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Consolidated Summary Report under Japanese GAAP for the second quarter (first half) of the fiscal year ending June 30, 2025

January 31, 2025

Company Name: AVANT GROUP CORPORATION

Stock Exchange Listing: Tokyo

Code Number: 3836

URL: <https://www.avantgroup.com/>

Representative: (Title) President, Group CEO (Name) Tetsuji Morikawa

For inquiry: (Title) Director, Group CFO (Name) Naoyoshi Kasuga

TEL: (03) 6388-6739

Securities report issue date: February 10, 2025

Dividend payment date: -

Supplementary information for financial statements: Yes

(for institutional investors and analysts)

Explanatory meeting to be held: Yes

(Millions of yen, rounded down to the nearest unit)

1. Consolidated results for the second quarter (first half) of the fiscal year ending June 30, 2025

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		EBITDA*		Operating profit		Ordinary profit		Profit attributable to owners of parent	
		%		%		%		%		%
First half of the fiscal year ending June 30, 2025	14,011	19.3	2,783	30.9	2,537	34.2	2,540	34.2	1,584	30.2
ended June 30, 2024	11,742	11.6	2,126	6.9	1,890	5.4	1,893	6.4	1,216	6.5

Comprehensive income (loss) for the 2Q of the fiscal year ending June 30, 2025 1,482 million yen (16.5%)

for the 2Q of the fiscal year ended June 30, 2024 1,272 million yen (11.1%)

	Net profit per share	Diluted net profit per share
First half of the fiscal year ending June 30, 2025	yen 43.44	yen -
ended June 30, 2024	32.51	-

(Note) EBITDA is derived by adding depreciation and amortization of goodwill to operating profit.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of December 31, 2025	21,001	13,933	66.2%
June 30, 2024	21,896	13,293	60.7%

(Reference) Net assets attributable to the company's shareholders As of December 31, 2024 13,912 million yen As of June 30, 2024 13,293 million yen

2. Dividends

	Dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Annual
Fiscal year ended June 30, 2024	yen -	yen 0.00	yen -	yen 19.00	yen 19.00
Fiscal year ending June 30, 2025	-	0.00	-	-	-
Fiscal year ending June 30, 2025 (Forecast)	-	-	-	25.00	25.00

(Note) Revisions to the most recently announced dividend forecast: None

3. Consolidated earnings forecasts for the fiscal year ending June 30, 2025

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Fiscal year ending June 30, 2025	28,800	17.9	4,900	19.5	4,900	18.9	3,350	17.5	91.46

(Notes) Revisions to the most recently announced earnings forecast: None

Notes

(1) Changes in significant subsidiaries during the period (changes in "Specified Subsidiaries" (Tokutei Kogaisha) resulting in change in scope of consolidation): Yes

Newly added to the scope of consolidation: 2 companies, DivaCygnet Private Limited, VISTA CORPORATION

Newly deleted from the scope of consolidation: Nil

(2) Application of accounting procedures specific to the preparation of quarterly consolidated financial statements: none

(3) Changes in accounting policies, accounting estimates and restatement:

(i) Changes in accounting policies due to revision of accounting standards: Yes

(ii) Changes in accounting policies due to other reasons: No

(iii) Changes in accounting estimates: No

(iv) Restatement: No

(4) Number of issued shares (common shares)

(i) Total number of shares issued including treasury shares

As of December 31, 2024	37,645,851 shares	As of June 30, 2024	37,645,851 shares
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(ii) Number of treasury shares held

As of December 31, 2024	1,150,177 shares	As of June 30, 2024	1,019,398 shares
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(iii) Average number of shares

First half of the fiscal year ending June 30, 2025	36,464,385 shares	First half of the fiscal year ended June 30, 2024	37,434,306 shares
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(Note) The Company introduced the "Stock Delivery Trust for Employees and Executive Officers" in the fiscal year ended June 30, 2024 (28th fiscal year) and the "Stock Delivery Trust for Directors" in the fiscal year ending June 30, 2025 (29th fiscal year). The Company's shares held by the trust are included in the number of treasury shares at the end of the period and the average number of treasury shares during the period.

* This report is exempt from the audits of CPAs or Audit firms.

* Explanation of the appropriate use of earnings forecasts and other special notes

Forward-looking statements in this report, including earnings forecasts, are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not represent any guarantee by the Company regarding future performance. Actual results may differ materially from the forecast depending on a range of factors. Please refer to "Earnings Forecasts" on page 8 regarding assumptions for earnings forecasts and notes for using earnings forecasts.

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1. Overview of Operating Results, etc.

(1) Operating Results

Consolidated financial results for the first half of the current fiscal year are as follows.

(Millions of yen, rounded down to the nearest unit)

	Fiscal year ended June 30, 2024 First half	Fiscal year ending June 30, 2025 First half	Year-on-year change	
			Amount	%
Net sales	11,742	14,011	2,268	19.3
Operating profit	1,890	2,537	647	34.2
Ordinary profit	1,893	2,540	647	34.2
Profit attributable to owners of parent	1,216	1,584	367	30.2

In terms of consolidated net sales, investment needs to maintain and strengthen competitiveness by "upgrading corporate management and corporate activities through the use of data and digital technology," which is becoming a medium- to long-term trend among Japanese companies, remained strong, and sales growth was achieved in all three of our businesses of Consolidated Financial Disclosure, Digital Transformation Promotion, and Management Solutions. Including a reaction to the restrained sales growth in the Management Solutions Business due to business reorganization in the same period of the previous fiscal year, sales increased to 14,011 million yen, up 19.3% year-on-year.

In terms of profits, personnel and IT expenses increased due to business expansion, outsourced processing expenses rose to meet order growth, and investment-related expenses to realize future growth centered on the strengthening of the software business weighed on profits, but were offset by an improved profit margin from the growth of the software business, the effect of increased sales in the Digital Transformation Promotion Business, and a rebound from low profit levels in the Management Solutions Business in the same period of the previous fiscal year. As a result, year-on-year, operating profit increased 34.2% to 2,537 million yen, ordinary profit increased 34.2% to 2,540 million yen, and profit attributable to owners of parent increased 30.2% to 1,584 million yen.

The status of each reportable segment is as follows.

(i) Net sales

(Millions of yen, rounded down to the nearest unit)

	Fiscal year ended June 30, 2024 First half	Fiscal year ending June 30, 2025 First half	Year-on-year change	
			Amount	%
Consolidated Financial Disclosure Business	3,606	4,246	639	17.7
Digital Transformation Promotion Business	4,365	5,125	760	17.4
Management Solutions Business	4,018	4,817	799	19.9
Elimination of inter-segment transactions	(247)	(178)	68	(27.8)
Consolidated net sales	11,742	14,011	2,268	19.3

(ii) Operating profit

(Millions of yen, rounded down to the nearest unit)

	Fiscal Year ended June 30, 2024 First half	Fiscal Year ending June 30, 2025 First half	Year-on-year change	
			Amount	%
Consolidated Financial Disclosure Business	857	1,155	298	34.8
Digital Transformation Promotion Business	758	947	188	24.9
Management Solutions Business	576	931	355	61.6
Corporate expenses and elimination of inter-segment transactions	(302)	(496)	(194)	64.5
Consolidated operating profit	1,890	2,537	647	34.2

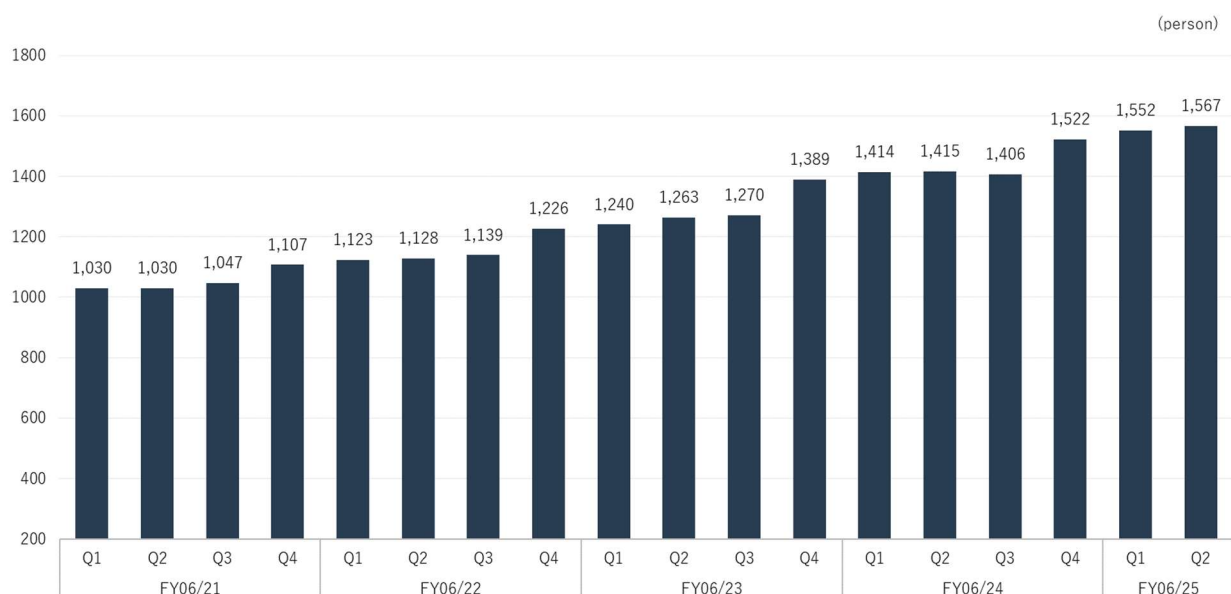
In the Consolidated Financial Disclosure Business, the outsourcing business continued to maintain a high growth rate and contributed to revenue growth, and the software business made improvements by reviewing its pricing strategy and contract development, resulting in a 17.7% year-on-year increase in net sales to 4,246 million. In terms of profits, although there were factors that increased costs, such as an increase in personnel and office expenses due to an increase in headcount and office space, an increase in research and development expenses to strengthen the software business, thanks to an improved profit margin resulting from the effects of improvements in the software business, including reviewing its pricing strategies, operating profit increased 34.8% year-on-year to 1,155 million yen, significantly exceeding net sales growth.

In the Digital Transformation Promotion Business, the need to utilize data for decision-making related to management and business promotion remained strong, and an increase in projects centered on "cloud data platform construction" drove net sales growth, resulting in a 17.4% year-on-year increase in net sales to 5,125 million yen. Although personnel expenses increased due to an increase in headcount to support sales growth and higher compensation levels intended to strengthen the competitiveness of recruitment, and outsourcing expenses continued to increase to supplement in-house resources, these increases were offset by the effect of higher net sales, and operating profit increased 24.9% year-on-year to 947 million yen, significantly higher than in the year earlier period.

In the Management Solutions Business, while the transformation of the profit structure centered on the software business is still in progress, the Group Management Solutions business area is beginning to produce results, and sales growth was restrained in the same period of the previous year due to restrictions on sales activities resulting from business reorganization, and net sales result increased 19.9% year-on-year to 4,817 million yen. In terms of profits, despite factors that increased costs, such as higher personnel, outsourcing, and IT expenses in response to business expansion, operating profit increased 61.6% year-on-year to 931 million yen, significantly higher than the year earlier period, due to the aforementioned increase in net sales and a reaction to the strong profit decline in the year earlier period due to stagnant sales growth.

The number of employees on a consolidated basis was 1,567 at the end of the first half, up 45 from the end of the previous fiscal year.

Number of Employees of the Group (quarterly)



Orders received and sales by segment for the first half of the current fiscal year are as follows.

(i) Orders received

(Millions of yen, rounded down to the nearest unit)

	Fiscal year ended June 30, 2024 First half		Fiscal year ending June 30, 2025 First half		Year-on-year change	
	Orders received	Order backlog	Orders received	Order backlog	Amount	
					Orders received	Order backlog
Consolidated Financial Disclosure Business	3,561	3,904	4,406	4,841	845	937
Digital Transformation Promotion Business	4,105	1,445	4,975	1,919	870	474
Management Solutions Business	3,618	2,713	4,375	3,564	757	850
Elimination of inter-segment transactions	(161)	(1,661)	(176)	(1,973)	(15)	(312)
Total	11,123	6,402	13,581	8,352	2,457	1,949

(ii) Sales

(Millions of yen, rounded down to the nearest unit)

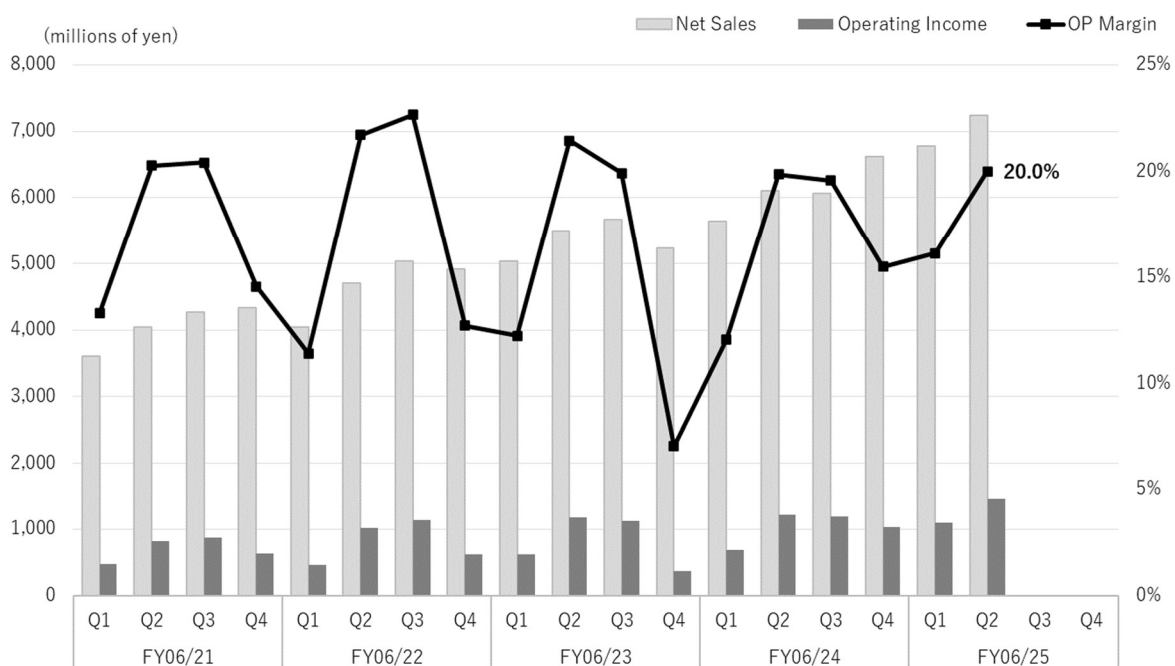
	Fiscal year ended June 30, 2024 First half	Fiscal year ending June 30, 2025 First half	Year-on-year change	
			Amount	%
Consolidated Financial Disclosure Business	3,606	4,246	639	17.7
Digital Transformation Promotion Business	4,365	5,125	760	17.4
Management Solutions Business	4,018	4,817	799	19.9
Elimination of inter-segment transactions	(247)	(178)	68	(27.8)
Total	11,742	14,011	2,268	19.3

Quarterly trends in net sales and operating profit are as follows.
 Net sales and operating profit for the last four quarters

(Millions of yen, rounded down to the nearest unit)

	Fiscal year ended June 30, 2024		Fiscal year ending June 30, 2025	
	Third quarter	Fourth quarter	First quarter	Second quarter
Net sales	6,063	6,613	6,776	7,235
Operating profit	1,185	1,023	1,091	1,446
Operating profit ratio (%)	19.5	15.5	16.1	20.0

Net sales, operating profit and operating profit margin (quarterly)



(2) Financial Position

(i) Assets, liabilities and net assets

Total assets at the end of the first half were 21,001 million yen, down 895 million yen from the end of the previous fiscal year. This was mainly due to a 591 million yen decrease in current assets due to factors such as refund of income tax which was accrued at the end of the previous fiscal year, as well as a 155 million yen decrease in software and a 165 million yen decrease in deferred tax assets.

On the other hand, total liabilities were 7,067 million yen, down 1,535 million yen from the end of the previous fiscal year. This was mainly due to a 587 million yen decrease in provision for bonuses, a 391 million yen decrease in contract liabilities, and a 303 million yen decrease in accounts payable-other and accrued expenses.

Total net assets were 13,933 million yen, up 639 million yen from the end of the previous fiscal year, mainly due to the recording of 1,584 million yen in profit attributable to owners of parent and payment of 708 million yen of dividends from surplus. As a result, the equity ratio is 66.2% (60.7% at the end of the previous fiscal year), and we believe we maintain a highly stable financial balance with low interest-bearing debt.

(ii) Cash Flow

Cash and cash equivalents (“funds”) at the end of the current first half decreased 407 million yen from the end of the previous fiscal year to 11,568 million yen. The status of each cash flow and their factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities totaled 851 million yen. (349 million yen provided in the same period of the previous year)

The main sources were profit before income taxes of 2,646 million yen, depreciation and amortization of 245 million yen, and income taxes refunded of 339 million yen, while the main uses were a decrease in provision for bonuses of 587 million yen, a decrease in provision for bonuses for directors (and other officers) of 101 million yen, a decrease in accounts payable-other and accrued expenses of 262 million yen, an increase in notes and accounts receivable-trade and contract assets of 238 million yen, gain on sales of investment securities of 105 million yen, a decrease in contract liabilities of 391 million yen, and income taxes paid of 985 million yen.

(Cash flows from investing activities)

Funds used in investing activities totaled 185 million yen. (239 million yen used in the same period of the previous year)

The main uses of funds were 90 million yen for purchase of property, plant and equipment, 178 million yen for payments of leasehold and guarantee deposits, and 161 million yen for purchase of investment securities, while the main sources of funds were 136 million yen from the sale of investment securities and 148 million yen from refund of leasehold and guarantee deposits.

(Cash flows from financing activities)

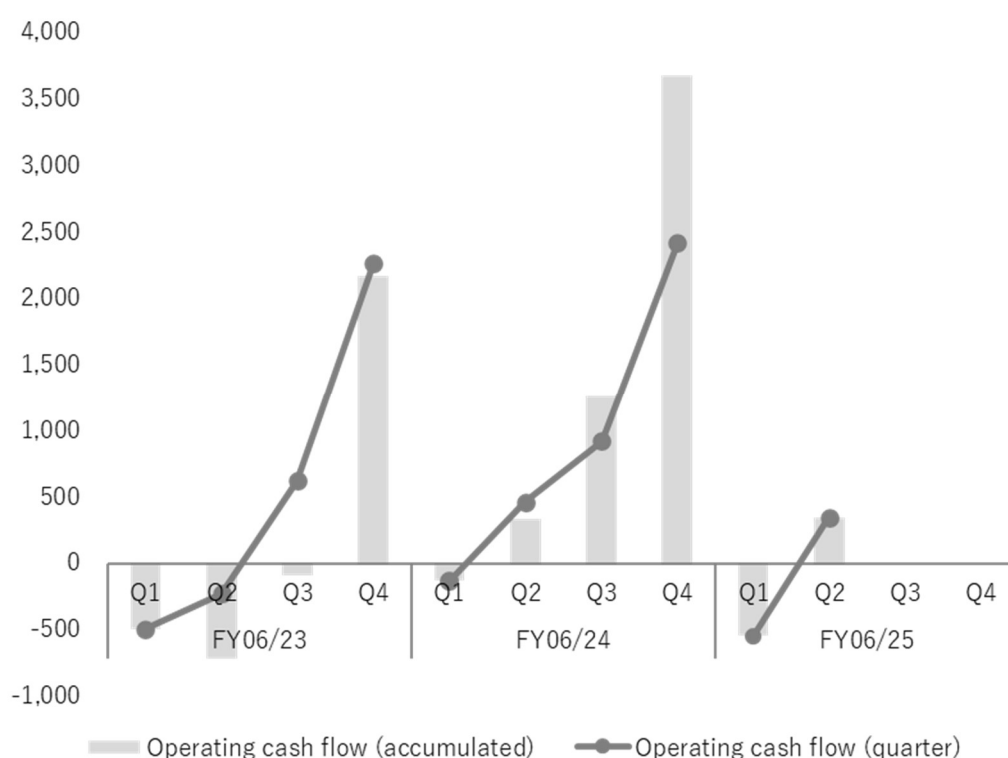
Net cash used in financing activities amounted to 1,052 million yen. (1,025 million yen used in the same period of the previous year)

The main uses of funds were dividends paid of 708 million yen and purchase of treasury shares of 351 million yen.

The Group's cash flow from operating activities is usually low in the first quarter due to payment of income taxes and performance-linked bonuses to executives and employees, and gradually increases from the second quarter onward, resulting in a positive cash flow for the full year.

Maintenance fees in the Management Solutions Business and fees paid in the Outsourcing business are paid in advance for the year before the services are provided, making the business a model that requires very little working capital to begin with. On the other hand, since the Digital Transformation Promotion Business requires payment of outsourcing expenses, etc., in advance, increased working capital needs will arise as sales grow. In addition to smooth inter-group funds transactions which are available by concentrating our group's surplus funds into the holding company, and the total cash position, the Group as a whole has established commitment lines of 3.5 billion yen in total with banks with which it does business, and rather than be concerned about cashflow, we intend to use surplus funds for strategic investments.

Operating cash flow (Quarterly, Millions of yen)



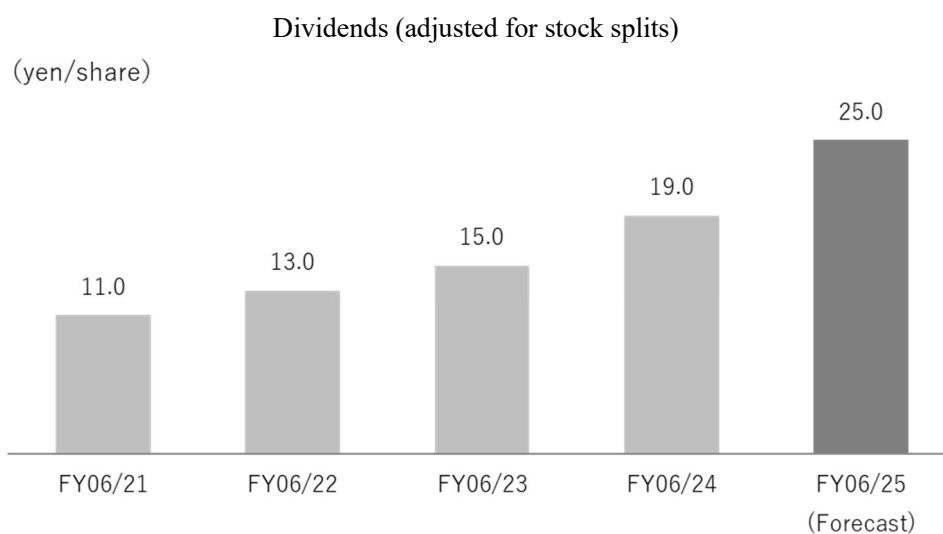
(3) Earnings Forecasts

In August 2023, we announced a new medium-term management plan, a five-year plan through the fiscal year ending June 30, 2028, with targets to be achieved in five years. In the fiscal year ending June 30, 2025, the second year of the plan, we will continue to promote measures to realize the materiality of the Avant Group ("Becoming a software company that contributes to enhancing corporate value"), mainly by strengthening the software business. On the other hand, in the early stage of the new medium-term management plan period, we are not yet at the stage of reaping the full benefits of the group reorganization, and we expect that the effects will gradually become apparent over the five-year period. In addition, although we have already completed the organizational arrangements associated with the group reorganization, we intend to continue to make the growth investments necessary to realize materiality in a continuous and flexible manner, mainly at the group operating companies.

Although external factors such as exchange rate fluctuations and downside risks in overseas economies may affect our group's performance, we believe that the needs of our group's business will continue to increase over the medium to long term, as more companies seek to enhance management sophistication and strengthen group governance through the use of data.

As a result, we expect to achieve net sales of 28,800 million yen and operating profit of 4,900 million yen for the current fiscal year.

In accordance with our existing dividend policy, we will raise the ratio of dividends to net assets, always keeping in mind that it should be higher than the average of all listed companies, while at the same time keeping in mind stable dividends (in principle, dividends per share should not fall below the level of the previous fiscal year). For the current fiscal year, the above policy itself remains unchanged, and we forecast dividends of 25 yen per share, aiming to achieve the 8% ratio of dividends to net assets that we have set as a target to be achieved by the end of the new medium-term management plan period.



2. Semi-annual Consolidated Financial Statements and Notes

(1) Semi-annual Consolidated Balance Sheet

(Thousands of yen)

	Prior fiscal year (As of June 30, 2024)	Current first half (As of December 31, 2024)
Assets		
Current assets		
Cash and deposits	10,874,892	10,994,878
Notes accounts receivable - trade and contract assets	4,440,280	4,678,747
Securities	500,000	500,000
Work in progress	5,880	11,971
Raw materials and supplies	81,871	129,072
Prepaid expenses	1,120,837	1,232,800
Other	1,181,924	62,902
Provision for doubtful accounts	(4,141)	-
Total current assets	18,201,545	17,610,373
Non-current assets		
Property, plant and equipment	488,987	474,877
Intangible assets		
Software	609,376	453,494
Other	42,753	40,390
Total intangible assets	652,129	493,885
Investments and other assets		
Investment securities	1,037,000	1,055,508
Long-term prepaid expenses	19,118	14,490
Leasehold and guarantee deposits	630,981	661,247
Deferred tax assets	728,290	562,493
Other	138,853	138,853
Provision for doubtful accounts	-	(10,371)
Total investments and other assets	2,554,243	2,422,221
Total non-current assets	3,695,360	3,390,984
Total assets	21,896,905	21,001,357

(Thousands of yen)

	Prior fiscal year (As of June 30, 2024)	Current first half (As of December 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	801,391	828,189
Lease liabilities	6,005	1,836
Accounts payable - other and accrued expenses	850,208	546,311
Income taxes payable	984,232	850,103
Contract liabilities	3,345,483	2,954,198
Provision for bonuses	1,319,768	732,322
Provision for bonuses to directors (and other officers)	170,155	68,439
Provision for loss on orders received	17,912	61,361
Provision for stock benefits	129,618	71,445
Provision for directors' (and other officers') stock benefits	-	24
Other	683,037	623,273
Total current liabilities	8,307,815	6,737,506
Non-current liabilities		
Lease liabilities	-	5,146
Asset retirement obligations	295,362	311,220
Deferred tax liabilities	-	13,848
Total non-current liabilities	295,362	330,216
Total liabilities	8,603,177	7,067,722
Net assets		
Shareholders' equity		
Share capital	345,113	345,113
Capital surplus	281,913	308,267
Retained earnings	13,763,738	14,639,592
Treasury shares	(1,396,622)	(1,579,695)
Total shareholders' equity	12,994,141	13,713,278
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	224,019	142,478
Deferred gains or losses on hedges	2,862	1,776
Foreign currency translation adjustments	72,704	55,148
Total accumulated other comprehensive income	299,586	199,404
Non-controlling interests	-	20,952
Total net assets	13,293,728	13,933,635
Total liabilities and net assets	21,896,905	21,001,357

(2) Semi-annual Consolidated Statement of Income and Statement of Comprehensive Income
Semi-annual Consolidated Statement of Income

(Thousands of yen)

	Prior first half (From July 1, 2023 to December 31, 2023)	Current first half (From July 1, 2024 to December 31, 2024)
Net sales	11,742,720	14,011,426
Cost of sales	6,569,620	7,691,937
Gross profit	5,173,100	6,319,488
Selling, general and administrative expenses	3,282,659	3,781,615
Operating profit	1,890,441	2,537,873
Non-operating income		
Interest income	45	1,665
Dividend income	5,258	6,368
Gain on investments in investment partnership	8,789	5,165
Subsidy income	202	2,809
Other	1,423	630
Total non-operating income	15,719	16,639
Non-operating expenses		
Interest expense	154	44
Loss on investment in investment partnerships	6,663	3,425
Commission expenses	3,458	9,480
Foreign exchange loss	2,240	856
Stock issuance expenses	-	56
Total non-operating expenses	12,516	13,863
Ordinary profit	1,893,644	2,540,650
Extraordinary gains		
Gain on sales of investment securities	-	105,990
Insurance income	-	300
Total extraordinary gains	-	106,290
Extraordinary losses		
Loss on disposal of non-current assets	-	0
Loss on cancellation of leases	-	86
Total extraordinary losses	-	86
Profit before income taxes	1,893,644	2,646,853
Income taxes - current	550,130	848,322
Income taxes - deferred	126,689	216,107
Total income taxes	676,819	1,064,429
Profit	1,216,824	1,582,423
Profit attributable to non-controlling interests	-	(1,727)
Profit attributable to owners of parent	1,216,824	1,584,150

Semi-annual Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Prior first half (From July 1, 2023 to December 31, 2023)	Current first half (From July 1, 2024 to December 31, 2024)
Profit	1,216,824	1,582,423
Other comprehensive income		
Valuation difference on available-for-sale securities	59,341	(81,540)
Deferred gains or losses on hedges	(25)	(1,086)
Foreign currency translation adjustment	(3,502)	(17,555)
Total other comprehensive income	55,813	(100,182)
Comprehensive income	1,272,638	1,482,241
(Breakdown)		
Comprehensive income attributable to owners of parent	1,272,638	1,483,968
Comprehensive income attributable to non-controlling interests	-	(1,727)

(3) Semi-annual Consolidated Statement of Cash Flows

(Thousands of yen)

	Prior first half (From July 1, 2023 to December 31, 2023)	Current first half (From July 1, 2024 to December 31, 2024)
Cash flows from operating activities		
Profit before income taxes	1,893,644	2,646,853
Depreciation and amortization	242,303	245,718
Stock compensation expense	9,175	4,940
Insurance income	-	(300)
Increase (decrease) in provision for doubtful accounts	266	6,229
Increase (decrease) in provision for bonuses	(253,160)	(587,446)
Increase (decrease) in provision for bonuses for directors (and other officers)	(92,880)	(101,715)
Increase (decrease) in provision for loss on orders received	(61,419)	43,448
Increase (decrease) in provision for stock benefits	30,650	(58,173)
Increase (decrease) in provision for directors' (and other officers') stock benefits	-	24
Interest and dividend income	(5,303)	(8,033)
Interest expense	154	44
Loss (gain) on sales and disposal of property, plant and equipment	-	0
Commission expenses	3,458	9,480
Stock issuance expenses	-	56
Loss (gain) on sales of investment securities	-	(105,990)
Loss (gain) on investments in investment partnership	(2,126)	(1,740)
Subsidy income	(202)	(2,809)
Decrease (increase) in notes and accounts receivable – trade and contract assets	(762,752)	(238,596)
Decrease (increase) in inventories	11,891	(53,291)
Increase (decrease) in notes and accounts payable - trade	85,051	26,837
Increase (decrease) in accounts payable - other and accrued expenses	(15,384)	(262,889)
Increase (decrease) in accrued consumption taxes	(33,456)	(55,688)
Increase (decrease) in contract liabilities	(359,824)	(391,285)
Increase (decrease) in deposits received	30,788	(10,252)
Other, net	(245,088)	381,430
Subtotal	475,784	1,486,849
Interest and dividends received	5,303	7,714
Interest paid	(154)	(44)
Subsidies received	202	2,809
Insurance income received	-	300
Income taxes paid	(671,250)	(985,745)
Income taxes refunded	539,970	339,657
Net cash provided by (used in) operating activities	349,855	851,542
Cash flows from investing activities		
Purchase of property, plant and equipment	(111,907)	(90,528)
Purchase of intangible assets	(42,861)	(39,481)
Purchase of investment securities	(57,086)	(161,853)
Proceeds from sales of investment securities	(624)	136,778
Payments of leasehold and guarantee deposits	(27,109)	(178,883)
Proceeds from refund of lease and guarantee deposits	-	148,533
Other	(199)	116
Net cash provided by (used in) investing activities	(239,788)	(185,319)

(Thousands of yen)

	Prior first half (From July 1, 2023 to December 31, 2023)	Current first half (From July 1, 2024 to December 31, 2024)
Cash flows from financing activities		
Repayments of finance lease liabilities	(6,507)	(5,077)
Commission expense paid	(5,126)	(10,230)
Purchase of treasury shares	(449,172)	(351,351)
Dividends paid	(564,642)	(708,296)
Proceeds from payments from non-controlling interests	-	22,680
Other	-	(56)
Net cash provided by (used in) financing activities	(1,025,449)	(1,052,332)
Effect of exchange rate changes on cash and cash equivalents	(1,793)	(21,528)
Net increase (decrease) in cash and cash equivalents	(917,176)	(407,637)
Cash and cash equivalents at beginning of period	10,881,311	11,976,585
Cash and cash equivalents at end of period	9,964,135	11,568,947

(4) Notes to Semi-annual Consolidated Financial Statements

(Note on Going Concern Assumption)

Not applicable.

(Note on Significant Changes in Shareholders' Equity)

Not applicable.

(Change in Accounting Policy)

<Application of "Accounting Standard for Current Income Taxes", etc.>

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022. Hereinafter referred to as the "2022 Revised Accounting Standard") is applied from the beginning of the first quarter of the current fiscal year. The revision regarding the classification of income taxes (taxation on other comprehensive income) is a transitional treatment prescribed in the proviso of paragraph 20-3 of the 2022 Revised Accounting Standard and in the proviso of paragraph 65-2 of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022). This change in accounting policy has no impact on the quarterly consolidated financial statements.

(Additional Information)

<Transaction for the delivery of the Company's shares to employees and executive officers through a trust>

The Company has introduced a stock grant trust as an incentive for its employees and executive officers ("Employees, etc.") to provide benefits and to enhance the Company's corporate value.

1. Outline of the transaction

Under this scheme, points are granted to employees, etc. who meet certain requirements based on the Share Delivery Regulations established by the Company in advance, and the Company shares corresponding to the number of points granted to such beneficiaries will be delivered to those employees, etc. who meet the requirements to become beneficiaries as stipulated in the Share Delivery Regulations. The shares to be provided to the employees are acquired in accordance with the amount set in the trust in advance, including the future portion, and are segregated and managed as trust assets.

2. Company shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury shares under net assets at their book value (excluding the amount of incidental expenses). The book value and number of such treasury shares amounted to 788,116 thousand yen and 559,778 shares, respectively, at the end of the current fiscal year.

<Performance-linked stock compensation plan for directors>

The Company has introduced a stock compensation plan using a trust (the "Plan") for its directors (excluding directors who are members of the Audit Committee and outside directors) effective from the fiscal year ending June 30, 2025 (the 29th fiscal year).

The purpose of this plan is to give directors (excluding directors who are members of the Audit Committee and outside directors) a longer-term incentive to improve corporate value, including the period after shares are delivered.

1. Outline of the transaction

This plan is based on a trust (hereinafter referred to as the "Trust") established by the Company through monetary contribution by the Company, to acquire common shares of the Company (the "Company's shares"), and the Company's shares equivalent to the number of points granted by the Company to each director are delivered to each director through the Trust.

2. Company shares remaining in the Trust

There are no Company shares remaining in the Trust.

(Segment Information)

Prior first half (From July 1, 2023 to December 31, 2023)

1. Information on net sales and profits or losses by reportable segment

(Thousands of yen)

	Reportable segments				Adjustment (Note) 1	Amount recorded in quarterly consolidated statements of income (Note)2
	Consolidated Financial Disclosure Business	Digital Transformation Promotion Business	Management Solutions Business	Total		
Net sales						
Net sales to external customers	3,403,720	4,354,902	3,984,098	11,742,720	-	11,742,720
Inter-segment net sales or transfers	202,437	10,344	34,473	247,255	(247,255)	-
Total	3,606,157	4,365,246	4,018,572	11,989,975	(247,255)	11,742,720
Segment profit	857,385	758,864	576,299	2,192,549	(302,108)	1,890,441

(Note) 1. Adjustment of segment profit of (302,108) thousand yen includes elimination of inter-segment transactions of 450,733 thousand yen, corporate expenses of (749,461) thousand yen not allocated to each reportable segment, and adjustment of non-current assets of (3,380) thousand yen. Corporate expenses mainly consist of general and administrative expenses that do not belong to any reportable segment.

2. Segment profit is adjusted to operating profit in the quarterly consolidated statements of income.

2. Matters related to changes in reportable segments, etc.

Effective from the first quarter of the prior fiscal year, the Company reviewed its business segment classification method and changed its reportable segments from "Group Governance Business," "Digital Transformation Promotion Business," and "Outsourcing Business" to "Consolidated Financial Disclosure Business," "Digital Transformation Promotion Business," and "Management Solutions Business".

Current first half (From July 1, 2024 to December 31, 2024)

1. Information on net sales and profits or losses by reportable segment

(Thousands of yen)

	Reportable segments				Adjustment (Note) 1	Amount recorded in quarterly consolidated statements of income (Note)2
	Consolidated Financial Disclosure Business	Digital Transformation Promotion Business	Management Solutions Business	Total		
Net sales						
Net sales to external customers	4,095,783	5,117,194	4,798,448	14,011,426	-	14,011,426
Inter-segment net sales or transfers	150,301	8,636	19,480	178,418	(178,418)	-
Total	4,246,084	5,125,830	4,817,929	14,189,844	(178,418)	14,011,426
Segment profit	1,155,679	947,829	931,316	3,034,826	(496,952)	2,537,873

(Note) 1. Adjustment of segment profit of (496,952) thousand yen includes elimination of inter-segment transactions of 520,319 thousand yen, corporate expenses of (1,020,487) thousand yen not allocated to each reportable segment and adjustment of non-current assets of 3,215 thousand yen. Corporate expenses mainly consist of general and administrative expenses that do not belong to any reportable segment.

2. Segment profit is adjusted to operating profit in the quarterly consolidated statements of income.

(Revenue Recognition)

Breakdown of net sales from contracts with customers

Prior first half (From July 1, 2023 to December 31, 2023)

(Thousands of yen)

	Reportable segments			Total
	Consolidated Financial Disclosure Business	Digital Transformation Promotion Business	Management Solutions Business	
Goods or services transferred at a point in time	74,085	27,994	82,687	184,767
Goods or services transferred over a period of time	3,329,634	4,326,907	3,901,411	11,557,952
Net sales to external customers	3,403,720	4,354,902	3,984,098	11,742,720

Current first half (From July 1, 2024 to December 31, 2024)

(Thousands of yen)

	Reportable segments			Total
	Consolidated Financial Disclosure Business	Digital Transformation Promotion Business	Management Solutions Business	
Goods or services transferred at a point in time	115,038	21,973	37,245	174,257
Goods or services transferred over a period of time	3,980,745	5,095,220	4,761,202	13,837,168
Net sales to external customers	4,095,783	5,117,194	4,798,448	14,011,426

(Significant subsequent events)

Not applicable.