

Consolidated Financial Disclosure Business



Products developed



Diva automates its clients' consolidated financial book closing operations by developing and maintaining products related to DivaSystem LCA, a software package that covers a series of operations from data collection to consolidated processing, reporting, and financial disclosure, and by providing an outsourcing business for financial book closing operations using these products.

Furthermore, by transferring the know-how gained from outsourcing to software development, we have realized a "BPO SaaS" that is difficult for other companies to follow. We have the largest client base in the Group and serves as a bridgehead in entering new markets.

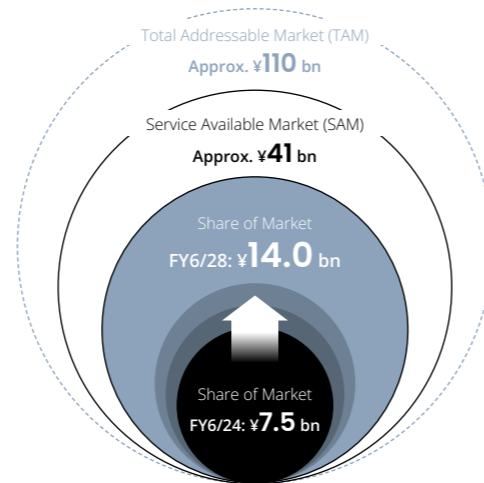
Internet Disclosure provides major audit firms with "Disclosure Net," a search service that stores comprehensive disclosure information on listed companies, and also supplies data for the products of Group companies.

Competitive Edge

- DivaSystem LCA is the No.1 consolidated accounting system product in Japan, and has a significant advantage because of its ability to expand functions by transferring business know-how acquired through the BPO business.
- We have established an outsourcing business for disclosure of consolidated financial results, which has been considered difficult due to the large difference between busy and slow periods, based on our unique know-how. With a client base of more than 300 companies, including top-range companies with numerous consolidated subsidiaries and affiliates, we have built an overwhelming barrier to entry and achieved high profit margins by accumulating extensive experience and knowledge.
- The business model that combines extremely competitive software and BPO is only feasible for our Group, and it is difficult for other companies to follow suit.

Market Environment Analysis

- The TAM for the consolidated financial disclosure market is approximately ¥110 bn, of which consolidated accounting systems account for approximately ¥10 bn and BPO approximately ¥40 bn, and excluding duplication, SAM is estimated to be approximately ¥41 bn.
- In response to the declining workforce and changes in work styles, there is a growing need for companies to outsource financial disclosure, a non-core routine task for companies, and the BPO market continues to realize expected growth of more than 25%. The consolidated accounting system market is growing at around 10%, thanks to the wide range of maintenance services that can be provided up to BPO and the software that transfers this know-how, and the cloud system market is expected to grow at around 20%.
- While there are several software competitors in the consolidated financial disclosure market, there are no competitors in BPO, nor are there any competitors that offer a combination of these services.

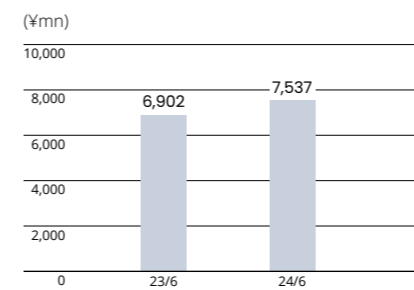


Targets in the Medium-Term Management Plan	Details
Net sales:	Growing at a 15.2% CAGR, driven by the expanding BPO market
Operating profit margin:	Improve by increasing software sales by transferring know-how gained from outsourcing business

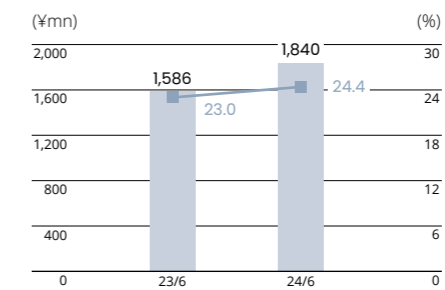
Progress in the First Year of the Medium-Term Management Plan

- In FY6/24, net sales rose 9.2% y-y and operating profit rose 16.0% y-y. Diva's outsourcing business remained strong and its software business also grew, with net sales growing 13.9% from the prior year and the operating profit margin improving 2.5 percentage points due to a review of pricing strategies and other factors. Internet Disclosure maintains stable sales and profits.
- The company has set a goal of achieving a 70% market share for DivaSystem LCA, the de facto standard in the consolidated accounting system market, and is aggressively investing in software development. We assess that the development is progressing well, with BPO productivity steadily increasing as software functionality is expanded. We intend to continue to accelerate the cycle of transferring the consolidated financial statement disclosure operations know-how gained through BPO to software to enhance product capabilities, which will then be used in BPO to improve efficiency.

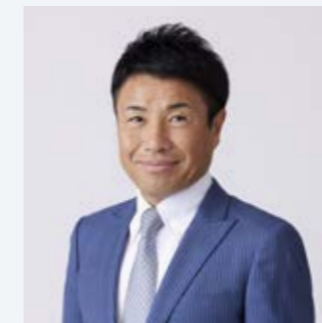
Net sales



Operating profit



CSF
Became the de facto standard with a 70% share of the consolidated accounting system market



Gen Nagata
President and Representative Director, Diva corporation

Business Owner Message

Pursuing further growth with a one-of-a-kind business model that fuses two businesses

The medium-term management plan is progressing well. Not only is the outsourcing business maintaining a high growth rate of more than 25%, but the software business, whose market is maturing, is about to return to a growth trajectory under a new structure after the reorganization of group companies in October 2022. Even with the increasing number of corporate delistings due to M&A and MBOs, we have continued to grow without major impact by steadily acquiring sales of ¥100 bn or more.

The main reason for the strong performance is that the outsourcing business and the software business are working together in unison under the current structure to focus on the wisdom of the business. In addition to the focus on cross-selling by the outsourcing business to DivaSystem LCA

clients, both businesses are being re-enforced through a virtuous cycle of utilizing the know-how of the outsourcing business for software development and utilizing the software with enhanced functions for the outsourcing business.

We believe that most of the tasks that humans can perform in consolidated financial disclosures can be reproduced by software development, and that there is still room for further evolution of DivaSystem LCA. The outsourcing business is expected to continue to grow in the market, and we are making steady progress in securing personnel through hiring, and we intend to continue to maintain a growth rate of about 25%, which will ensure the quality of our services.