



1H Results for FY2020 Supplementary Materials

**November 6, 2020
Benesse Holdings, Inc.**

Forward-Looking Statements



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.

Results by Segment (YoY)



Six months ended September 30

(Millions of Yen)

	FY2019	FY2020	Change	%
Education Business in Japan	101,406	99,447	(1,958)	(1.9)
Global Kodomo Challenge	27,897	27,121	(776)	(2.8)
Nursing Care and Childcare	60,795	60,875	80	0.1
Berlitz	23,041	13,687	(9,353)	(40.6)
Others	11,586	7,815	(3,771)	(32.5)
Total Net Sales	224,727	208,946	(15,780)	(7.0)
Education Business in Japan	9,118	6,436	(2,681)	(29.4)
Global Kodomo Challenge	2,919	3,026	107	3.7
Nursing Care and Childcare	5,716	4,150	(1,565)	(27.4)
Berlitz	(2,049)	(3,759)	(1,709)	—
Others/Reconciliations	(1,057)	(1,654)	(597)	—
Total Operating Income	14,647	8,200	(6,446)	(44.0)
Ordinary Income	12,956	5,053	(7,902)	(61.0)
Net Income	8,378	2,274	(6,103)	(72.8)

※In fiscal 2020, Domestic Education was renamed the Education Business in Japan.

Analysis of Net Sales/Operating Income (YoY)



(Billions of Yen)

Net Sales	Education Business in Japan	Shinkenzemi : increase in cumulative enrollment	4.3
		School & Teacher Support business : impact of temporary school closures due to COVID-19, etc	(3.5)
		Cram schools / English education : impact of the voluntary halt of business over COVID-19, etc	(2.7)
	Global Kodomo Challenge	Japan : Impact of concerts cancellation / increase in cumulative enrollment , etc	(0.2)
		Overseas : impact of concerts cancellation and the price revision for correspondence course in China, etc	(0.0)
		Forex rate impact	(0.5)
Nursing Care and Childcare	Increase in the Childcare business / decrease in the No. of new residents for the rooms with down payment, etc	0.0	
Berlitz	BTS : temporary language center closures due to COVID-19 / impact of franchising conversion in Spain and Belgium, etc / liquidation of business in France, etc	(8.7)	
	ELS : Impact of the halt marketing due to university campus closures in the USA	(0.6)	
	Forex rate impact	(0.6)	
Others	No sales contribution from Simul International, Inc, due to its sell-off, etc. *	(3.0)	
	Impact of hotel closures in the Naoshima business due to COVID-19, etc	(0.7)	

Operating Income	Education Business in Japan	Shinkenzemi : due to higher sales, etc	2.2
		Due to lower sales in the School & Teacher Support business; Cram schools and English education business, etc	(4.8)
	Global Kodomo Challenge	Japan : due to lower sales in the concerts business, etc	(0.5)
		Overseas : decrease in marketing costs / Forex rate impact [-0.1], etc	0.6
	Nursing Care and Childcare	Improve wages for staff / higher labor costs as increase in the No. of nursing homes, etc	(1.5)
	Berlitz	Due to lower sales / lower cost, etc	(1.7)
Others/Reconciliations	Due to lower sales, etc	(0.5)	

*The Company transferred all shares of Simul International, Inc, to TAKARA & COMPANY LTD. as of March 31, 2020

FY2020 Forecast



(Millions of Yen)

	FY2019	FY2020 (Forecast)	Change	%
Net Sales	448,577	426,000	(22,577)	(5.0)
Operating Income	21,266	9,300	(11,966)	(56.3)
Operating Income ratio(%)	4.7	2.2	(2.5)	—
Ordinary Income	16,759	4,500	(12,259)	(73.2)
Net Income	6,289	0	(6,289)	—
Exchange Rate(USD/JPY)	109.37	108.00	(1.37)	—

FY2020 Forecast by Segment



(Millions of Yen)

	FY2019	FY2020 (Forecast)	Change	%
Education Business in Japan	200,393	203,200	2,807	1.4
Global Kodomo Challenge	56,555	55,500	(1,055)	(1.9)
Nursing Care and Childcare	122,868	124,200	1,332	1.1
Berlitz	45,020	26,900	(18,120)	(40.2)
Others	23,739	16,200	(7,539)	(31.8)
Total Net Sales	448,577	426,000	(22,577)	(5.0)
Education Business in Japan	14,042	10,100	(3,942)	(28.1)
Global Kodomo Challenge	2,654	1,400	(1,254)	(47.2)
Nursing Care and Childcare	11,374	9,000	(2,374)	(20.9)
Berlitz	(3,152)	(6,800)	(3,648)	—
Others/Reconciliations	(3,652)	(4,400)	(748)	—
Total Operating Income	21,266	9,300	(11,966)	(56.3)

Analysis of Net Sales/Operating Income (Forecast)



(Billions of Yen)

Net Sales				
	Education Business in Japan	Shinkenzemi : increase in cumulative enrollment		8.3
		School & Teacher Support business : impact of temporary school closures due to COVID-19, etc		(3.2)
		Cram schools / English education : impact of the voluntary halt of business over COVID-19, etc		(2.3)
	Global Kodomo Challenge	Japan : increase in cumulative enrollment / impact of concerts cancellation, etc		0.1
		Overseas : Impact of concerts cancellation in China, etc		(0.4)
Forex rate impact			(0.7)	
Nursing Care and Childcare	Increase in nursing home residents and Childcare business, etc		1.3	
Berlitz	BTS : temporary language center closures due to COVID-19 / impact of franchising conversion in Spain and Belgium, etc / liquidation of business in France, etc		(17.5)	
	ELS : Impact of the halt marketing due to University campus closures in USA			
	Forex rate impact		(0.6)	
Others	No sales contribution from Simul International, Inc, due to its sell-off, etc.		(6.2)	
	Impact of hotel closures in the Naoshima business due to COVID-19, etc		(1.3)	

Operating Income				
	Education Business in Japan	Shinkenzemi : due to higher sales, etc		5.4
		Due to lower sales in the School & Teacher Support business; Cram schools and English education business, etc		(9.3)
	Global Kodomo Challenge	Japan : due to higher sales in the correspondence course / due to lower sales in the concerts business, etc		(0.0)
		Overseas : due to lower sales / strategic investment / Forex rate impact [-0.1]		(1.2)
	Nursing Care and Childcare	Due to higher sales / improve wages for staff / higher labor costs as increase in the No. of nursing homes, etc		(2.3)
Berlitz	Due to lower sales / lower cost, etc		(3.6)	
Others/Reconciliations	Due to lower sales, etc		(0.7)	

Breakdown of Net Sales

Six months ended September 30

(Millions of Yen)

	FY2019	FY2020	Change	%	Ratio(%)
Senior High School	6,714	7,073	359	5.3	7.1
Junior High School	14,285	14,933	647	4.5	15.0
Elementary School	28,791	32,102	3,310	11.5	32.3
School & Teacher Support	27,466	23,885	(3,581)	(13.0)	24.0
Other	24,147	21,452	(2,695)	(11.2)	21.6
Total	101,406	99,447	(1,958)	(1.9)	100.0

Breakdown of Net Sales

Six months ended September 30

(Millions of Yen)

	FY2019	FY2020	Change	%	Ratio(%)
Kodomo Challenge in Japan (Preschool)	9,064	9,687	622	6.9	35.7
Overseas Kodomo Challenge (Preschool)	13,360	13,446	85	0.6	49.6
Other	5,471	3,987	(1,484)	(27.1)	14.7
Total	27,897	27,121	(776)	(2.8)	100.0

【 Cumulative Enrollment for Shinkenzemi 】

Six months ended September 30

(Thousands)

	FY2019	FY2020	Change	%
Senior High School	780	778	(2)	(0.3)
Junior High School	2,260	2,340	79	3.5
Elementary School	7,049	7,704	655	9.3
Total	10,089	10,822	733	7.3

【 Cumulative Enrollment for Kodomo Challenge (Preschool) 】

(Thousands)

	FY2019	FY2020	Change	%
Kodomo Challenge in Japan (Preschool)	4,599	4,799	199	4.3
Overseas Kodomo Challenge (Preschool)	7,458	7,214	(244)	(3.3)
Total	12,058	12,013	(44)	(0.4)

•Note¹: Cumulative enrollment represents the cumulative total No. of people who receive materials monthly (from April to September).

•Note²: Cumulative enrollment for Kodomo Challenge in China, Taiwan and Indonesia represents the cumulative total No. of people who receive materials monthly.
Cumulative enrollment for China and Indonesia represents the cumulative total No. of people who receive materials monthly (from January to June), due to the differences of those closing dates ended December 31st.

As of October

(Thousands)

	2019	2020	Change	%
Senior High School	110	110	0	1.6
Junior High School	330	360	30	6.5
Elementary School	1,120	1,240	120	11.2
Kodomo Challenge (Preschool)	790	830	40	5.4
Total (Japan)	2,350	2,540	190	8.1

As of October	(Thousands)			
	2019	2020	Change	%
China	1,140	1,100	(40)	(3.6)
Taiwan	90	100	10	5.8
Total (Overseas)	1,230	1,200	(30)	(2.9)

	Sep. 2019	March 2020	Sep. 2020
Aria	24	24	24
Clara	40	40	40
Granny & Granda	143	146	147
Madoka	57	57	57
Bon Sejour	46	47	49
Cocochi	14	14	15
Li-Re	2	2	2
Total	326	330	334
Occupancy Rate of Existing Facilities	95%	95%	93%

Six months ended June 30

(Thousands of Lessons)

	2019	2020	%
Americas	557	479	(13.9)
Europe	1,370	743	(45.7)
Asia	800	526	(34.3)
Total	2,728	1,749	(35.9)

Nine months ended September 30 (Preliminary figures) (Thousands of Lessons)

	2019	2020	%
Americas	846	724	(14.4)
Europe	1,981	1,080	(45.5)
Asia	1,216	809	(33.5)
Total	4,044	2,614	(35.4)

•Note:

The No. of lessons in Europe in 1H has decreased by 626 thousands YoY. This decrease includes a reduction of the No. of lessons (344 thousands) due to franchising conversion and liquidation of business.

The No. of lessons in Europe in 9 months ended Sep.30 (preliminary figures) has decreased by 900 thousands YoY. This decrease includes a reduction of the No. of lessons (495 thousands) due to franchising conversion and liquidation of business.

As of June 30, 2020

	Berlitz Operated		Berlitz Franchise		ELS Operated		ELS Franchise		Total	
Americas	48	(-8)	53	(5)	32	(-3)	1	(0)	134	(-6)
Europe	83	(-16)	106	(26)	0	(0)	3	(0)	192	(10)
Asia	68	(0)	11	(0)	1	(0)	3	(0)	83	(0)
(Japan)	56	(0)	4	(0)	0	(0)	0	(0)	60	(0)
Total	199	(-24)	170	(31)	33	(-3)	7	(0)	409	(4)

Note: Figures in parentheses indicate change from Dec. 31, 2019.

CAPEX / Depreciation and Amortization



Six months ended September 30

(Millions of Yen)

	FY2019	FY2020	Change
CAPEX	12,243	13,067	823
(Details) Lease Assets	6,604	5,222	(1,381)
Goodwill	0	1,408	1,408
Others	5,639	6,436	797
Depreciation and Amortization	9,886	9,257	(628)

Shareholder Return

【Dividend per Share/Dividend Payout Ratio】

	FY2017	FY2018	FY2019	FY2020 (Forecast)
Dividend per share(yen)	95	50	50	50
Dividend payout ration(%)	73.8	98.2	76.6	-