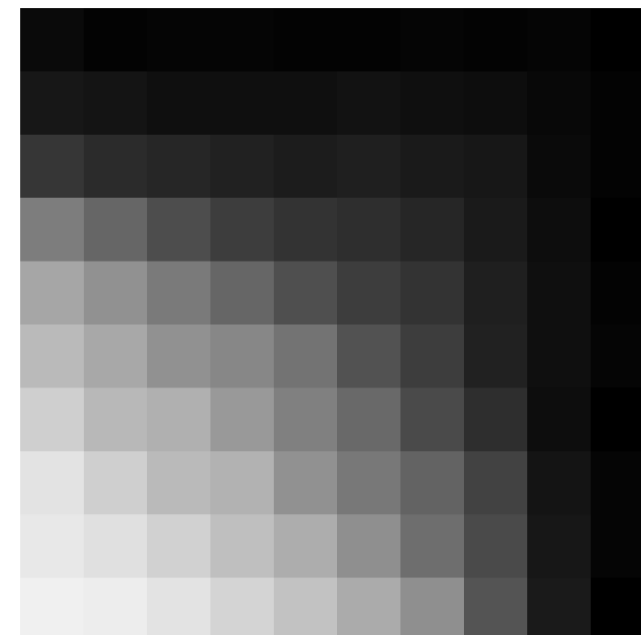


3836 TSE Prime

# Avant Group Corporation

Financial Results Briefing  
for the Second Quarter of Fiscal Year June 2026

January 30, 2026



*This is an unofficial translation. In the event of any discrepancy between the original Japanese text and this English translation, the Japanese text shall prevail.*



# Financial highlights for the first half FY6/26

## Net Sales

¥**15,202** million  
(YOY + 8.5%)

## Operating Profit

¥**2,745** million  
(YOY + 8.2 %)

## Net Income

¥**1,744** million  
(YOY + 10.1%)

## OP Margin

**18.1%**  
(YOY -0.1pts)

## OP per capita

¥**1.5** million  
(YOY -3.1%)

## Software GP

¥**751** million  
(YOY + 6.2%)

## ROE

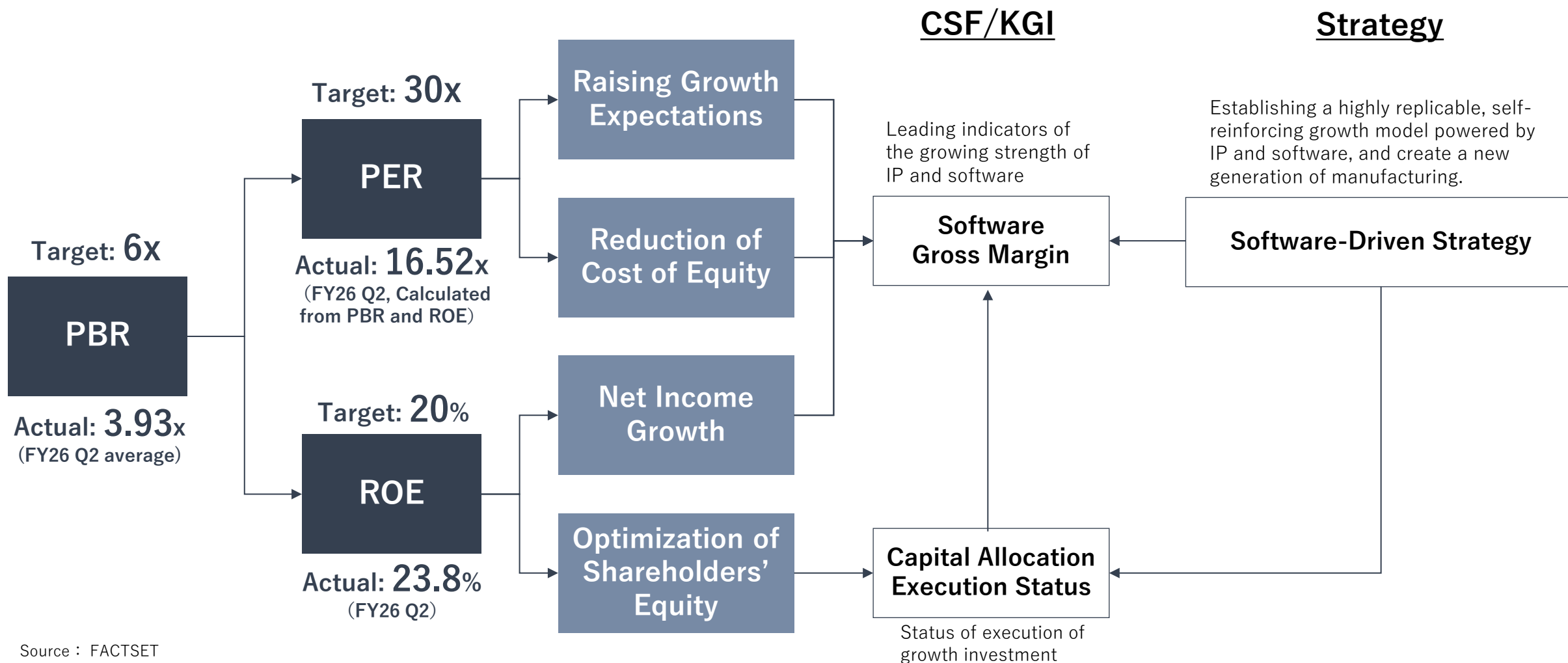
**23.8%**  
(YOY -0.5pts)

## Forecasts for the year ending 30 June 2026

- **No changes to earnings forecasts and year-end dividend forecasts**
- For the fiscal year ending June 2026, the company aims to achieve **net sales of ¥33,300 million(+18.0% year-on-year), operating profit of ¥5,100 million(+10.8% year-on-year), net income of ¥3,500 million(+1.9% year-on-year).**
- The year-end dividend is expected to be **¥32 per share** with the aim of achieving the target of a dividend on equity of 8% within the period of the medium-term management plan

# Strategy execution monitoring using PBR tree diagram

- Revised target levels for PBR and PER in light of the current market valuation.
- Clarified that software gross profit is the key driver of corporate value enhancement.

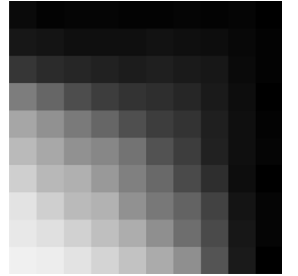


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- II . Earnings Power and Cash Generation
- III . Initiatives to Improve Capital Efficiency
- IV . Growth Strategy and Future Developments

\* Amounts are rounded down below the display unit; percentages are rounded to one decimal place.

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



# **I. Summary of Financial Results for the First Half of Fiscal Year June 2026**

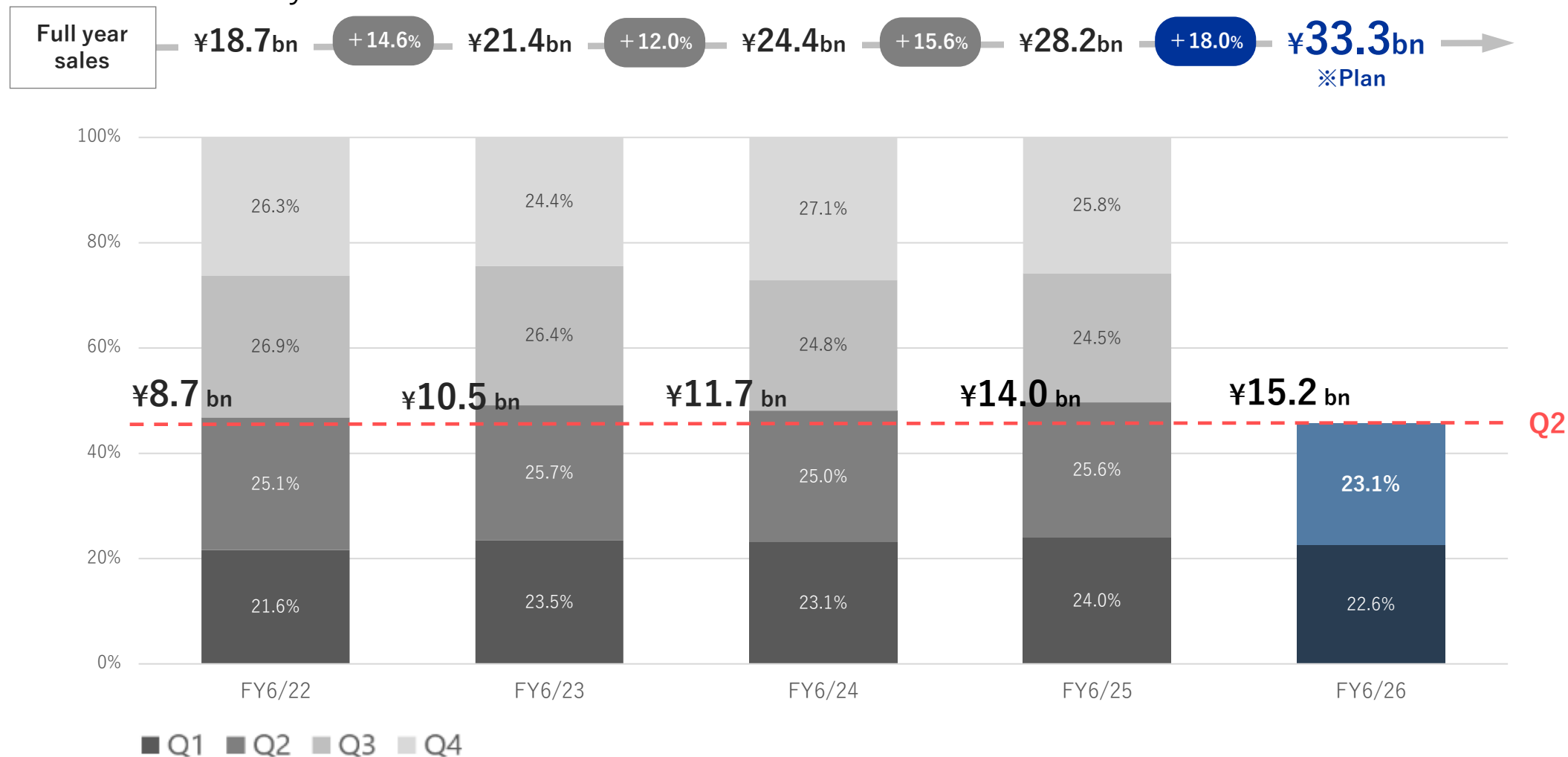
# Highlights of the first half FY6/26 results

- Net sales increased to ¥15,202 million (8.5% increase year-on-year) thanks to investment demand among our Japanese corporate clients for maintaining and strengthening competitiveness through "upgrading corporate management and business activities using data and digital technologies"—a medium- to long-term trend—has moderated somewhat following the completion of basic IT infrastructure upgrades but remains solid overall. With the Consolidated Financial Disclosure business and Digital Transformation Promotion business continuing to achieve strong sales growth,
- Operating profit was ¥2,745 million (8.2% increase year-on-year), despite increases in personnel, hiring and IT expenses in line with business expansion, office expenses associated with office expansion, and investment expenses to achieve future growth centered on strengthening the software business, profits increased due to improved profit margins from growth and a decrease in outsourced processing expenses due to the shift towards in-house resources.

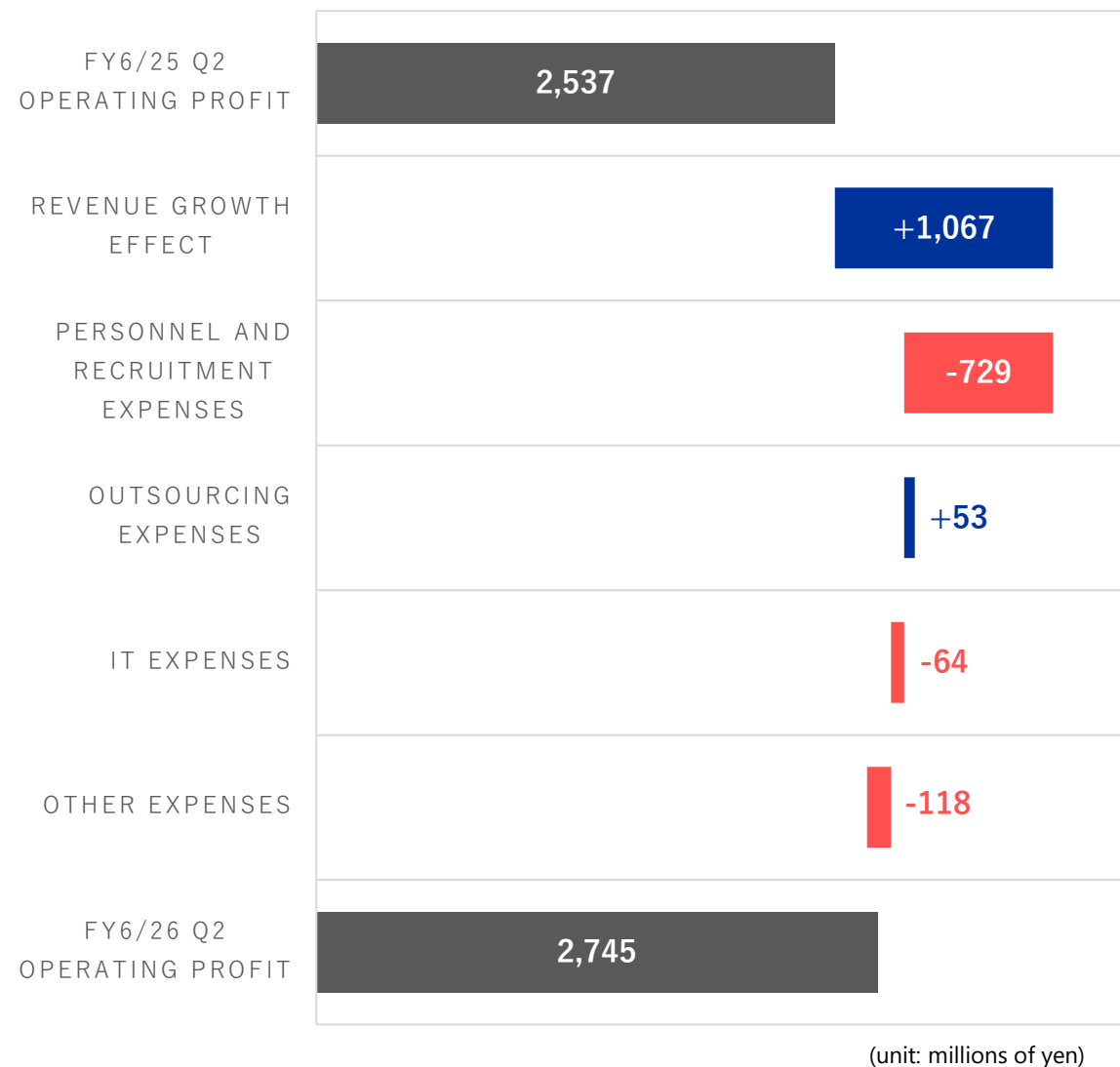
(millions of yen)	FY6/26 Q2	YoY Variance		FY6/26 YTD	YoY Variance	
		Yr earlier	% chg		Yr earlier	% chg
Net Sales	7,686	7,235	6.2%	15,202	14,011	8.5%
Cost of Sales	4,273	3,902	9.5%	8,362	7,691	8.7%
Gross Profit	3,413	3,332	2.4%	6,840	6,319	8.2%
GPM	44.4%	46.1%	(1.7pt)	45.0%	45.1%	(0.1pt)
SG&A	2,008	1,886	6.5%	4,094	3,781	8.3%
Operating Profit	1,404	1,446	(2.9%)	2,745	2,537	8.2%
OPM	18.3%	20.0%	(1.7pt)	18.1%	18.1%	(0.1pt)
Net Income	892	968	(7.9%)	1,744	1,584	10.1%
NPM	11.6%	13.4%	(1.8pt)	11.5%	11.3%	0.2pt
EBITDA	1,519	1,566	(3.0%)	2,991	2,783	7.5%
EBITDA margin	19.8%	21.7%	(1.9pt)	19.7%	19.9%	(0.2pt)

# Progress made in the full-year sales forecast

- FY26 1H sales progressed at 45.7% of full-year sales, representing a slight lag compared to the historical trend of the last four years.



# FY6/26 H1 operating profit bridge (year-on-year)



## Personnel and recruitment expenses

Active recruitment initiatives to achieve sustainable growth resulted in higher personnel and hiring expenses, remaining within the scope of overall revenue growth.

## Outsourcing expenses

Due to progress in shifting from external resources to in-house capabilities through employee development, outsourcing expenses decreased.

## IT expenses

Increase due to headcount growth in line with business expansion and the transition to cloud environments, both for customers and internal systems.

## Other expenses

Increases in office expenses associated with office expansion, as well as investment and related costs to strengthen the software business and drive future growth.

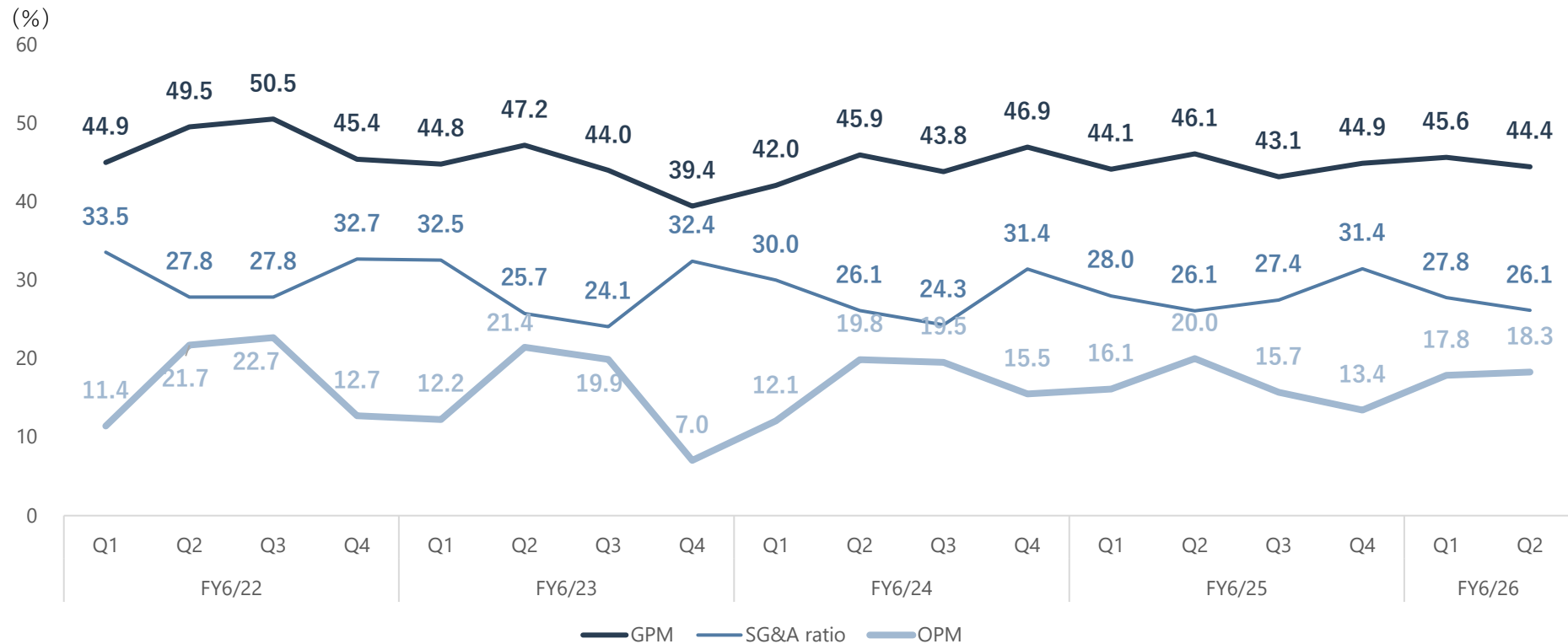
# Cash flow Trends

- The main sources of cash flows from operating activities were profit before income taxes of ¥2,731 million and depreciation of ¥246 million. The main uses were a decrease of ¥511 million in provision for bonuses, an increase of ¥382 million in trade receivables and contract assets, a decrease of ¥456 million in contract liabilities, and ¥794 million in income taxes paid.
- The main expenditures of cash flows from investing activities were purchases of property, plant and equipment of ¥165 million and purchases of investment securities of ¥502 million.
- The main expenditures of cash flows from financing activities were dividends paid of ¥930 million and purchase of treasury shares of ¥268 million.

(millions of yen)	FY6/26 Q2	YoY Variance		FY6/26 YTD	YoY Variance	
		Yr earlier	chg		Yr earlier	chg
Operating CF	817	1,399	(581)	552	851	(298)
Investment CF	(211)	(66)	(144)	(669)	(185)	(483)
Free CF	606	1,332	(726)	(116)	666	(782)
Financial CF	(296)	(7)	(288)	(1,228)	(1,052)	(176)

# Quarterly margin trends

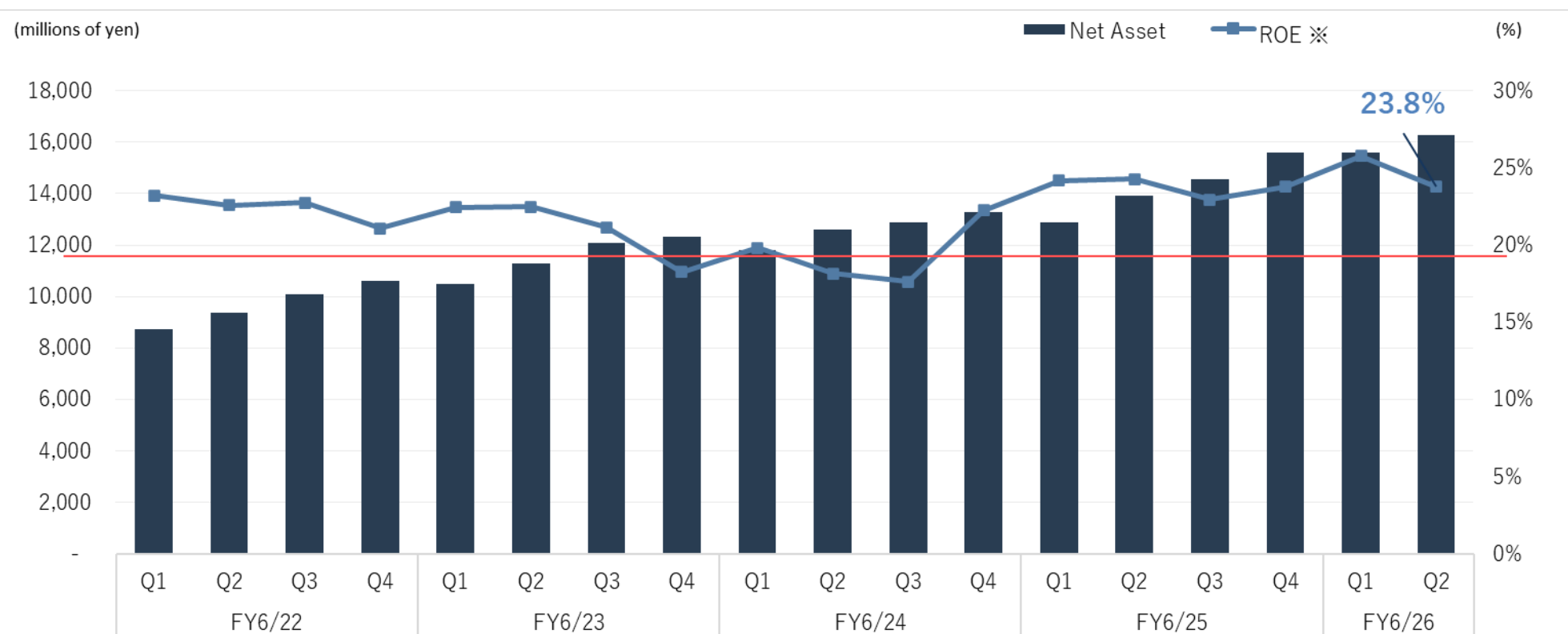
- Although margins have trended mostly flat, profitability remained low compared to historical Q2 levels, with a Gross Profit Margin of 44.4% and an Operating Profit Margin of 18.3%.
- The SG&A-to-sales ratio is on a gradual but stable downward trend. While gross profit margins are also improving—driven by lower outsourcing costs and operational efficiencies—we see some temporary volatility. Our goal is to establish a framework to stabilize and accelerate this upward trend.



Effective from the beginning of the first quarter of FY6/22, the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others have been applied.

# ROE Trends

- While ROE\* has temporarily dipped due to the accumulation of net assets from steady profit growth, we continue to maintain a high level of over 20%.
- We aim to maintain an average of 20% or more by adhering to the Group's management principles, further enhancing profitability, and managing assets more efficiently.

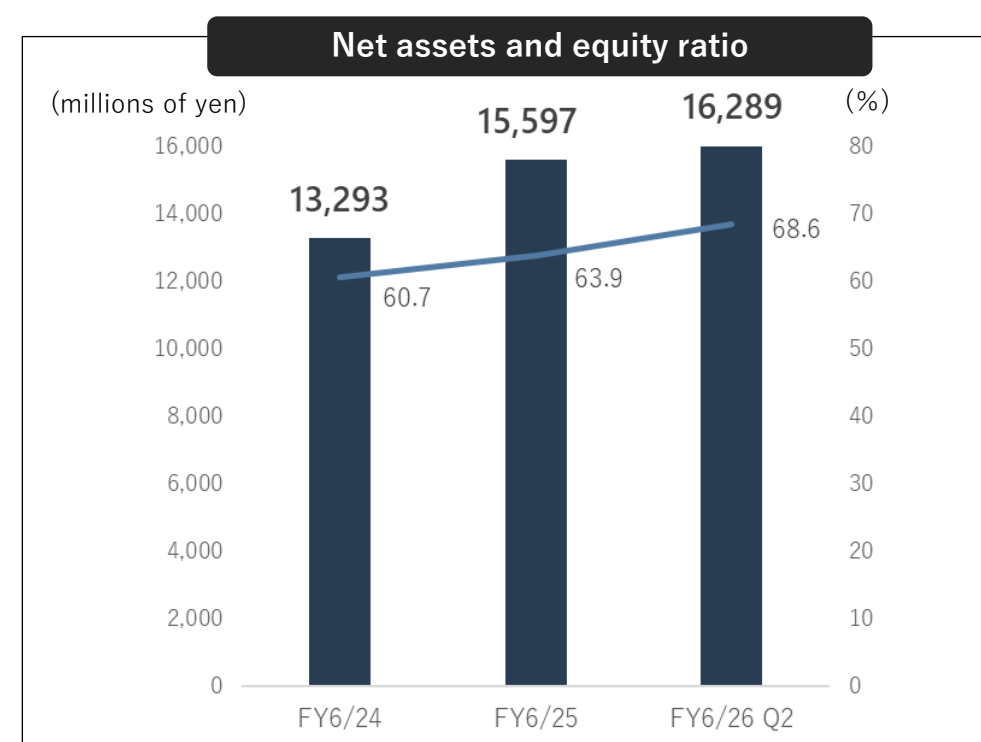
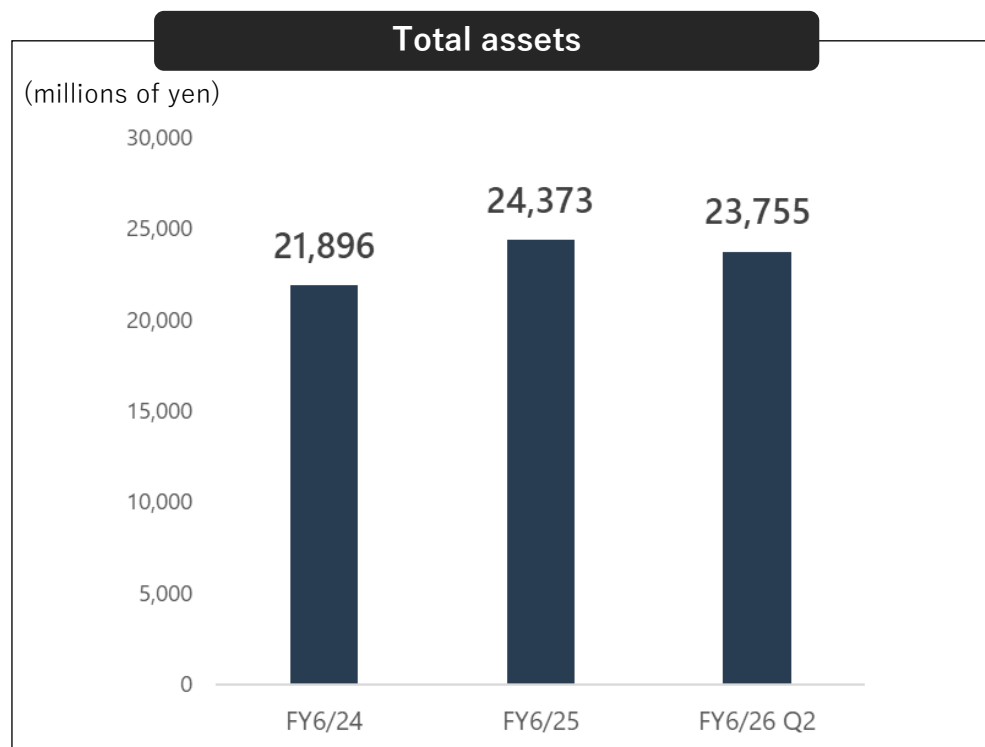


※Figures are calculated based on the past four quarters.

Effective from the beginning of the first quarter of FY6/22, the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others have been applied.

# Financial position trends

- Total assets at the first half-end were ¥23,755 million (¥617 million decrease from the end of the previous consolidated fiscal year), mainly due to a decrease of ¥3,017 million in cash and deposits, an increase of ¥1,668 million in other current assets and an increase of ¥522 million in investment securities.
- Total net assets amounted to ¥16,289 million (¥691 million increase from the end of the previous consolidated fiscal year), mainly due to net income attributable to owners of parent of ¥1,744 million for the first half and payment of dividends of surplus of ¥930 million.
- As a result, the equity ratio was 68.6%, maintaining a highly stable financial balance.



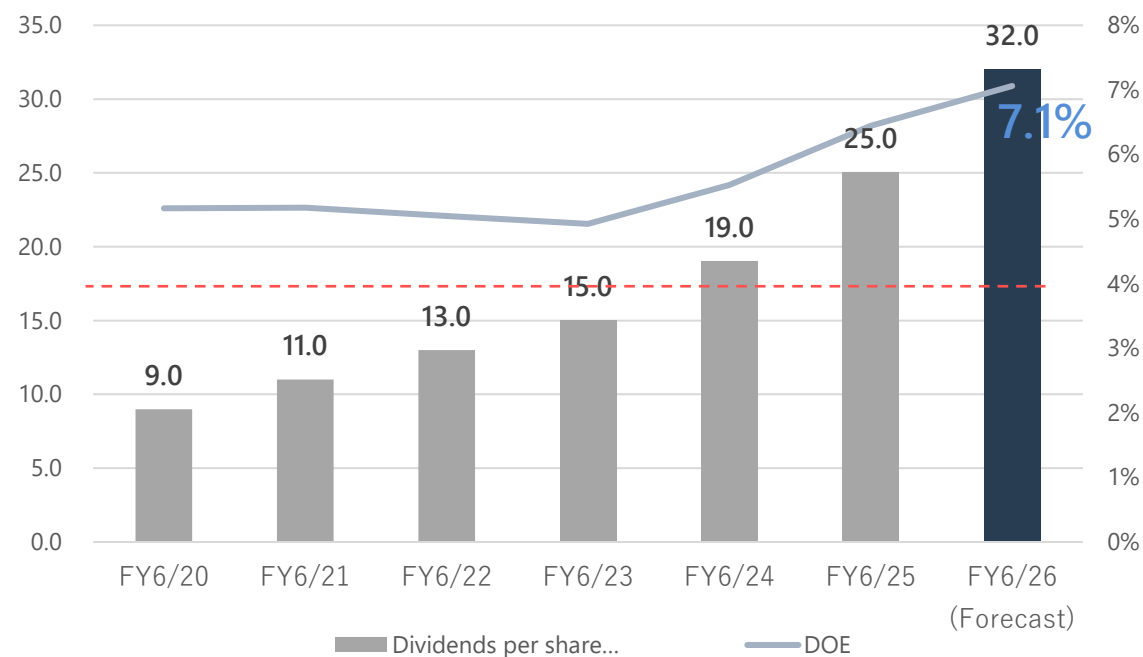
# Earnings forecast for the fiscal year ending June 30, 2026

- For the fiscal year ending June 2026, net sales are expected to increase by 18.0% year-on-year to ¥ 33,300 million.
- Operating profit is expected to increase by 10.8% year-on-year to ¥5,100 million, and net income is expected to increase by 1.9% year-on-year to ¥3,500 million.

(millions of yen)	FY6/25 (Actual)	FY6/26 (Forecast)	Variance	% Chg
Net Sales	28,227	33,300	5,072	18.0%
Operating Profit	4,604	5,100	495	10.8%
OPM	16.3%	15.3%	-	-
Net Income	3,434	3,500	65	1.9%

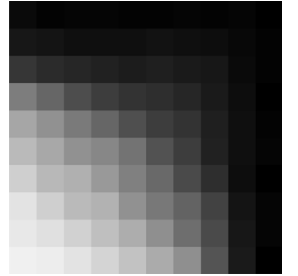
# Shareholder returns

- DOE for the fiscal year ending June 2025 was 6.3%, well above the TSE-listed company average (12 months) of 3.3%.
- Dividend per share for the fiscal year ending June 2026 is expected to be ¥32 yen per share, in line with the company's policy of continuing to pay stable dividends(In principle, the dividend per share will not fall below the previous fiscal year's level.) DOE level to be 7.0%.



## Our shareholder return policy

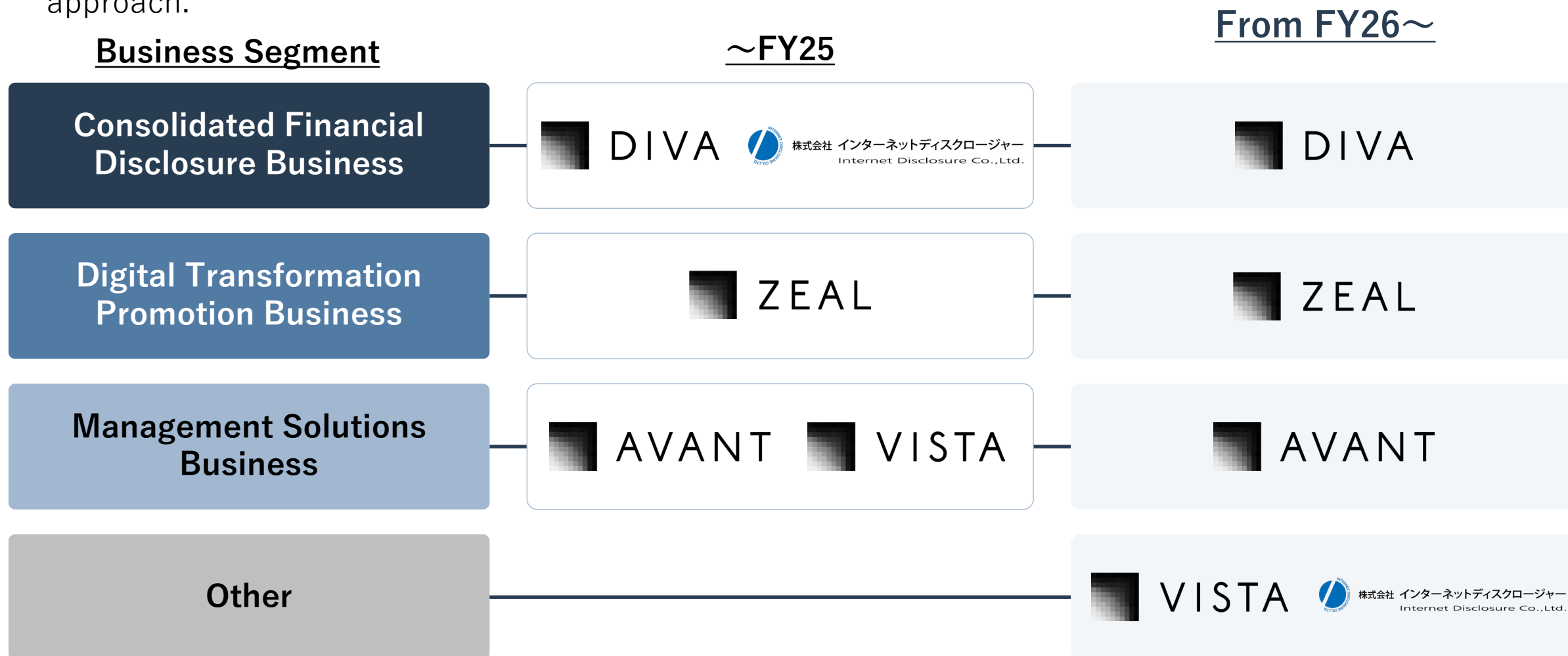
- Dividends are an important part of our shareholder return policy
- Avant Group aims to maintain if not grow the dividend by focusing on indicators such as dividend on equity (DOE) which is less impacted by fluctuations in annual earnings
- The Company's DOE will always exceed the average of all companies listed on the Tokyo Stock Exchange and will aim to achieve 8% within the period of the new medium-term management plan



## II . Earnings Power and Cash Generation

# Change in business segment classification

- The business segments have been reorganized so that each of the three core group companies—DIVA Corporation, ZEAL Corporation, and AVANT Corporation—constitutes a single segment, while all other subsidiaries are grouped under the “Other” segment, providing a clearer reflection of the management approach.



# Results by Business Segment (Sales, OP, OP margin)

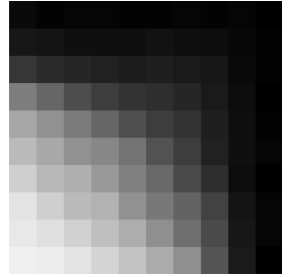
- Net sales in the Consolidated Financial Disclosure Business increased, driven by the continued high growth of the outsourcing business and the transfer of certain maintenance service transactions from the Management Solutions Business starting this period. Despite cost increases, operating profit growth significantly outpaced sales growth, aided by revised pricing strategies.
- In the DX Promotion Business, sales growth was driven by an increase in projects such as "cloud and data platform construction." Operating profit also increased significantly, boosted by the cost-saving effect of reduced outsourcing expenses used to supplement internal resources.
- In the Management Solutions Business, although software sales increased, overall revenue declined due to the impact of the transfer of maintenance services (Q2: approx. ¥82 million; 1H: approx. ¥166 million) mentioned above. Operating profit also decreased due to higher personnel expenses, as well as increased development, marketing, and outsourcing costs aimed at strengthening the software business.

		FY6/26 Q2	YoY Variance		FY6/26 YTD	YoY Variance	
(millions of yen)			Yr earlier	% chg		Yr earlier	% chg
Consolidated Financial Disclosure Business	Net Sales	2,388	2,058	16.0%	4,719	4,038	16.9%
	Operating Profit	798	582	37.1%	1,535	1,075	42.7%
	OPM	33.4%	28.3%	5.1pt	32.5%	26.6%	5.9pt
Digital Transformation Promotion Business	Net Sales	2,840	2,644	7.4%	5,684	5,125	10.9%
	Operating Profit	515	509	1.3%	1,114	947	17.6%
	OPM	18.2%	19.3%	(1.1pt)	19.6%	18.5%	1.1pt
Management Solutions Business	Net Sales	2,432	2,516	(3.3%)	4,743	4,816	(1.5%)
	Operating Profit	307	582	(47.3%)	539	953	(43.4%)
	OPM	12.6%	23.2%	(10.5pt)	11.4%	19.8%	(8.4pt)
Other	Net Sales	122	103	18.2%	244	208	16.8%
	Operating Profit	24	5	371.3%	53	48	8.9%
	OPM	20.2%	5.1%	15.2pt	21.7%	23.3%	(1.6pt)

# Results by business segment (Orders)

- Partly due to the transfer of certain maintenance services from the Management Solutions Business, the Consolidated Financial Disclosure Business continued to see a high year-on-year growth rate. Conversely, the Management Solutions Business recorded a year-on-year decline in both orders received and order backlog, reflecting the impact of this service transfer.
- The DX Promotion Business has also fully recovered from the impact of last year's cancellation of a large-scale project, continuing to show steady growth in both orders received and order backlog.

		FY6/26 Q2	YoY Variance		FY6/26 YTD	YoY Variance	
(millions of yen)			Yr earlier	% chg		Yr earlier	% chg
Consolidated Financial Disclosure Business	Orders	2,136	1,959	9.0%	5,025	4,220	19.1%
	Order Backlog	5,297	4,695	12.8%	5,297	4,695	12.8%
Digital Transformation Promotion Business	Orders	3,132	2,548	22.9%	5,863	4,975	17.8%
	Order Backlog	2,191	1,919	14.1%	2,191	1,919	14.1%
Management Solutions Business	Orders	2,150	2,298	(6.4%)	4,353	4,378	(0.6%)
	Order Backlog	2,782	3,564	(21.9%)	2,782	3,564	(21.9%)
Other	Orders	87	75	15.9%	209	183	14.0%
	Order Backlog	164	146	12.4%	164	146	12.4%



### III. Initiatives to Improve Capital Efficiency

# Measures to improve the price-to-book ratio (PBR)

## Improvement of ROE (return on equity)

- Target of an average of 20% or more during the period of the Medium-Term Management Plan

- Targets achieved in the past two fiscal years

- Increase in net income → Net assets (book value) also increased

The diagram illustrates the components of the Return on Equity (ROE) formula. A horizontal arrow points from the text 'Increase in net income' to the numerator 'Net income' of the fraction  $\frac{\text{Net income}}{\text{Net assets (Book value)}}$ . A vertical arrow points upwards from the text 'Temporarily curb the increase in net assets' to the denominator 'Net assets (Book value)' of the same fraction.

$$\frac{\text{Net income}}{\text{Net assets (Book value)}}$$

- Temporarily curb the increase in net assets

- ✓ Share Buyback

- (Repurchased from Nov. 28 to Dec. 31, 2025: 151,100 shares for 268,099,290 yen)

- ✓ Increase in dividends

# Measures to improve the price-to-book ratio (PBR)

## Improvement of PER (Price-to-Earnings Ratio)

- Revised target to achieve 30 times during the period of the medium-term management plan
- The multiple was 16.9x at the end of FY6/25, 13.75x in Q1 FY6/26, and 16.52x in Q2
- To enhance both growth and profitability of the business;  
In other words, it is necessary to raise **the ability to earn sustainably**
- Strengthen earning power by investing in existing businesses
- To dramatically improve our ability to earn from the outside into the future, incorporate companies and businesses into the Group through M&A and other means
- Increase investor recognition as a company that can earn sustainably

# | Update on our capital allocation plan

- Increase shareholder returns as a means of temporarily reducing net assets
- Consider borrowing as necessary to secure investment for growth

Even as we increase shareholder return allocation, we will secure and expand our growth investment capacity through borrowings

## Cash Inflows

Cumulative operating cash flow forecast  
(Before Internal Investment Deductions)  
**¥19.3 billion**

Excess cash and deposits at the end of FY23  
**¥7.2 billion**

## Cash Outflows

(Original plan was Investment for growth 20billion yen, Shareholders return 5billion yen)

Additional Shareholder Returns  
**¥ 1.5 billion or more**

Capital Investments (M&A and Minor Investments)  
**Up to ¥15.0 billion**

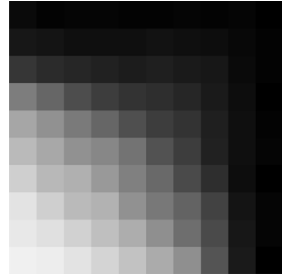
Internal investments = Human capital investments  
**¥4.5 billion or more**

Shareholder returns (FY6/24-28)  
**¥5 billion**

- Increase in capital allocation for dividends and share buybacks (Started on November 28, 2025)
- Further increases depending on cash inflows and the use of growth investments

- Actions to realize M&A that are expected to generate software gross profit of ¥2.5 billion
- Positioned as a steppingstone for the future, we will make 2–3 startup investments per year, amounting to a total of ¥1.5 billion (about ¥800 million including Beyond Square).

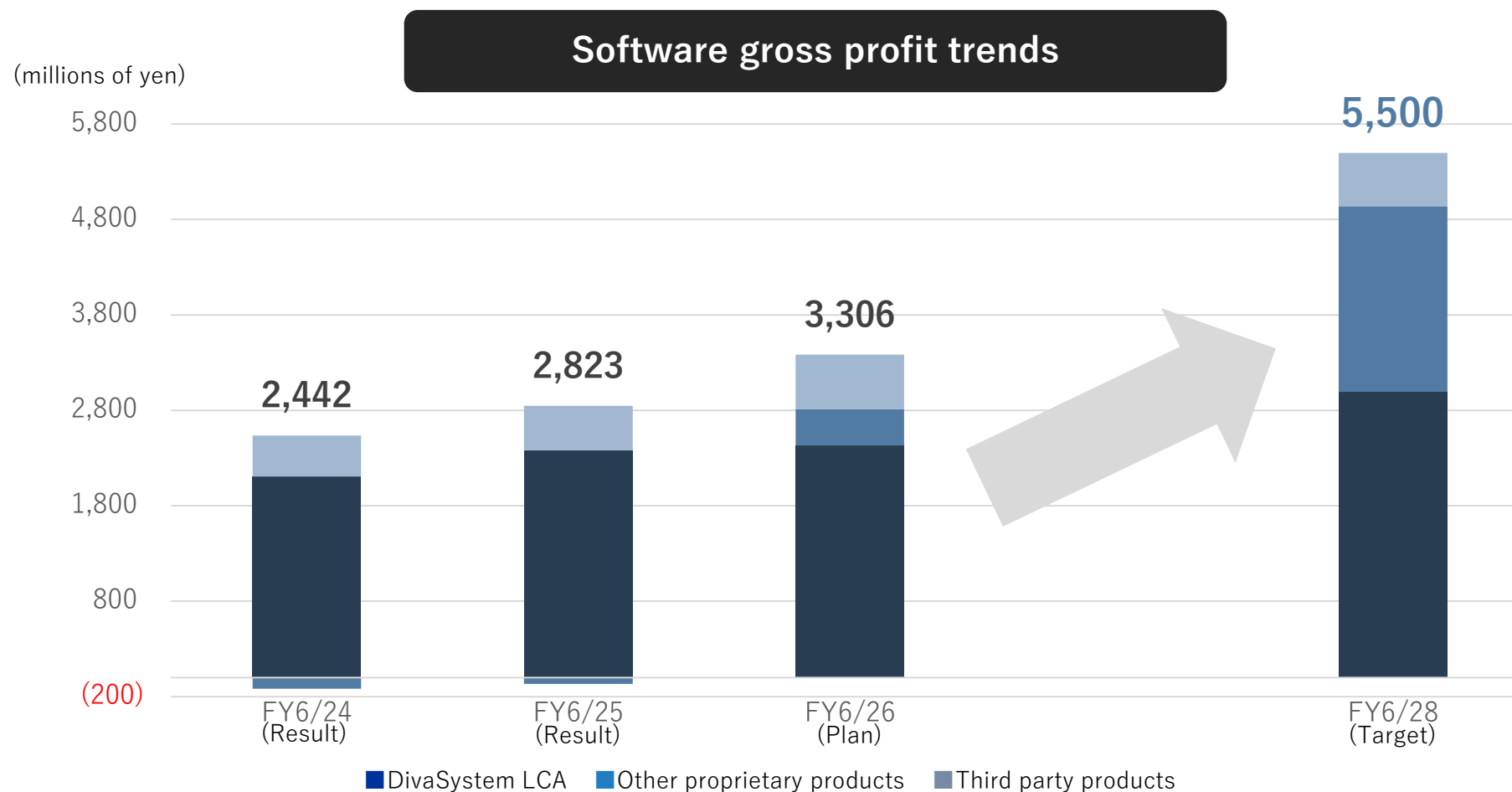
- Hiring Talent to Strengthen Sales and Development Capabilities
- Research and development investment
- Marketing investments, etc.



## IV. Growth Strategy and Future Developments

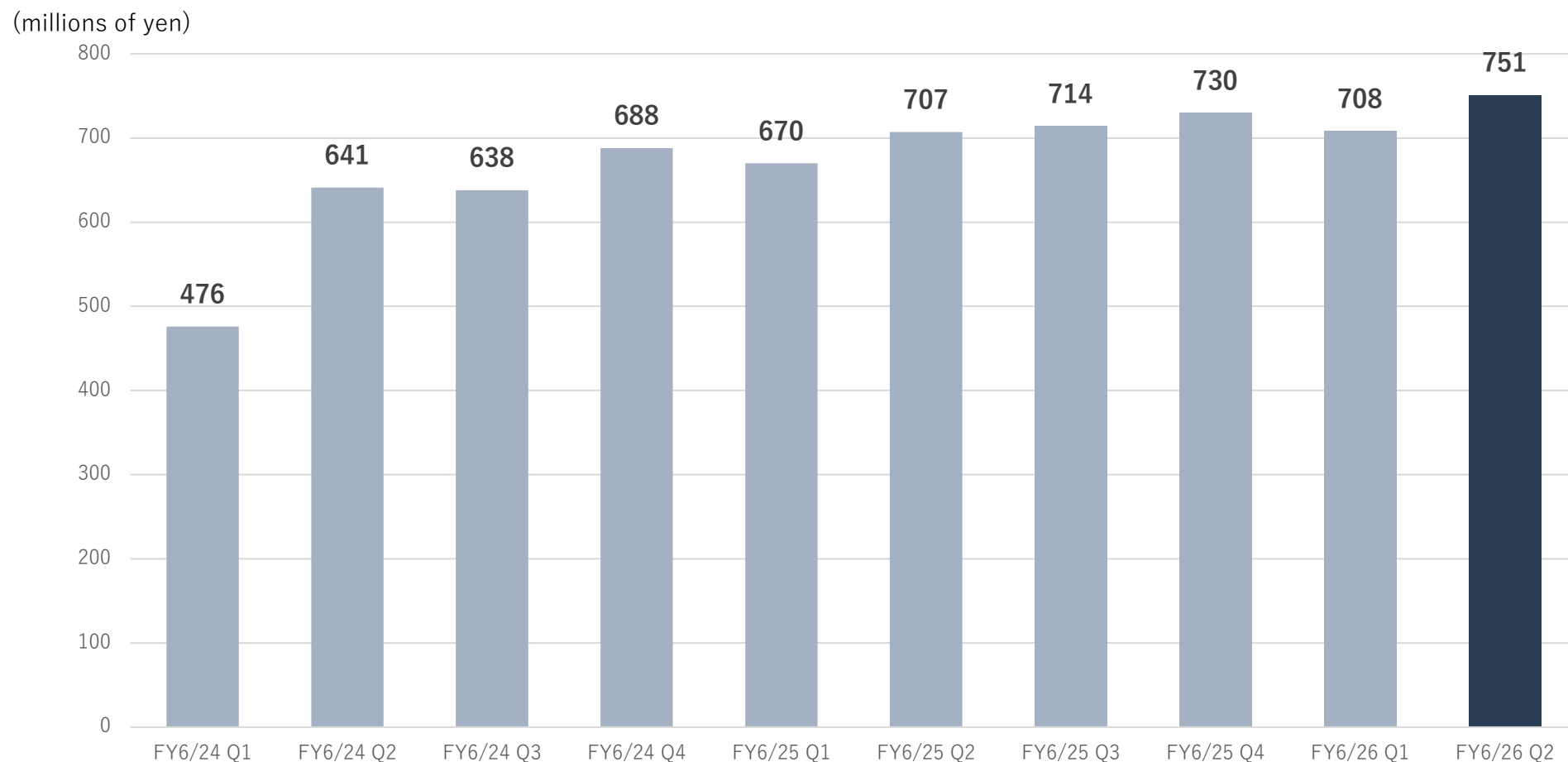
# Progress in software gross profit

- In addition to the stable growth of DivaSystem LCA, our founding product in consolidated accounting, we are steadily driving progress toward our targets through the proactive market expansion of our broader proprietary product portfolio.



# Software gross profit

- The profit increased by 6.2% year-on-year, 6.1% quarter-on-quarter, driven by higher software sales and lower outsourcing expenses.
- As sales growth in proprietary products is the key driver to achieving ¥5.5 billion in software gross profit, we will execute additional investments to support this expansion.

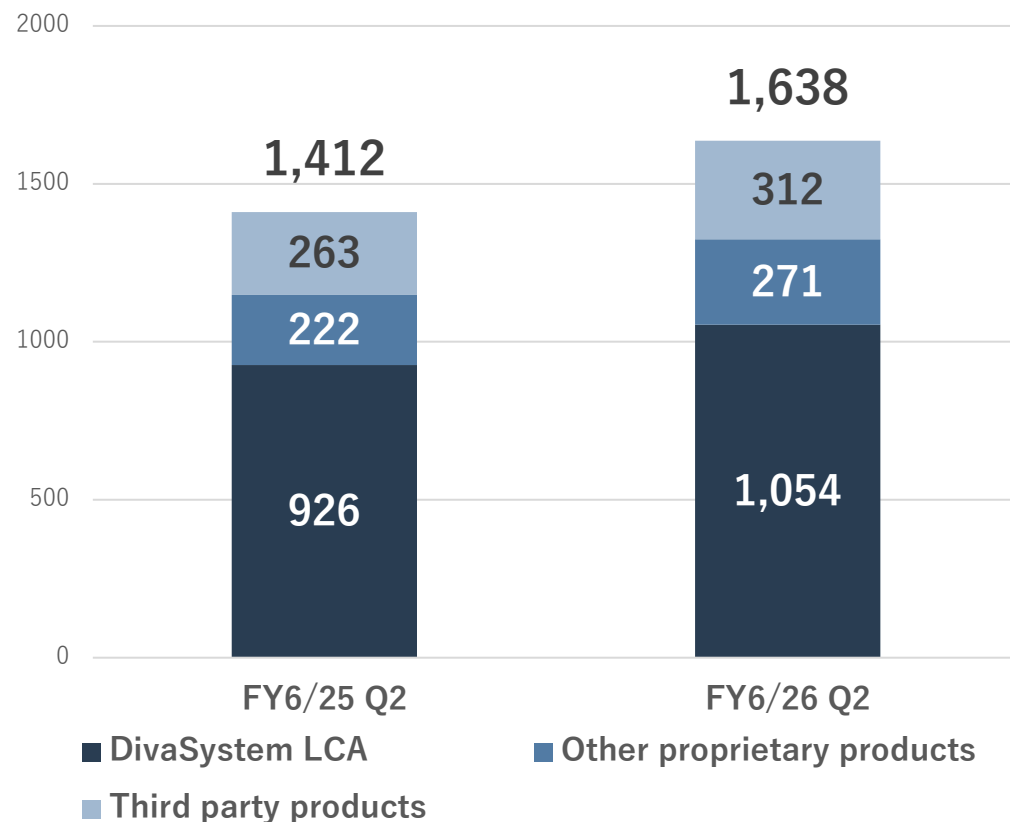


# Progress in software sales and software gross profit (details)

- The Group's proprietary products excluding DivaSystem LCA achieved 22% sales growth; however, their contribution to earnings remains in the development stage.
- Accelerate and scale the revenue growth of other proprietary products to enhance overall profitability.

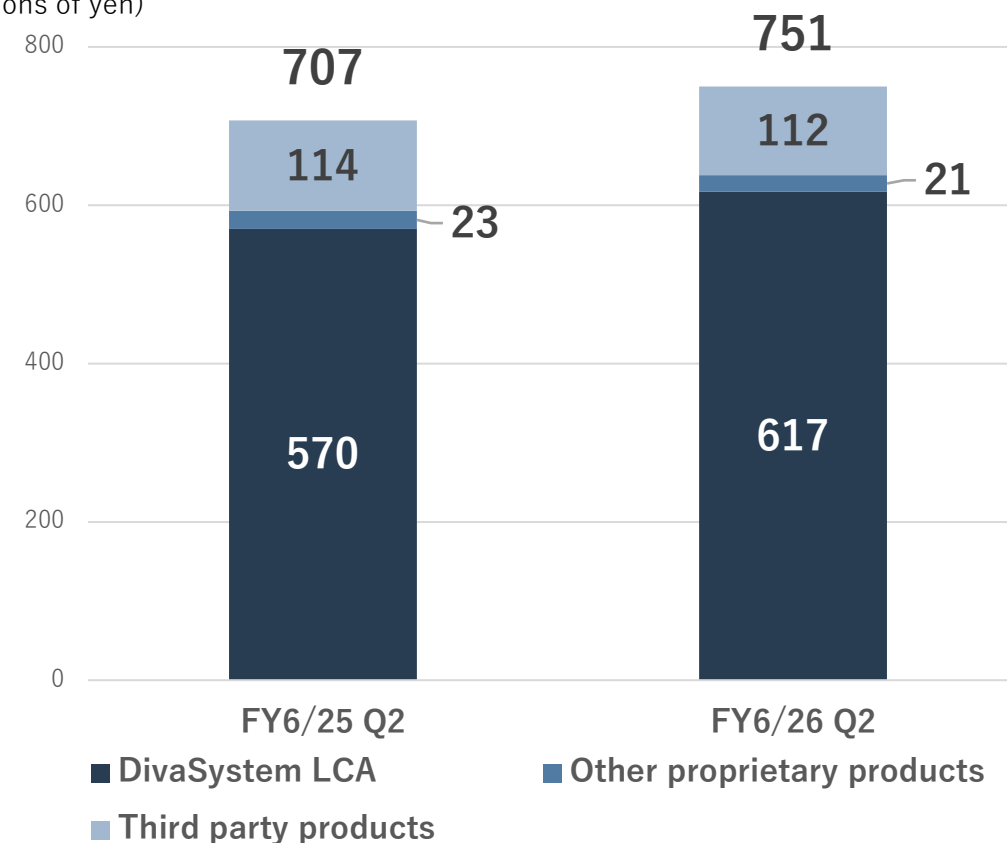
## Software sales

(millions of yen)



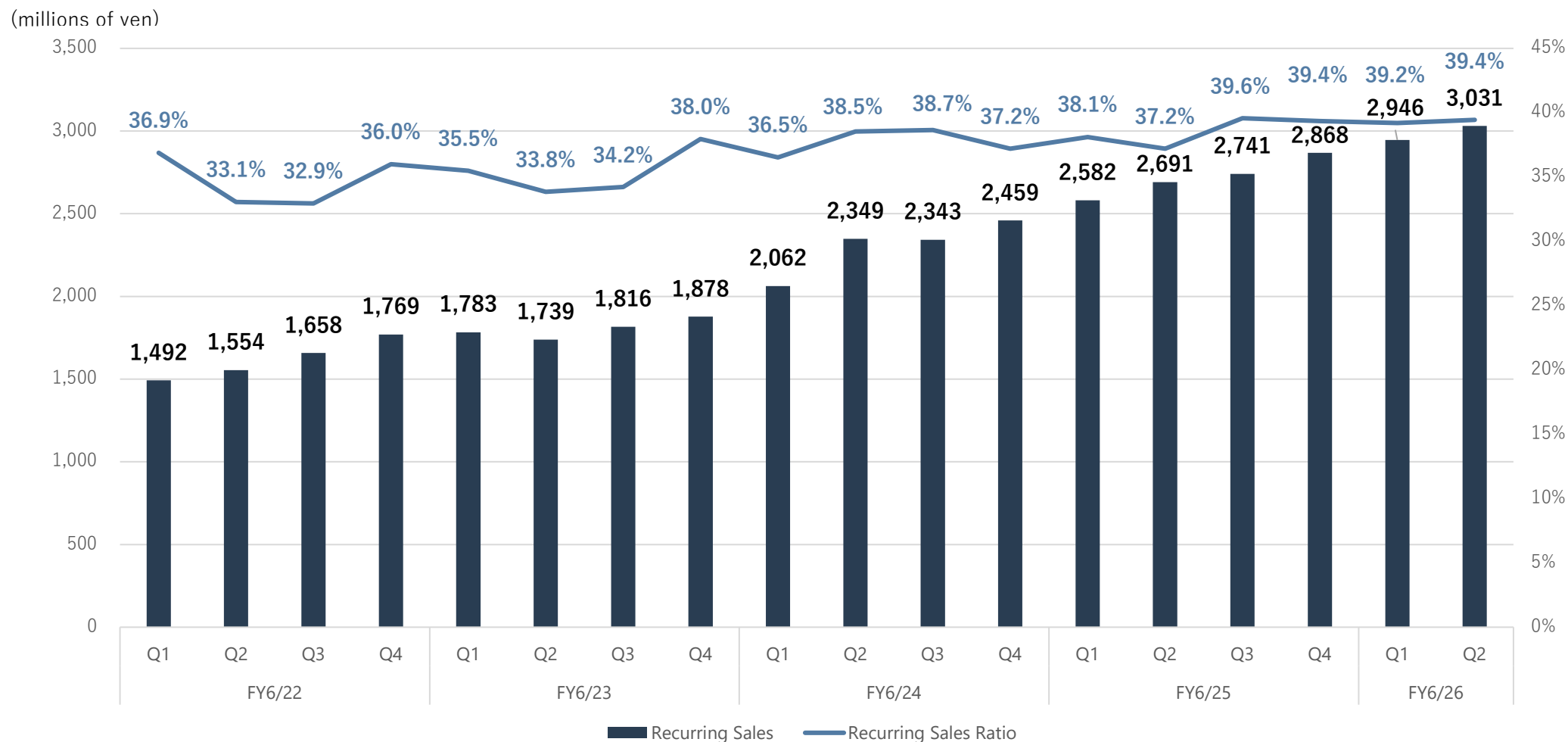
## Software gross profit

(millions of yen)

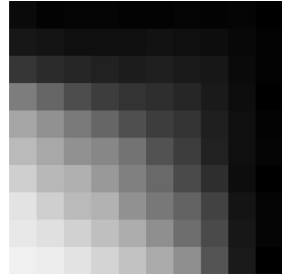


# Quarterly recurring sales and recurring sales ratio

- The recurring sales ratio has trended stably, and recurring sales continues to show a gradual but solid increase in absolute terms.



Effective from the beginning of the first quarter of FY6/22, the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others have been applied.



## Other Reference Data

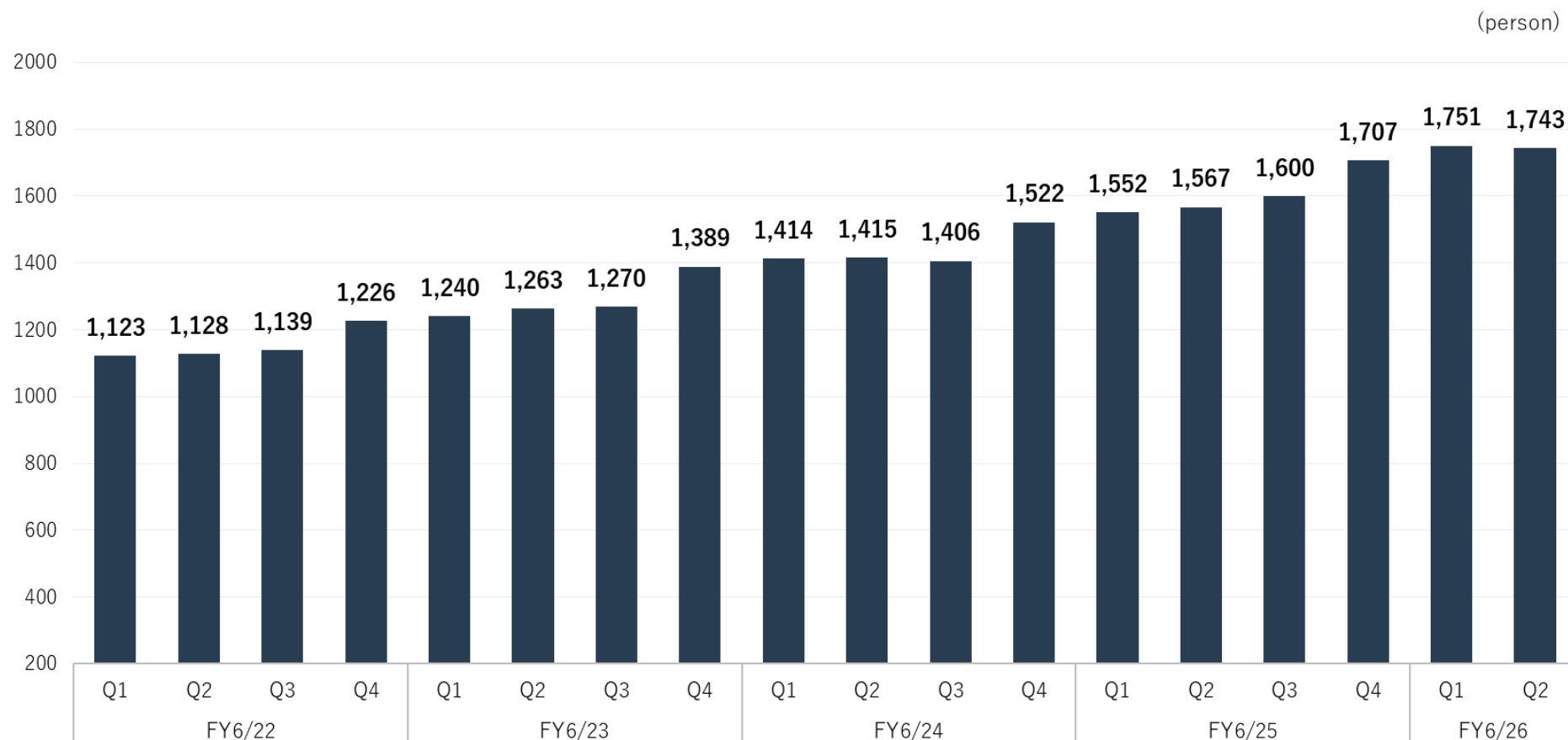
# Group cost structure

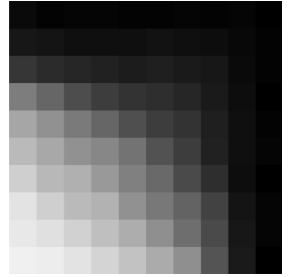
- An increase in personnel and recruitment expenses associated with business expansion, office-related costs due to the expansion of office space, and investment-related expenses aimed at achieving future growth, primarily through the strengthening of the software business.
- Due to progress in shifting from external resources to in-house capabilities through employee development, outsourcing expenses decreased year-on-year for both the first half and Q2 alone. Additionally, the level of recruitment activity decreased compared to Q1.

(millions of yen)	FY6/26 Q2	YoY Variance		FY6/26 YTD	YoY Variance	
		Yr earlier	% chg		Yr earlier	% chg
Net Sales	7,686	7,235	6.2%	15,202	14,011	8.5%
Personnel expenses	3,625	3,247	11.6%	7,180	6,471	11.0%
Recruitment expenses	135	143	(5.4%)	309	289	6.9%
Outsourcing expenses	1,177	1,206	(2.4%)	2,344	2,397	(2.2%)
IT expenses	418	365	14.7%	818	753	8.6%
Office expenses	260	227	14.5%	524	465	12.7%
Other expenses	664	599	11.0%	1,279	1,096	16.7%
Total expenses	6,282	5,789	8.5%	12,456	11,473	8.6%
Operating Profit	1,404	1,446	(2.9%)	2,745	2,537	8.2%
OPM	18.3%	20.0%	(1.7pt)	18.1%	18.1%	(0.1pt)

# Number of group employees

- While headcount is on an upward trend to achieve sustainable growth, it decreased slightly this quarter.





## Reference : Company Overview

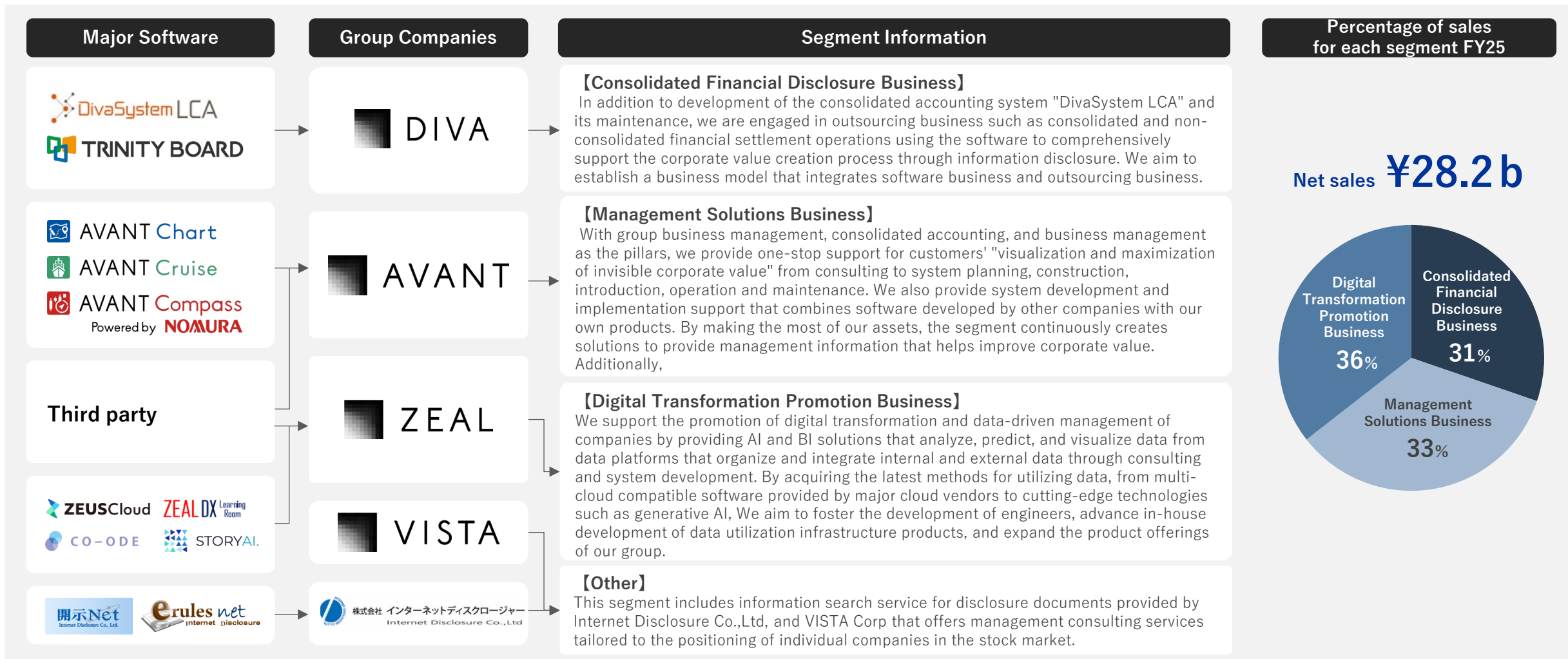
# Company introduction

Name : AVANT GROUP CORPORATION

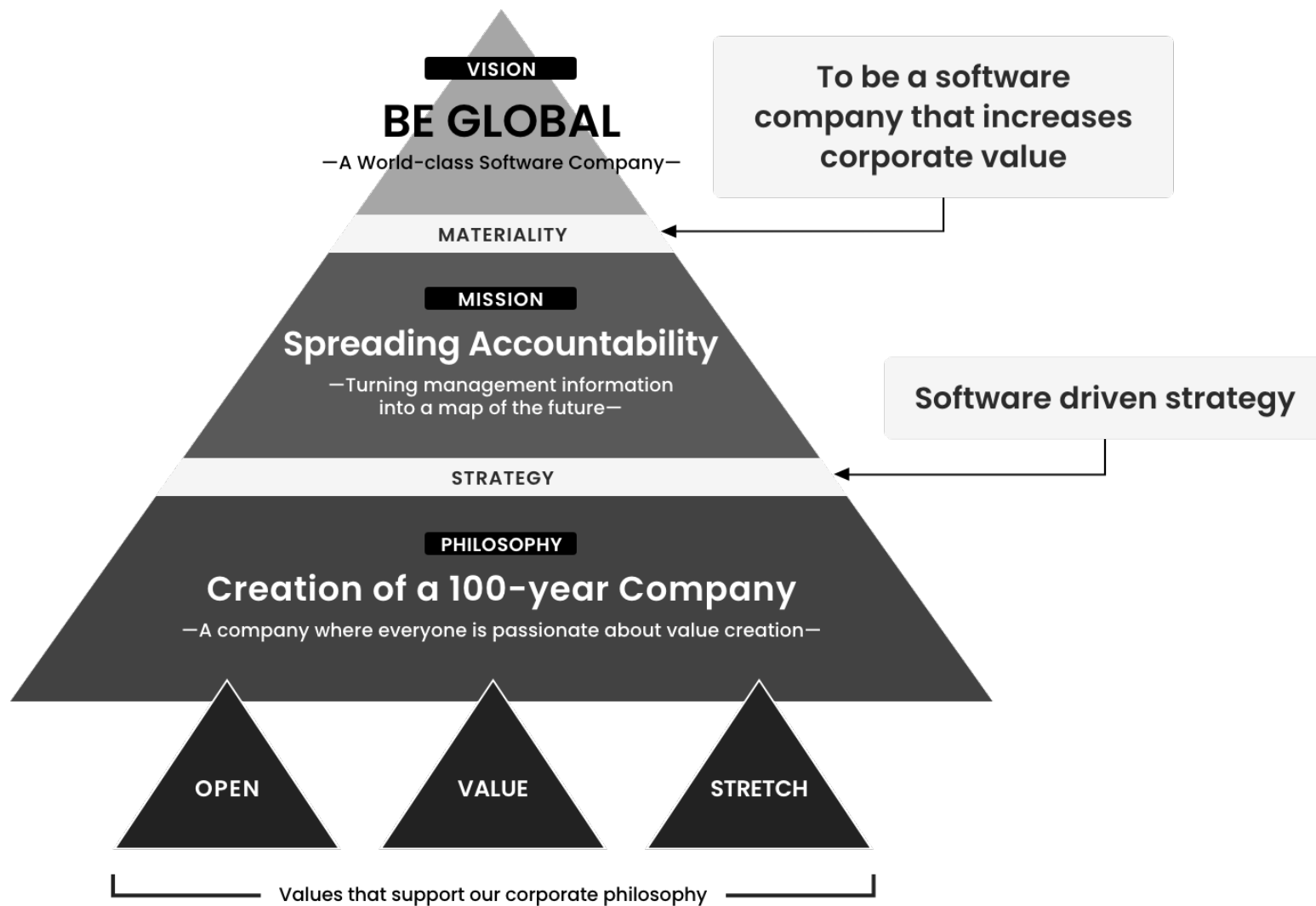
Inception : May 26, 1997

Representative : Tetsuji Morikawa, Founder, Chairman & Group CEO

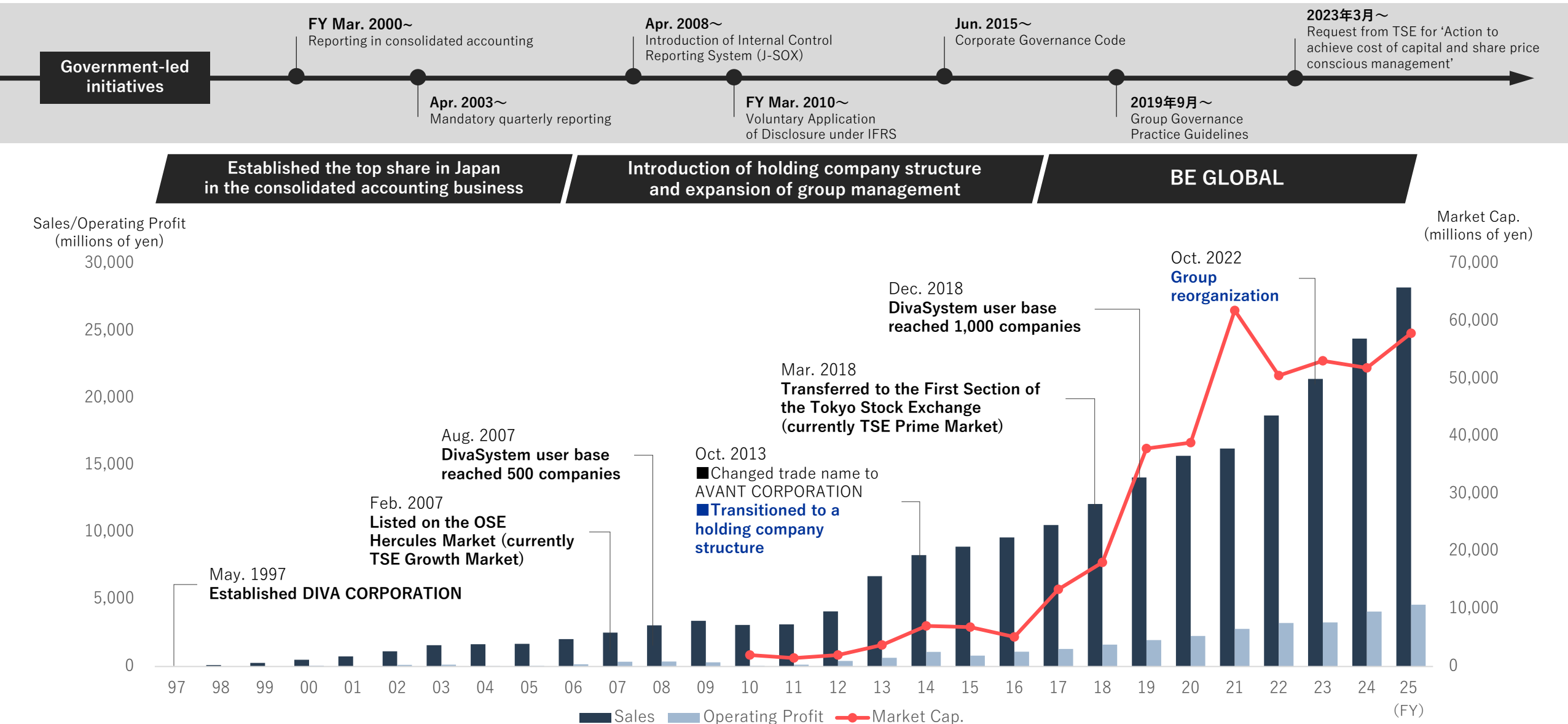
Market cap : Approximately ¥57.8 billion ( TSE Prime, 3836, 06/2025 )



# Avant Group Philosophy

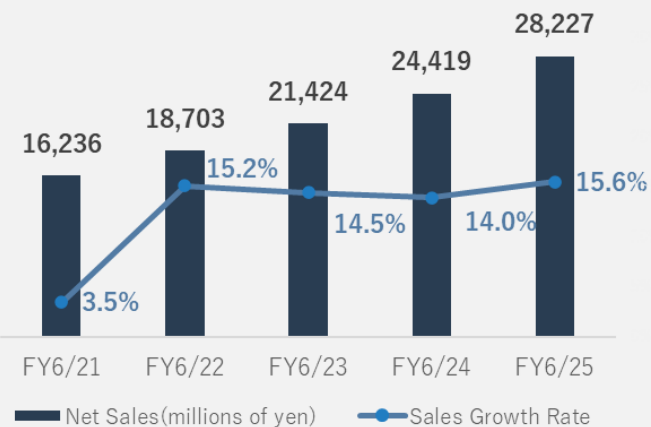


# Avant Group advances to the next five years to achieve BE GLOBAL

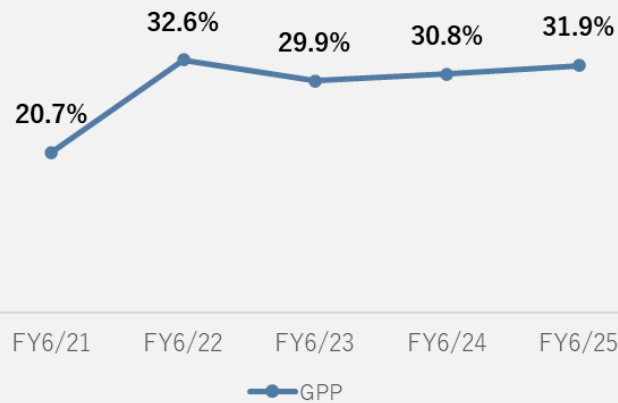


# Numerical summary

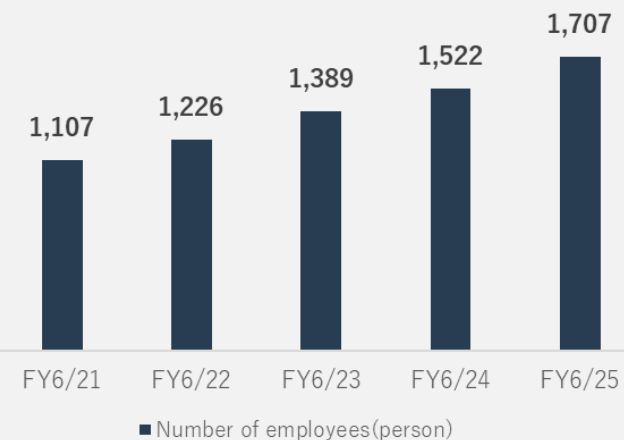
## Net Sales / Sales Growth Rate



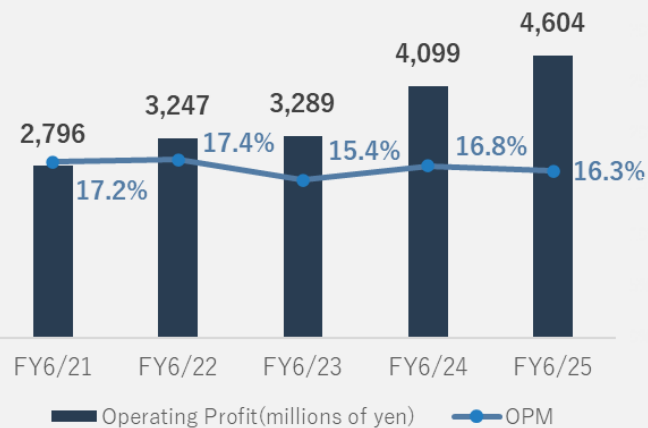
## GPP (Sales Growth Rate + OPM)



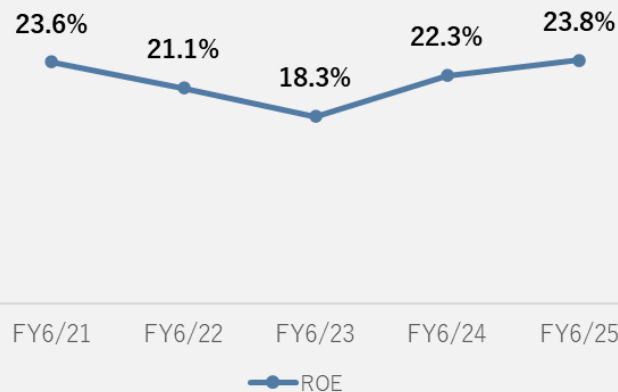
## Number of employees



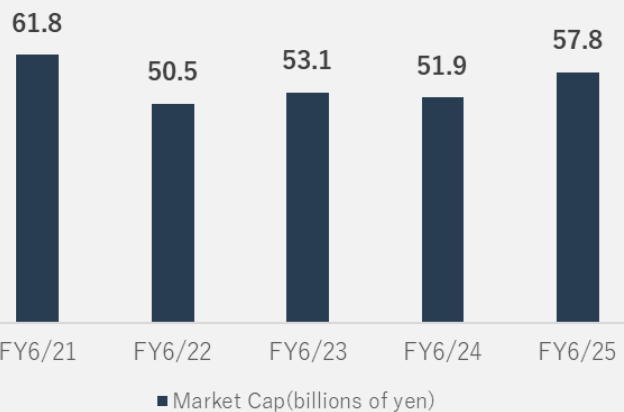
## Operating Profit / OPM



## ROE

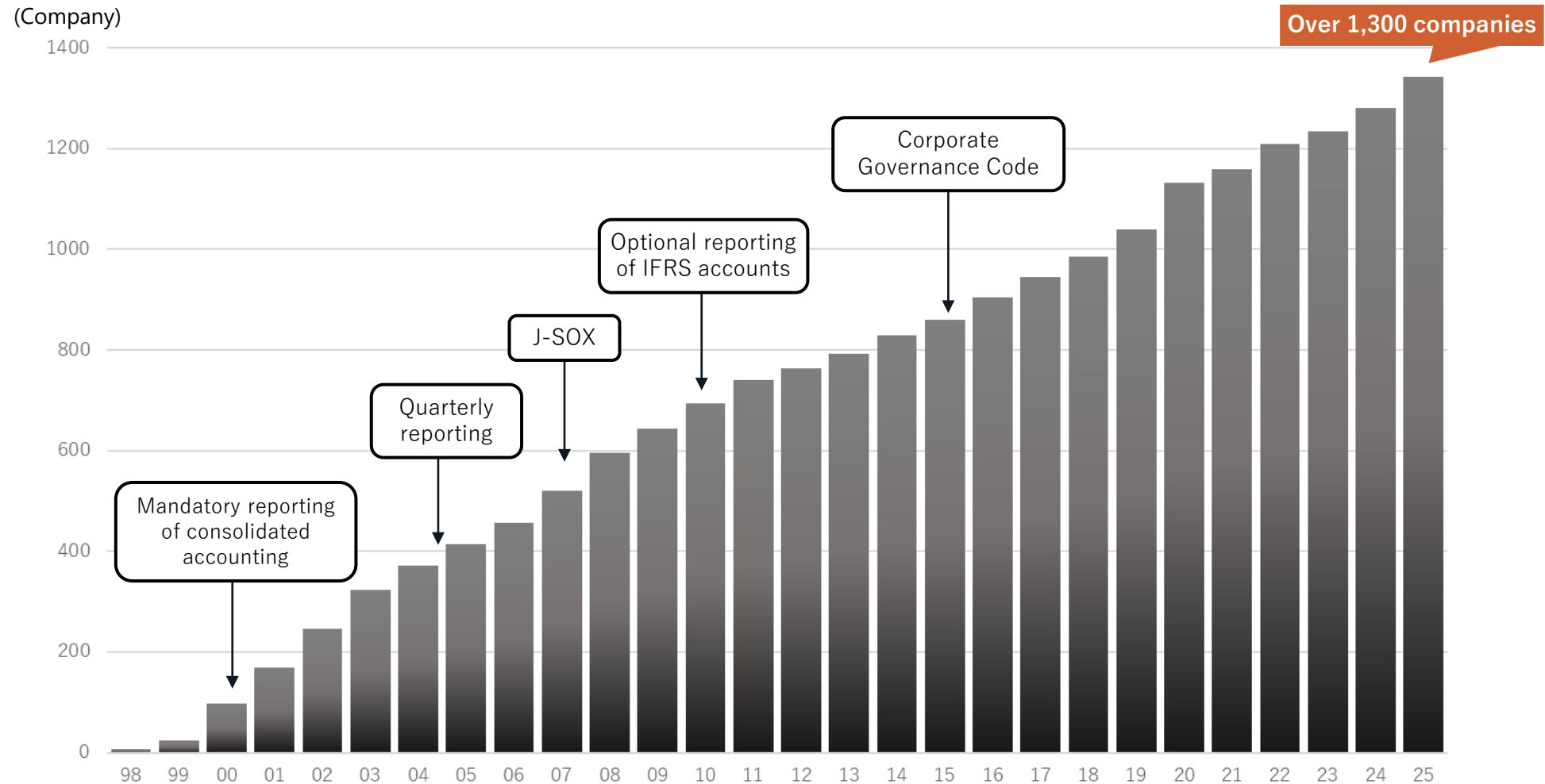


## Market Cap



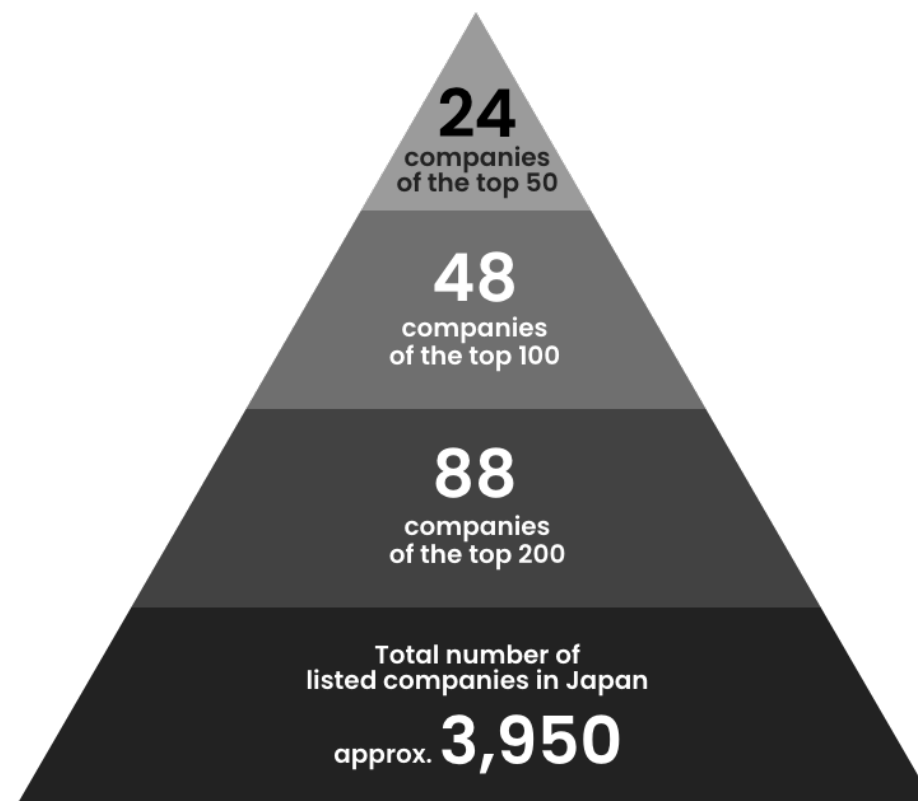
# Trends in companies that have introduced Avant Group software

- With the tightening of disclosure regulations, consolidated accounting system DivaSystem LCA leads the number of introductions



# Customer base of consolidated accounting system “DivaSystem LCA”

- More than 1,300 companies have bought ※<sup>1</sup>
- FY2024 consolidated accounting software market share is 42.8% ※<sup>2</sup>
- From institutional accounting to budget and management accounting, we support strengthening of corporate governance



※<sup>1</sup> As of the end of June 2025

※<sup>2</sup> Fuji Chimera Research Institute “Software Business New Market 2025 Edition” Consolidated Accounting Management Software Market Share (FY2024 results)

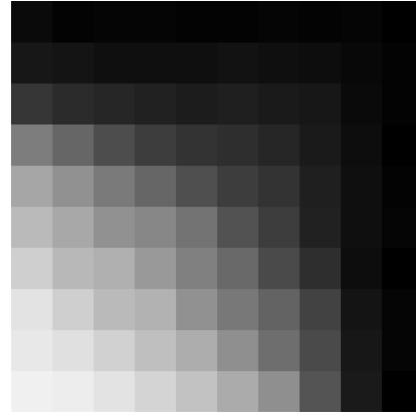
# Cautionary statement concerning forward-looking statements

The business forecasts, future projections, and strategies contained in this document are based on information reasonably available to the Company and judgments made within a normal scope at the time of preparation. However, actual results may differ materially from those projected in these forward-looking statements due to the occurrence of extraordinary circumstances, unforeseeable results, or various risks and uncertainties.

While the Company strives to actively disclose information deemed important to investors, we urge you not to rely solely on the earnings forecasts contained in this document when making investment decisions. Please refrain from reproducing or transmitting this document for any purpose without permission.

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AVANT GROUP

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