

June 21, 2023

To whom it may concern:

Company name ADVANTAGE Risk Management Co., Ltd.
Representative Shinji Torigoe, Representative Director and President
(Securities code: 8769 TSE Prime Market)
Inquiries Takayuki Amada, Director and General Manager,
Corporate Administration Headquarters
(Phone: 03-5794-3800)

Regarding Opposition Recommended by Proxy Advisory Firm (ISS) for
Proposal 2 of the 25th Annual General Meeting of Shareholders

ADVANTAGE Risk Management Co., Ltd. (the “Company”) has confirmed information received to the effect that the proxy advisory firm Institutional Shareholder Services Inc. (“ISS”) has published a report recommending opposition to a partial selection of the candidates listed in the proposal “Election of Five Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” submitted at the 25th Annual General Meeting of Shareholders scheduled to be held on June 28, 2023.

The Company has determined that the opposition recommended by ISS is based on numerical figures related to cross-shareholdings held in the past instead of the most up-to-date information that is currently available, and therefore, we have issued a statement on the most recent values of these figures as well an explanation on our views regarding the situation as follows.

We request that our shareholders kindly read and consider the content of this release together with the Company’s notice of the Annual General Meeting of Shareholders, and once more reaffirm their understanding of the proposal in question.

1. Basis for ISS’s recommendation and current figures for cross-shareholdings held by the Company

ISS maintains a quantitative standard in which it recommends a vote against the election of Directors acting as top executives for cases in which the company in question allocates 20% or more of its consolidated net assets to cross-shareholdings. Based on the determination that the ratio of cross-shareholdings held by Company as of the end of March 2022 failed to meet the threshold of said quantitative standard, ISS is recommending a vote against the proposal for the election of Shinji Torigoe, a candidate for Director.

However, as disclosed in a release issued on February 24, 2023, the Company’s capital alliance with RESOL LIFE SUPPORT CO., LTD. (“RLS”) was dissolved, and all 12,490 shares of RLS previously held by the Company have been transferred in turn. As a result, with the exclusion of this instance of cross-shareholdings, the ratio of cross-shareholdings held by the Company came to 15.4% as of the end of March 2023. Therefore, upon evaluating the Company in the context of this most recent figure, we believe that the Company would not be subject to a recommendation of opposition by ISS, and furthermore, may even be eligible for a recommendation of approval thereof.

2. State of cross-shareholdings

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Number of shareholdings	4 holdings	3 holdings
Total amount recorded on balance sheet (million yen)	1,200	560
Total net assets (million yen)	3,425	3,639
Ratio to total net assets	35.0%	15.4%

3. Regarding cross-shareholdings held by the Company

In addition to equity securities which are held for the purpose of pure investment as demonstrated in dividends and the acquisition of capital gains, etc., in the course of fulfilling our business strategies, the Company may also hold shares as deemed necessary from the perspective of building good relations with business partners and striving for the expansion and smooth promotion of business through efficient and stable transactions and business alliances in order to achieve increased corporate value over the medium to long term.

The Board of Directors regularly verifies the propriety and appropriateness of continuing to hold such shares with consideration for a variety of factors involved in each individual shareholding, including the purpose of holding shares, relevant trade conditions, contributions to business earnings, and the financial conditions of the company targeted for investment, and the Company will proceed to sell off at the earliest possible point in time any shares that are determined to be diluting the significance of maintaining the shareholding.