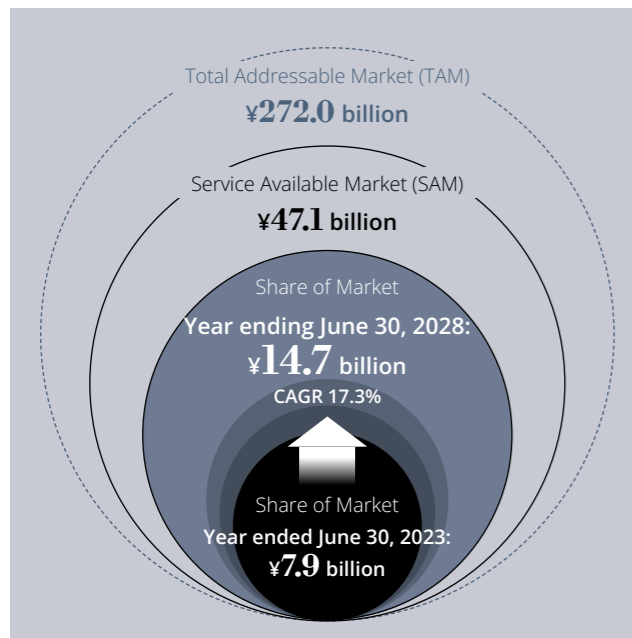


Management Solutions Business

M3

By providing management information infrastructure, we contribute to the enhancement of corporate value by offering a visualization of the value of the various businesses and assets at our clients and linking them to actions to maximize that value.



Market Environment Analysis

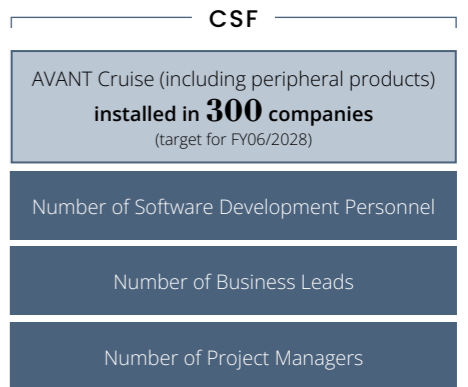
- The next-generation management information infrastructure market is estimated to have a TAM worth ¥272 billion and a SAM of ¥47.1 billion. Due in part to recent corporate governance reforms, an increasing number of companies are seeking to manage their businesses keeping an investor's perspective in mind, and we therefore expect the next-generation management information infrastructure market to expand accordingly.
- In particular, in response to the Tokyo Stock Exchange's announcement in March 2023 of "Action to Implement Management that is Conscious of Cost of Capital and Stock Price," many listed companies are increasingly reviewing their management processes, setting new KPIs in their medium-term management plans. However, with many companies yet to formulate and disclose concrete plans to improve PBR, etc., there is a growing need to improve business management by understanding cost of capital and business value among other items, while minimizing this burden.

Growth Drivers and Competitive Advantages

- The Company aims to expand sales by capturing demand, and to achieve average annual sales growth of 13.2% during the period covered by the new medium-term management plan. At the same time, we also intend to improve our operating margin by increasing the ratio of software sales centered on our core product, AVANT Cruise.
- AVANT Cruise is being implemented using fit-gap analysis, based on our model of best practices in business management and addressing gaps in customer requirements. In addition, processing and arithmetic functions are pre-installed to convert company data into business management data. These measures significantly reduce man-hours compared to SI-type implementations, where engineers will typically set out requirements and process newly-defined data sets. We look to provide customers with an optimal information environment in a short period of time and at low cost.
- Furthermore, an October 2023 update to incorporate group management content will reduce the software implementation time by about half. The reduction in man-hours per case and shorter turnaround time have enabled our group to speed up expansion in the number of installations.
- The ability to approach approximately 1,100 accounting departments and CFO departments within Diva's client base and the approximately 1,000 information system departments and CIOs at Zeal is a major sales advantage.

CSFs and Focus Points

- The most important critical success factor is to increase the number of companies that install AVANT Cruise from around 100 at present to around 300 by the end of the fiscal year ending June 30, 2028. Other CSFs include securing a higher number of business leads, building out a development system, and developing human resources services.
- In order to meet targets for the number of companies that install our systems, we need to urgently raise recognition of both our AVANT as a company and our AVANT Cruise product. We are focusing on marketing so customers will be aware of Diva and Zeal and recognize our business management solutions business. We already expect to secure many business opportunities leads through our connections with CFOs, and we will further strengthen our approach with CIOs through collaboration with Zeal.
- We will also focus on the development of products and human resources. We will continue to update our products by embedding our know-how into our software and adding customer requirements for business management systems that we have accumulated through our increased number of companies. We will also refine skills of project managers needed to implement a fit-gap model and accelerate the recruitment and training of human capital.



INSIGHTS FROM BUSINESS OWNER



TAKAHIRO OKABE

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

Aiming for a Leading Position in Growing Markets with Differentiated Software

We are increasingly confident that AVANT Cruise, which incorporates our accumulated expertise in group business management, will be accepted by even more customers in future. The continued development and evolution of these software products is expected to allow us to further penetrate the market, not only by cutting delivery time, but also by reducing the skill requirements for implementation and securing human resources. We plan to triple the number of companies using AVANT Cruise from approximately 100 companies as of February 2024 to 300 companies by the end of fiscal 2028.

Therefore, we put the highest priority on investment in product development. In November 2023, we partnered with Fluence Technologies of Canada for joint development and released the latest version of AVANT Cruise in March 2024. We will continue to invest in development to increase

the number of options in line with customer needs, such as integration with ERP.

During the period of the new medium-term management plan, we intend to expand our market share by focusing on companies with mainly domestic operations that can easily demonstrate superiority over global CPM products. In the near term, however, we will not necessarily limit ourselves to our own products, but will sometimes use other companies' products to provide solutions in accordance with customers' requirements and attributes, giving priority to developing a track record. Through accumulating know-how and further refining of our products, we will aggressively aim to secure projects from major global companies and projects for upgrading our products in the next medium-term business plan as part of our aim to become the leading company in terms of domestic market share in business management software.