

September 30, 2025

Avant Group Corporation

Tetsuji Morikawa, President and Representative Director

For inquiries      Investor Relation Office 03-6864-0100 (main)

The status of the Company's corporate governance is as follows

## ***I. Basic Information on Corporate Governance and Capital Structure Basic Policy on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information***

### **1. Basic concept**

#### **(1) Corporate Philosophy**

Since our founding, our corporate philosophy has been to respect the Japanese management view of the company as a public institution of society and to develop as an organization that exists for the benefit of society.

We believe that the fundamental management perspective based on Japanese culture is to regard the company as a "public institution" of society. Even in a globalized society, we respect this management perspective as a cultural asset and strive to develop as an organization that exists for the benefit of society.

We describe our corporate activities based on this Japanese management perspective as "creating a 100-year company" and have positioned it as our corporate philosophy since our founding. It is not simply sustaining a company or brand. It is a 100-year company as a result of the management view as a public institution that is passed down from generation to generation, and all members of the company burn to provide value to society in a free and creative manner. To achieve this, we practice group management that fosters organizational independence and group synergy.

For group management that contributes to the growth of people and organizations, we place great emphasis on highly honed corporate governance. By continuing to learn and engage in dialogue with various stakeholders, we aim to develop our business with an open perspective so that we can provide value to society without being biased toward any particular stakeholder.

#### **(2) Approach to Corporate Governance**

Based on this corporate philosophy, we have established the "Avant Group Basic Policies on Corporate Governance" and are striving to enhance the transparency and soundness of management and to build a management system that enables prompt business execution based on accurate decision-making and appropriate monitoring of these activities. We are striving to enhance corporate governance.

<https://www.avantgroup.com/en/sustainability/governance/main/0/teaserItems1/01/linkList/0/link/AvantCorpPolicyonCorporateGovernance20220927.pdf>

### [Reasons for not implementing each principle of the Corporate Governance Code]

To realize our management philosophy, all of our employees share the values of (1) customer orientation, (2) high profit orientation, and (3) single-mindedness. These are values that lead to a virtuous cycle that supports such growth: putting the customer first, growing as a person through creative conversations with various stakeholders in order to meet the needs and expectations of customers amid various changes in the environment, creating new value that is second to none, and earning a high reputation. Diversity is a key priority for our company. While we do not set specific targets for particular groups such as women or foreign nationals, as we prioritize placing the right people in the right roles, the ratio of female employees as of the fiscal year ending June 2025 was 32.6%, and foreign nationals accounted for 2.9%. Furthermore, women represent 8.0% of our managerial positions, with individuals from diverse backgrounds actively contributing at the leadership level.

We believe that progress in diversity will lead to enhanced employee engagement through effects such as: (1) employees exchanging opinions with broader perspectives, (2) enabling higher-quality proposals to customers, and (3) increasing customer satisfaction. Therefore, the entire group participates in the Great Place to Work® (GPTW) survey, setting a target of 70 points for the engagement score.

#### Supplementary Principle 4-1(iii): Succession Planning

We recognize that the succession of the Chief Executive Officer(CEO) is an important management issue for the Company, and the Board of Directors began discussing it in the fiscal year ending June 30, 2018. In the fiscal year ending June 30, 2019, we will further incorporate the knowledge of an outside consulting firm and study the development of a comprehensive succession plan.

In September 2021, the Articles of Incorporation were amended to change the clause that the CEO is naturally the chairman of the Board of Directors to a system in which the CEO is selected from among the directors. In October 2022, the CEO, who was the founder of the company, was no longer concurrently serving as president of a business subsidiary. During the same period, we established a logo mark as our “credo” to visually convey the concepts of “creating a 100-year company” and “democratizing management information.” We have entrusted part of the founder's role—namely, instilling management philosophy—to this logo mark, striving to achieve sustainable development.

Pursuant to a resolution adopted at the Board of Directors meeting held on July 23, 2025, the Company implemented a system change to establish a Nominating and Compensation Advisory Committee in place of the Compensation Advisory Committee. This committee now comprehensively deliberates and reports to the Board of Directors on matters primarily concerning the appointment and dismissal of directors, succession planning, and the individual compensation of directors excluding Audit and Supervisory Committee members, in addition to matters previously related to compensation. This change will further advance the formulation of succession

planning.

**[Disclosure based on each principle of the Corporate Governance Code]****Principle 1-4: So-called "policy shareholdings" (Comply)**

The Company has no so-called policy shareholdings. The purpose of the policy shareholdings is to maintain and strengthen inter-company transactions, and if acquired, the director in charge of finance will report regularly to the board of directors on the risks and returns, and approval by the board of directors is required in accordance with the "Fund Management Regulations". The basic criterion for determining whether or not to exercise voting rights in relation to policy shareholdings is whether or not it is in line with the enhancement of the corporate value of both the Company and the investee company.

**Principle 1-7 Related Party Transactions] (Comply)**

The Company's Board of Directors deliberates and resolves on any competing transactions or conflict-of-interest transactions by directors. At the end of each fiscal year, each Director, Audit Committee member, and Corporate Officer is asked to complete a questionnaire regarding transactions with related parties to ensure that they do not harm the company or the common interests of shareholders. There are no related party transactions.

**Principle 2-6: Exercise your function as an asset owner of a corporate pension plan] (Comply)**

The Company does not have a corporate pension fund system. However, to support employees' stable asset formation, we introduced an employer-sponsored defined contribution (DC) pension plan for domestic group companies in February 2025. To deepen understanding of basic knowledge and investment considerations, we held explanatory sessions and posted relevant materials and instructional videos on the internal portal site. We are committed to supporting asset formation based on individual life plans.

**Principle 3-1: Enhance disclosure of information] (Comply)**

- (1) We have established a philosophy system that includes the management philosophy of the Avant Group, and have published management strategies and a medium-term management plan to realize our management philosophy. The Management Philosophy is described in this report, but please refer to the details of the Management Philosophy, as well as the Management Strategy and Mid-term Management Plan, which are available on the Company's website.
- (2) Our basic approach to corporate governance, based on each of the principles of this Code, is described in "I.1 Basic Approach" of this report.
- (3) In determining the compensation, etc. of directors and corporate auditors, our basic policy is to make it function effectively as compensation for their contribution to the enhancement of the Company's corporate value. Within the limit of the amount of compensation, etc., resolved at the Annual General Shareholders'

Meeting, the distribution of such compensation is determined by taking into consideration factors such as position, performance and results during the term of office. For details on the compensation system for directors and corporate auditors, please refer to II. Matters Related to Organizational Structure, Organization and Operation, etc. [Related to Directors' Compensation] "Disclosed Details of Policy for Determining Amount of Compensation or Calculation Method" for the compensation system for directors and corporate auditors. Details are explained in "Disclosed Details of Policy for Determining Amounts and Calculation Methods of Compensation.

- (4) In appointing senior management and nominating candidates for directors, the Company selects, by resolution of the Board of Directors, the most suitable candidates, taking into consideration their personalities, professional experience and abilities, and wide-ranging insight that will enhance corporate value, as well as their abundant experience and broad knowledge of the Company's business. The Board of Directors selects the most suitable person for the position by resolution of the Board of Directors. In addition, we also consider whether outside directors can fulfill their management oversight function from a neutral, fair, and objective standpoint.
- (5) Reasons for the appointment of candidates for Outside Directors and Outside Audit & Supervisory Board Members and their expected roles are disclosed in the Notice of Convocation of the Annual General Shareholders' Meeting.

Supplemental Principle 3-1(iii): Sustainability Initiatives, etc.] (Comply)

As pointed out by the United Nations Intergovernmental Panel on Climate Change, global warming is progressing at a faster pace than expected, and we recognize that the impact of climate change on economic activities can no longer be ignored.

Our founding management philosophy of "creating a 100-year company" reflects our sustainability concept of realizing continuous business growth through a self-sustaining organization that is highly adaptable to a rapidly changing market environment. The company does not only need to pursue profits, but always considers how to realize sustainable corporate value creation in balance with society and the environment. We signed the UN Global Compact on August 25, 2020 and endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) on December 22, 2021. We will take this opportunity to consider and implement measures that can be taken as a group while conducting risk assessments to achieve sustainability.

Our group's greenhouse gas emissions consist of zero direct emissions (Scope 1) from fuel use, etc., and indirect emissions (Scope 2) of 264.030 t-CO<sub>2</sub> for the fiscal year ending June 2025, resulting from the use of electricity, steam, and heat. On the other hand, indirect emissions (Scope 3) arising from activities such as raw material procurement, employee business travel, and waste disposal contracting amounted to 14,856.656 t-CO<sub>2</sub> for the fiscal year ending June 2025. While an increase in emissions due to business expansion is unavoidable in the medium to long term, we aim to reduce Scope 2 emissions by 50% compared to the June 2018 fiscal year by the June 2030 fiscal

year. This will be achieved by curbing excessive electricity consumption through appropriate working hours and promoting remote work, supplemented by carbon offsets.

Furthermore, as part of our responsibility to society and our customers, we consider the greatest risk to our Group to be the loss of continuity in service provision to our customers due to cyberattacks. In particular, since the services provided by our Group contribute extensively to the formation of critical information vital to corporate survival—namely, the creation of customers' financial statements and the generation and disclosure of information supporting management decisions—the continuity of our Group's services is considered an extremely important issue. To address these risks, the Risk Management Committee reviews appropriate BCPs and reports the progress to the Board of Directors.

Please refer to our website for more information on our sustainability initiatives.

<https://www.avantgroup.com/en/sustainability.html>

Supplementary Principle 4-1 (i) Scope of Delegation to Management] (Comply)

We have established a separation of management decision-making and supervision from business execution through the Board of Directors as a management decision-making and supervisory body and the Corporate Officer System as a business execution system based on such decision-making. A summary of this information is disclosed on the Company's website and in the Corporate Governance Report. The Board of Directors, while deciding on matters stipulated by law and the Articles of Incorporation, as well as important matters concerning the Company and its subsidiaries in the Group, will transfer part of its authority to make business execution decisions to the executive directors in accordance with the transition to a company with an Audit Committee System in September 2022. In October 2022, the Board of Directors transferred authority for the appointment of Executive Officers to Representative Director and President (Group CEO). In addition, a director or key member of the Board of Directors of Avant Group attends the Board of Directors meetings of the Company's subsidiaries as an officer or observer, and keeps abreast of the management situation. Although the boards of directors of the Company's subsidiaries make decisions on important matters, the Group's holding company, Avant Group, must approve the following three matters that have a significant impact on the Group: (a) investments, (b) executive appointments, and (c) financing, including capital policies. The Company has entered into a management guidance and business management agreement with its subsidiaries, under which the Company receives reports on important matters related to the execution of duties by directors, the results of which are reported to the Company's Board of Directors. The Company's Group Legal Office confirms that the Board of Directors of the Company's subsidiary convenes monthly.

Principle 4-2 Roles and Responsibilities of the Board of Directors] (Comply)

The Board of Directors receives proposals from time to time from the Group CEO and Group CFO, who are directors, or the Group CxO, who is an executive officer delegated by the Group CEO, and thoroughly examines

them from various perspectives to ensure that they are in line with the management philosophy, annual business plan, and medium-term business plan, etc. Proposals that are approved by the Board of Directors are implemented by the Group CEO or Group CxO. For its smooth execution, the Board of Directors will provide personnel, financial, and other necessary support.

Supplementary Principle 4-2 (i) Compensation of sound management for sustainable growth] (Comply)

The Company's compensation for directors and corporate auditors is divided into "basic compensation based on the director's function" and "a compensation system to achieve sustainable growth through a combination of bonuses linked to short-term and medium- to long-term business performance" and is determined within the compensation limit resolved at the Annual General Shareholders' Meeting. In order to reflect the medium-term business performance and risks of the Company and to encourage incentivization that contributes to the exercise of sound entrepreneurial spirit, "Establishment of Compensation Amount for Directors (excluding Directors who are Audit Committee Members) and Compensation Related to Performance-Linked Stock Compensation" was submitted as Proposal 5 and "Establishment of Compensation Amount for Directors who are Audit Committee Members" as Proposal 6 at the 26th Annual General Shareholders' Meeting held on September 27, 2022. The proposal was approved and adopted, and the system has been introduced as a system. In addition, in order to further share value with shareholders in conjunction with the start of the medium-term management plan, "Revision of the Performance-Based Stock Compensation Plan for Directors (excluding Directors who are members of the Audit Committee and Outside Directors)" was submitted as Proposal 3 to the 27th Annual General Shareholders' Meeting Annual General Shareholders' Meeting held on September 27, 2023, which was approved and adopted, and as a result, the plan has been revised. Furthermore, at the 28th General Shareholders' Meeting held on September 25, 2024, "Revision of the performance-based stock compensation plan for directors (excluding members of the Audit and Supervisory Committee and outside directors)" was submitted as Proposal No. 4, which was approved and passed, and as a result, the plan was revised again. For details on the compensation system for directors and corporate auditors, please refer to II. Matters Related to Organizational Structure, Organization and Operation, etc. [Related to Directors' Compensation] "Disclosed Details of Policy for Determining Amount of Compensation or Calculation Method" for the compensation system for Directors and Corporate Auditors. Details are explained in "Disclosed Details of Policy for Determining Amounts and Calculation Methods of Compensation.

Supplementary Principle 4-8 (ii) Effective Use of Independent Outside Directors] (Comply)

The Company has appointed the lead independent outside director since May 2018. The Board of Directors was reported on September 24, 2025 that Ms. Chie Goto was appointed as the Lead Independent Outside Director by mutual election among the Independent Outside Directors.

Principle 4-9: Criteria and Qualifications for Independence of Independent Outside Directors] (Comply)

The following independence criteria have been established for independent outside directors, based on the

independence criteria stipulated by the Companies Act and financial instruments exchanges, and with a focus on ensuring the independence of those who serve as independent outside directors in terms of their substance. At Board of Directors meetings, outside directors actively provide opinions and advice from an objective and neutral standpoint, contributing sufficiently to constructive deliberations.

### Independence Criteria for Outside Directors of the Avant Group

An outside director shall be considered to be independent if, as a result of an investigation to the extent reasonably possible by the Company, it is determined that none of the following items apply

- (1) Those who are currently, or have been for the past 10 years, an executive officer (executive director, executive officer, corporate officer, employee, or servant) of the Company or its subsidiaries or affiliates (collectively, the "Company Group").
- (2) A person who directly or indirectly holds 10% or more of the total voting rights of the Company or its executive person
- (3) A person with whom our Group has a major transaction <sup>(Note 1)</sup> or with whom our Group has a major transaction (Note 1), or a person who executes the business of such a person
- (4) A person who receives a large amount of money or other financial benefits <sup>(Note 2)</sup> other than compensation for directors and corporate auditors as compensation for providing professional services such as consultants, lawyers, certified public accountants, and certified tax accountants to our Group, or a person who executes the duties of such a person.
- (5) Persons who receive donations or grants exceeding 15 million yen per year from our group or their executive officers
- (6) A person who belongs to an auditing firm that is the accounting auditor of the Group
- (7) Executives of companies to which the Group's executives are appointed as directors
- (8) Those who have met 2 to 7 above in the past 3 years.
- (9) Spouse or relative up to the second degree of kinship of a person falling under 1-8 above

(Note 1) Major transactions are defined as transactions involving the transfer of more than 2% of annual consolidated net sales or loans exceeding 2% of total consolidated assets.

(Note 2) "Large amount" means that, in the case of an individual who provides professional services, the annual profit received from the Group, excluding director's compensation, exceeds 15 million yen in the most recent fiscal year. In the case of an organization such as a corporation, partnership, etc., the amount of profits received from the Group exceeds 2% of the annual gross income of the organization or 15 million yen, whichever is higher, in the most recent fiscal year.

### [Supplementary Principle 4-10 (i) Use of Voluntary Mechanisms] (Comply)

The Company's Board of Directors consists of four directors who are not members of the Audit Committee (including two outside and independent directors and one foreign national) and three directors who are members of the Audit Committee (including two outside directors, two independent directors, and one female director). We believe this composition ensures independence, objectivity, and accountability in the decision-making process. To further strengthen this policy regarding the determination method and content of compensation and other benefits, the Board of Directors resolved at its meeting held on March 17, 2021, to establish a Compensation Advisory Committee as a voluntary advisory body.

The Compensation Advisory Committee shall consist of three or more members, with a majority being

independent directors, and its chairperson shall be appointed from among the independent outside directors. We strive to ensure objectivity by seeking advice from external experts and considering overall market or industry standards. During the fiscal year ending June 2025, the Compensation Advisory Committee examined a wide range of topics, including the executive compensation system, policy formulation for short-term and long-term incentives, compensation for outside directors, setting short-term incentive metrics for newly established subsidiaries, and discussions regarding the management system for next-generation leaders.

The Board of Directors has confirmed, following the report of the Compensation Advisory Committee, that the method for determining the compensation for directors and other officers for the fiscal year ending June 2025, and the content of the compensation determined, are in line with the relevant determination policy. Furthermore, at the Board of Directors meeting held on July 23, 2025, it was resolved to establish a Nomination and Compensation Advisory Committee in place of the Compensation Advisory Committee. This committee will comprehensively deliberate on matters related to nominations, including primarily the appointment and dismissal of directors, matters concerning succession planning, and matters concerning the individual compensation of directors excluding Audit Committee members, and will report its findings to the Board of Directors.

Supplementary Principle 4-11 (i) Diversity and Size of the Board of Directors as a Whole] (Comply)

The Company's Board of Directors appoints directors from candidates possessing diverse and specialized experience and expertise in areas such as leadership (management experience), IT industry/SaaS experience, corporate value knowledge, global business experience, organizational and human resources knowledge, finance and accounting, and legal/compliance. Our Board consists of four directors who are not members of the Audit Committee (including two outside and independent directors and one foreign national) and three directors who are members of the Audit Committee (including two outside and independent directors and one female director). The Board of Directors believes that the diversity of personnel and the balance of knowledge, experience, and capabilities are sufficiently considered, maintaining a level that ensures high-level decision-making capability. The reasons for appointing outside directors are disclosed in the notice of convocation of the General Meeting of Shareholders. The skill matrix of the members of our Board of Directors is shown in the second chart at the end of this report.

Supplementary Principle 4-11 (ii) Concurrent Directorships] (Comply)

The status of concurrent positions held by outside directors at other companies is disclosed annually in the Notice of Convocation of the Annual General Shareholders' Meeting, Annual Securities Report, and Report on Corporate Governance. Regarding concurrent appointments at other companies, we confirm that there is absolutely no obstacle to the execution of business as a director of the Company before appointing the director.

Supplementary Principle 4-11 (iii) Analysis and evaluation of the effectiveness of the board of directors as a whole and disclosure of the results] (Comply)

We recognize the challenges for the responsibilities, composition, and operation of the Board of Directors



and are committed to continuous improvement, with the aim of realizing sustainable corporate value enhancement. The Board of Directors conducts an annual analysis and evaluation of the effectiveness of the Board of Directors based on each director's self-evaluation and other factors.

<Evaluation Method>

To enhance the independence and objectivity of analysis and evaluation, we conducted third-party evaluations for the fiscal years ending June 2018 and June 2019. However, the Board of Directors pointed out that these evaluations focused primarily on quantitative assessments, making it difficult to clearly identify issues. Consequently, starting with the fiscal year ending June 2020, we will primarily use our own questionnaire surveys, supplemented as appropriate by interviews with directors and auditors conducted by third-party institutions.

Since June 2021, to gain a clearer understanding of issues, we have been conducting surveys using a custom-designed questionnaire form that allows respondents to describe their opinions regarding issue assessments and countermeasures. In June 2025, we conducted a survey using the questionnaire function of our proprietary product, the board of directors DX cloud "TRINITY BOARD," targeting all directors, including audit committee members. The results were reported at the board of directors meeting held on August 5, 2025.

<Overview of evaluation result>

Summarizing the survey responses, the majority indicated that, as in the past, transitioning to a company with an Audit and Supervisory Committee has strengthened monitoring functions. Furthermore, the utilization of the board DX cloud platform "TRINITY BOARD" has enabled efficient operations, and efforts to enhance monitoring through off-site meetings have also been implemented. Overall, the effectiveness of the board of directors was highly evaluated and deemed to be appropriately managed. On the other hand, we recognize the following points as challenges:

(1) Organization of the Board of Directors

The following opinions and issues were raised regarding the structure of the Board of Directors:

- The succession of the management team, including the Group CEO, should continue to be discussed.
- The roles and responsibilities required of directors should be clarified through discussion.

(2) Agenda for Board of Directors Meetings

The following opinions and issues were raised regarding the agenda items for the Board of Directors meeting:

- Discussions on human resource strategy and development should be increased
- Opportunities for discussion with executive leaders should be increased
- When establishing the annual agenda plan, opinions from outside directors should be incorporated to inform the

selection of key themes

### (3) Operation of the Board of Directors

Regarding the previously identified action item “Providing training opportunities to enhance fundamental skills as directors,” we have made improvements by organizing lectures that leverage the expertise of each outside director. Furthermore, to create opportunities for deeper understanding of the operating companies' strategies and actual conditions, we held offsite meetings for the second consecutive year to promote understanding of the businesses.

#### <Future actions>

Based on the above points, we report that we will advance the following measures regarding the operation of the Board of Directors for the fiscal year ending June 2026:

- (1) Formulating an annual agenda plan incorporating the opinions of outside directors regarding the importance of agenda items
- (2) Continuing discussions leading to management team succession
- (3) Conducting discussions leading to clarification of the roles and responsibilities required of directors

#### Supplementary Principle 4-14 (ii) Training Policy for Directors] (Comply)

In selecting candidates for the Board of Directors, the Company considers whether they have character, experience, expertise and broad insight, and also places importance on their experience and knowledge of the Group's business activities. The training policy is stipulated in the "Basic Corporate Governance Policy" disclosed on the Company's website.

[https://www.avantgroup.com/en/sustainability/governance/main/0/teaserItems1/01/linkList/0/link/CG\\_en.pdf](https://www.avantgroup.com/en/sustainability/governance/main/0/teaserItems1/01/linkList/0/link/CG_en.pdf)

#### Principle 5-1: Policy on constructive dialogue with shareholders] (Comply)

The Company recognizes that active dialogue with shareholders and reflecting their opinions and requests in the management of the Company will contribute to the sustainable enhancement of the Company's corporate value. For this reason, starting in July 2019, Group CSO, the executive officer in charge of group strategy, has established a system in which he is in charge of investor relations and provides opportunities for dialogue with shareholders and investors in order to gain their understanding of the Company's management strategy and management plan.

[Actions to achieve cost of capital and share price conscious management] [English language disclosure available] [Update: September 25, 2025].

An overview is given in the 'Actions to achieve cost of capital and share price conscious management' disclosed on 25 September 2025. Please refer to

URL: [https://www.avantgroup.com/en/ir/irnews/auto\\_20250925562546/pdfFile.pdf](https://www.avantgroup.com/en/ir/irnews/auto_20250925562546/pdfFile.pdf)

## Corporate Governance

Avant Group Corporation

### 2. Capital Structure

Foreign Shareholding Ratio	More than 10% but less than 20
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[Status of Major Shareholders]

Name or Designation	Number of shares held (shares)	Percentage (%)
Tetsuji Morikawa	9,781,466	26.27
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,762,600	10.11
Tsuyoshi Noshiro	1,868,800	5.02
The Custody Bank of Japan, Ltd. (Trust Account)	1,614,778	4.34
OBIC Business Consultant Co.	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

Name of controlling shareholder (excluding parent company)	None
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Parent Company Name	None
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Supplementary explanation

Not applicable.
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## Corporate Governance

Avant Group Corporation

### 3. Company attributes

Scheduled Listing Market Classification	prime (lending) market
accounting period	June
type of industry	Information and communication industry
Number of (consolidated) employees as of the end of the immediately preceding fiscal year	More than 1,000
(Consolidated) sales in the immediately preceding fiscal year	10 billion yen or more but less than 100 billion yen
Number of consolidated subsidiaries as of the end of the immediately preceding fiscal year	Less than 10 companies

### 4. Guidelines Concerning Minority Shareholders Protection Policy in Transactions with Controlling Shareholders

Not applicable.

### 5. Other special circumstances that could materially affect corporate governance

Not applicable.

## II. Status of management decision-making, execution, and supervision organizations and other corporate governance systems

### 1. Matters pertaining to the composition and operation of the organization

Organizational structure	Company with Audit Committee
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#### Directors

Number of Directors under the Articles of Incorporation	9
Term of directors under the Articles of Incorporation	1 year
Chairman of the Board of Directors	President
Number of directors	7
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of outside directors designated as independent directors	4

#### Relationship with the company (1)

Name	Attribute	Relationship with the Company (*1)										
		a	b	c	d	e	f	g	h	i	j	k
John Robertson	Coming from another company								*			
Tatsuya Kamoi	Coming from another company											*
Chie Goto	Lawyer								*			
Makoto Nakano	Scholar								*		*	

#### 1 Selected items regarding relationship with the company

- An executive person of a listed company or its subsidiary
- Executive or non-executive directors of the parent company of the listed company
- Executive officers of the listed company's sibling companies
- A person whose main business partner is a listed company or a person who executes the business of a listed company.
- A major business partner of the listed company or a person who executes the business of the listed company
- Consultants, accounting professionals, or legal professionals who receive a large amount of money or other assets from a listed company other than director's compensation.
- A major shareholder of the listed company (if such major shareholder is a corporation, an executive person of such corporation)
- An executive person (only the person himself/herself) of a business partner of a listed company (not falling under any of d, e, and f).
- Executives of the party with whom the outside officers have a relationship of mutual appointment (the person himself/herself only)
- Executive officers of the recipient to whom the listed company has made a donation (in person only)
- Others

Relationship with company (2)

Name	Independent officer	Supplemental Explanation of Conforming Items	Reason for Appointment
John Robertson	Yes	Snowflake, Inc., where he serves as President of the Asia Pacific and Japan Region, and Zeal Inc., a wholly owned subsidiary of our company, have entered into a Solution Partner Agreement and conduct transactions involving products provided by Snowflake, Inc. However, the amount of these transactions is less than 1% of consolidated sales revenue and falls within the 2% threshold defined in our company's independence standards for outside directors. Therefore, there is no risk that these transactions could influence our company's decision-making.	With 30 years of experience leading diverse organizations in Japan and the Asia-Pacific region, he possesses strong management, leadership, and communication skills. He has deep knowledge of the latest IT technologies, including cloud-native fields, and demonstrates passionate leadership in the rapidly changing IT industry. We expect him to contribute with similar leadership in achieving our vision "BE GLOBAL" and creating corporate value through cloud transformation as outlined in our mid-term management plan. He has no special interests in relation to the Company. He meets the conditions for an independent director as stipulated by the Tokyo Stock Exchange and satisfies the independence criteria for outside directors established by the Company. We have determined that there is no risk of conflict of interest with general shareholders and have designated him as an independent director of the Company.
Tatsuya Kamoi	Yes	-	With over 20 years of experience consulting for and driving IT development at global companies both domestically and internationally, combined with leadership roles steering business at Mercer Japan Co., Ltd. and ABeam Consulting Ltd., and extensive experience in human resources, we believe he will contribute to corporate oversight and the realization of our mid-term management plan, "BE GLOBAL 2028." He has no special interests with the Company, meets the conditions for an independent director as stipulated by the Tokyo Stock Exchange and the independence criteria for outside directors established by the Company, and is deemed to have no potential conflicts of interest with general shareholders. Therefore, he has been designated as an independent director of the Company.
Chie Goto	Yes	Toho Holdings Co., Ltd., where the individual serves as an outside director (Audit and Supervisory Committee member), and Diva Co., Ltd., a wholly owned subsidiary of our company, have business dealings. However, the amount involved is less than 0.1% of consolidated sales revenue and falls within the 2% threshold specified in our company's independence standards for outside directors. Therefore, there is no risk of this affecting our company's decision-making.	In addition to his work experience at general corporations, he holds qualifications as a lawyer and certified public accountant. He has been involved with various companies as a legal and financial accounting expert, handling matters including M&A, tax compliance, and harassment cases. Furthermore, he currently serves as an outside auditor for our company and fulfills his duties appropriately. We believe that, moving forward, he will utilize his extensive expertise as a legal and accounting specialist. As a director serving on the Audit and Supervisory Committee, he will provide valuable advice during management judgments and decision-making processes, thereby strengthening the functionality of our Board of Directors. He has no special interests with the Company, meets the conditions for an independent officer as stipulated by the Tokyo Stock Exchange and the independence criteria for outside directors established by the Company, and is deemed to have no potential conflicts of interest with general shareholders. Therefore, he has been designated as an independent officer of the Company.

## Corporate Governance

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Makoto Nakano	Yes	The company has transactions primarily related to endowed chairs and executive development programs with Hitotsubashi University Graduate School, where the individual serves as a professor. However, the amount involved is less than 0.1% of consolidated sales revenue, falling within the 2% threshold specified in the company's independence criteria for outside directors. Furthermore, the donation amount is less than ¥15 million, as stipulated in the company's independence criteria for outside directors. Therefore, there is no risk of this influencing the company's decision-making.	With deep expertise across a wide range of fields including business administration, accounting, and corporate finance, he has built an extensive research network in both industry and academia centered on corporate value, which is also a materiality for our company. He has also conducted numerous financial and corporate value training programs for executives of listed companies. We believe he will not only advise us on enhancing our corporate value but also contribute significantly to developing our next generation of management. He has no special interests with our company, meets the conditions for an independent director as stipulated by the Tokyo Stock Exchange and our company's independence standards for outside directors, and we judge there is no risk of conflict of interest with general shareholders. Therefore, we have designated him as an independent director of our company.
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### Audit Committee

#### Composition of Committee Members and Attributes of the Chairperson

	Total members of the committee	(full-time) committee member	in-house director	Outside Director	Committee chairman
Audit Committee	3	1	1	2	None

Existence or non-existence of directors and employees to assist the Audit Committee in its duties	<p>None</p> <p>The Company's Board of Directors has resolved the following in its "Basic Policy for the Development of Internal Control Systems," and when requested by Audit Committee members to assist them in their duties, a secretariat is promptly set up in accordance with the said policy.</p> <p>■Matters related to employees assisting the duties of Audit Committee members and matters related to ensuring the effectiveness of instructions to such employees</p> <p>• In the event that the Audit Committee requests the Board of Directors to establish a secretariat to assist it in its duties, the secretariat shall be established by appointing appropriate personnel from inside and outside the Company. In the case of employees, they shall be</p>
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	notified that they are subject to the direction and orders of the Audit Committee.
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Matters concerning the independence of such directors and employees from the executive directors

Two of the Company's three Directors who are Audit Committee members consist of independent Outside Directors, and they fulfill their responsibilities as Audit Committee members independently of the Executive Directors.

Collaboration among the Audit Committee, Accounting Auditor, and Internal Audit Department

The Audit Committee attends the accounting audit reporting meetings, receives reports from the audit firm, and has opportunities to listen to and discuss with each other to confirm the status of internal controls in operations and finances, thereby promoting cooperation.

The Audit Committee and internal audit staff work together to ensure efficient audits by coordinating operational audits and by providing opportunities for mutual listening and discussion to confirm that management and business execution are appropriate and efficient.

[Voluntary Committee]

Existence or non-existence of a voluntary committee equivalent to a nominating committee or compensation committee	Yes
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Status of establishment of any committees, composition of members and attributes of the chair (chairman)

A voluntary committee equivalent to the Compensation Committee

Committee Name			Nomination and Compensation Advisory Committee			
Total members of the committee	(full-time) committee member	in-house director	Outside Director	in-house expert	Other	committee chairman
3	1	1	2	0	0	Outside Director

Supplementary explanation

Pursuant to a resolution adopted at the Board of Directors meeting held on July 23, 2025, we have implemented a system change to establish a Nomination and Compensation Advisory Committee in place of the Compensation Advisory Committee. The Nomination and Compensation Advisory Committee will comprehensively deliberate on matters primarily concerning the appointment and removal of directors, succession planning, and the individual compensation of directors excluding Audit and Supervisory Committee members, and will report its

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findings to the Board of Directors.

### Relationship with Independent Directors and Independent Corporate Auditors

Number of independent directors	4 persons
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### Other Matters Concerning Independent Directors

Not applicable.

### Incentive-related

Status of Implementation of Measures to Provide Incentives to Directors	Introduction of performance-based compensation system
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### Supplemental Explanation for Applicable Items

The Company has introduced a performance-linked compensation system with the aim of clarifying the directors' responsibility for performance. The Company pays performance-linked bonuses to directors based on profits in the consolidated statements of income in accordance with the degree of achievement of the business plan. A performance-linked stock compensation plan was introduced at the 22nd Annual General Shareholders' Meeting held on September 19, 2018. This is a system that allows the flexible use of compensation in the form of shares rather than cash and performance-linked compensation, so that management can be given incentives to extract medium- and long-term corporate value creation.

Persons to whom stock options are granted	Not applicable.
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### Supplemental Explanation for Applicable Items

Not applicable.

### Director's compensation

Disclosure Status	Disclose the compensation of only one director individually
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### Supplemental Explanation of Applicable Items

The ratio of fixed compensation and performance-linked compensation for directors is as follows, using the achievement of performance targets as a guide (based on a short-term performance incentive coefficient of 100%). Since outside directors are independent from the execution of business, they are paid only fixed compensation.

#### Composition of Directors' Compensation

	Fixed compensation	Short-term performance-linked compensation	Medium -term performance-linked compensation
Director(excluding members of the Audit and Supervisory Committee)	45-50%	15-20%	35%.

The amounts of compensation and other benefits for directors (excluding directors who are audit committee members) and directors who are audit committee members for the previous fiscal year are as follows. The compensation and other benefits for individual directors were determined based on the calculation process described in the "Disclosure of Compensation Amounts or Calculation Methodology Determination Policy,"

consulted with the Compensation Advisory Committee (\*), and decided by the Board of Directors after receiving the committee's recommendations and advice.

The compensation for directors who are members of the Audit Committee consists solely of fixed compensation, reflecting their responsibilities and roles in overseeing business execution and performing audit functions. This amount shall not exceed ¥55,000 thousand annually and is determined through consultation among the directors who are members of the Audit Committee.

(\*) By resolution of the Board of Directors meeting held on July 23, 2025, the system was changed to establish a Nomination and Compensation Advisory Committee in place of the Compensation Advisory Committee.

Amount of compensation, etc. paid to directors and corporate auditors

Classification	Total amount of compensation, etc.	Total amount of compensation, etc. by type			Number of eligible directors and officers
		Basic compensation	Performance-based bonus	Non-monetary compensation, etc. of the left column.	
Directors (excluding Audit Committee members and outside directors)	180 million yen	88 million yen	91 million yen	64 million yen	2 persons
Audit Committee Members (excluding outside directors)	16 million yen	16 million yen	-	-	1 person
Outside Corporate Directors	42 million yen	42 million yen	-	-	4 persons

Total consolidated compensation by director, etc.

Name	Total amount of compensation, etc.	Classification	Total amount of remuneration, etc. by type		
			Fixed compensation (monetary)	Short-term Performance-based compensation (monetary)	Mid-to-Long Term Performance-Based Compensation (Stock)
Tetsuji Morikawa	115 million yen	Directors (excluding Audit Committee members and outside directors)	55 million yen	19 million yen	39 million yen

(Note) 1. Only items with a total consolidated compensation amount of 100 million yen or more are listed.

Existence or non-existence of a policy for determining the amount of compensation or its calculation method	Yes
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Details of disclosure of policy for determining the amount of compensation or its calculation method

I. Amount of Compensation, etc. for Directors and Corporate Auditors and Method of Determining the Amount and Calculation Policy and Method of Determining the Amount and Calculation Method of Compensation, etc., for Directors and Corporate Auditors

## 1. Compensation System and Process for Determining Compensation Amounts

The policy and calculation method for determining our executive compensation, as well as the standards for the compensation structure and amounts for directors and executive officers, are determined by resolution of the Board of Directors. These were determined by resolution of the Board of Directors held on September 25, 2024.

(A summary of the content is provided below under “2. Compensation for Directors (excluding Directors who are Audit Committee Members)” and “② Purpose, Basis for Metrics, and Specific Calculation Method for Performance-Linked Compensation and Performance-Linked Stock Compensation.”)

Furthermore, to enhance the independence, objectivity, and accountability of the decision-making process, we have resolved to establish a Compensation Advisory Committee as a voluntary advisory body (Note). The Compensation Advisory Committee consists of three members: two independent directors and the Representative Director and Group CEO. The chairperson is appointed from among the independent outside directors. The committee strives to ensure objectivity by seeking advice from external experts and considering overall market or industry standards. The Board of Directors consults with the Compensation Advisory Committee, obtains its recommendations and advice, and then makes its decisions. The matters deliberated by the Compensation Advisory Committee are as follows.

- (a) Policy for determining compensation, etc. for directors and executive officers
- (b) Draft proposals concerning compensation, etc. for directors, corporate auditors and executive officers to be submitted to the General Meeting of Shareholders
- (c) Proposed policy regarding the determination of the content of compensation, etc. for individual Directors and Executive Officers to be proposed to the Board of Directors
- (d) Proposed details of compensation, etc. for individual Directors and Executive Officers to be proposed to the Board of Directors
- (e) Any other matters deemed necessary by the Board of Directors with respect to the preceding items.

The Board of Directors has determined that the compensation and other benefits for directors (excluding directors who are members of the Audit and Supervisory Committee) for the current fiscal year are consistent with the policy for determining individual director compensation, based on explanations received from the Compensation Advisory Committee and other factors.

(Note) Pursuant to a resolution adopted at the Board of Directors meeting held on July 23, 2025, the system has been changed to establish a Nomination and Compensation Advisory Committee in place of the Compensation Advisory Committee.

## 2. Compensation for Directors (excluding Directors who are members of the Audit and Supervisory Committee)

The compensation of the Company's Directors is divided into fixed compensation paid monthly (regular compensation) and performance-linked compensation paid at a certain time each year.

The fixed compensation is paid in a standard amount for each position, taking into consideration the level commensurate with the required abilities and responsibilities. As for the maximum amount, the annual amount of fixed compensation for the Company's Directors was approved at the 26th Ordinary General Meeting of Shareholders held on September 27, 2022 as 150,000 thousand yen or less (the number of Directors immediately after the said meeting is 4 (including 2 Outside Directors)).

The performance-linked compensation consists of (1) short-term performance-linked compensation, which consists of a bonus linked to the Company's performance for each fiscal year, and (2) medium-term performance-linked compensation, which consists of performance-linked stock-based compensation linked to

changes in indicators during the subject period. The performance-linked compensation consists of (1) short-term performance-linked compensation, which is a bonus linked to the Company's performance for each fiscal year, and (2) medium-term performance-linked compensation, which is a performance-linked stock compensation linked to changes in indices during the subject period. The medium-term performance-linked compensation is a stock-based compensation in which shares of the Company's common stock are delivered, with the aim of further sharing value between the subject directors and shareholders through a sustained increase in the share price, and to give the subject directors an incentive to continuously improve the Company's corporate value. The performance-linked bonus was approved at the 26th annual general meeting of shareholders held on September 27, 2022, with an upper limit of 41,250 thousand yen per year per eligible director (the number of eligible directors immediately following the said meeting was two). The maximum amount of the medium-term performance-linked compensation was approved at the 26th Ordinary General Meeting of Shareholders held on September 27, 2022 as 100,000 thousand yen per subject period, and the number of shares to be delivered to each subject director under this plan as 60,000 shares or less per subject director, and 100,000 shares or less in total per year for all subject directors. The maximum number of shares to be issued to each eligible director under the plan is 100,000,000 yen per eligible period, and the maximum number of shares to be issued to all eligible directors under the plan is 60,000 shares per eligible director and 100,000 shares in total per year.

The terms and conditions of the medium-term performance-linked compensation are reviewed by resolution of the General Meeting of Shareholders as necessary, and the most recent resolution was approved at the 27th Ordinary General Meeting of Shareholders held on September 27, 2023, consisting of two parts: (1) a part in which the Company's common stock is delivered at the end of a one-year subject period on the condition that the Company's stock price has risen from the beginning of the subject period, (The number of eligible directors immediately after the said shareholders' meeting was two).

The terms and conditions of the medium-term performance-linked compensation are reviewed by resolution of the General Meeting of Shareholders as necessary, and the most recent resolution was approved at the 27th Ordinary General Meeting of Shareholders held on September 27, 2023, consisting of two parts: (1) a part in which the Company's common stock is delivered at the end of a one-year subject period on the condition that the Company's stock price has risen from the beginning of the subject period, (The number of eligible directors immediately after the said shareholders' meeting was two).

The ratio of each compensation is as follows: fixed compensation 45%-50%, short-term performance-linked compensation 15%-20%, and medium-term performance-linked compensation 35%, based on the achievement of performance targets (short-term performance incentive coefficient of 100%).

Since outside directors are independent from the execution of business operations, performance-linked compensation is not applied to them, and the above fixed compensation is paid to them.

### 3. Compensation for Directors who are Audit Committee Members

The amount of compensation for Directors who are members of the Audit and Supervisory Committee is fixed compensation only, in consideration of their responsibilities and roles in supervising and auditing the execution of

business operations. The maximum amount of compensation is determined through consultation among the Directors who are Audit Committee members, taking into consideration such factors as full-time and part-time status, internal and external directors, and the division of duties. The maximum amount of compensation was resolved at the 26th Ordinary General Meeting of Shareholders held on September 27, 2022 to be within 55,000 thousand yen per year (the number of directors who are Audit Committee members immediately after the said General Meeting of Shareholders is three).

II. Purpose of performance-linked compensation and performance-linked stock compensation, basis for indicators, and specific calculation methods

## 1. Short-term performance-linked compensation

Short-term performance-linked compensation is a compensation system in which compensation is paid in cash. The amount is calculated by multiplying a standard amount determined according to position and other factors by a short-term incentive coefficient. Specifically, the amount is calculated by the following formula.

Short-term performance-linked compensation = Short-term performance-linked compensation standard amount x short-term incentive coefficient

## (1) The Company

Directors (excluding outside directors and directors serving as audit committee members; hereinafter referred to as “Eligible Directors” in this section “② Purpose, Basis for Metrics, and Specific Calculation Method of Performance-Linked Compensation and Performance-Linked Stock Compensation”) shall be monetary compensation calculated based on the year-on-year change in consolidated net income after taxes, which is consistently emphasized in the Company's mid-to-long-term management strategy, mid-term management plan, and annual performance. The amount is calculated by multiplying a base amount (performance-linked bonus base amount) determined according to position and other factors by a short-term incentive coefficient set within the range of 0% to 150%, based on the fluctuation in consolidated net income after taxes compared to the previous fiscal year.

The coefficient is calculated as follows.

Where the current consolidated net profit after tax is denoted as “a” and the previous consolidated net profit after tax as “b”, the coefficient is determined using the following formula:

- ① If “a” is less than or equal to “b”: 0
- ② If “a” exceeds “b” but is less than “b” × 137.5%:  $(a \div b - 1) \div 0.375 \times 1.5$
- ③ If “a” is 137.5% or more of “b”: 1.5

The performance indicator, consolidated net income after taxes for the current fiscal year, was ¥3,434 million,

representing a change rate of 120.5% from the previous fiscal year's consolidated net income after taxes (¥2,850 million). As short-term performance-linked compensation, 81% of the short-term performance compensation base amount (¥34 million) will be paid.

Short-term incentive coefficient =

(Current consolidated net income after tax: ¥3,434 million ÷ Previous consolidated net income after tax: ¥2,850 million - 1) ÷ 0.375 × 1.5 = 0.81

## (2) Subsidiaries of the Company

Performance-based bonuses paid to directors of the Company's subsidiaries (Avant Co., Ltd., Zeal Co., Ltd., Diva Co., Ltd.) are calculated using GPP as the metric. GPP is calculated by adding the subsidiary's sales growth rate to its IBTM profit margin.

GPP = Sales Growth Rate + IBTM Profit Margin (Note)

(Note) Sales Growth Rate = (Current Fiscal Year Sales ÷ Previous Fiscal Year Sales) - 1

IBTM Profit Margin = IBTM ÷ Sales

\*IBTM = Pre-tax Net Income + Management Fees (2.3% of previous year's sales) + Employee Stock Compensation (Number of employees enrolled from July 1, 2024 to June 30, 2025 × ¥50,000) + Trust Fees

Performance-linked bonuses are determined by multiplying the base performance-linked bonus amount by a short-term incentive coefficient ranging from 0% to 150%, based on the achievement level of the GPP. The coefficient is calculated as follows:

- ① If GPP is 17.3 points or below: 0
- ② If GPP is over 17.3 points but 22.3 points or below: (GPP - 17.3 points) ÷ 10 points
- ③ If GPP is over 22.3 points but 27.3 points or below: 0.5 + ((GPP - 22.3 points) ÷ 20 points)
- ④ If GPP is over 27.3 points but 42.3 points or less: 0.75 + ((GPP - 27.3 points) ÷ 60 points)
- ⑤ If GPP is over 42.3 points but 62.3 points or less: 1 + ((GPP - 42.3 points) ÷ 40 points)
- ⑥ If GPP is over 62.3 points: 1.5

### A. AVANT

The GPP for the current fiscal year, serving as the performance metric, was 32.98 points.

Applying this to the formula in item ④ above, the short-term incentive coefficient was calculated as 0.84. Therefore, as short-term performance-linked compensation, 84% of the short-term performance compensation base amount (¥46 million) will be paid.

Short-Term Incentive Coefficient = 0.75 + (GPP: 32.98 points - 27.3 points) ÷ 60 points = 0.84

### B. ZEAL

The GPP for the current fiscal year, serving as the performance indicator, was 35.61 points.

Applying this to the formula in ④ above, the short-term incentive coefficient was calculated as 0.88. Therefore, as short-term performance-linked compensation, 88% of the short-term performance compensation base amount (¥34 million) will be paid.

$$\text{Short-term incentive coefficient} = 0.75 + ((\text{GPP: } 35.61 - 27.3 \text{ points}) \div 60 \text{ points}) = 0.88$$

## C. DIVA

The GPP for the current fiscal year, serving as the performance indicator, was 42.62 points.

Applying this to the formula in ⑤ above, the short-term incentive coefficient was calculated as 1.0. Therefore, 100% of the short-term performance pay base amount (¥39 million) will be paid as short-term performance-linked compensation.

$$\text{Short-Term Incentive Coefficient} = 1 + ((\text{GPP: } 42.62 - 42.3 \text{ points}) \div 40 \text{ points}) = 1.0$$

## 2. Medium-Term Performance-Linked Compensation

This is a performance-based stock compensation program that grants shares of the Company's common stock based on the achievement of performance targets. Regarding medium- to long-term performance-linked compensation (stock), pursuant to the resolution of the 28th General Meeting of Shareholders held on September 25, 2024, and that the scheme would be changed to deliver the Company's common stock through a trust established by the Company's monetary contribution for the period after the target period from September 2024 to September 2025. Furthermore, the amendment stipulates that a transfer restriction shall be imposed, prohibiting the transfer, establishment of security interests, or other disposition of the shares until immediately after the relevant director resigns from any position as a director of the Company or any other position predetermined by the Company's Board of Directors. There is no substantive change to the amount paid per fiscal year or the number of shares delivered to directors covered by the scheme.

For the medium-to-long-term performance-linked compensation (stock) for which decisions regarding payment in the current fiscal year were made, those based on the pre-revision system covering the period from September 2021 to September 2024 saw the Company's TSR (Total Shareholder Return) reach 137.3% during the target period, and the TOPIX growth rate was 127.4%. The performance metric, the Company's stock growth rate, was 107.7%.

This falls under the category of ②: A being 100% or more but not exceeding 112% in the stock grant ratio below. Therefore, 21.2% of the base grant amount of 6,579 shares was granted.

Regarding the annual adjusted earnings per share growth rate set as the restriction for the President and Representative Director's stock compensation grant, the annual adjusted EPS growth rate for the three-year period from September 2021 to September 2024 was 14.7%, falling below the grant threshold of 18%. Consequently, only one director qualified as an eligible recipient.

For medium-to-long-term performance-based compensation (stock) for which decisions regarding payment during the current fiscal year were made, and which is based on the revised system covering the period from



September 2023 to September 2024, the average closing price of the Company's common

For those with a target period from September 2023 to September 2024, in relation to Part I, the average closing price of the Company's common stock on the Tokyo Stock Exchange in September 2023 was exceeded by the average closing price in September 2024. Therefore, 14,507 shares were granted to the two eligible directors.

Regarding Part II, the Company's TSR (Total Shareholder Return) during the target period was 156.3%,

The TOPIX growth rate was 110.5%, and the Company's stock growth rate, the performance metric, was 141.5%.

This falls under the stock grant ratio category ③: A (112% or more but not exceeding 150%), so 85% of the base grant amount of 14,507 shares was granted.

#### Support system for outside directors

Currently, there is no dedicated person to assist outside officers (including directors who are members of the Audit and Supervisory Committee), but administrative and other duties, including liaison, are assisted by the person in charge of the Administrative Division.

The Company makes every effort to provide information on necessary matters, such as materials for Board of Directors meetings, etc., to outside directors through explanations, guidance, etc., in advance as much as possible, from the person in charge of administrative support, and to outside audit committee members through full-time audit committee members or a person in charge of administrative support.

## **2. Items related to functions such as business execution, auditing and supervision, nomination, and compensation decisions (overview of current corporate governance system)**

### (1) Board of Directors

The Company's Board of Directors currently consists of four directors who are not Audit Committee Members (including two outside directors) and three Audit Committee Members (including two outside directors). In principle, the regular meeting of the Board of Directors is held on the second business day following the third Monday of each month, and extraordinary meetings of the Board of Directors are held as necessary to make important management decisions.

### (2) Execution system

Business execution is conducted by representative directors and directors in charge of finance appointed by the Board of Directors, and by executive officers. The Group Management Committee is chaired by the Group CEO and attended by the Group CFO, who is the director in charge of finance, and the Group CBO, Group CCO, Group CRO, Group CIO, Group CPO, Group CSO, Group CHRO, and Group CLO, who are the executive officers, with the aim of achieving sustainable growth and increasing corporate value through group management. The members of the Group Management Committee report to the Board of Directors on important matters concerning the execution of group management. The official name of each CxO is as follows.

Chief Executive Officer,

Chief Financial Officer,  
Chief Business development Officer,  
Chief Customer Officer,  
Chief Risk-Management Officer,  
Chief Product Officer,  
Chief Strategic Officer,  
Chief Information Officer,  
Chief Human Resources Officer,  
Chief Legal Officer

In addition, all members of the Group Management Committee participate in the Board of Directors meetings of each major group company to monitor the execution status of each company and to manage risks.

### (3) Auditing and supervision

The Company has adopted an Audit Committee system, and the Audit Committee consists of three members: one full-time director and two outside directors.

The Audit Committee assigns an Audit Committee member, selected in accordance with the Companies Act, to attend meetings of the Board of Directors and other important meetings. In addition, the Audit Committee shall hear reports from directors on the status of business operations, inspect important approval documents, etc., examine the status of operations and assets at each department, and exchange information with internal audits. At the end of the fiscal year, the Audit Committee prepares an audit report after reviewing the business report, financial statements, and supplementary schedules based on the results of the accounting audit.

We have also entered into an audit contract with Deloitte Touche Tohmatsu LLC to ensure the accuracy of financial figures and to strengthen information disclosure by establishing an appropriate financial reporting system.

### (4) Policy on Determination of Directors' Compensation

The compensation system for directors is explained in detail in [Relationships with Compensation for Directors] (Details of Disclosure of Policy for Determining Amount of Compensation or Calculation Method of Compensation).

## 3. Reasons for selecting the current corporate governance structure

On October 1, 2013, the Company was established as a holding company with a business support function to support the growth of the Group's operating companies, with the aim of developing the Group through consolidated management. The directors of the group operating companies, who are familiar with the business

and organization of the group, will make decisions and execute operations promptly, while the Company will assume governance and control functions for each company, aiming for an organizational structure that clarifies the functions, authority and responsibilities of each group company.

Accordingly, at the monthly meeting of the Board of Directors held in September 2013, the composition of the Board of Directors was changed from six executive directors to three executive directors and one outside director to allow the Company's Board of Directors to focus on management functions and to establish a structure that allows the Board of Directors to objectively determine the status of governance and control of the Group from a fair and neutral standpoint and to ensure transparency in decision-making and its process, thereby strengthening the supervisory function of the Board of Directors. Subsequently, the number of outside directors was increased to two at the Annual General Shareholders' Meeting in September 2014, and by the Annual General Shareholders' Meeting in September 2020, the number of outside directors was increased to three, making outside directors a majority on the Board of Directors. In addition, at the Annual General Shareholders' Meeting held in September 2022, the Company changed to a company with an Audit Committee System and delegated a part of the authority to make business execution decisions to the executive directors. In order to accommodate changes in the diversity of the Board of Directors and changes in the Group CEO, the Board of Directors' Regulations stipulate that the authority to make business execution decisions to be delegated is to be reviewed and decided by the Board of Directors immediately after each Annual General Shareholders' Meeting.

From the perspective of creating a 100-year company, we have chosen the current corporate governance structure in our exploration of the above-mentioned ideal forms of governance.

Furthermore, in March 2021, we established a Compensation Advisory Committee. At the July 2025 Board of Directors meeting, we resolved to change its name to the Nomination and Compensation Advisory Committee, thereby expanding its functions. Additionally, the Audit Committee, responsible for auditing, consists of three members: one full-time director and two outside directors. We believe this structure ensures the objectivity and neutrality of our management oversight system are fully functioning.

### *III. Implementation Status of Measures Concerning Shareholders and Other Stakeholders*

#### **1. Efforts to revitalize the Annual General Shareholders' Meeting and facilitate the exercise of voting rights**

	supplementary explanation
Early dispatch of notices of convocation of general meetings of shareholders	As a rule, we try to ship 3 weeks prior to the event date.
Set up shareholder meetings to avoid concentration days	After confirming with the trust bank regarding the date of concentration of shareholders' meetings, the date of the meeting is set to avoid the concentration date.
Exercise of voting rights by electromagnetic means	You can exercise your voting rights via the Internet. The "Smart Exercise" voting website for smartphones has been adopted starting with the 24th Annual General Shareholders' MeetingAnnual Annual General Shareholders' Meeting to be held in September 2020.
Participation in electronic voting platforms and other efforts to improve the environment for institutional investors to exercise their voting rights	The Company joined the voting platform starting with the 25th Annual Annual General Shareholders' Meeting to be held in September 2021.
Provision of the notice of convocation (summary) in English	The convocation notices are also translated into English and posted on the Company's and the Tokyo Stock Exchange's websites.
Other	We continue to employ PowerPoint presentations and videos to provide clear explanations of matters for shareholders' meetings, along with operational improvements such as meeting procedures. Since the 24th Annual General Meeting of Shareholders held in September 2020, we have also provided live and archived video streaming of the meetings. Furthermore, our website publishes the notice of convocation, shareholder communications, resolution notices, and interim reports on voting results in both Japanese and English.

#### **2. Status of IR-related activities**

	supplementary explanation	Explanation by the representative himself/herself

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Prepare and publish disclosure policy	The disclosure policy is published on our website (IR page) as "Information Disclosure Policy".	
Regular information meetings for individual investors	Although the timing is irregular, we will consider holding briefings for individual investors as needed.	Yes
Regular briefings for analysts and institutional investors	The Company holds financial results briefings twice a year, once in the second quarter and once after the announcement of these financial results.	Yes
Holding regular briefings for overseas investors	In the fiscal year ended June 30, 2017, we held our first presentation for international investors. We are continuing to strengthen our information dissemination to overseas investors and are actively responding to their needs through individual meetings, etc. However, we do not plan to hold regular information meetings at this time.	No
IR materials posted on website	We have opened an IR site on our website, where we post timely disclosure materials, financial results presentation materials, financial reports, etc. on a quarterly basis, as well as video recordings of financial results briefings.	
Establishment of a department (person in charge) for IR	The Group CSO, who is the executive officer responsible for group strategy, concurrently serves as the IR Director under the CFO. This structure promotes collaboration and cooperation among personnel in each relevant department.	
Other	Not applicable.	

### 3. Status of efforts to respect the position of stakeholders

	supplementary explanation
Respect for the position of stakeholders is stipulated in internal rules and regulations.	<p>The Company has established "Insider Information Management Regulations" for the purpose of promoting caution in the handling of information and preventing information leaks and insider trading.</p> <p>In addition, we have established a regulation concerning standards of conduct for members of the entire Group in order to ensure thorough awareness of corporate ethics and compliance among all members to set forth our basic compliance policy and the "Compliance and Risk Management Regulations" to ensure thorough compliance</p>

	<p>and risk management. In order to realize the Group's philosophy of "Creating a 100-Year Company," we believe it is important for each and every employee to be aware of their relationship with society and the environment, and to act accordingly. These policies were approved by the Board of Directors on July 22, 2020.</p>
Implementation of environmental preservation activities, CSR activities, etc.	<p>With reference to the amount of electricity used in the fiscal year ending June 30, 2020 (approximately 1.5 million kwh), from July 1, 2021, we will purchase "Green Power Certificates" issued by Japan Natural Energy Company, Ltd. We will purchase "Green Power Certificates" issued by Japan Natural Energy Company, Ltd. to reduce CO2 emissions by approximately 660 tons-CO<sub>2</sub> per year and promote efficient use of electricity and the spread of power generation from natural energy sources to help prevent global warming.</p> <p>Since the fiscal year ending June 2017, as part of our corporate philanthropy activities, we have participated in the "MOMAT Support Circle," a corporate program of the National Museum of Modern Art, Tokyo, supporting the museum's activities. We also sponsor and support sports events organized by local governments and industry associations. On August 25, 2020, Avant Group also signed the United Nations Global Compact, which is highly compatible with the Group's philosophy system. We also joined the Global Compact Network Japan, a local network in Japan. The Avant Group supports the ten principles of the United Nations Global Compact, which are "human rights," "labor," "environment," and "anti-corruption," and is actively working to resolve social issues in order to realize a sustainable society. We will actively work to solve social issues in order to realize a sustainable society.</p>
Establishment of policies, etc. related to the provision of information to stakeholders	<p>The Company has prepared an "Information Disclosure Policy" which is available on the Company's website (IR page).</p> <p>(<a href="https://www.avantgroup.com/en/ir/policy.html">https://www.avantgroup.com/en/ir/policy.html</a>)</p>

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Other

Based on the Group's Code of Conduct, we are committed to a highly transparent organization and to activities and actions that respect all stakeholders involved in the Group's business by always striving to create new value through a thorough customer orientation and by enjoying our own growth.

#### ***IV. Matters Concerning Internal Control Systems, etc.***

##### **1. Basic Policy and Status of Internal Control System**

###### **(1) Basic Concepts on Internal Control Systems**

In order to fulfill the responsibilities of corporate organization and activities as a public organ of society and to ensure the growth of business and the continuous and efficient operation of the corporate organization, the Company has established the Annual General Shareholders' Meeting as the highest organ of the Company and has established the following organizational design and internal control system.

- Accurate decision-making and prompt execution of operations by establishing a board of directors and selecting a representative director.
- Establish an Audit Committee and audit Directors' execution of their duties by the Audit Committee. In addition, determining the details of proposals concerning the appointment and dismissal of the accounting auditors and the non-reappointment of the accounting auditors.
- Establish an accounting auditor to ensure the appropriateness of financial reporting and internal controls through accounting audits and improve disclosure and information provision functions.
- The Risk Management Committee, Compliance Committee, and Information Security Committee are responsible for responding to important risks, ensuring compliance with laws and regulations, and ensuring information security.

###### **(2) Status of Internal Control System**

The following basic policy regarding the development of internal control systems has been resolved by the Board of Directors and is in operation.

###### **(i) Basic policy regarding the development of internal control systems**

###### **(a) System to ensure that execution of duties by the directors and staff complies with the laws and Articles of Incorporation**

- The directors shall comply with the Group's standards of conduct, conform to the laws/Articles of Incorporation and rules of board of directors and other internal rules, etc., appropriately execute the operations by taking the initiative as the model and thoroughly have the staff informed.
- The person responsible for risk management of each Group company, appointed by the chairman of the Risk Management Committee, shall deliberate and review the important issues and responses at the Committee and promptly report them to the Board of Directors.
- The compliance managers of each Group company, appointed by the chairman of the Compliance Committee, shall deliberate and review the important issues and responses at the Committee and promptly report them to the Board of Directors.
- For breach of the laws and other legally doubtful conducts, etc., the whistle-blowing system of which contact is an external lawyer and the director who is committee member of audit, etc. shall be



established and operated.

- The audit committee members shall audit execution of duties by the directors through attendance for the board of directors as well as important meetings and investigation, etc. of status of execution of operations under the audit policy stipulated by the committee of audit, etc.

(b) System in regard to storage and management of information related to execution of duties by directors

- Information concerning execution of duties by the directors shall be appropriately stored and managed under the laws, rules of board of directors, document management rules and other related rules.

(c) Rules concerning management of risk of loss and other system

- Properly manage the operations and funds as well as preventing risks from occurring by assessing the performance status by rolling forecast management in the cycle suitable to the management environment for performance progress and thorough expense management.
- Manage the risks of compliance, information asset and matters concerning the business by preparing rules and manuals, etc. and announcing the same.
- Enhance management and responses of compliance at the Compliance Committee for thorough compliance.
- Enhance management and responses of information asset at the information security committee for management thereof.
- Consult and receive advices and instructions from a layer, accounting auditor, tax accountant, etc. as necessary for performance of the operations.

(d) System to ensure efficient execution of duties by directors

- The Company's board of directors' meetings shall basically hold ordinary board of directors' meetings monthly, and shall hold the extraordinary board of directors' meetings as necessary to make decisions and promptly execute operations as well as supervising important decisions by the directors in management and the status of execution of the operations.
- The meeting bodies and committees of which responsible persons or members are the directors shall have discussions and make decisions, etc. of executive of operations within the scope of authorities stipulated in the rules.
- Promote decentralization of management by organization according to the management policy and business plans.
- Term of directors who are not audit committee members shall be one year to clarify the management responsibilities and respond to change in the management environment.

(e) System to ensure appropriateness of operations in corporate groups consisting of the Company and subsidiaries

- The Company respects autonomy of the subsidiaries as well as supporting preparation and improvement of the internal control system and promoting the same in cooperation with the subsidiaries.
- The Company's subsidiaries shall enter into management instruction and management control

agreements for the system where we receive reports on important matters concerning execution of operations by directors, etc. Although the board of directors of the Company's subsidiaries decide on important matters, they shall obtain the Company's approval for three matters of (i) investment, (ii) officer allocation and (iii) capital policy which have an important impact on the Group.

- The Company's subsidiaries shall hold regular meetings of the Board of Directors once a month as a basic rule and hold meetings as needed for decision-making and prompt business execution, and the Company's Group Legal Affairs Office shall confirm the status of the meetings.
- When employees of the Company's subsidiaries become aware of any violation of laws and regulations, the Articles of Incorporation or internal rules, or any act contrary to socially accepted norms, they should report or consult with whistleblower system contacts.
- Compliance with the laws and other issues concerning compliance of the subsidiaries shall be supported by the Compliance Committee.
- Prevent risks from occurring by assessing the performance status by rolling forecast management in the cycle suitable to the management environment for performance progress and thorough expense management in accordance with the budget management rules and by properly managing the operations and funds and reporting to the Company.
- Periodically conduct the internal audit by the internal audit group and report such result to the Company's directors and committee of audit, etc. for necessary management to ensure appropriateness of the operations of the Company's subsidiaries.

(f) Matters concerning staff to assist the duties of audit committee members and matters concerning achievement of effectivity of instructions for such staff

- If the committee of audit, etc. requests the board of directors for installation of the secretarial office to assist their duties, install the secretarial office by appointing appropriate human resources internally and externally. In case of staff, thoroughly make them informed to follow the instructions and orders of the committee of audit, etc.

(g) System for directors who are not audit committee members and staff to report to the committee of audit, etc. and system for directors, auditors or staff of the subsidiaries or those who receive reports therefrom to report to audit committee

- Committee members may attend the board of directors' meetings and other important meetings, browse documents necessary for audit and ask the directors and staff for such explanation.
- Directors, auditors and staff of the Company and the Company's subsidiaries shall report to the Company's committee of audit, etc. the matters that cause a significant impact on the Company's operations and performance, etc.
- It is prohibited to treat those who have make report in a disadvantageous manner for the reason of reporting to the committee of audit, etc.

(h) Other system to ensure effectiveness of audit by Audit Committee

- The Audit Committee shall periodically hold a meeting with the president as the representative director to exchange opinions on the policy of execution of operations, risks and issues to be resolved and important issues in audit, etc.
- The Audit Committee shall periodically exchange opinions with the accounting auditor.
- In the case that audit committee members claims advance payment or reimbursement of the cost incurred for execution of the duties, such cost shall be incurred by the Company unless considered unnecessary.

( ii ) Operational status of internal control systems

The Company conducts ongoing investigations into the status of the development and operation of its internal control system and reports the results of these investigations to the Board of Directors. For any issues identified as a result of the investigations, corrective measures are taken, and efforts are made to establish and operate more appropriate internal control systems. A summary of the current operational status is as follows.

- In order to strengthen the supervisory function of the Board of Directors and further enhance corporate governance, the Company has chosen to establish a company with an Audit Committee.
- The Risk Management Committee meets regularly to review risks and consider countermeasures in response to the changing business environment across the Group, and the Board of Directors receives reports from the Group CRO to monitor the status of risk management.
- The Compliance Committee meets regularly to review the compliance status of the Group, and the Board of Directors receives reports from the Group CLO to ascertain the status of compliance.
- Board of Directors meetings are held on a regular basis to focus on the mid-term management plan and strengthen governance agenda for oversight.
- The Information Security Committee meets regularly to manage information assets and strengthen information security across the Group.
- Audit committee members attend meetings of the Board of Directors, the Group Management Committee, and other important meetings such as the Board of Directors of subsidiaries, and regularly exchange opinions with the President and Representative Director and the accounting auditor to ensure the effectiveness of audits.
- Under the direction of the Board of Directors, the Company conducts self-assessments and independent evaluations of internal control over financial reporting and is audited by an independent auditor.

## **2. Basic Policy on Elimination of Antisocial Forces and Status of Improvement**

With regard to the exclusion of antisocial forces, in addition to the basic policy regarding the internal control system, the Company will make efforts to improve the system as follows.

- (1) In the Group's Code of Conduct, we declare the exclusion of antisocial forces and the prohibition of antisocial activities. In addition, we receive written pledges from directors and employees every year

regarding the "Code of Conduct and Management of Confidential Information," and confirm that they are well informed about compliance, including the elimination of antisocial forces.

- (2) General Affairs Office, as the department in charge, has appointed a person in charge of preventing unjustified demands, and is to cooperate with the competent police to eliminate antisocial forces, etc. In addition, we confirm the antisocial forces of our business partners at the time of signing the basic agreement and strive to thoroughly inform and strengthen our response to the exclusion of antisocial forces.

## V. Other

### 1. introduction of anti-takeover measures

Introduction of anti-takeover measures	Not applicable.
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Supplemental Explanation for Applicable Items

Not applicable.
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### 2. Other matters related to corporate governance structure, etc.

The status of the Company's internal system for the timely disclosure of corporate information is as follows.

#### (1) Basic Policy on Timely Disclosure of Corporate Information

We recognize that the timely disclosure of corporate information is the only means by which the Company can be widely understood in fulfilling its social responsibilities, and that it is an important function that plays a role in coordinating with the Company's stakeholders and in forming corporate governance. We will provide such information in a timely, appropriate, and fair manner.

#### (2) Status of Internal System for Timely Disclosure

Material facts concerning the Company's business operations, etc. are managed by the director in charge, who is responsible for handling information, and the Group Corporate Management Office, the division in charge, is responsible for timely disclosure, and is working to strengthen and improve the timely disclosure system.

Since we handle our customers' financial information, we make every effort to thoroughly familiarize our customers with the Financial Instruments and Exchange Law, securities exchange regulations, and internal "Insider Information Management Regulations," and conduct training as part of our internal education curriculum.

In light of the social climate and impact of information management, we have also established an Information Security Committee, which is currently formulating a security policy and related rules and regulations to strengthen our company-wide information management system.

#### (3) Timely Disclosure Flow

Important matters related to business operations, etc. are communicated and shared at each meeting and in reports, and matters subject to timely disclosure are subject to the prescribed disclosure procedures under the supervision of the person in charge of information handling.

Information on urgent matters, decisions on other important matters, and information on financial results are gathered by the Information Management Manager, who scrutinizes and confirms the contents, and information deemed subject to timely disclosure is disclosed by means of release distribution and posting on the Company's website after the prescribed disclosure procedures are completed.

#### (4) Monitoring of Timely Disclosure System

##### 1) Audit Committee

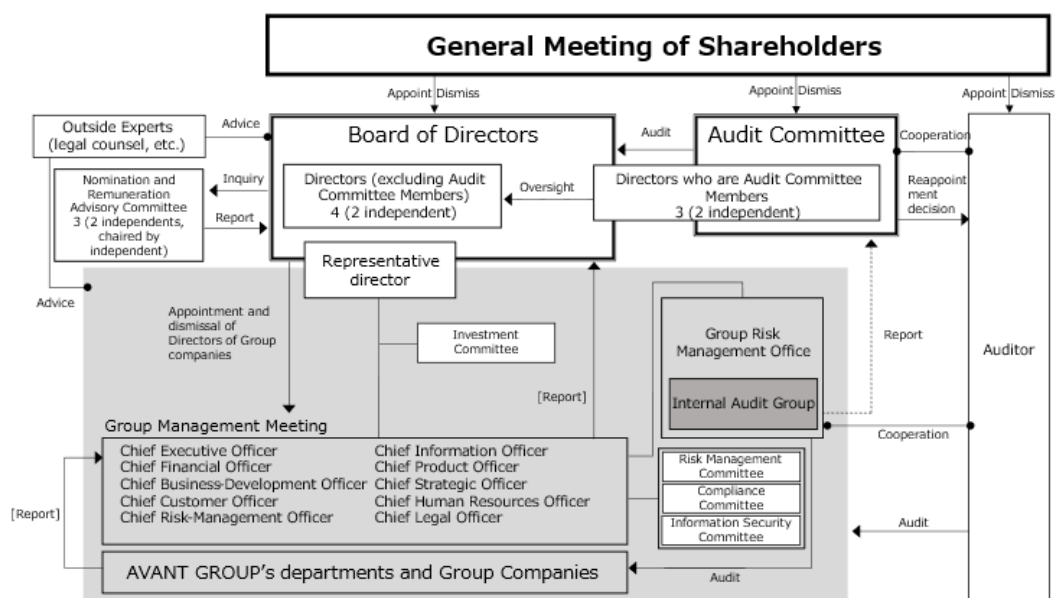
Audit committee members appointed by the Audit Committee attend meetings of the Board of Directors and

other important meetings to report important occurrences and audit the status of decisions related to corporate information, and comprehensively monitor the operation of internal systems related to timely disclosure, including confirmation of financial statements and financial status.

## 2) Board of Directors regarding timely disclosure

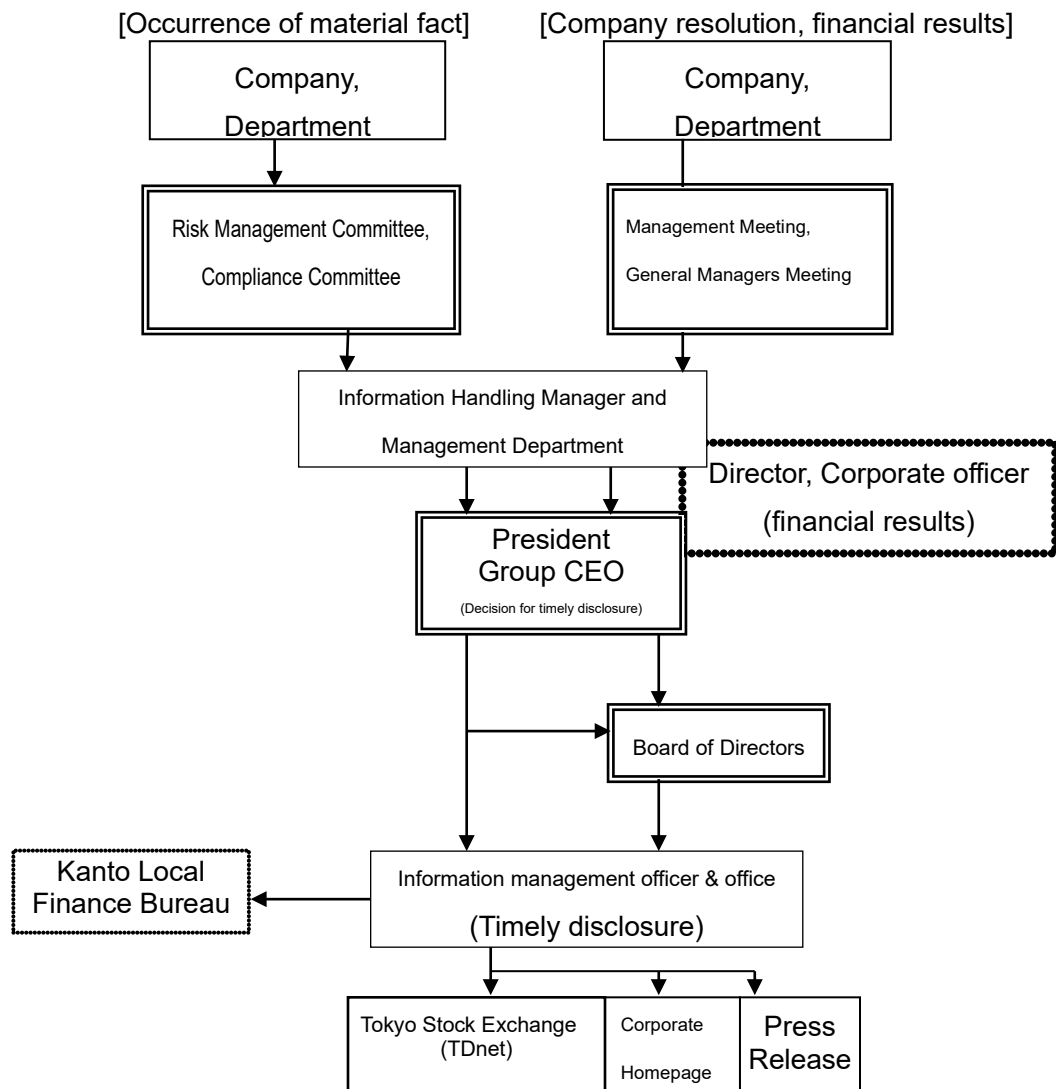
The Company's Board of Directors, including certified public accountants, confirms the appropriateness of the preparation of timely disclosure documents and securities reports to be resolved by the Board of Directors with respect to financial information and other matters that are subject to timely disclosure.

[Schematic diagram (reference material)]



	Directors				Directors who are audit committee members.		
	Tetsuji Morikawa	Naoyoshi Kasuga	Jon Robertson	Tatsuya Kamoi	Tsuyoshi Noshiro	Chie Goto	Makoto Nakano
Insights of finance / accounting		●			●	●	●
Insights of legal and compliance					●	●	
Leadership	●		●	●			
IT industry / SaaS experience	●		●	●			
Insights of corporate value	●	●	●				●
Experience of llobal business		●	●	●			
Insights of organizations / human resources	●	●	●	●	●	●	●

[Outline of Timely Disclosure System (schematic diagram)]



Ends