

Consolidated Financial Disclosure

M1



Disclosure Information as a Basis for Dialogue with Investors

In addition to the development of the DivaSystem LCA consolidated accounting system and related products, the company is involved in outsourcing operations such as consolidated and non-consolidated financial closing operations. We also provide comprehensive support for corporate value creation processes through information disclosure.



BUSINESS MODEL

BPO SaaS

DivaSystem LCA is the leading software in Japan in its field in terms of market share. It covers a series of operations from data collection to consolidated processing, reporting, and disclosure of financial results to streamline consolidated financial disclosures. Our unique business model offers services that combine this software with other outsourcing business for financial closing operations to automate our clients' consolidated financial closing operations. By creating a cycle in which know-how gained from outsourcing is fed back into the software development process, we aim to realize a BPO SaaS model that is difficult for other companies to follow.

The group has the largest customer base and serves as a bridgehead for entry into new markets.

Improve Software Competitiveness and Margins while Growing Sales Related to BPO

DX Promotion

M2



Use the Latest Technology to Leverage Data and Bring Innovation to our Client's Business

Through consulting and system development, we provide a data platform that organizes and integrates internal and external data, and AI/BI solutions that allow analysis, forecasts, and data visualization to help drive digitization at companies and promote data-driven management. We also offer ZEUSCloud, a cloud-based data analysis platform developed in-house, and ZEAL DX-Learning Room, an e-learning service that supports human resource development.



BUSINESS MODEL

Consulting SI

In this segment, we provide full support for projects, from enabling understanding of current business conditions, to proposing solutions for problems, to system construction, through to system operation and support. The business model is similar to SIs and consulting firms, but is unique in that it focuses on data utilization, an essential part of companies' efforts to promote DX. Using data platforms from several major vendors in Japan and overseas, we are developing a system that aggregates data generated from various business processes, which can be used to visualize current conditions and make market forecasts.

The group also plays a role in expanding our commercial products by offering training to engineers in the latest methods of data utilization and promoting in-house development of data utilization infrastructure products through acquisition of the latest methods specific to data utilization.

Sales Growth from Tapping into Strong Demand

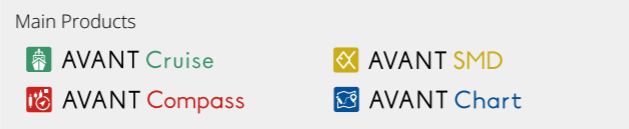
Management Solutions

M3



Provide Information that Supports Management to Have an Awareness of Corporate Value

Our business is to use the business management software we developed in-house to improve corporate value for our clients', with a focus on group business management, consolidated accounting, and business management accounting. We provide one-stop support from consulting to software planning, construction, implementation, operation, and maintenance.



BUSINESS MODEL

Consulting SaaS

We promote a business model that can replace business management solutions, traditionally provided primarily through SI and consulting, with Consulting SaaS-based solutions, or a combination of SaaS and consulting. Furthermore, while our competitors in the form of major consulting firms and consolidated accounting business companies use overseas CPM products, our work in this segment mainly involves implementation of our in-house developed software at our clients. Revenues are made up of sales of the company's software, consulting services for implementation of the software, and maintenance contracts that provide related support.

Within the group, we play a role in continuously creating solutions that contribute to the enhancement of corporate value by maximizing group assets. A key example of this is AVANT Cruise, a product which incorporates business management know-how accumulated over the years.

Improved Margins while Developing Markets and Expanding Sales with in-house Products

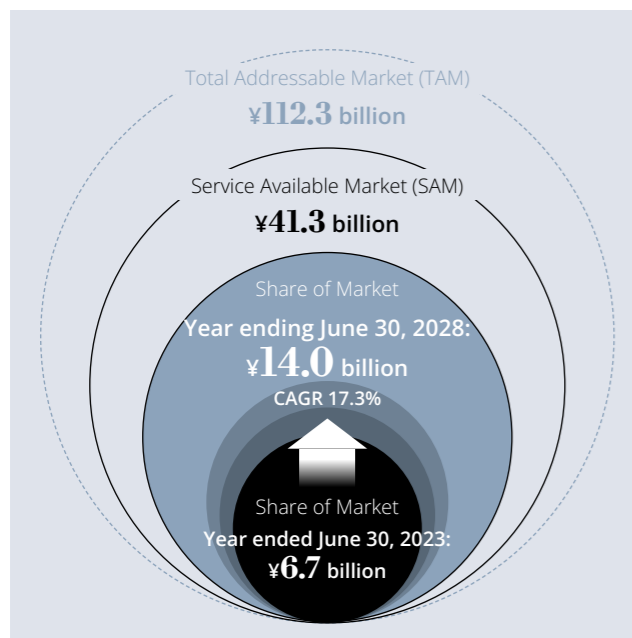
Enhancing the Corporate Value of our Customers

* Due to a change in business segments beginning in the fiscal year ending June 30, 2024, actual results for the fiscal year ended June 30, 2023 have been reclassified to the current segments. Figures for the period prior to June 30, 2022 in the current segment are not disclosed. Total sales and operating income are before elimination of intersegment transactions and therefore differ from the figures reported in the consolidated financial statements. Percentage figures are calculated based on the figures before elimination of intersegment transactions.

Consolidated Financial Disclosure Business

M1

Through the provision of consolidated accounting systems and BPO services, we break down and reconstruct value units within our clients' businesses and support the disclosure of financial results to facilitate dialogue with investors.



Market Environment Analysis

- The TAM for the consolidated financial disclosure market is estimated at ¥112.3 billion, of which consolidated accounting systems account for about ¥10 billion, BPO about ¥40 billion, and SAM ¥41.3 billion, excluding duplication.
- The BPO market is expected to grow by 20-25% as the need to outsource financial disclosure, a non-core routine task for companies, grows in response to a declining workforce and the need to reform work styles. The consolidated accounting system market is growing at around 9% due to an increasing need for earlier settlement of accounts and enhanced disclosure, with the cloud system market in particular expected to grow at around 20%.
- While there are several software competitors in the consolidated financial disclosure market, none of these also offer BPO solutions. We therefore believe there are no competitors offering a combination of software and BPO services.

Growth Drivers and Competitive Advantages

- In this expanding market, we aim to achieve an average annual growth rate of 17.3% in sales during the period covered by the new medium-term management plan, centered on one BPO business. At the same time, by leveraging know-how gained from the BPO business, we will increase the competitiveness of our software to boost sales and improve the profit margin of the business.
- The Group has established an outsourcing business for disclosure of consolidated financial results, which has been considered difficult due to significant differences between busy and slow periods, on the back of our unique position. With a client base of more than 200 companies, including leading companies that already have numerous consolidated subsidiaries and affiliates, including overseas, we have established an unparalleled barrier to entry through our extensive experiences and knowledge. As a result, we have been able to secure high profit margins, a key point of difference to a typical outsourcing business.
- DivaSystem LCA is the No. 1* product in terms of market share, with 43.1% of the domestic market for consolidated accounting systems. It has a significant edge because of an ability to expand functions through incremental additions of functionality acquired through the BPO business.
- The business model combining highly competitive software and BPO services is only feasible for our group, and we regard this as difficult for other companies to try and implement.

* Source: Fuji Chimera Research Institute, "Software Business New Market 2023," Consolidated Accounting Management Software Market Share Trends (Package) FY2022 Results

CSFs and Focus Points

- **We will increase the market share of DivaSystem LCA for large companies with sales of ¥100 billion or more to 70%, a level at which it can be considered the de facto standard, by the end of the fiscal year ending June 30, 2028. To this end, our primary investment will be in software development over the next three years.**
- In recent years, market share expansion for DivaSystem LCA has stalled. However, the reorganization of group companies in 2022 will enable the company to combine the BPO business with DivaSystem LCA, creating a structure that can generate synergies. We recognize that the biggest key and challenge is whether we can create a cycle to transfer consolidated disclosure business know-how gained through BPO processes to software development to further enhance our product capabilities.
- On the sales front, we will further cultivate customers in the strong BPO business and strengthen cross-selling of DivaSystem LCA.
- However, by accumulating operational know-how through BPO, we believe that it will be possible to develop software that fully automates consolidated closing operations for companies with sales of ¥100 billion or less in future. We also expect the development of software that fully automates consolidated closing operations will be achievable for companies with sales of ¥100 billion or less.
- Internet Disclosure, which provides major audit firms with "Disclosure Net," a search service that stores comprehensive disclosure information on listed companies, also supplies data to Group companies for their products, taking advantage of its outstanding expertise in collecting and managing disclosure information.

CSF

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

INSIGHTS FROM BUSINESS OWNER



GEN NAGATA

President and Representative Director, Diva Corporation

Re-enforce DivaSystem LCA through Synergies with BPO and Get Back on a Growth Trajectory

Our operating company Diva utilizes software and BPO to automate consolidated financial disclosures for its clients. The key strength of the company is an ability to combine these two seemingly completely different business models and processes, while maintaining high profit margins in both services. Being the only BPO provider in this field also allows us to transfer and develop software based on our expertise as professionals in consolidated financial disclosure operations.

Since launch, the BPO business focused on client development, based on a belief that knowledge of consolidated financial disclosure operations is concentrated in large, complex companies with a large number of consolidated entities. By acquiring know-how accumulated in this way and embedding within DivaSystem LCA, we aim

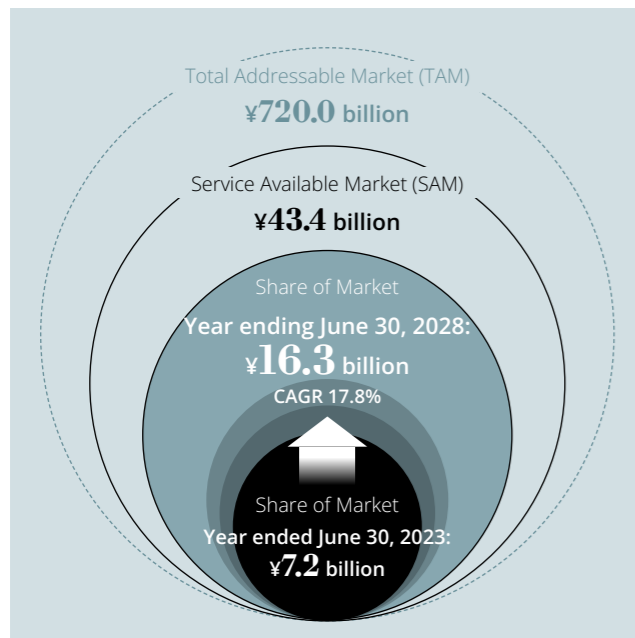
to develop software that raises the productivity of our customers and further expand our market share.

Beyond that, we are looking at two new developments. One is to develop software that fully automates operations for companies in the mid-range and below by reflecting common features of the consolidated financial disclosure operations of the more than 200 large companies that we have as customers. The other is global expansion. The nature of BPO, as well as language barriers, make this difficult. However, we believe that we will be able to overcome these challenges as workflow transcription progresses further and the scope of what can be automated with software expands. This will be a major step toward realizing the Group's vision "BE GLOBAL."

DX Promotion Business

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Through consulting and system development, we support digitization (DX) by maximizing the use of data to contribute to the growth of our clients' businesses and enhancing their corporate value.



Market Environment Analysis

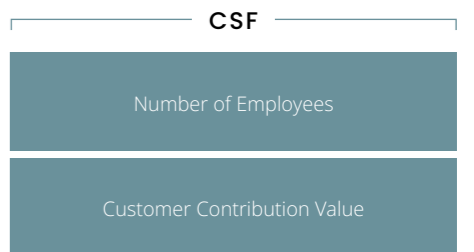
- The DX market is estimated to have a TAM of ¥720 billion and a SAM of over ¥40 billion. The number of companies promoting DX is expected to continue to increase, and the market will continue to expand. On the other hand, major Slers and other companies that have deployed ERP in the past are increasingly entering the market as competitors.
- Within the DX market, the area of data utilization infrastructure is seeing rapid growth, as companies understand the importance of data essential for the functioning of generative AI, following the rapid rise in prominence of interactive generative AI tools such as ChatGPT. This has been our main business focus for many years, and we shall strive to continue our efforts to capture future market growth.

Growth Drivers and Competitive Advantages

- We will expand the scale of our business in line with market growth, aiming for average annual sales growth of 17.8% during the period of the new medium-term management plan. The operating profit margin is already high compared to Sler firms, but we intend to try and raise this on par with the consulting firms in future.
- In addition to further promoting the provision of data platforms, we will extend our range of services to incorporate high-value-added services such as consulting for DX concept formulation through data utilization, support for advanced data use centered on AI, and support for accompanying companies for their in-house production efforts, in order to further our contribution to each and every client. We also aim to increase sales and improve profit margins expansion of our high-value-added services.
- Our operating company Zeal was early in recognizing the potential of BI and has become an industry leader as a specialist vendor in BI and DWH (data warehousing) solutions for about 30 years since BI first emerged in Japan. Our greatest advantage is our accumulated know-how in data utilization.
- We have partner agreements with many vendors, and we have formulated a particularly strong relationship with Microsoft that began even prior to the shift to cloud computing. Today, as the number one partner in the data platform field and a technology leader, we are supporting many customers' DX with our Microsoft Azure cloud service.

CSFs and Focus Points

- **Expansion in number of employees and customer contribution value are critical success factors (CSFs).**
- We believe securing human resources is a key factor behind achieving sales expansion, and we aim to increase the number of employees by approximately 2.2x during the new medium-term management plan period. In pursuit of this objective, our greatest emphasis is on creating an environment in which employees can continue to grow. We believe this will strengthen the development and retention of human resources and also contribute to improving our ability to recruit. Specifically, we are supporting the career development of employees through expansion of our talent development systems, including the formulation of skill maps that enable employees to gain an understanding of the skills necessary for their careers, and by increasing the number of assignments to high-quality projects that lead to growth.
- We will focus on continuing transactions with customers with high potential, increasing the contribution level of this business, expanding the scope of projects, and broadening the scale of each project. We plan to reform our sales structure and processes so that we are able to make effective approaches to our customer base in line with this policy.



INSIGHTS FROM BUSINESS OWNER



YOSHIYUKI NUMATA

President and Representative Director, Zeal Corporation

We Will Focus on Expanding our Human Resources, while Keeping in Mind Our Sales Strategies, and Maintain a High Growth Rate by Steadily Capturing the Expansion of the Market.

In recent years, market growth in our specialist area of DX data utilization infrastructure has risen significantly. Our basic strategy is to gain a firm understanding of the needs of our customers to achieve growth.

Since increased human resources is essential for our business model, we plan to more than double the number of employees over the five years of the new medium-term management plan. We believe that the most important thing for employee retention, especially for engineers, is to provide an environment in which staff can grow through learning new technology, and be rewarded accordingly. To this end, in addition to improving our training system, we also believe it is important to strategically acquire quality projects where we can acquire new skills and experiences, and we intend to focus more on service

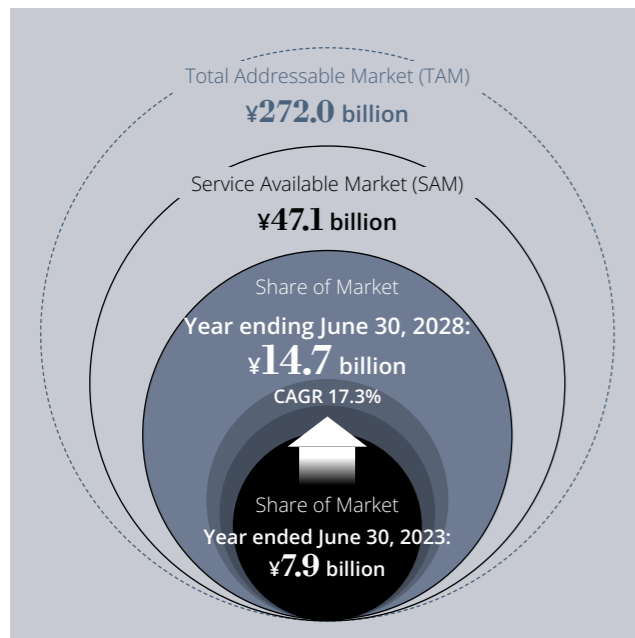
provision to large scale clients (enterprise clients). By providing broad and deep support for our clients' DX activities in a mutually beneficial manner, through processes such as consultation on data utilization and providing educational content to develop DX human resources, we will increase sales per company which should raise customer contribution value, as well as provide a wide range of growth opportunities for employees, and encourage ever higher retention levels. We will also actively engage in advanced data use through AI, utilizing our own product, StoryAI, which can analyze emotions from text and images.

In future, we would also like to strengthen collaboration within the group. One example may be implementation support from Zeal for a data platform, with Avant able to model company value through establishing KPIs.

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

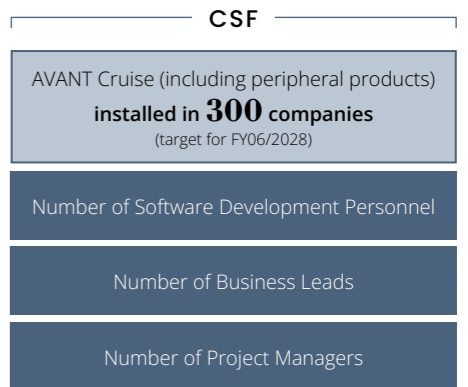
- The next-generation management information infrastructure market is estimated to have a TAM worth ¥272 billion and a SAM of ¥47.1 billion. Due in part to recent corporate governance reforms, an increasing number of companies are seeking to manage their businesses keeping an investor's perspective in 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.