

Financial Results Briefing Materials for Third Quarter of Fiscal Year Ending March 31, 2022

ADVANTAGE Risk Management Co., Ltd.
[Securities code: 8769 TSE 1st Section]

February 4, 2022



IS 675385 / ISO27001



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01 Overview of Financial Results

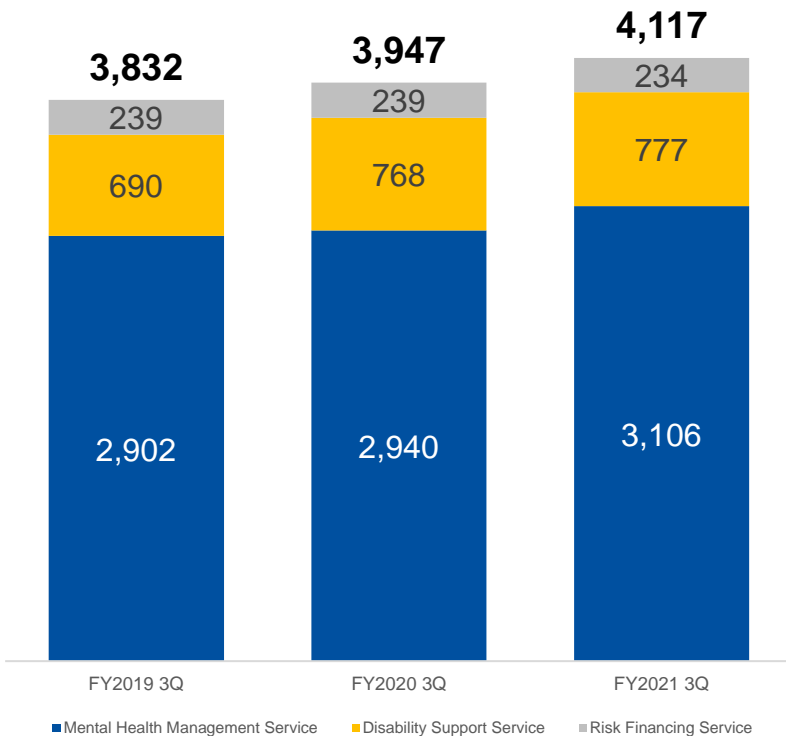


Overall Business Results

	FY2020		FY2021		YoY	
	3Q		3Q			
(Millions of yen)	Results	Component of net sales (%)	Results	Component of net sales (%)	Change	% Change
Net sales	3,947	-	4,117	-	+169	+4.3%
Gross profit	3,052	77.3%	3,042	73.9%	-10	-0.3%
Operating profit	463	11.7%	134	3.3%	-328	-71.0%
Ordinary profit	467	11.8%	132	3.2%	-334	-71.7%
Profit attributable to owners of parent	319	8.1%	91	2.2%	-228	-71.4%

Net Sales

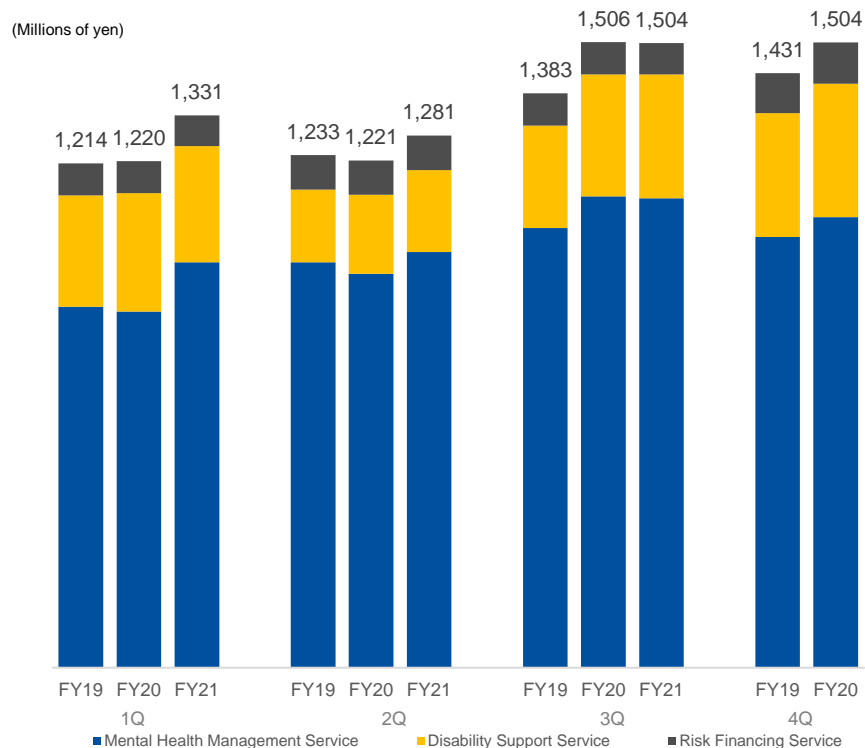
(Millions of yen)



Net sales increased by 4.3% YoY but fell significantly short of the plan

Net sales increased YoY. However, as the increase in workload for the transition to a new system (ADVANTAGE TOUGHNESS) and slowdown of sales activities due to the unexpected retirement of sales personnel in a certain department as well as delays in the adoption of ADVANTAGE HARMONY for the Work-Life Balance Support Service due to people in charge at client HR departments prioritizing workplace vaccinations affected 3Q more than expected, net sales fell significantly short of the plan.

Net Sales for the Past Three Years

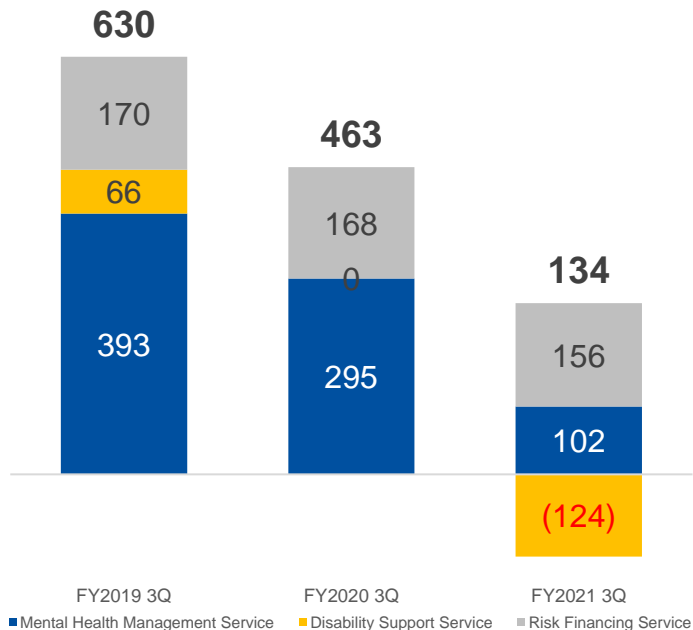


Slight decrease in 3Q (October to December) YoY, falling significantly short of the plan

3Q (October to December) results slightly declined YoY falling significantly short of the plan mainly due to a slowdown caused by a system renewal in 1H, stagnant sales activities caused by unexpected retirement of sales personnel, and longer lead time for adoption of ADVANTAGE HARMONY due to prioritized workplace vaccinations.

Operating Profit

(Millions of yen)



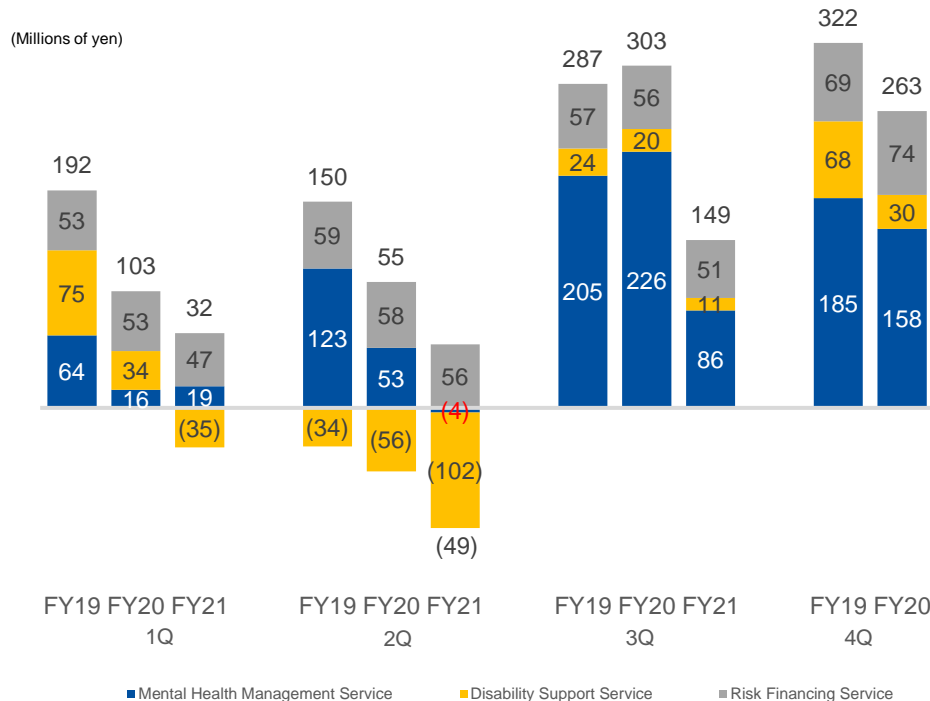
Investments made as planned Operating profit decreased YoY

While the top line fell significantly short of the plan, various measures necessary to achieve the Medium-term Management Plan including improvement of main services such as ADVANTAGE TOUGHNESS and ADVANTAGE HARMONY, investment in development of new services and systems such as ADVANTAGE Well-being DXP and ADVANTAGE pdCa, and more active hiring of IT and other personnel were conducted, leading to a decline in profit YoY.

Note: Operating profit for each segment is the reportable segment profit for financial accounting purposes after allocating corporate expenses (*) on a certain basis such as the share of each reportable segment in net sales.

(*) Mainly selling, general and administrative expenses for administrative and other departments that do not belong to any reportable segment

Quarterly operating profit for the Past Three Years



Operating profit was also significantly below the plan due to a shortfall in net sales

Various measures such as investing in systems for future growth and more active hiring were conducted as planned.

Although operating profit improved in 3Q from 2Q, it was significantly below the plan due to a shortfall in net sales.

Note: Operating profit for each segment is the reportable segment profit for financial accounting purposes after allocating corporate expenses (*) on a certain basis such as the share of each reportable segment in net sales.

(*) Mainly selling, general and administrative expenses for administrative and other departments that do not belong to any reportable segment

Profit Trends

(Millions of yen)	FY2020 3Q	FY2021 3Q	Change	Primary factors for the change
Net sales	3,947	4,117	+169	<ul style="list-style-type: none"> • <u>Mental Health Management Service</u> The health checkup management system grew. The plan was not achieved mainly due to the workload for transition to the new TOUGHNESS system. • <u>Disability Support Service</u> For the LTD Service, while the number of prospects grew steadily, the plan was not achieved due to carry-overs, etc. Acquisition of new contracts for the Work-Life Balance Support Service was postponed beyond expectations due to fewer opportunities for business talks as a result of clients addressing workplace vaccinations.
Expenses	3,484	3,983	+498	<ul style="list-style-type: none"> • <u>Cost for enhancing products</u> Transition expenses associated with the system renewal and expenses for doubling up with the former system ¥65M+ Increased system-related expenses ¥74M Increased amortization of software mainly due to investing in new systems ¥112M • <u>Cost for enhancing marketing</u> Increased expenses due to more active promotion programs including TV commercials and taxi advertisements and sales promotion programs ¥82M • <u>Personnel expenses</u> Provision for share awards associated with the adoption of ESOP ¥64M Increased personnel expenses from investing in IT personnel to promote in-house development for achieving the Medium-term Management Plan and hiring of employees to expand each service ¥165M
Operating profit	463	134	(328)	<ul style="list-style-type: none"> • <u>Net sales increased, but profit decreased</u> Profit decreased while net sales increased due to carrying out proactive investment for achieving the Medium-term Management Plan as described above.






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02 State of Each Business

- (1) Mental Health Management Service
- (2) Health and Productivity Management Service
- (3) LTD Service
- (4) Work-Life Balance Support Service
- (5) Risk Financing Service



Summary of State of Each Business (Third Quarter Results and Forecast for the Year)

Business	State of cumulative 3Q and the forecast for the current fiscal year
Mental Health Management Service 	<ul style="list-style-type: none"> Sales activities from October onward were negatively impacted by the workload for the transition associated with a system renewal of ADVANTAGE TOUGHNESS in 1H and a delay in system reorganization associated with unexpected retirement of personnel engaging in sales, resulting in solution sales significantly below the forecast. Results for the current fiscal year are also expected to fall significantly below the forecast, mainly due to insufficient acquisition of new clients. Looking toward the next fiscal year, efforts are being made to improve the sales structure.
Health and Productivity Management Service 	<ul style="list-style-type: none"> Health checkup system and occupational physician / health nurse service both increased net sales YoY, while the number of new contracts acquired were below the plan.
LTD Service 	<ul style="list-style-type: none"> Net sales were almost the same as the previous year. However, they were below the plan mainly due to a carry-over and lost orders. The pipeline for the next fiscal year is promising with greatly increased prospects of initially planned large projects. However, as projects which are postponed to the next fiscal year increased more than initially expected, net sales are expected to be below the plan also for the current fiscal year.
Work-Life Balance Support Service 	<ul style="list-style-type: none"> Sales activities for implementation were stagnant due to people in charge of the client HR departments prioritizing workplace COVID-19 vaccinations during 1H. From December onward, the number of contracts and companies deciding on implementation increased; however, implementation was delayed beyond expectations mainly due to setbacks in 1H and in line with the amendments to the Childcare and Caregiver Leave Act to be enforced in April. Net sales for 3Q were significantly below the forecast and those for the fiscal year are expected to fall below the forecast as well.
New initiatives for future growth 	<ul style="list-style-type: none"> We released ADVANTAGE Well-being DXP Phases 1.0 and 1.5 and ADVANTAGE pdCa for pulse surveys*. The number of companies deciding or considering adoption of multiple services increased due to comprehensive proposals centered around ADVANTAGE Well-being DXP. By promoting adoption of multiple services, the transaction amount per newly acquired client is on an upward trend. Through partnership with RESOL LIFE SUPPORT CO., LTD., we launched sales of ADVANTAGE WellGage, our unique package service selling benefits and welfare services as a set.

* Pulse survey is a survey method in which simple surveys are conducted repeatedly over a short period of time.

(1) Mental Health Management Service – Business Results

(Millions of yen)

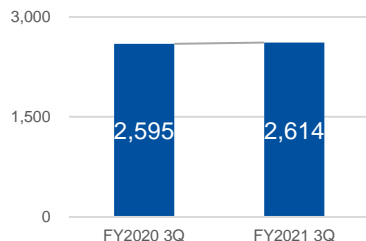
	FY2020 3Q	FY2021 3Q	YoY change
Net sales	2,595	2,614	+0.8%
Segment profit	608	433	-28.8%
Operating profit after allocating corporate expenses	328	119	-63.4%

Note: Operating profit after allocating corporate expenses for each business is the reportable segment operating profit for financial accounting purposes after allocating corporate expenses (*) on a certain basis such as the share of each business in net sales.

(*) Mainly selling, general and administrative expenses for administrative and other departments that do not belong to any reportable segment

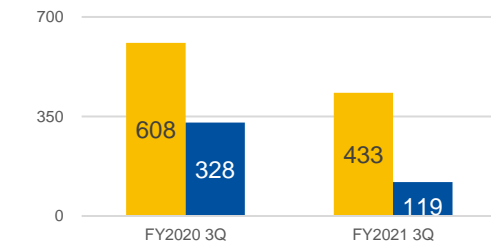
Net sales

(Millions of yen)



Segment profit / Operating profit after allocating corporate expenses

(Millions of yen)



■ Segment profit ■ Operating profit after allocating corporate expenses

- Net sales remained almost flat YoY. Workload for the transition associated with a system renewal of the TOUGHNESS series in 1H impacted 3Q more than expected. In addition, the unexpected retirement of personnel engaging in sales caused setbacks in sales activities for solution sales and new services, resulting in net sales significantly below the plan.
- Costs incurred for development costs associated with the system renewal, operation expenses for both new and former systems, investment in systems, and increased personnel expenses from more active hiring were as planned, resulting in a significant decline in profit YoY.
- Although reorganization of the sales structure has progressed, the negative impact from setbacks and delays in sales activities was not offset. The results for the fiscal year are also expected to fall below expectations.

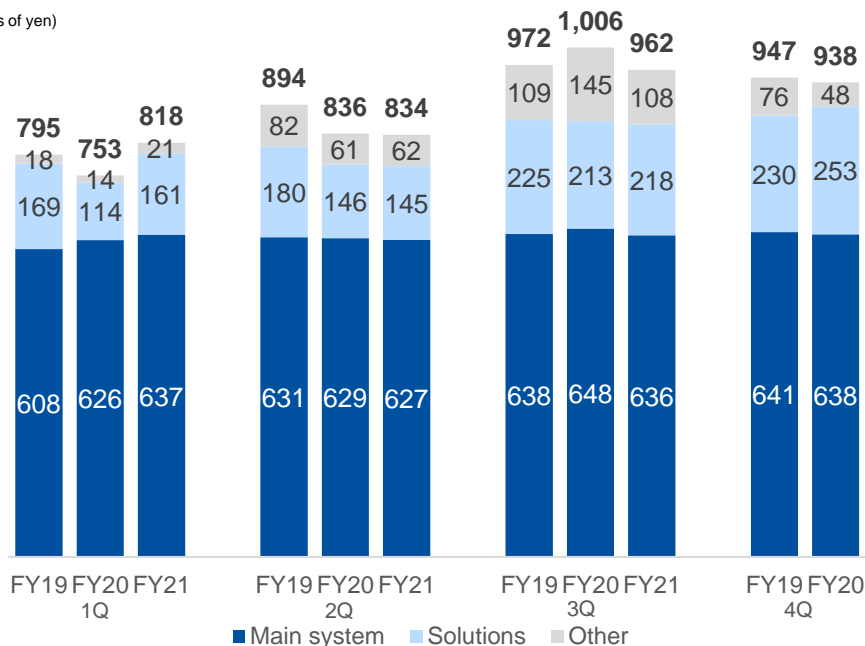
(1) Mental Health Management Service – Sales Trends by Product

During 3Q, as described below, although newly acquired contracts of the main TOUGHNESS system increased YoY, existing clients reevaluated contracts due to group integration and abolition and the impact of the COVID-19 pandemic, resulting in a decline in sales and consequently, a decline in net sales. Solution sales are on a recovery trend; however, setbacks in sales activities mainly due to the sales structure affected by retirement of personnel resulted in sales below expectations. For cumulative 3Q, net sales increased 0.8% YoY.

• Three-year quarterly trends

Net sales declined in 3Q

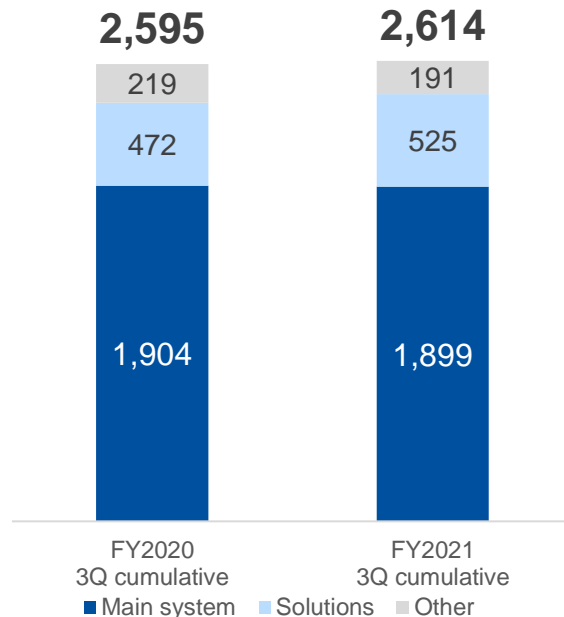
(Millions of yen)



• YoY (Cumulative 3Q)

An increase of 0.8% YoY

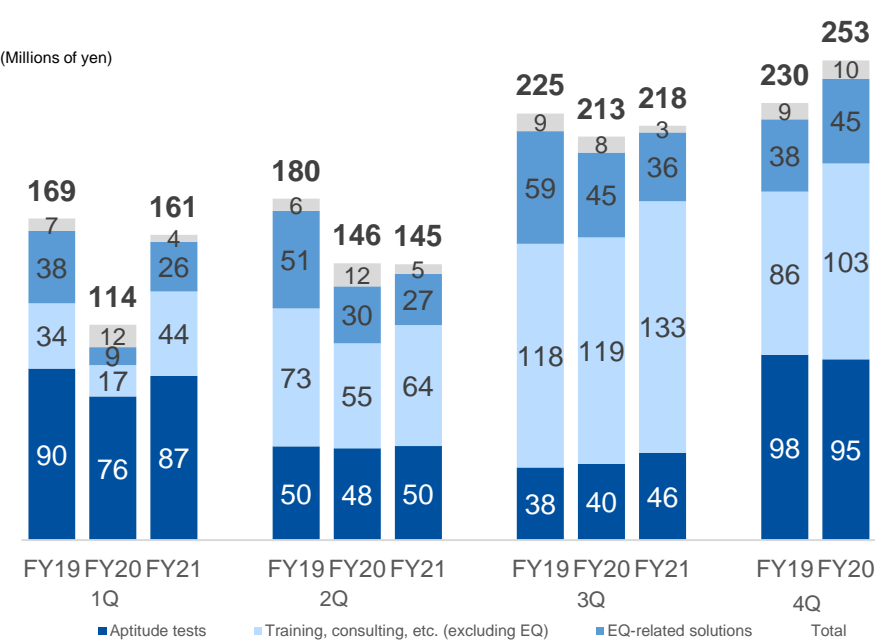
(Millions of yen)



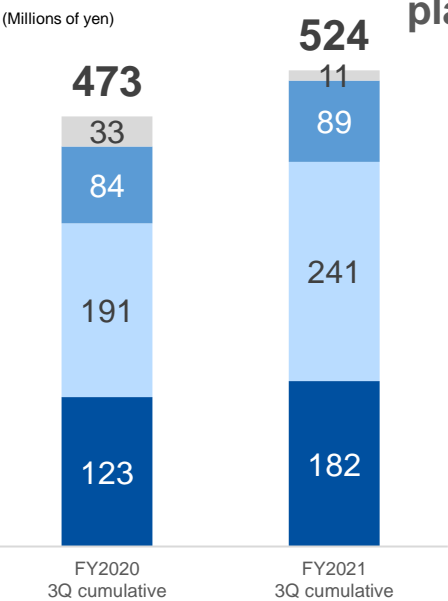
(1) Mental Health Management Service – Breakdown of Solution Sales

Despite an increase of 10.8% from the previous fiscal year which saw a significant decline due to the impact of the COVID-19 pandemic, net sales for cumulative 3Q were significantly lower than the plan and declined from 3Q of FY2019. Solution sales are still midway toward recovery. Setbacks in sales activities caused by increased workload for the system transition continued from 1H and retirement of personnel led to sluggish growth, leading to net sales for 3Q also falling significantly short of the plan.

• Three-year quarterly trends



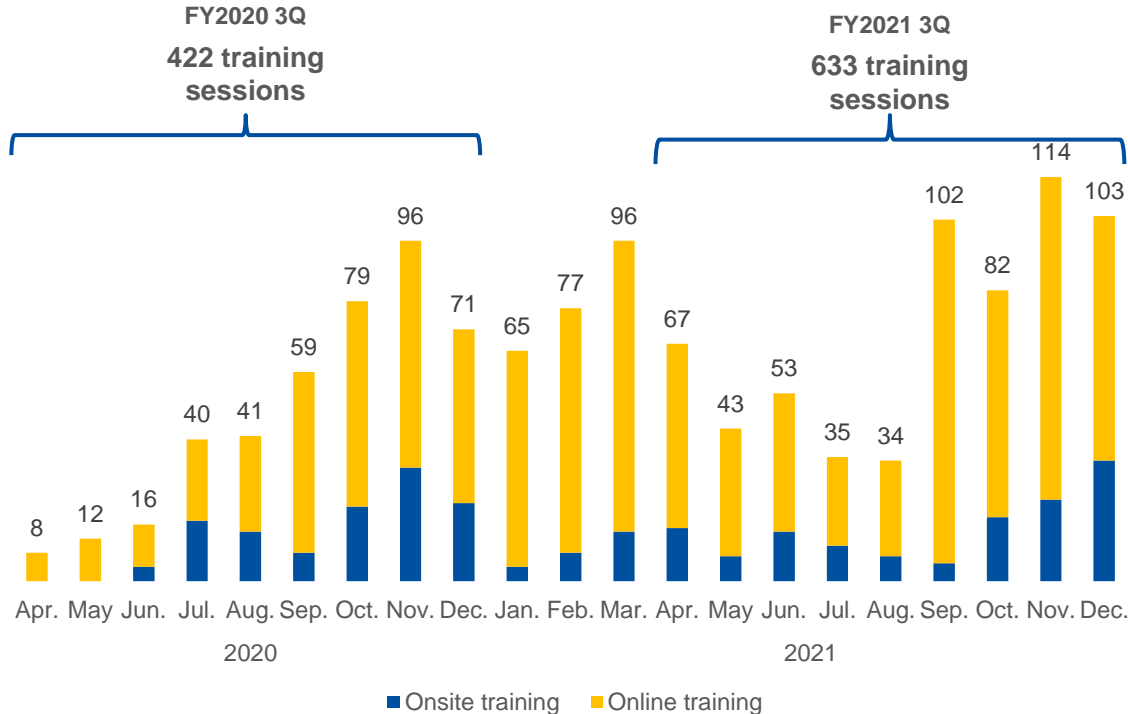
• YoY (Cumulative 3Q)



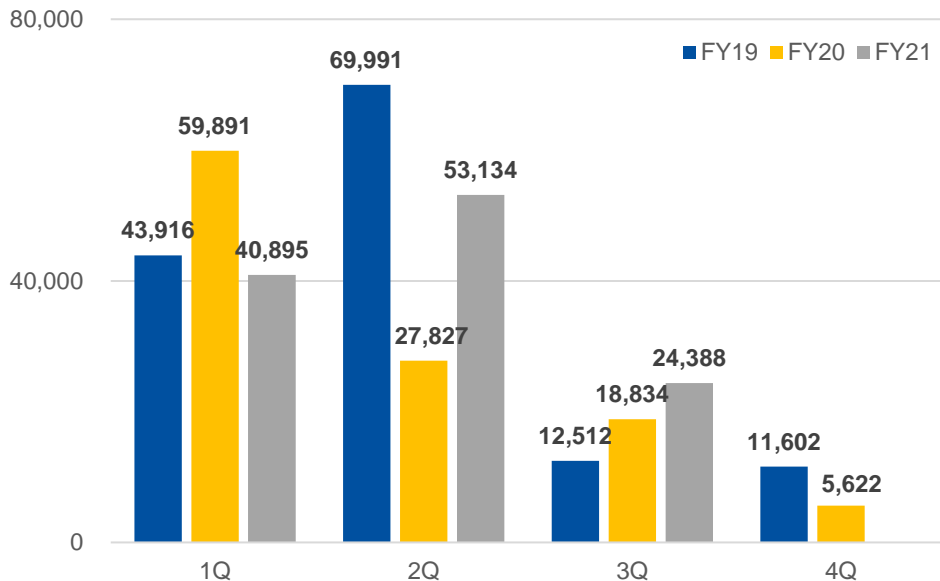
Significantly below the plan despite a 10.8% increase YoY

(1) Mental Health Management Service – Trends in Number of Training Sessions Provided

- As a result of introducing online training beginning in FY2020 1H, when the impact of the COVID-19 pandemic hit, the number of training sessions provided in cumulative 3Q increased to almost 1.5 times compared with the previous fiscal year.
- July and August were sluggish compared with the previous year due to the impact of increased workload for the system transition on sales activities, but September and subsequent months saw strong recovery, though falling short of the plan.



(1) Mental Health Management Service – Trends in Number of New Stress Checkup Contract IDs



An increase of **11.1% YoY**
(Cumulative 3Q)

As it took time to reflect and instill new strategies and new services into sales activities, the increase in new IDs was below the plan, although there was progress in creating prospective customers.

(2) Health and Productivity Management Service – Business Results

(Millions of yen)

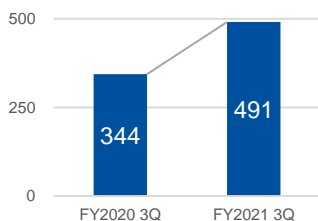
	FY2020 3Q	FY2021 3Q	YoY change
Net sales	344	491	+42.5%
Segment profit	(1)	31	-
Operating profit after allocating corporate expenses	(32)	(17)	-

Note: Operating profit after allocating corporate expenses for each business is the reportable segment operating profit for financial accounting purposes after allocating corporate expenses (*) on a certain basis such as the share of each business in net sales.

(*) Mainly selling, general and administrative expenses for administrative and other departments that do not belong to any reportable segment

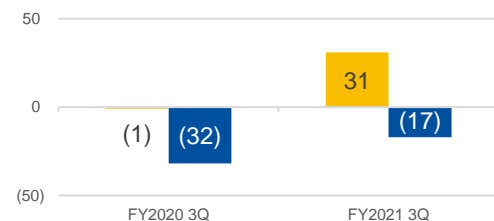
Net sales

(Millions of yen)



Segment profit / Operating profit after allocating corporate expenses

(Millions of yen)

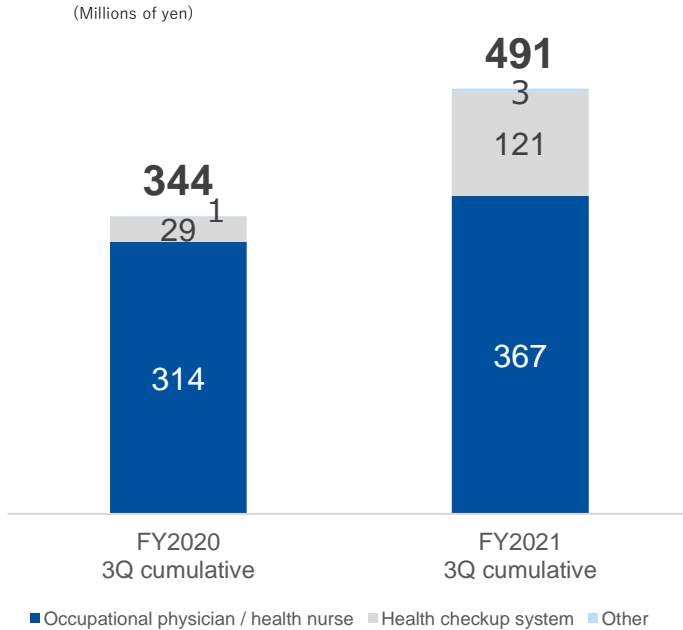


■ Segment profit ■ Operating profit after allocating corporate expenses

* Health and Productivity Management Service: Health checkup management system, occupational physician / health nurse service and other products

- Health checkup system and occupational physician / health nurse service both saw an increase in sales. Net sales increased 42.5% YoY.
- For the health checkup system, upselling to existing clients performed favorably. Backed by the trend to digitalize health checkup results, acquisition of new clients is also expected to maintain a high growth rate, to be made mainly through cross-selling to clients using other services such as TOUGHNESS by utilizing ADVANTAGE Well-being DXP. However, the number of projects with adoption postponed increased more than expected and results for the fiscal year are expected to fall short of the plan.
- For the occupational physician / health nurse service, upselling to existing clients expanded favorably due to increased operations. Meanwhile, the increase in new clients is expected to be lower than the plan due to a decreased pipeline resulting from a delay in promotional activities.

(2) Health and Productivity Management Service – Sales Trends by Product



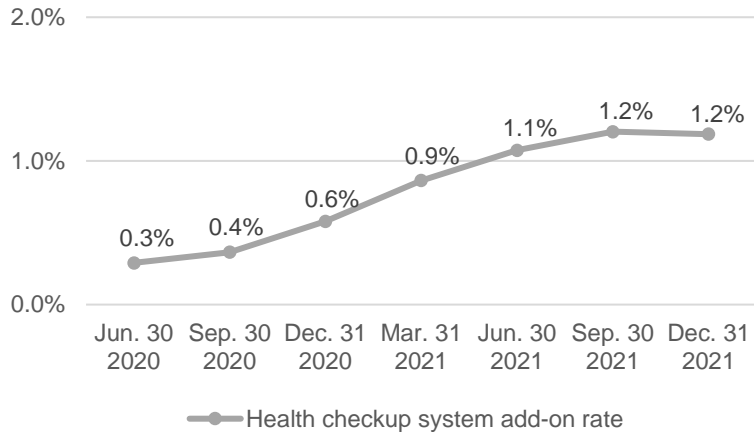
An increase of **42.5%** YoY

Occupational physician / health nurse service and health checkup system both grew substantially.
Health checkup system in particular achieved more than a four-fold growth YoY.

(2) Health and Productivity Management Service – Health Checkup System Add-on Rates and Occupational Physician / Health Nurse Service Add-on Rates

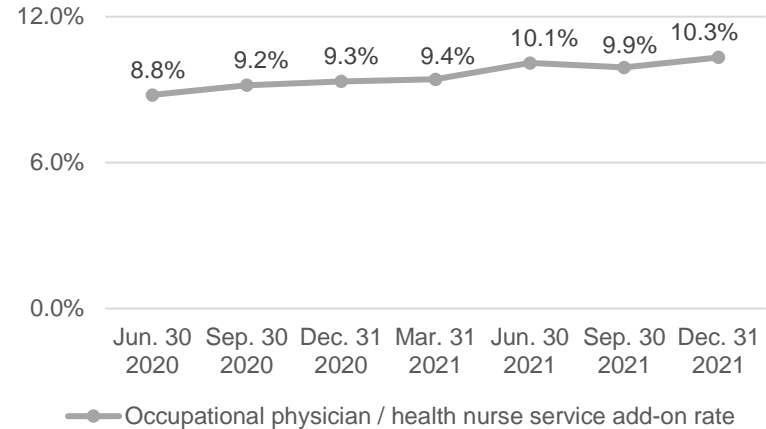
The ratio of clients adding on the health checkup system or occupational physician / health nurse service to stress checkups remained almost flat.

Health checkup system add-on rates



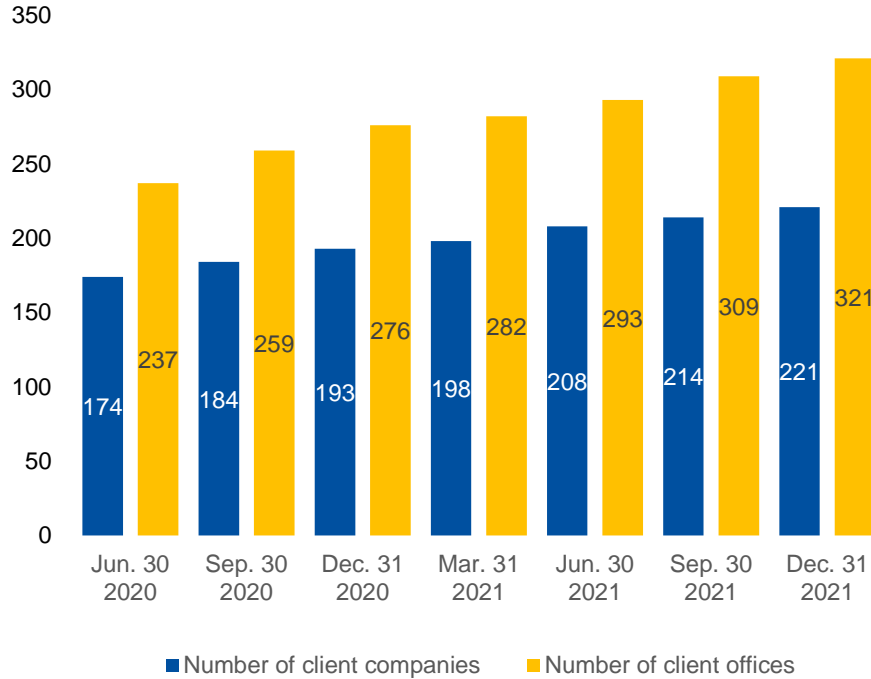
* Health checkup system add-on rate = number of companies that adopted health checkup system / number of companies that adopted stress checkup

Occupational physician / health nurse service add-on rates



* Occupational physician / health nurse service add-on rate = number of companies that adopted occupational physician / health nurse service / number of companies that adopted stress check

(2) Health and Productivity Management Service – Trends in Number of Client Companies and Offices for Occupational Physician / Health Nurse Referral Service



Compared with the end of the previous fiscal year

Number of client companies
12.8% increase

Number of client offices
10.8% increase

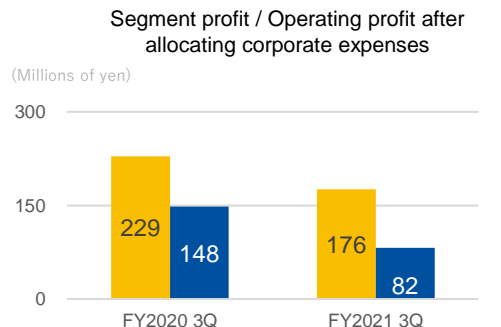
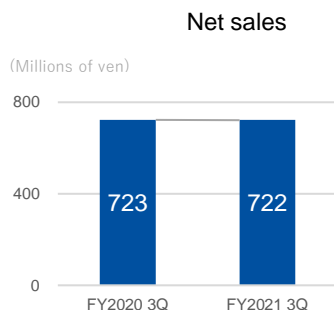
(3) LTD Service – Business Results

(Millions of yen)

	FY2020 3Q	FY2021 3Q	YoY change
Net sales	723	722	-0.0%
Segment profit	229	176	-23.0%
Operating profit after allocating corporate expenses	148	82	-44.1%

Note: Operating profit after allocating corporate expenses for each business is the reportable segment operating profit for financial accounting purposes after allocating corporate expenses (*) on a certain basis such as the share of each business in net sales.

(*) Mainly selling, general and administrative expenses for administrative and other departments that do not belong to any reportable segment



■ Segment profit ■ Operating profit after allocating corporate expenses

- Net sales remained almost flat YoY, falling short of the plan, owing to negative factors such as some clients reducing employees and cutting costs due to the COVID-19 pandemic, a timing issue with the acquisition of new clients, and a loss of orders.
- A steady trend was seen as the number of new prospective large projects remarkably increased with a stronger pipeline. However, mainly due to postponement to the next fiscal year, net sales for the current fiscal year are expected to fall short of the plan.

(4) Work-Life Balance Support Service – Business Results

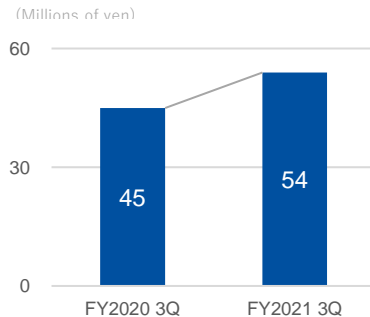
(Millions of yen)

	FY2020 3Q	FY2021 3Q	YoY change
Net sales	45	54	+20.0%
Segment profit	(136)	(191)	-
Operating profit after allocating corporate expenses	(149)	(206)	-

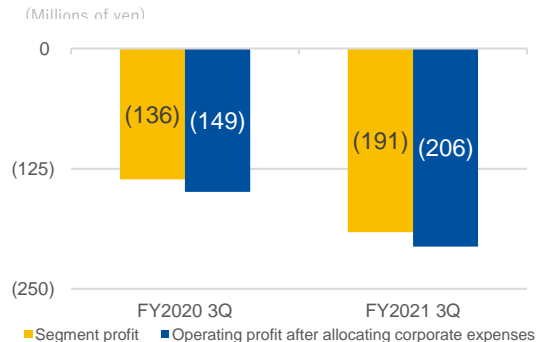
Note: Operating profit after allocating corporate expenses for each business is the reportable segment operating profit for financial accounting purposes after allocating corporate expenses (*) on a certain basis such as the share of each business in net sales.

(*) Mainly selling, general and administrative expenses for administrative and other departments that do not belong to any reportable segment

Net sales



Segment profit / Operating profit after allocating corporate expenses



- Net sales were affected more than expected by delayed sales activities mainly due to HR departments of client companies prioritizing workplace COVID-19 vaccinations. Although orders increased in 3Q, plans for initial adoptions were considerably pushed back.
- As for costs, while system-related expenses increased, including 12 million yen in temporarily doubled-up costs associated with the system renewal, the development of systems for responding to the law to be amended in the next fiscal year and other issues has been progressing steadily.

(4) Work-Life Balance Support Service – ADVANTAGE HARMONY Introduction Case Studies (Comments from Client Companies)

ADVANTAGE HARMONY in general

- We used to have frequent issues communicating with employees on leave, but contacting employees on leave has become easier. ADVANTAGE HARMONY has provided a great benefit in **streamlining** the management of employees on leave going forward.
- In addition to automatic calculation of leave periods, To Do lists are automatically prepared for the HR department in charge of the management and the employees on leave. ADVANTAGE HARMONY has enabled us to **manage the employees on leave smoothly** while **reducing the workload for scheduling**.
- ADVANTAGE HARMONY has made it very easy to share information with employees on leave. With access controls according to roles, it has become easier to assign related personnel.

Non-work-related medical leave

- With daily activity records and other tools, we can now **visualize** how employees on leave are doing while they are on leave and when preparing for reinstatement, making it easier to obtain information needed for determining reinstatement.
- It has become possible to easily share sensitive information on non-work-related medical leave among related parties (occupational physicians, HR, superiors, etc.), as detailed access controls are possible.
- **eRework** can be implemented without restrictions on location or time, leading to improvement in the future reinstatement process.

Maternity leave / childcare leave

- Handling of employees on childcare leave has become very simple despite the large number of eligible employees, because we can now **digitalize** the submission of maternal and child health handbook and other documents.
- The system is also well-received by employees on leave, because it enables **dissemination of various information** from the company and two-way communication, in addition to posting clerical notices.
- We were worried that procedures would be more complex due to the **amendments to the Childcare Leave Act**, but we are hoping the burden would be reduced by the system updates to accommodate the amendments by using the new functions of ADVANTAGE HARMONY.

(5) Risk Financing Service – Business Results

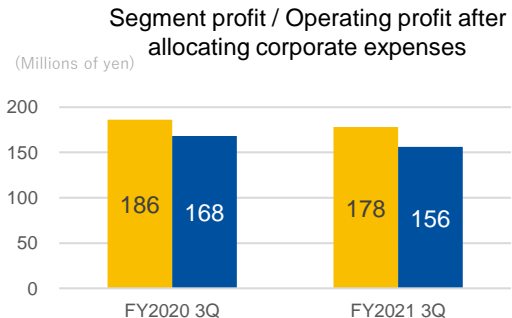
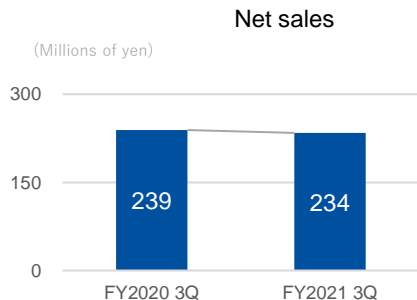
(Millions of yen)

	FY2020 3Q	FY2021 3Q	YoY change
Net sales	239	234	-2.1%
Segment profit	186	178	-4.6%
Operating profit after allocating corporate expenses	168	156	-7.2%

Note: Operating profit for each business is the reportable segment profit for financial accounting purposes after allocating corporate expenses (*) on a certain basis such as the share of each business in net sales.

(*) Mainly selling, general and administrative expenses for administrative and other departments that do not belong to any reportable segment

Performed generally as planned



■ Segment profit ■ Operating profit after allocating corporate expenses

Outlook and Status of Each Service Toward the Next Fiscal Year

(1) Mental Health Management Service – Outlook for the Next Fiscal Year

System renewal for the TOUGHNESS series

- Although the workload for the transition associated with the system renewal continued to have an impact until 3Q more than expected, the new system is well-received by client companies that have completed the transition. Comments included “Usability has increased with the improved UI” and “Reports are easier to understand.”

Development of Well-being DXP and comprehensive proposals

- Comprehensive proposals after stress checkups / engagement surveys are conducted are trending favorably toward the next fiscal year, with ADVANTAGE Well-being DXP, a problem-solving system which includes visualizing diversifying company needs, solving issues, and verifying the effects, at the core. Real-world demonstrations enable clients to better visualize use cases, raising their expectations.

Expansion of market for small and medium-sized enterprises

- We launched sales of ADVANTAGE WellGage, a unique package service which incorporates GLTD to conduct stress checkups, and a benefits and welfare service supporting well-being and obtained positive responses.

Development of new products / EQ-related / solution sales

- We promote “ADVANTAGE pdCa,” new pulse survey service accelerating more fine-tuned PDCA for organizational improvement, as a package with TOUGHNESS, ADVANTAGE Well-being DXP, and products from other businesses.
- Issues such as communication problems and stress and retirement issues among young employees amid the COVID-19 pandemic have become more recognized and the need for solutions after receiving stress checkup results are increasing.

(2) Health and Productivity Management Service – Outlook for the Next Fiscal Year

Health checkup management system

- Partly due to the COVID-19 pandemic, the trend to digitalize health checkup data is accelerating. The number of companies considering adoption of health checkup systems continues to rise.
- For establishing a business domain for health management and improvement in the physical health field, we promoted a business alliance with Wellness Communications Corporation in which we took an ownership stake, in addition to Value HR Co., Ltd., an existing business partner.

Needs for promotion of health and productivity management / development of DXP

- As corporate demand for promotion of health and productivity management has been expanding, more companies are considering utilizing centralized management of data, including health management information, with ADVANTAGE Well-being DXP at the core.

Health and productivity management seminar / specified health guidance program

- The number of inquiries continued to increase for physically-minded health seminars (including lifestyle, smoking, sleep, women, seniors).
- Concerning the specified health guidance program, orders received from health insurance associations are on an increasing trend due to strong results in target achievement rates. Prospective projects are also on a favorable trend toward the next fiscal year.

(3) The LTD Service – Outlook for the Next Fiscal Year

Spread of GLTD insurance / the market

- Although some companies, particularly large companies, pushed back final decisions for adoption or the timing of system startup more than expected, the market remains favorable. There is still a lot of room for growth.

Pipeline

- With increased prospects for large projects with 1,000 or more employees, the pipeline for the next fiscal year is stronger.

(4) Work-Life Balance Support Service – Outlook for the Next Fiscal Year

Client needs

- Despite setbacks in expanding the acquisition of new contracts, clients have a strong need to systematize the management of employees on leave. We have received praise for ADVANTAGE HARMONY from client companies, as it improved operational efficiency for management of employees on leave.
- In line with the amendments to the Childcare and Caregiver Leave Act to be enforced successively after April, there are growing needs for digitalizing related operations as preparation for building a system for childcare by men and responding to the increased workload in operations for supporting women's childcare leave.

Responses to the amendments to the Childcare and Caregiver Leave Act

- We held seminars to provide explanations about and measures for legal amendments. More than 1,000 persons participated, and it was confirmed that changes in practical operations for childcare leave are major issues.
- To address legal amendments, we started development of functions based on a survey of client needs. These functions are to automate or streamline new mandatory or existing operations. Development has been progressing as planned.

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03 Revision of Consolidated Forecast for the Fiscal Year Ending March 31, 2022



Revision of Consolidated Forecast for the Fiscal Year Ending March 31, 2022

Based on the results up to 3Q, the consolidated forecast for the fiscal year ending March 31, 2022, has been revised as follows.

	Fiscal year ending March 31, 2022		Fiscal year ending March 31, 2022				(Reference)
	Initial plan		Revised plan				Fiscal year ended March 31, 2021
(Millions of yen)	Amount	Component of net sales	Amount	Component of net sales	Change	% Change	Amount
Net sales	6,500	100.0%	5,800	100.0%	(700)	-10.8%	5,452
Mental Health Management Service	4,730	72.8%	4,320	74.5%	(410)	-8.7%	4,025
Disability Support Service	1,450	22.3%	1,150	19.8%	(300)	-20.7%	1,089
Risk Financing Service	320	4.9%	330	5.7%	10	3.1%	338
Operating profit	850	13.1%	300	5.2%	(550)	-64.7%	726
Ordinary profit	850	13.1%	300	5.2%	(550)	-64.7%	730
Profit attributable to owners of parent	570	8.8%	210	3.6%	(360)	-63.2%	496

Consolidated Forecast for the Fiscal Year Ending March 31, 2022 and Year-end Dividend (1)

Reasons for revision

System transition of Mental Health Management Service and setbacks in sales activities due to retirement of personnel

An increased workload for the transition to the new ADVANTAGE TOUGHNESS in 1H still affected sales activities in the current 3Q more than expected, although the situation has mostly settled. In addition, sales activities were considerably delayed due to the unexpected retirement of personnel engaging in sales. Although we are working to return to normal, net sales of the Mental Health Management Service for the current fiscal year are expected to fall short of the initial plan due to various delays caused by these factors in the short term.

Delays in the adoption of new services

As for ADVANTAGE HARMONY under the Work-Life Balance Support Service, sales activities were delayed mainly due to the people in charge at client HR departments prioritizing workplace COVID-19 vaccinations. The impact of longer lead times for adoption will not be eliminated in the current fiscal year and results are expected to fall significantly short of the plan.

In addition, the release was delayed for our new ADVANTAGE pdCa service on top of stagnant sales activities as mentioned above, which caused an overall delay in launch of the business causing the expansion of net sales and profit to fall behind.

Postponing of large projects to the next fiscal year

Although the number of prospective large projects of the LTD Service has increased substantially, the conclusion of contracts was postponed to the next fiscal year for more projects than expected mainly due to the impact of the COVID-19 pandemic. As it is difficult to make up for projects unexpectedly lost due to intensifying competition, net sales for the current fiscal year are expected to fall short of the plan.

Consolidated Forecast for the Fiscal Year Ending March 31, 2022 and Year-end Dividend (2)

Reasons for revision

While the top line fell significantly short of the plan for the previous reasons, various measures necessary to achieve the Medium-term Management Plan, including renewal of main services such as ADVANTAGE TOUGHNESS and ADVANTAGE HARMONY, investment in development of new services and systems such as ADVANTAGE Well-being DXP and ADVANTAGE pdCa, and more active hiring of IT and other personnel have been conducted as planned. As a result, both net sales and profit are expected to fall significantly short of the plan.

On the other hand, comprehensive sales promotion has been progressing as planned for providing multiple services to client companies, with the ADVANTAGE Well-being Platform Concept based on the Medium-term Management Plan 2023 announced on May 28, 2021, at the core. Accordingly, we recognize that this revision of the forecast is due to a temporary delay in producing tangible results and it is fully possible to achieve the Medium-term Management Plan.

However, as profit is expected to decrease significantly for the current fiscal year, we have decided to revise the year-end dividend (plan) to 10.00 yen, the same as the previous fiscal year, from the initially planned increase from the previous fiscal year (previous plan: 11.00 yen).

The year-end dividend plan for the fiscal year ending March 31, 2022, has been revised as follows.

	Annual dividends		
	Second quarter-end	Year-end	Annual amount
	Yen	Yen	Yen
Previously announced plan	—	11.00	11.00
Revised plan	—	10.00	10.00
Results for the current fiscal year	0.00	—	—
(Ref.) Results for the previous fiscal year ended March 31, 2021	0.00	10.00	10.00

4

04 Progress of Medium-term Management Plan



企業に
未来基準の
元気を!

Main Goal of the Plan

To be the number one platform provider in the field of well-being

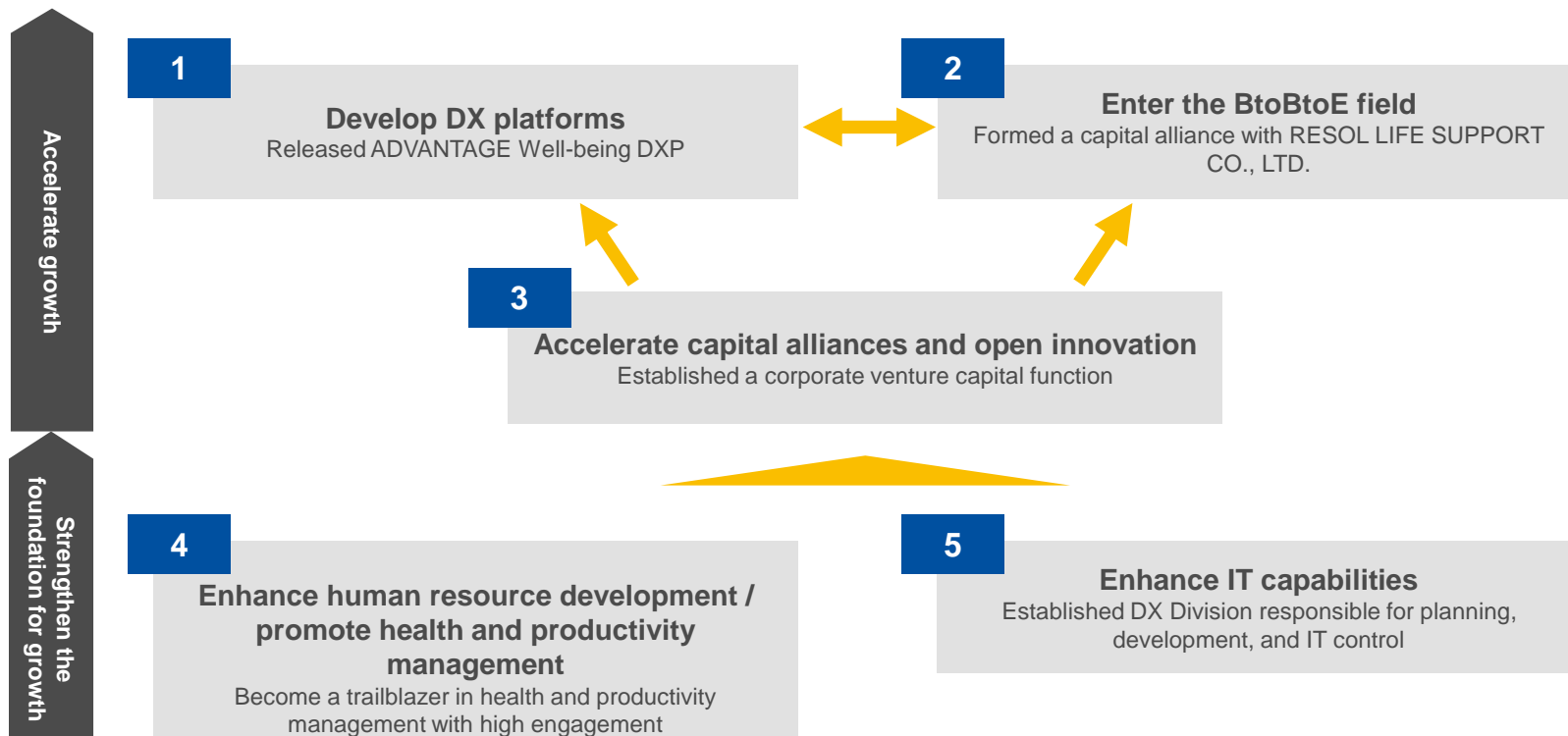
Refine our existing businesses and expand our domains in the field related to well-being*, which includes our current business domains

Become the leading solution provider in this field by offering effective ways to solve various issues through the SaaS model

* Components of well-being at the Company include physical and mental health, employee development, prevention of risks and support when risks materialize, support for work-life balance, employee benefits and welfare, support for leisure activities, and creation of a sense of unity with companies

Medium-term Management Plan 2023 – Company-wide Focus Themes

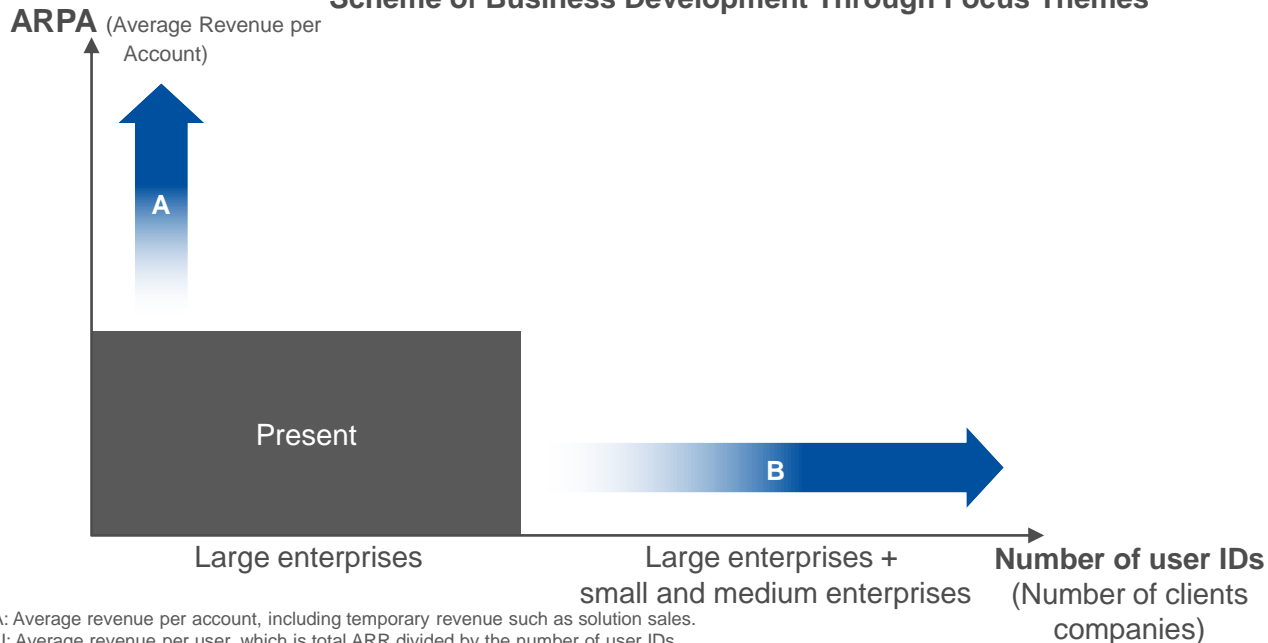
Aim to become **the number one platform provider in the well-being market** with the company-wide focus themes that we have previously worked on as the foundation



Specific Efforts: Medium-term Management Plan 2023 – Business Development Scheme

- In line with expansion of the business field, increase the number of new client companies and **the number of user IDs** by expanding the market from “large enterprises,” a previous area of focus, to “large enterprises + small and medium enterprises.” In addition, enter the BtoBtoE market.
- Increase **ARPA**¹ by improving the solution add-on rate and accelerating adoption of multiple services with the DX platform used as leverage, particularly focusing on increasing **ARPU**² and **ARR**³, **which provide recurring revenue**.

Scheme of Business Development Through Focus Themes



A

Leverage the DX platform to improve average revenue per account (ARPA)

Improve solution add-on rate and accelerate adoption of multiple services by leveraging the development of the DX platform

B

Broaden the large enterprise segment and expand into the small and medium enterprise segment

Particularly in the small and medium enterprise segment, spread a comprehensive well-being package that fits small and medium enterprises to increase the market share

Notes)
*1 ARPA: Average revenue per account, including temporary revenue such as solution sales.
*2 ARPU: Average revenue per user, which is total ARR divided by the number of user IDs.
*3 ARR: Annual recurring revenue, which is total recurring revenue excluding temporary revenue.

Topics on Progress in Company-wide Focus Themes

Development of systems and services has been progressing as planned as creation of a foundation toward achievement of the Medium-term Management Plan.

Company-wide focus themes	Progress in 1H Creating the foundation for future growth	Focus of 2H Accelerate improvement of ARPU and expansion of the market
(1) Develop DX platforms	<p>Released ADVANTAGE Well-being DXP 1.0</p> <ul style="list-style-type: none">Released a platform for achieving the well-being of companies	<p>i. Release ADVANTAGE Well-being DXP 1.5 and ADVANTAGE pdCa Release ADVANTAGE pdCa, a pulse survey system, in addition to strengthening analysis functions and mounting an employee view for DXP</p>
(2) Enter the BtoBtoE field	<p>Formed a capital and business alliance with RESOL LIFE SUPPORT CO., LTD.</p> <ul style="list-style-type: none">The alliance with RESOL LIFE SUPPORT CO., LTD. enables us to enter the BtoBtoE field	<p>ii. Release a new employee benefit and welfare service targeting the small and medium enterprise market Contribute to strengthening appeal for recruitment and improving retention rate through increased engagement with ADVANTAGE WellGage</p>
(3) Accelerate capital alliances and open innovation	<p>Formed a capital and business alliance with Wellness Communications Corporation</p> <ul style="list-style-type: none">Enhance services and client base in the physical health field	<p>iii. Accelerate integration with third-party products and services (Microsoft Japan, POLA ORBIS HOLDINGS INC., etc.) Accelerate integration with third-party products and services for improving the functions and convenience of ADVANTAGE Well-being DXP.</p>

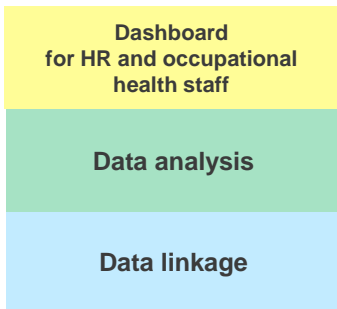
Topics in this report

i. Release of ADVANTAGE Well-being DXP1.5 – Development Progress

Phase 1.5 was released as planned in November 2021. We continue to progress toward the release of Phase 2.0 (function enhancements improved convenience).

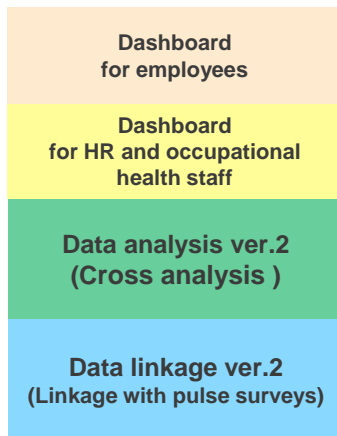
Phase 1.0 June 2021

- ◆ **Included data integration and basic analysis functions**
Support clients' health and productivity management based on data integration and issue identification



Phase 1.5 November 2021

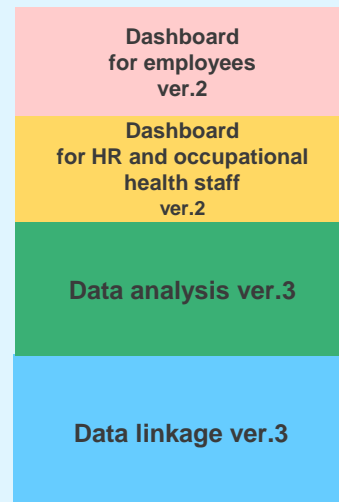
- ◆ **Strengthened analysis functions**
More detailed analysis and effect verification became possible through cross analysis and linkage with pulse surveys.
- ◆ **Included the employee view**
Employees can use the view as a tool for their own health management



Phase 2.0 Around summer 2022

(Plan)

- ◆ **Recommendation function**
Automatic support for examination of measures based on clients' issues
- ◆ **Comprehensive support for personnel issues**
Data may be linked and dashboard functions are planned to expand.

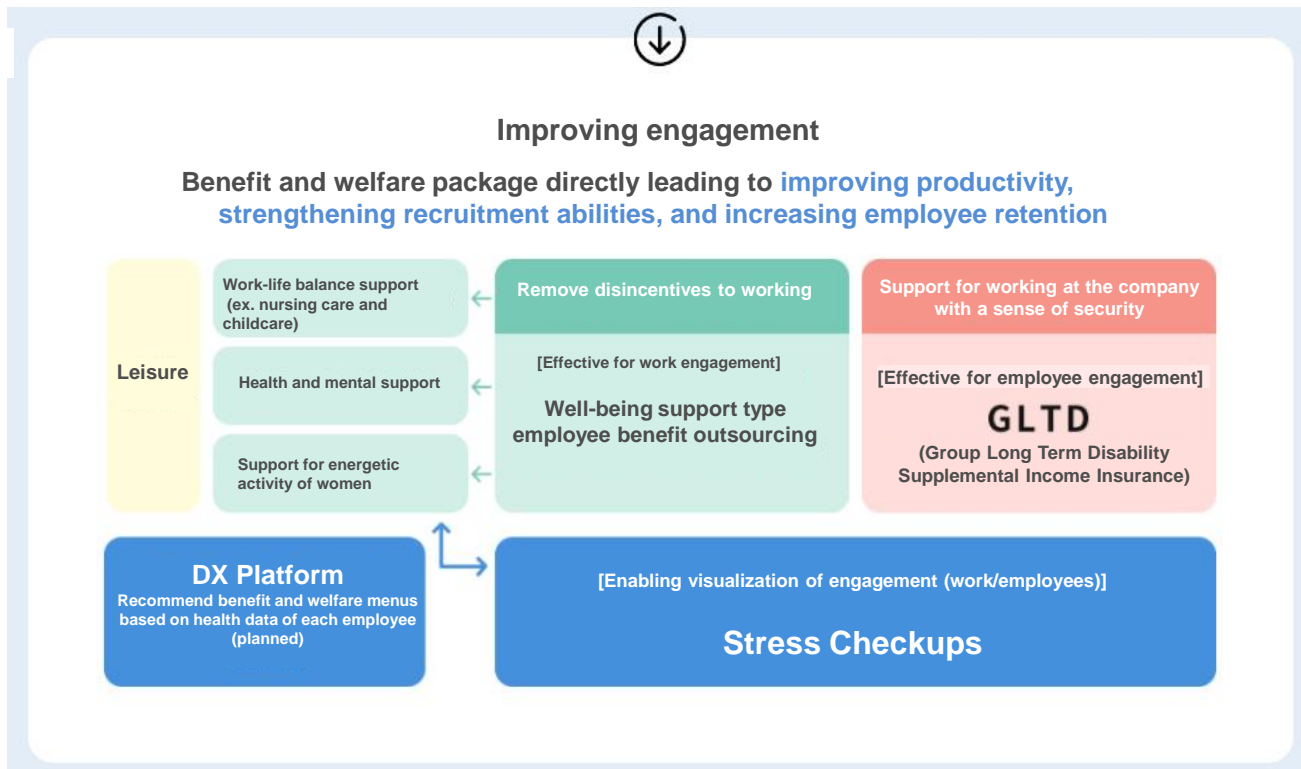
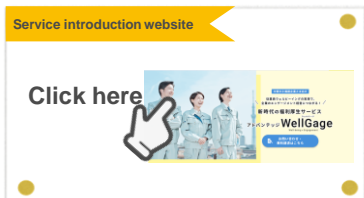


ii. Release of New Employee Benefit and Welfare Service – “ADVANTAGE WellGage” Package for Small and Medium Enterprises

The new ADVANTAGE WellGage service has been released, providing services mainly targeting large enterprises to small and medium-sized enterprises.

Benefit and welfare services for a new era

アドバンテッジ **WellGage**
Well-being × Engagement



iii. Accelerating Integration with Third-Party Products and Services

We advanced capital and business alliances with various companies in 1H toward achievement of the Medium-term Management Plan. In 2H, we accelerated integration with products and services of third parties including Microsoft Japan, for the purpose of further strengthening functions of ADVANTAGE Well-being DXP, a problem-solving system.

Progress in 1H

Advanced capital and business alliances and system integration with various companies

Health management



Benefits and welfare



Attendance management



Progress in 2H

Accelerated discussions for integration with third-party products and services

Communication tool*



Integrated HR system

Under discussion toward system integration

Talent management

System integration planned

Labor management

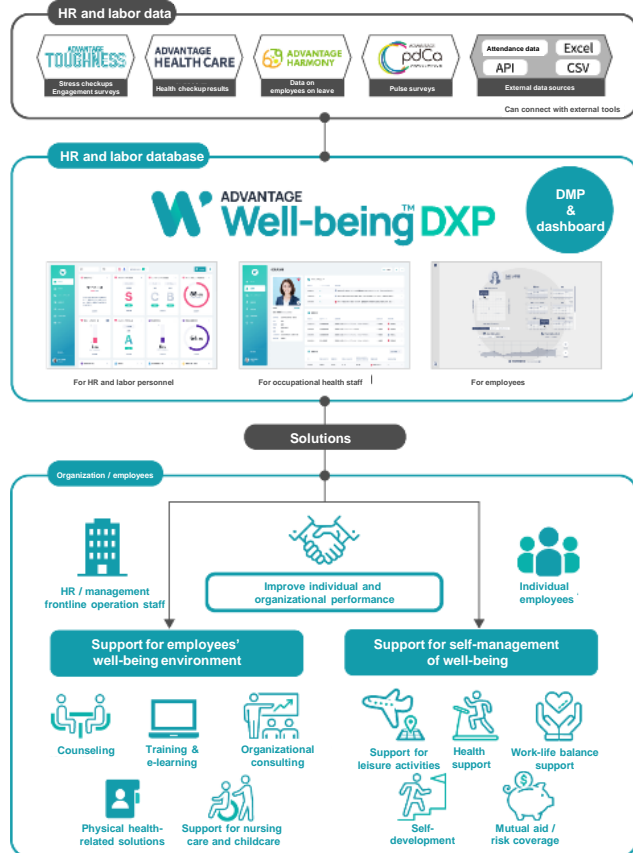
System integration planned



Appendix

ADVANTAGE Well-being DXP – Concept (1/2)

Improve performance of individuals and organizations by integrating and visualizing key HR data and enabling PDCA from issue identification to solution.



* Includes functions currently in development.

Integrate and visualize key data Enable PDCA

Subjective data

Stress checkups
Engagement survey

ADVANTAGE
TOUGHNESS

Pulse survey

pdCa

Objective data

Health checkup database

ADVANTAGE
HEALTH CARE

Data related to employees on
leave and reinstated employees

ADVANTAGE
HARMONY

Attendance data, etc.

Excel API CSV 他

Solutions

Implementation of measures by the company's
management / HR
Support for self-management by employees

Improve individual and
organizational performance

ADVANTAGE Well-being DXP – Concept (2/2)

Through conducting well-being management, HR issues, each of which were separately coped with in the past, can be prioritized and solved in a form of total optimization.





Issue identification Collection and analysis of data

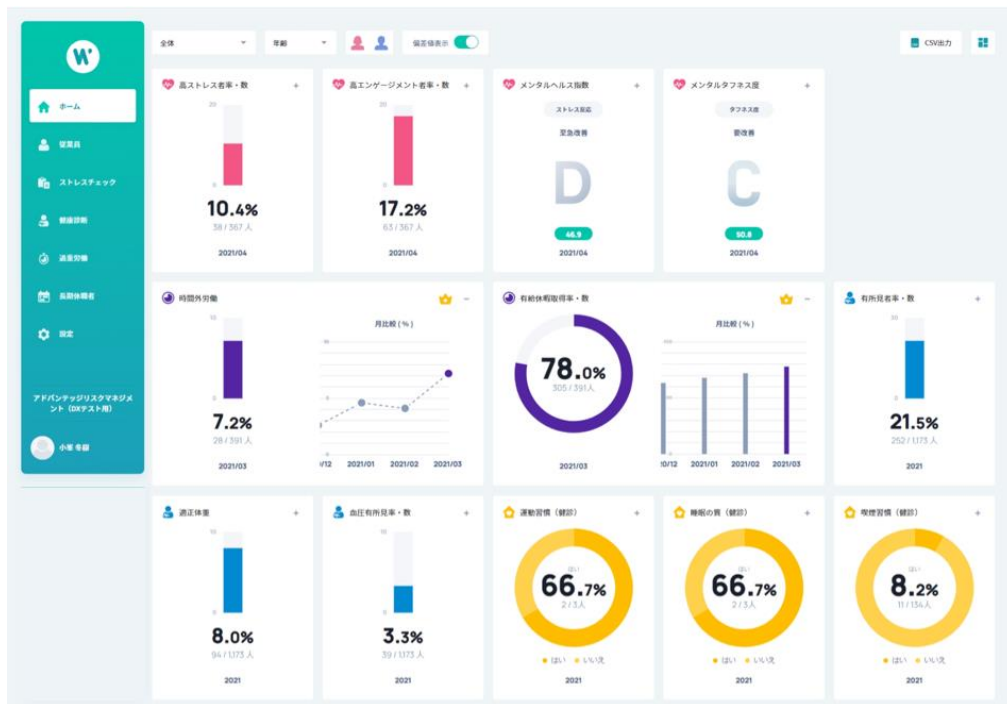
Collecting scattered data by theme reduces time required for aggregation and analysis. In addition, integrating **various types of data** reveals essential issues, leading to discovery of appropriate solutions.

Examples of data displayed on the HR dashboard

- **Stress checkup data**
Causes of stress, presenteeism, resiliency levels, engagement, etc.
- **Health checkup data**
Health checkup results, lifestyle conditions
- **Working condition data**
Status of employees on leave and reinstated employees, attendance data
- **Pulse survey data**
Timely organizational status, PDCA status related to certain organizational issues



Screens can be customized according to focus items.





For occupational health staff

Dashboard function

An alert is displayed when certain conditions such as overwork and health checkup results are detected. Furthermore, on the Employee Detail screen, health conditions and issues can be checked and information under each menu such as stress checkup and health checkup can be also reviewed.

従業員一覧 (Employee List)

348 / 391名 CSV出力

従業員番号	氏名	性別	年齢	部署	所在地	ステータス
000001	白石 沙耶香	女性	32歳	経営企画部	新宿	健康診断済
000002	山本 結里	女性	27歳	営業部	渋谷	健康診断中
000003	伊藤 大輔	男性	38歳	営業部	渋谷	休職中
000004	坂田 健一郎	男性	42歳	人事総務部	新宿	退職
000005	五十嵐 みどり	女性	39歳	経営企画部	新宿	契約終了
000006	アリシア・ディレイナ	女性	31歳	人事総務部	新宿	健康診断済
000007	大田 健也	男性	35歳	営業部	渋谷	健康診断済
000008	白石 沙耶香	女性	32歳	経営企画部	新宿	健康診断済
000009	山本 結里	女性	27歳	営業部	渋谷	健康診断中
000010	伊藤 大輔	男性	38歳	営業部	渋谷	健康診断済

絞り込み (Filter)

性別: ☐ 男性 ☐ 女性

年齢: 20 ~ 60

部署: ☐ LTD・両立支援事業推進部 ☐ 名古屋支店 ☐ 名古屋支店長 ☐ 商品企画部 ☐ 営業企画部 ☐ LTD営業本部 ☐ 執行役員 ☐ 大阪支店 ☐ 契約保全部 ☐ MM推進部 ☐ パートナー推進部 ☐ 新事業インキュベーション部 ☐ LTDオペレーション本部 ☐ 産業保健推進部 ☐ 第2営業部

従業員詳細 (Employee Detail)

白石 沙耶香 (しらし まやか)

生年月日: 1987年12月24日 (32歳)

性別: 女性

事業場: 新宿 経営企画部

役職: なし

入社年月日: 2010年4月2日 (10年7ヶ月)

雇用形態: 正社員

ストレスチェック (Stress Check)

実施日	ストレスレベル	総合評価
2020/6/7	A	あなたの心や身体にストレスの影響はあまりみられないようです。今のところ大きな心...
2019/12/6	B	ストレス状況はやや高めな状態にあることがうかがわれます。今のところ大きな心配は...
2019/6/8	C	ストレス状況が高い状態にあります。産業医または保健師と面談をお勧めします。詳しく...

健康診断 (Health Checkup)

受診日	受診コース	医療機関	健診区分	所見有無
2020/5/12	定期健康診断	医療法人社団バリュエメディカル バリューHRビル	一次健診	所見あり
2019/5/8	定期健康診断	医療法人社団プラナスイークルの内	一次健診	所見あり
2019/5/11	定期健康診断	医療法人社団バリュエメディカル バリューHRビル	一次健診	所見なし
2019/5/14	雇入時健診	医療法人社団バリュエメディカル バリューHRビル	一次健診	所見あり

過重労働 (Overwork)

月	法定労働時間	実働時間	時間外労働時間	時間外労働時間 + 法定休日労働時間	過重労働度	有給消化日数
2020/5	136.00	112.50	54.75	62.25	非常に高い	0.5

* The above screen is for reference only and is subject to change due to ongoing development.



For employees

Dashboard function

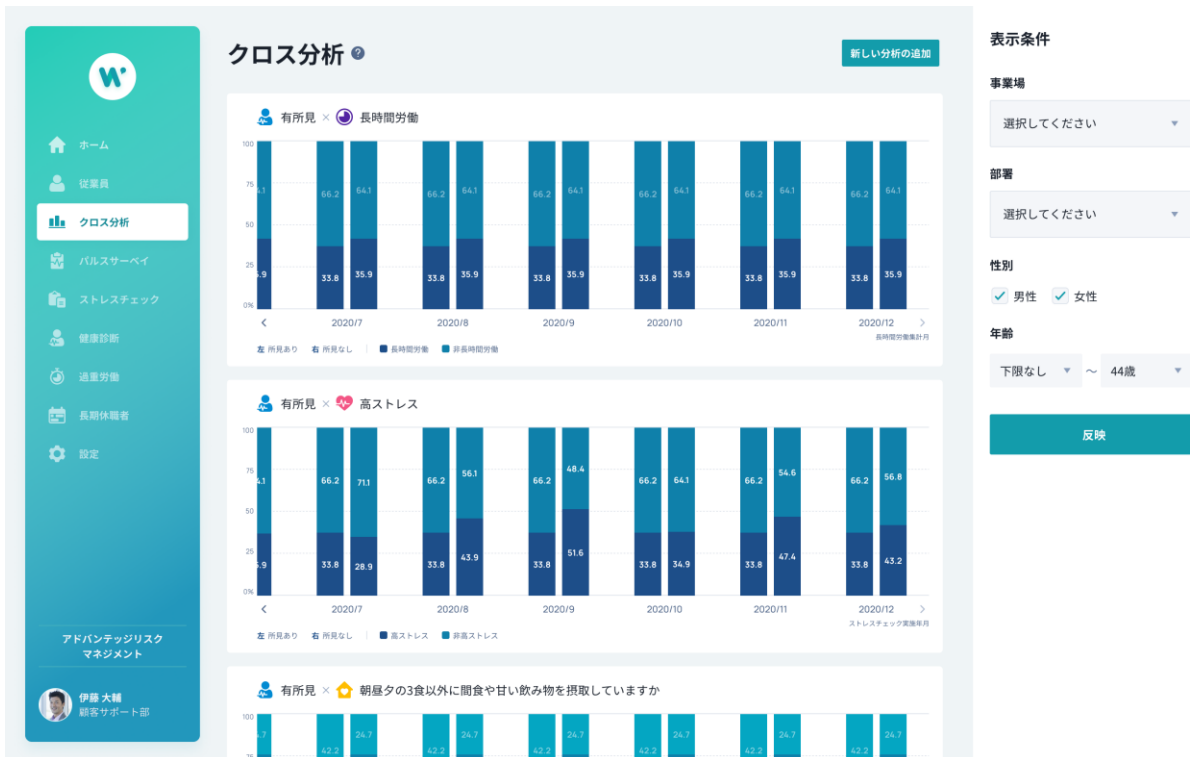
Support self-help efforts for each employee by visualizing their individual physical and mental conditions and issues based on various kinds of health data.





Issue identification Collection and analysis of data

The **cross analysis function** enables rich analysis based on professional expertise by utilizing a database with accumulated knowledge.
Analysis specific to each enterprise can be also freely made.





Effect measurement

Pulse surveys

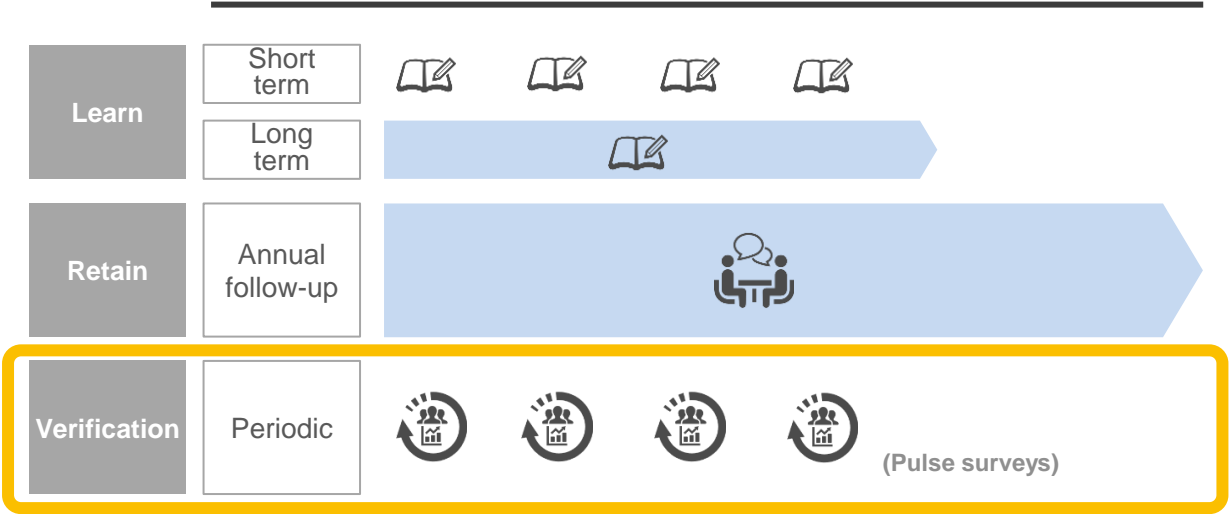
Effects of actions for improvement can be verified, preventing an incomplete status.
As **actions can be advanced while checking results in a short cycle**, creation of satisfactory results can be ensured with motivation to continue.



List of surveys

- Pulse survey for power harassment measures
- Pulse survey for mental health measures
- Pulse survey for mental resiliency
- Pulse survey for engagement improvement
- Pulse survey for mental management

Solutions



Questions can be selected in accordance with targets and issues and each organization can confirm the current situation in an efficient, suitable manner.

ADVANTAGE Well-being DXP – Adoption Consideration Case (Manufacturer A)

Consider adoption of DXP in expectation of reduced workloads for occupational health staff, effective consideration of health and productivity management measures, and other effects.

Background in which adoption of DXP was considered

- Occupational health staff have heavy workloads for management, as different stress checkups are performed for offices and sites scattered nationwide.
- For reducing the workloads of occupational health staff, adoption of DXP was considered in conjunction with unifying stress checkups throughout the nation.



1

More efficient data management operation through DXP

- Currently, many hours of labor are required for acquiring and managing various data on stress and physical checkups
- After introducing DXP, hours of labor in administrative work can be reduced through centralized data management, enabling more time to be used to solve health issues.

2

Consideration of efficient measures for solving health issues

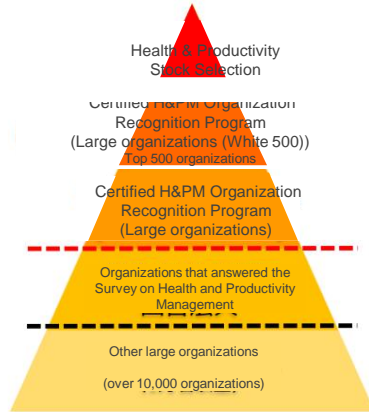
- Currently, as the amount of data is large, it is difficult to identify and prioritize issues to be addressed.
- Introduction of DXP enables analysis of various data by age and from other perspectives and it can clarify issues to be addressed and consider efficient measures particular to each target.

ADVANTAGE Well-being DXP – Adoption Consideration Case (Food Trading Company B)

Consider adoption of DXP as an efficient tool for acquiring “White 500” in line with management’s intentions.

Background in which adoption of DXP was considered

- Began consideration toward acquiring White 500, aiming to promote health management strategically from a management perspective.
- Also at work sites, there were needs such as improvement of operational efficiency and utilization of data and in light of management’s intention, adoption of DXP was considered.



1

Establishment of a foundation for practicing health and productivity management

- Collection and centralized management of data, which are required at minimum for practicing health and productivity management, can be effectively performed through adoption of DXP.

2

Smooth advancement of health and productivity management measures

- Aggregation of various data such as stress checkup and health checkup results, identification of issues, and verification of effects can be performed collectively.
- By using DXP along with a PDCA cycle of health and productivity management, it can efficiently solve health issues while reducing burdens at work sites.

Partnership for Well-being Between Enterprises – POLA ORBIS HOLDINGS INC.

Using this partnership as an opportunity, we plan to promote open innovation with the POLA ORBIS Group, which has unique technologies as its strengths, and our company, with strengths in solutions contributing to the well-being of enterprises and employees.

企業に未来基準の元気を！



2022 年 1 月 12 日

株式会社 アドバンテッジリスクマネジメント

代表取締役社長 鳥越 慎二

(東証第一部 コード 8769)

日本版 Well-being Initiative 参画企業間連携 第一弾

ポーラ・オルビスホールディングスと Well-being 経営における有用性検証を開始

株式会社アドバンテッジリスクマネジメントと株式会社ポーラ・オルビスホールディングスは、Well-being 経営※1)の実現に向けた連携を開始しました。連携の第一弾として、ポーラ・オルビスホールディングスの“me-fulness (ミーフルネス)”プロジェクトの Well-being 経営における有用性検証を、当社のストレスチェック/エンゲージメントサーベイ「アドバンテッジ タフネス」を通じて実施します。

「企業に未来基準の元気を！」をコーポレートメッセージに掲げ、かねてより従業員の Well-being 向上支援に取り組んできた当社は、2021 年 7 月より「日本版 Well-being Initiative※2)」に参画しております。これを契機として、同じく Well-being Initiative 参画企業であり、独自技術を起点として人々の Well-being 実現をめざすポーラ・オルビスホールディングスと連携するはこびとなりました。

連携の第一弾として、人々の心と体を満たす技術としてポーラ化成工業が開発した“me-fulness”を、当社および当社の顧客企業にトライアル導入し、ストレスチェック/エンゲージメントサーベイ「アドバンテッジ タフネス」を通じて、従業員のストレス状況やエンゲージメント、セルフケア意識の向上などに対する有用性の検証や課題の抽出を実施します。

Expansion of self-care applications through the partnership between enterprises

Adding to existing self-care applications, me-fulness will be incorporated with our service platform.



Advantage Sleep

Sleep improvement application
Advantage Sleep



Advantage
Smart Life
Program

Specified health
guidance program
**Advantage Smart Life
Program**

Calomeal

Lifestyle improvement
application
Calomeal*

* Provided in the ADVANTAGE Smart Life Program

Other Topics – Assignment of Mr. Yoshiki Ishikawa, Researcher of Preventive Medicine with Ph.D in Medicine, as Advisor

We believe that assignment of Mr. Yoshiki Ishikawa, who has rich expertise, as our advisor will enable us to further accelerate efforts toward achievement of the Medium-term Management Plan 2023.

Main Goal of the Plan

To be the number one platform provider in the field of well-being

Refine our existing businesses and expand our domains in the field related to well-being, which includes our current business domains

Become the leading solution provider in this field by offering effective ways to solve various issues through the SaaS model

Advisor



Yoshiki Ishikawa

After graduating from the School of Health Sciences, Faculty of Medicine in The University of Tokyo and completing studies at the Harvard School of Public Health, he earned a Ph.D in Medicine at Jichi Medical University. He conducts transdisciplinary research with companies and universities with well-being as a theme. His special fields include preventive medicine, behavioral science, computational creativity, and conceptual evolution.

March 2004: Assumed office as Director of Nihon Health Science Center, Ltd. (current)

November 2008: Founded Cancerscan Inc. and assumed office as Director (current)

September 2018 Assumed office as Representative Director of Well-being for Planet Earth Foundation (current)

Other Topics – Seminar To Be Hosted Jointly with kaonavi, inc.

We will hold a web seminar under the theme of “improving engagement” as a part of partnership promotion with kaonavi, inc., which leads the talent management industry.

The banner features a yellow and orange gradient background. At the top left is a blue button with the text 'Free web seminar'. To its right are the logos for 'カオナビ' (Kaonavi) and 'ADVANTAGE Risk Management Group'. The main title is 'Benefits and Welfare / Talent Management Engagement Improvement Seen from Each Standpoint'. Below it, the subtitle is 'Health management and talent management' and 'Co-hosted seminar by two industry-leading companies'. The date and time are displayed as '2/18 Fri. 15:00 ~ 16:00'. On the left is a circular portrait of Morio Takaoka from kaonavi, inc., and on the right is a circular portrait of Suguru Kikuta from ADVANTAGE Risk Management Co., Ltd.

Free web seminar

カオナビ

ADVANTAGE Risk Management Group

Benefits and Welfare / Talent Management Engagement Improvement Seen from Each Standpoint

Health management and talent management

Co-hosted seminar by two industry-leading companies

2 / 18 Fri. 15:00 ~ 16:00

kaonavi, inc.
Morio Takaoka

ADVANTAGE Risk Management Co., Ltd.
Suguru Kikuta

Two companies providing services will explain positive effects caused by improvement of employee engagement and usage of services for improving engagement from their respective standpoints. This seminar is suitable for customers who want to consider specific measures for improving engagement, customers who have issues with recruitment and retainment of employees, and customers who want to introduce systems that support employees' jobs.

Date: Friday, February 18, 2022 15:00 – 16:00

Application deadline: Tuesday, February 15, 2022

Admission fee: Free

Targets: Persons in charge of/responsible for organization and HR development, corporate planning, HR and labor departments

Other Topics – First Taxi Advertisements in Local Cities (Nagoya, Osaka and Fukuoka)

We began airing TV commercials and taxi advertisements as our first effort from Monday, October 25, 2021. On Monday, January 31, 2022, we began airing taxi advertisements for the first time in local cities (Nagoya, Osaka and Fukuoka).



Airing period

From Monday, January 31, 2022

Airing areas

Nagoya, Osaka, and Fukuoka

Supplementary note

We have produced our commercials for the purpose of raising awareness of companies about improving the well-being of employees and aired them mainly in the Tokyo metropolitan area from late October 2021. Now, we have begun airing the commercials in Nagoya, Osaka, and Fukuoka to gain higher recognition in local areas.

企業に未来基準の元気を！



Plans, outlook, strategies, and other forward-looking statements included in this material are based on information available to the Company and assumptions deemed reasonable by the Company as of the date of preparation of this material, and they contain various risks and uncertainties.

Therefore, actual business results may differ significantly from these statements due to factors such as changes in the management environment, and there is no guarantee that the statements will be accurate.

Furthermore, information about entities other than the Company and its group companies stated in this material is generally based on public information, and the Company makes no guarantees on its accuracy.