

Part 2

How We Create Value



FOCUS 1

Supporting learning and growth in every environment (p.29)

FOCUS 2

New education in line with the times (p.31)

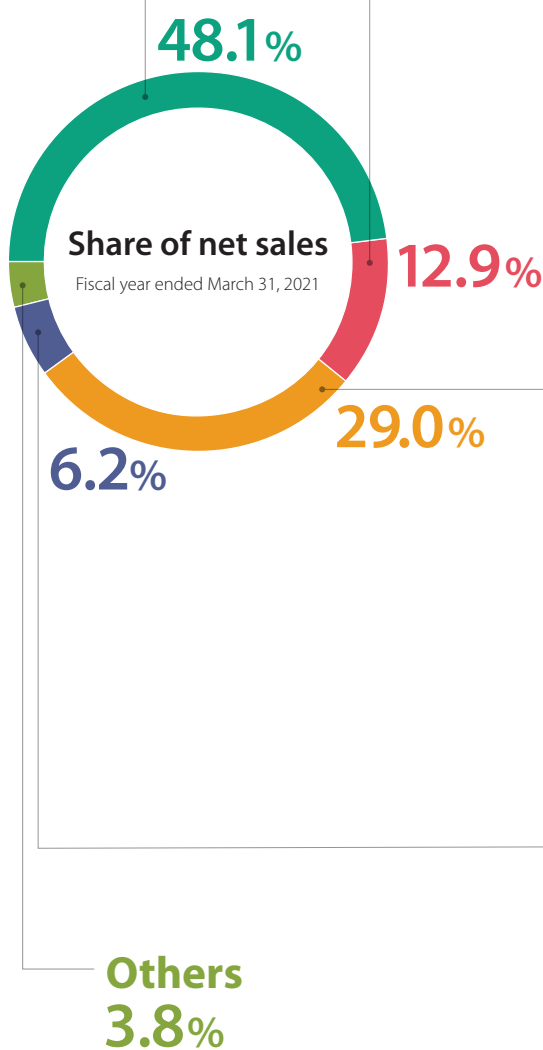


FOCUS 3

Placing importance on deep respect for people's individuality (p.34)



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.



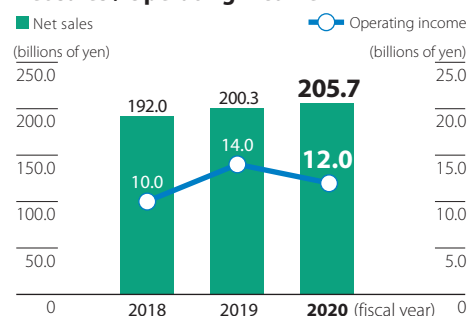
Strengths

- 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

- ◆ **Shinkenzen 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

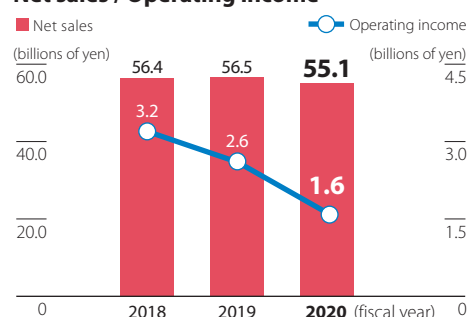
Net sales / Operating income



- 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

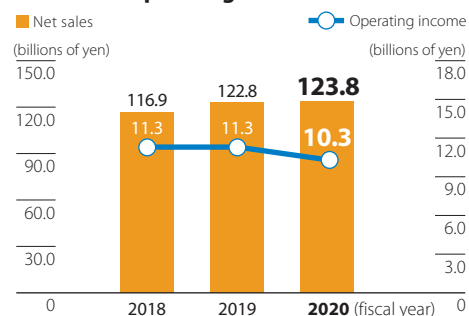


* The figures for the fiscal year ending on March 31, 2019, have been rearranged to reflect the new segments.

- 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

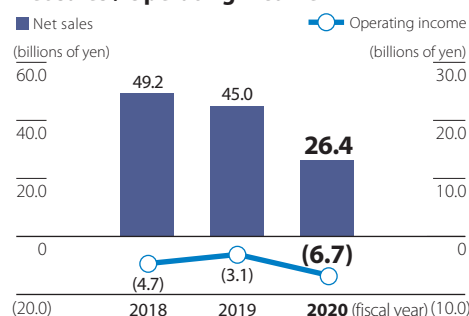
Net sales / Operating income



- 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



Shinkenzemi 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 Shinkenzemi enrollments, total annual enrollment grew significantly. Shinkenzemi 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.

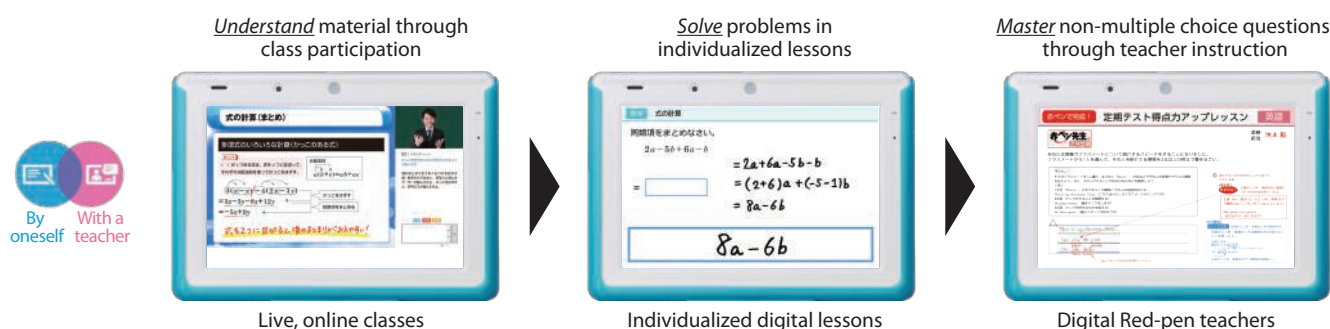


"Learning Pocketbook"

(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 Shinkenzemi



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

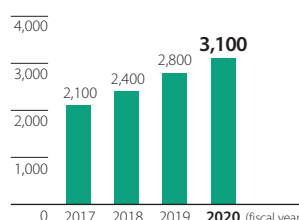
» For details regarding Mirai Seed, see page 32 Focus 2

(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.

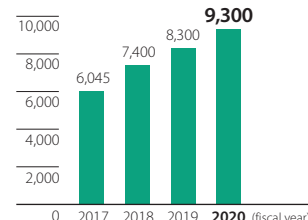
Classi

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

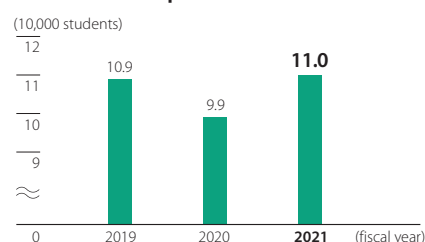
- ◆ Online instruction may lower the barriers to entry
- ◆ The acceleration of education digitization may blur the lines between school, prep schools, and home teaching, resulting in greater competition

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

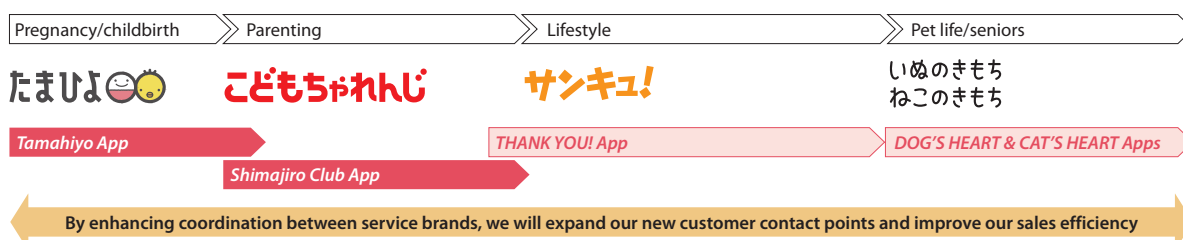
(1) Japan: Integrate and reinforce Tamahiyo and Kodomo Challenge businesses

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



FOCUS 1

Supporting learning and growth in every environment

Ensuring that learning goes on despite the COVID-19 pandemic



The spread of COVID-19 had a tremendous impact on children's education in fiscal 2020. The Benesse Group is implementing a wide range of initiatives to support children's growth and learning.

How Benesse can help in the midst of the pandemic

The COVID-19 pandemic has caused confusion and disarray throughout society, resulting in temporary daycare center and school closures and forcing changes to school curricula. The Benesse Group has been quick to respond by implementing support activities to ensure that children's educations are not interrupted. These activities have been carried out through Shinkenzemi, Kodomo Challenge, preparatory schools, English classrooms, and other businesses in the Benesse Group. We have also developed a variety of instructional materials, content, and services, some of which are provided free of charge to the general public, not just enrollees. At the heart of these activities

has been the firm desire among each and every employee to alleviate the concerns of children and family members and to help solve the problems they face. Even before the COVID-19 pandemic, the Benesse Corporation has responded to the dramatically changing environment by examining its own purpose and principles (judgment standards and behavior standards), putting them into words. We have been able to speedily take on the challenges presented by COVID-19 due to our thorough application of our purpose and principles. We will continue to give our full attention to our customers, providing value as only Benesse can.

The state of society through the COVID-19 pandemic and the support offered by Benesse

		2020 Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Major events				3/2– Elementary, junior high, and senior high schools temporarily closed nationwide	4/7– School closures extended due to state of emergency declarations		6/1– Classes resumed at elementary, junior high, and senior high schools nationwide						
Support for parents and young children				Kodomo Challenge • Opened "Together with Shimajiro! Web Challenge Daycare" • Opened "Online Kindergarten"	Tamahiyo • Opened "Tamahiyo - Making It Through the Pandemic" special support website for expecting mothers		Kodomo Challenge • Opened "Online Summer School," offering classroom lessons in eight fields, including experimentation, athletics, art, and English	Kodomo Challenge • Held "Cheers with Vegetables PARTY 'Online Extracurricular Lessons'" in collaboration with Kagome Co., Ltd. and children's cafeterias	Kodomo Challenge • Streamed popular music that children can enjoy at home	Kodomo Challenge • Streamed "Home Happy Halloween" online show, free of charge, to provide children with expressive opportunities			
Support for elementary, junior high, and senior high school students	Shinken-zemi Business			Elementary, Junior High, and Senior High School Shinkenzemi • Began providing "Spring practice drill booklets" free of charge Junior High School Shinkenzemi • Began offering "Online Shinkenzemi Classes"	Elementary and Junior High School Shinkenzemi • Opened "Today's Schedule" online classroom Senior High School Shinkenzemi • Launched interactive online classes	Elementary and Junior High School Shinkenzemi • Offered "Nationwide Assessment Tests" free of charge • Provided "Individual Review Drills" free of charge	Senior High School Shinkenzemi • Launched "Online Open Campus" due to cancellation of in-person open campuses						
	Other businesses	Prep schools and classrooms • Suspended face-to-face classes (in stages) Afterschool childcare • Expanded operation hours		Class Benesse • Online services for junior high school students held "StudyCast Workshops"	BE Studio • Began streaming "Online Lessons" and "Video Lessons"	Prep schools and classrooms • Opened "Overseas University Advancement and Study Abroad Lab" and offered online workshops for students planning to study overseas	Prep schools and classrooms • Route H and Tetsuryokukai jointly held "U.S.-Japan Top University Online Summer School" • UP Educational Project's Egokan offered "English Study Method Seminar" and "Overseas University Advancement Seminar" online, free of charge • Ochanomizu Seminar offered online seminar, free of charge	Benesse Education Information Forum • Free Benesse Education Information Forum service offered to help solve the problems faced by students preparing for entrance examinations in the midst of the COVID-19 pandemic	Benesse Education Information Forum • Benesse Tetsuryokukai Individualized Education Center expanded web course offerings	Benesse Education Information Forum • Senior High School Entrance Exam Seminars for individual prefectures held in collaboration with 27 prep schools and classrooms nationwide		Benesse Education Information Forum • "Uniform Test for University Admissions In-depth Analysis Festival" online explanation event held free of charge	

Shinkenzemi

Providing free instructional materials and programs that meet changing needs

In response to rising concerns about disparities in educational abilities as the result of schools nationwide being shut down for a long period of time, Shinkenzemi carried out a variety of activities. These included offering "Nationwide Assessment Tests" that could be taken at home, providing "Individual Review Drills" linked to the results of the assessment tests, providing "Spring practice drill booklets" for elementary, junior high, and senior high school students that covered three semesters of material, and offering "Today's Schedule" online classrooms, which enabled participants to maintain their life and study rhythms during the long school closure period. All of these were provided to students free of charge. Questionnaires were administered on a daily basis, and instructional materials and programs were provided that addressed the concerns felt by users and their families.

The decision to offer the "Spring practice drill booklets" free of charge was made on the day that the school closures were announced, and we received 100,000 applications on the first day that registration was open. The schedule was a grueling one, with instructional materials being prepared while reservations were in progress, but Shinkenzemi employees and partner companies worked together as one and succeeded in delivering the materials in just one week. We will continue to place great value on our ability to immediately address changing needs while thoroughly maintaining our unique Shinkenzemi focus on the student experience.

Spring practice drill booklets



Hiroshi Mizukami

Brand Communication Department
Benesse Corporation

Kodomo Challenge

Online Kindergarten provides support to children and parents while daycares are closed

Numerous kindergartens and daycare centers across Japan closed in order to prevent the spread of COVID-19, so children spent a greater amount of time at home. Benesse responded to this by opening its Online Kindergarten in March 2020.

The Online Kindergarten distributed educational and video content, including "brushing teeth," "washing hands," "singing," "dancing," and "intellectual training," matched to a daily schedule made with the supervision of experts. It was designed to enable children to have fun and learn, just like they would in kindergarten or daycare, from within their own homes. Furthermore, it also provided exercise content to help refresh parents working at home. Over a two month period, the content was viewed by over 600,000 people, and we received wonderful feedback, such as "Thanks to the Online Kindergarten, I was able to accomplish a lot while working from home" and "The program helped my children maintain their daily rhythm while the kindergarten was closed." The situations surrounding parents and children is likely to continue to change, and we plan to meet these changes by providing instructional materials that offer new value.



Streamed content was matched to the day's schedule



Reona Yamada

Nursery Department
Benesse Corporation

FOCUS 2

New education in line with the times

Fusing people and digital technology as only Benesse can



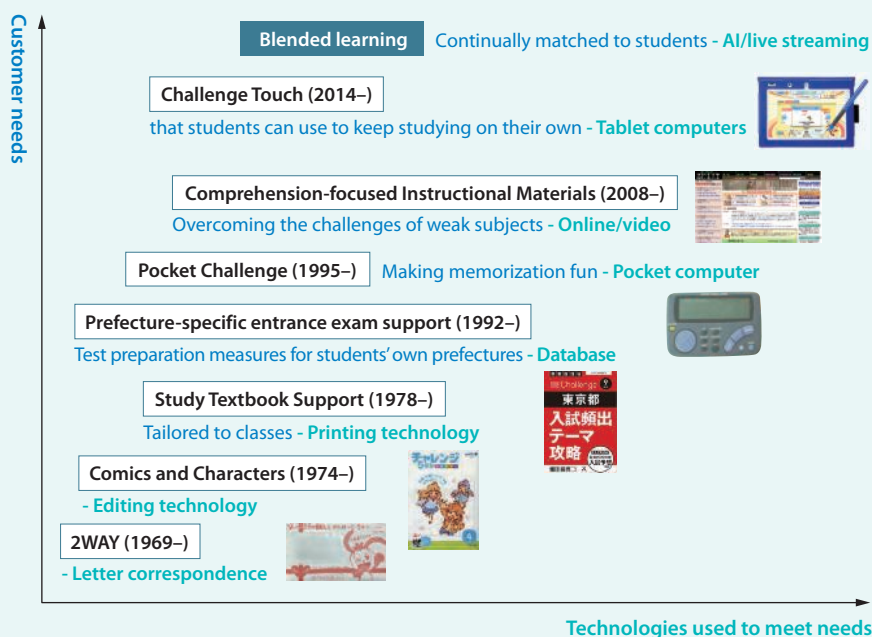
The Benesse Group provides cloud services that support the use of ICT in elementary, junior high, and senior high schools nationwide from a variety of approaches. We leverage the strengths of our educational platform, providing dedicated learning tablet computers to more elementary and junior high school students than any other company, and our tutelage abilities, cultivated over many years, to develop and provide products and services that only our Group can.

Combining the strengths we have cultivated with digital technology to take our services to the next level

Benesse aims to accelerate the digitization of education, thereby meeting the need for personalized services tailored to individual students' educational abilities and motivation, together with diverse educational needs. The number of companies entering the market from other industries is rising. Our sources of competitive superiority are the three strengths of our tutelage abilities, our educational knowledge, and our customer base, which we have developed through our educational services. Our tutelage abilities include our roughly 9,000 "Red-pen teachers" and instructors from Group preparatory schools. Our educational

knowledge includes the expertise and content we have developed through our over five decades of instruction experience and the results of studies and research by the Benesse Educational Research and Development Institute (BERD). Our customer base is an asset made up of the enrollment history of Shinkenzemi, assessment data from Shinken Simulated Exams, and our contact points with schools nationwide. By combining these strengths with digital technologies, we can further enhance our competitive superiority and achieve our educational ideals.

The history of technology use by Shinkenzemi



The strengths of Benesse's educational business

Tutelage

- Number of Red-pen teachers: Approx. 9,000
- Abundance of instructors in Group prep schools: Approx. 8,000
- Course supporters (former Shinkenzemi students): Approx. 13,000

Educational knowledge

- Expertise and content developed over the course of more than five decades
- Assessment know-how
- Studies and research by the Benesse Educational Research and Development Institute

Customer base

- Roughly 2 million current and former Shinkenzemi enrollees
- Assessment data: Total number of takers of Shinken Simulated Exams, etc.: Approx. 9 million/year
- Contact with schools we do business with roughly 90% of schools

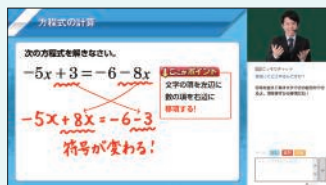
Shinkenzemi

Combining “instruction that motivates students” and “personally tailored digital learning” to improve customer satisfaction

Of the roughly 400,000 students currently enrolled in our Shinkenzemi Junior High School Courses, about 70% are using our hybrid style, combining dedicated tablet computers and textbooks. The growth of tablet computer-based learning has made it possible for us to speedily provide students with education proposals that are personally tailored to meet, for example, students' academic levels and frequency of school club activities. In April 2021, we introduced proficiency scores, which use learning data to predict test scores and generate study plans for reaching and surpassing target scores. In August, we applied AI to historical data regarding past initiatives to identify which lessons increase proficiency scores the most and offered those lessons during the summer break. Furthermore, our weekly bidirectional online live classes are improving students' motivation, creating a weekly study rhythm, and enabling teachers to explain questions that are hard for students to understand on their own and to answer individual students' questions. By creating a study cycle that fuses digital technology with human instruction, we aim to improve instructional material utilization rates and ongoing use.



Generating study plans based on proficiency scores



Bidirectional online live classes



Itsuko Yamane

Department Chief, Shinkenzemi Junior High School Courses Department
Benesse Corporation

School and Teacher Support

Developing independent, interactive, deep study among the students that will shape the future

Thanks to the GIGA School Project, almost every elementary and junior high school student has been assigned their own digital device, and digital study in schools is shifting from the device ubiquity to the device usage phase. Our tablet learning software, Mirai Seed, is notable not only for the drills it provides and its ability to enable opinion-sharing in class, but also for supporting the entire process from data collection to effectiveness verification. We hope that the tablets help students organize and share their ideas, stimulating group work and class-wide discussions and expanding the use of active learning classes.

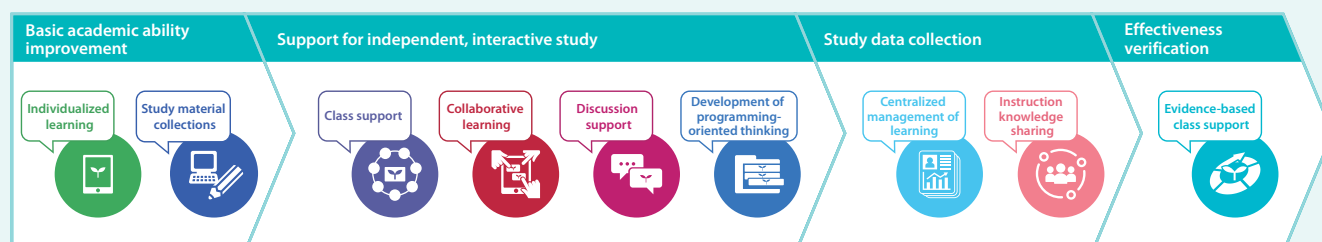
In the future, we plan to use Mirai Seed to further collaborate with local municipal governments with the aims of helping schools and governments realize their educational ideals and enabling all students to actively and independently engage in learning, anywhere, at any time.



Hirotaka Koyanagi

Department Chief, Elementary and Junior High School Business Department, School and Teacher Support Business Company
Benesse Corporation

Mirai Seed all-in-one software for tablet education



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

Proto Medical Care Co., Ltd.
Owns powerful media that can be used to recruit job-seekers and cultivate clients

介護求人ナビ

Nursing Recruitment Nav

Recruitment and job change site specializing in nursing, welfare, and medical care. Attracts numerous job-seekers and has large number of position listing

ハートページ

Heart Pages

Free regional newspaper with information regarding nursing care insurance and nursing care service providers

Benesse MCM Corp.
Human-based career support

ベネッセMCM

Benesse MCM

Company that leverages the high quality of its registered staff to assist with temporary employee recruitment and job changes for medical and nursing care specialists



FOCUS 3

Placing importance on deep respect
for people's individuality

Using technology to improve QOL



Benesse's combination of nursing care and technology emphasizes improving the QOL of residents and making more time for staff members to interact with residents, stimulating new discoveries. We use technology to support the people that provide care, constantly evolving so that we can provide even better services.

Benesse Style Care

Bringing together a wealth of data and implicit workplace knowledge to improve the skills of all staff members

In 2017, we developed the Service Navigation System, a recordkeeping platform for nursing and caregiving. By digitizing and collecting data on nursing and caregiving, we have been able not only to improve operation efficiency and prevent accidents from reoccurring, but also to foster new realizations regarding residents. We are making further advances in technology usage, and are in the process of preparation and development work aimed at introducing "Sensing Homes," which utilize sensors throughout nursing homes, in 2022.

Sensing Homes will combine the data we have accrued through our Service Navigation System with the results of analysis of data regarding residents acquired through the use of sensors, such as data regarding their sleep and excretory activity. AI will be applied to these data to perform analysis and make optimal care predictions. Furthermore, we are raising the skill level of staff members across the board by sharing information with staff whose high level of expertise and ability has been recognized with our "Majikami" internal certification system, and by turning their implicit knowledge into explicit knowledge.



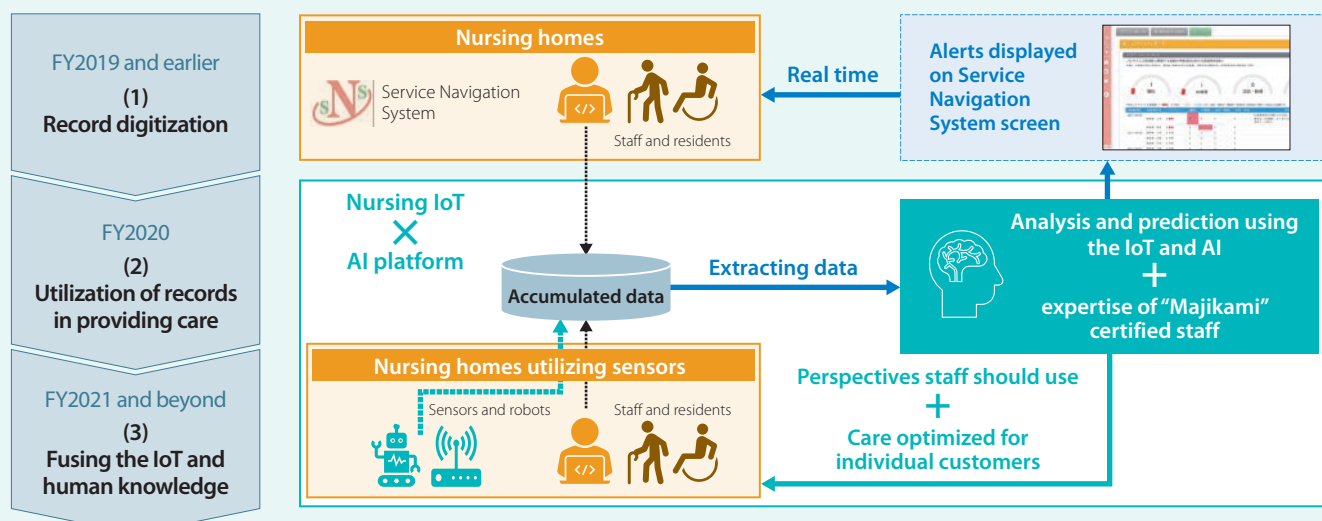
Ken Iwaida

General Manager, Service
Promotion Division
Executive Officer, Benesse Style
Care Co., Ltd.

Selection to participate in AMED's Project to Promote the Development and Standardization of Robotic Devices for Nursing Care (Development Support)

Benesse Style Care was selected to engage in nursing care operation system development as part of the Project to Promote the Development and Standardization of Robotic Devices for Nursing Care (Development Support) being conducted in fiscal 2021 by the Japan Agency for Medical Research and Development (AMED). It will receive subsidies over the course of at least three years as it accelerates system development.

The evolution of our service navigation



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

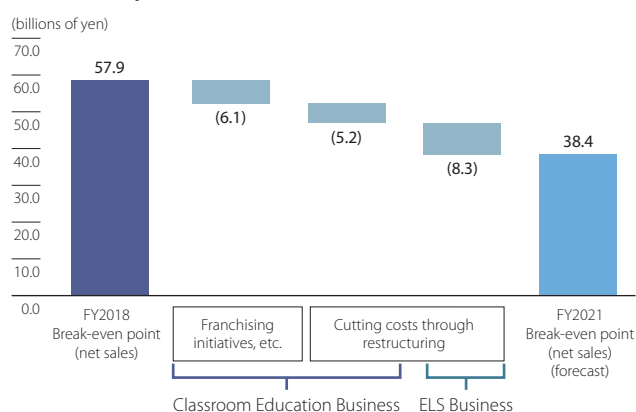
- ◆ Diversification and intensifying competition in products and services due to the shift to digital mediums
- ◆ COVID-19 related restrictions on face-to-face lessons and overseas travel for business and study purposes, etc.

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

