

DIALOG

Future Vision of the New Avant Group

How will we the reorganization of the Group realize synergies within the Group?
What role will the two newly appointed Group COOs play in driving the Group?
Group CEO Morikawa and Group COOs Okabe and Nagata talked about
the future vision of the new Avant Group.

TETSUJI MORIKAWA (Left)

Representative Director, President,
and Group CEO

TAKAHIRO OKABE (Middle)

Group COO
Representative Director and President, Avant Corporation
Representative Director and President, Zeal Corporation

GEN NAGATA (Right)

Group COO and CBO
Representative Director and President, Diva Corporation

COO: Chief Operating Officer
CBO: Chief Business development Officer

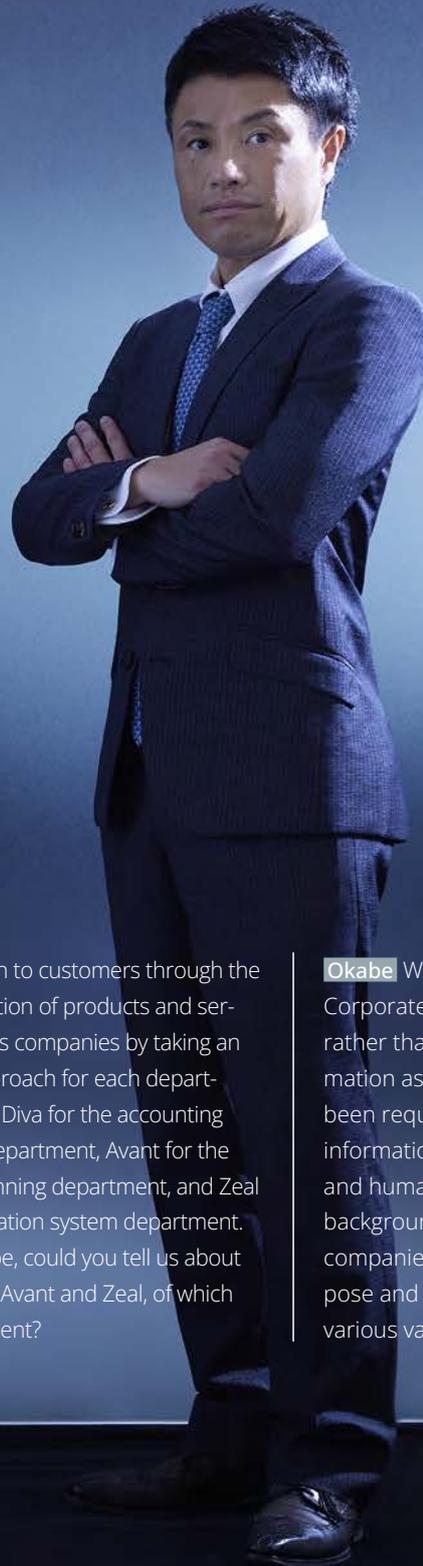




Innovation from New Integration through Group Reorganization

Morikawa The most important objective of the reorganization of the Group is to contribute to enhancing the corporate value of our customers. When customers are large companies, coordination among departments is particularly difficult, so the Avant Group is working to maximize

its contribution to customers through the total coordination of products and services among its companies by taking an optimized approach for each department, such as Diva for the accounting and finance department, Avant for the corporate planning department, and Zeal for the information system department. First, Mr. Okabe, could you tell us about the policies of Avant and Zeal, of which you are President?



Okabe With the revision of the Corporate Governance Code in 2021, rather than focusing on financial information as in the past, companies have been required to disclose non-financial information such as the environment and human capital, so against this background, an increasing number of companies are trying to formulate purpose and vision, the materiality and various value drivers necessary for this,

*Creating a system in which
each company can cooperate
and make maximum
contributions to customers
as a group*

TETSUJI MORIKAWA



and key performance indicators (KPIs). Avant aims to build a software process that uses these KPIs to implement the PDCA cycle for discussions at meetings of the Board of Directors and the Management Committee.

Until now, there have been cases in which the former Diva's in-house products could not solve customer needs. However, new Avant Corporation, which was created by taking over the group management business of the former Diva and Zeal, can contribute to a wider range of customers by providing Zeal's line-up of CPM (Corporate Performance Management) software which has a proven track record in the global market. Specifically, the Zeal team and the implementation team that handled in-house products have come together to propose new business management solutions. We have also established a development division in Avant to develop proprietary software for management and

strengthen functions in the field of management simulation.

In addition, because many companies have not been able to make decisions on how to proceed with DX for management and have high expectations for external advisors, we have established a consulting division specializing in such upstream areas.

Morikawa By creating a complementary relationship between Zeal's line-up of global external products and former Diva's in-house products, Avant can contribute to customers with a wider range of services and products.

Okabe Yes. Recently, in addition to holding companies and parent companies, there has been an increase in the number of customers introducing various CPM products at the operating companies within their Groups because of the growing need for more sophisticated management. In addition to our CPM product "AVANT SMD," by handling widely distributed external

CPM products, we will be able to contribute to the business management of more than 30,000 group subsidiaries beyond the original 1,100 customers. There are only a limited number of consulting firms in the Japanese market that are currently focusing on this field, and if we limit it to those who can also implement the number declines further, so we should be able to show a strong presence.

In response to the growing volume of non-financial data, we have adopted the concept of a management information platform that will become the information systems division of the corporate management planning division. By realizing a state in which management information is collected without requesting it from the information system department and necessary management information is always retained on the data platform, productivity can be improved, and data utilization can be made more efficient. We



The management information platform created by the partnership between Avant and Zeal has received positive feedback from many customers

TAKAHIRO OKABE

intend to develop new Avant products and services by bringing together the know-how that Zeal has developed.

Morikawa Both Avant and Zeal have highly specialized human resources, which I believe will be a major weapon. How do you plan to utilize these resources?

Okabe In terms of the quality and quantity of consultants specializing in the field of consolidated accounting or business management, Avant is without doubt number one in Japan. Another strength is that Zeal has more than 300 members who aim to forge their careers by specializing as data engineers or data scientists.

Both companies are making steady progress in building a framework for accumulating knowledge and in sharing implementation methods and procedures with customers. How to convert this into software is an issue for the future, and to enable the newly established development department to carry

out its mission purposefully, Avant has newly established a CPO* as a development manager, and Zeal has newly established a CTO* and CSO* as managers responsible for developing solutions based on accumulated knowledge.

Morikawa You mean combining the strengths of both companies so that it can be connected to products. Can you please tell us more specifically how you intend to contribute to customers through the collaboration between Avant and Zeal?

Okabe First, the management information platform that I talked about earlier is a new proposal from Avant, and I feel that it is appreciated by many finance departments, business administration departments, and CFOs.

Furthermore, we believe that collaboration between the two companies will enable us to meet the needs for analyzing data at a more detailed level. For example, in the case of retail stores, there is an increasing need to

analyze not only the summary level but also the detailed data such as “EC site or real store”, and this is a key to selecting CPM products. This is especially true for ERP (Enterprise

Resources Planning: integrated backbone systems), and we believe that business management solutions in collaboration with Zeal, which specializes in BI, will be important for Avant.

Morikawa We expect that the reorganization will create the Group's strengths as planned.

Next, let's talk to Mr. Nagata. We expect that the new Diva will become a business model that promotes the entire Group by contributing to customers through software-based BPO (Business Process Outsourcing) that combines both products and services, rather than simply providing products or services. So to speak, a new fusion of different combinations it's real innovation. Could you tell us about your aspirations and challenges?

* Chief Product Officer (CPO)
Chief Technology Officer (CTO)
Chief Solution Officer (CSO)

Nagata I think it will be almost 100% successful as a business. Generally, the most difficult thing for a software company is to create a product while searching for what will sell, but Diva already knows what to sell. Diva has taken over BPO functions from Fierte and is the only Japanese company to have data on the business flow of various customers. What we are trying to create using this data is a product with a completely new world view that exceeds customers' concepts, this idea is like Tesla's plan to eliminate steering wheels from cars and make them a means of transportation that doesn't require drivers. This is only possible thanks to Fierte's BPO expertise. By combining Fierte's know-how with its original business model and information, which were the only ones to keep track of business flows that customers didn't have, Diva can create software for fully autonomous driving, I would like to realize it in 5 years from now.

Morikawa This is possible because Fierte has the know-how of BPO for the settlement of accounts of more than 100 customers.

While I believe that your talk is focused on the disclosure of consolidated financial statements, I feel that the expansion of the scope of disclosure, including ESG information, for which demand has been growing recently, is also an opportunity for business expansion. How do you see it, Mr. Nagata?

Nagata As the need for accurate disclosure will always be required, we will continue to expand our service offerings by incorporating new concepts into our current Diva products and services.

At the present time, however, disclosure rules for environmental and other areas have not been established, and the future is not yet clear, so I think there are ways to partner with venture companies specializing in various strengths. From there, there is a pattern in which it becomes in the form of a complete OEM an in-house product, and there may be a form in which we become a platform by taking advantage of our well-established position in the market.

Morikawa Utilizing alliances may also be an effective way to respond to rapidly changing areas by. Whether you want to take advantage of new changes or focus first on areas where you can see clear winners there is probably no right answer, but in any case, it's important to have clear positioning.

In terms of incorporating state-of-the-art developments, the evolution of Zeal over the past few years may be a clue. Originally, the ratio of orders received for so-called secondary subcontracting was high, but we gradually expanded our relationship with end users, and the number of advanced projects increased by riding the tide of data driven management. By taking advantage of this experience of projecting customer trial and error directly into services, we believe that synergies can be created through collaboration among Group companies. For example, Zeal understands customer demand for cutting-edge products such as ESG, Avant manufactures software in that area, and Diva provides software based BPO.

How to Reflect Group Strategy in the Execution of Operating Companies

Morikawa As the Group CEO, I would like to hear your recognition of the challenges that the two COOs will face in promoting Group strategies based on the materiality of the management strategy of "becoming a software company that helps to enhance corporate value."

Okabe Although we recognize that it is the responsibility of the Group COOs to incorporate materiality into specific operations, the biggest challenge for Avant and Zeal is to create a path to becoming a software company. As for Avant, as I mentioned earlier, the sharing of the image of the software to be developed is progressing. What else do we do when dealing with other companies' products? We need to consider whether we can incorporate specific IP (Intellectual Property), but I think we have gotten off to a good start.

On the other hand, Zeal partly because it was originally a SIer, has only a limited amount of in-house IP. However, we plan to remodel and expand sales of ZEUSCloud, a corporate analytics platform that can integrate and analyze corporate data in the cloud and expand e-learning business in the field of data driven. In the next fiscal year, we plan to create a joint product with Avant, not exclusive to Zeal, for business management solutions with detailed management functions that I mentioned earlier.

Nagata For the next 20 or 30 years, I believe that DivaSystem, which is the biggest driver of growth within Diva, which was the origin of our company,



By transforming products that have been our biggest growth drivers into new concepts to create the future of Diva.

GEN NAGATA

has been able to grow to this level, must be changed from a simple version upgrade to a new concept. There are a lot of software that will be useful if you install it, but there is probably no software with the concept of if you install it, work disappears. Therefore, we will focus our efforts with the spirit that creating products based on that worldview will be as valuable as creating products for the next 20 or 30 years.

Morikawa Both of you have a product theme, but the content of your assignments is different. Mr. Okabe, how will you accumulate IP and apply leverage to the Avant and Zeal businesses, which are currently centered on services? Mr. Nagata, your idea is to renovate what you have in Diva and connect it to the future.

Okabe Also, I still have work to do with Mr. Nagata to organize the functions at Avant and Diva that have not yet been separated.

Morikawa I sincerely hope that the Group COOs will work together. While it is important to organize the functions of each company, the future theme will be to promote mobility within the Group to promote the strategy of the Group as a whole. It is a truly strong corporate group that can form an organizational culture in which a unit can be replaced, and we hope to achieve that.

Nagata We have put into practice something close to that in this reorganization of the Group, and I think we can fully realize it.

Morikawa With this in mind, from this fiscal year we have changed the system so that discussions on the Group's medium- to long-term strategies will be led by the Group Management Committee, which is the executive side, rather than by the Board of Directors. All members of the Group Management Committee will participate in meetings of the Board of

Directors of each operating company. Until now, only I and CFO Kasuga participated in each company's Board of Directors meetings, but I believe that this system will close the information gap at the management level and synchronize the strategies of the Group as a whole and each company. The COOs' ability to act and their roles are extremely important, and I have high expectations for them.