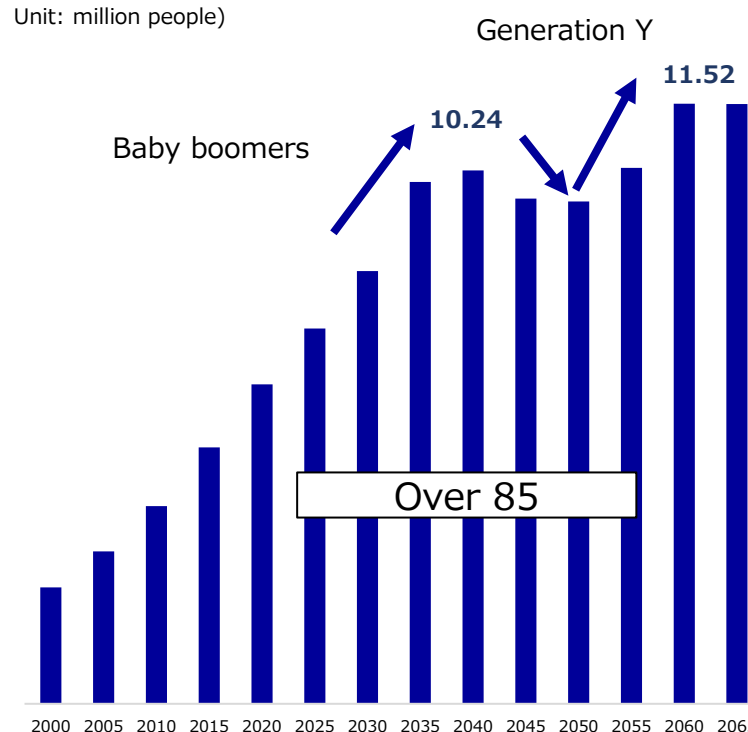
## Over 75 population

Over 75 population will peak in 2055



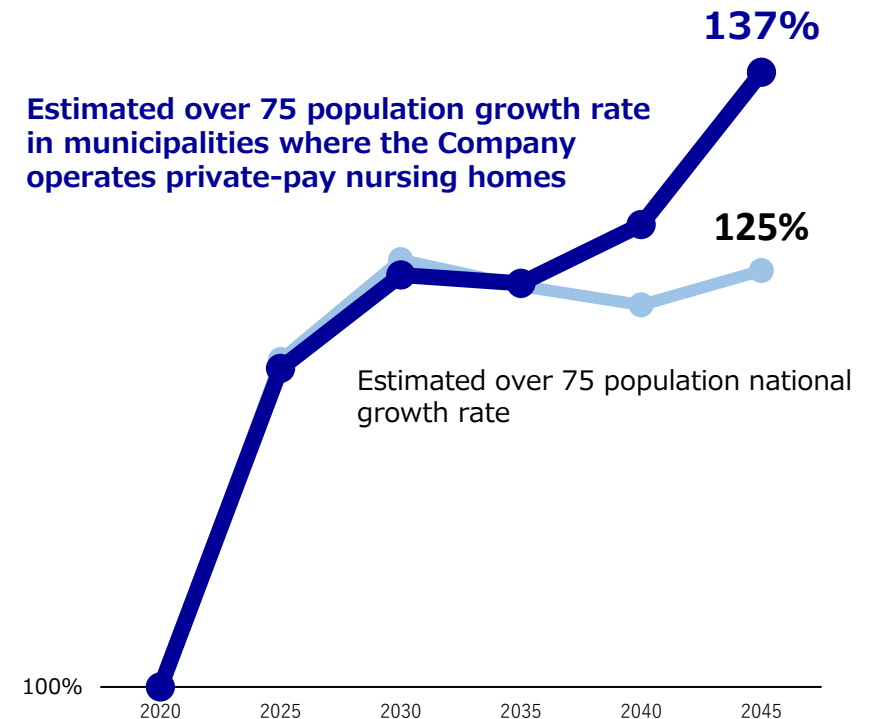
## Over 85 population

Over 85 population will peak in 2060



## Over 75 population growth rate estimate

The Company is building private-pay nursing homes in municipalities where growth rates are projected to surpass the nationwide growth



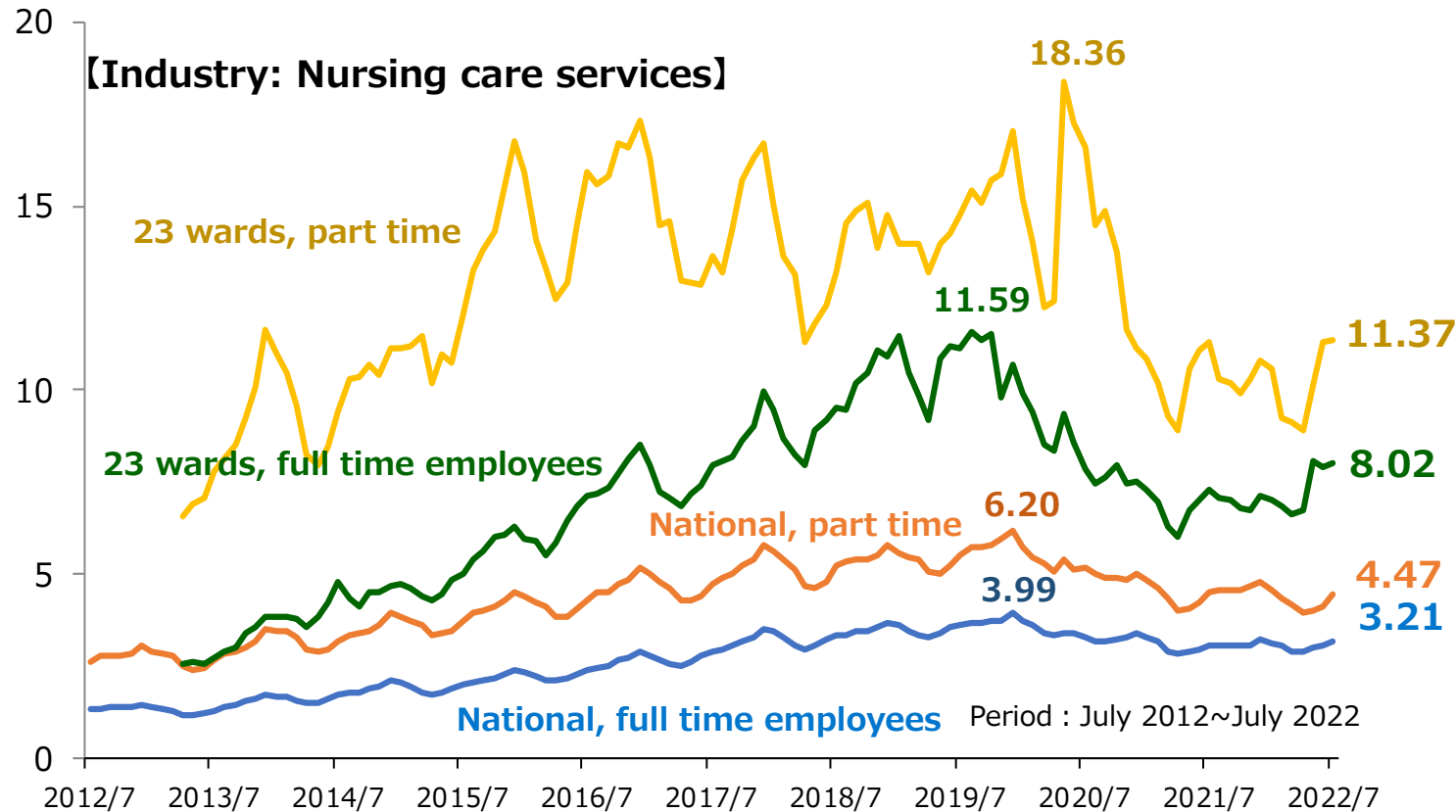
\* 2000~2020 population based on the Statistics Bureau of Japan's "Population Census Results"

\* Estimates for 2025 and beyond are based on the National Institute of Population and Social Security Research's "Japan's Future Population Estimates" (2017 estimates)

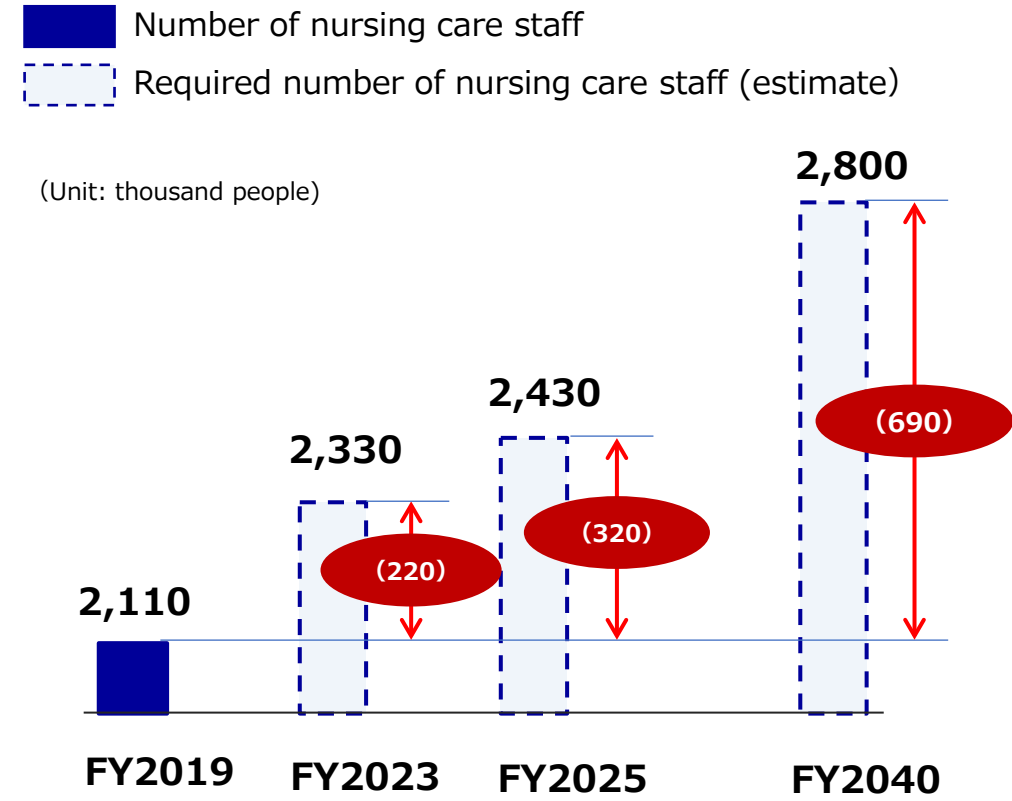
# Shortage of Nursing Care Personnel

## Shortage of nursing care personnel is becoming more serious

Active jobs-to-applicants ratio



Required number of nursing staff (forecast)



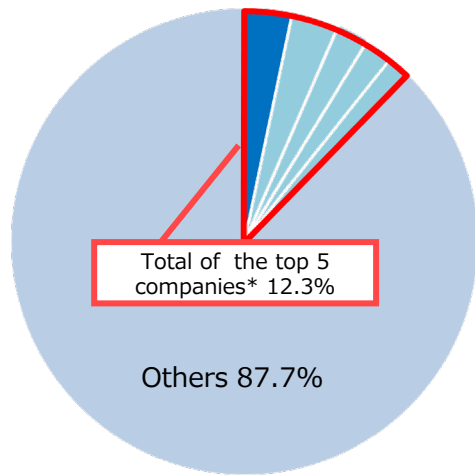
Sources: (left graph) Compiled from the Ministry of Health, Labour and Welfare's "Employment Referrals for General Workers" and Tokyo Hello Work's "Active Job Openings and Job Search Conditions by Occupation" (right graph) Compiled from the Ministry of Health, Labour and Welfare's "8th Long-term Care Insurance Business Plan"

The nursing industry is an ultra-long tail market. Our market share is still low. Largest share of number of high-end private-pay nursing homes in urban areas.

## Share of nationwide private-pay nursing homes (with nursing care + residential type)

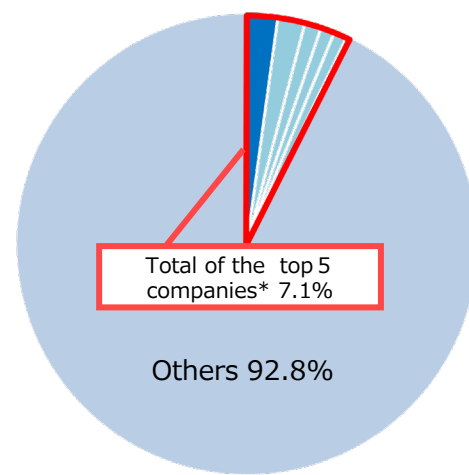
Share by number of facilities

Benesse 3.3%



Share by number of capacity

Benesse 2.2%

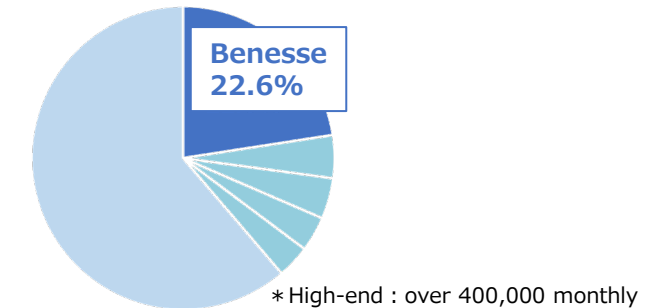


All business operators  
 # of operators : 7,815  
 # of facilities : 15,537  
 # of capacity : 597,538

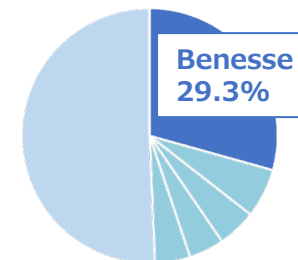
## Share of high-end private-pay nursing homes (with nursing care + residential type)

Tokyo, Nagoya, and Osaka regions  
 (Tokyo, Kanagawa, Chiba, Saitama, Osaka, Hyogo, Aichi)

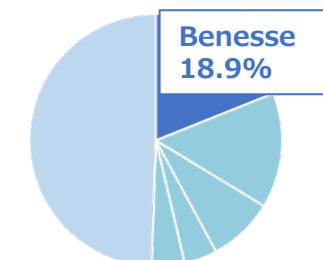
# of operators : 133 # of facilities : 483 # of capacity : 46,553



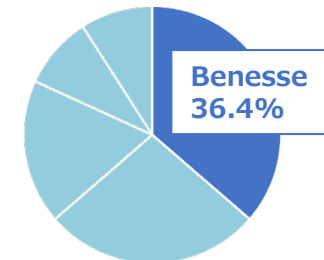
Tokyo 23 wards



Osaka, Hyogo Prefecture



Nagoya, Aichi Prefecture



# **Growth strategy for the Nursing Care Business**



## Pursue growth strategy while strengthening the foundations by investing in HR and DX

	Strategies	Targets
<b>Organic growth</b>	<p>(Short term)</p> <ul style="list-style-type: none"> <li>■ Recover occupancy rate from fall caused by COVID-19 impact</li> </ul> <p>(Longer term)</p> <ul style="list-style-type: none"> <li>■ Increase number of strategic homes                             <ul style="list-style-type: none"> <li>• Enter new areas and create dominance via coordination with hiring strategy</li> <li>• Open distinctive new homes</li> </ul> </li> </ul>	<p>▶ End-FY23 occupancy rate target 95.2%</p> <p>▶ Expand by around 12 a year</p>
<b>Inorganic growth</b>	<ul style="list-style-type: none"> <li>■ Expand nursing care peripheral businesses, particularly HR business *inc. via M&amp;A</li> </ul>	<p>▶ Aim to achieve sales of ¥10bn as soon as possible</p>
<b>Strengthening the foundations</b>	<ul style="list-style-type: none"> <li>■ HR and DX investment                             <ul style="list-style-type: none"> <li>• Verbalize/visualize knowledge × DX</li> <li>• Boost new graduate hiring, improve working conditions</li> </ul> </li> </ul>	<p>▶ Improve seniors' QOL, expand human capital</p>

Strengthening marketing strategies with a view to improving occupancy rate.

Regain pre-COVID level by end-FY23

## Measures

### Strategies to improve occupancy rate

Build links with regional hospitals/care managers



Short stay (trials)

### <Benesse's unique strengths>

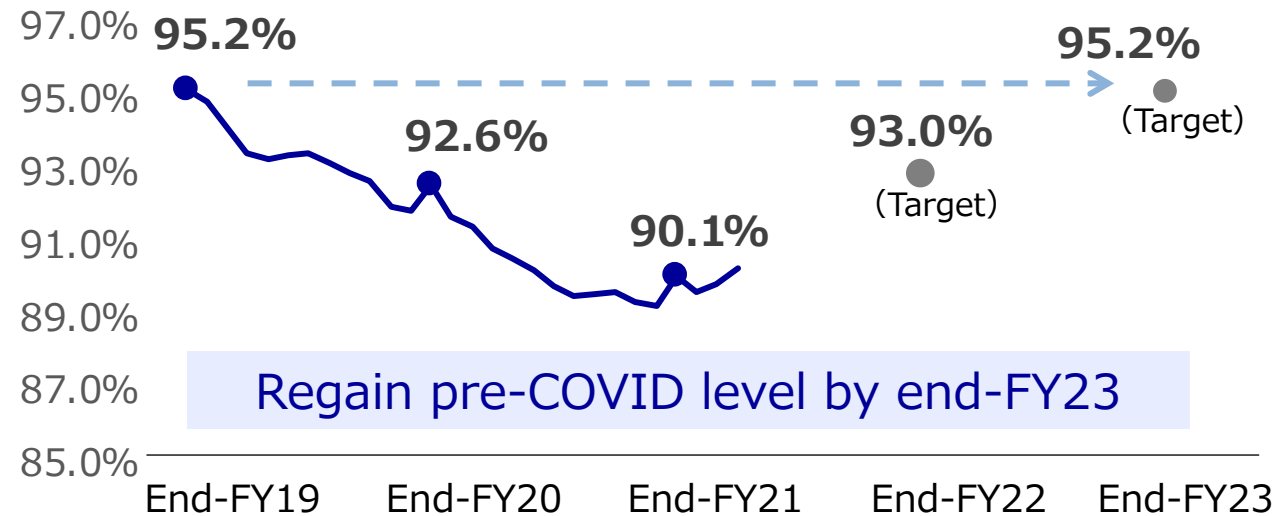
- ① Can market at the area level (create dominance in large urban areas)
- ② Has services to support hospitals/care managers (meal deliveries, nursing care consultation offices, HR recruitment/dispatch)

## Occupancy rate trends and targets

### 1Q situation

- Occupancy rate at existing homes on target at end-1Q (end-June 2022)
- Number of tours (a lead indicator) up 174% on FY21 (as of June 2022. Comparison excludes homes opened in FY21 and FY22)

### Occupancy rates and targets for existing homes



**Create dominance in existing areas and enter new areas. Link to hiring strategy.**

**Policy on new home opening**

**Link to hiring strategy**

**Dominance in existing areas**

Continue to proactively opening distinctive high-end homes

**Several new homes already opened**

Pursue home development to create dominance in the medium term

**Market with Potential Needs**

Move into biggest areas, including those set to have large senior populations (75+) in the future

**Link to hiring strategy and potential market**

Base market entry on market potential factors such as senior population (75+), household affluence



Greater Tokyo, West Japan (inc. Okayama), Tokai

Sapporo, Sendai

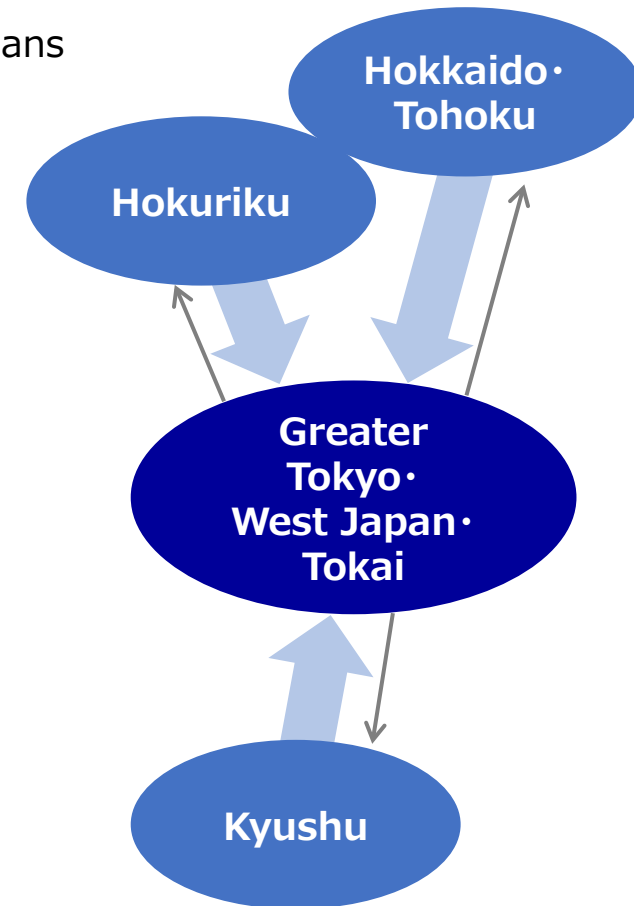
Fukuoka, Hiroshima

Kanazawa, Kumamoto

FY22 opening plans

10 homes

2 homes



## Pursue QOL-focused services. Increase high-end homes and Benesse-style sensing homes.

### High-end home (slated to open in October 2022)

#### アリア 京都鴨川御所東 Aria Kyoto Kamogawa Gosho Higashi



Gozan no Okuribi (as seen from Aria Kyoto Kamogawa Gosho Higashi)

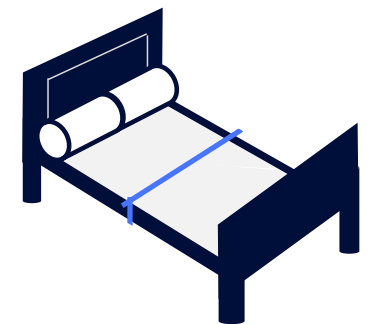
- 「Aria」 is developed in the center of a historic and culturally mature town where anyone will aspire to live.
- Drawing on the home's location, surroundings, and the history of the town and utilizing trees and other natural resources, the home is designed to have individuality that reflects the region's characteristics.

### Sensing homes (planned)

- Collect further quality data on nursing care experts "Majikami" and expedite development of the "Majikami" AI solution
- Plans to turn 56 homes, including existing homes, into sensing homes in FY23



Toilet sensor



Sleep sensor

etc.

## Proto Medical Care Co., Ltd. (currently Heart Medical Care) joined group in June 2021

### Services available at time of joining

### M&A reasons & aims

#### Media support business

##### ■ Heart Pages

A community-based free paper produced with local authorities.



##### ■ Oasis Nursing Care

Comprehensive search site for senior and nursing care homes.

##### ■ Nursing Recruitment Nav

Job-change site for medical care, nursing care, and welfare jobs

#### HR support business

##### ■ Nurse Agent

Recruitment site dedicated to nurses



##### ■ Medical Cubic

HR dispatch service for nurses and nursing care specialists



#### Living environment support business

##### ■ Rental/sale of welfare equipment and home improvement

Rental of long-term care insurance-billable equipment

##### シルバーはあと Silver Heart

15 locations across Tokyo, Kanagawa, Saitama

- HR dispatch business transferred to Benesse MCM in April 2022.
- Strategy of expediting growth using respective strengths of two HR business.

- Nursing care peripheral business of HR is a growth.
- “Staff pulling power” and “client development capabilities” vital for non-contiguous growth.
- Plans to establish an HR recruitment business by leveraging the strong “pulling power” of the portal site and robust “development capabilities” of the media business owned by the former Proto Medical Care.
- The former Proto Medical Care has welfare equipment depots in 15 locations across Greater Tokyo and could contribute to the total senior living concept already being pursued by the Nursing Care & Childcare Company.

Target growth as an HR business specializing in medicine and nursing care via the HR recruitment and HR dispatch operations.

### Heart Medical Care

**Aim to monetize multiple revenue streams from media business, develop as strong HR recruitment company**

- Established recruitment business in February 2022 and overhauled Nursing Care Recruitment Navi portal site with a view to multiplying revenue streams.
- Introduce client-friendly pricing system\* to recruitment business. Create new services until established such as video-based staff training.
- Intend to add new authorities and actively expand highly-public media Heart Pages.

\*Note: This system delays payment of the referral fee until the new hire has been in position for one month in order to protect clients from the nursing care industry's high rate of turnover in the first few weeks of employment.



### Benesse MCM

**Further grow in strong HR dispatch by expanding area, diversifying occupations/projects**

- The nursing care HR market has been changed by the COVID-19. Earnings fell due to a downturn in market demand for nursing care worker dispatch but have been steadily recovering as economic activity rebounds.
- The main business transferred from Heart Medical Care is the one-time dispatch of nurses to assist in home bathing and other tasks. Benesse MCM intends to leverage this to strengthen and expand work for nursing professionals as well as current mainstay nursing care workers.
- Sapporo office opened in August 2022. More openings are required to grow the HR dispatch business, and new areas will be considered in line with the demand outlook.



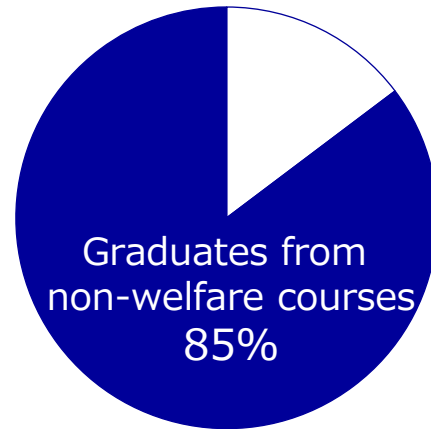
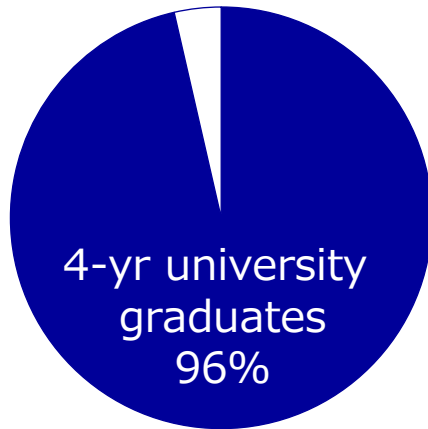
Actively hiring new graduates and improving working conditions. Aim to raise the social standing of the nursing care profession.

## New graduate hiring

- 781 new graduates joined the company as nursing care workers in FY22

### Attributes of 2022 new graduates

(attributes of the 781 graduates hired as nursing care workers)



## Improvement in working conditions

### Improvements in the last 5 years

- Apr 2017** Remuneration increased by rise in bonuses and allowances
  - Investment of around ¥1.3bn/yr. to improve remuneration per nursing care worker by as much as ¥700,000/yr.
- Oct 2019** Salary increased by revision of personnel system
  - Investment of around ¥1.4bn/yr. to improve working conditions for highly specialty nursing care workers by benchmarking industry average annual salaries, excluding executives, at ¥4.40mn (as of 2019).
- Feb 2022** Introduction of support allowances to improve working conditions

Continual improvement in working conditions

Average salary

Full-time nursing care worker average more than ¥4.5mn, above ¥4.4mn industry average

Continual revision of personnel system/expansion of training/improvement in remuneration and working conditions



Raise social standing of the nursing care profession

## Deep respect for people's individuality = Provision of QOL-focused services

「Providing a selection of services that satisfy the resident and their families」「Allowing residents to live with dignity in the manner they wish throughout their life」

Our original services put these ideas into practice, supporting residents through their whole lives via deep understanding for each person and respect for 「individuality and character」.

### 【Facilities】

Environments, Buildings, and Equipment for a comfortable life

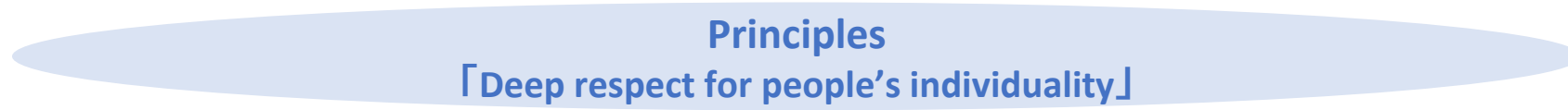
### 【Services】

“Carers” to support the realization of people's individuality





Verbalizing/visualizing the practical knowledge from 27 years into a structure to link principles and action



## 「Benesse Method」 Verbalizing/visualizing the practical knowledge from 27 years

### Care method

- Self-reliance support
- Dementia care
- Personal hygiene care

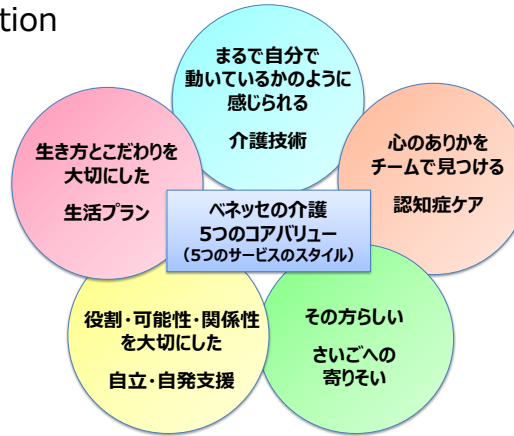


### Facility design method

- Living environment creation
- Comfortable spaces



### Personnel system linked to provision of customer value



\* 「Self-reliance support ® 」 is support for the spontaneous effort of seniors, and is the name of a service offered by Benesse Style Care, Co., Ltd.

### Nursing care expert "Majikami" development system

Developing people who can continue to perform by equipping them with a high degree of expert knowledge

- Training and practical application
- Assessment framework
- Nursing care technique guidelines

### Benesse-style Nursing Care DX

Service navigation system

- Adding impressions to regular care logs



"Majikami" AI solution (under development)

Action

The nursing care expert “Majikami” development system uses a program that fuses organized training and practical application

## About nursing care experts “Majikami”

Who are nursing care experts “Majikami” ?

They are **specialists** in solving fundamental problems with the practical, dissemination, and proposal skills to lead a team in order to **realize improved residents’ QOL and targets (needs)**

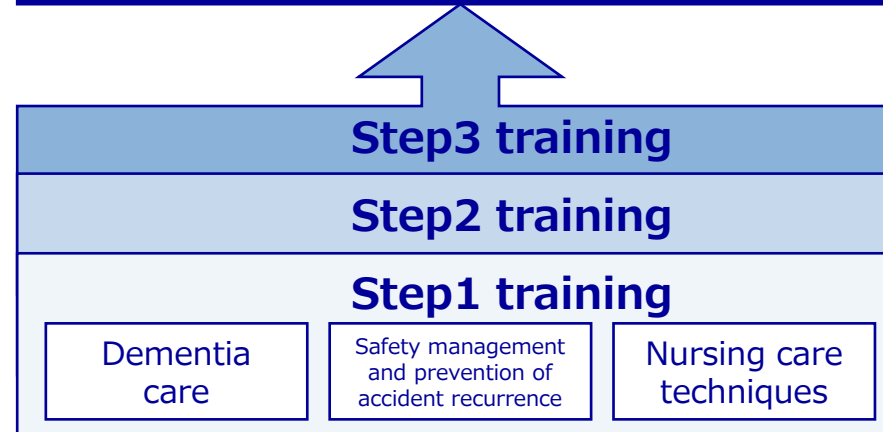
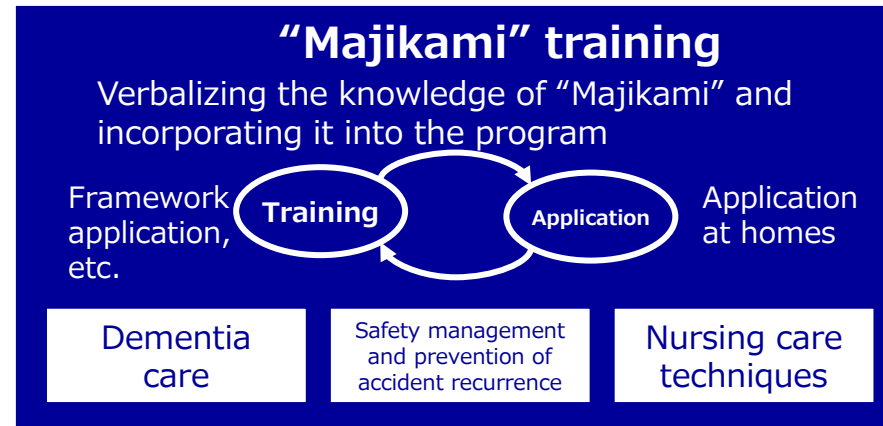
The types of nursing care experts “Majikami”

Since the system’s inception in FY19, 192 people have been developed and accredited as Majikami (as of Apr 2022)

<Types>

- Dementia care
- Safety management and prevention of accident recurrence
- Nursing care techniques

## The nursing care expert “Majikami” development system



### Development of nursing care experts “Majikami” with high degrees of specialism

- A development program that verbalizes the knowledge of “Majikami”
- Exams to supplement training. Exams that tests techniques and knowledge, plus inspection of the process and results of initiatives to improve residents’ QOL
- Retesting once a year after accreditation

### Development of 「nursing care professionals」

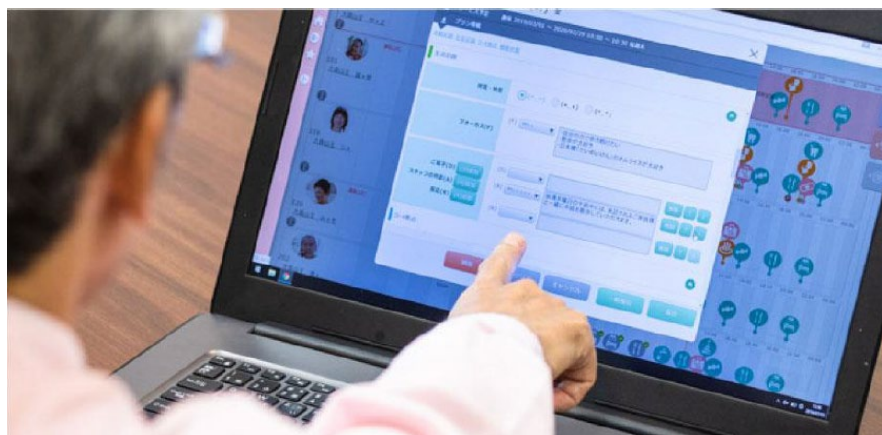
- Become a full-time carer is the target level for all
- Exams to supplement training

\*Also support for acquisition of the certified care worker national qualification

The aim of Our DX is to improve the QOL of the elderly

Promoting Nursing Care DX not only to improve productivity but also to improve QOL of the elderly

Benesse's version  
of nursing care DX  
(past)



Alert when resident's status changes

### Service Navigation System

- Recordkeeping platform developed in-house in 2017.
- The system is designed not only to streamline the recordkeeping and transcribing process which was paper-based until now, but also to foster more creativity in staff duties, thereby encouraging awareness among the staff and opportunities to change their behaviour.
- The aim is to improve the residents' QOL by performing services based on information provided by the system, such as changes in a resident's weight over a certain period of time and each individual's various considerations.
- Winner of the Japan Institute of Information Technology's 2018 Information Technology Award.



### Business Chat Tools

Facilitate multi-occupational collaboration



### Incoming

Enable communications in facilities

Nursing Care DX  
(present~future)

Further promote nursing care DX through conversion of facilities into sensing homes and AI development to improve QOL of the elderly

(details on following pages)

## Aim to improve QOL for the residents by fusing IT and human knowledge

### Sensing homes

- First Benesse Sensing Home opened March 2022



Aiming to improve QOL for the residents  
by fusing IT and human knowledge

Private-pay nursing home  
**Granda Yotsuya** グランダ四谷

- Introduced in 6 facilities in FY21 to assess and develop the system

Information gathering	Information integration and visualization	Diagnosis and hypothesis for improving QOL
<p>Sensors</p> <ul style="list-style-type: none"> <li>● Sleep sensor</li> <li>● Presence/absence sensor</li> <li>● Toilet sensor</li> </ul>	<p>Dashboard</p>	<p>"Majikami" AI Solution (in development)</p> <p>Quality data Nursing care experts "Majikami"</p>

Capture information accurately and in real time  
\* Also sensors for medication+facial recognition, temperature check+facial recognition, etc.

Integrate and visualize resident's information in sensors and recording system (Service Navigation System)

AI incorporates expertise and practical skills of "Majikami" as training data to provide perspective and awareness to staff

### Features of Our DX

Service quality that places the highest emphasis on quality of life



Dementia care



Sleep quality



Analysis of "unusual" signs

An overwhelming improvement to service infrastructure by combining people and technology



Knowledge of nursing care experts certified by Benesse (Majikami)



Learning nursing care knowledge (Majikami AI Solution)



Improving the nursing skills of staff who are not Majikami through Majikami AI Solution

Expertise from 27 years in the nursing care business, personnel training capabilities stemming from Benesse in the education field

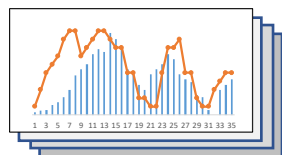
## The aim of “Majikami” AI Solution is to improve QOL of the elderly and nursing staff skills

### “Majikami” AI Solution Development Themes

Development of a nursing care support system to deliver **true productivity gains** by using AI to detect BPSD\* factors and signs that “something is different”

\*joint development with Panasonic Corporation

#### ■ Development Theme 1. Analysis of BPSD\* factors



Residents' information



Nursing care experts “Majikami”

Example)  
Data shows a tendency to sleep soundly, but when compared with the resident’s personality, could medication be the cause?



**“Majikami”’s analytical perspective used as training data in AI**

#### ■ Development Theme 2. Detection of “something different”



Veteran staff

Example)  
Resident’s behaviour is different from usual (no abnormalities in vital signs)



2 hours later sudden change

**Detect signs based on veteran staff’s “6<sup>th</sup> sense”, communicate, find solution**

### Subsidies from National Research and Development Agency

2021.9

Selected to participate in AMED project to promote development of robotic devices for nursing care

2022.4

Subsidy recipient this year as well



\* Note

BPSD : Behavioural and Psychological Symptoms of Dementia  
AMED : Japan Agency for Medical Research and Development

## Providing some of the practical knowledge gained over 27 years free of charge

**Kaigo Antenna** (Started Sep. 2019)



Providing information free of charge on comprehensive nursing care site supporting those involved in nursing care



**Nursing care techniques**  
 Benesse's nursing care techniques  
**Nursing technique guidelines**  
 (with video)

**Outings**  
 Information about wheelchair  
 accessible barrier-free  
 popular places

**Nursing care recreational materials**  
 Nursing care recreation  
 materials  
**Over 5,000 items**

**Benesse method**  
 Benesse's nursing care  
 knowledge and methods  
 available free of charge  
**Excretion function care &  
 dementia care**

**Prevention & disaster preparedness**  
 Infectious disease prevention  
 measures  
**Disaster prevention**

**Illustration materials**  
**Over 1,000 nursing care  
 illustrations available for  
 free and for commercial use**

etc.

**Approximately 80,000** Kaigo Antenna members, mainly nursing care professionals (As of June 30, 2022)  
 The number is increasing steadily and is expected to surpass **100,000** by the end of FY2022 (March 31, 2023)

# **Growth Strategies for Daycare and Afterschool Childcare Business**

To become the first choice for childcare support in the community, our main goals are to improve the quality of childcare services and strengthen external communications.


## Daycare Business

External Factors

As daycare waiting lists shorten, the market will become more competitive.

- Declining birthrate means daycare waiting lists are shortening
- Number of new childcare centers planned by local governments has decreased drastically. Private sector is also slowing down in opening new childcare centers.

◆ Using digitalisation and the Benesse Method for childcare to improve childcare services.

Benesse Method for Childcare "Words that Continually Expand a Child's Universe"	Digitalisation of childcare 
<b>History</b> • January 2020, Published by Benesse Corporation	<b>History</b> • December 2018, began business partnership between Benesse Corporation and CoDMON • April 2022 installation completed in 62 out of 65 daycares
<b>Example of Main Activities</b> • Use for in-house training such as preschool training, new graduate training, and more • Using a photo contest focused on 40 methods to help gain in-house advantage	<b>Example of Main Activities</b> • Documenting daily schedule and sharing with parents • Digitizing records to improve operational efficiency



Improving the quality of childcare and strengthening external communications

◆ Passing on knowledge from 28 years of daycare center operational experience.

Since FY19, commissioned by the Child Development Association of Japan to provide training programs (childcare safety training, training for facility managers).

## Afterschool Childcare Business

External Factors

Afterschool childcare clubs and children registered to use the clubs are increasing every year.

- Number of households with two working parents increasing makes issue of children waiting for afterschool childcare places more apparent, especially in metropolitan Tokyo.
- Around 27,000 afterschool childcare clubs. Over 1.3 million children registered. (As of May 2021)

◆ Focus on operating afterschool childcare clubs in metropolitan Tokyo where the need is greatest.

Opened two new afterschool childcare clubs in April 2022, Received one new proposal from local government.

◆ Enrichment of hands-on activities that integrate real-world experience and online

Expanding scope of activities with online events, hands-on experiences at the club, and more.

◆ Developing services that leverage synergies with the Education Business

- Shinkenzenmi's Red Pen Teacher service of correcting answers and hands-on lessons.
- Permanent display of Shinkenzenmi teaching material samples and collaboration with Benesse's English class, BE studio.





# **(1) Overview of the Nursing Care and Childcare Business (Company)**

# **(2) Medium-to-Long Term Strategy and Future Vision**

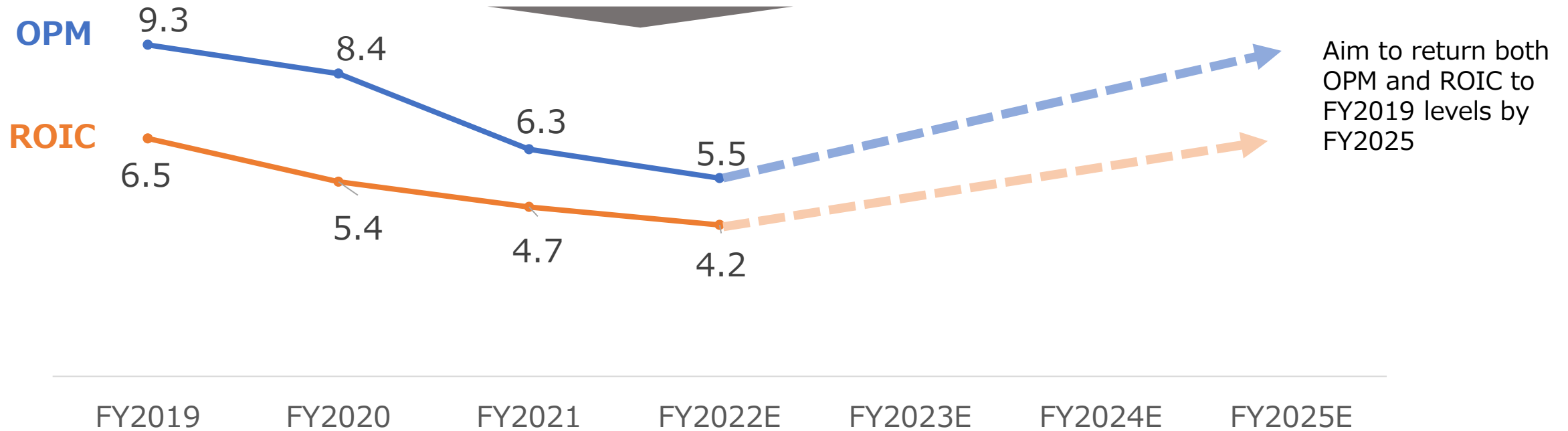
# **(3) Profitability·Capital Efficiency**

- OPM and ROIC
- Impact of Change in Accounting Standard for Revenue Recognition
- Impact of Application of Accounting Standard for Leases

**Aim to recover both operating profit margin (OPM) and ROIC from FY2022 lows**  
**Plan to raise ROIC to above group WACC (approx. 5%) from FY2023**

## Factors depressing OPM and ROIC

- Fall in occupancy rate from impact of COVID-19 (FY2021, FY2022)
- Impact of accounting standard change for revenue recognition (FY2022)



\*FY2022 figures based on initial forecasts

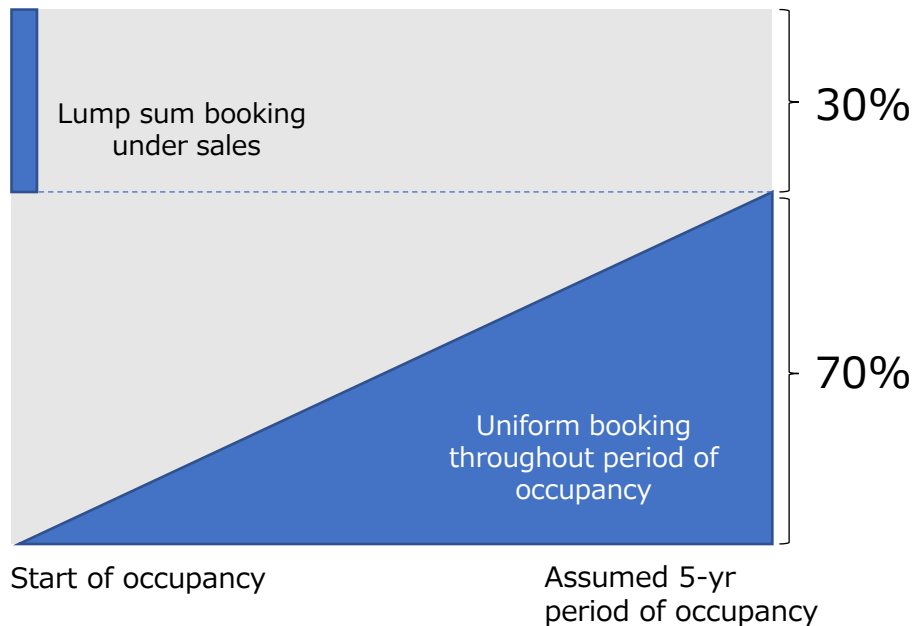
# Nursing Care Business

## (Impact of change in accounting standard for revenue recognition)

Change in booking standard for amortized occupancy fee sales revenue from FY21  
(accounting change, no impact on customer usage contracts)  
Eliminated initial amortization at start of usage (30% of occupancy fee)

### Before

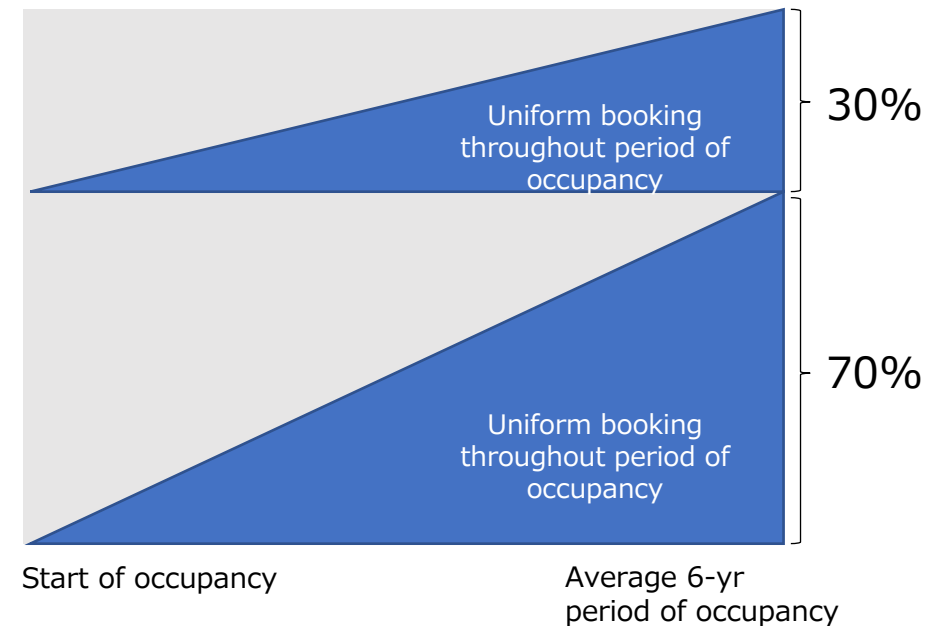
30% of occupancy fee booked under sales at start of usage, remaining 70% booked uniformly throughout period of contract.



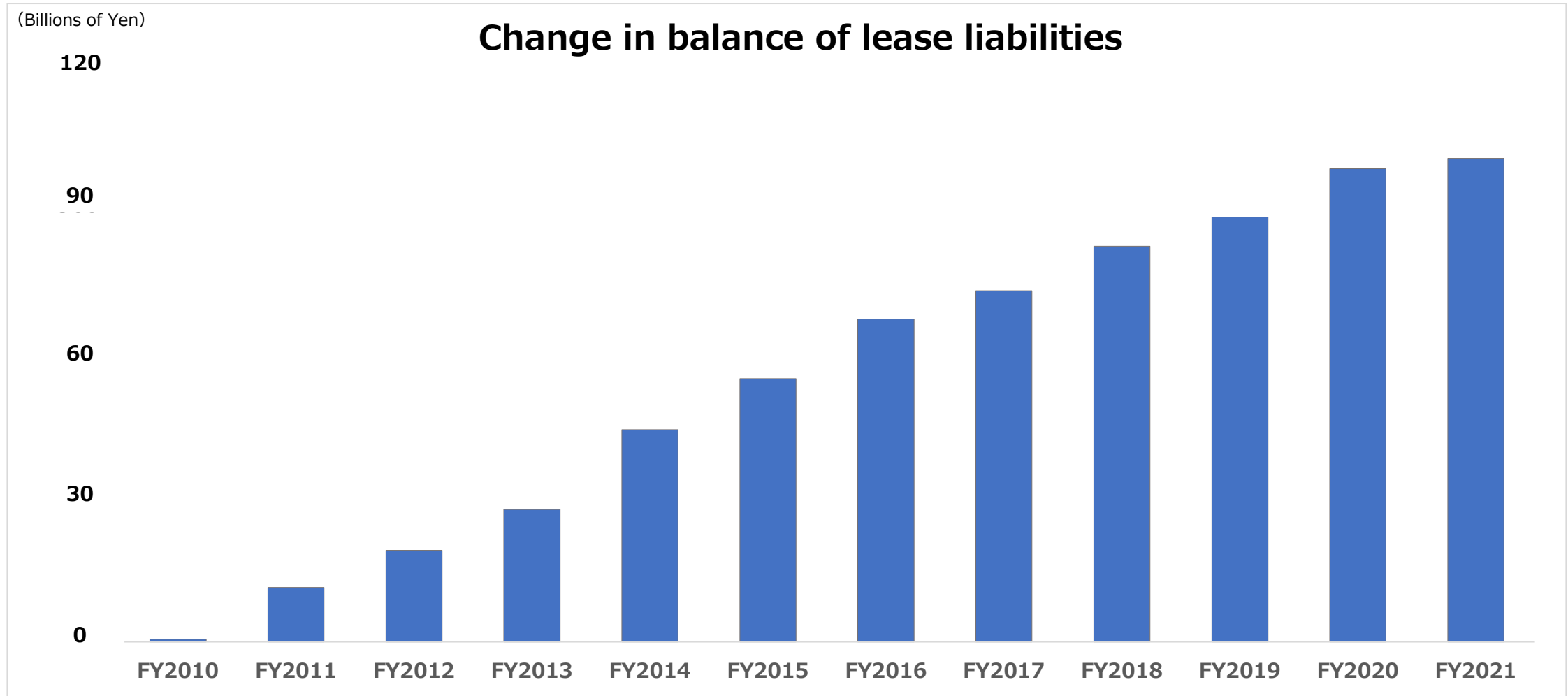
### After

Total occupancy fee booked under sales uniformly throughout average period of occupancy.

※In case of departure during the average period of occupancy, the difference with the amortized cumulative amount based on the customer usage contract is booked as a lump sum under sales.



### Large increase in lease liabilities from application of accounting standard for leases on newly-opened facilities from FY2011

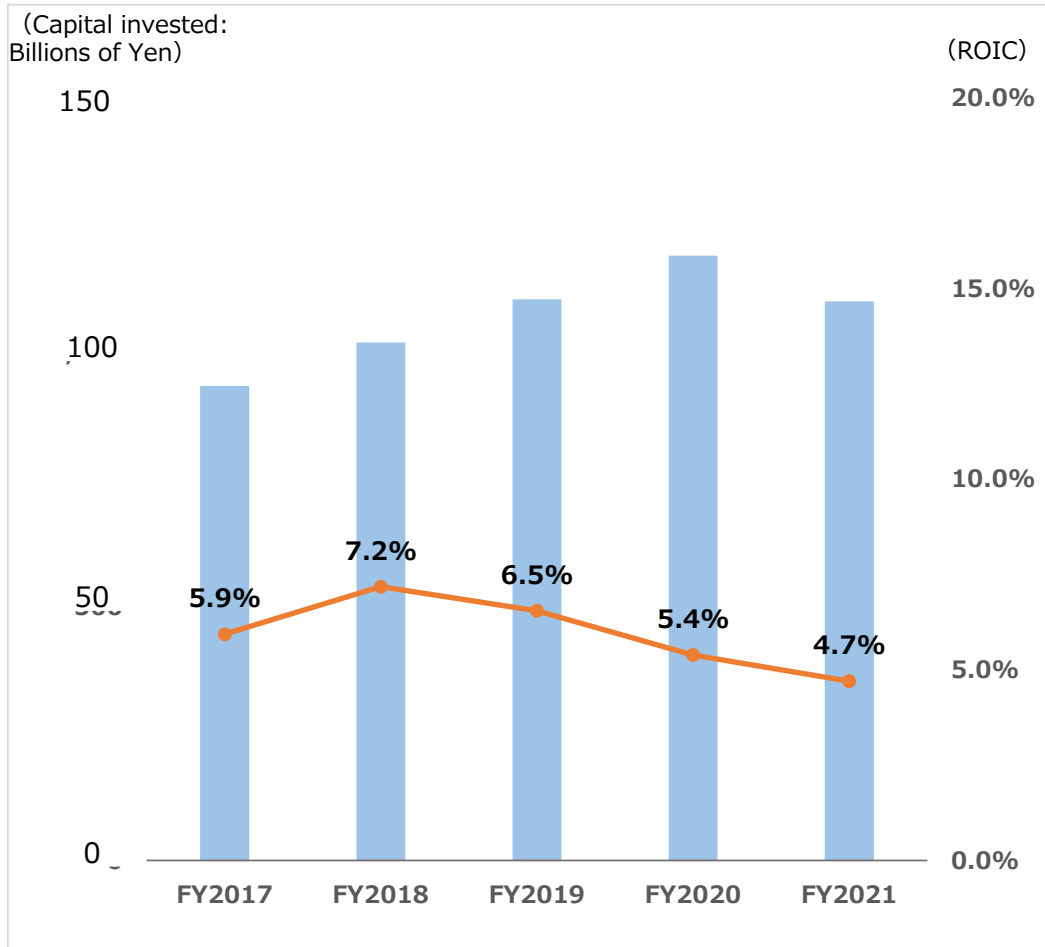


# Nursing Care and Childcare Business

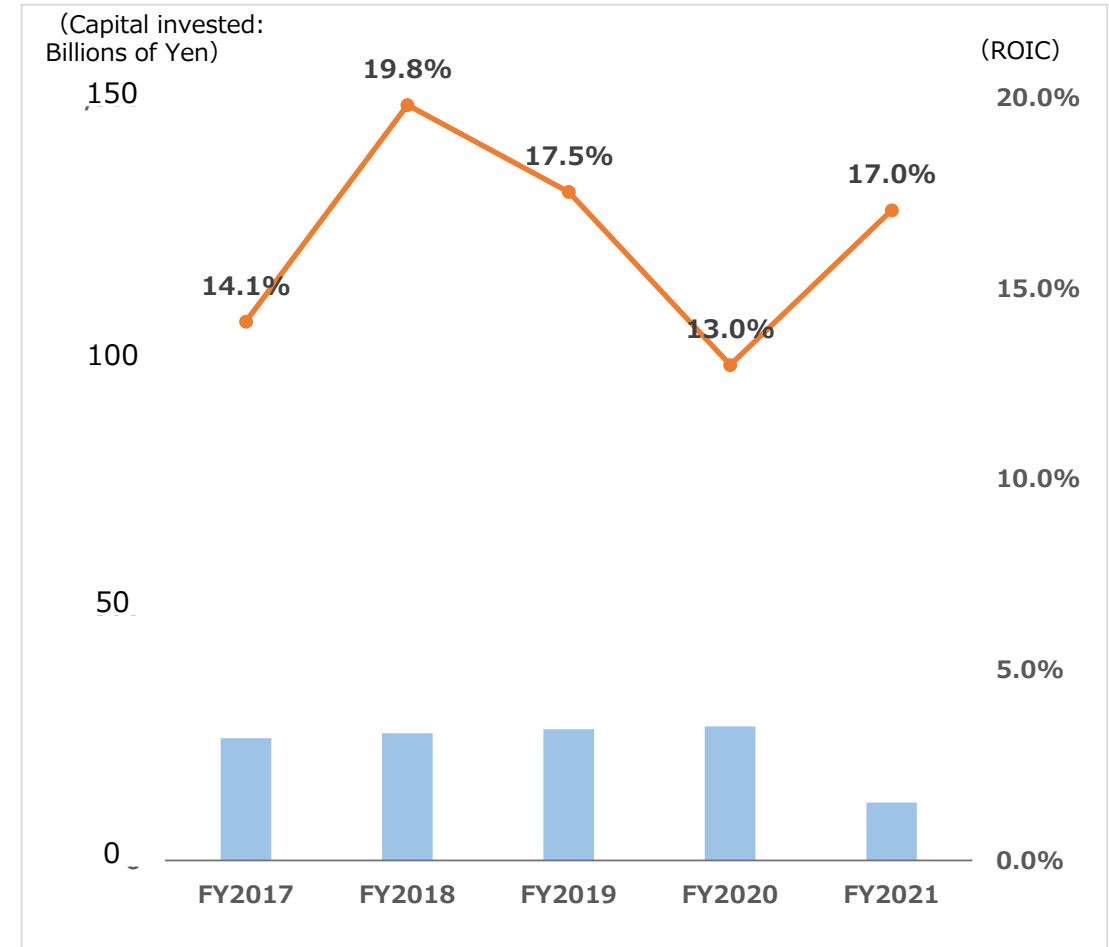
## (Impact of Application of Accounting Standard for Leases on ROIC)

### Large increase in ROIC when calculated on a cash basis excluding the impact of lease accounting

Change in capital invested and ROIC



Excluding the impact of lease accounting



\*Excludes lease liabilities at Benesse Style Care from capital invested, adds depreciation costs for lease assets at Benesse Style Care back to OP but excludes lease interest and repayment of principal for lease liability.

