



Financial Results for 1H FY2023

November 10, 2023
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.

- 1. Financial Results Summary for 1H FY2023 and FY23 Earnings Forecasts**
- 2. Progress of Transformation Business Plan**
- 3. Tender Offer for Company's Shares Announced on November 10, 2023**

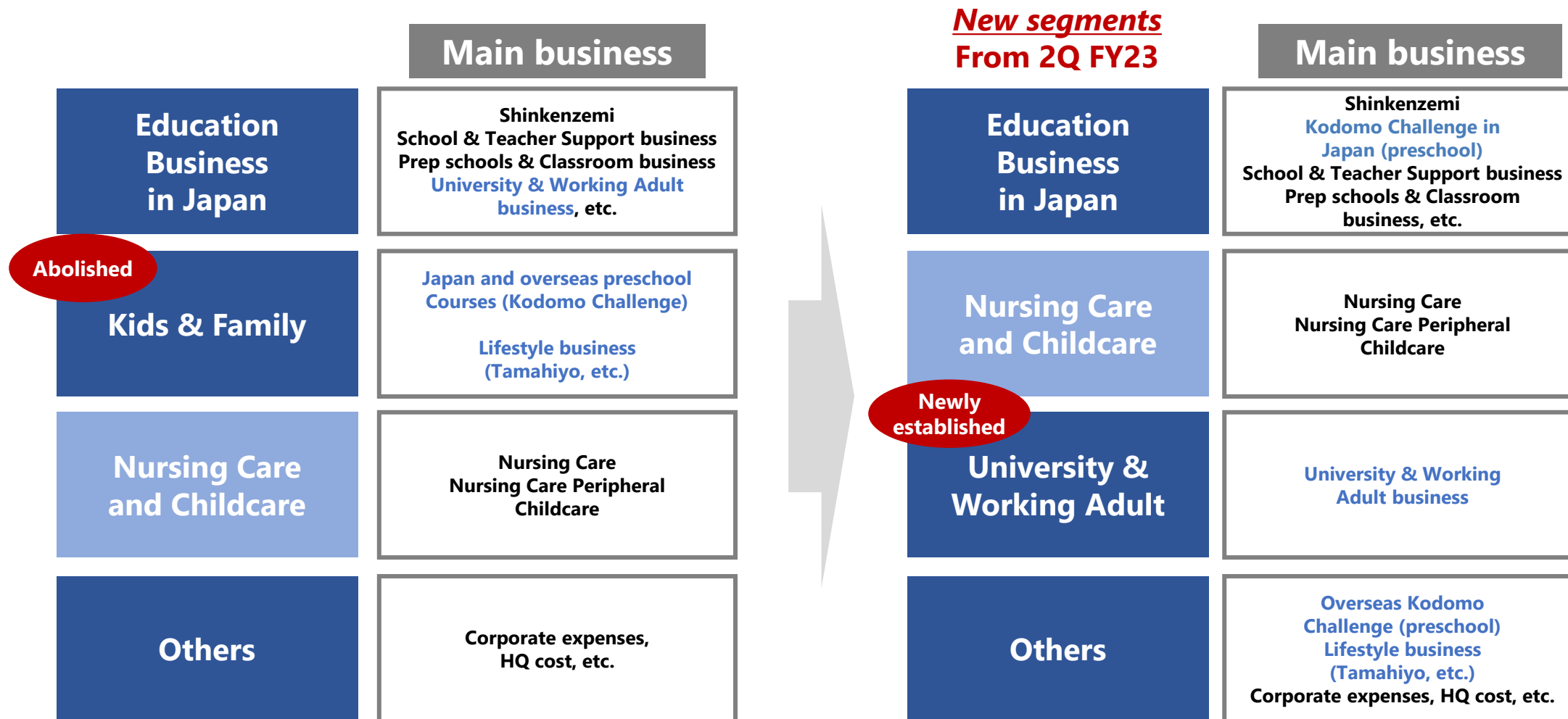
Financial Results Summary for 1H FY2023 and FY23 Earnings Forecasts

Shinsuke Tsuboi
Managing Executive Officer, CFO,
Executive General Manager of Finance and Accounting
Benesse Holdings, Inc.

Financial Results Summary for 1H FY2023

Segment change

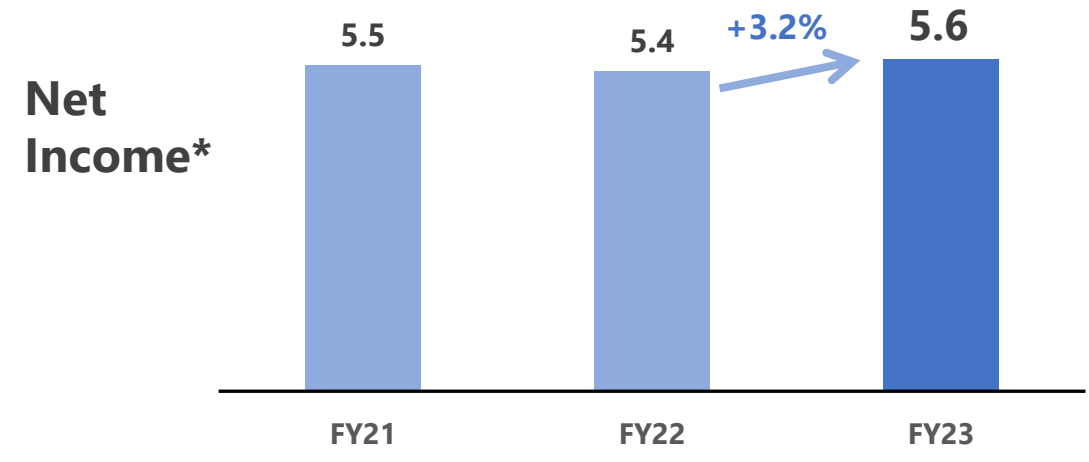
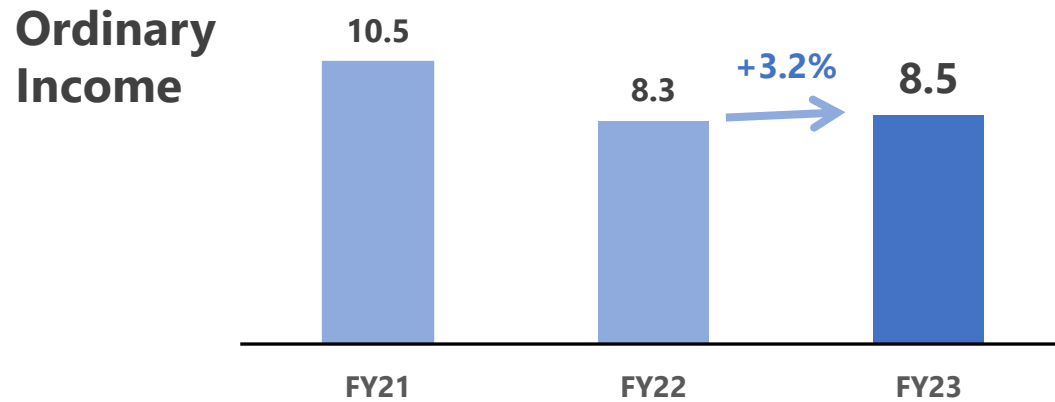
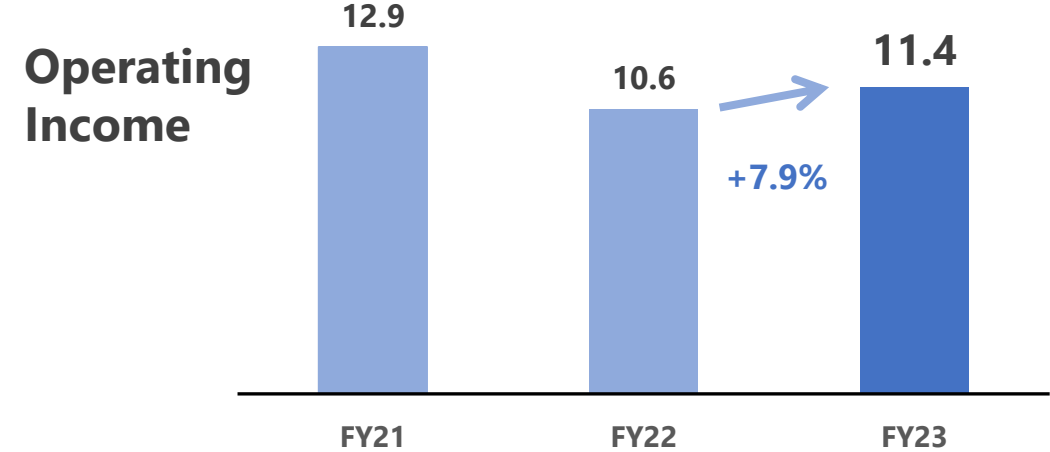
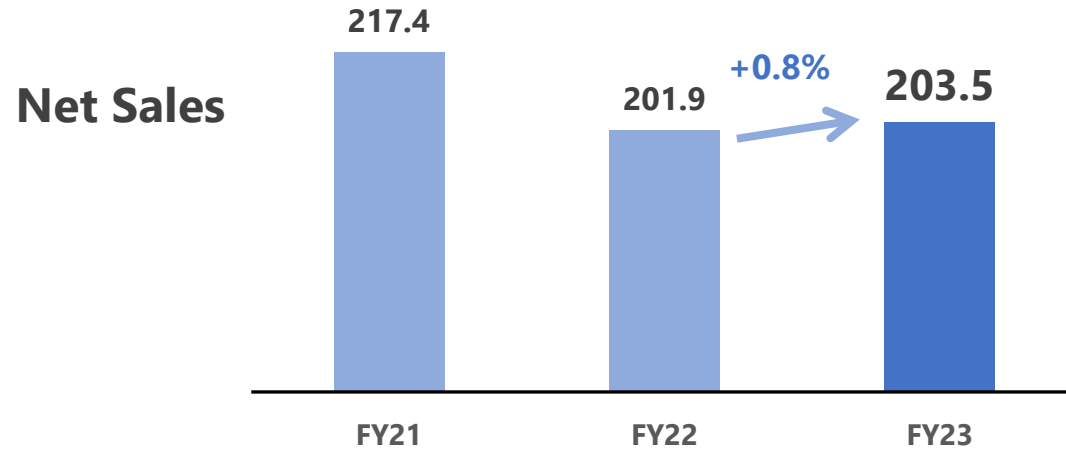
We have changed the organizational structure to achieve the transformation of our portfolio structure aimed under the Transformation Business Plan. In line with this change, we have also changed the reportable segments.



Highlights for 1H FY23

Increased sales and income driven by Nursing Care and Childcare Business

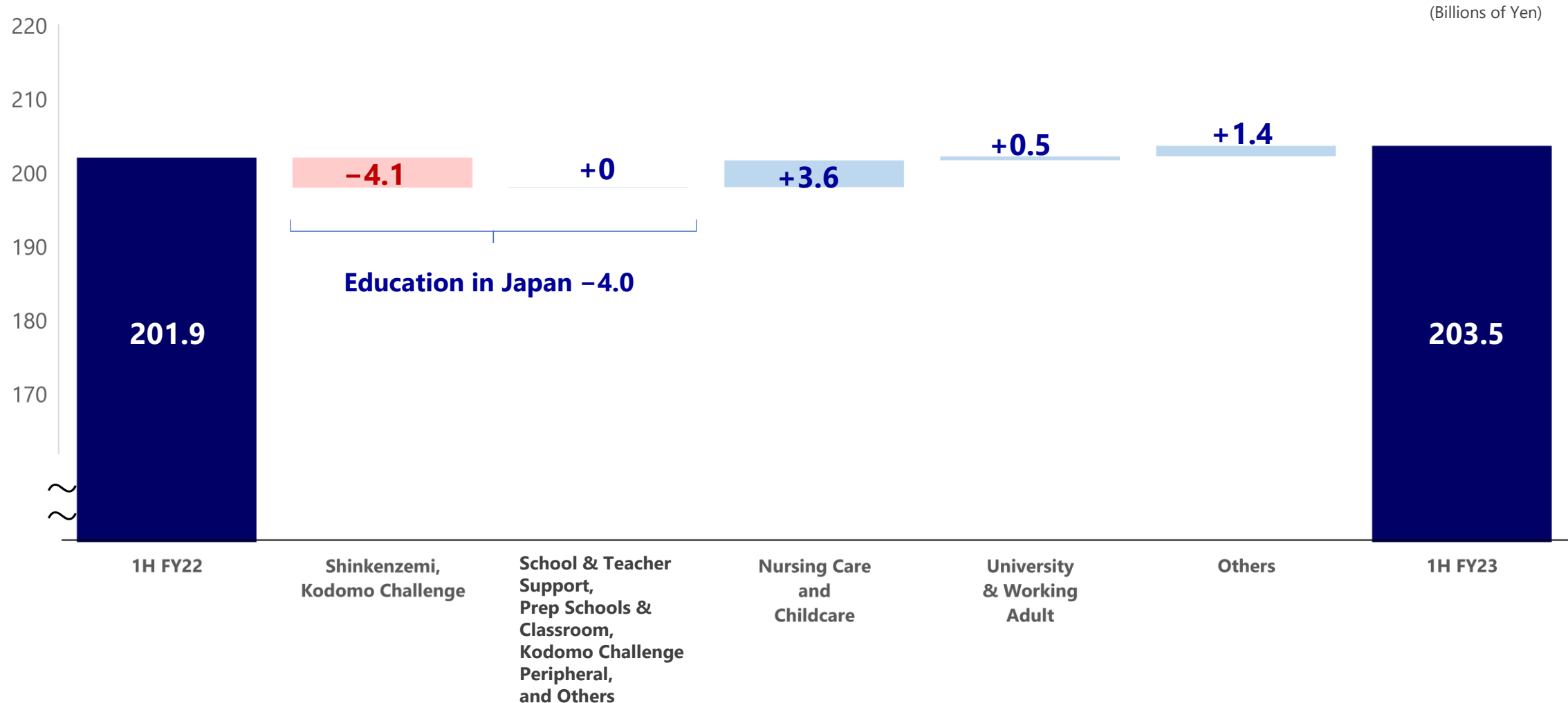
(Billions of Yen)



* Net income attributable to owners of parent

Change in 1H FY23 net sales by segment (YoY)

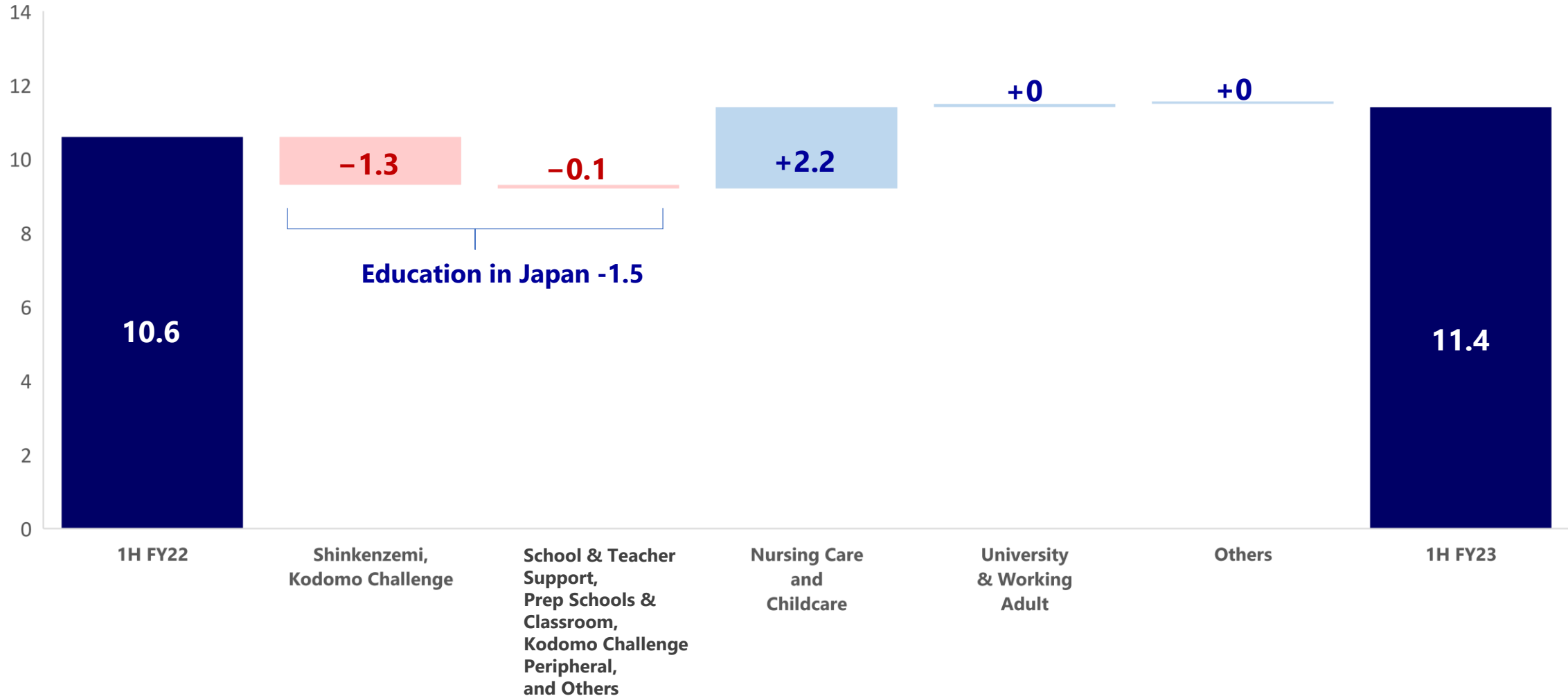
Overall increase in sales thanks to increased sales in Nursing Care and Childcare and University & Working Adult Businesses, etc., offsetting the declined sales in Education Business in Japan



Change in 1H FY23 operating income by segment (YoY)

Overall increase in income thanks to increased sales in Nursing Care and Childcare Business, offsetting the declined sales in Education Business in Japan

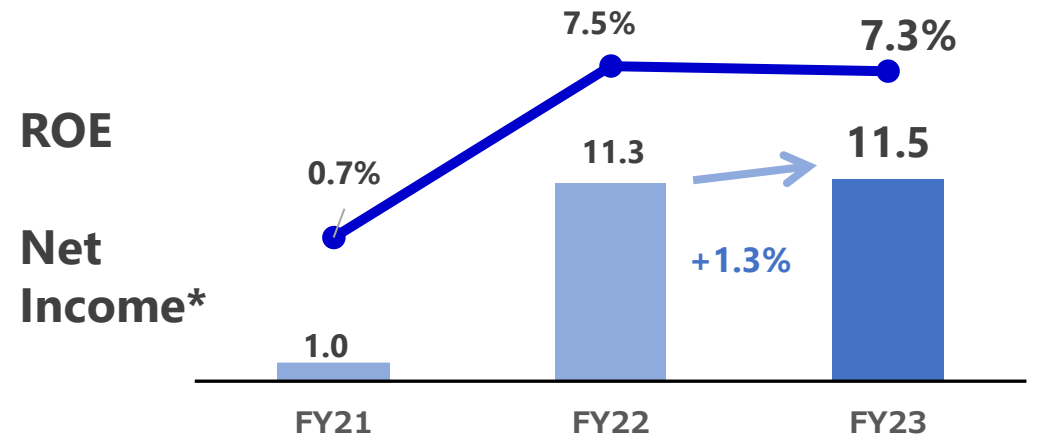
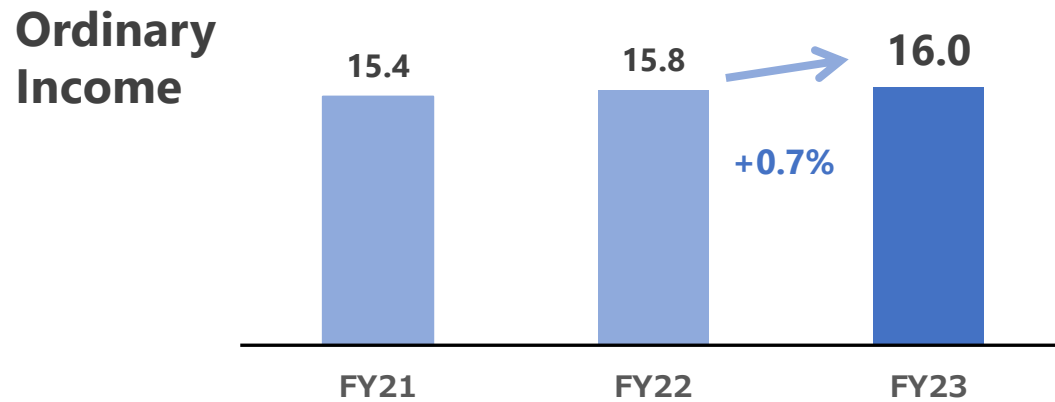
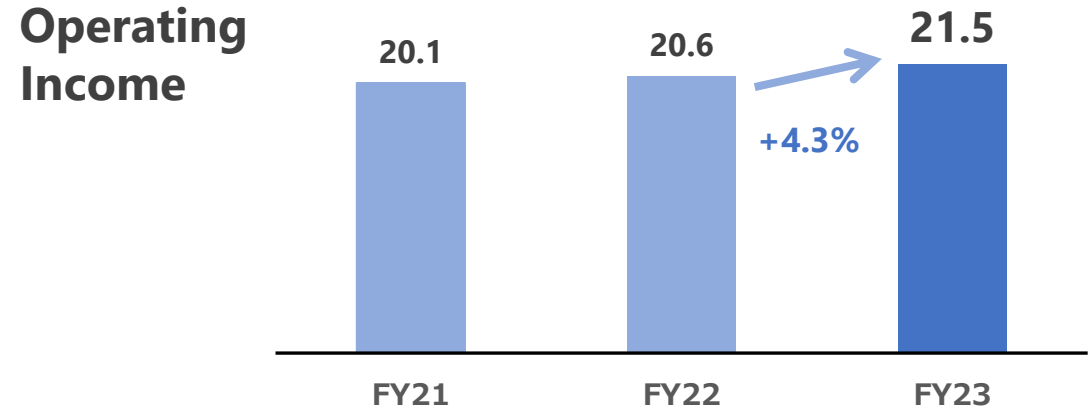
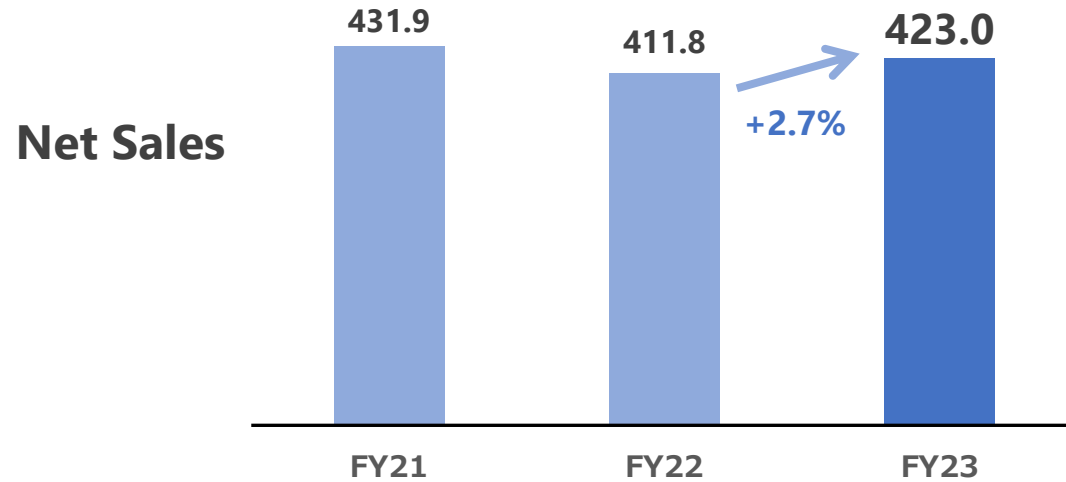
(Billions of Yen)



FY23 Earnings Forecasts

FY23 earnings forecasts highlights

Forecasts announced on May remain unchanged.



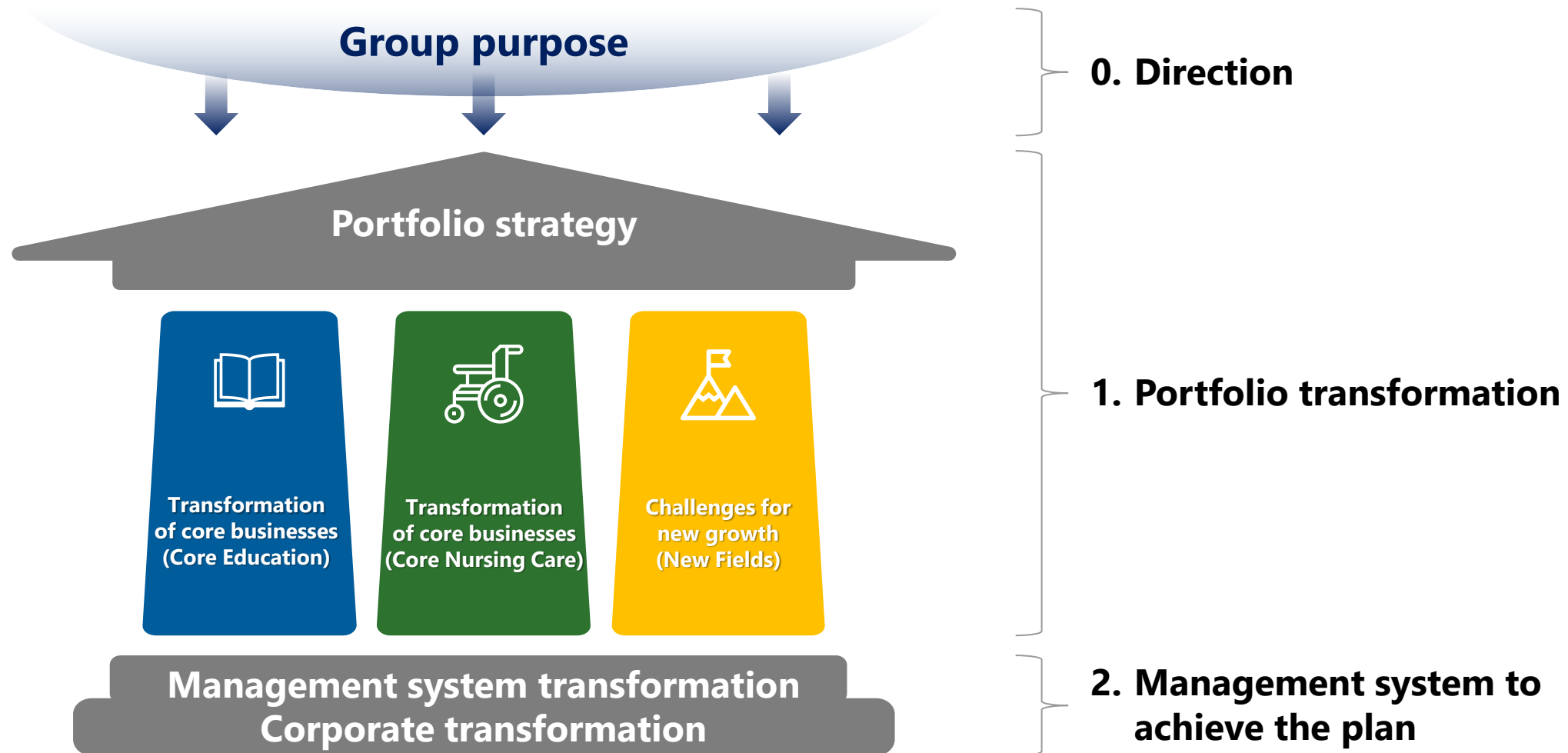
* Net income attributable to owners of parent

Progress of Transformation Business Plan

Hitoshi Kobayashi
Representative Director and President, CEO
Benesse Holdings, Inc.

Overall picture of Transformation Business Plan

In order to achieve the Group purpose, we will carry out the transformation of our business portfolio and management systems.



Transformation of Core Businesses

We have been implementing measures in line with the Transformation Business Plan.

Transformation of Core Education business

Next GIGA Program

Long-term: FY26–

Short/medium-term: FY23–25

Transformation Business Plan

Progress

1 Product value and sales method redesigns

- Initiatives to maintain/strengthen customer base
 - Response to increasingly diverse needs
- ⇒ Improvement in accuracy of above measures through ROI evaluation

- Propelling sales reform P.14
Strong summer sales
 - Enhancing products P.15–
- ⇒ Aim to stop the declining number of members in FY25

2 Cost structure reform

We will review and reduce fixed cost structures across organizational boundaries throughout the Education Business in Japan.

- Implementing the company-wide reform beyond Core Education P.19–

Transformation Business Plan

Progress

3 Next generation adaptation and business model transformation

We will work on transforming business models with the progress of DX as an opportunity.

- Started development to take a BYOD approach in FY25

Core Education: Product value and sales method redesigns (sales reform in *Shinkenzeni*)

Summer sales were strong due to a marketing reform.

Initiatives in 1H for summer sales

- **Focused on upstream marketing**
Shifted to spend selling expenses on upstream marketing whose KPIs are awareness raising and trials
- **Expanded the scope of experiential marketing**
Designed trial educational materials early by our target group of students

Summer trial educational materials



Elementary school courses



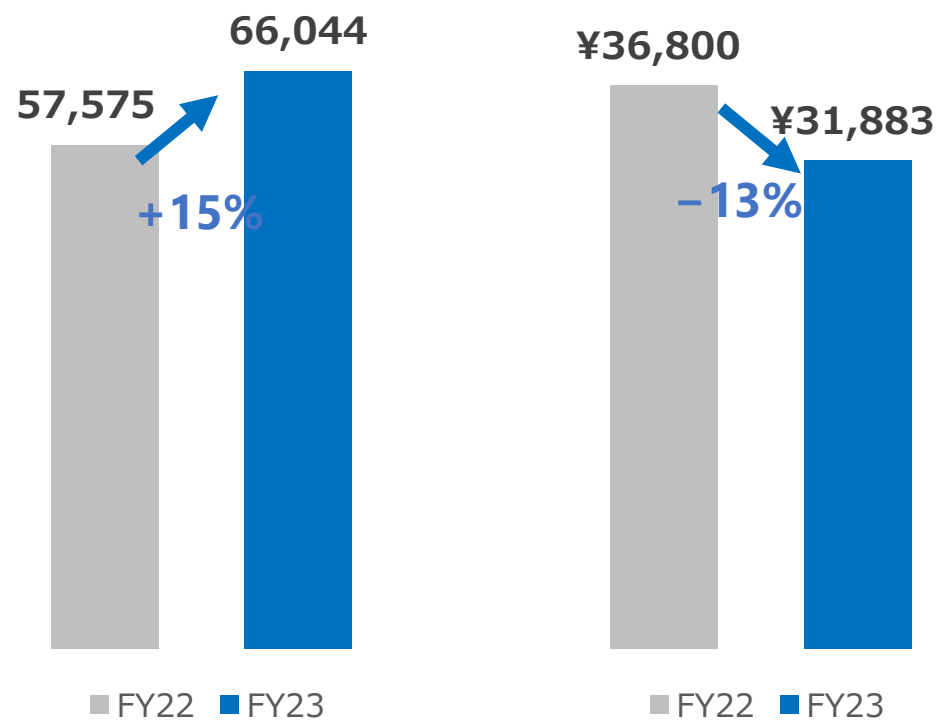
Junior high school courses

Results

(elementary school courses to high school courses)

Number of new enrollees

CPO



Based on the results of summer sales, we are currently drawing up a sales plan for the peak period of sales.

Core Education: Product value and sales method redesigns (issues to be addressed in Shinkenzeni)

Increasing children's learning motivation is the key to recovery of Shinkenzeni business.

Issues to be addressed to increase children's learning motivation

Develop and deepen children learning in a way that attracts their interest and attention

- Allow children to learn using multiple media
- Propose new ways of learning

Promote the use of our services by lowering the hurdle for children to study

- Allow children to learn using multiple media with simple ID and simple flow to lead children

Raise awareness among parents and more involve them in their children's learning

- Motivate children to study and build their self-esteem by creating opportunities for them and their parents to communicate with each other

Enhancing products in FY23 and FY24

(1) New ways of learning to encourage learning, mastering, and staying as an enrollee

- Allow children to learn using multiple media, i.e. a combination of optimal devices
- Provide several education tools that deepen children learning
- Provide career advice that aligns with the results of Shinken simulated exams

(2) Reducing stress in learning process

- Have a simple flow to lead children (simplify ID and improve UI)
- Allow children to ask questions about subjects at anytime and as often as they like (AI teachers)
- Deliver information about learning and receive questions and consultation

(3) Motivating children to study by having them connect

- Inform parents of their children's learning progress and allow parents and children to chat
- Have AI teachers and coaches for each high school keep an eye on children learning and allow children to have connections with peers

Core Education: Product value and sales method redesigns (examples of enhancing products in Shinkenzenmi)



(1) New ways of learning to encourage learning, mastering, and staying as an enrollee

Example in high school courses (FY23)

- Guide to preparing for university entrance exams: provide career advice that aligns with the results of Shinken simulated exams

模試になるとうまくいかない...というキミも大丈夫!
模試後の個別の学習・進路指導で、やることに迷わず現役合格まで着実に伸びる!
追加料金 0円

模試返却後 結果提出直後 約1週間後 いつでも

模試の結果から、よくできた問題や対策すべき単元を確認! 模試返却後すぐに自分で復習を始められる!

7月の模試から利用可能!

模試の結果をスマホで入力して送るだけ! 復習のサービスで復習できる!

キミに合わせた目標と強化すべき分野を確認! 次の模試の対策に迷わない!

科目	模試	偏差値	目標	強化すべき分野	
国語	A1	58.5	65.5	+7.0	読解力、文章力
	A2	58.5	65.5	+7.0	読解力、文章力
数学	A1	58.5	65.5	+7.0	計算力、応用力
	A2	58.5	65.5	+7.0	計算力、応用力
英語	A1	58.5	65.5	+7.0	読解力、リスニング
	A2	58.5	65.5	+7.0	読解力、リスニング

If enrollees of high school courses send a photo of their results of Shinken simulated exams from their smartphones, they can receive an individual review program, a daily study plan, and advice about applying for entrance exams on an app.

→ Usage rate is 20%–30%. Submission rate is good.

We will see whether this service helps retain enrollees.

Example in elementary school courses (FY24)

- Expansion of the target grades of Nintendo Switch™ software (cover all grades of elementary school courses and livestream classes of junior high school preparation courses)

Shinkenzenmi

Score improvement series

for Nintendo Switch



- Provision of more education tools that foster thinking skills



Read-aloud projector for first graders



AR for fifth and sixth graders (climate and history)



Lunar cruiser to explore the moon with programming for third graders

- Programming to improve problem-solving skills

Provide an app consisting of three categories, which is tailored to child development stages



Core Education: Product value and sales method redesigns (examples of enhancing products in Shinkenzenmi)

(2) Reducing stress in learning process

Q&A service powered by generative AI (FY24)

We will introduce an AI-powered Q&A service in elementary school courses (for fourth and higher graders) and junior high school courses.



AI-powered interactive service that makes children want to learn more



(3) Motivating children to study by having them connect

Smartwatch (April issue in FY24 for first graders at junior high school and those at high school)

Children can manage their daily to-do list on smartwatch.



It aligns with Shinkenzenmi educational materials

Smart Watch NEO

Virtual study room (to be available in January 2024)

Children can study while connecting online in real time with a teacher and peers nationwide.

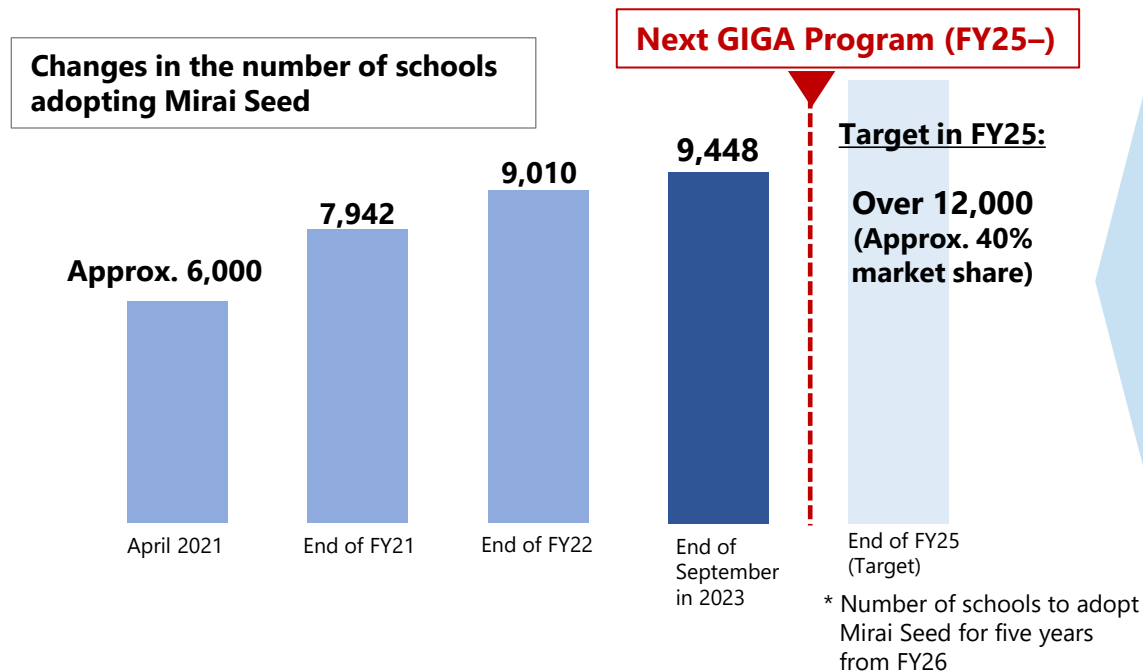


Elementary and junior high school business: enhancing the appeal of Mirai Seed for GIGA device replacement in FY25

Elementary and junior high school business

- The number of schools adopting Mirai Seed has continued to increase steadily in line with the progress of the GIGA School Program.

- We are enhancing the product and expanding its customer base for GIGA device replacement in FY25 (making progress as planned)



Strategic investment toward next generations: ¥1.1 bn in FY23

Teaching and learning support software for elementary and junior high schools

Mirai Seed

- Enhance product appeal
- Strengthen follow-up system at schools (e.g., online training sessions)

Core Education: Progress of the cost structure reform

We established the Operation Transformation (OX) Office within Benesse Corporation to implement the company-wide and cross-organizational cost structure reform.

Themes for cost structure reform	Current scale of cost	Measures to take for cost structure reform	Expected results
<ul style="list-style-type: none"> IT Telephone contact SCM Marketing base Editing Others 	<p>Approx. ¥34.0 bn</p>	<ul style="list-style-type: none"> <ul style="list-style-type: none"> ■ Expand in-house development by integrating an IT function subsidiary (from July 2023 onward) 1 ■ Cut fixed cost and adopt variable cost by eliminating data centers <ul style="list-style-type: none"> ■ Review operations through automation (from May 2023 onward) Next-Generation Contact Center Project using generative AI 2 <ul style="list-style-type: none"> ■ Integrate logistics hubs and streamline operations ■ Integrate and streamline basic organizations including functional subsidiaries (from April 2024 onward) <ul style="list-style-type: none"> ■ Centralize operations across organizations and promote BPR <ul style="list-style-type: none"> ■ Reduce editing processes through automation ■ Increase in-house editing capability by integrating two editing function subsidiaries (from April 2024 onward) <ul style="list-style-type: none"> ■ Review outsourcing operations and optimize contracts 	<p>FY23 -¥1.4 bn</p> <p style="font-size: 2em; margin: 10px 0;">▼</p> <p>FY25 -¥3.0–5.0 bn</p>
<p>Establishment of the OX Office</p>			

Core Education: Progress of the cost structure reform

Radically automating and streamlining business processes through Business Process Reengineering (BPR)

1 Merger with Benesse InfoShell

- Improving the Group's DX ability by reallocating IT personnel
 - Increasing the quality and speed of operations by increasing in-house capabilities and automating operations
 - Creating more employee capacity through BPR

Benesse Corporation



Benesse InfoShell



Number of employees: 419

- **Effect to be brought about by in-house development**

FY23 FY24 FY25
 -¥1.0 bn ⇒ -¥1.4 bn ⇒ -¥2.1 bn

2 Next-Generation Contact Center Project

- **Aiming to solve customer problems with a hybrid of operators and AI serving customers 24/7**
 - Automating the member identity verification process with a voice chatbot
 - Automatically evaluating the quality of customer services with a speech-to-text tool, among other measures

Anytime → Conversations with an AI chatbot will solve customer problems 24/7.
Short time → AI chatbot will serve a caller waiting to talk to an operator to help solve the caller's problem.
Appropriate response → Voice recognition and AI technology will provide accurate responses in real time.



- **Cost reduction target by improving productivity**

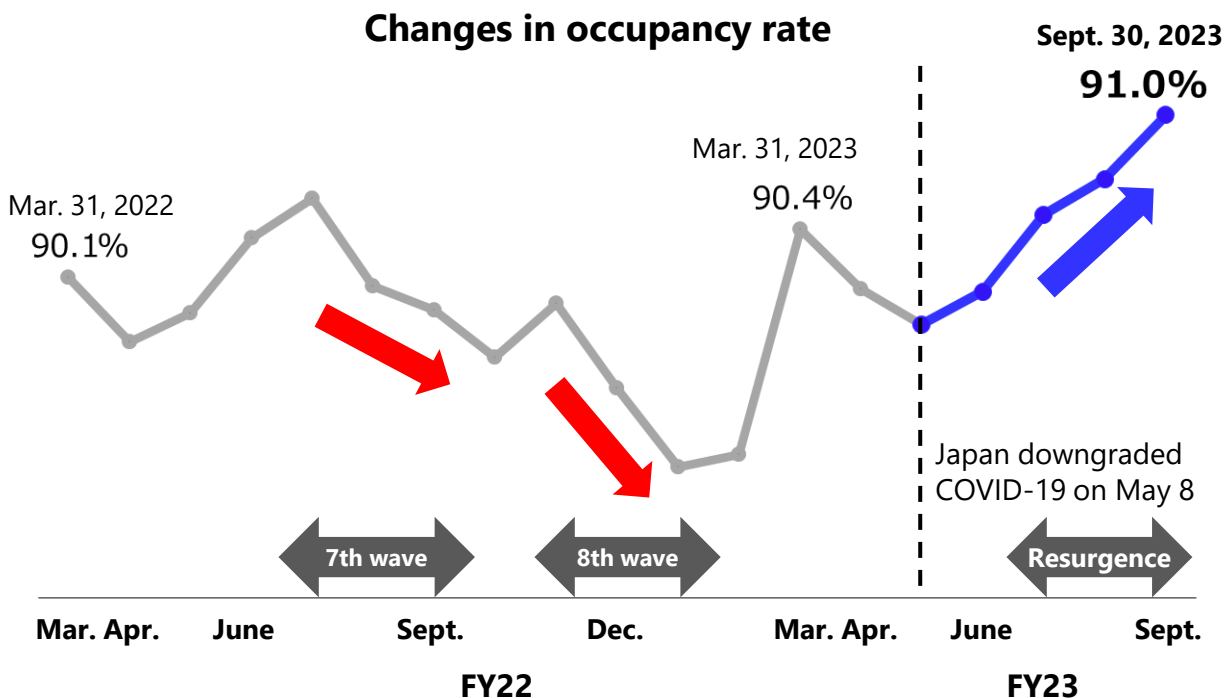
FY23 FY24 FY25
 -¥0.5 bn ⇒ -¥1.0 bn ⇒ -¥2.0 bn

Core Nursing Care: nursing-care facility business

Occupancy rate improved even amid a resurgence of COVID-19 during the July to September period as we held seminars and events and enhanced our sales activities.

Recent conditions

- Occupancy rate was 91.0% at September 30, 2023.



Enhanced sales activities

- We actively held seminars and events.

- The number of events we held during the July to September period increased significantly (6.6 times more than the same period of FY19)
- The number of seminar participants increased, and the conversion rate of inquirers that visit facilities also increased.



- We encouraged visitors to try short stays (trials).

- The number of short-stay users and the conversion rate of them that sign a long-term contract both increased.

- We enhanced our sales activities.

- We enhanced our sales system to accelerate the development of sales staff.

New Fields

■ University and Working Adult Business

■ Nursing care peripheral business

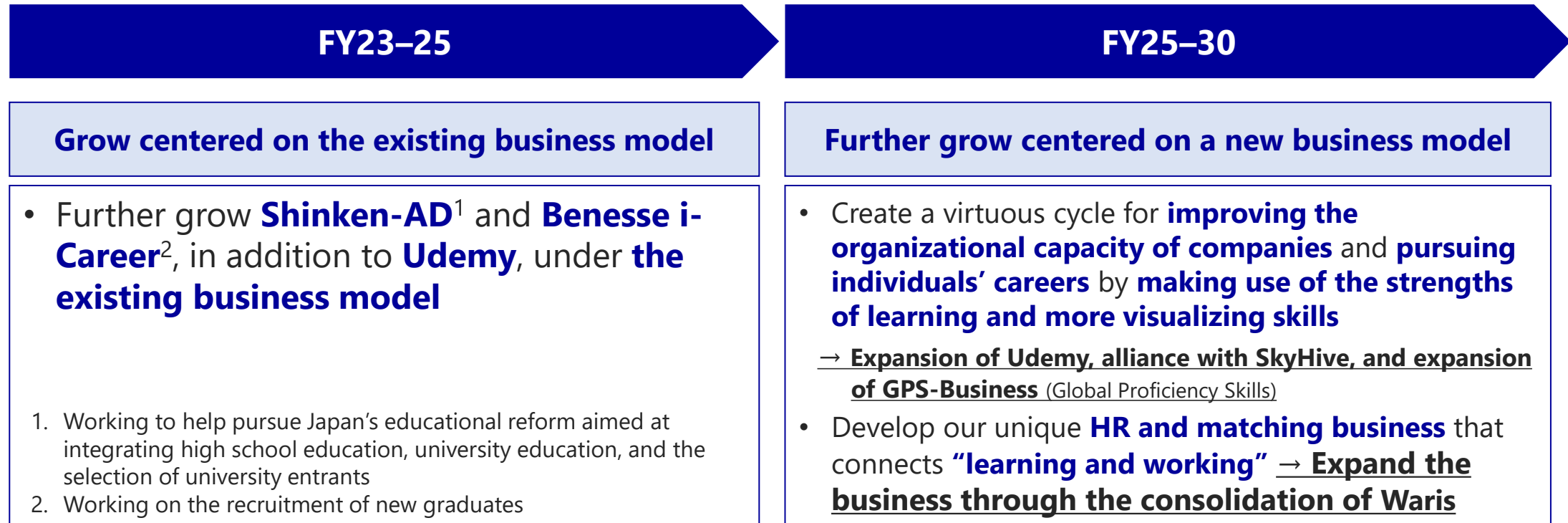
Nursing care HR and nursing care meals

■ Overseas business

Education business in India

Phases in the University and Working Adult Business

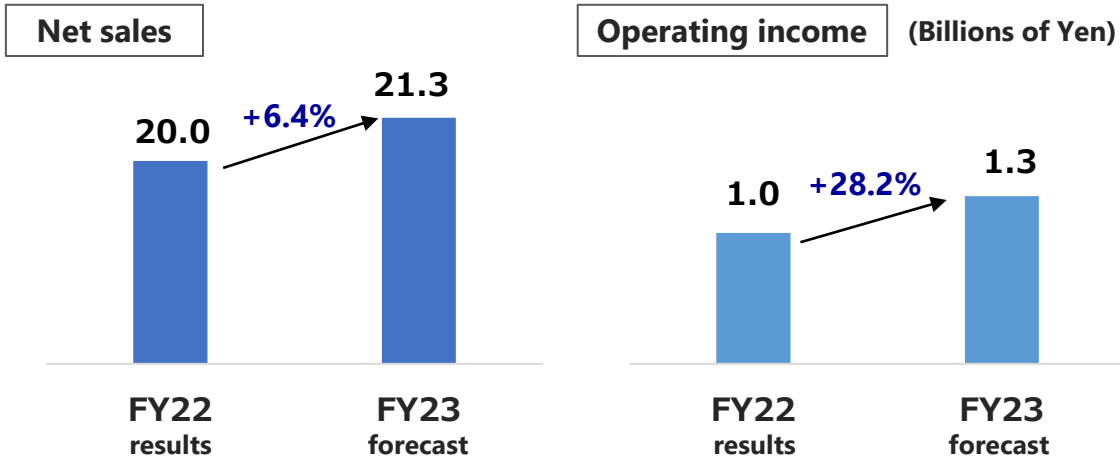
We aim to grow this business under the existing business model until FY25 and to further grow it centered on a new business model toward FY30.



We intend to further drive business growth across the Group through the allocation of **management resources**

The business currently has steady growth with the number of customers steadily increasing.

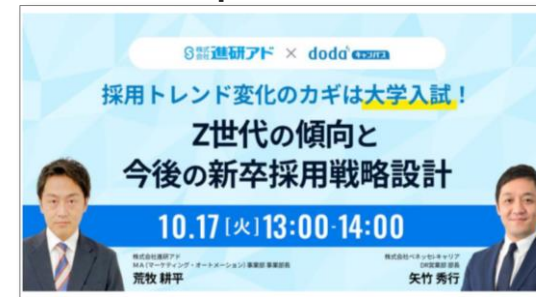
Net sales and operating income of the business for FY22–23



Increased customer contacts across the Group

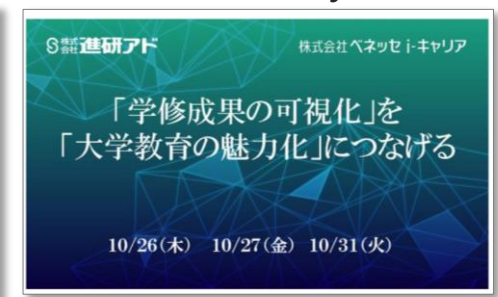
Shinken-AD x Benesse i-Career

Event for corporate recruiters in Oct.



(Number of corporate applicants: 81)

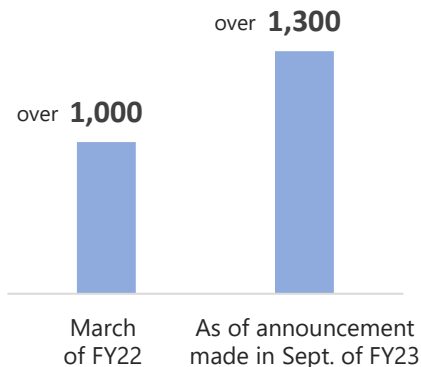
Webinar for university staff in Oct.



(Number of applications: 593 persons from 357 universities)

Number of Udemy customers

Number of companies adopting Udemy in Japan



Numbers as of announcement made in September 2023

- Number of companies adopting Udemy in Japan: over 1,300 (over 50% of companies listed on the Nikkei 225 index)
- Number of users in Japan: over 1.4 million

Waris x THANK YOU! Waris x Benesse Senior Support

Co-hosted webinar for women in Oct.



(Number of applicants: 319, of which approx. 30% applied through THANK YOU!)

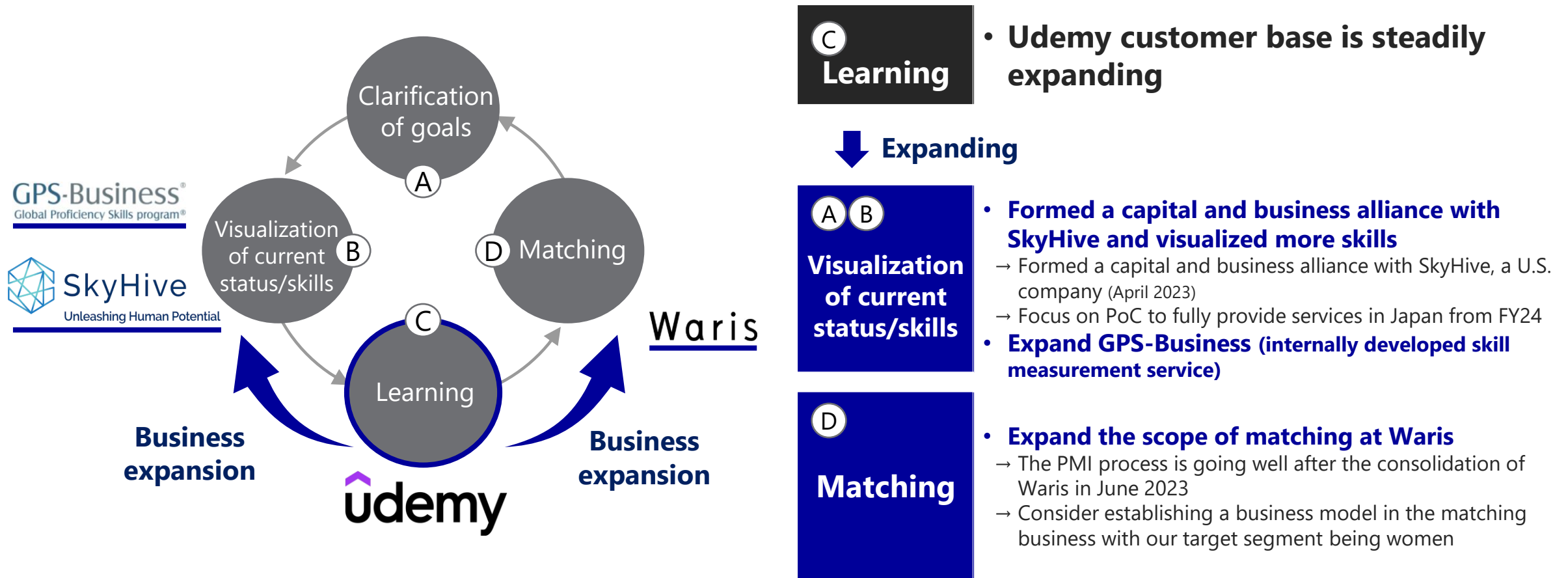
Co-hosted webinar for companies in Oct.



(Number of applicants: 38)

New business model of the University and Working Adult Business

We will make the most of the strengths of learning to establish a new business model.



Backcasting from FY30, we created a roadmap and currently consider establishing a business model while constantly updating priorities of the overall strategy.

**Tender Offer for Company's Shares
Announced on November 10, 2023**

The Company's Board of Directors has resolved to express support for a management buyout to be conducted jointly by its founding family members and the EQT Group.

- The EQT Group has released, on November 10, 2023, a notice on the planned commencement of a tender offer for the Company's shares (the "Tender Offer").
- The Tender Offer will be conducted jointly by the Company's founding members and the EQT Group as part of a series of transactions constituting a management buyout (MBO) (the "Transactions").
- At its meeting held on November 10, 2023, the Company's Board of Directors has resolved, as the current opinion of the Company, to express support for the Tender Offer and recommend tendering shares therein.

■ Outline

• Main tender offer conditions

- Tender offer price: ¥2,600 per ordinary share; ¥2,600 per American depositary share
- Premiums on the simple average closing prices of the Company's stock on the business day preceding the announcement date of the planned commencement of the Tender Offer, and for the past one month, three months, and six months: 45.13%, 45.90%, 42.39%, 41.23%
- Minimum number of shares to be purchased: 47,818,900 shares* (ownership ratio: 49.56%)
- Maximum number of shares to be purchased: N/A

• Schedule

- Announcement date: November 10, 2023
- Tender offer period (plan): To be commenced around early February 2024 and open for 20 business days (planned to be commenced immediately after the completion of obtaining necessary permits and approvals under the competition laws and other regulations in the respective countries)

* Calculated based on the following formula: the number of voting rights (964,843 units) pertaining to the number of shares (96,484,331 shares) obtained by deducting the treasury shares the Company owns (6,163,798 shares) from the total number of issued shares (102,648,129 shares) as of September 30, 2023, multiplied by 2/3 (rounded up to the whole number; 643,229 units), and deducting the number of voting rights (165,040 units) pertaining to the non-tendered shares (478,189 units) multiplied by the number of share units (100 shares) of the Company (47,818,900 shares)

Reason for expressing support for the Tender Offer and recommending tendering shares therein

We have concluded that the following synergies can be expected to be generated through the agile and steady implementation of management measures, which will contribute to the realization of the Transformation Business Plan and further enhancement of the Company's corporate value, by utilizing the EQT Group's network and know-how, in addition to the Group's management resources and know-how, and by privatizing the Company's shares and enabling the EQT Group to invest its management resources in the Group through the Transactions.

Significance and synergies expected of the Transactions

■ Improvement of operational efficiency and diversification of services through digitalization in Education Business

- Provide new educational services that meet the diverse needs of customers by promoting digitalization and improving operational efficiency in existing business.
- Utilize the EQT Group's digital team and network and collaborate with its portfolio companies (investees).

■ Expansion and sophistication of global business development in Education Business

- Expand our overseas business by utilizing the EQT Group's overseas know-how and network.
- Focus on China, which is the Company's largest overseas market, and India, which currently is highly strategically positioned in the Transformation Business Plan, in the short term.

■ Active use of M&A

- Actively use M&A in Education Business and Nursing Care Business to achieve the medium- to long-term growth of the Company.
- Utilize knowledge, network, and resources of the EQT Group, which specializes in supporting the acquisition of its investee companies.

■ Acceleration of decision making by privatization

- Build a management structure that enables flexible decision making and increase the speed of business development.

In light of the planned implementation of the Tender Offer, the Company's Board of Directors has resolved not to pay a dividend at the end of the fiscal year ending March 31, 2024 (FY3/24), and to abolish the shareholder benefit plan.

■ Dividend

- Pay an interim dividend of ¥30 per share for FY3/24 as planned.
- Revised the year-end dividend forecast for FY3/24 to reflect our decision not to pay a dividend at the end of the fiscal year.

Note: If the Tender Offer is not commenced or completed, the Company intends to take reasonable measures to distribute a certain amount of dividends. In such case, the Company will promptly decide and disclose whether or not dividends will be distributed and the dividend policy and method.

■ Shareholder benefit plan

- Provide shareholder benefits to shareholders recorded on the shareholder registry as of September 30, 2023.
- Abolish the shareholder benefit plan from the FY3/24.

Note: We have not yet decided whether to reintroduce a shareholder benefit plan when the Tender Offer is not commenced or completed.

■ About the EQT Group

- EQT is a private equity firm founded in 1994 and headquartered in Sweden, with an office network extending across 20 countries in Europe, Asia, and North America. Currently, the firm's assets under management total approximately €232.0 bn (approx. ¥37 tn*).
- EQT is engaged in investment activities with a purpose to “future-proof” a company (to transform it into a company with sustainable value for the future) and create a positive impact on the world.
- EQT originates from the Wallenberg family of Sweden, an industrial capitalist for more than 160 years, and has an entrepreneurial spirit and a long-term business philosophy.

* Converted at an exchange rate of €1 = ¥160.

