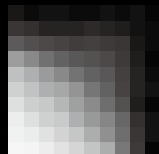


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What is Avant Group's
Corporate Value Management?

企業価値 経営とは？

AVANT GROUP CORPORATION
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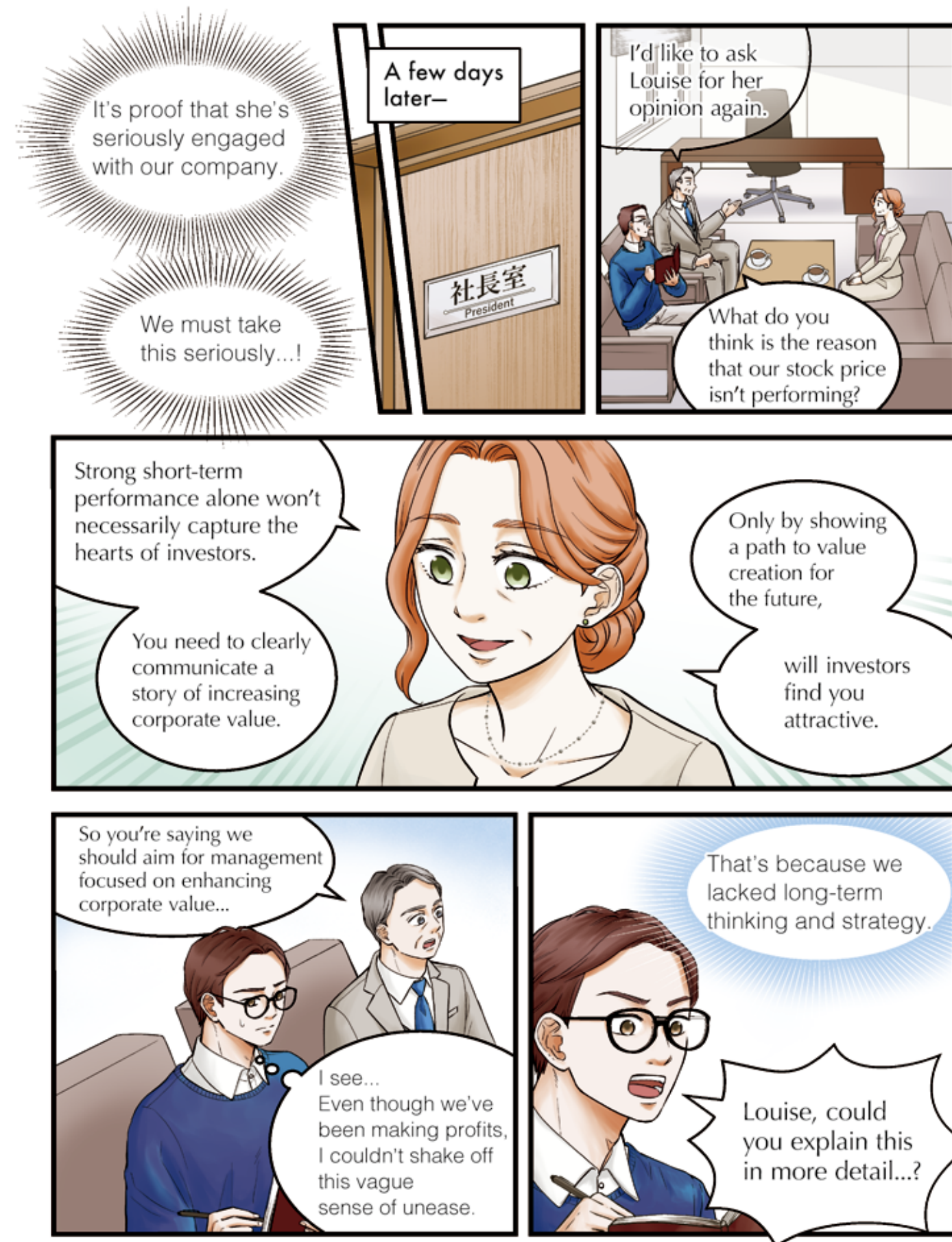
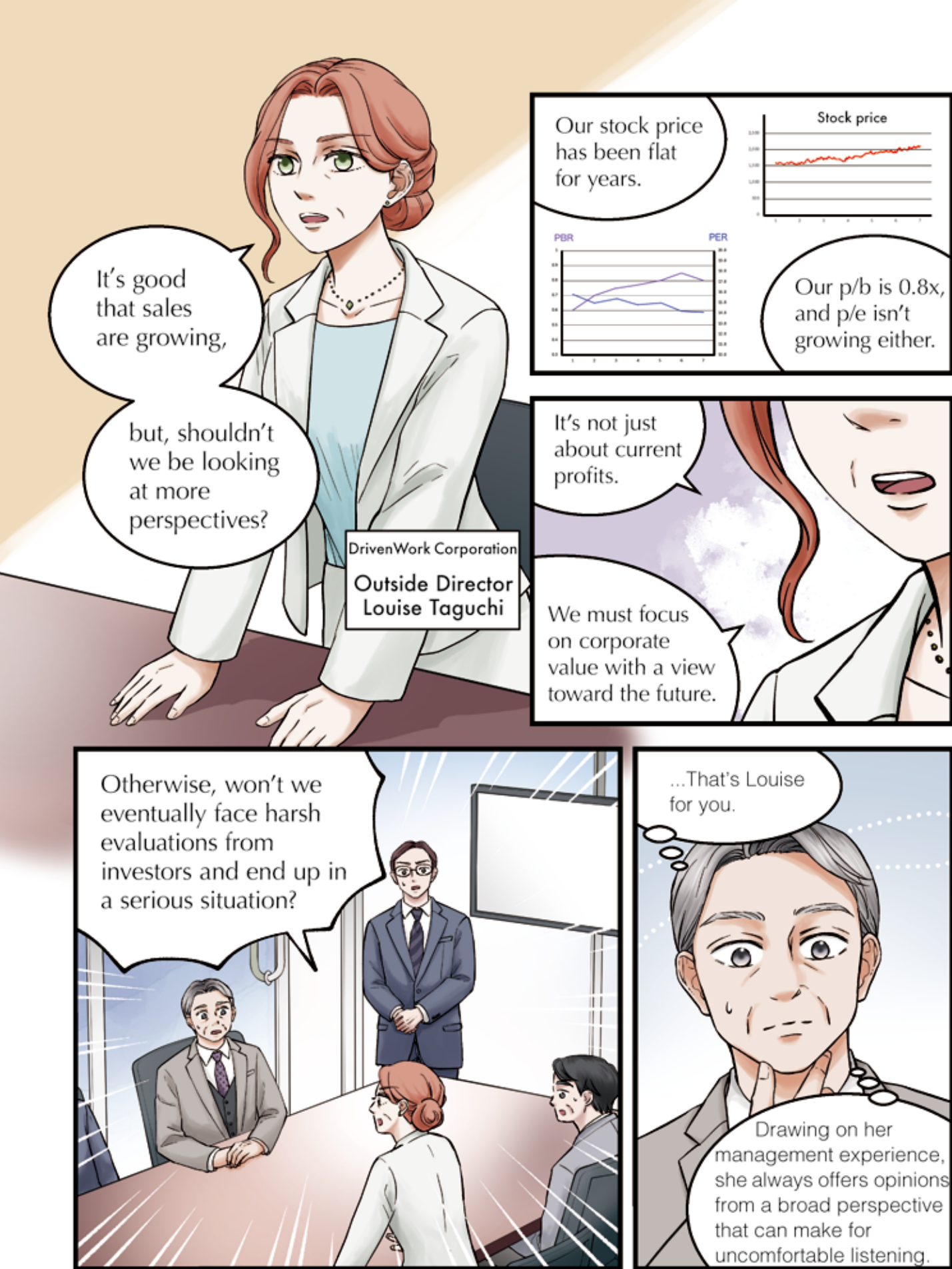


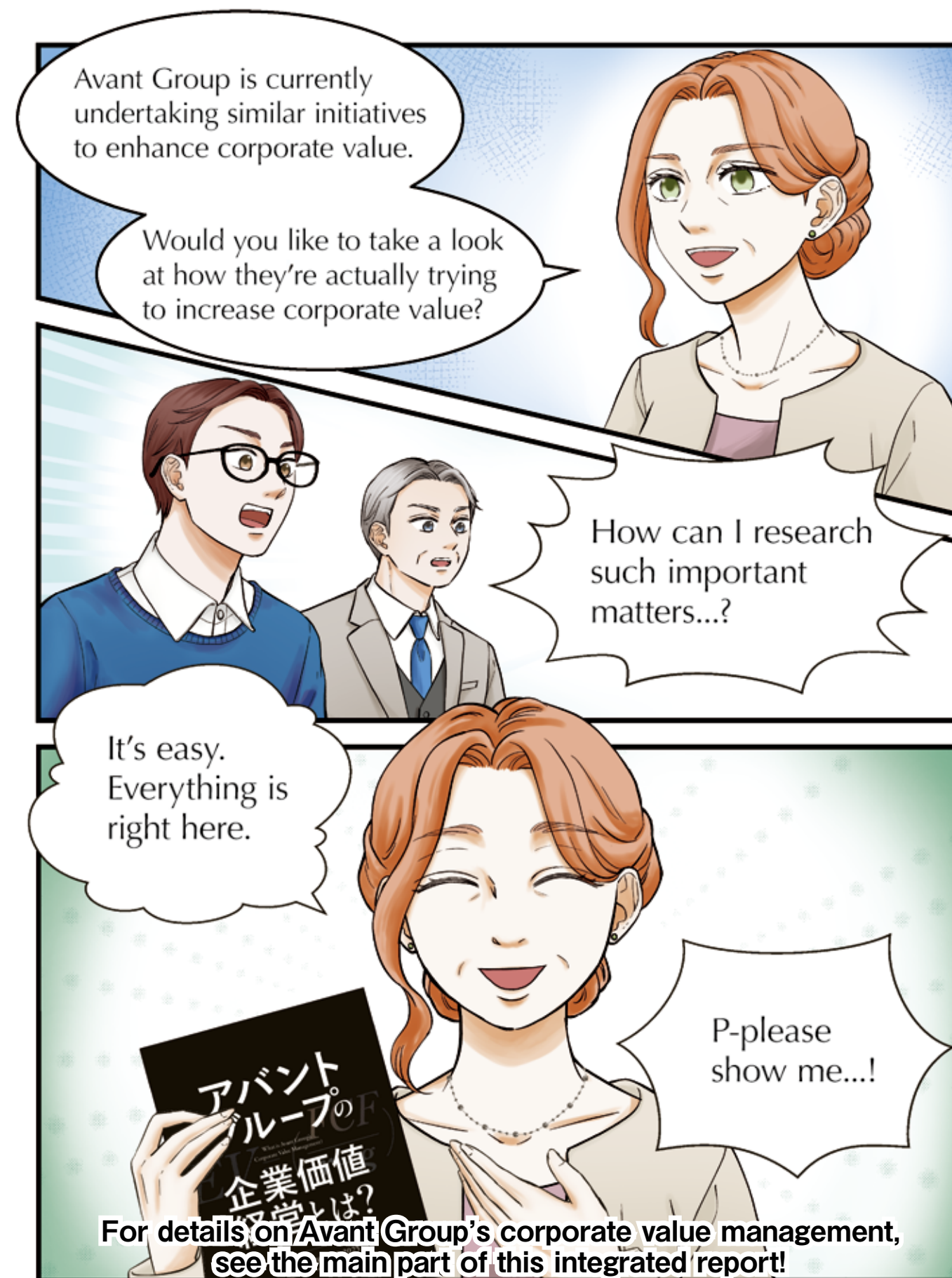
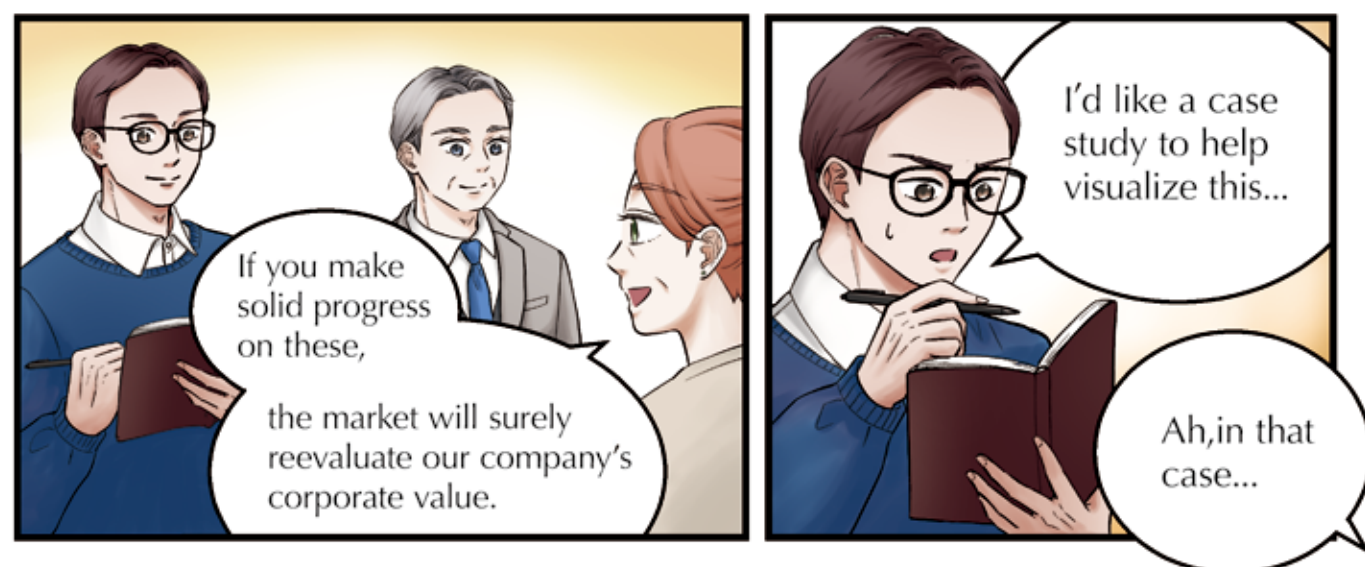
AVANT GROUP

CREATIVE DIALOG 2025

AVANT GROUP INTEGRATED REPORT







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AVANT GROUP
INTEGRATED REPORT

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Business value

$$EV = \left(\frac{FCF}{r - g} \right)$$

Corporate value

Weighted average cost of capital

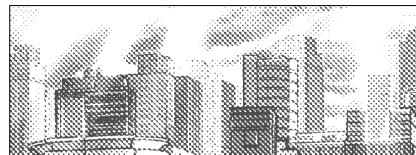
Expected long-term growth rate

The integrated report “CREATIVE DIALOG” is published to inform investors and other stakeholders of the Avant Group’s value creation and corporate value enhancement concepts, strategies, and results, and to initiate dialogue.

In 2026, marking the sixth year since we began publishing the integrated report, we focus on the nature of the corporate value management practiced by our Group to become a company that contributes to enhancing our customers’ corporate value. Accordingly, the chapters are structured based on the corporate value calculation formula.

In addition, the Group places great importance on dialogue with stakeholders in value creation, and two dialogues have been conducted and published in this “CREATIVE DIALOG 2025.” The integrated report is otherwise composed primarily of original content. For related information not included in this report, please visit our website.

Section I The Avant Group’s Vision for Corporate Value Management



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The Avant Group’s Trajectory Since our First Integrated Report

- 2021

Published our first Integrated Report.
- 2022

Strategic materiality formulated: “To become a software company that enhances corporate value.”
- 2023

Reorganized operating companies and reformed management/governance structure based on strategic materiality.
- 2024

Launched our new medium-term management plan, “BE GLOBAL 2028,” establishing a foundational structure that resolves the temporary impact of organizational reorganization.
- 2025

Defining the method for realizing the strategy toward the second half of “BE GLOBAL 2028,” leading Corporate Value Management into the next phase of growth.

Related Information

- 📄 Performance / Financials

<https://www.avantgroup.com/en/ir/financial.html>
- 📄 Sustainability

<https://www.avantgroup.com/en/sustainability.html>
- 📄 Glossary (Japanese only)

<https://www.avantgroup.com/ja/ir/faq.html>

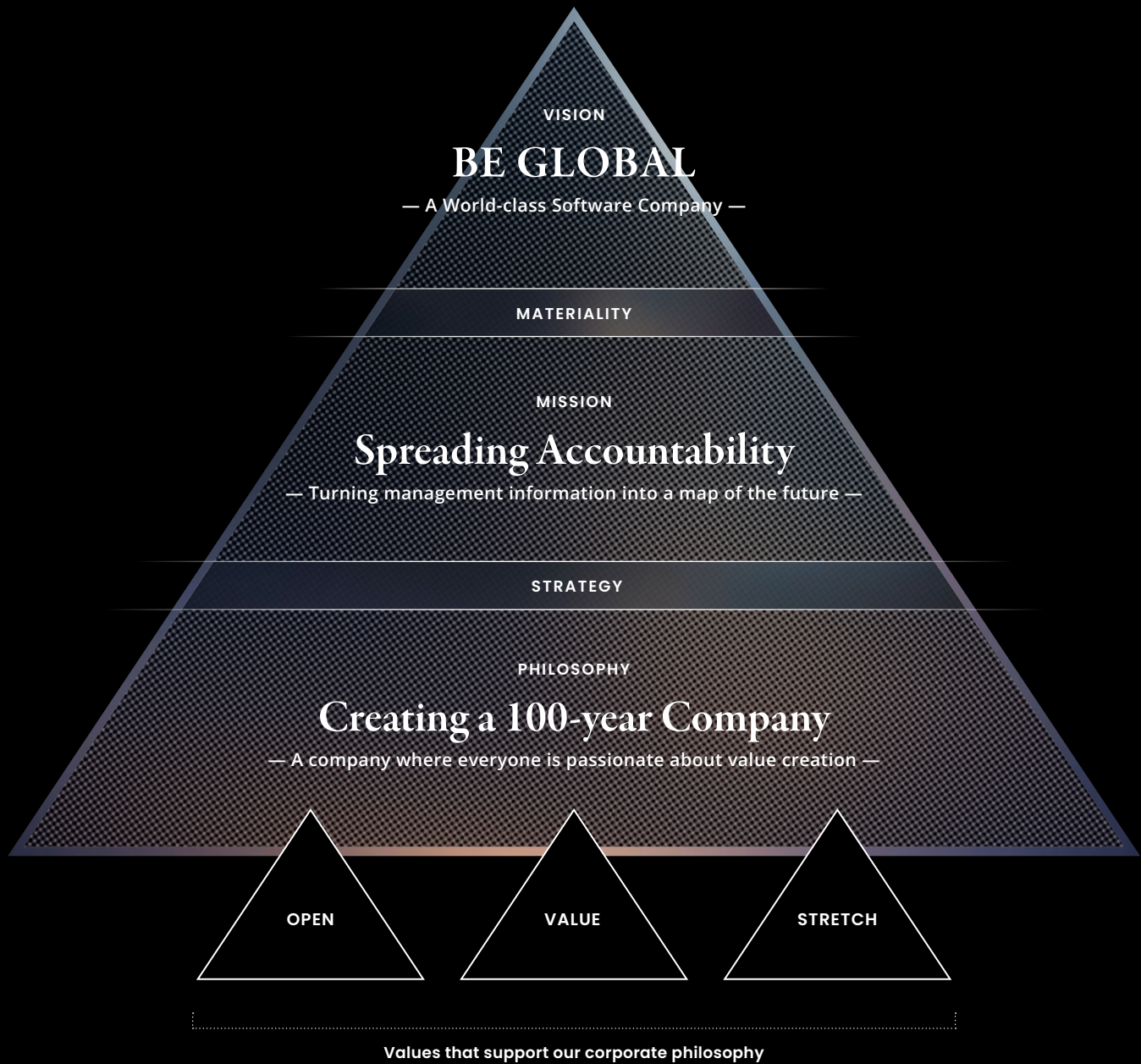
Forward-Looking Statements

The earnings forecasts and other forward-looking statements and strategies contained in this document are based on information that is reasonably available to the Company at the time of preparation of this document and are based on judgments made within the normally predictable range. However, there is a risk that results may differ from the forecast presented in this document due to the occurrence of extraordinary events or results that are not normally predictable.

The Avant Group’s Vision for Corporate Value Management

Based on the corporate philosophy of “Creating a 100-year Company,” all members of the Avant Group are striving to realize its founding mission of “Spreading Accountability.” Our goal is to “BE GLOBAL.” At present, we are pursuing our software driven strategy to become a software company that helps increase corporate value.

OUR PHILOSOPHY



VISION	BE GLOBAL While pursuing growth opportunities in Japan, the Group aims to establish itself as a world-class software company, using world-class SaaS companies as benchmarks.
MATERIALITY	Becoming a Software Company that Increases Corporate Value Our top management priority is to transform our business model into a software company to help our clients increase their corporate value.
MISSION	Spreading Accountability Our group’s corporate mission is to build a management information system that enables many companies to create sustainable corporate value for the future by the realization of “Spreading Accountability” and, by extension, to spread “best management” widely throughout society.
STRATEGY	Software Driven Strategy The core of our current strategy is to build and provide a “Corporate Value Management SaaS Suite,” a group of software that helps improve corporate value of clients.
PHILOSOPHY	Creating a 100-year Company The Group’s corporate philosophy is to be a company that lasts 100 years as a result of passing on its transparency and management philosophy as a “public entity” from generation to generation, and all its members being passionate about providing value to society in a free and creative manner.
Values that Support our Corporate Philosophy	The following values are important to the employees of our group. OPEN: Based on an open spirit. VALUE: Foster a passion for value creation. STRETCH: Challenge to be the best.



GROUP CEO MESSAGE

We will promote the AVANT Group's corporate value management in order to become a company that increases our clients corporate value.

TETSUJI MORIKAWA
Founder, Chairman & Group CEO

Group CEO Message

The Avant Group's Vision for Corporate Value Management

During the preparation period of this Integrated Report, we completed the first half of our medium-term goal, "BE GLOBAL 2028." In the second half, we will face our current reality head-on, learn from our experiences, and take action to fill the gap between our current state and our goals. In other words, we will strive to improve our ability to contribute to society and our clients—which is the realization of "BE GLOBAL 2028"—and achieve our target corporate value as the economic translation of that contribution.

Review of the First Half of "BE GLOBAL 2028"

In the first half, we began by translating our ideal state into corporate value. This is the starting point of our Corporate Value Management. We then implemented "Business Reorganization" to clarify the units of value creation. The aim was to optimize business assets into units with distinct business models and expertise. Next, for each reorganized organizational unit, we formulated medium-term business plans by examining achievable growth rates and profit margins based on market conditions and business models, utilizing data from external companies. At this stage, to ensure the Group-wide medium-term management plan was grounded in reality, we set it based on the aggregate values of the operating companies' plans. We also defined our "Strategic Materiality" as becoming a "Software Company that Enhances Corporate Value" and have been exploring the ideal state of the Group while advancing transformation activities within each business.

As we promoted our Strategic Materiality, the resolution of the gap between our initial potential ideal state and our current reality increased. We decided to face the causes of these gaps in the initial plan not based on financial results, but from the perspective of corporate value, and to create an environment where we can concentrate on filling the gap toward our ideal state—in other words, concentrating on actions to create corporate value. Furthermore, we cannot ignore the impact of the rapidly permeating AI technology,

as it will undoubtedly have a significant impact on our business. Over the past two and a half years of the first half, we have continued trial-and-error experimentation with AI utilization to assess its impact on our strategy. These experiences serve as the foundation for the second half.

Toward the Second Half of "BE GLOBAL 2028"

As we start the second half, there is no change to our initially set target corporate value. This is because there is no change to our ideal state. However, we have reviewed the specific measures for realization. As a result, we have redesigned our approach into a dynamic corporate value model where corporate value and strategy are linked and correlated as a mechanism.

Also, to increase the resolution of our corporate value creation actions, we have updated the strategies and plans of each operating company to match the current situation. This update is intended to learn from each company's challenges in transformation and apply those lessons to the future; the same applies to our Group strategy.

Regarding our Group strategy, our policy has been to promote business model transformation across the Group by improving "Software Gross Profit" under the banner of a "Software-Driven Strategy." However, due to delays in product development and market expansion, progress has not gone entirely according to plan. Moreover, the nature of software itself is undergoing significant

GROUP CEO MESSAGE

transformation due to the permeation of AI. Against this backdrop, rather than simply stacking up software gross profit, we have decided to aim for the expanded reproduction of a “Business Process Solution Business Model” that satisfies three elements: “Directionality,” “Continuity,” and “Physicality.”

“Directionality” refers to operational expertise, meaning we will contribute not by covering management-related operations comprehensively, but by deepening our involvement. “Continuity” means not being involved in operational support temporarily, but maintaining a continuous engagement. And “Physicality” refers to operations that cannot be completely automated or turned into software—meaning services where human individuality shines are exactly where value is demonstrated. While “Directionality” and “Continuity” remain unchanged, the distinction from the past is that “Physicality”—that is, the integration with services—is now considered essential.

This “Business Process Solution Business Model” is being realized at our group company, Diva Corp., as “DIVA Inside Sourcing.” In the specialized area of consolidated financial disclosure, this is a business model where people shine continuously by providing not only a consolidated accounting system but also BPO services. We have named this business model “Inside Professional Services,” and our new policy for the Software-Driven Strategy is to expand this to other operational areas. In conjunction with this strategy update, we are also updating the individual strategies of Avant Corp., Zeal Corp., and Internet Disclosure Co., Ltd. in “BE GLOBAL 2028.”

Furthermore, regarding the software development that forms the foundation for expanding this business model, we will evolve the Holding Company into a software maker and reconstruct our business development structure to promote the expanded reproduction of “Inside Professional Services.”

At VISTA, established in 2024 as an IR consulting company, we have already undertaken partial BPO

of IR operations and aim for sustainable service provision by utilizing software for tasks such as providing analyst reports. Regarding “TRINITY BOARD,” our board of directors’ operational support software, we are also updating the business model to an integrated solution with operational support services. All of these are actions to realize the business model as “Inside Professional Services.” These are the main themes for Group corporate value creation in the second half of “BE GLOBAL 2028.”

In this way, as we reach the halfway point of “BE GLOBAL 2028,” we have: (1) maintained our target corporate value while considering changes in the business environment and past performance; (2) updated our strategy for corporate value creation; and (3) created an environment where we clarify the points of focus and concentrate our actions thoroughly. To become a company that contributes to the enhancement of our clients’ corporate value, we will continue to promote “Corporate Value Management” that creates a high-quality future.

The Essence of Management 2025

On January 13, 2026, I had an opportunity to discuss the manga to be included in this Integrated Report. The theme was deciding the main message we wanted to convey through the manga. We decided to roughly express “What Corporate Value Management means to us.” However, considering consistency with the manga’s story and ease of understanding, summarizing it in simple words is not easy. Therefore, we decided that as long as what the manga expresses does not deviate significantly from my thoughts, the production team and I would each verbalize our own interpretations.

Group CEO Message

You might think, “Is that really okay?” However, such discussions are inherent in the relationship between broad direction (strategy) and concrete action (tactics). In Group management, drawing the line between what the Group controls and what is left to individual freedom requires dynamic and constant correction in response to the rapidly changing environment. If overall control is too strong, individual freedom is lost, and performance declines. On the other hand, if we allow complete freedom, silos develop, leading to a conglomerate discount. Identifying this balance and continuously arranging the optimal role-sharing environment where the Group can demonstrate its maximum power—that is Group management.

Beginning with our startup era, it has been 29 years since I started being involved in management as a president. The view of management I see now is like the view from a mountain climb; it is deeply interesting, like encountering a magnificent view I never imagined when I started climbing. In a startup, to take a business from zero to one, you create products that are useful to the clients right in front of you, sell them yourself, and build lasting relationships. I thought that was everything, and that feeling has not changed even now. In terms of climbing, it’s like only seeing your footing and the view looking up, accompanied by the exhilaration of the ascent. However, after climbing a fair distance, when I stop and look back, I am sometimes surprised and moved by the magnificent view spreading out below. Similarly, looking back on nearly 30 years of experience, I see a different landscape than I did back then.

That landscape reveals that management boils down to “Procurement and Allocation” starting from strategy. Until a while ago, for over a quarter of a century, I thought it boiled down to “Governance.” I don’t think that’s wrong. However, when I raise the altitude of management one step higher, I see: “Wait, in the end, isn’t it all just procurement and

The Avant Group’s Vision for Corporate Value Management

allocation? Even governance is nothing more than “Procurement and Allocation” focused on people.” That is how I have come to see it.

However, “Procurement and Allocation” are not the ends; they are for something that lies beyond. These are often expressed in the form of vision, mission, or corporate philosophy. But unless we pursue a way of being that truly serves society and people, the vector of procurement and allocation will be directed solely toward increasing asset



GROUP CEO MESSAGE



value, and the objective becomes merely increasing money—which should inherently be a tool for social progress. If this goes too far, solving environmental and social problems is postponed, increasing the debt we leave to future generations. Therefore, even for a profit-making organization like a company, it is essential to delineate a strategy starting from the resolution of clear social problems, and to improve the power of procurement and allocation to execute it.

When I say procurement and allocation, it may sound like I am talking about money, but that is not the case. It is the procurement of resources

necessary to accomplish something. People, goods, money, as well as clients and business partners—these are all part of procurement. Allocation, on the other hand, means making the best use of the gathered management resources. This is not limited to mere personnel assignment or capital allocation; it means creating an environment where management resources can truly come alive. As our company continues its business, the importance of this has become clearer. Our corporate philosophy is to be a business organization that serves a sustainable society—creating a 100-year company. Through the

Group CEO Message

The Avant Group's Vision for Corporate Value Management

challenge of becoming a world-class company under “BE GLOBAL,” our procurement and allocation are aimed at realizing a vision where the people involved shine and prosper.

If the identification and acquisition of necessary management resources are delayed, the gap-filling is delayed by that amount. Also, if the allocation of management resources is not optimized, we cannot unleash our potential. Recent trends in corporate governance—optimizing business portfolios, ROIC to measure performance, and mandatory disclosure of how accumulated funds will be used—all connect when we consider that management is procurement and allocation starting from strategy.

“Corporate Value Management” for the Avant Group

By the way, let's return to “Corporate Value Management.” As mentioned earlier, the manga expresses Corporate Value Management by prioritizing consistency with the story and clarity. Here, however, I have tried to put into words the Corporate Value Management that we aim for as our ideal form of management. Roughly speaking, it is as follows:

- **Management that knows our current value as a capability to contribute to society, and by pricing our future:**
- **Enables the mechanism of that realization process to be applied to the actions of each individual, and**
- **Shares the value created as a result of high-quality processes.**

While understanding the functional role that “a company is an institution for making profit,” the underlying philosophy is that its purpose is to contribute to social progress, and it must be

something that makes the people who create value—that is, the employees—happy. It may still sound idealistic, but this is something I cannot compromise on.

First, we understand our current value as economic value. Then, we set goals for the results of our activities—how useful we are to society and clients—as future economic value. By visualizing future goals in terms of economic value, it becomes easier to design the realization mechanism to fill the gap. If the value creation mechanism is visualized, each individual can more easily exercise their creativity with a high degree of freedom, even within complex business activities. In such an environment, the sense of fulfillment in daily business activities increases. As a result, the value contributed to clients increases, and the value of the business and the company also rises. The increased value can be shared widely with many people, along with those who contributed to value creation.

Creating such value creation activities is the “Corporate Value Management” that our company is trying to practice. We are working on this believing that refining the “Procurement and Allocation” essential for realizing diverse visions around the world helps solve social problems.

Tetsuji Morikawa
Founder, Chairman & Group CEO

EV

Section II

Enhancing Corporate Value

Through dialogues and the Group CFO Message, we explain the purpose behind the Avant Group's pursuit of Corporate Value Management, the management challenges that have become apparent while implementing "BE GLOBAL 2028," and our financial strategies for maximizing corporate value.

18 DIALOG

Group CEO × Outside Director
Discussion

24 Group CFO Message



“Corporate Value” as a Criteria Supports Unwavering Growth-Oriented Management

Why does the Avant Group pursue “Corporate Value Management?”
And what challenges have come into view while implementing our current medium-term management plan?
CEO Morikawa and Outside Director Nakano, an expert in corporate value, discuss these topics.

TETSUJI MORIKAWA — MAKOTO NAKANO

“Corporate Value” is the Appropriate Criteria for Long-Term Management

Morikawa ■ Professor Nakano, as a researcher in business administration and corporate finance, you are truly an expert on corporate value. How do you evaluate our “Corporate Value Management?”
Nakano ■ You make management decisions based on the idea that to contribute to the corporate value creation of client companies, the Avant Group must first increase its own corporate value. You utilize P/B trees and corporate value calculation formulas not just as slogans, but as a framework to ensure consistency in decision-making. That is my impression.

Having this framework also benefits us outside directors by making it easier to understand the business model. Generally, it often takes at least a year to grasp the full picture of a company's management. However, thanks to this consistent framework, I was able to understand management information relatively quickly after my appointment. To use a house-building analogy, if you look at a construction site without a blueprint, just watching skilled craftsmen at work makes it hard to understand what is happening. But with a blueprint, you can understand, “Today, they are working on this specific process.” Management is the same; by visualizing the process of corporate value creation, we can see where individual decisions fit into the overall picture.

Morikawa ■ Having served as an outside director at multiple companies myself, I have keenly felt the difficulty of giving appropriate advice to the executive side due to gaps in information and experience. That is why, to make our Board of Directors function better, I am proceeding through trial and error to see if placing “Corporate Value” as the criteria for evaluation can clarify the framework of discussions and create an environment where external directors can more easily demonstrate their value.
Nakano ■ The KPIs used by many companies center on accounting figures, but since these are indicators showing flow over a fixed period, they tend to lead to short-term thinking. On the other hand,



TETSUJI MORIKAWA
Founder, Chairman & Group CEO



MAKOTO NAKANO
Outside Director (Audit Committee Member)



Since Founder Morikawa makes management decisions with a long-term perspective looking into the future, the thinking method based on finance is likely the best fit.

“Corporate Value” is a stock concept determined by the discounted present value of future cash flows. This allows for evaluation and judgment from a longer-term perspective, without being bound by immediate profits. Since I specialize in research in this field, this approach makes perfect sense to me. However, how did you, Mr. Morikawa, arrive at this way of thinking, which aligns so closely with finance?

Morikawa ■ I believe that when aiming for a long-term goal, what should be adjusted is not the “strategy” but the “time.” Once a strategy is decided upon after careful consideration, it should be maintained. Currently, it is common for many companies to evaluate performance based on medium-term management plans, using terms like “achieved ahead of schedule” or “target unachieved.” However, I feel this method has limits everywhere. Setting goals itself is not bad, but becoming too number-driven can lead to pursuing short-term profits at the expense of strategy, causing the company to stray from the path to its original goal or lose the ability to take time to create something new. This

pressure to achieve plans can sometimes even lead to scandals. In contrast, using “Corporate Value”—which is not bound by the past or fixed periods—as a yardstick creates room to adjust the time axis while executing the strategy, allowing us to keep moving toward the original goal. I find the flexibility of this time-frame to be the interesting part of finance, and I think it could even be called a technology for creating the future we aim for.

Nakano ■ That is a very interesting perspective. Since you are the founder, Mr. Morikawa, you have a strong will to have an unwavering long-term criteria for judgment looking into the future. I imagine that the thinking method of corporate value improvement based on finance suited that will the best. In cases where the president is not the owner, evaluation metrics and compensation systems are often set for short-term periods, requiring results in spans of, say, three or five years. Such short-term orientation naturally leads human behavior to aim for maximization within that set period. As a result, there is a risk of making decisions that maximize immediate

results even at the sacrifice of long-term value creation. In your case, however, I thought that perhaps you are able to concentrate on creating value over the long term without being bound by specific periods.

Morikawa ■ Indeed, being in a position where it is easier to adjust the time axis may be a factor. However, proceeding only with my own style lacks management soundness and sustainability. Therefore, if outside directors like yourself, Professor Nakano, can advise from a supervisory standpoint on whether there is consistency with theory, I believe the significance of managing under the current structure increases.

In long-term management, I believe diversity is also an important element affecting corporate value. What are your thoughts on the relationship between diversity and corporate value?

Nakano ■ I believe it affects “g” (growth rate) in the corporate value calculation formula. Homogeneous organizations are good at stably growing existing models, but they tend to lack the ability to respond to environmental changes. On the other hand, diverse organizations can respond

flexibly to various business environments, increasing their probability of survival. In this sense, invisible elements like diversity also contribute to corporate value.

However, there is difficulty in the balance of securing diversity. Simply hiring diverse talent from the market risks losing the company’s individuality and sense of unity, making the organization resemble a mere collection of market players. Organizational culture, such as corporate climate and style, is also essential for sustainable growth.

Morikawa ■ That is very interesting. Observing the natural world, I also see diversity as key. However, what I am aiming for is diversity not at the individual level, but at the organizational level. In the case of our Group, considering our current scale, we could integrate the group companies into one. Instead, we dare to divide them into multiple operating companies, allowing each to have its own unique culture and rules. By having different environmental settings for each company, diversity is born across the Group as a

result. I believe this increases the likelihood that one of them will survive even if drastic environmental changes occur. **Nakano ■** Intentionally giving individuality to each operating company in the Group is an interesting approach. There may not be many companies doing that.

Through Ambitious Goals, Deficiencies are Identified and Strategy Resolution Increases

Morikawa ■ Regarding medium-term goals, the fiscal year ended June 2026 marks the halfway point of our medium-term management plan, “BE GLOBAL 2028.” I remember when I first explained this plan to you, you said, “It would be wonderful if this could be achieved.” I recognize myself that we have set quite aggressive goals, but as an outside director, from what perspective do you view this initiative?

Nakano ■ They are quite ambitious goals. To be honest, initially, I thought,

“Shouldn’t we lower the hurdle a bit?” However, I also believe that for both people and organizations to grow, load must be applied at the appropriate timing. Of course, there is also the way of thinking to plan for constant stable growth. But in a management environment where external conditions change dizzyingly, I took it that you, Mr. Morikawa, are intentionally applying load, knowing it is a stretch, to depict dramatic growth beyond it. **Morikawa ■** Exactly. I believe the most important skill for a manager today is the “will” for growth. The CEO’s greatest role is, so to speak, the “Chief Growth Officer,” and I even think a top leader who does not aim for growth should quit. In that sense, while the goals set in our medium-term management plan are certainly high hurdles, they are by no means absurd. At the foundation lies the unwavering will to create long-term corporate value. This medium-term management plan was calculated backward from the state we should realize in the long term, setting stretch goals with an awareness of the industry’s top tier as a benchmark.

The CEO’s greatest role is to be the “Chief Growth Officer,” and at the foundation of high medium-term management plan goals lies the unwavering will to create long-term corporate value.



Repeating the same things at the same level does not lead to any growth for a company. Of course, being challenging goals, not everything will go according to plan.

However, identifying the factors of what we cannot do or what we lack, and improving them—that is the greatest thrill of management. The fact that there are things we cannot do means we have discovered a “frontier” with room for development. How successfully we can find this frontier and stack up improvements—I believe the core of achieving growth lies here.

Nakano ■ That is a very compelling point. As a university professor interacting with students daily, I also feel that the power of self-image is essential for growth. Even if they have the ability, people with weak power to envision the future tend to hit a ceiling in their growth. On the other hand, even if their ability at the start is average, those who can set a strong self-image or achievable dreams grow surprisingly over a long time axis, eventually growing close to the self-image they initially depicted. Hearing your talk about the CEO's role being the “Chief Growth Officer,” I realize that having a high self-image is important for companies as well.

Morikawa ■ However, while aiming for high goals, I envisioned an organization that could autonomously identify problems and correct plans—a self-driven organization—but I feel this is unexpectedly difficult. Because operating companies try their best to achieve plans, they struggle to adopt the mindset of detecting risks early and flexibly correcting plans themselves. As a result, cases arise where despite efforts until the end, goals are unmet. This is a major challenge for the Group's management side.

The Role of the Board of Directors and Outside Directors in Strategy Execution

Morikawa ■ Given this situation, the role of the Board of Directors becomes even more critical. We must thoroughly separate execution and supervision. The supervisory side should concentrate on setting healthy goals, allocating personnel with a willingness to take on challenges, and encouraging early trajectory corrections as necessary while continuously assessing progress. By strengthening these supervisory functions, the executive side can focus on their duties with peace of mind, preventing vicious cycles. In the second half of our medium-term management plan, I want to focus more on these supervisory duties.

Nakano ■ From the perspective of supervision, regarding the challenging goals set in the medium-term management plan, hasn't the resolution gradually increased as we reach the halfway point? Even participating in the Board of Directors, I have the impression that materials are better organized than when the plan started. From the executive side's view, has internal organization progressed, making the contours of the strategy clearer?

Morikawa ■ Yes. It took a considerable amount of time, but without changing the major direction of the strategy, we went through a process of gradually increasing resolution while adjusting the time axis. I recognize that the overall picture has finally been organized, and we have entered the execution phase. You pointed out at a Board of Directors meeting last autumn, “The problem is not the strategy, but the people.” In fact, recently I have been dedicating about 30% of my time to duties related to recruitment and development.

Nakano ■ To increase “g” in the corporate value calculation formula, formulating a growth strategy is essential, but that alone is not enough. To execute the strategy, strengthening human capital is important, which requires two elements. First, appropriately securing the necessary talent. Second, enhancing the capabilities and skills of that talent to improve per-capita productivity. The Avant Group is growing steadily in terms of performance, but for further growth, I analyze that talent is currently the bottleneck.

Morikawa ■ Now that the strategic aspect is organized, I also strongly feel that talent is priority number one in the execution phase. The biggest theme in this phase is shifting the capabilities of people and the organization to the next level. While I will do my best in that initiative as the executive side, I would like the directors to check this area as the greatest point of focus.

Nakano ■ Indeed. The role of the Board of Directors has also evolved, from having a strong advisory board character previously, through being a monitoring board, to now beginning to function as a strategic board for improving corporate value. While continuing to monitor key issues, it is evolving into a place for active discussion from a strategic perspective, so I intend to contribute to those discussions myself.

Morikawa ■ At the root of “BE GLOBAL 2028” is the purpose of wanting to be useful to clients by enhancing corporate value. However, as a major challenge, I recognize that the implementation of systems to support clients' corporate value management is currently still insufficient.

Over the past year and a half, I have thoroughly used AI and strongly felt its impact, harboring a sense of crisis that we cannot maintain competitiveness with

conventional system provision methods. Going forward, we must create solutions that utilize information by linking with a wide variety of software. On top of that, we need to become a company capable of making comprehensive proposals by not only developing tools and applications specialized in corporate value analysis but also combining services that support their utilization. Unless we can concretize it to the level where you, Professor Nakano, can actually use it at our Board of Directors meetings, clients won't buy it. So, I want to proceed with implementation so that we can create a demo model within the next six months or so.

Nakano ■ I look forward to that. Also, personally, I think it would be good to put a little more effort into branding. Being B-to-B, I have the impression that not much focus has been placed there until now, but getting the Avant Group widely recognized will become increasingly important. Not only for clients, but also from the perspective of acquiring excellent talent from the labor market, the effect of branding is significant. Currently, there is an impression of the company being like a “kuroko” (stagehand/behind-the-scenes supporter), but isn't it also important to actively broadcast the company's value and strengths to increase its presence?

Morikawa ■ True, since we are a company challenging ourselves to “visualize value,” it is necessary to actively broadcast our own value and work on branding to be recognized by society. Thank you very much for today.



GROUP CFO MESSAGE

Maximizing Corporate Value through Capital Allocation and Market Dialogue

NAOYOSHI KASUGA

Director, Group CFO

Review of the Fiscal Year Ended June 2025 and Response to Identified Challenges

For the fiscal year ended June 2025, the Group achieved increases in both sales and profit across all segments. Net sales reached ¥28.2 bn, marking our 15th consecutive year of sales growth, while operating profit stood at ¥4.6 bn, representing our 10th consecutive year of profit growth. However, we fell short of our initial forecasts (net sales of ¥28.8 bn and operating profit of ¥4.9 bn). This year also brought to light specific challenges facing each business—such as the management structure for large-scale projects and the expansion of human capital—which must be addressed to fully achieve our medium-term management plan, “BE GLOBAL 2028.”

We have already begun addressing these identified challenges based on priority. For the fiscal year ending June 2026, we aim to achieve net sales of ¥33.3 bn and operating profit of ¥5.1 bn. It should be noted that this profit forecast assumes continued investment in human capital, which is essential for future growth.

Business Model Transformation and “Discipline” as an Internal Metric

During our current medium-term management plan, the Group is pushing forward a transformation of our business model: shifting from service-heavy operations focused on scale expansion to high-value-added businesses that leverage intellectual property (IP).

Group CFO Message

EV — Enhancing Corporate Value

As a compass to measure the progress of this structural reform internally, we use a metric called “Software Gross Profit.” This is a shared strategic indicator across the Group, devised to clarify our stance on seeking sources of added value beyond labor force alone and to build a highly scalable business structure.

While software gross profit is effective as an internal management metric, it is unique to our company. Therefore, to communicate the progress of our business model transformation more clearly to external stakeholders, we are currently considering how to disclose and enhance existing external metrics. (The following are examples currently under consideration):

■ Growth potential:

Monthly recurring revenue and sales from existing customers

■ Profit structure health:

Gross profit margin and operating profit per employee

■ Future predictability:

Total contract value (TCV)

Strategic Capital Allocation and Preparedness for Uncertainty

Since our capital structure consists almost entirely of shareholder equity, our cost of capital is roughly equivalent to our cost of equity. Meanwhile, despite holding significant cash and deposits in our asset composition, we are generating returns exceeding an ROE of 20%. Given that we are achieving high returns through investments in existing businesses even in the current state, I recognize that my paramount responsibility as CFO is to further improve ROE by optimally allocating capital.

1 Investment in organic growth:

We will concentrate investments on securing and developing human resources capable of proposing solutions to complex management issues and future executive candidates, as well as on development capabilities that underpin our product competitiveness. Starting from the second quarter of the fiscal year ending June 2026, the holding company will lead these medium- to long-term investments, establishing a structure that allows operating companies to focus on revenue generation.

2 Ensuring flexibility against uncertainty:

In a technological environment undergoing significant changes, such as the advancement of AI technologies including generative AI, we will not cling to specific trends. Instead, we will ensure financial and strategic flexibility to capture changes early and incorporate them into our strengths. Regarding M&A and strategic investments (CVC), while naturally considering financial returns, we will execute them strictly in areas where our strengths and expertise can be leveraged. In particular, we intend to gain insights through investments in start-ups developing new businesses utilizing AI, and return those learnings to our own business model transformation and new business creation.

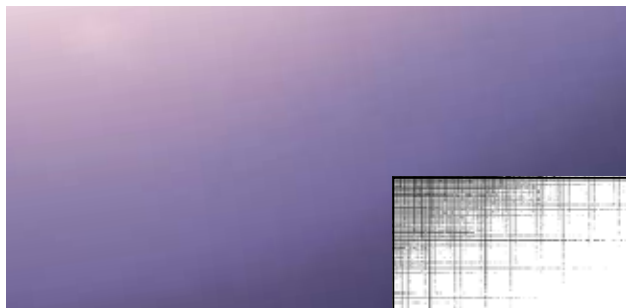
3 Commitment to shareholder returns:

We plan to return ¥5 bn during our current medium-term management plan period, striving to maintain and improve stable dividends with an emphasis on DOE (Dividend on equity). We forecast a dividend per share of approximately ¥32 for the fiscal year ending June 2026. Furthermore, in phases where the market valuation of our company is significantly low, we will agilely execute share buybacks while being mindful of the number of floating shares.

Metrics and Targets in Corporate Value Management

We are committed to management that is conscious of P/B (Price to book-value ratio). Considering changes in the market environment, we have reset realistic milestones (intermediate goals) for our current medium-term management plan period, looking toward a valuation level of P/B 6x and P/E 30x. These are not commitments to a specific stock price, but rather benchmarks set to measure the progress of our initiatives to improve corporate value.

We have set a disciplined target of maintaining an ROE of 20% or higher on average, and we are currently exceeding this level. We will strive to build a resilient business model, enhance corporate value through disciplined capital allocation, and ensure that these achievements are correctly reflected through dialogue with the market.



FCF

Section III

Expanding Cash Generation Capabilities

We explain how the Avant Group generates cash, detailing our updated growth stories for the medium-term management plan, “BE GLOBAL 2028,” and by each business segment.

- 28 Progress of the Medium-Term Management Plan: “BE GLOBAL 2028”
- 32 Business Strategy
 - 32 Consolidated Financial Disclosure Business
 - 34 Digital Transformation Promotion Business
 - 36 Management Solutions Business

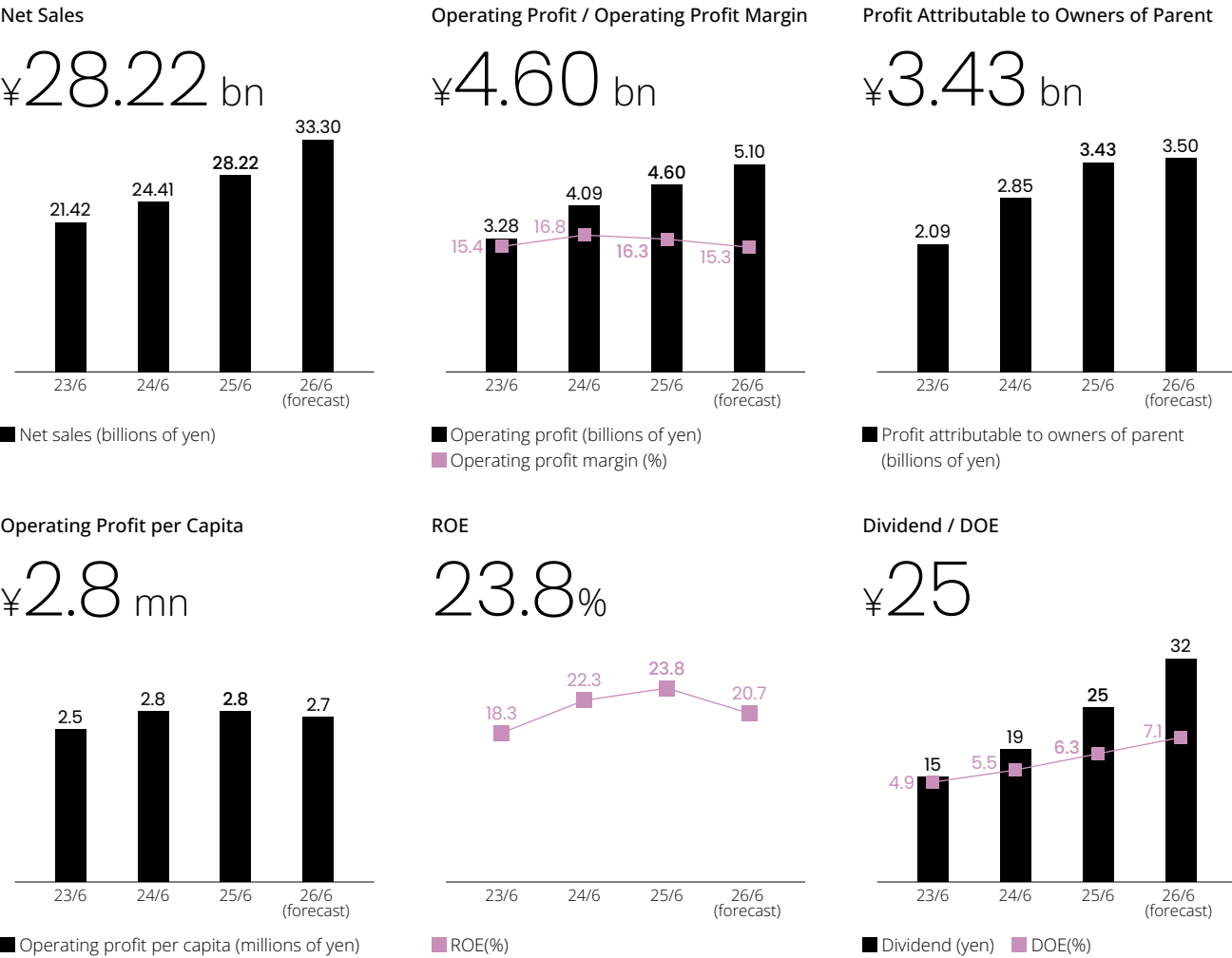
Progress of the Medium-Term Management Plan:
“BE GLOBAL 2028”

Overview of
the Medium-Term
Management Plan

Starting from the fiscal year ended June 2024, the Group has been promoting the five-year medium-term management plan, “BE GLOBAL 2028” (hereinafter, the “Current Plan”). To achieve our strategic materiality—“To become a software company that contributes to the enhancement of corporate value”—the Current Plan focuses on software as the source of value creation, aiming to improve value creation productivity (Operating profit per employee) by expanding software gross profit in our businesses.

Our target is centered on achieving a compound annual growth rate (CAGR) of net income of 25% or more, aiming to double net sales and triple operating profit and net income over five years. Our policy is to increase profits at a faster rate than sales by enhancing value creation productivity through the Software-Driven Strategy, which increases software gross profit. While growing net income, we will remain conscious of capital efficiency, maintaining ROE at the 20% level. Please note that these targets are based on organic growth, and does not incorporate any impact from M&A.

Progress of the Medium-Term Management Plan (Fiscal Year Ended June 2025)



Progress
and Targets of
the Medium-Term
Management Plan

Net sales showed firm progress, increasing by 15.6% year-on-year to ¥28,227 mn, driven by growth in all three businesses: Consolidated Financial Disclosure, Digital Transformation Promotion, and Management Solutions. Operating profit reached ¥4,604 mn, a year-on-year increase of 12.3%. This was achieved despite an increase in personnel costs and IT expenses commensurate with business expansion, out-sourced processing costs to handle increased orders, and investment-related expenses for future growth (primarily focused on strengthening the software business). Positive factors included profit margin improvement from software business growth and a rebound effect from the relatively low profit level of the Management Solutions in the fiscal year ended June 2024.

For the fiscal year ending June 2026, we aim for steady growth with targets set at net sales of ¥33.3 bn and operating profit of ¥5.1 bn. Regarding our dividend policy, we forecast a year-end dividend of ¥32 per share to achieve the Current Plan's target of an 8% Dividend on Equity (DOE), further aiming to enhance corporate value.

Performance by Business Segment

		FY6/24 results	FY6/25 results	Vs. prior period
Consolidated Financial Disclosure Business	Net sales	¥7.53 bn	¥8.72 bn	+15.7%
	Operating profit	¥1.84 bn	¥2.16 bn	+17.4%
	Operating profit margin	24.4%	24.8%	+0.4 points
	Orders received	¥8.26 bn	¥9.22 bn	+11.6%
	Order backlog	¥4.68 bn	¥5.18 bn	+10.8%
Digital Transformation Promotion Business	Net sales	¥8.84 bn	¥10.31 bn	+16.6%
	Operating profit	¥1.63 bn	¥1.71 bn	+5.1%
	Operating profit margin	18.5%	16.6%	-1.8 points
	Orders received	¥9.21 bn	¥10.26 bn	+11.4%
	Order backlog	¥2.06 bn	¥2.01 bn	-2.8%
Management Solutions Business	Net sales	¥8.51 bn	¥9.53 bn	+12.0%
	Operating profit	¥1.40 bn	¥1.74 bn	+24.1%
	Operating profit margin	16.5%	18.3%	+1.8 points
	Orders received	¥9.41 bn	¥9.70 bn	+3.2%
	Order backlog	¥4.00 bn	¥4.17 bn	+4.3%

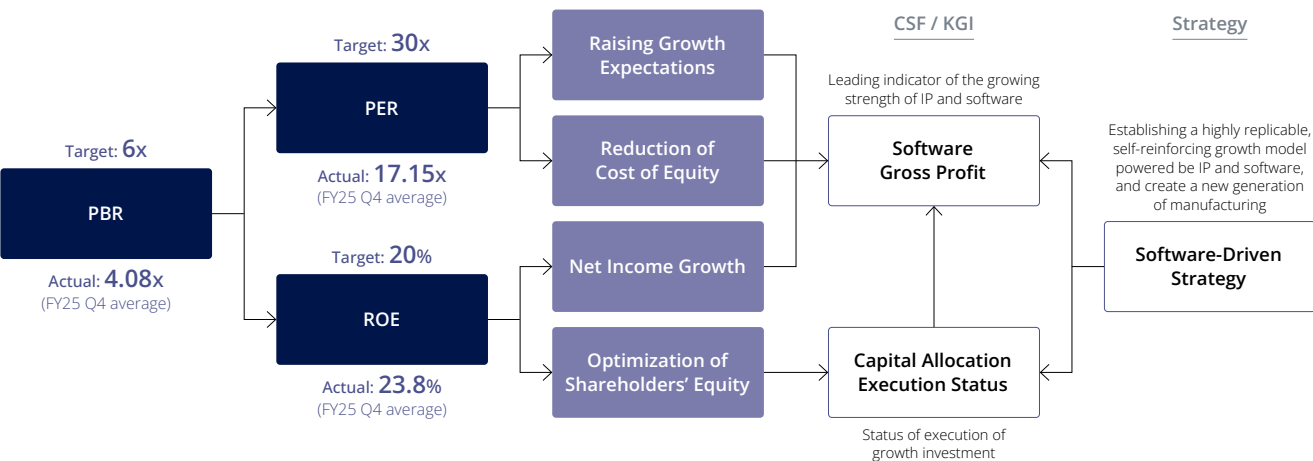
Net sales increased in all business segments. Regarding operating profit, although there was an impact from increased personnel costs due to business expansion and increased expenses contributing to the growth of other businesses across all segments, we achieved an overall profit increase for the cumulative full year.

- The Consolidated Financial Disclosure Business saw strong performance in its outsourcing segment. A revision of software pricing also contributed to growth in both sales and profits.

■ The Digital Transformation Promotion Business experienced the cancellation of a large project in the third quarter of the fiscal year ended June 2025, but demand for data utilization in management and business promotion decision-making remained robust, resulting in increased sales and profits.
- The Management Solutions Business achieved sales growth due to visible initial results in the Group Management Solutions domain. Despite cost increases for growth, the effects of sales growth and the rebound effect from the profit decline caused by stagnant sales growth in FY2024 led to profit growth significantly outpacing sales growth.

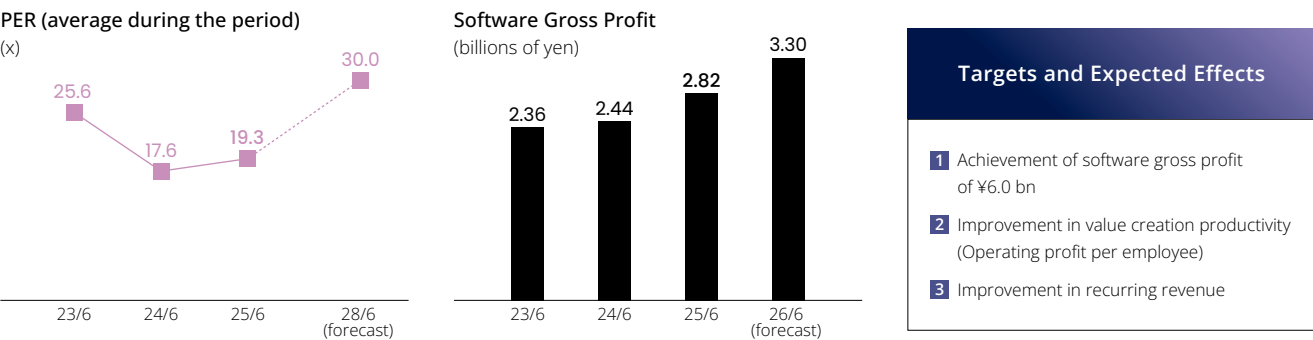
Corporate Value Enhancement Targeted in “BE GLOBAL 2028”

Our medium-term management plan, “BE GLOBAL 2028,” aims to double net sales over five years and grow net income by a CAGR of 25% to triple it by the end. From a corporate value measurement perspective, we aim for an ROE of 20% or higher as a discipline, along with an increase in growth expectations and a transformation to a business model that promotes a lower cost of capital, targeting a PBR of 6x and a PER of 30x*1. Software gross profit, measured as a leading indicator for business model transformation, is positioned as the most critical strategic KPI for the Current Plan. We aim to improve corporate value through the enhancement of software gross profit while executing optimal capital allocation*2.



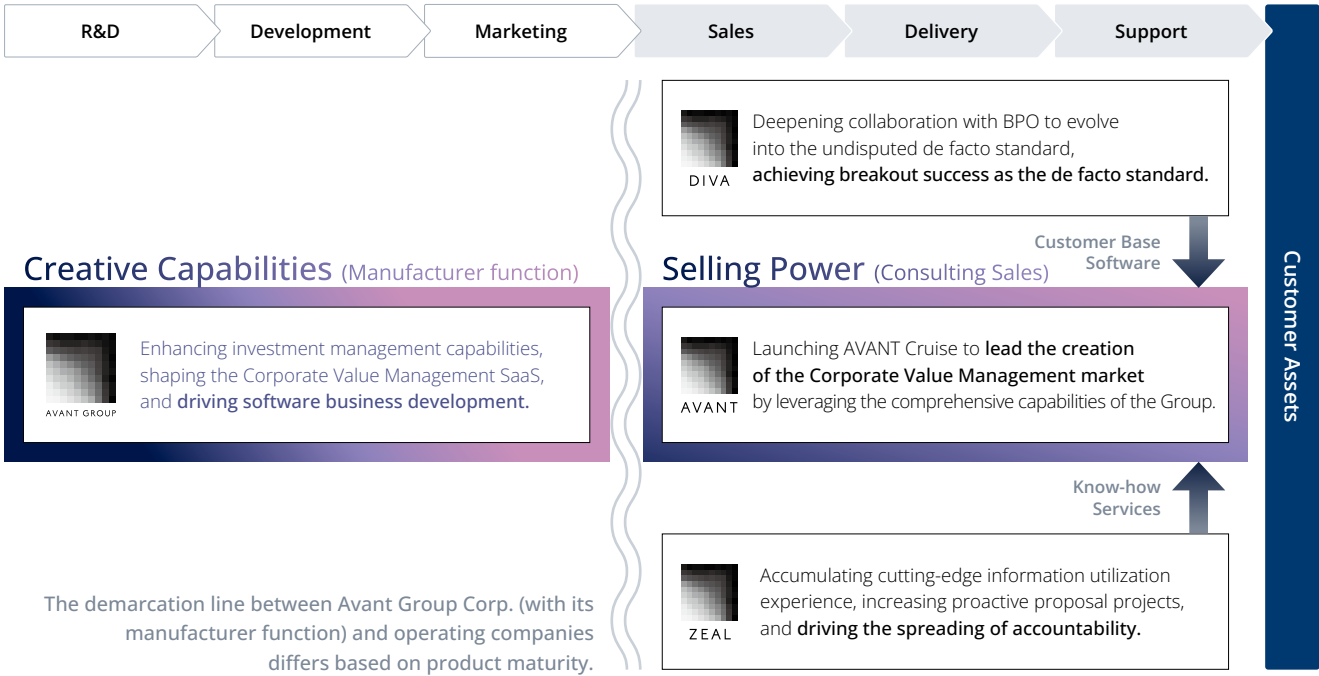
*1 Starting FY6/26, the PBR target has been revised from 8x to 6x, and the PER target from 40x to 30x.
*2 For details on the financial strategy, including capital allocation, please refer to the Group CFO Message on P24.

Enhancing Corporate Value by Increasing Software Gross Profit



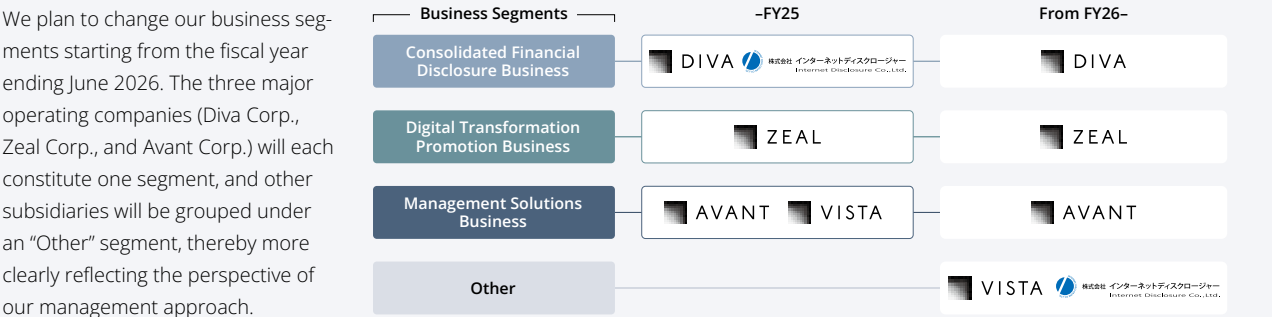
While ROE has reached our target level, the current P/E (average for FY2025) is 19.3x. Increasing the P/E level is a challenge we must address to achieve our target P/B of 6x. To improve P/E, we will concentrate on increasing software gross profit, aiming to become a sustainable entity capable of earning profits that combine stable growth and high profitability. By tripling the software gross profit to ¥6.0 bn over the five years of the Current Plan—our most critical strategic KPI—we aim to achieve the target P/E of 30x, which was set considering the fundamental level derived from comparisons with domestic software companies.

Clarifying Roles Between Avant Group Corp. and Operating Companies



To boost software gross profit, we have clarified the role division between Avant Group Corp. and the three major operating companies, updating the strategies and plans for each. Avant Corp., in particular, aims to strengthen the sales of AVANT Cruise by using the customer base and know-how held by Diva Corp. and Zeal Corp. as stepping stones, leading the creation of the Corporate Value Management market. The development of new software products by Avant Corp., or products with low product maturity, will be undertaken by the highly investment-capable Avant Group Corp., creating an environment that clarifies the focus points for each company and enhances execution.

Changes to Business Segments

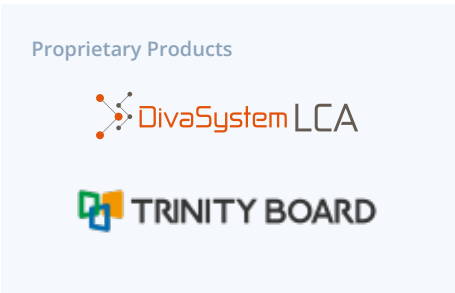




DIVA

Consolidated Financial Disclosure Business

In this segment, we automate clients’ consolidated financial reporting operations by offering the “DivaSystem LCA” series—a package software that covers a range of operations from data collection to consolidation processing, reporting, and financial disclosure—along with development and maintenance services. Additionally, we provide outsourcing services for financial reporting operations utilizing these products. Furthermore, by transferring the know-how gained through outsourcing back into software development, we realize a “BPO SaaS” cycle that is difficult for competitors to replicate. Possessing the largest client base within the Group, this segment plays the role of a beachhead for entering new markets.



Market Environment Analysis

In the Japanese market, the BPO and software markets related to consolidated financial disclosure have not seen significant structural changes in recent years. Against the backdrop of social issues such as the declining birthrate and shrinking work-force, there is a strengthening trend for companies to outsource non-core operations like financial disclosure. Driven by this trend, the BPO market continues to grow at a high rate of over 20% annually, and the cloud system market is also expected to grow at an annual rate of approximately 20%. The software market maintains stable growth of around 10% annually.

Looking at the competitive landscape, while multiple competitors exist in the software field, there are almost no direct competitors in the BPO field, and no other company offers a combination of both services. This uniqueness is Diva Corp.’s strength and will continue to be a factor in securing market superiority.

Progress of the Medium-Term Management Plan

For the fiscal year ended June 2025, net sales increased by 15.7% year-on-year, and operating profit increased by 17.4% year-on-year, progressing as planned against the medium-term management plan. The increase in sales was contributed by the steady growth of the outsourcing business, while the increase in profit was driven by the expansion of cross-selling to existing clients. The operating profit margin is also on a significant improving trend, driven by the withdrawal from unprofitable software products proceeding ahead of plan.

In addition to dealing with unprofitable software, we have disclosed our software development roadmap to clients and are promoting development in line with it. Although software development takes a certain amount of time, we are accelerating the development of associated services and their transition to SaaS.

Also, starting from the fiscal year ending June 2026, some maintenance service transactions were transferred from the Management Solutions Business to this segment, allowing us to provide more specialized maintenance support. This has increased the progress rate of clients’ cloud shift*1, and we expect to contribute to BPO adoption beyond the cloud shift.

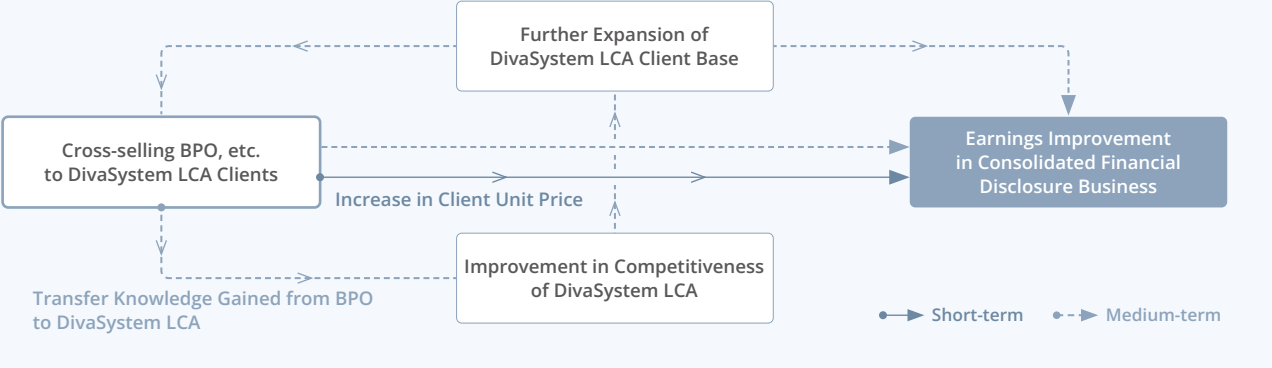
*1 Initiatives by companies to redesign and rebuild existing on-premise systems for cloud environments.

Net sales		Operating profit (Operating Profit Margin)	
24/6	25/6	24/6	25/6
¥ 7,537 mn	▶ ¥ 8,720 mn	¥ 1,840 mn (24.4%)	▶ ¥ 2,160 mn (24.8%)

Note: The performance of this segment for the fiscal year ended June 2025 includes Internet Disclosure Co., Ltd. From the fiscal year ending June 2026, Internet Disclosure Co., Ltd. is classified under the “Other” business segment.

Updated Growth Story Toward Realizing “BE GLOBAL 2028”

- Short-term: Cross-sell BPO services to DivaSystem LCA clients to increase client unit price.
- Medium-term: Transfer knowledge gained from BPO to the development of DivaSystem LCA to enhance competitiveness and expand the client base.



KPIs

- Number of outsourcing business clients
- Penetration rate (Cross-sell rate)

Challenges in Realizing the Growth Story

- Software development

BUSINESS OWNER MESSAGE

We will re-strengthen product competitiveness to realize sustainable growth, aiming to become the only entity of its kind in the world.



Gen Nagata

President and Representative Director, Diva Corporation

Diva Corp.’s greatest strength lies in possessing both BPO services and software services, and by linking them, aiming for the full automation of consolidated financial disclosure. This concept of “Inside Sourcing” is an initiative unparalleled in the world, and we believe it is a value that only our company can realize. By fusing BPO knowledge into areas that software alone cannot reach, it becomes possible to fundamentally streamline companies’ financial reporting operations. In fact, since the current structure was established in October 2022, we have returned to a growth trajectory.

In the medium-term management plan, we prioritized organizing existing products and services over the past two years, but for future growth, product

development is the most critical challenge. How much of the knowledge gained from BPO can be transferred to software will be the key to strengthening competitiveness.

In addition, anticipating a shortage of development resources due to Japan’s declining birthrate, we have expanded into India. We reconstituted a joint venture with a local company into a wholly-owned subsidiary of our Group, strengthening its function as an offshore development*2 base. Furthermore, using our investment in a local consolidated accounting software company as a foothold, we are also advancing plans to sell a localized version of “DivaSystem LCA” to the Indian market.

*2 Developing systems at an overseas development company.



ZEAL

Digital Transformation Promotion Business

This segment operates with a business model similar to Slers and consulting firms, providing end-to-end support ranging from organizing clients’ business situations to solution proposals, implementation, and support for operation and adoption. A key characteristic is its focus on “data utilization,” which is essential for promoting DX. Utilizing data platforms from major domestic and international vendors, we aggregate data generated within clients’ business processes and develop systems or build AI platforms that can be used for visualizing current status and forecasting the future. Within the Group, this segment also plays a role in expanding the Group's product portfolio by promoting the development of engineers specialized in data utilization and the in-house development of data utilization platform products.

Proprietary Products

Market Environment Analysis

The DX market has remained active since fiscal 2024, when our current medium-term management plan began, and the need for sophisticated management and business operations through the utilization of corporate data and digital technology has taken root as a medium- to long-term trend. In particular, steady progress is being made in the development of company-wide data utilization platforms, mainly among large enterprises, and we view the further expansion of the market as a certainty.

On the other hand, the interest of advanced clients is shifting from “platform development” to “advanced utilization of data,” including Generative AI. Demand is rising not only for simply accumulating and integrating data but also for updating to data platforms premised on AI utilization. Amidst this robust demand, to respond to changes in client requirements, the Group will concentrate on the area of data utilization platforms—which has long been the mainstay of our business development—and capture market growth.

Progress of the Medium-Term Management Plan

Profitability deteriorated due to increases in personnel costs, recruitment expenses, and outsourcing costs associated with business expansion, as well as the impact of the cancellation of a large-scale project. However, an increase in cloud data platform construction projects drove sales growth, resulting in net sales increasing by 16.6% year-on-year and operating profit increasing by 5.1% year-on-year for the fiscal year ended June 2024. We recognize that further improving productivity is necessary to achieve the profit targets set in “BE GLOBAL 2028,” and we are tackling the strengthening of our “earning power” as a critical theme.

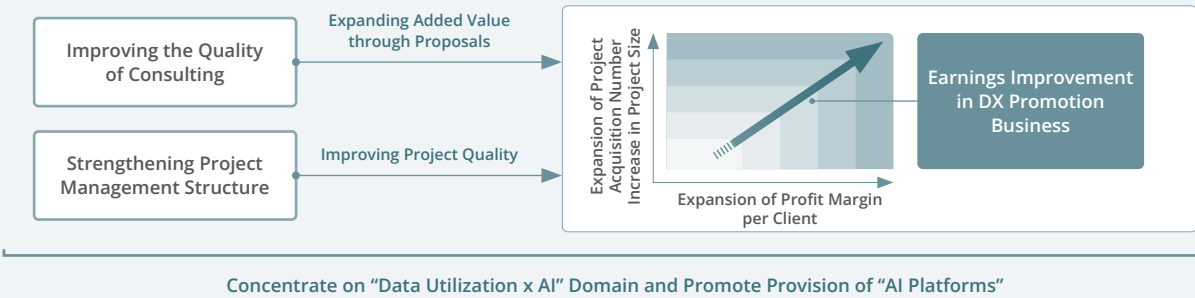
First, we established a company-wide organization aimed at strengthening project management. By conducting education, hands-on support, and reviews, with a focus on large-scale projects, we are improving the accuracy of quality, delivery, and risk management. We have also expanded our consulting department to enhance our ability to understand client operations and define requirements, leading to improved responsiveness to client needs and higher added value. Furthermore, to strengthen our approach to key clients, we are proceeding with the development of account PM functions, particularly for large enterprises with sales of over ¥500 bn, in pursuit of an increase in total project volume and the sophistication of project quality. While we considered focusing on in-house IP and software when formulating the medium-term management plan, we are currently concentrating management resources on advanced AI utilization and the strengthening of data platforms.

Net sales	
24/6	25/6
¥ 8,846 mn	▶ ¥ 10,318 mn

Operating profit (Operating Profit Margin)	
24/6	25/6
¥ 1,633 mn (18.5%)	▶ ¥ 1,716 mn (16.6%)

Updated Growth Story Toward Realizing “BE GLOBAL 2028”

- Concentrate on the “data utilization x AI” domain, where this segment has strengths.
- Enhance the quality of consulting to increase the size of projects per client and raise added value.
- Strengthen the project management structure and promote the provision of “AI platforms.”



KPIs

- Number of large-scale project Clients
- Profit margin of large-scale projects

Challenges in Realizing the Growth Story

- Accumulation of best practices
- Expansion of project management personnel

BUSINESS OWNER MESSAGE

Leveraging strengths in both AI and Data, we will drive the provision of “AI Platforms.”



Yoshiyuki Numata

President and Representative Director, Zeal Corporation

We have introduced data platforms to many clients, deeply understanding their data structures, business requirements, and actual usage conditions, while supporting data utilization that goes beyond mere system implementation. Currently, corporate data utilization needs are rapidly shifting to an advanced AI utilization phase that leverages generative AI and RAG* (Retrieval-Augmented Generation). In response to this environmental change, as a company with strengths in both data and AI axes, we have positioned the provision of “AI platforms” at the center of our growth strategy. Precisely because we have a deep understanding of data platforms and a track record, we can consistently design and build architectures to incorporate AI into business and connect it to results. We believe this point is

a unique position that other companies do not have.

On the other hand, we recognize that the cancellation of the large-scale project that occurred in 2025 was a manifestation of challenges such as project management, where we could not necessarily fully meet the client's high expectations. Taking this seriously, we have already operationalized measures such as strengthening our consulting and project management structures and advancing risk management, establishing them as effective mechanisms.

Even in an environment where technology continues to evolve dizzyingly, precisely because we are a company with strengths in both AI and data, we will steadily achieve growth while reliably capturing robust demand.

* A framework that uses external data to supplement the internal knowledge of large language models (LLMs), known as “retrieval-augmented generation.”



AVANT

Management Solutions Business

In this segment, we are establishing a business model that comprehensively supports clients’ management control processes by combining SaaS and consulting, evolving from our traditional model primarily provided through SI and consulting. We provide not only proprietary software but also combinations with software developed by other companies. Our revenue is composed of software sales, consulting associated with its implementation, and maintenance contracts that serve as ongoing support.

Within the Group, this segment plays the role of maximizing the use of group assets and continuously generating solutions that provide management information useful for enhancing corporate value.

Proprietary Products



Market Environment Analysis

Against the backdrop of the “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” published by the Tokyo Stock Exchange in 2023, many listed companies are moving toward sophisticated management control, such as managing business portfolios by setting KPIs like ROIC by business in their medium-term management plans. Consequently, the social significance and growth opportunities for this segment are expected to increase further in the future.

On the other hand, the number of companies that have already established a new management control process that links with medium-term management plans and performs budget-actual management on a consolidated basis is limited. Therefore, we believe a phased approach is necessary: first, supporting the introduction and adoption of management control processes while accompanying the client, and then proceeding with software implementation.

Progress of the Medium-Term Management Plan

For the fiscal year ended June 2025, net sales increased by 12% year-on-year, and operating profit increased by 24% year-on-year, landing exactly as planned. In the medium-term management plan, our policy for the first two years was to complete the development of packages capable of calculating ROIC by business for our core product, “AVANT Cruise,” and then proceed with sales to dozens of companies annually. We are currently getting on track with this plan.

However, new challenges have also become apparent. For companies to implement “AVANT Cruise” and utilize it fully, it is essential to upgrade their traditional management control processes and establish new ones that enable linkage with plans and consolidated budget-actual management. Yet, not many companies have realized this.

Therefore, we have shifted our policy to first utilize the best practices we have accumulated to support the introduction and adoption of new management control processes while accompanying our clients. We also position the development of consultants who can accompany and support clients as a key theme, and we will focus on internal development in the future.

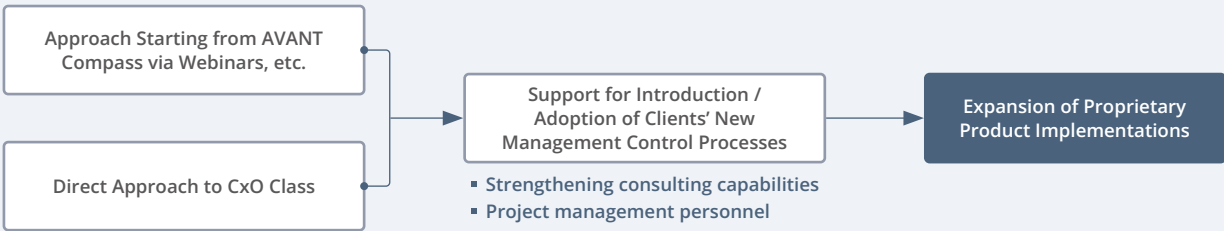
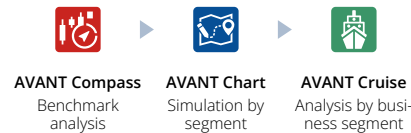
Net sales	
24/6	25/6
¥ 8,518 mn	▶ ¥ 9,537 mn

Operating profit (Operating Profit Margin)	
24/6	25/6
¥ 1,407 mn (16.5%)	▶ ¥ 1,746 mn (18.3%)

Updated Growth Story Toward Realizing “BE GLOBAL 2028”

- Support the introduction and adoption of new management control processes for clients to pave the way for proprietary product implementation.
- Expand the number of AVANT Cruise implementations through the following two axes:
 - Approach utilizing the story of a series of product groups starting from “AVANT Compass”
 - Direct approach to the CxO class

Product Group Story (Example)



KPIs

- Number of large-scale projects acquired
- Profit margin of large-scale projects
- Number of companies implementing proprietary products (AVANT Cruise and other peripheral products)

Challenges in Realizing the Growth Story

- Consulting sales personnel
- Awareness in new markets / companies

BUSINESS OWNER MESSAGE

We will leverage the Group’s comprehensive strength to expand software implementations through two axes.



Takahiro Okabe

President and Representative Director, Avant Corporation
Chairman and Director, Zeal Corporation

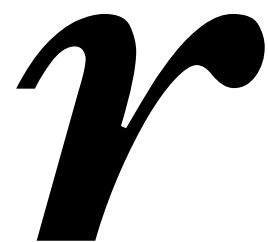
To expand software implementations, it is crucial to first support the sophistication and adoption of management control processes so that clients can maximize the use of our software. Therefore, we are working on acquiring and developing consultants well-versed in each industry.

We are approaching the sales reinforcement of AVANT Cruise from two angles.

The first is to construct a continuous story by combining the Avant Group’s product lineup, leading to proposals for AVANT Cruise. Starting with AVANT Compass, which is relatively affordable and has high appeal, we approach the CFO layer through webinars and other means, connecting this to support for management control processes.

The second is strengthening our direct approach to the CxO class. We are advancing proposals as a united Group to the CFO and CIO lines, and expanding contact points by regularly holding events such as off-site seminars.

Against the backdrop of streamlining management control, the transition from Excel to software and new market entries are progressing. Our strength lies in our ability to leverage the management control know-how we have cultivated to provide solutions that deeply integrate into clients’ management control processes and offer continuous support. Leveraging this, we will work toward achieving the software gross profit target set in the medium-term management plan.



Section IV

Reducing Cost of Capital

We explain the management approach of the Avant Group, which is conscious of its cost of capital, by presenting dialogues, the status of our corporate governance and risk management practices, and the results of our engagement with investors.

- 40 **DIALOG**
Outside Director Discussion
- 44 Corporate Governance
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- 57 Creative Dialog with Investors
- 58 Management Team



Challenges in Enhancing Corporate Value and “Creating a 100-year Company”

To sustainably enhance corporate value, management conscious of the cost of capital and the effectiveness of governance supporting it are being scrutinized more than ever.

Outside Directors Chie Goto and Tatsuya Kamoi discuss the ongoing debates within the Avant Group Board of Directors aimed at improving corporate value, and the objectives behind reorganizing the Remuneration Advisory Committee into the Nomination and Remuneration Advisory Committee by adding nomination functions as of July 2025.

TATSUYA KAMOI — CHIE GOTO

TATSUYA KAMOI
Outside Director
Member of the Nomination and
Remuneration Advisory Committee

The Challenge: Increasing the Level of “Confidence”

Goto ■ The Avant Group Board of Directors has been continuously discussing stock price and capital market valuation as a regular agenda item, taking into account the “Action to Implement Management That Is Conscious of Cost of Capital and Stock Price” published by the Tokyo Stock Exchange in March 2023. While our financial performance is growing, over the past year or so, this performance has not been sufficiently linked to an increase in corporate value. The challenge I recognize in this situation is that investors do not yet have sufficient “confidence” in the path toward achieving our medium-term management plan, “BE GLOBAL 2028,” particularly regarding the specific image of the markets we view as growth areas and our M&A strategy.

Kamoi ■ I agree. How we communicate the future potential of our business is critical. Especially for our Group, I believe it is important to demonstrate not only the growth of each operating company but also how we will create synergies as a Group. Furthermore, since we are trying to create a new market which we call “M3,” there are many aspects that investors do not yet fully understand. While the concept of M3* is understood because improving corporate value is currently a major agenda for

* The market targeted by the Business Management Solutions segment.

Japanese companies, I recognize that we have not yet sufficiently conveyed what specific solutions the Avant Group can provide in response to that agenda.

Goto ■ If we view the cost of capital as the expected rate of return for investors, a high cost of capital indicates a state where “confidence” in growth potential and profitability is low. To reduce the cost of capital, Investor Relations (IR) is the first crucial step. Regarding points where disclosure alone is insufficient, we need to complement the Group’s growth story through creative dialogue with investors.

I believe there is room to further strengthen IR, particularly targeting overseas institutional investors.

Also, since there is a view that services provided by IT and software companies might be replaced by AI, initiatives and impact assessments regarding AI are themes of high interest to investors. If we do not explain these points through IR, they may be perceived as “uncertainties” and affect investor valuation.

Kamoi ■ I believe that to help investors understand the Avant Group’s direction in an easy-to-understand manner, it is effective to accumulate specific success stories (“reference cases”) rather than staying at an abstract level. We want the Group itself to embody “Corporate Value Management,” provide that methodology to client companies, and reproduce it together. If we have

CHIE GOTO
Outside Director (Audit Committee Member)
Chairperson of the Nomination and
Remuneration Advisory Committee



reference cases, investors will feel a stronger sense of conviction regarding our growth strategy, which should lead to a reduction in the cost of capital and an increase in stock price and corporate value.

Goto ■ Since initiatives have been progressing since Mr. Kamoi joined the Board of Directors and expressed such opinions, I hope to see actual examples emerge soon. In addition to IR, enhancing governance is naturally essential to realizing sustainable growth. I want to constantly maintain the awareness that strengthening governance serves as the foundation for growth.

Changes Visible Through the Establishment of the Nomination and Remuneration Advisory Committee

Goto ■ At the Board of Directors meeting in July 2025, we resolved to establish the

Nomination and Remuneration Advisory Committee by adding authority regarding nominations to the existing Remuneration Advisory Committee. I have been stating the opinion at Board of Directors meetings for two or three years that we should add the nomination function. However, in March 2025, Group CEO Morikawa himself expressed the view that he wanted the committee to have a function to check and balance his personnel authority. Taking this as a specific trigger, and after establishing regulations and sufficient discussion at the Board of Directors, this committee was launched. Under circumstances where the source of corporate value has been concentrated in Group CEO Morikawa, who is the founder and major shareholder, I believe it was a shared recognition that the lack of a formal venue to discuss his succession, including with outside directors, was a significant risk.

Kamoi ■ Leading up to the launch of the Nomination and Remuneration Advisory Committee, we spent a considerable amount of time discussing how to divide the role of the Representative Director's nomination function held by the Board of Directors with a voluntary advisory body. I think the fact that such discussions took place is in itself very healthy. Although Group CEO Morikawa, as the founder, has strong leadership, he also possesses the humility to encourage opinions from others and actively accept them. I believe this is why we reached a consensus to create an environment where succession can be discussed in the public forum of the Nomination and Remuneration Advisory Committee.

Goto ■ Regarding succession, we are discussing that a mandatory requirement is “understanding the Avant Group from the perspective of creating a 100-year company and being able to inherit Group CEO Morikawa's corporate philosophy in broad

terms.” Being able to discuss such requirements is precisely because the nomination function was granted to the committee.

Kamoi ■ Group CEO Morikawa does not strongly assert opinions like “this person is good,” but it is impressive that he listens seriously to discussions about “what would be a showstopper (fatal flaw) without this requirement.” This is likely because the idea of “Creating a 100-year Company,” which is our corporate philosophy, lies at the core.

Succession Cascading from Group CEO to Professional Management Talent

Kamoi ■ We have been discussing the succession of management talent for some time. To discuss the successor to the Group CEO, we first need to consider how to think about the successors to the leaders of each operating company currently driving the business, and whether sufficient talent is being secured and developed for that purpose. Furthermore, in creating new markets like the M3 I mentioned earlier, we cannot avoid the discussion of whether our current talent portfolio can truly handle it. Broad discussions regarding the Group CEO's succession ultimately cascade down to how we create opportunities to continuously develop professional management talent.

Goto ■ Mr. Kamoi, having been active in the HR field for many years, where do you think the dividing line lies in whether succession can be successfully constructed?

Kamoi ■ The first is the strong commitment of the Group CEO. This is unquestionable, and it is important that it is not just lip service but comes from the heart. The second is the need to evaluate talent multi-dimensionally and then refine how to develop them as management talent

through repeated discussions over several years. Based on those discussions, we should attempt to develop internal talent through reassignments and other means, but if the required capabilities do not exist internally, we should actively proceed with recruiting talent from outside. Fortunately, over the past year or two, excellent senior-level personnel have joined our Group. Accepting talent from the outside and not fearing diversification are also key points.

Goto ■ Thank you. regarding the involvement of the Nomination and Remuneration Advisory Committee, at the stage where succession candidates have been narrowed down to some extent, we would like to consider the committee becoming involved in the development program as a stakeholder, such as by setting up regular presentation opportunities. While execution is the responsibility of the executive side, I believe a healthy link with us on the supervisory side is important.



Kamoi ■ As you say, it is the executive side that executes, so it is a prerequisite that the executive side fully understands the development program and runs it proactively. The participating talent themselves must also be aware of the prospects of the development program and engage in it in addition to their daily duties. In that sense, it is important for the supervisory side, including the committee, and the executive side to link together well, and I think it is an absolute condition that the executive side is serious about it.

I often use sports as an analogy: a top-class player does not necessarily make a good coach or manager. The same can be said for general managers who handle management. That is why we need to design development programs with clear intent.

Goto ■ In the Nomination and Remuneration Advisory Committee, in addition to us and Group CEO Morikawa as members, Group CFO Kasuga and Group CHRO Satonaka also attend. Ms. Satonaka prepares and explains specific materials, and based on that, I feel we are having very flat and open discussions.

Kamoi ■ The role of the Group CHRO is extremely important. In the future, we would like to select the owner of the development program who will be commissioned by the Group CHRO. It does not necessarily have to be limited to the HR department; talent from the business side would also be acceptable.

Goto ■ Touching on remuneration as the Nomination and Remuneration Advisory Committee, I would like to create a remuneration system where both employees and we officers can be more conscious of the stock price, which is the manifestation of our company's corporate value. We already have a stock-based compensation system for all employees and an employee stock ownership plan, but how to further

expand these mechanisms is a topic for future consideration. Officers also have an officer stock ownership plan, but I think there could be mechanisms that allow for further commitment to the stock price.

Kamoi ■ Exactly, discussions on remuneration are as important as succession, so I want to continue advancing these discussions in the committee.

Having been involved in transformation programs for Japanese companies for many years, I intend to use that experience to support the improvement of our company's corporate value. I will also make recommendations from the perspective of whether I would want the solutions provided by the Avant Group if I were in the position of a corporate manager. The power of the Avant Group should become extremely important for Japanese companies tackling transformation. I wish to contribute to the creation of the specific reference cases I mentioned earlier so that investors can firmly understand our corporate value.

Goto ■ I intend to utilize my knowledge as a lawyer and certified public accountant to state frank opinions without hesitation from the standpoint of an outside director, revitalize discussions at the Board of Directors, and lead to the strengthening of governance. Also, as the Chairperson of the Nomination and Remuneration Advisory Committee, I want to contribute to the improvement of corporate value by addressing the challenges I have mentioned. In addition, I believe that I myself am an existence that embodies the diversity of officers, so including that point, I hope to be a help in strengthening the Avant Group's governance.

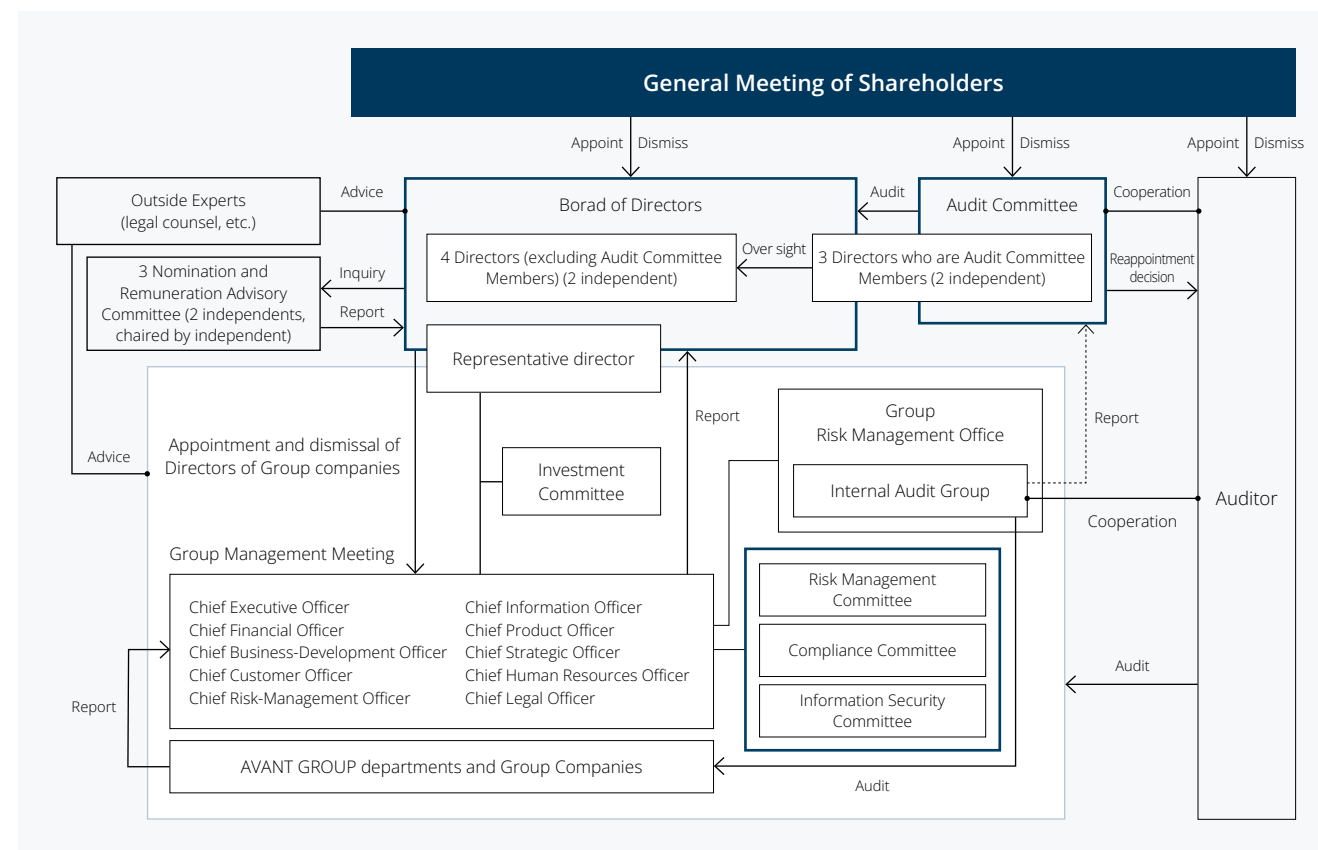
CORPORATE GOVERNANCE

Basic Policy on Corporate Governance of the Avant Group

Corporate governance in our Company is a mechanism to realize a sustainable increase in corporate value based on our corporate philosophy, "Creating a 100-year Company." This is done via increased transparency and soundness of management, ensuring accurate decision-making, linking supervision to execution, speeding up management decisions, and gaining trust and recognition from society.

We disclose the status of these activities in our Corporate Governance Report and promote constructive dialogue with our shareholders and investors.

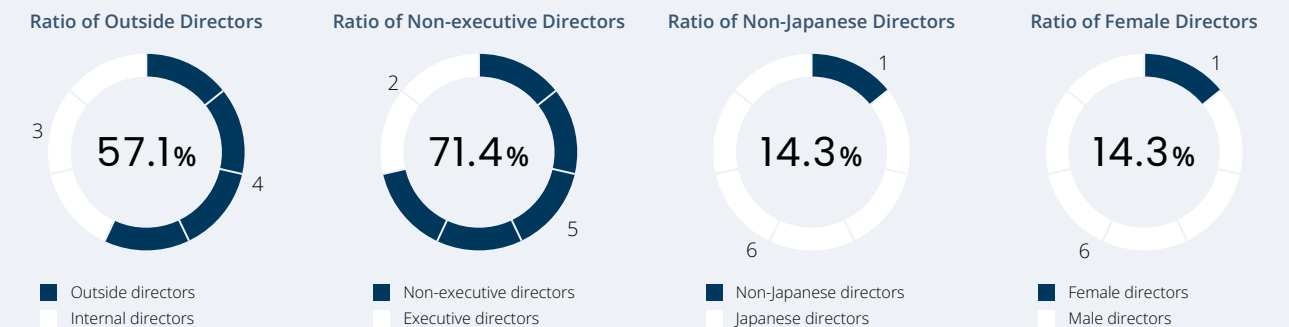
Avant Group's Corporate Governance Structure (As of December 31, 2025)



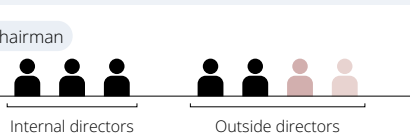
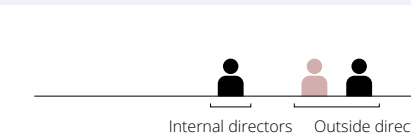
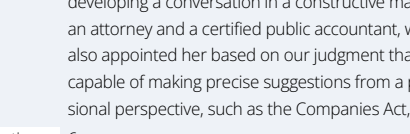
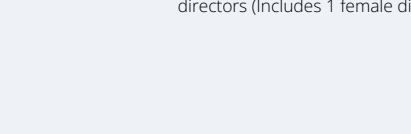
Features of Our Corporate Governance Structure

The Company has adopted the organizational structure of a “Company with an Audit Committee.” The Board of Directors consists of 4 directors (excluding directors who are Audit Committee Members; 2 are outside/independent directors, including 1 non-Japanese) and 3 directors who are Audit Committee Members (2 are outside/independent directors, including 1 female). To strengthen the supervisory function of the Board of Directors, the majority of directors are outside directors, and a Nomination and Remuneration Advisory Committee has been established as a voluntary advisory body.

Board Composition (Fiscal Year Ended June 2025)



Activities of the Various Bodies (Fiscal Year Ended June 2025)

Board of Directors		Audit Committee	
Chairman	Founder, Chairman & Group CEO	Number of meetings	16
Reason for appointment	The Avant Group is currently in a “growth” stage, and in the process, the need for strategic decision-making is increasing. The director has been appointed based on his ability to execute prompt and appropriate decision-making under these circumstances.	Members	1 internal director, 2 outside directors (Includes 1 female director (●))
Number of meetings	13		
Members	3 internal directors, 4 outside directors (Includes 1 female director (●), 1 non-japanese director (●))		
			
Remuneration Advisory Committee		Group Management Meeting	
Chairman	Independent/outside director (Chie Goto)	Chairman	Founder, Chairman & Group CEO
Reason for appointment	She has an excellent ability to listen calmly to others’ opinions while accurately expressing her own ideas and developing a conversation in a constructive manner. As an attorney and a certified public accountant, we have also appointed her based on our judgment that she is capable of making precise suggestions from a professional perspective, such as the Companies Act, with logic.	Number of meetings	18
Number of meetings	6	Members	11 CxO members and others, including 3 internal directors (Includes 1 female director (●))
Members	2 independent/outside directors, Founder, Chairman & Group CEO (Includes 1 female director (●))		
			

Note: By resolution of the Board of Directors held on July 23, 2025, the system has been changed to establish a Nomination and Remuneration Advisory Committee in place of the Remuneration Advisory Committee.

Composition of Directors (As of September 19, 2025)

Features of Board Composition	Majority independent / outside directors	1 non-Japanese	1 female
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Name		Reason for appointment		Attendance of Board of Directors, Audit Committee and other committee meetings	Expertise						
	Tetsuji Morikawa Founder, Chairman & Group CEO Shares held: 9,781,466 shares	Since the Company's founding in May 1997, he has led the Group's management as Representative Director for 28 years. In addition to his skill in establishing our proprietary consolidated accounting software as an infrastructure providing various management information centering on financial information, he has demonstrated leadership in business diversification through M&A, transition to a holding company structure, and group reorganization. He also led the fiscal year ended June 2025, the second year of the Medium-Term Management Plan "BE GLOBAL 2028," demonstrating strong leadership toward its realization. He is appointed for the further development of the Group toward the realization of "BE GLOBAL 2028."		Board of Directors 13/13 Remuneration Advisory Committee 6/6	Expertise in finance & accounting	Expertise in legal & compliance	Leadership (Executive experience)	Experience in IT industry / SaaS	Expertise in corporate value	Global business experience	Expertise in organizations / human resources
	Naoyoshi Kasuga Director Group CFO Shares held: 30,588 shares	After gaining experience at a commercial bank and the New York Stock Exchange, he joined the Company in October 2010. Since September 2011, as Director in charge of Finance and currently as Group CFO, he oversees the Company's financial aspects based on his broad experience and management insight, leading the Group toward the realization of the Medium-Term Management Plan "BE GLOBAL 2028" together with the Group CEO. He is appointed due to his excellence in both character and insight.		Board of Directors 13/13	Expertise in finance & accounting	Expertise in legal & compliance	Leadership (Executive experience)	Experience in IT industry / SaaS	Expertise in corporate value	Global business experience	Expertise in organizations / human resources
	Jon Robertson Director Outside Director Independent Director Diversity Shares held: 0 share	He has led highly international organizations in Japan and the Asia-Pacific region for over 30 years and excels in management, leadership, and communication skills. He possesses deep knowledge of the latest IT technologies, including the cloud-native field, and demonstrates leadership with enthusiasm in the rapidly changing IT industry. He is appointed as he contributes with similar leadership in achieving corporate value creation through cloud transformation in our vision "BE GLOBAL" and the Medium-Term Management Plan "BE GLOBAL 2028."		Board of Directors 11/13	Expertise in finance & accounting	Expertise in legal & compliance	Leadership (Executive experience)	Experience in IT industry / SaaS	Expertise in corporate value	Global business experience	Expertise in organizations / human resources
	Tatsuya Kamoi Director Outside Director Independent Director Shares held: 1,700 shares	In addition to his experience engaging in consulting and promoting IT construction for domestic and international global companies for over 20 years, he demonstrates leadership based on his experience leading businesses at Mercer Japan Ltd. and ABeam Consulting Ltd., as well as his broad experience in the HR field. He is appointed based on the judgment that he will continue to contribute to management supervision and the realization of the Medium-Term Management Plan "BE GLOBAL 2028."		Board of Directors 13/13 Remuneration Advisory Committee 6/6	Expertise in finance & accounting	Expertise in legal & compliance	Leadership (Executive experience)	Experience in IT industry / SaaS	Expertise in corporate value	Global business experience	Expertise in organizations / human resources
	Tsuyoshi Noshiro Audit Committee Shares held: 1,868,800 shares	After gaining experience at an audit firm and securities-affiliated venture capital firm as a Certified Public Accountant, he joined the Company in February 1998. Since then, serving as General Manager of Administration, Director in charge of Finance from 2001, and Full-time Corporate Auditor from September 2011, he assumed the position of Director (Audit Committee Member) in September 2022. At meetings of the Board of Directors and Audit Committee, he provides useful opinions centering on legal, accounting, governance, and HR perspectives based on his deep understanding of the Company's business. He is appointed based on the judgment that he will continue to contribute to the sound development of the Company.		Board of Directors 13/13 Audit Committee 16/16	Expertise in finance & accounting	Expertise in legal & compliance	Leadership (Executive experience)	Experience in IT industry / SaaS	Expertise in corporate value	Global business experience	Expertise in organizations / human resources
	Chie Goto Audit Committee Lead Outside Director Independent Director Diversity Shares held: 0 share	In addition to her work experience at general business companies, she holds qualifications as a lawyer and Certified Public Accountant and has been involved with various companies as a legal and financial accounting expert in areas including M&A, tax compliance, and harassment cases. She currently fulfills her responsibilities appropriately as a Director who is an Audit Committee Member. She is appointed based on the judgment that she is expected to strengthen the functions of the Board of Directors by utilizing her abundant knowledge as a legal and accounting expert to provide useful advice in management judgment and decision-making processes.		Board of Directors 13/13 Audit Committee 16/16 Remuneration Advisory Committee 6/6	Expertise in finance & accounting	Expertise in legal & compliance	Leadership (Executive experience)	Experience in IT industry / SaaS	Expertise in corporate value	Global business experience	Expertise in organizations / human resources
	Makoto Nakano Audit Committee Outside Director Independent Director Shares held: 5,200 shares	He possesses deep insight in a wide range of fields such as business administration, accounting, and corporate finance, and has built a broad research network in both business and academic sectors on the theme of corporate value, which is also a materiality for the Company. He also conducts numerous finance and corporate value training sessions for executives of listed companies and appropriately performs his duties as an Outside Director who is an Audit Committee Member. He is appointed based on the judgment that he will play an active role not only in providing advice for improving the corporate value of the Company and its customers but also in nurturing the Company's next-generation management team.		Board of Directors 13/13 Audit Committee 16/16	Expertise in finance & accounting	Expertise in legal & compliance	Leadership (Executive experience)	Experience in IT industry / SaaS	Expertise in corporate value	Global business experience	Expertise in organizations / human resources

Evaluation of the Effectiveness of the Board of Directors

The Company recognizes issues regarding the responsibilities, composition, and operation of the Board of Directors aiming to achieve sustainable improvement in corporate value and works on continuous improvement. The Board of Directors analyzes and evaluates the effectiveness of the Board of Directors annually based on self-evaluations, etc., by each Director.

Evaluation Method

From the perspective of enhancing the independence and objectivity of analysis and evaluation, the Company conducted evaluations by third-party organizations in the fiscal years ended June 2018 and 2019. However, based on the Board’s observation that issues were difficult to clarify as the evaluation was mainly quantitative, since the fiscal year ended June 2020, we have decided to conduct interviews of directors and corporate auditors by third-party organizations as appropriate, centered on our own questionnaire surveys. Since the fiscal year ended June 2021, to grasp issues more clearly, we have created our own questionnaire forms allowing for descriptive opinions on issue evaluation and countermeasures.

Evaluation Results

Summarizing the questionnaire responses, as in previous years, the majority of responses indicated that the monitoring function was strengthened by the transition to a Company with an Audit Committee. Furthermore, due to efficient operation through the use of the Board of Directors DX cloud “TRINITY BOARD” and governance initiatives to strengthen monitoring through off-site meetings, the evaluation of the Board’s effectiveness was generally high, and it was evaluated as being operated appropriately. On the other hand, the following main points were recognized as issues:

(1) Board of Directors Organization

- Opinions and issues regarding the Board of Directors organization were pointed out as follows:
- Succession of the management team, including the Group CEO, should continue to be discussed.
 - Clarification of roles and responsibilities required of directors should be discussed.

(2) Board of Directors Agenda

- Opinions and issues regarding the Board of Directors agenda were pointed out as follows:
- Discussions on human resources strategy and human resources development should be increased.
 - Opportunities for discussion with executive-side leaders should be increased.
 - Opinions of outside directors should be incorporated when establishing the annual agenda plan to utilize them in selecting key themes.

(3) Board of Directors Operation

Regarding “provision of training opportunities to improve basic skills as directors” raised as a countermeasure last year, improvements were made by holding lectures utilizing the expertise of each outside director. In addition, to provide opportunities for deeper understanding of the strategies and actual conditions of operating companies, following last year off-site meetings were again held to promote understanding of the business.

Future Actions

- Based on the above points, we report that we will pursue the following actions regarding the operation of the Board of Directors for the fiscal year ending June 2026:
- Formulation of an annual agenda plan incorporating the opinions of outside directors regarding the importance of agenda items.
 - Continuation of discussions leading to the succession of the management team.
 - Implementation of discussions leading to the clarification of roles and responsibilities required of directors.

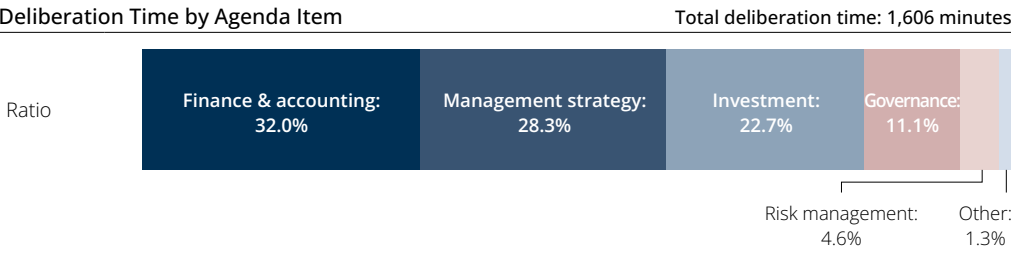
Activities of the Board of Directors

The Board of Directors met 13 times between July 2024 and June 2025. Of the total 1,606 minutes, discussions were allocated as follows: 514 minutes (approx. 32%) for finance, such as reports on stock price and monthly performance, and resolutions on the next fiscal year budget; 455 minutes (approx. 28%) for management strategy, such as software-driven strategies; 364 minutes (approx. 23%) for investment, such as establishment of new subsidiaries; and 178 minutes (approx. 11%) for governance, such as Risk Management Committee reports. Key agenda items were as follows:

Main Agenda Items Considered by the Board of Directors (Total of 13 meetings)

Main Items

- | | |
|---|--|
| <ul style="list-style-type: none">▪ Establishment of VISTA Corporation▪ Implementation of stock-based compensation for employees (RS Trust)▪ Approval of consolidated budget and operating company budgets for FY ending June 2026▪ Delegation of executive authority▪ Investment in an Indian startup▪ Regarding performance-linked stock compensation system▪ Disposal of treasury stock via third-party allotment▪ Software-driven strategy | <ul style="list-style-type: none">▪ How to proceed with discussions on next-generation leader successors▪ Expansion into overseas markets▪ Investment in North American startups▪ IR strategy for the current term▪ Training sessions by outside directors▪ Investment plan for the next fiscal year▪ Risk Management Committee report (s)▪ Compliance Committee report (s)▪ Information Security Committee report (s)▪ Report (s) on the operation status of internal controls |
|---|--|



Toward Promoting Active Discussion

To align agenda items with the CFO line of each Group company, meetings are held twice a month, and preparatory meetings for these are also conducted separately. The agenda and time allocation for Board meetings are decided by the Founder, Chairman & Group CEO while referring to past track records on “TRINITY BOARD.” On the afternoon of the day the Board meeting is held, a meeting regarding meeting materials is also conducted. By proceeding with these processes based on the PDCA cycle, active discussions are promoted.

Additionally, to revitalize discussions, off-site meetings including not only directors but also top executives of each company are held every March.

Information Sharing with Outside Directors

Utilization of TRINITY BOARD

Avant Group introduced “TRINITY BOARD” in the fiscal year ended June 2022 and uses it for sharing agenda items, etc. With the introduction of this tool, outside directors have evaluated that “necessary information is easy to obtain from anywhere.” Access to information of each Group company has become significantly easier, showing a dramatic change compared to before introduction.

Before introduction	After introduction
▪ Reporting and explanation of agenda items conducted via email. ▪ Difficult for outside directors to obtain information. ▪ Difficult to ensure transparency of information. ▪ Information asymmetry occurred between internal and outside directors.	▪ Utilizing a database, viewable on smartphones. ▪ Information is easy to obtain. ▪ Information not only of the holding company but also of each Group company can be easily grasped. ▪ Efficient agenda setting and time allocation possible by referring to past track records. ▪ Implementation of board effectiveness evaluation made efficient by utilizing questionnaire functions.

Activities of Each Body
 (Fiscal Year Ended June 2025)

Audit Committee

The activities cycle of the Audit Committee starts with the Ordinary General Meeting of Shareholders and ends with the submission of the Audit Report the following year. In the fiscal year ended June 2025, activities focused on key consideration items such as the Risk Management Committee (including Information Security Committee), human investment (leader discovery/development process), progress of the Medium-Term Management Plan “BE GLOBAL 2028” (process leading to investment), and organizational audit (strengthening cooperation with internal audit).

For the fiscal year ending June 2026, we have set key themes including corporate governance (coordination with Directors who are Audit Committee Members regarding reorganization into the Nomination and Remuneration Advisory Committee), group governance, Risk Management Committee (including information security), human investment, medium-term management plan (mainly regarding investment projects), and internal controls in financial disclosure.

Remuneration Advisory Committee

The Remuneration Advisory Committee proceeds with discussions on the design of remuneration systems and the content and composition ratio of incentives for directors and group executive officers, using examples of other companies as benchmarks. In the fiscal year ended June 2025, it examined a wide range of themes, including executive remuneration systems, formulation of policies for short-term and long-term incentives, remuneration for outside directors, setting of short-term incentive indicators for newly established subsidiaries, and discussions on the management structure for next-generation leaders.

At the Board of Directors meeting held on July 23, 2025, it was resolved to establish a Nomination and Remuneration Advisory Committee in place of the Remuneration Advisory Committee. This has evolved to integrally deliberate on nomination-related matters, such as matters regarding the appointment and dismissal of directors, succession planning, and individual remuneration for directors (excluding Audit Committee Members), and reports to the Board of Directors.

Group Management Meeting

Again in the fiscal year ended June 2025l, focused discussions were held in the committee regarding software-driven strategies and human resources strategies toward the realization of our medium-term management plan “BE GLOBAL 2028.”

Since the fiscal year ended June 2024, the Compliance and Risk Management Committee has been separated into the Compliance Committee and the Risk Management Committee, each held once every three months. The discussion contents of both committees are reported and shared with the Board of Directors in the same month.

Directors’
 Remuneration

Remuneration for the Company's directors is divided into fixed remuneration (regular fixed amount remuneration) and performance-linked remuneration.

Fixed remuneration:

A standard amount is paid according to the position, taking into account the level commensurate with required abilities and responsibilities.

Performance-Linked Remuneration:

For directors other than outside directors, this consists of (1) short-term performance-linked remuneration (bonuses linked to business performance, etc., for each fiscal year) and (2) medium-term performance-linked remuneration (performance-linked stock-based compensation linked to changes in indicators over the target period). Medium-term performance-linked remuneration is stock-based compensation where shares of the Company's common stock is issued, aiming to further share value between eligible directors and shareholders through sustainable stock price improvement and to provide incentives for eligible directors to sustainably improve the Company's corporate value.

Remuneration Composition Ratio for Directors

Director	45–50% (Fixed remuneration)	15–20% (Short-term performance-linked remuneration)	35% (Medium-term performance-linked remuneration)

Calculation Method for Each Type of Remuneration

1. Short-term Performance-linked Remuneration

Short-term performance-linked remuneration = Short-term performance-linked base amount × Short-term incentive coefficient

Short-term incentive coefficient

Where (a) is the current year consolidated net income after tax and (b) is the previous year consolidated net income after tax, the coefficient is calculated as follows: (1) If (a) is less than or equal to (b): 0 (2) If (a) exceeds (b) and is less than (b) × 137.5%: ((a ÷ b) - 1) ÷ 0.375 × 1.5 (3) If (a) is 137.5% or more of (b): 1.5
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2. Medium-term Performance-linked Remuneration

Medium-term performance-linked remuneration (number of shares to be issued) = Base number of shares for issue × Share issuance ratio
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The payment conditions for medium-term performance-linked remuneration are reviewed by resolution of the Ordinary General Meeting of Shareholders as necessary. Currently, it is paid based on two systems: the system before revision and the system after revision by the resolution of the 27th Ordinary General Meeting of Shareholders on September 27, 2023.

[System Before Revision by Resolution of the 27th Ordinary General Meeting of Shareholders on September 27, 2023]

Share issuance ratio	(A) Growth rate of our company's stock	Our TSR (Total Shareholder Return)
(1) If our company's stock growth rate (A) is less than 100%: 0 (2) If A is 100% or more but less than 112%: 33% × (A – 100%) ÷ 12% (3) If A is 112% or more but 150% or less: 33% + 67% × (A – 112%) ÷ 38% (4) If A exceeds 150%: 100%	Our TSR during the applicable period TOPIX growth rate during the applicable period	Simple average of our company's stock closing price in the final month of the applicable period (September, three years later) + total dividends per share paid from retained earnings during the applicable period
		Simple average of our company's stock closing price in the starting month of the applicable period (September)
		TOPIX growth rate
		Simple average value of TOPIX in the final month of the applicable period (September, three years later)
		Simple average value of TOPIX in the starting month of the applicable period (September)

[System After Revision by Resolution of the 27th Ordinary General Meeting of Shareholders on September 27, 2023]

Consists of Part I and Part II, both paid on the condition that there was no certain misconduct, etc., defined by the Company's Board of Directors during the target period.

Part I: The number of shares of the Company's common stock determined by the Board of Directors based on the following conditions is issued.

The average closing price on the Tokyo Stock Exchange for the month the target period begins (September every year)	<	The average closing price on the Tokyo Stock Exchange for the month the target period ends (September every year)
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Part II: The number of shares of the Company's common stock determined by the Board of Directors based on the following conditions is issued.

Share issuance ratio	(A) Growth rate of our company's stock	Our TSR (Total Shareholder Return)
(1) If our company's stock growth rate (A) is less than 100%: 0 (2) If A is 100% or more but less than 112%: 33% × (A – 100%) ÷ 12% (3) If A is 112% or more but 150% or less: 33% + 67% × (A – 112%) ÷ 38% (4) If A exceeds 150%: 100%	Our TSR during the applicable period TOPIX growth rate during the applicable period	Simple average of our company's stock closing price in the final month of the applicable period (September, one year later) + total dividends per share paid from retained earnings during the applicable period
		Simple average of our company's stock closing price in the starting month of the applicable period (September)
		TOPIX growth rate
		Simple average value of TOPIX in the final month of the applicable period (September, one year later)
		Simple average value of TOPIX in the starting month of the applicable period (September)

Succession Plan

The Remuneration Advisory Committee* is engaging in deep discussions regarding nominations, examining successors for CxOs and management structures at operating companies. Concrete discussions have begun regarding acting representatives in emergencies, successors to lead the next medium-term management plan, and even candidates for next-next-generation leaders.

Since the required human resource profile changes depending on the direction of the target strategy, we are at the stage of deepening discussions on both “human resources” and “strategy” to increase resolution on organizational issues. In addition, we are focusing on training programs for young leaders and creating posts and providing experiences with an awareness of professional management roles.

* By resolution of the Board of Directors held on July 23, 2025, the system has been changed to establish a Nomination and Remuneration Advisory Committee in place of the Remuneration Advisory Committee.

Management Training

Study sessions utilizing the strong points and specialized fields of outside directors are held, with internal directors and corporate officers of group companies participating. This initiative aims to strengthen management. Furthermore, corporate officers of group companies are encouraged to participate in training provided by the Japan Association of Corporate Directors and leadership training at Hitotsubashi University to support the improvement of management capabilities.

Illustration of medium- to long-term performance-linked remuneration (stock-based) under both new and former schemes

	26th term (Fiscal Year ended June 30, 2022)	27th term (Fiscal Year ended June 30, 2023)	28th term (Fiscal Year ended June 30, 2024)	29th term (Fiscal Year ended June 30, 2025)	30th term (Fiscal Year ending June 30, 2026)	31st term (Fiscal Year ending June 30, 2027)
Evaluation Starting from 26th term (Pre-revision scheme)	Applicable period (3 years from September 2021)			Payment determination (October 2024)		
Evaluation Starting from 27th term (Pre-revision scheme)		Applicable period (3 years from September 2022)			Payment determination*1 (October 2025)	
Evaluation Starting from 28th term (Post-revision scheme)			Applicable period (1 year from September 2023)	Payment determination (October 2024)		
Evaluation Starting from 29th term (Post-revision scheme)				Applicable period (1 year from September 2024)	Payment determination*1 (October 2025)	
Evaluation Starting from 30th term (Post-revision scheme)					Applicable period (1 year from September 2025)	Payment determination*1,2 (October 2026)

*1 Restrictions on transfer are applied to issued shares from the issuance date until the time immediately after retiring from any position defined in advance by the Company's Board of Directors, such as director of the Company.
*2 Since the decision on whether to issue these to each eligible director is made on the Board of Directors meeting day in October after the end of the target period, whether or not to issue the Company's common stock is not determined at this time.

Remuneration for Directors (Fiscal Year Ended June 2025)

Classification	Total amount of remuneration, etc. (¥ million)	Total amount of remuneration, etc. by type (¥ million)			Number of eligible directors (persons)
		Fixed remuneration	Performance-linked remuneration	Of which, non-monetary compensation, etc.	
Directors (excluding Audit Committee members and outside directors)	180	88	91	64	2
Audit Committee Members (excluding outside directors)	16	16	—	—	1
Outside Directors	42	42	—	—	4

RISK
MANAGEMENT

Risk Management
Policy

The Group has established a Risk Management Committee chaired by the Group CRO (Chief Risk-Management Officer) and has put in place a system to manage risks. In the Committee, the Group analyzes and evaluates the frequency of occurrence and degree of impact that may affect management and organize risks that may have a significant impact as “significant risks” and risks that require prompt crisis response measures in addition to normal controls and for which priority should be given to avoidance, reduction, transfer, etc. of the risk, as “notably significant risks.” For each “significant risk,” the Group promotes focused control activities, mainly clarifies countermeasures and issues for “notably significant risks,” and implements a risk management cycle (PDCA) by regularly monitoring the control status, confirming its effectiveness, and making recommendations for improvement. In addition, the Group implements other activities necessary for penetration and thorough risk management.

Notably Significant Risks

	Risk factors	Countermeasures
1. Risks related to cyberattacks	Some of the cloud services offered by the Group provide services that handle important customer data such as financial accounting, management accounting, and business management. In the event of a service outage or loss of customer data due to cyber-attacks on those services, there is a possibility of a significant impact on customer operations. Furthermore, if such an event were to occur for reasons attributable to us, it could have a significant impact on the Group's performance and financial condition due to the payment of damages, etc. The Group recognizes this as a notably significant risk because it could lead to a decline in the Group's credibility and brand image.	The Group has established a security management cycle in compliance with ISMS to reduce risks, and the Information Security Committee identifies risks and continuously promotes improvements. Additionally, for certain cloud services, the Group is working to reduce risks by utilizing objective evaluations, including pursuing certification under the Statement on Standards for Attestation Engagements No. 18 (SSAE18) “SOC2,” which assesses the effectiveness of information security management systems. Furthermore, in the fiscal year ended June 2025 the Group utilized assessments by external experts to strengthen our cyber resilience, and the committee decided to raise target levels and proceeded with further enhancement of security measures. In the fiscal year ending June 2026, the Group will continue to invest in security measures following the fiscal year ended June 2025's efforts and strive to reduce risks.

Significant Risks

	Risk factors	Countermeasures
2. Risks related to equity investment and M&A	The Group aims for sustainable earnings growth and business expansion under our medium-term management plan BE GLOBAL 2028. To this end, the Group has a policy of making acquisitions and entering equity alliances as necessary, while taking into consideration our business performance and financial position. However, in pursuing M&A, there is a possibility that transactions may not proceed as envisioned by the Group due to reasons such as not finding suitable candidates or not reaching agreement on transaction terms, etc. In addition, if problems arise after investment or M&A that cannot be identified in the preliminary investigation, such as the occurrence of contingent liabilities or unrecognized liabilities, this may lead to the impairment of goodwill or other assets, which may affect the Group's business performance and financial position.	The organization in charge of M&A conducts detailed due diligence on the financial description and contractual relationships of candidate companies in advance, and implements decision-making based on the verification of each identified risk and countermeasures. The Group also strives to reduce such risks by quantitatively and qualitatively understanding the management status of the investee companies involved in each business.
3. Risks related to business investment and capital expenditure	In order to achieve the goals of its medium-term management plan BE GLOBAL 2028, the Group is making investments in human resources and R&D, as well as in product development to strengthen the competitiveness of its finished goods, and in the development and expansion of its business infrastructure. Hover, it is possible that these business investments may not produce the expected investment results due to changes in the market environment or a gap between finished goods developed and market needs. If the investments do not produce the expected results, the Group's performance and financial position may be affected over the medium to long term.	In response to this risk, the Group carefully makes decisions regarding business investments after evaluating investment effects and risks at the consideration stage in accordance with the authority stipulated in the 'Authority Regulations'. The Group also works to prevent the materialization of risks and reduce their impact by continuously monitoring progress against plans during the implementation stage and implementing necessary measures in a timely manner.

	Risk factors	Countermeasures
4. Risks related to system outage of cloud service data	If a failure occurs in the cloud services provided by the Group and the operation of systems and services is suspended, it may have a significant impact on our clients' business operations. In addition, if problems such as loss of customer data were to occur, the impact would be even greater, and in some cases the payment of compensation for damages incurred could have a significant impact on the Group's performance and financial position. In addition, a delay in service operations could also damage the Group's social credibility and brand image.	To ensure stable system operation and the continuous provision of services, the Group is promoting various enhancement measures to both prevent failures from occurring and minimize the impact of failures when they do occur.
5. Risks related to changes in competition, technology, and market needs	In the cloud-type service market in which the Group operates, many companies are developing their businesses, and the pace of technological innovation and changes in market needs is extremely fast, requiring operators of cloud-type service businesses to respond flexibly to these changes. Therefore, if the Group is unable to respond in a timely manner to intensifying competition from companies offering similar services to the Group's, or to technological innovations and changing market needs, or if it requires a large amount of system investment, personnel expenses, and other costs to respond to these changes, the Group's performance and financial position may be affected.	In response to this risk, the Group is not only building a system to keep abreast of the latest technological trends and changes in the environment but is also working to improve its competitiveness by creating services that pursue optimal usability, differentiation in sales domains, and enhancing client support. In addition, the Group is striving to respond quickly to technological innovations and changes in market needs by securing and developing talented personnel.
6. Risks related to securing and training human resources	If the Group is unable to secure and develop talented human resources with the expertise needed to promote the Group's business and achieve growth as planned over the medium term, the Group's future growth potential, performance, and financial position may be affected.	In response to this risk, the Group are working to ensure recruitment competitiveness by strengthening our recruitment and training systems and understanding appropriate market compensation levels, as well as reviewing our personnel evaluation system to enable newly hired talent to contribute early and continue working with the Group.
7. Risk of changes in economic conditions	The Group uses cloud services provided by overseas companies and is affected by fluctuations in exchange rates as the Group pays for these services in foreign currencies after converting yen. Therefore, an increase in costs due to exchange rate fluctuations may affect the Group's business performance and financial position.	The Group hedges this risk by settling accounts through foreign currency deposits. The Company's policy is to use foreign currency deposits only within the scope of actual demand and not to conduct transactions for speculative purposes.
8. Risk of noncompliance with laws and regulations	In the course of its business activities, the Group is subject to various laws and public regulations. Violations of these public regulations may result in disciplinary action by regulatory authorities, the filing of lawsuits, or even the suspension of business activities, as well as damage to the value of the corporate brand and loss of public trust. The Group believes that it is essential for a company to have an effective compliance system in order to fulfill its social responsibilities.	In response to this risk, the Group has not only established a system to keep abreast of the latest legal and regulatory trends but has also formulated compliance regulations and other compliance-related rules to ensure the effective functioning of the compliance system and ensuring thorough awareness among all officers and employees through education. In addition, the Compliance Committee promotes activities by establishing quantitative compliance monitoring items.
9. Third party risk	In the cloud-based services business in which the Group operates, cloud services and network technologies are becoming increasingly complex, and system design and development costs are on the rise. Therefore, the Group uses third parties such as system design and development vendors and cloud service vendors for the purpose of improving operational efficiency and productivity. In the event of a system failure or cyberattack at these third parties, there is a possibility that service provision may be disrupted, important information may be leaked, and the Group's business operations may be disrupted, as well as compensation to the affected clients, and the Group's reputation may be damaged or lost. In addition, the Group's business performance and financial position could be affected by a decline or loss of trust in the Group due to compensation for clients who have suffered damage.	In order to prevent such adverse effects, the Group has established subcontracting management regulations and is committed to ongoing risk management by verifying the appropriateness and suitability of suppliers when subcontracting.
10. Risks related to artificial intelligence (AI)	The Group aims for sustainable earnings growth and business expansion under its medium-term management plan BE GLOBAL 2028 and is exploring the use of business management tools that incorporate AI. The speed of technological innovation in AI is rapid, and if various automatic creation technologies, including those in the programming language domain, become popular, consulting revenue in the program development area may shrink. Additionally, as competition intensifies, if the Group is unable to hire highly specialized human resources to implement AI technologies as planned, or otherwise fail to secure the necessary human resources, our business and earnings may be adversely affected.	In response to this risk, the Group is not only building a system to keep abreast of the latest technological trends and changes in the environment but is also exploring the use of AI technology in business areas and acquiring and securing highly specialized human resources who can handle AI system development.

	Risk factors	Countermeasures
11. Risks related to dependence on management	Although the Group's organization is currently working to develop human resources and establish an organizational structure, the Group recognizes that our management is highly dependent on Representative Director President Morikawa, and if a situation were to happen to the President and Representative Director, it could affect the promotion of our business activities and our business performance and financial position.	To address this risk, the Group is working to formulate and implement a succession plan by appointing the next generation of leaders to the boards of directors of operating companies and entrusting them with the management of these companies, and by providing supervision and guidance from the holding company to develop successors, as well as actively promoting recruitment activities.
12. Risks related to service quality	The Group provides implementation support and contracted development services for systemization of in-house developed software or third-party software according to customer needs, as well as BPO services to undertake financial closing operations. In the provision of services, there is a possibility that deviations from initial estimates may occur due to changes in accounting procedures, publication of practical guidelines, ambiguities in contents of contract or requirements, or that technical problems or project management issues that could not be anticipated at the outset may cause increase in costs or delays in schedules. If a lawsuit is filed due to any factor, including the manifestation of quality degradation, the Group's business performance and financial position could be significantly affected due to higher-than-expected costs and compensation payments for damages resulting from delays in delivery.	To address this risk, the Group is taking measures to reduce the impact on our business performance and financial condition by improving project quality through the establishment of a quality control department as our primary approach, while also obtaining insurance coverage for contingencies. In addition, the Group is working to strengthen our services by strengthening the recruitment and in-house training of specialized professionals in the accounting and digital fields.
13. Risks related to product development quality	The Group has developed several in-house software products in the areas of financial accounting, management accounting, business management, and data application platforms. In the development of new products and additions to existing products, the Group continuously strives to improve quality and prevent the occurrence of defects through development based on our development management process, but the Group cannot deny the possibility that product defects may occur. In addition to the possibility that defects in the Group's products may affect our clients' business, failure to resolve such defects may cause a loss of trust in the Group, which may affect the Group's business performance and financial positions.	To address this risk, the Group has established a quality control department to reduce quality risks during product development and are working to improve the quality of product development.
14. Information security risks such as data loss and information leakage	In the course of its business activities, the Group may handle personal information and confidential information of its clients and associates. There is a possibility that this information may be leaked due to unauthorized access to the Group's infrastructure from outside, leakage of information due to errors by the Group's officers, employees, or contractors, or other unforeseen circumstances. Such an incident could have a serious impact on the reputation of the Group and our clients, as well as on the Group's business performance and financial position.	To address security risks, the Group has implemented firewalls, VPNs, and other system measures to monitor and prevent unauthorized access and has established information security and personal information protection policies, which are reviewed in response to advances in information and communication technology and changes in social conditions and the regulatory environment. The Information Security Committee, headed by the Group CIO (Chief Information Officer), is responsible for information security measures, and is responsible for formulating policies, implementing measures, providing education and awareness, and conducting audits and evaluations. In addition, the Group has obtained ISMS certification (ISO/IEC27001:2013), an international standard, for objective evaluation and continuous improvement of these operations. The Group also conducts quarterly period information security training to raise the security awareness of all executives, temporary employees, and outsourced employees.
15. Risks related to natural disasters	Our officers, employees, offices, and facilities are concentrated in the Tokyo metropolitan area, and disasters such as a Tokyo direct-hit earthquake, Mt. Fuji eruption, typhoons, storm surges, etc., could result in the loss of important information assets, a shortage of available personnel, or the collapse of infrastructure, making it impossible to resume business operations quickly. In addition, the Group recognizes that the loss of important documents and data related to business execution, intellectual property, and other assets due to natural disasters such as earthquakes or fires at the Group's business sites could hinder our business activities and affect our business performance and financial position.	As risk mitigation measures, the Group is backing up important documents and data to remote locations, establishing initial response systems, including an emergency response headquarters, and developing a Business Continuity Plan (BCP) for business resumption. In addition, the Group is working to ensure both the safety of our officers, employees, and business partners and business continuity by enhancing our online business infrastructure and utilizing remote work during normal operations.

Correlation between ESG Risks and Avant Group Specific Risks

	Theme	Risk	Examples of possible countermeasures	Opportunity
Environment	Biodiversity conservation	Little direct relationship with the Group's business activities.		- General data visualization - Brand creation through on-demand media publications, etc. - Sales of templates for collecting and visualizing non-financial information
	Water security			
	Waste and recycling	Large number of PCs are disposed of each year and need to be recycled.	Utilize recyclers while ensuring security.	
	Climate change	Little direct relationship with business activities, but the fact that no efforts are being made to reduce CO ₂ emissions may be regarded as problematic.	Declaration of commitment to reduce our CO ₂ emissions and implementation of the following measures: - Since 2021, by purchasing Green Power Certification, carbon offsets have been implemented for all electric power consumption - Establishment of a system in which the CRM Committee assesses climate change risks, considers countermeasures, and reports to the Board of Directors	
Obtained "B-" Score in CDP 2025 Climate Change Survey The Group obtained a "B-" score in the Climate Change category in the 2025 survey by CDP, an international environmental non-profit organization. Going forward, we will further deepen our analysis of risks and opportunities that climate change poses to our business and contribute to the reduction of indirect environmental impact by supporting customers' operational efficiency through software. 				
Social	Human rights and local communities	Our brand could be severely damaged in the event of a serious accident as a result of normalization or similar behavior that does not respect human rights (e.g., discrimination).	Consider responses in accordance with the basic policy of respect for human rights set forth in the Avant Group Human Rights Policy - Conduct human rights assessments - Preparation of harassment prevention manual - Periodic seminars on corporate philosophy, training/diversity	If the company is at the level of an international blue chip company, its appeal could lead to an increase in brand value.
	Labor standards	Our brand could be severely damaged in the event of a serious accident resulting from the normalization or because of ongoing violations of labor laws and regulations.	- Ensure compliance with labor laws - Improving the effectiveness of the hotline - Review the results of the GPTW survey and prepare an annual action plan	
	Responsibility to customers	Our brand may be severely damaged if there is a major problem with the quality of a product or service, or if a serious accident while providing a service. In addition, long-term sustainability may be hindered if the company does not continue to contribute to society and maintain a sincere commitment to customer needs.	- Strengthen quality control management and implement quality declarations - Conduct customer satisfaction surveys - Periodic corporate philosophy training	Our brand value could be increased by promoting the results of "Spreading Accountability" as part of the mission.
	Health and safety	As with labor standards	As with labor standards	
Governance	Risk management	Our sustainability may be threatened due to the occurrence of serious risks that are not recognized or understood, or for which countermeasures (mitigation or transfer) are insufficient.	- Strengthen disclosure of the Group's risk management system - Improve effectiveness of Risk Management Committee	Consider products and services that help clients improve governance
	Corporate governance	There is a possibility that maximization of shareholder profits is not pursued if appropriate corporate governance is not carried out.	- Strengthen disclosure of the Group's governance system - Organizational review, including transition to a company with a nomination committee, etc.	
	Compliance	Our brand may be severely damaged if it becomes clear that a serious violation of laws and regulations has occurred. Due to the nature of our business, insider trading is a particular risk.	Strengthening the compliance system based on our Group's Code of Conduct - Implement and enhance insider training and other legal training - Improving the effectiveness of the hotline	

Compliance

Since its founding, the Group has emphasized compliance as a fundamental principle of corporate governance. To ensure thorough compliance, the Compliance Committee meets regularly to check the compliance status of the Group, and the Board of Directors receives reports from the Group CLO to ascertain the status of compliance.

CREATIVE DIALOG WITH INVESTORS

r — Reducing Cost of Capital

Objective of Dialogue

Through dialogue with investors, we aim to foster an understanding of our Group's business model transformation into that of a software company. By doing so, we strive to reduce our cost of equity, enhance our expected growth rate, and ultimately maximize corporate value.

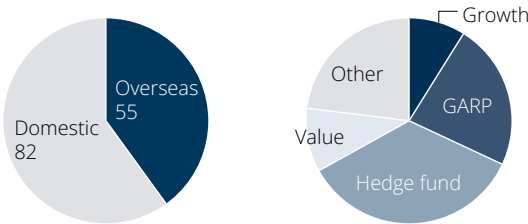
Furthermore, we aim to have investors hold our shares over the long term. Our policy is to further refine our strategies by reflecting the evaluations and insights gained through these dialogues.

Major IR Activities (Fiscal Year Ended June 2025)

In the fiscal year ended June 2025, we conducted the following IR activities with the objective of engaging in constructive dialogue. We targeted a balanced mix of domestic and international institutional investors, engaging with investors of diverse styles, including GARP (Growth At a Reasonable Price) and hedge funds.

Regionally, we held meetings with investors in the US, Europe, Hong Kong, and Singapore, both in person and online.

Investor Meeting Classification by Region / Style



Key Issues Raised in Dialogue

Theme	Key issues	Improvement measures
P/E (Price earnings ratio)	Current stock price and P/E levels	Revised our P/E target to 30x
	Relationship between cash holdings and P/E	Additional shareholder returns planned for fiscal year ending June 2026
Software gross profit	- Most critical strategic KPI, but insufficient awareness among investors - Lack of progress updates	Disclosure is needed regarding the mechanism to convey that this is the most critical strategic KPI, as well as information allowing for monitoring of progress
Capital allocation	- Details of growth investments unclear - Financial impact of potential M&A is unclear	Clarify and disclose breakdown of growth investments, timing, and financial impact

Objectives of Constructive Dialogue with Investors

- Enhance investor understanding of Avant Group's business model transformation
- Reduce our cost of equity
- Identify key issues for strategic improvement

Number of financial results briefings

2

Held for analysts for the first half and full year results.

Number of one-on-one meetings with institutional investors

137 (+38)

Conducted individual meetings online and in person.

Number of overseas roadshow meetings

5

Conducted in Singapore by the Group CSO/Head of IR Office.

Number of briefings for retail investors

2

Conducted via logmi Finance.

Management Team

(As of October 1, 2025)

r — Reducing Cost of Capital

Directors



Tetsuji Morikawa

Founder, Chairman & Group CEO
Nomination and Remuneration Advisory
Committee Member
[Concurrent Positions]
CEO, DIVA CORPORATION OF AMERICA
Outside Director, Kayak Co.



Naoyoshi Kasuga

Director
Group CFO



Jon Robertson

Director
Outside Director **Independent** **Diversity**
[Concurrent Positions]
President, Asia Pacific and Japan Region, Snowflake
Corporation.



Tatsuya Kamo

Director
Nomination and Remuneration Advisory
Committee Member
Outside Director **Independent**
[Concurrent Positions]
Director, ABeam Consulting Ltd.

Directors (Audit Committee Members)



Tsuyoshi Noshiro

Director (Audit Committee Member)
[Concurrent Positions]
None



Chie Goto

Director (Audit Committee Member)
Chairman of the Nomination and Remuneration
Advisory Committee
Outside Director **Independent** **Diversity**
[Concurrent Positions]
Partner, Sakura Kyodo Law Office
Outside Director, Asahi International Corporation
Outside Director (Member of the Audit
Committee), Toho Holdings Co.



Makoto Nakano

Director (Audit Committee Member)
Outside Director **Independent**
[Concurrent Positions]
Professor, Graduate School of Business
Administration, Hitotsubashi University

Corporate Officers



Takahiro Okabe

Group CCO
President and Representative
Director, AVANT CORPORATION



Gen Nagata

Group CBO
President and Representative
Director, DIVA CORPORATION



Yoshiyuki Numata

President and Representative
Director, ZEAL CORPORATION



Hiroki Takemura

Group CRO and Group CIO
Executive Vice President, DIVA
CORPORATION



Shingo Moroi

Group CSO
Director, AVANT CORPORATION



Teppei Terashima

Director, AVANT CORPORATION



Tatsuru Nakayama

Group CPO
Director, AVANT CORPORATION



Kunihiro Nakamura

Director, ZEAL CORPORATION



Seiji Fukuda

Director, ZEAL CORPORATION



Shumpei Kumagai

Director, ZEAL CORPORATION
Head of Office of Corporate
Investment



Tomotatsu Osada

Director, DIVA CORPORATION



Eriko Satonaka

Group CHRO
[Concurrent Positions]
Outside Director,
NIPPON GAS CO., LTD.



Masamitsu Suzuki

Group CLO

CCO: Chief Customer Officer CBO: Chief Business-Development Officer CRO: Chief Risk-Management Officer CIO: Chief Information Officer
CSO: Chief Strategic Officer CPO: Chief Product Officer CHRO: Chief Human Resources Officer CLO: Chief Legal Officer



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Section V

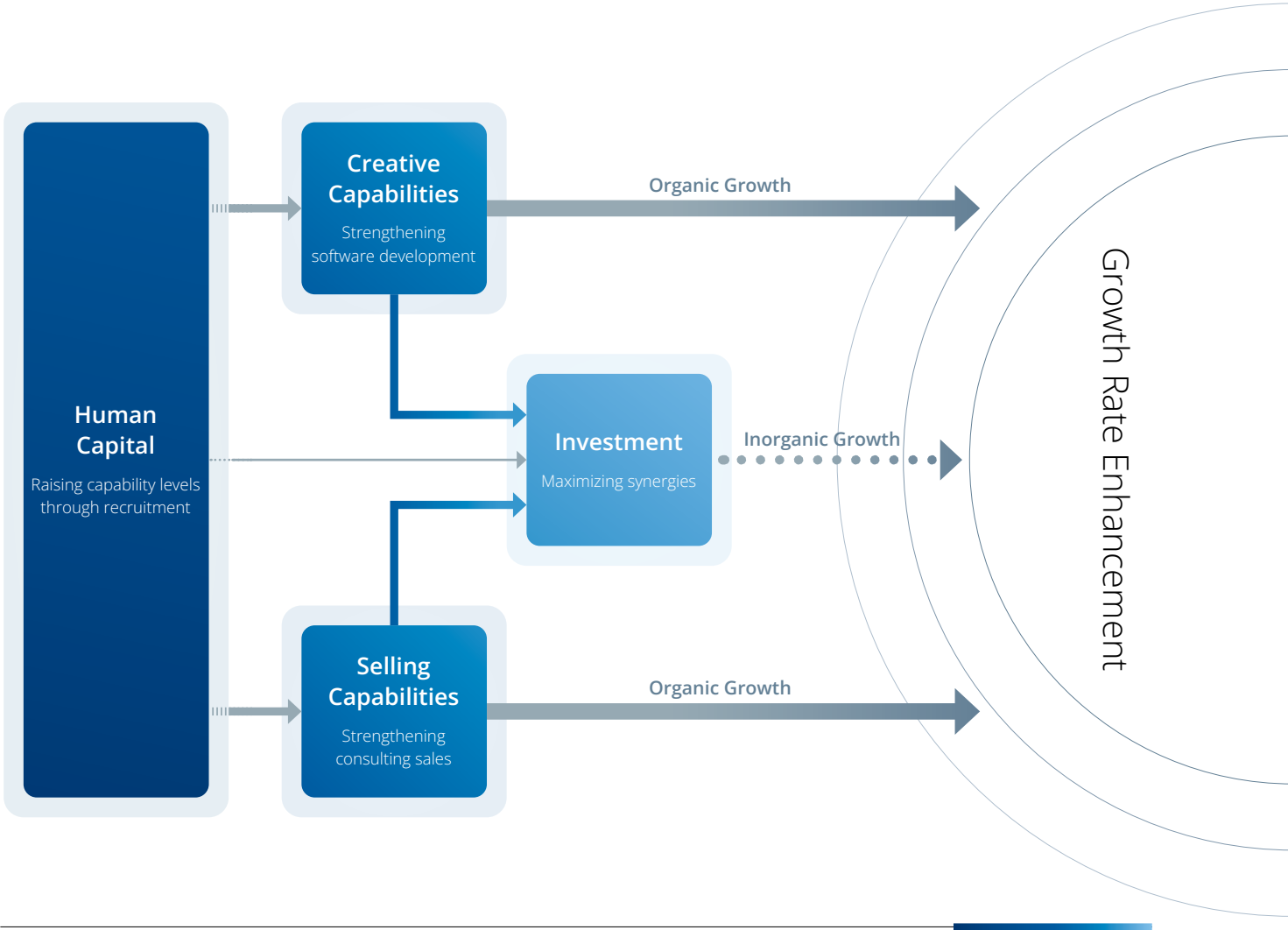
Improving our Long-Term Expected Growth Rate

We explain the mechanisms for enhancing our Group's long-term expected growth rate from the perspectives of software development capabilities, sales capabilities, investment, and the human capital required to enhance these elements.

62 Mechanisms for Increasing our Long-Term Expected Growth Rate

Mechanisms for Increasing our Long-Term Expected Growth Rate

A major key to enhancing our long-term growth rate is the creation of the Corporate Value Management market, a challenge we embarked on in “BE GLOBAL 2028.” Avant Group Corp. and operating companies will each fulfill their respective roles, enhancing our “Creative Capabilities” and “Selling Capabilities” through the securing and strengthening of human capital to increase organic growth. Simultaneously, we will expand this new market by maximizing the opportunities and effectiveness of our investments.



For the two years since the fiscal year ended June 2024, the Avant Group, primarily through Avant Corp., has been working to launch the Corporate Value Management market using existing resources, including human capital. However, in executing this strategy, we still face challenges in both our “Creative Capabilities” for software and our “Selling Capabilities” in offering consulting proposals that combine software and services. Therefore, starting from the fiscal year ending June 2026, we are revising our policy to focus on attracting new talent from outside and raising the capabilities of existing personnel through the collaboration between Avant Group Corp. and Avant Corp., aiming for a fundamental improvement in both “Creative

Capabilities” and “Selling Capabilities.” Furthermore, the development of new software or software with low product maturity—that is, the act of “Creating”—will be the responsibility of Avant Group Corp. Moreover, by enhancing these two capabilities, it becomes easier to build synergies and complementary relationships with investment targets, expanding investment opportunities that yield high returns. We will promote the creation of the Corporate Value Management market by combining organic growth—achieved by strengthening “Creating Power” and “Selling Power”—with inorganic growth derived from investment, thereby increasing our Group’s long-term growth rate.

Creative Capabilities

Avant Group Corp. Takes the Lead in Building the Software Development Structure

Avant Group Corp., serving the manufacturer function, is driving the development of software products aimed at the Corporate Value Management market. We are also strengthening development capabilities by having top management commit to hiring core engineers. By making the Avant Group the main entity responsible for product development, we can maximize opportunities for new recruitment and broaden the scope of talent acquisition, making it possible to secure personnel that might be difficult for individual operating companies to hire. In addition, we are actively incorporating AI into our development processes and product features to enhance competitiveness.

Selling Capabilities

Avant Corp. Focuses on Strengthening Consulting Capabilities and Marketing

Avant Corp. is taking the lead in strengthening consulting sales capable of delivering integrated software and services. We are also enhancing external recruitment to secure personnel capable of explaining and proposing solutions for corporate value improvement to corporate management and CxOs. The management teams of both Avant Group Corp. and Avant Corp. are leading this recruitment and development effort. In parallel, we are focusing marketing activities to widely raise awareness among potential clients’ management and CxOs about how our Group can contribute to the improvement of their corporate value, thereby expanding business opportunities.

Investment

Expanding Synergy-Enhancing Investment Opportunities by Strengthening Internal Capabilities

In 2025, we established the “Corporate Investment Office” as a specialized department responsible for investigating and executing M&A and investments in companies and software. As our Group’s “Creative Power” and “Selling Power” are strengthened, we will be

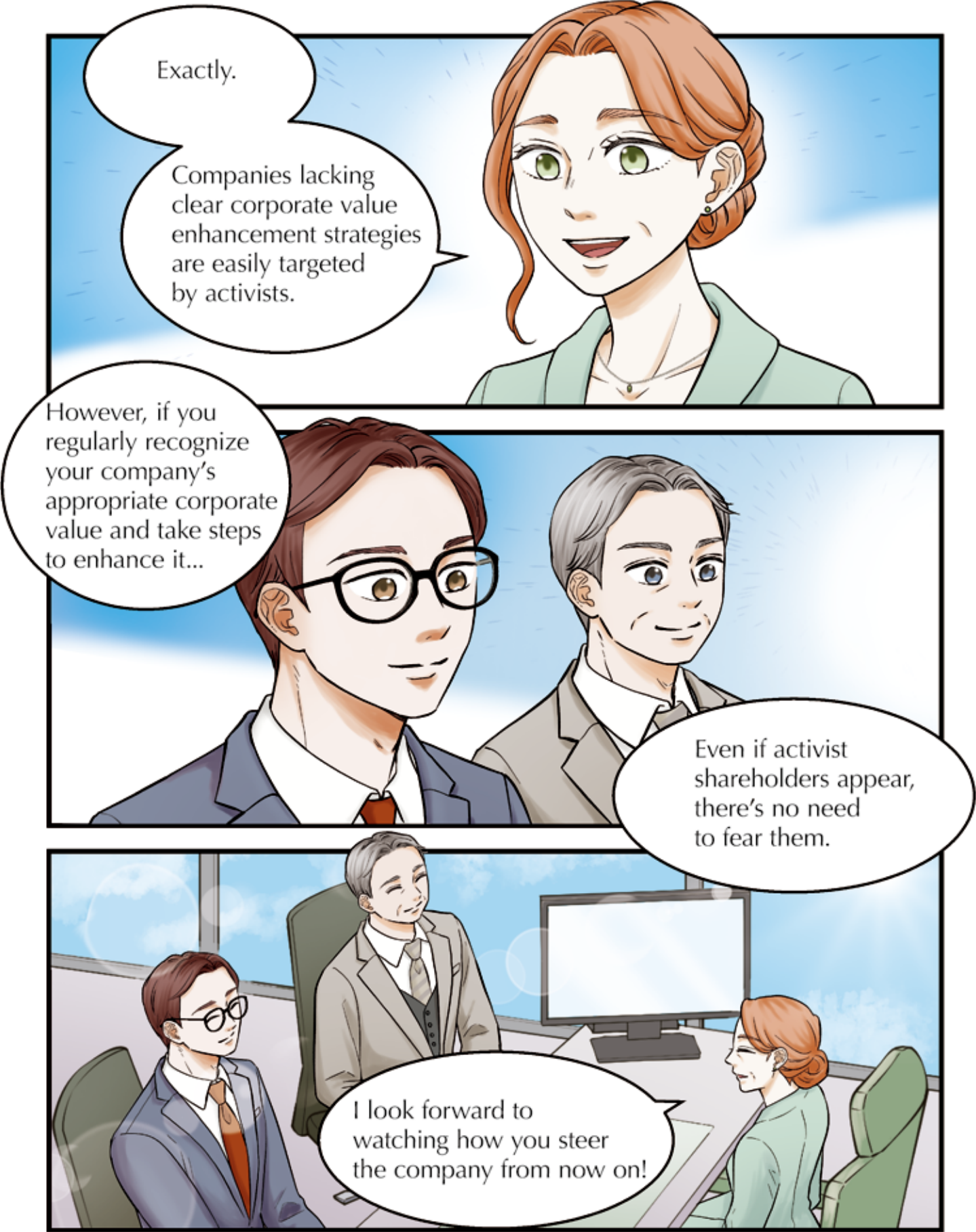
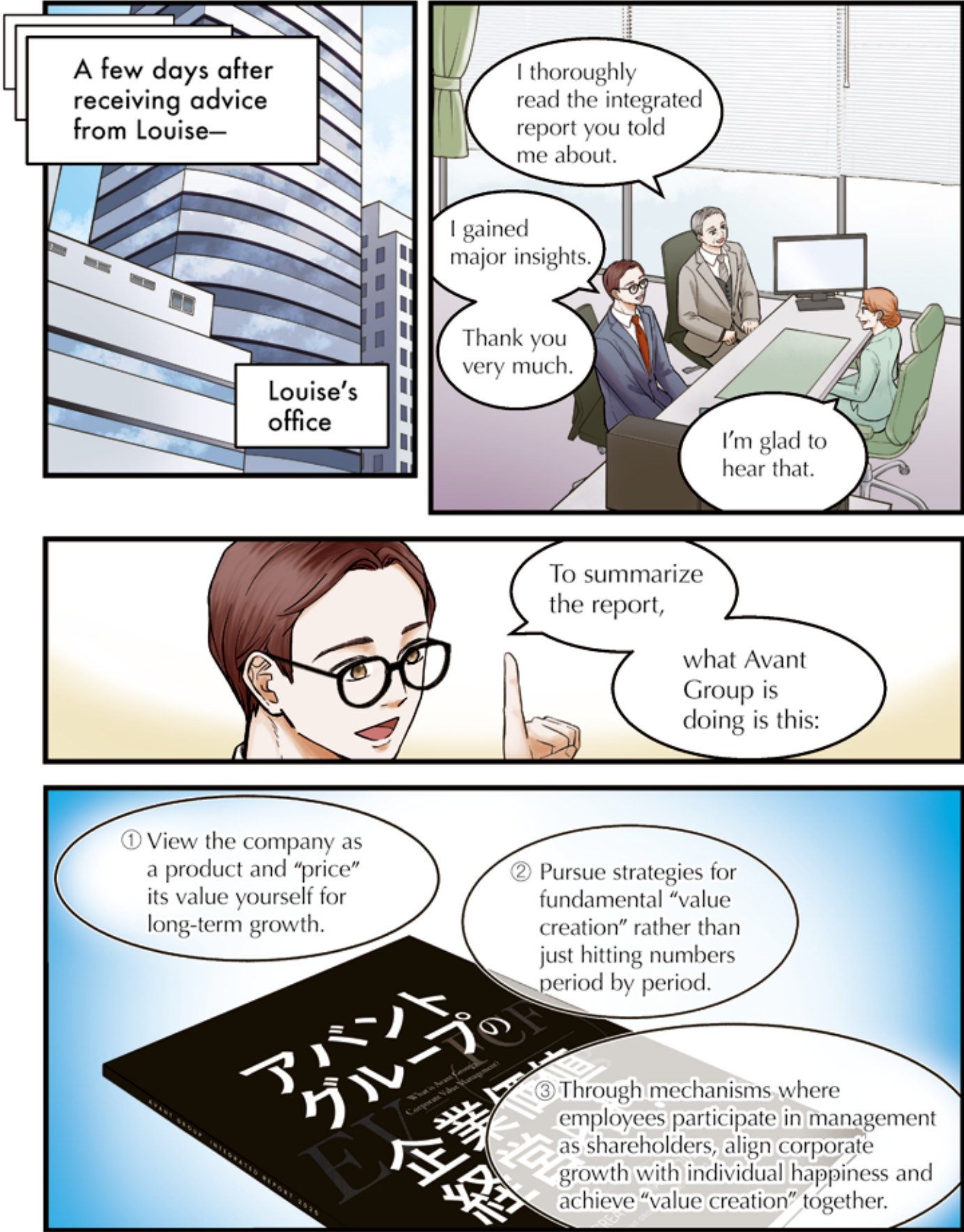
able to enhance synergies, such as by complementing the missing parts of acquired companies or software. This, in turn, will lead to more effective investment choices—that is, expanding investment opportunities—and will support inorganic growth.

Human Capital

Improving Overall Organizational Capability Through the Recruitment of Elite Core Personnel

We are actively involving top management in the recruitment of high-caliber professionals who resonate with our unique concept—realizing corporate value improvement through a combination of software and consulting services—and the spirit and environment of launching this initiative from scratch.

These newly hired individuals will serve as core members to drive software development and consulting sales. They are also expected to act as a catalyst, drawing out the potential of existing personnel and elevating the capability of the entire organization.



FINANCIAL DATA

	Year ended June 30, 2021	Year ended June 30, 2022	Year ended June 30, 2023	Year ended June 30, 2024	Year ended June 30, 2025
Operation Indicators:					
Recurring sales (millions of yen)	5,852	6,476	7,573	9,215	10,883
Recurring sales ratio (%)	36.0	34.6	35.3	37.7	38.6
Value-added productivity (thousand yen/person)	10,332	10,607	10,516	11,036	11,085
Orders received (millions of yen)	17,401	20,012	22,375	26,180	28,724
Consolidated Financial Disclosure Business*	—	—	7,435	8,269	9,227
Digital Transformation Promotion Business*	—	—	7,919	9,211	10,260
Management Solutions Business*	—	—	7,999	9,410	9,708
Order backlog (millions of yen)	4,761	6,070	7,021	8,782	9,497
Consolidated Financial Disclosure Business*	—	—	3,949	4,681	5,187
Digital Transformation Promotion Business*	—	—	1,705	2,069	2,012
Management Solutions Business*	—	—	3,113	4,006	4,177
Income Statement:					
Consolidated net sales (millions of yen)	16,236	18,703	21,424	24,419	28,227
Consolidated Financial Disclosure Business*	—	—	6,902	7,537	8,720
Digital Transformation Promotion Business*	—	—	7,272	8,846	10,318
Management Solutions Business*	—	—	7,883	8,518	9,537
Operating profit (millions of yen)	2,796	3,247	3,289	4,099	4,604
Consolidated Financial Disclosure Business*	—	—	1,586	1,840	2,160
Digital Transformation Promotion Business*	—	—	1,118	1,633	1,716
Management Solutions Business*	—	—	1,321	1,407	1,746
Ordinary profit (millions of yen)	2,808	2,988	3,265	4,121	4,613
Profit before income taxes (millions of yen)	2,808	2,988	3,079	4,131	4,931
Income taxes (millions of yen)	919	943	984	1,280	1,501
Profit attributable to owners of parent (millions of yen)	1,888	2,045	2,094	2,850	3,434
Balance Sheet:					
Cash and deposits (millions of yen)	7,238	9,444	10,317	10,874	14,593
Property, plant and equipment (millions of yen)	407	398	487	488	549
Intangible non-current assets (millions of yen)	608	676	728	652	380
of which, Software	607	676	728	609	342
Investments and other assets (millions of yen)	1,893	1,800	2,137	2,554	2,677
of which, Investment securities	491	511	772	1,037	830
of which, stocks of subsidiaries and affiliates	267	—	—	—	—
Total assets (millions of yen)	13,956	16,617	18,705	21,896	24,373
Current liabilities (millions of yen)	4,943	5,820	6,122	8,307	8,440
Non-current liabilities (millions of yen)	226	198	254	295	334
Total liabilities (millions of yen)	5,169	6,019	6,377	8,603	8,775
of which, interest-bearing debt	—	—	—	—	—
Net assets (millions of yen)	8,787	10,597	12,328	13,293	15,597
Shareholders' equity (millions of yen)	8,728	10,466	12,103	12,994	15,563
Accumulated other comprehensive income (millions of yen)	58	131	224	299	18

* Effective from the fiscal year ending June 30, 2024, the Company has reviewed its business segment classification method and changed its reporting segments.

	Year ended June 30, 2021	Year ended June 30, 2022	Year ended June 30, 2023	Year ended June 30, 2024	Year ended June 30, 2025
Consolidated Cash Flow:					
Operating cash flow (millions of yen)	2,561	3,026	2,175	3,680	4,469
Depreciation and amortization	254	349	449	543	506
Investment cash flow (millions of yen)	-789	-398	-795	-630	-201
Purchase of property, plant and equipment	-114	-89	-225	-159	-75
Purchase of intangible non-current assets	-429	-317	-521	-222	-56
Free cash flow (millions of yen)	1,771	2,627	1,379	3,049	4,268
Financial cash flow (millions of yen)	-359	-433	-507	-1,981	-1,036
Repayments of long-term debt	—	—	—	—	—
Payments of dividends	-338	-413	-489	-564	-708
Profitability and Capital Efficiency:					
EBITDA (millions of yen)	3,038	3,582	3,737	4,642	5,110
Effective tax rate (%)	30.6	30.6	30.6	30.6	30.6
NOPAT (millions of yen)	1,940	2,253	2,282	2,844	3,195
ROIC (%)	24.3	23.3	19.9	22.2	22.1
ROE (%)	23.6	21.1	18.3	22.3	23.8
Net sales growth (%)	3.5	15.2	14.5	14.0	15.6
Operating profit margins (%)	17.2	17.4	15.4	16.8	16.3
GPP (net sales growth rate + operating profit ratio) (points)	20.7	32.6	29.9	30.8	31.9
Total asset turnover (times)	1.26	1.22	1.21	1.20	1.22
Research and development expenses (millions of yen)	445	382	375	190	360
Capital adequacy ratio (%)	63.0	63.8	65.9	60.7	63.9
Cash conversion ratio (%)	84.3	84.5	58.2	79.3	87.5
Share Information and Shareholder Returns:					
Number of shares issued (shares)	37,603,203	37,625,501	37,645,851	37,645,851	37,645,851
Average number of shares during the period (shares)	37,598,448	37,614,361	37,636,218	37,206,951	36,479,901
BPS (yen/share)	233.70	281.68	327.51	362.95	426.96
EPS (yen/share)	50.24	54.37	55.65	76.62	94.15
DPS (yen/share)	11.0	13.0	15.0	19.0	25.0
DOE (%)	5.2	5.0	4.9	5.5	6.3
Dividend payout ratio (%)	21.9	23.9	27.0	24.8	26.6
TSR (%)					
3 years	347.6	136.6	140.1	86.7	118.8
5 years	1,228.8	389.0	304.6	143.5	157.5

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) etc. have been applied from the beginning of the financial year ended 30 June 2022, and the figures for the year ended June 30, 2022 are after the application of such accounting standards. Figures for the year ended June 30, 2021 and earlier are before the application of such accounting standards.

NON-FINANCIAL DATA

	Year ended June 30, 2021	Year ended June 30, 2022	Year ended June 30, 2023	Year ended June 30, 2024	Year ended June 30, 2025
Environmental					
GHG emissions (t-CO ₂)*	8,738	10,299	11,478	12,692	15,121
of which Scope 2	543	556	359	370	264
of which Scope 3	8,195	9,743	11,119	12,323	14,857
Electricity consumption (thousand kWh)*	1,225	1,216	975	999	1,021
Percentage of renewable energy (%)	0	100	100	100	100
Indicators in SASB standards (Software / IT services)					
Data security					
Number of personal information leaks	0	0	0	0	0
Percentage of information that contains personally identifiable information (%)	0	0	0	0	0
Number of customers affected	0	0	0	0	0
Description of efforts to identify and address data security risks, including the use of third party cybersecurity standard:	Avant Group has acquired ISMS certification (ISO/IEC27001:2013), an international standard. The Information Security Committee, led by management and the Chief Information Security Officer (CISO), operates the ISMS under its management system and strives to improve information security. We respond to cyber-attacks and incidents in accordance with our internal regulations, and the Information Security Committee takes measures according to the degree of impact on the Group's business.				
Social					
Number of employees (persons)	1,107	1,226	1,389	1,522	1,707
Avant Group	45	47	37	37	56
Diva (Formerly Fierte)	229	288	473	534	587
ID	11	11	11	11	11
Zeal	372	401	429	491	587
Avant (Formerly Diva)	450	479	439	449	466
Number of female employees (persons)	379	406	480	524	556
Ratio of female managers (%)	6.5	7.7	8.8	9.5	8.0
Number of non-Japanese employees (persons)	77	66	60	53	50
Employment rate of persons with disabilities (%)					
Avant Group / Avant (Formerly Diva)	2.0	2.5	2.4	2.3	2.7
Diva (Formerly Fierte)	0.8	0.7	1.5	2.0	2.5
Zeal	1.3	1.2	1.4	3.3	3.4
Rate of male employees taking paternity leave (%)	23.5	29.6	36.8	50.0	65.4

	Year ended June 30, 2021	Year ended June 30, 2022	Year ended June 30, 2023	Year ended June 30, 2024	Year ended June 30, 2025
Governance					
Number of hires (persons)	197	261	334	355	405
Number of new graduates	30	50	59	67	85
Number of mid-career hires	167	211	275	288	320
Number of resignations (persons)	109	128	168	182	186
Employee turnover (%)	10.2	11.3	13.4	12.8	12.0
Average years of service (years)	4.6	4.6	4.3	4.8	4.7
Recruitment expenses (millions of yen)	326	353	433	489	631
Recruitment cost (thousand yen/number of hires)	1,656	1,353	1,296	1,378	1,559
Personnel expenses (millions of yen)	8,047	9,140	10,227	11,657	13,238
Training expenses (millions of yen)	46	63	84	101	110
Training cost (yen/number of employees)	42,234	52,020	60,973	66,808	64,989
Average salary (yen/year)	5,772,288	5,892,667	6,010,044	6,055,912	6,305,950
Salary increase rate (%)	3.60	4.70	7.30	4.20	5.40
Average age (years)	34.5	34.6	34.3	34.3	34.5
Average annual overtime hours worked (hours/month)	16.2	14.7	13.2	13.5	16.0
GPTW score (points)*					
Diva (Formerly Fierte)	66	67	67	67	75
Zeal	58	65	70	74	70
Avant (Formerly Diva)	56	59	66	65	73

Governance					
Number of shareholders (persons)	3,930	3,311	2,926	2,864	4,113
Shareholder Composition (%)					
Individual	60.5	59.4	58.0	58.1	56.4
of which directors	31.8	31.8	31.1	30.0	31.0
of which Employee Stock Ownership Plan	6.1	6.1	3.8	3.7	3.5
Government	0.0	0.0	0.0	0.0	0.0
Financial institutions	12.7	13.8	14.9	14.0	15.0
Domestic corporations	10.1	8.0	8.0	8.8	7.6
Foreigners	14.8	17.3	17.6	17.1	16.6
Securities company	1.9	1.5	1.5	1.0	3.3
Treasury shares	0.0	0.0	0.0	1.0	1.1
Number of meetings of the Board of Directors (times)	17	14	14	13	13
Total board meeting time (minutes)	1,413	1,454	1,419	1,606	1,606
Average Board meeting time (minutes)	83	103	101	123	123
Number of meetings of the Compensation Advisory Committee (times)	3	7	8	6	6

* Great Place To Work® (GPTW) is a specialized organization that for over 30 years has been quantifying (scoring) job satisfaction through surveys on job satisfaction and analyzing the results. The Avant Group aims to improve job satisfaction by having everyone at each company participate in the surveys, using the GPTW score to identify issues, and then solving and improving them.

About Us

Company name:	Avant Group Corporation	Number of shareholders:	4,113 (as of June 30, 2025)
Established:	May 26, 1997	Stock exchange listing:	Prime Market, Tokyo Stock Exchange
Location:	Shinagawa Intercity B Tower 13F, 2-15-2 Konan, Minato-ku, Tokyo	Stock code:	3836
		Fiscal year end:	June 30
Number of employees (consolidated):	1,707 (as of June 30, 2025)	Ordinary general meeting of shareholders:	Within three months from the day following the last day of the fiscal year
Capital stock:	345,113,000 yen (as of June 30, 2025)	Shareholder registry administrator:	Sumitomo Mitsui Trust Bank, Limited
Total number of shares issued and outstanding:	37,645,851 shares (as of June 30, 2025)	Accounting Auditor:	Deloitte Touche Tohmatsu LLC
Share unit:	100 shares		

Stock Information

Major Shareholders (as of June 30, 2025)

Name	Number of shares held	Percentage*
Tetsuji Morikawa	9,781,466	26.27
The Master Trust Bank of Japan, Ltd.	3,762,600	10.11
Tsuyoshi Noshiro	1,868,800	5.02
The Custody Bank of Japan, Ltd.	1,614,778	4.34
OBIC BUSINESS CONSULTANTS CO., LTD.	1,600,000	4.30
Avant Group Employee Stock Ownership Plan	1,289,781	3.46
PCA Corporation	778,400	2.09
Tatsuru Nakayama	656,646	1.76
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND	655,100	1.76
Tokio Kawamura	550,000	1.48

* Number of share held as percentage of total shares issued (excluding treasury shares)

Shareholder Distribution by Type

(as of June 30, 2025)

