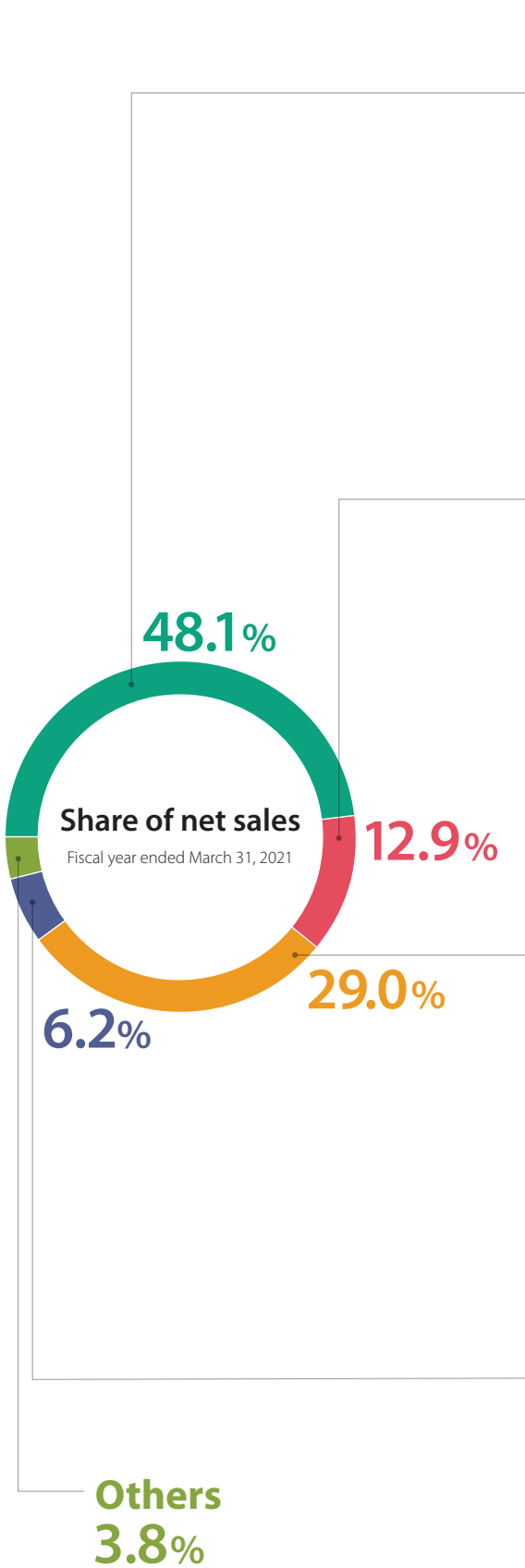


At a Glance



Education Business in Japan

Education in Japan is the Group's main business, accounting for approximately half of consolidated sales. We aim to use digitalization and the introduction of information and communication technology (ICT) in education as an opportunity for further growth.



Global Kodomo Challenge Business

Keeping our focus on Kodomo Challenge, a correspondence course for preschoolers that draws on the expertise of Benesse, we are pushing ahead with expanding this competitive brand globally.

* Starting in fiscal 2021, we consolidated lifestyle-related businesses, and changed the segment's name to "Kids & Family."



Nursing Care and Childcare Business

The Nursing Care and Childcare business constitutes the number-two pillar of the Benesse Group. We are focusing on improving quality and reinforcing our strategy of regional dominance.



Berlitz Business

One of the largest language-education companies in the world. We are working on drastic structural reforms to become profitable and to expand sales through our new product, "Berlitz 2.0," which makes use of digital technology.



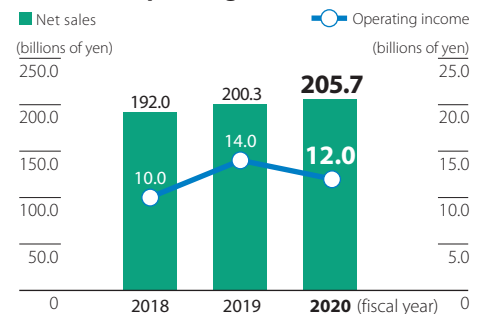
Strengths

- Trust fostered over many years and a formidable base of clients
- A business scale that is number one in the industry, with collective capabilities that cover elementary, junior high and high schools, as well as extracurricular education
- An abundance of educational knowledge which has provided support for bolstering children's motivation and ability to learn on their own
- Diverse personnel and a corporate culture that embodies our customer-centric philosophy

Reflections on FY2020

- ◆ **Shinkenzei Business:**
Significant improvement in retention rate and profitability, due to increased usage rate of digital teaching materials
- ◆ **School and Teacher Support Business:**
The GIGA School Project made a positive contribution to our elementary and junior high businesses, but our high school businesses were impacted by school closures, and our simulated exams business declined to a large extent
- ◆ **Prep School and Classroom Education Business:**
Impacted by school closures, and declined in a major way

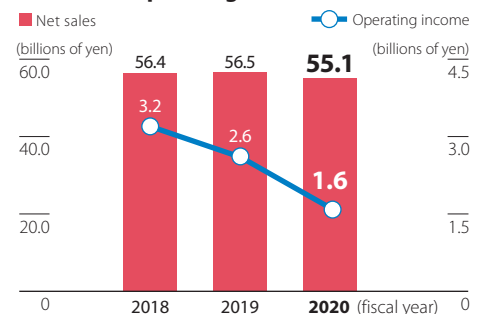
Net sales / Operating income



- Over two million enrollments in Japan and around the world, plus the expertise of 30 years in business educating preschoolers
- The brand power of Shimajiro, which is well-known and well-liked in Japan and internationally
- A curriculum which nurtures students' motivation according to their stage of development
- A solid customer base in businesses related to pregnancy, childbirth, and parenting
- The *Tamahiyo* App, which boasts 450,000 annual downloads

- ◆ In Japan, though our concert business was affected by COVID-19, our business of providing courses is in excellent shape
- ◆ In China, in addition to the impact of COVID-19, the entry of competitors poses a threat

Net sales / Operating income

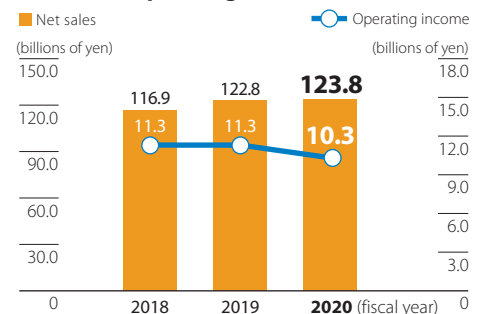


* The figures for the fiscal year ending on March 31, 2019, have been rearranged to reflect the new segments.

- Nursing home management from the residents' perspective, seeking to "place importance on deep respect for people's individuality"
- Benesse Method: Systematized scientific approaches based on 25 years of practical knowledge
- Through deployment of our methods, improved service quality that stands out from the rest
- Strategic hiring and human resources development
- Daycare center and afterschool childcare club management from the children's perspective, seeking to "help children grow as their own unique individuals"

- ◆ Occupancy rate decreased due to the impact of COVID-19, as a result of refraining from operations in the first quarter and an increase in those considering occupancy who decided not to do so
- ◆ Though sales increased due to an increase in the number of locations, income decreased due to the decline in occupancy rate

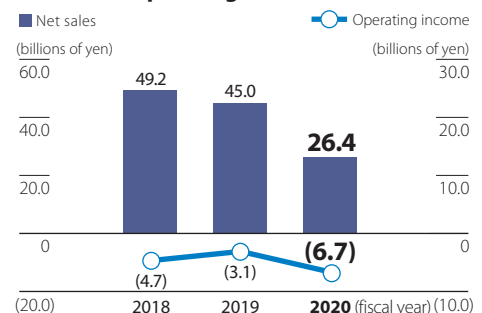
Net sales / Operating income



- 357 language centers in over 70 countries and regions worldwide
- The Berlitz Method of learning a target language through immersion in life situations using that language only, verified as effective with a 140-year track record of success in the world
- Able to offer language learning through intercultural understanding

- ◆ Due to the impact of COVID-19, sales in fiscal 2020 greatly declined
- ◆ Fixed costs were significantly reduced through structural reforms
- ◆ The introduction of Berlitz 2.0 was postponed

Net sales / Operating income



Shinkenzeni Business

Michiaki Yamamoto

Group Executive Officer,
Head of the Out-of-School Learning Business Company of
Benesse Corporation



Business environment and prospects

Levering the digital shift being driven by the COVID-19 pandemic to further evolve towards “Digital + Human Instruction”

Due to the COVID-19 pandemic, fiscal 2020 was a year of greater acceptance and demand for digital education. Led by the improved retention rates for digital Shinkenzeni enrollments, total annual enrollment grew significantly. Shinkenzeni has strengths that competitors do not, such as a track record of roughly two million students and human instruction by “Red-pen teachers,” who use red pens to write advice on students’ work. We believe that through digitization, these strengths will produce even greater value. As educational disparity grows and learning needs become more diverse, we will provide powerful support for the education of each and every customer by combining digital personalized instruction and human guidance.

Opportunities

- Greater acceptance and demand for digital education due to the COVID-19 pandemic
- 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

Growth strategy

(1) Improved retention rates for digital course enrollments

We aim to further improve retention rates and refine our blended learning, which combines digital learning which can be tailored to the goals and proficiency of individual users with human instruction, which motivates learners.

(2) Marketing reforms

In conjunction with our digitization of instructional materials, we will shift our marketing approach from its current direct mail-focused model to one that uses digital technologies. Furthermore, through our “Learning Pocketbook” support app for parents, we will provide parents with information regarding

education and career advancement and enable them to experience actual instructional material use. Through this, we will expand our customer contact points and build ongoing relationships.

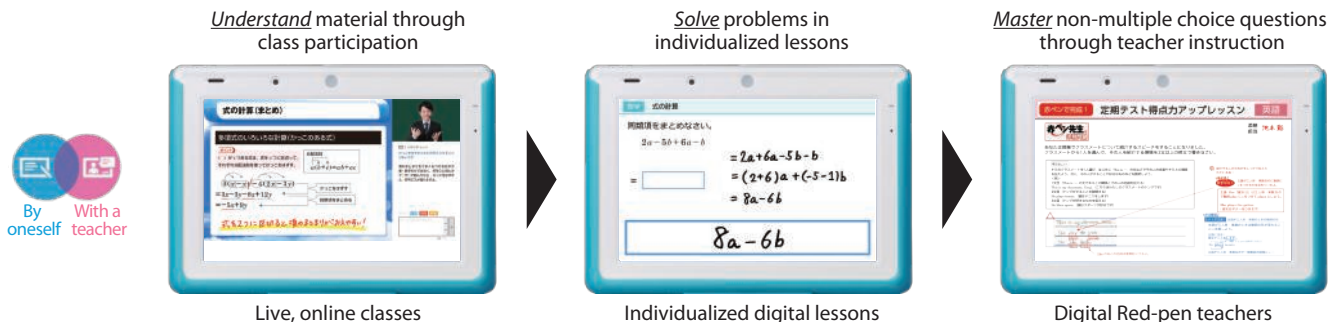


“Learning Pocketbook”

(3) Meeting diverse learning needs

Using the platform provided by our dedicated tablet computers, over 500,000 of which are provided to new enrollees each year, we will provide diverse study content and further expand business. The first of these efforts was the creation of a programming course in fiscal 2021, which is off to a strong start with 30,000 enrollments.

Launch of blended learning through Shinkenzeni



School & Teacher Support Business

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



Business environment and prospects

Recovering from the impact of the COVID-19 pandemic and aiming for further “Mirai Seed” growth

In fiscal 2020, the suspension of school due to the COVID-19 pandemic had a major negative impact, especially for our senior high school business. However, the implementation of the GIGA School Project, in which every elementary school and junior high school student would be provided with a computer, was accelerated, so the market for software used in schools has grown. The number of schools using our “Mirai Seed” dedicated programming content has also grown. As of April 2021, roughly 6,000 schools are using Mirai Seed. In fiscal 2021, we aim to recover from the impact of the COVID-19 pandemic and achieve further Mirai Seed growth.

Opportunities

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

Risks

- ◆ Overworking of educators and handover to next generation
- ◆ Paradigm shifts in school education, such as support for new courses and COVID-19 countermeasures

Growth strategy

(1) GIGA School Project status and related measures

Under the GIGA School Project*, all of the students in roughly 30,000 elementary and junior high schools in Japan will be supplied with a computer. Currently, we provide Mirai Seed, paid tablet computer learning software, to roughly 3 million users in 7,000 schools. It has been recognized for its service design, which makes it easy to use in educational settings, and its ICT support system, which provides assistance with utilization. As a result, the number of schools using Mirai Seed is steadily growing. We will further promote this growth, and plan to have Mirai Seed used in 8,000 schools by the end of this fiscal year.

* 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.

GIGA School Project status and related measures

Percentage of schools with one computer for each student

97% of elementary and junior high schools

Percentage of schools using paid educational software

Approx. 60%

Primarily in Tokyo area, cities designated by government ordinance, and major urban areas

Approx. 40%

(introduction of software will expand in future, primarily in provincial regions)

The number of schools using Mirai Seed is growing

Approx. 6,000 schools (2.4 million students) are using Mirai Seed (as of April 2021)
Usage rates are rising, supported by the sense of security offered by our roughly 900 ICT supporters

» We plan to increase this to 8,000 schools by the end of the current fiscal year

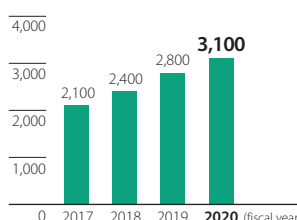
» For details regarding Mirai Seed, see page 32 Focus 2

(2) Expansion of platform business for schools

Every year, a growing number of schools are using Classi, the cloud-based learning assistance platform service that supports the shift to ICT in school education, and EDUCOM, a system which provides integrated support systems for school affairs in elementary and junior high schools. In order to further enrich the offerings of our Classi service, we are integrating it with other assessment services offered by the Group and promoting individualized learning. With the EDUCOM school support system, our policy is to support day-to-day instruction using ICT, such as by providing school life notebooks and integrating with related services like Mirai Seed.

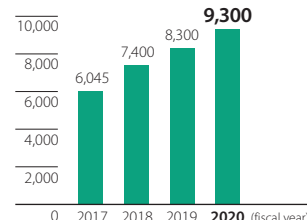
Classi

No. of schools using Classi



EDUCOM

No. of schools using EDUCOM



* Figures include only elementary and junior high schools.

Prep School and Classroom Education Business

Kenji Yamakawa

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



Business environment and prospects

Completion of a classroom + video classes/online structure for the post-COVID-19 era.

Providing individualized, optimized education

In fiscal 2020, due to the spread of COVID-19, we had to refrain from sales activities in advance of the start of the new school year in April. This had a major impact, such as a drop in the number of students enrolled as of the start of the fiscal year and the temporary closure of preparatory schools and classrooms. In fiscal 2021, as of April, our enhancements to our new student recruitment efforts have proven successful, and the number of enrollments now exceeds that of fiscal 2019, pre-COVID-19. Furthermore, in the midst of the ongoing COVID-19 situation, each company has completed its preparation of online systems.

Opportunities

- Improve convenience for students through use of online instruction
- Online instruction will enable distinctive preparatory schools to attract students from a wider area

Risks

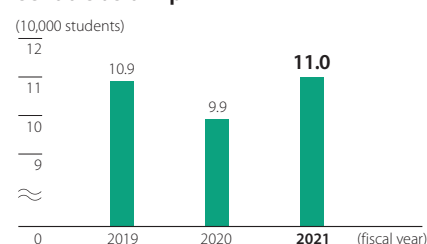
- ◆ Online instruction may lower the barriers to entry
- ◆ The acceleration of education digitization may blur the lines between school, prep schools, and home teaching, resulting in greater competition

Growth strategy

(1) Rapidly recover from the impact of the COVID-19 pandemic

The number of enrollments in Group prep schools as of April 2020 fell significantly year-on-year due to the suspension of new operations and the temporary closure of classrooms due to COVID-19. However, the number of enrollments has recovered steadily since then, due to the fruit of our infection countermeasures, improvements to student service satisfaction, reinforced recruitment measures, and other measures. In April 2021, we began the new academic year with 110,000 enrollees, and we expect to see a full and rapid recovery for the full year.

Number of enrollees in Group prep schools as of April



(2) Reinforcement of hybrid strategy through use of online education

Each of the Group companies are expanding and enriching their video and online offerings given the long duration of the COVID-19 pandemic and the establishment of a "new normal." Shinkenzenmi individual tutoring lessons are already being offered online, and we have begun providing online and video lessons through our BE Studio English classrooms. We plan to further increase our growth in fiscal 2023 and beyond, with an eye towards expanding the regions in which we do business by using online approaches and offering hybrid services.

Highlights of hybrid strategy for achieving growth in the midst of the COVID-19 pandemic

(1) Improved contract signing rate

Make up for decrease in inquiries through initiatives such as enabling prospective customers to experience prep schools online

(2) Hybrid proposals

Provide effective hybrid proposals for class attendance based on conditions in individual homes

(3) Improve level of video/online and hybrid services

Improve level of programs, instructional materials, and instructors in order to produce more effective learning

Kids & Family Business

Kids & Family Business

Haruna Okada

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



Business environment and prospects

Merging of Tamahiyo and Kodomo Challenge organizations into a “first contact brand” to expand customer contact points and provide wide-ranging support

While the spread of COVID-19 in fiscal 2020 resulted in the suspension of course operations in China and the cancellation of concerts in Japan, China, and Taiwan, the rates of usage of instructional materials, including the *Shimajiro Club* App, rose, and retention rates remained stable and strong. In China, new companies entered the market, and competition grew even more fierce. In fiscal 2021, in order to achieve the targets of the new Mid-Term Management Plan, the organizational structure in Japan has been changed to promote even greater customer retention and new customer development. In China, as well, digital contact points are being reinforced, the sales structure is being revamped, and a multilevel structure is being applied to products.

Opportunities

- Japan: Increased use of digital technology in childcare, diversifying customer values
- China: Acceleration of digital technology usage, growth of e-commerce

Risks

- ◆ Japan: Further decline in birth rate, increased digital competition
- ◆ China: Further decline in birth rate, intensifying competition, moves towards placement of restrictions on education businesses

Growth strategy

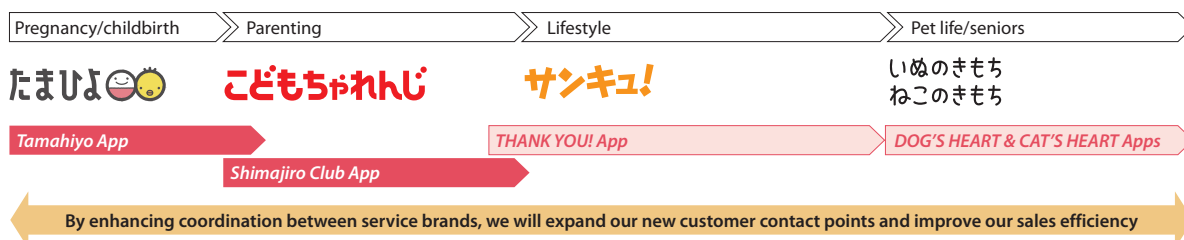
(1) Japan: Integrate and reinforce Tamahiyo and Kodomo Challenge businesses

In April 2021, we merged businesses such as our Tamahiyo and Kodomo Challenge businesses into the Kids & Family business in order to strengthen our customer contact points. Our goal is to use the *Tamahiyo* App, which is very popular among pregnant customers (450,000 downloads per year), to lead into the use of the *Shimajiro Club* App. We will meet new needs by providing services tailored to individual customer life stages, thereby establishing relationships with them, reinforcing existing businesses, and developing new businesses.

(2) China: Redesign of strategy based on business environment

In China, the use of digital content in early childhood education is rapidly growing. However, the influx of new market players due to heating up markets and resulting in fierce competition. Furthermore, while the e-commerce market is growing, our sales are primarily conducted through shops and by phone, so our sales efficiency is falling. Given this, we are redeveloping our strategy with an eye on the business environment. We are transforming our sales structure by making product improvements, growing e-commerce, expanding our digital contact points, leveraging data, and other initiatives.

Reinforcing the value we provide, aligned with our customers, and expanding our world of offerings



Nursing Care and Childcare Business

Nursing Care and Childcare Business

Shinya Takiyama

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



Business environment and prospects

Steadily implementing the strategies of the Mid-Term Management Plan while addressing the COVID-19 situation

In fiscal 2020, we added nine nursing homes and increased sales, but occupancy rates fell due to the COVID-19 pandemic. COVID-19 is continuing to spread as of August 2021, but we are thoroughly and consistently implementing infection countermeasures, making them our highest priority, as we steadily implement the strategies of our Mid-Term Management Plan, such as increasing the number of nursing homes, cultivating human resources with a focus on developing expertise, and expanding peripheral businesses.

Opportunities

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

Risks

- ◆ Spread of COVID-19
- ◆ Serious shortage of nursing care and daycare staff

Growth strategy

(1) Increasing the number of nursing homes

We are opening roughly 10 new nursing homes per year, primarily in highly urbanized areas. In the future, we will reinforce efforts related to our distinctive, high-end nursing homes, increase our dominance, and expand in untapped areas in coordination with our hiring strategies, steadily increasing the number of nursing homes we operate.

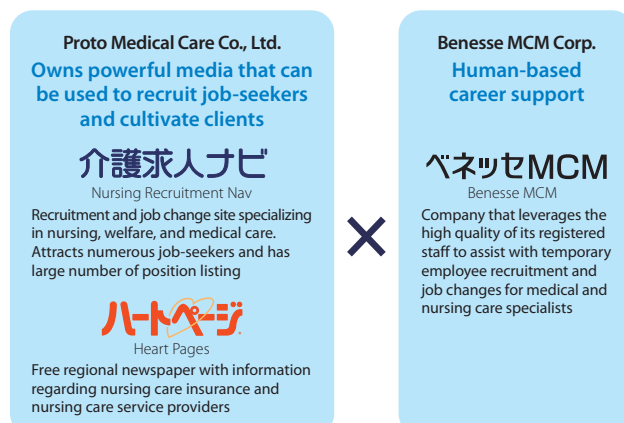
(2) Cultivating human resources with a focus on developing expertise

In the nursing care industry, increasing retention rates is important to achieving stable operation. Benesse Style Care raised wages in fiscal 2019 and established an internal certification system for certifying expertise related to dementia, nursing technologies, safety management, and reoccurrence prevention. It introduced a new human resources system that linked expertise and wages. By providing individual employees with greater expertise, we aim to provide them with a sense of growth, recognition that they are professionals, a stronger feeling that their work is rewarding, and greater motivation. We believe that this will improve the quality of the service they provide and thereby enhance our competitive superiority.

(3) Expanding peripheral businesses

Our strategy in the nursing care field is to steadily grow our nursing home management business while also expanding peripheral business. Based on this policy, in June 2021, we acquired all of the shares of Proto Medical Care, which engages in human resource business in the nursing, welfare, and medical fields, turning it into a wholly-owned subsidiary. We plan to achieve non-continuous growth in the human resource referral business, led by Proto Medical Care. We will also work to develop “Benesse Sensing Homes,” which leverage technology, and create a “Benesse Sensing Home” method.

A human resource business specializing in nursing and medical care that leverages the strengths of both companies



Berlitz

Business environment and prospects

Rapidly determining potential for achieving profitability in fiscal 2022

In fiscal 2020, in the midst of structural changes spanning several years, the COVID-19 pandemic placed further negative pressure on business results. Berlitz uses the Berlitz Method, which has a consistently strong reputation for language learning efficacy, and a high level of brand recognition. However, at the same time, it has dealt with the difficulties that come with operating in over 70 countries and regions. Furthermore, it had fallen behind in its product and marketing digitization. Just when the product and marketing reforms were on the point of producing returns, the global COVID-19 pandemic placed major restrictions on face-to-face lessons, overseas study, and the like. Due to this, both sales and profits fell significantly in fiscal 2020.

Opportunities

- Language learning needs are increasing around the world due to the globalization of business
- Medium- and long-term economic growth is driving an increase in the number of people studying abroad

Risks

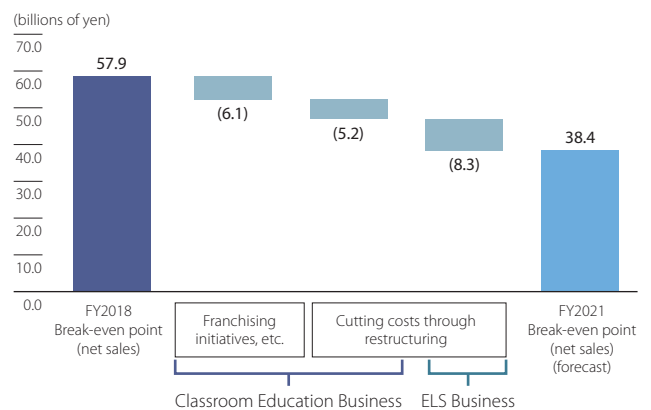
- ◆ Diversification and intensifying competition in products and services due to the shift to digital mediums
- ◆ COVID-19 related restrictions on face-to-face lessons and overseas travel for business and study purposes, etc.

Growth strategy

(1) Clarify roadmap to achieving profitability in fiscal 2022

The additional structural reforms implemented in fiscal 2020 succeeded in bringing down costs in fiscal 2021 compared to the previous year. Restructuring measures have also significantly lowered the break-even point. Implementation of the new online foreign language courses was completed in the first half of fiscal 2021, and we have begun offering a new program worldwide. Through this, we aim to accelerate digital marketing and operating reforms and to increase sales, primarily in the online and digital areas. At the same time, we will also identify the roadmap to achieving profitability.

Break-even point (net sales)



Key online and digitization points

Establishment of a shared global platform

- Instructors around the world provide classes online
- Seamless platform connectivity, from customer contact point front office systems to back office systems
- Operation automation

Product reforms

- Reform Live Online class provision system
- Provide autonomous digital learning products which use AI and voice recognition (**Berlitz Flex**)

Marketing

- Recruit marketing experts from Google, Facebook, etc. Leverage shared global CRM and deploy digital marketing best practices throughout the organization

