



Benesse Holdings, Inc.

FY2022 Consolidated Financial Results Briefing

May 12, 2023

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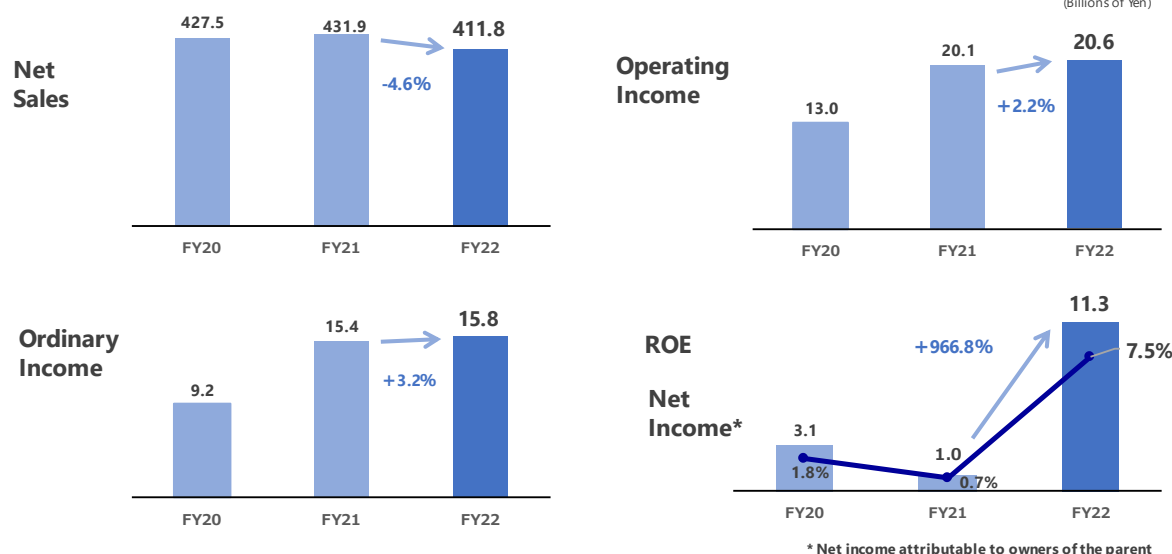
Presentation

Tsuboi: Thank you very much for taking time out of your busy schedule to join us today. Now, I would like to begin with an overview of the FY2022 business results.

Highlights for FY22



Decreased sales and increased income; significant increase in net income thanks to elimination of one-time loss incurred in the previous fiscal year from the transfer of Berlitz.



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This slide shows the performance highlights for FY2022.

As for the consolidated results for FY2022, sales decreased, and income increased. Net sales decreased 4.6% from the previous year to JPY411.8 billion, operating income increased by 2.2% to JPY20.6 billion, ordinary income increased by 3.2% to JPY15.8 billion, and net income increased by 966.8% to JPY11.3 billion.

ROE was 7.5%, a significant improvement from 0.7% in the previous fiscal year. This is the first time in five fiscal years that ROE has exceeded 7%, and the highest level in the past nine years since the personal data breach.

FY2022 will be the final year of Phase I of the current medium-term management plan. We had hoped to achieve a V-shaped recovery in operating income during the first two years of Phase I, exceeding the FY2019 level of JPY21.2 billion, but the results fell just short of that level.

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FY22 results summary



Decreased sales and increased income YoY; results not reaching the forecast.

(Billions of Yen)

	FY21 results	FY22 results	YoY	FY22 forecast (Announced in November)	Results vs. forecast (Announced in November)
Net sales	431.9	411.8	-20.0	417.0	-5.1
Operating income	20.1	20.6	+0.4	21.5	-0.8

* Impact from transfer of Berlitz (YoY) : Net sales down ¥20.0bn, Operating income up ¥2.7bn

■ YoY

- Net sales down ¥20.0bn due to transfer of Berlitz, etc.
- Operating income up ¥0.4bn due to:
 - (+) Elimination of deficit thanks to share transfer of Berlitz. (+ ¥2.7bn)
 - (+) Expansion of University and Working Adult Business with focus on Udemý+ ¥1.1bn)
 - (+) Japan Kodomo Challenge (+ ¥0.6bn), Naoshima (+ ¥0.5bn), etc.
 - (-) Decreased enrollment in China Kodomo Challenge due to Zero-COVID Policy in China (¥2.4bn)
 - (-) Shinkenzemi Review of segment burden of selling expenses, etc. (¥1.4bn)
 - (-) Prolonged impact of COVID19 in the Nursing Care Business; increased utilities and sales promotion expenses, etc. (¥1.3bn)

■ Results vs. forecast (announced in November)

- Net sales decreased by ¥5.1bn
- Operating income decreased by ¥0.8bn due to results not reaching the forecast in K&F Business and Tokyo Individualized Educational Institute, etc.

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This is the results summary. I would like to explain the FY2022 financial figures in terms of YoY and forecast figures.

First, as for the previous year, sales declined by JPY20.0 billion. This is almost the same amount as the JPY20 billion in sales of Berlitz, which was in the group last year, and we believe that the JPY20 billion decrease in sales can be attributed to this factor.

The operating income increased by JPY400 million. The first is a JPY2.7 billion reduction in losses from the sale of Berlitz, and the expansion of the university students and adult businesses, especially Udemý, which amounted to JPY1.1 billion, as well as the positive effects of Kodomo Challenge in Japan and Naoshima.

On the other hand, the Kodomo Challenge business in China suffered a negative impact of JPY2.4 billion due to a decrease in enrollment as a result of the China Zero-COVID policy, and Shinkenzemi, which will be discussed later, experienced a decrease of JPY1.4 billion due to a review of the burden of selling expenses by segment, etc. The prolonged impact of the pandemic on the Nursing Care Business resulted in a decline of approximately JPY1.3 billion.

And on the other hand, net sales fell short of the revised forecast announced last November, the forecast for this fiscal year, and the forecast for the previous fiscal year by JPY5.1 billion. Operating income decreased by JPY0.8 billion mainly due to K&F business and Tokyo Individualized Educational Institute, Inc. not achieving the plan.

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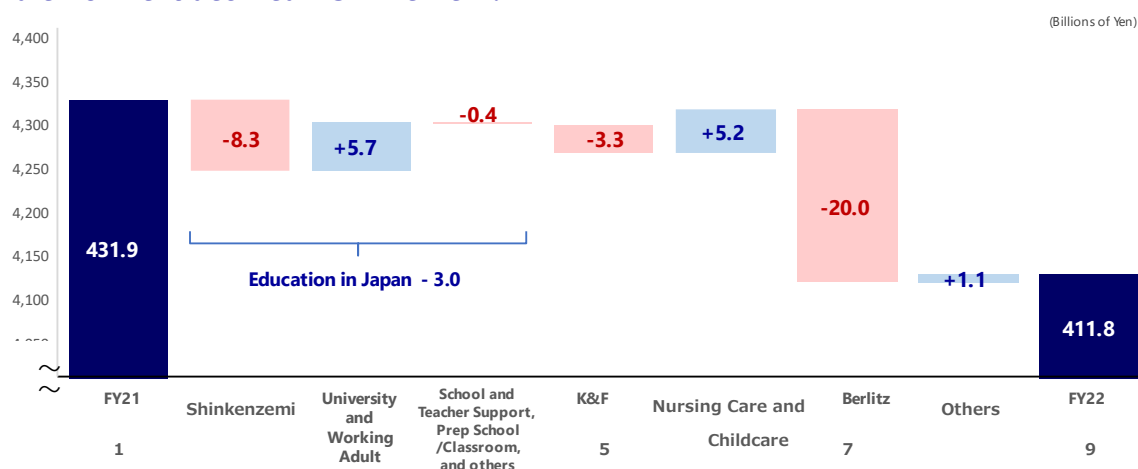
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Change in FY22 net sales by segment (YoY)



Overall decline in sales despite increased sales in University and Working Adult Business and Nursing Care and Childcare Businesses, due to sales eliminated by the share transfer of Berlitz and enrollment declined in Shinkenzemi



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Here is a waterfall chart showing the change in sales by business from FY2021 to FY2022 of the previous fiscal year.

In Education business in Japan segment, Shinkenzemi sales declined by JPY8.3 billion due to a decline in enrollment, while sales in the University and Working Adult Business increased by JPY5.7 billion due to sales expansion. The combined sales of School and Teacher Support, prep schools, and others decreased by about JPY0.4 billion, resulting in a total Education business in Japan sales decrease of JPY3 billion.

In the K&F business, sales declined by JPY3.3 billion due to a decrease in enrollment in China and Japan, and then the impact of reduced sales in the media business. In the Nursing Care and Childcare business, sales increased by JPY5.2 billion due to an increase in the number of facilities and the effect of price revisions during the period. Others were a JPY20 billion drop in sales from Berlitz and an increase in sales from the Naoshima business, which is included in the others category.

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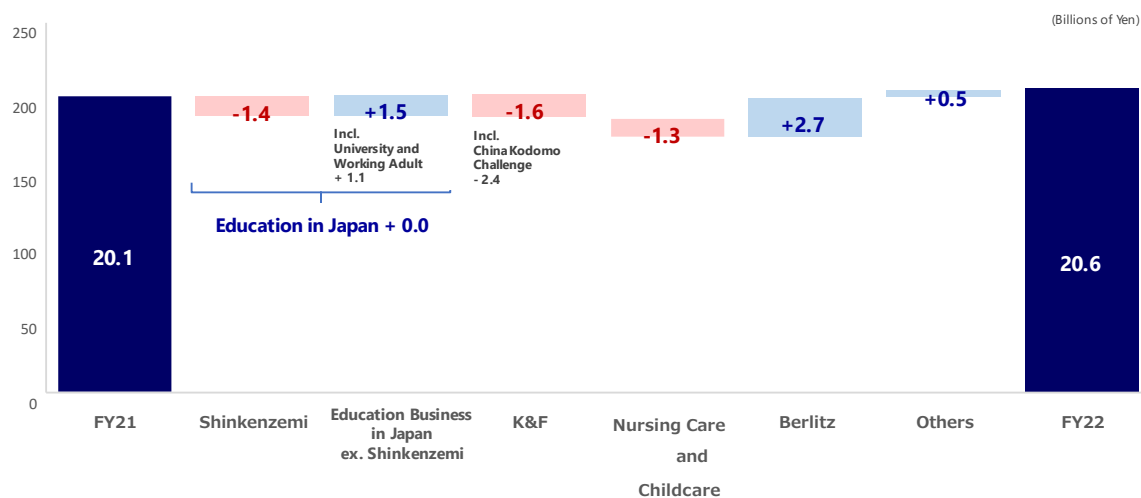
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Change in FY22 operating income by segment (YoY)



Overall increase in income thanks to increased income in University and Working Adult Business and eliminated operating loss due to share transfer of Berlitz offsetting the declined income in the China and Nursing Care and Childcare Businesses caused by COVID19 and other factors.



* YoY decline in Shinkenzeni is due mainly to review of segment burden of selling expense.

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The following is a waterfall chart showing the change in operating income from FY2021 to FY2022 by business segment.

In Education business in Japan, while Shinkenzeni's profit declined by JPY1.4 billion, the total segment profit increased slightly due to a JPY1.1 billion increase in profit from University and Working Adult Business and an increase in profit from the Prep schools and Classrooms Business.

Of the JPY1.4 billion decrease in Shinkenzeni, about JPY1 billion was due to the impact of the review of the burden of selling expenses by segment, resulting in an actual decrease of about JPY400 million in the Shinkenzeni business.

On the other hand, in the K&F business, in China suffered a negative impact of JPY2.4 billion due to a decrease in enrollment as a result of the China's zero-Covid policy in the Chinese Kodomo Challenge business. On the other hand, although there was a positive effect from a review of the burden of selling expenses by segment, overall segment income decreased by JPY1.6 billion.

In the Nursing Care and Childcare business, while there was an increase in income due to higher sales, there was a delay in improvement in occupancy rates due to the prolonged impact of COVID-19 and an increase in utility expenses due to soaring fuel prices and taxes and public charges due to the increase in the number of locations.

As a result, the segment as a whole saw a decrease of JPY1.3 billion. In addition, the JPY2.7 billion loss eliminated by the grouping-out of Berlitz and the profit improvement effect of the Naoshima business

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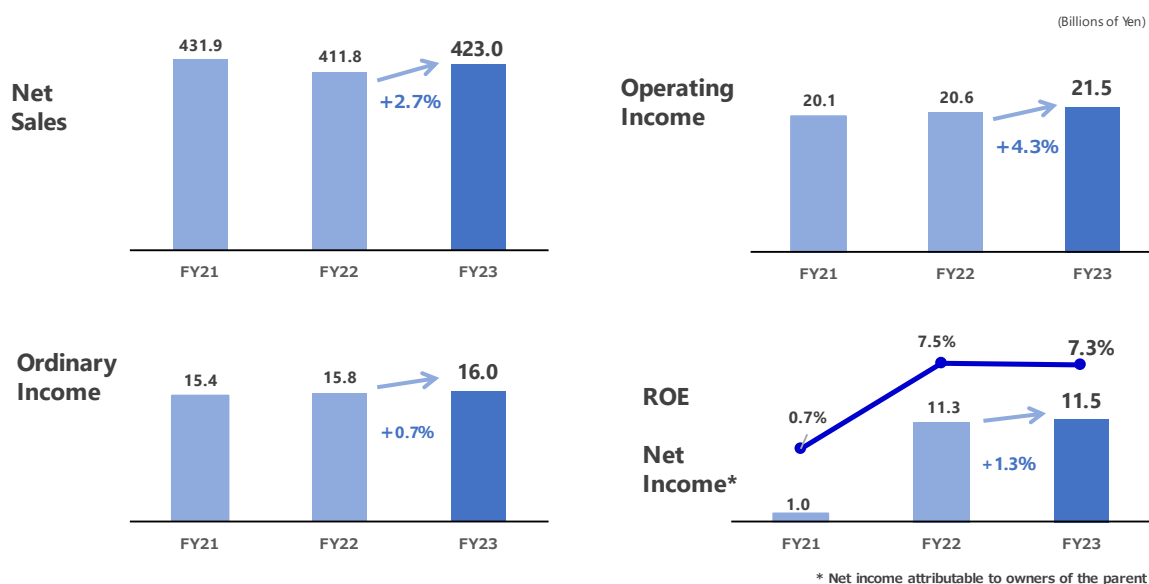


included in others resulted in an overall increase of JPY400 million to JPY20.6 billion.

FY23 earnings forecasts highlights



Forecast of increased sales and income, ROE of 7.3%



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I would like to continue by explaining the highlights for FY2023 and the current fiscal year.

For FY2023, we expect both sales and income to increase, albeit moderately.

We expect net sales of JPY423.0 billion, up 2.7% from the previous year; operating income of JPY21.5 billion, up 4.3% from the previous year; ordinary income of JPY16.0 billion, up 0.7% from the previous year; and net income of JPY11.5 billion, up 1.3% from the previous year.

We are forecasting an ROE of 7.3%, and while we will maintain the 7% level, we do not expect to reach the 8% level that we have announced for 2023 ahead of schedule at this time.

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FY23 earnings forecasts summary



YoY increase in sales and income

(Billions of Yen)

	FY22 Results	FY23 Forecast	YoY
Net sales	411.8	423.0	+11.1
Operating income	20.6	21.5	+0.8

- **Recovery from the impact from COVID-19 in the Nursing Care and Childcare Business drives income growth.**

Operating income: +¥2.8bn YoY

- **Despite of declined enrollment, price revisions and cost reductions increase income in Shinkenzenmi.**

- **University and Working Adult Business expects growth of Udemy and expansion into “New fields” through M&A and alliances.**

- **Execution of investment for growth limits the amount of income increase.**

Improving the products and foundation for elementary and junior high school business; enhancing the University and Working Adult Business and Area Business Promotion system; developing India business, investing into DX human resources, etc.

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The next slide is an explanation of the main points regarding the full-year forecast summary for FY2023 in terms of comparison with FY2022.

First, recovery from the new COVID-19 in the Nursing Care and Childcare Business will drive profit growth. Operating income is expected to increase by JPY2.8 billion YoY. Shinkenzenmi is expected to decrease in the number of enrollments, but profit growth is expected to be absorbed by price revisions and cost reductions. In the University and Working Adult business, we expect further growth of Udemy and expansion into new areas through M&A and alliances.

In addition, in FY2023, we plan to make several investments for future growth. The main areas of investment for growth are the strengthening of products and infrastructure in the elementary and junior high school business in preparation for the replacement of GIGA in FY2025, investment in sales expenses and human resources to accelerate the growth of Udemy, strengthening the area business promotion system, business development in India, and investment in DX human resources, etc.

We expect to increase investment by approximately JPY3.0 billion in this area of business. These factors have resulted in a reduction in the increase in profit.

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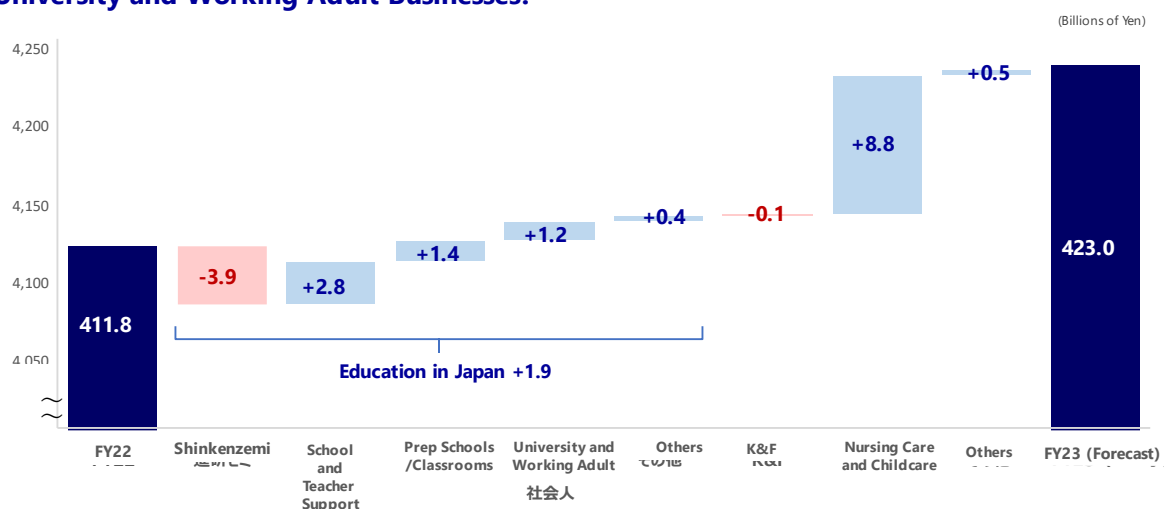
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FY23 net sales forecasts by segment (YoY)



Forecast of increased sales despite of lower sales in Shinkenzemi, thanks to sales growth in the Nursing Care and Childcare, School and Teacher Support, Prep Schools and Classrooms, and University and Working Adult Businesses.



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The next slide will be a chart showing the change in sales by business from FY2022 to FY2023.

First, in the Education business in Japan segment, Shinkenzemi sales are expected to decrease by JPY3.9 billion, the School and Teacher Support Business is expected to increase by JPY2.8 billion, and University and Working adult Business is expected to increase by JPY1.2 billion, for an overall increase of JPY1.9 billion in Education business in Japan segment sales.

In the K&F Business, sales are expected to remain mostly unchanged in the segment as a whole. The Nursing Care and Childcare Business, however, is expected to increase sales by JPY8.8 billion.

In addition, there are other factors such as an increase in sales from the Naoshima project, resulting in a projected overall increase in sales of JPY11.1 billion.

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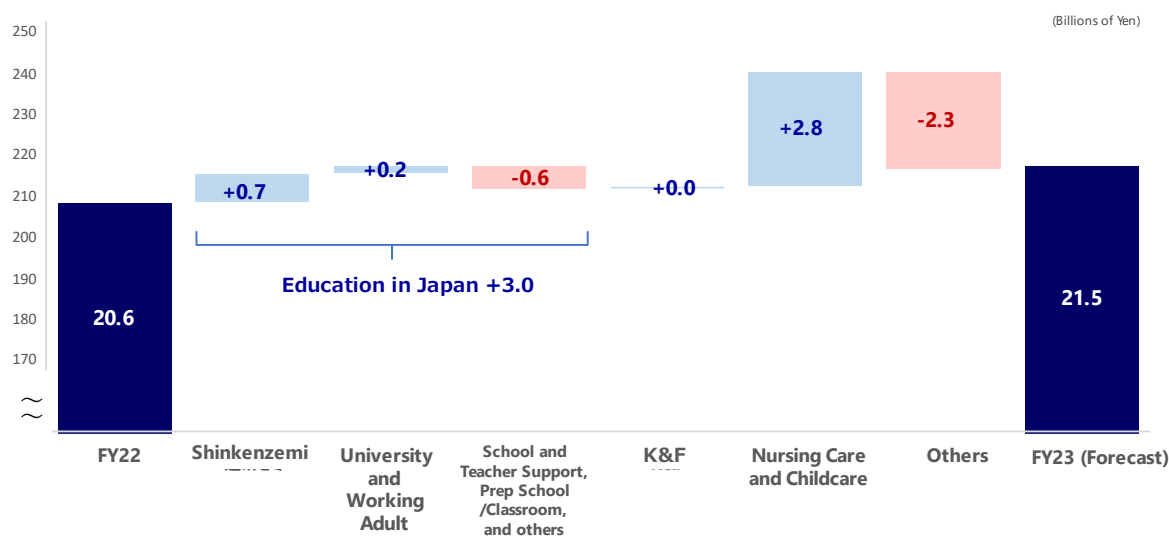
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FY23 operating income forecasts by segment (YoY)



Forecast of increased income thanks to income growth in Nursing Care and Childcare Business and Shinkenzemi.



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The following chart shows the change in operating income from FY2022 to FY2023 by business segment.

In Education business in Japan, while Shinkenzemi is expected to post an increase of JPY700 million and the University and Working Adult business an increase of JPY200 million, the prep school and classroom business is expected to post a decrease of JPY600 million, for a total segment increase of about JPY300 million.

In the K&F business, operating income is expected to increase slightly from the previous year. The Nursing Care and Childcare Business is expected to post a significant increase of JPY2.8 billion. This is in addition to the strategic investments included in others and increased costs associated with the expansion of the India business. Overall, we expect an increase of JPY800 million to JPY21.5 billion.

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FY23 earnings forecasts by segment (YoY)



(Billions of Yen)

Segment/Business		Change in net sales		Change in operating income	
Education Business in Japan	Shinkenzemi	-3.9	Lower sales due to a decrease in cumulative enrollment, partially offset by an increase in sales due to price revision.	+0.7	Positive effects from lower system amortization expenses and cost reduction expected to offset lower income from lower sales.
	School and Teacher Support	+2.8	Higher sales in high school business.	-0.6	Higher sales in high school business offset by expected increase in upfront investment (¥1.1bn) in elementary and junior high school business aiming for FY25 and beyond.
	Prep Schools and Classrooms	+1.4	Higher sales in prep schools.	-0.2	Lower income from Tokyo Individualized Educational Institute and start-up costs of "UP" junior high school entrance exam business in the Tokyo metropolitan area expected.
	University and Working Adult, Other	+1.2	Higher sales from expansion of Udemy, etc.	+0.2	Higher income mainly from Udemy, iCareer, etc. to offset investment for growth (¥0.9bn).
	Others	+0.4	Challenge Schools, etc.	+0.2	Higher income due to higher sales.
K&F	Japan	+0.3	Higher sales thanks to price revision and recovery of Tamahiyo business, etc., offsetting lower sales in Kodomo Challenge due to decrease in cumulative enrollment.	+0.7	Sales recovery and cost reductions in non-course business, Tamahiyo business, etc. expected to offset lower income due to lower sales in course business.
	Overseas	-0.3	Lower sales due to decreased enrollment at beginning of period.	-0.6	Lower income due to lower sales and enhanced sales promotion expected for early business recovery.
Nursing Care and Childcare		+8.8	Higher sales thanks to increased nursing homes, improved occupancy rate, and price revision.	+2.8	Higher income due to higher sales.
Others/Reconciliations		+0.5	Higher sales in Naoshima business, etc.	-2.3	Strategic investment, India business development, etc.

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On the next slide, I will explain the breakdown by segment and business.

First is the Education business in Japan segment. In the Shinkenzemi division, sales are expected to decrease by JPY3.9 billion, although the negative impact of the decline in enrollment will be partially offset by price revisions. In terms of operating income, while the decrease in sales is expected to reduce profits, a total increase of JPY700 million is expected due to a decrease in system amortization expenses and cost reduction effects.

In the School and Teacher Support Business, we expect a JPY2.8 billion increase in sales due to price revisions for Shinken Simulated Exams and the strengthening of the area structure. Profit is expected to decrease by about JPY600 million due to an increase in upfront investment of about JPY1.1 billion in the elementary and junior high school business for FY2025 and beyond.

In the Prep school and Classroom Business, we expect an increase in overall sales due to higher profits at each school, but we expect a JPY200 million decrease in profits due to lower profits at Tokyo Kobetsu Shido Gakuin and start-up costs for UP's junior high school entrance examination business in the Tokyo metropolitan area.

In University and Working Adult Business, there was a reaction to the special demand for the study abroad program in the previous fiscal year, but Udemy grew, resulting in a total sales increase of JPY1.2 billion. However, we expect an increase in investment for growth, about JPY900 million, and as a result, we plan an increase in profit of about JPY200 million, for a total segment increase of about JPY300 million.

In the K&F Business, although there will be a decrease in sales due to lower enrollment in Kodomo Challenge in Japan and China, we expect overall sales in the segment to remain mostly unchanged due to the effect of price revisions and an expected recovery in sales in the media business. Profits are also expected to remain mostly unchanged as we plan to strengthen sales promotion for early business recovery in China while anticipating a recovery in the lifestyle area.

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The Nursing Care and Childcare Business is expected to post a significant increase in sales of JPY8.8 billion due to an increase in occupancy rates, an increase in the number of facilities, and the effect of price revisions. Profits are also expected to increase substantially by JPY2.8 billion, offsetting various cost increases.

Other factors include an increase in sales from the Naoshima business. As a result, we expect an overall increase in sales of JPY11.1 billion, but we also expect an overall increase in income of JPY800 million due to strategic investments for transformation and increased investments in the India business and other areas.

April Enrollment for Shinkenzemi and Kodomo Challenge



Emphasis on balance between enrollment and income:

April enrollees down 11.5% YoY overall, but income growth expected with price revisions and cost reductions.

	2022 (April)	2023 (April)	YoY Change	Change (%)
High school courses	110,000	100,000	-10,000	-8.9
Junior high school courses	350,000	320,000	-30,000	-8.6
Elementary school courses	1,280,000	1,180,000	-100,000	-8.0
Kodomo Challenge	750,000	610,000	-140,000	-19.0
Total for Japan	2,490,000	2,210,000	-290,000	-11.5
Sales (Shinkenzemi + Kodomo Challenge)	¥113.8bn	¥109.5bn	¥-4.2bn	-3.8%

*2023 sales figures are forecasts

Decreased enrollment in paper courses has large impact while decline is subtle in digital courses. Current retention rate exceeds that of the same month last year.

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Now, this will be the last slide of my explanation. These are the April enrollment figures for Shinkenzemi and Kodomo Challenge, which we disclose on an ongoing basis.

The total number of enrollments of Kodomo Challenge and Shinkenzemi courses for elementary, junior high, and high school students was 2.21 million, down 290,000, or 11.5%, from 2.49 million last year. The Shinkenzemi courses for elementary, junior high, and senior high school students decreased by 8%, while Kodomo Challenge experienced a large drop in enrollment, down 19%.

Looking at paper and digital enrollment, the number of digital enrollments remained almost on par with the previous year, while paper course enrollment fell significantly below the previous year's level. In addition, here, where the drop is particularly large, the drop in the zero to three-year-old nursery line is larger than in the four to six-year-old pre-school line.

In addition to the declining birthrate, we believe this is largely due to macroeconomic factors such as widening economic disparities. We would like to take these results and make changes based on a deeper understanding of the diversification of current needs and customer realities.

Although the decrease in enrollment is significant, the effect of the price revision is expected to limit the total sales of Shinkenzemi and Kodomo Challenge to JPY4.2 billion, a decrease of 3.8%. In addition, the current April retention rate has remained higher than that of the same period of the previous year.

This is an overview of our business performance.

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1. Looking back on Phase 1 of the medium-term management plan

2. Positioning of FY23 and key measures in main businesses

3. Key points in the Transformation Business Plan

Kobayashi: Thank you for your time today. I would now like to talk about our future business policy, especially how we are planning for the FY2023, the single fiscal year.

I will discuss three points today.

First, as Tsuboi mentioned earlier, last year was the end of the first phase of the first and second phases of the medium-term management plan. Accordingly, we would like to take a look back at this first phase.

Secondly, I would like to talk about the positioning of the FY2023, including the future of Benesse, and the key themes of our main projects.

Finally, next Friday, the 19th, I will be presenting the Transformation Business Plan, which I had previously promised to do.

I would like to briefly introduce some of these points today.

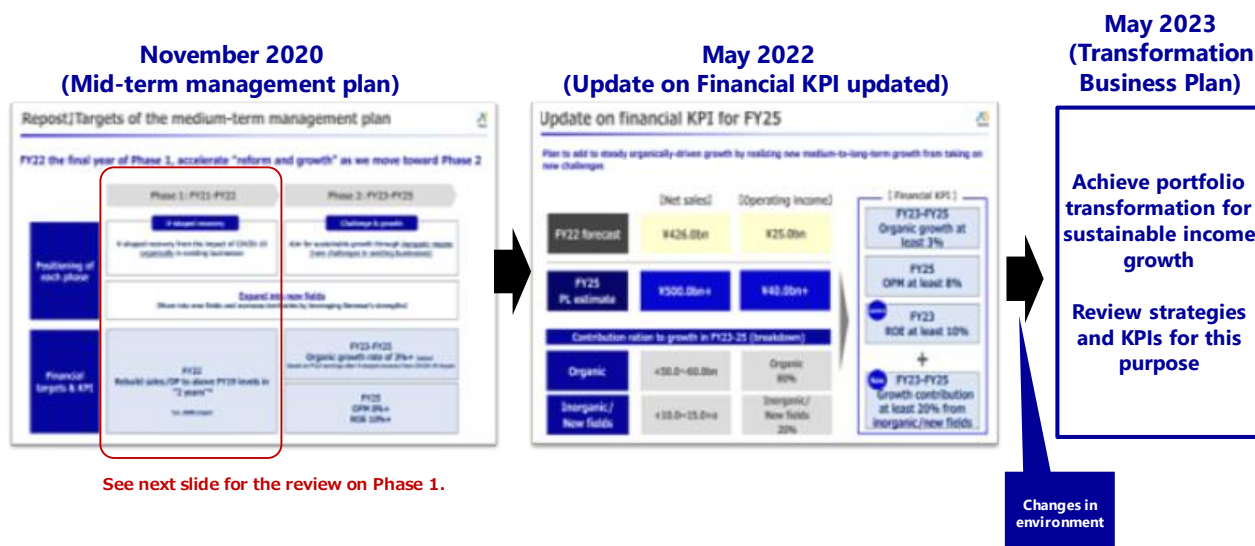
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Looking back on the medium -term management plan



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First, let me review our medium-term management plan.

The medium-term management plan that Benesse is talking about now is the one announced in November 2020, on the far-left side of this chart. At that time, I mentioned that 2021-2022 would be the first phase of recovery from the COVID-19 and a V-shaped recovery. Based on the above, we have announced that from FY2023 to FY2025, Benesse will further grow by taking on challenges and achieving growth.

We are also updating this November 2020 financial KPI when we announced our May FY2022 financial results. As I mentioned before, we are accelerating to achieve sales and operating income and ROE of 10% or more. We have been proceeding with our business as it is, but there have been a number of significant changes in the business environment. The largest change is still COVID-19.

In this context, we believe that it is necessary to make changes based on a portfolio approach that clearly positions each business for sustainable profitable growth.

We will also review the strategies and KPIs to achieve this at the same time, and this will be the positioning of the transformation business plan that we will announce next week.

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Financial targets	<p>Slightly missing target in Phase 1: V-shaped recovery from COVID-19 impact</p> <ul style="list-style-type: none"> Operating income: FY19 (pre-COVID): ¥21.2bn → FY20: ¥13.0bn → FY22: ¥20.6bn 	Slightly missed target
Evolution of core businesses	<p>V-shaped recovery in Education Business in Japan; Recovery to come in Nursing Care and China; Launched initiatives for Inorganic growth</p> <ul style="list-style-type: none"> As of FY22, Education Business in Japan achieved V-shaped recovery from F19. (Operating income = FY19: ¥14.0 bn ⇒ FY20: ¥11.9 bn ⇒ FY22: ¥19.1 bn) Full-scale activities launched for inorganic growth. (Diverse of learning support businesses launched; Heart Medical Care made a consolidated subsidiary.) Businesses of Nursing Care and China Kodomo Challenge still recovering from lingering COVID-19 impact. 	Partially lingering impact from COVID-19
Expansion into new fields	<p>New organization established to take on full-scale challenge for the growth</p> <ul style="list-style-type: none"> University and Working Adult Business Company established. Steady expansion of UdeMy business. (Adopted by over 1,000 companies.) Further acceleration of growth launched in fields of University and Working Adult. (Investment and alliance with SkyHive; acquisition of Waris.) In field of overseas education, Benesse India established and local school education support business launched. 	Steady progress
Management foundation	<p>Problematic businesses organized; DX promoted</p> <ul style="list-style-type: none"> Profitability improved with the sale of the underperforming Berlitz business. DIP (Digital Innovation Partners), a cross-Group organization, established to promote DX. 	Steady progress

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Now I would like to talk about the first phase, the end of last year, and what is our perception of this phase.

First, Phase I targets as financial targets, V-shaped recovery from the impact of the COVID-19. This was, unfortunately, a slight underachievement. Operating income for FY2019 is before COVID-19. It was JPY21.2 billion. As Tsuboi mentioned earlier in the financial results for fiscal 2022, the operating profit was JPY20.6 billion, meaning that we have not achieved our goal of about JPY600 million short of the target.

In this context, we are talking about the evolution of our core businesses, which are Education business in Japan, Nursing Care, China, and things like that, and in fact, Education business in Japan has made a significant V-shaped recovery from the 2019 numbers before this COVID-19. The operating income for Education business in Japan in FY2019 was JPY14.0 billion. In 2022, the previous period, the operating income for Education business in Japan was JPY19.1 billion. I think we can say that a V-shaped recovery has been achieved here.

On the other hand, the medium-term management plan also indicated that we would do our best to achieve inorganic growth in our existing core businesses. I think we can say that we have started preparations for the launch of various learning support businesses and the establishment of Heart Medical Care, a peripheral Nursing Care Business, as a consolidated subsidiary.

On the other hand, the Nursing Care Business, and the Kodomo Challenge business in China, unfortunately, have been affected longer by the COVID-19 than we had originally thought. The plan was to achieve more than JPY21.2 billion in the first phase to achieve a V-shaped recovery, but we believe that the biggest reason for not achieving this figure was that the impact of the COVID-19 in the Nursing Care business and the China Kodomo Challenge business was slightly ahead of schedule.

The next major point of the first phase was to prepare for, and initiate, the challenge of entering new areas in FY2023 and beyond. Let me tell you a little about the situation.

First of all, we mentioned that we were going to make a full-fledged effort in the area of University and Working Adults as one of the growth areas. As an organization, we have raised the University and Working

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Adult Business from the Business Division to the Company. We have established a new company. And the UdeMy business is currently expanding very steadily. The number of companies that have adopted the system has exceeded 1,000 as of the end of this fiscal year and has reached that point.

In addition, in order to further accelerate growth in the University and Working Adult Business, we have invested in and partnered with SkyHive and brought Waris into the group, and I think it can be said that we have been involved in these kinds of projects.

Meanwhile, looking overseas, we have established a company called Benesse India and have started a school education support business for schools in India. We are steadily beginning preparations for this one as well, and hope to move toward future growth.

It is about the management infrastructure that supports these activities. We have been working vigorously for the past two years to organize our issue projects and to promote DX. I think the biggest challenge was the sales of Berlitz, which had been a continuously loss-making business. By doing this, it greatly improved profitability.

Also, digital. We are trying to aim for business growth using digital in all our businesses. During this Phase I, we created an organization called Digital Innovation Partners to strongly support and lead the growth of all our businesses using digital technology. The entire group is now promoting digitalization centered on this organization.

This is how we have organized our achievements in Phase I of the medium-term management plan, or what remains to be done in the future.

Positioning of FY23



- Proactive investment in growth fields for future growth
- Initiatives to resolve issues in core business
- Execution of measures to strengthen management foundation (area, human resources, DX)



And aim for higher sales and income

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Continuing on, I would like to talk a little bit about how I am positioning this single FY2023, right now.

I believe that these three things will be very important for Benesse in FY2023.

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Firstly, we would like to make aggressive investments in growth areas for the next stage of growth. As Tsuboi mentioned earlier, we are considering investing about JPY3 billion for the next growth or to maintain and improve our customer base.

At the same time, we must steadily work to resolve issues in our core business. In addition, strengthening the management base is a very important point as we grow our business in the future. This is to strengthen the development of the area, or the human resources themselves, and the continued enhancement of DX. I believe that this is also something we need to plan for and work on this FY2023.

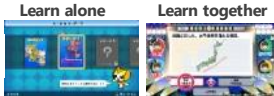
While working through these initiatives, we are sure to achieve an increase in sales and profit. That is how we see the positioning of FY2023 for Benesse.

Education Business in Japan (Shinkenzeni/School and Teacher Support/K&F)

Promote product value and sales method redesigns and cost structure reform

Challenges and opportunities	Recent conditions
<ul style="list-style-type: none"> Acceleration in declining birthrate; Diversification of needs. Major shift in school education. (Intra-year entrance exams; GIGA School Program) Measures against fall in children's learning motivation. 	<ul style="list-style-type: none"> Enrollment in Shinkenzeni /Kodomo Challenge: - 11.5% YoY (Apr. 2023) High school assessment: -1.8% YoY (FY22) Number of schools adopting Mirai Seed: 9,010 schools + 1,068 schools YoY (April 2023)

Key measures for FY23

<p>✓ Enrich educational materials and services</p> <ul style="list-style-type: none"> Take more decisive measures against fall in children's learning motivation. (Expansion of target grades to tie-up with Nintendo Switch) <div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> <p style="font-size: small;">Shinkenzeni score improvement series for Nintendo Switch</p> </div> <div style="text-align: center;">  </div> </div> <ul style="list-style-type: none"> Make upfront investments for future replacement of GIGA device and cloud migration of school administration support (Mirai Seed, EDUCOM, etc.). 	<p>✓ Respond to diversification of needs</p> <ul style="list-style-type: none"> Provide diverse learning opportunities by leveraging customer base. (Expand EVERES, Challenge School, etc.) Enhance products for schools with diverse students' education advancement. (Careered support program, etc.) Promote proposals for regionally diverse needs of local authorities and schools. (Establish Area Business Promotion Headquarters) <p>✓ Promote cost structure reform</p> <ul style="list-style-type: none"> Conduct company-wide review on cost structure
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I would like to continue by discussing the key points of each of these projects for this FY2023.

First, Education business in Japan. I will talk about Education business in Japan, which includes Shinkenzeni, schools, and K&F's Kodomo Challenge, although the segments are slightly different.

I believe that we must now overwhelmingly focus on three things: product value, redesign of sales methods, and reform of cost structures.

Challenges and Opportunity Points. Accelerating declining birth rates or diversifying needs, and a major shift in schooling that began during the COVID-19 disaster. This is the progress of the intra-year entrance examination or GIGA school concept. And the decline in children's motivation to learn is actually occurring in the periphery of the Education business in Japan business.

This is the recent situation. Unfortunately, the number of Shinkenzeni and Kodomo Challenge members in Japan decreased by 11.5% compared to the previous year, as Tsuboi explained earlier. High school assess, also slightly, were down 1.8% from the previous year and down last year.

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On the other hand, the number of schools using Benesse's Miraiseed, which has been released for compulsory education in elementary and junior high schools, has been increasing even more. Approximately 9,000 schools, or 30 percent of schools, are using Benesse's Miraiseed. This is the current situation.

Under these circumstances, or in the context of challenges and opportunity points, I will tell you what our priority in FY2023 is. First, we decided to thoroughly strengthen our educational materials service. With the changing environment and motivation of our customers, I believe that we naturally have to strengthen our efforts to address the decline in children's motivation to learn.

We have already talked about this in various releases, but we have also begun to work with Nintendo on a Switch tie-up and a new VR learning method for some grades. As I mentioned earlier about the enrollment numbers, we are starting this mainly in the junior school seminar, but the April newcomers in the junior school seminar are not hurting as much as in the other seminars.

I also feel that we have been a little weak in our efforts to propose new things to children that they would like to do or would like to try. We need to expand the target grade levels in this area and continue to offer things that children want to do, including VR and other things besides Nintendo Switch, which I mentioned earlier. We are going to put more effort into doing that.

On the other hand, there is a GIGA terminal replacement in 2025. What this means is that at the time of the COVID-19 disaster, GIGA terminals were distributed all over the country on a national budget. So those will be replaced. In addition, we are currently offering paid learning software for learning on these devices, which we call Miraiseed, and this is also under a five-year contract. This is where the contract has to be renegotiated. In order to achieve this, we will make investments in FY2023 to expand our share of the market by renewing contracts in the next round of replacements.

On the other hand, it is clear that diversified needs are occurring. In this area, we will use our customer base, i.e., the number of seminar members, to provide a variety of learning opportunities in a more focused and enhanced manner. That would be EVERES or the expansion of the Challenge School.

In addition, school divisions are also expanding a bit in schools, for example, through mid-year entrance examinations. Career paths are becoming more and more fragmented from high school to high school. Under such circumstances, I believe that we must naturally strongly release and strengthen new products and new products that will really help children think about what kind of career path they should choose and what kind of destination they should consider for their next steps.

In addition, the educational gap in the region, or educational initiatives in the region, have changed considerably in each region over the past year or two. We believe that it is very important for education in Japan today to catch up with this trend and make product and business proposals that are suited to the region. We have created a new Area Business Promotion Division this April to strengthen the area business. I believe this is also a very important point for FY2023.

On the other hand, we believe that there is still much to be done and much that can be done, in the area of Education business in Japan, so we will continue to examine items and amounts and implement them.

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Proactive investment as this is the key area in growth fields

Challenges and opportunities	Recent conditions
<ul style="list-style-type: none"> Expansion of needs for corporate and individual reskilling and HR-related services. 	<ul style="list-style-type: none"> Net sales growth rate: +40.1% YoY (FY22) Steady expansion of Udemy <ul style="list-style-type: none"> Corporate users in Japan: 1,000+ (Nikkei 225 Companies: 50%+) (March 2023) Enrollees in Japan: 1.3mn+ (March 2023) Capital alliance with SkyHive (April 2023) Acquisition of Waris (planned for in June 2023)

Key measures for FY23

- ✓ **Strategic resource allocation for business expansion**
 - Increase the number of staff, particularly in corporate sales: +60% YoY
(Accelerate recruitment to strengthen the functions including corporate sales, government, public information data science, corporate, and other functions.)
 - Enhance sales promotion
- ✓ **Effective utilization of the company's foundation and acceleration of M&A strategy**

Capital and business alliance with SkyHive

SkyHive owns the world's largest database of labor market information.

We will launch a service in FY23 for companies using or considering Udemy Business, and develop and roll out new program with SkyHive.

We will provide a full range of services necessary for human capital management from skill assessment to talent management.

Continuing on, we have University & Working Adult in the Education business in Japan segment.

This one is now the Benesse Group's most important theme for future growth areas, and we are considering aggressively investing in this area.

Challenges and Opportunity Points. I think this is more of an opportunity point than a challenge, but I believe that the need for reskilling and HR-related services is expanding both for companies and individuals. This is something that we, as an operator of Udemy and other services, have experienced firsthand.

Sales growth rate. The growth rate of sales in this area has also increased steadily over the last year, 40.1% year over year. Udemy's business is also expanding steadily. The number of companies that have adopted the system has exceeded 1,000, and the number of individual members has also grown to over 1.3 million. With this in mind, we will also work with companies such as SkyHive and Waris, which have important elements to build this business. We have been working on this from the end of last fiscal year through this April.

Priority Items for FY2023. Strategic allocation of resources for business expansion, which will be further strengthened. We are now assembling a corporate sales force, first of all in the form of a 60% increase in sales personnel over the previous year. In this context, we are preparing for corporate sales, or sales to municipalities, or strengthening functions such as content, data science, and corporate, to firmly grow our business. And we will also strengthen sales promotion.

We also intend to further accelerate the effective use of our own infrastructure and mergers and acquisitions.

On the right side, I have included a little description of what we are aiming to achieve through our capital and business alliance with SkyHive. Now, that is why we already have the area of training on Udemy. On the other hand, visualization of skills, especially when we are communicating with corporations, we need to clarify the skills that our corporations will need to grow their business in the future, or the skills that their current employees have, and to fill this gap. When such things become necessary and the skills gap becomes apparent, the reskilling training program will be even more useful. I think it will be that kind of cycle.

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We now have the ability to nurture in UdeMy. SkyHive is a company that can make these skills visible. By combining the two, we will be able to strengthen our proposals to companies and individuals and increase our product power. In this sense, we have also entered into a capital alliance with SkyHive.

Nursing Care and Childcare Business



Quick recovery of the occupancy rate in nursing-care facility business and acceleration in the development of peripheral businesses

Challenges and opportunities

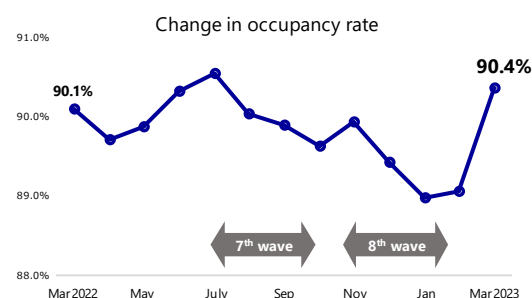
- Recovery from impact of COVID-19.
- Resolving growing social issues such as the shortages of caregivers.

Key measures for FY23

- ✓ **Quick recovery of the occupancy rate in nursing-care facility business**
 - Build relationship with local hospitals and care managers; Short stays (trials).
 - Enhance sales system.
 - Target occupancy rate at March 31, 2024: 93.9%.
- ✓ **Promotion of strategic plan to open new nursing homes**
 - Start expanding service areas (Kanazawa, Hiroshima, and Kumamoto) ⇒ Link to recruitment strategy.
 - Open new and distinctive nursing homes.
- ✓ **Initiation of new business development in nursing care peripheral fields**

Recent conditions (nursing-care facility business)

- Occupancy rate: 90.4% on March 31, 2023 (90.1% March 2022)
- Number of requests for materials: March 2023 +6.6% YoY



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This is a Nursing Care and Childcare Business.

For the Nursing Care and Childcare Business, as I mentioned earlier at the beginning, COVID-19 has influenced them for a somewhat long time. We still need to recover the occupancy rate as soon as possible. And we now recognize that the Nursing Care Business also has ample potential for new business growth through new and peripheral businesses.

The challenges and opportunity points are, first, early recovery from the COVID-19 impact. We are also thinking of solving the social issues that exist in this business area, such as the shortage of nursing care personnel, as an opportunity point for new business.

As for the current situation, the occupancy rate at the end of March was 90.4%. The occupancy rate at the same time a year ago was 90.1%, so there has been a slight improvement. However, we had originally intended to build this area at a higher level, so in that sense, I have the impression that the impact of the COVID-19 is still lingering.

On the other hand, the number of requests for information materials or tours has been growing both in terms of requests for information materials and monetary value. This May, the COVID-19 becomes category 5 and various changes in the COVID-19 environment are taking place. I believe that such a situation has been created recently.

Therefore, our first priority for 2023 is to quickly restore the occupancy rate in the Nursing Care Business, and this will be our first priority. We have a great advantage in building relationships with hospitals and care managers, as well as in short-stay services. We have further strengthened this area and also reinforced our sales structure.

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We are now creating a financial plan for this project to raise the occupancy target to 93.9% by the end of March next year, in 2024. I believe that this is more important than anything else in the Nursing Care Business, that we must complete a strong and solid year in order to get there.

On the other hand, a strategic store opening plan will be an important factor in growing this business in FY2023 and beyond. We have been expanding our business in the Tokyo metropolitan area, Nagoya, and Kansai, but we are now considering expanding our business area. Specifically, we are currently developing properties in Kanazawa, Hiroshima, Kumamoto, and other cities.

This is actually linked to the region's strategy for recruiting human resources. Very simply, the move is linked to Benesse Care's strategy for recruiting nursing care staff, not just putting out facilities. Therefore, we would like to make a strong showing here.

In addition, as I mentioned earlier, we intend to strongly launch the development of new businesses in the area surrounding nursing care in 2023.

China Kodomo Challenge



Investments aimed at recovery from impact of COVID-19

Challenges and opportunities	Recent conditions
<ul style="list-style-type: none"> Decreased enrollee due to impact of COVID-19. Rapid acceleration in declining birthrate. Easing competitive conditions owing to "double reduction policy." Transition from fixed-cost sales to variable-cost sales. 	<ul style="list-style-type: none"> Enrollment:-16.5% YoY (April 2023) Current retention rate and number of new enrollees exceeding those of the same period last year.

Key measures for FY23	
<ul style="list-style-type: none"> ✓ Recovery of enrollment with emphasis on balanced income Post-pandemic recovery of enrollment. Sales structure reform. (Expansion of variable cost sales such as e-commerce and member proposal sales, etc.) Cost structure reform. (Delivery, IT development costs, etc.) 	<ul style="list-style-type: none"> ✓ Increasing LTV (life time value) Expansion of peripheral businesses. (Expansion of thinking skills courses, development of new courses, etc.) Revitalization of KIDS business. (Recovery from store closures and suspension of operations due to COVID-19.)



This is the last point for the business. China Kodomo Challenge.

Similar to nursing care, the China Kodomo Challenge is also suffering from the lingering effects of the COVID-19. We are also trying to make sure that we are investing in the recovery of this area. That is how we think about China Kodomo Challenge in FY2023.

Decrease in enrollment due to the impact of the COVID-19 or accelerated decline in the birthrate. However, as an opportunity point, the competitive environment is easing due to a change in Chinese policy called the double reduction policy. This is now moving positively. They are also now working on converting our sales from a fixed cost type to a variable cost type.

Through these efforts, we are trying to quickly recover the number of enrollments in China. This is why we are positioning ourselves to make investments in FY2023.

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As for the current situation, the number of members decreased by 16.5%, due to the impact of COVID-19. However, the current retention rate or the number of new members is already showing signs of exceeding that of the same period last year. I would appreciate your understanding that FY2023 is positioned as the year in which investments will be made to further drive this trend.

Priority Items for FY2023. The idea is to invest mainly in selling expenses in order to achieve a quick recovery in enrollment while focusing on the balance of profits. We are also considering the expansion of peripheral businesses using the LTV and customer base, and at the same time, we are thinking about this in the China Kodomo Challenge.

Key points in Transformation Business Plan (to be announced on May 19th)

1. In order to keep striving to achieve the Group purpose in a business environment undergoing various structural changes, it is essential to **transform into a portfolio structure that allows sustainable income growth over the medium to long term.**
2. **By FY28, portfolio structure is to be achieved with the three pillars of income consisting "Core Education", "Core Nursing Care", and "New fields".**
3. The Transformation Business Plan strives for the initiatives "**transformation of core businesses**" and "**challenges for new growth.**" The plan executes a reform in corporate management structure, namely **management system transformation** and **corporate transformation**, which are necessary for achieving those initiatives.

This Transformation Business Plan is an updated version of the medium-term management plan considering the various peripheral conditions surrounding the company.

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I would like to continue today with just a few key points of Transformation Business Plan that we will be presenting next week.

There are three major points. In a business environment that is undergoing various structural changes, however, we have also set forth our Group purpose. In order to continue to pursue the realization of this Group Purpose, we must make sustainable profit growth possible over the medium to long term.

To this end, we believe it is essential to have a firm grasp of our own portfolio structure and to proceed with the transformation of each of our businesses under that structure. Next week, we will be providing guidance in this area, including the concept of portfolios.

On the other hand, what kind of shape are we aiming for? This means that with FY2025 as the middle passage, Core Education, Core Nursing Care, and New Fields will become the three major profit pillars supporting the Benesse Group in FY2028. Our intention is to create a Transformation plan based on a transformation plan portfolio that can do that, and we would like to clarify in the Transformation Business Plan how we will do this area as well.

In addition, I would like to talk about not only this project, but also the reform of the management structure, how Benesse will carry out this Transformation Business Plan, and what kind of mechanism will be used to carry out the reform. Those are the three points.

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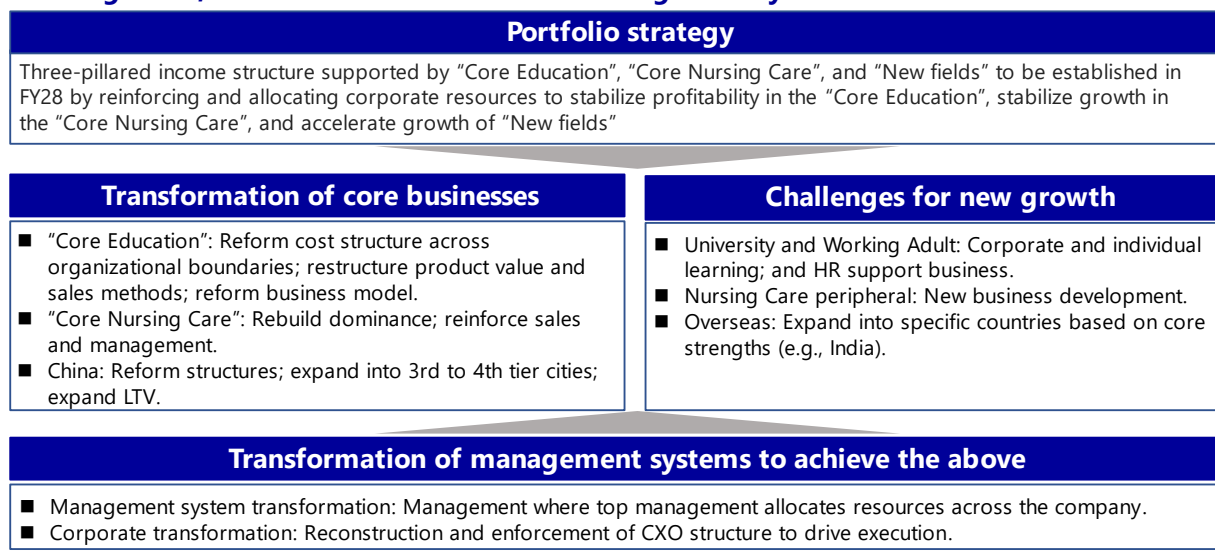
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Outline of Transformation Business Plan (to be announced on May 19th)



To continue pursuing the Group purpose, we will execute “transformation of core businesses” and “challenges for new growth,” both aiming for establishment of a portfolio structure for sustainable income growth, as well as “transformation of management system” to enable execution thereof.



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Here is a diagrammatic representation of what we have just discussed.

We will clarify in more detail how we will consider our core businesses in our portfolio strategy and how we will take on the challenge of new growth, and at the same time, we will clarify and present the changes in our management structure to realize these strategies.

FY25 operating income target



Review target figures in light of recent conditions of existing businesses and investment in new businesses for growth in FY25 and beyond



FY25 ROE target remains at 10% or higher

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In this context, I would like to talk today about our operating income target for FY2025 and what we are currently thinking about.

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The target figures have been revised in consideration of the current status of existing businesses and investments in new businesses for growth in FY2025 and beyond. We had previously announced an operating income target of JPY40 billion for FY2025, but we would like to change it to more than JPY32 billion, a figure that considers the investment for the next stage of growth.

At the same time, we intend to maintain our ROE target of 10% or more by 2025.

Shareholder returns



In order to provide stable dividends, an annual dividend of 60 yen per share is planned for FY23

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Last from me.

In terms of shareholder returns, from the viewpoint of stable dividends, we currently plan to maintain the annual dividend of JPY60 per share for FY2023.

That is all for my presentation. Thank you very much.

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