

Financial Results Briefing Materials for FY2021 (Fiscal Year Ended March 31, 2022)

ADVANTAGE Risk Management Co., Ltd.
[Securities code: 8769 TSE Prime Market]

May 13, 2022



IS 675385 / ISO27001



企業に未来基準の元気を！





AGENDA

01 Overview of Financial Results

02 State of Each Business

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

03 Financial Results Outlook for FY2022

04 Topics

05 Progress of Medium-term Management Plan

01

Overview of Financial Results



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Overall Business Results

Net sales of 5,792 million yen: **Increased** by 339 million yen YoY (% change +6.2%)

Investments for achieving the Medium-term Management Plan were made as planned.

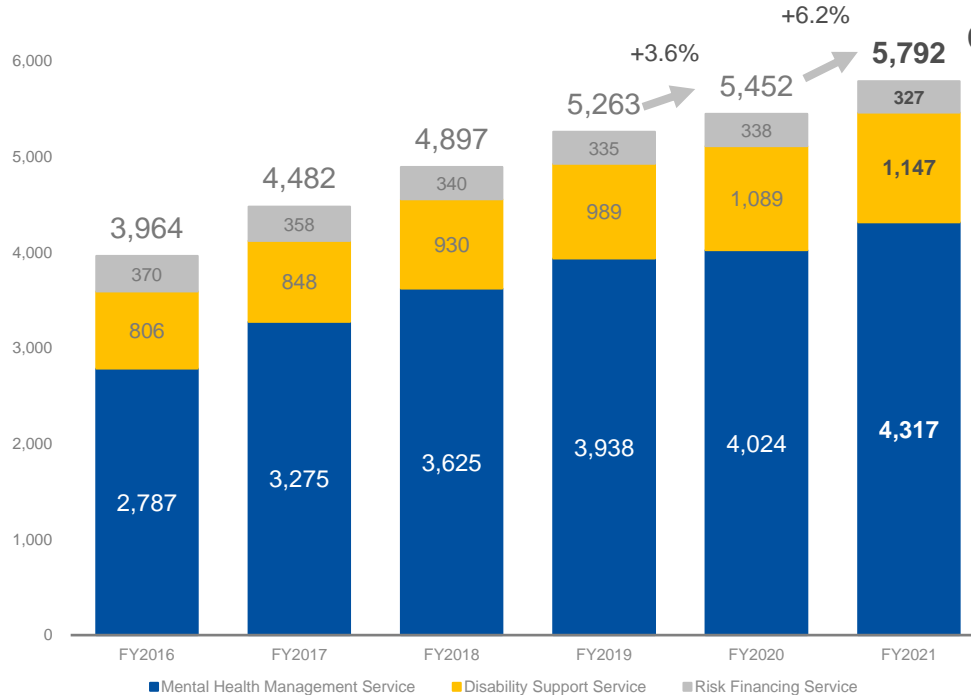
Ordinary profit of 362 million yen: **Decreased** by 368 million yen YoY

	FY2020		FY2021		YoY	
(Millions of yen)	Results	Component of net sales (%)	Results	Component of net sales (%)	Change	% Change
Net sales	5,452	-	5,792	-	+339	+6.2%
Gross profit	4,256	78.1%	4,273	73.8%	+17	+0.4%
Operating profit	726	13.3%	352	6.1%	-375	-51.5%
Ordinary profit	730	13.4%	362	6.3%	-368	-50.3%
Profit attributable to owners of parent	496	9.1%	201	3.5%	-295	-59.3%

* Loss on valuation of investment securities of 46 million yen was recorded in extraordinary losses.

Net Sales – Trends (1)

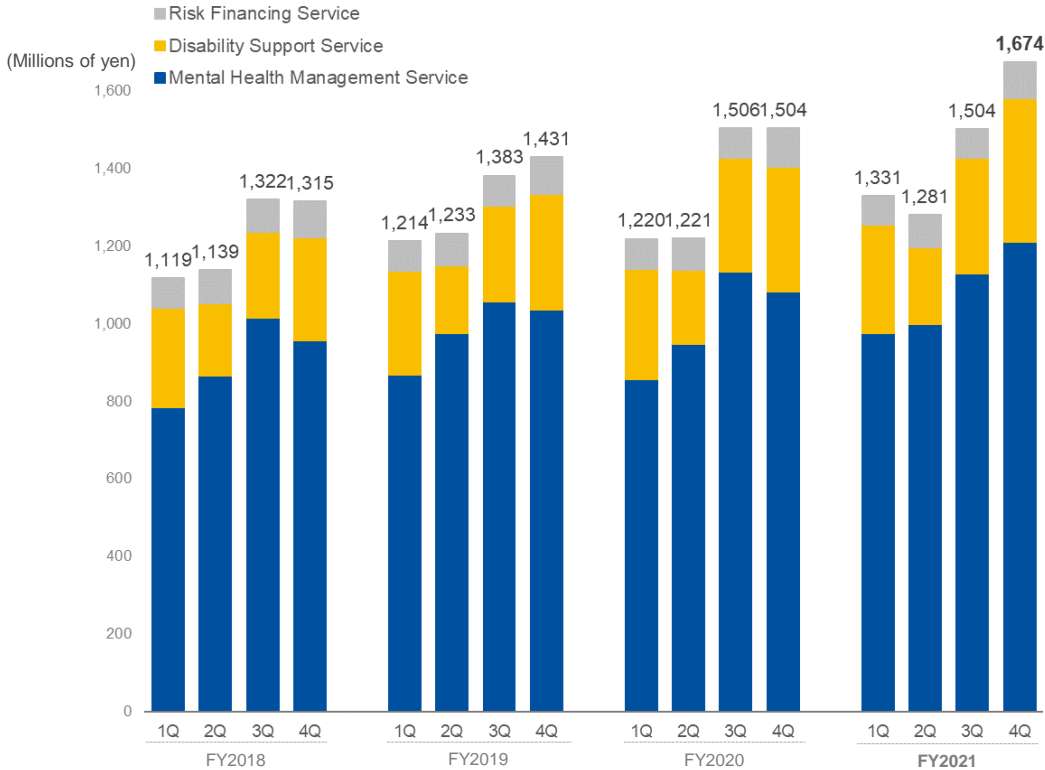
(Millions of yen)



Net sales increased by 6.2% YoY despite falling short of the initial plan

Net sales increased YoY, although slowdown of sales activities mainly due to an increase in workload for the transition to the new ADVANTAGE TOUGHNESS system, and the impact of the COVID-19 pandemic such as people in charge at client HR departments prioritizing workplace vaccinations during 1H, led to net sales for the full year also falling short of the initial plan.

Net Sales – Trends by Quarter



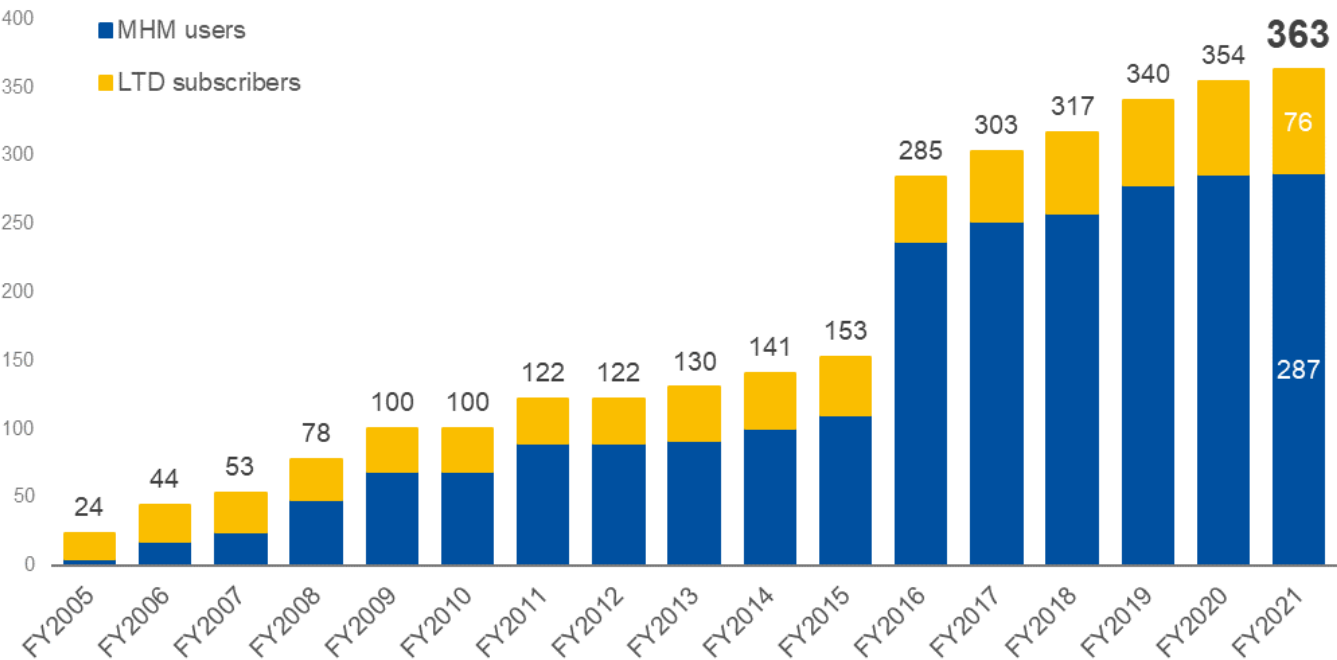
Net sales grew in 4Q (January to March) for all services

Net sales increased albeit falling short of the initial plan, as **the LTD Service**, which carried significant weight in 2H, as well as **ADVANTAGE INSIGHT, EQ assessments for recruitment**, of the Mental Health Management Service posting robust results; **the Health and Productivity Management Service** also continued to grow. In addition, the previously-delayed **adoption of ADVANTAGE HARMONY made progress**, with 4Q results performing strongly as a result.

Trends in Mental Health Management Users and LTD Subscribers

Mental health management users: approx. 2,870 thousand, LTD subscribers: approx. 76 thousand

(Ten thousands of persons)

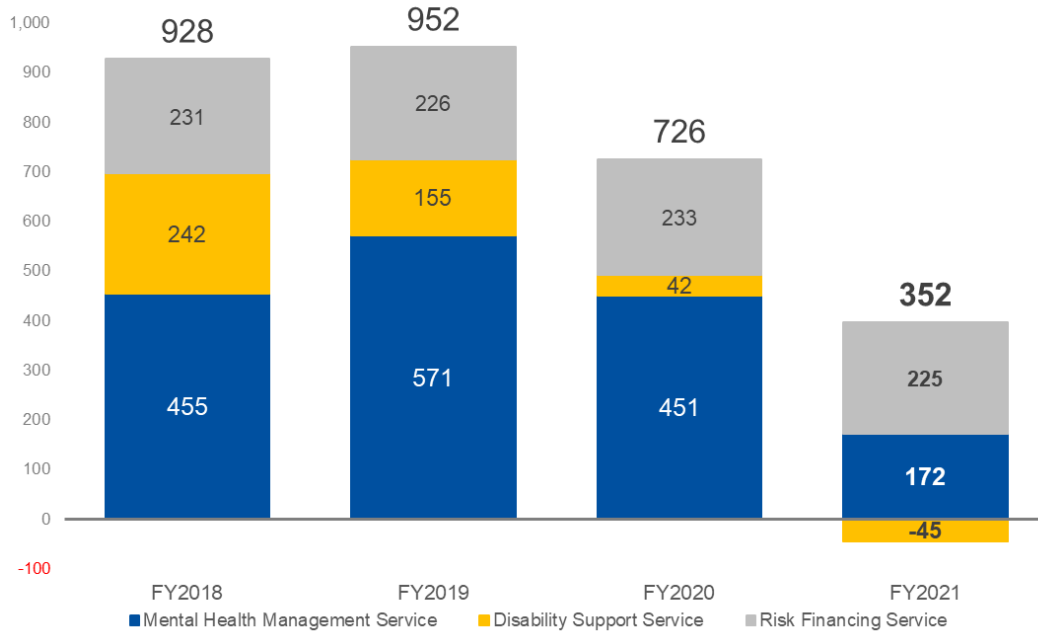


**Robust
increase**

Note: The above figures do not represent the number of unique subscribers, because mandatory LTD subscribers and non-mandatory LTD subscribers are counted separately. The totals are calculated by simply adding the number of LTD subscribers and the number of mental health management users, and thus include some overlap.

Trends in Operating Profit

(Millions of yen)



Investments made as planned Operating profit decreased YoY

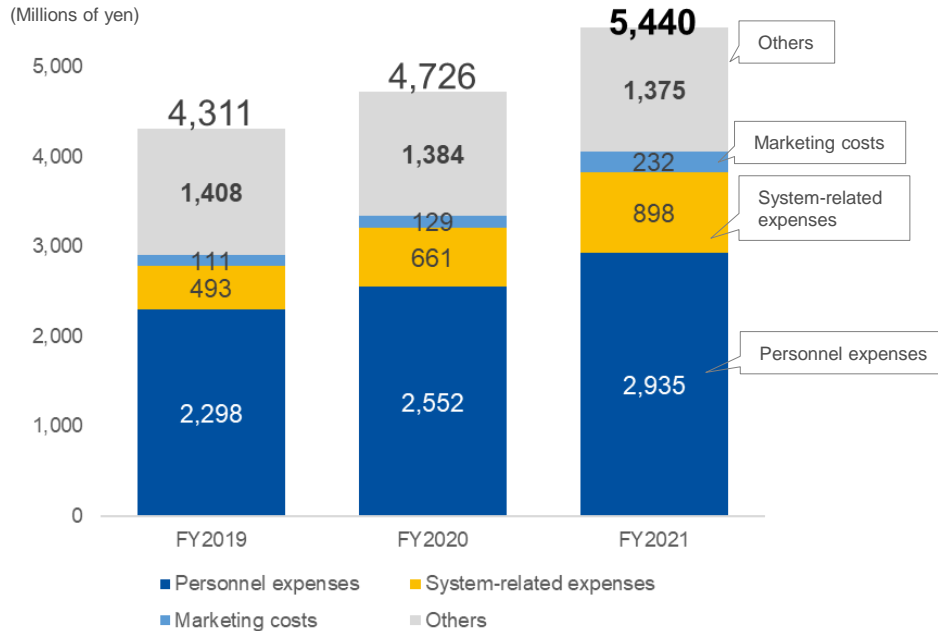
System-related expenses increased due to **improvement of existing main services**, such as **ADVANTAGE TOUGHNESS** and **ADVANTAGE HARMONY**, working toward achieving the Medium-term Management Plan.

In addition, costs increases from **hiring** employees to prepare for future growth and **making investment in development of other new systems** generally progressed **as planned**. These factors combined with net sales falling short of the initial plan led to a decline in profit.

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

Trends in Expenses



Carried out various measures to enhance competitiveness Expenses increased YoY

Enhancing human resources

Adoption of ESOP to increase corporate value over the medium to long term, hiring of IT personnel for advancing various development projects necessary to achieve the Medium-term Management Plan, and hiring of employees to expand each service

Enhancing products

Incurring transition expenses associated with system renewals for existing main services including ADVANTAGE TOUGHNESS, expenses for doubling up with the former system, and amortization expenses after starting operation of the new system

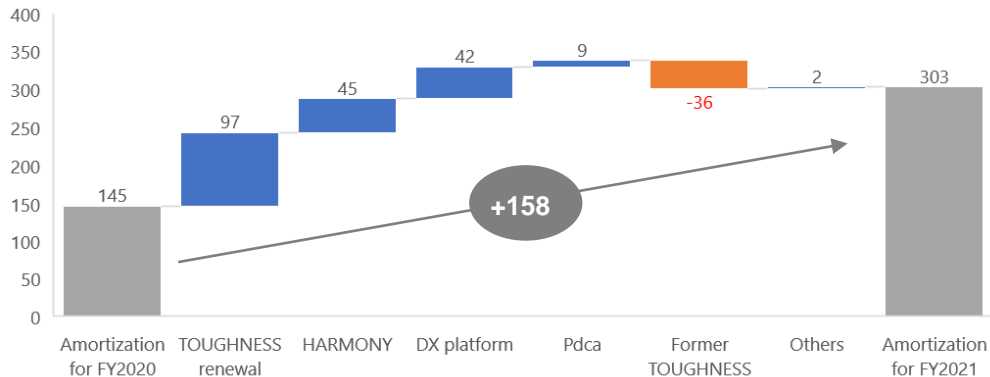
Enhancing marketing

More active promotion programs including TV commercials and taxi advertisements and sales promotion programs

System-related Expenses

(Millions of yen)

Amortization of software



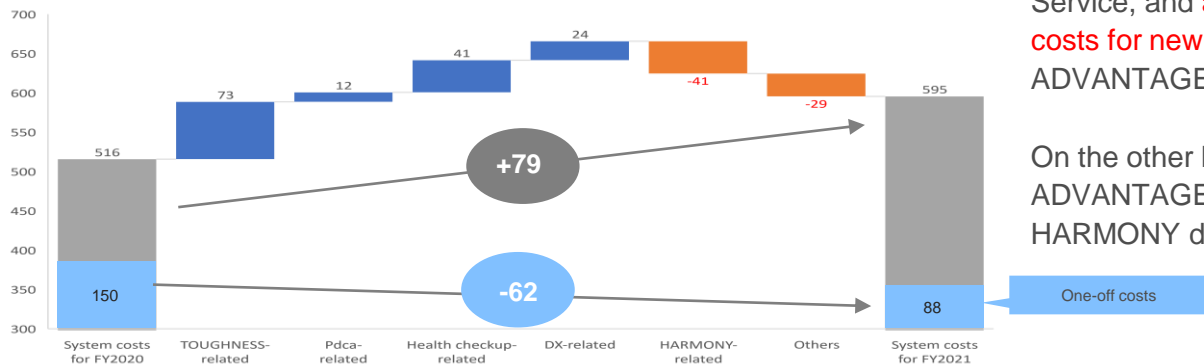
Amortization of software and system maintenance costs

In addition to incurring amortization expenses associated with the system renewal for ADVANTAGE TOUGHNESS and improvement of existing main services including ADVANTAGE HARMONY as well as system maintenance costs, transition expenses and one-off costs for FY2021 from overlapping operation of the former system (88 million yen) continued to be incurred.

Moreover, health checkup system usage fees increased due to increased sales of the Health and Productivity Management Service, and amortization expenses and system maintenance costs for new services including ADVANTAGE pdCa and ADVANTAGE Well-being DXP were incurred.

On the other hand, amortization expenses for the former ADVANTAGE TOUGHNESS and transition expenses for HARMONY decreased.

System maintenance costs



Financial Position and State of Cash Flows

Cash outflows from investing activities increased mainly due to the **purchase of investment securities of 1,186 million yen** for the purpose of expansion into the BtoBtoE field and formation of capital and business alliances as well as the **purchase of intangible assets such as software of 954 million yen** associated with system development. Free cash flow was an outflow of 1,569 million yen. Cash flows from financing activities amounted to an outflow of 469 million yen mainly due to the purchase of treasury shares following the adoption of J-ESOP.

Financial position (Millions of yen)
* Figures in parentheses are
changes from the end of the previous fiscal year

	Liabilities
	2,253
	(+79)
Total assets	
5,678	Net assets
(-187)	3,425
	(-266)

Cash flows

(Millions of yen)	FY2020	FY2021	Difference
Operating CF	712	578	-133
Investing CF	(772)	(2,148)	-1,375
Free CF	(60)	(1,569)	-1,508
Financing CF	(166)	(469)	-303






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

Business	State of FY2021 (fiscal year ended March 31, 2022)
Mental Health Management Service 	<ul style="list-style-type: none"> Results significantly fell short of the initial plan due to setbacks in sales activities from the workload for the transition associated with a system renewal of ADVANTAGE TOUGHNESS in 1H and a delay in reorganizing the sales structure. Solution sales grew in 4Q, showing signs of recovery. Full-year results were largely unchanged YoY.
Health and Productivity Management Service 	<ul style="list-style-type: none"> Buoyed by market tailwinds, the health checkup system and occupational physician / health nurse service both continued to grow with an increase of 37% YoY, although the number of new contracts acquired was fewer than the initial plan.
LTD Service 	<ul style="list-style-type: none"> Net sales increased by 4.5% YoY as projects in the pipeline were steadily accumulated with greatly increased prospects of large projects, despite falling short of the initial plan mainly due to lost orders.
Work-Life Balance Support Service 	<ul style="list-style-type: none"> Adoption was significantly delayed from the plan largely due to the impact of the COVID-19 pandemic on sales activities. The number of companies that executed contracts for or decided to adopt ADVANTAGE HARMONY increased toward the end of the fiscal year. We updated the system by adding functions for solving and addressing issues faced by corporate HR and labor relations staff in line with the amendments to the Childcare and Caregiver Leave Act coming into effect in stages from April.
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. 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.

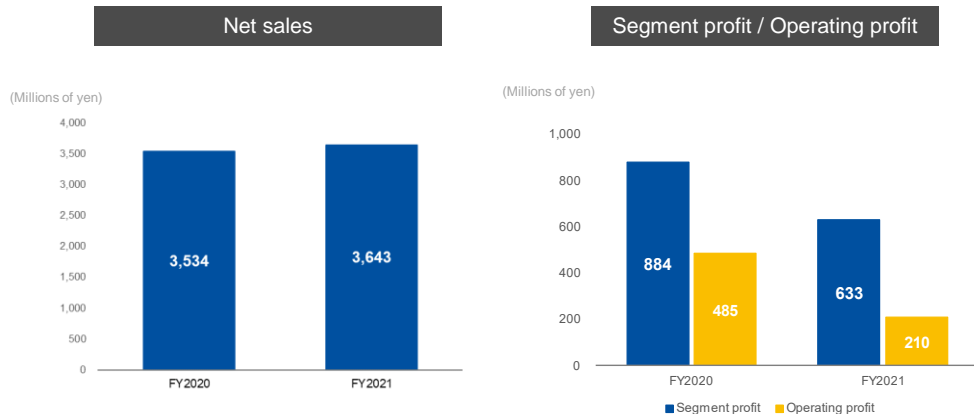
(1) Mental Health Management Service – Business Results

(Millions of yen)	FY2020	FY2021	YoY change
Net sales	3,534	3,643	+3.1%
Expenses	2,650	3,010	+13.6%
Segment profit	884	633	-28.4%
Operating profit	485	210	-56.7%

Note: Operating profit 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 and number of staff.
(*) Mainly selling, general and administrative expenses for administrative and other departments that do not belong to any reportable segment

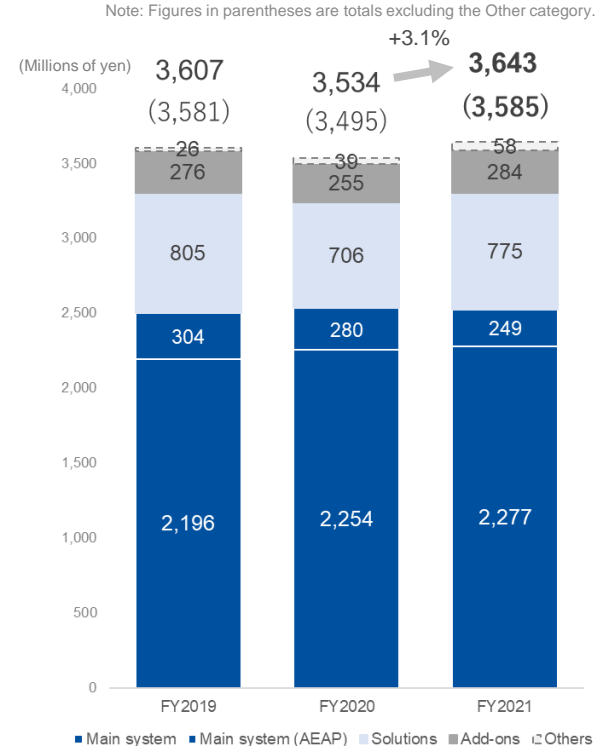
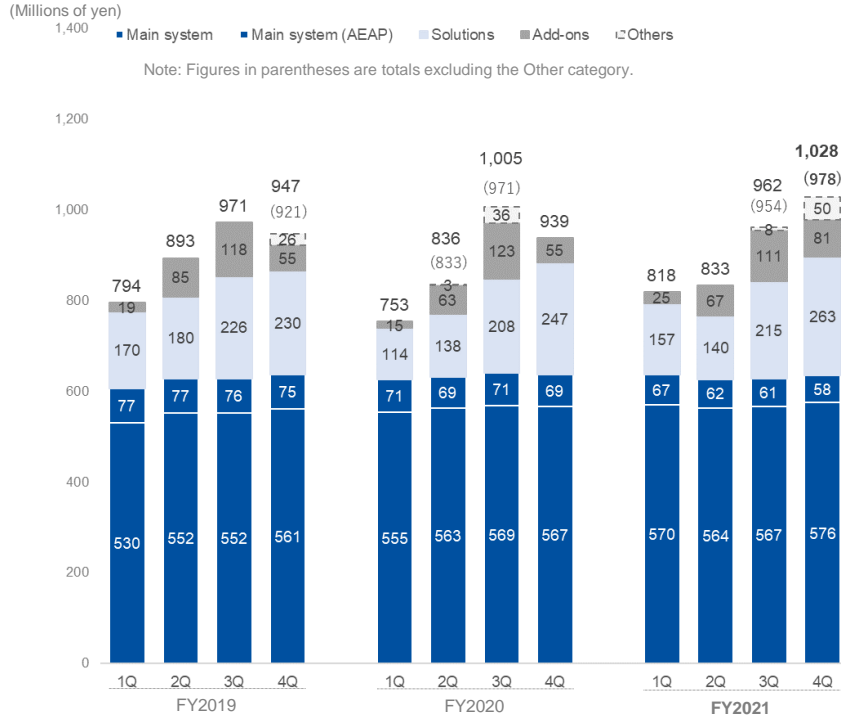
Net sales slightly increased by 3.1% YoY, falling short of the initial plan

- Net sales remained almost flat YoY. **Sales activities slowed down** mainly due to workload for the transition associated with a system renewal of ADVANTAGE TOUGHNESS in 1H. **Solution sales were on a recovery trend in 4Q**, but have yet to fully recover. Net sales were significantly below the initial plan.
- Costs were incurred as planned, including development costs associated with the system renewal of ADVANTAGE TOUGHNESS, the impact of operation expenses for both new and former systems, and increased personnel expenses from more active hiring. As a result, profit declined with a significant YoY increase in expenses.



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

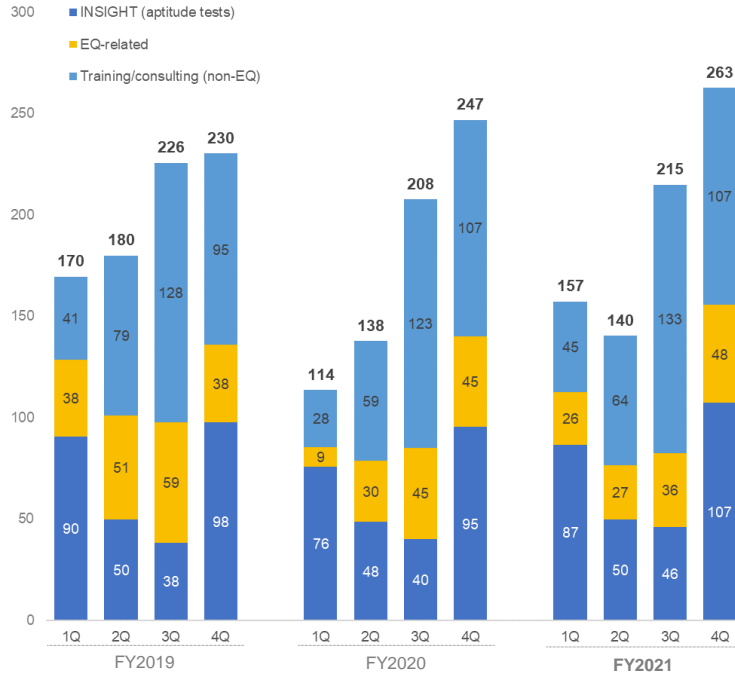
- Sales of the **main TOUGHNESS system** remained **almost flat**. Newly acquired contracts increased YoY, but not enough contracts were acquired and some were lost.
- Solution sales recovered (**increased**) in 2H, although sales activities were affected by increased workload for the system transition in 1Q and 2Q.



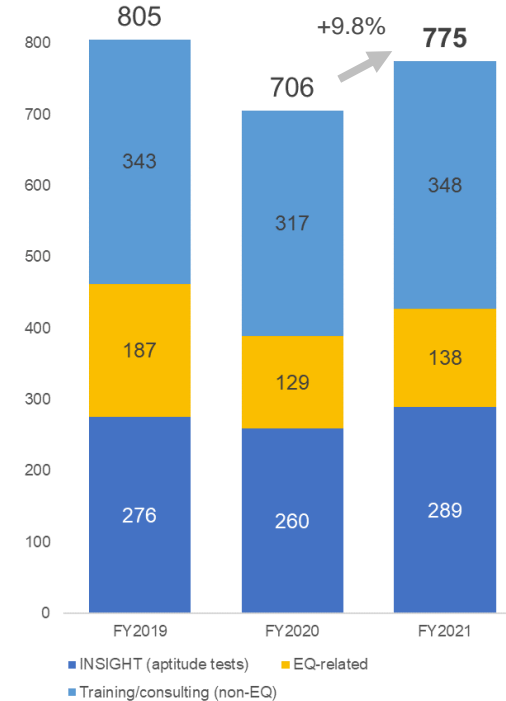
(1) Mental Health Management Service – Breakdown of Solution Sales

- Sales were **significantly lower than the plan**, partly due to increased workload for the system transition continued from 1H. **4Q performed strongly** and full-year sales increased by 9.1% YoY, but are **still midway toward recovery**.
- INSIGHT (aptitude tests) recovered with an increase of 29 million yen YoY for the full year, but **EQ-related solutions sales were sluggish**. We are planning a renewal of the EQI system in FY2022.

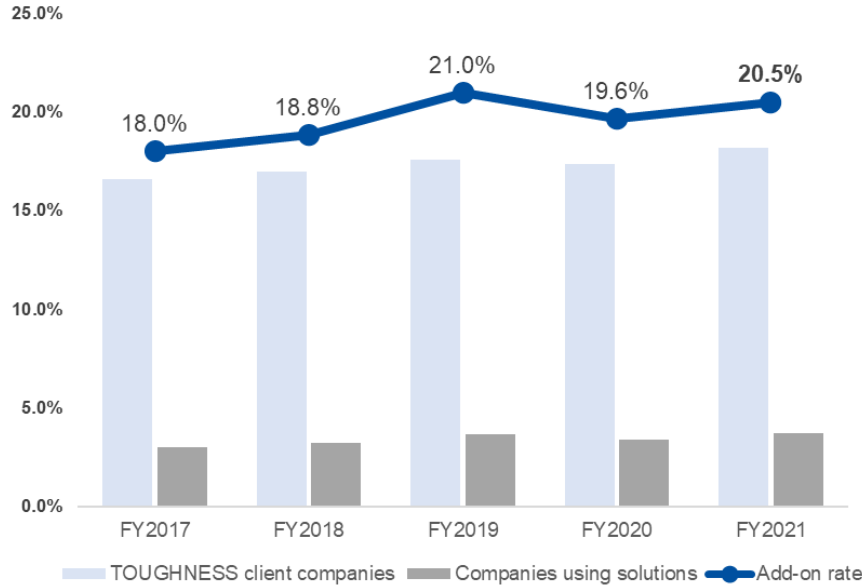
(Millions of yen)



(Millions of yen)



(1) Mental Health Management Service – Trends in Solution Add-on Rate



Solution add-on rate: 20.5%
Midway toward recovery

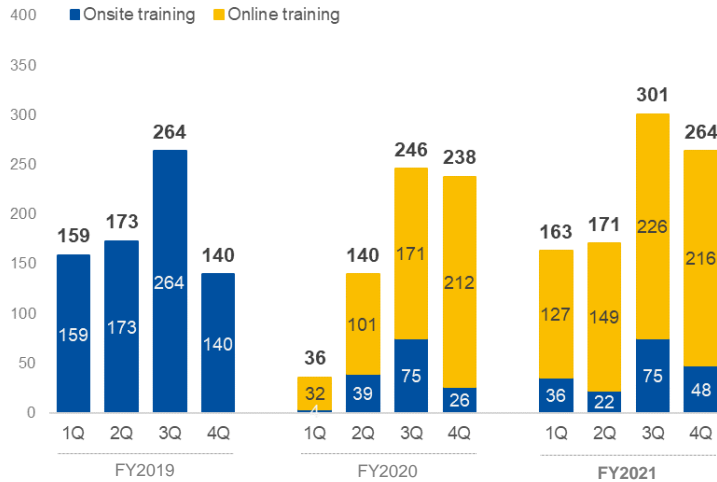
Solution add-on rate declined in FY2020 due to the impact of the pandemic. Despite increased demand in FY2021 for post-stress checkup solutions, we are still midway toward recovery partly due to the impact of increased workload for the system transition continuing from 1H.

Note: TOUGHNESS client companies are based on the number of counterparties on contract.
Not all companies that we provide service to are included (e.g., group companies).

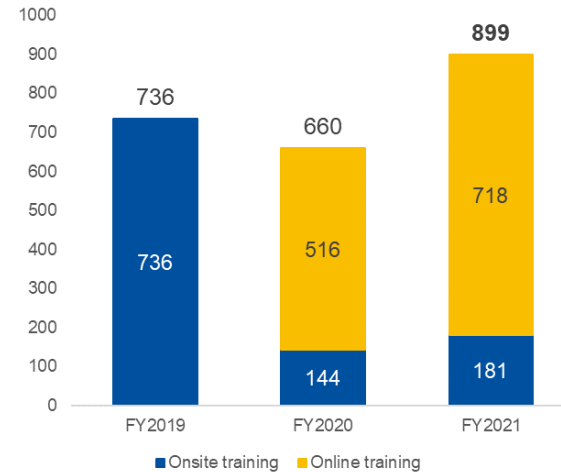
(1) Mental Health Management Service – Trends in Number of Training Sessions Provided

- Recovered from FY2020, when the impact of the COVID-19 pandemic hit.
With **online training taking hold**, the number of training sessions increased.

(Number of sessions)



(Number of sessions)



(2) Health and Productivity Management Service – Business Results

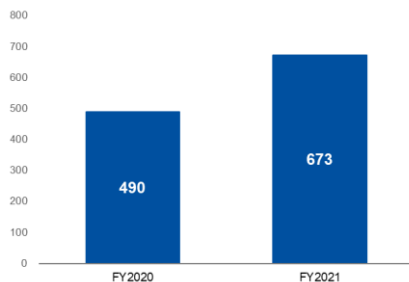
(Millions of yen)	FY2020	FY2021	YoY change
Net sales	490	673	+37.3%
Expenses	475	645	+35.8%
Segment profit	15	28	+86.7%
Operating profit	(32)	(38)	-

Note: Operating profit 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 and number of staff.

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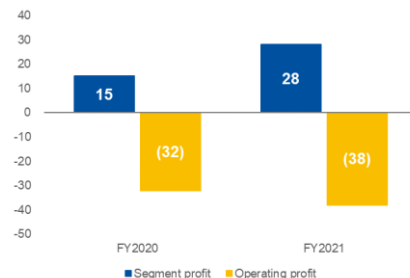
Net sales

(Millions of yen)



Segment profit / Operating profit

(Millions of yen)

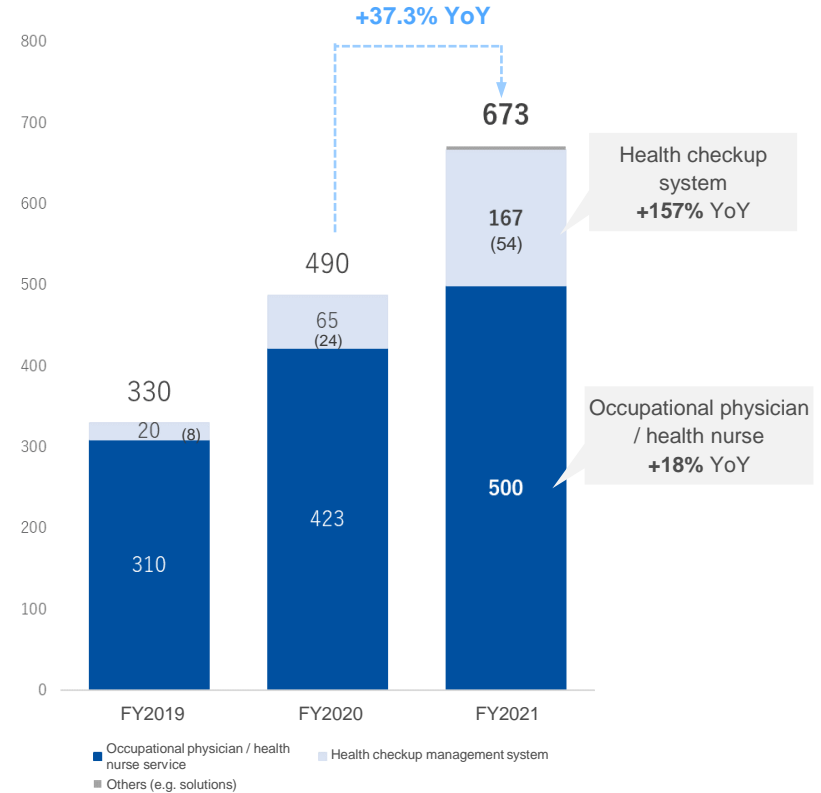
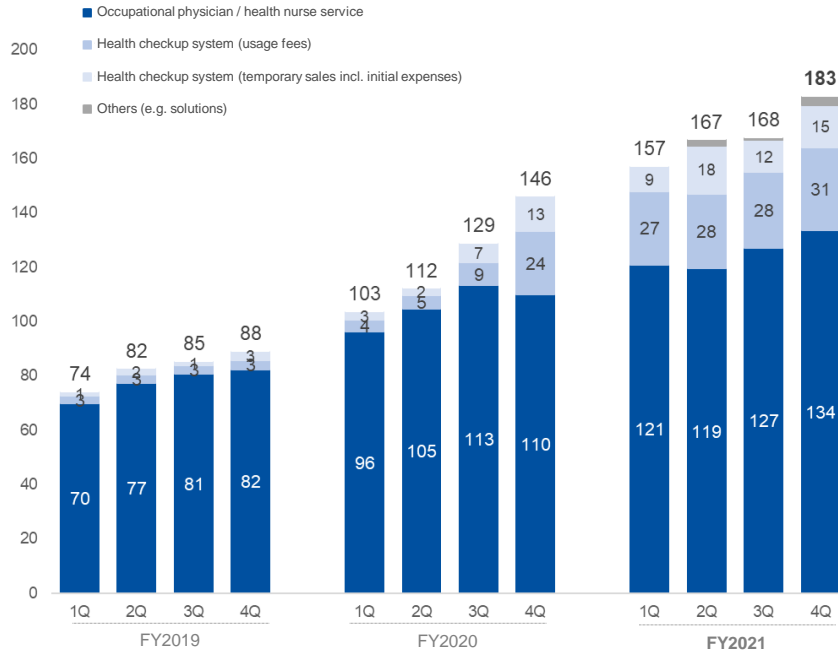


Kept strong growth in net sales with an increase of 37.3% YoY albeit below the initial plan

- The health checkup system and the occupational physician / health nurse service both kept growing, although acquisition of new contracts fell short of the initial plan.
- **Tailwinds** continue in the market, backed by **corporate demand for promotion of health and productivity management and the trend to digitalize health checkup results**. The number of inquiries continued to increase for physically minded health seminars as well (including lifestyle, smoking, and sleep).

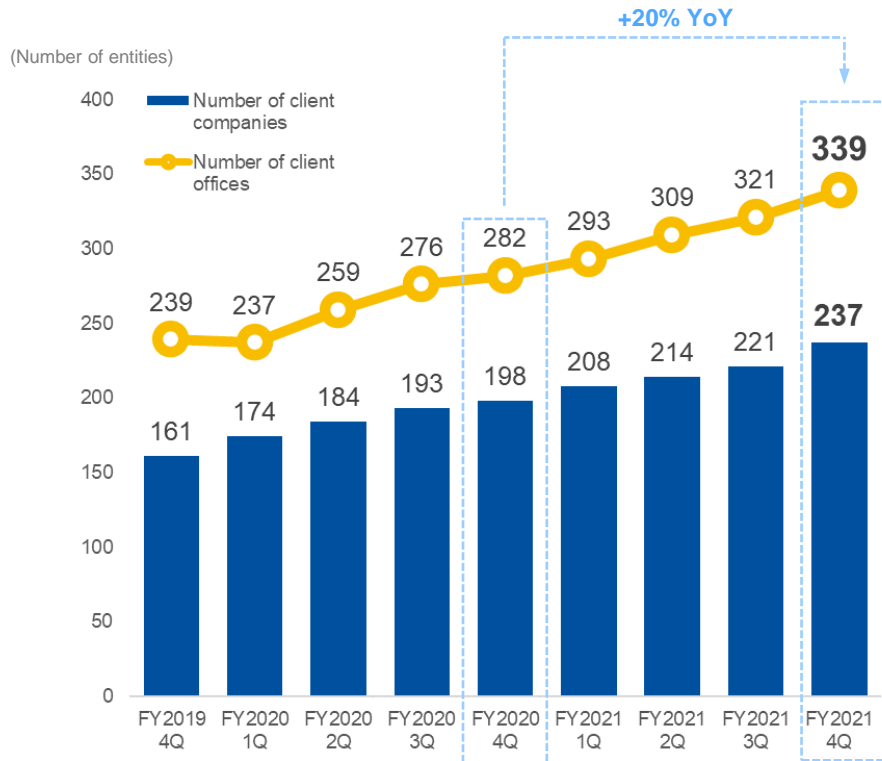
(2) Health and Productivity Management Service – Sales Trends by Product

Sales of the health checkup management system grew substantially, and performance of the occupational physician / health nurse service was also robust.



Note: Figures in parentheses for health checkup management system are temporary sales such as initial registration fees, which are included in the corresponding primary figures.

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

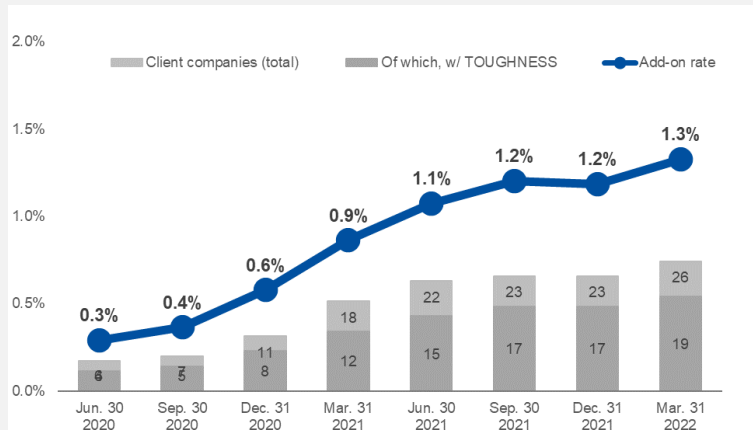


**Both number of client companies and
number of client offices
increased steadily at
+20% YoY**

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

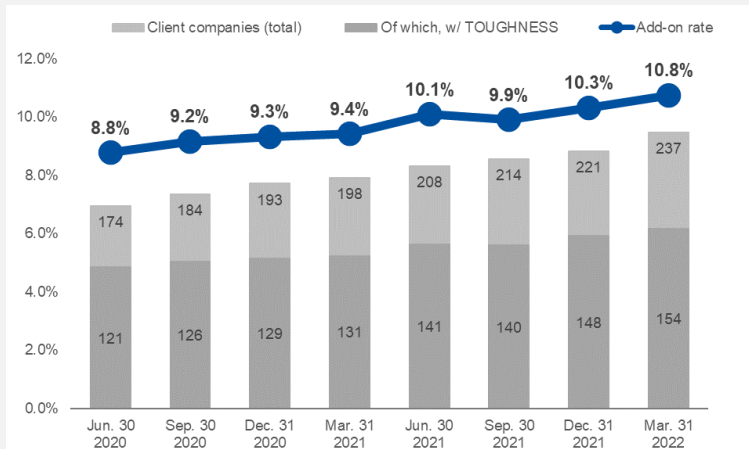
Add-on rates on ADVANTAGE TOUGHNESS. Continuously increasing albeit slowly.
Adding on the occupational physician / health nurse service after stress checkups remains robust.

Health checkup system add-on rates



Note: Health checkup system add-on rate = number of companies that adopted health checkup system (with TOUGHNESS) / number of companies that adopted ADVANTAGE TOUGHNESS

Occupational physician / health nurse service add-on rates



Note: Occupational physician / health nurse service add-on rate = number of companies that adopted occupational physician / health nurse service (with TOUGHNESS) / number of companies that adopted ADVANTAGE TOUGHNESS

(3) LTD Service – Business Results

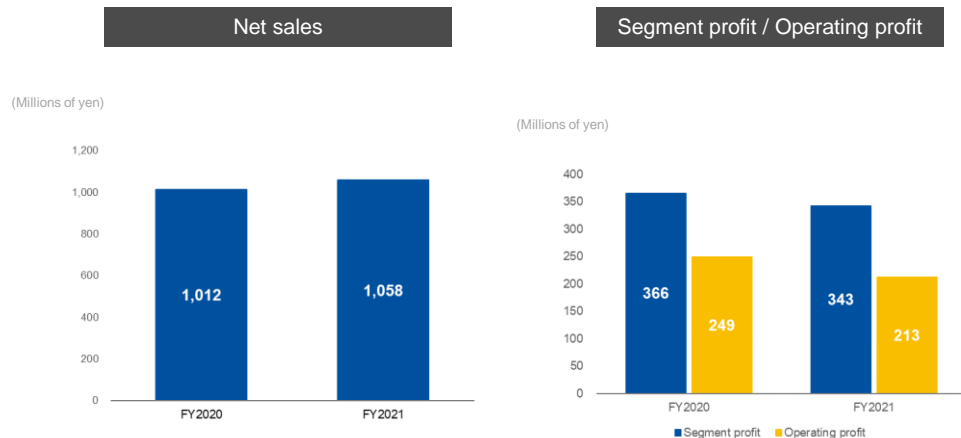
(Millions of yen)	FY2020	FY2021	YoY change
Net sales	1,012	1,058	+4.5%
Expenses	645	714	+10.7%
Segment profit	366	343	-6.3%
Operating profit	249	213	-14.5%

Note: Operating profit 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 and number of staff.

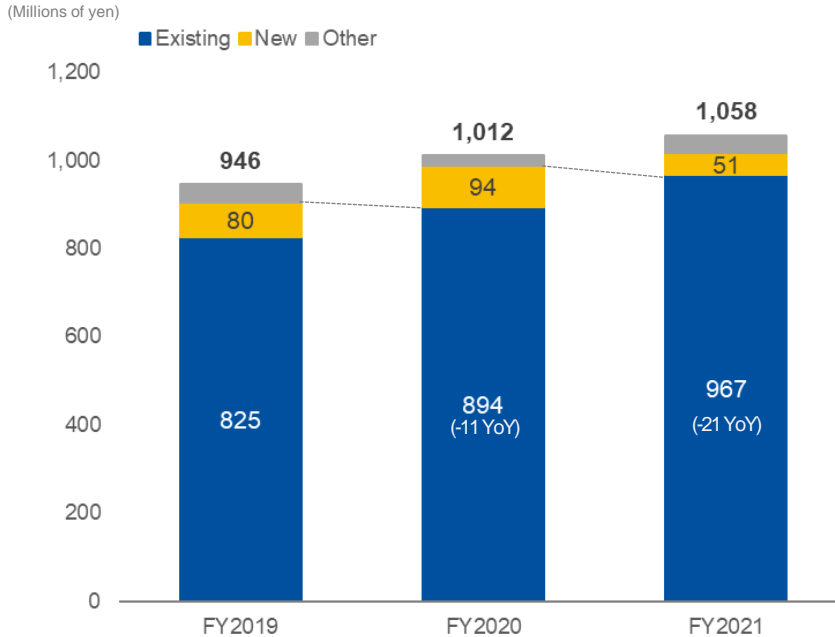
(*) Mainly selling, general and administrative expenses for administrative and other departments that do not belong to any reportable segment

Net sales increased by 4.5% YoY albeit below the initial plan

- Net sales increased YoY, but fell short of the initial plan. This was because of negative factors such as some clients reducing employees and cutting costs due to the COVID-19 pandemic, as well as start of contracts from **new** acquisitions getting **postponed to the next fiscal year**.
- The market remains favorable**. The **pipeline is stronger** with prospective **large** projects, and is expected to remain robust.



(3) LTD Service – Sales Trends



Note: YoY change of same-client sales = same-client sales for FY2021 - (same-client sales for FY2020 + new-client sales for FY2020)

Note: Other comprises revenue other than agent fees, including insurance outsourcing fees and collection and administrative service fees.

System startup delayed in new-client sales Same-client sales decreased due to COVID-19

- The number of prospective clients is increasing remarkably, but some companies, particularly large companies, pushed back the timing of system startup more than expected, leading to postponements until FY2022. As a result, sales to new clients declined.
- **Same-client sales decreased by 21 million yen.** Some contracts were lost as companies **cut costs** amid the pandemic, and subscribers decreased as there were **fewer employees**.

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

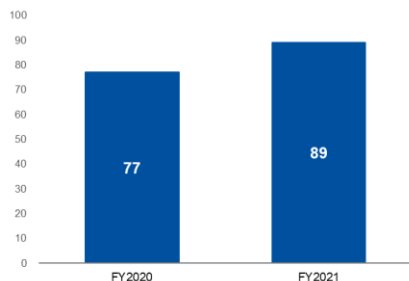
(Millions of yen)	FY2020	FY2021	YoY change
Net sales	77	89	+15.6%
Expenses	280	325	+16.1%
Segment profit	(203)	(236)	-
Operating profit	(221)	(258)	-

Note: Operating profit 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 and number of staff.

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

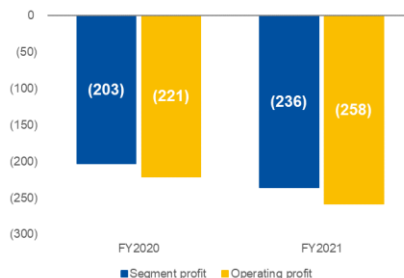
Net sales

(Millions of yen)



Segment profit / Operating profit

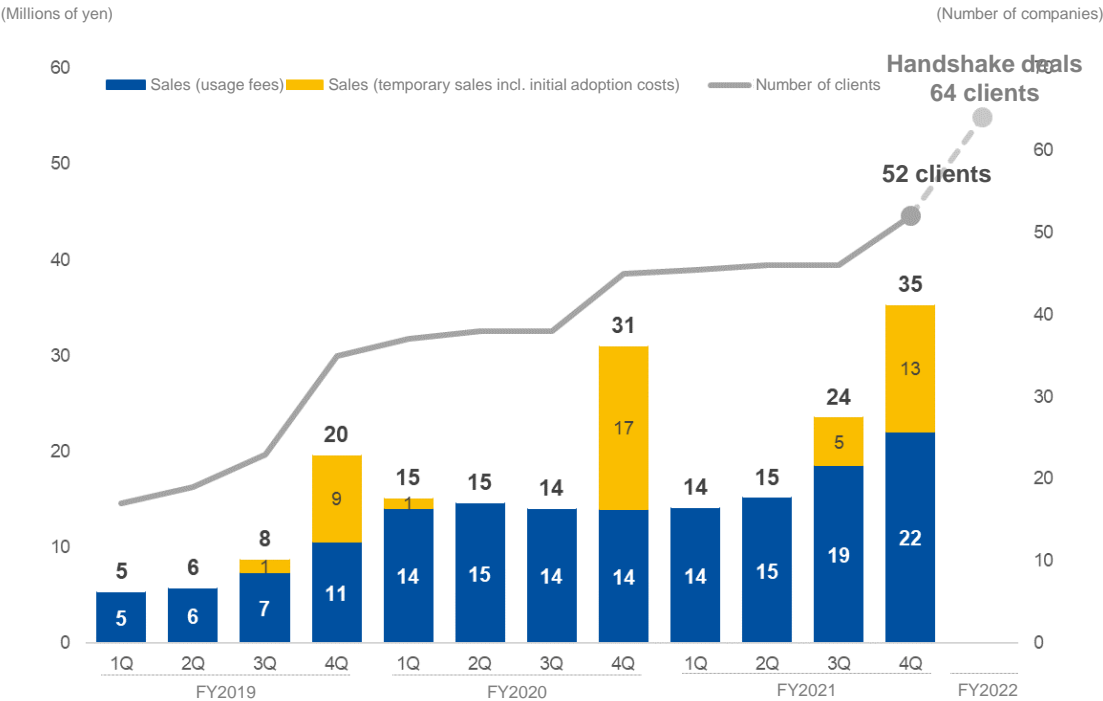
(Millions of yen)



Number of new contracts increased from 4Q, but significantly less than the initial plan

- On the sales side for FY2021, **the number of new contracts fell significantly short** of the initial plan, because of delayed sales activities mainly due to HR departments of client companies prioritizing **workplace COVID-19 vaccinations** from 1H. Although sales were pushed back, **the number of new contracts in 4Q increased** with still more in the pipeline.
- As for expenses, amortization expenses associated with the renewal as well as personnel expenses and marketing costs increased ahead of business expansion. **Updates in line with the amendments to the Childcare and Caregiver Leave Act** and other development projects were carried out as planned.

(4) Work-Life Balance Support Service – Adoption of ADVANTAGE HARMONY




Heavily delayed, but number of client companies increased to 52


Renewed to a new service in January 2021. Sales activities for new adoption slowed down due to the pandemic and were heavily delayed from the plan. However, the number of client companies increased from 4Q onward. We have handshake deals with 12 clients that have decided to adopt the service in FY2022.

	End of FY2019	End of FY2020	End of FY2021
Number of handshake deals at the end of fiscal year (adoption in the next fiscal year)	0 clients	1 client	12 clients

(4) Work-Life Balance Support Service – Added New Functions to ADVANTAGE HARMONY

We **updated** the system by adding functions to **address the amendments to the Childcare and Caregiver Leave Act** coming into effect in stages from April 2022. We are **helping HR and labor relations staff to solve issues** such as “**establishing an environment for taking childcare leave**” and “**more complex management due to splitting childcare leave into multiple periods.**”

 Amended Childcare and Caregiver Leave Act comes into effect in stages from April 2022

 2022/4/1~

Establishing an environment for taking childcare leave, providing information, and checking employees' wishes become mandatory
Prerequisites for fixed-term workers to be eligible for childcare and caregiver leave are relaxed
→ 1+ year of continued employment no longer required

 2022/10/1~

Allows childcare leave to be split into multiple periods
Creating a framework on childcare leave for male workers shortly after a baby is born
→ Allows workers to flexibly take childcare leave shortly after a baby is born

 2023/4/1~

→ Disclosure on the state of childcare leave taken becomes mandatory

ADVANTAGE HARMONY will simultaneously enable administrative streamlining and work-life balance support for childcare!



Totally paperless leave management

manage leave or absence schedule and history, and handle everything from receiving childcare leave applications to notifying agreements and taking care of social security paperwork all in one place; compatible with online applications.



Check the work being done with To Do lists

Automatically generate To Do lists and send alerts according to each application period



Connected via communication

Facilitate communication with employees on leave through My Page



Compliant with mandatory Individual notices and intent confirmations

Capable of confirming the wishes of every eligible individual, providing various training sessions, and establishing consultation contact points

(5) Risk Financing Service – Business Results

(Millions of yen)	FY2020	FY2021	YoY change
Net sales	338	327	-3.3%
Expenses	67	71	+6.0%
Segment profit	270	255	-5.6%
Operating profit	242	225	-7.0%

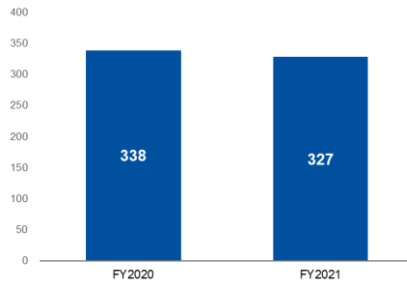
Generally as planned

Note: Operating profit 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 and number of staff.

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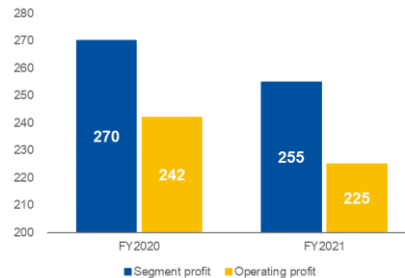
Net sales

(Millions of yen)



Segment profit / Operating profit

(Millions of yen)



03

Financial Results Outlook for FY2022



企業に
未来基準の
元気を！

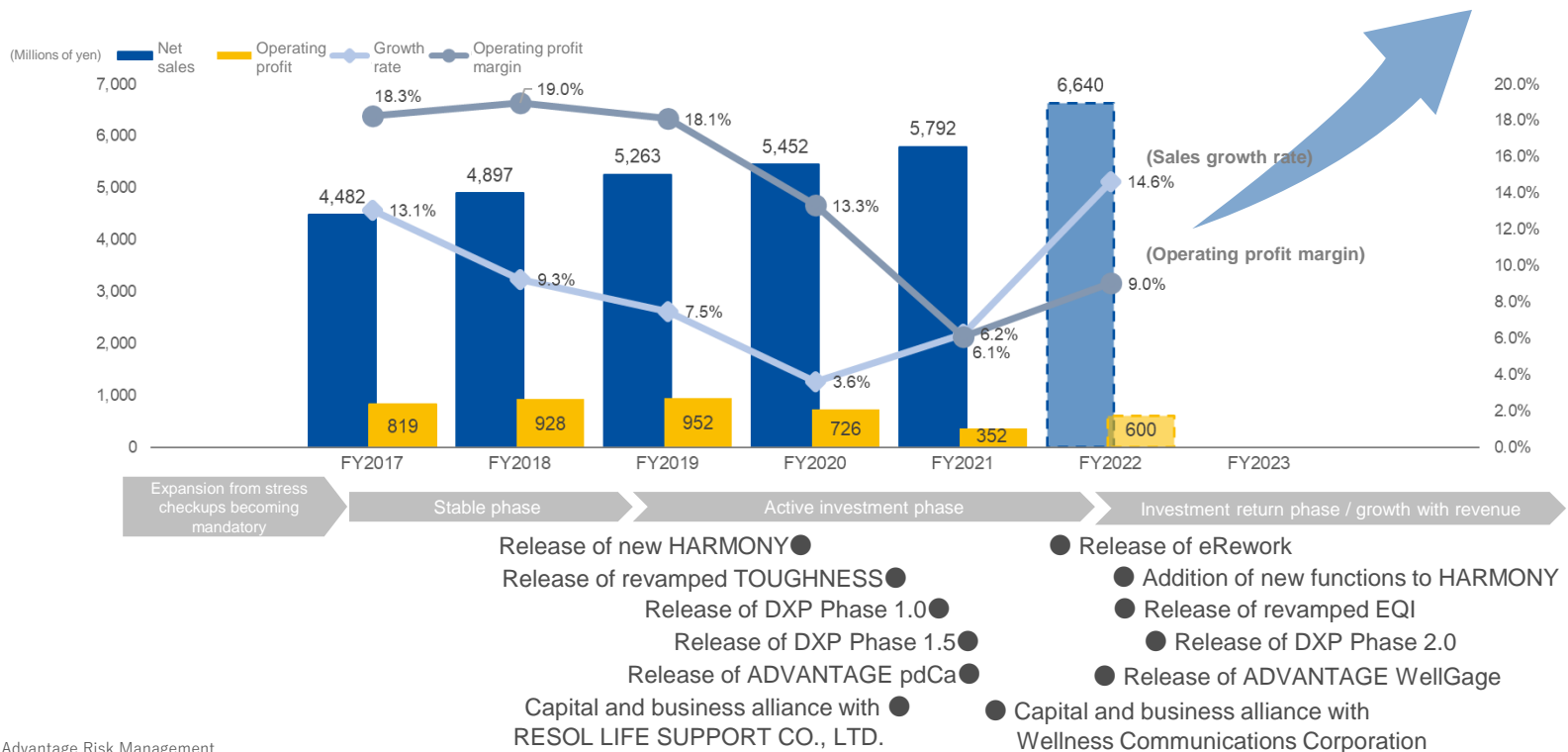
Full-year Financial Results Outlook for FY2022

FY2022: Net sales of 6,640 million yen (+14.6%) and ordinary profit of 600 million yen (+65.4%)

	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022		YoY change	
(Millions of yen)	Amount	Component of net sales	Amount	Component of net sales	Change	% Change
Net sales	5,792	100.0%	6,640	100.0%	+847	+14.6%
Mental Health Management Service	3,643	62.9%	3,921	59.1%	+277	+7.6%
Health and Productivity Management Service	673	11.6%	874	13.2%	+200	+29.7%
LTD Service	1,058	18.3%	1,257	18.9%	+198	+18.8%
Work-Life Balance Support Service	89	1.5%	266	4.0%	+176	+197.4%
Risk Financing Service	327	5.6%	322	4.8%	-5	-1.6%
Operating profit	352	6.1%	600	9.0%	+247	+70.1%
Ordinary profit	362	6.3%	600	9.0%	+237	+65.4%
Profit attributable to owners of parent	201	3.5%	400	6.0%	+198	+98.2%

Full-year Financial Results Outlook for FY2022

- We will make **significant progress** in the rollout of ADVANTAGE Well-being DXP we have been working on and account-based sales through **comprehensive sales with DXP at the core**, to further advance business activities based on the Medium-term Management Plan 2023.
- We will **maintain a certain level of growth investments**, but **unlike FY2021, a gap between investment and its return is not expected**. **Profit margin is expected to improve rapidly** as we **increase** the top line, especially from **recurring revenue**, with the effects of investment.



04

Topics



企業に
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Topics – Topics on Health and Productivity Management (1/3)

To ensure the well-being of employees, we have worked on health and productivity management.

Having established the “**health checkup anomaly observance rate**” and the “**proportion of productivity lost owing to presenteeism**” as KPIs, we are carrying out a variety of programs with the idea that improving the four indicators of “**exercise**,” “**eating**,” “**sleep**,” and “**non-smoking**” particularly lead to better KPI figures.

The entire group, as “ALL ADVANTAGE,” worked on various measures and strived for inclusion in the Health & Productivity Stock Selection by utilizing our own services and incorporating advice from internal experts.

[Using our own systems in health and productivity management]

☐ **ADVANTAGE Well-being DXP**

A data management platform for consolidating and visualizing HR and labor relations information such as employees' physical and mental health data, attendance, and leave of absence. With a key focus on ADVANTAGE TOUGHNESS results, identified trends by cross-referencing with other items such as work hours.

Used to **streamline various surveys including the Survey on Health and Productivity Management and the preparation of other documents.**

Administrative workload on compiling information was reduced, allowing staff to focus more on examining and implementing programs.



☐ **ADVANTAGE TOUGHNESS for stress checkups / engagement surveys**

Measures and visualizes not only stress conditions that could pose a risk, but also “engagement” that directly contributes to improving productivity, as well as “mental resiliency,” which is our proprietary indicator representing the capacity to cope with stress. We conduct surveys twice a year, beyond the legal requirement of once a year.

By capturing how our organizational and workplace environments are changing, we ensure we can address issues faster.



☐ **Health Checkup Results Management System**

Systemize and digitalize the overall work process including health checkup appointments, management of results, and coordination with occupational health staff. We were able to **create more time for programs and measures by shortening time required to collect and compile various data.**



Selected under the 2022 Health & Productivity Stock Selection Recognized as a 2022 Certified Health & Productivity Management Outstanding Organization (large enterprise category, White 500)

In March 2022, the Company was selected for the first time under the 2022 Health & Productivity Stock Selection, a joint program of the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. The Company was also recognized as a 2022 Certified Health & Productivity Management Outstanding Organization (large enterprise category, White 500; recognized for five consecutive years).



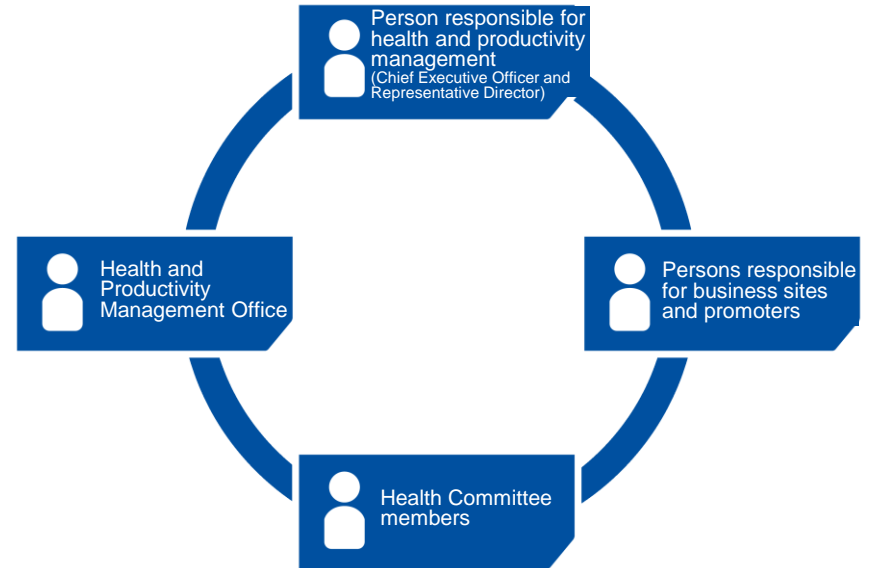
■ The Company's Health and Productivity Management Promotion Policy (Health and Productivity Management Declaration) and Promotion Systems

At ADVANTAGE Risk Management Co., Ltd. and our Group companies, we believe that employees continuing to live healthily and work with a sense of well-being is the most important foundation for the long-lasting happiness of employees and their families as well as increased energy within the company.

We declare that we will focus all our efforts on making this a reality and strive to achieve this goal at a higher level.

We also believe that enhancing employees' health and vitality will help us achieve our corporate mission to "create well-being at corporations," as well as our corporate message to "bring a new standard of well-being to the future of corporations!" and at the same time contribute to enhancing the value we offer to customers.

Through the "well-being" of employees, we will work with the community to create "environments where people can work with peace of mind" and companies where "individuals and teams have vitality."



05

Progress of Medium-term Management Plan



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元気を！

Trends in Japan regarding human capital management

- There is an increased interest in “human capital management,” a management practice to achieve sustainable increase in corporate value by regarding human resources as “capital”
- Backed by the national government, a **corporate trend toward disclosing human capital information is accelerating**

Oct. 2017

METI published Ito Review 2.0

From the perspective of improving earning power, emphasized the importance of intangible assets (e.g., human resources, technologies and branding) and non-financial information, which is the main focus of ESG investment

Sep. 2020

METI published Ito Review: Human Resource Edition

Proposed the 3P/5F Model, a human resource strategy that leads to improving corporate value

Jun. 2021

TSE revised Japan's Corporate Governance Code

Included matters on disclosure of human capital

Mar. 2022

METI published Ito Review 2.0: Human Resource Edition (draft)

Presented specific initiatives and effective methods based on deeper research

Jun. 2022

Cabinet decision by the Kishida cabinet (planned)

Guidelines on visualizing non-financial information are planned to be determined and announced

Trends outside of Japan regarding disclosure of human capital information

- Europe and the U.S. are ahead of Japan in terms of disclosing human capital information
- In Europe and the U.S., moves toward disclosing human capital information were active since before the COVID-19 pandemic

Europe

2014

Under the Non-Financial Reporting Directive, the **EU mandated disclosure of information including “social matters and treatment of employees”** (scope of companies with 500 or more employees)

2019

ISO compiled guidelines for internal and external human capital reporting (ISO30414) regarding human resource management

2021

EU published a proposal for the revised Non-Financial Reporting Directive (extends the scope and specify information to be disclosed)

U.S.

2019

The Sustainability Accounting Standards Board published the Revised SASB Standards (requires disclosure of important items in the human capital domain)

2020

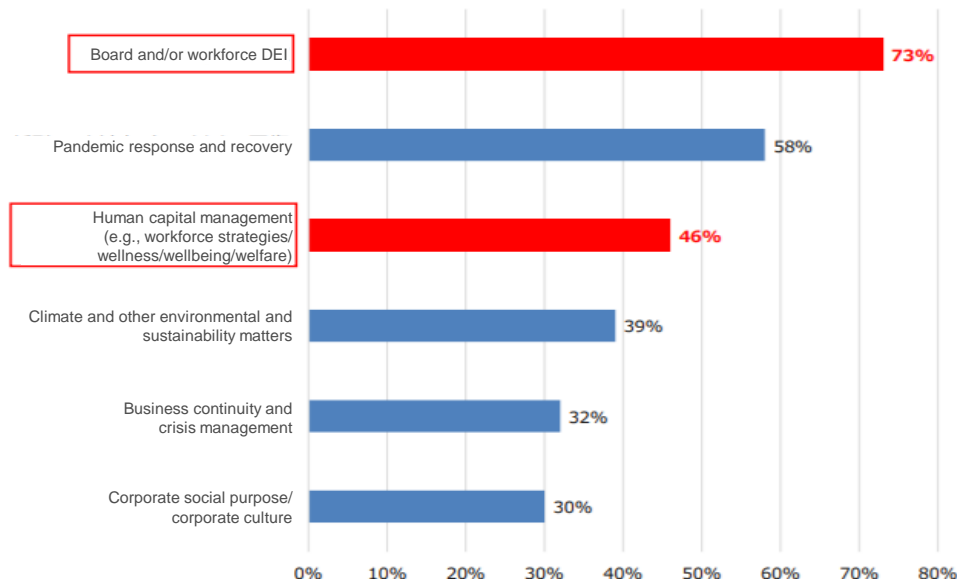
U.S. Securities and Exchange Commission mandated disclosure of information on human capital (revision to the Regulation S-K)

Priority issues at companies outside of Japan

- Overseas companies are placing an emphasis on human capital as a **management issue**
- The Company's services correspond to:**
 - Board and/or workforce DEI*
 - Human capital management

* DEI: Diversity, Equity, and Inclusion

Overseas, corporate boards are emphasizing “people” as a priority issue for 2021



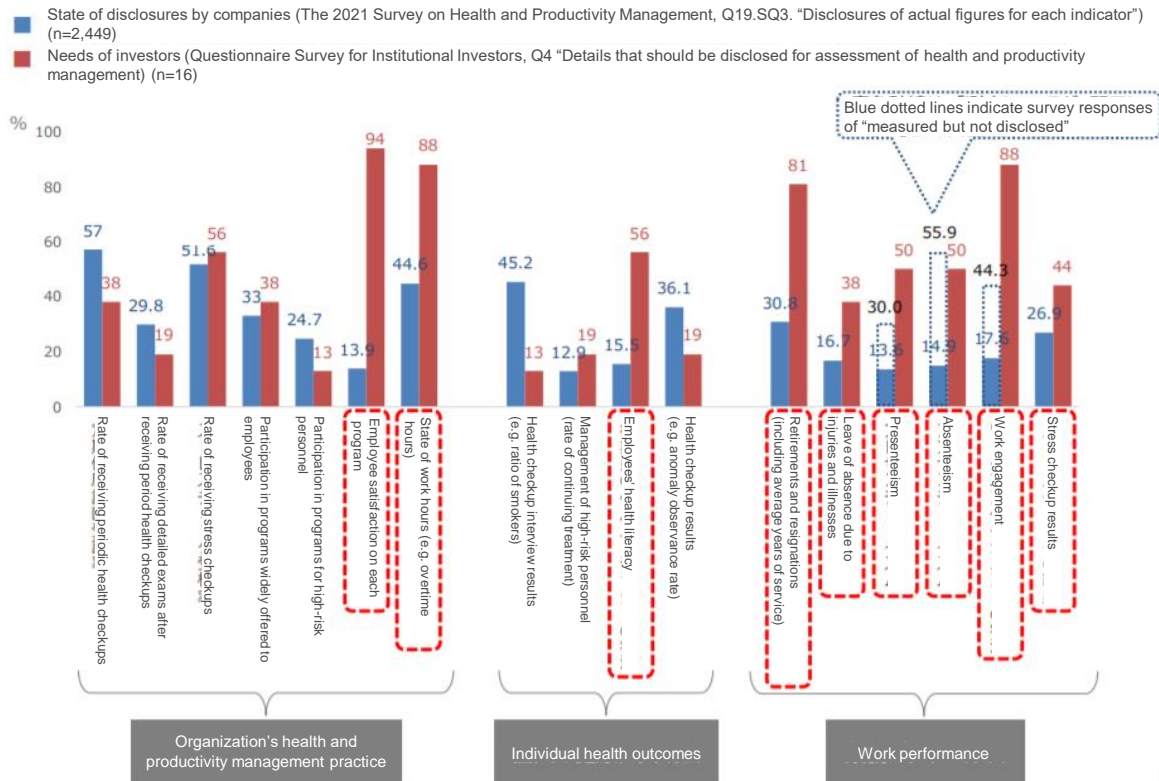
(Source) Deloitte "Board Practices Quarterly – 2021 boardroom agenda" (Published in February 2021)

Source: METI "Brief on Survey on Human Capital Management"

Understanding of Business Environment

Gap between state of disclosures by companies and investors' disclosure needs

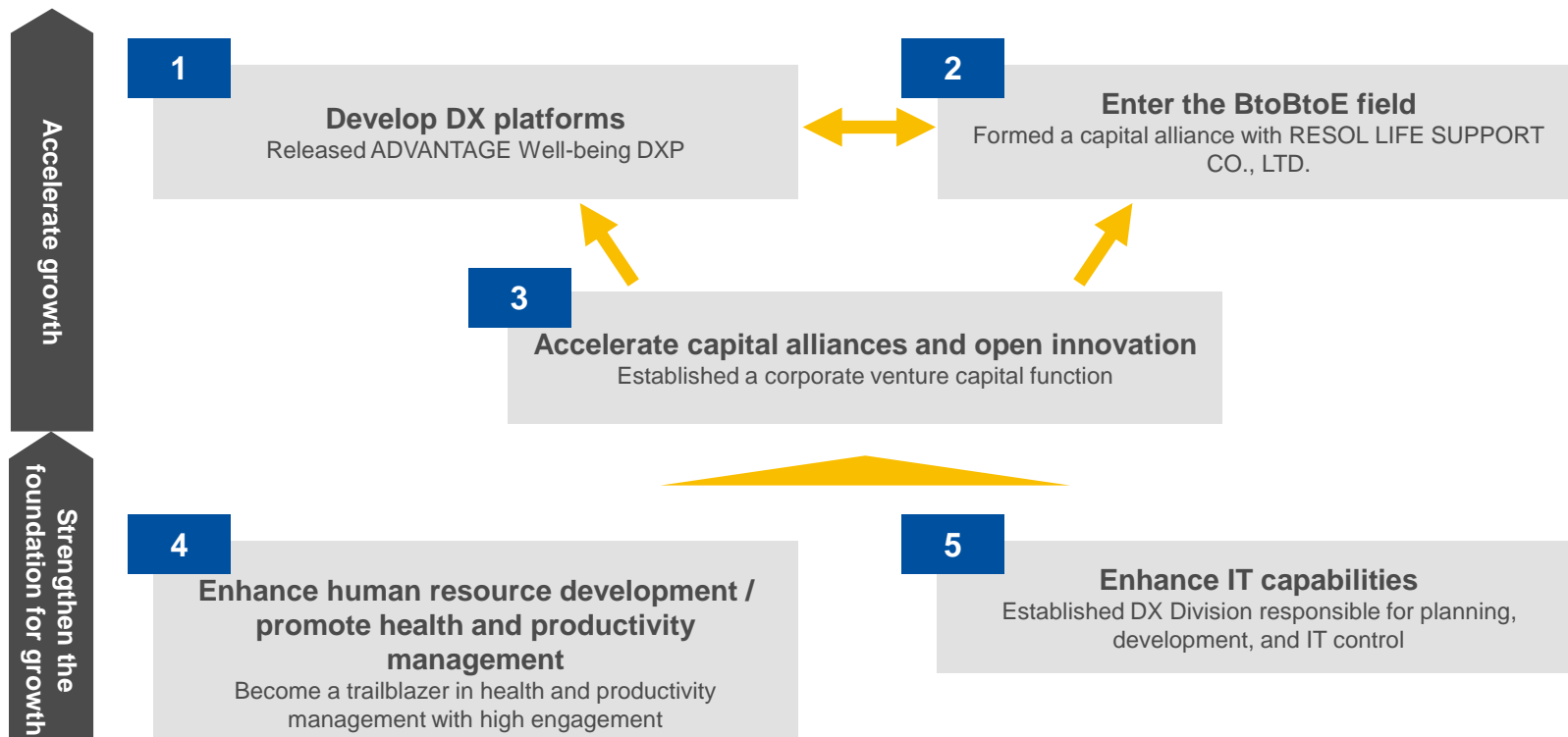
- There is a gap between the disclosure needs expressed by investors and the state of disclosures by companies regarding human capital-related information.
State of practicing health and productivity management
Individual health outcomes
Work performance
- The Company's services correspond to many of these



Source: Materials for the fourth meeting of the Health Investment Working Group of the Healthcare and Medical Care New Industrial Council (December 1, 2021)

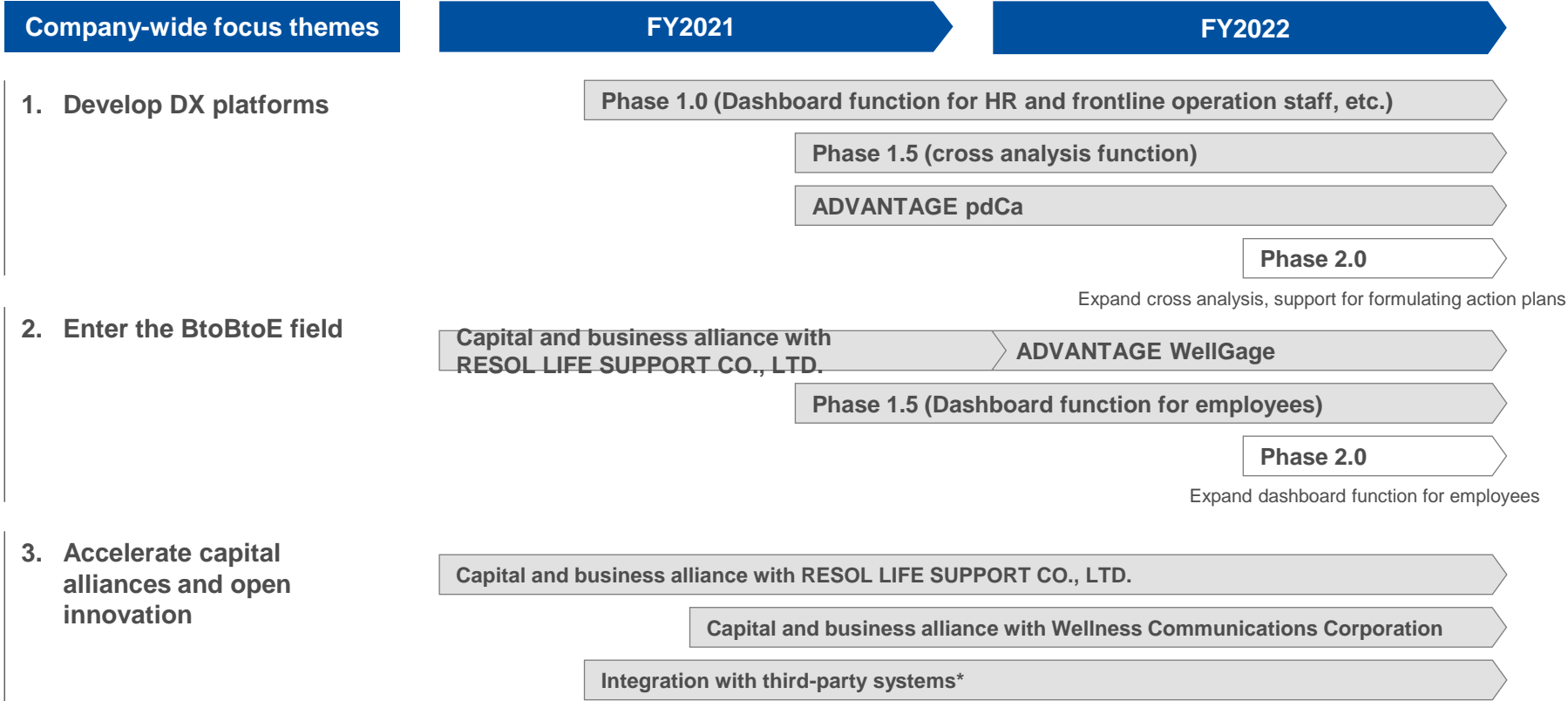
Progress of Medium-term Management Plan – Company-wide Focus Themes

Aim to become the number one platform provider in the well-being market with the company-wide focus themes as the foundation



Progress of Medium-term Management Plan – Company-wide Focus Themes

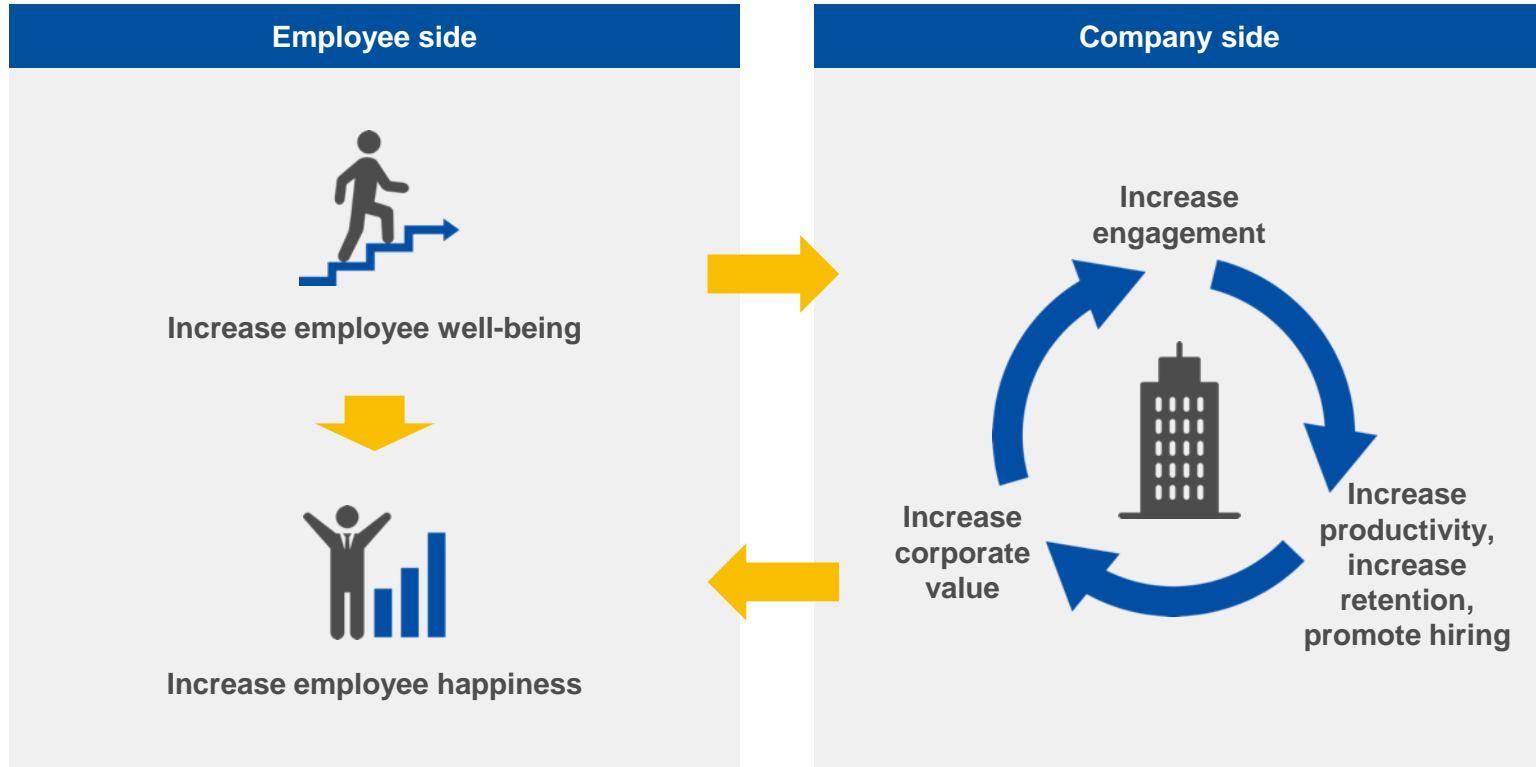
Toward achievement of the Medium-term Management Plan,
made a progress in creating a foundation in line with focus themes



*Integrated with Human Technologies, Inc. and exploring system integration opportunities with other companies

Progress of Medium-term Management Plan – 1. Develop DX Platforms

Provide support for promotion of human capital management and initiatives of individual employees with ADVANTAGE Well-being DXP



Progress of Medium-term Management Plan – 1. Develop DX Platforms

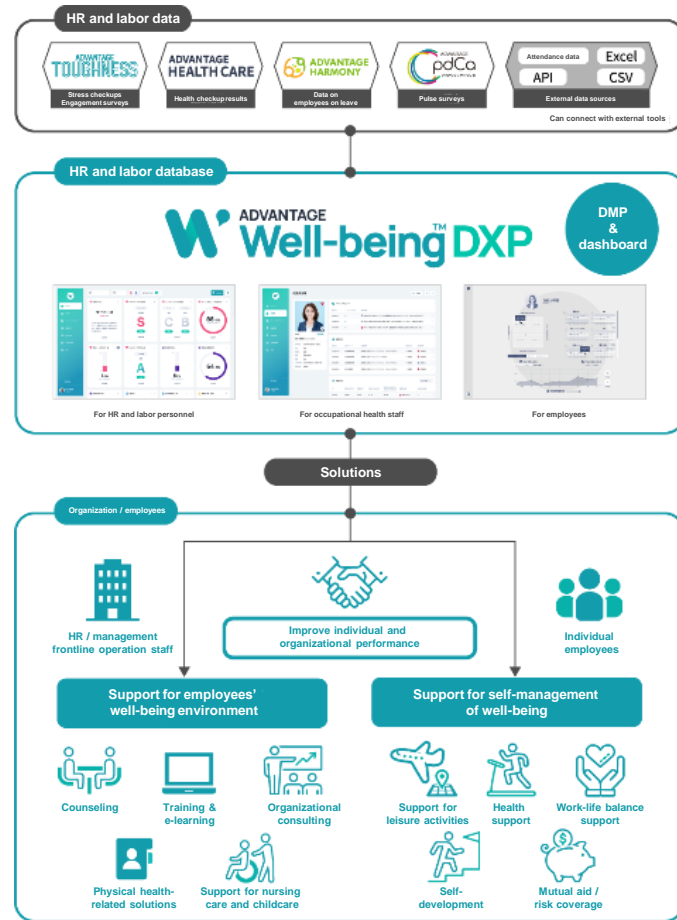


ADVANTAGE Well-being DXP

Basic concept

- Provide support for implementation of PDCA from integrating key HR data to identifying and solving issues
- Comprehensively cover subjective and objective data* that forms the foundation for human capital management
- Enable performance improvements from both fronts of organizational measures and self-management by employees themselves

* Subjective data: Stress checkups, engagement surveys, pulse surveys
Objective data: Health checkup database, data related to employees on leave and reinstated employees, attendance data, etc.



* Includes functions currently in development.

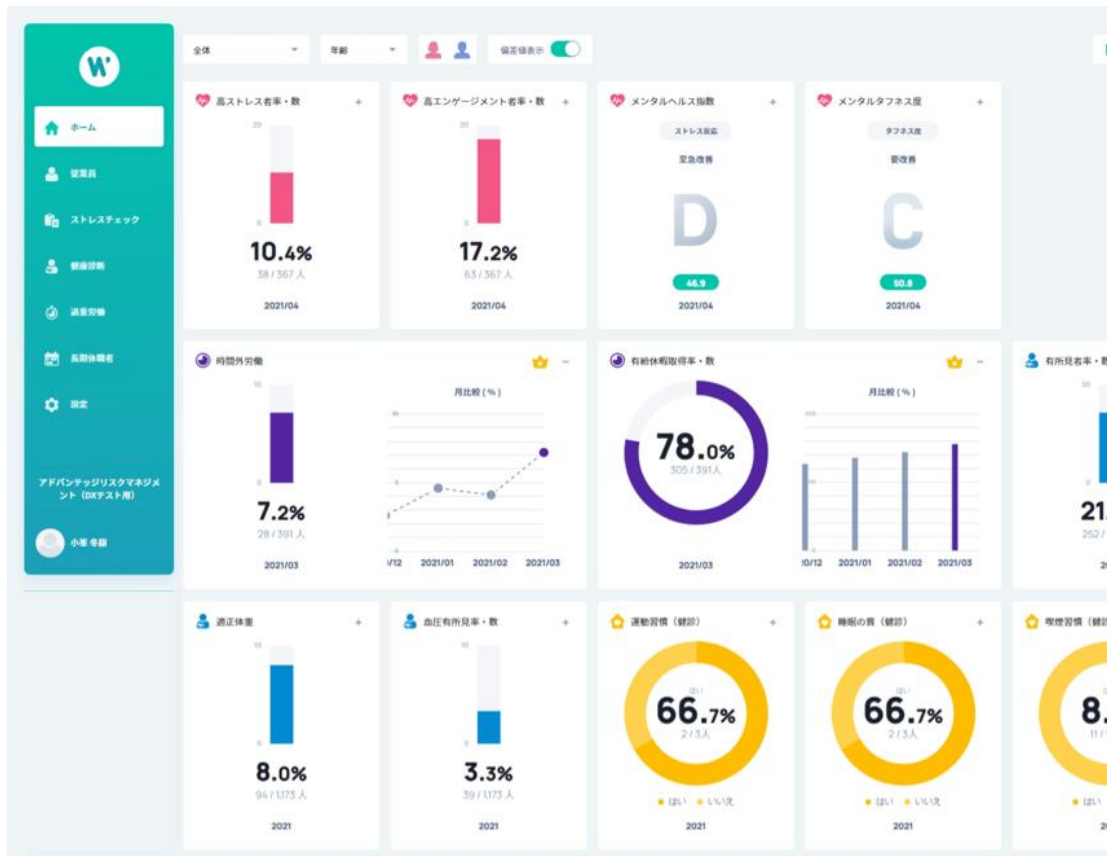
Progress of Medium-term Management Plan – 1. Develop DX Platforms

Released in Phase 1.0

HR dashboard

Streamline aggregation and analysis of HR data

- Collects scattered data to reduce time required for aggregation and analysis
- Integrates various types of data to reveal essential issues, leading to discovery of appropriate solutions



Progress of Medium-term Management Plan – 1. Develop DX Platforms

Released in Phase 1.0

Dashboard for frontline operation staff

Assists with the tasks of line managers and occupational health staff

- An alert is displayed when certain conditions such as overwork and health checkup results are detected
- Employees' health conditions and issues can be checked

従業員詳細

000001 通常勤務

白石 沙耶香 (しらishi さやか)

生年月日 1987年12月24日 (32歳)
性別 女性
事業場 新宿
部署 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

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
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
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

健康診断

受診日	受診コース	医療機関
2020/5/12	定期健康診断	医療法人社団バリュウメディカル バリュウHRビル
2019/5/8	定期健康診断	医療法人社団プラタナスイーク丸の内
2019/5/11	定期健康診断	医療法人社団バリュウメディカル バリュウHRビル
2019/5/14	雇入時健診	医療法人社団バリュウメディカル バリュウHRビル

過重労働

月	所定労働時間	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
2020/5	136.00	112.50	54.75	62.25	⚠

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

Progress of Medium-term Management Plan – 1. Develop DX Platforms

Released in Phase 1.5

Cross analysis function

Data analysis based on the Company's professional expertise

- Conducts rich analysis based on professional expertise by utilizing a database with accumulated knowledge
- Analysis specific to each enterprise's needs can also be made



Progress of Medium-term Management Plan – 1. Develop DX Platforms

Phase 2.0 to be released in summer 2022

Cross analysis function

Additional analysis themes and more

- **Enables theme-based analysis from the HR dashboard**
 - Health and productivity management
 - Active participation of women and seniors
 - Increase retention
- **Enables all-in-one management from registration of issues identified in analysis reports to verification of results using pulse surveys**



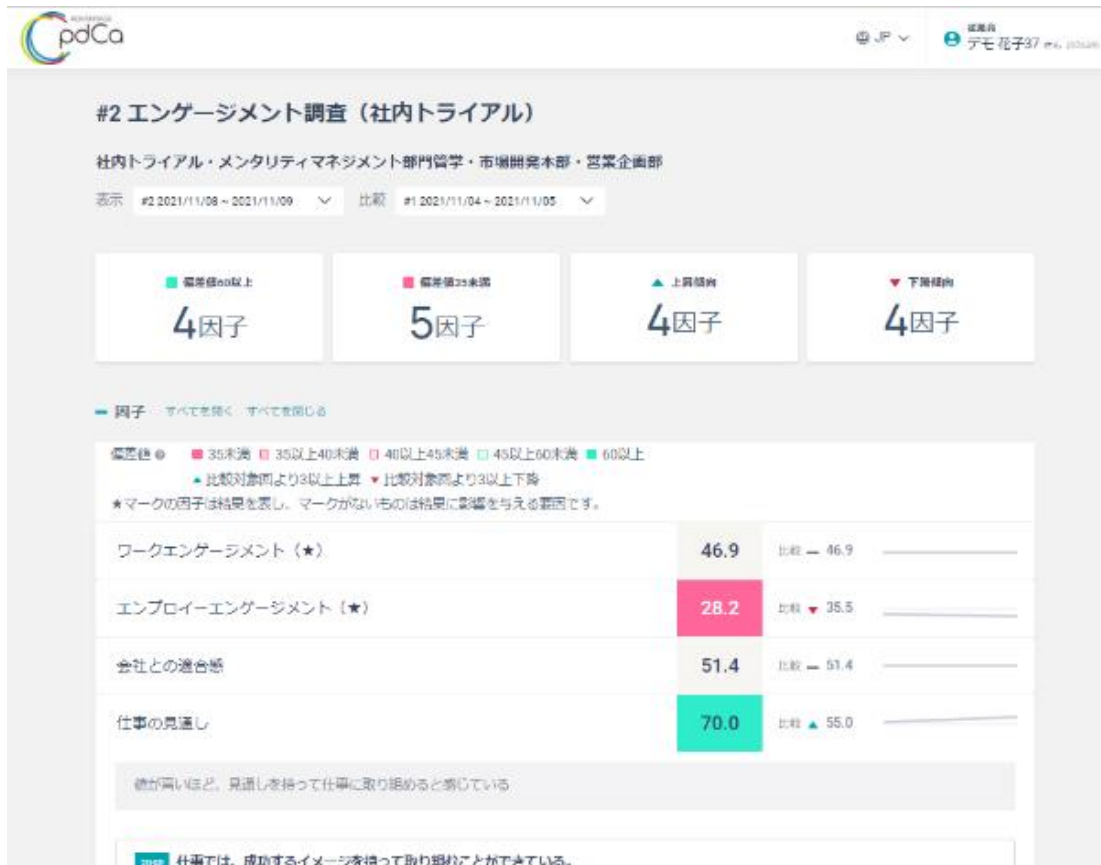
Progress of Medium-term Management Plan – 1. Develop DX Platforms

Released in Phase 1.5

ADVANTAGE pdCa

Short-cycle pulse surveys

- Questions can be selected in accordance with targets and issues and each organization can confirm the current situation in an efficient, suitable manner
- Actions can be advanced while checking results in a short cycle



Progress of Medium-term Management Plan – 1. Develop DX Platforms

Phase 2.0 to be released in Summer 2022

Support for formulating action plans

Automatically recommend solutions

- **Make use of the Company's expertise and knowledge in organizational improvements and health and productivity management fields**
- **Automatically recommend programs that would be effective for each enterprise's issues**

How recommendation works



Collect data on DXP



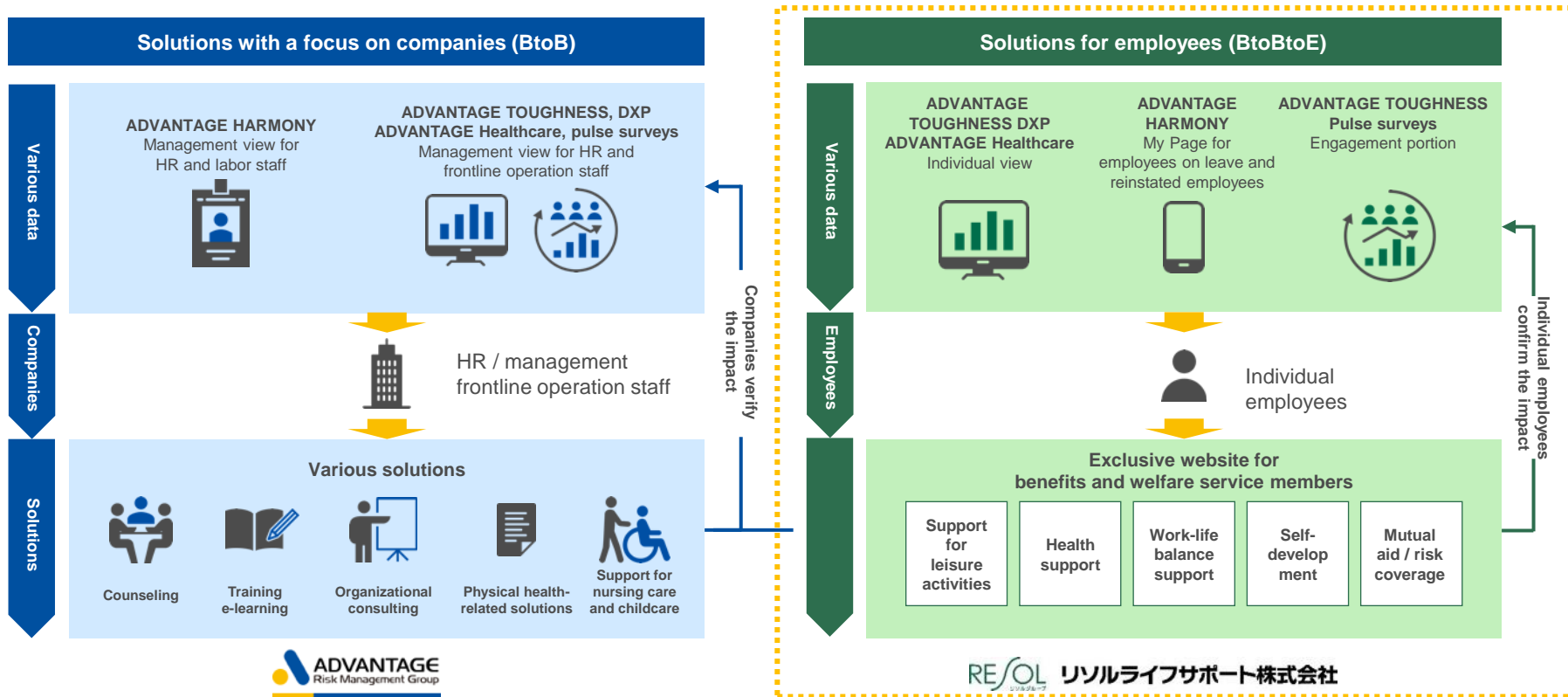
Analyze organizational issues



Propose solutions that would be effective

Progress of Medium-term Management Plan – 2. Enter the BtoBtoE field

Propose solutions to identified issues, optimized for individual employees



Progress of Medium-term Management Plan – 2. Enter the BtoBtoE field

Released in Phase 1.5

Dashboard for employees

Assists with actions of individual employees

- Visualize each employee's physical and mental conditions and issues based on various kinds of health data
- Display a variety of content based on the visualized details
 - Advice for improvements
 - Videos to improve health literacy
 - Counseling
 - Partner services, etc.



Progress of Medium-term Management Plan – 2. Enter the BtoBtoE field

Phase 2.0 to be released in Summer 2022

Dashboard for employees

Provide more comprehensive health information by adding lifestyle indicators

- Provide comprehensive feedback on health-related information

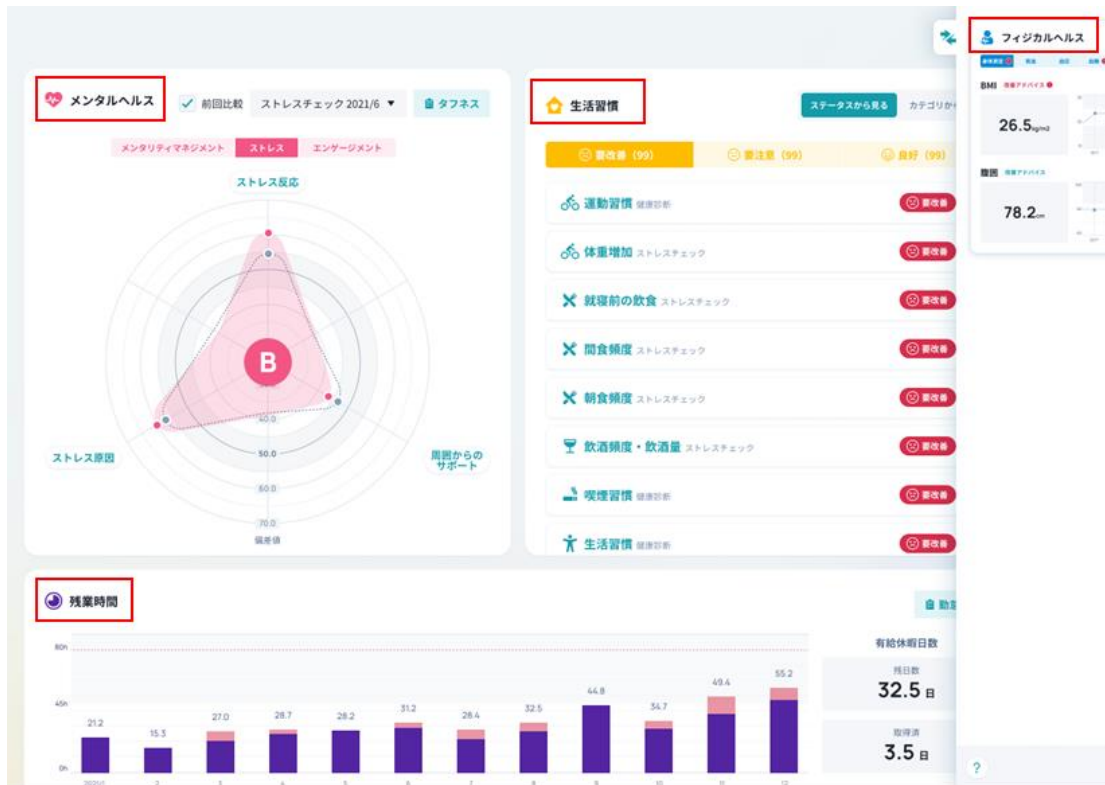
Mental health

Lifestyle

Physical health

Overtime hours, etc.

- Offer support to induce employee's own actions



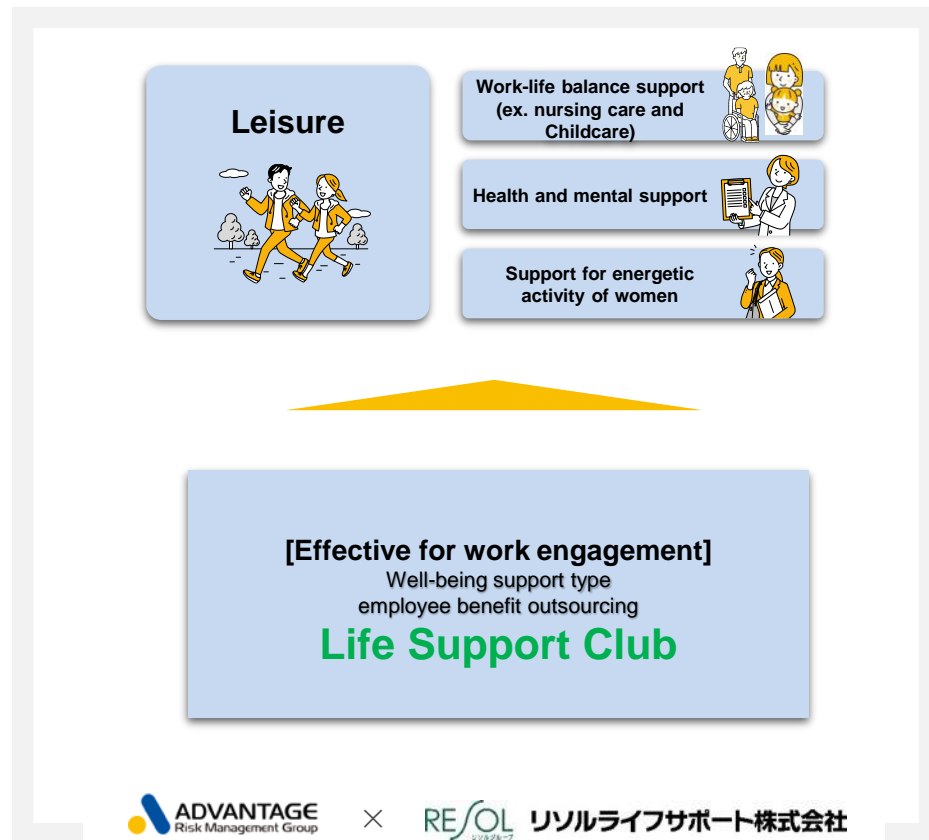
Progress of Medium-term Management Plan – 2. Enter the BtoBtoE field

Service launched in 2021

Benefit and welfare service

Expanded offerings that directly lead to employee productivity improvements

- **Benefit and welfare service for simultaneously achieving corporate productivity and employee well-being**
- **Focus on expanding offerings related to health support, work-life balance support, and support for energetic activity of women**



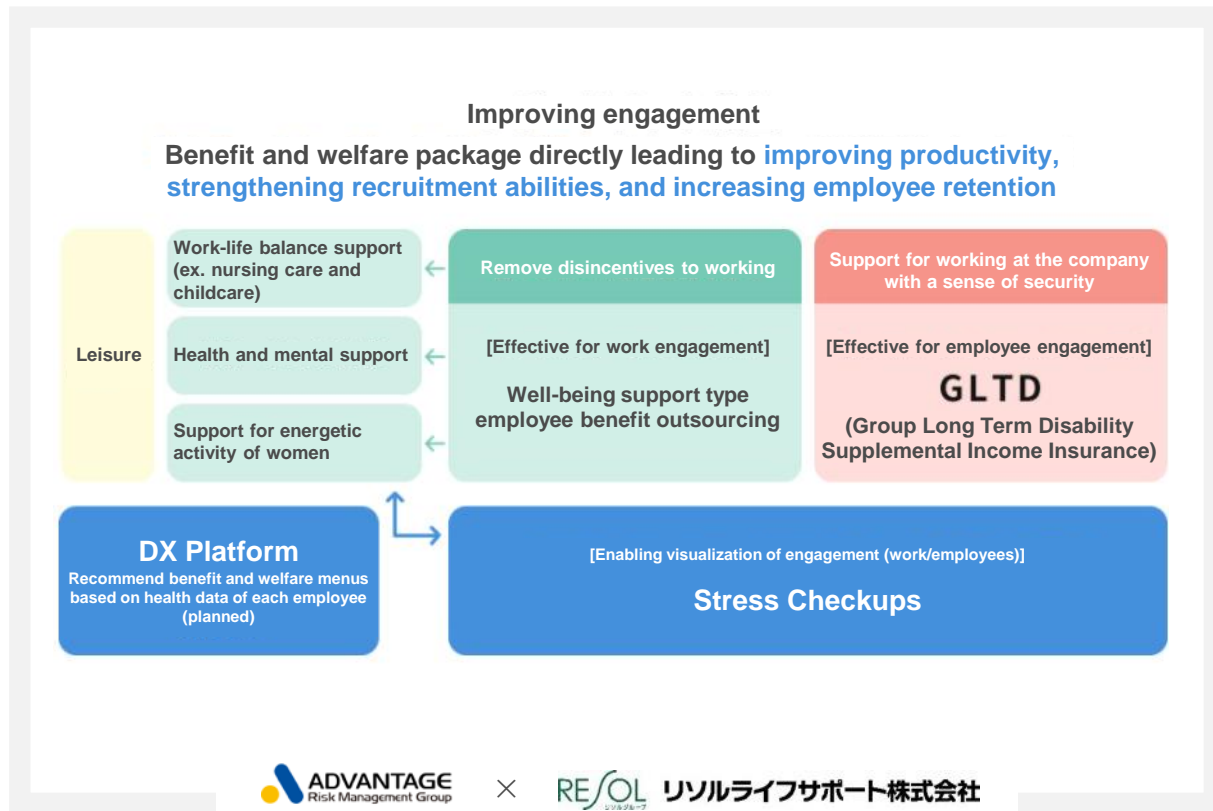
Progress of Medium-term Management Plan – 2. Enter the BtoBtoE field

Service launched in April 2022

ADVANTAGE WellGage

New benefit and welfare services for a new era

- Provides services mainly targeting large enterprises to small and medium-sized enterprises
- Directly leads to improving productivity, strengthening recruitment abilities, and increasing employee retention



Progress of Medium-term Management Plan – 3. Accelerate capital alliances and open innovation

Further strengthen functions of ADVANTAGE Well-being DXP
through integration with third-party products and services

Integrated

Health management



Health management



Benefits and welfare



Attendance management



Exploring system integration opportunities

Communication tool*



Integrated HR system



Talent management



Labor management

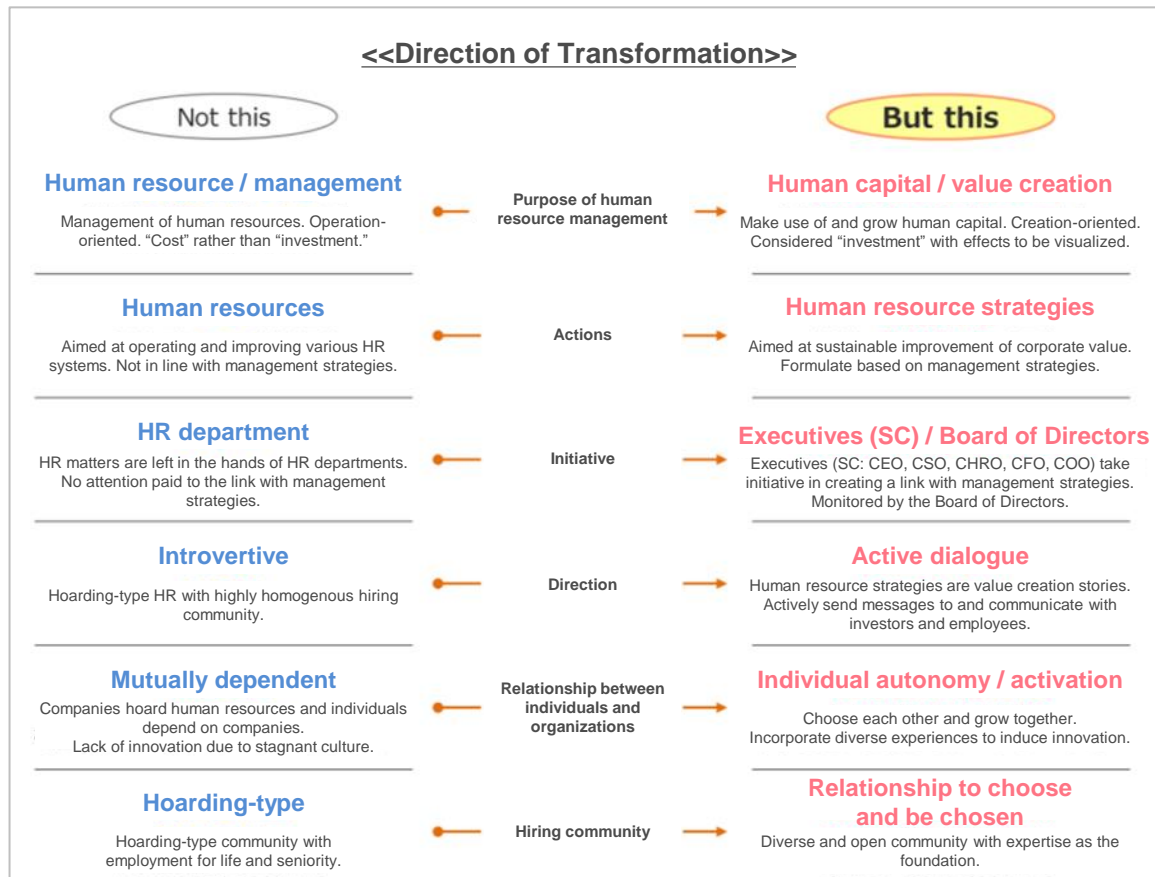


*Microsoft Teams

Appendix

Changes in the environment surrounding companies

- As the environment surrounding companies change drastically, required initiatives are becoming more diverse
- Institutional investors in and outside Japan are increasingly emphasizing ESG for sustainable improvement of corporate value



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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.