

AVANT

Investor Presentation

AVANT CORPORATION

(Code:3836 TSE1)

November 2019

Who we are

Creating a company that lasts 100 years

a company committed to quality employment

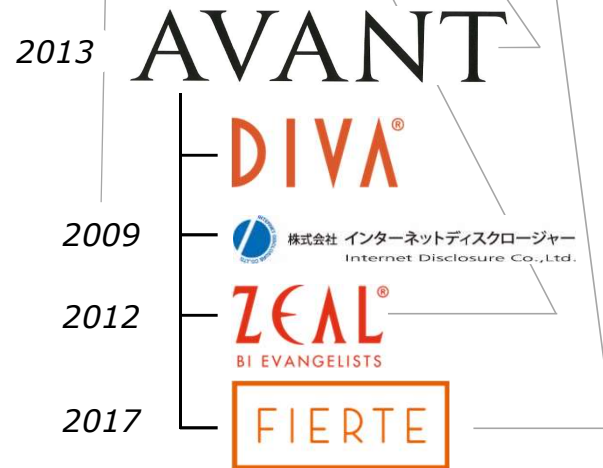
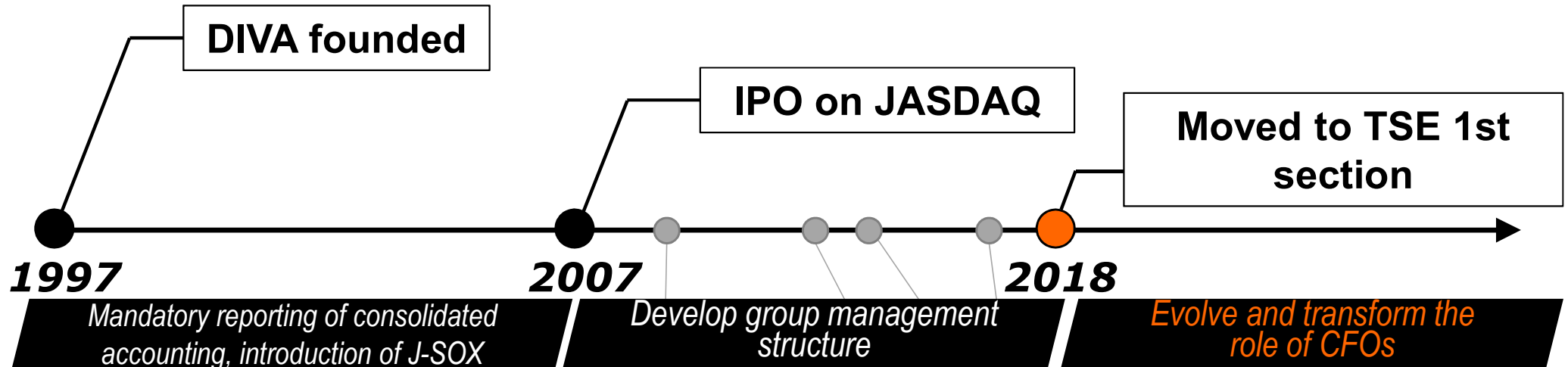
< BE GLOBAL >

Developer of a world-class software

AVANT Group aspires to do business in a view to;

- ✓ **become a high value added company**
- ✓ **with its world-class IP (software)**
- ✓ **and act as a CIFO ACCELERATOR**

AVANT Group for the next 10 years



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

Established itself as top
developer of consolidated
accounting software

Shifted to a holding
company and evolved its
group management structure

The Group stand poised
to generate new value to
stakeholders

Role of the companies of the Group

AVANT

Holding company

Operating companies



Maximizing corporate value of the Group

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

Maximizing business value of OpCo

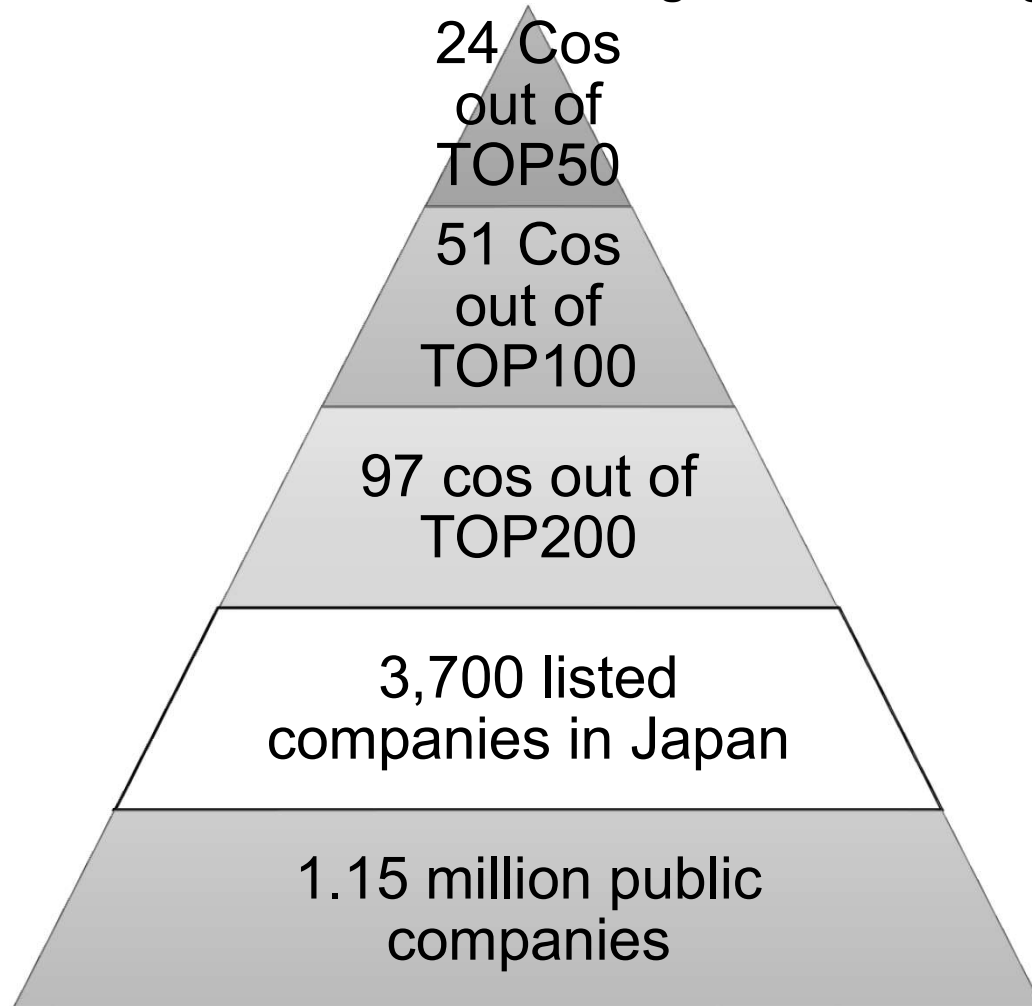
- Focus on maximizing value proposition to clients
- Execute business plan
- Transform business model if necessary to achieve business plan
- Develop new products based on accumulated knowledge base

Consolidated Accounting Business

AVANT

DIVA[®]

- Sold to over 1,000 companies¹, with more than half of TSE listed top 100 companies, leading market share of 44.9%²
- Governance related solutions from statutory accounting to managerial accounting



Toyota Motor Corporation
Nippon Telegraph and Telephone
NTT DoCoMo, Inc.
KDDI Corporation
Japan Tobacco Inc.
Daikin Industries, Ltd.
Kao Corporation
Chugai Pharmaceutical Co., Ltd.
Hitachi Group
Denso Corporation
Seven & i Holdings Co., Ltd.
Bridgestone Corporation
Astellas Pharma Inc.
Fujifilm Holdings
Mitsubishi Estate Co., Ltd.
etc.

¹ As of September 2019

² Fuji-Keizai Management "2019 Software Business New Market" Consolidated Accounting Software (Package) Market Share

Business Intelligence Business

AVANT



- Founded in 1991, acquired in 2012. More than 25 years of experience in business intelligence
- Installation of BI/DWH system to more than 900 clients
- Close relationship with Microsoft, Oracle, IBM, SAP and more

Recent cases

Sushiro Global Holdings Sales support system	Shueisha Inc Analysis infrastructure	Nissin Foods Holdings Co Management dashboard	Komatsu Ltd Mines database
Mizuno Corporation New budgeting system	Golf Digest Online Inc. Information integration platform	Nabtesco Corporation Performance management system	Credit Saison Co., Ltd. Marketing analysis environment
Tower Records Japan Inc. Integrated analysis database	Koide Camera Inc. Customer trend data analysis system		

Major Products

ABEJA Platform / Actian Analytics Platform / Adaptive Suite / Amazon Web Service / ASTERIA WARP / BOARD / BusinessSPECTRE / CCH TAGETIK / DataSpider Servista / Denodo / Dr.Sum / Excellent / IBM Cognos Analytics / IBM Planning Analytics / IBM InforSphere Data Strage / IBM SPSS / IJ GIO / Incorta Enterprise Analytics / Infor d/EPM / Informatica PowerCenter / intra-mart Accel Platform / Microsoft Azure / Microsoft Power BI / Microsoft SharePoint Server / Microsoft AQL Server / MicroStrategy / MotionBoard / Mµgen / Oracle Hyperion Planning / Oracle Business Intelligence / Oracle Data Integrator / Oracle Essbase / Oracle Exadata / Oracle Exalytics / Oracle EPM Cloud-Planning (PBCS) / Pentaho / Pivotal Greenplum / QlikView / Sagent Data Flow / SAP Business Planning and Consolidation / SAP BusinessObjects / SAP HANA / SAP IQ / SAS Enterprise Miner / SAS Visual Analytics / SkyLink / Syncsort DMExpress / Tableau / Talend / Teradata Data Warehouse Appliance / WebQuery / WebReport 2.0 Smart / Yellowfin / KaruwazaWeb / Zoomdata



- Started as outsourcing department at DIVA in 2012, incorporated in August 2017
- More than 100 outsourcing of customer process various accounting process from consolidation to reporting

Outsourcing of accounting

APAMAN Co., Ltd.	Tokyo FM Broadcasting Co., Ltd.	Cosmo Energy Holdings Co., Ltd.	Showa Shell Sekiyu	Tsumura & Co.
Tokai Carbon Co., Ltd.	Trend Micro Inc.	Nitto Denko Corporation	Nifco Inc.	Punch Industry Co., Ltd.
Hitachi Metal Ltd.	Hitachi Ltd.	Mitsubishi Heavy Industries, Ltd.	Mitsubishi Estate Co., Ltd.	Yoshinoya Holdings Co., Ltd.

Cash management solution

Kirin Holdings Company Limited	KDDI Corporation	THK Co., Ltd.	Nifco Inc.	Mitsui Chemicals, Inc.
--------------------------------	------------------	---------------	------------	------------------------

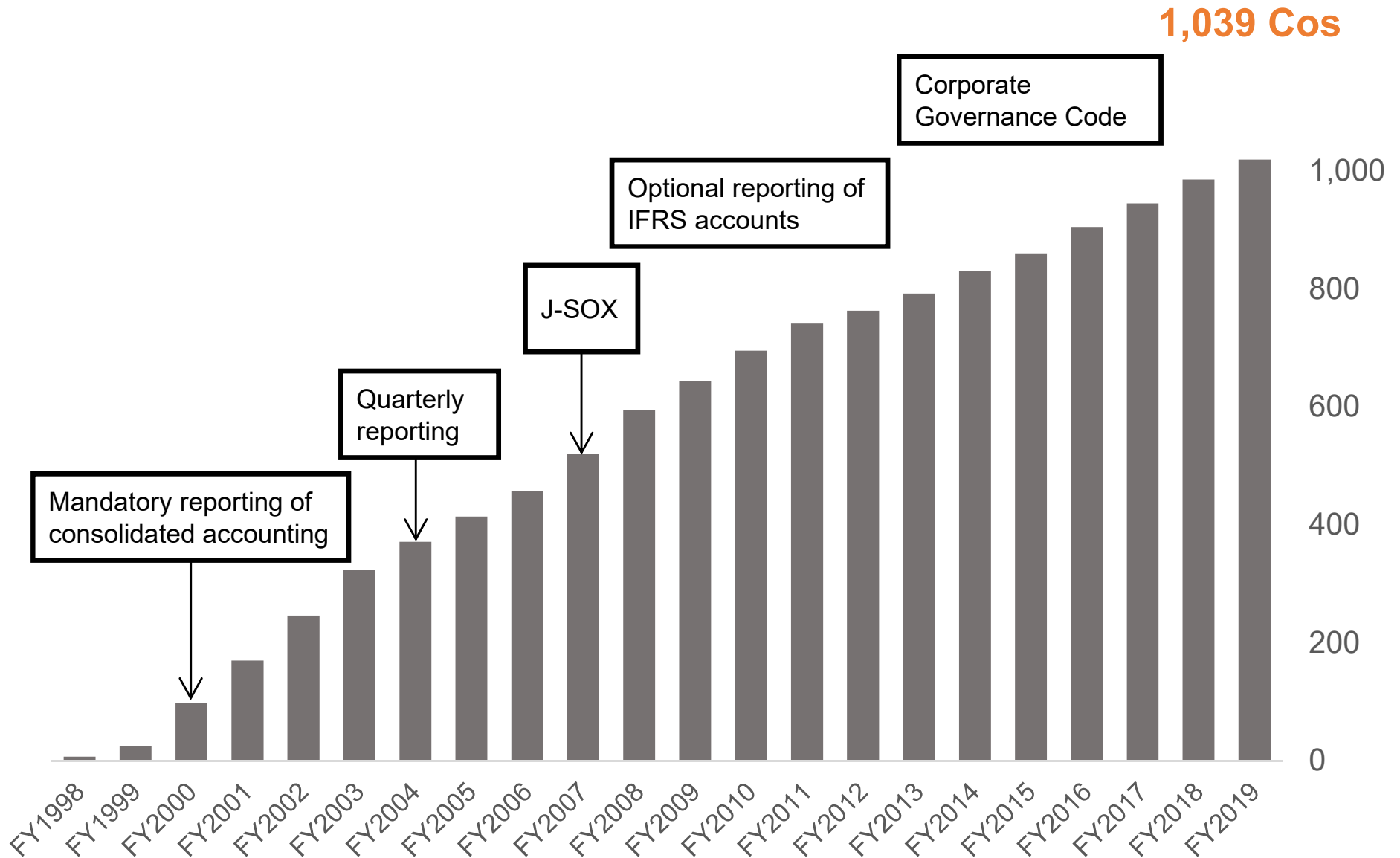
Mid-term Business Plan (FY19~23)

BE GLOBAL 2023

AVANT: Solid History

AVANT

We have increased our client base as disclosure requirement evolved..



Evolution of Governance in Japan

AVANT

Issues shifting to group company management and internal controls...

Cabinet

Abenomics

Japan Revitalization Strategies (2014-2016)

call for a change in corporate governance in Japan

Future Investment Strategies (2017, 2018)

Society 5.0 (2018)

- ✓ *Management of group companies*
- ✓ *Offensive / defensive governance*
- ✓ *Business portfolio optimization*

JPX / FSA

Corporate Governance Code (2015)

- ✓ *Cross shareholdings*
- ✓ *More than two outside directors*

Revised Corporate Governance Code (2018)

- ✓ *Selection / removal of CEO, remuneration*
- ✓ *Stronger role of auditors*
- ✓ *Business portfolio management based on cost of capital*

METI

Corporate Governance System Study Group (2016)

“Practical Guidance for Corporate Governance Systems (2017)”

“Guidance to integrated disclosure and company-investor dialogue for value creation (2017)”

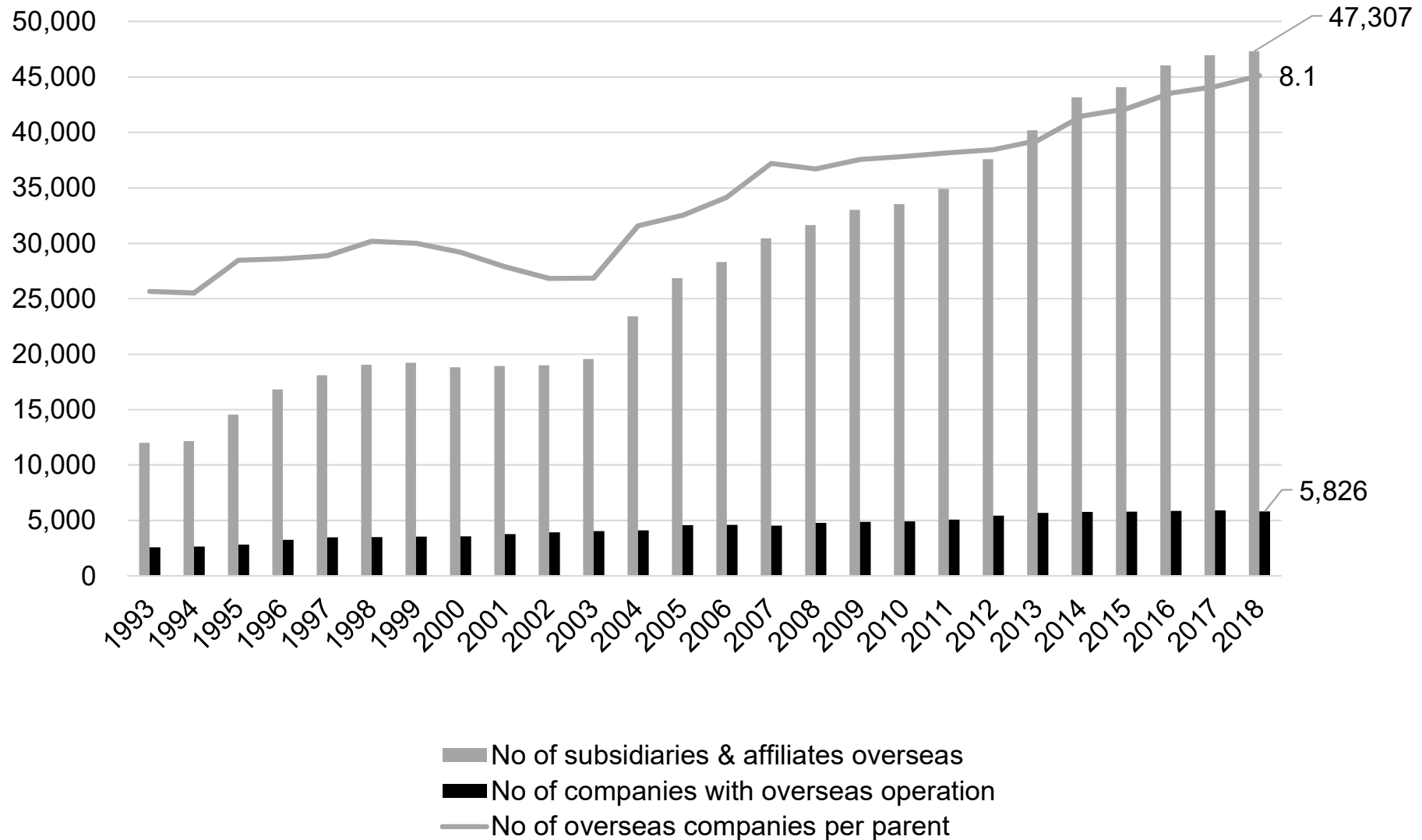
Corporate Governance System Study Group (2019)

- ✓ *Business portfolio management*
- ✓ *Group internal control*
- ✓ *Group internal audit*

Guideline on Digital Transformation (2018)

Issues with Group Management

Companies with overseas subsidiaries & affiliates

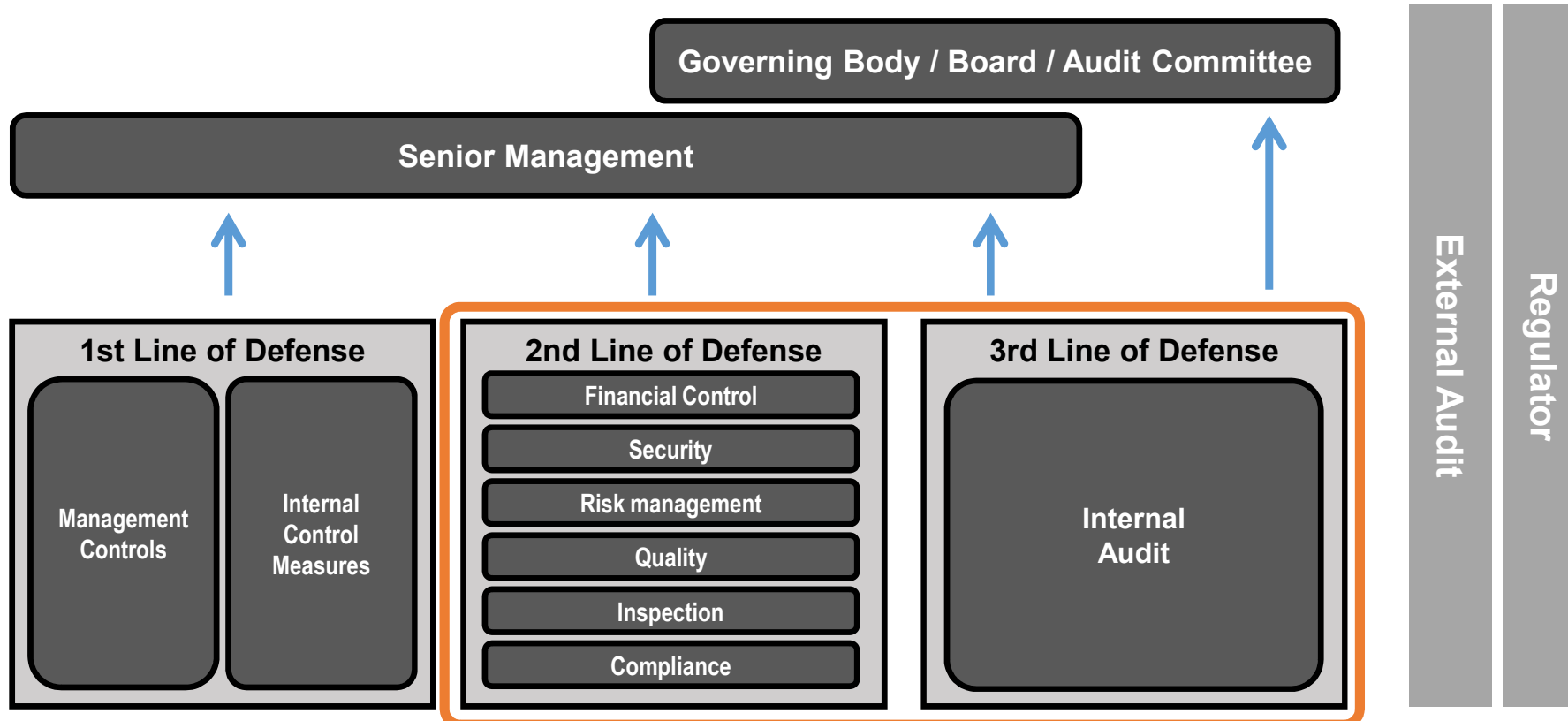


Source: Ministry of Economy, Trade and Industry "Report of Basic Survey of Japanese Business Structure and Activities"

Issues with Internal Control / Audit

AVANT

Three Lines of Defense



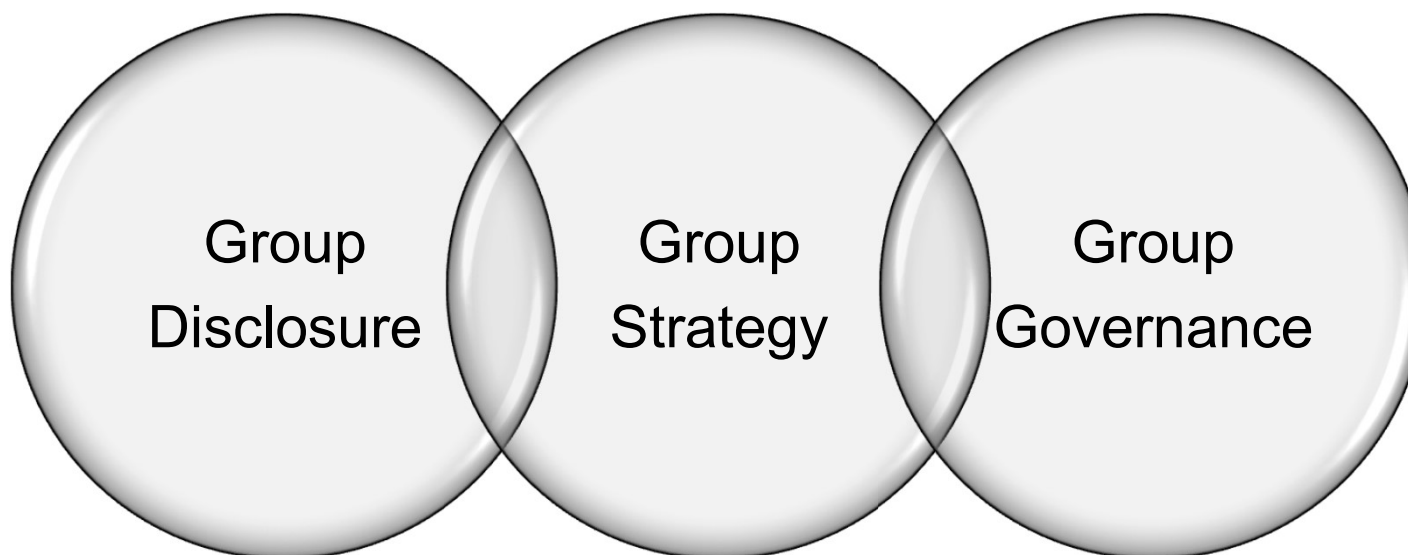
Source: IIA Position paper: "The Three Lines of Defense in Effective Risk Management and Control"

- It is important to work against the first line by piercing the parent and subsidiaries through authority such as personnel, performance evaluation, and capital allocation
- The lack of independence of the second and third lines is often pointed out in scandal cases

Three issues with Group Management

AVANT

Group disclosure, Strategy and governance



AVANT Group Covers all

DIVA[®]



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

ZEAL[®]

FIERTE

Spreading Accountability

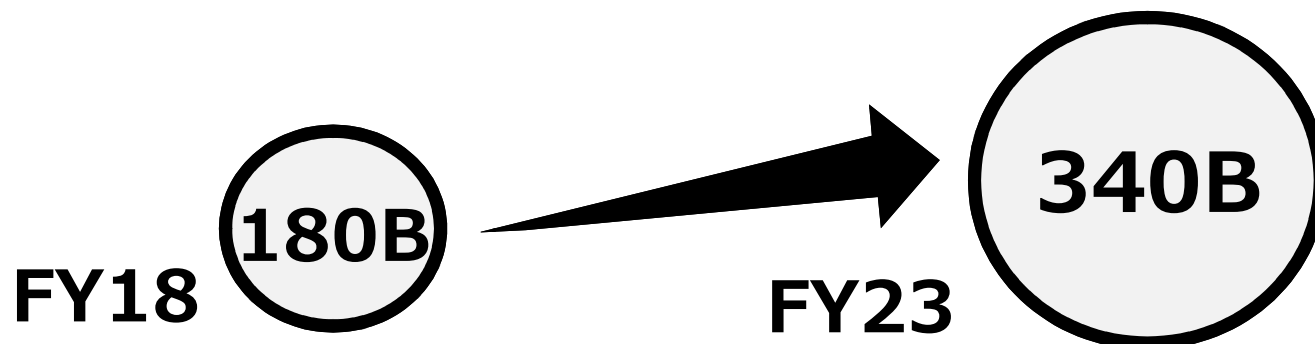
CIFO ACCELERATOR

The Group believe our mission is to “Spread Accountability (to convert management information into a map for the future)”, and we offer intellectual properties (software) to help achieve digital transformation of CFO (Chief Financial Officers) organization of our clients.

The Group defines the modern CFO who utilizes digitized information for executive decision as CIFO. We offer various solutions to help transform information digitally “visible,” “usable” and ”reliable” for decision-making and we call that pivotal role as a “CIFO ACCELERATOR”.

DX of CFO Organization

- The Group believes that the current CFO organization's digital transformation related market is about 180 billion yen.
- Japan's white collar productivity improvements, including the CFO organization, are far behind the global level, and there is a lot of room for improvement, that is, we can expect market growth.
- By 2023, the Group expects the market to grow to an average of around ¥ 340 billion with an average annual growth rate of around 13%.



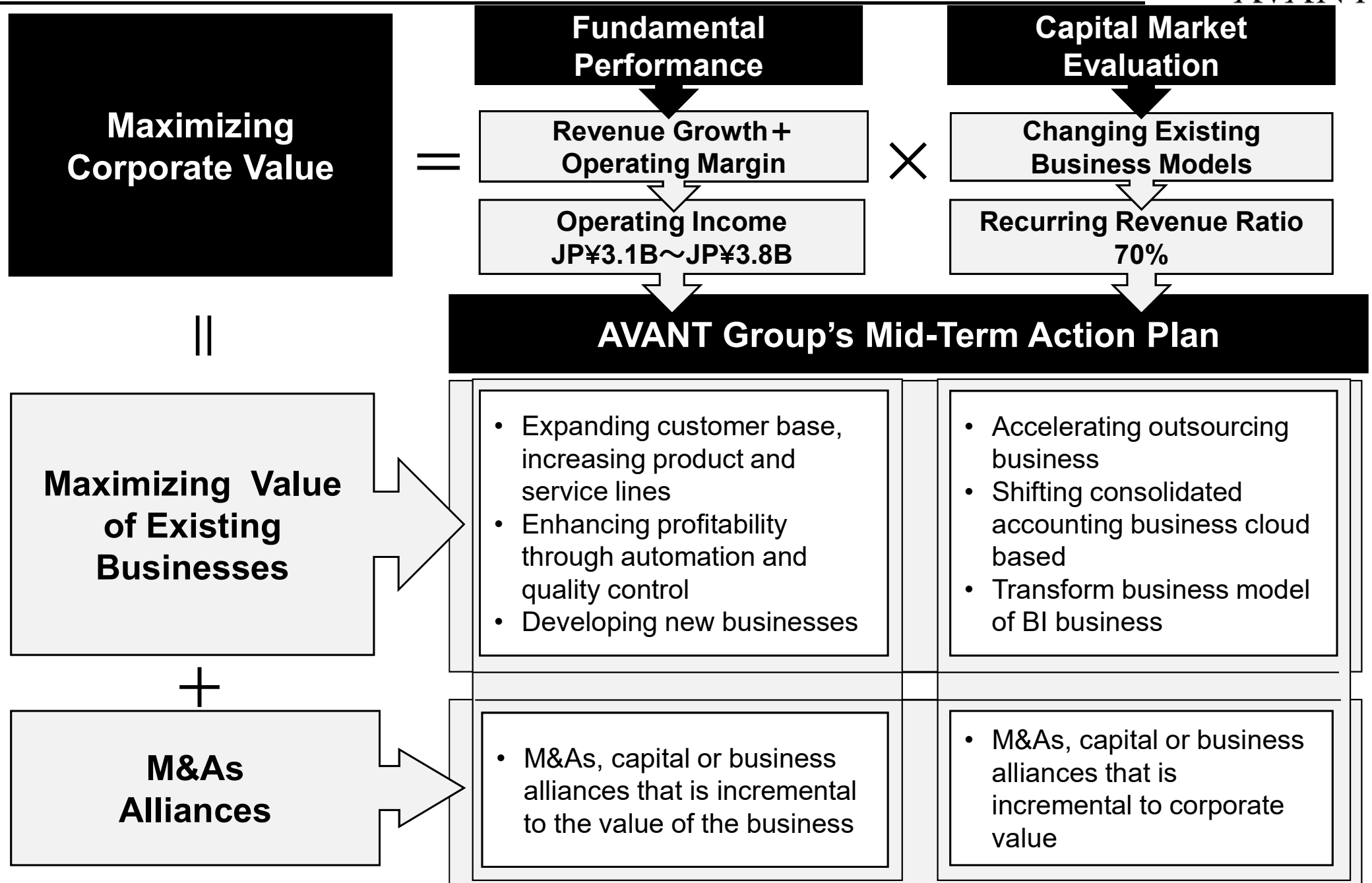
Mid-term Management Plan: Target KPIs

AVANT

	FY18		FY23
Revenue	¥12B	➔	¥18 ~ 22B
Recurring revenue ratio	33%	➔	70%
Operating income	¥1.6B	➔	¥3.1 ~ 3.8B
Revenue growth + OP margins	28.5pt	➔	Over 40pt
ROE	24.5%	➔	Over 20%
Dividends	¥6	➔	Over ¥15

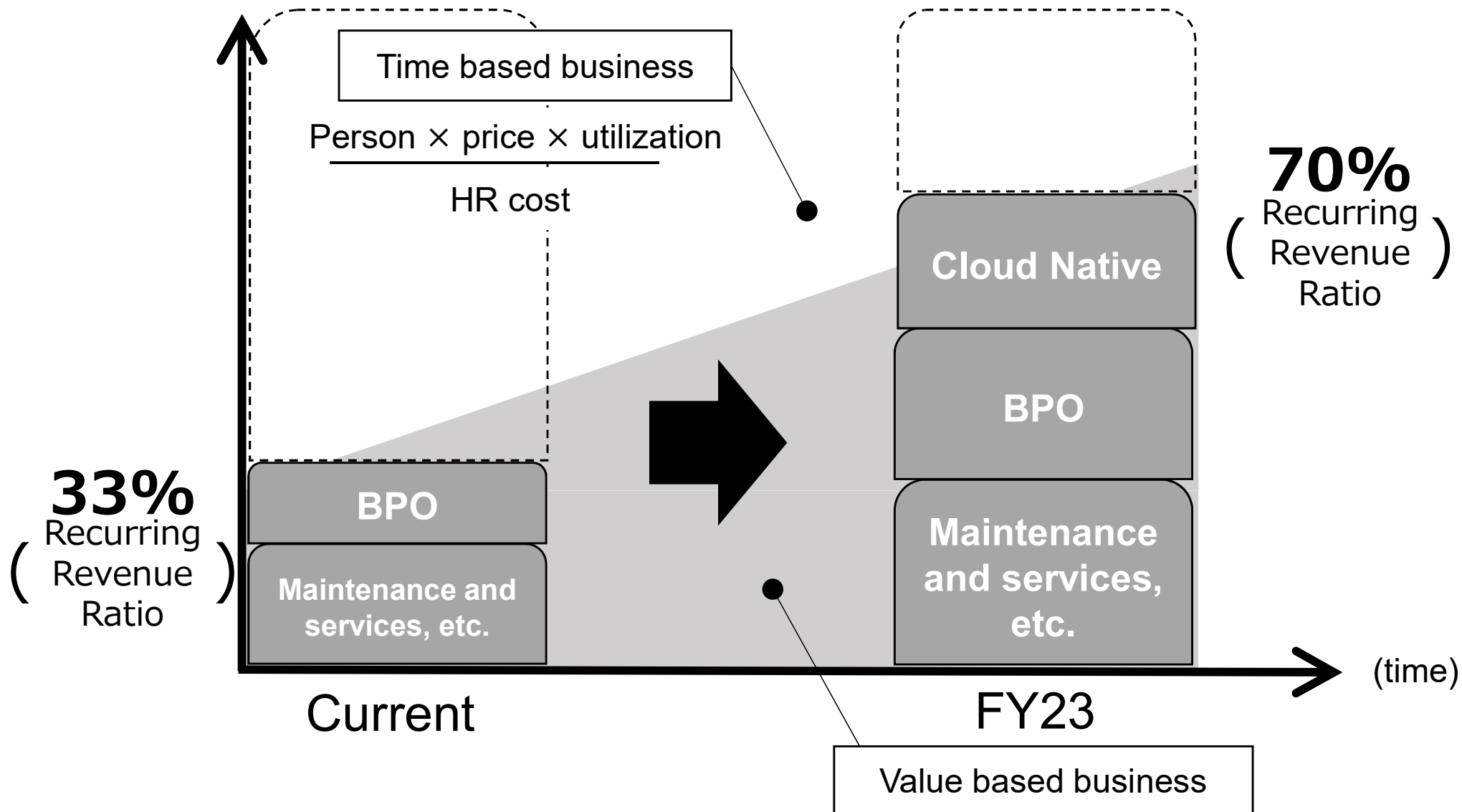
Mid-term Management Plan: BE GLOBAL 2023

AVANT



Changing Existing Business Model

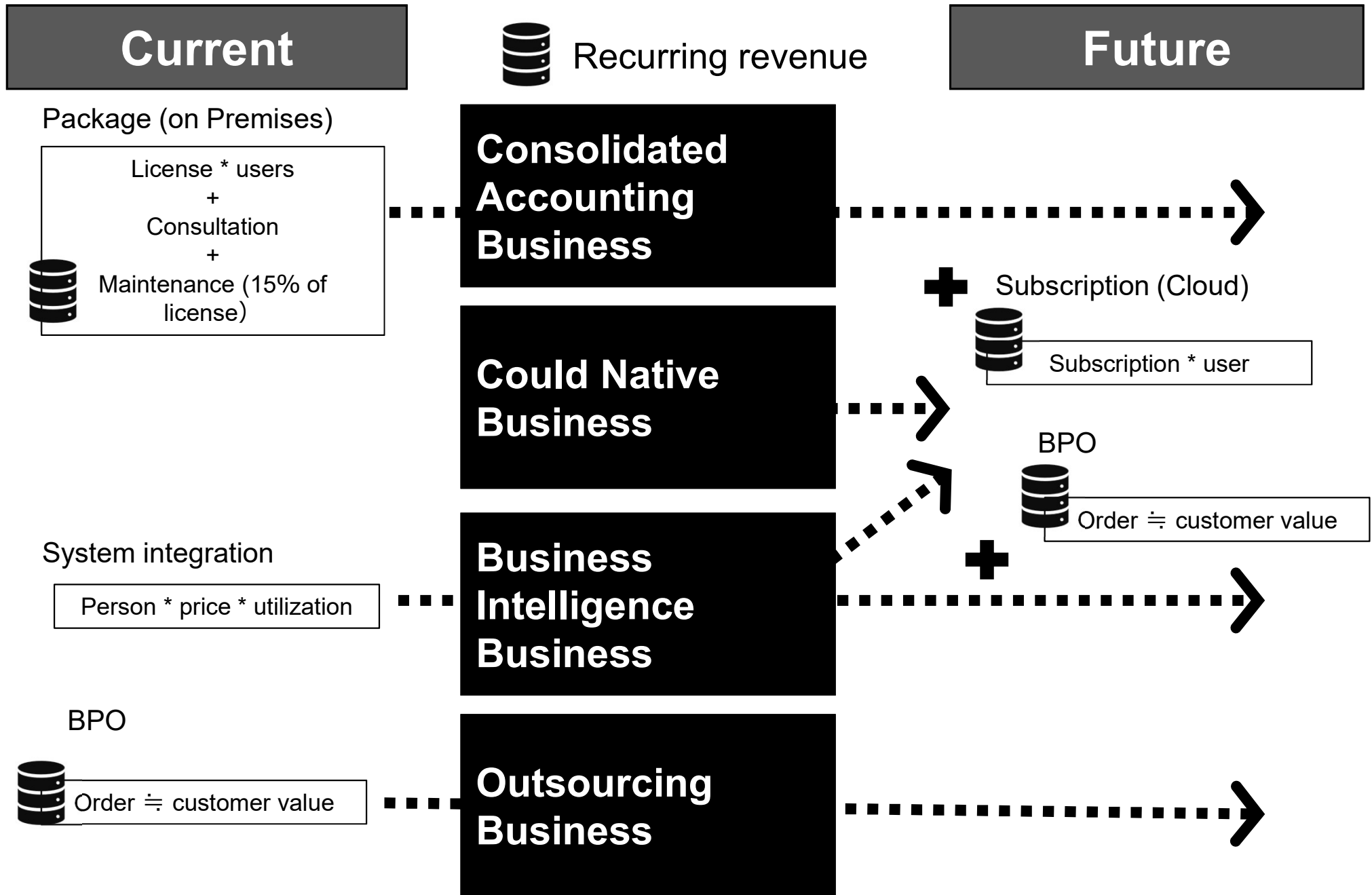
AVANT



$$\frac{\text{Client lifetime value (client value x life cycle) x no. clients}}{\text{Customer acquisition cost}}$$

Change in recurring revenue







AVANT



Plan Update: First year achievement

AVANT

Recurring revenue ratio dropped but amount increased by 11.8% in this stocking period, on track to achieve target

	FY18 Actual		FY19 Actual		FY23 Target
Revenue	¥12.1B	→	 ¥14.1B	⇒	¥18-22B
Recurring revenue ratio	33%	→	 31%	⇒	70%
Operating income	¥1.63B	→	 ¥1.97B	⇒	¥3.1-3.8B
GPP: Rev. growth + OP margin	28.5pt	→	 30.2pt	⇒	Over 40pt
ROE	24.5%	→	 24.6%	⇒	Over 20%
Dividends	¥6	→	 ¥7.5	⇒	Over ¥15

Plan Update: Path to Achievement

AVANT

Consolidated Accounting

Recurring revenue ratio

FY19 actual

38%

FY23 target

50%

FY19 Achievement

- Mega-projects had topped out
- Cloud based “Planning” successfully launched
- Established pipeline of new products
- Major audit company win with filing documents review service

FY20 Initiatives

- Continue to roll out “Planning”
- Launch cloud based “Compass”
- Develop group management solution

Plan Update: Path to Achievement

AVANT

Business Intelligence

Recurring revenue ratio

FY19 actual

7%

FY23 target

40%

FY19 Achievement

- Increased large-scale project wins
- Over 50% as prime contractor for the first time
- Recognized by Microsoft as the first global partner in Japan with achievements in “Power BI” projects
- Introduced a number of “first in Japan” cloud products from overseas vendors

FY20 Initiatives

- Develop unique products (templates etc.) based on “Power BI” platform
- Roll out proprietary analytics tool “ZEUSCLOUD” on AWS
- Introduce cloud based DWH products from overseas vendors
- Initiate BPO service that run on cloud data platform

Plan Update: Path to Achievement

AVANT

Outsourcing

Recurring
revenue
ratio

FY19 actual

94%

FY23 target

95%

FY19 Achievement

- Maintained top line growth of over 25% while maintaining high margins
- First outsourcing service for consolidated accounting on foreign vendor's ERP system
- Increased outsourcing business other than consolidation of accounts (such as cash management related business that contributed more than ¥100M in revenue)

FY20 Initiatives

- Continue rapid growth, leading a role of building recurring revenue base for the Group
- Increase non-DIVA clients
- Continue research & investment in process automation

Plan Update: Path to Achievement

AVANT

**(NEW)
Cloud Native**

Recurring
revenue
ratio

FY19 actual

n/a

FY23 target

95%

**FY19
Achievement**

- **Finalized the outline of the new business (concept, policy and target)**

**FY20
Initiatives**

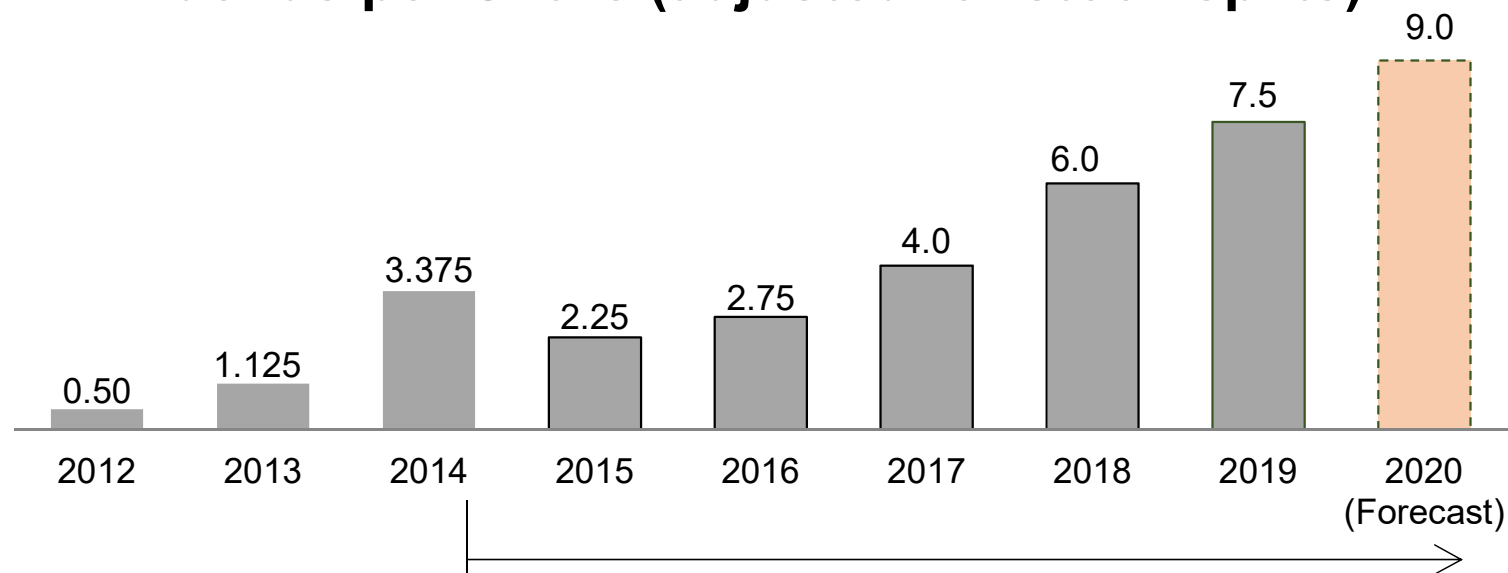
- **Finalize official launch of business sometime in FY20**
- **New business could be set up with internal cash, M&A or capital alliances**

Shareholder Return Policy

AVANT

AVANT dividend policy is to maintain sustainable growth in cash dividends per share, and our goal is to maintain dividends on equity (DoE) significantly above TSE average

Trends in Dividends per Share (adjusted for stock splits)



Shareholder return policy based on DoE

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
DOE (AVANT)	1.30%	2.48%	5.84%	3.25%	3.41%	4.18%	5.20%	5.27%
DOE (TSE Average)	2.24%	2.28%	2.39%	2.43%	2.64%	2.78%	2.85%	2.94%

Source: JPX Group Statistics Monthly Report; DOE average of listed companies on TSE is calculated by 12 months from May 2018 to April 2019

Financials

Results for the FY ended June 19

AVANT

Another year of record results

- Favorable growth in top line in all three businesses. Especially so with Business Intelligence business, and consolidated revenue hit record level
- Revenue growth, together with efforts to improve project quality and productivity, led to four consecutive years of growth in operating income, ordinary income and net income

(Millions of Yen)

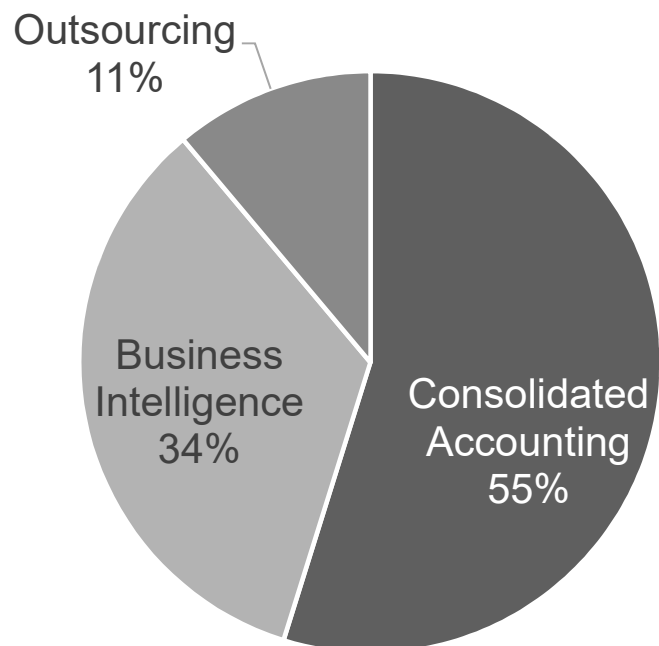
	FY18/06	FY19/06	Year-on-Year	
			Variance	%CHG
Revenue	12,110	14,077	+ 1,967	+ 16.2%
Cost of Revenue	6,946	7,779	+ 832	+ 12.0%
SG&A expences	3,532	4,332	+ 799	+ 22.6%
Operating Income	1,631	1,966	+ 335	+ 20.5%
OP Margin	13.5%	14.0%	-	+ 0.5 point
Ordinary Income	1,632	1,972	+ 340	+ 20.8%
Net Income	1,062	1,317	+ 254	+ 24.0%

Segment Information

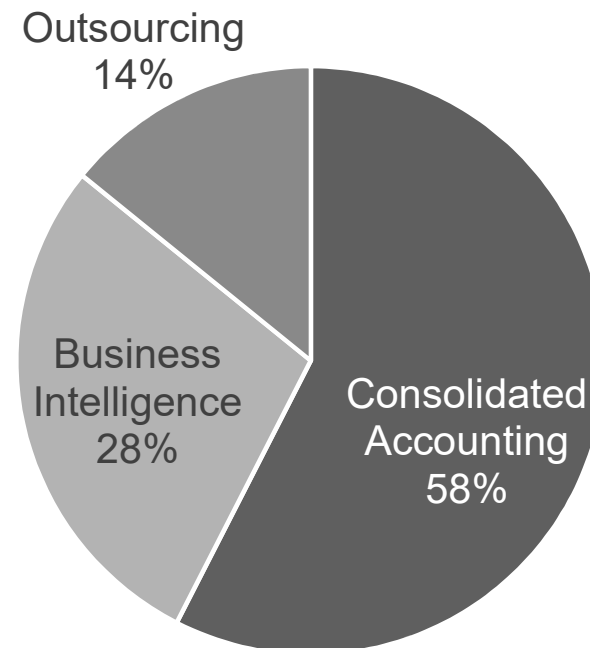
AVANT

For the fiscal year ended June 30, 2019

Net Sales 14.07billion yen



Operating income 1.96 billion yen



Reportable Segment	Sales growth
Consolidated Accounting	+10.6%
Business Intelligence	+26.2%
Outsourcing	+24.1%
Consolidated	+16.2%

Reportable Segment	OP margins
Consolidated Accounting	16.1%
Business Intelligence	12.8%
Outsourcing	19.5%
Consolidated	14.0%

Segment Results

AVANT

- **Consolidated Accounting Business:** Provided allowance for a large-scale project, but quality of other projects improved and both operating income and margin
- **Business Intelligence Business:** Received order for large projects. Increased high margin primary contract that absorbed increase in expenses related to personnel expansion
- **Outsourcing Business:** Diversified revenue base. Increased revenue absorbed expenses related to business expansion

(Millions of Yen)

		FY18/06	FY19/06	Year-on-Year	
				Variance	%CHG
Consolidated Accounting	Revenue	7,261	8,034	+ 773	+ 10.6%
	Operating Income	1,030	1,293	+ 263	+ 25.5%
	OP Margin	14.2%	16.1%	-	+ 1.9 point
Business Intelligence	Revenue	3,953	4,990	+ 1,036	+ 26.2%
	Operating Income	324	636	+ 311	+ 96.1%
	OP Margin	8.2%	12.8%	-	+ 4.5 point
Outsourcing	Revenue	1,313	1,629	+ 316	+ 24.1%
	Operating Income	213	318	+ 104	+ 48.9%
	OP Margin	16.3%	19.5%	-	+ 3.3 point

Earnings Forecast for the FY ending June 2020

AVANT

Both revenue and profit continue high growth

- Revenue growth at Consolidated Accounting business should slow to single digits as we finalize large-scale projects, robust growth at Business Intelligence and Outsourcing business should continue and we expect double digit growth in revenue
- While investment for the future growth continues at each segment, we believe we could maintain OP margins compared to the previous fiscal year

(Millions of Yen)

	FY19/06 Full-Year (Actual)	FY20/06 Full-Year (Forecast)	Variance (FY19 vs FY20)	% CHG (FY19 vs FY20)
Revenue	14,077	15,480	+ 1,402	+ 10.0%
Operating Income	1,966	2,165	+ 198	+ 10.1%
OP Margin	14.0%	14.0%	—	+ 0.0 point
Net Income	1,317	1,353	+ 35	+ 2.7%

Selected Quarterly Financial Data

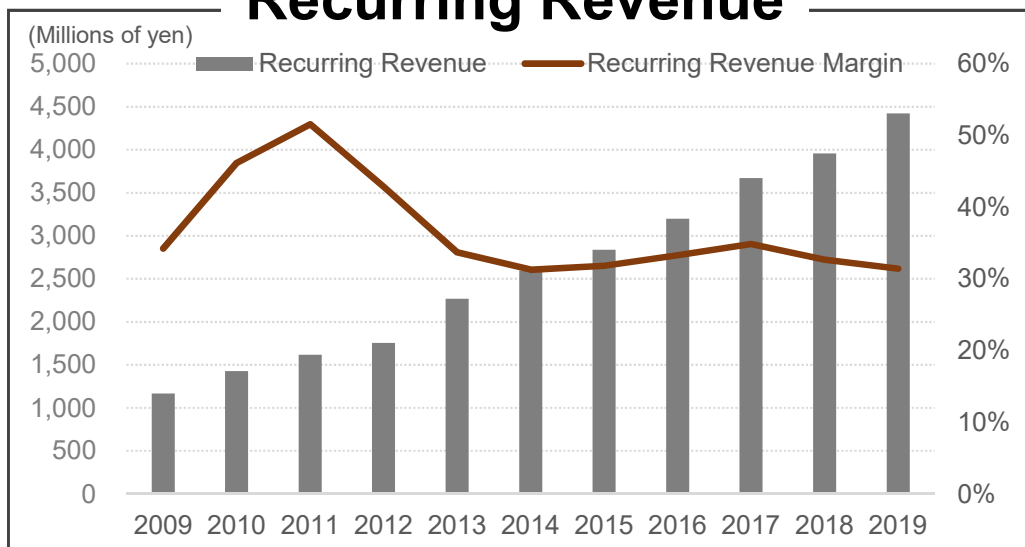
AVANT

(Millions of Yen)

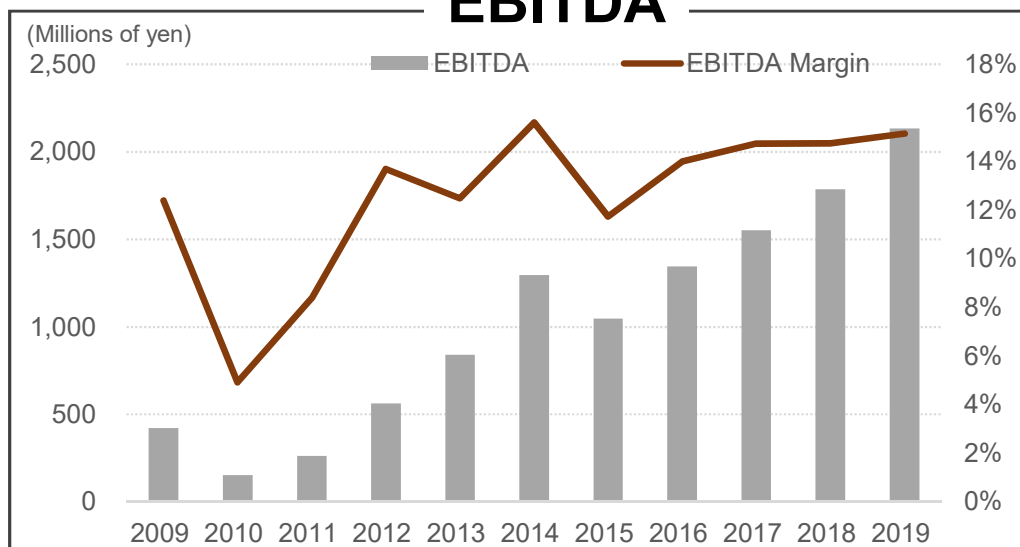
	FY15/06				FY16/06				FY17/06				FY18/06				FY19/06			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Revenue	1,944	2,250	2,237	2,496	2,175	2,389	2,420	2,627	2,272	2,685	2,756	2,817	2,544	3,144	3,095	3,326	3,180	3,752	3,631	3,512
Cost of Revenue	1,183	1,205	1,289	1,455	1,233	1,341	1,454	1,423	1,288	1,444	1,490	1,610	1,514	1,866	1,720	1,845	1,772	1,929	2,057	2,020
Gross Profit	761	1,044	948	1,041	941	1,047	966	1,204	984	1,241	1,265	1,206	1,029	1,277	1,374	1,481	1,408	1,823	1,574	1,492
SG&A expences	628	776	732	852	744	822	698	784	703	930	847	910	781	865	898	986	1,027	1,188	982	1,133
Operating Income	132	268	216	188	197	224	268	419	280	310	418	296	247	412	476	494	380	634	592	358
OP Margin	6.8	11.9	9.7	7.5	9.1	9.4	11.1	16.0	12.4	11.6	15.2	10.5	9.7	13.1	15.4	14.9	12.0	16.9	16.3	10.2
Ordinary Income	130	265	213	185	196	222	268	425	280	315	416	296	248	415	472	495	380	633	593	364
Net Income	84	168	123	25	130	118	118	293	183	-0	250	230	162	269	311	318	237	403	389	286
EBITDA	196	324	276	246	251	283	328	483	341	370	481	359	300	436	504	524	417	673	634	408
EBITDA Margin (%)	10.1	14.4	12.3	9.9	11.5	11.9	13.6	18.4	15.0	12.7	17.5	12.7	11.8	13.9	16.3	15.8	13.1	17.9	17.5	11.6

Trends in Financial KPIs

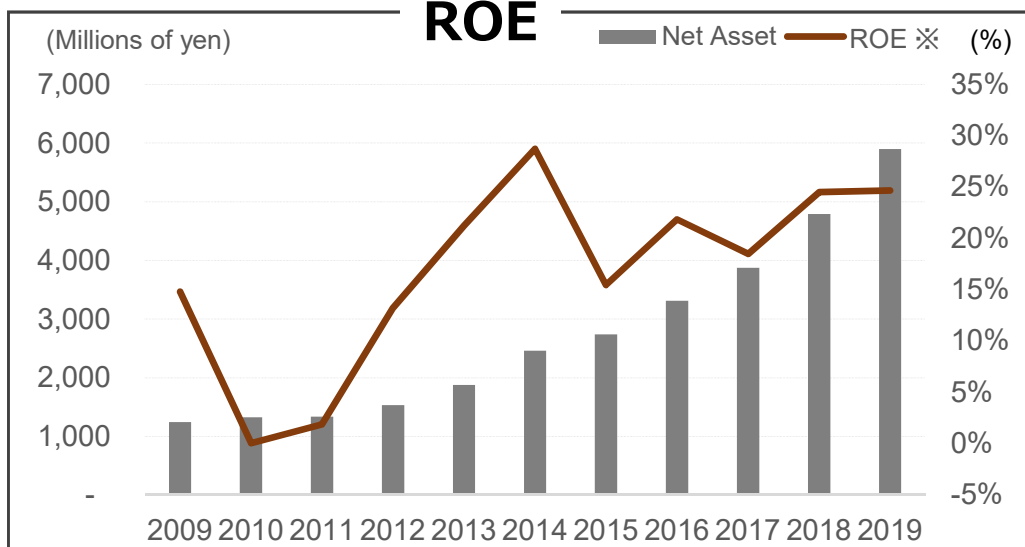
Recurring Revenue



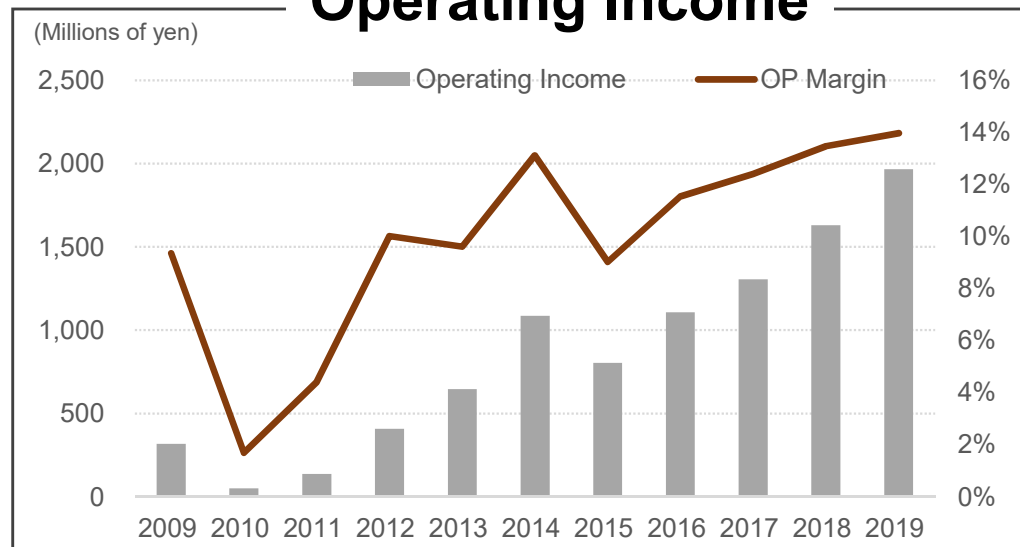
EBITDA



ROE



Operating Income



※twelve month rolling

10-year Financial Summary

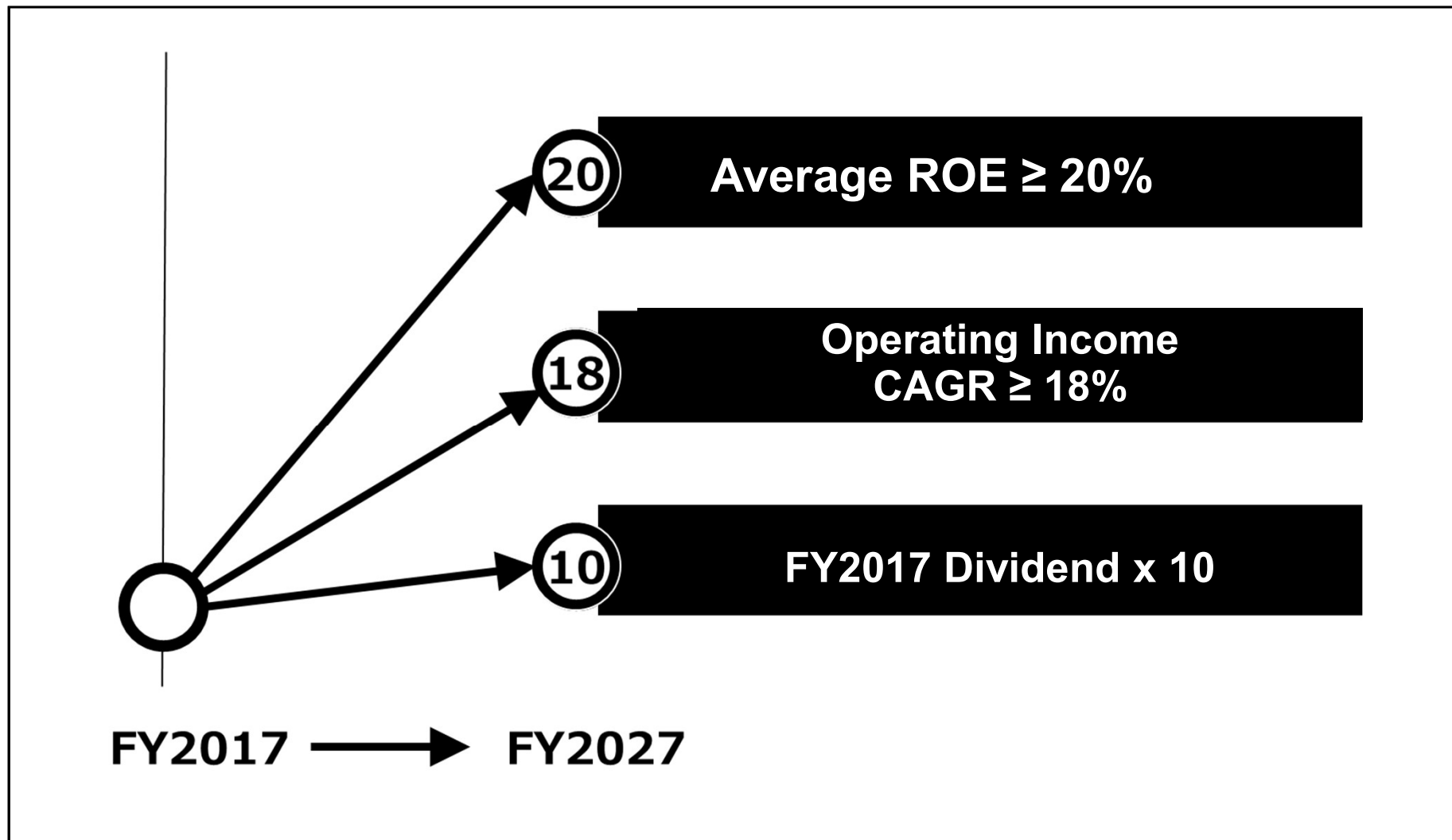
AVANT

(millions of yen, yen)

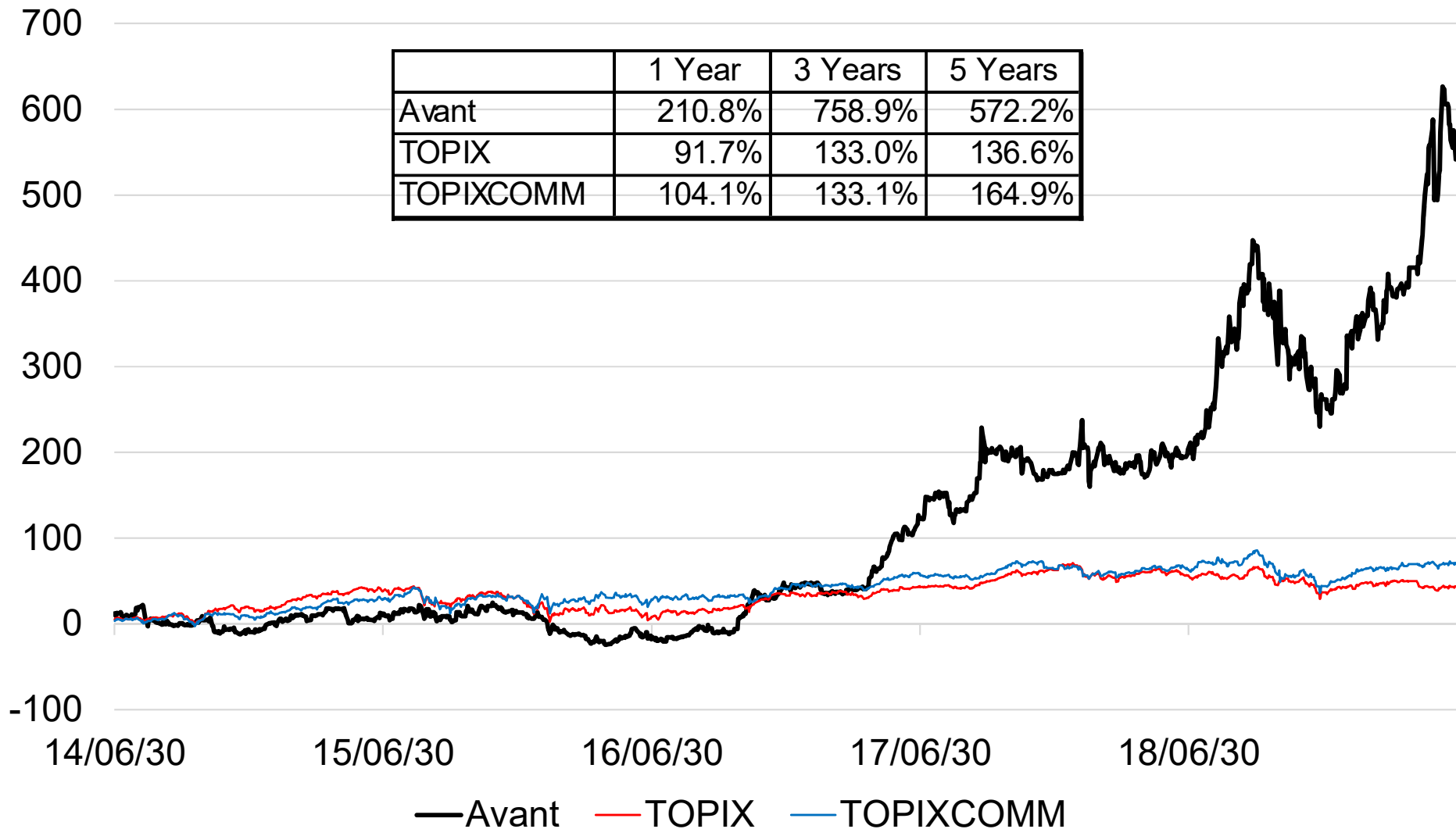
	FY10 (10/6)	FY11 (11/6)	FY12 (12/6)	FY13 (13/6)	FY14 (14/6)	FY15 (15/6)	FY16 (16/6)	FY17 (17/6)	FY18 (18/6)	FY19 (19/6)
Revenue	3,097	3,137	4,101	6,732	8,300	8,928	9,612	10,532	12,110	14,077
Cost of revenue	1,630	1,622	2,164	4,061	4,580	5,133	5,452	5,834	6,946	7,779
Gross profit	1,466	1,514	1,936	2,670	3,720	3,795	4,159	4,697	5,163	6,298
SG&A expenses	1,414	1,376	1,526	2,022	2,631	2,990	3,050	3,391	3,532	4,332
Operating income	52	138	410	647	1,088	805	1,109	1,306	1,631	1,966
EBITDA	102	153	535	822	1,285	1,033	1,172	1,279	1,807	2,170
Net income	0	25	191	362	623	402	660	663	1,062	1,317
EPS (yen)	0.02	0.68	5.09	9.66	16.60	10.71	17.60	17.67	28.28	35.06
DPS (yen)	0.00	0.31	0.50	1.13	3.38	2.25	2.75	4.00	6.00	7.50
Total property, plant & equipment	114	173	115	170	254	199	210	207	222	277
Intangible assets	97	128	67	522	405	301	201	100	172	165
Investments and other	275	253	252	288	377	398	559	747	921	1,574
Unearned revenue	658	674	742	939	1,020	1,100	1,408	1,546	1,674	1,857
Current portion of L-T debt	10	5	--	129	122	122	122	28	--	--
Long term debt	5	--	--	396	273	151	28	--	--	--
Net assets	1,326	1,355	1,535	1,879	2,460	2,739	3,311	3,873	4,792	5,898
Total assets	2,483	2,836	3,502	4,785	5,537	5,681	6,709	7,325	8,814	10,415

(Note) per share data are adjusted for two-for-one stock splits announced on October 31,2019

AVANT Group's Long-Term Performance Goals for the Period from FY2017 to FY2027



TSR



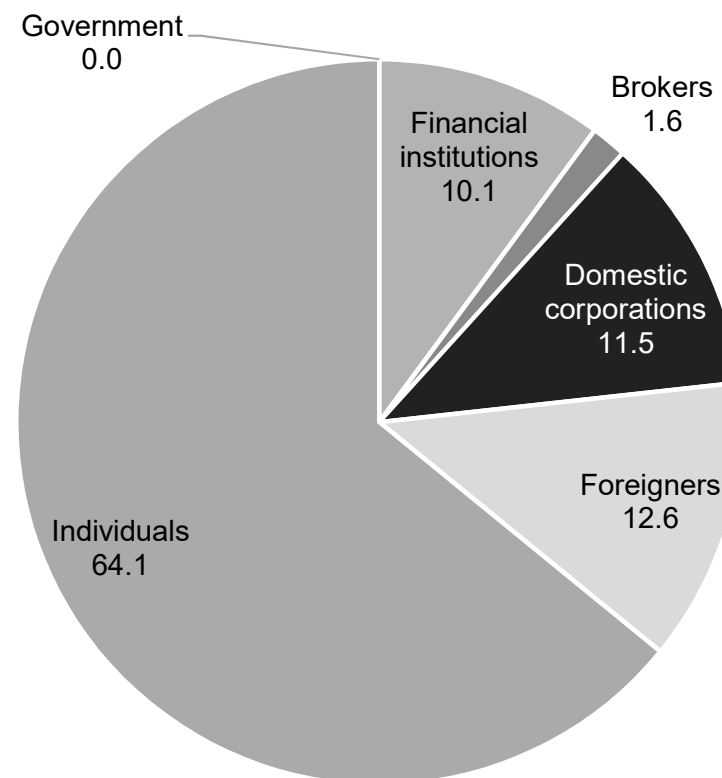
Source: Bloomberg

Shareholder Structure

Major Shareholders

Name	Shares held (shares)	(%)
Tetsuji Morikawa	4,882,000	25.99
Employee stock ownership association	1,734,600	9.23
Japan Trustee Services Bank (Trust acc.)	1,276,300	6.79
Tsuyoshi Noshiro	934,400	4.97
Orbic Business Consultants Co., Ltd.	800,000	4.26
PCA Corporation	778,400	4.14
SSBTC CLIENT OMNIBUS ACCOUNT	596,472	3.18
Hikari Tsushin	423,000	2.25
Kunio Suzuki	294,000	1.56
Toshiyuki Komine	256,000	1.36

Shareholders by Type



AVANT