



Benesse Holdings, Inc.

FY2023 1H Consolidated Financial Results Briefing

November 10, 2023

Event Summary

[Company Name]	Benesse Holdings, Inc.	
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[Event Name]	FY2023 2Q Consolidated Financial Results Briefing	
[Date]	November 10, 2023	
[Time]	16:00 – 17:00	
[Venue]	Webcast	
[Number of Speakers]	2	
	Hitoshi Kobayashi	Representative Director, President and CEO
	Shinsuke Tsuboi	Managing Executive Officer, CFO, Executive General Manager of Finance and Accounting

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Presentation

Agenda



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

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Kobayashi: Thank you all for taking time out of your busy schedules today to attend our Q2 financial results briefing. Let me briefly explain what I will be discussing today.

Today I would like to report to you all on three points.

The first point is that CFO Tsuboi will give an overview of the 2Q results for the fiscal year ending March 31, 2024 and the outlook for the full year.

Secondly and thirdly, I would like to talk about the progress of the transformation business plan and the tender offer for our company's shares, which was released earlier today. These are the three points I would like to talk about today.

Now, let me begin with an explanation from Tsuboi on the first theme.

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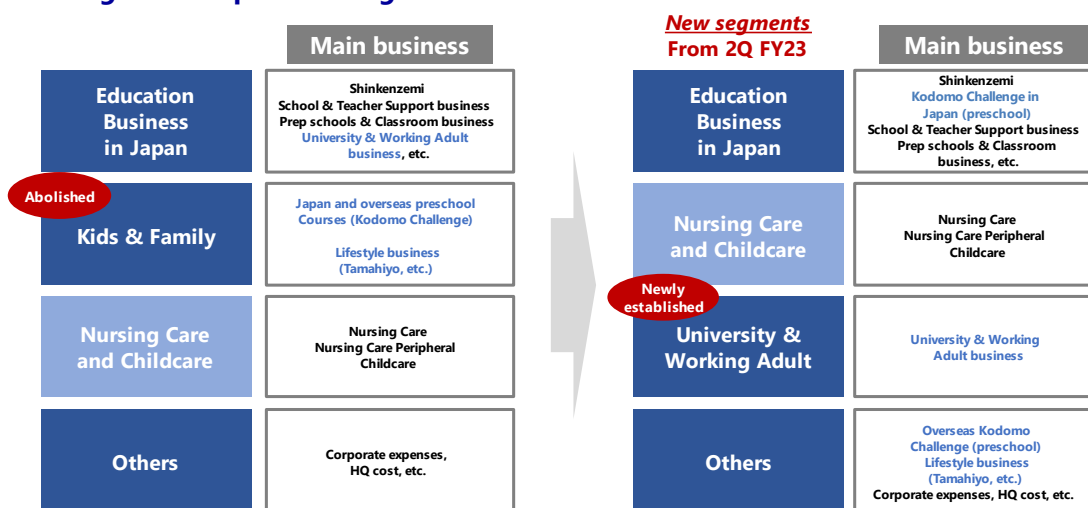
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Segment change



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.



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Tsuboi: I will now give an overview of the results for H1 of FY2023. Our earnings summary, etc. were disclosed at 3:50 PM. Sorry for being a little late.

First of all, before the business results, I will talk about segment changes, starting from 2Q of this year.

As for this objective, we have changed our organizational structure in order to achieve the portfolio structure transformation that we aim for in the transformation business plan. Accordingly, the disclosure segment has also been changed.

Before the change, the segment was divided into education in Japan, Kids & Family, nursing care and childcare, and others, and within Kids & Family, there were domestic Kodomo Challenge, overseas Kodomo Challenge, and lifestyle-related and publishing business such as Tamahiyo business, etc. However, this time, the kids & family business has been abolished, and domestic Kodomo Challenge will be included in the education in Japan segment which includes Shinkenzemi and other domestic education products.

Then, we moved the overseas Kodomo Challenge business, mainly in China, and the lifestyle-related business to Others.

Before the change, we had established the university and working adult business in the education in Japan segment. We have regarded this business as an important segment for our future growth, so we have established a new independent segment, the university and working adult segment.

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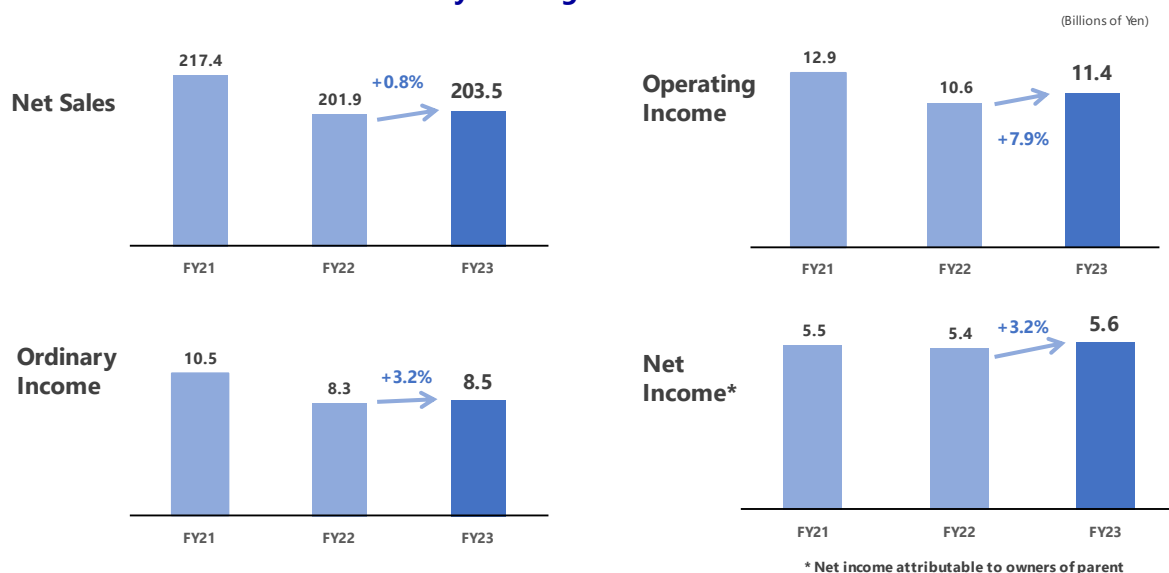
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Highlights for 1H FY23



Increased sales and income driven by Nursing Care and Childcare Business



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These are the highlights of our financial results for H1 of FY2023.

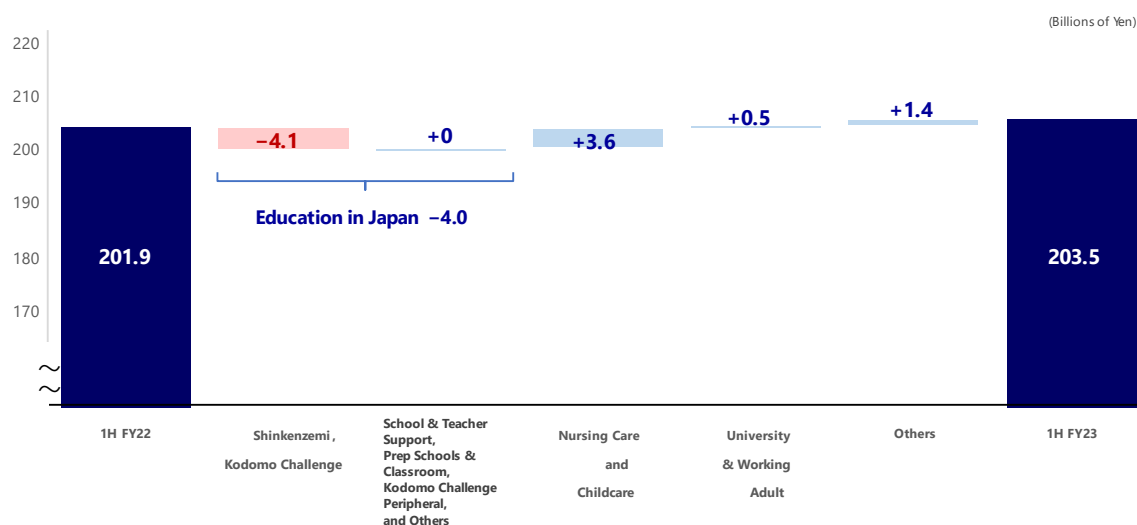
Net sales were JPY203.5 billion, up 0.8% from the previous year, operating income was JPY11.4 billion, up 7.9%, ordinary income was JPY8.5 billion, up 3.2%, and net income was JPY5.6 billion, up 3.2%.

Driven by the nursing care and childcare business, we were able to achieve the first increase in two quarters in sales and profit in 2Q.

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



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This is a water flow chart of sales by business segment in H1 versus the previous year.

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In the education in Japan, there was an increase in tuition income from Shinkenzemi and Kodomo Challenge course, but the total amount decreased by JPY4 billion due to a decrease in enrollment.

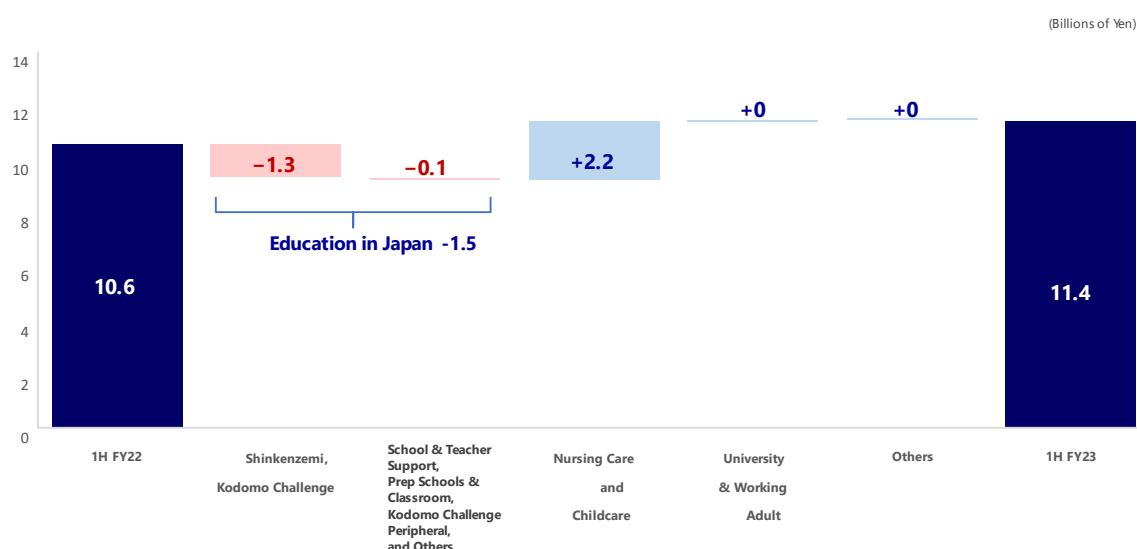
On the other hand, the nursing care and childcare business posted an increase of JPY3.6 billion, due in part to a significant recovery in occupancy rates. University and working adult business also saw an increase of JPY500 million.

Others increased by JPY1.4 billion due to the increase in the China business with less impact of the lockdown in China compared to last year. And with the increase in sales from the Naoshima project, the total amount is JPY203.5 billion.

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



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The next page shows the operating income by business segment, as shown in the water flow chart.

First, in the education in Japan business, the Shinkenzemi and Kodomo Challenge course business saw a JPY1.3 billion decline in profits. Profit from education for schools also declined by JPY100 million, due in part to the poor performance of some assessments.

On the other hand, the nursing care and childcare business increased its income by JPY2.2 billion due to the significant effect of increased sales and profits. Net of the above, the 2Q results show a total increase of JPY0.8 billion from the last year.

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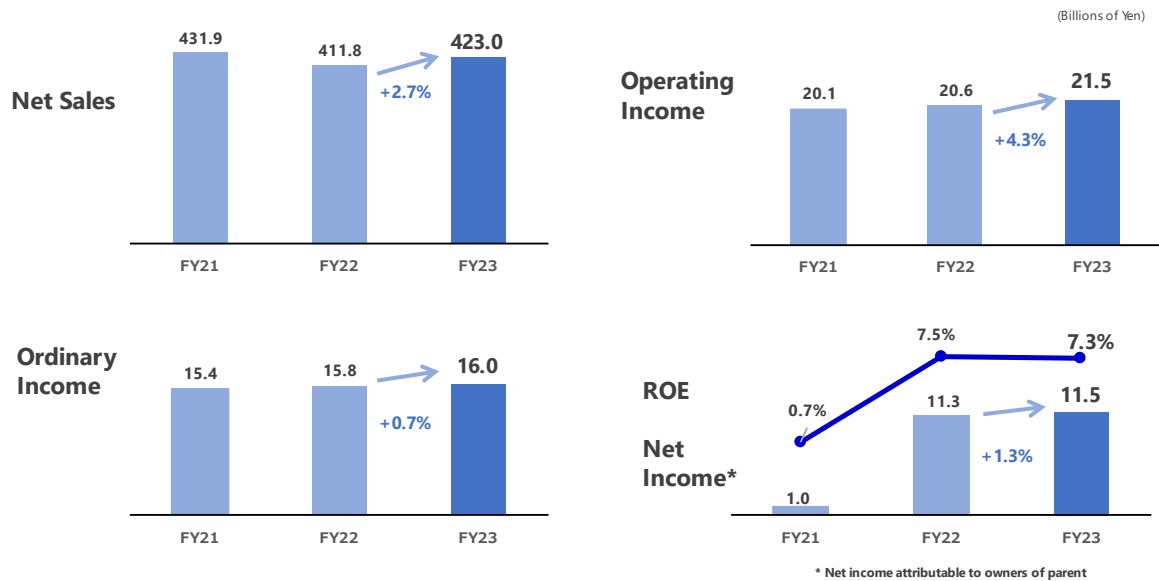
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FY23 earnings forecasts highlights



Forecasts announced on May remain unchanged.



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I would like to continue with a brief report on the outlook for FY2023.

Here are the full-year forecast highlights.

We conclude that there is no change from the full-year forecast for this fiscal year announced in May.

To recap, net sales increased 2.7% YoY to JPY423 billion, operating income increased 4.3% to JPY21.5 billion, ordinary income increased 0.7% to JPY16 billion, net income increased 1.3% to JPY11.5 billion, and ROE was 7.3%. We expect no change from this full-year forecast.

This is a brief explanation from Tsuboi.

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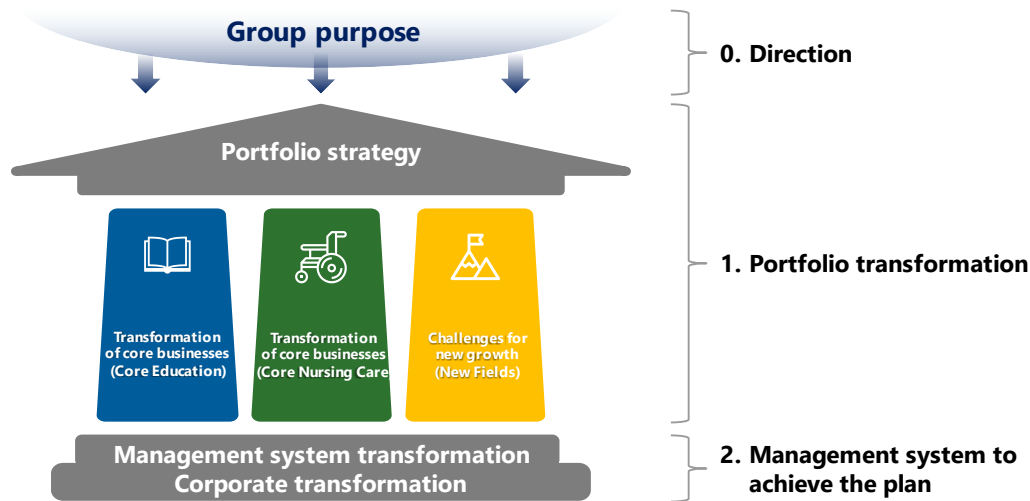
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Overall picture of Transformation Business Plan



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



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Kobayashi: I will now explain the current status and progress of the transformation business plan.

This is the overall picture of the transformation business plan that we presented in May.

We have set forth the Group Purpose, and we will firmly implement reforms in our business portfolio and management structure to achieve this goal. This will create a new Benesse through the transformation business plan. That is what we talked about then.

In particular, within the portfolio strategy, we set out core education and core nursing care as core business transformation. And a new area of challenge for new growth. I believe this is what we showed you before. I would like to talk about the current progress in this area in turn.

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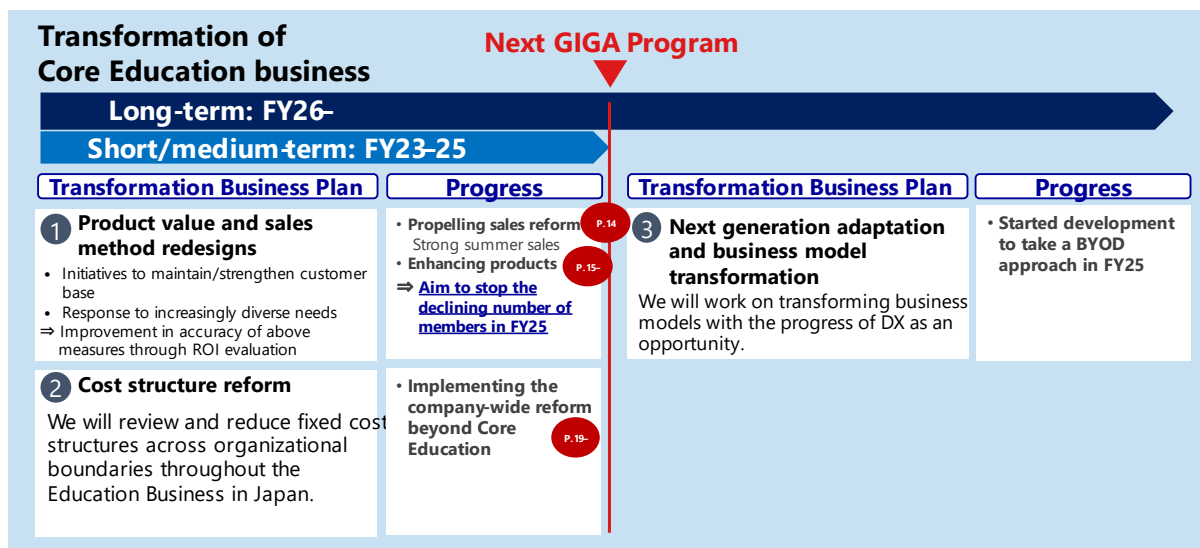
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Core Education: Progress with the Transformation Business Plan



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



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First is about the transformation of the core business.

Regarding core education of the core business, we explained that there will be a very big milestone in Japanese education in 2025, Next GIGA. We also explained that we will complete the project from 2023 to 2025 and that we will change to a new type of project after 2025 or 2026. We are now preparing for this.

I will talk later about the current status, especially on this left side, focusing on how the project is progressing now through 2025.

At the same time, we are of course considering next-generation conversion and business model reforms after 2026. We are planning to take on a variety of new challenges, including the conversion to BYOD. We would like to introduce this when we have such an opportunity again.

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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

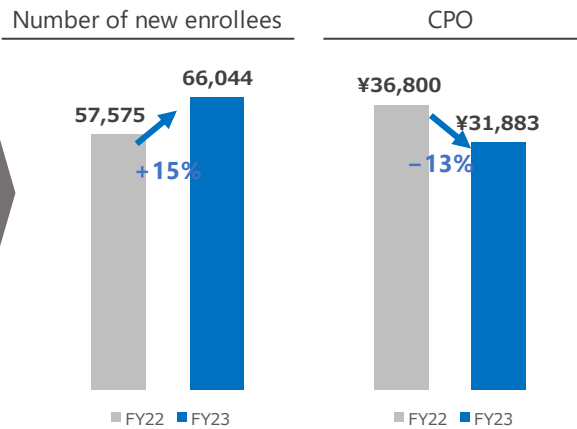


Elementary school courses



Junior high school courses

Results (elementary school courses to high school courses)



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

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We think we have to redesign the product value and sales approach of core education, especially *Shinkenzeni*, and we are working on a sales reform for *Shinkenzeni*.

This summer's sales have showed how this should be done. We found it necessary to firmly strengthen the upstream of what used to be a direct mail-centered sales and to begin communication by identifying customers who are interested and willing to consider. In other words, we are testing the strengthening of upstream measures in a big way this summer.

This means a shift in the selling expenses investment itself, with perception and experience as KPIs. We have also strongly engaged in experiential marketing to help make that shift.

As a result, if you look to the right, the number of new enrollees is up 15% from a year ago and sales this summer increased. Meanwhile, cost efficiency, or CPO, has been lowered by 13%. We have seen this approach this summer and we now know that we may be able to increase the number of new enrollees while improving cost efficiency.

Based on this successful results of this summer's sales, we are currently in the process of preparing for high time, when the volume of new customers to be acquired is larger than that of this summer's sales, by creating a sales strategy.

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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

The next is about the value of the product, one of the issues to be addressed by Shinkenzeni.

We believe that the key to recovery in the Shinkenzeni business is how to improve and enhance children's motivation to learn. I think these three things listed on the left are the issues that need to be addressed in order to improve children's motivation to learn.

The first is advancing and deepening of learning that attracts interest and attention. To this end, we need to propose other media learning or new ways of learning.

The second is about the initiative hurdle. We need to lower the hurdles for children to engage in learning, and to make sure that their utilization is promoted.

And the third and final point is that we need to strengthen the recognition or involvement of parents in the study. It will be necessary to create opportunities for communication between parents and children and other mechanisms. We have such themes.

To achieve these themes, we are making major product enhancements in 2023 and 2024, and we have started some of them in the middle of this fiscal year.

The first point is developing new learning in Shinkenzeni which promotes acquisition, mastery, and retention. The second point is to lighten children's stress in the learning process. And then making a connection. We aim at fostering a desire to learn by making connections with other people, between parents and children, and other connections as a starting point. We are planning from the middle of this fiscal year to incorporate these things into our products in April of next year in a big way.

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



(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**



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)**



- **Provision of more education tools that foster thinking skill:**



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



Firstly, let me tell you about the first point, a new learning proposal that promotes acquisition, mastery, and retention.

What we have already done this year is assisting students in choosing their optimal path after graduation in the senior high school courses in conjunction with the Shinken Simulated Exams. It's called Goukaku Gyakusan Navi. We started doing these things. The idea is to have enrollees of the senior high school courses send photos of the results of the Shinken Simulated Exams via smartphone, and to assist them through individualized review program, daily study plan, or application advice in response to the results.

In fact, the utilization rate is between 20% and 30%. Although the submission rate is inevitably low for this kind of service in the senior high school courses, it is the highest utilization rate for a communicative service like this among all the services offered in the senior high school courses to date. We would like to actually make this an ongoing program.

And on the right side is what we are planning to reinforce in the elementary school courses starting next April. Nintendo_Switch was introduced in April of this year, and we will be rolling it out to all grades. We will also expand into the junior high school courses.

We will then attach teaching tools that foster thinking skills in April, and we will link these to the teaching materials so that they can be used throughout the year.

Finally, we will incorporate programming materials that develop problem-solving skills. We are preparing to implement these new initiatives for this first theme.

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



(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 Shinkenzeni 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.



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Regarding the second point, stress reduction in the learning process.

For this one, we are trying to incorporate a system in which children can ask questions or consult with us, and we are planning to use a generative AI to communicate with children in a form of interaction that makes him or her want to ask questions. That is what we are planning to start in April next year.

Also, the third and final point, fostering a desire to learn by making connections as a starting point. These three are very important.

In the April issues of the first grade of junior and senior high school courses, a smartwatch is included. This is not only to wear a separate watch, but also to manage the daily tasks to be done in Shinkenzeni and set alarms in this smartwatch to foster motivation in children. That is what we are trying to do.

Furthermore, we are considering a virtual study room where children can have a real connection with teachers and peers from all over the country. We want to create an atmosphere of enhancing encouragement and courage among them through connections there. We are planning to start such a thing in April, and prepare the virtual study room, starting next January.

So what are the results? The results are yet to be seen, but at least we have already held reservations of current enrollees to continue their membership after April with this information. We have just started. This reservation rate drops off comparatively as the grade gets higher, but the rate of the upper grades of elementary school, where we have had an issue up to now, is 110% to 118% compared to a year ago. We believe that many people are placing expectations on what we are preparing now.

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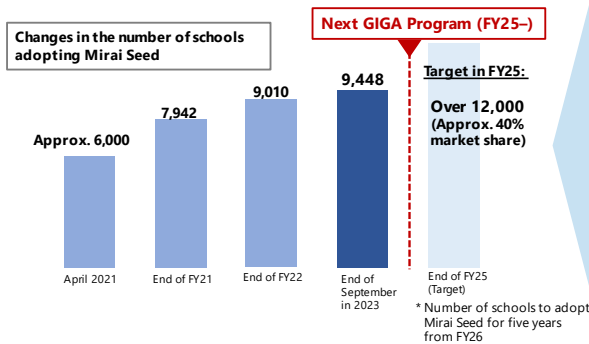
Core Education: Progress of elementary and junior high school business (School and Teacher Support)



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)

The following is the status of the school business. This time, I will discuss the progress of the elementary and junior high school projects.

The replacement of terminals distributed under the GIGA school concept in 2025 is a major event here. Then, we have Mirai Seed tablet, a paid learning software. The number of schools which had adopted this was 9,010 in March, but the current figure for September is 9,448, a smooth increase. We hope that this number will increase up to 12,000, using this replacement of terminals under GIGA as an opportunity point. That is the kind of challenge we intend to take on.

In fact, we have made a strategic investment of about JPY1.1 billion in this area this year, and we are now making steady preparations to strengthen our product lineup and the follow-up system for school sites.

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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 	Approx. ¥34.0 bn	<ul style="list-style-type: none"> 1 Expand in-house development by integrating an IT function subsidiary (from July 2023 onward) <ul style="list-style-type: none"> Cut fixed cost and adopt variable cost by eliminating data centers 2 Review operations through automation (from May 2023 onward) <ul style="list-style-type: none"> Next-Generation Contact Center Project using generative AI Integrate logistics hubs and streamline operations Integrate and streamline basic organizations including functional subsidiaries (from April 2024 onward) Centralize operations across organizations and promote BPR Reduce editing processes through automation <ul style="list-style-type: none"> Increase in-house editing capability by integrating two editing function subsidiaries (from April 2024 onward) Review outsourcing operations and optimize contracts 	<p>FY23 -¥1.4 bn</p> <p>▼</p> <p>FY25 -¥3.0-5.0 bn</p>
Establishment of the OX Office			

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We presented this table before in the transformation business plan and showed that we will boldly take on the challenge of cost structure.

We talked about reducing costs by JPY3 billion to JPY5 billion by 2025 against the current cost pool of JPY34 billion. In this first year of the project, we have already been able to reduce costs by about JPY1 billion.

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



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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.




Put such AI based operations into practice at the contact center

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Promote the shift to next generation operations through solving customer and company issues

×



Assist with the installation of generative AI technology

- Cost reduction target by improving productivity

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

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Let me tell you a few specific activities.

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The first is the integration of Benesse Infoshell, which was the group's IT subsidiary. What we wanted to do through this is to improve the Group's DX capabilities by reallocating IT personnel and promote activities to internalize the system.

In this area, we already expect to reduce costs by about JPY1 billion this fiscal year through internalization. This amount grows with each passing year.

The second point on the right side is that we are also initiating a project for a next-generation contact center. Aiming to solve customers' problems 24 hours a day with humans and AI, we have already done a press release on this theme alone. Our company and two related companies have joined forces to develop this new service.

The impact for the current fiscal year is not very large, about JPY0.5 billion. This is because this was decided in the middle of the term. But preparations are well underway for the next fiscal year and the year after that, which will also enable significant cost reductions and quality improvements.

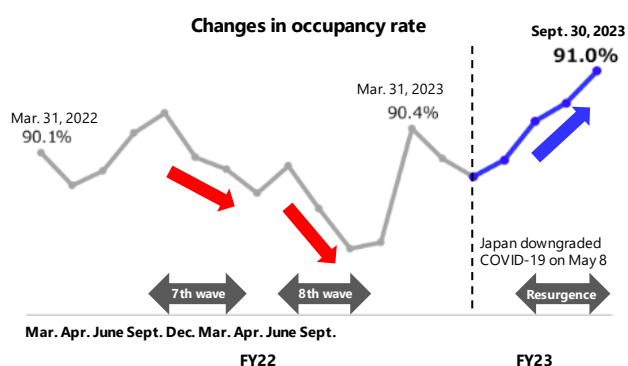
Core Nursing Care: nursing -care facility business



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.

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Next is the core nursing care of the core business.

As for this one, the occupancy rate was once heavily impacted by the spread of COVID-19. We are now working to raise this level and have it make a significant contribution to the Group's performance.

As of the end of September, the rate recovered to 91%. We also expect to see the occupancy rate increase even more strongly in October and November. As you can see on the right, we are vigorously working on sales enhancement.

We also believe that the reclassification of COVID-19 as Class 5 has made our customers more active, and we are confident that we will be able to achieve the recovery in occupancy that we have planned.

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■ **University and Working Adult Business**

■ **Nursing care peripheral business**
Nursing care HR and nursing care meals

■ **Overseas business** Education business in India

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I would like to continue by discussing new areas.

In the transformation business plan, we had mentioned three points, which are listed now. They are university and working adult, nursing care and overseas business.

This time, I would like to talk a little about the progress of our university and working adult business.

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.

FY23-25	FY25-30
<p>Grow centered on the existing business model</p>	<p>Further grow centered on a new business model</p>
<ul style="list-style-type: none"> Further grow Shinken-AD¹ and Benesse i-Career², in addition to Udemy, under the existing business model <ol style="list-style-type: none"> Working to help pursue Japan's educational reform aimed at integrating high school education, university education, and the selection of university entrants Working on the recruitment of new graduates 	<ul style="list-style-type: none"> Create a virtuous cycle for improving the organizational capacity of companies and pursuing individuals' careers by making use of the strengths of learning and more visualizing skills → Expansion of Udemy, alliance with SkyHive, and expansion of GPS-Business (Global Proficiency Skills) Develop our unique HR and matching business that connects "learning and working" → Expand the business through the consolidation of Waris

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

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This is a phase in the university and working adult business.

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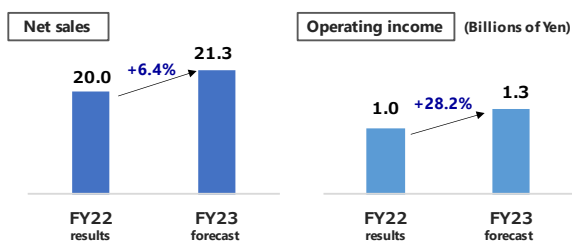


First, until FY2025, we will firmly expand the existing model, the business we are already doing now. At the same time, we had planned in the transformation business plan to achieve even greater growth by developing a new model in addition to this existing model between 2025 and 2030.

Existing business model of the University and Working Adult Business

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

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

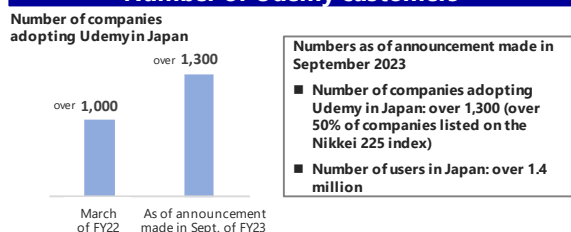


Increased customer contacts across the Group

Shinken-AD x Benesse i-Career



Number of Udemy customers



Waris x THANK YOU! Waris x Benesse Senior Support



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This is the current status of the existing model.

They are currently growing well. Sales have grown by 6.4% and operating income by 28.2%. Although we are still small in scale, we will first build a solid foundation through the growth of this existing business. And the number of Udemy customers is steadily increasing now.

Also, as for here, while linking this university business and other businesses throughout the Group, we will link the Group's customer base to this university and working adult business. As you can see on the right side, webinars were held in collaboration between Shinken-AD and Benesse i-Career. Or collaboration of Benesse senior support, such as Waris x Sankyu! and Waris x Style Care, and many other new developments have emerged in the past six months.

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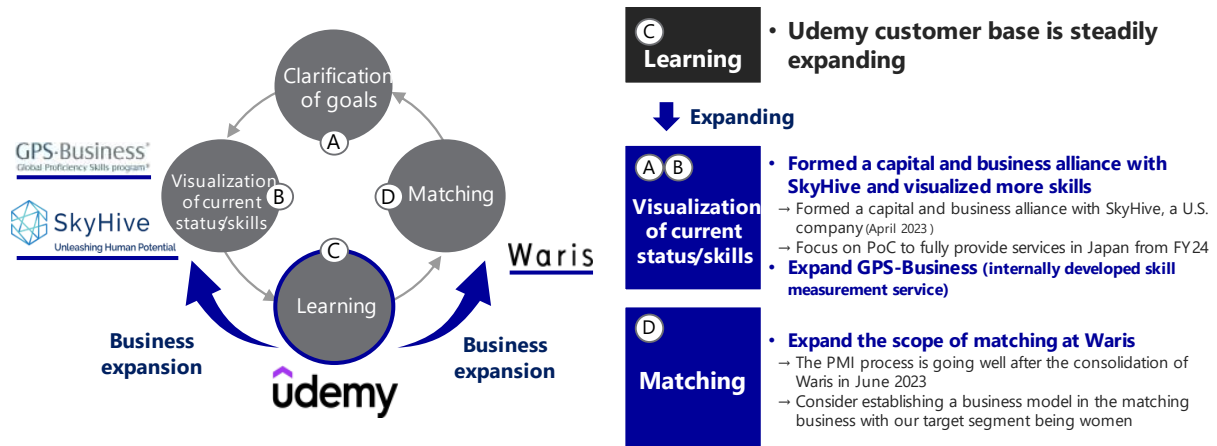
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 Asia's Meetings, Globally

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.

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Our strategy for the growth of universities and working adults business is to add new models to the growth of existing models, and we will continue to build on each of the four circles on the left side of this page.

Learning is growing, as Udemy has grown as mentioned earlier, and its customer base is steadily increasing. We will also further enhance the visualization of current skills by collaborating with SkyHive or by deploying the GPS that we have had in our company to working people. And matching. This will be done by expanding the matching area in Waris.

We are currently working on this project from FY2030, checking the progress while back casting.

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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 and 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 (478,189 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 a whole number, 643,229 units), and deducting the number of voting rights (165,040 units) pertaining to the not tendered shares (478,189 units) multiplied by the number of share units (100 shares) of the Company (478,189 shares)

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This is the last topic for today. I would like to talk about the tender offer for our company's shares released today.

The Board of Directors today passed a resolution to express its opinion on the MBO. The content of the resolution is that the founding family of the Company has agreed to an MBO to be conducted jointly with the EQT Group.

Today, EQT Group released a notice regarding the planned commencement of a tender offer for the Company. This will be a so-called management buyout, or MBO, conducted by our founding family in collaboration with the EQT Group. In response to this, we expressed an opinion in favor of the tender offer and recommended that the shareholders tender their shares in the tender offer as the Company's opinion as of the same date, which was resolved today at a meeting of the Board of Directors.

Please see below for an overview.

Main terms of the tender offer. The tender offer price is JPY2,600 per share of common stock. This is the same amount for one American Depositary Share. The premium to the simple average closing price of our stock was 45.13% yesterday and the previous business day. The one-month average price is 45.90%, the three-month average is 42.39%, and the six-month average is 41.23%. The minimum number of shares to be purchased is 47,818,900.

This is today's schedule. We will make a public announcement today and begin obtaining the necessary permits and approvals based on the competition laws of each country. The tender offer will be implemented promptly upon completion of this, which we now envision to be in early February 2024. We would like to do it in 20 business days from the start, and that is the current situation.

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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 knowhow, 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 knowhow 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.

We hereby express our opinion in favor of the tender offer. We have recommended tendering shares, and the reasons for our recommendation are presented on this page.

By utilizing the EQT Group's network or know-how in addition to the management resources and know-how of the Company's group, and by going private through the tender offer and enabling the EQT Group to invest management resources in the Company's group, the following synergies can be expected to be generated through the agile and steady implementation of management measures.

As a result, we will be able to achieve our transformation business plan with speed and quality. With this in mind, we are pleased to make this endorsement and recommendation.

The significance and synergies in this case are described below, in particular, in four points. In the education business, we expect advancement of digitalization, business efficiency improvement, and diversification of services. We thought that EQT's digital team and network would serve us well in this regard.

Also global expansion. While firmly utilizing the EQT Group's overseas know-how and network as well, we can also expand Benesse's overseas business with more speed than we are currently considering. That's what we thought.

The third point is active utilization of M&A.

In any case, we believe that going private will lead to an increase in corporate value through flexible and prompt decision making.

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Dividend and shareholder benefit plan



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.

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The last part of our announcement is about dividends and shareholder benefits.

The tender offer is expected to be made. Based solely on this, the Board of Directors today resolved that no dividends will be paid for FY2023, and that the shareholder special benefit program will be discontinued.

The interim dividend for H1 of FY2023 will be JPY30 per share as planned. For FY2023, we would like to revise our year-end dividend forecast and decide not to pay a year-end dividend.

In addition, we will also implement a shareholder special benefit plan for the period ending September 30, 2023. On the other hand, the program will be discontinued from March 2024. As I said at the beginning of this, I would like to inform you that we have passed the resolution on the assumption that a tender offer will be made. That's all from me.

Moderator: Thank you very much. This is the end of my presentation.

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