

## Management Solutions Business



Products developed



Management Solutions, previously provided mainly through SI and consulting, are being converted to “Consulting SaaS,” a combination of SaaS and consulting, to establish a new business model.

In addition to providing customers with our own software, we also combine it with software developed by other companies. Our sales are comprised of software sales, consulting services related to the implementation of the software, and maintenance contracts that provide support in running the project.

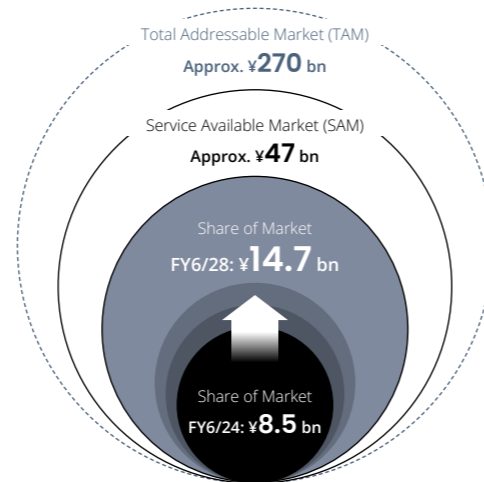
Within the Group, we are responsible for maximizing the use of Group assets and continuously creating solutions that provide management information useful for enhancing corporate value.

### Competitive Edge

- “AVANT Cruise” is a fit-gap implementation model that utilizes best practices developed based on the business management of clients that the Group has supported over the years, and is equipped with data processing and computing functions to convert the client’s data for business management. Compared to the traditional SI model, man-hours are reduced and an optimal information environment can be provided to customers in a shorter period of time and at a lower cost.
- This is a competitive advantage in terms of sales, as it makes it easier to approach the Group’s client base of approximately 1,100 Diva clients (accounting department/CFO line) and 1,000 Zeal clients (IT department/CIO line).

### Market Environment Analysis

- We estimate that the TAM for next-generation management information infrastructure market is approximately ¥270 bn and that the SAM is approximately ¥47 bn. In recent years, an increasing number of companies have been seeking to manage their businesses from an investor’s perspective, and the next-generation management information infrastructure market is expected to expand accordingly.
- In response to the request announced by the Tokyo Stock Exchange (TSE) in March 2023 to “Action to Implement Management that is Conscious of Cost of Capital and Stock Price,” an increasing number of listed companies are reviewing their management, for example by setting new KPIs such as business ROIC in their medium-term management plans. In addition, with the TSE starting to publicly announce companies disclosing information regarding this requirement in January 2024, this trend is expected to intensify and expand business opportunities for this segment.

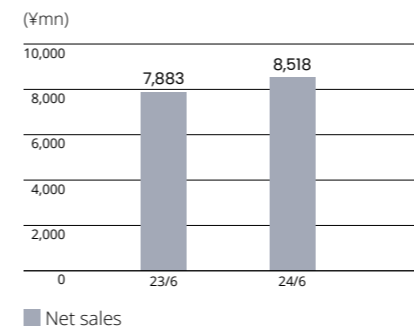


Targets in the Medium-Term Management Plan	Net sales: Growing at a 13.2% CAGR, expanding to meet demand	Operating profit margin: Improve by expanding software sales composition
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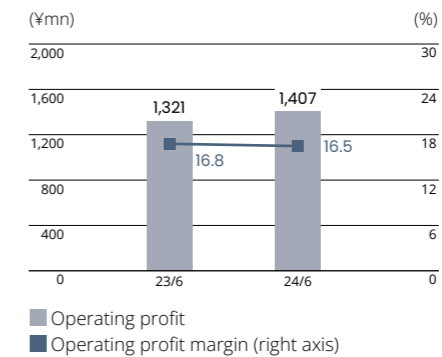
### Progress in the First Year of the Medium-Term Management Plan

- Net sales for FY6/24 rose 8.1% y-y, and operating profit rose 6.6% y-y, showing a solid result compared to the plan. The start of disclosure by the TSE in January 2024 triggered an increase in the number of companies interested in cost of capital and ROIC initiatives, and especially in the fourth quarter, sales of “AVANT Cruise” and other products led to increased performance.
- The introduction of “AVANT Cruise” is progressing as planned. For high-end customers, we offer a consulting-based implementation, while for those who prefer to start small, we promote a fit-gap approach with packages that can be implemented in as little as one week. We believe that the development and sales of packages, especially those that enable the calculation of ROIC by business segment, will be the biggest key to achieving the medium-term management plan, since the introduction of packages is relatively more profitable and enables the swift training of human resources capable of handling it. Through FY6/25, the company plans to focus primarily on development investments and identifying customer targets, after which it aims to introduce the system to dozens of companies annually. In the first half of the year, we received more than three times as many inquiries in FY6/25 as we did in the same period of the prior year, and we believe that our goal of introducing 300 companies by FY6/28 is fully feasible.
- The number of project managers is increasing as planned, partly because we have switched to a policy of training newly hired graduates. On the other hand, it has been difficult to hire the development personnel that are required to be immediately effective, and there has been some delay in increasing the number of employees, so we are also making efforts to utilize outside partners.

#### Net sales



#### Operating profit



#### CSF

- AVANT Cruise (including peripheral products) installed base: **300 companies** (FY6/28 target)
- Expanding the number of software development personnel
- Increase in the number of business leads
- Expanding the number of project manager personnel



#### Takahiro Okabe

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

#### Business Owner Message

We aim to increase the number of companies introducing “AVANT Cruise,” starting with “AVANT Compass.”

In order to achieve the target for the number of companies to install AVANT Cruise, our top-tier CSF, it is essential to secure the pipeline, and we are focusing on marketing. This is where “AVANT Compass” is a great weapon. “AVANT Compass” is structured in line with the current situation analysis and measures recommended by the TSE in “Action to Implement Management that is Conscious of Cost of Capital and Stock Price,” and features easy benchmarking with other companies in the industry and no consulting fees at the time of introduction. We aim to use this introduction as an opportunity to make our clients aware of the importance of business portfolio management and to propose “AVANT Cruise” to them.

At the same time, now that we have narrowed down our client target, Kunihiro Nakamura, who took over as Chief Customer Officer (CCO) of the Avant group in October 2024, and I are working together to focus on top sales to potential client CxOs. We believe this approach is particularly effective because “AVANT Cruise” needs to be proposed to those in charge of corporate planning and finance departments rather than to those in the field. Since awareness of AVANT Cruise among clients of DivaSystemLCA, the product with the largest market share in our Group, has become widespread, we will further strengthen our marketing efforts to new markets and companies.

Please refer to page 35 for details on “AVANT Compass.”