

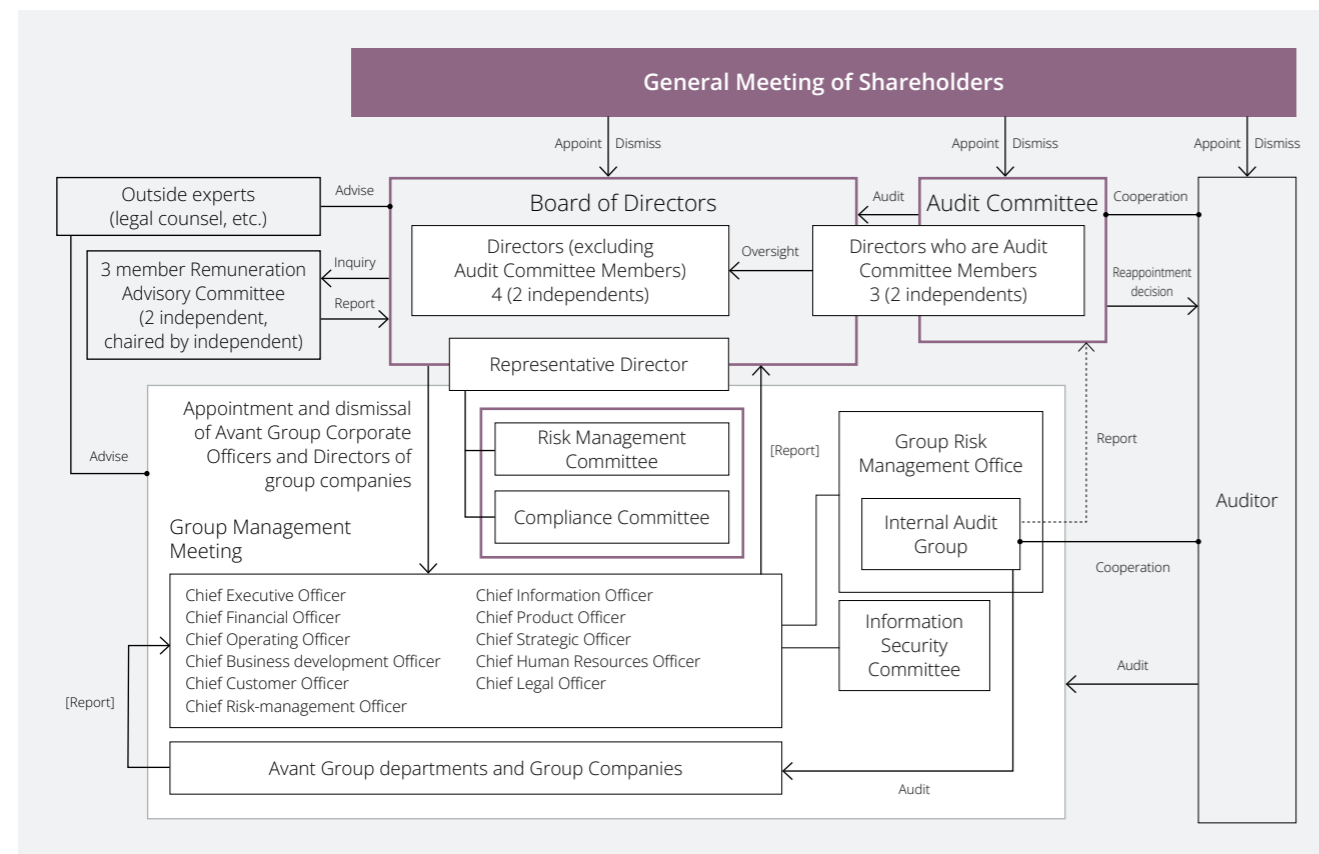
CORPORATE GOVERNANCE

Avant Group's Basic Approach to Corporate Governance

Corporate governance in our Company is a mechanism to realize a sustainable increase in corporate value based on our corporate philosophy, "Creation of a 100-year Company." This is done via increased transparency and soundness of management, ensuring accurate decision-making, linking supervision to execution, speeding up management decisions, and gaining trust and recognition from society.

We disclose the status of these activities in our Corporate Governance Report and promote constructive dialogue with our shareholders and investors.

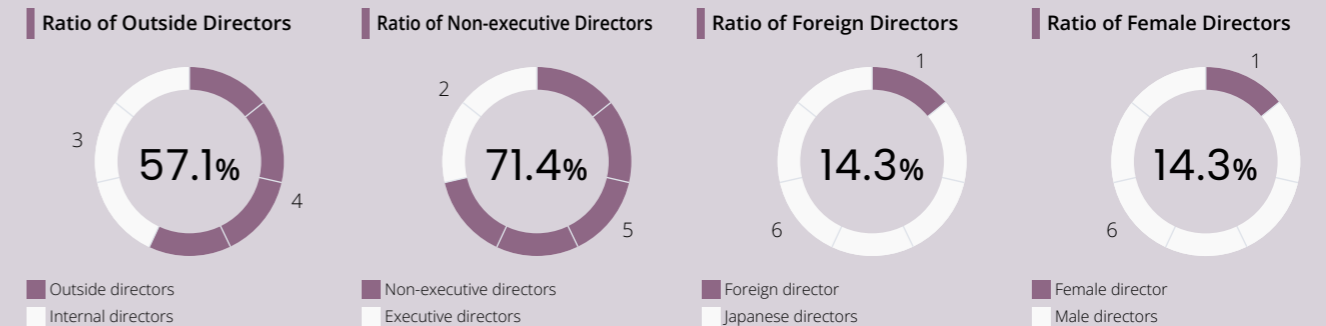
Avant Group's Corporate Governance Structure (as of December 31, 2024)



Features of Our Corporate Governance Structure

The Company has elected to establish an Audit Committee. The Board of Directors consists of four directors (excluding directors who are Audit Committee Members) (two outside and independent directors, including one foreign national) and three directors who Audit Committee Members (two outside and independent directors, including one female). To strengthen the supervisory function of the Board of Directors, the majority of directors are outside directors, and a Remuneration Advisory Committee has been established as a voluntary advisory body.

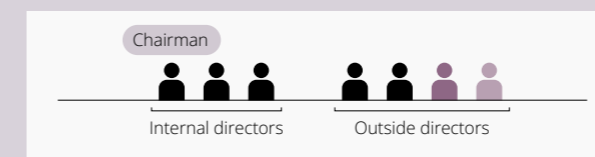
Composition of the Board of Directors (for the fiscal year ending June 30, 2024)



Activities of the Various Bodies (for the period ended June 30, 2024)

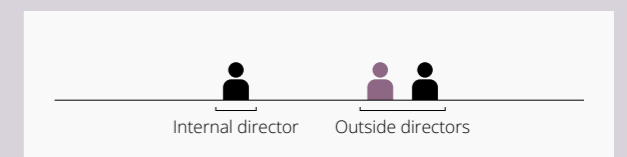
Board of Directors

Chairman	Founder, Chairman & Group CEO
Reason for Appointment	The Avant group is currently in a "growth" stage, and in the process, the need for strategic decision-making is increasing. The Director has been appointed based on her ability to execute prompt and appropriate decision-making under these circumstances.
Number of meetings	13
Members	3 internal directors and 4 outside directors (including 1 female (●) and 1 foreign director (●))



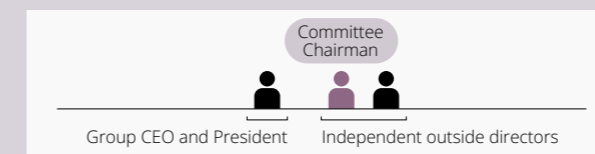
Audit Committee

Number of meetings	19
Members	1 internal director and 2 outside directors (including 1 female (●) director)



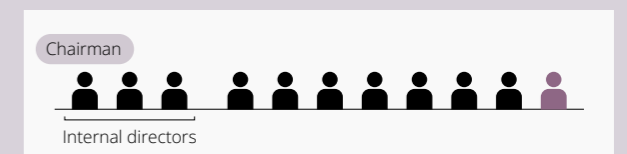
Remuneration Advisory Committee

Committee Chairman	Independent Outside Director (Chie Goto)
Reason for Appointment	She has an excellent ability to listen calmly to others' opinions while accurately expressing her own ideas and developing a conversation in a constructive manner. As an attorney and a certified public accountant, we have also appointed her based on our judgment that she is capable of making precise suggestions from a professional perspective, such as corporate law, with logic.
Number of meetings	6
Members	2 independent outside directors, Group CEO and President (including 1 female (●) director)










Group Management Meeting

Chairman	Founder, Chairman & Group CEO
Number of meetings	23
Members	11 CxO members and others, including 3 internal directors (including 1 female (●) director)



Composition of Directors and Audit Committee Directors (as of October 1, 2024)

Characteristics of the Board of Directors		Majority are independent outside directors	1 foreign national	1 female								
Name	Reason for appointment				Attendance at Board of Directors meetings, Audit Committee meetings and committee meetings	Directors' skills matrix						
 <p>Tetsuji Morikawa Founder, Chairman & Group CEO Shares held: 9,764,000 shares</p>	<p>Since our founding in May 1997, he has been leading the management of our group for 27 years as Representative Director. In addition to his ability to establish the company as an infrastructure for providing various management information, especially financial information, through the sale of our proprietary consolidated accounting software package, he has also demonstrated leadership in diversifying the company's business through M&A, transitioning to a holding company structure, and reorganizing the group. He also demonstrated strong leadership in the realization of our medium-term management plan "BE GLOBAL 2028" and achieved the plan in its first year. We continue to appoint him for the further development of our group toward the realization of "BE GLOBAL 2028."</p>				<p>Board of Directors 13/13 Remuneration Advisory Committee 6/6</p>	Expertise in Finance/ Accounting	Expertise in Legal and Compliance	Leadership	IT Industry/ SaaS Experience	Expertise in Corporate Value	Experience of Global Business	Expertise in Organizations/ Human Resources
 <p>Hisayoshi Kasuga Director Group CFO Shares held: 19,721 shares</p>	<p>He joined the firm in October 2010 after working at a commercial bank and the New York Stock exchange. As Director in charge of Finance since September 2011 and currently Group CFO, he is in charge of the Company's financial affairs based on his broad experience and knowledge of management, and together with the Group CEO, he is leading the Group toward the realization of the "BE GLOBAL 2028" medium-term management plan. He is also appointed because of his outstanding character and insights.</p>				<p>Board of Directors 13/13</p>	Expertise in Finance/ Accounting	Expertise in Legal and Compliance	Leadership	IT Industry/ SaaS Experience	Expertise in Corporate Value	Experience of Global Business	Expertise in Organizations/ Human Resources
 <p>Jon Robertson Director Outside Director Independent Director Diversity Shares held: 0 share</p>	<p>He has been leading highly international organizations in Japan and the Asia-Pacific region for over 30 years, and has excellent management, leadership, and communication skills. He has a deep knowledge of the latest IT technologies, including the cloud-native field, and has demonstrated leadership skills with enthusiasm in the rapidly changing IT industry. We continue to appoint him as he will contribute to our vision "BE GLOBAL 2028" and our medium-term management plan "BE GLOBAL 2028" to create corporate value through cloud computing.</p>				<p>Board of Directors 11/13</p>	Expertise in Finance/ Accounting	Expertise in Legal and Compliance	Leadership	IT Industry/ SaaS Experience	Expertise in Corporate Value	Experience of Global Business	Expertise in Organizations/ Human Resources
 <p>Tatsuya Kamoi Director Outside Director Independent Director Shares held: 0 share</p>	<p>In addition to more than 20 years of experience in consulting and IT development for global companies in Japan and overseas, he also has extensive experience as a business leader at Mercer Japan K.K. and ABeam Consulting K.K., as well as extensive experience in the field of human resources, and we believe his leadership will contribute to our medium-term plan. We have appointed him based on our belief that he will continue to contribute to the supervision of management and the realization of our mid-term management plan, BE GLOBAL 2028.</p>				<p>Board of Directors 10/10* Remuneration Advisory Committee 4/4*</p>	Expertise in Finance/ Accounting	Expertise in Legal and Compliance	Leadership	IT Industry/ SaaS Experience	Expertise in Corporate Value	Experience of Global Business	Expertise in Organizations/ Human Resources
 <p>Tsuyoshi Noshiro Audit Committee Shares held: 1,868,800 shares</p>	<p>After gaining experience as a certified public accountant at an auditing firm and a securities-affiliated venture capital firm, he joined the firm in February 1998. Since then, he has served as General Manager of the Administration Division, as a Director in charge of Finance since 2001, as a full-time corporate auditor since September 2011, and as a Director (Audit Committee member) since September 2022. At meetings of the Board of Directors and the Audit Committee, he has provided useful opinions based on his deep understanding of the Company's business operations, particularly from the perspectives of legal affairs, accounting, governance, human resources, and other areas, which is why we appoint him.</p>				<p>Board of Directors 13/13 Audit Committee 19/19</p>	Expertise in Finance/ Accounting	Expertise in Legal and Compliance	Leadership	IT Industry/ SaaS Experience	Expertise in Corporate Value	Experience of Global Business	Expertise in Organizations/ Human Resources
 <p>Chie Goto Audit Committee Lead Outside Director Independent Director Diversity Shares held: 0 share</p>	<p>In addition to her work experience at general businesses, she is a licensed attorney and certified public accountant and has been involved in a variety of companies as a legal and financial accounting expert, including M&A, tax compliance, and harassment matters. Currently, as an Outside Director of the Company (Audit Committee member), she provides useful advice in the process of management judgment and decision-making. As the Chairman of the Remuneration advisory Committee and the Lead Independent Outside Director, she has led active dialogue at meetings from an independent standpoint.</p>				<p>Board of Directors 13/13 Audit Committee 19/19 Remuneration Advisory Committee 6/6</p>	Expertise in Finance/ Accounting	Expertise in Legal and Compliance	Leadership	IT Industry/ SaaS Experience	Expertise in Corporate Value	Experience of Global Business	Expertise in Organizations/ Human Resources
 <p>Makoto Nakano Audit Committee Outside Director Independent Director Shares held: 3,500 shares</p>	<p>He has deep knowledge in a wide range of fields, including business administration, accounting, and corporate finance, and has established a broad research network in both business and academic fields on the theme of corporate value, which is also our materiality. He has conducted numerous financial and corporate value training programs for senior management of listed companies, and is appropriately performing his duties as an Outside Director on the Company's Audit Committee. In addition to providing advice to enhance the corporate value of not only our company but also our clients, we have determined that he will also play an active role in the development of our next generation management team, and we continue to appoint him.</p>				<p>Board of Directors 13/13 Audit Committee 19/19</p>	Expertise in Finance/ Accounting	Expertise in Legal and Compliance	Leadership	IT Industry/ SaaS Experience	Expertise in Corporate Value	Experience of Global Business	Expertise in Organizations/ Human Resources

* Tatsuya Kamoi became a Director upon approval at the 27th Ordinary General Meeting of Shareholders on September 27, 2023.

Effectiveness of the Board of Directors

With the aim of realizing sustainable enhancement of corporate value, we recognize the issues related to the responsibilities, composition, and operation of the Board of Directors, and are committed to continuous improvement. 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

We have conducted third-party evaluations from the perspective to enhance independency and objectiveness of analysis and evaluation in the fiscal years ending June 2018 and 2019. However, the Board of Directors pointed out that it was difficult to clarify issues because the evaluation was mainly quantitative, and therefore, from the fiscal year ending June 30, 2020 onward, the Company will focus on its own questionnaire survey and conduct interviews with directors and corporate auditors by a third party as appropriate. In order to identify issues more clearly, we have created and implemented our own questionnaire form from the fiscal year ending June 30, 2021 onward to enable employees to evaluate issues and describe their opinions on how to respond to them.

Results of Evaluation

In summary, as in the results for the fiscal year ended June 30, 2023, the majority of respondents answered that the monitoring function has been strengthened by the transition to a company with an Audit Committee, and that the Board of Directors is operating efficiently through the use of our own product, TRINITY BOARD, the Board of Directors DX Cloud. The effectiveness of the Board of Directors was generally evaluated highly, with respondents evaluating that the Board of Directors is operating appropriately. On the other hand, we recognize the following main points as issues.

(1) Organization of the Board of Directors

As for the organization of the Board of Directors, the following opinions and issues were noted.

- The establishment of a nominating committee is not necessary, but the Board should discuss the succession of the Group CEO and the management team.
- Need people with knowledge of software technology and M&A.
- The opportunity for each director to develop the skills necessary to fulfill his or her responsibilities as a director is left to the individual director, but basic skills need to be shared and learned in common.

(2) Agenda of the Board of Directors

Issues were identified that need to be further discussed in depth with the Group CEO and the rest of the management team regarding succession and key issues on the executive side.

(3) Operation of the Board of Directors

The previous suggestion that advance distribution and explanations were inadequate was improved through the use of TRINITY BOARD, the Board of Directors' DX Cloud. In order to provide opportunities to better understand the strategies and realities of the operating companies, an off-site meeting was held as in the previous year to promote understanding of their businesses.

Future Correspondence

In light of the above suggestions, we report that we will push for the following actions in the operation of the Board of Directors for the fiscal year ending June 30, 2025.

- Reconsideration of the annual agenda in light of the importance of the agenda
- Organize and discuss group human capital strategies leading to management team successions
- Provide training opportunities to improve basic skills as a director

Activities of the Board of Directors

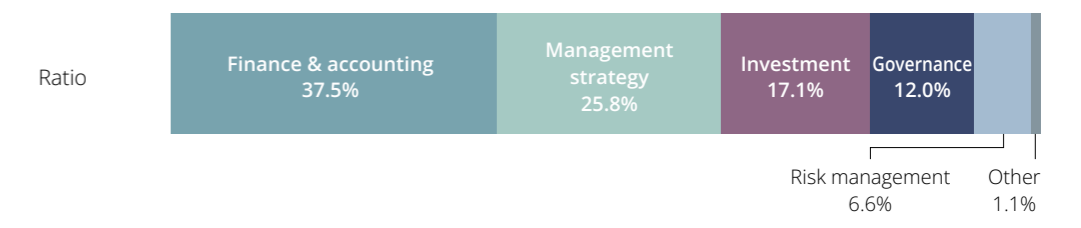
Between July 2023 and June 2024, 13 Board of Directors meetings were held, totaling 1,606 minutes, 603 minutes (about 37%) were spent on financial matters, including reports on the stock price and monthly business results, and resolutions on the next medium-term management plan, while 415 minutes (about 25%) were spent on management strategies, including the Group's organizational strategy, Investments, such as the establishment of a joint venture in India, were discussed for 275 minutes (approximately 17%), and governance, such as the board operation policy based on the board effectiveness evaluation, was discussed for 193 minutes (approximately 12%). The main agenda items were as follows.

Main Agenda Items for Consideration by the Board of Directors (13 meetings in total)

Main Items

- Resolution on the next medium-term management plan
- Stock compensation for employees (RS Trust)
- Stock compensation for Group Corporate Officers (RS Trust)
- Established joint venture, DivaCygnet Private Limited
- Acquisition of own shares
- IR Strategy
- Discussion on shareholder composition
- Reporting on the operation of internal controls
- Overseas IR report
- Activities in the M3 market
- Group organization strategy
- Group human resource recruitment strategy
- Report on status of key personnel hiring
- Investment in domestic SaaS startups
- Defined contribution (DC) pension plan for the Group

Board Meeting Deliberation Time by Agenda Item Total deliberation time: 1,606 minutes



To Promote Active Discussion

Meetings are held twice a month to discuss agenda items with the CFO lines of each group company, and preparatory meetings for these meetings are also held separately. Board meeting agendas and time allocations are determined by the President & Group CEO, by referring to past track records in TRINITY BOARD. There will also be a meeting on meeting materials in the afternoon of the day the board meeting is held. These processes are based on the PDCA cycle to promote lively discussions.

In addition, in order to stimulate discussion, an off-site meeting is held in March each year, including not only directors but also top executives from each company.

Information Sharing to Outside Directors

Use of TRINITY BOARD

Avant Group introduced the TRINITY BOARD in the fiscal year ending June 30, 2022, and uses it to share agendas and other information. With the introduction of this tool, Outside Directors have commented that it makes it easy for them to obtain necessary information wherever they are. In addition, access to information from all group companies has become much easier, a dramatic change compared to before the introduction of the system.

Before introduction

- Reports and explanations of agenda items were provided via e-mail.
- Difficulty in Outside Directors obtaining information
- Difficult to ensure transparency of information
- Information asymmetry between Inside Directors and Outside directors

After introduction

- Utilizing the database, the site is now viewable on smartphones as well.
- Easy access to information
- Easy access to information not only on the holding company, but also on group companies
- Efficient agenda setting and time allocation by referring to past track records

Activities of Each Council
(for the fiscal year ending June 30, 2024)

Audit Committee

The cycle of the Audit Committee's activities begins with the Annual General Meeting of Shareholders and ends with the submission of the Audit Report the following year. In the fiscal year ended June 30, 2024, corporate governance, group governance, Compliance Committee, Risk Management Committee (following the split of the Compliance and Risk Management Committee), organizational auditing, human resources development (leadership development), and medium-term management plan "BE GLOBAL 2028" progress (investment) and others were priority areas of consideration.

In the fiscal year ending June 30, 2025, we are discussing the Risk Management Committee (including the Information Security Committee), human resource investment (process for finding and developing leaders), progress in the BE GLOBAL 2028 mid-term management plan (process leading to investment), and organizational auditing (strengthening coordination with internal audit).

Remuneration Advisory Committee

The Remuneration Advisory Committee discusses the design of the remuneration system and the content and composition of incentives with respect to directors and group corporate officers, using examples from other companies as a benchmark. In the fiscal year ended June 30, 2024, we focused on designing a remuneration plan to improve our stock price under our medium-term management plan, BE GLOBAL 2028, and have introduced a trust system to purchase shares in advance for a period of five years.

In addition, discussions are underway regarding the establishment of a management system for compensation, since the process basically involves setting specific amounts after target audience is determined.

Group Management Meeting

In the fiscal year ended June 30, 2024, the first year of our "BE GLOBAL 2028" medium-term management plan, the committee members discussed the priority issue of increasing the resolution of the Software Driven Strategy and human resource strategy.

In addition, the Compliance and Risk Management Committee has been separated into the Compliance Committee and the Risk Management Committee, each of which meets once every three months beginning in the fiscal year ended June 30, 2024. The discussions of the Compliance Committee and Risk Management Committee are reported and shared with the Board of Directors in the same month.

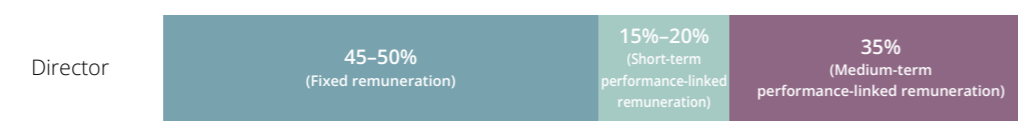
Director's Remuneration

The Company's directors' remuneration is divided into two categories: fixed remuneration (fixed periodic remuneration of the same amount) and performance-linked remuneration.

Fixed remuneration is paid at a standard amount by position, taking into consideration the level commensurate with the required competence and responsibility.

For directors other than outside directors, performance-linked remuneration consists of (1) short-term performance-linked remuneration, which is a bonus linked to business performance, etc. for each fiscal year, and (2) medium-term performance-linked remuneration, which is a bonus linked to changes in metrics over a three-year period. The medium-term performance-linked remuneration is a stock-based remuneration in which shares of the Company's common stock are delivered to the subject directors, with the aim of further sharing value between the subject directors and shareholders through sustained improvement of the Company's stock price and providing incentives for the subject directors to continuously enhance the Company's corporate value.

Composition of Directors' Remuneration



Calculation Method for Each Directors' Compensation

1. Short-term Performance-linked Remuneration

Short-term performance-linked remuneration

= Short-term performance remuneration base amount × Short-term incentive coefficient

Short-term incentive coefficient

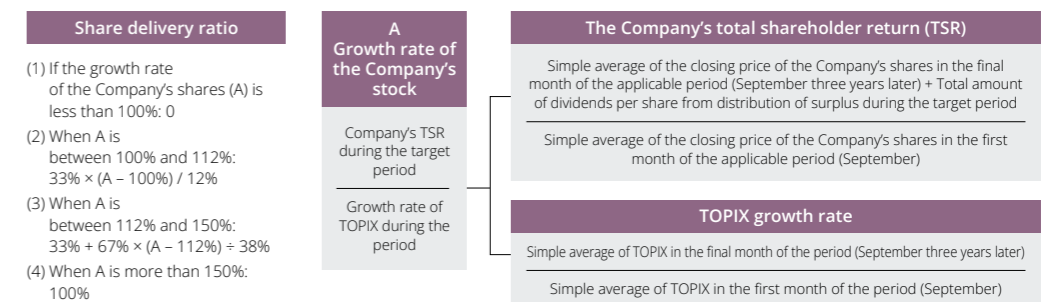
If consolidated net income after tax for the current period is (a) and consolidated net income after tax for the previous period is (b), the coefficient is the value calculated by the following formula.

- (i) If (a) is less than or equal to (b): 0
- (ii) If (a) exceeds (b) and is less than (b) × 137.5%: (a/b-1) / 0.375 × 1.5
- (iii) If (a) is 137.5% or more of (b): 1.5

2. Medium-term Performance-linked Remuneration

Medium-term performance-linked remuneration (number of shares to be delivered)

= Standard number of shares to be delivered × share delivery ratio



Remuneration for Directors and Corporate Auditors (for the fiscal year ending June 30, 2024)

Officer Classification	Total amount of remuneration, etc. (¥million)	Total amount of remuneration, etc. by type (¥million)			Number of eligible directors (person)
		Fixed remuneration	Performance-linked remuneration	Of which, non-monetary remuneration, etc.	
Directors (excluding Audit Committee Members and Outside Directors)	137	88	49	0	2
Audit Committee Members (excluding Outside Directors)	16	16	—	—	1
Outside Directors	42	42	—	—	5

* The above includes one director who retired at the conclusion of the 27th Ordinary General Meeting of Shareholders held on September 27, 2023. Please refer to the website for details on director's remuneration. <https://www.avantgroup.com/en/sustainability/governance/reward.html>

Succession Plan

The Remuneration Advisory Committee is also pursuing in-depth discussions on nominations, and is considering the succession of CxOs and management structures in operating companies. Concrete discussions have begun regarding the candidates for the contingency deputy, the successor who will take charge of the next medium-term management plan, and even the leaders of the next generation.

In addition, since the image of human resources required changes depending on the direction of the strategy we are aiming for, we are in the process of deepening discussions on both "human resources" and "strategy" and enhancing our resolution of organizational issues. In addition, we focus on creating and providing experience for posts with an awareness of young leaders' development programs and management professionals.

Management Training

Study sessions are held to utilize the specialties and areas of expertise of Outside Directors, with the participation of Inside Directors and Corporate Officers of group companies. This initiative is strengthening management.

In addition, we encourage Corporate Officers of group companies to participate in training provided by the Japan Association of Corporate Directors and leadership training at Hitotsubashi University to help them improve their management skills.

Risk Management

Risk Management Policy

The Group has established a Compliance Committee, Risk Management Committee, and Information Security Committee, each chaired by the Representative Director, to monitor the status of compliance and risk management, manage risks appropriately, and promote prompt compliance responses, thereby establishing a company-wide risk management system. In addition, we have developed a "management crisis list" of risks that could affect the achievement of our group's medium-term management plan, "BE GLOBAL 2028," and our existing business base, which we review annually. In this list, we analyze and evaluate the frequency of occurrence and degree of impact that may affect management, and organize risks that may have a significant impact as "significant risks" and risks among "significant risks" that require prompt emergency responses in addition to normal controls, and for which measures such as risk avoidance, reduction, and transfer should be initiated on a priority basis as "notably significant risks". For each "significant risk," the Group as a whole promotes focused control activities, clarifies countermeasures and issues mainly for "notably significant risks," and periodically checks the control status of these risks. In addition to implementing the risk management cycle (PDCA) by monitoring and confirming the effectiveness of the risk management system and making recommendations for improvement, we are also engaged in activities necessary for the penetration and thoroughness of other risk management.

Notably Significant Risks

	Risk items	Countermeasures
1. Risk of cyber-attacks	Some cloud services offered by the Group include services involving the handling of important customer data, such as institutional accounting, management accounting, and business management. In the event of a service outage or loss of customer data due to cyber-attacks on those services, there could be a significant impact on customer operations. In addition, we recognize that this is a significant important risk because the occurrence of such an event for reasons attributable to our Company could have a material impact on our Group's performance and financial position, including the payment of compensation for damages, and could also lead to a decline in the credibility and brand image of our Group. We recognize that this is a particularly important risk.	To reduce risk, the Group has established an Information Security Committee, which continuously identifies and improves risk and promotes security measures such as multiple data backups and other system failure countermeasures and multi-factor authentication. In addition, some of our cloud services have obtained SOC1 Type2 reports in compliance with the U.S. Statement on Standards for Attestation Engagements No. 18 (SSAE18), and we strive to improve the quality of system operations by utilizing objective evaluations from a third-party perspective. In addition, in the fiscal year ending June 30, 2025, we are focusing on strengthening our "structure" and "cyber resilience" and are working to develop and put in place a company-wide cyber security risk management strategy.

Significant Risks

	Risk items	Countermeasures
2. Risks related to equity investment and M&A	The Group aims to achieve sustainable earnings growth and business expansion under its medium-term management plan, BE GLOBAL 2028. Therefore, it is our policy to make acquisitions and enter into capital tie-ups as necessary, taking into consideration our business performance and financial position. However, in proceeding with M&A, there is a possibility that the transaction will not proceed as envisioned by our Group due to the inability to find suitable candidates or to reach agreement on the terms of the transaction. In addition, problems that cannot be identified in the preliminary investigation, such as the occurrence of contingent liabilities or the discovery of unrecognized liabilities after the investment or M&A may lead to impairment of goodwill or other losses, which may affect the Group's performance and financial position.	The M&A organization conducts detailed due diligence on the financial position and contractual relationships of candidate companies in advance, and makes decisions based on the verification of each identified risk and countermeasures. We also strive to reduce such risks by quantitatively and qualitatively understanding the business conditions of the investee companies involved in each business.
3. Risks related to business investment and capital expenditure	To achieve the goals of our medium-term management plan BE GLOBAL 2028, our Group is investing in human resources and R&D, as well as in product development to strengthen product competitiveness, and in the development and expansion of our business infrastructure. However, it is possible that these business investments may not produce the expected investment results due to changes in the market environment or a gap between developed products and market needs. If the investment does not produce the expected effect, it may affect the Group's performance and financial position over the medium to long term.	In response to this risk, the Group carefully decides on business investments at the consideration stage after evaluating investment effects and risks in accordance with the authority stipulated in the "Authority Regulations" in advance. We strive to prevent risks from materializing and reduce their impact.

	Risk items	Countermeasures
4. Risks related to system outage of cloud service data	If a failure occurs in the cloud services provided by our Group and the operation of the system or service is suspended, it may have a significant impact on customer operations. In addition, if problems such as loss of customer data were to occur, the impact would be even greater, and in some cases, compensation payments for damages incurred could have a significant impact on our Group's performance and financial position. In addition, any delay in the operation of the service will lead to a deterioration of the Group's social credibility and brand image.	To ensure stable system operation and the continuous provision of services, the Group is promoting a variety of measures to prevent failures from occurring and minimize the impact of failures when they do occur.
5. Risks related to changes in competition, technology and market needs	In the cloud-based service market in which our Group operates, many companies are developing their businesses, and the pace of technological innovation and changes in market needs is extremely fast, requiring operators of cloud-based service businesses to respond flexibly to these changes. Therefore, if the Group is unable to respond in a timely manner to intensifying competition from companies offering similar services, technological innovations, or changes in market needs, or if the Group must spend a large amount of money on system investments, personnel expenses, or other costs to respond to changes, the Group's performance and financial position may be affected.	In response to this risk, the Group is not only building a system to keep abreast of the latest technological trends and changes in the environment, but is also working to improve its competitiveness by building services that pursue optimal usability, differentiating its sales areas, and enhancing customer support. In addition, we strive to respond quickly to technological innovations and changing market needs by securing and training talented human resources.
6. Risks related to securing and training human resources	If the Group's ability to secure and develop talented human resources with the expertise needed to promote its business and achieve growth does not proceed as planned over the medium term, the Group's future growth potential and business performance and financial position may be affected.	In response to this risk, we are working to strengthen our recruiting and training systems, to ensure competitiveness in recruiting by understanding the market's appropriate compensation levels, and to review our personnel evaluation system to ensure that new employees are able to contribute and continue to work at an early stage.
7. Risk of changes in economic conditions	The Group uses cloud services provided by overseas companies and is affected by fluctuations in exchange rates as it pays for these services in U.S. dollars. Therefore, an increase in costs due to exchange rate fluctuations could affect the Group's performance and financial position.	The Group hedges this risk by settling accounts through foreign currency deposit accounts. The Group's policy is to use foreign currency deposits within the scope of actual demand and not to conduct transactions for speculative purposes.
8. Risk of non-compliance with laws and regulations	The Group is subject to various laws and public regulations in the course of its business operations. Violations of these public regulations may result in disciplinary action by regulatory authorities, lawsuits, or even suspension of business activities, as well as damage to corporate brand value and loss of social credibility. We believe that it is essential for a company to have an effective compliance system in order to fulfill its social responsibilities.	In response to this risk, the Group has not only established a system to keep abreast of the latest legal and regulatory trends, but has also formulated compliance regulations and other compliance-related rules to ensure the effective functioning of the compliance system and to ensure that all officers and employees are fully aware of them through education. In addition, the Compliance Committee promotes activities by establishing quantitative checkpoints for compliance.
9. Third party risk	In the cloud-based services business in which our Group operates, cloud services and network technologies are becoming increasingly complex, and system design and development costs are on the rise. Therefore, we use third parties such as system design and development vendors and cloud service vendors for the purpose of improving operational efficiency and productivity. In the event of a system failure or cyber attack at these third parties, there is a possibility that service provision may be disrupted, important information such as customer information may be leaked, and our Group's business operations may be disrupted, and compensation to the affected customers may be incurred, which could affect our business performance and financial condition.	In order to prevent these adverse effects from occurring, the Group has established subcontracting management regulations and strives for ongoing risk management by verifying the appropriateness and suitability of business partners when subcontracting, providing guidance, and reviewing the management system during the contract period.
10. Risks related to artificial intelligence (AI)	The Group aims to achieve sustainable earnings growth and business expansion under its medium-term management plan, BE GLOBAL 2028, and is exploring the use of AI-based business management tools. The speed of technological innovation in AI is rapid, and it is thought that consulting earnings in the program development area may shrink if various automated creation technologies, including those in the programming language area, become popular. Competition is also intensifying, and if we are unable to hire highly specialized personnel to implement AI technology as planned, or otherwise fail to secure the necessary human resources, our business and performance could be affected.	In response to this risk, the Group is not only building a system to keep abreast of the latest technological trends and changes in the environment, but is also exploring the use of AI technology in business areas and acquiring and securing highly specialized human resources who can handle AI system development.
11. Risks related to dependence on management	Although our Group's organization is currently working to develop human resources and establish an organizational structure, we recognize that our management is highly dependent on Tetsuji Morikawa, our Founder, Chairman & Group CEO, and if something unexpected were to happen to the Founder, Chairman & Group CEO, it could affect the promotion of our business activities and our business performance and financial position.	To address this risk, we are working to formulate and execute a succession plan by appointing the next generation of leaders as directors of operating companies and entrusting them with the management of these companies, and by providing supervision and guidance from the holding company to develop successors.

	Risk items	Countermeasures
12. Risks related to service quality	The Group provides implementation support and contracted development services to systematize its own software or third-party software according to customer needs, as well as BPO services to undertake financial book closing operations. In the provision of services, there is a possibility that deviations from initial estimates may occur due to changes in accounting procedures, publication of practical guidelines, or ambiguities in contract content or requirements, or that unforeseen technical problems or project management issues may arise, resulting in increased costs or delays in schedules. This may cause cost increases and schedule delays. If a lawsuit is filed due to any factor, including the manifestation of such problems or quality deterioration, the Group's business performance and financial position could be significantly affected due to higher-than-expected costs and payment of compensation for damages resulting from delayed delivery.	To address this risk, we are taking measures to reduce the impact on our business performance and financial condition by insuring against contingencies, while improving project quality through the establishment of a quality control department. We are also working to strengthen our services through enhanced recruitment and in-house training of specialized personnel in the accounting and digital fields.
13. Risks associated with product development quality	The Group has developed several in-house software products in the areas of institutional accounting, management accounting, business management, and data utilization platforms. In the development of new products and additions to existing products, we continuously strive to improve quality and prevent the occurrence of defects through development based on our management process. However, we cannot deny the possibility that product defects may occur. Defects in our Group's products may affect our customers' operations, and failure to resolve such defects may cause a loss of trust in our Group, which may affect our Group's business performance and financial position.	To address this risk, we have established a quality control department to reduce quality risk during product development.
14. Information security risks such as data loss and information leakage	In the course of our business activities, the Group may handle personal and confidential information of its affiliates and customers. There is a possibility that this information could be leaked due to unauthorized access to our Group's infrastructure from outside, leakage of information due to errors by our Group's officers and employees or contractors, or other unforeseen circumstances. Such an incident could have a serious impact on the social credibility of the Group and its customers, as well as on the Group's business performance and financial position.	To address security risks, the Group implements firewalls, VPNs, and other system measures to monitor and prevent unauthorized access, and has established information security and personal information protection policies, which are reviewed in response to advances in information and communication technology and changes in social and regulatory environments. The Information Security Committee, headed by the Representative Director and President, has been established to formulate policies, implement measures, educate and enlighten employees, and conduct audits and evaluations. We have also acquired ISMS certification (ISO/IEC27001:2013), an international standard for objective evaluation and continuous improvement of these operations. We also conduct quarterly information security training to raise the security awareness of all executives, temporary employees, and outsourced employees.
15. Natural disaster risk	An eruption of Mt.Fuji, Tokyo-area earthquake, flood damage from typhoons, storm surges, etc., could result in the loss of important information assets, a shortage of work-ready personnel, or the collapse of infrastructure, making it impossible to resume business operations quickly. In addition, we recognize that the loss of important documents and data related to business execution, intellectual property, etc. due to damage caused by earthquakes and other natural disasters or fires at our Group's business sites could hinder our business activities and affect our business performance and financial position, and is therefore a particularly important risk.	As risk mitigation measures, we are backing up important documents and data to remote locations, establishing an emergency response headquarters and other initial response systems, and formulating a Business Continuity Plan (BCP) to resume business operations. In addition, by enhancing our online business infrastructure, we are striving to prepare for both the safety of our executives and employees and business partners and the continuity of our business operations by utilizing remote work from normal times.

Correlation between ESG Risks and Avant Group Specific Risks

	Theme	Risk	Examples of possible measures	Opportunity
Environment	Biodiversity conservation	Little direct relationship with the Group's business activities		<ul style="list-style-type: none"> General data visualization Brand creation through on-demand media publications, etc. Sales of templates for collecting and visualizing non-financial information
	Water security			
	Waste and recycling	Large number of PCs are disposed of each year and need to be recycled	<ul style="list-style-type: none"> Utilize recyclers while ensuring security 	
	Climate change	Little direct relationship with business activities, but the fact that no efforts are being made to reduce CO ₂ emissions may be regarded as problematic.	<ul style="list-style-type: none"> Declaration of commitment to reduce our CO₂ emissions and implementation of the following measures Since 2021, by purchasing Green Power Certification, carbon offsets have been implemented for all electric power consumption Establishment of a system in which the CRM Committee assesses climate change risks, considers countermeasures, and reports to the Board of Directors 	
Community	Human rights and local communities	Our brand could be severely damaged in the event of a serious accident as a result of normalization or similar behavior that does not respect human rights (e.g., discrimination).	<ul style="list-style-type: none"> Consider responses in accordance with the basic policy of respect for human rights set forth in the Avant Group Human Rights Policy Conduct human rights assessments Preparation of harassment prevention manual Periodic seminars on corporate philosophy, training/diversity 	If the company is at the level of an international blue chip company, its appeal could lead to an increase in brand value.
	Labor standards	Our brand could be severely damaged in the event of a serious accident resulting from the normalization or because of ongoing violations of labor laws and regulations.	<ul style="list-style-type: none"> Ensure compliance with labor laws Improving the effectiveness of the hotline Review the results of the GPTW survey and prepare an annual action plan 	
	Responsibility to customers	Our brand may be severely damaged if there is a major problem with the quality of a product or service, or if a serious accident while providing a service. In addition, long-term sustainability may be hindered if the company does not continue to contribute to society and maintain a sincere commitment to customer needs.	<ul style="list-style-type: none"> Strengthen quality control management and implement quality declarations Conduct customer satisfaction surveys Periodic corporate philosophy training 	The brand value could be increased by promoting the results of "Spreading Accountability" as part of the mission.
	Health & safety	As with labor standards	As with labor standards	As with labor standards
	Governance	Risk management	Our sustainability may be threatened due to the occurrence of serious risks that are not recognized or understood, or for which countermeasures (mitigation or transfer) are insufficient.	<ul style="list-style-type: none"> Strengthen disclosure of the Group's risk management system Improve effectiveness of Risk Management Committee
Corporate governance		There is a possibility that maximization of shareholder profits is not pursued if appropriate corporate governance is not carried out.	<ul style="list-style-type: none"> Strengthen disclosure of the Group's governance system Organizational review, including transition to a company with a nominating committee, etc. 	
Compliance		Our brand may be severely damaged if it becomes clear that a serious violation of laws and regulations has occurred. Due to the nature of our business, insider trading is a particular risk.	<ul style="list-style-type: none"> Strengthening the compliance system based on our Group's Code of Conduct Implement and enhance insider training and other legal training Improving the effectiveness of the hotline 	

Compliance

Since its founding, the Group has emphasized compliance as a fundamental principle of corporate governance. To ensure thorough compliance, the Compliance Committee meets regularly to check the compliance status of the Group, and the Board of Directors receives reports from the Group CLO to ascertain the status of compliance.

Management Team

(As of October 1, 2024)

Directors



Tetsuji Morikawa

Founder, Chairman & Group CEO
 Compensation Advisory Committee Member
 [Concurrent positions]
 CEO, DIVA CORPORATION OF AMERICA
 Outside Director, Kayak Co.



Naoyoshi Kasuga

Director
 Group CFO



Jon Robertson

Director

Outside Director Independent Diversity

[Concurrent positions]
 President, Asia Pacific and Japan Region, Snowflake Corporation.



Tatsuya Kamoi

Director
 Compensation Advisory Committee Member

Outside Director Independent

[Concurrent positions]
 Director, ABeam Consulting Ltd.

Directors (Audit Committee Members)



Tsuyoshi Noshiro

Director (Audit Committee Member)
 [Concurrent positions]
 None



Chie Goto

Director (Audit Committee Member)
 Chairman of the Compensation Advisory Committee

Outside Director Independent Diversity

[Concurrent positions]
 Partner, Sakura Kyodo Law Office
 Outside Director, Asahi International Corporation
 Outside Director (Member of the Audit Committee), Toho Holdings Co.



Makoto Nakano

Director (Audit Committee Member)

Outside Director Independent

[Concurrent positions]
 Professor, Graduate School of Business Administration, Hitotsubashi University

Corporate Officers



Takahiro Okabe

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



Gen Nagata

Group COO and Group CBO
 President and Representative Director, DIVA Corporation



Yoshiyuki Numata

Group COO
 President and Representative Director, Zeal Corporation



Hiroki Takemura

Group CRO and Group CIO
 Executive Vice President, Diva Corporation



Shingo Moroi

Group CSO
 Director, Avant Corporation



Teppei Terashima

Director, Avant Corporation



Tatsuru Nakayama

Group CPO
 Director, Avant Corporation



Kunihiro Nakamura

Group CCO
 Director, Zeal Corporation



Seiji Fukuda

Director, Zeal Corporation



Shunpei Kumagai

Director, Zeal Corporation



Tomotatsu Osada

Director, DIVA Corporation



Eriko Satonaka

Group CHRO
 [Concurrent positions]
 Outside Director, NIPPON GAS CO., LTD.



Masamitsu Suzuki

Group CLO

COO: Chief Operating Officer CBO: Chief Business development Officer CRO: Chief Risk-management Officer CIO: Chief Information Officer
 CSO: Chief Strategic Officer CPO: Chief Product Officer CCO: Chief Customer Officer CHRO: Chief Human Resources Officer CLO: Chief Legal Officer