

Section IV Results and Data

FINANCIAL DATA

	Year ended June 30, 2020	Year ended June 30, 2021	Year ended June 30, 2022	Year ended June 30, 2023	Year ended June 30, 2024
Operation Indicators:					
Recurring sales (millions of yen)	5,123	5,852	6,476	7,573	9,215
Recurring sales ratio (%)	32.6	36.0	34.6	35.3	37.7
Value-added productivity (thousand yen/person)	9,784	10,332	10,607	10,400	10,841
Orders received (millions of yen)	15,357	17,401	20,012	22,375	26,180
Consolidated Financial Disclosure Business*	—	—	—	7,435	8,269
Digital Transformation Promotion Business*	—	—	—	7,919	9,211
Management Solutions Business*	—	—	—	7,999	9,410
Order backlog (millions of yen)	3,595	4,761	6,070	7,021	8,782
Consolidated Financial Disclosure Business*	—	—	—	3,949	4,681
Digital Transformation Promotion Business*	—	—	—	1,705	2,069
Management Solutions Business*	—	—	—	3,113	4,006
Income Statement:					
Consolidated net sales (millions of yen)	15,691	16,236	18,703	21,424	24,419
Consolidated Financial Disclosure Business*	—	—	—	6,902	7,537
Digital Transformation Promotion Business*	—	—	—	7,272	8,846
Management Solutions Business*	—	—	—	7,883	8,518
Operating profit (millions of yen)	2,278	2,796	3,247	3,289	4,099
Consolidated Financial Disclosure Business*	—	—	—	1,586	1,840
Digital Transformation Promotion Business*	—	—	—	1,118	1,633
Management Solutions Business*	—	—	—	1,321	1,407
Ordinary profit (millions of yen)	2,282	2,808	2,988	3,265	4,121
Profit before income taxes (millions of yen)	2,282	2,808	2,988	3,079	4,131
Income taxes (millions of yen)	744	919	943	984	1,280
Profit attributable to owners of parent (millions of yen)	1,537	1,888	2,045	2,094	2,850
Balance Sheet:					
Cash and deposits (millions of yen)	6,335	7,238	9,444	10,317	10,874
Property, plant and equipment (millions of yen)	469	407	398	487	488
Intangible non-current assets (millions of yen)	191	608	676	728	652
Software	190	607	676	728	609
Investments and other assets (millions of yen)	1,614	1,893	1,800	2,137	2,554
Investment securities	428	491	511	772	1,037
of which, stocks of subsidiaries and affiliates	—	267	—	—	—
Total assets (millions of yen)	11,780	13,956	16,617	18,705	21,896
Current liabilities (millions of yen)	4,314	4,943	5,820	6,122	8,307
Non-current liabilities (millions of yen)	272	226	198	254	295
Total liabilities (millions of yen)	4,586	5,169	6,019	6,377	8,603
of which, interest-bearing debt	—	—	—	—	—
Net assets (millions of yen)	7,194	8,787	10,597	12,328	13,293
Shareholders' equity (millions of yen)	7,161	8,728	10,466	12,103	12,994
Accumulated other comprehensive income (millions of yen)	32	58	131	224	299

* Effective from the fiscal year ending June 30, 2024, the Company has reviewed its business segment classification method and changed its reporting segments.

	Year ended June 30, 2020	Year ended June 30, 2021	Year ended June 30, 2022	Year ended June 30, 2023	Year ended June 30, 2024
Consolidated Cash Flow:					
Operating cash flow (millions of yen)	1,890	2,561	3,026	2,175	3,680
Depreciation and amortization	227	254	349	449	543
Investment cash flow (millions of yen)	-420	-789	-398	-795	-630
Purchase of property, plant and equipment	-236	-114	-89	-225	-159
Purchase of intangible non-current assets	-121	-429	-317	-521	-222
Free cash flow (millions of yen)	1,470	1,771	2,627	1,379	3,049
Financial cash flow (millions of yen)	-294	-359	-433	-507	-1,981
Repayments of long-term debt	—	—	—	—	—
Payments of dividends	-281	-338	-413	-489	-564
Profitability and Capital Efficiency:					
EBITDA (millions of yen)	2,506	3,038	3,582	3,737	4,642
Effective tax rate (%)	30.6	30.6	30.6	30.6	30.6
NOPAT (millions of yen)	1,581	1,940	2,253	2,282	4,099
ROIC (%)	24.2	24.3	23.3	19.9	30.8
ROE (%)	23.5	23.6	21.1	18.3	22.3
Net sales growth (%)	11.5	3.5	15.2	14.5	14.0
Operating profit margins (%)	14.5	17.2	17.4	15.4	16.8
GPP (net sales growth rate + operating profit ratio) (points)	26.0	20.7	32.6	29.9	30.8
Total asset turnover (times)	1.41	1.26	1.22	1.21	1.11
Research and development expenses (millions of yen)	409	445	382	375	190
Capital adequacy ratio (%)	61.1	63.0	63.8	65.9	60.7
Cash conversion ratio (%)	75.4	84.3	84.5	58.2	79.3
Share Information and Shareholder Returns:					
Number of shares issued (shares)	37,586,982	37,603,203	37,625,501	37,645,851	37,645,851
Average number of shares during the period (shares)	37,582,026	37,598,448	37,614,361	37,636,218	37,206,951
BPS (yen/share)	191.42	233.70	281.68	327.51	362.95
EPS (yen/share)	40.92	50.24	54.37	55.65	76.62
DPS (yen/share)	9.0	11.0	13.0	15.0	19.0
DOE (%)	5.2	5.2	5.0	4.9	5.5
Dividend payout ratio (%)	22.0	21.9	23.9	27.0	24.8
TSR (%)					
3 years	295.8	347.6	136.6	140.1	86.6
5 years	584.4	1,228.8	389.0	304.6	143.5

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, 31 March 2020) etc. have been applied from the beginning of the financial year ended 30 June 2022, and the figures for the year ended 30 June 2022 are after the application of such accounting standards. Figures for the year ended 30 June 2021 and earlier are before the application of such accounting standards.

On 1 December 2019, the company carried out a stock split at a ratio of 2 ordinary shares for each ordinary share. BPS, EPS and DPS are calculated on the assumption that the said stock split was carried out at the beginning of the year ended 30 June 2020.

	Year ended June 30, 2020	Year ended June 30, 2021	Year ended June 30, 2022	Year ended June 30, 2023	Year ended June 30, 2024
Environmental					
GHG emissions (t-CO ₂)*	10,001	8,738	10,299	11,478	12,692
of which Scope 2	650	543	556	359	370
of which Scope 3	9,351	8,195	9,743	11,119	12,323
Electricity consumption (thousand kWh)*	1,455	1,225	1,216	975	999
Percentage of renewable energy (%)	0	0	100	100	100

Indicators in SASB standards (Software / IT services)

	Year ended June 30, 2020	Year ended June 30, 2021	Year ended June 30, 2022	Year ended June 30, 2023	Year ended June 30, 2024
Data security					
Number of personal information leaks	0	0	0	0	0
Percentage of information that contains personally identifiable information (%)	0	0	0	0	0
Number of customers affected	0	0	0	0	0

Description of efforts to identify and address data security risks, including the use of third-party cybersecurity standards:

Avant Group has acquired ISMS certification (ISO/IEC27001:2013), an international standard. The Information Security Committee, led by management and the Chief Information Security Officer (CISO), operates the ISMS under its management system and strives to improve information security. We respond to cyber-attacks and incidents in accordance with our internal regulations, and the Information Security Committee takes measures according to the degree of impact on the Group's business.

Social

	Year ended June 30, 2020	Year ended June 30, 2021	Year ended June 30, 2022	Year ended June 30, 2023	Year ended June 30, 2024
Number of employees (persons)	1,055	1,107	1,226	1,389	1,522
Avant Group	36	45	47	37	37
Diva (Formerly Fierte)	203	229	288	473	534
ID	11	11	11	11	11
Zeal	351	372	401	429	491
Avant (Formerly Diva)	454	450	479	439	449
Number of female employees (persons)	379	379	406	480	524
Ratio of female managers (%)	6.8	6.5	7.7	8.8	9.5
Number of non-Japanese employees (persons)	74	77	66	60	53
Employment rate of persons with disabilities (%)					
Avant Group / Avant (Formerly Diva)	2.3	2.0	2.5	2.4	2.3
Diva (Formerly Fierte)	1.0	0.8	0.7	1.5	2.0
Zeal	1.4	1.3	1.2	1.4	3.3
Rate of male employees taking paternity leave (%)	9.5	23.5	29.6	36.8	50.0

	Year ended June 30, 2020	Year ended June 30, 2021	Year ended June 30, 2022	Year ended June 30, 2023	Year ended June 30, 2024
Number of hires (persons)	241	197	261	334	355
Number of new graduates	56	30	50	59	67
Number of mid-career hires	185	167	211	275	288
Number of resignations (persons)	145	109	128	168	182
Employee turnover (%)	13.4	10.2	11.3	13.4	12.8
Average years of service (years)	4.1	4.6	4.6	4.3	4.8
Recruitment expenses (millions of yen)	263	326	353	433	489
Recruitment cost (thousand yen/number of hires)	1,091	1,656	1,353	1,296	1,378
Personnel expenses (millions of yen)	7,162	7,748	9,135	10,257	15,331
Training expenses (millions of yen)	39	46	63	84	101
Training cost (yen/number of employees)	37,449	42,234	52,020	60,973	66,808
Average salary (yen/year)	5,397,341	5,772,288	5,892,667	6,010,044	6,055,912
Salary increase rate (%)	1.04	3.60	4.70	7.3	4.20
Average age (years)	34.0	34.5	34.6	34.3	34.3
Average annual overtime hours worked (hours/month)	16.7	16.2	14.7	13.2	13.5
GPTW score (points)*					
Diva (Formerly Fierte)	61	66	67	67	67
Zeal	51	58	65	70	74
Avant (Formerly Diva)	54	56	59	66	65

Governance

	Year ended June 30, 2020	Year ended June 30, 2021	Year ended June 30, 2022	Year ended June 30, 2023	Year ended June 30, 2024
Number of shareholders (persons)	2,536	3,674	3,311	2,926	2,864
Shareholder Composition (%)					
Individual	61.3	60.5	59.4	58.0	59.1
of which directors	31.8	31.8	31.8	31.1	30.0
of which Employee Stock Ownership Plan	8.5	6.1	6.1	3.8	3.7
Government	0.0	0.0	0.0	0.0	0.0
Financial institutions	12.1	12.7	13.8	14.9	14.0
Domestic corporations	10.5	10.1	8.0	8.0	8.8
Foreigner	14.2	14.8	17.3	17.6	17.1
Securities company	1.8	1.9	1.5	1.5	1.0
Treasury shares	0.0	0.0	0.0	0.0	0.0
Number of meetings of the Board of Directors (times)	16	17	14	14	13
Total board meeting time (minutes)	1,107	1,413	1,454	1,419	1,606
Average Board meeting time (minutes)	65	83	103	101	123
Number of meetings of the Compensation Advisory Committee (times)	—	3	7	8	6

* Great Place To Work® (GPTW) is a specialized organization that for over 30 years has been quantifying (scoring) job satisfaction through surveys on job satisfaction and analyzing the results. The Avant Group aims to improve job satisfaction by having everyone at each company participate in the surveys, using the GPTW score to identify issues, and then solving and improving them.