



# Benesse Overview

September 2023

**bene + esse = “Well-Being”**

“Benesse ” derives from the Latin words “bene”, meaning good or well, and “esse,” meaning to live or to be.



FTSE4Good



FTSE Blossom  
Japan



FTSE Blossom  
Japan Sector  
Relative Index

2023 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX ※

2023 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN) ※



MORNINGSTAR GenDi J

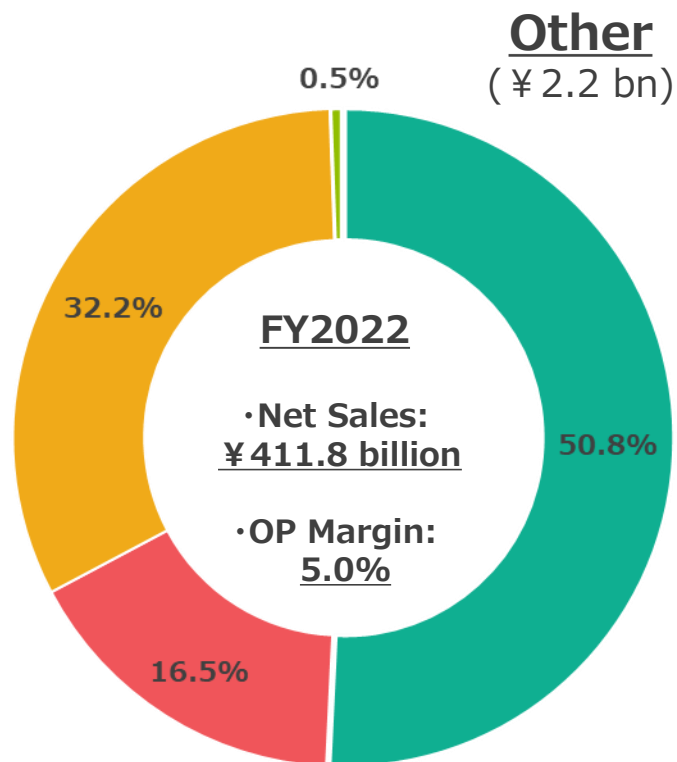
Japan ex-REIT Gender Diversity  
Tilt Index

TOP CONSTITUENT 2023

## FY2022 Results

**Net Sales** : ¥ 411.8 billion  
**Operating Income** : ¥ 20.6 billion  
**Net Income** : ¥ 11.3 billion

**Nursing Care and  
Childcare**  
( ¥ 132.6 bn, OPM 5.0%)

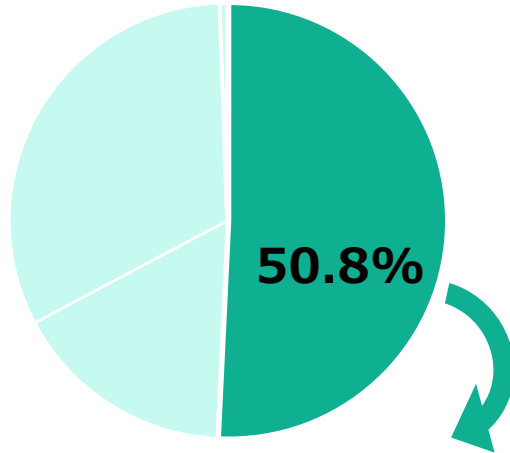


**Education Business  
in Japan**  
( ¥ 209.0 bn, OPM 9.2%)

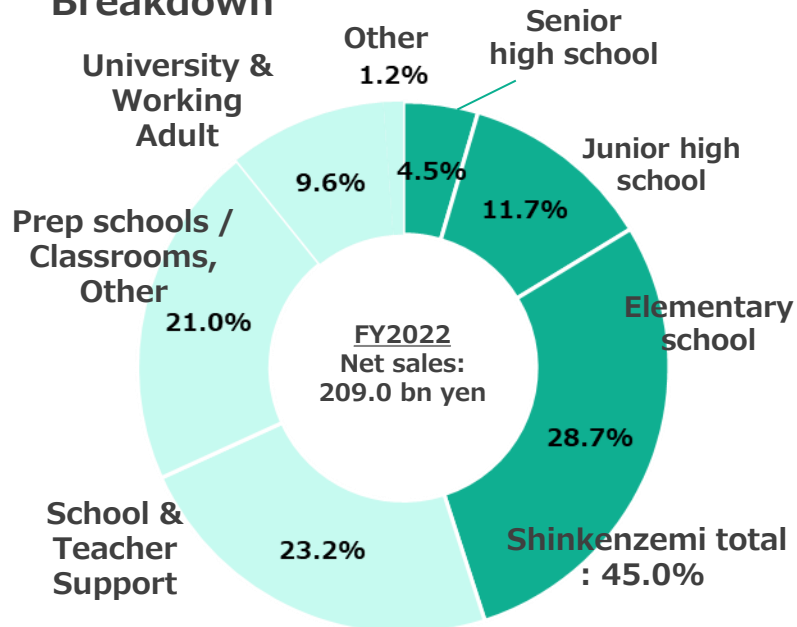
**Kids & Family**  
( ¥ 67.8 bn, OPM 0.1%)

# Our Businesses : Education Business in Japan

Sales : ¥ 209.0bn  
OPM : 9.2%



## Breakdown



## Shinkenzenmi

- ✓ Monthly subscription-based home-delivery study package for elementary, junior to high school students
- ✓ Dominant market share in correspondence courses



Senior High school courses



Junior high school courses

## School & Teacher Support

- ✓ B to School business, offering mock exams, digital drill software Mirai Seed for school and more
- ✓ Approx. 90% of senior high schools in Japan are our partners



Shinken Simulated Exams



三イシード  
Mirai Seed

## Prep schools / Classrooms, Other

- ✓ Prep schools
- ✓ English language teaching business in Japan



Tokyo Individualized Educational Institute



BE Studio (Benesse English School)

## Newly establishing the University & Working Adult Business to drive inorganic growth

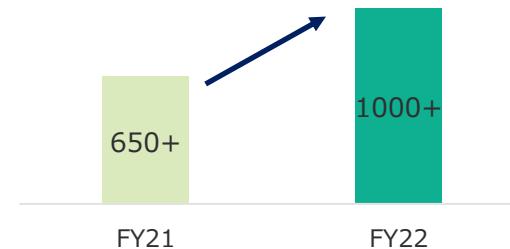
### Main Products and Services

- ✓ Education services for university students and working adults
- ✓ Job hunting support
- ✓ Public relations and management reform support for universities

### Udemy

- ✓ An online video learning platform bringing together teachers and learners from across the world.

Number of companies using Udemy  
in Japan



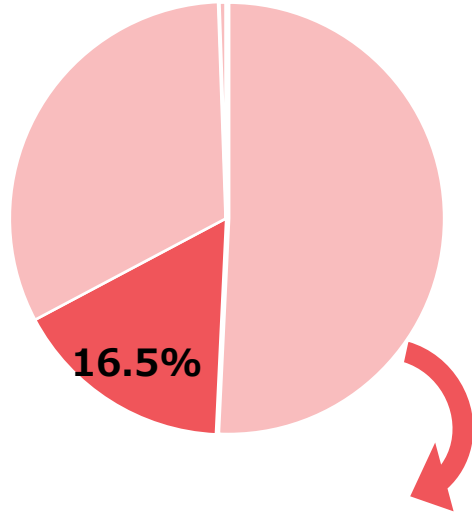
Going forward, together with the expansion of Udemy, we will aim to create new businesses, including M&A and collaboration.

**Target FY2025 sales of about ¥40.0bn driven by new growth fields**

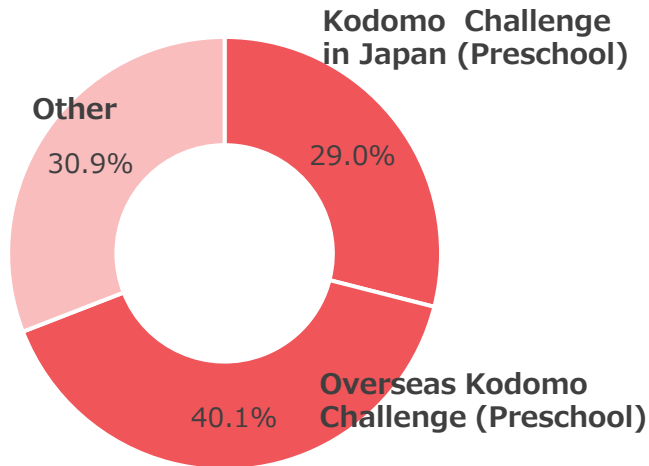
Note: We have separated part of the School & Teacher Support Business and Other Businesses within the Education Business in Japan segment to establish the University & Working Adult Business from FY2022.

# Our Businesses : Kids & Family

Sales : ¥ 67.8bn  
OPM : 0.1%



## Breakdown



## Preschool correspondence courses

- ✓ Preschool correspondence courses Kodomo Challenge in Japan, China, Taiwan



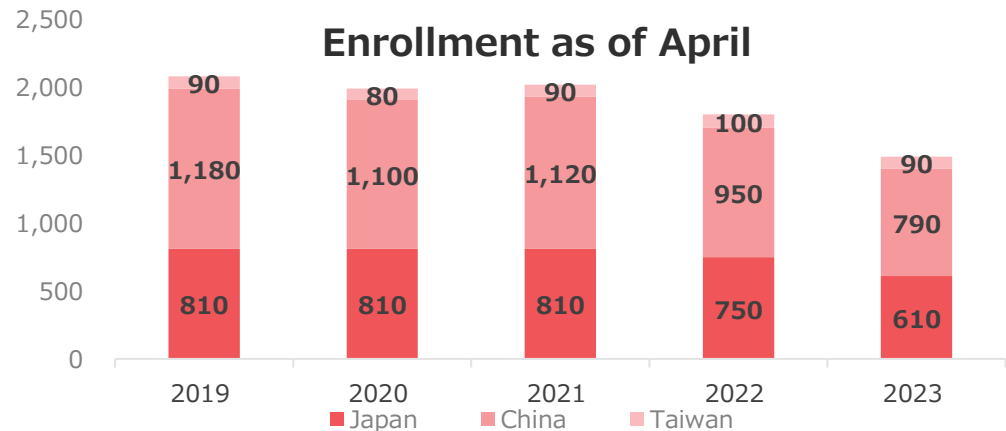
Kodomo Challenge (Japan)



Kodomo Challenge (China)

- ✓ 1.49 mil enrollment as of April 2023, including Japan:0.61 mil, China:0.79 mil, Taiwan:0.09 mil

(Thousands of students)

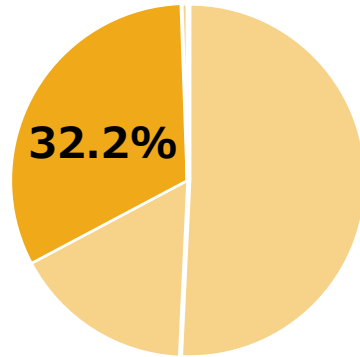


Note: Shown by countries and regions

Note: "Other" includes Kodomo Challenge peripheral businesses such as concert business and Lifestyle-related businesses such as Tamahiyō business, etc.

# Our Businesses : Nursing Care and Childcare

Sales : ¥ 132.6 bn  
OPM : 5.0%



- ✓ Senior nursing home business in Japan
- ✓ 352 homes in seven series, with an occupancy rate of 90% as of March 31, 2023

## Nursing Care Business



Aria



Granda

### 7 Series

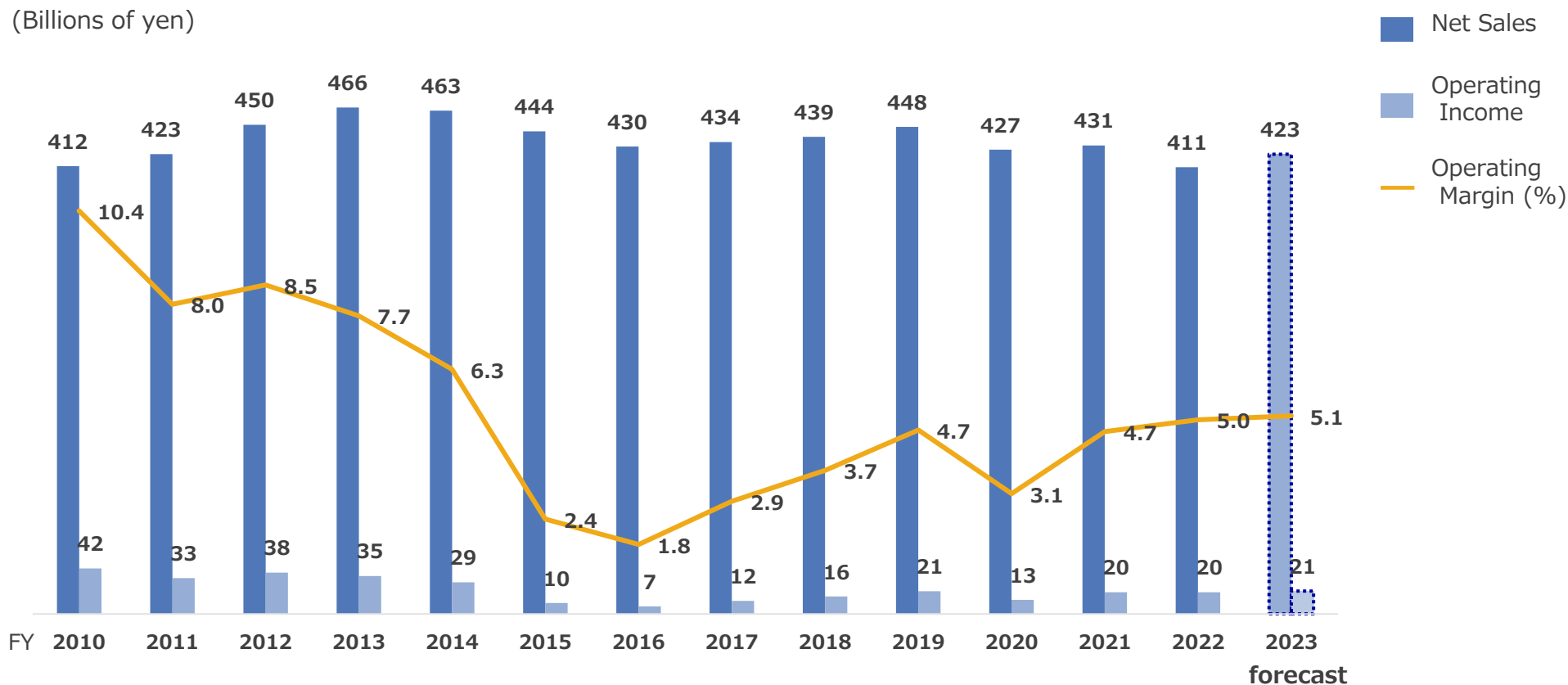
アリア グラニー&グランダ  
くらら まどか  
ボンセジュール ここち  
リレ

# Financial Results & Forecast : FY2010-2023

Operating margin declined from FY2010 and fell sharply owing to a personal data breach in FY2014, but has recently been recovering from the bottom of FY2016

## Net Sales/Operating Income/OPM

(Billions of yen)



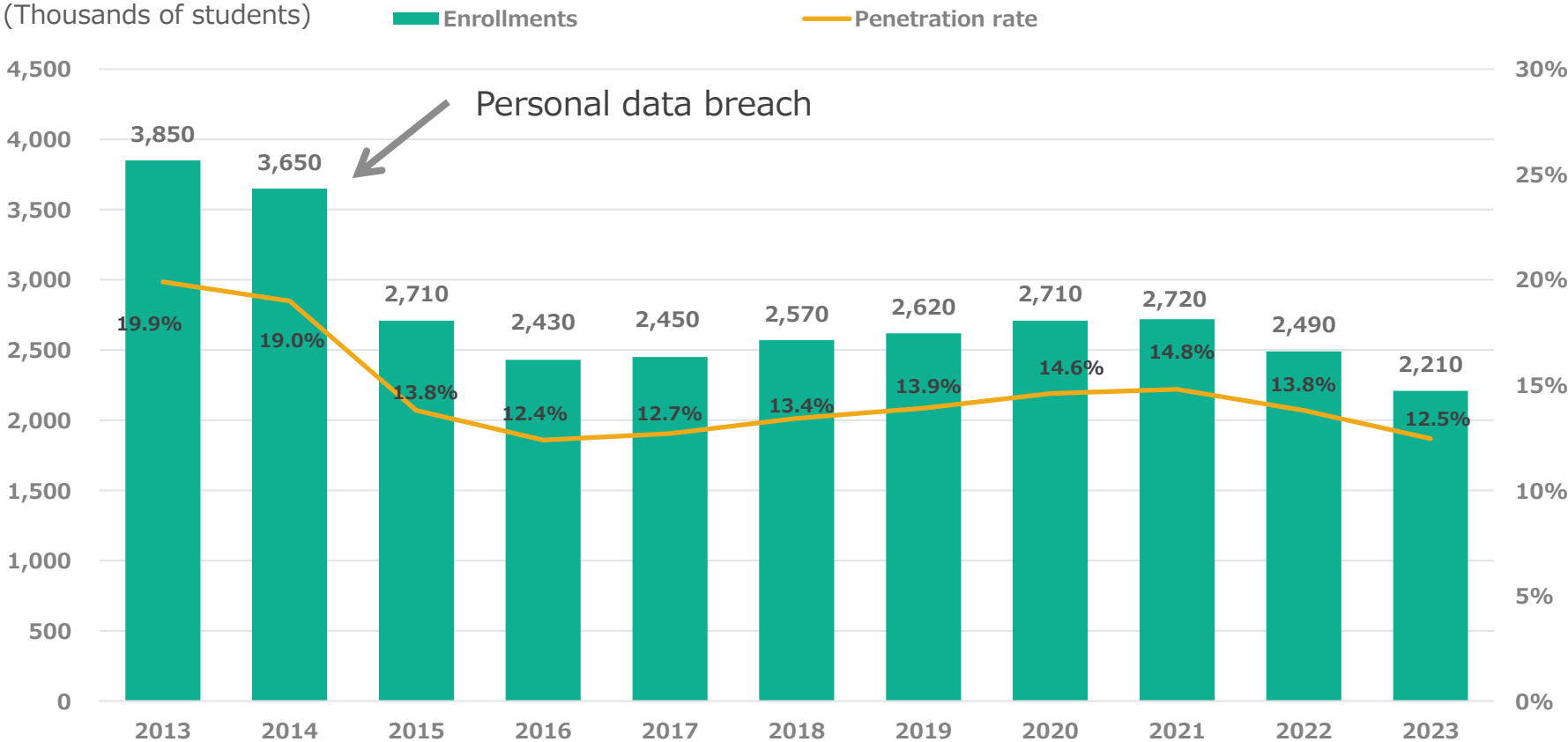
\* As of end of March

# Shinkenzemi and Kodomo Challenge in Japan



Enrollments fell by a third in two years after the 2014 personal data breach  
Inability to utilize 80% of client data hampered marketing activities

## Enrollments as of April



Note: The market share of Kodomo Challenge was previously disclosed as a figure that excluded Kodomo Challenge baby, but has been retroactively calculated as a figure that includes Kodomo Challenge baby.



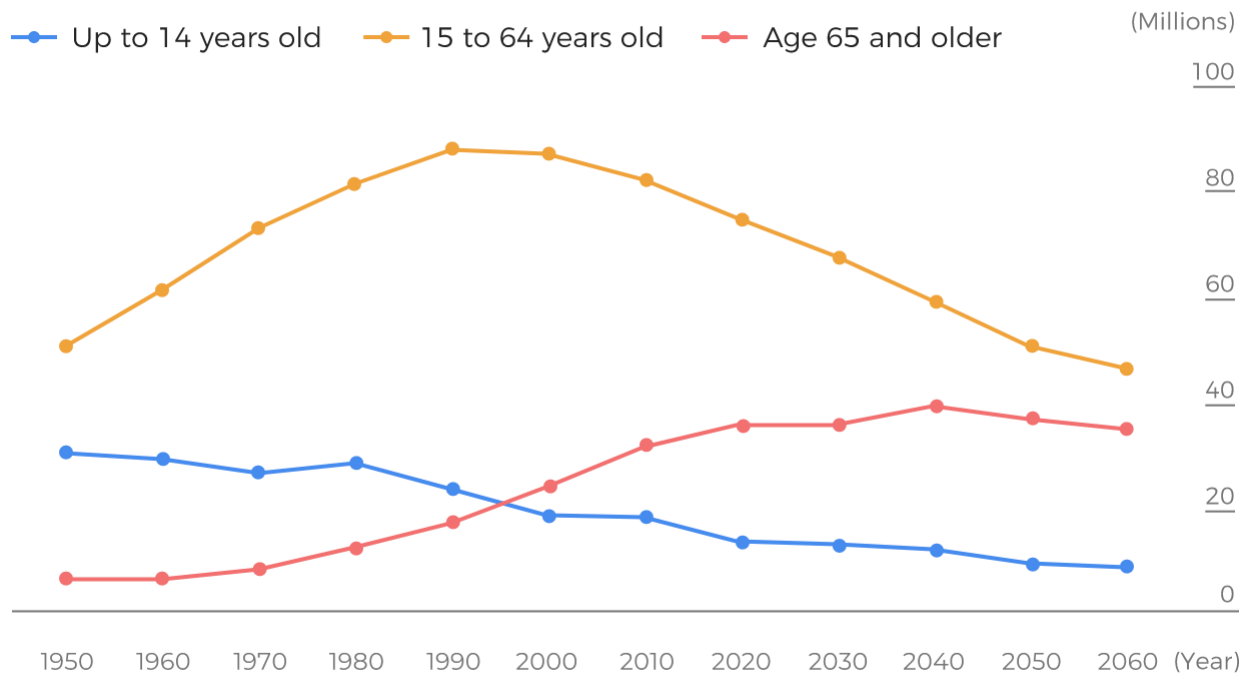
## Dividend payout ratio of at least 35%

	FY2020	FY2021	FY2022	FY2023 (Forecast)
Dividend per share(yen)	50	50	60	60
Dividend payout ratio(%)	154.3	452.9	51.0	50.3

# Appendix

## The declining number of births and the aging of society are impacting the education business in Japan.

### Population trends and forecast by age category in Japan

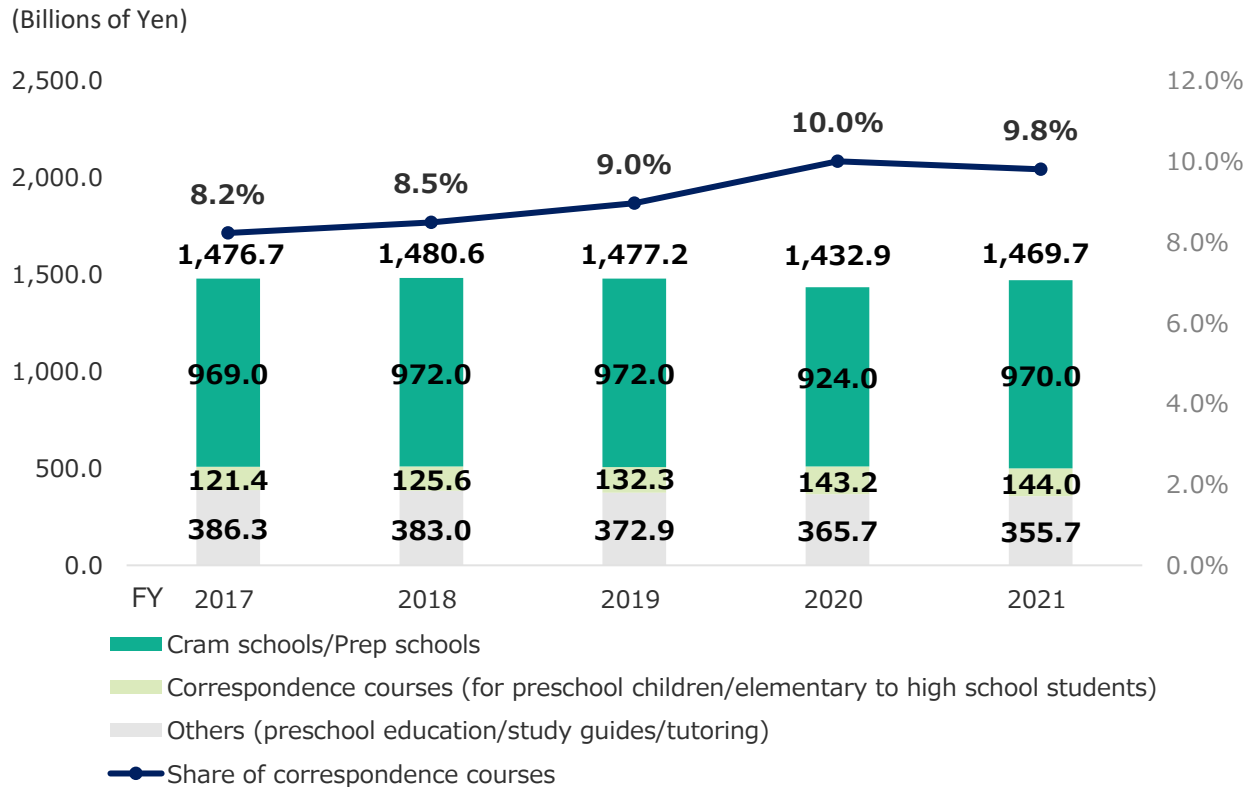


- ✓ The proportion of elderly people (age 65 and order) is increasing rapidly, reaching 29.1% in 2021 and expected to reach 35.3% in 2040.
- ✓ In addition, the declining number of births is accelerating the shrinkage of the proportion of children.

Source : Up to 2020, Vital Statistics, Ministry of Health, Labour and Welfare; from 2025 onward, National Institute of Population and Social Security Research "Population Projection for Japan (2017 estimate)"

## The supplementary education market has remained flat.

Trends in the supplementary education market in Japan



- ✓ In the face of the shrinking proportion of children, the supplementary education market has remained flat in recent years.
- ✓ The market size was negatively impacted in fiscal 2020 by the spread of COVID-19.

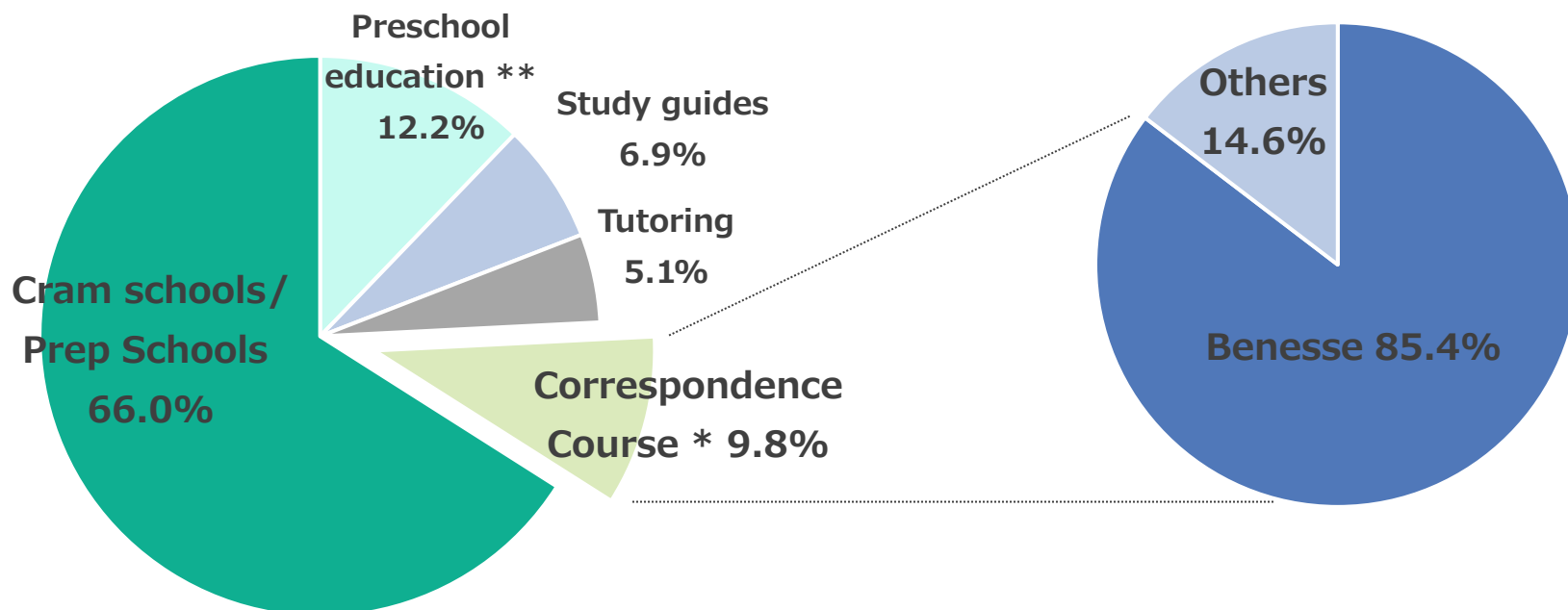
Source: The figures were calculated by Benesse based on data in Yano Research Institute Ltd.'s "Education Industry 2022"

## Benesse is dominant in correspondence course market

### Total Supplementary Education Market

#### Market Size by Sales

Total Market : ¥ 1,469.7 bn (FY2021)



\* It is for preschool children and elementary to high school students in total.

\*\* It is English-language teaching materials, intensive education, and English-language schools up to age 15 in total.

Source: The figures were calculated by Benesse based on data in Yano Research Institute Ltd's "Education Industry 2022".

University Advancement Rate: Approx.60%

		Enrollment (thousands)	Penetration Rate	Monthly Fees (yen)		
Entrance Exams	18	Senior high school courses	100	3.0%	9,563	
Entrance Exams	15	Junior high school courses	320	10.0%	7,112	
Compulsory Education	12	Elementary school courses	1,180	19.5%	4,334	
	6	Kodomo Challenge (Preschool courses)	610	11.7%	2,376	
Age	0		2,210	12.5%	—	

\*Enrollment as of April 2023  
\*Monthly fees for FY2022

## Elementary school courses



Tablet-based courses **72%**

or



Paper-based courses **28%**

\*As of April 2023

## Junior high school courses



Tablet-based courses **79%**

or



Paper-based courses **21%**

\*As of April 2023



## High school courses



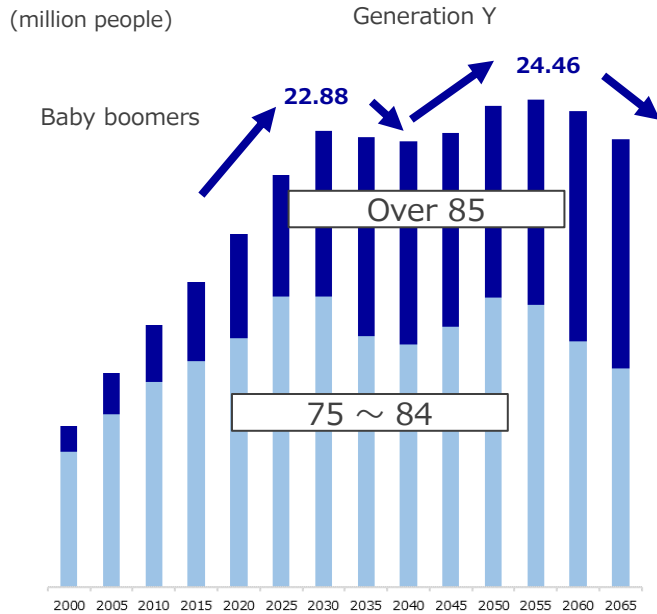
**Smartphone first**

8,000 Red-Pen Teachers motivate students

- ✓ 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 nursing homes than the national rate of increase.

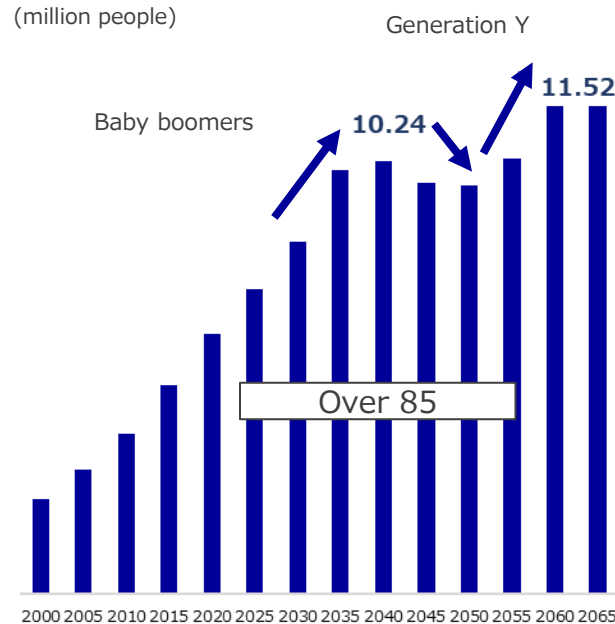
## Over 75 population

Peak in 2055

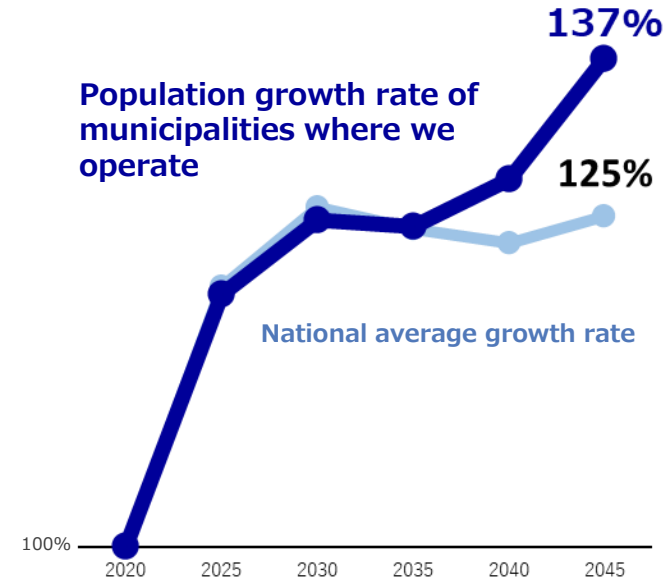


## Over 85 population

Peak in 2060



## Over 75 population growth rate estimate



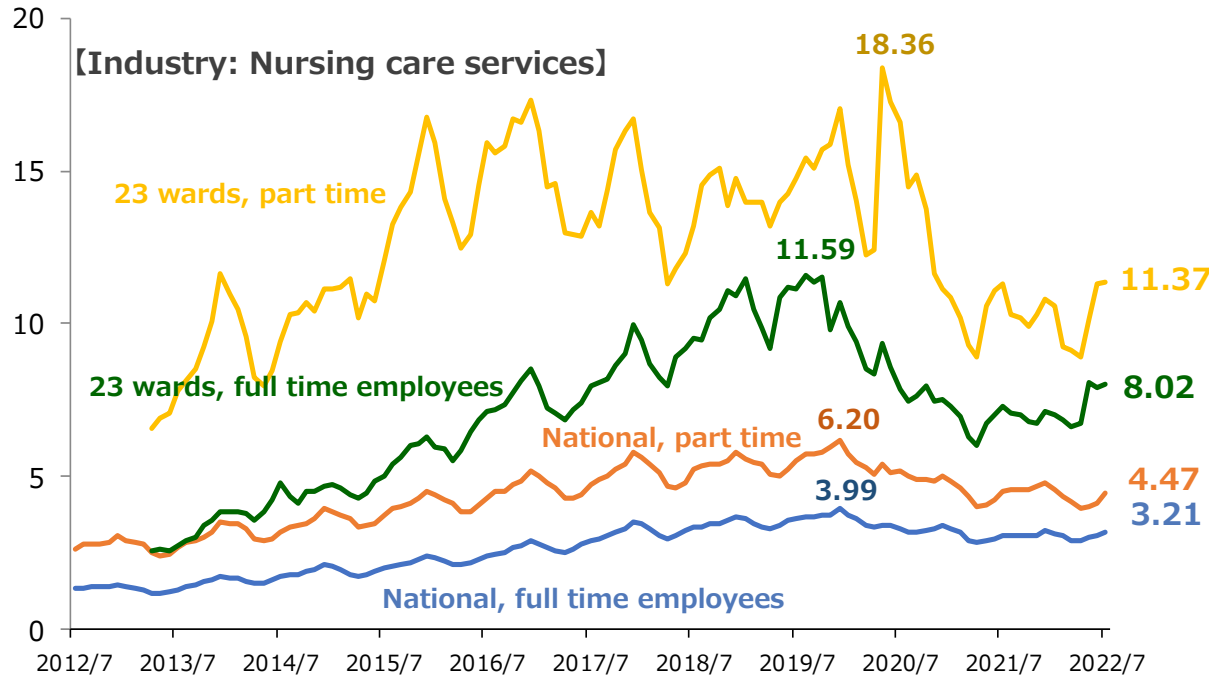
\* 2000~2020 population based on the Statistics Bureau of Japan's "Population Census Results"

\* 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)

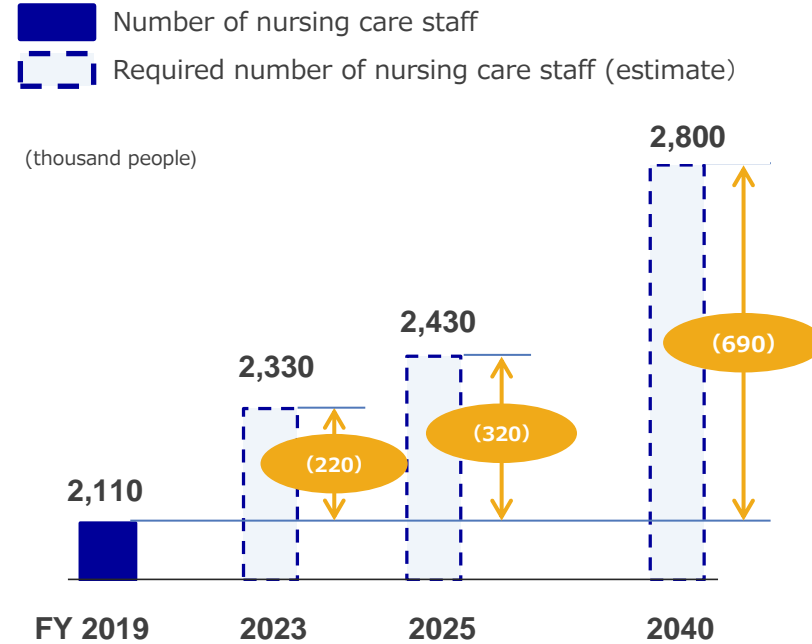


## Shortage of nursing care personnel in Japan is becoming more serious

Active jobs-to-applicants ratio



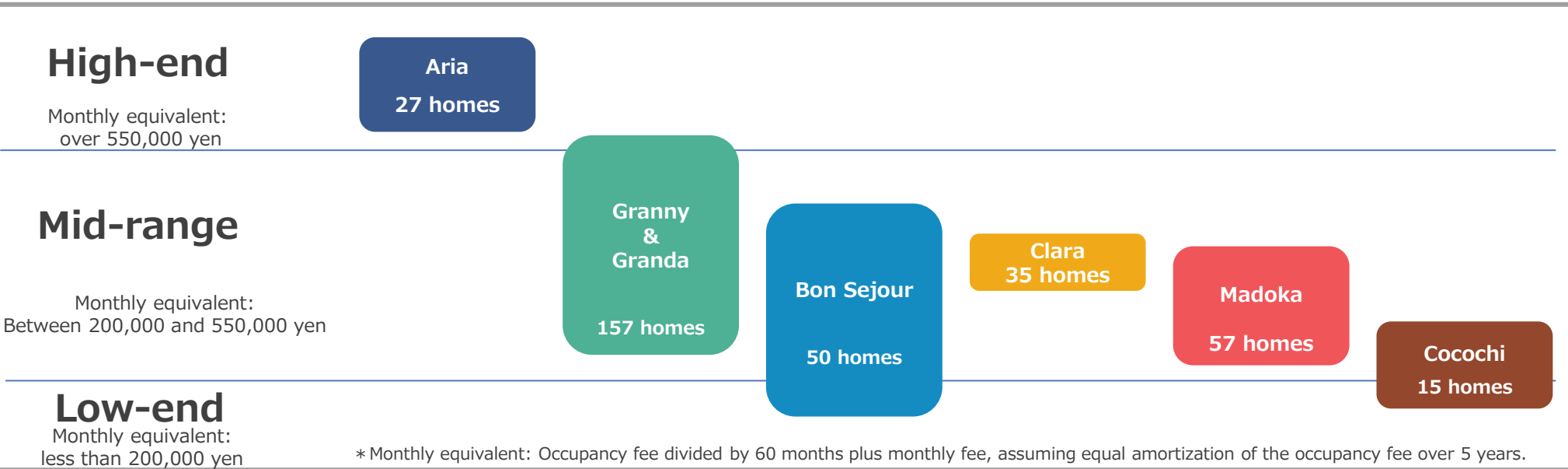
Required number of nursing staff (forecast)



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"

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

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



Fee example for each brand*1		Aria	Granda	Bon Sejour	Clara	Madoka	Cocochi
Occupancy-fee Contract	Standard admission*2	¥ 29,000 K	¥ 10,800 K	¥ 6,680 K	—	—	¥ 2,970 K
	Monthly Fee *3	¥ 314 K	¥ 267 K	¥ 224 K	—	—	¥ 190 K
Monthly-fee Contract	Deposit *4	¥ 3,306 K	¥ 1,231 K	¥ 1,171 K	¥ 660 K	¥ 720 K	¥ 687 K
	Monthly Fee *3	¥ 865 K	¥ 472 K	¥ 359 K	¥ 361 K	¥ 287 K	¥ 240 K

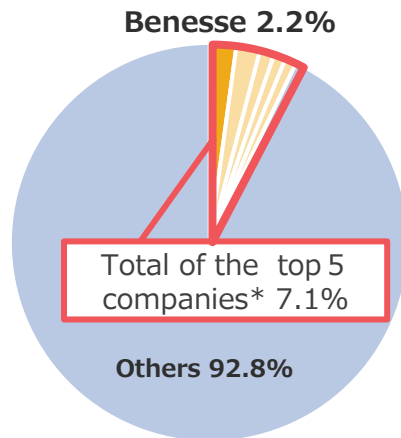
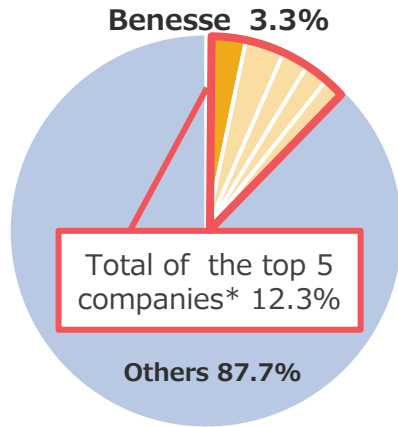
\*1 Example fee for Nursing Care Level 1 resident in a private-pay nursing care home. \*2 A person aged 75 or over at time of admission. \*3 Monthly fees include tax, food, maintenance, and other costs. Other expenses include long-term care insurance contributions. \*4 The full amount is to be returned at the end of the contract.

The 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

Share by number of capacity

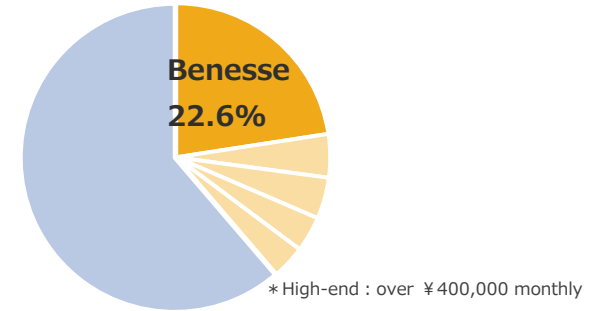


All business operators  
# of operators : 7,815  
# of facilities : 15,537  
# of capacity : 597,538

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

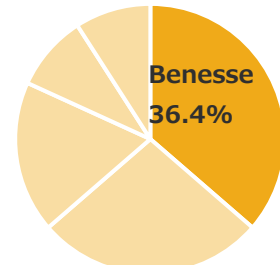
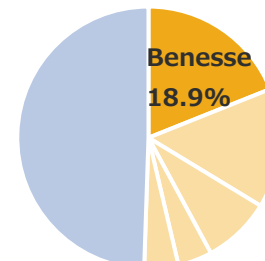
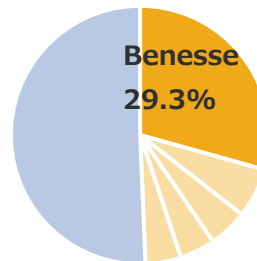
Tokyo, Nagoya, and Osaka regions  
(Tokyo, Kanagawa, Chiba, Saitama, Osaka, Hyogo, Aichi)

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



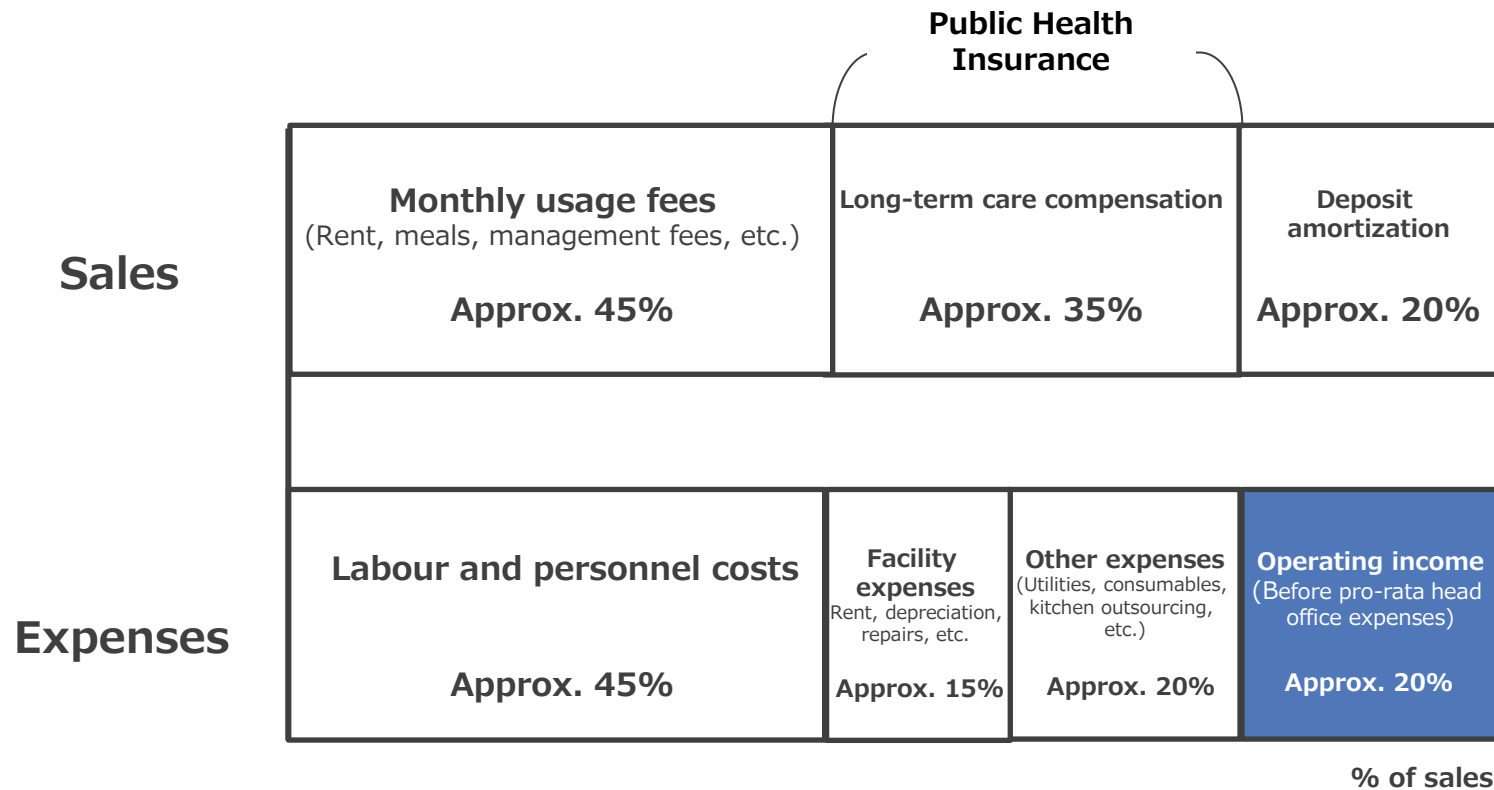
Tokyo 23 wards

Osaka, Hyogo Prefecture Nagoya, Aichi Prefecture



Source: Tamura Planning & Operating "Seniors Housing Data 2022" and in-house survey as of May 31, 2022

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



Create systems to promote robust Group DX in support of efforts to “evolve core businesses” and “challenge new fields”



## Assembly/dispatch of in-house & external specialists

- ✓ Data/AI usage
- ✓ Architecture redesign
- ✓ DevOps
- ✓ Digital marketing
- ✓ Productivity/RPA
- ✓ R&D
- ✓ Hiring/training DX staff



Obtained DX Certification from METI in May 2021.



Selected as a “DX Stocks 2021” by METI and the TSE in June 2021.

# The History of Benesse Holdings, Inc



<b>1955</b>	Fukutake Publishing Co., Ltd. is established in Okayama Prefecture and begins publishing Junior high school educational materials and student pocket books.
<b>1962</b>	The company begins offering Kansai simulated Exams (now Shinken Simulated Exams) for senior high school students.
<b>1969</b>	Correspondence Education Seminar (now Shinkenzeni Senior High School Courses) is launched.
<b>1972</b>	Correspondence Education Seminar junior (now Shinkenzeni Junior High School Courses) is launched.
<b>1980</b>	Shinkenzeni Elementary School Courses are introduced.
<b>1988</b>	Shinkenzeni Preschool Courses for ages 4 to 5 (now Kodomo Challenge) are introduced.
<b>1990</b>	The Company's new corporate identity "Benesse" is announced. The Company's invests in Berlitz School of Languages, Inc. (now Berlitz Japan, Inc.)
<b>1993</b>	The Company acquires Berlitz International, Inc. (now Berlitz Corporation) of the United States. The magazines Tamago Club and Hiyoko Club are launched.
<b>1995</b>	The Company's name is changed to Benesse Corporation. Benesse lists on the Second Section of the Osaka Securities Exchange and the Hiroshima Stock Exchange. Benesse starts nursing care business.
<b>2000</b>	Benesse lists on the First Section of the Tokyo Stock Exchange.
<b>2001</b>	Berlitz International, Inc. (now Berlitz Corporation) becomes the Company's wholly owned subsidiary.
<b>2006</b>	Kodomo Challenge courses are introduced in China.
<b>2009</b>	Benesse converts to a holding company structure using a corporate spin-off.
<b>2014</b>	Leak of personal information occurred.
<b>2022</b>	Benesse divested its entire shareholding in Berlitz Corporation. Benesse transferd to the prime Market in the Tokyo Stock Exchange.



#### **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.