

March 6, 2020  
Benesse Holdings, Inc.

## **Notice Regarding the Recording of a Special Gain on the Transfer of Shares of a Consolidated Subsidiary**

Benesse Holdings, Inc. (hereinafter “the Company”) has announced the Board of Directors resolved at a meeting held today to transfer all of the Company’s shares (hereinafter “this transfer of shares”) of Simul International, Inc. (Head Office: Chuo-ku, Tokyo; President and Representative Director: Junichi Hayashi; hereinafter “Simul”), a consolidated subsidiary of the Company, to TAKARA & COMPANY LTD. (Head Office: Toshima-ku, Tokyo; President and Representative Director: Seiichiro Akutsu; hereinafter “TAKARA”), with details as follows.

In conjunction with this transfer of shares, the Company also announces that it now expects to record a special gain for the fiscal year ending March 31, 2020.

### **1. Reasons for the Transfer of Shares**

Simul was established as Japan’s first group of international conference interpreters in 1965, and became part of the Benesse Group in 1998. Throughout its 55-year history, it has supported international communications in numerous political, economic, and cultural areas as a leader of Japan’s interpreting industry. In order to increase corporate value, in recent years it has built upon the brand power cultivated via its interpreting services to also focus on translation services, which is a larger market and has strong growth prospects. However, Simul offers limited opportunities for synergies with the existing businesses of the rest of the Benesse Group, with more than 90% of its sales coming from non-group companies, including a large proportion from corporate and government clients.

Currently, while following a profit growth-focused strategy in the Shinkenzemi business, one of its mainstay operations, the Company is pursuing transformation of its business portfolio to a more well-balanced earnings structure, including by realizing stable growth in the Nursing Care and Childcare Business. The Company positions the proactive implementation of M&As as a core strategy for achieving this transformation, and is working on a process of concentrating on core businesses at the same time as actively considering M&As to build a third earnings pillar and M&As to create discontinuous growth in existing businesses.

In January 2019, the Company’s consolidated subsidiary Classi Corp acquired EDUCOM, which has a leading share of the market\* for integrated school administration support systems for elementary and junior high schools, turning it into a subsidiary. Furthermore, in April 2020, the Company intends to add to the consolidated group Study Hacker, a leader to offer short-term intensive English courses for individual. The Company is also striving to concentrate investment in growth areas of its education business, such as the Group’s consolidated subsidiary Benesse Corporation planning to further strengthen links with Udemy, Inc., with which it has a comprehensive operational alliance in Japan, through investment of 50 million US dollars (approximately 5.5 billion yen, based on an exchange rate of 110 yen/US dollar) in March 2020.

At the same time, the Company continues to concentrate on core businesses, including transferring shares in TMJ, Inc. to SECOM CO., LTD. in October 2017. Under these conditions, the Company has carefully considered the strategic role of Simul within the Benesse Group and Simul's future business strategies. As a result, the Company has arrived at the conclusion that accelerating Simul's business growth with the support of TAKARA would be the most effective way of driving Simul's development further.

(\*based on information from EDUCOM as of May 2019)

## 2. Profile of the Subsidiary to Be Transferred (Simul International, Inc.) (As of March 31, 2019)

(1)	Name	Simul International, Inc.		
(2)	Head office location	G-7 Building, 7-16-12, Ginza, Chuo-ku, Tokyo		
(3)	Name and title of representative	Junichi Hayashi, President and representative director		
(4)	Business activities	Interpreting services, translation services Operation of an academy to train interpreters and translators Staffing and referral of interpreting and translation personnel Provision and operation of equipment for interpreting and conferences		
(5)	Capital	40 million yen		
(6)	Date of incorporation	September 18, 1978 (established 1965)		
(7)	Major shareholders and shareholding ratios	Benesse Holdings, Inc. 100%		
(8)	Relationships between the listed company and the company to be transferred	Capital relationship	The Company owns 100% of the shares of Simul	
		Personnel relationship	The Company has sent three non-standing directors and two non-standing Audit & Supervisory board members to Simul.	
		Business relationship	The Company has outsourced interpreting and translation work to Simul, in addition to entering into an agreement for business administration.	
(9)	Business performance and financial condition of the company to be transferred over the past three years (parent)			
	Fiscal year	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
	Net equity	1,190 million yen	1,159 million yen	1,158 million yen
	Total assets	1,929 million yen	1,834 million yen	1,874 million yen
	Net equity per share of common stock	838.17 yen	816.32 yen	815.61 yen
	Net sales	4,381 million yen	4,474 million yen	5,102 million yen
	Operating income	143 million yen	81 million yen	70 million yen
	Ordinary income	220 million yen	158 million yen	125 million yen

Net income	162 million yen	130 million yen	129 million yen
Net income per share	114.69 yen	92.14 yen	91.29 yen
Cash dividend per share	114.00 yen	92.00 yen	91.00 yen

### 3. Profile of the Share Transfer Counterparty (As of May 31, 2019)

(1)	Name	TAKARA & COMPANY LTD.	
(2)	Head office location	3-28-8, Takada, Toshima-ku, Tokyo	
(3)	Name and title of representative	Seiichiro Akutsu, President	
(4)	Business activities	Business administration of group companies and related operations	
(5)	Capital	2,049 million yen	
(6)	Date of establishment	April 15, 1960	
(7)	Total net assets	15,359 million yen	
(8)	Total assets	22,201 million yen	
(9)	Major shareholders and shareholding ratios	Nomura Co., Ltd. 5.66% MIZUHO BANK LTD. 4.87% JAPAN TRUSTEE SERVICES BANK LTD.(Trust account) 4.29% SUMITOMO MITSUI BANKING CORP. 4.26%	
(10)	Relationships between the listed company and the share transfer counterparty	Capital relationship	None
		Personnel relationship	None
		Business relationship	There is no noteworthy relationship between the Company and the counterparty. However, there is a disclosure-related relationship between the Company and an affiliate of the counterparty.
		Related party status	None

### 4. Number of Shares to Be Transferred, Transfer Price, and Shares Held Before and After the Transfer

(1)	Number of shares held before the transfer	1,420,000 shares (shareholding ratio: 100.0%)
(2)	Number of shares to be transferred	1,420,000 shares (shareholding ratio: 100.0%)
(3)	Transfer price	4,946 million yen
(4)	Number of shares held after the transfer	0 shares (shareholding ratio: 0%)

## 5. Schedule

(1)	Date of resolution by the Board of Directors	March 6, 2020
(2)	Agreement signing date	March 6, 2020
(3)	Share transfer execution date	March 31, 2020 (planned)

## 6. Outlook

Through this transfer of shares, the Company plans to record a special gain of approximately 4.1 billion yen on a non-consolidated basis for the fiscal year ending March 31, 2020. In addition, at this time, the Company plans to record a special gain of approximately 3.2 billion yen on a consolidated basis. However, the amount of the special gain is subject to change depending on conditions going forward. The Company is currently reviewing its consolidated forecasts for the fiscal year ending March 31, 2020, and will make a prompt disclosure if any revision is deemed necessary.