

AVANT

# **AVANT CORPORATION**

## **Analyst Meeting**

---

**AVANT CORPORATION**  
**(Code: 3836 TSE 1)**  
**February 19, 2021**

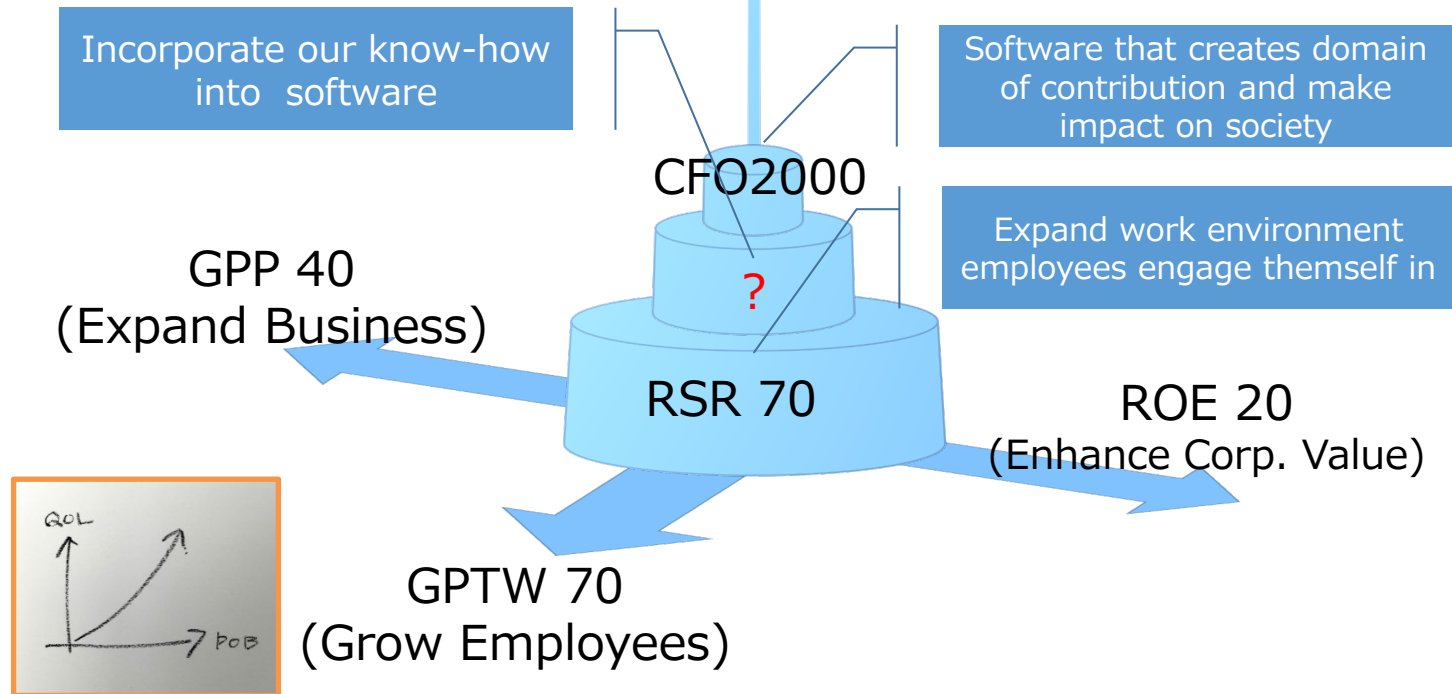
# Update on Mid-term Business Plan

- The Plan helps us to achieve the vision of BE GLOBAL under the management philosophy "Creation of a 100-year company".
- Three axes of challenges: business expansion, employee growth, and enhancement of corporate value
- We will create "de-facto," by expanding work environment where employee engages themselves in and incorporating our know-how into software

To **BE** a Sustainable **GLOBAL** Software Company

"Spreading Accountability"

Update Management with Software for Sustainable Economic Development



# Initiatives for FY June 2021

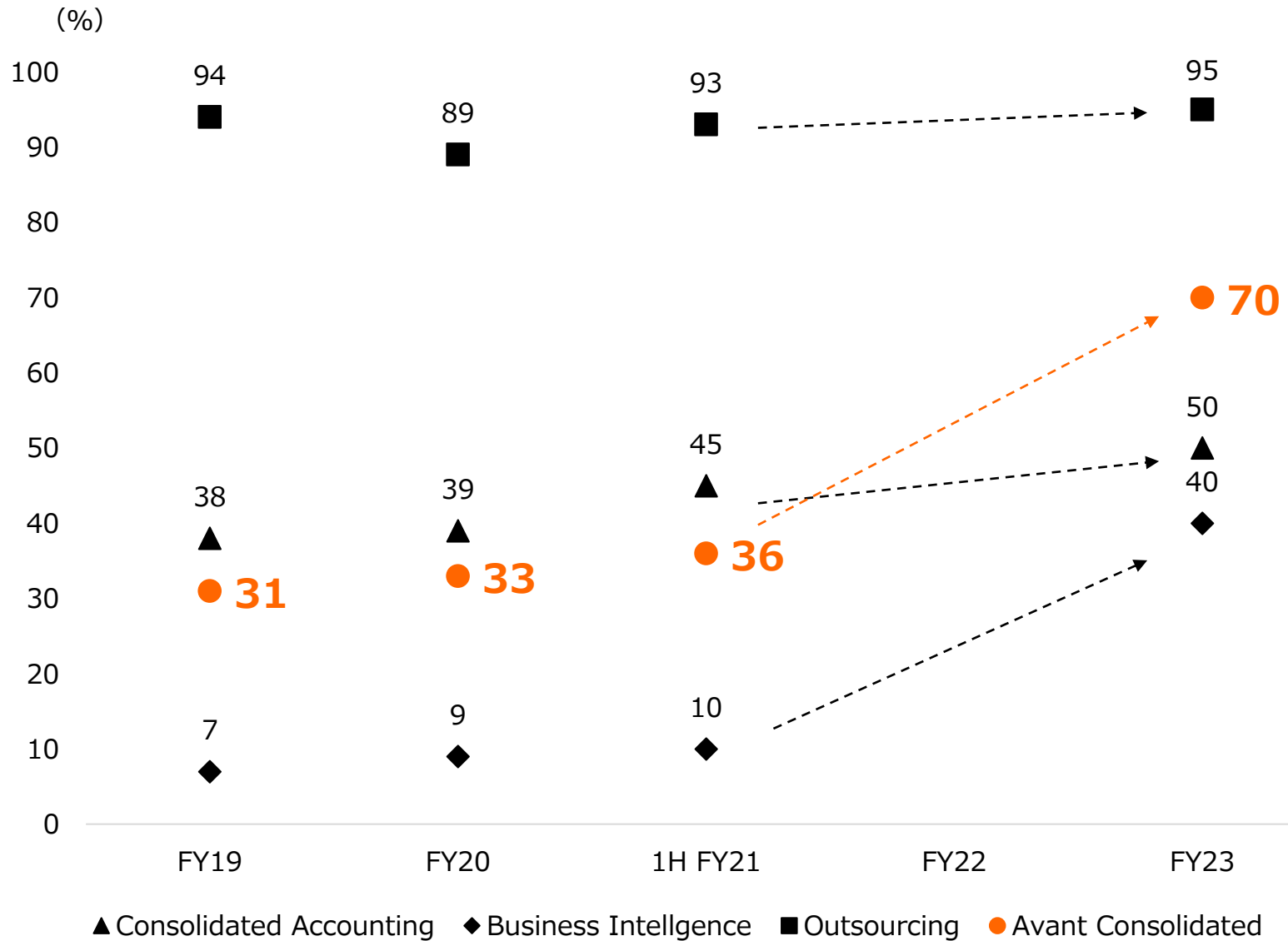
AVANT

- Promote cloud-shift, focus on basis for top-line growth
- Launch proprietary IP based products & services to improve recurrent revenue ratio
- Options for M&A at operating company level to accelerate growth

	FY20 Actual		FY21 Forecast		FY23 Target
<b>Revenue</b>	¥15.69B	→	¥16.11B	⇒	¥18 ~ 22B
<b>Recurrent Revenue Ratio</b>	32.7%	→	UP	⇒	70%
<b>Operating Income</b>	¥2.27B	→	¥2.33B	⇒	¥3.1 ~ 3.8B
<b>Revenue growth + OP margins</b>	26.0pt	→	17.2pt	⇒	Over 40pt
<b>Dividends</b>	¥9	→	¥10	⇒	Over ¥15

# Recurrent Revenue Ratio

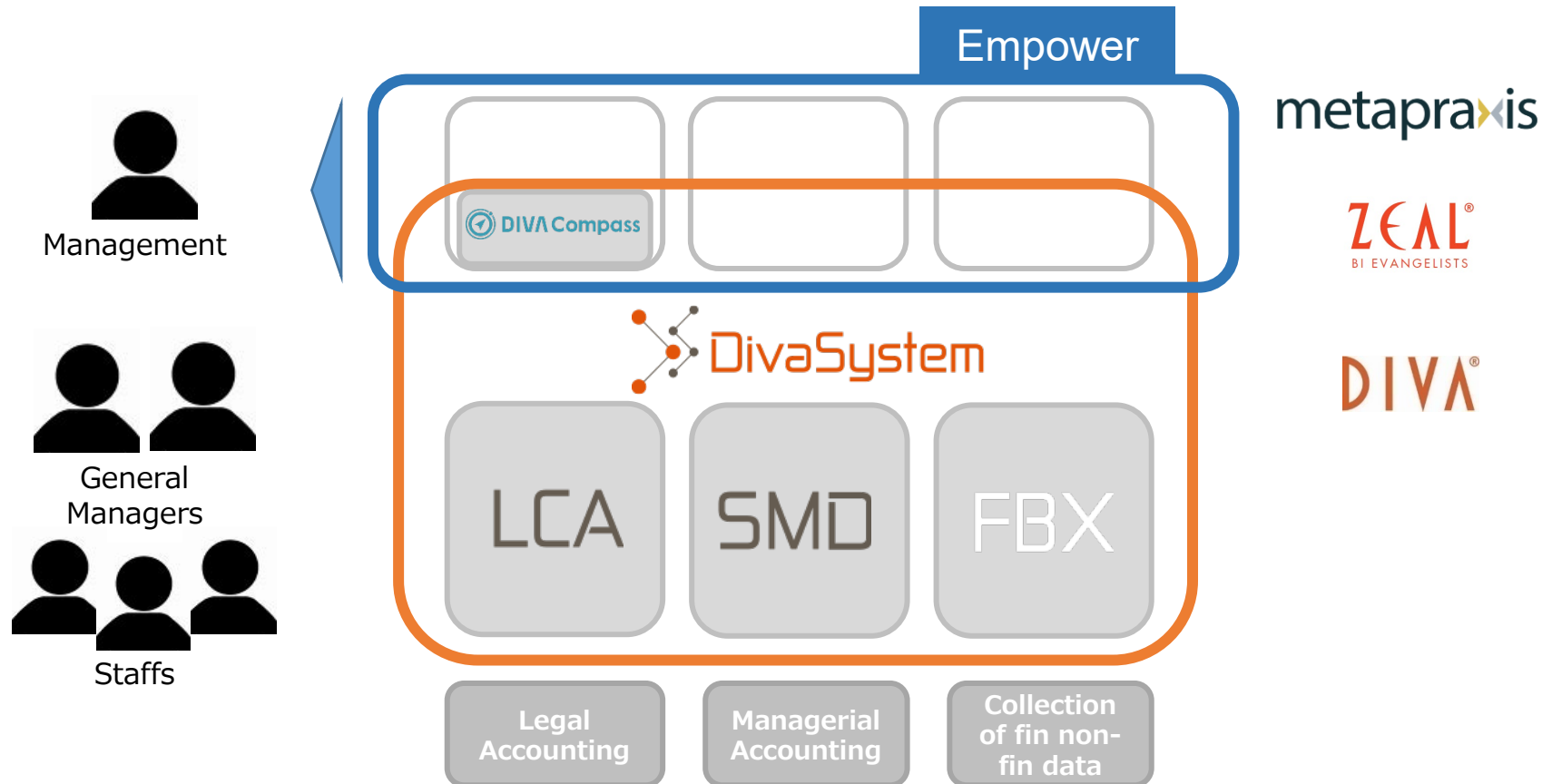
AVANT





- Avant and Metapraxis closed business alliance on February 15, 2021
- AVANT will subscribe to a preferred share issue by Metapraxis, and dispatch two directors to the board, making Metapraxis equity method affiliate
- Two companies will work on the development of the Japanese version of "Empower," a BI tool specializes in financial analysis, and Avant will acquire an exclusive right to market the solution to customers in Japan and their subsidiaries in overseas markets
- License fees from Japanese Empower will be shared by the two

- Metapraxis Empower is a BI tool that visualizes financial information and is used by many blue-chip companies in Europe and the United States, including Unilever and Thomson Reuters.
- DIVA's various solutions' competitiveness should be enhanced when visualized with Empower
- Avant is seeking new value contribution to customers





株式会社 インターネットディスクロージャー  
Internet Disclosure Co., Ltd.

## Segment KPI

FY20 Actual		FY21 Forecast		1H FY21 Actual	
Revenue: +6%	GPP: 25%	DOWN	UP	Revenue: -6%	GPP: 15%
OP margin: 19%		UP		OP margin: 22%	
Recurrent revenue ratio	39%		UP	Recurrent revenue ratio	45%

### Focus on cloud product development and expansion of solution proposal business

- ✓ Approach companies with strong performance and strong governance awareness
- ✓ Cross-selling management accounting SMD, group governance Dx3, etc. to LCA customers
- ✓ Collaborate with ZEAL and propose as a package with other companies' products (dashboard, BI, etc.)

- Cumulative number of companies using DivaSystem exceeded 1,100
- DivaSystem LCA, a consolidated accounting cloud service released in July, is off to a good start
- Needs to strengthen governance have become apparent, and both prospects and orders are recovering





## Segment KPI

FY20 Actual		➔	FY21 Forecast		1H FY21 Actual	
Revenue: +16%	GPP: 28%		DOWN	DOWN	Revenue: +0%	GPP: 12%
OP margin: 12%			DOWN		OP margin: 12%	
Recurrent revenue ratio	9%		UP	Recurrent revenue ratio	10%	

### Business model shift with proprietary solutions

- ✓ Introduce proprietary solutions following ZEUSCLOUD
- ✓ Strengthen collaboration with software vendors
- ✓ Support for DX-related projects at major companies
- ✓ Strengthen marketing, webinars

- Strengthened ties with data platform vendors with strong customer needs, such as Denodo, Snowflake, Databricks, Azure, etc., to support corporate data platform construction and data utilization projects
- Plans to gradually expand proprietary IP products

FIERTE

## Segment KPI

FY20 Actual			FY21 Forecast		1H FY21 Actual	
Revenue: +27%	GPP: 44%	➔	DOWN	DOWN	Revenue: +19%	GPP: 44%
OP margin: 18%			DOWN		OP margin: 25%	
Recurrent revenue ratio	89%			UP		Recurrent revenue ratio

## Measures to Maintain Growth Momentum

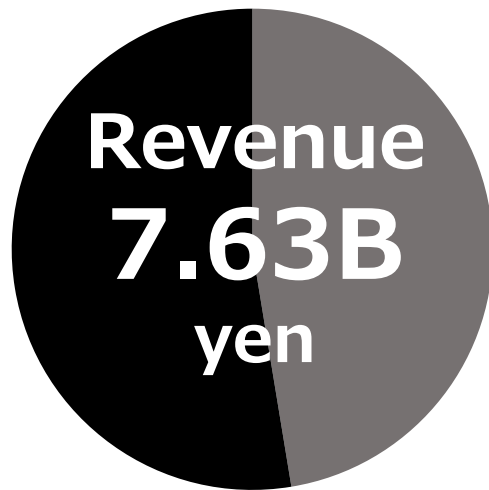
- ✓ Harden the pipeline for settlement outsourcing and cash management solutions
- ✓ Further diversification of services
- ✓ Accelerate investment in efficiency improvement and human resource development

- Signed a strategic partner agreement with Aptitude of U.K. to provide outsourcing services using RevStream, a system compatible with the new revenue recognition standard
- Steady expansion of consolidated financial results outsourcing clients in the first half

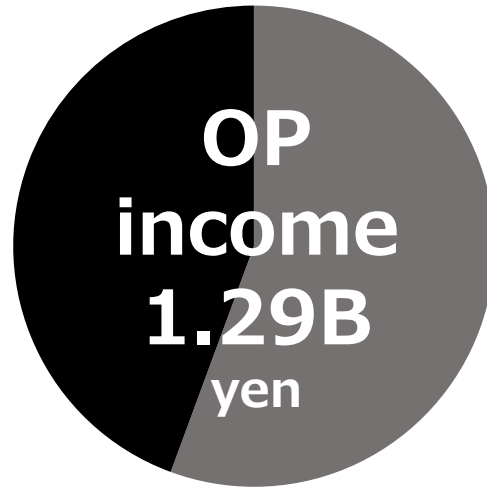
# Updates on Financials

## Positive growth in revenues and OP for the last three months of the first half, moving to a recovery phase in line with expectations

- Cumulative revenue fell YoY, but quarterly revenue began to increase. Cumulative and quarterly operating income increased by double digits due to cost controls, and operating income margin exceeded 20% in the last quarter
- Orders and order backlog also returned to positive growth. Steady recovery in light of the difficult comparison against the previous fiscal year and the impact of COVID-19



1H progress: 47.4%



1H progress: 55.6%



1H progress: 52.8%



# Results by Business Segment

AVANT

- Consolidated Accounting-related business segment sales down YoY, but profit margin continues to improve. The Business Intelligence turned to higher sales and achieved a high profit margin with a 30% increase in profits in the last quarter. Outsourcing business maintained high growth and high profitability

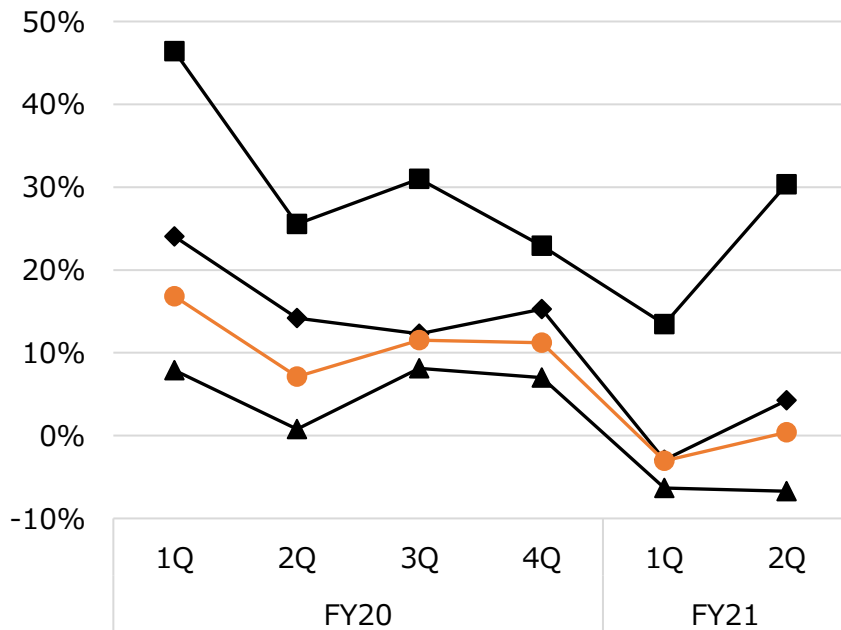
(millions of yen)

		FY20/06 Q2<YtD>	FY21/06 Q2<YtD>	Year-on-Year	
				Variance	%CHG
Consolidated Accounting	Revenue	4,165	3,897	267	6.4%
	Operating Income	709	843	+ 134	+ 18.9%
	OP Margin	17.0%	21.7%	-	+ 4.6 point
Business Intelligence	Revenue	2,870	2,878	+ 7	+ 0.3%
	Operating Income	352	341	10	2.9%
	OP Margin	12.3%	11.9%	-	0.4 point
Outsourcing	Revenue	993	1,179	+ 186	+ 18.7%
	Operating Income	234	295	+ 60	+ 25.9%
	OP Margin	23.6%	25.1%	-	+ 1.4 point

# Segment Quarterly Results

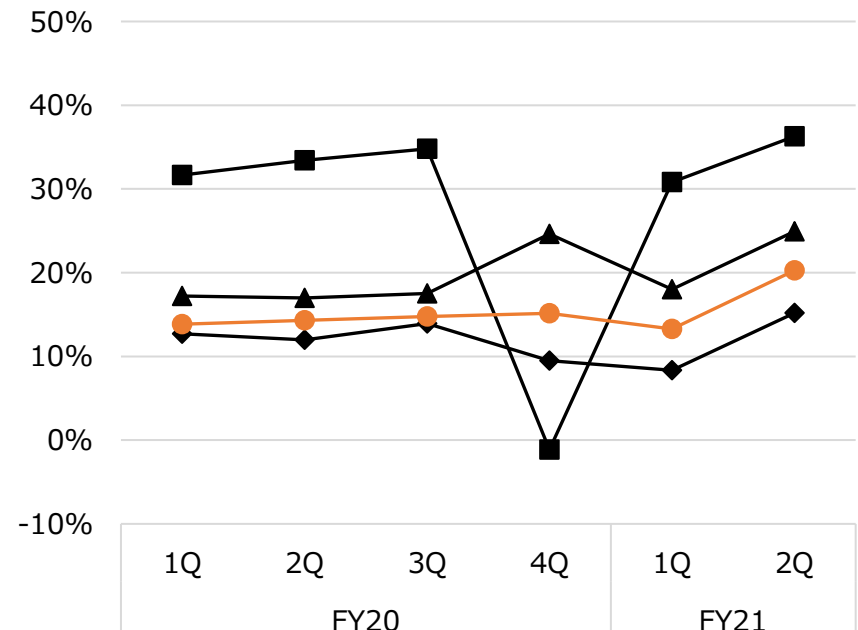
- The Consolidated Accounting-related segment had difficult comparison against previous year which was high level due in part to additional large-scale projects, but growth accelerated in the Business Intelligence and Outsourcing segments.
- Profit margins improved in all segments due to the effect of increased revenue and efforts to improve efficiency such as raising the in-house production rate.

Quarterly Revenue Growth (YoY)



▲ Consolidated Accounting    ◆ Business Intelligence  
 ■ Outsourcing    ● Avant Consolidated

Quarterly OP Margins



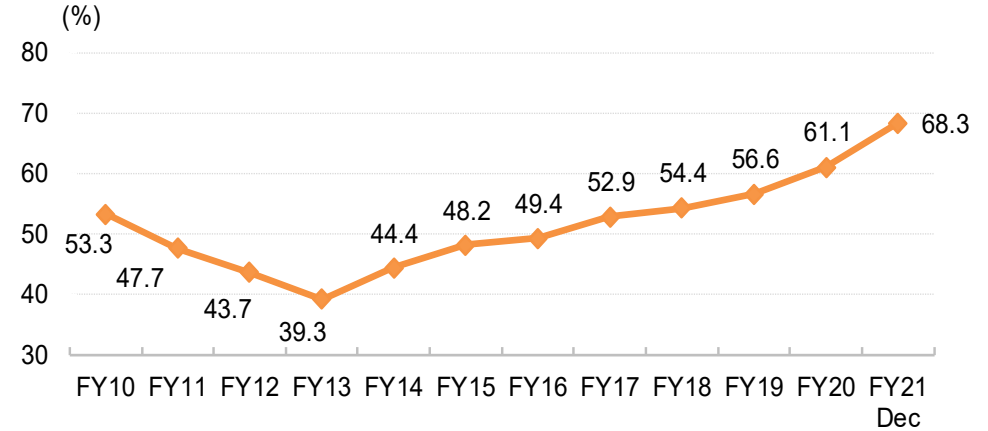
▲ Consolidated Accounting    ◆ Business Intelligence  
 ■ Outsourcing    ● Avant Consolidated

Financial Status

Dec 2020

<b>Total Assets</b> <b>11.2</b> <b>billion yen</b>	<b>Total Liabilities</b> <b>3.5</b> <b>billion yen</b>
	<b>Net Assets</b> <b>7.7</b> <b>billion yen</b>

Equity Ratios



Cash Flows	FY20/06	FY21/06
(millions of yen)	Q2	Q2
<b>Operating CF</b>	<b>(13)</b>	<b>250</b>
<b>Investment CF</b>	<b>(214)</b>	<b>(102)</b>
<b>Free CF</b>	<b>(227)</b>	<b>148</b>
<b>Financial CF</b>	<b>(287)</b>	<b>(351)</b>

Key Factors for change

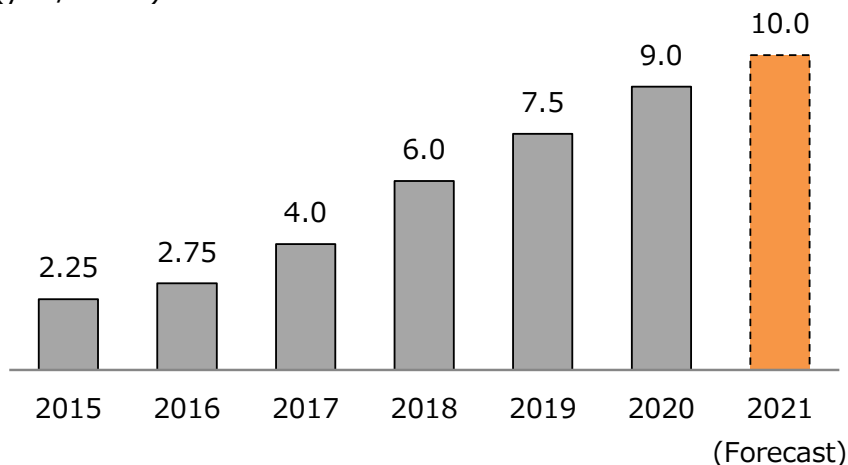
(millions of yen)

• Income before income taxes and minority inte	1,306
• Depreciation expense	126
• Decrease in deferred revenue	(357)
• Decrease in provision for bonuses	(275)
• Decrease in account receivable	251
• Increase in inventories	(95)
• Income taxes paid	(479)
• Purchase of intangible assets	(90)
• Purchase of tangible fixed assets	(78)
• Payment of shareholder dividends	(338)

## For fiscal year ending June 2021 we forecast 10 yen per share dividends

- In line with the policy of continuing to pay stable dividends, we expect to increase dividends for the six consecutive fiscal year
- The DOE in Fiscal Year 06/2020 was 5.2%, significantly higher than the average of 2.9% of the company listed on the TSE (12 months)

(yen/share)



(Adjusted for stock splits)

### <AVANT's shareholder return policy>

- Cash dividends are an important part of shareholder return policy
- AVANT plans to maintain sustainable growth in dividends, and rely on dividends on equities (DoE) rather than cash income which could fluctuate and unpredictable
- DoE ratios for AVANT should improve over time and always exceed average of all listed companies of Tokyo Stock Exchange

	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual
Dividends per share (yen)	2.25	2.75	4.0	6.0	7.5	9.0
DOE (AVANT)	3.25%	3.41%	4.18%	5.20%	5.27%	5.17%
DOE (TSE Average)	2.43%	2.64%	2.70%	2.86%	2.93%	2.94%



# Reference

# Creating a 100-Year Company

We value management philosophy based on Japanese culture to regard our company as a public organization as a cultural asset and aspire to develop as an organization that exists for the development of society



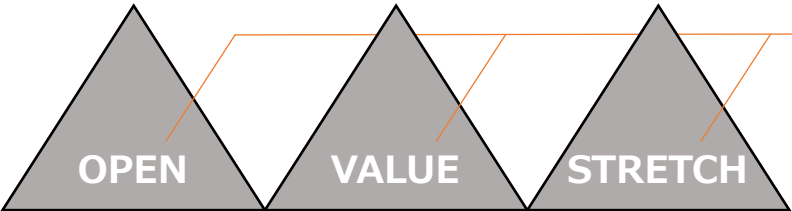
## Spreading Accountability

As advances in information technology have brought major changes to society, the Group's mission is to help disclose corporate management information throughout the organization so that it contributes to the sustainable development of the company and society



## BE GLOBAL

With increased information availability, society has become globalized and we need to position ourselves from a global perspective. We shall create a competitive business and organization, with performance benchmarked against world-class SaaS companies



## OPEN, VALUE and STRETCH

We value an organizational culture that emphasizes honest relationships with all stakeholders. We work to create new value and pursue the highest level of customer satisfaction. We enjoy change and pursue growth to accomplish challenges.

## Holding company

## Operating companies

AVANT

DIVA<sup>®</sup>



株式会社 インターネットディスクロージャー  
Internet Disclosure Co.,Ltd.

ZEAL<sup>®</sup>  
BI EVANGELISTS

FIERTE

Consolidated Accounting

Business Intelligence

Outsourcing

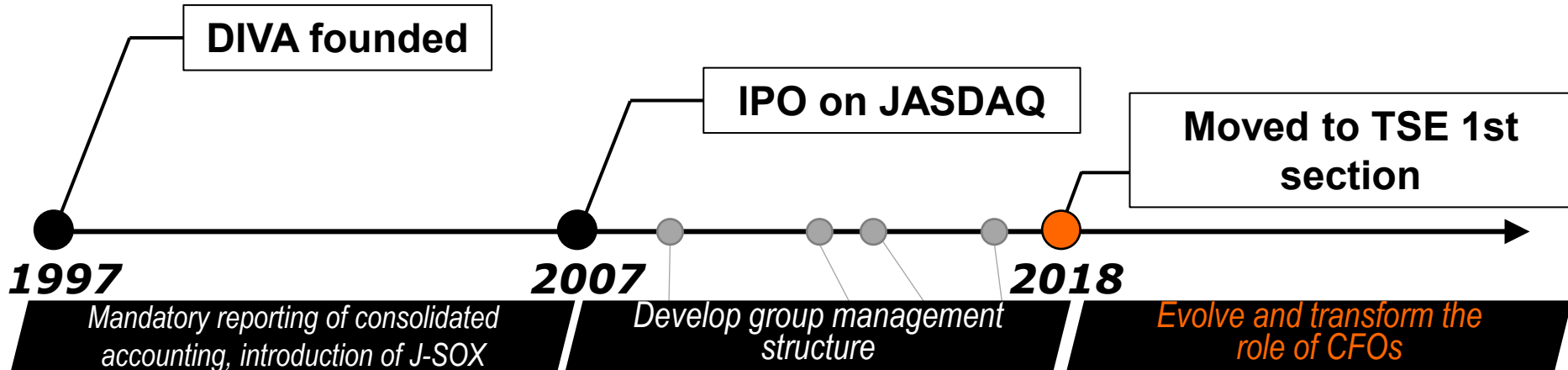
### Maximizing corporate value of the Group

- Establish group governance
- Establish framework to generate group synergies
- Stay engaged with investment communities
- Take alternative actions supplementing existing business to achieve growth target
  - ✓ Incorporating external growth
  - ✓ Investment in new business

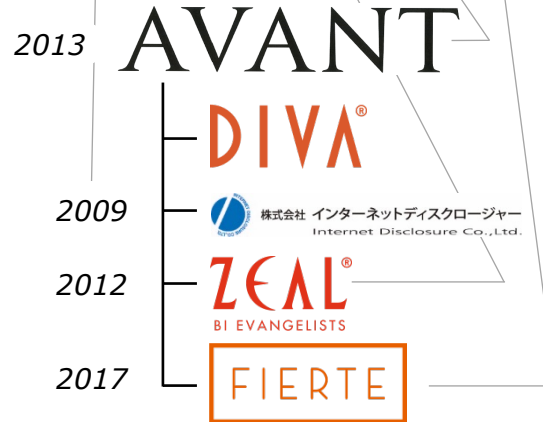
### Maximizing business value of OpCo

- Focus on maximizing value proposition to clients
- Execute business plan
- Transform business model, if necessary, to achieve business plan
- Develop new products based on accumulated knowledge

## AVANT Group for the next 10 years



Established itself as top developer of consolidated accounting software



Shifted to a holding company and evolved its group management structure

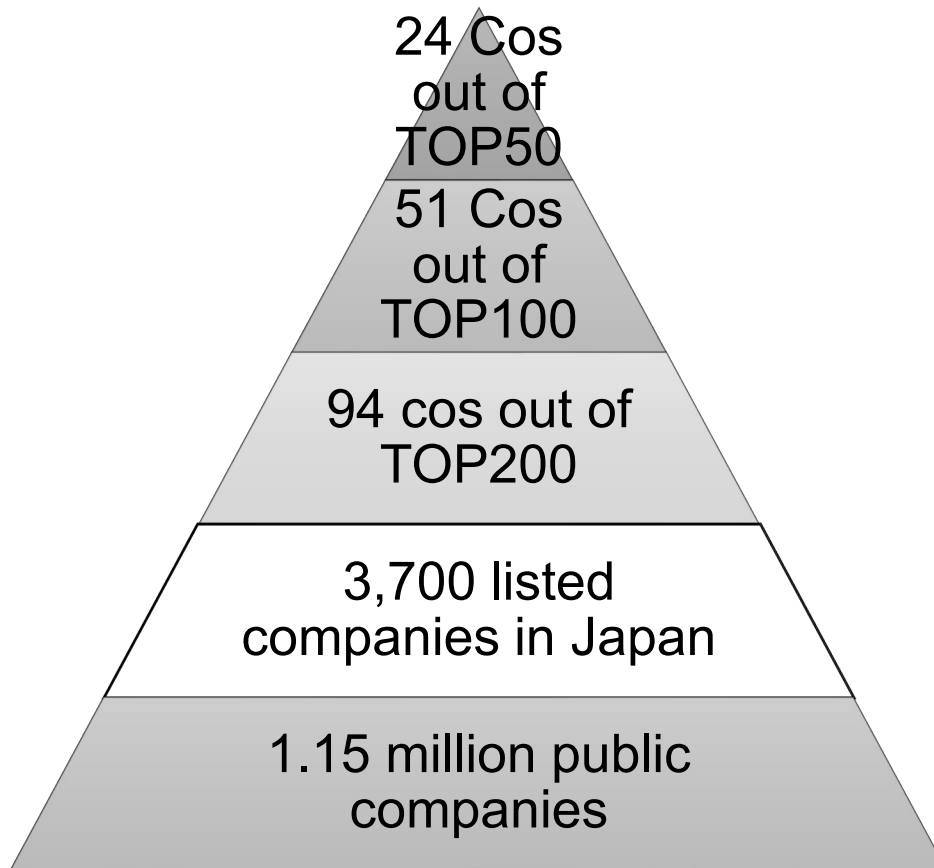
**AVANT Group** supports solution to, and transformation of CIFO organizations

**CIFO ACCELERATOR**

The Group stands poised to generate new value to stakeholders



- Sold to over 1,100 companies<sup>1</sup>
- Leading market share of 45.3%<sup>2</sup> in FY2020. More than half of TSE listed top 100 companies
- Offers financial and managerial accounting, governance solutions



Toyota Motor Corporation  
Nippon Telegraph and Telephone  
NTT DoCoMo, Inc.  
Chugai Pharmaceutical Co., Ltd.  
KDDI Corporation  
Daikin Industries, Ltd.  
Denso Corporation  
Hitachi Group  
Kao Corporation  
Nippon Paint Holdings Co., Ltd.  
Seven & i Holdings Co., Ltd.  
Astellas Pharma Inc.  
Panasonic Corporation  
Fujifilm Holdings  
Kubota Corporation, etc.

<sup>1</sup> As of December 2020

<sup>2</sup> Fuji-Keizai Management "2020 Software Business New Market" Consolidated Accounting Software (Package) Market Share



- Founded in 1991, acquired in 2012. More than 25 years of experience in business intelligence
- Installation of BI/DWH system to more than 1,000 clients
- Close relationship with Microsoft, Oracle, IBM, SAP and more

## Recent cases

Goh Shoji Co., Inc. ~Inventory management templates	Nomura Real Estate Development Co., Ltd. ~Performance management system	Audio-Technica Corporation ~Sales force automation system	Kyorindo Drug Store Co., Ltd. ~Cloud ERP
Obayashi Corporation ~Data platform	Sanko Soflan Holdings Co., Ltd. ~Marketing analysis environment	Yamaha Motor Co., Ltd. ~Data analysis environment	Kao Group Customer Marketing ~Marketing analysis environment
Kracie Pharma, Ltd. ~Marketing analysis environment	BEAMS Holdings Co., Ltd. ~Budget management system	LIFE Corporation ~Budget management system	KU Holdings Co., Ltd. ~Budget management system
Nippon Access, Inc. ~Big data platform and analysis solution	cocokara fine Inc. ~Budget management system	Sushiro Global Holdings Ltd. ~Sales force automation system	Nakajitsu Co., Inc. ~Data analysis environment

## Major Products

Amazon Web Service/ASTERIA WARP/Birst/BOARD/BusinessSPECTRE/CCH TAGETIK/CO-ODE/DataSpider Servista/Denodo/Dr. Sum/IBM Cognos Analytics/IBM Planning Analytics/IBM InfoSphere Data Stage/IBM SPSS/IIJ GIO/Incorta Enterprise Analytics/Infor d/EPM/Informatica PowerCenter /intra-mart Accel Platform/Microsoft Azure/Microsoft Power BI /Microsoft SQL Server/MicroStrategy/MotionBoard /Oracle Analytics Cloud/Oracle Cloud Platform/Oracle Hyperion Planning/Oracle Business Intelligence/Oracle Data Integrator/Oracle Essbase/Oracle Exadata/Oracle Exalytics/Oracle EPM Cloud-Planning (PBCS) /QlikView/SAP Analytics Cloud /SAP BusinessObjects/SAP Business Planning and Consolidation/SAS Visual Analytics/SAS Viya/SISENSE/Snowflake/Tableau/ThoughtSpot/Workday Adaptive Planning/Yellowfin/ZEUSCloud

FIERTE

- Started as outsourcing department at DIVA in 2012, incorporated in August 2017
- More than 100 customers for various accounting process outsourcing and treasury management solutions

## Outsourcing of accounting

Ajinomoto Co., Inc.	APAMAN Co., Ltd.	Ichishin Holdings Co., Ltd.	IDOM Inc.	IMAGICA Group Inc.	Tokyo FM Broadcasting Co., Ltd.
MC Aviation Partners, Inc.	KUBOTA Corporation	Cosmo Energy Holdings Co., Ltd.	Japan Best Rescue System Co., Ltd.	JERA Co., Inc.	SystemSoft
Sojitz Corporation	Taisho Pharmaceutical Holdings Co., Ltd.	Tsumura & Co.	Tokai Carbon Co., Ltd.	Trend Micro Inc.	Nitto Denko Corporation
Nifco Inc.	Punch Industry Co., Ltd.	PHC Holdings Corporation	Hitachi Metal Ltd.	Hitachi Ltd.	Hitachi Transport System, Ltd.
Fukoku Co., Ltd.	Benefit One Inc.	Mitsubishi Heavy Industries, Ltd.	Mitsubishi Estate Co., Ltd.	Yoshinoya Holdings Co., Ltd.	RISA Partners, Inc.

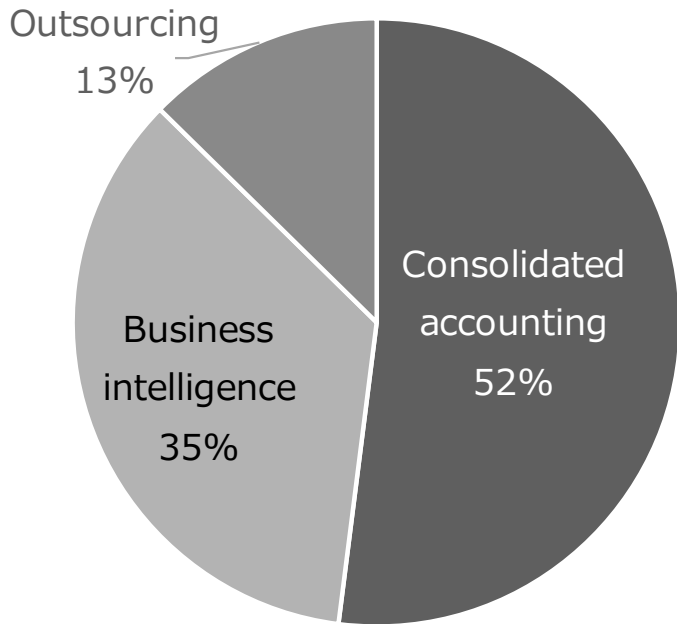
## Treasury management solution

Kirin Holdings Company Limited	KDDI Corporation	Kobe Steel, Ltd.	THK Co., Ltd.	Toei Animation
Nifco Inc.	Mitsui Chemicals, Inc.	UACJ Corporation		

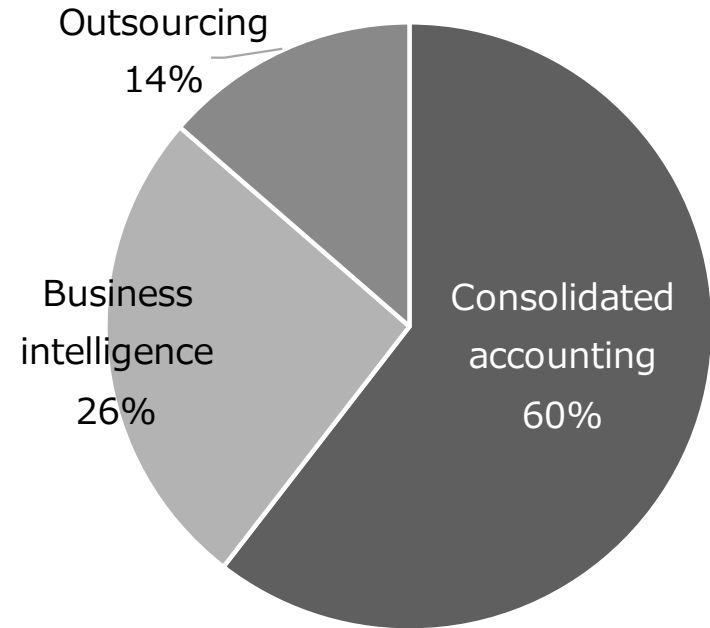
# Segment Information (FY June 2020)

AVANT

**Revenue ¥15.69B**



**OP income ¥2.27B**

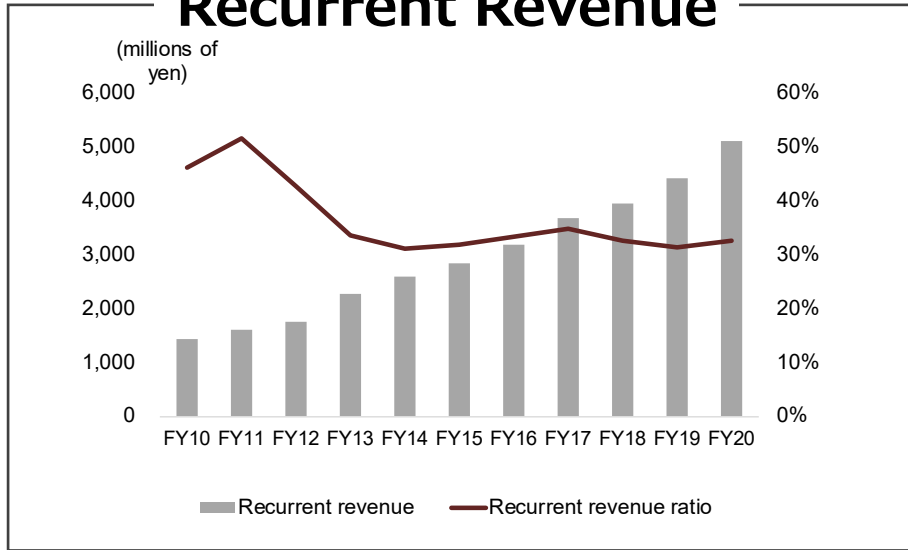


Segment	YoY
Consolidated Accounting	+5.6%
Business Intelligence	+15.6%
Outsourcing	+26.5%
Consolidated	+11.5%

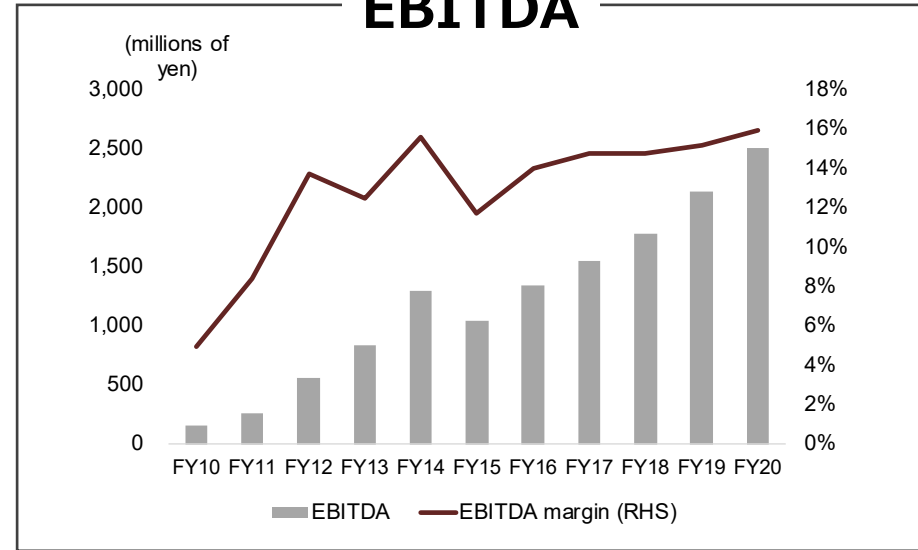
Segment	OP Margins
Consolidated Accounting	19.1%
Business Intelligence	12.0%
Outsourcing	17.7%
Consolidated	14.5%



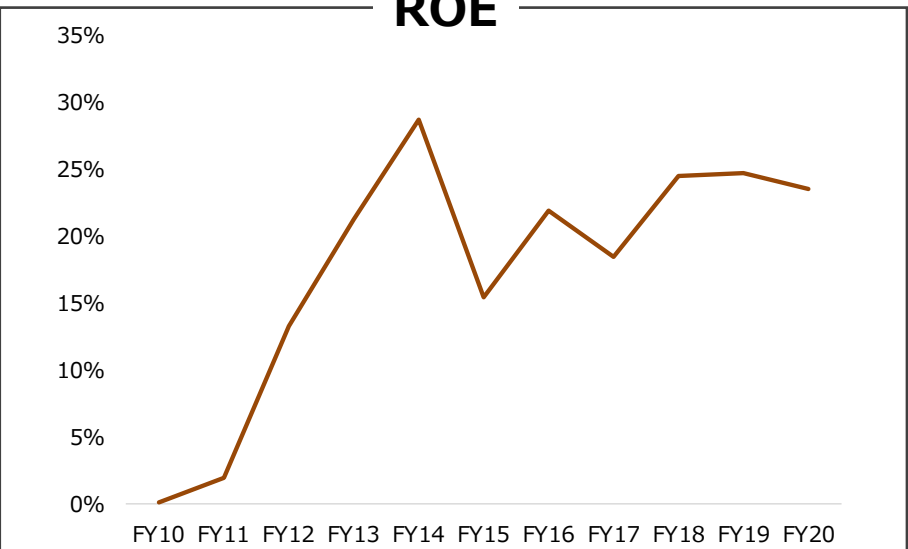
## Recurrent Revenue



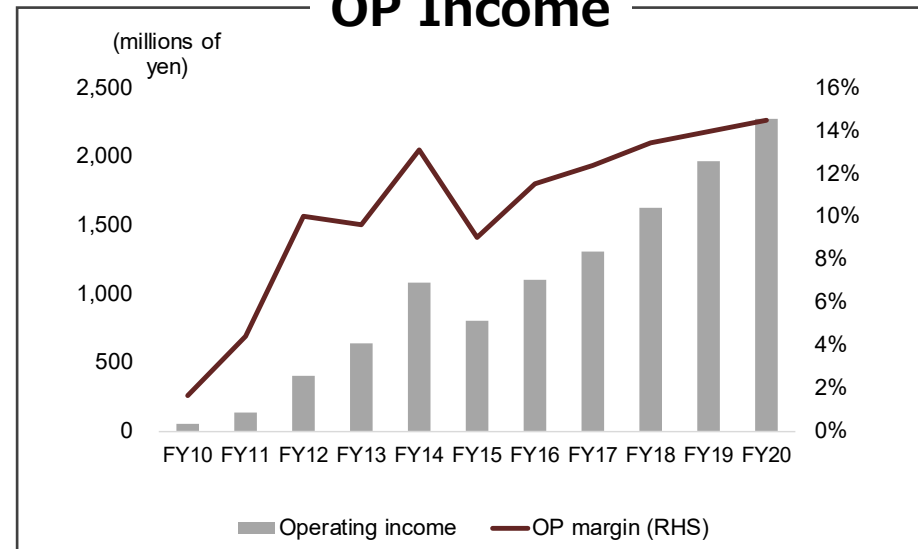
## EBITDA



## ROE



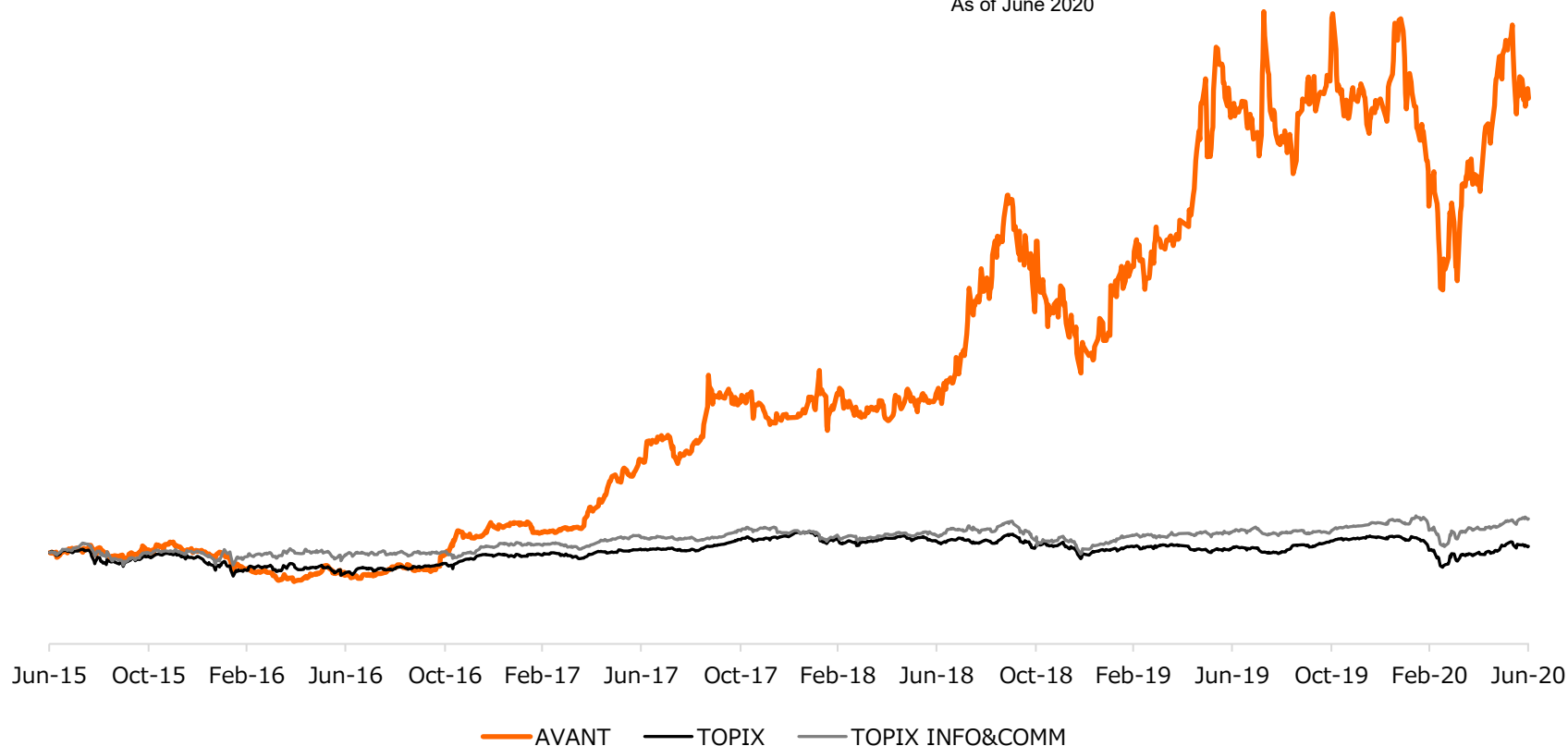
## OP Income



## TSR

	One year	Three years	Five years
AVANT	104.2%	297.5%	587.6%
TOPIX	103.1%	103.8%	107.1%
TOPIX INFO & COMM	115.7%	126.2%	152.9%

As of June 2020



Source: Thomson Reuters

# AVANT

The information contained in this material regarding the business outlook and other forecasts and strategies etc. are forward-looking statements and are determined within the range that could normally be predicted based on the information reasonably available to the Company at the time of preparation of this material. Investors should be aware of the risks, however, that actual results may differ from the business prospects described in the material due to the occurrence of extraordinary circumstances that cannot usually be predicted or the occurrence of results that cannot usually be predicted. The Company will proactively disclose information that is considered material to investors, but investors should be advised not to make judgment based entirely on only the business prospects described in this material. This material should not be copied or transferred for any purpose without permission of the Company.