



Benesse Holdings, Inc.

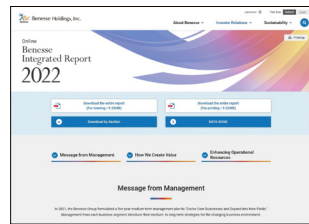
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Information disseminated on major websites

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

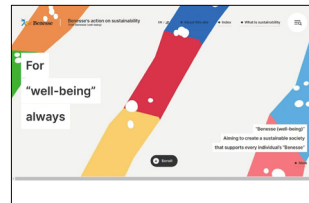
Online version of Benesse Report 2022

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>



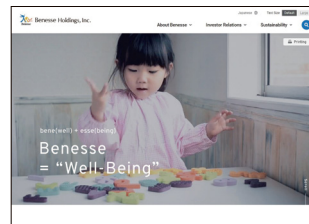
Benesse's action on sustainability from Benesse

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

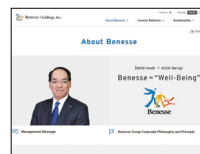


Benesse Holdings corporate website

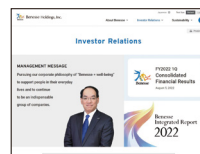
Our corporate website provides comprehensive information on the Group as a whole.
<https://www.benesse-hd.co.jp/en/>



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 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

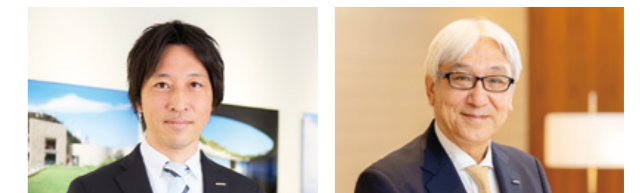
This report includes statements regarding current plans, forecasts, strategies, etc. Any of these statements that are not historical facts are forecasts of future performance; these statements are based on the judgment that the Company has formed using the information currently available, so they involve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

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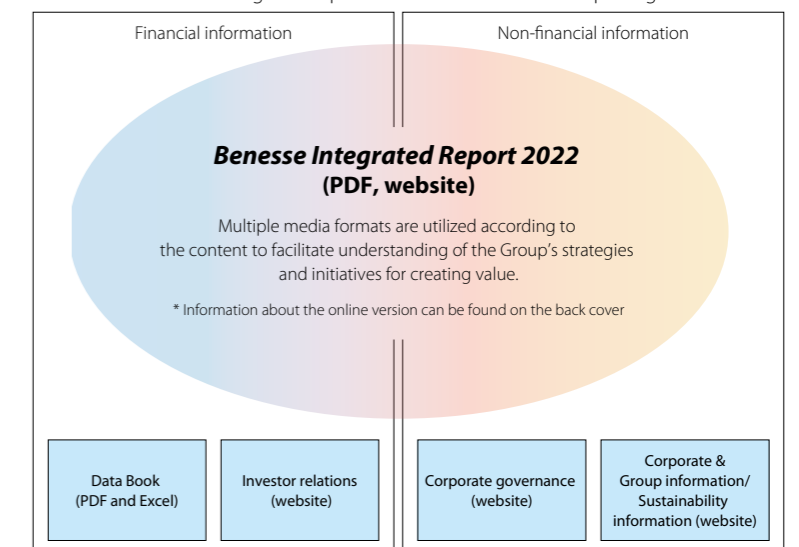
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How this integrated report fits into our information reporting

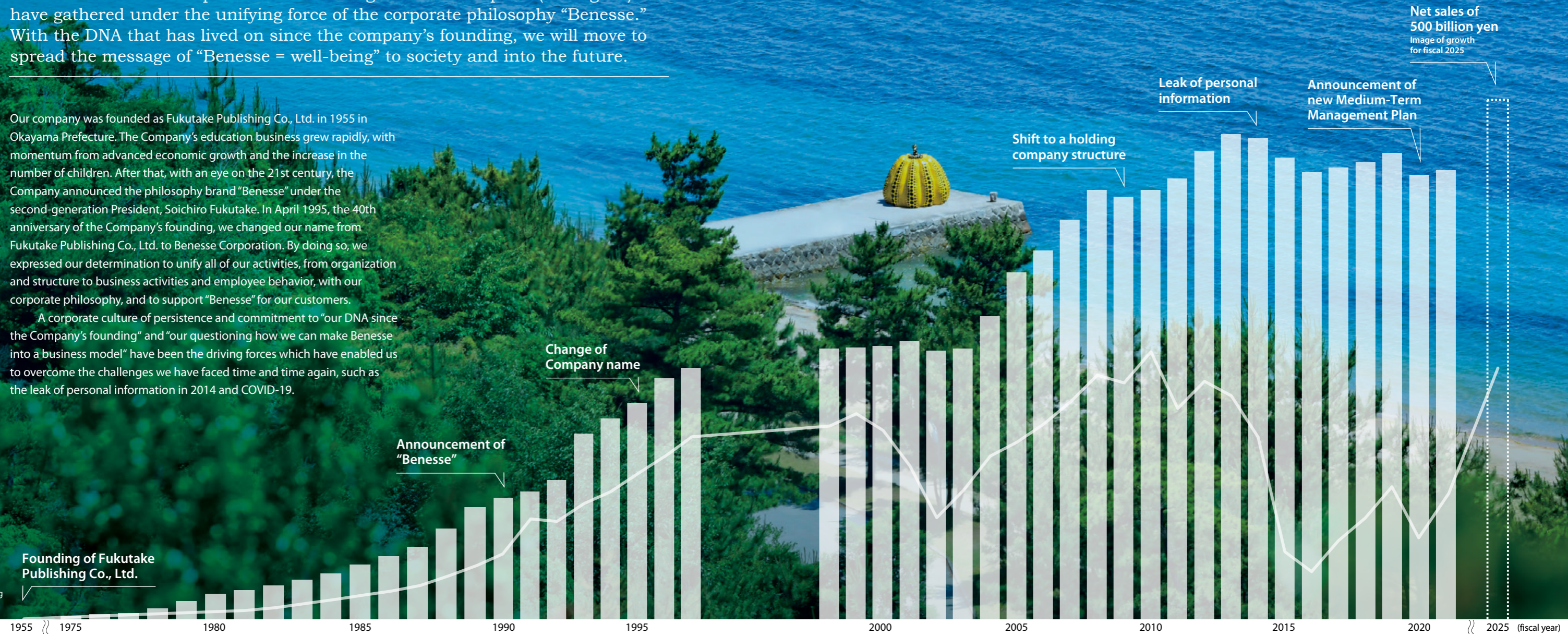


Steps in the History of Value Creation at Benesse

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

