



Benesse Holdings, Inc.

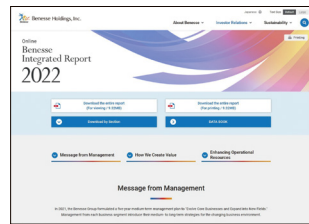
Investor Relations Department
1-34, Ochiai, Tama-shi, Tokyo
206-0033, Japan
Phone: +81-42-357-3656
Email: tokyoir@mail.benesse.co.jp
URL: <https://www.benesse-hd.co.jp/en/>

Information disseminated on major websites

The Benesse Group provides stakeholders with a variety of information through its websites.

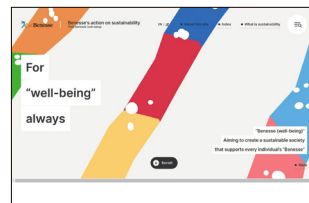
Online version of Benesse Report 2022

HTML articles and PDF files of the report are available on the website.
<https://www.benesse-hd.co.jp/en/ir/library/ar/2022/index.html>



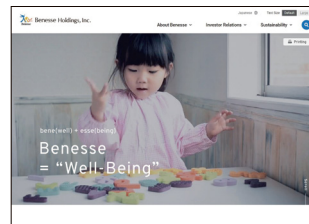
Benesse's action on sustainability from Benesse

We are introducing our efforts to solve social issues.
<https://www.benesse.co.jp/brand/en/>

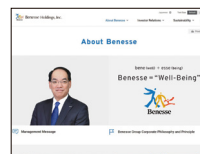


Benesse Holdings corporate website

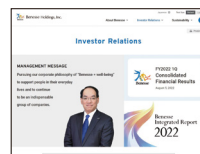
Our corporate website provides comprehensive information on the Group as a whole.
<https://www.benesse-hd.co.jp/en/>



Corporate and Group information
<https://www.benesse-hd.co.jp/en/about/index.html>



Investor Relations
<https://www.benesse-hd.co.jp/en/ir/index.html>



Sustainability
<https://www.benesse-hd.co.jp/en/sustainability/index.html>



Benesse Holdings, Inc.

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Benesse Integrated Report 2022

Benesse Integrated Report 2022

Benesse Group Corporate Philosophy

bene (Well) + esse (being)

Benesse (Well-being)

What is "Benesse"? The heart of Benesse is enjoying the process of moving forward step by step, with resolve, toward the realization of your dreams and aspirations. Benesse empowers people to solve issues for themselves and to enjoy life to the full at every stage by offering them the tools and support they need to create well-being. We aim to be a globally respected corporate group that is both supported by and indispensable to its customers, communities, and society. We will contribute positively to society now and in the future.

* Benesse is a word coined from the Latin words "bene" (well) and "esse" (being).

Benesse Group Principles

The Benesse Group is a global corporation with a people oriented culture. We believe that before we become good business people, we must live as responsible members of society and that all of our actions should lead to "Benesse" (Well-being). In order to achieve this, we adhere to the following principles and promises.

Our Principles

- Act sincerely
- Build trust
- Pursue challenges and innovation

Promise to our :

- Customers** — We develop and maintain long-term relationships with our customers by offering them truly valuable solutions to their present and future needs.
- Colleagues** — We value teamwork, people development, fairness, and active participation in the work place.
- Business Partners** — We foster mutual trust and growth with our business partners thus creating the best value for our customers.
- Community and Society** — We aim to create an environment in our communities where people of all ages can enjoy life through our services.
- Shareholders** — We seek to grow and develop in a way that earns our shareholders' long term trust.

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Editorial Policy

We are publishing this report to let investors and other stakeholders understand the Benesse Group's medium- to long-term strategies and initiatives for creating value, based on our FY2021-2025 Medium-Term Management Plan, Evolve core businesses & Expand into new fields, which we released in November 2020. In editing the report, we have kept in mind the reporting frameworks of the International Integrated Reporting Council (IIRC) and the "Guidance for Collaborative Value Creation" issued by the Ministry of Economy, Trade and Industry (METI), limiting the content to items of particular importance while striving to structure the report in a way that is concise and easy to understand.

More detailed investor-relations information and information related to environmental, social, and governance (ESG) matters is published on our website.



Period covered

The report covers primarily activities carried out in fiscal 2021 (i.e., from April 2021 through March 2022), though it also includes some information on initiatives from prior to that period and activities taking place after April 2022. The organization names and the job titles used are current as of June 25, 2022.

Activities covered

The report covers the activities of Benesse Holdings, Inc., and its consolidated subsidiaries. If the discussion at any point references any other particular scope of coverage, this will be indicated on the pages concerned.

Note regarding forward-looking statements

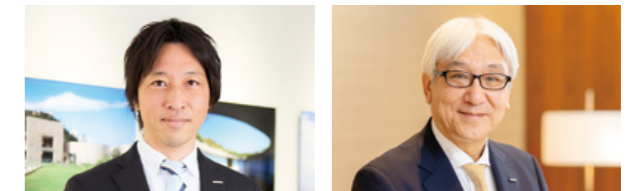
This report includes statements regarding current plans, forecasts, strategies, etc. Any of these statements that are not historical facts are forecasts of future performance; these statements are based on the judgment that the Company has formed using the information currently available, so they involve risks and uncertainties. Please be aware that, for a variety of reasons, actual performance may differ from current forecasts.

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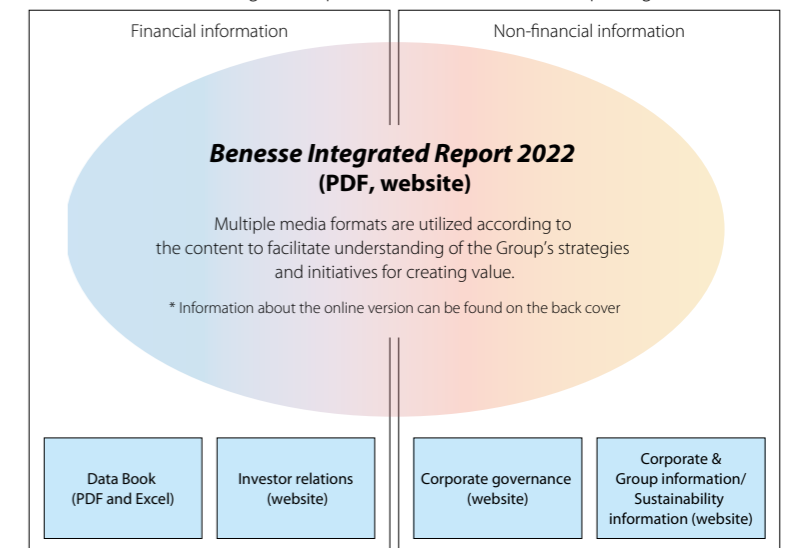
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How this integrated report fits into our information reporting

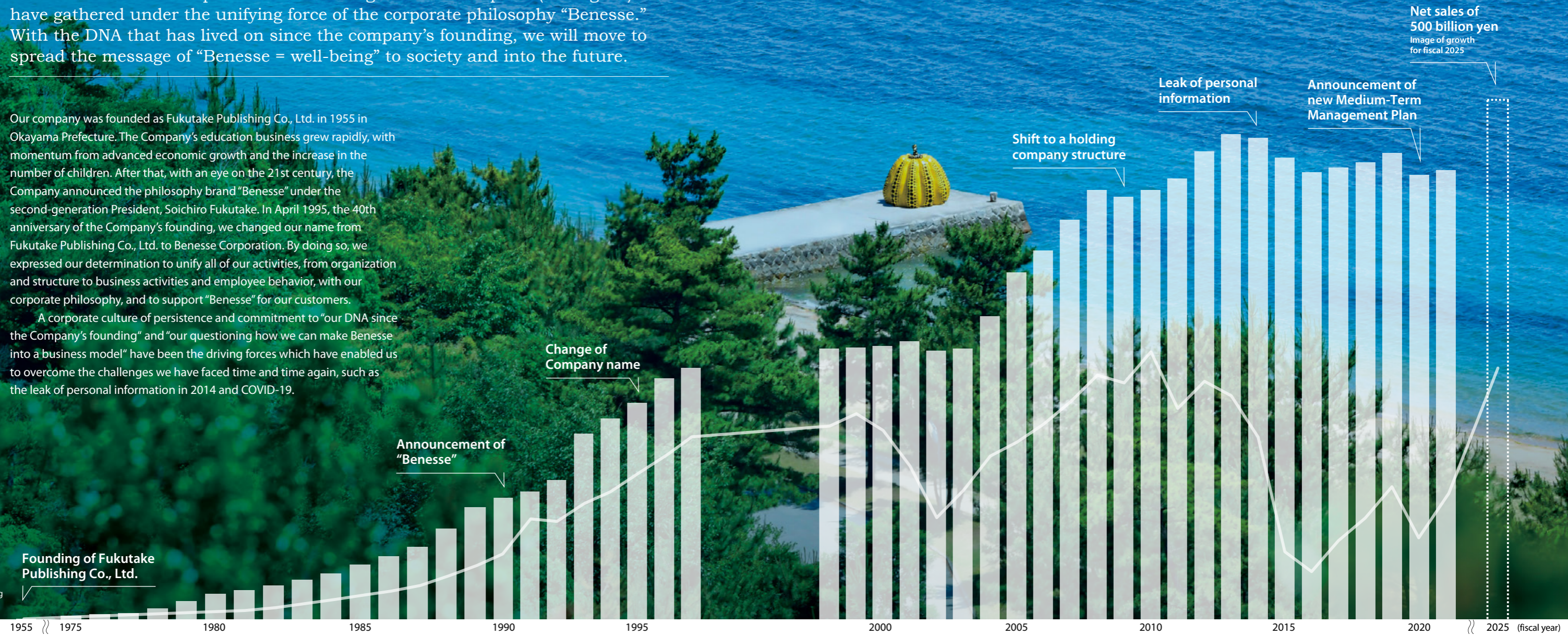


Steps in the History of Value Creation at Benesse

While continuing to grow by keeping up with the times, we have faced many difficulties and made repeated reforms alongside kindred spirits (colleagues) who have gathered under the unifying force of the corporate philosophy “Benesse.” With the DNA that has lived on since the company’s founding, we will move to spread the message of “Benesse = well-being” to society and into the future.

Our company was founded as Fukutake Publishing Co., Ltd. in 1955 in Okayama Prefecture. The Company’s education business grew rapidly, with momentum from advanced economic growth and the increase in the number of children. After that, with an eye on the 21st century, the Company announced the philosophy brand “Benesse” under the second-generation President, Soichiro Fukutake. In April 1995, the 40th anniversary of the Company’s founding, we changed our name from Fukutake Publishing Co., Ltd. to Benesse Corporation. By doing so, we expressed our determination to unify all of our activities, from organization and structure to business activities and employee behavior, with our corporate philosophy, and to support “Benesse” for our customers.

A corporate culture of persistence and commitment to “our DNA since the Company’s founding” and “our questioning how we can make Benesse into a business model” have been the driving forces which have enabled us to overcome the challenges we have faced time and time again, such as the leak of personal information in 2014 and COVID-19.



Founding-

The strong belief in education possessed by founder Tetsuhiko Fukutake

- Launch of simulated exam business for high school students and correspondence courses that led to today’s “Shinkenzenji,” based in Okayama. While the correspondence education market had not yet materialized, we developed the market by ourselves through products with new concepts and expanded our enrollments



Tetsuhiko Fukutake, who established Fukutake Publishing Co., Ltd. after working in jobs such as elementary school teacher

1990s

Promoting the diversification of businesses under the “Benesse” banner

- With an eye on trends such as declining birthrates, the aging population, and the increase in dual-earner households, we entered the Nursing Care and Childcare Business. Published magazines *Tamago Club* and *Hiyoko Club*, which deal with pregnancy, childbirth and parenting
- Started overseas expansion and language business against a backdrop of increasing globalization



Benesse House in Naoshima

2000s

Evolving our education and nursing care businesses

- For Shinkenzenji, we promoted individual responses tailored to the learning of each student, as well as digitalization
- We expanded our education business even further through measures such as growing our school and teacher support business and bringing prep schools into the Group
- We made a full-scale entry into the business of elderly homes, with the nursing care business growing into our second pillar



The 2010s and onward

Doing our best to regain the trust lost by the leak of personal information

- Worked to regain the trust lost due to a leak of personal information, and strengthened all physical, organizational, and personnel security measures to prevent recurrence of such an incident
- In the education business, further promoted the use of digital technology and pursued learning that is tailored to the needs of each individual student
- Announced a Medium-Term Management Plan to evolve our core businesses of education and nursing care, and to take on the challenge of leveraging our strengths in new areas

Note: Operating income figures prior to fiscal 1992 are estimates according to current calculations

Benesse's Value Creation Process

We seek sustainable growth for both the Benesse Group and society by bringing people "Benesse = well-being" through our business and social activities, and continuously creating new value that helps solve social problems.

INPUT

(FY2021)

<p>Financial capital</p> <p>Total assets ¥540.5 billion</p> <p>Shareholders' equity ¥146.2 billion</p>
<p>Productive capital</p> <p>Prep schools and classrooms 2,206 locations</p> <p><small>(Total for Tokyo Individualized Educational Institute, UP, Ochanomizu Seminar, Tetsuryokukai, Benesse BE studio, and StudyHacker)</small></p> <p>Nursing homes & housing for the elderly 343 locations</p>
<p>Human capital</p> <p>Employees (consolidated) ... Approx. 17,000</p> <p>DX human resources Approx. 800</p>
<p>Intellectual capital</p> <p>Strong brands for childcare, education, and nursing care</p> <p>Teaching materials and methods for instilling the ability to learn</p> <p>Expertise in developing and grading simulated exams</p> <p>Unique nursing care methods and mechanisms</p> <p>Multifaceted surveys and research in the education field</p>
<p>Social capital</p> <p>Cumulative enrollments in Shinkenzenmi / learning data Approx. 20.11 million members</p> <p>Students taking Shinken Simulated Exams and other exams / test data Approx. 9.28 million people</p> <p>School business partners Approx. 16,500 schools</p> <p><small>(Of that number, approx. 4,500 high schools)</small></p> <p>Nursing home residents Approx. 16,900 people</p>

Roadmap to Completion of the Medium-Term Management Plan

Phase 1 FY2021-2022	Phase 2 FY2023-2025
<p>Evolve core businesses</p> <p>V-shaped recovery from COVID-19 impact organically in existing business</p> <p>Aim for sustainable growth through inorganic growth means (new challenges in existing businesses)</p>	<p>Expand into new fields (Move into new fields and overseas territories by leveraging Benesse's strengths)</p> <p>The fields of universities and working adults, expanding our education and nursing care businesses overseas</p> <p>Strong promotion of DX based on lateral organization Digital Innovation Partners (DIP)</p>

Materiality
(Details about actions and results on p. 7)

- Bringing learning to every part of people's lives**
With "the joy of learning" as our starting point, we will extend high quality learning, for all generations, to Japan, Asia, and the world.
- Toward a super-aging society**
Viewing the arrival of the super-aging society as "the 18th goal" following on from the 17 SDGs, we will be global pioneers in the delivery of nursing care services that provide support for all individuals.
- Passing our knowledge onto society**
We will communicate and share with society the experience and knowledge we have cultivated, and cooperate with partners who practice "well-being" with us, to take on solutions to difficult issues.
- Co-creation of value with the community**
Together with the people living in those communities, we will create new value through education, culture, and art to realize an affluent society.
- Realizing a healthy society**
In addition to supporting daily life, we will take on the challenge of developing businesses in new domains that will be essential for future "well-being."

OUTCOME

Economic value

FY 2025 goals

OPM 8%+

ROE 10%+

Organic growth rate 3%+ (sales)

Social value and customer value

As one of Japan's leading education and nursing care companies

Providing learning to aid individual growth and fuller lives + Supporting seniors in having a way of life that suits them

New challenges on global issues

Applying educational and nursing care assets cultivated in Japan to global educational and nursing care issues

Key Sustainability Challenges for the Benesse Group

The Benesse Group has formulated its Sustainability Vision, for resolving social issues in 2030 and beyond, as well as its Materiality (key issues), as a specific initiative based on the Vision.

Key issues for the Benesse Group and awareness of social issues

Bringing learning to every part of people's lives

With "the joy of learning" as our starting point, we will extend high quality learning, for all generations, to Japan, Asia, and the world.

Awareness of social issues

- Growing inequality of educational opportunities due to regional and economic disparities
- Restrictions on and losses of job choices and opportunities due to the expansion of digital transformation and digitalization
- Inequality of and restrictions on learning and ability assessment opportunities for students

Toward a super-aging society

Viewing the arrival of the super-aging society as "the 18th goal" following on from the 17 SDGs, we will be global pioneers in the delivery of nursing care services that provide support for all individuals.

Awareness of social issues

- Shortage of nursing care staff in a super-aging society, decline in the quality of nursing care
- Demand for nursing homes, growing needs for nursing care services in major metropolitan areas

Passing our knowledge onto society

We will communicate and share with society the experience and knowledge we have cultivated, and cooperate with partners who practice "well-being" with us, to take on solutions to difficult issues.

Awareness of social issues

- Growing inequality of educational opportunities due to regional and economic disparities
- Shortage of nursing care staff in a super-aging society, decline in the quality of nursing care

Co-creation of value with the community

Together with the people living in those communities, we will create new value through education, culture, and art to realize an affluent society.

Awareness of social issues

- Shortage of educational capabilities in the community, shortage of educational personnel
- School issues (New courses, changes to entrance examination questions, expansion of ICT, increased burdens on teachers)

Realizing a healthy society

In addition to supporting daily life, we will take on the challenge of developing businesses in new domains that will be essential for future "well-being."

Awareness of social issues

- Restrictions on and losses of job choices and opportunities due to the expansion of digital transformation and digitalization

Opportunities for maximizing utilization

Making learning new

We will deliver to children the "new learning" that the times to come will demand, together with "new ways of learning" that make the most of data and technology.

A life of continued learning

We will transform society into one in which, even as adults, people can keep learning with enthusiasm for their entire lives.

Opportunities to learn for all

We will offer accessible learning in response to all people's desire to learn and create a future in which they can grow.

Allowing every individual to play their own leading role

We will provide nursing care that respects every individual elderly person in what they want to do and the challenges they want to take.

Making nursing care a great job

We will develop growth opportunities and pleasant working environments for the people who work in nursing care, increase society's understanding of nursing care, and raise the quality of nursing care.

Toward nursing care of the future

We will continue to take on the challenge of future nursing care that uses technology to improve QOL and provide deep support for each individual.

Passing on expertise and knowledge

We will pass on to society our educational knowledge backed by data and our nursing care techniques based on our extensive experience, thus raising the quality of these industries as a whole.

Community-based education and nursing care

Through our education and nursing care businesses, we will conduct problem solving that suits the characteristics of each community.

Global education with the locals

By joining hands with our local partners, we will deliver high quality education to the world, while reflecting local characteristics.

Reinvigorating communities through art

Through art and cultural activities, we will bring new energy to individual communities and create communities in which the locals can feel more satisfied.

Studying challenges and solutions for the sustainability of our company and society, with an eye toward new areas

Dealing with opportunities and challenges (major policies for fiscal 2022 and beyond)

Education Business in Japan

Shinkenzemi

- Evolve teaching material development/create marketing innovations through DX
- Support diverse learning needs

University and Working Adult

- Support recurrent education and reskilling needs in an era of 100-year longevity

Nursing Care and Childcare

Development of nursing care workers with advanced expertise and improvement of their status

- Development of *Majikami* (nursing care experts)
- Moving toward assessment systems and higher average annual pay

QOL improvements for residents via the introduction of Majikami AI Solution (a fusion of people and technology)

Nursing Care and Childcare

Promoting "Kaigo Antenna"

- * We took our expertise and practical knowledge on topics such as nursing care techniques, put them into words as "Benesse methods," and made them freely available to the public. We also provide seminars and other information, as well as a large quantity of other materials for activities and recreation, which are highly needed by nursing care staff.

Benesse Educational Research and Development Institute

In conjunction with the Institute of Social Science, the University of Tokyo, we launched the "Children's lifestyles and studying" research project in 2014.

Education Business in Japan

School and Teacher Support Business

Contributions geared toward making the GIGA School Program* a reality

- * This initiative, promoted by the Ministry of Education, Culture, Sports, Science and Technology, aims to create educational ICT environments that nurture creativity through individualized and optimized instruction through the use of devices, one of which is supplied to each individual student, and high speed networking environments.

- Improving the Benesse Group's ability to solve problems and adapt to challenges at schools in response to environmental changes
- Various kinds of support for schools to move toward ICT (the education platform Classi, the school management support system EDUCOM, the class support and digital drill software Mirai Seed)

Holdings

A three-year research project* with Okayama University on sustainability and well-being in the Setouchi region, centered on the SDGs

- * Searching for ways to put "well-being" into practice, using the regional renewal model Benesse has worked on as a hint

Education Business in Japan

University and Working Adult

- Making recurrent education and reskilling in an era of 100-year longevity into a business

Meeting corporate training needs and developing DX personnel with Udemy at the core of our efforts

Sustainability Vision of the Benesse Group

"Well-being" in society and for the future

In the coming era, when change will be normal state of things, to achieve our aim of an abundant, sustainable world, we want to reconsider all social issues with a "people-centric" perspective, and create a society in which everyone can seek out the things they want to do and take on those challenges.

Each and every one of our employees will practice our corporate philosophy of "Benesse – well-being," and extend it to their local communities, to society at large, and to the future.

Sustainability Vision and Promotion Structure

We have established the Sustainability and ESG Promotion Committee as the organization to spearhead activities based on the Sustainability Vision. In addition, we established the ESG and Sustainability Division within Benesse Holdings as a department to promote the specific initiatives of each business.

In today's society of unexpected changes, Benesse Group is also undergoing an enterprise-wide business transformation. The 2030 goal of our new medium-term management plan is to realize a society in which everyone has a desire to improve and can continue to tackle challenges in their own way. To that end, I was appointed to serve as Executive General Manager of ESG and Sustainability, which was newly established in fiscal 2022, to lead the company's social responsibility activities in conjunction with each business. At present, through a cross-company project led by this division, we have launched a review of our materiality in light of changes to the social environment since its formulation three years ago. To enable everyone to live well in their own way for the rest of their lives, we are rethinking all social issues, putting people center stage, linking closely with other companies, and working to make social value linked to our businesses into a reality.

Haruna Okada

Managing Executive Officer, Executive General Manager of ESG and Sustainability, Chair of the Sustainability and ESG Promotion Committee



Visit the following website for more information on sustainability at the Benesse Group.
<https://www.benesse-hd.co.jp/en/sustainability/index.html>

Part 1

Our Vision and Business Strategies



Hitoshi Kobayashi

Hitoshi Kobayashi
Representative Director and President, CEO

Message from the CEO

We will continue working toward a new stage of growth based on our corporate philosophy

Steadfastly implementing our philosophy amid a changing environment

The Benesse Group's corporate philosophy is the word "Benesse" which means well-being. It expresses how we will accompany each individual customer as they move forward, step by step, toward the realization of their dreams and aspirations, empowering them to grow and to solve issues at every stage of their lives. This has been of utmost importance to the Group throughout our history. You could say it is an unchanging management principle that we have always pursued.

However, the education, lifestyle-related, and nursing care markets in which we do business are constantly changing. They have been transformed, even compared to just 10 years ago, and the pace of this transformation is expected to accelerate further. Other business areas are also experiencing great change as the social and economic environments of our customers and the nature of the issues troubling them are altered by factors such as the continuing impact of the COVID-19 pandemic. In order to steadfastly implement our unchanging philosophy amid this rapidly changing world, we must be flexible in meeting the needs of customers. This includes carefully observing and understanding the current situation to predict changes and customer demands over the next five to 10 years, which will enable us to develop and deliver products and services in a timely manner.

If we are to confront our current situation and take the correct path for continuously providing customers with value that meets their expectations, then we need to clarify our reason for existence and the basis of our decision making. Obviously, "Benesse" is at the root of these, but as our philosophy is a broad reaching concept, we need to add to it to create specific growth strategies and principles of action for our everyday work. Therefore, starting two years ago, every organization within the Group has been setting and implementing a clearly stated purpose.

Contributing to the realization of a sustainable society by putting a three-value cycle at the heart of our purpose

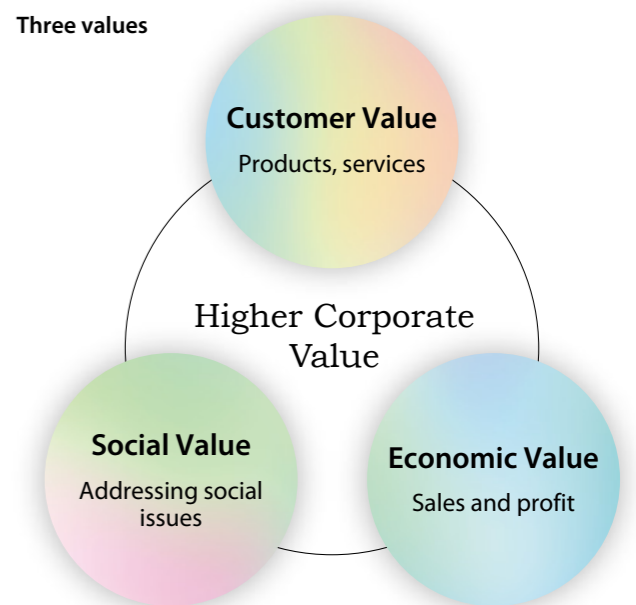
Recently, sustainability has become a buzz word within the business community. However, it is not a new concept for the

Benesse Group. I believe it has always been present in our values and actions.

Since our founding in 1955, we have constantly worked to provide solutions to social issues in the fields of education and nursing care, and the well-being that is the goal of the SDGs is the same as our "Benesse" corporate philosophy. I think this shows that sustainability is a core principle of the Group's management. We aim to continue enhancing long-term corporate value by realizing a three-value cycle comprising social value, customer value, and economic value. We will work to generate social value by contributing to solutions for various social issues while also generating customer value by providing products and services that meet customers' expectations. This will lead to the creation of profit, thereby generating economic value for the company. Achieving this cycle through our corporate activities is at the heart of our purpose and I recognize that it is also my important duty as a member of the company's management.

In April 2022, we launched ESG and Sustainability Division within Benesse Holdings in order to implement specific measures based on the management direction outlined above

Three values



Message from the CEO

at each business. It has been established as an independent division to clearly demonstrate our intent to address sustainability to stakeholders both inside and outside the Group. It will play a central role in examining the Group's various actions and initiatives from a sustainability perspective to further strengthen our ability to contribute to addressing social issues.

A rapid recovery from the downturn in business performance caused by the pandemic

Fiscal 2021 was the first year of our medium-term management plan. The plan covers five years and is divided into two phases. The first is to realize a swift V-shaped recovery in business results, which declined in fiscal 2020 due to the COVID-19 pandemic, while the second will aim to further improve performance to new heights.

In fiscal 2021, although net sales only increased slightly to ¥431.9 billion, operating income grew 54.1% year on year to ¥20.1 billion, resulting in a significantly faster recovery than forecasted. Within this, we should highlight that the education business in Japan achieved a V-shaped recovery in a single year and even exceeded fiscal 2019 results. Another big result was the sale of the Berlitz business, which has been a management issue for a number of years. The sale has given a huge boost to our business selection and concentration efforts. We see these two results as a smooth start to Phase 1 of the plan.

The nursing care business saw a decline in occupancy rates

at our nursing homes, but the main factor behind this was that prospective residents were wary about moving into homes as the Omicron variant prolonged the effects of the COVID-19 pandemic. In order to continue our business, we also made it a top priority to prevent infection among residents and staff. In the nursing care market, demand continues to outweigh supply, and as our facilities and services have an excellent reputation, I am confident that business performance will recover once the pandemic subsides. In our forecasts for fiscal 2022, we expect that net sales will decrease by 1.4% to ¥426.0 billion due to the absence of sales from the Berlitz business, but operating income will increase 24.0% to ¥25.0 billion due to profit growth in the education business in Japan and the absence of losses incurred by Berlitz.

Leaping forward in Phase 2 of the plan and beyond by growing existing businesses and expanding into new fields

Our targets for fiscal 2025, the final year of our medium-term management plan, are an operating margin of at least 8% and ROE of at least 10%. ROE was low in fiscal 2021, at 0.7%, due to special losses accompanying the sale of Berlitz. However, we are aiming to achieve our target of at least 10% two years early in fiscal 2023 through business growth and the effects of reduced taxes following the Berlitz sale.

Our main medium- to long-term growth strategy is to realize organic growth in existing business, but we will also

advance inorganic growth strategies, including M&A. At the same time, we will aim to make further leaps forward by creating and expanding into new fields. We are targeting net sales of ¥500.0 billion and operating income of ¥40.0 billion in fiscal 2025 and we anticipate that over 20% of contributions toward achieving these targets will come from inorganic growth and growth in new fields from fiscal 2023 to 2025.

We also recognize that digital transformation (DX) will play an extremely important role in both organic and inorganic growth in every business field. Therefore, we are providing robust support for the advancement of DX in every business, primarily through the establishment of the Group-wide organization Digital Innovation Partners (DIP) in April 2021.

Targeting university students and working adults as a new business field

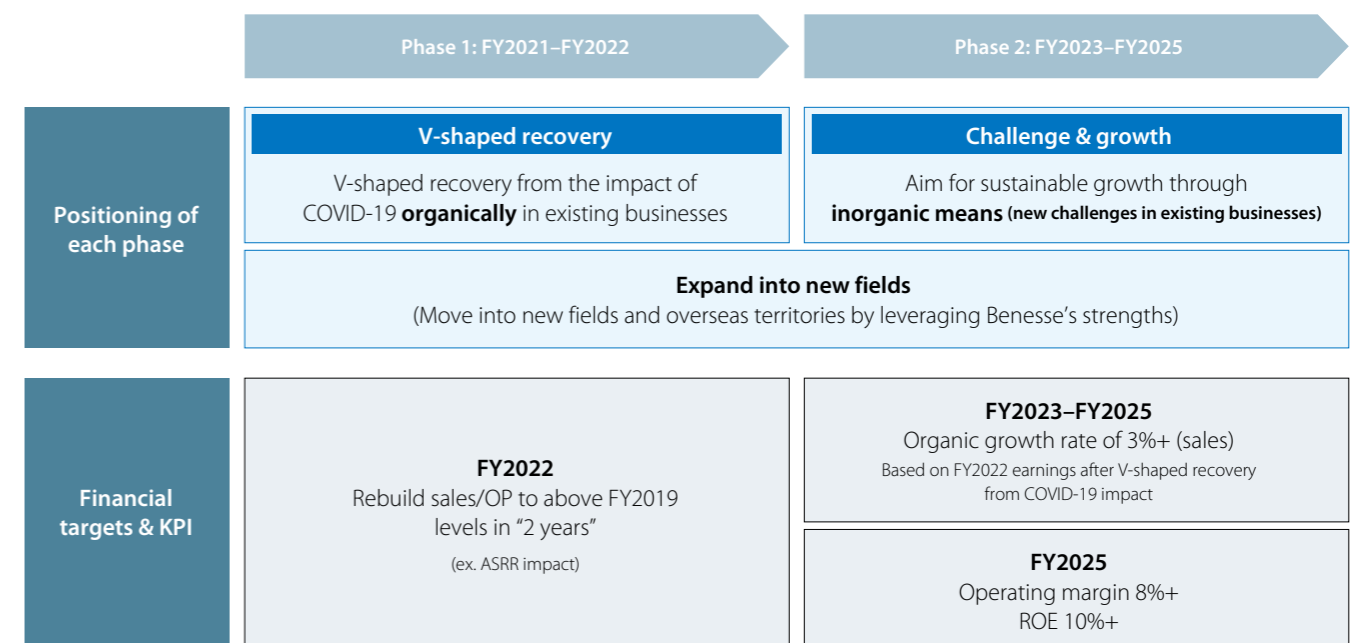
In our efforts to cultivate new business fields, we are putting a particular emphasis on the education market for university students and working adults. While many companies are aiming for sustainable growth by focusing on reskilling employees, from an individual's perspective, we have entered an age in which even adults who are already employed need to gain new abilities and expand their potential. We believe that developing and delivering services that meet these individuals' needs is not only a business opportunity, but also contributes to solving a social issue.

We are already active in this field as the long-time partner



We will keep our purpose front and center as we work with all Group employees to create new value

Targets of the Medium-Term Management Plan (Announced in November 2020)



Update on financial KPI for FY2025 (Announced in May 2022)

	Net sales	Operating income	Financial KPI
FY2022 forecast	¥426 billion	¥25 billion	FY2023–FY2025 Organic growth 3%+
FY2025 PL estimate	¥500 billion+	¥40 billion+	FY2025 Operating margin 8%+
Contribution ration to growth in FY2023–FY2025 (breakdown)			Updated FY2023 ROE 10%+
Organic	+¥50–¥60 billion	80%	+
Inorganic/New fields	+¥10–¥15 billion+α	20%	
			NEW FY2023–FY2025 Growth contribution 20%+ from inorganic/new fields

Message from the CEO

of Udemy, a world-class online learning platform, in Japan. We also plan to provide various learning and self-improvement support services for university students and for working adults. We plan to invest proactively to expand our business in this area, including exploring potential M&As.

We have been carrying out organizational restructuring to facilitate more robust expansion into new fields. This includes making the divisions in Benesse Corporation's School and Teacher Support Business Company that were previously responsible for the development of services for university students and working adults into the independent University and Working Adult Business Company. While the company is still small, we think it has the highest growth potential out of all of the companies in the Group. Our targets for the university and working adult business are to achieve sales of ¥40 billion by fiscal 2025 and ¥100 billion further into the future.

We will also continue working to expand our overseas business as an initiative in a new field. Our assessment business occupies a clear leading position in Japan and under our current medium-term management plan, we are adapting it for overseas

markets. In fiscal 2022, our paid assessment business in India started holding tests. We are also considering a potential nursing care business in China.

Leveraging our learning culture to encourage the reskilling of individual employees

Human resources continues to be the main theme of the non-financial initiatives in our medium-term management plan. Within these, we recognize that strengthening the pool of DX employees is an increasingly important issue across the Group. There is strong demand for DX human resources from every industry, so it is becoming extremely difficult to recruit exceptional talent. However, I think that merely gathering together engineers with a talent for digital technology will not necessarily lead to the development of good services.

We cannot create great value based on our "Benesse" philosophy through advanced digital technology alone. It needs to be combined with essential factors such as conviction regarding education, affection toward children, or sympathy for

the elderly, which our current employees have been cultivating through their work. Therefore, I think the company should focus on training these employees to learn new skills so they can create new services that meet customers' needs.

The digitalization of Japan's education industry is progressing rapidly, driven by the government's GIGA School Program. We have been advancing the digital shift of services across the Group for some time now, but if we are to continue producing highly competitive materials in our education business, then we will need knowledge at a workplace level that is completely different from the methods we have developed that use paper-based materials.

The same applies to the nursing care business. Although people are the core of our nursing care services, digital technology will be the key to further improving quality. In March 2022, we opened Granda Yotsuya, a sensing-based nursing home located in Yotsuya, Tokyo. This facility gathers data about residents' activities in real time through various sensors and the data is then analyzed by our *Majikami* (nursing care experts certified by Benesse) to revise how care is delivered. We are also developing *Majikami AI*, an AI solution that incorporates this data and the knowledge of the *Majikami*. We will use *Majikami AI* to improve the skills of nursing care staff, further raising quality of life for residents.

I am confident that our employees also recognize the need to reskill with regard to DX and as a company, we will provide them with the means and opportunities to do this wherever possible. Happily, the Benesse Group has a deep-rooted culture of self-directed learning. We will leverage this culture as much as possible to support individual employees in developing new abilities.

Reaffirming our history of taking on challenges to create new value

In April 2022, we compiled the book *BATON* as part of efforts to ensure the continuation of our philosophy. The book's purpose is to remind all Group members of Benesse's history of taking on challenges.



Innovation will be essential to the continued growth of the Group and there are many examples of innovation throughout our history. Our current business portfolio did not just spring out of nowhere as a perfectly arranged collection of assets. There was a time when we were also a venture company, but by building a new business model piece by piece through a process of trial and error, we gradually gave shape to our philosophy in each business field. Examples of this are Benesse Art Site Naoshima and the nursing care business.

In *BATON*, the creation of the "Benesse" corporate philosophy is used as a starting point for employees who were active at that time to look back and describe how they pursued innovation and what kind of difficulties they overcame in order to create something new. We also plan to create opportunities for all employees to meet and talk to the people featured in the book.

We are not publishing *BATON* in order to merely pass on company legends or to relive past glories. As we face a drastically changing business environment, we want to reaffirm the fact that we have striven to realize innovation based on our philosophy in the past, and therefore, that we will be able to do so again. We will work together with the support of our predecessors to take on various challenges and realize innovation that will create new value for customers.

Key measures for FY2025

Proactively undertake measures to create organic growth and new growth

	Organic	Inorganic
Shinkenzeni	<ul style="list-style-type: none"> Raise profitability via improvement of retention rate and reform of marketing BYOD-based tablet strategy 	<ul style="list-style-type: none"> Develop platform business to address diverse learning needs
School & Teacher Support	<ul style="list-style-type: none"> Stabilize Mirai Seed earnings (Elem./J. High schools) Boost product attractiveness via assessment x ICT (High schools) 	<ul style="list-style-type: none"> Bolster service model for schools with diverse students' education advancement (development + advancement support)
Prep Schools and Classrooms	<ul style="list-style-type: none"> Grow number of schools and strengthen uniqueness of each prep school 	<ul style="list-style-type: none"> Further increase industry share (M&A)
Kids & Family	<ul style="list-style-type: none"> Raise profitability via improvement of retention rate and reform of marketing 	<ul style="list-style-type: none"> Overhaul model to focus on "multi-layered" product services
Nursing Care and Childcare	<ul style="list-style-type: none"> Rebuild occupancy rate, expand strategic locations 	<ul style="list-style-type: none"> Grow peripheral businesses with focus on HR business (M&A)
	New fields	
University and Working Adult	<ul style="list-style-type: none"> Move into new markets (M&A), expand into recurrent education/reskilling markets utilizing Group's strengths 	
Overseas development	<ul style="list-style-type: none"> Move into school assessment in India, consider and evaluate nursing care in China 	

Foundation: strongly pursue DX based on cross-organizational DIP (digital innovation partners)

Message from the CFO



We will steadily achieve our medium-term management plan by strengthening existing businesses and investing in new businesses

Shinsuke Tsuboi

Managing Executive Officer, CFO (Chief Financial Officer), Executive General Manager of Finance and Accounting

Recovery in the Education Business in Japan led to an increase in sales and profits for the entire Group

The Benesse Group's medium-term management plan positions fiscal 2021 to 2022 as Phase 1 with the goal of recovering business results to the levels recorded in fiscal 2019, before the COVID-19 pandemic. In fiscal 2021, we made smooth progress toward this goal. Net sales increased 1.0% year on year to ¥431.9 billion, while operating income increased by 54.1% to ¥20.1 billion, surpassing initial forecasts by a huge ¥17.5 billion and drawing close to the ¥21.2 billion recorded in fiscal 2019. Net income attributable to owners of the parent decreased 65.9% to ¥1.0 billion due to the booking of special losses accompanying the sale of the Berlitz business, but we still managed to secure a profit.

The biggest story in the fiscal 2021 business results was the recovery of the education business in Japan. The prep school and classroom business and school and teacher support business in particular suffered from big falls in results in fiscal 2020 due to the impact of the pandemic, but in just one year they have recovered to levels that exceed fiscal 2019 results. Another notable event was the sale of the Berlitz business, which has been an issue for the Group for a number of years. While the sale did incur special losses, we were able to complete it within the fiscal year so that there will be no negative impact from fiscal 2022 onward. The special losses are a temporary factor, so we can expect to see positive effects from the sale in fiscal 2022 and beyond.

Overall, the implementation of our medium-term management plan is going smoothly, but there are still some issues regarding our main businesses. One is that as of April 2022, enrollment at our Shinkenzenmi business has fallen by around 8% year on year. This is due to a combination of declining birthrates and the prolonged effects of the pandemic. The spread of the Omicron variant in the second half of fiscal 2021 caused a succession of school and class closures across Japan and the resulting increase in homework meant that the amount of time children had to learn at home was limited. We have also come to the conclusion that a growing sense of unease about family finances has affected the use of home learning services. However, the Shinkenzenmi business has been monitoring the decline in birthrates for several years and has been shifting its focus from acquiring new enrollment to raising retention rates. It is working to secure profitability by combining digital teaching materials with support provided in person to steadily increase the number of frequent users, as well as by expanding services that meet the diverse educational needs of children, such as providing online learning through Challenge School.

In the nursing care business, occupancy rates at our nursing homes are taking longer than expected to recover. This is mainly because of the prolonging of the COVID-19 pandemic and many new applicants decided to postpone the date of their occupancy due to declarations of a state of emergency in several regions. However, our nursing homes have always been very highly regarded by residents and as the pandemic began to

abate in spring 2022, we saw recovery trends in resident numbers and occupancy rates. We have also started taking a new sales approach toward regional healthcare institutions and care managers, so we expect to see a gradual improvement toward our targets going forward.

Further raising ROE and ROIC by improving capital efficiency in the nursing care business

We are aiming to raise corporate value by improving capital efficiency. In our medium-term management plan, we have set the target of achieving ROE of at least 10% by fiscal 2025 and we have introduced ROIC as an indicator with the aim of enhancing the earning power of each business. We had been hindered by losses recorded by the Berlitz business over the last few years. However, the sale of said business means that a negative factor has been removed from fiscal 2022 onward and it will also have a positive effect in terms of taxes over the next few years. Therefore, ROE and ROIC should both improve rapidly. In fiscal 2022, ROE is forecast to surpass 8% while ROIC is forecast to improve beyond our current weighted average cost of capital (about 5%). We will aim to hit our ROE target of at least 10% ahead of schedule in fiscal 2023.

Looking at ROIC by business, the nursing care business,

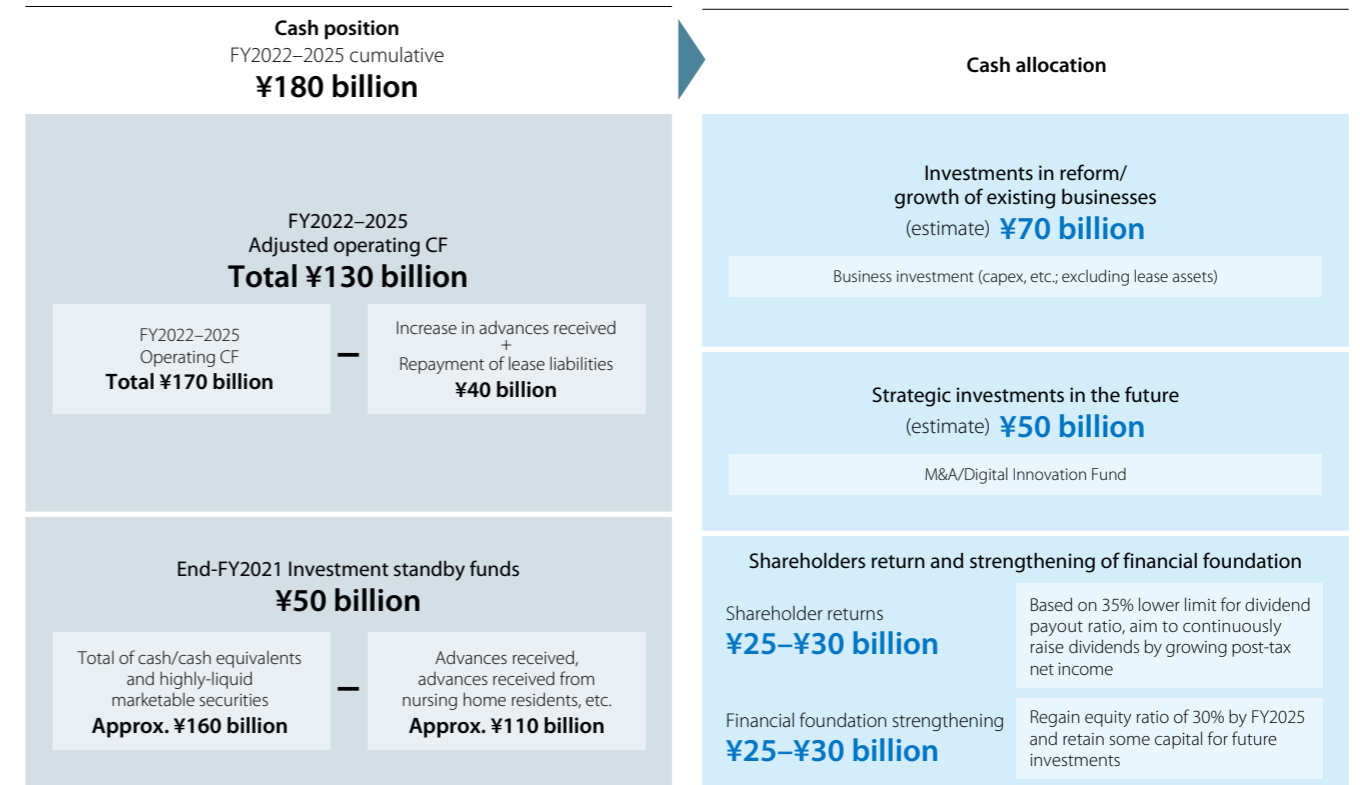
which has to treat real estate leases in its accounts, is lowering the overall average. The nursing care business is an asset heavy business, so we have been told by shareholders and investors that we should concentrate business resources on the education business instead. However, it also offers stable cash flows, and we are striving to improve capital efficiency by expanding ancillary businesses that do not require actual facilities, such as staff dispatch and referral services. In fiscal 2021, we made Heart Medical Care Co., Ltd., which provides nursing care personnel referrals among other services, into a consolidated subsidiary.

A very large portion of the Group's businesses take payments from customers in advance, so we need to keep a certain amount of cash in reserve to maintain a sound financial position, which is a limiting factor from a capital efficiency perspective. We will manage this reserve more efficiently and reduce fixed costs to raise ROE.

Actively investing in growth while fortifying our financial foundation

At the start of fiscal 2022, the second year of our medium-term management plan, we disclosed our cash position up to fiscal 2025 and our approaches to growth investment and shareholder returns. In fiscal 2025, the final year of the plan, we forecast that

Approach to cash position and allocation



Message from the CFO

cumulative adjusted cash flow from operating activities will have increased by around ¥130.0 billion. When combined with ¥50.0 billion in investment standby funds at the end of fiscal 2021, it results in an anticipated cash position of about ¥180.0 billion over the next four years.

Our basic policy for the allocation of these funds is to balance growth and strategic investments and shareholder returns with efforts to fortify our financial foundation. We plan to spend ¥70.0 billion on business investments, primarily expanding products and services in existing business fields, funding new products, and IT investment. We will also allocate about ¥50.0 billion for strategic investments aimed at inorganic growth, such as M&A and funds for use by the Digital Innovation Fund (DIF), which we established in November 2021.

We also plan to allocate a total of around ¥25.0 to ¥30.0 billion for shareholder returns over the four years. If actual results are in line with plan forecasts, we expect to be able to raise the dividend each year from fiscal 2022 onward, even under the assumption of a 35% payout ratio. In fiscal 2022, we plan to raise the annual dividend by ¥10 to ¥60 per share.

Linking ESG initiatives to the enhancement of economic value

As a Group that delivers services in the socially important fields, including education and nursing care, we should be putting a greater emphasis on ESG activities than other companies. Therefore, it is essential that we ultimately link the enhancement of non-financial value to the enhancement of financial value. With this in mind, we will be setting non-financial KPI for each company and business from fiscal 2022 and we are currently discussing how this will be monitored at meetings of Benesse Holding's Management Council.

We aim to maximize our corporate value by generating three types of value—social value, customer value, and



economic value. There is a certain amount of alignment between customer value, social value, and our ESG-related KPI. We plan to reanalyze the relationship between non-financial KPI and corporate value from this perspective and disclose our findings to external stakeholders in an easy-to-understand manner.

Steadily achieving the medium-term management plan by steering from selection and concentration to growth

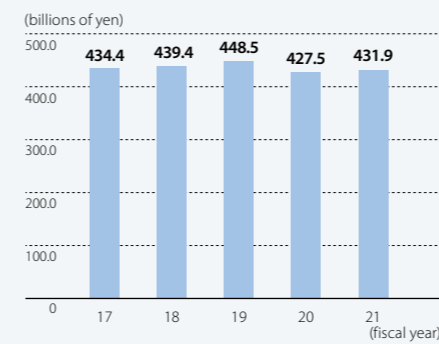
One of the important responsibilities of a CFO is to ensure smooth communication with investors and the financial markets. While there may be concerns about the decline in enrollment of our Shinkenzei business that I mentioned at the start of this message, said business accounts for only around 25% of the Group's operating income. Currently, our education business in Japan has a broad scope, from schools to prep schools and classrooms, and even through to university students and working adults, and we are strengthening efforts in each field. Furthermore, profit contributions from our nursing care business are growing each year. This balanced business portfolio means that we can still achieve corporate growth, even if there is no increase in Shinkenzei enrollment. I intend to properly explain topics such as our profit structure to shareholders and investors to ensure their understanding.

Although we are improving in many KPI, I am aware that raising our price-earnings ratio (PER) is a challenge. At the release of our fiscal 2021 financial results, our PER was less than 15, which could be seen as a worrying indication regarding the Group's growth potential. I understand some people might be concerned that our main strength is an education business in a country with declining birthrates and that we are also facing factors such as the impact of the weakening yen. However, there is still plenty of room for business growth by expanding our market share, even in the Japanese market, and we are building a solid strategy for achieving this. We will disclose the details going forward, so I hope you will share in my excitement about the future.

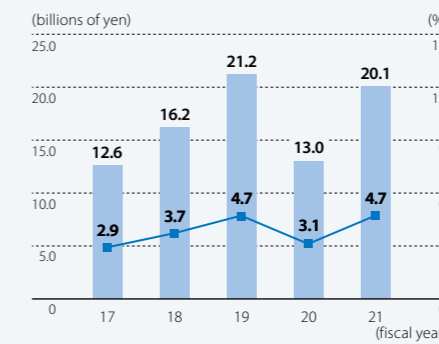
We started to wind down our main activities for concentration and selection in fiscal 2021 and we are now moving strongly toward the next phase, which is focused on growth. We will work to achieve our target of ¥40.0 billion in operating income by fiscal 2025, the final year of the current medium-term management plan, by growing our existing businesses and actively investing in new businesses, while staying conscious of financial soundness and capital efficiency.

Financial Highlights

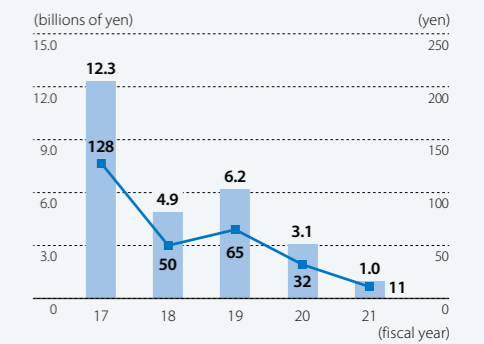
Net sales



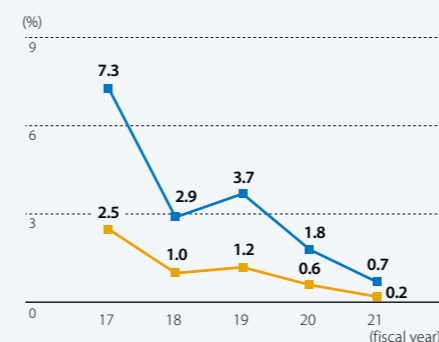
Operating income/ Operating income ratio



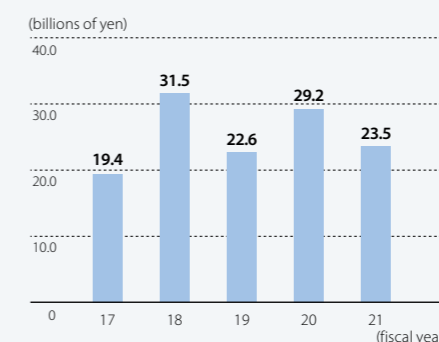
Net income attributable to owners of the parent/Net income per share



ROE/ROA

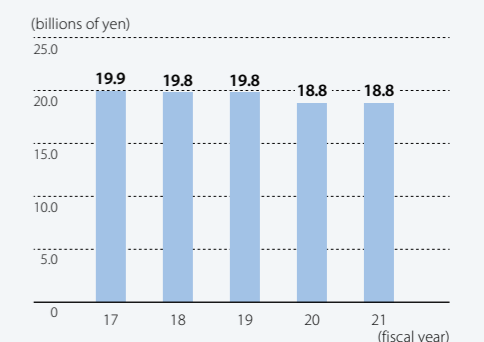


CAPEX



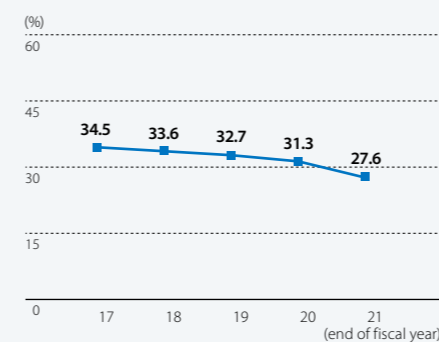
Note: CAPEX shows the "increase in tangible fixed assets and intangible fixed assets" as listed in summaries of financial results.

Depreciation & amortization

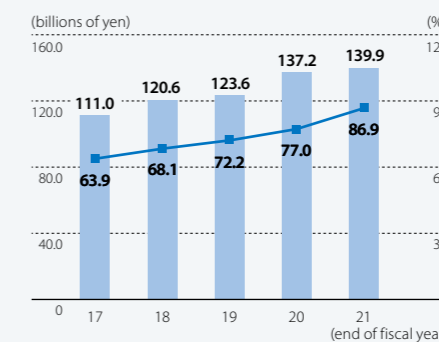


Note: Depreciation & amortization shows the total amount of "depreciation and amortization" and "amortization of goodwill" as listed in summaries of financial results.

Equity ratio

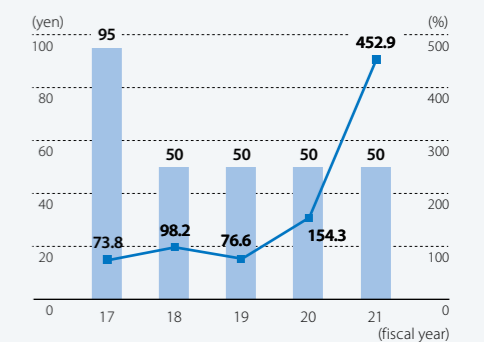


Interest-bearing debt/ Debt-to-equity ratio



Note: Interest-bearing debt includes lease obligations.

Cash dividends/Dividend payout ratio



Message from the Chief DX Officer

We will raise value for customers by enhancing in-house organizational capabilities to strengthen partnerships with external partners



Hidetomo Hashimoto
Senior Managing Executive Officer, CDXO (Chief DX Officer),
Executive General Manager of Digital Innovation Partners

Advancing DX to continue providing the best value

The Benesse Group is advancing its digital transformation (DX) as one of the key measures in its medium-term management plan. The ultimate goal of this DX is to “continue being a company that can always provide customers with the best products and services.”

New services that utilize cutting-edge technologies are being launched one after another and a succession of new players are entering the market. If we are to remain as the best within this environment, we need to raise our ability to respond swiftly to the needs of customers. Digital technology is one way of achieving this and we think that we can continue providing the best value by combining the Group’s customer base and our operational resources, such as knowledge and expertise in the education and nursing care fields, with new functions and business models that utilize digital technologies.

Based on this approach, we established the Digital Innovation Partners (DIP) in April 2021 as an organization that intersects with all of the Group’s business divisions. Initially, the DIP was a virtual organization comprising systems developers, data scientists, personnel in charge of human resources development, and others from Benesse Holdings and Group companies, but in fiscal 2022, it was converted into an actual physical organization. The DIP will reorganize and strengthen organizational functions related to IT and digital technology in each business division in order to further accelerate the Group-wide advancement of DX.

Focusing on the digitalization of products and services and cultivation of DX human resources

The Benesse Group is engaged in a wide range of businesses and each business has different customers, business models, and competitive environments. It is important that DX is advanced using strategies that are matched to the unique characteristics of each business and service, as well as its current level of digitalization. Furthermore, the training of personnel and

construction of systems infrastructure that are essential for DX need to be addressed as shared issues for the entire Group. Therefore, the DIP has been implementing specific measures under the two themes of “DX promotion according to the business phase of digitalization” and “improving the organization’s overall DX capabilities.”

For example, in fiscal 2021, more than 20 projects were launched based on the business plans of each Group company and each of these projects has been making smooth progress through close coordination between personnel from the relevant business division and personnel from the DIP. Also, as a measure to strengthen DX human resources, we carried out an assessment based on new definitions of DX-related work content and skills, and then set up 25 different training programs (for a total of 56 sessions) based on the result. To date, almost 3,000 employees have taken this training. Furthermore, there is a growing number of cases where DX has facilitated coordination between Group businesses, such as the use of skill analysis and training programs designed for sales personnel in the school & teacher support business to develop staff in the nursing care business.

An increase in the number of mid-career job applicants following greater recognition of our efforts as a DX pioneer

In fiscal 2021, the Group received an unprecedented amount of external recognition related to its DX initiatives. Benesse Holdings was selected for the DX Stocks list due to its overall DX efforts, and we also received commendations from external experts, including Japan e-Learning Awards and an Information Technology Award for services and teaching materials provided

External recognition of DX initiatives

Certified in May 2021 Selected in June 2021


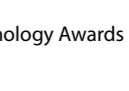

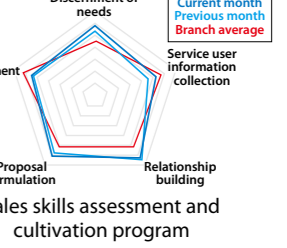



18th Japan e-Learning Awards

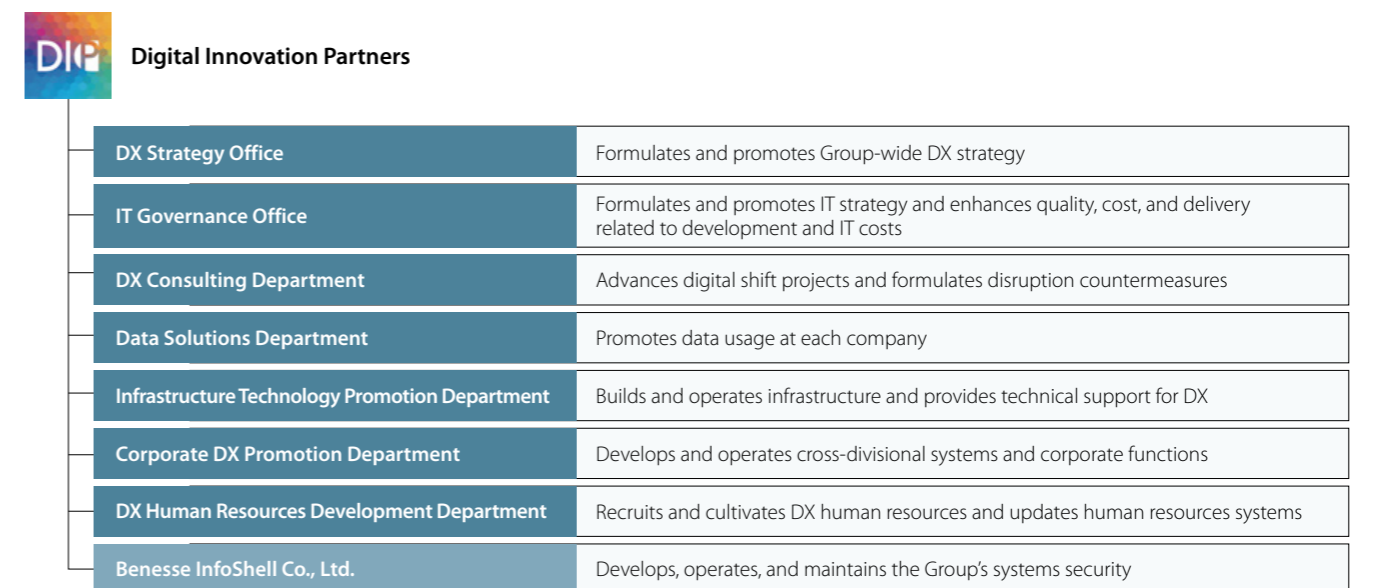





39th Information Technology Awards

DIP organizational structure



Visit the following website for more information on Benesse’s DX strategy (only available in Japanese)
<https://www.benesse.co.jp/digital/>

Message from the Chief DX Officer

by the Group that incorporate digital technology, such as the “Learning Pocketbook” support app for parents, “Speaking Quest” English performance tests, and “Mirai Seed” tablet computer learning support software.

This succession of awards provided opportunities for the Group to appear in media articles about DX and in fiscal 2021, the number of mentions in media grew by an impressive 378% compared to the previous fiscal year. Benesse has a rich history in the education industry, but unfortunately this also tends to be accompanied by the image that we are lagging behind in terms of digitalization among people who do not generally use our products and services. However, I think the huge increase in external assessments and media exposure has helped to change this kind of negative impression and raise recognition of the Company as a digital pioneer. It will also have a positive impact on recruitment and actually, in fiscal 2021, the number of applications we received from mid-career DX personnel increased year on year by about 20%.



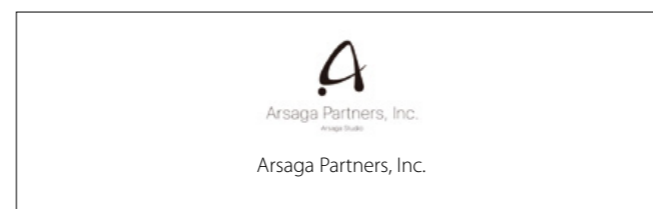
Leveraging the DIF to further expand Group business through partnerships

When advancing DX, it is important to not only focus on solving immediate challenges but also to draw up a vision of an ideal future and then backcast from that vision to find what needs to be done now. Therefore, we established the Digital Innovation Fund (DIF) in November 2021 to implement this approach.

The DIP has already been carrying out an ongoing “disruption watch,” in which it identifies and monitors potential disruptors that may threaten the Group’s business in the future and the technological fields they are likely to target, as part of its analysis of risks and opportunities in each business area. We established the DIF to take these efforts one step further by building partnerships with potential disruptors through co-creation, cooperation, and joint projects. Its scope for investment is a total of ¥5.0 billion over five years and as of July 2022, it has agreed to partnerships with four companies.

The DIF’s core concept is to avoid getting dragged into a battle for survival with future competitors but instead, to vitalize markets and create greater value for society by working together with fellow industry players. Therefore, in addition to financial assets, it also needs to be able to leverage as great an amount as possible of non-financial assets, including our knowledge and expertise, with the goal of supporting the growth of companies it has invested in. Going forward it will continue to explore potential investment partners that are expected to produce synergies with the Group’s businesses, including in the education, lifestyle-related, and nursing care fields, and companies engaged in activities that could lead to the creation of new businesses for the Group.

Partners that have received investment and support through the DIF



DX training programs

		Planning	Development management/ engineering	Data	Digital marketing
Specialized knowledge and skill training	Practical	<ul style="list-style-type: none"> Agile development in-house case studies Defining wireframe requirements Implementing design sprints Digital teaching material development 	<ul style="list-style-type: none"> Using wireframe-defining requirements Agile development Databases In-house systems fundamentals 	<ul style="list-style-type: none"> Using Semi-Structured Query Language Effect verification Data analysis application Using Shinkenzei’s elementary, junior high, and high school data 	<ul style="list-style-type: none"> Digital marketing in-house case studies Practical access analysis
	Introductory	<ul style="list-style-type: none"> Introduction to DX UI/UX fundamentals Website fundamentals App development fundamentals 	<ul style="list-style-type: none"> Systems development fundamentals Development process fundamentals—agile Development process fundamentals—waterfall 	<ul style="list-style-type: none"> Introduction to Benesse’s data Product log design Introductory and practical analytical design Data usage fundamentals 	<ul style="list-style-type: none"> Digital marketing fundamentals Introduction to marketing Advertising fundamentals
Basic digital training		<ul style="list-style-type: none"> Digital fundamentals - In-house DX case studies, disruptor analysis, etc. Technical fundamentals - Operating systems, networks, databases, HTML/CSS, Java, web servers, etc. Digital lectures - External case studies, culture sessions, etc. DX literacy—An explanation of key terms (video) 			

Reskilling each employee to enhance the quality, cost, and delivery of products and services

The DIF realizes inorganic growth through investments, while the DIP’s mission is to support organic growth by working together with existing businesses to properly address immediate challenges and advance DX.

The DIP’s activities have clarified that the biggest challenge we are currently facing is a human resources shortage. Awareness of the advantages of using IT and digital technology is rising at each workplace and the number of development projects being launched within the Group is growing, but there is still a shortage of personnel who can implement DX. The rapid increase in development projects also means that this shortage is growing, despite our efforts to increase the number of DX personnel by strengthening mid-career recruitment.

I think the key to overcoming this problem is to reskill current employees. Basically, the advancement of DX is not a task that should be taken on by IT departments alone. We need our employees at each business location to possess knowledge of IT and digital technology, or in other words, to become DX literate, and to adopt a proactive mindset. Even personnel who are not involved in the actual development of systems and apps need to have a minimal understanding of concepts and specialist terms in order to be able to communicate with others both inside and outside the Group. The 25 training programs I mentioned earlier were developed with this in mind. Happily, learning is deeply rooted in

Benesse’s culture, and we have a huge number of employees who are highly committed to self-directed learning. We will work to raise the value provided by the products and services of each business by steadily providing each individual with new DX-related skills.

Advancing DX to realize well-being for each individual

We will continue to focus on both reskilling in-house and recruiting DX human resources. I think one of the advantages we offer as a workplace for both new and experienced recruits is that we provide a variety of career options.

We deliver services to a truly wide range of people, from infants to school and university students, working adults and the elderly. Our business model also covers many different kinds of work, including instruction through correspondence and in real classrooms, assessments, care work at nursing homes, and dispatch staffing and referral operations. We also provide environments that can meet the needs of diverse jobseekers, such as people who want to use their skills to benefit society or people who want to hone their capabilities by taking on various types of work. My role as CDXO is to make this advantage and the atmospheres at our actual workplaces more visible to people outside the Group. It is said that a company is its people and ultimately, this is also true of DX. Going forward, we will continue to advance DX in order to realize well-being for all our customers, partners, and employees as a leader in education and nursing care.

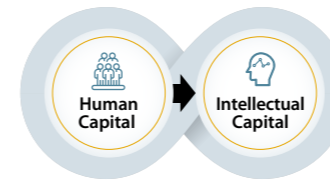
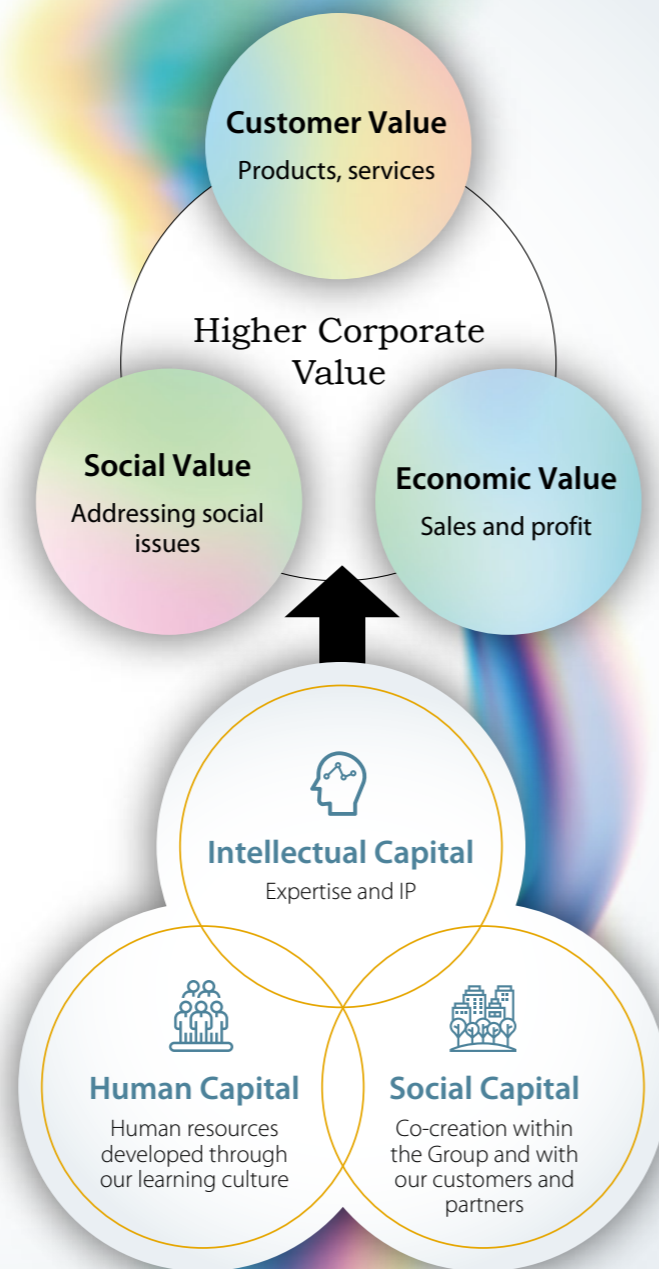
FOCUS Enhancing Our Non-Financial Capital

Sparking innovation through the synergy of non-financial capital to improve three values

Intellectual capital, which is our expertise and intellectual property (IP); social capital through co-creation within the Group and with our customers and partners; and human capital, based on our learning culture.

The Benesse Group is working to further enhance this accumulated non-financial capital through a variety of initiatives.

By sparking frequent innovation through the synergy of each type of capital and continuing to create new products and services, we are working to enhance three values: social value, customer value, and economic value.



Evolution of Mirai Seed

Evolving digital products and services through the training of DX personnel

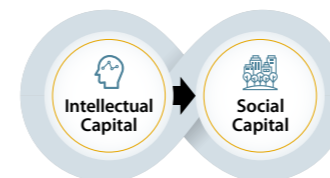
Benesse Corporation offers Mirai Seed, tablet learning support software, to elementary and junior high schools nationwide. Since 2020, the user base for this Mirai Seed software has greatly increased due to school closures caused by COVID-19 and the GIGA School Program being pushed forward. We therefore established fan sites to provide detailed information to teachers in charge of ICT at the schools where the software was introduced, and online seminars were held to strengthen points of contact. Leveraging the diverse opinions of teachers in each region, we are expanding our services by improving the UI/UX that is easy to use in daily classes and revising it to accommodate individualized and optimal learning using AI, while enhancing our efforts to recruit, retain and train DX personnel who are responsible for the development of functions and operation of services.

As a result of these initiatives, Mirai Seed was a winner in the 39th Information Technology Awards (customer/business function category) in 2021, which are held by the Japan Institute

of Information Technology. We developed Mirai Seed to be usable in various situations for instruction and learning, based on our accumulated knowledge and expertise from the Benesse Group's sustained efforts to support school education in the field, and Mirai Seed was recognized for its contribution to DX in the field of education, including support for student learning and academic affairs.



Mirai Seed



Expanding and popularization of Udemy Business

Further growing our customer base through expansion of corporate-targeted services

The Benesse Group is working to enhance social capital by offering new products and services for universities and working adults.

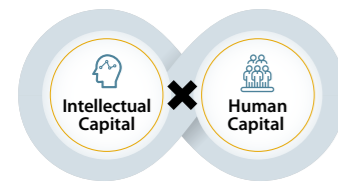
Udemy, one of those services, is an online platform service for video learning that brings together people who want to teach and people who want to learn from all over the world, and Benesse Corporation is aiming to popularize the service as Udemy's exclusive business partner in Japan. We also developed a corporate-targeted service, Udemy Business, to enable users to view approximately 7,300 Japanese and English seminars—which have been carefully curated for a Japanese audience from the material available on Udemy—on a subscription basis. As of June 30, 2022, Udemy Business has been adopted by more than 800 companies in Japan, including 50% of the companies chosen for the Nikkei 225. Since fiscal 2021, the program has also been used in Mie Prefecture to improve the IT knowledge and skills of administrative staff, thereby contributing to the human resource development of companies and local governments.

Udemy is also used by employees of our Group, and it is not merely helping to enhance companies which have introduced Udemy Business, but contributing to the improvement of the Group's human capital, as well. Going forward, by evolving Udemy, we will make progress with growing the Group's customer base and developing the skills of employees.



Udemy Business

FOCUS Enhancing Our Non-Financial Capital



Development of Majikami AI

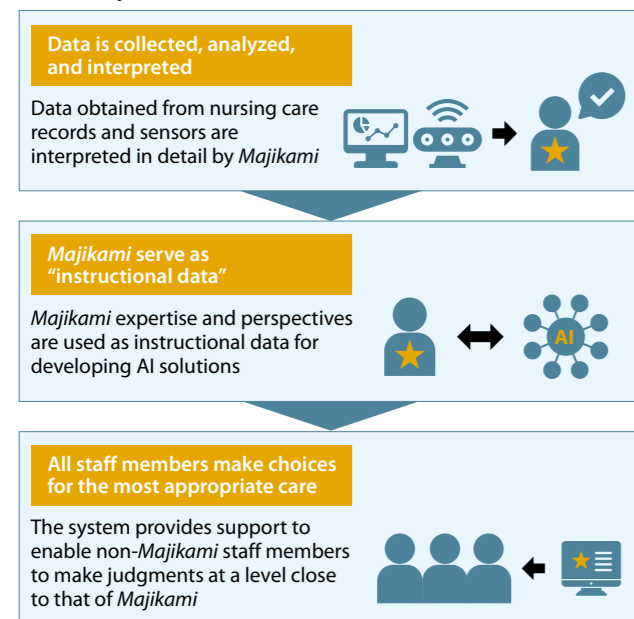
Improving residents' quality of life (QOL) through the fusion of people and technology

With the aim of improving QOL for residents of elderly homes nationwide, Benesse Style Care has been making progress on the development of Majikami AI, in conjunction with the DX Promotion Department of Benesse Holdings. *Majikami* is the common name for an internal qualification system for a nursing care expert with a high level of expertise and practical skills, and a total of over 190 staff members have been certified as *Majikami* up to this point. Majikami AI is being developed with the insights and behavior of *Majikami* serving as instructional data. By turning the intangible expertise of highly specialized staff into instructional data, we quantify the factors that lead to improved QOL for residents. Through the fusion of people and technology, our goal is to enable any staff member to provide high-quality care that is close to the care provided by *Majikami*.

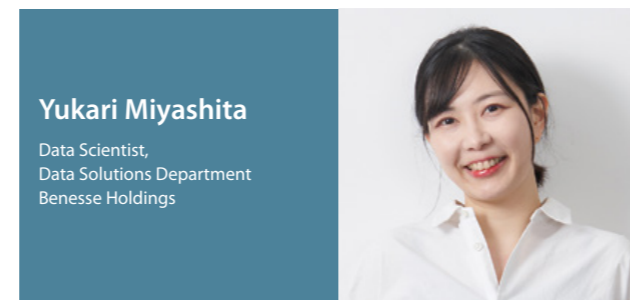
Benesse Style Care opened Granda Yotsuya in March 2022 as the first edition of the Benesse sensing home, with 55 more elderly home locations planned for conversion to sensing homes by fiscal 2023. Multiple sensors, including "sleep sensors" and "excretory activity sensors," will be installed in the rooms in these homes, and the information collected by the sensors will be aggregated to make the physical condition of the residents visible. Using this data and *Majikami* expertise, we plan to develop AI solutions which will make service quality that places the highest priority on QOL into a reality.

With regard to the Benesse Group's use of AI in the nursing care field, we intend to continue enhancing this initiative going forward as one of the Group's key DX measures, which will not

Use of Majikami AI



only improve operational efficiency at nursing care facilities, but will also enhance the quality of nursing care by developing human resources to address the critical social issue of a shortage of nursing care personnel, and also lead to the revitalization of the industry as a whole.



Yukari Miyashita
Data Scientist,
Data Solutions Department
Benesse Holdings

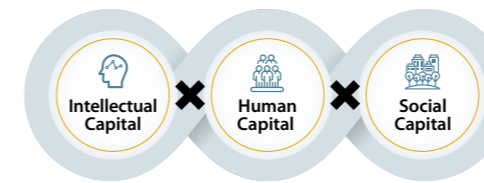
The process of developing solutions that will further advance Benesse nursing care is both challenging and rewarding, as we have to make them requirements so that frontline nursing care providers will be able to comprehend and actually use the solutions. We have promoted the review of requirements and development of solutions in tandem while listening to the thought process of Ms. Edamatsu, a *Majikami* active in the field. In the future, I would like us to continue to create synergy between people and technology by continuously reflecting human insights in the system and enhancing functions to support better judgment by each on-site staff member.



Yuko Edamatsu
Nursing Care Professional (*Majikami*),
Expert Development Department
Benesse Style Care

The advantage of Benesse's nursing care personnel is that in order to make our business principle of showing "deep respect for the person's individuality" into a reality, we are systematically learning about ways to grasp the individuality of each resident, as well as a framework to realize that approach for showing them that deep respect.

Furthermore, going forward, not only will we be able to get insights about matters like changes to residents' physical condition by leveraging information gathered by sensors and *Majikami* AI, but we will also enable each resident to express their individuality to a greater extent.



Benesse Educational Research and Development Institute (BERD)

Increasing the speed and quality of research findings, and passing on those findings to society, the educational field, and our own business: Better learning through digital technology

The Benesse Educational Research and Development Institute (BERD) is an in-house think tank, which was created in 2013 by integrating several research divisions of the Benesse Group. With a large number of human resources as the foundation for its research activities, BERD takes a comprehensive view of the childcare and education environment and conducts multifaceted surveys and research in the field of education which target a wide range of people, from infants and toddlers to university students, adults, parents, and teachers.

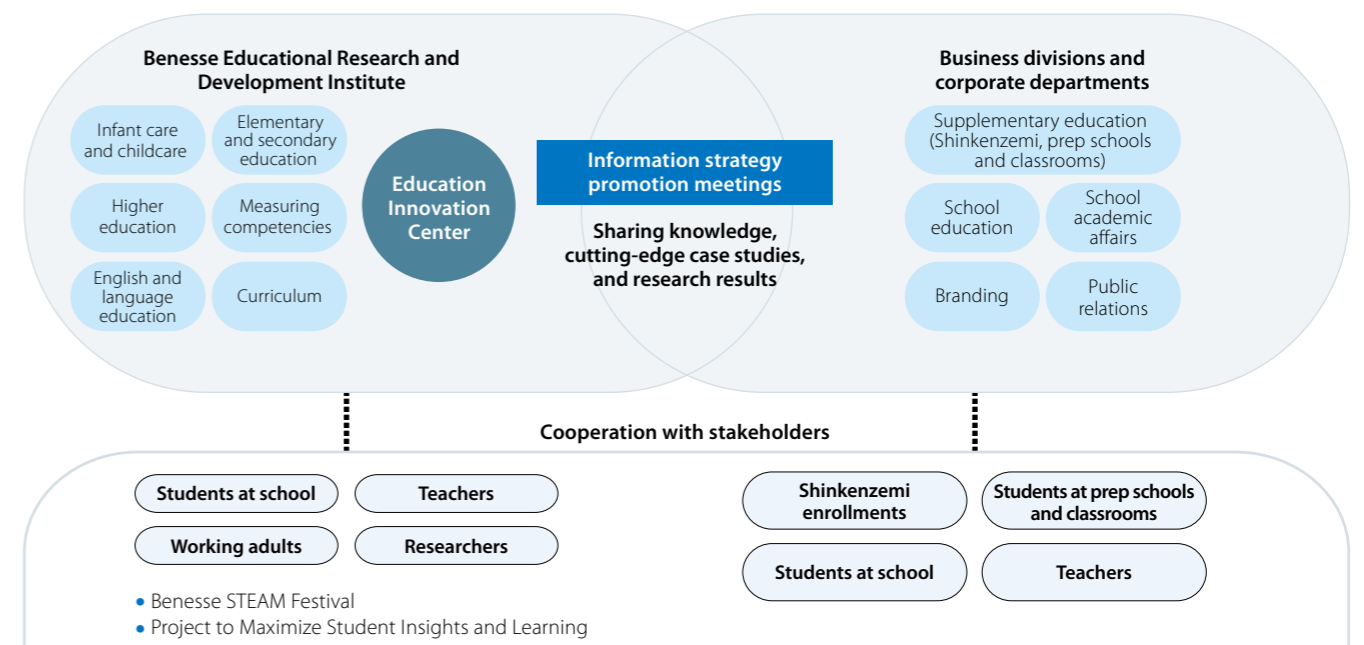
As the environment surrounding business has changed at a dizzying pace, research themes are becoming more complex and interdisciplinary with each passing day. In order to respond in a flexible way to the speed of business changes, we have reformed BERD to switch from its traditional research function divided by field to a research function divided by issue, and are evolving the institute's research on the topics of human development, growth, and learning outcomes. As part of this effort, we newly established the Education Innovation Center

within BERD in April 2022. The center will work to disseminate information to society and within the Group on the theme of "better learning through the use of digital technology," in addition to strengthening functions to support DX in the education business domain.

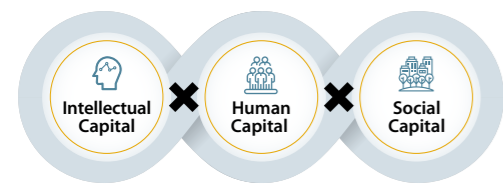
Specifically, we hold monthly information strategy promotion meetings—attended by those in charge of the Shinkenzeremi business and School & Teacher Support Business, as well as those in charge of branding and public relations—to share knowledge, cutting-edge domestic and international case studies, and research results which are related to digital-based learning, mainly in the elementary through high school domains. In addition to conducting case studies and empirical research with elementary and junior high schools and high schools across Japan, we hold events such as the Benesse STEAM Festival, where junior and high school students and working adults interact with each other based on inquiry-based learning. We also conducted the Project to Maximize Student Insights and Learning, a weekly online dialogue with teachers across Japan. The latest information obtained through these collaborations with outside parties is also shared with business division personnel and others to enhance employee's expertise and communication skills.



Disseminating information to support better learning through digitization



FOCUS Enhancing Our Non-Financial Capital



Strengthening partnerships through DIF

Establishing an investment facility to accelerate open innovation

The Benesse Group is accelerating the development of businesses that will lead to the resolution of social issues by promoting open innovation and enhancing cooperation with its business partners.

As part of this initiative, we established the Digital Innovation Fund (DIF), an investment facility, in November 2021. Through the DIF, we will strengthen our partnerships with venture startup businesses that possess revolutionary technologies in fields such as education, daily living and nursing care, and aim for co-creation of various projects, service updates, and new value. The total ceiling on investments is five billion yen over five years.

Aiming for the sustainable development of the Group, in conjunction with partners who have promising technologies

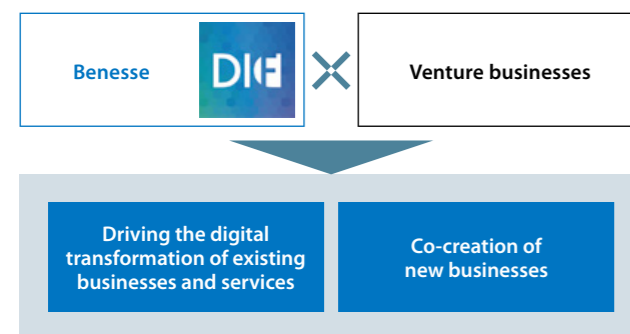
We have established the following three requirements for the selection of investment and partnership partners by DIF.

- Partners who have potential for synergy with Benesse Group businesses in areas such as education, daily living, and nursing care

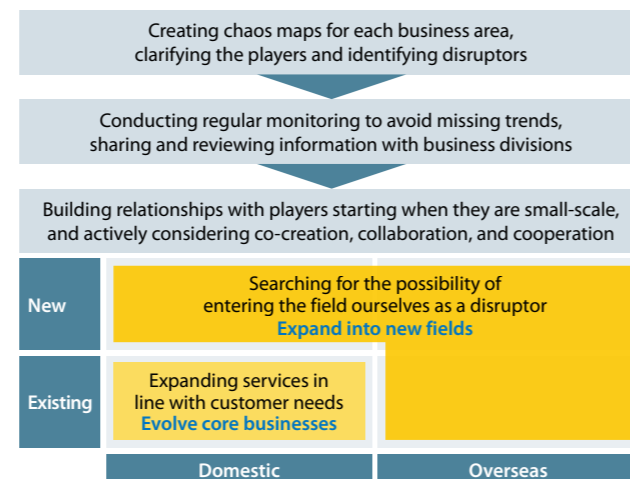
- Partners with plans and development capabilities for DX-related services promoted by Benesse
- Companies with innovative technologies and markets in fields related to Benesse, or partners with the potential to develop such technologies and markets

In conjunction with DIF activities, the Digital Innovation Partners (DIP) division, which handles the promotion of DX strategy at the Benesse Group, is constantly on “disruption watch.” While being on disruption watch is generally understood as identifying and monitoring future threat players (disruptors) and their technology areas, the Benesse Group does not limit its activities to that aspect, and engages in monitoring to search for promising partners who have potential for synergy with Benesse Group businesses. By creating partnerships with companies with whom we can share our guiding principle of “creating new products and services that respond to customer needs, as well as new businesses that contribute to solving social problems;” we are aiming for sustainable growth for those partner companies and for the Group. Since its establishment, the DIF has already invested in several partners, and will continue to contribute to further business growth.

Enhancing partnerships through DIF



Disruption watch



Investee companies (as of July 2022)

Investee company	Business description	Start of cooperation
Code Chrysalis Japan Co., Ltd.	Offers advanced IT personnel training boot camps	November 2021
Hmcomm Co., Ltd.	Pursues value creation through “sound”	February 2022
Fourth Valley Concierge Corporation	Provides global recruitment support that goes beyond national borders	March 2022
Arsaga Partners, Inc.	Promotes corporate DX and IT development	June 2022

Hiroshi Mizukami

General Manager of DX Consulting Department, Digital Innovation Partners Benesse Holdings



Since the digital shift consulting and disruption response that DIP is moving forward with are conducted for each business division, we also deal with business division issues at the same time.

For example, in digital shift consulting, as the situation becomes clearer as we enter each business division, we are working

on DX promotion tailored to their business phase.

For dealing with DX issues at each business division, I think we can resolve issues not simply by developing everything in-house in a self-sufficient manner, but also through co-creation with external parties. There are currently several precedents, and going forward, I would like to further promote DX through DIF activities while having organic connections with external partners that possess more advanced expertise.

Benesse is a company that supports people’s growth, so I hope that the employees who are involved with DIF will grow as well, not just our customers. I would like to create a system and culture where everyone involved in the project can grow. I believe doing this will have a positive impact on the company, and I expect that it will become an initiative worthy of the Benesse name.

Jumpei Nakamura

Manager of Digital Innovation Section, DX Consulting Department, Digital Innovation Partners Assistant Fund Manager of Digital Innovation Fund Benesse Holdings



We understand that collaboration with startups that have skills and ideas not possessed by Benesse will enable us to have a wider variety of opportunities for speedily offering new value. We are considering a wide range of possibilities, not only in the areas of education, nursing care, and daily living, but also in new areas if they are in line with our corporate philosophy of “well-being.”

In terms of the circumstances for our activities up to this point,

we have been monitoring the trends of digital players in the fields of education, nursing care, and daily living as part of our disruption watch, and DIF aims to be positioned as a catalyst for innovation as part of those specific measures.

In 2021, we selected and made a list of approximately 1,900 companies from around the world with the potential to achieve digital disruption in each business. At present, while using that list for reference, we are continuing to meet with startups that may be potential candidates for collaboration in terms of business synergy and net investment, and are also in discussions with business divisions. My focus is on the areas of NFT/tokens, the blockchain, and the metaverse in relation to Web 3.0. I am pursuing these activities because I believe that if we are able to make them a reality, they have the potential to make significant contributions to the co-creation of new businesses and the expansion of business areas.

Naoki Sugita

Deputy Manager in Charge of Investment and Procurement of Finance Department, Finance and Accounting Assistant Fund Manager of Digital Innovation Fund Benesse Holdings



At DIF, we provide financing from the holding company Benesse Holdings itself, and we are creating mechanisms to rapidly scale up business collaboration by encouraging cooperation with each operating company. Our Group has had past experience with things such as minority investments, and has a track record of several

investee companies going public. I believe that in the future, we will be able to take advantage of that experience in these DIF activities.

We have already invested in four companies and engaged in cooperation with them as DIF, and in each case, we have made the investment with a strong awareness of the relationship being mutually advantageous for both parties. While it is a prerequisite for investment that there will be financial benefits and expected synergy for our Group, we believe that accelerating growth by providing support—not only financially, but also in terms of business to the partner companies in which we invest—will ultimately lead to mutual benefits for both parties.

In this way, we will leverage our investments to pursue mutually advantageous relationships with partner companies and achieve sustainable growth for our Group.

Initiatives for Improving Human Capital

A personnel system that supports the “Benesse (well-being)” of employees themselves

It is nothing short of rewarding when each of the Benesse Group’s employees feel as though they are helping to solve the problems of customers through their work, if only slightly, which in turn is helping to address social issues. “Management is centered on people,” and “When our employees in the field are bursting with vitality, that is precisely when our business grows.” I believe that it is the responsibility of personnel departments to bring these messages to fruition.



Yuko Onizawa
Executive Officer,
CHRO (Chief Human
Resource Officer),
Executive General Manager
of Group Human Resources

Topics	Policies	Progress
Improving Employee Engagement	Promoting principle-driven management <ul style="list-style-type: none"> Implementation of events such as morning meetings attended by all employees, company-wide meetings, and Security Day (for the Group, or for Benesse Holdings and Benesse Corporation) Publication of the <i>BATON</i> booklet on our philosophy, and employee engagement <ul style="list-style-type: none"> p. 30 	<ul style="list-style-type: none"> Implementation of morning meetings on the founding date of Benesse, as well as activities to make our principles widespread (nine times in fiscal 2021) Implementation of employee engagement surveys (A rating across the entire company in fiscal 2021) <ul style="list-style-type: none"> p. 30
	Implementation of the B-Stage internal proposal system (fiscal 2021) <ul style="list-style-type: none"> Launch of a proposal system to embody the “DNA of utilizing voices from the frontlines in management” 	<ul style="list-style-type: none"> Six plans received awards from among 1,782 plans and proposals Three plans were chosen from units proposing new business initiatives and three from units proposing business process reforms, with preparations underway to implement them
Fostering a Learning Culture	Providing growth opportunities based on individual suitability and career <ul style="list-style-type: none"> Fiscal 2021 “skill development point” system <ul style="list-style-type: none"> Granting approximately 200,000 yen for training expenses and other fees annually (Benesse Corporation) Reskilling leave system: Three days a year (from fiscal 2022, Benesse Corporation) 	<ul style="list-style-type: none"> Revitalizing all generations through improved “feelings of growth” for each individual employee Approximately 20% of skill development points used
	DX personnel enhancement (from fiscal 2020) <ul style="list-style-type: none"> DX reskilling, fostering of a learning culture 	<ul style="list-style-type: none"> Approximately 800 DX personnel in fiscal 2021 DX reskilling: Approximately 2,600 employees at Benesse Corporation who took Udemy seminars in fiscal 2021 Received an “Outstanding Performance” Award at the 4th Platinum Career Awards, which recognizes companies that are oriented toward providing career development and career opportunities for their employees. (Organized by Mitsubishi Research Institute, Inc. in cooperation with Toyo Keizai Inc., with support by the Ministry of Health, Labour and Welfare and the Tokyo Stock Exchange)
Diversity Promotion and Leadership	Promotion of diversity and active participation by female employees <ul style="list-style-type: none"> Launched ESG and Sustainability Division and ESG and Diversity Department (April 2022) Benesse University (training of young human resources) Establishment of an “Instructor and Business Leader Training System” at a special-purpose subsidiary which promotes the employment of persons with disabilities 	<ul style="list-style-type: none"> For female executives, one Outside Director and two Executive Officers 35% of all managerial positions held by women (Benesse Corporation) Participants in Benesse University (17 employees in fiscal 2021 / 12 employees in fiscal 2022) Benesse Business-mate, a special-purpose subsidiary, was awarded the “Innovation Award” at the 11th Japan HR Challenge Awards
	CEO successor training / leadership <ul style="list-style-type: none"> CEO Succession Plan / discussions at the Nomination and Compensation Committee Developing the next generation of management through planned work experience and other measures (The Benesse Leadership Program, a program for training the next generation of leaders) 	<ul style="list-style-type: none"> Six discussions at the Nomination and Compensation Committee Six new employees chosen for the program for training the next generation of leaders (In total, 53 employees chosen in fiscal 2021)
Working Style Reforms / Productivity Improvements	Promotion of a hybrid working style (Benesse Corporation) <ul style="list-style-type: none"> Office work combined with remote work <ul style="list-style-type: none"> Renovations to shift offices to an ABW* style (Tokyo area/Osaka/Nagoya) ABW (Activity-Based Working): A working style where employees can freely choose where and when they work in accordance with their respective jobs 	<ul style="list-style-type: none"> Satisfaction with office environment up 10.6% over the previous year Maintained an office attendance rate of below 50% Communication space on office floors increased by 2.45 times Communication space on common-use floors increased by 1.87 times Fixed costs reduced by 35.6%
	Support for balancing work with nursing care and childcare (continually implemented since the 1990s) <ul style="list-style-type: none"> Encouraging male employees to take childcare leave Enhancing support systems Introducing a dual-employment system (with permission) for networking, career development, and skill enhancement purposes 	<ul style="list-style-type: none"> Reduction in turnover rate due to childcare and nursing care reasons Results of introducing the dual-employment system: 72 employees (fiscal 2021)
Improving Awareness of Management Participation	<ul style="list-style-type: none"> Holding all-employee meetings to explain financial results and share business plans Promoting membership in the employee stock ownership group (incentive payment*) <ul style="list-style-type: none"> Approximately 10% of accumulated amount 	<ul style="list-style-type: none"> Improvement of each employee’s awareness of management participation Increased interest in stock price and dividends
Improving Health	Promotion of Benesse health management <ul style="list-style-type: none"> Health management promotion activities for fiscal 2021: <ol style="list-style-type: none"> Online exercise program, nursing care seminars, women’s health online seminars, mindfulness experiences, a quitting smoking program 	<ul style="list-style-type: none"> Better health for each employee Six certified 2022 Health and Productivity Management Organizations from the Benesse Group (Benesse Holdings, Benesse Corporation, Tokyo Individualized Educational Institute, Benesse Business-mate, Benesse BE studio, Benesse Senior Support)
COVID-19 Countermeasures	<ul style="list-style-type: none"> Conducting vaccinations at workplaces Promotion of hybrid working styles 	<ul style="list-style-type: none"> Creating an environment in which employees can work without anxiety even in the face of the COVID-19 pandemic (vaccinations were conducted a total of 12 times in Okayama, Osaka, Shinjuku, and Tama) Average office attendance rate of under 30% (Benesse Corporation)

Creation of *BATON*, a pamphlet on our philosophy

Amidst the rapid changes occurring to the business environment, our Group is working to make “reform and growth” a reality. In order to continue promoting reform and growth across the entire Group, “Benesse,” our unchanging corporate philosophy, serves as the focal point. How was Benesse born about 30 years ago, and how has it been passed down through our businesses? We produced and distributed approximately 10,000 copies of the *BATON* pamphlet on our philosophy, which incorporates the voices of Group employees, with the aim of helping each individual to understand the philosophy and create a future with Benesse as the starting point.

Furthermore, we held online Benesse Meetups for philosophy-related activities and study sessions, where participants could listen to the actual words of people who appeared in the pamphlet about topics such as their actual feelings in the course of creating businesses, as well as their concerns. We have invited Yumi Narushima (Deputy Head of the Out-of-School Learning Business Company of Benesse Corporation), who has attempted to reform Shinkenzemi’s elementary school courses and Challenge Touch up to this point, Tomonori Iida (General Manager of the Working Adult Education Business Unit of the University and Working Adult Business Company), who was involved with the Japanese business expansion of Udemy, and Gen Yamaguchi (Representative Director of Benesse Socius Co., Ltd.), who has made great efforts to launch a new company for the employment of people with disabilities, as guests. Approximately 1,000 Group employees participated in each Meetup.

These Meetups are a valuable opportunity to have employees actively listen to the guests’ talks, think about how to make the philosophy of “Benesse” a reality in business, and take ownership.



vital. In fiscal 2021, in order for the Benesse Group to remain indispensable to the world, we launched “B-Stage,” a system for making new business and operational reform proposals, as a method for bringing management and frontline workers together to create the next Benesse.

In 2021, the first fiscal year of the system’s operation, there were 1,782 proposals submitted. In the final round of judging, final presentations were made by employees on the submitted six business reform proposals and seven new business proposals that had been chosen through two rounds of selection. The judging panel of 23 people, which included executives from Benesse Holdings and Benesse Corporation as well as outside experts, made incisive points, asking “What is the significance of Benesse doing this?” and “What is your business model?” and making rapid-fire comments with expectant voices.

After discussions and deliberations by the judges, one Grand Prize winner and two Excellence Award winners were selected from the new business proposal category, while one Grand Prize winner and two Excellence Award winners were selected from the business reform proposal category. The six award-winning projects are currently making progress towards commercialization and making the business reforms a reality.



The scene at the final judging

Introducing a new organizational assessment tool for people-centered management, with the aim of improving employee engagement

The Benesse Group has been conducting organizational assessments for more than 20 years to realize “people-centered” management. Based on the results of organizational “health checkups,” we have incorporated the PDCA cycle into the management structures of the Group and each company in order to improve issues, such as sharing and reporting the current status at Board of Directors meetings and reflecting the results in business plans.

Starting in fiscal 2021, we switched from our original in-house organizational health checkup tool, GAMBAs, which we had previously used up to this point (annual checkups) to Motivation Cloud (Link and Motivation Inc.), one of the biggest organizational assessment tools in Japan (biannual checkups). Results and issues can now be immediately understood, with the most recent results being an A-rating for the entire company. We will boost employee engagement by speedily making the state of the organization visible, comprehending organizational issues, and making improvements.

B-Stage, an internal proposal system to convey the voices of frontline workers to management, with 1,782 proposals submitted in the first fiscal year

Benesse’s organizational culture and DNA of attempting to achieve solutions to customer issues and business problems through ideas developed in the field has been continuously passed down since it was founded. The awareness of our frontline employees concerning the issues they perceive while interacting with customers, as well as what they think needs to be improved in their work, has been the driving force which has empowered Benesse up to this point.

In recent years, amidst rapid changes to societal demands and the business environment, the importance of the field, which is the front line of our business, has become even more

Environmental Initiatives

Seeking further growth, Benesse formulates medium- to long-term environmental targets, and we actively strive to reduce our environmental footprint while improving external assessments of our activities.

Environmental policy

In March 2021, the Benesse Group revised the Environmental Policy which it formulated in 2011. Benesse will not only work to promote climate control and environmental consciousness in products and services, as well as in sales and other activities, but also engage with society to encourage energy conservation and waste reduction for climate control, recycling, the preservation of biodiversity, and the conservation of water resources, including the efficient use of water.

Promotion systems

The Sustainability and ESG Promotion Committee, with the Managing Executive Officer for Sustainability and ESG as its chair, and whose membership includes full-time directors including the Representative Director and President and the Heads of Business Divisions, meets regularly to make decisions about policies and initiatives concerning ESG issues, including environmental ones, and to monitor the status of activities. The Committee's activities are reported to the Board of Directors.

Climate control measures

Benesse Corporation had previously set medium- to long-term reduction targets for greenhouse gas emissions, but we have further revised our Scope 1 and 2 targets upward from the WB 2°C level to reduction targets in accordance with the 1.5°C level. In order to meet these targets, in fiscal 2021, we moved forward with measures such as reducing paper consumption by promoting the digitization of products and services, reducing office space by adopting a hybrid working style of office attendance/working at home, and implementing a medium- to long-term repair plan for our own buildings.

Medium- to long-term reduction targets for greenhouse gas emissions

(Years ended March 31)

		Every year	2030	2041	2050
Reduction rate, based on 2018	Scope 1 and 2 (1.5°C targets)	4.4% ^{*1}	52.8% ^{*1}	100%	100% ^{*2}
	Scope 3 ^{*3} (2°C targets)	1.23%	14.8%	—	39.4%

*1 Updated application pending for SBTi 1.5°C targets (as of July 31)

*2 Reduction targets have been certified by SBTi

*3 Scope 3 targets have been certified by SBTi as 2°C targets

Reduction rate for greenhouse gas emissions

(Years ended March 31)

		2019	2020	2021	2022
Reduction rate, based on 2018	Scope 1 and 2	12.0%	20.8%	30.5%	39.8%
	Scope 3	(2.7%)	(3.9%)	5.4%	13.8%

Assessment and endorsement of initiatives

Acquired SBT certification

The Benesse Corporation's greenhouse gas emission targets for 2030 and 2050 were certified by the SBT Initiative based on scientific evidence to "keep the global average temperature increase well below 2°C and maintain it below 1.5°C compared to pre-industrial levels" under the Paris Agreement. We also received SBT certification from the Initiative in May 2021. Furthermore, with regard to Scope 1 and 2 emissions, we raised our targets to 1.5°C targets and resubmitted our application in December 2021.



Evaluation by the CDP

In the CDP's 2021 climate change survey, we were chosen as a company with a leadership level of A-, a grade for companies that conduct excellent activities in areas such as reducing greenhouse gas emissions and implementing measures to mitigate and adapt to climate change. In addition, in the CDP's Suppliers Engagement Valuation, we were chosen as a CDP 2021 Supply Engagement Leader—the highest evaluation—for the third straight year, continuing from last year. Our previous CDP climate change evaluations are as follows.



CDP climate change evaluations

2017	2018	2019	2020	2021
A-	A	A	A	A-

Conducted a scenario analysis in accordance with TCFD recommendations

In 2019, the Benesse Group expressed its agreement with the recommendations of The Task Force on Climate-related Financial Disclosures (TCFD), the first education business operator in Japan to do so. With regard to the education business in Japan, we are analyzing scenarios in accordance with TCFD recommendations, and conducting deeper analyses of the risks and opportunities to our business due to climate change.

Analytical estimation of risks and opportunities

Analysis of the risks and opportunities that affect Benesse is conducted on two key points: probability of occurrence and level of influence.

Transitional Risks	<ul style="list-style-type: none"> Switch to alternative materials (recycled plastics, etc.) Increase in energy costs Increase in shipping costs (by truck) 	<ul style="list-style-type: none"> Risk to Benesse's reputation if we cannot meet consumers' expectations with regard to environmental awareness
Physical Risks	<ul style="list-style-type: none"> Procurement failures from suppliers Major damage at logistics hubs Changes in shipping methods due to suspension of the logistics network 	<ul style="list-style-type: none"> Restructuring of the logistics network due to environmental changes and the spreading of infectious diseases
Opportunities	<ul style="list-style-type: none"> Changes in the environmental awareness of consumers Competitive advantages through innovations in environmental technology 	<ul style="list-style-type: none"> Initiatives towards global environmental preservation Highly resilient logistics base

Future strategies and initiatives

Benesse will promote with the following strategies and initiatives in the future based on the results of our climate change-induced risk-opportunity analysis.

Transitional Risks	Research into alternative materials that take reductions in CO ₂ into account, resource circulation initiatives (recycling), reductions in shipping fees through the adoption of digital educational materials, reductions in GHG emissions due to office activities such as energy saving and other initiatives, establishment of targets and promotion of initiatives for the introduction of renewable energy, consideration of a Bring Your Own Device (BYOD) policy for tablets, etc.
Physical Risks	Reduction in risks through the decentralization of production bases, securement of alternate means of transport, strengthening of flood control measures at logistics hubs, etc.
Opportunities	The promotion of new environmental education, and reflecting innovations in environmental technology, etc., on products, services, and marketing activities based on changes in consumer behavior

Business initiatives Support for environmental education

Benesse is working to provide support for environmental education from an early stage. In fiscal 2021, in addition to holding the Benesse STEAM Festival, an online event where junior high and high school students present research and initiatives that will lead to solving problems in the real world, we also conducted the 2021 National Research Contest for junior high and high school students. There was a diverse array of research report applications from about 1,700 applicants around the country, touching on topics including the SDGs. We have made entries available to the public on our "Research Library for All" (Manavision).



Benesse STEAM Festival

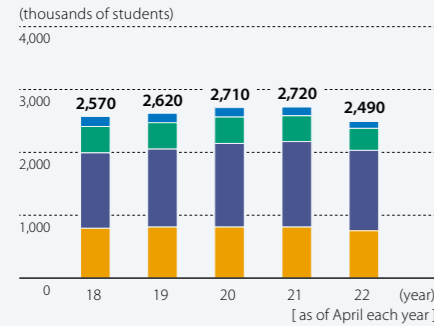
Visit the following website for information on our response to climate change. <https://benesse-hd.disclosure.site/en/themes/148#1002>

Non-Financial Information

Business-Related

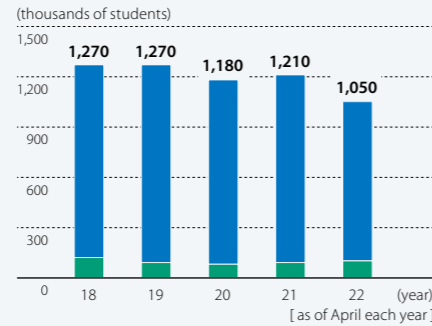
Shinkenzei and Kodomo Challenge enrollments in April (Japan)

■ Senior high school courses ■ Junior high school courses
■ Elementary school courses ■ Kodomo Challenge (preschool courses)



Kodomo Challenge enrollments in April (Overseas)

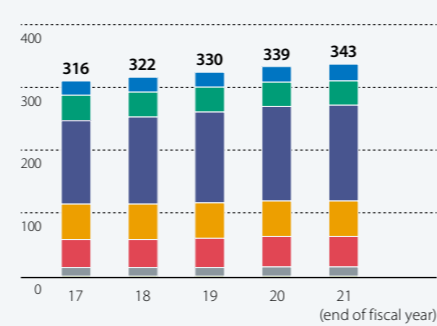
■ China ■ Taiwan



Note: Information is shown by country and region.

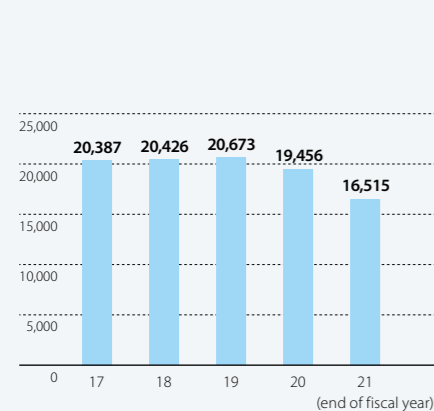
Nursing homes & elderly homes by brand

■ Aria ■ Clara ■ Granny & Granda
■ Madoka ■ Bon Sejour ■ Cocochi ■ Li-Re



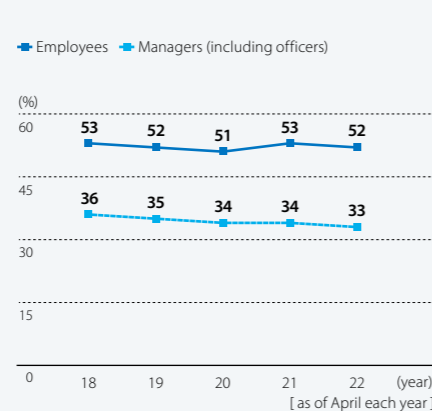
Human Resources

Employees on consolidated basis



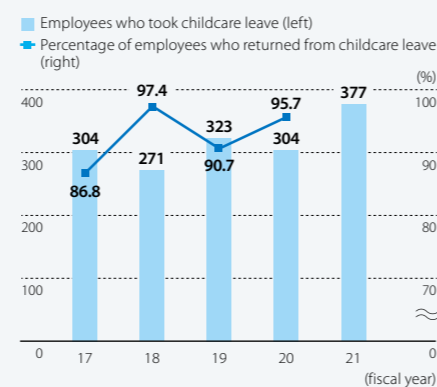
Note: Berlitz Corporation was sold during fiscal 2021.

Ratio of female employees/managers



Note: Percentages are for Benesse Corporation.

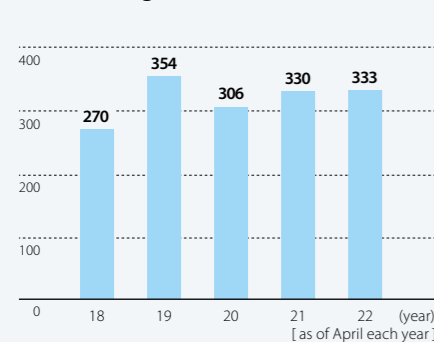
Employees who took childcare leave / Returned from leave



Note: Figures are for Benesse Corporation and Benesse Style Care combined.

Human Resources

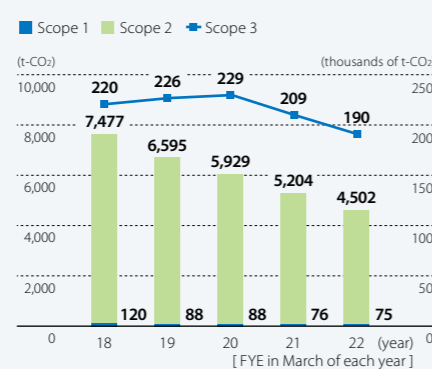
Employees taking shorter hours for child-rearing



Notes: 1. Figures are for Benesse Corporation and Benesse Style Care combined.
2. Benesse Style Care employees returned to work later than usual in fiscal 2020, due to the impact of the spread of COVID-19.

Environment

Amount of GHG emissions



Notes: 1. GHG emissions are those of Benesse Corporation.
2. Emissions were independently verified. However, the figures for Scope 3 emissions from 2019 to 2021 have been revised as a result of reviewing the calculation methods after verification.

Paper consumption



Note: Paper consumption excludes printing paper for use in offices.

Visit the following website for the latest ESG-related information.
<https://benesse-hd.disclosure.site/en/themes/168>

Part 2

How We Create Value



At a Glance

Benesse Group Businesses That Support Every Stage of People's Lives in an Age of 100-Year Longevity

Education Business in Japan

Correspondence courses



ベネッセのオンラインならいごと




Prep schools and classrooms






Benesse お茶の水ゼミナール



ベネッセの英語教室





School and teacher support










ベネッセの義務教育向けICTソフト







海外トップ大進学塾

University and working adult












Kids & Family











Nursing Care and Childcare









ベネッセのおうちごはん








Features of Each Business

We offer Shinken Zemi—correspondence teaching materials for home study—which are targeted at elementary, junior high and high school student enrollments, and are attuned to students' stages of development. For Shinken Zemi, we are moving forward with the digitization of our teaching materials. Combined with digital and paper teaching materials and the support of people who utilize educational knowledge cultivated over many years, such as corrections and guidance by Red Pen Teachers, we are continuing to work on the development of products and services that can respond to the needs of our increasingly diverse and unique enrollment with meticulous care.

Major business companies: Benesse Corporation

In addition to unique prep schools such as Tokyo Individualized Educational Institute, which is geared toward elementary, junior high and high school students, and Tetsuryokukai, which is for prospective the University of Tokyo applicants, we are expanding our BE studio English classrooms. We provide each student with careful guidance in accordance with their goals and level of understanding, both in-person and online, and have earned a solid reputation among students and parents.

Major business companies: Tokyo Individualized Educational Institute, Tokyo Educational Institute (Tetsuryokukai), UP, Ochanomizu Seminar, Benesse BE studio

Our offerings include Shinken Simulated Exams, which are mock university entrance exams for high school students, as well as Study Support, materials for learning and deciding on a path after graduation, which are intended to assist students in choosing their optimal path. We have business deals with approximately 90% of high schools nationwide. In addition, in response to the GIGA School Program, we are offering paid Mirai Seed tablet learning software to approximately 9,000 schools out of 30,000 elementary and junior high schools nationwide.

Major business companies: Benesse Corporation, Classi

We conduct services for university students and working adults which include our education business, study abroad support, and employment support. In particular, UdeMy—an online education service which mutually meets the needs of people who want to teach and people who want to learn—has expanded, and it has been adopted by over 800 companies in Japan as of the end of June 2022. Furthermore, we are aiming to make inroads into corporate-targeted services such as employee training, acquisition of qualifications, and assessment, as well as the inbound-targeted educational services sector.

Major business companies: Benesse Corporation, Shinken-AD, Benesse i-Career

We have leveraged our expertise in education for young children to offer Kodomo Challenge, correspondence courses aimed at preschoolers, in countries and regions that include Japan, China, and Taiwan. As of April 2022, Kodomo Challenge has 750,000 enrollments in Japan and 1,050,000 enrollments overseas. In addition, we are developing publishing and online sales businesses which offer useful lifestyle information on topics such as pregnancy, childbirth, parenting, day-to-day life, and pets.

Major business companies: Benesse Corporation, Benesse Corporation China

We operate businesses including the management of nursing homes and housing for the elderly, as well as the home help services, operation of daycare and afterschool childcare centers. As for nursing homes and housing for the elderly, we have established 343 facilities as of the end of March 2022, primarily in urban residential areas. Based on a guiding principle of "placing importance on deep respect for people's individuality," we have developed seven series with different price ranges and services to match the lifestyles of residents.

Major business companies: Benesse Style Care, Benesse MCM, Benesse Palette

Net sales / Operating income

	Net sales (billions of yen)		Operating income (billions of yen)	
	FY2020	FY2021	FY2020	FY2021
Education Business in Japan	204.4	212.1	11.9	19.0
Kids & Family Business	71.8	71.2	2.0	1.7
Nursing Care and Childcare Business	123.8	127.3	10.3	8.0
Berlitz Business	26.4	20.0	(6.7)	(2.7)

Note: Benesse Holdings divested its entire shareholding in Berlitz Corporation on February 14, 2022. For this reason, in fiscal 2021, Berlitz Corporation is only included in the cumulative consolidated results for the period up to the end of the third quarter.

Review of fiscal 2021

Education Business in Japan

Shinken Zemi had decreased revenue due to a decline in the total number of enrollments. On the other hand, through an increase in the number of customers in the prep school and classroom business and the number of orders in the school business, respectively, we made a steady recovery from the impact of the COVID-19 pandemic, and our business as a whole showed increased revenue and profit.

Kids & Family Business

Though we had increased revenue due to factors such as price revisions to Kodomo Challenge in Japan, the positive effect of the exchange rate in China, and the recovery of our domestic concert business which suffered cancellations due to the impact of the COVID-19 pandemic, our revenue as a whole decreased due to factors such as decreased revenue for our mail-order sales business caused by the application of the revenue recognition standard and the decrease in total enrollment for Kodomo Challenge in Japan and China. In addition, profits decreased due to lower sales and higher expenses for product and service development.

Nursing Care and Childcare Business

We increased revenue by making Heart Medical Care Co., Ltd. into a consolidated subsidiary and through growing our customer base by increasing the number of locations. However, due to factors such as a decline in occupancy rate for existing homes caused by the prolonged impact of COVID-19, as well as the increased labor costs as a result of the expanded number of locations, we showed a decrease in profits.

Education Business in Japan



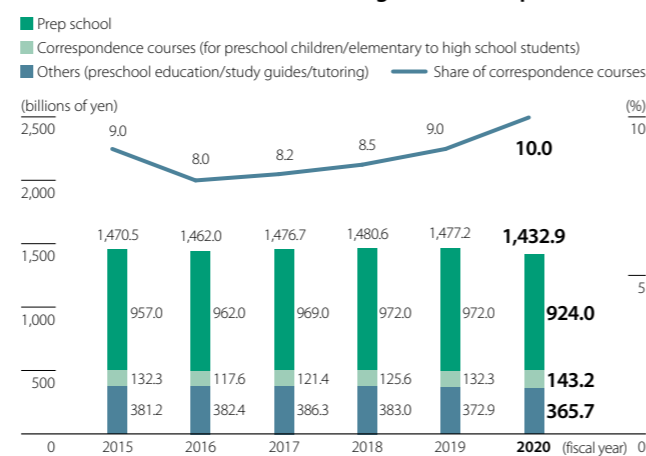
Market

The annual number of births in Japan peaked at two million in 1975, and has been on a downward trend ever since. In 2021, the number of births had decreased by about less than half of the peak level, at 0.81 million. Going forward, the number of children is expected to continue to decrease, with the annual number of births projected to decline by around 1.0% per year on average.

Although Japan's birthrate has continued to decline, the out-of-school learning market has remained flat in recent years. As for market scale in fiscal 2020, however, performance declined due to the impact of the spread of COVID-19 on prep schools and other out-of-school learning products, and the market shrank to 1.4329 trillion yen*.

In addition, with the coming of the so-called "era when anyone can get into college" due to the decline in births, the needs of children and parents with regard to learning are growing more diverse, as formats for entrance examinations are becoming more varied. Furthermore, the COVID-19 pandemic has also triggered the emergence of new digital products and services which have not been fully captured in the traditional out-of-school learning market survey, shown to the right, and competition among companies is growing fiercer. The same movement toward digitalization is also taking place in school activities, and it is gaining momentum against the backdrop of the GIGA School Program.

Trends in the out-of-school learning market in Japan*



* The figures were calculated by Benesse based on data in Yano Research Institute Ltd's "Education Industry 2021"

Business

Shinkenzemi Business

Business overview and future prospects

Focusing on providing new goods and services that improve people-reliant individual learning support and meet the need for diverse learning

Michiaki Yamamoto
 Managing Executive Officer,
 Head of the Out-of-School Learning Business Company of Benesse Corporation

Shinkenzemi possesses major advantages that other companies do not have, such as the learning history of about two million enrollments and a wealth of systematic content, as well as the ability and infrastructure to provide instruction and services via roughly 8,000 Red-Pen Teachers and about 1,500 coaches in charge at different schools. By combining these advantages—cultivated through many years of business development—with the individualization efforts that we have been focusing on in recent years by going digital, we will provide teaching

materials and programs according to each enrollment's interests and concerns, learning progress, and academic ability level. By doing so, we are working to increase the retention rate of enrollments and maintain and expand cumulative enrollments. However, school schedules were irregular in fiscal 2021 as a result of the prolonged COVID-19 pandemic. Due to factors such as restrictions on the time that children could spend on home learning, despite an increase in average spending per customer, the cumulative enrollments for the year decreased.

Based on these factors, we will continue to improve people-reliant individual learning support, and enhance our development and provision of goods and services which go beyond the realm of subject teaching and meet the need for diverse learning.



Opportunities and risks for businesses

Opportunities

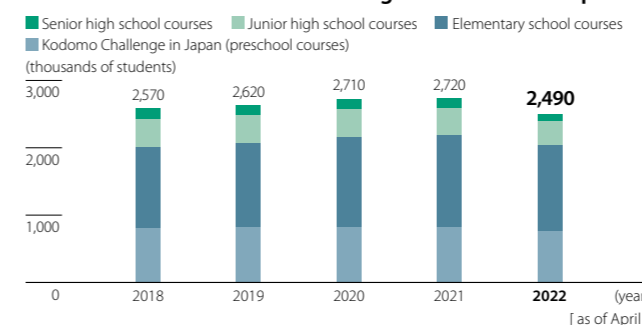
- Greater acceptance and demand for digital education
- Wider range of learning needs due to differing values and diversification of entrance exams

Risks

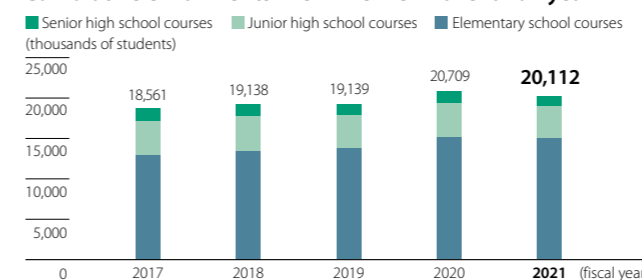
- Market contraction due to the decreasing birthrate
- Lower barriers to entry due to acceleration of educational DX and greater competition as a result

Related business data

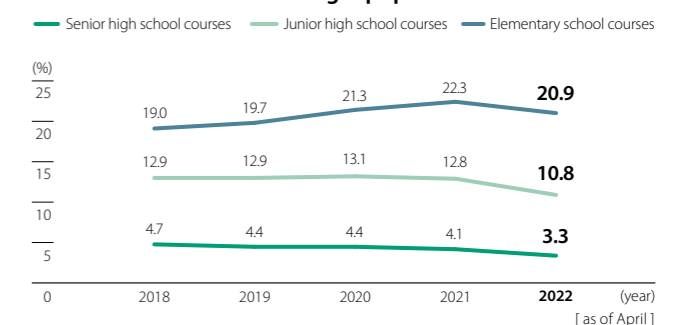
Shinkenzemi and Kodomo Challenge enrollments in April



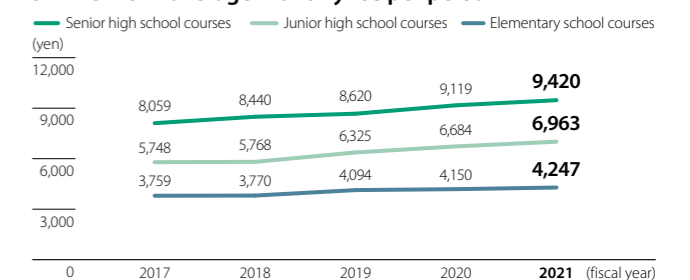
Cumulative enrollments in Shinkenzemi over a full year



Shinkenzemi share of the target population



Shinkenzemi average monthly fee per person



Note: The average monthly fee is calculated by dividing the net sales of each course by the cumulative enrollment.

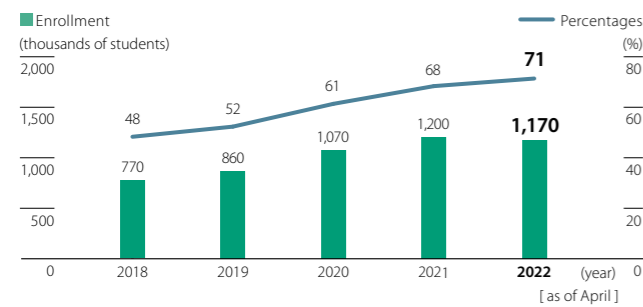
Education Business in Japan

Growth strategy

(1) Improved retention rates for digital course enrollments

As a result of becoming able to offer teaching materials which have dramatically improved at responding to individual learning progress and academic ability level by going digital, the retention rate of ShinkenZemi for highly motivated learners is steadily increasing. On the other hand, there are a certain number of students with unstable learning motivation and usage. In order to increase usage by customers whose use of ShinkenZemi is not steady, we detect signs of usage stagnation at an early stage from each person's learning history, encourage them via phone calls and other methods, and provide learning advice.

ShinkenZemi digital course enrollments and selection percentages



(2) Marketing reforms

Amidst the wide variety of digital and online products available on the market, which makes it difficult for customers to tell the difference between them, we are aiming to reform our marketing model to get customers to choose ShinkenZemi by experiencing the value of our products. We will establish several patterns for success, such as sending out products that can be held in customers' hands or providing places where they can be picked up, and reduce inefficient sales measures.

In addition, as more and more parents are concerned about their children's future and education, we are continuously distributing information to assuage their concerns and worries about career paths, education, and childrearing through our free support application for parents, Manabi no Techo. The number of customers who have downloaded the application has increased to 1.36 million, we will continue to further grow the trust and expectations of parents.

(3) Developing platform-type businesses to respond to diverse learning needs

We are working to develop platform-type businesses on the back of the increase in enrollments for ShinkenZemi digital courses. One of those businesses is the Challenge School, an online service which launched in April 2022. As of August 2022, we offer live lessons for two courses, dance and art, and we plan to continue to make our courses more substantial across a variety of genres, in collaboration with first-class partner companies.

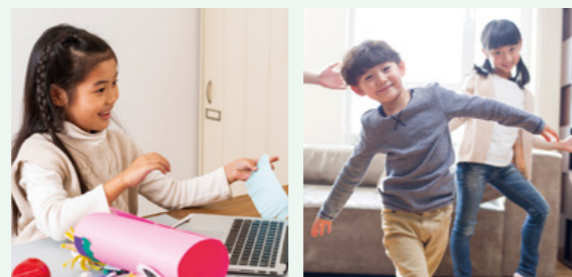
Topic

Challenge School, an online service where students can learn what they want to at home

In April 2022, Benesse Corporation launched Challenge School, which provides support for various types of children's learning.

Challenge School is an online course that pursues first-class instruction, a real feeling of growth, and a reduced burden on parents. Based on our expertise accumulated through digital learning and online classes centered around ShinkenZemi, we provide "authentic learning experiences," developed with partner companies that are experts in their respective fields. We set up nationally standardized tests and grade recognition, as well as recitals and other formal occasions where students can show off what they have learned, to provide support for their growth while attempting to boost their motivation. In addition to dance and art classes, starting in September 2022, we will offer classes for abacus, calligraphy, programming, and guidance counseling, and going forward, we will continue to expand the genres in which we offer courses.

We will expand the Challenge School—which differs from real classroom instruction in not imposing a transportation burden on parents and allowing students to learn easily at home, even in a household with working parents—to lead to growth for our ShinkenZemi and Kodomo Challenge businesses.



Students taking Challenge School art and dance classes

Business

School & Teacher Support Business

Business overview and future prospects

Speeding up initiatives toward digitalization and retaining our position as a reliable partner for public education

Hiroki Haruna

Executive Officer,
Head of the School and Teacher Support Business Company of Benesse Corporation

In the School and Teacher Support Business, we have set a goal of maintaining our position as a reliable partner for public education. We aspire to grow the business by speeding up initiatives toward digitalization and responding to individual challenges faced by schools and municipalities.

In 2021, with the introduction of PCs and tablets in the area of elementary and junior high schools due to the GIGA School Program, the number of schools that have adopted our tablet learning support

software, Mirai Seed, continued to grow.

In addition, in the high school area, where we do business with about 90% of the schools in Japan, while our performance in the previous fiscal year declined due to the impact of COVID-19, we realized a business recovery in fiscal 2021, centered around our traditional advantages such as our Shinken Simulated Exams and Study Support assessment services. In the future, we will work to maintain and improve our competitiveness by offering services that are more attuned to high schools' unique characteristics, such as assessment services and the Classi digital service, which provides total support for teachers, students and parents.



Opportunities and risks for businesses

Opportunities

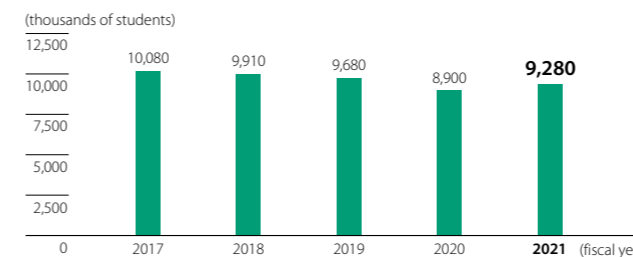
- Rising need for individualization due to the diversification of entrance examinations
- GIGA School Program and the use of ICT in school education

Risks

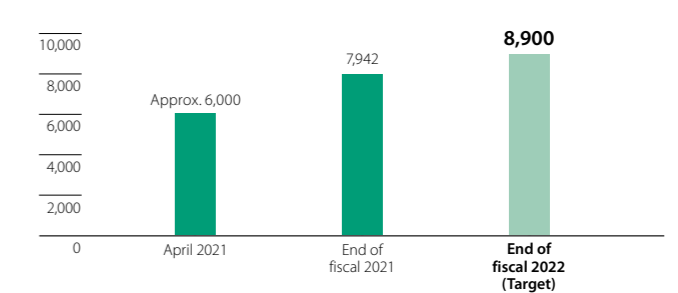
- ◆ Overworking of educators and handover to next generation
- ◆ The acceleration of DX in education lowers barriers to entry and intensifies competition

Related business data

Students taking Shinken Simulated Exams and other exams



Number of schools using Mirai Seed



Education Business in Japan

Growth strategy

(1) Promoting strategies suited to the characteristics of high schools

As the field of school education undergoes major changes in response to new curricula and the diversification of university entrance examinations, we are improving our approach which is tailored to the characteristics of high schools: high schools which prepare students for admission to top universities, high schools primarily aimed at admission to mid-tier universities, and schools where students have diverse career paths. We are also offering support for teachers, students and parents to address their respective challenges, by evolving each of our services and linking them together. As part of this strategy, we are working to achieve matches between students and universities and vocational schools that are highly satisfactory, as well as offering a "Future Path Achievement Program" to reduce the burden of instruction on teachers.

In addition, we will continue to implement speedy and optimal solutions to school issues on-site, while leveraging the information we have accumulated by offering services to high schools nationwide, as well as the Information Dashboard—which accumulates service

adoption information, visitation history, inquiry history and other information for each school—in order to make high-quality proposals in line with students' needs at the most appropriate time.

(2) Offering Mirai Seed, which maximizes educational results

There were approximately 6,000 high schools which had adopted the Mirai Seed tablet learning support software for elementary, junior high and high schools in April 2021, and that number had surpassed 7,900 at the end of fiscal 2021. A number of 9,000 schools is in sight for the end of fiscal 2022, which would exceed our target of 8,900 schools. When offering this Mirai Seed software, we established a new development team to respond to student and teacher feedback and quickly expand functions, which has led to further expansion of the number of schools adopting the software and promotion of its use. We are also proposing the adoption of Mirai Seed in conjunction with other services, such as the school management support system EDUCOM, and contributing to the maximization of learning results and work-style reforms for teachers.

Topic

The "Future Path Achievement Program" to boost students' interest in studying and provide support for continuous learning

Among high school students, there are some students who have not found something they want to do in the future, or do not really know about schools they want to be admitted to until right before entrance examinations. Students having a lack of interest in career paths is one factor that leads to them having low motivation.

For that reason, Benesse Corporation offers the Future Path Achievement Program, which stimulates students' interest and supports their ongoing learning and career choices by going through three steps: "knowing yourself," "creating your own point of

view," and "taking ownership." In a survey of students at high schools that have adopted and implemented the program, approximately 80% responded positively to the program's effectiveness, demonstrating that it has led to increased motivation.

Beginning in fiscal 2020, we began offering this service on a trial basis, and we proposed it to 2,000 high schools nationwide as test marketing in fiscal 2021. Our goal is to release the new service in conjunction with existing assessment services in fiscal 2023.

Future Path Achievement Program



Business

Prep School and Classroom Business

Business overview and future prospects

Growth strategies that leverage the unique features and advantages of each prep school company of the Benesse Group, and responses to environmental changes through Group cooperation

Kenji Yamakawa

Director and Senior Managing Executive Officer, Head of the Prep School and Classroom Business Company of Benesse Corporation

Our prep school and classroom business differs from our correspondence education business and school and teacher support business in that it offers education services to students directly in real physical spaces. For this reason, in fiscal 2020, the spread of COVID-19 infections forced us to close our classrooms and refrain from business activities, which had a significant impact on our business performance. However, even amidst the COVID-19 pandemic, we were able to continuously provide services and keep student retention steady by implementing thorough infection control measures and promoting new Group-wide initiatives, such as hybrid face-to-face and online classes, so that students could receive high quality services with peace of mind.

In fiscal 2021, the prep school industry as a whole is returning to an in-person approach, and the number of students enrolled in our Group's

prep schools has recovered to a level exceeding that before COVID-19, resulting in a significant improvement in net sales and operating income. In order to further solidify this growth trajectory, we will continue our growth strategy of leveraging the unique features and advantages of each prep school and classroom in our business.



Furthermore, we are approaching a period of major reforms for the educational environment, such as digital learning materials being used in schools and becoming widespread in homes due to the GIGA School Program, changes to school instruction caused by work-style reforms for teachers, and the trend toward students wanting to attend private junior and senior high schools becoming more pronounced as a result of the shift to free tuition and the COVID-19 pandemic. Using these changes as opportunities for growth, we will not only collaborate within the Group, but also actively engage in forming alliances, including M&A, and aim to grow our business, situating "people"—the greatest value of our prep school business—at our core, so that we can continue to respond to students' setting of higher goals and help them to achieve those objectives.

Opportunities and risks for businesses

Opportunities

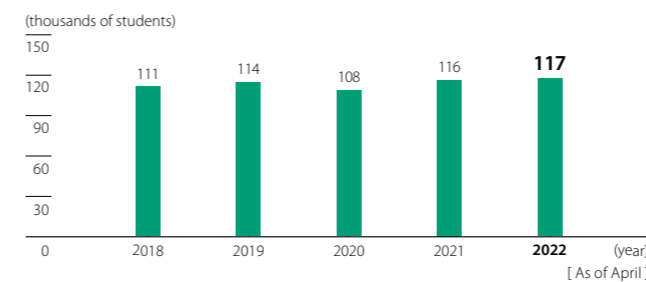
- Changes to the educational environment after the COVID-19 pandemic (interest in private schools, changes to school environments)

Risks

- The acceleration of education DX may blur the lines between school, prep schools, and home teaching, resulting in greater competition

Related business data

Prep school and classroom enrollments in April



Topic

The first Benesse Group prep school in the Tokyo metropolitan area to specialize in junior high school entrance examinations

UP Inc. of the Benesse Group, which develops classrooms in the Kansai area, has expanded into Tokyo and opened a classroom in Shibuya which specializes in junior high school entrance examinations. Shingakukan Rootasu is a new style of classroom which combines small group classes and individualized instruction.

Education Business in Japan

Growth strategy

(1) Growth of existing businesses

We aim to maintain and strengthen the competitive advantage of existing businesses by promoting the growth strategies of each Group company, each of which has its own unique characteristics and advantages, and by improving cooperation and information sharing among the companies. As one aspect of this endeavor, UP Inc., which develops Shingakukan tutoring for junior high school entrance examinations and Kenshinkan tutoring for university entrance examinations in the Kansai area, has made inroads into Tokyo. UP Inc. will open the first Benesse Group classroom in the Tokyo metropolitan area in Shibuya to specialize in junior high school entrance examinations.

Together with aiming for growth in the segment at each of our Group prep schools, which have their own unique features and advantages in the market, we will attempt to strengthen our businesses through greater cooperation than before.

(2) Expansion of our business through new M&A

Along with promoting growth strategies for our existing business, we will continue to actively pursue alliances with other companies and engage in M&A. Even business operators that have developed distinctive initiatives and established their own unique position are, in some cases, facing a decline in student numbers as well as the challenge of training and finding people to succeed them. In those circumstances, by being able to share the guiding principles of the Benesse Group with business operators who possess such advantages, and engaging in more in-depth cooperation, we will work toward greater growth.

Benesse Group prep schools and classrooms

■ Tokyo Individualized Educational Institute, Inc.

We have developed individual tutoring prep schools for elementary, junior high and high school students, mainly in the Tokyo metropolitan area and the Keihanshin area. We have earned a solid reputation for providing instruction that is fully customized to align with students' goals, academic ability, and personality.



■ UP Inc.

We operate prep schools and individual tutoring classrooms, as well as science experiment classes, English conversation classes, and sports classes, mainly in the Keihanshin area. We provide a variety of services for a wide range of students, from preschoolers to high school students preparing for university entrance examinations.



■ Tokyo Educational Institute Co., Ltd. (Tetsuryokukai)

We operate a prep school primarily for students who are attending a linked junior high/high school and are aiming for admission to the most difficult universities to enter, including the University of Tokyo, in Tokyo and Osaka. We produce a large number of students who are admitted to the University of Tokyo and the medical schools of public universities every year.



■ Ochanomizu Seminar Co., Ltd.

We operate a prep school for current students in Tokyo. With its thorough small-group instruction, we have maintained a high acceptance rate to difficult-to-enter universities, and are supported by many students and their guardians.



■ Benesse BE studio Inc.

We have established numerous English language classrooms throughout Japan, primarily targeted at students from preschoolers to junior high school students. We also operate international preschools and provide English lessons for kindergartens and nursery schools.



Newly establishing the University and Working Adult Business Company with the aim of inorganic growth

Masaki Yamasaki
Managing Executive Officer,
Head of the University and
Working Adult Business Company of
Benesse Corporation



Establishing the University and Working Adult Business Company with the aim of business expansion

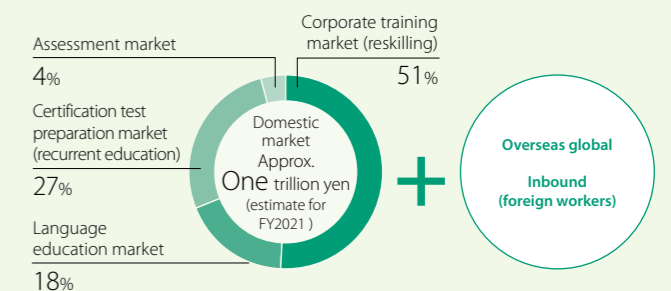
The Benesse Group, with the aim of achieving inorganic growth, is working to establish new business pillars in areas where it is possible to create synergy with existing businesses.

To realize this goal, our focus is on educational businesses for universities and working adults. As the social environment undergoes dramatic changes, and people's values and attitudes toward work and careers become more diverse, there is an ever-increasing need for products and services that will help individuals realize their dreams and aspirations and improve employees' knowledge and skills. In Japan, where the birthrate is declining, the market for learning by working adults is estimated to be worth approximately one trillion yen.

In response to these needs, we established the University and Working Adult Business Company in April 2022, in order to establish a solid position in the market. By consolidating the Group's accumulated resources into this company and accelerating efforts to expand the

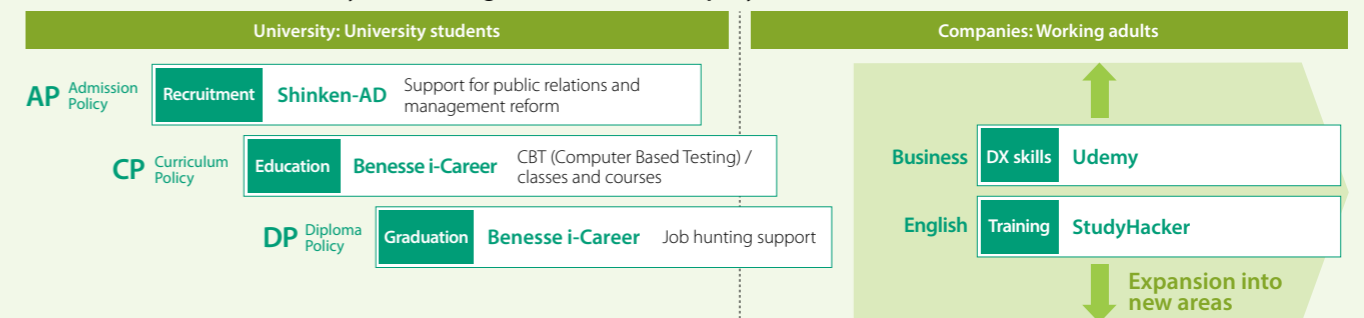
business, we aim to increase sales of the university and working adult business to 40 billion yen by fiscal 2025.

Market structure in the field of learning for working adults



Note: Reference : Calculated by Benesse based on data in Yano Research Institute Ltd.'s "Education Industry 2021" (Assessment market is based on our own research)

Business areas for the University and Working Adult Business Company

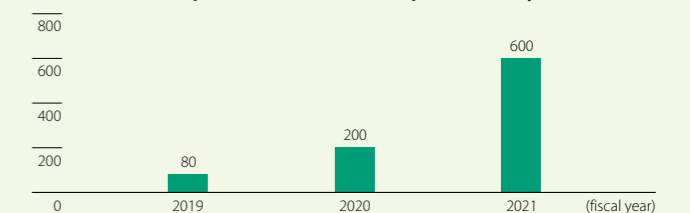


Utilizing the Group's resources to meet the needs of businesses and universities

At present, in the university and working adult business, we are establishing Udemy—an online video learning platform which connects people who want to teach and people who want to learn—as a pillar of our service for working adults, and we are working to expand the number of companies who have adopted it. At the end of fiscal 2019, there were 80 companies who had adopted Udemy. However, as companies expand their DX human resources and reform their work styles, the number of companies in Japan that have adopted it has increased to more than 800 as of the end of June 2022. Going forward, together with the expansion of Udemy, we will aim to create new businesses, including M&A and collaboration, such as a corporate assessment business, a certification test preparation business, and an education and training business for foreign workers.

In addition, for universities and university students, we will also use the resources of Group companies, including Shinken-AD and Benesse i-Career, to improve our services that provide support for public relations, management, student assessment and job placement at universities.

Number of companies who have adopted Udemy



Kids & Family Business



Market

Japan

Against the backdrop of a declining birthrate and changing values, parents' needs for their children's education are becoming more diverse and individualized.

Traditionally, there has been a trend in the domestic education market for preschoolers toward printed teaching materials. However, in accordance with changing values and a changing society in their parents' generation, teaching materials using digital tools are becoming increasingly mainstream. In addition, the learning needs of preschoolers are also increasing, amidst a rising employment rate for women and a growing percentage of four-year university graduates.

China

Even in China, the declining birthrate is picking up speed. The annual number of births declined by about 40% in five years, from 17.86 million in 2016 to 10.62 million in 2021.

One of the factors contributing to the declining birthrate is the excessive cost of education. In July 2021, a "double reduction" policy was announced to reduce the burden of homework and out-of-school education for students in the compulsory education stage.

The policy includes restrictions on prep schools and other education providers at the compulsory education stage, and a number of businesses are scaling back or withdrawing from the market. On the other hand, consumer enthusiasm for education remains high, and it is expected that the need for character cultivation for preschoolers will be maintained for the foreseeable future.

Business

Kids & Family Business

Business overview and future prospects

Shifting to a re-growth strategy, centered around improving the retention rate in Japan and China, to revitalize our Kodomo Challenge business

Toshihiko Nishimura

Executive Officer,
Head of the Kids & Family Business Company of Benesse Corporation

The Kids & Family Business situates the Kodomo Challenge correspondence course, which is useful for children to acquire lifestyle habits and knowledge that are developmentally appropriate, as the pillar of our operations, and we have expanded the course in Japan and China.

For fiscal 2021 in Japan, although cumulative enrollments declined amid the prolonged COVID-19 pandemic, the unit price per student increased, which led to an increase in sales. Going forward, with a central focus on improving the retention rate of our products by acquiring

customer loyalty, we will create several tiers for our products in terms of value and price, promote multiple-time usage along with responding to diversifying needs, and aim for growth, even as the birthrate continues to decline. In China, our cumulative enrollments in fiscal 2021 decreased, primarily due to a plunging birthrate and an increasingly competitive environment. In addition, sales, shipping and other operations were impacted by lockdowns which started in the latter half of March 2022 as a result of the COVID-19 pandemic. With the recent easing of the competitive environment due to the double reduction policy, the Benesse Group's business environment—centered around character cultivation—is improving, and we aim to achieve a quick recovery.



Business opportunities and risks

Opportunities

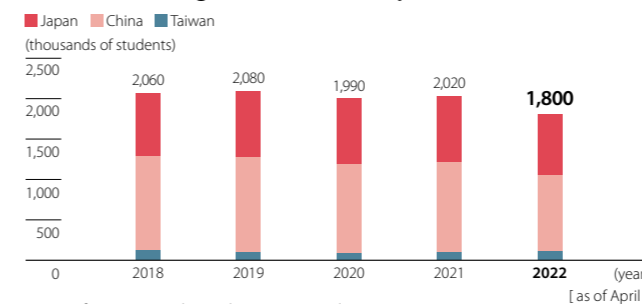
- Japan: Increased learning needs for preschoolers, greater usage of digital tools in childrearing
- China: An easing of the competitive environment due to the double reduction policy

Risks

- ◆ Japan and China: An acceleration of the declining birthrate, the spread of COVID-19 infections, the economic environment getting worse

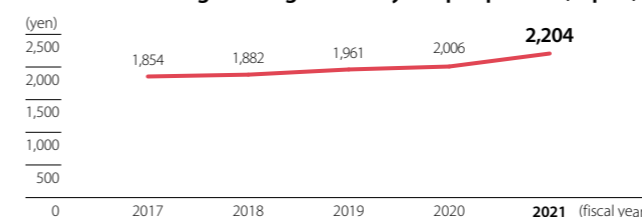
Related business data

Kodomo Challenge enrollments in April



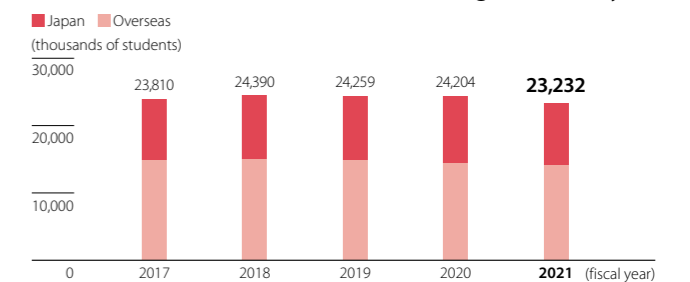
Note: Information is shown by country and region.

Kodomo Challenge average monthly fee per person (Japan)

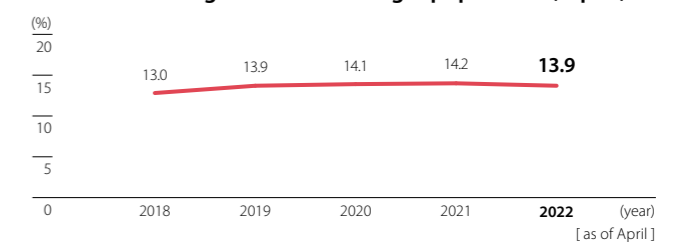


Note: The average monthly fee is calculated by dividing the net sales of each course by the cumulative enrollment.

Cumulative enrollments in Kodomo Challenge over a full year



Kodomo Challenge share of the target population (Japan)



Kids & Family Business

Growth strategy

(1) Kodomo Challenge Business: A growth strategy that emphasizes retention and reforming our sales methods

In an environment where the birthrate is declining, we are promoting a shift to a strategy that places more emphasis on increasing the retention rate. In Japan, we are creating several tiers for our composition of products and utilizing the data of customers to improve their customer experience and bolster their feelings of loyalty toward each product, while developing measures to promote the use of multiple products.

In China, with our efforts centered on improving the retention rate by leveraging applications used in conjunction with the main course, we will promote the taking of courses at peripheral businesses, increase sales per student, and further improve evolution by utilizing the digital



The set of "Kodomo Challenge" products in China

teaching materials for character cultivation that can be developed, even under the double reduction policy.

On the sales front, in Japan, we are working to improve the promotion of continuous product usage from pregnancy and childbirth through our Tamahiyo Business, as well as the development of experience-type DMs coupled with free teaching materials that are linked to digital marketing. In China, in addition to doing solicitation at shopping malls and through phone calls as we have previously done, we are working to improve methods such as one-to-one marketing on social media and recommended sales through "recommendation staff."

(2) Tamahiyo (Media) Business: Development of media that is close to our customers

Our Tamahiyo Business provides useful information on pregnancy, childbirth, and child-rearing through magazines and smartphone applications. Up until now, we had developed two monthly magazines, *Tamago Club* and *Hiyoko Club*, but we renewed our publications in April 2022. We divided the pregnancy and child-rearing periods into three periods—early, middle and late—and published a total of six quarterly magazines to provide information that would be more relevant to our readers (users) and promote multiple usage during pregnancy and childbirth by linking with our apps. In addition, we are working to improve coordination between Tamahiyo and Kodomo Challenge for sales, content development and data utilization.

Topic

"Kodomo Challenge Jump Touch," a tablet course for older preschoolers

Amidst the mainstreaming of digital teaching materials in households with preschoolers, Benesse Corporation launched Kodomo Challenge Jump Touch, a tablet course for older preschoolers, in April 2022.

Jump Touch consists of digital learning materials that are designed to spark children's curiosity and motivation, in addition to helping them acquire study habits and a foundation of academic skills in preparation for entering elementary school. Using the knowledge we have gained over the 33 years since creating Kodomo Challenge, the course does not solely use tablets, but also combines them with paper materials and educational toys in media designed to be appropriate for preschoolers, to foster basic letter and number skills as well as programming and thinking skills.

The use of special tablets with an emphasis on safety and security—which allows children to smoothly tackle their first tablet

learning experience by themselves—is gaining support from working mothers and other groups.



Jump Touch in use

Nursing Care and Childcare Business



Market

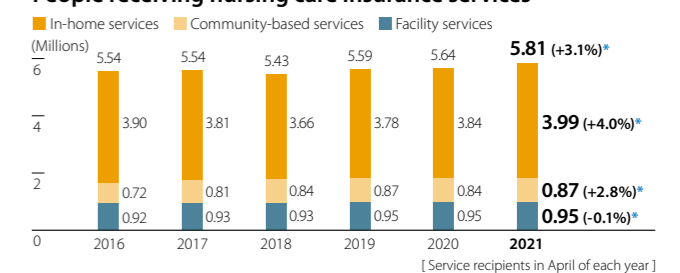
With the ongoing aging of the population in Japan, the number of people who require nursing care has also continued to increase. To resolve the issue of nursing care for elderly, the nursing care insurance system under the social insurance system was enacted in 2000. Since then, the domestic nursing care market^{*1} has expanded rapidly, with the total cost of nursing care in fiscal 2019 at 9.9 trillion yen, a 3.5% increase over the previous year. As of April 2021, the number of people receiving nursing care insurance services was 5.81 million, a 3.1% increase from a year earlier. The number of elderly aged 65 and over increased to 29.1% of the total population^{*2} as of September 15, 2021, a 0.3% increase over the previous year. It is expected that in 2040, the percentage of elderly people will have hit 35.3%.

As the birthrate declines, the population ages, and we enter an era of 100-year longevity, in order to improve the quality of life of the elderly and solve the social issue of a shortage of nursing care service providers, the nursing care industry needs to leverage digital technology to improve the quality and efficiency of services.

*1 Source: Ministry of Health, Labour and Welfare "Status Report on the Long-term Care Insurance Projects"

*2 Source: Ministry of Internal Affairs and Communications Statistics Bureau "The Elderly in Japan from a Statistical Standpoint (as of September 15, 2021)"

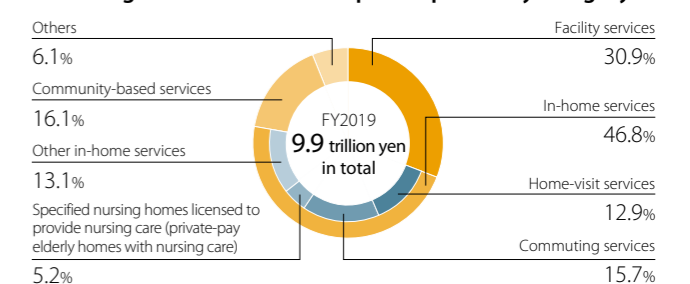
People receiving nursing care insurance services



Source: Ministry of Health, Labour and Welfare "Status Report on the Long-term Care Insurance Projects"

* Figures in parentheses are a comparison with the previous year.

Total long-term care insurance-paid expenses by category



Source: Ministry of Health, Labour and Welfare "Status Report on the Long-term Care Insurance Projects"

Nursing Care and Childcare Business

Business

Nursing Care and Childcare Business

Business overview and future prospects

Aiming for further business growth by improving occupancy rates in homes for the elderly and expanding peripheral businesses

Shinya Takiyama

Director and Senior Managing Executive Officer,
Head of the Nursing Care and Childcare Business Company
Representative Director and President of Benesse Style Care Co., Ltd.

For our nursing care and childcare business, we have established a solid position in the nursing care and childcare fields based on the high-quality service that is committed to each elderly person and child, and by utilizing our company's unique methods that articulate the know-how of our staff, as well as advanced digital technology. However, our business—which is conducted in real physical spaces—was heavily impacted by the spread of COVID-19 in fiscal 2021, as well. Notably, due to the decline in occupancy rates at high-end nursing homes, our overall business saw a year-on-year decline in income.

However, the Benesse Group's nursing care services, which implement quality of life improvements for residents, have the ability to compete, and our sales measures to improve occupancy rates are also beginning to produce results. Going forward, in addition to improving occupancy rates, increasing the number of homes—using measures making inroads into areas where we do not yet have a presence via our area-dominant strategy and recruitment strategy—and promoting the development of staff expertise, we will strengthen peripheral businesses such as temporary staffing and placement, which will also contribute to solving the shortage of workers in the nursing care industry and lead to the growth of our business.



Business opportunities and risks

Opportunities

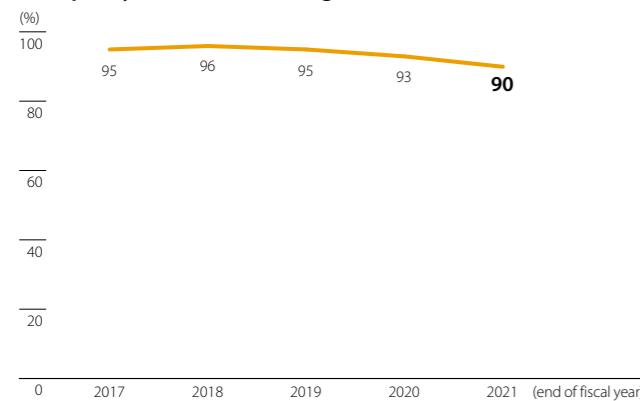
- Increasing elderly population in big cities
- More recipients of nursing care services covered by nursing care insurance
- Growing need for nursing care personnel

Risks

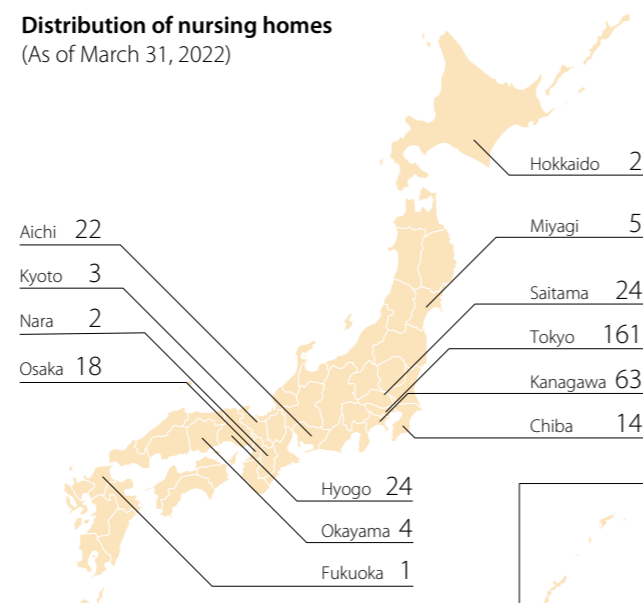
- ◆ Stagnation of customer behavior due to the spread of COVID-19
- ◆ Serious shortage of nursing care and daycare staff

Related business data

Occupancy rate of our existing facilities



Distribution of nursing homes (As of March 31, 2022)



Growth strategy

(1) Improving occupancy rates for our nursing care business

Due to the spread of COVID-19 infections, the number of customers who postpone consideration of moving into nursing homes—mainly high-end homes—has increased, which is a reason for the decrease in occupancy rates. We are therefore leveraging our advantage in promoting an area-dominant strategy to improve relationship building with local hospitals and care managers, with the aim of recovering to the pre-COVID levels by the end of fiscal 2023. We are working on approaches for those who are about to be discharged from a hospital but have difficulty returning home, or who are considering moving into a nursing home because at-home care has become difficult.

In addition, improving our trial move-in campaigns for homes has led to long-term contracts with customers, and we will continue these efforts as a measure to improve occupancy rates.

(2) Promotion of DX in Benesse-style nursing care

Through the fusion of human skills and know-how with technology, we are working to establish sensing homes that only Benesse could create, in order to improve the quality of life of our residents. In addition, as a

core tool for sensing home management, we are developing AI solutions that incorporate the knowledge and experience possessed by nursing care experts who have a wealth of wisdom and practical expertise and the ability to read and interpret nursing care records and data. We are promoting DX in the nursing business by continuing to adopt AI solutions in each sensing home, including Granda Yotsuya, which we opened in March 2022.

(3) Growing and accelerating our personnel business

With the aim of developing a new business to follow the nursing care and childcare business, we are focusing on growth of our dispatch and recruitment business in the nursing care and medical fields. As one aspect of this initiative, we transferred Heart Medical Care's personnel dispatch business to Benesse MCM in April 2022. We clarified their advantages—recruitment for Heart Medical Care and dispatch for Benesse MCM—and established a system to strengthen them. We aim to expand our personnel business, which contributes to solving the shortage of human resources, an issue facing the nursing care industry as a whole, and to achieve sales of 10 billion yen in this business by fiscal 2025.

Topic

Granda Yotsuya, a Benesse version of the sensing home



Exterior of "Granda Yotsuya"

In March 2022, Benesse Style Care opened a private-pay nursing home with nursing care, Granda Yotsuya, the first version of the sensing home by Benesse. By combining information obtained from various sensors with human skills and expertise and technology, we support residents so that as much as possible, they can continue to do what they would like to do on their own.

We have introduced the Service Navigation System, a platform for nursing care and nursing records, at all homes by Benesse Style Care, to digitize and collect various information. At sensing homes,

information stored in this system and information collected via sensors, such as residents' sleep and bodily discharges, are analyzed by AI, using the knowledge of nursing care experts as instructional data. By using this analytical data to carefully communicate with residents, the staff aims to improve their quality of life in the home, which includes their sleep and activities during the day.

DX in Benesse-style nursing care



Part 3

Enhancing Operational Resources

Corporate Governance

Corporate governance

The Company continuously appoints directors in charge of business execution, multiple highly independent outside directors, and non-executive directors who disseminate our founding spirit in addition to leveraging stockholder viewpoints to supervise management. This ensures that meetings of the Board of Directors consist of lively, multifaceted discussions that go beyond internal circumstances and that the supervisory function of the Board of Directors is maintained and improved. It also ensures that the Company conducts effective audits by standing Audit & Supervisory Board Members who are knowledgeable about the Company and by outside Audit & Supervisory Board Members who are attorneys or certified public accountants.

Board of Directors

In principle, the Board of Directors, led by a non-executive director, meets monthly to deliberate on matters important for the management of the Company and the Benesse Group, make key management decisions, and supervise the business execution of the operating companies. Since 2003, the Company has appointed multiple outside directors. Four of the Board's eight directors are outside directors (all of whom are independent outside directors). By appointing multiple directors in charge of business execution, non-executive directors and highly independent outside directors, the Company assures the Board's supervisory function and executes business appropriately.

Nomination and Compensation Committee

The Company established the Nomination and Compensation Committee as an advisory committee to the Board of Directors. The chair is an outside director, and the majority of the Committee's members are outside directors. In the appointment and dismissal of directors and of the director and president/CEO, the Committee deliberates and submits its opinion to the Board of Directors, which makes the final decision. The Committee also deliberates on the compensation system for directors and submits

its opinions to the Board of Directors. It is delegated by the Board of Directors to decide the compensation of individual directors.

Management Council

The Management Council is chaired by the CEO and attended by heads of companies, those responsible for administrative divisions, and individuals designated by the CEO. Group management leaders share important issues and information and deliberate on important matters for the Group.

Audit & Supervisory Board

In accordance with the Audit & Supervisory Board Member Auditing Standards, the policy of the Audit & Supervisory Board is to assume responsibility for establishing a good corporate governance structure worthy of the trust that society places in the Company, with emphasis on preventive auditing. The Company also conducts effective audits via standing members of the Board who are knowledgeable about the Company, and via outside Board members who are attorneys or certified public accountants.

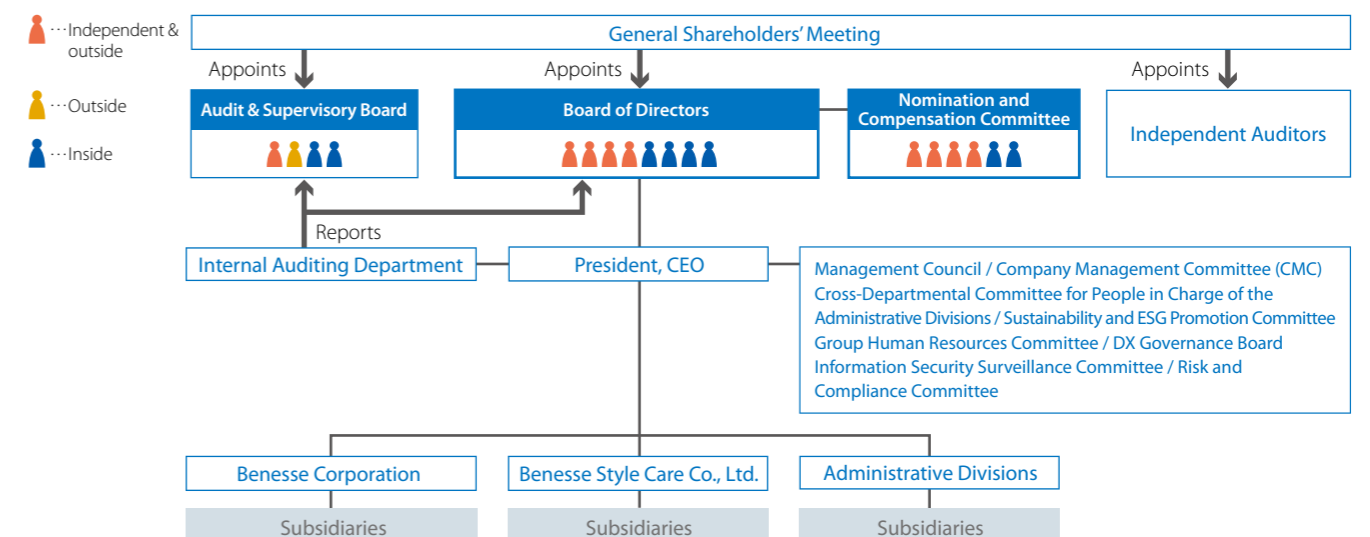
The Board meets once a month, in principle, and individual Board members share their awareness of key management issues by attending important management meetings such as Board of Directors, Nomination and Compensation Committee, and Management Council meetings, and by exchanging opinions with senior management. Two standing members of the Board and one part-time member also serve as auditors for major subsidiaries while actively receiving verbal business reports and the results of investigations of business conditions by operating companies.

In addition to appointing two dedicated audit staff members to enhance its audit system, the Company has established the Benesse Group Audit Committee (which also includes standing members of audit & supervisory boards at subsidiaries) to strengthen cooperation among the Group's audit systems.

Other optional committees

The Company has established the Sustainability and ESG Promotion Committee, Information Security Surveillance Committee, and Risk and Compliance Committee as optional committees.

Corporate governance structure



Corporate Governance

Improving the effectiveness of the Board of Directors

In fiscal 2015, the Company began carrying out an annual assessment of the Board of Directors. Since fiscal 2016, the findings of these assessments have been used to make improvements to the Board of Directors.

In fiscal 2021, as well, a questionnaire was administered to all 12

directors and Audit & Supervisory Board Members. Based on these results, the Board's effectiveness was analyzed, and the Board evaluated itself and deliberated concerning the results. The questionnaires found the Board of Directors to have maintained a high level of effectiveness and confirmed that the Board engages in substantive discussions. However, they also confirmed further issues to be tackled in order to raise the effectiveness of the Board of Directors and continue increasing the Company's value. These issues will be resolved through further deliberation by the Board of Directors.

Fiscal 2021 initiatives and how to respond going forward, with the aim of improving effectiveness

Fiscal 2021 initiatives for addressing major fiscal 2020 issues	<p>Initiatives targeted at challenges</p> <ol style="list-style-type: none"> (1) Monitor the medium-term management plan <ul style="list-style-type: none"> • Ongoing discussions regarding what the Company's business portfolio should be, and the allocation of management resources (2) Discuss nominations and compensation <ul style="list-style-type: none"> • Criteria for appointment and dismissal of representative directors, as well as assessment methods (short-and medium-term objectives) • Plans for training successors to representative directors, executive human resources training and compensation design (3) Discuss ESG/sustainability initiatives (4) Discuss improving diversity and inclusion (5) Enhance dialogue with shareholders and investors and improved feedback to management (6) Increase discussion time in order to facilitate the above-mentioned discussions by carefully selecting board meeting proposals. <p>Promote free and open discussion by increasing opportunities for dialogue among members of the Board of Directors through participation in various events including preliminary briefings and executive study sessions.</p> <p>Major progress on initiatives</p> <ul style="list-style-type: none"> • Through ongoing discussions regarding what the Company's business portfolio should be, as well as the allocation of management resources, the Company transferred all shares of Berlitz Corporation. • In order to move forward with improving ESG/sustainability and diversity and inclusion Company-wide, ESG and Sustainability Division was established in April 2022. • In addition to holding small-group meetings for shareholders and investors, the Company expanded dialogues with the market through measures such as increasing the number of one-on-one meetings with shareholders and investors, as well as strengthening internal feedback, which includes reporting to management on shareholder and investor reactions as needed.
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Fiscal 2021 assessment	<p>High level maintained</p> <ul style="list-style-type: none"> • Thorough support is given to outside directors and to Audit & Supervisory Board Members by means of practices such as various types of briefings and the holding of officer study sessions. As a result, directors and Audit & Supervisory Board Members are able to put their experience and expertise to work, rendering the discussions of the Board of Directors free, open, and constructive. • Group strategy and group performance are actively discussed for the purpose of increasing corporate value. <p>Issues to be further addressed</p> <ul style="list-style-type: none"> • Ongoing discussions regarding what the Company's business portfolio should be and the allocation of management resources • Discussions regarding ESG/sustainability initiatives • Discussions improving diversity and inclusion • Providing opportunities to understand each project in order to hold discussions, which take the specific actual situations on the ground into account
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Fiscal 2022 initiatives going forward, based on assessment results	<p>It was confirmed that focused efforts would be made to address the following issues:</p> <ol style="list-style-type: none"> (1) Through utilizing executive workshops and holding executive camps, depending on the circumstances, continue to have more in-depth discussions regarding what the Company's business portfolio should be Group-wide and the allocation of management resources, after organizing the necessary information (2) Have more in-depth discussions regarding ESG and sustainability at the Board of Directors, taking the results of deliberations by the Sustainability and ESG Promotion Committee into account (3) Make reports and have discussions at the Board of Directors regarding the content of discussions on diversity and inclusion at the Nomination and Compensation Committee (4) Promote business understanding through measures such as online participation in various internal events, resumption of site visits, and networking events with relevant parties at business sites
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Training for directors and Audit & Supervisory Board Members

Upon their appointments, new outside directors and outside Audit & Supervisory Board Members are briefed on various matters and regulations such as company profile, corporate philosophy, management situation, and corporate governance. Furthermore, after they have assumed their roles, the Company explains business activities, industry characteristics and trends, and management environment to deepen their understanding of the Company, and regularly invites them to presentations of best practices at each business site, as well as other internal events. The Company conducted the following activities in 2021.

Format	Theme, etc.	Date of session	Time required
Preliminary briefings on the Board of Directors	Preliminary briefings on the content of Board of Directors proposals to directors and Audit & Supervisory Board Members who are not in charge of business execution	In principle, to be held one week before Board of Directors meetings	Approximately 90 minutes
Executive study sessions	Discussions about topics such as business portfolio, sustainability, and corporate governance, targeted at all directors and Audit & Supervisory Board Members	Conducted after Board of Directors meetings (6 times)	Approximately 60 to 90 minutes

Composition of directors, method and process for appointment and dismissal of directors

The Company employs the following method of appointing directors in order to ensure proper supervision over management from the standpoint of achieving sustained growth for the Benesse Group.

• **Number of Board members**

No more than 10 directors.

• **Diversity**

The Board seeks to maintain a good balance among its directors, appointing directors with diverse types of expertise and experience without being too heavily weighted in any specific field. The Company is appointing female directors and ensuring diversity in terms of gender. The Board is also improving the effectiveness of its supervision by appointing multiple outside directors who have experience in managing companies or who have high levels of insight and expert knowledge in sectors such as global business and IT/digital technology, in which the Company aims to grow in the future.

• **Outside directors/independence**

In order to ensure proper supervision over management, at least half of the Board is composed of outside directors, and at least one-third is composed of independent outside directors.

• **Requirements of directors**

Directors, who possess the expertise and knowledge necessary to address medium- and long-term management issues and social issues (see the skill matrix on pp. 59–60), must also satisfy the following requirements, which have been established to ensure that they can properly handle their roles

1. Deep understanding and empathy for the corporate philosophy of the Benesse Group
2. Outstanding leadership befitting of a manager
3. Outstanding character and insight, as well as mental and physical health
4. Meets legal requirements for eligibility as a director

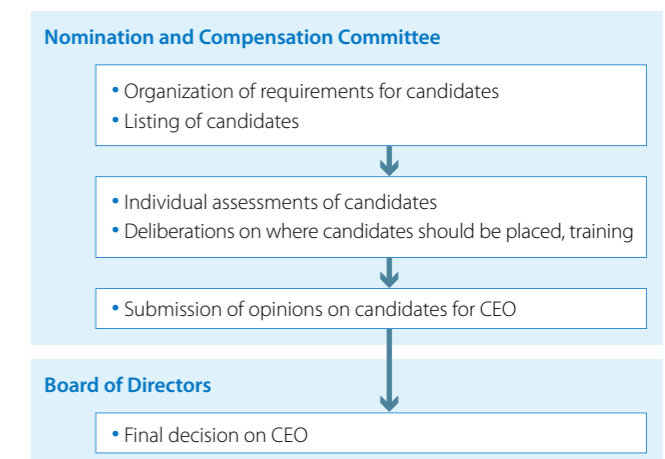
• **Appointment and dismissal process**

Concerning the appointment and dismissal of senior management and nomination of director candidates by the Board of Directors, the Company will ensure transparency, fairness, and objectivity in the process by having the Nomination and Compensation Committee—where outside directors constitute the majority, and which is chaired by an outside director—hold discussions based on policies regarding requirements for directors, composition of directors, and other matters and submits its opinion to the Board of Directors, which then passes resolutions.

Succession plan

The Company, situating the matter of planning for and training successors to the position of Representative Director and President as a vital issue, has formulated a succession plan for the Representative Director and President and works to implement it. Specifically, the Company works to organize candidate requirements, list candidates and evaluate them on an individual basis, consider where they should be placed, and provide training. In formulating and implementing the succession plan for the Representative Director and President, the Nomination and Compensation Committee—where outside directors constitute the majority, and which is chaired by an outside director—deliberates to ensure transparency and objectivity in the formulation and implementation of the succession plan.

Process for selection of Chief Executive Officer



Corporate Governance

Activities of the Nomination and Compensation Committee

Activities in 2021 and 2022 (April 2021 to March 2022)

Date	2021: June 4, June 26, July 9, August 6, September 3, October 1, November 5, December 3 2022: January 14, February 7, March 30
Agenda Theme	<ul style="list-style-type: none"> • Nomination: <ul style="list-style-type: none"> • Review of Director structure (nine times) • Compensation: <ul style="list-style-type: none"> • Review of and decisions on compensation for directors in charge of business execution (three times) • Evaluations and decisions on bonuses for directors in charge of business execution (six times) • Succession plan: <ul style="list-style-type: none"> • CEO succession plan (six times) • Other: <ul style="list-style-type: none"> • Reviews of Benesse HD organizational structure (four times) • About signing contracts with advisors who are former representative directors

Officer compensation

The Company has established the Nomination and Compensation Committee—which is chaired by an outside director—to ensure transparency, fairness, and objectivity in the process of making decisions on director compensation. The Benesse Group aims to achieve improved corporate value on a sustained basis over the medium- to long-term. For that reason, the Group has designed a

system of compensation for directors that provides incentives for the sustained improvement of corporate value by focusing not only on short-term performance, but also on medium- and long-term results.

Bonuses comprise three sections and are weighted for each director individually, based on his or her area of responsibility, as follows: (1) the section on company-wide performance, which is the percentage of actual results achieved relative to the consolidated performance forecast; (2) the section on performance in supervised areas, which is the percentage of performance targets achieved in each director's area of responsibility; and (3) the section on qualitative assessment, which is the degree to which qualitative goals—organizational contributions such as training successors and working to reform organizational culture, as well as contributions to brand enhancement—were achieved. As for restricted stock compensation, this was introduced in fiscal 2017 to link director compensation to medium- and long-term business performance to a greater extent, in order to provide directors with incentives to further engage in sustained efforts to improve corporate value, and to promote further value sharing with shareholders. Compensation for directors in charge of business execution is set to competitive levels commensurate with the roles, skills, and responsibilities expected of directors who manage the Group, based on median levels found for Japanese companies of similar size using externally conducted compensation surveys as a reference. Compensation for non-executive directors, including outside directors, is composed of only basic compensation, so as not to obstruct outside directors' supervision of management. At the same time, compensation for Audit & Supervisory Board Members is decided through consultation with those members, and is composed of only basic compensation.

Compensation system for directors (excluding outside directors)

	Fixed Compensation	Performance-based Compensation
Representative Director	Basic Compensation 50% Set based on expectations for the role	Bonuses 35% (1) Company-wide performance, (2) performance in supervised areas, and (3) assessment of qualitative goals that were established at the start of the fiscal year are taken into account to issue bonuses
		Restricted Stock Compensation 15% Compensation linked to stock price
Director	Basic Compensation 55% Set based on expectations for the role	Bonuses 35% (1) Company-wide performance, (2) performance in supervised areas, and (3) assessment of qualitative goals that were established at the start of the fiscal year are taken into account to issue bonuses
		Restricted Stock Compensation 10% Compensation linked to stock price

For more information about each element of Benesse's compensation structure, visit the following website for the Corporate Governance page.
https://www.benesse-hd.co.jp/en/about/management/corp_governance.html

Total compensation by officer category (FY2021)

Officer Category	Directors (excluding Outside Directors)	Outside Directors	Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members)	Outside Audit & Supervisory Board Members
Amount of Compensation (millions of yen)	193	54	64	20
Amount of Compensation by Type (millions of yen)	Basic Compensation	93	54	20
	Bonuses	64	—	—
	Restricted Stock Compensation	36	—	—
Number of Eligible Officers	6	7	2	2

Enhancing internal control

With regard to the establishment of a system (internal control system) to ensure compliance with the stipulations of the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company passed a resolution at a meeting of the Board of Directors held in May 2006, and the latest revision of said resolution is dated April 1, 2022. In addition, the Company's Internal Auditing Division centrally manages the entire Group's activities involved in the creation and operation of internal controls relating to financial reporting under the Financial Instruments and Exchange Act.

Ensuring compliance

The Company has established the Benesse Group Principles, which are rooted in the Group's corporate philosophy. The principles indicate how all the Group's executive officers and employees should behave, for the purpose of ensuring that the operations of the Group be performed in an appropriate and ethical manner that goes beyond just legal compliance. The Company has established the Benesse Group Risk Management and Compliance Rules to further our efforts in risk management and compliance. In order to act in accordance with the Group's Principles, individual companies comply with laws and regulations and establish standards of conduct or internal rules of their own that have more specific content suited to the conditions, nature, and size of their businesses, ensuring that their operations are carried out in an appropriate manner and thereby ensuring compliance.

Compliance administrators are appointed at each company and in each important business department to identify the risks within their respective businesses and implement measures to counteract them. In these activities, they work closely with the administrative office in charge of compliance for the Company (Compliance Division) to devise ways to fortify the systems on-site, such as sending staff on assignment to take charge as dictated by the circumstances. Various types of training are also provided for the purpose of raising employee awareness, and the Internal Auditing Division monitors how thoroughly compliance is implemented at our business sites.

In addition, the Group set up the Benesse Group Speak-Up Line as an internal reporting mechanism to be used whenever illegal conduct, improper conduct, or conduct that violates the Group's articles of incorporation or internal rules may be

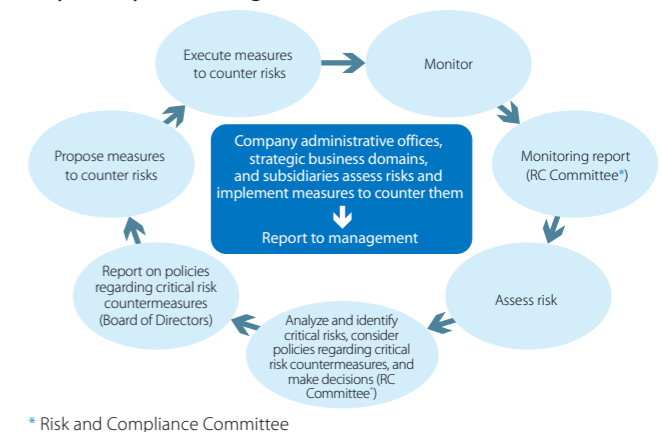
discovered. The Audit & Supervisory Board Member Hotline also has been set up for cases in which someone in the Company's management may be involved in the conduct being reported. These mechanisms are operated outside the Group and managed in such a way that they can be used without worry, such as by allowing anonymous reporting, thus ensuring the effectiveness of the Group's compliance monitoring.

Risk management

The Company visualizes the Group's critical risks by monitoring the administrative offices, as well as critical risk measures incorporated into business plans by subsidiaries, which manage each risk. The Risk and Compliance Committee, which is attended by directors in charge of business operations, the executive general managers of each administrative office, and the business managers responsible for strategic business areas, determines the major risks facing the Group each fiscal year and the policies for dealing with them. The results of those meetings are reported to the Board of Directors, then disseminated within the Company and to its subsidiaries on a regular basis. In conjunction with operation of a PDCA cycle to promote improvement activities and other important risk countermeasures, the Company also shares negative information and promotes risk management during normal times.

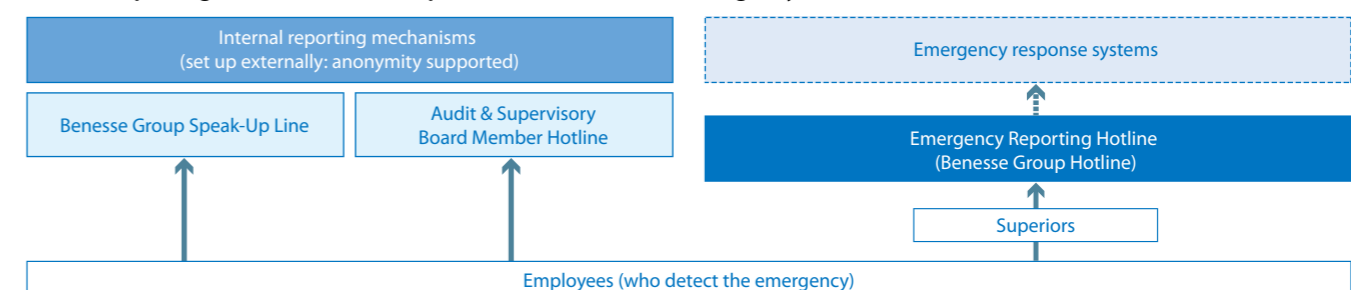
When emergencies occur, we set up the Emergency Reporting Hotline for reporting situations to management immediately. In more urgent situations, we convene an Emergency Task Force and put systems in place for dealing with the emergencies.

Day-to-day risk management



* Risk and Compliance Committee

Internal reporting mechanisms and response in the event of an emergency



Corporate Governance

Information security

To earn our customers' trust, we have formulated the Benesse Group's Policy on Information Security and Personal Information and are working to maintain and improve our information security and the management and protection of personal information.

Specifically, we assign a Chief Risk Officer (CRO), who also serves as the Executive General Manager of Compliance and Information Security. Compliance and Information Security Division manages the plans and status of enforcement of information security and protection of personal information through management personnel in each operating company. An information security chief is appointed in each operating company, and we have created a system to promote information security, formulate emergency response plans, and define procedures for dealing with incidents. We have also established an information security surveillance committee composed of outside experts. It regularly checks the management, maintenance, and operation of data and systems within the Group and aims to create a world-class information security organization.

Information Security Surveillance Committee members

Committee Chair Ryoichi Sasaki	Professor emeritus at Tokyo Denki University (TDU), as well as visiting professor at the TDU Cyber Security Laboratory/Honorary president of the Japan Society of Security Management/Director and advisor at the Institute of Digital Forensics/Fellow at the Information Processing Society of Japan/Chief information security advisor at the Board of Audit of Japan
Committee Member Atsuo Inomata	Professor, Osaka University of Office for Information Security
Committee Member Tetsutaro Uehara	Professor, Ritsumeikan University College of Information Science and Engineering
Committee Member Harumichi Yuasa	Professor, Meiji University of Governance Studies, Graduate School

Security measures in system operations / Strengthening our security environment

We are strengthening the operation and monitoring of our systems and strengthening our system security with technological measures based on the latest information so that our customers will feel secure and trust the Benesse Group with their personal information. We are also advised and audited by outside experts and LAC Co., Ltd, the most trusted information security company in Japan. We are constantly working to maintain and improve our level of information security.


Employee awareness and training

Benesse Corporation and Benesse InfoShell have designated July 7, the day of the discovery of the personal information breach in 2014, as Security Day. They carry out activities on and around Security Day each year in which all executives and employees

reaffirm the importance of information security. These activities include morning meetings, presentations on internal initiatives, and lectures by outside specialists.

Benesse Holdings and Benesse Corporation implement web-based training where attendance is required of all employees working at Benesse, including part-time staff, and work to reconfirm the skills, actions, and basic knowledge that must be followed for information security, focusing on personal information protection.

At Benesse InfoShell, which is responsible for the development, management, maintenance, and operation of the Group's systems, more stringent training is offered through a special program. We check on attendance until all target employees have completed the training, and our attendance rate is always 100%.

 Visit the following website for more information on information security. <https://benesse-hd.disclosure.site/en/themes/160>

Third-party certification

We obtain third-party certification with the aim of maintaining and improving our information security and our management and protection of personal information.

Registration as a Business Approved to Display the PrivacyMark Symbol (November 2016) and Continuation of Actions to Protect Personal Information

After being assessed by JIPDEC, Benesse Corporation was registered as a business approved to display the PrivacyMark symbol in November 2016. We will continue to work to maintain and improve our information security and the management and protection of personal information and to further increase our customers' trust.

November 2, 2016: Initial registration
November 1, 2022: Expiry date



ISMS Certification (March 2016) and Continuation of ISMS Action

Following the acquisition of ISO 27001 (ISMS) certification by Benesse Corporation School Headquarters and Benesse BASE COM in May 2015, Benesse Holdings, Benesse Corporation (excluding some offices), and Benesse InfoShell also acquired ISO 27001 (ISMS) certification in March 2016.

May 25, 2015: Initial registration
May 24, 2024: Expiry date



In December 2019, Benesse Style Care, Benesse MCM, Benesse Palette, Benesse Senior Support also acquired certification (registration number IC19J0497)

December 26, 2019 Date of registration
December 25, 2022 Date of expiry

Directors and Audit & Supervisory Board Members (As of June 25, 2022) ■ Outside ■ Independent ■ Newly Appointed



Hitoshi Kobayashi
Representative Director and President, CEO

Joined the Company in 1985. After having served as Representative Director and President of Benesse Style Care Co., Ltd., in 2012 became a Director of the Company, a position that he continues to serve in. Went on to lead the Company's Corporate Planning Division, Overseas Business Development Company, Zemi Business Company, etc. Has served as the Representative Director and President of Benesse Corporation (current) since 2016. Became the Representative Director and President, COO of the Company in 2021, and became the Representative Director and President, CEO of the Company (current) starting in 2022.



Shinya Takiyama
Director

Joined the Company in 1996. Has been Representative Director and President of Benesse Style Care Co., Ltd. (current) since 2013, and a Director of the Company since 2016 (current). Became a Group Executive Officer of the Company in 2021, and became a Senior Managing Executive Officer of the Company (current) starting in 2022.



Kenji Yamakawa
Director ■

Joined the Company in 1986. Served as Director of Benesse Corporation in 2012. Has served in the position of Director of Tokyo Individualized Educational Institute, Inc. (current) since 2016, and the position of Executive Vice President of Benesse Corporation (current) since 2020. Became a Group Executive Officer of the Company in 2021. Has served as a Director and Senior Managing Executive Officer of the Company (current) and Director of Classi Corp. (current) since 2022.



Hideaki Fukutake
Director ■ ■ Non-executive Director

In 2000, joined KEYENCE CORPORATION. In 2006, joined SMS CO., LTD., and subsequently became Division President of Nursing Care and Medical Care Media at that company. Since 2009, has been Director of efu Investment Limited (current). After having served as an Outside Director of Benesse Corporation, he was a Director of the Company starting in 2014. Since 2021, has served as Representative Director of Minamigata Holdings Ltd. (current) and a Non-executive Director of the Company (current).



Mutsuo Iwai
Director ■ ■

Joined the Japan Tobacco and Salt Public Corporation in 1983. Served as Director and Managing Executive Officer of Japan Tobacco Inc., Executive Vice-President of JT International S.A., and Representative Director and Executive Vice-President of Japan Tobacco Inc. Was appointed as Deputy Chairperson of the Board of Japan Tobacco Inc. and an Outside Director of the Company (current) in 2020. Was appointed as an Outside Director at TDK Corporation in 2021 (current). Since 2022, has served as Chairperson of the Board of Japan Tobacco Inc. (current).



Yumiko Noda
Director ■ ■

Joined Bank of America Corporation, Tokyo Branch, in 1982. After serving in positions such as Deputy General Manager of London branch of the Long-Term Credit Bank of Japan, an advisory partner with PwC Financial Advisory Services, Deputy Mayor of Yokohama City, and a senior fellow at the Tsinghua University Research Center for Japanese Studies, she became Representative Director and President at Veolia Japan K.K. in 2017, then Chairman and Representative Director in 2020 (current). Became a Director of the Company in 2021 (current).



Kohey Takashima
Director ■ ■ ■

Joined McKinsey & Company Inc. Japan in 1998. Became Representative Director and President of Oisix Inc. (now Oisix ra daichi Inc.) in 2000 (current). Became the Director of the Japan Wheelchair Rugby Federation in 2018 (current). Became Outside Director of CARTA HOLDINGS, INC. in 2020 (current). Has served as Vice Chairman of KEIZAI DOYUKAI (Japan Association of Corporate Executives) (current), as well as an Outside Director of the Company since 2021 (current).



Masaru Onishi
Director ■ ■ ■

Joined Japan Airlines Co., Ltd. in 1978. Became President JAL Aircraft Maintenance Narita in 2007. Became Representative Director, President, Japan Air Commuter Co., Ltd. in 2009. Became Representative Director, President, Japan Airlines International Co., Ltd. (currently Japan Airlines Co., Ltd.) in 2011, before becoming Representative Director, Chairman for Japan Airlines Co., Ltd. in 2012. Became Senior Representative, External Affairs, Japan Airlines Co., Ltd. in 2018. Has served as an Outside Director of the Company since 2022 (current).



Yoshinori Matsumoto
Standing Audit & Supervisory Board Member

In 1977, joined Daio Paper Corporation. In 1991, joined the Company, and went on to serve as Manager of the General Affairs Department, as Manager of the Human Resources Department, and in other positions before becoming a Corporate Executive Vice President in 2003. Has served as a Standing Audit & Supervisory Board Member of the Company since 2008 (current).



Naoto Saito
Standing Audit & Supervisory Board Member

Joined the Company in 1986. After working in the Finance and Accounting and Auditing & Business Administration Departments in the Group, he became Manager of the Accounting Department, Executive General Manager of the Finance and Accounting, Executive General Manager of the Internal Auditing Division, and then Executive General Manager of the Business Administration Division. In 2015, became an Audit & Supervisory Board Member at Tokyo Individualized Educational Institute, Inc. (current), and in 2017, became a Senior Executive Officer of the Company, before also being appointed as a Standing Audit & Supervisory Board Member starting in 2019 (current).



Eiichi Izumo
Audit & Supervisory Board Member ■ ■

In 1995, joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC). Since 1998, has been registered as a certified public accountant (current). In 2010, became a Partner at Deloitte Touche Tohmatsu LLC, and after leaving that position, became Representative of Izumo CPA Office in 2015 (current). In 2015, became an Outside Audit & Supervisory Board Member of the Company (current).



Miyuki Ishiguro
Audit & Supervisory Board Member ■

In 1991, enrolled as a lawyer and joined Tsunematsu Yanase & Sekine (currently Nagashima Ohno & Tsunematsu). In 1999, became a partner at that firm (current). In 2017, became an Outside Audit & Supervisory Board Member of the Company (current).

Corporate Governance

Expertise, experience and activity status of Directors and Audit & Supervisory Board Members (As of June 25, 2022)

■ Outside ■ Independent ■ Newly Appointed

Name/Affiliation	Years in office	Other major current positions	State of attendance for FY2021		Necessary expertise and experience					Strategy		
			Board of Directors meetings	Audit & Supervisory Board	Leadership	Industry expertise			Global	Digital	Finance	
					Corporate management	Education	Nursing care	B-to-C business				
Directors of the Board												
Hitoshi Kobayashi Representative Director and President, CEO • Member of the Nomination and Compensation Committee	10 years	Representative Director and President of Benesse Corporation	15/15	—	✓	✓	✓	✓		✓		
Shinya Takiyama Director	6 years	Representative Director and President of Benesse Style Care Co., Ltd.	15/15	—	✓		✓	✓				
Kenji Yamakawa Director ■	—	Executive Vice President of Benesse Corporation Director of Tokyo Individualized Educational Institute, Inc	—	—	✓	✓		✓				
Hideaki Fukutake Director ■ (Non-executive Director) • Chair of the Board of Directors • Member of the Nomination and Compensation Committee	8 years	Representative Director (Vice Chair of the Board), Fukutake Foundation Director of efu Investment Limited Representative Director of Minamigata Holdings Ltd.	15/15	—	✓					✓		
Mutsuo Iwai Director ■ ■ ■ • Chair of the Nomination and Compensation Committee	2 years	Chairperson of the Board of Japan Tobacco Inc. Outside Director of TDK Corporation	15/15	—	✓			✓		✓		
Yumiko Noda Director ■ ■ ■ • Member of the Nomination and Compensation Committee	1 year	Chairman and Representative Director, Veolia Japan K.K. Outside Director of Idemitsu Kosan Co., Ltd.	11/12	—	✓					✓		✓
Kohey Takashima Director ■ ■ ■ • Member of the Nomination and Compensation Committee	1 year	Representative Director and President of Oisix ra daichi Inc. Outside Director of CARTA HOLDINGS, INC.	12/12	—	✓			✓		✓	✓	
Masaru Onishi Director ■ ■ ■ ■ • Member of the Nomination and Compensation Committee	—	Outside Director, TEIJIN LIMITED Outside Director, Mitsui O.S.K. Lines, Ltd. Outside Director, Kadoya Sesame Mills inc.	—	—	✓			✓		✓		
Audit & Supervisory Board Members					Accounting	Legal						
Yoshinori Matsumoto Standing Audit & Supervisory Board Member	14 years	—	15/15	16/16								✓
Naoto Saito Standing Audit & Supervisory Board Member	3 years	Audit & Supervisory Board Member of Tokyo Individualized Educational Institute, Inc.	15/15	16/16	✓							
Eiichi Izumo Audit & Supervisory Board Member ■ ■	7 years	Certified Public Accountant Outside Audit & Supervisory Board Member at TORII PHARMACEUTICAL CO., LTD. Outside Audit & Supervisory Board Member of Lasertec Corporation	15/15	16/16	✓							
Miyuki Ishiguro Audit & Supervisory Board Member ■	5 years	Lawyer Outside Audit & Supervisory Board Member of Lasertec Corporation	15/15	16/16								✓

The expertise and experience demanded of Directors, and reasons for their selection

- (1) The Company deems it essential that candidates for director have actual management experience, and requires each candidate for director to have experience in corporate management, in order to perform management supervisory functions even more effectively.
- (2) In order for the Board of Directors to perform its function, while keeping the customer's perspective as the starting point of all the actions taken by the Company, the candidates for director are required to have experience in B-to-C business, and in particular, knowledge and experience in the education and nursing care businesses, which are the two pillars of the Company's business, are required of the candidates for executive director.
- (3) From a strategic point of view, emphasis is placed on global, digital, and financial skills, in order to promote the use of digital technologies in business, new domain and overseas development, and portfolio management, with the aim of realizing the Medium-Term Management Plan.

Reasons for the appointment of Outside Directors and Outside Audit & Supervisory Board Members

Outside Directors

Mutsuo Iwai	Mr. Iwai possesses a wealth of management experience and deep expertise at B-to-C business companies that have expanded globally. Utilizing these abundant experiences and expertise in the Board of Directors and the Nomination and Compensation Committee, he is contributing to the supervision of management and the improvement of transparency in the decision-making process by the Company management, in order to enhance corporate value over the medium- to long-term.
Yumiko Noda	Ms. Noda possesses a wealth of management experience at companies that have expanded globally, as well as in-depth expert knowledge of financial matters. Utilizing these abundant experiences and expertise in the Board of Directors and the Nomination and Compensation Committee, she is contributing to the supervision of management and the improvement of transparency in the decision-making process by the Company management, in order to enhance corporate value over the medium- to long-term.
Kohey Takashima	Mr. Takashima possesses a wealth of management experience at B-to-C business companies, as well as expert knowledge of e-commerce. Utilizing these abundant experiences and expertise in the Board of Directors and the Nomination and Compensation Committee, he is contributing to the supervision of management and the improvement of transparency in the decision-making process by the Company management, in order to enhance corporate value over the medium- to long-term.
Masaru Onishi	Mr. Onishi possesses a wealth of management experience at B-to-C business companies that have expanded globally, as well as wide-ranging experiences and in-depth expert knowledge from serving in positions such as outside director at other companies. The Company judges that he can be expected to demonstrate his management supervisory function as an outside director, from the perspective of promoting the Company's sustainable growth and enhancing corporate value over the medium- to long-term.

Outside Audit & Supervisory Board Members

Eiichi Izumo	Mr. Izumo, formerly a partner at Deloitte Touche Tohmatsu LLC, possesses the professional knowledge of a certified public accountant and experience acquired by working with many different companies in various roles as an auditor and consultant. Utilizing this knowledge and experience, he actively provides opinions and recommendations on important matters for the management of the Company in the Board of Directors and the Audit & Supervisory Board.
Miyuki Ishiguro	Ms. Ishiguro has considerable practical experience and advanced insight into corporate affairs law as a partner in a major law firm, as well as experience as an outside officer in other companies. In the Board of Directors and the Audit & Supervisory Board, she draws on this experience and expertise to actively offer opinions and recommendations regarding important matters associated with the management of the Company.

Visit the website for details about other major current positions.
<https://www.benesse-hd.co.jp/en/about/management/executive.html>

Visit the following website for the Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members.
https://www.benesse-hd.co.jp/en/about/management/corp_governance.html

Corporate Governance

Message from the Director

Continuing to actively express the opinions of a member of the founding family from a long-term perspective and contribute to the Group's growth



Hideaki Fukutake

Director, Chair of the Board of Directors

Leveraging knowledge based on personal experience to support endeavors toward sustainable growth from the perspective of a member of the founding family

I had the experience of developing new projects and setting up a system for taking a company public when I was at SMS Co., Ltd., which was a startup business at the time. At present, I am involved in the launching and acquisition of companies through an investment company I founded myself. At the same time, I have been involved in the management of organizations of various sizes and forms, both domestic and international, which includes serving as the Vice Chair of the Board at the Fukutake Foundation, a public interest incorporated foundation.

Currently, through the Digital Innovation Fund (DIF), we are actively investing in technology companies and also working to strengthen our overseas expansion. The Group has always been a rather cautious corporation that tends to avoid taking risks, but in this era of rapid change, this attitude can pose a risk to our growth. Naturally, it will be necessary to correctly identify and assess risks when making investments and implementing other policies through due diligence and other means, and I hope to be able to utilize my experience in this regard.

Discussing the direction we should be aiming for from a long-term perspective, taking overseas trends into account

At the Board of Directors, I endeavor to create opportunities for

having in-depth discussions by expressing opinions about the direction our Group should be aiming for from a long-term perspective, while looking ahead to social trends, changes in people's values, and the further evolution of technology. For example, with regard to Naoshima initiatives which aim to integrate business and cultural activities, I believe that they will contribute to enhancing Benesse's corporate value over the long term, and in addition to expressing opinions from this viewpoint at the Board of Directors, I have made proposals such as conducting executive training centered around Naoshima.

I also make proposals in the course of Board discussions which take overseas trends and cases into account. I currently reside overseas, and looking at cases in the field of education within Japan and overseas, there are some cases where educational companies are using IT to expand their services, while in other cases, IT companies are starting new educational services. We need to make appropriate decisions on how to confront such domestic and international competition and how to incorporate them into the Group's growth. Our Group has developed Udemy—a service which was launched in America—in Japan, and we are expanding the business. I recognize that my role is to contribute to increasing the number of such success stories going forward.

Enlivening Board of Directors discussions and making contributions to further improving effectiveness

The assessment of the effectiveness of the Board of Directors, which has been in place since fiscal 2015, includes a space for additional comments along with a five-point rating scale. Every fiscal year, a quite large number of opinions based on the expertise of each Director are listed in this comment space, and it is utilized to ensure the effectiveness of the Board. In addition, in the fiscal 2021 assessment, it was confirmed that improvements have been made in expanding dialogue with shareholders and investors, which was raised as an issue in the previous year, and in reflecting the content of those dialogues in the management of the Company. I perceive that the effectiveness of the Board of Directors is improving, year after year.

I assumed the post of the Chair of the Board of Directors in July 2022. As a young Chair in his forties, I will focus on creating an environment in which each Director can freely and actively discuss issues, without being bound by precedent. There are many topics to be discussed in our Group, and by organizing key points and eliciting the opinions of individual Directors, I intend to make contributions to the further enhancement of governance.

Message from the Outside Director

Having more in-depth discussions from diverse perspectives and supporting challenges for further growth



Mutsuo Iwai

Outside Director, Chair of the Nomination and Compensation Committee

Taking the time to have more in-depth discussions at the Board of Directors, even amidst the COVID-19 pandemic

Although there were constraints on the Board of Directors in fiscal 2021 due to the COVID-19 pandemic, I appreciate that we were able to leverage the expertise and experience of each Director and take the time to have multifaceted discussions. Among those discussions, our exit from the Berlitz business was one of the major issues on the agenda. In particular, the specific details of negotiations were reported, and the process has been closely monitored. Similarly, we have been monitoring the progress of the Medium-Term Management Plan to achieve the goal of a V-shaped recovery in two years. In addition, we have been discussing initiatives in each business area from a variety of perspectives, including not only the current situation but also the future potential of the business.

Of those discussions, I place importance on checking the management situations of companies that were added to the Group through M&A. How do we position, integrate and grow each business company as part of the major brand Benesse? Since this matter also relates to investment efficiency, I am actively speaking up at board meetings in order to have more in-depth discussions.

The essential point of a succession plan is consensus building through internal discussions

I was appointed to serve as the Chair of the Nomination and Compensation Committee beginning in July 2022, and I recognize

that the succession plan is the biggest function of said Committee.

In my opinion, in formulating a succession plan, it is important to first develop and assess a successor from within the company, and form a consensus that this person will be responsible for the next generation. After doing so, it is key that someone from outside the company makes a judgment about whether or not the plan is appropriate from a larger perspective, which I call "endorsement."

Leading up to this point, the Nomination and Compensation Committee had already been holding discussions and deliberations from a broad perspective. However, I recognize that developing a process to obtain an internal consensus within the company and providing information on factors such as the status of the Executive Officer pipeline—which will serve to bolster our decisions—are issues that need to be addressed to promote more ideal discussions.

Challenges are precisely what lead to the growth of the Group

When I communicate with shareholders and investors in my activities as an Outside Director, I sometimes feel as though they do not fully understand the current circumstances of the Group and the direction it is heading. For example, there are many voices expressing concern about the decline in Shinkenzemi membership numbers. However, the Group is promoting a strategy with an eye towards the future, in conjunction with accelerating DX in all businesses, not just the Shinkenzemi business. In addition, each business is pursuing the principle of "well-being," and working to offer new value to customers and society. I believe it is also necessary to properly convey to stakeholders through communication activities, using indicators of Benesse's future social value, that Benesse encourages people of all generations to have the desire for "well-being," and that it is a corporate Group that can expect continued growth.

The greatest asset of a company is its human resources. Benesse has a deep-rooted culture of treasuring human resources and using them to the fullest, and each and every one of its employees is continuing to take on new challenges. It is my understanding that the growth of the Group to date has been achieved through the efforts of those employees. Challenges are what will lead to the future growth of the Group. Making the final decisions on risk-taking is the role of the Board of Directors, and in my capacity as the Outside Director, I would like to continue observing and providing support for such efforts.

Communication with Shareholders and Investors

Benesse proactively discloses information to shareholders and investors. In addition to enhancing our IR disclosure tools, we emphasize mutual communication in our IR activities.

Striving to increase corporate value through dialog with shareholders and investors

The Company strives to maximize its corporate value by promptly and accurately disclosing and explaining information regarding its management policies, business strategies, forecasts, etc., to shareholders, investors, and securities analysts, and by reflecting their opinions and requests in our management.

The Company's top executive, the Representative Director and President, CEO, actively engages in dialog with shareholders, investors, and securities analysts through financial results briefings (held twice per year), small meetings, individual meetings, etc. Outside Directors and major shareholders also have face-to-face meetings. Roughly 200 IR meetings, including the aforementioned meetings, are conducted each year. In fiscal 2021, in order to prevent the spread of COVID-19, all meetings were held remotely.

Furthermore, as a COVID-19 infection countermeasure, the Ordinary General Shareholders' Meeting for the 68th Period was held in the same manner as last year, by requesting that all shareholders refrain, whenever possible, from attending in person, and to exercise their voting rights in advance by mail or via the Internet. To ensure that the Ordinary General Shareholders' Meeting can be conducted openly despite the COVID-19 situation, we accept questions submitted online in advance, and also stream the meeting live so that it can be viewed from peoples' homes, etc. Footage of the meeting, presentation materials, question and answer session summaries, and the like are available from our website.

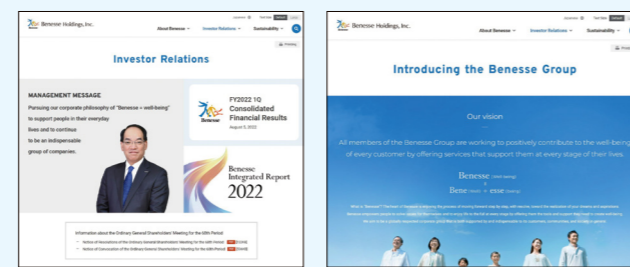
Reflecting the results of dialog with investors and analysts in our corporate management

In fiscal 2021, we conducted a perception study of institutional investors and securities analysts. We assessed perception gaps between investors and the Company and used what we discovered in our IR activities. The findings were also reported, shared, and deliberated at the Board of Directors meeting, and we are using them to assist with the future improvement of our management initiatives.

Disclosures on our IR website

Guided by the principle of fair disclosure, we strive to provide an extensive range of information on our website. In addition to the proceedings from financial results briefings and General Meetings of Shareholders which we make available on our website, we also disclose various IR materials, financial data, and press releases in a timely manner.

We have also created a website geared toward individual investors, designed to help those unfamiliar with Benesse to gain a greater understanding of our company. It points out the strengths of Benesse and our strategies, as well as information about our business performance, presented in a way that is easy to understand.



Online Investor Relations

Introducing the Benesse Group

Main IR activities

We conduct the following activities over the course of the year.

- General Meetings of Shareholders
- Financial results briefings: Twice per year (interim and year-end)
- Activities for providing information: Roughly 200 activities per year (12 of these being SR meetings), for a total of roughly 350 companies (Japanese and foreign)
- IR pamphlet publication: Benesse Integrated Report, Shareholder News, Data Book, etc.
- IR site planning and operation

External assessments of our IR tools (FY2021)

- Gomez IR Site Ranking, Best Company Ranking 5th Place, Gold Award
- Nikko Investor Relations Co., Ltd. All Japanese Listed Companies' Website Ranking AAA Grade
- Daiwa Investor Relations Co., Ltd. Internet IR Excellence Award (Silver Award)



Visit the following website for information on our basic IR policy.
https://www.benesse-hd.co.jp/en/ir/strategy/ir_policy.html

Investor Information (As of March 31, 2022)

Shares issued 102,571,215 shares
 Listed date October 26, 1995
 Securities listing Tokyo Stock Exchange/Prime Market (Common stock)
 Securities code 9783
 ISIN code JP3835620000

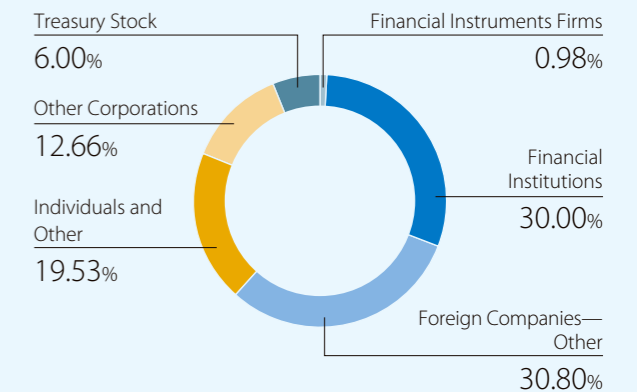
Unit of trading 100 shares
 Independent auditor Deloitte Touche Tohmatsu LLC
 Transfer agent Mitsubishi UFJ Trust and Banking Corporation
 Shareholders 64,373

Top 10 shareholders

	Shares (Thousand)	Percentage (%)
The Master Trust Bank of Japan, Ltd.	19,418	20.14
efu Investment Limited	7,858	8.15
Fukutake Foundation	7,758	8.04
Custody Bank of Japan, Ltd.	4,365	4.52
The Chugoku Bank, Ltd.	2,787	2.89
THE BANK OF NEW YORK MELLON 140044	2,009	2.08
Fukutake Education and Culture Foundation	1,919	1.99
Minamigata Holdings, Inc.	1,836	1.90
Mizuho Trust & Banking Co., Ltd. (Retirement Benefit Trust Account, The Chugoku Bank, Ltd.)	1,600	1.65
Toshiaki Matsuura	1,396	1.44

Notes: 1. The shares held by The Master Trust Bank of Japan, Ltd. include 6,809 thousand Company shares (a 7.06% investment ratio) contributed by efu Investment Limited as trust assets. efu Investment is an asset management and investment corporation of which Hideaki Fukutake serves as representative. The decision-maker with respect to the execution of voting rights related to the consigned trust assets is efu Investment Limited.
 2. The Company owns 6,160 thousand shares of treasury stock which are not included above because they do not carry voting rights. These shares of treasury stock are also excluded from the calculation of percentages.
 3. The shareholding ratio has been rounded down to the second decimal place.

Shareholdings by type of shareholder



Coverage in ESG indexes

MSCI ESG Index*

2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX
 2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

* The inclusion of Benesse Holdings, Inc. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Benesse Holdings, Inc. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

SOMPO Sustainability Index



Recognized as a leading "Prime" company in the ISS ESG Corporate Rating by the ISS ESG



FTSE4Good Index Series / FTSE Blossom Japan Index / FTSE Blossom Japan Sector Relative Index



FTSE4Good



FTSE Blossom Japan



FTSE Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index



Group Information

Corporate Information

As of March 31, 2022

Name	Benesse Holdings, Inc.	Employees (Consolidated)	16,515
Date established	January 28, 1955	Capital	13,780 million yen
Headquarters	3-7-17 Minamigata, Kita-ku, Okayama-shi, Okayama 700-0807, Japan	Fiscal year-end	March 31
Representatives	Hitoshi Kobayashi Representative Director and President, CEO (As of June 25, 2022)		

Consolidated subsidiaries

As of March 31, 2022

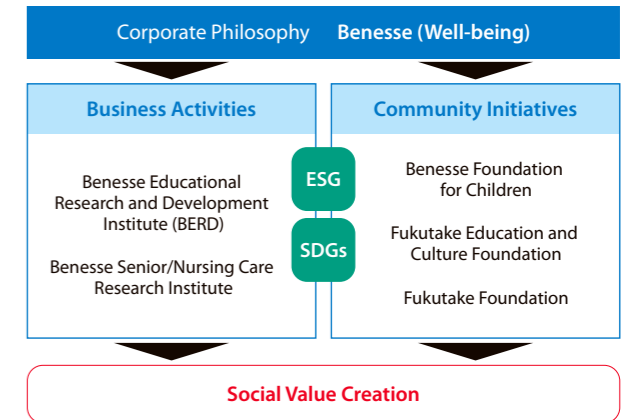
Name of company	Common stock (Millions of yen)	Ratio of shareholding (%)	Description of main business
Benesse Corporation	3,000	100.0	Shinken-zemi correspondence courses for preschool, elementary, junior and senior high school students, Shinken Simulated Exams, magazines
Classi Corp.	3,985	67.3	Development and operation of educational platform
Tokyo Individualized Educational Institute, Inc.	642	61.9	Education business focused on education through individual tuition
Benesse i-Career, Co., Ltd.	261	51.0	Career-development and career educational support services for university students and adults
UP Inc.	100	100.0	Operation of schools providing educational guidance including preparation for entrance examinations, primary instructional science laboratories, and English conversation instruction
Shinken-AD Co., Ltd.	65	100.0	Advertising services and creation of university information magazines
Plandit Co., Ltd.	40	100.0	Planning and editing of study materials
EDUCOM Corporation	33	100.0 ^{*1}	Developing school management support systems
Benesse BE studio Inc.	10	100.0	Operation of English schools and international preschools
Learn-S Co., Ltd.	10	100.0	Planning, editing, production and sales of study materials
Ochanomizu Seminar Co., Ltd.	10	100.0 ^{*2}	Operation of prep schools for senior high school students
Tokyo Educational Institute Co., Ltd.	10	100.0	Operation of Tetsuryokukai, a prep school which helps prepare students hoping to enter elite universities
Benesse Corporation China	125,000 Thousands of RMB	100.0	Sale of correspondence course materials for pre-schoolers
PT. Benesse Indonesia	272,700 Million INR	100.0 ^{*3}	Operation of prep schools in Indonesia
Benesse Style Care Co., Ltd.	100	100.0	Operation of nursing care business, childcare and afterschool care business
Benesse Senior Support Co., Ltd.	100	100.0 ^{*4}	Nursing home-search service, operation of consultation services for nursing care, hosting seminars on nursing care
Benesse Palette Co., Ltd.	100	80.0 ^{*4}	Delivery of prepared food for the elderly
Heart Medical Care Co., Ltd.	80	100.0	Providing recruitment services for medical, nursing, and welfare business
Benesse MCM Corp.	80	100.0 ^{*4}	Medical and nursing care recruitment and dispatch service business
Benesse InfoShell Co., Ltd.	150	100.0	Information system maintenance and operation business, information processing service business
Benesse Business-mate, Inc.	50	100.0 ^{*5}	Cleaning, mail services, OA, general affairs and accounting agencies
Naoshima Cultural Village Co., Ltd.	20	100.0	Operation and management of hotels
Benesse Base-Com, Inc.	20	100.0	Logistics and data processing of tests and teaching materials for schools
Benesse Hong Kong Co., Ltd.	3,600 Thousands of HKD	100.0	General trading and quality assurance related to educational equipment, toys and other items

Plus 14 other subsidiaries.

^{*1} Indirect stock holding through a subsidiary. ^{*2} Including an indirect stock holding of 50.0% through a subsidiary. ^{*3} Including an indirect stock holding of 0.1% through a subsidiary. ^{*4} Indirect stock holdings of 80.0% through subsidiaries. ^{*5} Including indirect stock holdings of 2.0% through subsidiaries.

Foundation Activities —Initiatives geared toward the creation of well-being—

Our commitment to the Benesse corporate philosophy of well-being is not limited to our business activities, but is also reflected in the activities of our foundations that engage in community initiatives. Our two foundations aim to create social value by aiding regional development and assisting children.



• Fukutake Foundation

The Fukutake Foundation (formerly the Naoshima Fukutake Art Museum Foundation) was established together with the Chichu Art Museum, which opened in 2004, and assumed its current name after a merger of two aid foundations in October 2012. The foundation carries out three different types of activities. The first is museum operation, mainly in Naoshima, Teshima, and Inujima. The second is assisting with culture- and art-driven regional development activities throughout Japan. The third is independently and jointly organizing events such as Setouchi Triennale.

• Benesse Foundation for Children

The Benesse Foundation for Children is working to create environments where children can learn with peace of mind; to assist children dealing with economic issues, sickness, disabilities, or other obstacles to learning; and to aid the study and growth of children who have been affected by disasters (emergency assistance). The foundation is also ambitiously attempting to go beyond simply providing assistance for overcoming problems to also nurturing and educating children who will play prominent roles in building an even better society.

Benesse Art Site Naoshima

Benesse Art Site Naoshima is the collective name for the art-related activities we conduct in conjunction with the Fukutake Foundation on the islands of Naoshima, Teshima, and Inujima in the Seto Inland Sea. These activities have contributed to community development in the area for over three decades.

Offering a learning program through field work at Naoshima

Benesse Art Site Naoshima designs and offers programs targeted at schools, companies, and organizations for learning about dialogue, thinking, and presentation through Visual Thinking Strategies (VTS) tailored to their respective purposes.

In fiscal 2021, we implemented programs for students and adults nationwide to learn about local activities through fieldwork and other activities, as well as inquiry-based learning programs in which participants discover issues on their own and consider solutions from the perspective of the SDGs.



Elementary students admiring Lee Ufan's *Porte vers l'infini* (2019)

Conducting trials for nursing care services that utilize art

In conjunction with Benesse Art Site Naoshima, Benesse Style Care conducted trials for art appreciation as an aspect of services that will lead to better quality of life for elderly home residents. Residents in the trials—which adopted Visual Thinking Strategies (VTS), a method for art appreciation which Benesse Art Site Naoshima is working on—verbalized and shared what they had felt and discovered while looking at artwork such as Claude Monet's *Water Lilies, Cluster of Grass*, which is owned by the Chichu Art Museum. Doing so was an opportunity for them to further express themselves emotionally and have more expansive social interactions.



In online VTS sessions, the trial participants appreciated artwork such as Claude Monet's *Water Lilies, Cluster of Grass* (1914–17), which is owned by the Chichu Art Museum