



## **1Q Results for FY2020 Supplementary Materials**

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**August 7, 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)



Three months ended June 30

(Millions of Yen)

	FY2019	FY2020	Change	%
<b>Domestic Education</b>	<b>48,742</b>	<b>43,577</b>	<b>(5,165)</b>	<b>(10.6)</b>
<b>Global Kodomo Challenge</b>	<b>13,168</b>	<b>12,284</b>	<b>(883)</b>	<b>(6.7)</b>
<b>Nursing Care and Childcare</b>	<b>30,141</b>	<b>29,959</b>	<b>(182)</b>	<b>(0.6)</b>
<b>Berlitz</b>	<b>11,190</b>	<b>8,818</b>	<b>(2,371)</b>	<b>(21.2)</b>
<b>Others</b>	<b>5,609</b>	<b>3,457</b>	<b>(2,152)</b>	<b>(38.4)</b>
<b>Total Net Sales</b>	<b>108,851</b>	<b>98,097</b>	<b>(10,754)</b>	<b>(9.9)</b>
<b>Domestic Education</b>	<b>(1,259)</b>	<b>(5,092)</b>	<b>(3,833)</b>	—
<b>Global Kodomo Challenge</b>	<b>684</b>	<b>336</b>	<b>(348)</b>	<b>(50.9)</b>
<b>Nursing Care and Childcare</b>	<b>2,705</b>	<b>2,008</b>	<b>(696)</b>	<b>(25.7)</b>
<b>Berlitz</b>	<b>(1,334)</b>	<b>(1,471)</b>	<b>(136)</b>	—
<b>Others/Reconciliations</b>	<b>(644)</b>	<b>(1,035)</b>	<b>(390)</b>	—
<b>Total Operating Income</b>	<b>150</b>	<b>(5,254)</b>	<b>(5,404)</b>	—
<b>Ordinary Income</b>	<b>(469)</b>	<b>(7,416)</b>	<b>(6,947)</b>	—
<b>Net Income</b>	<b>(1,597)</b>	<b>(5,671)</b>	<b>(4,073)</b>	—

# Analysis of Net Sales/Operating Income (YoY)



(Billions of Yen)

Net Sales	<b>Domestic Education</b>	Shinkenzemi : increase in cumulative enrollment	<b>1.9</b>
		School & Teacher Support business : impact of temporary school closures due to COVID-19, etc	<b>(4.1)</b>
		Cram schools / English education : impact of the voluntary halt of business over COVID-19, etc	<b>(2.9)</b>
	<b>Global Kodomo Challenge</b>	Japan : increase in cumulative enrollment / impact of concerts cancellation, etc	<b>0.1</b>
		Overseas : decrease in cumulative enrollment due to halt marketing over COVID-19 / impact of concerts cancellation, etc	<b>(0.8)</b>
		Forex rate impact	<b>(0.1)</b>
	<b>Nursing Care and Childcare</b>	Decrease in the No. of new residents for the rooms with down payment due to halt marketing over COVID-19	<b>(0.1)</b>
	<b>Berlitz</b>	BTS : impact of franchising conversion in Spain and Belgium, etc / liquidation of business in France / temporary language center closures due to COVID-19, etc	<b>(2.1)</b>
		Forex rate impact	<b>(0.2)</b>
	<b>Others</b>	No sales contribution from Simul International, Inc, due to its sell-off, etc. *	<b>(1.5)</b>
Impact of hotel closures in Naoshima business due to COVID-19, etc		<b>(0.6)</b>	

Operating Income	<b>Domestic Education</b>	Shinkenzemi : due to higher sales, etc	<b>1.0</b>
		Due to lower sales in the School & Teacher Support business; Cram schools and English education business, etc	<b>(4.8)</b>
	<b>Global Kodomo Challenge</b>	Japan : due to higher sales / increase in marketing costs, etc	<b>(0.3)</b>
		Overseas : due to lower sales	<b>(0.0)</b>
	<b>Nursing Care and Childcare</b>	Due to lower sales / improve wages for staff / higher labor costs as increase in the No. of nursing homes, etc	<b>(0.6)</b>
	<b>Berlitz</b>	Due to lower sales / lower cost, etc	<b>(0.1)</b>
<b>Others/Reconciliations</b>	Due to lower sales	<b>(0.3)</b>	

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

# Full-year forecast for FY2020

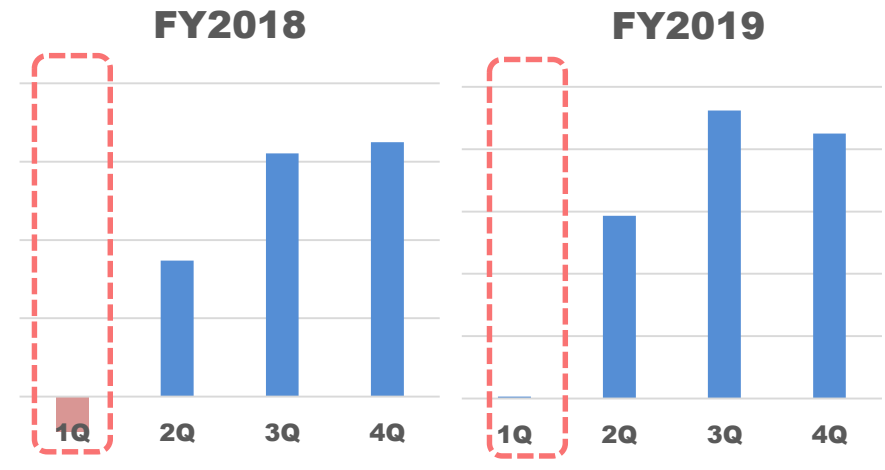
- Due to the impact of the spread of COVID-19, it is difficult to reasonably predict full-year earnings. As a result, we are not providing guidance at this time.

## Recent Situation

- In the Domestic Education business, school closures and the voluntary halt to Cram schools / English education business had a major impact. However, since the state of emergency was lifted, there are signs of recovery.
- In the Global Kodomo Challenge and the Nursing Care and Childcare businesses as well, the impact of COVID-19 is expected to weaken in 2Q.
- The Berlitz business has a December 31 fiscal year-end and the period from April falls into 2Q. The **YoY decline** in 2Q net sales and operating income **widened** due to the suspension of marketing activities following the temporary closure of language centers and the closure of university campuses in the US in the ELS business (Overseas Study Support).

## Seasonal factors for operating income

- Structurally, 1Q profits tend to be low due to increased production costs for educational materials and other factors, while profits accumulate from 2Q onward.



- We expect 1H consolidated YoY decline in net sales and operating income will continue, but it is highly likely that the operating loss to narrow.

# Breakdown of Net Sales

Three months ended June 30

(Millions of Yen)

	FY2019	FY2020	Change	%	Ratio(%)
<b>Senior High School</b>	<b>3,635</b>	<b>3,797</b>	<b>162</b>	<b>4.5</b>	<b>8.7</b>
<b>Junior High School</b>	<b>7,404</b>	<b>7,624</b>	<b>220</b>	<b>3.0</b>	<b>17.5</b>
<b>Elementary School</b>	<b>14,591</b>	<b>16,132</b>	<b>1,540</b>	<b>10.6</b>	<b>37.0</b>
<b>School &amp; Teacher Support</b>	<b>12,626</b>	<b>8,518</b>	<b>(4,107)</b>	<b>(32.5)</b>	<b>19.6</b>
<b>Other</b>	<b>10,484</b>	<b>7,503</b>	<b>(2,981)</b>	<b>(28.4)</b>	<b>17.2</b>
<b>Total</b>	<b>48,742</b>	<b>43,577</b>	<b>(5,165)</b>	<b>(10.6)</b>	<b>100.0</b>

The Company changed its accounting policy of the School and Teacher Support, and Other in the Domestic Education segment, from the consolidated financial results in FY2019. As a result of this change, information in 1Q results for FY2019 has been revised.

# Breakdown of Net Sales

Three months ended June 30

(Millions of Yen)

	FY2019	FY2020	Change	%	Ratio(%)
<b>Kodomo Challenge in Japan ( Preschool)</b>	<b>4,530</b>	<b>4,793</b>	<b>262</b>	<b>5.8</b>	<b>39.0</b>
<b>Overseas Kodomo Challenge (Preschool)</b>	<b>6,395</b>	<b>5,789</b>	<b>(606)</b>	<b>(9.5)</b>	<b>47.1</b>
<b>Other</b>	<b>2,241</b>	<b>1,701</b>	<b>(539)</b>	<b>(24.1)</b>	<b>13.9</b>
<b>Total</b>	<b>13,168</b>	<b>12,284</b>	<b>(883)</b>	<b>(6.7)</b>	<b>100.0</b>

## 【Cumulative Enrollment for Shinkenzemi】

Three months ended June 30

(Thousands)

	FY2019	FY2020	Change	%
Senior High School	422	417	(4)	(1.1)
Junior High School	1,175	1,199	24	2.1
Elementary School	3,588	3,879	290	8.1
<b>Total</b>	<b>5,186</b>	<b>5,496</b>	<b>310</b>	<b>6.0</b>

## 【Cumulative Enrollment for Kodomo Challenge (Preschool)】

(Thousands)

	FY2019	FY2020	Change	%
Kodomo Challenge in Japan ( Preschool)	2,268	2,343	75	3.3
Overseas Kodomo Challenge (Preschool)	3,729	3,628	(101)	(2.7)
<b>Total</b>	<b>5,997</b>	<b>5,972</b>	<b>(25)</b>	<b>(0.4)</b>

•Note<sup>1</sup>: Cumulative enrollment represents the cumulative total No. of people who receive materials monthly (from April to June).

•Note<sup>2</sup>: 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 March), due to the differences of those closing dates ended December 31<sup>st</sup>.



	June 2019	March 2020	June 2020
<b>Aria</b>	<b>24</b>	<b>24</b>	<b>24</b>
<b>Clara</b>	<b>40</b>	<b>40</b>	<b>40</b>
<b>Granny &amp; Granda</b>	<b>141</b>	<b>146</b>	<b>146</b>
<b>Madoka</b>	<b>57</b>	<b>57</b>	<b>57</b>
<b>Bon Sejour</b>	<b>46</b>	<b>47</b>	<b>47</b>
<b>Cocochi</b>	<b>14</b>	<b>14</b>	<b>14</b>
<b>Li-Re</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total</b>	<b>324</b>	<b>330</b>	<b>330</b>

## Three months ended March 31

(Thousands of Lessons)

	2019	2020	%
<b>Americas</b>	<b>262</b>	<b>244</b>	<b>(7.0)</b>
<b>Europe</b>	<b>699</b>	<b>484</b>	<b>(30.7)</b>
<b>Asia</b>	<b>388</b>	<b>339</b>	<b>(12.6)</b>
<b>Total</b>	<b>1,350</b>	<b>1,068</b>	<b>(20.9)</b>

## Six months ended June 30 (Preliminary figures)

(Thousands of Lessons)

	2019	2020	%
<b>Americas</b>	<b>557</b>	<b>479</b>	<b>(13.9)</b>
<b>Europe</b>	<b>1,370</b>	<b>742</b>	<b>(45.8)</b>
<b>Asia</b>	<b>800</b>	<b>526</b>	<b>(34.3)</b>
<b>Total</b>	<b>2,728</b>	<b>1,749</b>	<b>(35.9)</b>

## •Note:

The No. of lessons in Europe in 1Q has decreased by 214 thousands YoY. This decrease includes a reduction of the No. of lessons (176 thousands) due to franchising conversion and liquidation of business.

The No. of lessons in Europe in 1H (preliminary figures) has decreased by 627 thousands YoY. This decrease includes a reduction of the No. of lessons (363 thousands) due to franchising conversion and liquidation of business.