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# Annual Securities Report

Fiscal year from July 1, 2024 to June 30, 2025 (29th term)

## AVANT GROUP CORPORATION

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# **Annual Securities Report**

## **(English translation of the "Yukashoken-Houkokusho")**

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This document is an output and printing of the securities report pursuant to Article 24, Paragraph 1 of the Financial Instruments and Exchange Act, using the electronic data processing system for disclosure (EDINET) prescribed in Article 27-30-2 of the same Act, with a table of contents and page numbers attached to the submitted data.

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## Cover page

Document submitted	Annual Securities Report
Applicable law	Financial Instruments and Exchange Act, Article 24, Paragraph 1
Submitted to	Director-General, Kanto Local Finance bureau
Submission date	September 19, 2025
Fiscal year	29th term (July 1, 2024 to June 30, 2025)
Company name	Kabushiki-kaisha Abanto Gurupu (AVANT GROUP CORPORATION)
Company name (English)	AVANT GROUP CORPORATION
Name and title of representative	Representative Director and President Tetsuji Morikawa
Location of head office	2-15-2 Konan, Minato-ku, Tokyo
Phone	+81-3-6864-0100 (main)
Administrative contact person	Director, Group CFO Naoyoshi Kasuga
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Administrative contact person	Director, Group CFO Naoyoshi Kasuga
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

## Part I Information on the Company

### 1 Overview of the Company

#### 1. Key financial data

##### (1) Key financial data of group

Term	25th term	26th term	27th term	28th term	29th term
Year ended	June 2021	June 2022	June 2023	June 2024	June 2025
Net sales (thousands of yen)	16,236,129	18,703,387	21,424,584	24,419,760	28,227,703
Ordinary profit (thousands of yen)	2,808,216	2,988,973	3,265,983	4,121,744	4,613,019
Profit attributable to owners of parent (thousands of yen)	1,888,976	2,045,033	2,094,520	2,850,922	3,434,688
Comprehensive income (thousands of yen)	1,914,609	2,117,784	2,187,976	2,925,868	3,146,596
Net assets (thousands of yen)	8,787,207	10,597,663	12,328,516	13,293,728	15,597,989
Total assets (thousands of yen)	13,956,966	16,617,046	18,705,593	21,896,905	24,373,055
Net assets per share (yen)	233.70	281.68	327.51	362.95	426.96
Net profit per share (yen)	50.24	54.37	55.65	76.62	94.15
Diluted net profit per share (yen)	-	-	-	-	-
Equity ratio (%)	63.0	63.8	65.9	60.7	63.9
Return on equity (%)	23.6	21.1	18.3	22.3	23.8
Price-earnings ratio (times)	32.8	24.7	25.4	18.0	16.3
Cash flows from operating activities (thousands of yen)	2,561,689	3,026,616	2,175,390	3,680,627	4,469,729
Cash flows from investing activities (thousands of yen)	(789,786)	(398,957)	(795,616)	(630,871)	(201,243)
Cash flows from financing activities (thousands of yen)	(359,514)	(433,200)	(507,174)	(1,981,911)	(1,036,813)
Cash and cash equivalents at end of period (thousands of yen)	7,786,223	10,002,870	10,881,311	11,976,585	15,162,045
Number of employees (Excluding: average number of temporary employees) (persons)	1,107 (40)	1,226 (20)	1,389 (22)	1,522 (28)	1,707 (28)

Notes: 1. Diluted net profit per share is not shown since there are no dilutive shares.

2. The number of employees is the number of employees (excluding employees seconded from we to outside the Group and including employees seconded from outside the Group to the Group).

3. Accounting Standards for Revenue Recognition" (ASBJ statement No. 29, March 31, 2020) and others have been applied from the beginning of the 26th term, and the key management indicators for the 26th and subsequent terms are the indicators after the application of these accounting standards and others.

4. The Company has introduced a stock delivery trust for employees and officers from the current fiscal year (28<sup>th</sup> term), and for the purpose of calculation of net assets per share, the Company's shares held by the trust account of the trust are included in treasury shares deducted from the total number of issued shares at fiscal year-end. In addition, for the purpose of calculating net profit per share, the Company's shares held by the trust account of the trust are included in treasury shares, which are deducted from the average number of shares during the fiscal year.

## (2) Key financial data of the Company

Term		25th term	26th term	27th term	28th term	29th term
Year ended		June 2021	June 2022	June 2023	June 2024	June 2025
Operating revenue	(thousands of yen)	2,661,884	2,324,599	3,572,998	2,703,866	4,599,859
Ordinary profit	(thousands of yen)	1,348,123	731,106	1,873,347	842,065	2,367,654
Profit	(thousands of yen)	1,464,244	646,204	2,022,470	1,068,824	2,875,992
Share capital	(thousands of yen)	311,568	329,128	345,113	345,113	345,113
Total number of issued shares	(shares)	37,603,203	37,625,501	37,645,851	37,645,851	37,645,851
Net assets	(thousands of yen)	6,219,564	6,532,448	8,178,660	7,329,481	9,109,462
Total assets	(thousands of yen)	8,899,512	10,947,972	8,780,300	7,919,345	9,698,376
Net assets per share	(yen)	165.41	173.63	217.27	200.11	249.60
Dividend per share	(yen)	11	13	15	19	25
(Interim dividend amount)	(yen)	(-)	(-)	(-)	(-)	(-)
Net profit per share	(yen)	38.95	17.18	53.74	28.73	78.84
Diluted net profit per share	(yen)	-	-	-	-	-
Equity ratio	(%)	69.9	59.7	93.1	92.6	93.9
Return on equity	(%)	26.0	10.1	27.5	13.8	35.0
Price-earnings ratio	(times)	42.3	78.2	26.3	48.0	19.5
Dividend payout ratio	(%)	28.2	75.7	27.9	66.1	31.7
Number of employees		45	47	37	37	56
(Excluding: average number of temporary employees)	(persons)	(2)	(0)	(0)	(0)	(0)
Total shareholder return	(%)	161.0	133.0	141.0	139.7	157.5
(Benchmark: TOPIX Total Return Index)	(%)	(127.3)	(125.5)	(157.8)	(198.2)	(206.3)
Period high stock price	(yen)	1,872	1,727	1,616	1,555	2,369
Period low stock price	(yen)	951	945	1,255	1,188	1,200

Notes: 1. Diluted net profit per share is not shown since there are no dilutive shares.

2. The number of employees represents the number of employees (excluding employees seconded from the Company to outside and including employees seconded to the Company from outside).

3. The period high stock price and period low stock price are those on the Prime Market, Tokyo Stock Exchange from April 4, 2022, and those on the Part I of the Tokyo Stock Exchange on or before April 3, 2022.

4. "Accounting Standards for Revenue Recognition" (ASBJ statement No. 29, March 31, 2020) and others have been applied from the beginning of the 26th term, and the key management indicators for the 26th and subsequent terms are the indicators after the application of these accounting standards and others.

5. The dividend per share for the 26th term includes a commemorative dividend of 1 yen per share for the 25th anniversary of the Company's founding.

6. The Company has introduced a stock delivery trust for employees and officers from the current fiscal year (28<sup>th</sup> term) and for the purpose of calculation of net assets per share, the Company's shares held by the trust account of the trust are included

in treasury shares deducted from the total number of issued shares at fiscal year-end. In addition, for the purpose of calculating net profit per share, the Company's shares held by the trust account of the trust are included in treasury shares, which are deducted from the average number of shares during the fiscal year.

## 2. History

Date	Matter
May 1997	Diva Corporation (share capital: ¥11 million) was established in Ota-ku, Tokyo, for the purpose of developing, selling, and supporting consolidated accounting package software (merchandise name: DivaSystem) and consolidated accounting operations.
October 1997	Started sales of DivaSystem.
December 1998	In response to changes in the accounting system, an automatic statement of cash flows function was added to DivaSystem. In addition, a web data collection module was added to support consolidated accounting.
June 1999	Head office relocated to Minami-Oi, Shinagawa-ku, Tokyo.
August 1999	Osaka Branch Office opened in Nishitenma, Kita-ku, Osaka City, Osaka.
September 2001	Head office relocated to Kamata, Ota-ku, Tokyo
June 2002	Started a practical course on consolidated accounting as part of support for consolidated accounting operations.
January 2004	Launched outsourcing services for consolidated financial closing operations.
November 2005	Moved Osaka Branch Office to Dojima, Kita-ku, Osaka City, Osaka.
February 2007	Listed on Osaka Securities Exchange Hercules (Tokyo Stock Exchange JASDAQ (Growth)).
August 2007	DivaSystem Version 9 with enhanced management consolidation features was launched, reached 500 DivaSystem customers.
October 2008	DIVA CORPORATION OF AMERICA (currently a consolidated subsidiary) established in California, U.S.A.
November 2009	Acquired all shares of Internet Disclosure Corporation (currently a consolidated subsidiary).
November 2010	Head office relocated to Konan, Minato-ku, Tokyo (current location).
August 2011	Diva Business Innovation Inc. established.
October 2012	ZEAL CORPORATION (established in July 2012) took over the information system business from DHI Corporation.
October 2013	Changed the company name from DIVA CORPORATION to AVANT CORPORATION and shifted to a holding company structure. The Company's software business was transferred to the newly established DIVA CORPORATION through a company split.
November 2014	DIVA CORPORATION opened Shinjuku Office in Nishi-Shinjuku, Shinjuku-ku, Tokyo.
June 2016	DIVA CORPORATION merged with Diva Business Innovation Inc.
August 2017	FIERTE CORPORATION established.
September 2017	Changed from the JASDAQ (Growth) section of the Tokyo Stock Exchange to the Second Section of the same exchange.
October 2017	DIVA CORPORATION's outsourcing-related business transferred to FIERTE CORPORATION.
March 2018	Listed on the First Section of the Tokyo Stock Exchange from the Second Section.
December 2018	Number of customers using DivaSystem reaches 1,000.
April 2022	The Company moved from the First Section to the Prime Market of the Tokyo Stock Exchange due to the revision of the market categories.
October 2022	AVANT CORPORATION changed its name to AVANT GROUP CORPORATION. DIVA CORPORATION succeeded to the businesses under the jurisdiction of the corporate performance management unit of ZEAL CORPORATION and changed its name to AVANT CORPORATION (currently a consolidated subsidiary). FIERTE CORPORATION succeeded to the development business of consolidated closing support systems and changed its name to DIVA CORPORATION (currently a consolidated subsidiary).
August 2024	Established DivaCynet Private Limited (currently a consolidated subsidiary), a joint venture with Cynet Infotech Private Limited, in Mumbai, India
October 2024	VISTA CORPORATION established.

### 3. Description of business

The Group consists of the Company and seven subsidiaries. The Group contributes to the digital transformation of management by developing, selling, and maintaining software and systems that enable clients aiming to improve corporate value to make timely and appropriate management decisions based on various types of information, both financial and non-financial, and to promote management reforms, as well as by providing software-based consulting and BPO services, in order to realize our strategic materiality of "becoming a software company that helps enhance corporate value."

The Company is classified as a Specified Listed Company, and accordingly, the materiality thresholds for material facts under insider trading regulations will be determined based on consolidated figures.

The positioning of the Company and its affiliated companies in our business operations and their relationship to each segment are as follows.

For consolidated subsidiaries, please refer to "1. Overview of the Company 4. Subsidiaries and other affiliated entities".

#### (1) Consolidated Financial Disclosure Business

In addition to developing and maintaining DivaSystem, our in-house software package for consolidated management support and consolidated accounting, the Group also provides outsourcing services for consolidated and non-consolidated financial statements using this software, thereby helping companies create value through information disclosure. The Group's positioning is to establish a business model that integrates the software business and the outsourcing business.

The Consolidated Financial Disclosure Business also includes the information retrieval service for disclosure documents provided by Internet Disclosure, Inc, which is provided mainly to auditing firms.

#### (2) Digital Transformation Promotion Business

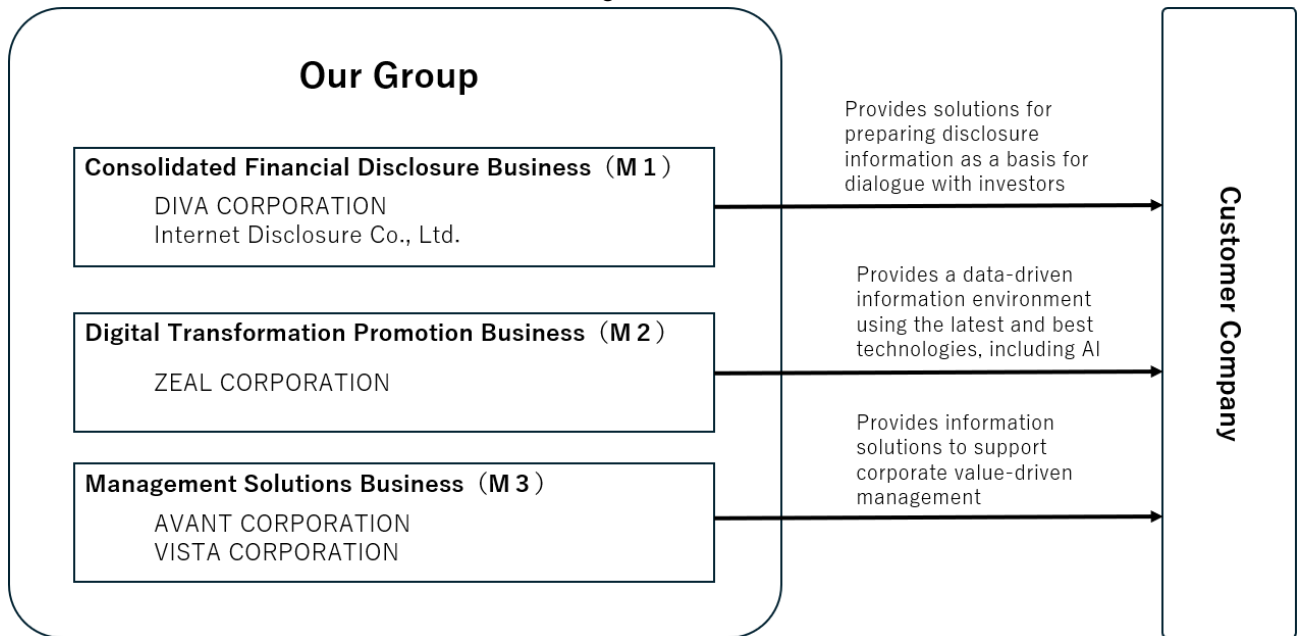
Through consulting and system development, the Group provides everything from data platforms for utilizing all kinds of data surrounding companies to AI and BI solutions for analyzing, predicting, and visualizing data, thereby helping companies promote digital transformation and data-driven management. The objective is also to expand the Group's product lineup by acquiring the latest information utilization methods specializing in data utilization, from major cloud vendors to multi-cloud compatible software and the latest technologies represented by generative AI, and by training engineers and promoting in-house development of data utilization platform products.

#### (3) Management Solutions Business

With a focus on group management, consolidated accounting, and business management, the Group provides one-stop support from consulting to system planning, construction, implementation, operation, and maintenance, with the aim of visualizing and maximizing the "invisible value" of a company. The Group also develops our own software and combines it with software developed by other companies. The Group's role is to maximize the use of our assets and to continuously create solutions that provide management information useful for enhancing corporate value.

[Business structure]

The matters described above are illustrated in the following business chart.



#### 4. Subsidiaries and affiliates

Name	Location	Share capital (millions of yen)	Principal business	Percentage of voting rights owned or held	Relationship with the Company
(Consolidated subsidiaries)					
AVANT CORPORATION (Notes 1, 2)	Minato-ku, Tokyo	100	Software development, sales implementation support, maintenance and other related businesses	100.0	Management guidance, outsourced administration, receipt of dividends, fund management, outsourced accounting services, and concurrent officers
Internet Disclosure, Inc. (Note 1)	Chuo-ku, Tokyo	39	Software development and sales, information processing and provision of services	100.0	Management guidance, receipt of dividends, fund management, and concurrent officers
ZEAL CORPORATION (Notes 1, 2)	Shinagawa-ku, Tokyo	100	Information system design, software development and sales and other related businesses	100.0	Management guidance, outsourced administration, receipt of dividends, fund management, and concurrent officers
DIVA CORPORATION (Notes 1, 2)	Shinjuku-ku, Tokyo	100	Software development and sales, outsourcing-related Services	100.0	Management guidance, outsourced administration, receipt of dividends, fund management, outsourced accounting services, and concurrent officers
DIVA CORPORATION OF AMERICA (Note 1)	Burlingame, California, USA	USD2,600,000	Research on IT products and services	100.0	Commissioned research, and concurrent officers
DivaCynet Private Limited (Note 1)	Bandra Kurla Complex, Mumbai, Maharashtra	INR60,000,000	Research and business development for software sales in the Indian market	80.0	Contracted development and research
VISTA CORPORATION (Note 1)	Minato-ku, Tokyo	100	Management consulting services	100.0	Outsourced administration, fund management, and concurrent officers

Notes: 1. The Company is a specified subsidiary.

2. Major profit and loss information" of consolidated subsidiaries whose net sales (excluding inter-company sales among consolidated companies) exceed 10% of consolidated net sales is as follows:

Name	Net sales (millions of yen)	Operating profit (millions of yen)	Ordinary profit (millions of yen)	Net income before income taxes (millions of yen)	Profit (millions of yen)	Net assets (millions of yen)	IBTM* (millions of yen)	Total assets (millions of yen)
AVANT CORPORATION	9,520	1,772	1,797	1,797	1,250	2,901	2,014	7,785
ZEAL CORPORATION	10,318	1,716	1,728	1,729	1,205	1,843	1,919	3,769
DIVA CORPORATION	8,301	2,006	2,015	2,015	1,435	2,248	2,201	5,712

\* IBTM = Income before income taxes + management fees + employee stock-based remuneration + trust fees

This is one of the indicators used in calculating short-term performance-linked remuneration.

## 5. Employees

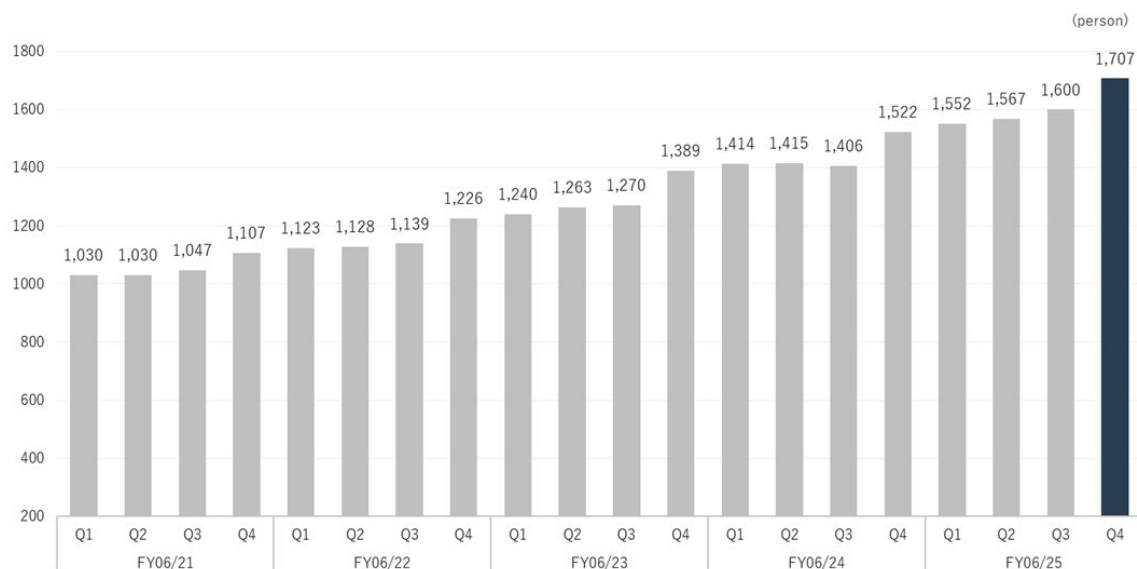
(1) Employees of consolidated companies

As of June 30, 2025

Segment	Number of employees (persons)
Consolidated Financial Disclosure Business	598 (15)
Digital Transformation Promotion Business	587 (1)
Management Solutions Business	466 (11)
Corporate (common)	56 (0)
<b>Total</b>	<b>1,707</b> <b>(28)</b>

- Notes: 1. The number of employees is the number of employees (excluding employees transferred from the Group to companies outside the Group and including employees transferred from outside the Group to the Group).
2. The figures in parentheses in the "Number of employees" column indicate the annual average number of temporary employees.
3. Corporate (common) refers to employees in administrative and other departments that cannot be categorized in any particular segment.
4. The number of employees increased by 185 from the end of the previous consolidated fiscal year, mainly due to new hiring associated with business expansion.

The following table shows the number of employees for each quarterly period.



(2) Information about the Company

As of June 30, 2025			
Number of employees (persons)	Average age	Average years of service (years)	Average annual salary (yen)
56 (0)	45.6	5.4	9,735,544

- Notes: 1. The number of employees is the number of employees (excluding employees seconded from the Company to outside companies and including employees seconded from outside companies to the Company).
2. The figures in parentheses in the "Number of employees" column indicate the annual average number of temporary employees.
3. Average annual salary includes bonuses and non-standard wages.
4. The number of employees by segment is not stated because the Company is a pure holding company.
5. The number of employees has increased by 19 compared to the end of the previous fiscal year, which is due to personnel expansion accompanying business growth.

(3) Status of labor unions

The Group has not formed a labor union, but labor-management relations are amicable, and there are no matters requiring special mention.

(4) Percentage of female workers in management positions, percentage of male workers taking childcare leave, and difference in wages between male and female workers

1) The Company

Current fiscal year				
Percentage of female workers in management positions (%) (Note 1)	Percentage of male employees taking childcare leave (%) (Notes 1, 3)	Difference in wages between male and female employees (%) (Notes 1, 3)		
		All employees	Regular employees	Non-regular employees
10.7	-	73.9	75.4	-

Notes: 1. Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64, 2015).

2. Calculated in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76, 1991), the percentage of child care leave, etc. taken is calculated in accordance with Article 71-6, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labor Ordinance No. 25, 1991).

3. "-" is shown when there are no employees applicable to the calculation.

2) Consolidated subsidiaries

Current fiscal year					
Name	Percentage of female workers in management positions (%) (Note 1)	Percentage of male employees taking childcare leave (%) (Notes 1, 3)	Difference in wages between male and female employees (%) (Notes 1, 3)		
			All employees	Regular employees	Non-regular employees
AVANT CORPORATION	4.9	71.4	73.5	75.5	26.9
Internet Disclosure Co., Ltd.	30.0	-	86.9	86.9	-
ZEAL CORPORATION	10.6	66.7	87.4	86.6	84.0
DIVA CORPORATION	5.3	57.1	73.5	74.0	32.7

Notes: 1. Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64, 2015).

2. Calculated in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76, 1991), the percentage of child care leave, etc. taken is calculated in accordance with Article 71-6, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labor Ordinance No. 25, 1991).

3. "-" is shown when there are no employees applicable to the calculation.

3) The Group

Current fiscal year				
Percentage of female workers in management positions (%) (Note 3)	Percentage of male worker taking childcare leave (%) (Note 4)	Difference in wages between male and female workers (%) (Note 3)		
		All employees	Regular employees	Non-regular employees
8.0	65.4	75.0	75.2	48.4

Notes: 1. The consolidated subsidiaries are those defined in Article 2, Item 5 of the Regulations Concerning Terms, Document Type and Preparation Method of Consolidated Financial Statements (Ministry of Finance Ordinance No. 28, 1976).

2. Overseas subsidiaries are not subject to the publication requirements of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64, 2015) and the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76, 1991), so the data for these

subsidiaries are omitted.

3. Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64, 2015)
4. Calculated in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76, 1991), the percentage of child care leave, etc. taken is calculated in accordance with Article 71-6, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labor Ordinance No. 25, 1991).

## 2 Business Overview

### 1. Management policy, business environment, issues to be addressed

Forward-looking statements in the text are based on projections made by the Group as of the date of submission of the annual securities report, based on what the Group judges to be reasonable or certain assumptions, and do not guarantee their achievement or the Group's future performance.

#### (1) Basic management policy of the Company

The Group has set the "creation of a 100-year company" as its primary management target to support the self-realization of the members participating in the organization and to achieve continuous business growth through a self-reliant organization that is highly adaptable to the rapidly changing market environment.

By specializing on "group management" as our business domain, the Group has established the following five management principles in order to develop and provide professional services based on software products and systems with a deeper understanding of our clients' businesses, and to dedicate ourselves to making an even greater contribution to our clients. These principles also indicate the priorities of our management decisions.

##### 1) Trust first

Trust is about keeping promises (commitments). In our relationship with our clients, it is earned through our repeated efforts to meet quality and expectations, and in our business activities, it is built through the precision of our plans and the repeated achievement of those plans.

##### 2) Profitability

The Group believes that a pursuit of high profitability is the foundation for implementing our objectives and preparing ourselves to respond flexibly to unforeseen future changes.

##### 3) Productivity

Life is finite, and time can be thought of as life divided into smaller units. Being creative and ingenious to use time effectively is nothing less than cherishing life. Growth is important for companies, but before that, it is important to establish mechanisms that support growth.

##### 4) Growth

The Group believes that not only the Company but also its employees must grow together. The Group strives to create new value every day and aim not to repeat the same work.

##### 5) Serve society by mastering one's art

Mastery of one skill leads to mastery of all and is considered a source of purpose in life. Each employee is expected to possess something "second to none" in his or her work. The Group aims to increase the number of such employees as much as possible.

#### (2) Target management indicators

The Group has identified six key management indicators: net sales, net profit, operating profit per capita, software gross profit, ROE, and DOE (dividends on equity). These specific targets are clearly stated in our new medium-term management plan, BE GLOBAL 2028, which covers the five-year period ending June 30, 2028.

In our new medium-term management plan, the Group aims to increase value-creating productivity through our software-centric strategy using operating profit per capita. This initiative is intended to achieve a "value creation spiral" aimed at enhancing the value of human resources and corporate value. Specifically, the Group considers software gross profit, which indicates the progress of our strategy, and operating profit per capita, which indicates value creation productivity, as key strategic indicators.

### (3) Medium- and long-term management strategies

#### 1) Sustainable earnings growth and business expansion

The Group has been developing our business activities based on our medium-term management plan BE GLOBAL 2023, which targets becoming a world-class software company. Based on this experience, in August 2023, the Group announced a new medium-term management plan, BE GLOBAL 2028, which aligns with the Group's strategy.

The direction of BE GLOBAL 2028 is to "become a software company that helps enhance corporate value." The Group aims to create a value-creating spiral in which the Group uses software to provide value to our clients and pursue increased productivity and then use the resulting improved profits to reinvest in R&D and compensation, thereby increasing our own corporate value as well. The Group focuses on markets where the Group can be most effective, markets that serve companies seeking a digital transformation of their management.

As subcategories, DIVA CORPORATION and Internet Disclosure Co., Ltd. are in the consolidated financial disclosure market, ZEAL CORPORATION is in the BI, data infrastructure, and digital transformation market, and AVANT CORPORATION is in the investor-oriented next-generation management information infrastructure market, each with annual growth potential of 15% to 30%.

Effective from the fiscal year ended June 30, 2024, the Group reorganized into three operating segments: the Consolidated Financial Disclosure Business, Digital Transformation Promotion Business, and Management Solutions Business, with the aim of achieving sustainable earnings growth and business expansion.

#### 2) Software Driven Strategy

The Group has adopted a "software driven strategy" as a means of realizing its strategic materiality. The Group clarifies the growth and revenue potential of each software product, measures its actual contribution to our clients, and continuously optimizes it. The Group uses software gross profit as a measurement indicator to monitor the progress of our strategy.

#### 3) Increase in value-creating productivity

The Group aims to approximately double net sales and triple net profits during the term of the new medium-term management plan. The Group has positioned "Value Creation Productivity" as a factor in achieving this goal. Value Creation Productivity is a concept that emphasizes both increasing net sales at the same input cost and reducing input costs for the same net sales.

### (4) Priority business and financial issues to be addressed

In August 2023, the Group announced its new medium-term management plan, BE GLOBAL 2028, which identifies an action plan for the next five years that synchronizes its business and group strategies.

In order to realize BE GLOBAL 2028, the Group must address the following issues.

#### 1. Demand emerging in the growing DX market for management

As an area where the Group can be most useful today, the Group as a whole is positioned in the digital transformation of management market, where companies are seeking to enhance their corporate value. DIVA CORPORATION and Internet Disclosure Co., Ltd. are in the consolidated financial disclosure market, ZEAL CORPORATION is in the BI, data infrastructure, and digital transformation market, and AVANT CORPORATION is in the investor-oriented next-generation management information infrastructure market, each with annual growth potential of 15% to 30%.

In each of these markets, the Group needs to accurately identify what clients are seeking, and to realize the potential of the growth markets.

## 2. Promote software-driven strategies that contribute to clients

The Group's strategic materiality is "to become a software company that helps enhance corporate value," and the Group has positioned its strategy to achieve this as its "software driven strategy."

To enhance the value of our contributions to customers, the Group believes it is essential to create an environment where management decisions are made from the perspective of enhancing corporate value, and changing the information provided to the board of directors serves as a means to achieve this. To this end, the Group will develop a Corporate Value Management SaaS Suite centered on three pillars: DivaSystem LCA for consolidated accounting and consolidated financial reporting, AVANT Cruise as a management control system for enhancing corporate value, and TRINITY BOARD as a board of directors DX system, thereby enriching the suite of solutions necessary for corporate value management.

The Group believes that by creating this state of affairs, the value of information brought to clients by each group company will increase, and the contribution to clients by the Group as a whole will be of even higher added value.

## 3. Increase in value-creating productivity

The Group targets profit growth that exceeds sales growth. To achieve this growth in profits, it is necessary to improve net sales productivity, which is the ability to increase net sales per employee at the same investment cost (cost of goods sold and SG&A expenses), or to improve investment cost productivity, which is the ability to lower investment costs for the same net sales. The two aspects are combined to improve "Value Creation Productivity".

We believe that net sales productivity will be enhanced by adding more value to solutions that combine software and services, and the Group will achieve this by promoting the above software driven strategy. In addition, the Group will also improve investment cost productivity by streamlining operations through the use of software, especially generative AI, etc.

## 4. Development of an environment to improve the value of human resources

The above 1. through 3. clarify what the Group should aim for, but the realization of these goals is predicated on improving the value of our human resources. The Group will clarify the human resource requirements necessary to realize our goals and fill the gaps by providing an environment for growth.

While focusing on the growth of existing employees, the Group will also invite talented human resources from outside the Company when it is difficult to do so internally. The Group will seek to find human resources not only through regular recruitment, but also through network building related to software procurement.

## 5. Increase employee job satisfaction

The Group's greatest asset is our exceptional employees with advanced technical expertise, specialized knowledge, and a spirit of challenge. The Group considers increasing quality employment to be an important management role, and while increasing the number of employees each fiscal year, the Group is working to create a rewarding work environment that enriches the lives of employees and allows them to focus on producing results in their work. In order to create a rewarding work environment, the Group conducts employee surveys using the "Great Place to Work® (GPTW)" to visualize work fulfillment and engagement and implements improvement actions. The Group is working to achieve a GPTW scores of 70 for each group company.

## 6. Compliance

Since its establishment, the Group has emphasized compliance as a fundamental principle of corporate governance. However, social demands for compliance have been increasing in recent years, and the Group believes that the loss of public trust in the event of a violation is even greater than before, and the period of time required to regain trust is longer than before. The Group is promoting our business activities while being more thorough than ever before to ensure that the Group does not violate not only labor and other related laws and regulations but also corporate ethics.

## 7. Sustainability

The Group's management philosophy, "Creation of a 100-Year Company," is to regard the Company as a public entity of society and to develop sustainably as an organization that exists for the benefit of society. The Group's mission is to contribute to society by providing value in helping our clients use management information to create the future, but in the process of achieving this mission, the Group will be involved with various stakeholders, so each and every member of the Group must act with due consideration for maintaining a balance between economic activities, environmental conservation, and social fairness. To this end, on July 22, 2020, the Group established the Group Human Rights Policy and Group Environmental Policy, and on August 25, 2020, the Group signed the United Nations Global Compact, declaring its endorsement, support, and implementation of the essential values in the four areas of human rights, labor, environment, and anti-corruption. On July 1, 2021, the Group decided to take the first step toward the realization of a sustainable society by converting all electricity used annually to "green power," thereby reducing its greenhouse gas emissions to zero. In addition, the Group has supported sporting events and cultural activities organized by local governments and industry associations.

## 2. Approach to sustainability and our initiatives

Our approach and initiatives concerning sustainability are as follows.

Forward-looking statements in the text are based on the judgment of the Group as of the end of the consolidated fiscal year, and actual results may differ significantly due to various factors.

### (1) Approach to sustainability

The Group's management philosophy, "Creation of a 100-Year Company," refers to the Company's raison d'etre as a public entity of society and its pursuit of sustainable development. The Group sees our mission as adding value to management information and contributing to society with it. In collaboration with our stakeholders, The Group is convinced that our actions will lead to sustainable development if the Group always considers the balance between economic activities, environmental conservation, and social fairness.

### (2) Sustainability initiatives

#### 1) Governance

The Group has established a Compliance Committee, Risk Management Committee, and Information Security Committee. Each committee sets important items and targets related to compliance, risk management, and information security, and regularly conducts group-wide monitoring, review, implementation, and enhancement activities.

#### 2) Strategy

##### a. Sustainability Strategy

##### i) Environment - climate change

The direct greenhouse gas emissions (Scope 1) from the use of fuel, etc., by the Group were zero, and the indirect greenhouse gas emissions (Scope 2) from the use of electricity, steam, and heat were 264.030 t-CO<sub>2</sub> for the fiscal year ended June 30, 2025. On the other hand, indirect emissions (Scope 3) from the procurement of raw materials, employee business trips, and outsourced waste disposal were 14,856.6560t-CO<sub>2</sub> in the fiscal year ended June 30, 2025. While in the medium to long term, increases in emissions associated with business expansion are unavoidable, the Group aims to achieve a 50% reduction in Scope 2 emissions by the fiscal year ending June 30, 2030, compared to the fiscal year ended June 30, 2018, through carbon offsetting, in addition to reducing excessive electricity consumption by encouraging appropriate work hours and telecommuting.

##### ii) Responsibility to society and clients

The Group believes that the greatest risk to the Group is the loss of continuity in the provision of services to our clients due to cyberattacks. In particular, the Group believes that the continuity of the Group's services is an extremely important issue because the services the Group provides contribute extensively to the formation of information that is critical to the survival of a company, including the preparation of financial statements for our clients and the generation and disclosure of information that contributes to management decision making. For such risks, the Risk Management Committee will consider an appropriate BCP and report its progress to the board of directors.

##### b. Policy on human resource development, including ensuring diversity of human resources

Through our software driven strategy, the Group aims to increase value-creating productivity as measured by operating profit per capita, and through compensation returns and human resource investment, the Group will realize human capital value creation.

It is human resources that not only provide services, but also create software, and it is through the creation of human capital value that business growth can be sustainable.

The Group will focus on the following three human capital strategies to support the above business model.

i. Training and recruitment to realize business strategies

< Basic Human Resources Policy >

At the Avant Group, the action guidelines common to all group members toward the corporate philosophy of "Creating a 100-Year Company" are summarized in the three words OPEN, VALUE, and STRETCH, which the Group refers to as our common values.

Based on open communication, the Group will focus on developing and hiring human resources who are always willing to take on challenges for our clients.

OPEN: Open communication

VALUE: Pursuit of client satisfaction = value creation

STRETCH: Enjoy change and continue to challenge to be the best

< Human resources policy linked to business strategy >

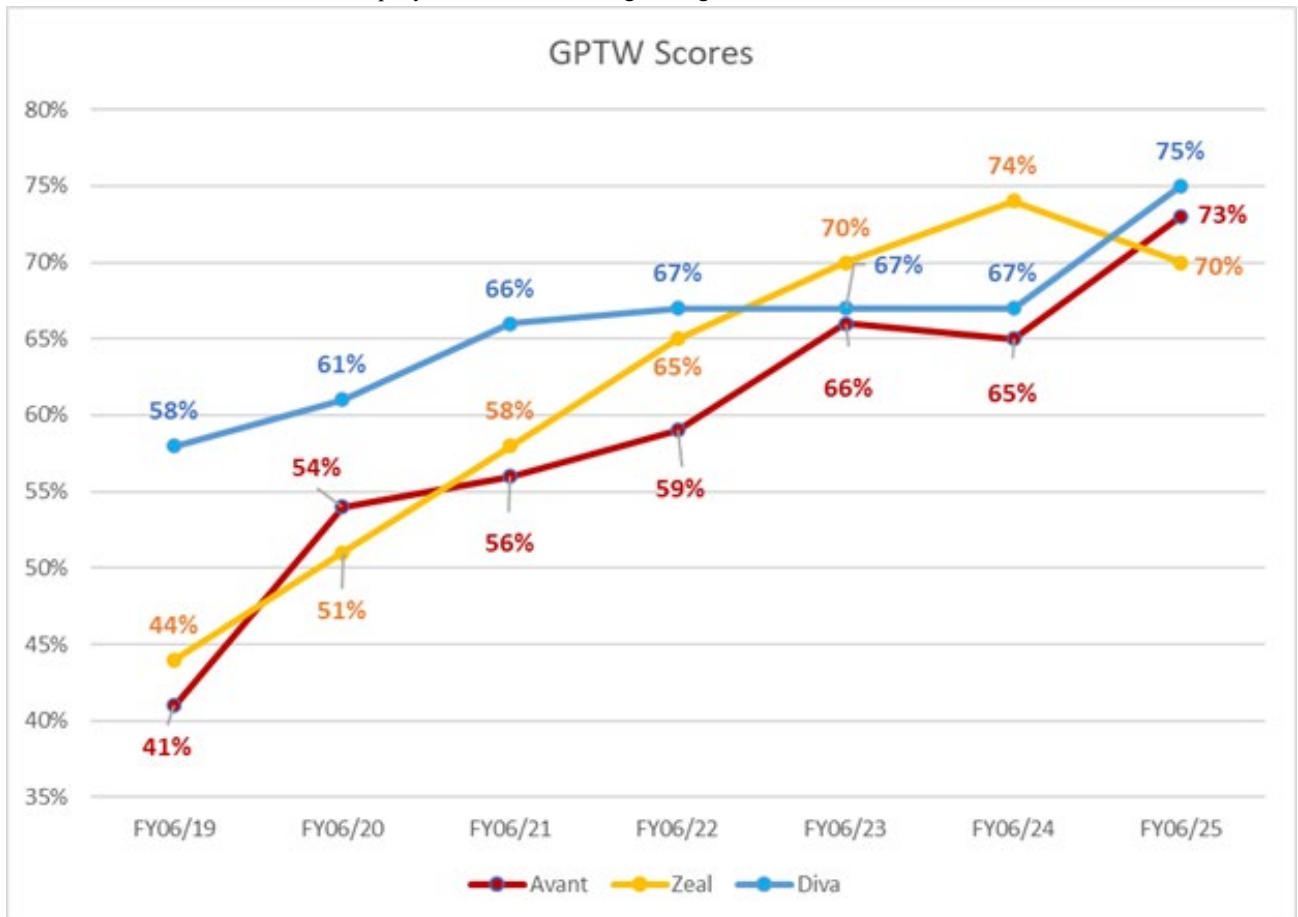
The Group aims to realize our strategic materiality through a software driven strategy, starting with our business portfolio and human resource portfolio, all of which originate from software.

The Group also conducts human resources strategy with a software focus, determine what human resources are optimal according to the business scale and state of knowledge accumulation, and develop a human resources portfolio strategy according to the business portfolio, leading to recruitment and training actions for the human resources necessary for the growth of the Group and accelerate business growth.

ii. Increased employee satisfaction

The Group strives to maximize performance by ensuring employees possess sufficient skills and engage in their work with a sense of purpose. The Group uses external assessment (GPTW®) scores as one indicator, and each group company has set a GPTW scores of 70% as a key KPI as a standard for certification as a company with high employee engagement, and management has established a system in which they are responsible for monitoring progress toward this goal.

The PDCA cycle is used to verify the appropriateness of actions and promote initiatives to create a highly transparent environment in which both the Company and individuals can grow together.



iii. Develop human resources for next generation leaders who will support the future of the Avant Group

The Group's board of directors has positioned development of next-generation leaders as our highest priority and will establish a new department specializing in leader development from July 2025. Viewing the cultivation of talent who will lead future management as an essential investment for sustainable growth, the Group will continuously provide optimal opportunities for growth to selected personnel.

The Group has defined these candidates as management professionals and are intensifying our efforts to develop the next generation of presidential candidates from a long-term perspective. This fiscal year, the Group particularly focused on enhancing the visibility of candidates and conducting in-depth analysis of the qualities required for leadership. In both internal development and external recruitment, the Group has systematized human skills and ability to act as common requirements, accelerating the strengthening of our candidate pipeline.

The key to development lies in providing growth opportunities. The Group will also focus on creating positions that enable assignments to challenging roles, aiming to establish recognition that the Avant Group offers an environment where early career growth is possible.

In addition, the Group is implementing stratified development programs as part of our training initiatives. Along with leadership development programs for younger employees, the Group is expanding its pool of successor candidates through initiatives that promote diverse perspectives and deeper thinking, such as dispatching group executive officers to external training programs and providing opportunities for dialogue with outside directors.

Furthermore, the Group is looking beyond the Group to contribute to leadership development across Japan. Group CEO Morikawa, leveraging his experience in entrepreneurship and IPOs, has been serving as a visiting professor at Hitotsubashi University Graduate School of Business Administration since April 2024. He shares practical insights centered on corporate value management, including business portfolio construction, dialogue with investors, and the essential capabilities required of leaders. The Group hopes that the Group's experience can contribute, even in a small way, to developing the leaders who will shape Japan's future.

Furthermore, to encourage each employee to heighten their awareness of corporate value enhancement and contribute to its realization through autonomous actions, the Group has introduced a stock compensation plan as an employee incentive plan.

This system aims to enable employees, shareholders, and other stakeholders to jointly benefit from the medium- to long-term enhancement of corporate value.

Specifically, by granting stocks worth ¥50,000 annually to each employee, the Group will foster a sense of participation in enhancing corporate value and promote proactive involvement in our company's sustainable growth.

### 3) Risk management

The Group conducts an annual review of risks that may affect the achievement of the new medium-term management plan and the existing business base and maintains a "management crisis list". In this list, risks that could have a significant impact are classified as "significant risks," and among the "significant risks," risks that require prompt crisis response measures in addition to normal controls and for which risk avoidance, mitigation, transfer, and other actions should be initiated on a priority basis are classified as "notably significant risks." The Group as a whole promotes priority control activities for each "significant risk," and implements a risk management cycle (PDCA) by regularly monitoring mainly the control status of "notably significant risks," confirming their effectiveness, and making recommendations for improvement, as well as conducting other activities necessary for the penetration and thorough implementation of risk management.

### 4) Indicators and targets

The Group has established the following indicators as KPIs for sustainability.

#### a. Environmental

	Fiscal year ended June 30, 2024 Results	Fiscal year ended June 30, 2025 Results	Target (for the fiscal year ending June 30, 2030)
GHG emissions (t-CO2)	12,692.401	15,120.686	-
of which Scope 2	369.680	264.030	360.049
of which Scope 3	12,322.720	14,856.656	-
Electricity consumption (thousand kWh)	999	1021	-
of which renewable energy (%)	100	100	-

#### b. Social

	Fiscal year ended June 30, 2024 Results	Fiscal Year ended June 30, 2025 Results	Target value
GPTW score			
AVANT CORPORATION	65	73	70
ZEAL CORPORATION	74	70	70
DIVA CORPORATION	67	75	70

- Notes: 1. Results for the difference in wages between male and female workers are shown in "1. Overview of the Company 5. Employees (4) Percentage of female workers in management positions, percentage of male workers taking childcare leave, and difference in wages between male and female workers".
2. Regarding GHG emissions results for the fiscal year ended June 30, 2025, the electricity company coefficients for the period from April 2025 to June 2025 used in the Scope 2 calculation have not yet been published, so the electricity coefficients for March 2025 re used in the calculation. The GHG emissions results may change when the electricity coefficients for this period are re-calculated after the Ministry of the Environment releases the coefficients.
3. The target value for GHG emissions (t-CO2) (for the fiscal year ending June 30, 2030) is set only for Scope 2.

### 3. Business risks

The Group has established a Risk Management Committee chaired by the Group CRO (Chief Risk-Management Officer) and has put in place a system to manage risks.

In the Committee, the Group analyzes and evaluates the frequency of occurrence and degree of impact that may affect management and organizes risks that may have a significant impact as "significant risks" and risks that require prompt crisis response measures in addition to normal controls and for which priority should be given to avoidance, reduction, transfer, etc. of the risk, as "notably significant risks". For each "significant risk," the Group promotes focused control activities, mainly clarifies countermeasures and issues for "notably significant risks," and implements a risk management cycle (PDCA) by regularly monitoring the control status, confirming its effectiveness, and making recommendations for improvement. In addition, the Group implements other activities necessary for penetration and thorough risk management.

Among the risks listed in "2. Business Overview" and "5. Financial Information" in the Annual Securities Report, the following risks (1) through (15) are risks that could have a significant impact on the achievement of the Group's business plan and its existence base. Of these risks, (1) is designated as a "notably significant risk" and is being addressed as a priority.

Risks and uncertainties that may affect future business performance and financial positions include, but are not limited to, the following. Forward-looking statements in the text are based on judgments made as of the end of the consolidated fiscal year.

[Notably significant risks]

#### (1) Risk of cyberattacks

Some of the cloud services offered by the Group provide services that handle important customer data such as financial accounting, management accounting, and business management. In the event of a service outage or loss of customer data due to cyber-attacks on those services, there is a possibility of a significant impact on customer operations. Furthermore, if such an event were to occur for reasons attributable to us, it could have a significant impact on the Group's performance and financial condition due to the payment of damages, etc. The Group recognizes this as a notably significant risk because it could lead to a decline in the Group's credibility and brand image.

The Group has established a security management cycle in compliance with ISMS to reduce risks, and the Information Security Committee identifies risks and continuously promotes improvements.

Additionally, for certain cloud services, the Group is working to reduce risks by utilizing objective evaluations, including pursuing certification under the Statement on Standards for Attestation Engagements No. 18 (SSAE18) "SOC2," which assesses the effectiveness of information security management systems.

Furthermore, last year the Group utilized assessments by external experts to strengthen our cyber resilience, and the committee decided to raise target levels and proceeded with further enhancement of security measures. In the fiscal year ending June 2026, the Group will continue to invest in security measures following last year's efforts and strive to reduce risks.

[Significant risks]

#### (2) Risks related to equity investment and M&A

The Group aims for sustainable earnings growth and business expansion under our medium-term management plan BE GLOBAL 2028. To this end, the Group has a policy of making acquisitions and entering equity alliances as necessary, while taking into consideration our business performance and financial position. However, in pursuing M&A, there is a possibility that transactions may not proceed as envisioned by the Group due to reasons such as not finding suitable candidates or not reaching agreement on transaction terms, etc. In addition, if problems arise after investment or M&A that cannot be identified in the preliminary investigation, such as the occurrence of contingent liabilities or unrecognized liabilities, this may lead to the impairment of goodwill or other assets, which may affect the Group's business performance and financial position.

The organization in charge of M&A conducts detailed due diligence on the financial description and contractual relationships of candidate companies in advance, and implements decision-making based on the verification of each identified risk and countermeasures. The Group also strives to reduce such risks by quantitatively and qualitatively understanding the management status of the investee companies involved in each business.

(3) Risks related to business investment and capital expenditure

In order to achieve the goals of its medium-term management plan BE GLOBAL 2028, the Group is making investments in human resources and R&D, as well as in product development to strengthen the competitiveness of its finished goods, and in the development and expansion of its business infrastructure. However, it is possible that these business investments may not produce the expected investment results due to changes in the market environment or a gap between finished goods developed and market needs. If the investments do not produce the expected results, the Group's performance and financial positions may be affected over the medium to long term.

In response to this risk, the Group carefully makes decisions regarding business investments after evaluating investment effects and risks at the consideration stage in accordance with the authority stipulated in the 'Authority Regulations'. The Group also works to prevent the materialization of risks and reduce their impact by continuously monitoring progress against plans during the implementation stage and implementing necessary measures in a timely manner.

(4) Risks related to system outage of cloud service data

If a failure occurs in the cloud services provided by the Group and the operation of systems and services is suspended, it may have a significant impact on our clients' business operations. In addition, if problems such as loss of customer data were to occur, the impact would be even greater, and in some cases the payment of compensation for damages incurred could have a significant impact on the Group's performance and financial position. In addition, a delay in service operations could also damage the Group's social credibility and brand image.

To ensure stable system operation and the continuous provision of services, the Group is promoting various enhancement measures to both prevent failures from occurring and minimize the impact of failures when they do occur.

(5) Risks related to changes in competition, technology and market needs

In the cloud-type service market in which the Group operates, many companies are developing their businesses, and the pace of technological innovation and changes in market needs is extremely fast, requiring operators of cloud-type service businesses to respond flexibly to these changes. Therefore, if the Group is unable to respond in a timely manner to intensifying competition from companies offering similar services to the Group's, or to technological innovations and changing market needs, or if it requires a large amount of system investment, personnel expenses, and other costs to respond to these changes, the Group's performance and financial positions may be affected.

In response to this risk, the Group is not only building a system to keep abreast of the latest technological trends and changes in the environment but is also working to improve its competitiveness by creating services that pursue optimal usability, differentiation in sales domains, and enhancing client support. In addition, the Group is striving to respond quickly to technological innovations and changes in market needs by securing and developing talented personnel.

(6) Risks related to securing and training human resources

If the Group is unable to secure and develop talented human resources with the expertise needed to promote the Group's business and achieve growth as planned over the medium term, the Group's future growth potential, performance, and financial positions may be affected.

In response to this risk, the Group are working to ensure recruitment competitiveness by strengthening our recruitment and training systems and understanding appropriate market compensation levels, as well as reviewing our personnel evaluation system to enable newly hired talent to contribute early and continue working with the Group.

(7) Risk of changes in economic conditions

The Group uses cloud services provided by overseas companies and is affected by fluctuations in exchange rates as the Group pays for these services in U.S. dollars after converting yen. Therefore, an increase in costs due to exchange rate fluctuations may affect the Group's business performance and financial position.

The Group hedges this risk by settling accounts through foreign currency deposits. The Company's policy is to use foreign currency deposits only within the scope of actual demand and not to conduct transactions for speculative purposes.

(8) Risk of noncompliance with laws and regulations

In the course of its business activities, the Group is subject to various laws and public regulations. Violations of these public regulations may result in disciplinary action by regulatory authorities, the filing of lawsuits, or even the suspension of business activities, as well as damage to the value of the corporate brand and loss of public trust. The Group believes that it is essential for a company to have an effective compliance system in order to fulfill its social responsibilities.

In response to this risk, the Group has not only established a system to keep abreast of the latest legal and regulatory trends but has also formulated compliance regulations and other compliance-related rules to ensure the effective functioning of the compliance system and ensuring thorough awareness among all officers and employees through education. In addition, the Compliance Committee promotes activities by establishing quantitative compliance monitoring items.

(9) Third party risk

In the cloud-based services business in which the Group operates, cloud services and network technologies are becoming increasingly complex, and system design and development costs are on the rise. Therefore, the Group uses third parties such as system design and development vendors and cloud service vendors for the purpose of improving operational efficiency and productivity. In the event of a system failure or cyberattack at these third parties, there is a possibility that service provision may be disrupted, important information may be leaked, and the Group's business operations may be disrupted, as well as compensation to the affected clients, and the Group's reputation may be damaged or lost. In addition, the Group's business performance and financial position could be affected by a decline or loss of trust in the Group due to compensation for clients who have suffered damage.

In order to prevent such adverse effects, the Group has established subcontracting management regulations and is committed to ongoing risk management by verifying the appropriateness and suitability of suppliers when subcontracting.

(10) Risks related to artificial intelligence (AI)

The Group aims for sustainable earnings growth and business expansion under its medium-term management plan BE GLOBAL 2028 and is exploring the use of business management tools that incorporate AI. The speed of technological innovation in AI is rapid, and if various automatic creation technologies, including those in the programming language domain, become popular, consulting revenue in the program development area may shrink. Additionally, as competition intensifies, if the Group is unable to hire highly specialized human resources to implement AI technologies as planned, or otherwise fail to secure the necessary human resources, our business and earnings may be adversely affected.

In response to this risk, the Group is not only building a system to keep abreast of the latest technological trends and changes in the environment but is also exploring the use of AI technology in business areas and acquiring and securing highly specialized human resources who can handle AI system development.

(11) Risks related to dependence on management

Although the Group's organization is currently working to develop human resources and establish an organizational structure, the Group recognizes that our management is highly dependent on Representative Director President Morikawa, and if a situation were to happen to the President and Representative Director, it could affect the promotion of our business activities and our business performance and financial position.

To address this risk, the Group is working to formulate and implement a succession plan by appointing the next generation of leaders to the boards of directors of operating companies and entrusting them with the management of these companies, and by providing supervision and guidance from the holding company to develop successors, as well as actively promoting recruitment activities.

(12) Risks related to service quality

The Group provides implementation support and contracted development services for systemization of in-house developed software or third-party software according to customer needs, as well as BPO services to undertake financial closing operations. In the provision of services, there is a possibility that deviations from initial estimates may occur due to changes in accounting procedures, publication of practical guidelines, or ambiguities in contents of contract or requirements, or that technical problems or project management issues that could not be anticipated at the outset may cause increase in costs or delays in schedules. If a lawsuit is filed due to any factor, including the manifestation of quality degradation, the Group's business performance and financial position could be significantly affected due to higher-than-expected costs and compensation payments for damages resulting from delays in delivery.

To address this risk, the Group is taking measures to reduce the impact on our business performance and financial condition by improving project quality through the establishment of a quality control department as our primary approach, while also obtaining insurance coverage for contingencies. In addition, the Group is working to strengthen our services by strengthening the recruitment and in-house training of specialized professionals in the accounting and digital fields.

(13) Risks associated with product development quality

The Group has developed several in-house software products in the areas of financial accounting, management accounting, business management, and data application platforms. In the development of new products and additions to existing products, the Group continuously strives to improve quality and prevent the occurrence of defects through development based on our development management process, but the Group cannot deny the possibility that product defects may occur. In addition to the possibility that defects in the Group's products may affect our clients' business, failure to resolve such defects may cause a loss of trust in the Group, which may affect the Group's business performance and financial positions.

To address this risk, the Group has established a quality control department to reduce quality risks during product development and are working to improve the quality of product development.

(14) Information security risks such as data loss and information leakage

In the course of its business activities, the Group may handle personal information and confidential information of its clients and associates. There is a possibility that this information may be leaked due to unauthorized access to the Group's infrastructure from outside, leakage of information due to errors by the Group's officers, employees, or contractors, or other unforeseen circumstances. Such an incident could have a serious impact on the reputation of the Group and our clients, as well as on the Group's business performance and financial position.

To address security risks, the Group has implemented firewalls, VPNs, and other system measures to monitor and prevent unauthorized access and has established information security and personal information protection policies, which are reviewed in response to advances in information and communication technology and changes in social conditions and the regulatory environment. The Information Security Committee, headed by the Group CIO (Chief Information Officer), is responsible for information security measures, and is responsible for formulating policies, implementing measures, providing education and awareness, and conducting audits and evaluations. In addition, the Group has obtained ISMS certification (ISO/IEC27001:2013), an international standard, for objective evaluation and continuous improvement of these operations. The Group also conducts quarterly period information security training to raise the security awareness of all executives, temporary employees, and outsourced employees.

(15) Natural disaster risk

Our officers, employees, offices, and facilities are concentrated in the Tokyo metropolitan area, and disasters such as a Tokyo direct-hit earthquake, Mt. Fuji eruption, typhoons, storm surges, etc., could result in the loss of important information assets, a shortage of available personnel, or the collapse of infrastructure, making it impossible to resume business operations quickly. In addition, the Group recognizes that the loss of important documents and data related to business execution, intellectual property, and other assets due to natural disasters such as earthquakes or fires at the Group's business sites could hinder our business activities and affect our business performance and financial position.

As risk mitigation measures, the Group is backing up important documents and data to remote locations, establishing initial response systems, including an emergency response headquarters, and developing a Business Continuity Plan (BCP) for business resumption. In addition, the Group is working to ensure both the safety of our officers, employees, and business partners and business continuity by enhancing our online business infrastructure and utilizing remote work during normal operations.

#### 4. Management's analysis of financial position, operating results and cash flows

The following is an overview of the Group's financial position, operating results, and cash flows (hereinafter referred to as "operating results, etc.") for the current consolidated fiscal year, as well as management's recognition and analysis of the status of the Group's operating results, etc.

Forward-looking statements in the text are based on judgments made as of the end of the consolidated fiscal year.

##### (1) Financial results etc. overview

###### Medium-term management strategy

In August 2023, the Group formulated BE GLOBAL 2028, a five-year medium-term management plan through FY28 (ending June 30, 2028) with the target of becoming a software company that helps enhance corporate value.







The new medium-term management plan BE GLOBAL 2028 aims to realize a value creation spiral, starting from the increase in value creation productivity brought about by the software driven strategy. By improving value-creating productivity, measured by operating profit per capita, the Group will provide compensation returns and make human capital investments, thereby realizing human capital value creation. Since it is human resources that not only provide services, but also create software, human capital value creation ensures sustainable business growth. This results in the creation of corporate value. As corporate value increases, our fundraising capacity increases, as does our capacity for business investment, which in turn leads to an increase in value-creating productivity.

The vector of this value creation spiral is the strategic materiality "to become a software company that helps enhance corporate value" and the Group will achieve this.

###### Key quantitative targets of the medium-term management plan BE GLOBAL 2028 and status of achievement

In August 2023, the Group formulated BE GLOBAL 2028, a five-year medium-term management plan through the fiscal year ending June 30, 2028, with the strategic materiality of "becoming a software company that helps enhance corporate value," and positioned net sales, net profit, operating profit per capita, software gross profit, ROE, and DOE (dividend on equity) as six key management indicators.

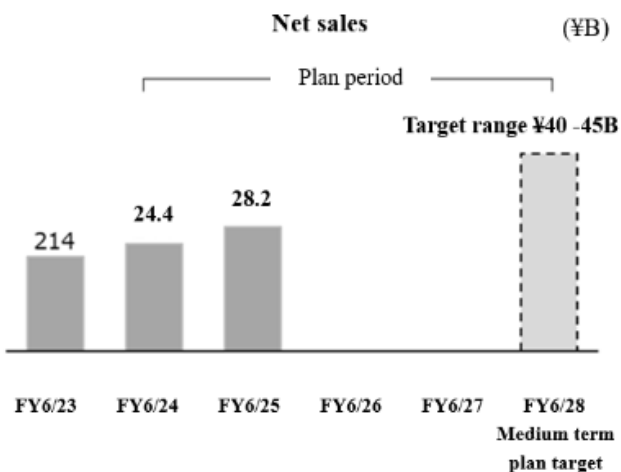
### | An Overview of Mid-Term Management Plan "BE GLOBAL 2028"

	FY24 Results	Plan	FY25 Results	FY28 Plan
Net sales	¥24.4B	¥28.8B	 ¥28.2B	¥40.0B-45.0B
Net profit	¥2.85B	¥3.35B	 ¥3.43B	¥6.0B-7.0B
OP / person	¥2.8M	¥3.0M	 ¥2.8M	¥3.5M-4.3M
Software gross profit	¥2.44B	¥2.47B	 ¥2.82B	¥5.5B-6.0B
ROE	22.3%	22.4%	 23.8%	5-year average 20.0%
ROE	5.5%	6.2%	 6.3%	8.0% or more

The targets for each item and the progress made during the current fiscal year are as follows.

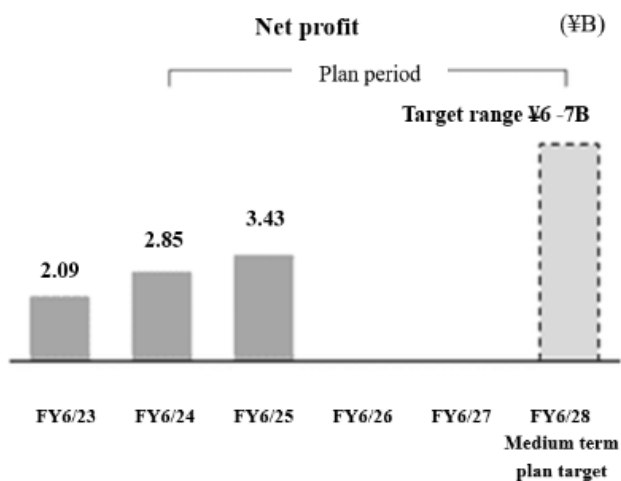
[Net sales]

Net sales are targeted to reach the target range of ¥40-45 billion in the fiscal year ending June 30, 2028. This target level assumes that net sales will continue to grow at an average rate of around 15% from the previous fiscal year during the period of our medium-term management plan. Against the backdrop of investment needs among Japanese companies to maintain and strengthen their competitiveness through upgrading corporate management and business activities through the use of data and digital technology, which is becoming a medium- to long-term trend, the Digital Transformation Promotion Business in particular grew strongly against the backdrop of investment needs among Japanese companies to maintain and strengthen their competitiveness by upgrading corporate management and business activities through the use of data and digital technology, which is becoming a medium- to long-term trend among Japanese companies, and the outsourcing business also maintained a high growth rate. As a result, consolidated net sales increased 15.6% year-on-year to ¥28,227 million. The Group recognizes that it is making steady progress toward the targets of its medium-term management plan.



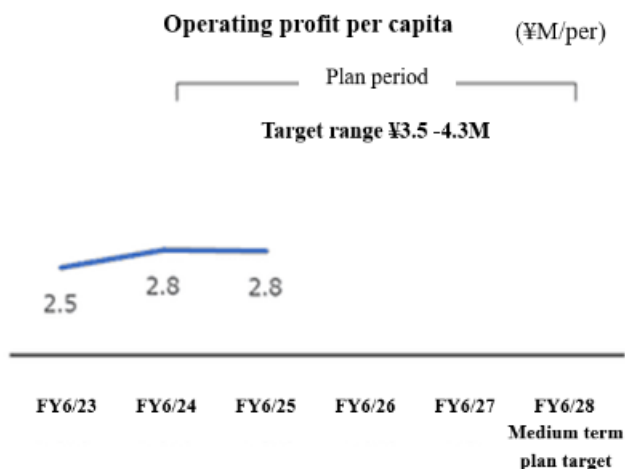
[Net profit]

Net profit is targeted to reach a target range of ¥6-7 billion in the fiscal year ending June 2028, based on an average growth rate of 25% in our medium-term management plan. In the current fiscal year, although personnel expenses and IT costs corresponding to business expansion, outsourcing costs to handle increased orders, and investment-related expenses to achieve future growth centered on strengthening the software business increased, there were profit-increasing factors such as improved profit margins due to growth in the software business and a rebound effect from the low profit levels in the Management Solutions Business in the same period of the previous year. Additionally, due to the impact of recording gain on sales of investment securities from the sale of individual stocks, profit attributable to owners of parent increased 20.5% year-on-year to ¥3,434 million.



[Operating profit per capita]

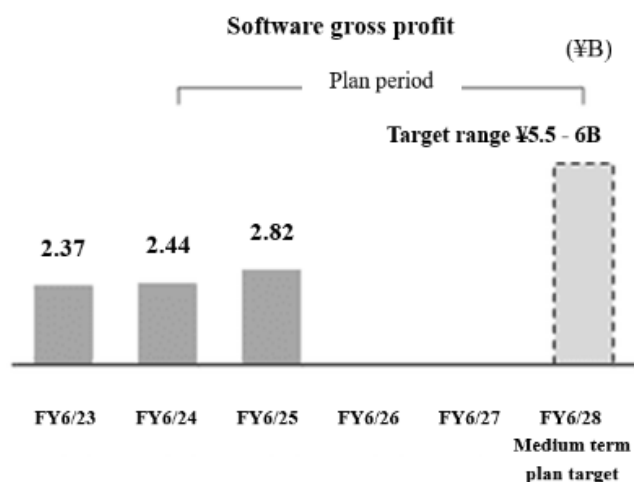
The medium-term management plan aims to achieve the strategic materiality of "becoming a software company that helps enhance corporate value" through a value-creating spiral that leads to the creation of human capital value and corporate value, starting with an increase in value-creating productivity. Our target is to increase operating profit per capita, which indicates productivity in value creation, to the target range of ¥3.5-4.3 million in the fiscal year ending June 30, 2028. The current fiscal year's operating profit per capita was ¥2.8 million. The steady growth in terms of profitability has enabled us to achieve the target for the first year, and the Group has made a good start toward the medium-term management plan targets. On the other hand, the Group recognizes that securing human resources is an ongoing issue, as it is necessary to improve the balance between the



number of employees, the denominator of operating profit per capita, and operating profit, the numerator, in order to achieve sustainable growth. Note: Operating profit per capita is calculated using the average number of employees during the period

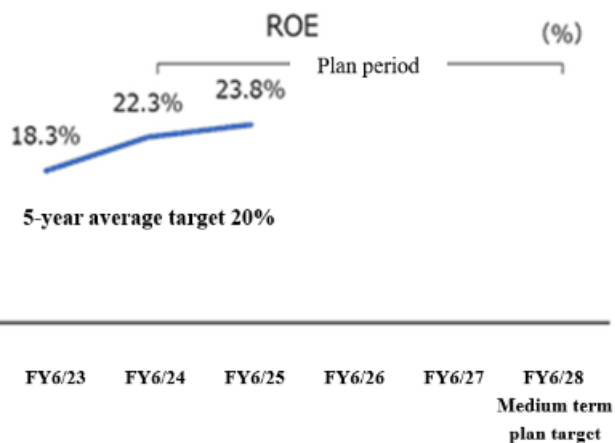
[Software gross profit]

The medium-term management plan aims to realize the strategic materiality "to become a software company that helps increase enhance value" through a software-driven strategy. This strategy aims to realize a transformation in which software is the starting point for everything, including the business portfolio and human resources portfolio. The Group targets to raise software gross profit to the range of ¥5.5-6.0 billion in the fiscal year ending June 30, 2028. Software gross profit for the current fiscal year was ¥2,823 million, an increase of ¥381 million from the previous fiscal year. In the early stages of the current medium-term management plan period, the Group is not yet at the stage of fully benefiting from the organizational restructuring, and the Group expects the effects to gradually become apparent over the five-year period as the Group progresses with our software driven strategy.



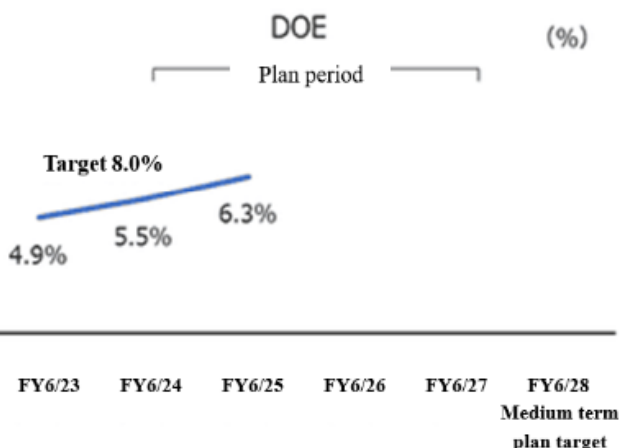
[ROE]

In order to realize our medium-term management plan, the Group recognizes that it is necessary not only to expand the scale of our existing business, but also to engage in investment activities from a medium- to long-term perspective, such as internal investment and external growth. As a guideline for investment activities, the Group has set a target of maintaining an average ROE of 20% or more during the medium-term management plan period, as the Group has been maintaining a long-term ROE of around 20%. ROE for the current fiscal year was 23.8%, an improvement of 1.5 percentage points from the previous fiscal year, exceeding the target level of 20% set in the current medium-term management plan. In addition to the growth in net profit, this was due to the introduction of a stock delivery trust for employees and officers and the effect of share buybacks as part of the Company's shareholder return program.



[DOE (Dividend on equity)]

The Group regards dividends as an important part of its shareholder return policy and focuses on the ratio of total amount of dividends to net assets (consolidated), aiming to maintain and increase the stable amount of dividends without being greatly affected by the business results of each fiscal year. The Group aims to achieve operating results and financial condition that will realize an 8% ratio of total amount of dividends to net assets (consolidated) in the fiscal year ending June 30, 2028, which is the target to be achieved during the current medium-term management plan period. The dividend per share is expected to be ¥51 when the target is achieved. For the current fiscal year, the Group plans to resolve at the 29th Ordinary General Meeting of Shareholders to be held on September 24, 2025, to increase the dividend by ¥6 per share to ¥25 per share based on the basic policy of continuous stable dividends. The ratio of total amount of dividends to net assets (consolidated) is approximately 6.3%, well above the average for companies listed on the Tokyo Stock Exchange, and the Group recognizes that the Group is making steady progress toward the targets of our medium-term management plan.



A detailed analysis of operating results is provided below.

(2) Operating results

Consolidated financial results for the current fiscal year are as follows

(Millions of yen, rounded down to the nearest unit)

	28th term (Fiscal year ended June 30, 2024)	29th term (Fiscal year ended June 30, 2025) (Current fiscal year)	Year-on-year	
			Increase/decrease	Percentage change (%)
Net sales	24,419	28,227	3,807	15.6
Operating profit	4,099	4,604	505	12.3
Ordinary profit	4,121	4,613	491	11.9
Profit attributable to owners of parent	2,850	3,434	583	20.5

In terms of consolidated net sales, the Digital Transformation Promotion Business in particular grew significantly against the backdrop of investment needs to maintain and enhance competitiveness by upgrading corporate management and business activities through the use of data and digital technology, which is becoming a medium- to long-term trend among Japanese companies, and the outsourcing business also continued to maintain a high growth rate, resulting in consolidated net sales for the current fiscal year of ¥28,227 million (a 15.6% increase year-on-year).

Despite increases in fixed personnel expenses due to headcount growth, subcontracted processing expenses to handle increased orders, and investment expenses to realize future growth centered on strengthening the software business, profits grew due to a decrease in one-time expenses incurred in the previous year from organizational restructuring and increased revenue from the Digital Transformation Promotion Business. Operating profit increased 12.3% year-on-year to ¥4,604 million, ordinary profit increased 11.9% year-on-year to ¥4,613 million and profit attributable to owners of parent increased 20.5% year-on-year to ¥3,434 million.

The status of each reportable segment is as follows.

a. Net sales (Millions of yen, rounded down to the nearest unit)

	28th term (Fiscal year ended June 30, 2024)	29th term (Fiscal Year ended June 30, 2025) (Current fiscal year)	Year-on-year	
			Increase/decrease	Percentage change (%)
Consolidated Financial Disclosure Business	7,537	8,720	1,183	15.7
Digital Transformation Promotion Business	8,846	10,318	1,471	16.6
Management Solutions Business	8,518	9,537	1,019	12.0
Elimination of inter-segment transactions	(483)	(349)	133	-
Consolidated net sales	24,419	28,227	3,807	15.6

b. Operating profit (Millions of yen, rounded down to the nearest unit)

	28th term (Fiscal year ended June 30, 2024)	29th term (Fiscal Year ended June 30, 2025) (Current fiscal year)	Year-on-year	
			Increase/decrease	Percentage change (%)
Consolidated Financial Disclosure Business	1,840	2,160	320	17.4
Digital Transformation Promotion Business	1,633	1,716	82	5.1
Management Solutions Business	1,407	1,746	338	24.1
Corporate expenses and elimination of inter-segment transactions	(782)	(1,019)	(237)	-
Consolidated operating profit	4,099	4,604	505	12.3

For the Consolidated Financial Disclosure Business, in addition to the outsourcing business continuing to maintain a high growth rate and contributing to increased revenue, the software business also saw increased revenue due to the impact of pricing strategy revisions, resulting in net sales of ¥8,720 million (15.7% increase year-on-year). In terms of profitability, despite cost-increasing factors such as higher personnel expenses due to increased headcount, higher office expenses associated with office expansion, and increased research and development expenses for strengthening the software business, operating profit increased to ¥2,160 million (a 17.4% increase year-on-year) due to improved profit margins resulting from the emerging effects of improvements such as pricing strategy revisions in the software business.

Regarding the Digital Transformation Promotion Business, although some large-scale projects were cancelled, demand for utilizing data in management and business decision-making remained strong, and the increase in projects centered on "cloud data platform construction" drove revenue growth, resulting in net sales of ¥10,318 million (16.6% increase year-on-year). In terms of profitability, while profitability deteriorated due to cost increases including higher personnel expenses from workforce expansion to support sales growth and compensation level increases intended to strengthen recruitment competitiveness, as well as increased outsourcing expenses to supplement internal resources, combined with the impact of the aforementioned large-scale project cancellations, operating profit still increased to ¥1,716 million (5.1% increase year-on-year) due to the impact of sales growth.

Regarding the Management Solutions Business, while the transformation of the revenue structure centered on the software business is still in progress, results have begun to emerge in the Group management solutions business area, with net sales increasing to ¥9,537 million (12.0% increase year-on-year). In terms of profitability, although there were cost-increasing factors such as increases in personnel expenses, outsourcing expenses, and IT costs in line with business expansion, operating profit reached ¥1,746 million (24.1% increase year-on-year), achieving a profit growth rate that significantly exceeded the sales increase. This was due to the aforementioned revenue increase as well as a rebound from the previous year's same period, which had been strongly affected by profit declines due to stagnant sales growth.

(Production, orders and sales)

a. Production

Not applicable.

b. Orders received

The following is a breakdown of orders received by segment for the current fiscal year.

Segment	Orders received (millions of yen)	Year-on-year (%)	Orders received (millions of yen)	Year-on-year (%)
Consolidated Financial Disclosure Business	9,227	11.6	5,187	10.8
Digital Transformation Promotion Business	10,260	11.4	2,012	(2.8)
Management Solutions Business	9,708	3.2	4,177	4.3
Elimination of inter-segment transactions	(472)	-	(1,879)	-
Total	28,724	9.7	9,497	8.1

c. Net sales

Net sales results for the current fiscal year by segment are as follows.

Segment	Net sales (millions of yen)	Year-on-year (%)
Consolidated Financial Disclosure Business	8,720	15.7
Digital Transformation Promotion Business	10,318	16.6
Management Solutions Business	9,537	12.0
Elimination of inter-segment transactions	(349)	-
Total	28,227	15.6

Note: Sales by major counterparty and the percentage of such sales to total sales are not stated because there are no major counterparties accounting for 10% or more.

### (3) Financial position

Total assets at the end of the consolidated fiscal year were ¥24,373 million (¥2,476 million increase from the end of the previous consolidated fiscal year). This was mainly due to an increase in cash and deposits of ¥3,718 million, a decrease in accounts receivable - other of ¥512 million, a decrease in deposits paid of ¥527 million, and a decrease in software of ¥266 million.

Meanwhile, total liabilities amounted to ¥8,775 million (¥171 million increase from the end of the previous consolidated fiscal year). This was mainly due to an increase in contract liabilities of ¥421 million and a decrease in income taxes payable of ¥186 million.

Total net assets were ¥15,597 million (¥2,304 million increase from the end of the previous consolidated fiscal year), mainly due to the posting of ¥3,434 million in profit attributable to owners of parent, and ¥708 million in payment of dividends of surplus. As a result, the equity ratio was 63.9% (60.7% at the end of the previous consolidated fiscal year), up 3.2 percentage points from the previous fiscal year, but the Group believes the Group still maintains a highly stable financial balance with low interest-bearing liabilities.

### (4) Cash flows

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the consolidated fiscal year increased by ¥3,185 million from the end of the previous consolidated fiscal year to ¥15,162 million. The status of each cash flow and their factors are as follows:

#### (Cash flows from operating activities)

Funds provided by operating activities were ¥4,469 million. (¥3,680 million provided in the previous fiscal year).

The main description of factors contributing to the increase includes profit before income taxes of ¥4,931 million, depreciation of ¥506 million, a decrease in trade receivables and contract assets of ¥211 million, an increase in contract liabilities of ¥421 million, and income tax refund of ¥339 million, while the main description of factors contributing to the decrease includes a decrease in accounts payable - other, and accrued expenses of ¥327 million and income taxes paid of ¥1,727 million.

#### (Cash flows from investing activities)

Funds used in investing activities were ¥201 million (¥630 million used in the previous fiscal year).

The main description of expenditures includes purchase of investment securities of ¥242 million and payments of leasehold and guarantee deposits of ¥344 million, while the main description of income includes proceeds from sale and redemption of investment securities of ¥410 million.

#### (Cash flows from financing activities)

Funds used in financing activities were ¥1,036 million. (¥1,981 million used in the previous fiscal year)

The main uses were ¥701 million for purchase of treasury shares and ¥708 million for payment of dividends, while the main source was ¥376 million from sale of treasury shares.

In the Group, cash flows from operating activities are usually low in the early part of the consolidated fiscal year due to the payment of income taxes and performance-linked bonuses to executives and employees, and gradually increase from the mid-term onward, resulting in positive cash flows for the full year.

Maintenance fees in the Management Solutions Business and commission expenses for the outsourcing business are paid annually in advance before the services are provided, making this a business model that requires almost no working capital. On the other hand, since outsourcing expenses and other payments for the Digital Transformation Promotion Business are incurred in advance, the demand for working capital increases as sales grow. However, by concentrating the Group's surplus funds at the holding company, smooth inter-group financing is enabled. In addition to the total amount of cash held by the Group, the Group as a whole has established commitment lines of credit totaling ¥3.5 billion with banks with which it does business, so there is currently no concern about cash flow, and rather, the Group intends to utilize surplus funds for strategic investments going forward.

(5) Analysis of sources of capital and liquidity

In order to realize sustainable growth of corporate value and increase shareholder returns through such growth, the Group's basic policy is to maintain and pursue an optimal capital structure that improves capital efficiency while also ensuring financial soundness and flexibility.

The Group's main capital requirements are for office and IT-related capital expenditures and recurring working capital, which it procures from its own funds and bank borrowings as appropriate.

There were no borrowings outstanding at the end of the consolidated fiscal year. The Group has cash and deposits of ¥14,593 million and recognizes that it has the necessary funds.

With regard to the liquidity of funds, the Group strives to make effective use of surplus funds at each group company through inter-group fund management agreements and has also entered into commitment line agreements with financial institutions to prepare for sudden or unforeseen demand for funds.

(6) Significant accounting estimates and assumptions used in making such estimate

The consolidated financial statements of the Group has been prepared in accordance with accounting principles generally accepted in Japan. The preparation of these consolidated financial statements requires management to make estimates concerning the future that affect the reported amounts and disclosures of assets, liabilities, revenues, and expenses for the current fiscal year. Management has made these estimates based on reasonable judgments, taking into consideration past results and various other factors as of the end of the current fiscal year. However, actual results may differ from these estimates in the future due to uncertainties inherent in estimates.

The significant accounting policies adopted by the Group in its consolidated financial statements are described in "Section 5 Financial Information, 1. Consolidated financial statements, etc. (1) Consolidated financial statements - Notes - Significant accounting policies for preparation of consolidated financial statements". In particular, the Company believes that the following significant accounting policies have a significant impact on the judgment of significant estimates in the preparation of consolidated financial statements.

1) Deferred tax assets

The Group makes reasonable estimates of future taxable income to determine the recoverability of deferred tax assets. Since projections regarding future taxable income are based on past results and certain assumptions, if changes in the business environment necessitate a change in the estimation of taxable income, the amount of deferred tax assets recorded may change, which may affect the Group's business results.

2) Provision for bonuses

The provision for bonuses is provided for the estimated amount to be paid to employees in the next consolidated fiscal year, corresponding to the current period. However, since the actual amount to be paid is determined based on the external environment and the Group's situation at the time of payment, additional expenses may be required if the actual amount to be paid differs from the estimated amount.

3) Provision for loss on orders received

To provide for future losses on awarded contracts, the Group records an estimated number of losses to be incurred in the following consolidated fiscal year or later. If the actual cost incurred differs from the estimate, additional provisions may be required.

5. Important management contracts, etc.

Not applicable.

## 6. Research and development activities

The Group considers software to be an intellectual product, and in order to provide highly productive added value by standardizing and packaging business processes, the Group examines software functions from both business and technical perspectives, considering data processing and the resulting content, to promote the development of reliable software with advanced technology. In addition, the Group aims to strengthen our product development system to accurately reflect the needs of customer companies for the medium- to long-term growth of the Group. By building relationships with many corporate clients, The Group has been developing products to meet their various needs. The Group will continue to strengthen our relationships with customer companies and seek more effective input for product development.

The total amount of research and development expenses spent in the current fiscal year was ¥360 million.

Research and development activities by segment are as follows.

### (1) Consolidated Financial Disclosure Business

The Group is working on the development of products such as service delivery platforms.

### (2) Digital Transformation Promotion Business

The Group is working on the development of products and solutions that are necessary for our clients to promote their digital transformation.

### (3) Management Solutions Business

The Group continues to work on the development of products to meet the diverse needs of our clients and contribute to the resolution of their issues.

### 3 Information about Facilities

#### 1. Overview of capital expenditures

In order to respond to rapid technological innovation and changes in the business environment, the Group makes planned and ongoing capital investments to enhance product development functions, strengthen services to customers, and reinforce the organizational infrastructure that supports continuous business growth.

Capital investment in the current fiscal year totaled ¥227 million (including software). Capital investment by segment is as follows: ¥142 million in Consolidated Financial Disclosure Business, ¥22 million in Digital Transformation Promotion Business, ¥30 million in Management Solutions Business, and ¥31 million in corporate (common). The main items were the construction of new facilities attached to buildings related to offices, the addition of tools, furniture and fixtures related to internal network equipment, and the introduction of software for internal use, and there were no significant disposals or sales of facilities during the current fiscal year.

#### 2. Major facilities

The Group's major facilities are as follows.

##### (1) The Company

As of June 30, 2025

Office (Location)	Segment	Description	Book value (millions of yen)					Number of employees (persons)
			Buildings	Tools, furniture and fixtures	Software	Other	Total	
Head Office (Minato-ku, Tokyo)	Corporate (common)	Office equipment, software	-	22	167	38	228	56
Shinjuku Office (Shinjuku-ku, Tokyo)	Corporate (common)	Office equipment	-	0	-	-	0	-

Notes: 1. In addition to property, plant and equipment, software (excluding software for sale in the market) is included.

2. Regarding the Head Office, part of the equipment along with business offices are leased from consolidated subsidiaries.

3. Other in the book value consists of telephone subscription rights and trademark rights.

## (2) Domestic subsidiaries

As of June 30, 2025

Company name	Segment	Office (Location)	Description	Book value (millions of yen)					Number of employees (persons)
				Buildings	Tools, furniture and fixtures	Software	Other	Total	
AVANT CORPORATION	Management Solutions Business	Head Office (Minato-ku, Tokyo)	Office equipment, software	58	18	93	-	170	412
		Osaka Office (Osaka City, Osaka)	Office equipment	0	1	-	-	1	54
Internet Disclosure, Inc,	Consolidated Financial Disclosure Business	Head Office (Chuo-ku, Tokyo)	Office equipment	-	26	-	-	26	11
ZEAL CORPORATION	Digital Transformation Promotion Business	Head Office (Shinagawa-ku, Tokyo)	Office equipment, software	3	8	0	16	28	541
		Osaka Office (Osaka City, Osaka)	Office equipment	5	2	-	-	8	37
		Sapporo Office (Sapporo City, Hokkaido)	-	-	-	-	-	-	9
DIVA CORPORATION	Consolidated Financial Disclosure Business	Head Office (Shinjuku-ku, Tokyo)	Office equipment, software	236	61	2	3	304	489
		Konan Office (Minato-ku, Tokyo)	Office equipment, software	46	10	4	-	61	98

Notes: 1. In addition to property, plant and equipment, software (excluding software for sale in the market) is included.

2. Buildings consist entirely of facilities attached to buildings, net, such as partitions. Both the Head Office and other offices are rented.

3. Other in book value refers mainly to construction in progress etc.

4. Information regarding VISTA CORPORATION has been omitted due to its lack of materiality.

## (3) Foreign subsidiaries

This information has been omitted due to its lack of materiality.

## 3. Planned addition, retirement, and other changes of facilities

(1) New installation of major facilities, etc.

Not applicable.

(2) Retirement, etc. of major facilities

Not applicable.

## 4 Corporate Information

### 1. Company's shares, etc.

#### (1) Total number of shares

##### 1) Authorized shares

Type	Total number of authorized shares (shares)
Common stock	62,304,000
Total	62,304,000

##### 2) Issued shares

Type	Number of shares issued as off the end of the fiscal year (June 30, 2025)	Number of shares issued as of filing date (September 19, 2025)	Name of listed financial instruments exchange or registered and licensed financial instruments association	Description
Common stock	37,645,851	37,645,851	Prime Market, Tokyo Stock Exchange	Number of shares per unit: 100 shares
Total	37,645,851	37,645,851	-	-

#### (2) Share acquisition rights

##### 1) Details of stock option plan(s)

Not applicable.

##### 2) Rights plans

Not applicable.

##### 3) Share acquisition rights for other uses

Not applicable.

#### (3) Exercises of moving strike convertible bonds, etc.

Not applicable.

## (4) Changes in total number of issued shares, share capital and legal capital surplus

Date	Increase (decrease) in number of shares issued	Total number of shares outstanding	Increase (decrease) in share capital (millions of yen)	Balance of share capital (millions of yen)	Increase (decrease) in capital surplus (millions of yen)	Balance of capital surplus (millions of yen)
October 16, 2020 (Note 1)	16,221	37,603,203	8	311	8	248
November 12, 2021 (Note 2)	8,705	37,611,908	6	318	6	255
November 12, 2021 (Note 3)	13,593	37,625,501	10	329	10	265
October 28, 2022 (Note 4)	16,134	37,641,635	12	341	12	277
October 28, 2022 (Note 5)	4,216	37,645,851	3	345	3	281

Notes: 1. Issuance of new shares as restricted stock remuneration.

Price of issue ¥1,023

Capital contribution ¥511.5

Allottees: A total of 11 executive officers of the Company and directors of the Company's subsidiaries

2. Issuance of new shares as performance-linked stock-based remuneration.

Price of issue ¥1,575

Capital contribution ¥787.5

Allottee: One director of the Company

3. Issuance of new shares as restricted stock remuneration.

Price of issue ¥1,575

Capital contribution ¥787.5

Allottees: A total of 13 executive officers of the Company and directors of the Company's subsidiaries

4. Issuance of new shares as restricted stock remuneration.

Price of issue ¥1,571

Capital contribution ¥785.5

Allottees: A total of 15 executive officers of the Company and directors of the Company's subsidiaries

5. Issuance of new shares as restricted stock remuneration.

Price of issue ¥1,571

Capital contribution ¥785.5

Allottee: One director of the Company

## (5) Shareholding by shareholder category

As of June 30, 2025

Category	Status of units (Number of shares per unit: 100 shares)								Shares under one unit (number of shares)
	National and local governments	Financial institutions	Securities companies	Other corporations	Foreign shareholders		Individuals and other	Total	
					Other than individuals	Individuals only			
Number of shareholders (persons)	-	9	22	30	138	23	2,438	2,660	-
Number of shares held (units)	-	56,367	12,543	28,670	62,484	100	215,786	375,950	50,851
Ratio to total shares (%)	-	14.99	3.34	7.63	16.62	0.03	57.40	100.00	-

Notes: 1. 411,599 treasury shares are included as follows: 4,115 units in Individuals and other and 99 shares in Shares under one unit.

2. 738,578 shares of the Company's stock held by the Employee and executive Officer Share Issuance Trust and the stock remuneration plan for officers are included as 7,385 units in Financial institutions and 78 shares in Shares under one unit.

## (6) Major shareholders

As of June 30, 2025

Name	Location	Number of shares held	Number of share held as percentage of total shares issued (excluding treasury shares) (%)
Tetsuji Morikawa	Minato-ku, Tokyo	9,781,466	26.27
The Master Trust Bank of Japan, Ltd.	Akasaka Intercity AIR 1-8-1 Akasaka, Minato-ku, Tokyo	3,762,600	10.11
Tsuyoshi Noshiro	Asaka City, Saitama	1,868,800	5.02
The Custody Bank of Japan, Ltd.	1-8-12, Harumi, Chuo-ku, Tokyo	1,614,778	4.34
OBIC Business Consultant Co.	6-8-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo	1,600,000	4.30
Avant Group Employee Stock Ownership Plan	2-15-2 Konan, Minato-ku, Tokyo	1,289,781	3.46
PCA Corporation	1-2-21 Fujimi, Chiyoda-ku, Tokyo	778,400	2.09
Tatsuru Nakayama	Kawasaki City, Kanagawa	656,646	1.76
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND (Standing Proxy: Citibank, N.A. Tokyo Branch, Head of Custody Services, Jun Ishikawa)	2-2-2 Otemachi, Chiyoda-ku, Tokyo (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	655,100	1.76
Tokio Kawamura	Suginami-ku, Tokyo	550,000	1.48
Total	-	22,557,571	60.58

Notes: 1. Of the number of shares held above, the number of shares related to the trust business is as follows.

The Master Trust Bank of Japan, Ltd. 1,556,900 shares

The Custody Bank of Japan, Ltd. 569,600 shares

2. The Company has introduced an Employee and Executive Officer Share Issuance Trust, and 738,578 shares of the Company's stock held by The Custody Bank of Japan, Ltd. (Trust Account) are not included in treasury shares.

3. In addition to the above, the Company holds 411,599 treasury shares.

(7) Voting rights  
1) Issued shares

As of June 30, 2025

Category	Number of shares (shares)	Number of voting rights (units)	Description
Shares without voting rights	-	-	-
Shares with restricted voting rights (treasury shares, etc.)	-	-	-
Shares with restricted voting rights (other)	-	-	-
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common stock 411,500	-	-
Shares with full voting rights (other)	Common stock 37,183,500	371,835	-
Shares under one unit	Common stock 50,851	-	-
Total number of issued shares	37,645,851	-	-
Total voting rights held by all shareholders	-	371,835	-

Notes: 1. Shares with full voting rights (other) includes 738,500 shares of the Company (7,385 voting rights) held by the Employee and Executive Officer Share Issuance Trust.

2. The common stock in the Shares under one unit row includes 99 treasury shares owned by the Company.  
2) Treasury shares, etc.

As of June 30, 2025

Name of shareholder	Address of shareholder	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total number of shares held (shares)	Percentage of interest (%)
(Treasury shares) AVANT GROUP CORPORATION	2-15-2 Konan, Minato-ku, Tokyo	411,500	-	411,500	1.1
Total	-	411,500	-	411,500	1.1

Note: Treasury shares does not include 738,500 shares of the Company's stock held by the Employee and Executive Officer Share Issuance Trust.

(8) Share ownership plan for directors (and other officers) and employees

(Introduction of an Employee Share Issuance Trust)

1. Outline of the Employee Share Issuance Trust

The Company, at its Board of Directors meeting held on August 4, 2023, resolved to introduce an Employee Stock Issuance Trust (the "Plan") as an incentive plan for Group employees (hereinafter referred to as "Employees") .

Under this Plan, a trust (the "Trust") was established with money contributed by the Company as the source of funds, and the Trust acquires the Company's common stock (the "Company Shares"). This is an incentive plan under which the Company Shares are issued to employees individually through the Trust. The Company Shares will be issued to employees in accordance with the Share Issuance Regulations established by the board of directors of the Company.

The acquisition of the Company Shares by the Trust will be funded entirely by the Company, so there will be no burden on the employees.

2. Total number of shares to be acquired by eligible employees

281,424 shares

3. Scope of persons who are entitled to beneficial interests and other rights under the plan

Employees who meet the requirements for beneficiaries as stipulated in the Share Issuance Regulations

(Introduction of an Executive Officer Share Issuance Trust)

1. Outline of the Executive Officer Share Issuance Plan

The Company, at its Board of Directors meeting held on December 20, 2023, resolved to add the Company's executive officers as eligible participants to the above Employee Stock Issuance Trust as an incentive plan for eligible executive officers. (Additional trust date: December 28, 2023)

2. Total number of shares to be acquired by eligible executive officers

278,354 shares

3. Scope of persons who are entitled to beneficial interests and other rights under the plan

Executive officers who meet the requirements for beneficiaries as stipulated in the Share Issuance Regulations

(Introduction of a Performance-linked Share-based Remuneration Plan for Directors)

1. Outline of the Performance-linked Share-based remuneration Plan for Directors

The Company has introduced a share-based remuneration plan using a trust (hereinafter referred to as the "Plan") for directors (excluding Audit Committee Members and outside directors) beginning in the fiscal year ended June 30, 2025 (29th term).

The stock remuneration plan is a stock-based remuneration plan under which a trust (the "Trust") established by the Company through monetary contributions acquires shares of the Company's common stock (the "Company Shares"). The Company Shares equivalent to the number of points granted by the Company to each director are issued to directors individually through the Trust.

2. Total number of shares to be acquired by eligible directors

178,800 shares

3. Scope of persons who are entitled to beneficial interests and other rights under the plan

Directors who meet the requirements for beneficiaries as stipulated in the Share Issuance Regulations

## 2. Acquisition and disposal of treasury shares

Class of shares, etc. Acquisition of common stock pursuant to Article 155, Item 3 and Article 155, Item 7 of the Companies Act

(1) Acquisitions by resolution of shareholders' meeting

Not applicable.

(2) Acquisition by resolution of board of directors meeting

Category	Number of shares (shares)	Total value (yen)
Resolution by the Board of Directors (April 26, 2024) (Acquisition period May 1, 2024 - November 30, 2024)	1,200,000	1,000,000,000
Treasury shares acquired prior to the current fiscal year	364,100	477,635,185
Treasury shares acquired during the current fiscal year	251,500	351,295,589
Total number and value of remaining resolution shares	584,400	171,069,226
Unexercised ratio as of the end of the current fiscal year (%)	48.7	17.1
Treasury shares acquired during the period until the filing date of this Annual Securities Report	-	-
Unexercised ratio as of the date of submission (%)	48.7	17.1

Notes: 1. At the above board of directors meeting, it was resolved that the method of purchase of treasury shares shall be through market purchases on the Tokyo Stock Exchange.

2. The acquisition period and treasury shares acquired are based on the execution date.

3. Treasury shares acquired do not include the number of shares acquired by the Employee and Executive Officer Share Issuance Trusts.

(3) Acquisition not based on resolution of shareholders meeting or board of directors meeting

Category	Number of shares (shares)	Total value (yen)
Treasury shares acquired during the current fiscal year	34	56,236
Treasury shares acquired during the period until the filing date of this Annual Securities Report	-	-

Note: The number of treasury shares acquired during the period until the filing date of this Annual Securities Report does not include the purchase of shares under one unit from September 1, 2025 to the submission date of this Annual Securities Report.

## (4) Disposal of acquired treasury shares and number of treasury shares held

Category	Current fiscal year		Current period	
	Number of shares (shares)	Total disposal value (yen)	Number of shares (shares)	Total disposal value (yen)
Acquired treasury shares for which subscribers were solicited	-	-	-	-
Acquired treasury shares which was retired	-	-	-	-
Acquired treasury shares transferred in connection with a merger, share exchange, share issuance, or company split	-	-	-	-
Other (Disposal of treasury shares by share remuneration plan)	28,233	64,371,240	-	-
Other (Disposal of treasury shares by third-party allotment to share issuance trust)	178,800	349,911,600	-	-
Number of treasury shares held	411,599	-	411,599	-

Notes: 1. The number of treasury shares acquired during the period until the filing date of this Annual Securities Report does not include the purchase of shares under one unit from September 1, 2025 to the submission date of this Annual Securities Report.

2. The number of treasury shares held is based on the delivery date.

3. The number of treasury shares held does not include the number of Company shares held by the Employee and Executive Officer Share Issuance Trusts.

### 3. Dividend policy

The Company regards dividends of surplus as an important matter of shareholder return policy, paying attention to indicators such as the ratio of total amount of dividends to net assets (consolidated), and aims to maintain and increase the amount of dividends in a stable manner without being greatly affected by the business performance of each fiscal year.

Currently, the Company intends to pay dividends of surplus once a year as a fiscal year-end dividend, and the decision-making body for this dividend is the general meeting of shareholders.

Based on the basic policy of continuous stable dividends, a resolution is scheduled to be adopted at the 29th term Ordinary General Meeting of Shareholders to be held on September 24, 2025, to pay a dividend of ¥25 per share for the current fiscal year.

The Company intends to make effective use of retained earnings to develop and deploy competitive and attractive products and services that meet market needs in order to respond to the changes in the business environment forecasted in the future.

The Company has adopted an interim dividend system in accordance with Article 454, Paragraph 5 of the Companies Act, and the Articles of Incorporation stipulate that the record date shall be December 31 of each year. The decision-making body for interim dividends is the Board of Directors.

Note: Dividends of surplus whose record date belongs to the current fiscal year are as follows

Date of resolution	Total dividends (millions of yen)	Dividend per share (yen)
September 24, 2025, resolution at the Ordinary General Meeting of Shareholders (planned)	930	25.00

## 4. Corporate governance

### (1) Overview of corporate governance

#### 1) Basic policy on corporate governance

In fulfilling our social responsibility as a corporation, our greatest management target is to "create a 100-year company" that supports the self-realization of our employees through the realization of continuous business growth and contributes to our customers and all other stakeholders through the added value created by the Company.

To this end, the Group has established the "Avant Group Basic Policies on Corporate Governance" and are striving to enhance corporate governance by building a management system that will allow for increased transparency and soundness of management, prompt execution of operations based on accurate decision-making, and appropriate monitoring of these operations.

#### 2) Outline of the corporate governance system and reasons for adopting the system

##### 1. Outline of corporate governance system

The Company's Ordinary General Meeting of Shareholders held on September 27, 2022 resolved to amend its Articles of Incorporation for the transition to a company with an Audit Committee, and as a result, the Company transitioned from a company with a Board of Auditors to a company with an Audit Committee on the same date.

Due to the transition to a company with an Audit Committee, as of the submission date of this Annual Securities Report, the Company has seven directors (including four outside directors), consisting of four directors (excluding members of the Audit Committee) and three directors who are members of the Audit Committee.

The Company proposes the election of four directors (excluding members of the Audit Committee) as proposals (resolutions) for the 29th term Ordinary General Meeting of Shareholders to be held on September 24, 2025.

As of the submission date of this Annual Securities Report, the members of the board of directors are as follows.

President & Representative Director, Group CEO: Tetsuji Morikawa

Director, Finance, Group CFO: Naoyoshi Kasuga

Outside Independent Director: Jon Robertson

Outside Independent Director: Tatsuya Kamoi

Director (Audit Committee Member): Tsuyoshi Noshiro

Outside Independent Director (Audit Committee Member): Chie Goto

Outside Independent Director (Audit Committee Member): Makoto Nakano

The Company's business execution system consists of the President and Representative Director who is appointed by the board of directors, the director in charge of finance, and the executive officers who share responsibility for the execution of business. The Group Management Meeting is chaired by the Group CEO and attended by the Group CFO, Group COO, Group CBO, Group CRO, Group CPO, Group CCO, Group CIO, Group CSO, Group CHRO, and Group CLO, with the aim of achieving sustainable growth and increasing corporate value through group management. The meeting serves to discuss important issues related to business execution and report on their respective responsibilities. In addition, all members of the Group Management Meeting participate in the boards of directors of each major group company and strive to understand the status of business execution and manage risks at each company.

The Company has established and operates an internal whistle-blowing system, with outside attorneys and directors who are members of the Audit Committee serving as contact points, to report violations of laws and regulations and other legally questionable acts.

Audit Committee Members audit the execution of duties by directors by attending meetings of the Board of Directors and other important meetings and by investigating the status of business execution, etc., in accordance with the audit policy determined by the Audit Committee. The Audit Committee monitor management from a fair and objective standpoint with respect to the execution of duties by directors in accordance with the audit policies and assignments determined by the Audit Committee Members and in accordance with the audit plan.

As of the submission date of this Annual Securities Report, the members of the Audit Committee are as follows.

Director (Audit Committee Member): Tsuyoshi Noshiro

Outside Independent Director (Audit Committee Member): Chie Goto

Outside Independent Director (Audit Committee Member): Makoto Nakano

The Company has established a voluntary Nomination and Remuneration Advisory Committee to include an objective perspective in the remuneration decision-making process and to strengthen the oversight function of the Board of Directors. As of the submission date of this Annual Securities Report, the members of the Nomination and Remuneration Advisory Committee are as follows.

Outside Independent Director (Audit Committee Member): Chie Goto (Chairman of the Nomination and Remuneration Advisory Committee)

Outside Independent Director: Tatsuya Kamoi

President & Representative Director, Group CEO: Tetsuji Morikawa

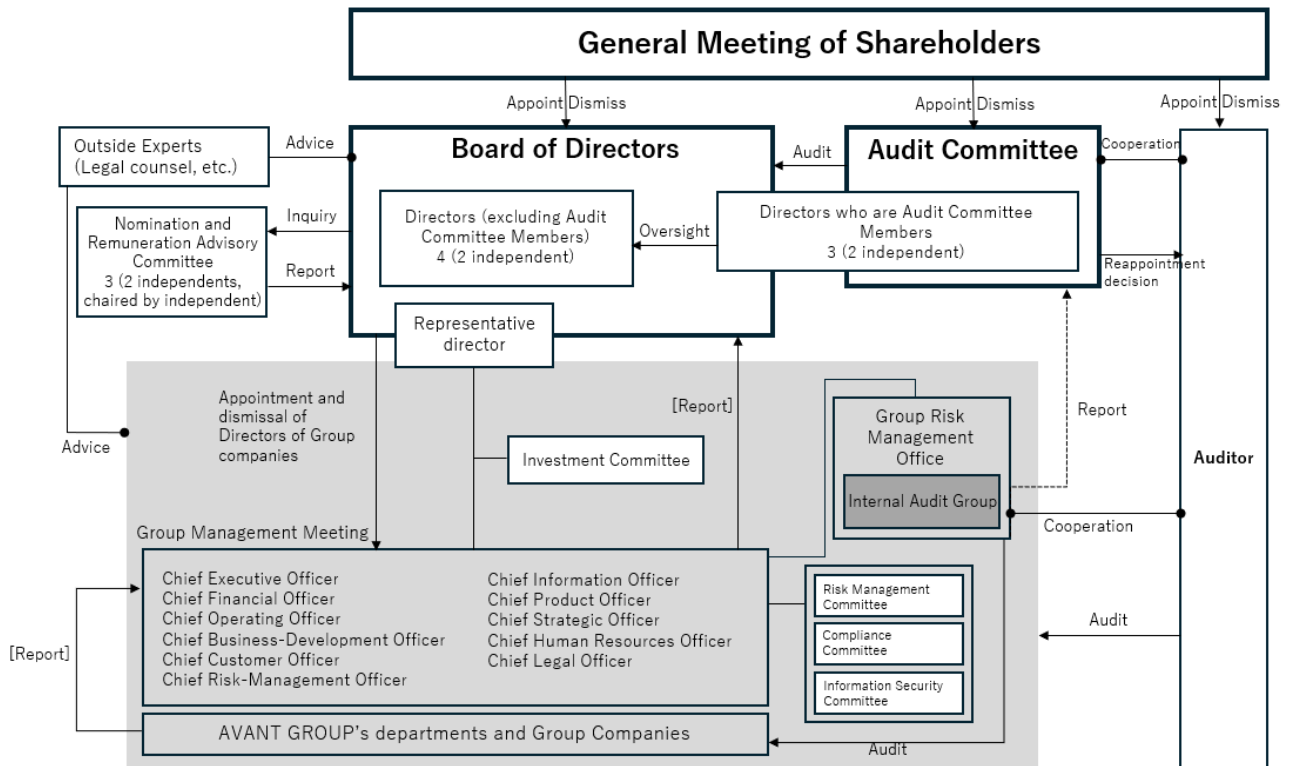
## 2. Reasons for adopting a corporate governance structure

With the resolution of the 26th Ordinary General Meeting of Shareholders held on September 27, 2022, the Group changed from a company with a board of auditors to a company with an Audit Committee in order to further enhance corporate governance by strengthening the supervisory function of each director by the Board of Directors.

Through the corporate governance system described below, the Company ensures speedy and efficient decision-making while properly monitoring and auditing the execution of duties by directors to ensure management transparency.

The Company has also adopted sound corporate governance by incorporating outside opinions through the appointment of several outside directors and the establishment of a Nomination and Remuneration Advisory Committee whose members include members of the Audit Committee.

As of the submission date of the Annual Securities Report, the corporate governance structure is as follows.



3) Other matters relating to corporate governance

1. System to ensure the appropriateness of business operations

The Company has established and promoted corporate ethics through the establishment of its Code of Conduct, and the following basic policy regarding the development of internal control systems has been resolved by the Board of Directors.

1) Systems to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation

- Directors shall comply with the Group's Code of Conduct, take the initiative in the proper execution of their duties in accordance with laws and regulations, the Articles of Incorporation, the rules of the board of directors, and other internal regulations, and ensure that all employees are fully aware of the Code of Conduct.

- The risk management officers of the Group companies, appointed by the chairperson of the Risk Management Committee, shall deliberate and review important issues and responses at the Risk Management Committee, and report to the board of directors.

- The compliance officers of each company in the Group appointed by the chairperson of the Compliance Committee confirm the status of compliance and discuss and deliberate on important issues and responses at the Compliance Committee, and report to the Board of Directors.

- The Company shall establish and operate an internal whistle-blowing system, with outside attorneys and (a) director(s) who are (a) member(s) of the Audit Committee as contact person(s), to report violations of laws and ordinances and other legally questionable acts.

- The Audit Committee Members shall audit the execution of duties by directors by attending meetings of the Board of Directors and other important meetings and by examining the status of business execution, etc., in accordance with the audit policy determined by the Audit Committee.

2) System for the storage and management of information related to the execution of duties by directors

- The information relating to the execution of duties by directors shall be properly stored and managed in accordance with laws and regulations, the rules of the board of directors, document management rules, and other related rules.

3) Regulations and other systems for managing risk of loss

- The Company will implement rolling forecast management in a cycle appropriate to the business environment, monitoring the progress of business performance and maintaining thorough control of expenses, thereby properly managing operations and funds while preventing risks.

- Establish a Risk Management Committee, with the Group CRO (Chief Risk-Management Officer) serving as chairperson. The committee shall deliberate and consider important issues and responses and report the results to the Board of Directors.

- By establishing a Compliance Committee, the Company shall manage risks related to compliance, information assets, and other business matters by preparing and disseminating necessary rules, manuals, etc.

- Establish an Information Security Committee to strengthen the management of information assets and their handling.

- The Company shall consult with and receive advice and guidance from third parties with expertise, such as lawyers, accounting auditors, and tax accountants, as necessary in the performance of its business.

4) Systems to ensure the efficient execution of duties by directors

- The Board of Directors holds regular meetings once a month and convenes additional meetings as necessary for decision making and prompt business execution, as well as to supervise the status of important management decisions and business execution by directors.

- The various meetings and committees, headed by or including directors as members, shall deliberate and make decisions on business execution within the scope of their authority as stipulated in the rules and regulations.

- Promote the decentralization of management through organizational structuring based on management policies and business plans.

- The term of office of directors who are not members of the Audit Committee shall be one year in order to clarify management responsibility and to respond to changes in the business environment.

- 5) System to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries
- The Company shall support the development and improvement of internal control systems and promote them in cooperation with subsidiaries, while respecting the autonomy of the subsidiaries.
  - Company shall receive reports on important matters related to the execution of duties by directors and others. Although the boards of directors of the Company's subsidiaries shall decide important matters, approval shall be obtained from the Company with respect to the following three matters: (a) investment, (b) officer personnel, and (c) finance including capital policy, which have a significant impact on the Group.
  - The Company's subsidiaries shall hold regular board of directors' meetings once a month as a basic rule and hold board of directors' meetings as necessary for decision-making and prompt business execution, and the Company's Group Legal Affairs Office shall confirm the status of the meetings.
  - Employees of the Company's subsidiaries who become aware of any violation of laws, the Articles of Incorporation, the Company's internal rules, or any act contrary to socially accepted norms shall report or consult with the internal whistle-blowing system office.
  - The Compliance Committee shall provide support for legal compliance and other compliance matters of the subsidiaries.
  - Regarding the progress of subsidiary performance and thorough expense management, the Company shall implement rolling forecast management to monitor business performance in cycles appropriate to the business environment in accordance with budget management regulations and strive to prevent risks through appropriate management of operations and funds and reporting to the Company.
  - To ensure the appropriateness of operations of the Company's subsidiaries, the Internal Audit Group conducts internal audits on a regular basis and reports the results to the directors and the Audit Committee to ensure necessary management
- 6) Matters related to employees assisting the duties of Audit Committee members and matters related to ensuring the effectiveness of instructions to such employees
- In the event that the Audit Committee request the board of directors to establish a secretariat to assist it in its duties, the secretariat shall be established by appointing appropriate personnel from inside and outside the Company. In the case of employees, they shall be thoroughly informed that they are subject to the directions and orders of the Audit Committee.
- 7) Systems for directors and employees who are not members of the Audit Committee to report to the Audit Committee, and systems for directors, corporate auditors, and employees of subsidiaries, or persons who receive reports from them, to report to the Audit Committee
- The Audit Committee members may attend meetings of the Board of Directors and other important meetings, inspect documents necessary for auditing, and request explanations from directors and employees.
  - Directors, corporate auditors and employees of the Company and its subsidiaries shall report to the Audit Committee on matters that have a material impact on the Company's operations and performance.
  - The Company shall prohibit any disadvantageous treatment of any person who makes a report to the Audit Committee by reason of the fact that such a report has been made.
- 8) Other systems to ensure that audits by the Audit Committee are conducted effectively
- The Audit Committee shall meet regularly with the President and Representative Director to exchange views on business execution policies, risks and issues to be addressed, and important auditing issues.
  - The Audit Committee shall regularly exchange opinions with the accounting auditor.
  - In the event that any Audit Committee Member requests advance payment or reimbursement of expenses incurred in the performance of his/her duties, such expenses shall be borne by the Company, except in cases where such payment or reimbursement is found not to be necessary.
- 9) Basic policy on elimination of antisocial forces
- With respect to the exclusion of antisocial forces, in addition to the basic policy regarding the internal control system, the Company shall endeavor to develop a system as follows.
  - The Group's Code of Conduct declares the exclusion of antisocial forces and the prohibition of antisocial activities, and the Group receives written pledges from officers and employees every year regarding the Code of Conduct and the management of

confidential information.

• With the General Affairs Department as the responsible division, a person in charge of preventing unjustified demands shall be appointed to cooperate with local police authorities in eliminating antisocial forces. In addition, confirmations regarding antisocial forces shall be conducted for business partners at the time of entering a basic agreement and shall strive to ensure thorough awareness and implementation of antisocial force elimination measures and to strengthen response capabilities.

## 2. Status of operation of the system to ensure the appropriateness of business operations

With regard to the system to ensure the appropriateness of business operations, the Company has continuously investigated the establishment and operational status of the internal control system since the system was first established and reports the details of the investigation to the Board of Directors. In addition, with regard to problems identified as a result of the investigations, the Group takes corrective measures and strives to establish and operate a more appropriate internal control system. The following is an event of the status of investment management during the current fiscal year.

- The Company has chosen to adopt the Audit Committee structure in order to strengthen the supervisory function of the board of directors and to further enhance governance.

- The Risk Management Committee met regularly to review risks and consider countermeasures in response to the changing business environment across the Group, and the Board of Directors received reports from the Group CRO to ascertain the status of risk management.

- The Compliance Committee met regularly to promote corporate ethics and compliance. In addition, the board of directors received reports from the Group CLO and worked to understand the compliance status.

- The Information Security Committee meets regularly to manage information assets and strengthen information security across the Group.

- During the fiscal year under review, the Board of Directors held 13 meetings, focusing on the steady implementation of the medium-term management plan and agenda items for strengthening governance while conducting oversight.

- The Audit Committee members attended meetings of the Board of Directors, the Group Management Meeting, the boards of directors of subsidiaries, and other important meetings, and regularly exchanged opinions with the President and Representative Director and the independent auditors to ensure the effectiveness of the audits.

### 4) Outline of the contents of the liability limitation agreement

The Company has entered into an agreement with all outside directors (and outside directors who are Audit Committee Members) to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under such contracts is the amount stipulated in Article 425, Paragraph 1 of the Companies Act.

### 5) Outline of the contents of directors' and officers' liability insurance contracts insuring directors and officers, etc.

The Company has concluded an officer's liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. Directors, directors who are Audit Committee Members, corporate auditors, executive officers of the Company and its subsidiaries are insured, and the Company pays all insurance premiums for all insured parties. The insurance covers compensation for damage, settlement money, compromise money, and litigation costs that the insured may be required to pay if the insured receives a claim for damages during the insurance period as a result of the insured's performance of his or her duties. However, claims arising from breach of trust, criminal acts, fraud, willful misconduct, insider trading, etc. are not covered by the policy.

### 6) Matters to be resolved at the General Meeting of Shareholders that can be resolved by the Board of Directors

#### 1. Purchase of treasury shares

The Company's Articles of Incorporation stipulate that the Company may acquire its own stocks through market transactions, etc. by resolution of the Board of Directors pursuant to Article 165, Paragraph 2 of the Companies Act in order to enable the execution of a flexible equity policy in response to changes in the business environment.

#### 2. Interim dividend

In order to return profits to shareholders in a timely manner, the Company's Articles of Incorporation stipulate that interim dividends may be paid with a record date of December 31 of each year by resolution of the board of directors in accordance with Article 454, Paragraph 5 of the Companies Act.

### 7) Number of directors

The Company's Articles of Incorporation stipulate that the Company shall have no more than nine (9) directors. The Articles of Incorporation also stipulate that the Company shall have no more than five directors who are Audit Committee Members.

8) Requirements for resolution for election of directors

The Company's Articles of Incorporation stipulate that directors shall be elected by a resolution of a majority of the voting rights of the shareholders present at the General Meeting of Shareholders where the shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present.

The Company's Articles of Incorporation stipulate that the resolution for the election of directors shall not be by cumulative voting.

9) Requirements for special resolution of a general meeting of shareholders

The Company's Articles of Incorporation stipulate that the requirements for special resolution of a general meeting of shareholders stipulated in Article 309, Paragraph 2 of the Companies Act shall be met by two-thirds or more of the voting rights of shareholders present at the meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present. The purpose of this provision is to facilitate smooth operation of a general meeting of shareholders by relaxing the quorum for special resolutions at a general meeting of shareholders.

10) Exemption of directors from liability

In order to enable directors (including former directors) to fully perform the roles expected of them in the performance of their duties, the Company's Articles of Incorporation stipulate that, when the requirements prescribed by law are met, liability for damages under Article 423, Paragraph 1 of the Companies Act may be exempted by a resolution of the Board of Directors up to the amount obtained by deducting the minimum liability amount prescribed by law from the amount of liability for damages.

11) Activities of the Board of Directors

Activities during the current fiscal year are as follows.

Title	Name	Attendance record
Representative Director	Tetsuji Morikawa	13 times /13 times
Director	Naoyoshi Kasuga	13 times /13 times
Director	Jon Robertson	11 times /13 times
Director	Tatsuya Kamoi	13 times /13 times
Director (Audit Committee Member)	Tsuyoshi Noshiro	13 times /13 times
Director (Audit Committee Member)	Chie Goto	13 times /13 times
Director (Audit Committee Member)	Makoto Nakano	13 times /13 times

Note: The Board of Directors held 13 meetings between July 2024 and June 2025. Of the total 1,606 minutes, 514 minutes (32.0%) were spent on financial matters, including reports on the stock price, monthly business results, and resolutions on the next fiscal year's budget; 455 minutes (28.3%) on management strategies such as software-driven strategies; 364 minutes (about 22.7%) on investments including the establishment of new subsidiaries; and 178 minutes (about 11.1%) on governance, including reports from the Risk Management Committee.

12) Activities of the Remuneration Advisory Committee

Activities during the current fiscal year are as follows.

Title	Name	Attendance record
Representative Director	Tetsuji Morikawa	6 times /6 times
Director	Tatsuya Kamoi	6 times /6 times
Director (Audit Committee Member)	Chie Goto	6 times /6 times

Note: The Remuneration Advisory Committee met six times from July 2024 to June 2025. During the current fiscal year, the Remuneration Advisory Committee addressed a wide range of topics, including the formulation of policies for the remuneration for directors (and other officers) system and short-term/long-term incentives, remuneration for outside directors, establishment of short-term incentive indicators for newly established subsidiaries, and discussions regarding the management structure for next-generation leaders. Please note that pursuant to a resolution of the Board of Directors held on July 23, 2025, the system has been changed to establish a Nomination and Remuneration Advisory Committee in place of the Remuneration Advisory Committee.

## (2) Directors

## 1) Board of Directors

## 1. Directors as of the date of submission of this Annual Securities Report

The directors as of September 19, 2025 (the date of submission of this Annual Securities Report) are as follows.

6 male, 1 female (14% of board members are female)

Title	Name	Date of birth	Career summary		Term of office	Number of shares held
Representative Director & President (Group CEO)	Tetsuji Morikawa	February 23, 1966	April 1990 May 1997  October 2013  Match 2017 September 2020	Joined Price Waterhouse Consultants, Inc. Founded the Company, President and Representative Director (ongoing) CEO, DIVA CORPORATION OF AMERICA (ongoing) Outside Director, Kayak Co. Group CEO (ongoing)	3.	9,781,466
Director, Finance (Group CFO)	Naoyoshi Kasuga	May 13, 1963	April 1987  August 1999  January 2005  October 2010 February 2011 September 2011  September 2020	Joined Long-Term Credit Bank of Japan, Ltd. Joined New York Stock Exchange Asia Pacific office Executive Officer, New York Stock Exchange Joined the Company General Manager, President's Office Director, in charge of Finance of the Company Group CFO (ongoing)	3.	30,588
Director	Jon Robertson	October 29, 1968	January 1994 July 1996 July 1999 July 2002  January 2004 January 2007  January 2012  December 2014 March 2015  September 2020 March 2021	Sales Manager, M3i Systems, Inc. Sales Director, SAP America, Inc. Managing Director, EMC Corporation Senior Director, Reuters K.K. (now Thomson Reuters K.K.) EMC Corporation VMware, Inc. Vice President Customer Operations ACTION MANAGEMENT VMware Singapore Pte. Vice President, General Manager for ASEAN Vice President, VMware, Inc. President and Representative Director, VMware, Inc. Director of the Company (to present) President, Snowflake Inc. for Asia Pacific and Japan (ongoing)	3.	
Director	Tatsuya Kamoi	February 10, 1961	April 1983 January 2006  January 2012  August 2014  October 2019  April 2020  April 2023  September 2023 April 2024 June 2025  June 2025	Joined Seiko Epson Corporation Executive Officer, IBM Japan K.K. and Director, IBM Business Consulting Services K.K. Managing Executive Officer, IBM Japan Ltd. Representative Director and Mercer Far East Market Leader, Mercer Japan K.K. Senior Corporate Executive, NEC Corporation Representative Director, ABeam Consulting Ltd. Vice Chairman of the Board, ABeam Consulting Ltd. Director of the Company (to present) Director, ABeam Consulting Ltd. Outside Director, AUTOBACS SEVEN CO., LTD. (ongoing) Outside Director (Audit & Supervisory Committee Member), FUJI SOFT INC. (ongoing)	3.	1,700

Title	Name	Date of birth	Career summary		Term of office	Number of shares held
Director (Audit Committee Member)	Tsuyoshi Noshiro	January 6, 1961	October 1985 April 1989 July 1989 February 1998 June 2000 September 2001 September 2011 September 2022	Joined Aoyama Audit Corporation Registered as a Certified Public Accountant Joined Sanyo Finance Co. Joined the Company General Manager, Administration Division Director, in charge of Finance of the Company Corporate Auditor of the Company Director (Audit Committee Member) of the Company (ongoing)	4.	1,868,800
Director (Audit Committee Member)	Chie Goto	November 30, 1958	April 1984 April 1988 September 1994 October 2006 January 2011 September 2021 September 2022 June 2023 June 2024	Joined Société World Inc. Joined Tokyo Student Career Information Center Co. Joined Yamada & Partners Accounting Office Registered as a lawyer and joined Sakura Kyodo Law Office Registered as a Certified Public Accountant Partner, Sakura Kyodo Law Office (ongoing) Corporate Auditor of the Company Director (Audit Committee Member) of the Company (ongoing) Director, Asahi International Corporation (ongoing) Outside Director (Audit and Supervisory Committee Member), Toho Holdings Co.	4.	-
Director (Audit Committee Member)	Makoto Nakano	January 14, 1968	April 1995 April 1996 April 2001 April 2007 April 2009 April 2018 January 2021 September 2022	Full-time Lecturer, Faculty of Commerce, Yokohama City University Associate Professor, Faculty of Commerce, Yokohama City University Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University Professor, Graduate School of Commerce, Hitotsubashi University Professor, Graduate School of Commerce, Hitotsubashi University Graduate School of Business Administration, Hitotsubashi University (ongoing) Vice President, International Association for Accounting Education & Research (IAAER) Director (Audit Committee Member) of the Company (ongoing)	4.	5,200
Total						11,687,754

Notes: 1. Directors Jon Robertson and Tatsuya Kamoi, and Directors (Audit Committee Members) Chie Goto and Makoto Nakano are outside directors as defined in Article 2, Item 15 of the Companies Act.

2. The Company has introduced an executive officer system to speed up business execution and clarify responsibilities and authority. The total number of officers is 13.

3. Term of office is from the close of the Ordinary General Meeting of Shareholders for the fiscal year ended June 30, 2024 to the close of the Ordinary General Meeting of Shareholders for the fiscal year ended June 30, 2025.

4. Term of office is from the close of the Ordinary General Meeting of Shareholders for the fiscal year ended June 30, 2024 to the close of the Ordinary General Meeting of Shareholders for the fiscal year ended June 30, 2025.

## 2. Directors after the Ordinary General Meeting of Shareholders

The Company proposes the election of four (4) directors (excluding members of the Audit Committee) and the election of three (3) directors who are members of the Audit Committee as proposals (resolutions) for the 29th term Ordinary General Meeting of Shareholders to be held on September 24, 2025. If these proposals are approved, the Company's directors will be as follows. The titles and career summaries include resolutions at the Board of Directors meeting scheduled to be held immediately after the 29th term Ordinary General Meeting of Shareholders.

6 male, 1 female (14% of board members are female)

Title	Name	Term of office
Representative Director & President (Group CEO)	Tetsuji Morikawa	Note 3
Director, Finance (Group CFO)	Naoyoshi Kasuga	Note 3
Director	Jon Robertson	Note 3
Director	Tatsuya Kamoi	Note 3
Director (Audit Committee Member)	Tsuyoshi Noshiro	Note 4
Director (Audit Committee Member)	Chie Goto	Note 4
Director (Audit Committee Member)	Makoto Nakano	Note 4

Notes: 1. Directors Jon Robertson and Tatsuya Kamoi, and Directors (Audit Committee Members) Chie Goto and Makoto Nakano are outside directors as defined in Article 2, Item 15 of the Companies Act.

2. The Company has introduced an executive officer system to speed up business execution and clarify responsibilities and authority.

3. Term of office is from the close of the Ordinary General Meeting of Shareholders for the fiscal year ended June 30, 2024 to the close of the Ordinary General Meeting of Shareholders for the fiscal year ended June 30, 2025.

4. Term of office is from the close of the Ordinary General Meeting of Shareholders for the fiscal year ended June 30, 2024 to the close of the Ordinary General Meeting of Shareholders for the fiscal year ended June 30, 2025.

## 2) Status of outside directors

As of the submission date of this Annual Securities Report, the Company has four outside directors, two of whom are members of the Audit Committee.

Outside Director Jon Robertson has extensive experience in various business and organizational operations in the IT industry in Japan and Asia, and the Group believes that he will contribute to the Company's overall management oversight and enhancement of corporate governance.

Outside Director Tatsuya Kamoi has experience in consulting and IT development for domestic and global companies, business experience in the area of human resource management, and corporate management experience as a CEO appointed from outside the Company, and the Group believes that he will contribute to the Company's overall management supervision and strengthening of corporate governance.

Outside Audit Committee Member Chie Goto is a licensed attorney and certified public accountant and has extensive knowledge of legal and financial accounting matters.

Outside Audit Committee Member Makoto Nakano possesses extensive knowledge of finance and accounting through his academic experience.

Based on the above backgrounds and experience, the Group believes that they will both be able to appropriately perform their duties as outside directors (Audit Committee Members), including providing useful advice in management judgment and decision-making, based on their full understanding of the Company's management.

Outside Director Tatsuya Kamoi and Outside Audit Committee Member Makoto Nakano are shareholders of the Company, but their shareholding ratios are less than 0.1% and they are not major shareholders, and there are no special interests between them and the Company, and the Group believes that they are not in a position to have a conflict of interest with general shareholders.

The Company has designated Outside Directors Jon Robertson and Tatsuya Kamoi, and Outside Audit Committee Members Chie Goto and Makoto Nakano as independent officers as stipulated by the Tokyo Stock Exchange and has notified the Exchange of such designation.

In addition, the Company has entered into liability limitation agreements with all outside directors and outside Audit Committee Members, and the description of the events is as follows: In the event that the requirements stipulated in laws and regulations are met with respect to liability for compensation under Article 423, Paragraph 1 of the Companies Act, the maximum amount of liability for compensation shall be the minimum liability amount stipulated in laws and regulations.

In appointing outside directors and outside Audit Committee Members, the Company has established the following independence standards, which are based on the independence standards stipulated by the Companies Act and financial instruments exchanges and focus on ensuring the independence of those who will become independent outside directors in terms of their substance.

Outside directors and outside Audit Committee Members shall be considered to be independent if, as a result of an investigation to the extent reasonably possible by the Company, it is determined that none of the following items applies to them

(1) A person who is currently and has been for the past 10 years an officer (executive director, executive officer, operating officer, employee, staff) of the Group or any of its subsidiaries or affiliates,

(2) A person who directly or indirectly holds 10% or more of the total voting rights of the Company or a person who executes the business of such a person,

(3) A person for whom the Group is a major transaction partner (Note 1), or a person who is a major transaction partner of the Group (Note 1), or an executive officer thereof,

(4) A person who, as a consultant, lawyer, certified public accountant, tax accountant, or other professional service provider, receives a large amount of money (Note 2) or other financial profits other than remuneration for directors (and other officers) from the Group, or an executive officer thereof,

(5) A person who receives an annual donation or grant of more than ¥15 million from the Group, or a person who executes the business of such a person,

(6) A person who belongs to an auditing firm that is the Group's accounting auditor,

(7) An executive officer of a company that has appointed an executive officer of the Group as its officers,

(8) Applicants who have met 2 through 7 above in the past three years,

(9) Spouse or relative up to the second degree of kinship of a person falling under 1-8 above.

(Note 1) Major transactions are defined as transactions involving the transfer of money in excess of 2% of annual consolidated net sales or loans in excess of 2% of consolidated total assets.

(Note 2) "Large amount" means that the profits received from the Group, excluding remuneration for directors (and other officers), exceeds ¥15 million per year in the most recent business year in the case of an individual, or in the case of a corporation, partnership or other organization, that such profits received from the Group in the most recent business year exceeds 2% of the annual gross income of such organization or ¥15 million, whichever is higher.

3) Relationship between supervision or auditing by outside directors and internal audits, audits by the Audit Committee and accounting audits, and the internal control division

Outside directors and outside Audit Committee Members attend monthly Board of Directors' meetings and ask questions, provide advice and comments on the status of business operations, as appropriate, in order to strengthen governance.

The outside Audit Committee members and the internal auditors attend the accounting audit reporting meetings and have opportunities to listen to and discuss with each other and with the accounting auditors to confirm the status of internal controls in operations and finances.

In addition, the outside Audit Committee members and internal auditors work together and have a system in place that allows them to request investigations and reports as necessary to confirm that management and business operations are being conducted appropriately and efficiently.

### (3) Audits

#### 1) Status of audits by Audit Committee

##### 1. Organization, personnel and procedures of the Audit Committee

As of this Annual Securities Report submission date, the Company's Audit Committee consists of three members, two of whom are outside Audit Committee members, who monitor and audit the Company's management based on their expertise and experience. The Audit Committee members report to each other on the status of their respective duties, thereby sharing their recognition of audit operations.

Two Audit Committee members are certified public accountants and have considerable knowledge of finance and accounting.

##### 2. Activities of the Audit Committee

During the current fiscal year, the Company held a total of 16 meetings of the Audit Committee, and the attendance record of individual Audit Committee members is as follows.

Title	Name	Number attended / Number of meetings
Director (Audit Committee Member)	Tsuyoshi Noshiro	16 times /16 times
Outside Director (Audit Committee Member)	Chie Goto	16 times /16 times
Outside Director (Audit Committee Member)	Makoto Nakano	16 times /16 times

Specific matters considered by the Audit Committee include the formulation of audit policies and plans, the establishment and operational status of internal control systems, and the determination of the appropriateness of the accounting auditor's audit methods and results.

In accordance with the audit policy and work assignments determined by the Audit Committee, the Audit Committee Members communicate with directors, etc., attend meetings of the board of directors and other important meetings, inspect important approval documents, etc., and examine the status of operations and assets at the head office and major business offices. They also communicate and exchange information with directors and others of subsidiaries, confirm business reports from subsidiaries, and confirm the status and results of audits from the accounting auditors.

#### 2) Status of internal audits

Internal audits at the Company are conducted by three internal audit staff members of the Internal Audit Department, who monitor the Company's business activities from a fair standpoint, make improvements and provide guidance to contribute to proper business execution and appropriate disclosure of financial information, and report to the President and Director, Finance based on the audit results. In addition, the Company shares internal audit plans and internal audit reports with the accounting auditors and the Audit Committee.

#### 3) Status of accounting audit

##### 1. Name of audit firm

Deloitte Touche Tohmatsu LLC

##### 2. Continuous audit period

25 years

The rotation of the managing partners is appropriately implemented, and in principle, they are not involved in the audit work for more than seven consecutive accounting periods. In addition, the lead managing partner has not been involved in audit work for more than five consecutive accounting periods.

##### 3. Certified public accountants who have performed services

Designated and Engagement Partner Yasuaki Miura

Designated and Engagement Partner Kenji Oyama

\* Takuya Gōkon conducted the interim review and was subsequently succeeded by Yasuaki Miura.

##### 4. Composition of assistants for audit services

Certified Public Accountants 4 persons

Other 11 persons

Note: Others are people who have passed the CPA examination, people in charge of system audits, etc.

5. Policy and reason for reappointment of audit firm

With reference to the "Practical Guidelines for Auditors and Others Concerning Evaluation of Accounting Auditors and Establishment of Selection Standards" published by the Japan Corporate Auditors Association, selection (reappointment) is based on comprehensive consideration of factors such as quality control, independence, expertise, communication with auditors and management, response to fraud risk, frequency of accounting scandals, improvement of audit procedures, partner rotation, and limited reliance on audit fees.

In addition, the Audit Committee will dismiss the accounting auditor with the unanimous consent of the Audit Committee if the accounting auditor is found to fall under any of the items specified in Article 340, Paragraph 1 of the Companies Act.

6. Evaluation of the audit firm by the Audit Committee

The Audit Committee of the Company comprehensively evaluates the audit system and performance of duties of the accounting auditor.

4) Details of audit fees, etc.

Two Audit Committee members are certified public accountants and have considerable knowledge of finance and accounting.

1. Remuneration to Certified Public Accountants, etc.

Category	Previous fiscal year		Current fiscal year	
	Audit and attestation services (millions of yen)	Non-audit services (millions of yen)	Audit and attestation services (millions of yen)	Non-audit services (millions of yen)
The Company	32	-	33	-
Consolidated subsidiaries	-	-	-	-
Total	32	-	33	-

Note: The Company paid additional remuneration of ¥2 million in the previous fiscal year for the audit in the previous fiscal year.

2. Remuneration to the same network as the audit certified public accountants, etc. (excluding 1.)

Category	Previous fiscal year		Current fiscal year	
	Audit and attestation services (millions of yen)	Non-audit services (millions of yen)	Audit and attestation services (millions of yen)	Non-audit services (millions of yen)
The Company	-	0	-	-
Consolidated subsidiaries	-	-	-	1
Total	-	0	-	1

Note: The description of the Company's non-audit services in the previous fiscal year is general tax consultation. Additionally, the description of the consolidated subsidiaries' non-audit services in the current fiscal year is advisory services related to software disclosure regulatory compliance at overseas locations.

3. Details of remuneration based on other important audit attestation services

Not applicable.

4. Policy for determining audit fees

The Articles of Incorporation stipulate that the amount of remuneration to certified public accountants, etc. shall be determined by the representative director with the consent of the Audit Committee, taking into consideration the number of audit days and other factors.

5. Reasons for the Audit Committee's consent to the remuneration, etc. of the accounting auditor

Based on the "Practical Guidelines for Auditors and Others Concerning the Evaluation of Accounting Auditors and the Establishment of Selection Criteria for Accounting Auditors" published by the Japan Corporate Auditors Association, the Audit Committee considered whether the content of the audit corporation's audit plan report, the status of execution of duties in the previous consolidated fiscal year, and the basis for calculation of the remuneration estimate were appropriate. The Audit Committee has consented to the remuneration, etc., of the audit corporation pursuant to Article 399, Paragraphs 1 and 3 of the Companies Act of Japan.

#### (4) Remuneration of directors (and other officers)

##### 1) Policy and method of determining the amount and calculation method of remuneration, etc., for directors and other officers

###### 1. Remuneration system and process for determining remuneration amounts

The Company's policy and calculation method regarding the determination of remuneration for officers and the criteria for the system and amount of remuneration for directors and executive officers are determined by resolutions of the Board of Directors, specifically the resolutions passed on September 25, 2024 (the description of which is provided below in "2. Remuneration of directors (excluding directors who are Audit Committee Members)" and "2) Purpose, basis of indicators and specific calculation methods of performance-linked remuneration and performance-linked stock remuneration" below).

In order to strengthen the independence, objectivity, and accountability of the decision-making process, the Company has also resolved to establish a Remuneration Advisory Committee as a voluntary advisory body. The Remuneration Advisory Committee will consist of two independent directors and the Representative Director Group CEO, and the chairperson of the committee will be selected from the independent outside directors. The Committee strives to ensure objectivity by considering market-wide and industry-wide levels based on advice from external experts. The Board consults with the Remuneration Advisory Committee, and the Board of Directors makes decisions after receiving the Committee's advice and recommendations. The matters discussed by the Remuneration Advisory Committee are as follows:

(a) Policy for determining remuneration, etc. of directors and executive officers

(b) Draft proposals on remuneration, etc. of directors, corporate auditors and executive officers to be proposed at the general meeting of shareholders

(c) Proposed policy regarding the determination of the content of remuneration, etc. for each individual director and executive officer to be brought before the Board of Directors

(d) Proposed details of remuneration, etc. of individual directors and executive officers to be proposed to the Board of Directors

(e) Other matters deemed necessary by the Board of Directors with respect to each of the preceding items.

Regarding the remuneration of directors (excluding directors who are Audit Committee Members) for the current fiscal year, the Board of Directors has determined that it is in line with the policy for determining the remuneration, etc. of individual directors, based on explanations received from the Remuneration Advisory Committee and other relevant factors.

Note: By resolution of the board of directors held on July 23, 2025, the system has been changed to establish a Nomination and Remuneration Advisory Committee in place of the Remuneration Advisory Committee.

###### 2. Remuneration of directors (excluding directors who are Audit Committee Members)

Remuneration for directors is divided into two categories: fixed remuneration paid monthly (regular fixed amount) and performance linked remuneration paid at a certain time each year.

Fixed remuneration is paid in a standard amount by position, taking into consideration the level commensurate with the required abilities and responsibilities. As for the maximum amount, the annual amount of fixed remuneration for directors (excluding Audit Committee Members) was approved at the 26th Ordinary General Meeting of Shareholders held on September 27, 2022 as ¥150 million or less (the number of directors immediately after that meeting was 4 (including 2 outside directors)).

Performance-linked remuneration is for directors excluding outside directors (hereinafter referred to as "eligible directors" in this "2. Remuneration for directors (excluding directors who are Audit Committee Members)"). The performance-linked remuneration consists of (1) short-term performance-linked remuneration, which is bonuses linked to the Company's business year performance, and (2) medium-term performance-linked remuneration, which is performance-linked stock compensation linked to changes in indicators during the applicable period. The medium-term performance-linked compensation is a stock-based compensation in which common shares of the Company are issued, with the aim of further sharing value between the eligible directors and shareholders through sustained improvement of the stock price, and to give the eligible directors an incentive to continuously enhance the Company's corporate value. The upper limit of the performance-linked bonuses was approved at the 26th term Ordinary General Meeting of Shareholders held on September 27, 2022, with an annual amount of ¥41,250 thousand or less per eligible director (the number of eligible directors immediately after the said meeting was two). The upper limit of the medium-term performance-linked remuneration was approved at the 26th term Ordinary General Meeting of Shareholders held on September 27, 2022, at ¥100,000 thousand or less for each applicable period, with the number of shares to be issued by the Company to eligible directors under this system not exceeding 60,000 shares per eligible director and not exceeding 100,000 shares in total per year for all eligible directors (the number of eligible directors immediately after the said meeting was two).

The terms and conditions of the medium-term performance-linked remuneration are reviewed by resolution of the general meeting of shareholders as necessary. Most recently, at the 27th Ordinary General Meeting of Shareholders held on September 27, 2023, it was approved that the remuneration consists of two parts: (1) a component under which the Company's common stock is issued at the end of the applicable one-year period if the Company's stock price has increased from the beginning of the period, and (2) a component under which the number of shares of the Company's common stock to be issued is calculated based

on the Company's stock growth rate. Immediately after the said meeting, the number of eligible directors was two.

The ratio of remuneration is as follows: fixed remuneration 45%-50%, short-term performance-linked remuneration 15%-20%, and medium-term performance-linked remuneration 35%, based on the achievement of performance targets (based on a short-term performance incentive coefficient of 100%).

Since outside directors are independent from the execution of business, they are not subject to performance linked remuneration and are paid the above fixed remuneration.

### 3. Remuneration of directors (excluding directors who are Audit Committee Members)

Remuneration for directors who are Audit Committee members consists solely of fixed remuneration, in consideration of their responsibilities and roles in supervising business execution and performing audit functions, and is determined through discussions among the directors who are Audit Committee Members, within the maximum amount of remuneration resolved at the general meeting of shareholders, taking into account such factors as whether they serve full-time or part-time, whether they are internal directors or outside directors (and outside directors who are Audit Committee Members), and the division of duties. The maximum amount of remuneration was resolved at the 26th Ordinary General Meeting of Shareholders held on September 27, 2022 to be within ¥55,000 thousand per year (the number of directors who are Audit Committee Members immediately after said meeting was three).

#### 2) Purpose, basis for indicators, and specific calculation methods of performance-linked bonuses and performance-linked stock remuneration,

##### 1. Short-term performance-linked remuneration

Short-term performance-linked remuneration is a monetary remuneration system, and the amount is calculated by multiplying a short-term incentive coefficient by a standard amount determined according to position and other factors. Specifically, the amount is calculated by the following formula.

Short-term performance-linked remuneration = Short-term performance-linked remuneration standard amount x short-term incentive coefficient

##### (1) The Company

Short-term performance-linked remuneration paid to directors (excluding outside directors and directors who are Audit Committee Member; eligible Directors in this "2) Purpose, basis of indicators and specific calculation methods of performance-linked remuneration and performance-linked stock remuneration") shall be a monetary amount calculated in conjunction with the year-on-year increase or decrease in consolidated net profit, which is consistently emphasized in the Company's medium-term management strategy, medium-term management plan and annual business results. The amount is calculated by multiplying the base amount (base amount of performance-linked bonus), which is determined according to position and other factors, by the short-term incentive coefficient, which is set in the range of 0% to 150% according to the change in consolidated net profit from the previous fiscal year.

The coefficients are calculated as follows.

If consolidated net profit after tax for the current period is "a" and consolidated net profit after tax for the previous period is "b," the value calculated by the following formula is used as the coefficient.

- 1) If "a" is less than or equal to "b": 0
- 2) If "a" exceeds "b" and is less than "b" × 137.5%:  $(a \div b - 1) \div 0.375 \times 1.5$
- 3) If "a" is 137.5% or more of "b": 1.5

Net profit after tax for the current consolidated fiscal year, which serves as a performance indicator, was ¥3,434 million, a 20.5

% increase from the net profit after taxes for the previous consolidated fiscal year (¥2,850 million). Short-term performance-linked remuneration was paid at 81% of the short-term performance remuneration base amount (¥34 million).

Short-term incentive coefficient =

(Current period consolidated net profit after tax: ¥3,434 million ÷ Previous period consolidated net profit after tax: ¥2,850 million - 1) ÷ 0.375 × 1.5 = 0.81

## (2) Subsidiaries of the Company

Performance-linked bonuses paid to directors of the Company's subsidiaries (limited to those who are officers of the Company) are based on GPP as an indicator, which is calculated by adding the IBTM profit margin to the net sales growth rate of the relevant subsidiary.

GPP = Sales growth rate + IBTM profit margin (Note)

Note: Sales growth rate = (sales for the current fiscal year / sales for the previous fiscal year) - 1

IBTM profit margin = IBTM / net sales

IBTM = net income before income taxes + management fee income (2.3% of prior year net sales) + employee stock remuneration (number of employees employed from July 1, 2024 to June 30, 2025 x ¥50 thousand) + trust processing fees

The number of performance-based bonuses is determined by multiplying the base number of performance-based bonuses by the short-term incentive coefficient, which is set in the range of 0% to 150% based on the degree of achievement of the GPP. The coefficient is calculated as follows:

- 1) If GPP is 17.3 points or less: 0
- 2) If GPP is more than 17.3 points but less than 22.3 points: (GPP - 17.3 points) / 10 points
- 3) If GPP is more than 22.3 points but less than or equal to 27.3 points: 0.5 + ((GPP - 22.3 points) / 20 points)
- 4) If GPP is more than 27.3 points but less than or equal to 42.3 points: 0.75 + ((GPP - 27.3 points) / 60 points)
- 5) If GPP is more than 42.3 points and less than or equal to 62.3 points: 1 + ((GPP - 42.3 points) / 40 points)
- 6) If GPP exceeds 62.3 points: 1.5

### A. AVANT CORPORATION

The GPP for the current fiscal year, an indicator, was 32.98 points.

As a result of applying this to the formula in 3) above, the short-term incentive coefficient is 0.84 as shown below, and therefore, 84% of the short-term performance-linked remuneration base amount (¥46 million) will be paid as short-term performance-linked remuneration.

Short-term incentive coefficient = 0.75 + (GPP: 32.98 points - 27.3 points) / 60 points = 0.84

### B. ZEAL CORPORATION

The GPP for the current fiscal year, an indicator, was 35.61 points.

As a result of applying this to the formula in 4) above, the short-term incentive coefficient is 0.88 as shown below, and therefore, 88% of the standard amount for short-term performance-linked remuneration (¥34 million) will be paid as short-term performance-

Short-term incentive coefficient = 0.75 + ((GPP: 35.61 - 27.3 points) / 60 points) = 0.88

### C. DIVA CORPORATION

The GPP for the current fiscal year, an indicator, was 42.62 points.

As a result of applying this to the formula in 5) above, the short-term incentive coefficient is 1.0 as shown below, and 100% of the standard short-term performance-linked remuneration amount (¥39 million) will be paid as short-term performance-linked remuneration.

Short-term incentive coefficient = 1 + ((GPP: 42.62 - 42.3 points) ÷ 40 points) = 1.0

## 2. Medium-term performance-linked remuneration

This is a performance-linked stock remuneration plan in which common stock of the Company is issued in accordance with the degree of achievement of performance targets.

Types of remuneration	Outline
Medium- to long-term performance-linked remuneration (stock)	<ul style="list-style-type: none"> <li>● To provide directors with incentives to enhance the Company's corporate value over the long term and to further promote value sharing between directors and shareholders, the Company will issue a number of common shares calculated according to the Company's stock growth rate, which is a representative indicator of the Company's corporate value during the applicable period, at the end of the applicable period.</li> <li>● The Company's stock growth rate is calculated by dividing the Company's TSR (Total Shareholder Return) during the applicable period by the growth rate of the Tokyo Stock Exchange Stock Price Index (TOPIX) during the applicable period.</li> <li>● Determined by the Board of Directors in October following the end of the applicable period and paid thereafter.</li> <li>● Monetary compensation claims will be paid to eligible directors, and the Company's shares will be issued by having them contribute all of such monetary compensation claims in kind upon the issuance of shares or disposal of treasury shares by the Company.</li> <li>● The events of the applicable period and other payment conditions are as follows.</li> </ul> <p>&lt;System before revision by resolution of the Ordinary General Meeting of Shareholders for the 27th term held on September 27, 2023&gt;</p> <ul style="list-style-type: none"> <li>· The applicable period is three years starting each term.</li> <li>· The number of common stock shares to be delivered is calculated by multiplying the number of shares determined by the Company's board of directors (base number of shares to be issued) by the share delivery ratio, which is determined in the range of 0% (when the Company's stock growth rate is less than 100%) to 100% (when the Company's stock growth rate exceeds 150%) according to the Company's stock growth rate during the applicable period.</li> <li>· However, for the Representative Director and President, no shares will be issued if the annual growth rate (CAGR) during the applicable period of adjusted earnings per share, calculated by dividing adjusted profits (profit attributable to owners of parent minus extraordinary income/loss (after tax)) by the average number of shares, falls below 18%.</li> </ul> <p>&lt;System after revision by resolution of the Ordinary General Meeting of Shareholders for the 27th term held on September 27, 2023 (Note)&gt;</p> <ul style="list-style-type: none"> <li>· The applicable period is one year (the initial applicable period is from September 2023 to September 2024).</li> <li>· Comprised of Part I and Part II, both of which are paid on the condition that there have been no certain misconduct or other events determined by the Company's board of directors during the applicable period.</li> </ul> <p>1) Part I: On the condition that the average closing price of the Company's common stock on the Tokyo Stock Exchange in the month when the applicable period ends (September of the following year) exceeds the average closing price in the month when the applicable period begins (September each year), the Company will deliver the number of common shares determined by the Company's Board of Directors.</p> <p>2) Part II: The number of common shares to be issued is calculated by multiplying the number of shares determined by the Company's Board of Directors (base number of shares to be issued) by the share delivery ratio, which is determined in the range of 0% (when the Company's stock growth rate is less than 100%) to 100% (when the Company's stock growth rate exceeds 150%) according to the Company's stock growth rate during the applicable period.</p>

Note: Regarding medium- to long-term performance-linked compensation (stocks), pursuant to the resolution of the 28th term Ordinary General Meeting of Shareholders held on September 25, 2024, for the applicable period from September 2024 to September 2025 and thereafter, the scheme has been changed to one in which common stock of the Company is issued through a trust established by monetary contributions from the Company, and has been revised to include transfer restrictions prohibiting transfer, establishment of security interests, or other disposition until immediately after the eligible director resigns from any title predetermined by the Company's Board of Directors, including director of the Company. There are no substantive changes to the amount paid per business year or the number of shares delivered to directors subject to the scheme.

< Illustration of medium- to long-term performance-linked remuneration (stock-based) under both new and former schemes >

	26th term (Fiscal Year ended June 30, 2022)	27th term (Fiscal Year ended June 30, 2023)	28th term (Fiscal Year ended June 30, 2024)	29th term (Fiscal Year ended June 30, 2025)	30th term (Fiscal Year ended June 30, 2026)	31st term (Fiscal Year ended June 30, 2027)
Evaluation Starting from 26th term (Pre-revision scheme)	Applicable period (3 years from September 2021)			Payment determination (October 2024)		
Evaluation Starting from 27th term (Pre-revision scheme)		Applicable period (3 years from September 2022)			Payment determination (Note 1) (October 2025)	
Evaluation Starting from 28th term (Post-revision scheme)			Applicable period (1 year from September 2023)	Payment determination (October 2024)		
Evaluation Starting from 29th term (Post-revision scheme)				Applicable period (1 year from September 2024)	Payment determination (Notes 1, 2) (October 2025)	
Evaluation Starting from 30th term (Post-revision scheme)					Applicable period (1 year from September 2025)	Payment determination (Notes 1, 2) (October 2026)

(Note 1) Since the decision on whether or not to grant these to the eligible directors will be made at the Board of Directors meeting held in October after the end of the applicable period, it has not yet been determined at this time whether or not the Company will issue its common shares, etc.

(Note 2) With respect to the shares to be issued, from the issue date, transfer restrictions will be imposed the director resign as a director or other positions predetermined by the Company's Board of Directors.

Regarding the medium- to long-term performance-linked compensation (stocks) for which decisions were made on whether to grant them in the current fiscal year, specifically those based on the pre-revision system with an applicable period from September 2021 to September 2024, the Company's TSR (Total Shareholder Return) during the applicable period was 137.3% (+37.3%), the TOPIX growth rate was 127.4% (+27.4%), and the Company's stock growth rate, which serves as the performance indicator, was 107.7% (+7.7%).

This corresponds to case 2): A is 100% or more and 112% or less in the share delivery ratio below, and therefore 21.2% of the standard number of shares to be issued, which is 6,579 shares, were issued.

Regarding the adjusted earnings per share annual growth rate set as a restriction for granting stock compensation to the Representative Director and President, the annual growth rate of adjusted earnings per share for the three-year period from September 2021 to September 2024 was 14.7%, which fell below the grant criterion of 18%, resulting in only one director being eligible.

$$\text{Medium-term performance-linked compensation (number of shares delivered)} \\ = \text{Base number of shares delivered} \times \text{Share delivery ratio}$$

Share delivery ratio

- ① If our company's stock growth rate (A) is less than 100%: 0
- ② If A is 100% or more but less than 112%:  $33\% \times (A - 100\%) \div 12\%$
- ③ If A is 112% or more but 150% or less:  $33\% + 67\% \times (A - 112\%) \div 38\%$
- ④ If A exceeds 150%: 100%

Our TSR (Total Shareholder Return)

(A) Growth rate of our company's stock

Simple average of our company's stock closing price in the final month of the applicable period (September, three years later) + total dividends per share paid from retained earnings during the applicable period

Simple average of our company's stock closing price in the starting month of the applicable period (September)

Our TSR during the applicable period

TOPIX growth rate during the applicable period

TOPIX growth rate

Simple average value of TOPIX in the final month of the applicable period (September, three years later)

Simple average value of TOPIX in the starting month of the applicable period (September)

Of the medium- to long-term performance-linked compensation (stock) for which decisions were made regarding whether to grant them in the current fiscal year, those based on the revised system

Regarding the applicable period from September 2023 to September 2024, since the average closing price of the Company's common stock on the Tokyo Stock Exchange in September 2024 exceeded the average closing price of the Company's common stock on the Tokyo Stock Exchange in September 2023 in relation to Part I, 14,507 shares were issued to the two eligible directors.

Regarding Part II, the Company's TSR (Total Shareholder Return) during the applicable period was 156.3% (+56.3%),

The TOPIX growth rate was 110.5% (+10.5%), while our company's stock growth rate, which serves as a performance indicator, was 141.5% (+41.5%).

This corresponds to case 3): A is 112% or more and 150% or less in the share delivery ratio below, and therefore 85% of the standard number of shares to be issued, which is 14,507 shares, were issued.

$$\text{Medium-term performance-linked compensation (number of shares delivered)} \\ = \text{Base number of shares delivered} \times \text{Share delivery ratio}$$

Share delivery ratio

- ① If our company's stock growth rate (A) is less than 100%: 0
- ② If A is 100% or more but less than 112%:  $33\% \times (A - 100\%) \div 12\%$
- ③ If A is 112% or more but 150% or less:  $33\% + 67\% \times (A - 112\%) \div 38\%$
- ④ If A exceeds 150%: 100%

Our TSR (Total Shareholder Return)

(A) Growth rate of our company's stock

Simple average of our company's stock closing price in the final month of the applicable period (September, one year later) + total dividends per share paid from retained earnings during the applicable period

Simple average of our company's stock closing price in the starting month of the applicable period (September)

Our TSR during the applicable period

TOPIX growth rate during the applicable period

TOPIX growth rate

Simple average value of TOPIX in the final month of the applicable period (September, one year later)

Simple average value of TOPIX in the starting month of the applicable period (September)

3) Total amount of remuneration, etc. by officer category, total amount by type of remuneration, and number of eligible directors

Category	Total amount of remuneration, etc.	Total amount by type of remuneration			Number of eligible directors
		Fixed remuneration (monetary)	Short-term performance-linked remuneration (monetary)	Medium- to long-term performance-linked remuneration (stock)	
Directors (excluding Audit Committee Members) (of which, outside directors)	¥200 million (¥20 million)	¥108 million (¥20 million)	¥27 million (-)	¥64 million (-)	4 persons (2 persons)
Directors (Audit Committee Members) (of which, outside directors)	¥38 million (¥22 million)	¥38 million (¥22 million)	- (-)	- (-)	3 persons (2 persons)
Total (Outside directors)	¥239 million (¥42 million)	¥146 million (¥42 million)	¥27 million (-)	¥64 million (-)	7 persons (4 persons)

4) Total amount of consolidated remuneration, etc. per director

Name	Total amount of remuneration, etc.	Officer category	Company category	Total amount by type of remuneration		
				Fixed remuneration (monetary)	Short-term performance-linked remuneration (monetary)	Medium- to Long-term Performance-linked Remuneration (Stocks)
Tetsuji Morikawa	¥115 million	Director	The Company	¥55 million	¥19 million	¥39 million

Note. Only those whose total amount of remuneration, etc. is ¥100 million or more on a consolidated basis are listed.

5) Significant employee salaries of officers who also serve as employees

Not applicable.

6) Performance-linked remuneration for directors (excluding directors who are members of the Audit Committee Members) for the next fiscal year

• Purpose, basis for indicators, and specific calculation methods of performance-linked bonuses and performance-linked stock remuneration,

(1) The Company

1. Short-term performance-linked remuneration

Short-term performance-linked remuneration will continue to be as described in "1. Short-term performance-linked remuneration" in 2) above.

2. Medium-term performance-linked remuneration

Medium-term performance-linked remuneration will continue as described in "2. Medium-term performance-linked remuneration" in 2) above.

(2) Subsidiaries of the Company

The short-term performance-linked remuneration will continue under the system described in "1. Short-term performance-linked remuneration" (2) as applied to subsidiaries of the filing company in 2) above.

In order to consistently perform development and maintenance operations related to LCA and other services, a portion of maintenance operations will be transferred from AVANT CORPORATION to DIVA CORPORATION from July 2025 onward. For the GPP (performance-linked compensation indicator) calculations for July 2025 to June 2026 (and thereafter), both the previous year and current year figures will adopt the post-transfer values.

Additionally, for the payment of short-term performance-linked remuneration at VISTA CORPORATION, which will be newly added from the next fiscal year, the Group plan to calculate the payment amount using the following three performance indicators.

1) Knockout requirement (achieving positive operating profit)

The achievement of operating profit is set as a knockout requirement for the payment of performance-linked bonuses, and if this requirement is not met, bonuses will not be paid regardless of the net sales achievement rate.

\*In the event that the payment of short-term performance-linked remuneration would result in a deficit, the short-term performance-linked remuneration in 2) will be paid with the upper limit being the achievement of profitability.

2) Payment rate based on net sales achievement ratio (0-100%)

The payout rate will be determined based on the following criteria according to the achievement rate against the net sales target.

- When net sales are less than ¥14 million: Payment rate 0%
- When net sales are ¥14 million or more and ¥100 million or less: Payout rate =  $10 \div 8.6 \times (\text{net sales result} - 14)$
- When net sales exceed ¥100 million: Payment rate 100% (upper limit)

3) Additional payment based on profit target achievement rate (101-150%)

\*Item 3) above will be applied only when item 2) above is 100% achieved.

When operating profit exceeds ¥30 million, an amount equivalent to 40% of such excess shall be used as the source of funds for additional payments to the two full-time directors. The upper limit of such additional payment shall be 1.5 times the amount when short-term performance-linked remuneration (in-kind remuneration) is paid at 100% and shall be appropriately allocated based on such remuneration scale.

(3) Composition of directors' remuneration

The ratio of fixed remuneration and performance-linked remuneration for directors (excluding directors who are Audit Committee Members) is as follows, using the achievement of performance targets as a reference (based on a coefficient of 100% for performance-linked bonuses).

	Fixed remuneration (monetary)	Short-term performance-linked remuneration (monetary)	Medium-term performance- linked remuneration (stocks)
Directors (excluding Directors who are Audit Committee Members)	45%~50%	15%~20%	35%

Since outside directors are independent from the execution of business, they are paid only fixed remuneration.

(5) Shareholdings

1) Criteria and approach to classification of investment shares

The Company classifies investment shares held for pure investment purposes as those held exclusively for the purpose of receiving profits from changes in the value of those shares or dividends related to those shares, whereas it classifies other investment shares as investment shares held for purposes other than pure investment.

2) Investment shares held for purposes other than pure investment

Not applicable.

(Issues experiencing increased ownership during the fiscal year)

Not applicable.

(Issues experiencing decreased ownership during the fiscal year)

Not applicable.

3) Investment shares held for pure investment purposes

Category	Current fiscal year		Previous fiscal year	
	Number of issues	Total amount on balance sheet (millions of yen)	Number of issues	Total amount on balance sheet (millions of yen)
Unlisted stocks	1	0	1	0
Stocks other than unlisted stocks	-	-	1	408
Category	Current fiscal year			
	Total dividends received (millions of yen)	Total gain/loss on sale (millions of yen)	Total valuation gains/losses (millions of yen)	
Unlisted stocks	0	-	-	-
Stocks other than unlisted stocks	7	318	-	-

## 5 Financial Information

### 1. Method of preparation of consolidated financial statements and financial statements

(1) The consolidated financial statements of the Company are prepared in accordance with the "Regulations Concerning the Terminology, Forms and Preparation Method of Consolidated Financial Statements" (Ministry of Finance Ordinance No. 28, 1976, hereinafter referred to as the "Regulations for Consolidated Financial Statements").

(2) The Company's financial statements are prepared in accordance with the "Regulations Concerning Terms, Forms and Preparation Method of Financial Statements, etc." (Ministry of Finance Ordinance No. 59, 1963, hereinafter referred to as "Regulations for Financial Statements, etc.").

In addition, the Company falls under the category of a company submitting special financial statements and prepares financial statements in accordance with Article 127 of the Regulations Concerning Financial Statements, etc.

### 2. Audit attestation

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Law, the Company's consolidated financial statements for the consolidated fiscal year (July 1, 2024 to June 30, 2025) and financial statements for the business year (July 1, 2024 to June 30, 2025) have been audited by Deloitte Touche Tohmatsu LLC.

### 3. Special efforts to ensure the appropriateness of consolidated financial statements, etc.

The Company takes special measures to ensure the appropriateness of consolidated financial statements, etc. Specifically, the Company has joined the Financial Accounting Standards Foundation (FASF) in order to appropriately grasp the contents of accounting standards, etc., and to establish a system that enables it to respond accurately to changes in accounting standards, etc.

1. Consolidated financial statements, etc.

(1) Consolidated financial statement

1) Consolidated balance sheet

(Thousands of yen)

	Previous fiscal year (June 30, 2024)	Current fiscal year (June 30, 2025)
<b>Assets</b>		
Current assets		
Cash and deposits	10,874,892	14,593,169
Notes and accounts receivable - trade, and contract assets	*1 4,440,280	*1 4,228,796
Securities	500,000	500,000
Work in process	5,880	17,868
Raw materials and supplies	81,871	55,016
Prepaid expenses	1,120,837	1,163,320
Accounts receivable - other	518,540	5,728
Deposits paid	527,976	314
Other	135,407	205,244
Allowance for doubtful accounts	(4,141)	(3,516)
<b>Total current assets</b>	<b>18,201,545</b>	<b>20,765,941</b>
Non-current assets		
Property, plant and equipment		
Buildings	561,381	691,499
Accumulated depreciation	(233,278)	(341,024)
Buildings, net	328,102	350,475
Vehicles	1,956	1,956
Accumulated depreciation	(936)	(1,956)
Vehicles, net	1,020	0
Tools, furniture and fixtures	748,417	653,884
Accumulated depreciation	(588,552)	(501,797)
Tools, furniture and fixtures, net	159,864	152,087
Right-of-use assets	-	30,968
Accumulated depreciation	-	(3,946)
Right-of-use assets, net	-	27,022
Construction in progress	-	19,580
<b>Total property, plant and equipment</b>	<b>488,987</b>	<b>549,165</b>
Intangible assets		
Trademark rights	42,527	37,802
Software	609,376	342,474
Other	225	225
<b>Total intangible assets</b>	<b>652,129</b>	<b>380,502</b>
Investments and other assets		
Investment securities	1,037,000	830,184
Long-term prepaid expenses	19,118	10,158
Leasehold and guarantee deposits	630,981	826,752
Deferred tax assets	728,290	864,785
Other	138,853	145,566
<b>Total investments and other assets</b>	<b>2,554,243</b>	<b>2,677,446</b>
<b>Total non-current assets</b>	<b>3,695,360</b>	<b>3,607,114</b>
<b>Total assets</b>	<b>21,896,905</b>	<b>24,373,055</b>

(Thousands of yen)

	Previous fiscal year (June 30, 2024)	Current fiscal year (June 30, 2025)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	801,391	769,142
Lease liabilities	6,005	6,112
Accounts payable - other, and accrued expenses	850,208	783,077
Income taxes payable	984,232	797,648
Contract liabilities	3,345,483	3,766,666
Asset retirement obligations	-	49,224
Provision for bonuses	1,319,768	1,232,404
Provision for bonuses for directors (and other officers)	170,155	140,888
Provision for loss on orders received	17,912	11,363
Provision for stock benefits	129,618	131,442
Accrued consumption taxes	461,061	523,566
Deposits received	221,975	227,053
Other	-	2,030
<b>Total current liabilities</b>	<b>8,307,815</b>	<b>8,440,619</b>
<b>Non-current liabilities</b>		
Lease liabilities	-	27,111
Asset retirement obligations	295,362	305,984
Deferred tax liabilities	-	1,350
<b>Total non-current liabilities</b>	<b>295,362</b>	<b>334,446</b>
<b>Total liabilities</b>	<b>8,603,177</b>	<b>8,775,065</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	345,113	345,113
Capital surplus	281,913	417,417
Retained earnings	13,763,738	16,490,130
Treasury shares	(1,396,622)	(1,688,845)
<b>Total shareholders' equity</b>	<b>12,994,141</b>	<b>15,563,815</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	224,019	(1,193)
Deferred gains or losses on hedges	2,862	(2,921)
Foreign currency translation adjustment	72,704	22,354
<b>Total accumulated other comprehensive income</b>	<b>299,586</b>	<b>18,239</b>
<b>Non-controlling interests</b>	<b>-</b>	<b>15,934</b>
<b>Total net assets</b>	<b>13,293,728</b>	<b>15,597,989</b>
<b>Total liabilities and net assets</b>	<b>21,896,905</b>	<b>24,373,055</b>

2) Consolidated statement of income and statement of comprehensive income  
Consolidated statement of income

(Thousands of yen)

	Previous fiscal year (July 1, 2023 to June 30, 2024)		Current fiscal year (July 1, 2024 to June 30, 2025)	
Net sales	*1	24,419,760	*1	28,227,703
Cost of sales	*3	13,491,038	*3	15,649,179
Gross profit		10,928,722		12,578,523
Selling, general and administrative expenses				
Remuneration for directors (and other officers)		401,146		424,236
Employees' salaries and bonuses		1,807,230		2,149,746
Provision for bonuses		1,277,449		1,225,693
Provision for bonuses for directors (and other officers)		167,627		206,777
Legal welfare expenses		281,454		338,761
Share-based payment expenses		145,975		143,954
Outsourcing expenses		97,870		160,216
Rent expenses on land and buildings		184,546		218,777
Utilities expenses		82,190		80,696
Commission expenses		858,541		1,005,262
Depreciation		259,901		267,495
Research and development expenses	*2	190,124	*2	360,974
Other		1,075,538		1,391,782
Total selling, general and administrative expenses		6,829,599		7,974,374
Operating profit		4,099,123		4,604,149
Non-operating income				
Interest income		109		11,572
Dividend income		12,296		11,238
Gain on investments in investment partnerships		12,864		-
Foreign exchange gains		-		1,641
Subsidy income		9,404		16,593
Other		15,875		4,521
Total non-operating income		50,550		45,566
Non-operating expenses				
Interest expenses		243		1,751
Loss on investments in investment partnerships		13,750		16,035
Commission expenses		10,863		17,079
Foreign exchange losses		2,483		-
Share issuance costs		-		91
Other		589		1,738
Total non-operating expenses		27,929		36,696
Ordinary profit		4,121,744		4,613,019

(Thousands of yen)

	Previous fiscal year (July 1, 2023 to June 30, 2024)	Current fiscal year (July 1, 2024 to June 30, 2025)
<b>Extraordinary profit</b>		
Gain on sales of investment securities	-	318,265
Insurance income	*4 14,030	300
Penalty income	*5 16,961	-
<b>Total extraordinary income</b>	<b>30,991</b>	<b>318,565</b>
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	-	252
Loss on cancellation of leases	-	86
Settlement money	*6 21,076	-
<b>Total extraordinary losses</b>	<b>21,076</b>	<b>339</b>
<b>Profit before income taxes</b>	<b>4,131,659</b>	<b>4,931,245</b>
Income taxes - current	1,475,358	1,535,316
Income taxes - deferred	(194,621)	(33,485)
<b>Total income taxes</b>	<b>1,280,736</b>	<b>1,501,831</b>
<b>Profit</b>	<b>2,850,922</b>	<b>3,429,414</b>
Profit attributable to non-controlling interests	-	(5,273)
<b>Profit attributable to owners of parent</b>	<b>2,850,922</b>	<b>3,434,688</b>

## Consolidated statement of comprehensive income

(Thousands of yen)

	Previous fiscal year (July 1, 2023 to June 30, 2024)	Current fiscal year (July 1, 2024 to June 30, 2025)
Profit	2,850,922	3,429,414
Other comprehensive income		
Valuation difference on available-for-sale securities	40,093	(225,212)
Deferred gains or losses on hedges	2,560	(5,784)
Foreign currency translation adjustment	32,292	(51,821)
Total other comprehensive income	*1 74,946	*1 (282,818)
Comprehensive income	2,925,868	3,146,596
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,925,868	3,153,341
Comprehensive income attributable to non-controlling interests	-	(6,745)

3) Consolidated statement of changes in net assets  
Previous fiscal year (July 1, 2023 to June 30, 2024)

(Thousands of yen)

	Shareholders' equity					Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares		
Balance at beginning of period	345,113	281,913	11,477,458	(608)		12,103,876
Changes during period						
Dividends of surplus			(564,642)			(564,642)
Disposal of treasury shares						-
Increase in consolidated subsidiaries - non-controlling interests						-
Profit attributable to owners of parent			2,850,922			2,850,922
Purchase of treasury shares				(477,635)		(477,635)
Purchase of treasury shares				(918,379)		(918,379)
Net changes in items other than shareholders' equity						
Total changes during period	-	-	2,286,279	(1,396,014)		890,264
Balance at end of period	345,113	281,913	13,763,738	(1,396,622)		12,994,141
	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	183,925	302	40,411	224,639	-	12,328,516
Changes during period						
Dividends of surplus						(564,642)
Disposal of treasury shares						-
Increase in consolidated subsidiaries - non-controlling interests						-
Profit attributable to owners of parent						2,850,922
Purchase of treasury shares						(477,635)
Purchase of treasury shares						(918,379)
Net changes in items other than shareholders' equity	40,093	2,560	32,292	74,946	-	74,946
Total changes during period	40,093	2,560	32,292	74,946	-	965,211
Balance at end of period	224,019	2,862	72,704	299,586	-	13,293,728

Current fiscal year (July 1, 2024 to June 30, 2025)

(Thousands of yen)

	Shareholders' equity					Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	345,113	281,913	13,763,738	(1,396,622)	12,994,141	-	13,293,728
Changes during period							
Dividends of surplus			(708,296)		(708,296)		(708,296)
Disposal of treasury shares		135,504		409,041	544,545		544,545
Increase in consolidated subsidiaries - non-controlling interests							
Profit attributable to owners of parent			3,434,688		3,434,688		3,434,688
Purchase of treasury shares				(351,351)	(351,351)		(351,351)
Purchase of treasury shares				(349,911)	(349,911)		(349,911)
Net changes in items other than shareholders' equity							
Total changes during period	-	135,504	2,726,391	(292,222)	2,569,673		2,304,261
Balance at end of period	345,113	417,417	16,490,130	(1,688,845)	15,563,815		15,597,989
	Accumulated other comprehensive income				Non-controlling interests	Total net assets	
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	224,019	2,862	72,704	299,586	-	13,293,728	
Changes during period							
Dividends of surplus						(708,296)	
Disposal of treasury shares						544,545	
Increase in consolidated subsidiaries - non-controlling interests					22,680	22,680	
Profit attributable to owners of parent						3,434,688	
Purchase of treasury shares						(351,351)	
Purchase of treasury shares						(349,911)	
Net changes in items other than shareholders' equity	(225,212)	(5,784)	(50,349)	(281,346)	(6,745)	(288,091)	
Total changes during period	(225,212)	(5,784)	(50,349)	(281,346)	15,934	2,304,261	
Balance at end of period	(1,193)	(2,921)	22,354	18,239	15,934	15,597,989	

## 4) Consolidated statement of cash flows

(Thousands of yen)

	Previous fiscal year (July 1, 2023 to June 30, 2024)	Current fiscal year (July 1, 2024 to June 30, 2025)
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,131,659	4,931,245
Depreciation	543,472	506,567
Insurance income	(14,030)	(300)
Penalty income	(16,961)	-
Settlement money	21,076	-
Increase (decrease) in allowance for doubtful accounts	519	(625)
Increase (decrease) in provision for bonuses	281,438	(87,363)
Increase (decrease) in provision for bonuses for directors (and other officers)	(2,225)	(29,266)
Increase (decrease) in provision for loss on orders received	(43,681)	(6,549)
Increase (decrease) in provision for share benefits	129,618	1,823
Interest and dividend income	(12,406)	(22,810)
Interest expenses	243	1,751
Commission expenses	10,863	17,079
Share issuance costs	-	91
Loss (gain) on investments in investment partnerships	886	16,035
Subsidy income	(9,404)	(16,593)
Share-based payment expenses	16,906	9,704
Decrease (increase) in notes and accounts receivable trade and contract assets	(1,476,902)	211,272
Decrease (increase) in inventories	38,545	14,867
Decrease (increase) in prepaid expenses	(284,188)	(12,569)
Increase (decrease) in trade payables	166,633	(32,245)
Increase (decrease) in accounts payable - other, and accrued expenses	400,793	(327,789)
Increase (decrease) in accrued consumption taxes	110,242	62,504
Loss (gain) on sale of investment securities	(205)	(318,265)
Loss (gain) on sale and retirement of property, plant and equipment	-	140
Increase (decrease) in contract liabilities	549,397	421,182
Increase (decrease) in deposits received	37,706	5,077
Other	(223,055)	480,659
Subtotal	4,356,941	5,825,623
Interest and dividends received	12,406	16,548
Interest paid	(243)	(1,751)
Subsidies received	9,404	16,593
Amount of insurance proceeds received	14,030	300
Penalty payments received	16,961	-
Settlement payments	(21,076)	-
Income taxes paid	(1,273,477)	(1,727,241)
Income tax refund	565,680	339,657
Cash flows from operating activities	3,680,627	4,469,729

(Thousands of yen)

	Previous fiscal year (July 1, 2023 to June 30, 2024)	Current fiscal year (July 1, 2024 to June 30, 2025)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(159,798)	(75,541)
Purchase of intangible assets	(222,203)	(56,484)
Purchase of investment securities	(189,992)	(242,731)
Payments of leasehold and guarantee deposits	(55,737)	(344,289)
Proceeds from refund of leasehold and guarantee deposits	-	149,599
Purchase of insurance funds	(4,459)	(4,459)
Proceeds from sale and redemption of investment securities	1,516	410,025
Payments into time deposits	-	(37,590)
Other	(195)	228
<b>Cash flows from investing activities</b>	<b>(630,871)</b>	<b>(201,243)</b>
<b>Cash flows from financing activities</b>		
Repayments of finance lease liabilities	(12,291)	(9,024)
Commission fee paid	(8,962)	(17,083)
Purchase of treasury shares	(1,396,014)	(701,263)
Dividends paid	(564,642)	(708,296)
Proceeds from share issuance to non-controlling shareholders	-	22,680
Proceeds from sale of treasury shares	-	376,265
Other	-	(91)
<b>Cash flows from financing activities</b>	<b>(1,981,911)</b>	<b>(1,036,813)</b>
Effect of exchange rate change on cash and cash equivalents	27,428	(46,212)
Net increase (decrease) in cash and cash equivalents	1,095,273	3,185,460
Cash and cash equivalents at beginning of period	10,881,311	11,976,585
Cash and cash equivalents at end of period	*1 11,976,585	*1 15,162,045

[Notes to consolidated financial statements]

(Significant accounting policies for preparation of consolidated financial statements)

1. Scope of consolidation

All subsidiaries are consolidated.

Number of consolidated subsidiaries: 7 companies

AVANT CORPORATION

Internet Disclosure, Inc,

ZEAL CORPORATION

DIVA CORPORATION

DIVA CORPORATION OF AMERICA

DivaCygnet Private Limited

VISTA CORPORATION

From the current fiscal year, DivaCygnet Private Limited and VISTA Co., Ltd. have been included in the scope of consolidation as they were newly established.

2. Application of equity method

Not applicable.

3. Fiscal year of consolidated subsidiaries

Among the consolidated subsidiaries, the fiscal year-end of DivaCygnet Private Limited is March 31. In preparing the consolidated financial statements, the Group uses the financial statements as of that fiscal year-end date. However, necessary adjustments for consolidation are made for significant transactions that occurred between that fiscal year-end date and the consolidated fiscal year-end date.

4. Matters concerning accounting policies

(1) Valuation standards and methods for significant assets

1) Securities

Held-to-maturity debt securities

Amortized cost method (straight-line method)

Other securities

Stocks, etc. with no market price other than what is stated above

Market value method (any valuation differences are directly charged or credited to net assets and the cost of securities sold is determined by the moving-average method)

Securities with no readily discernible value

Stated at cost by the moving-average method

For investments in limited liability investment partnerships (deemed securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Law), the Company uses the most recent financial statements available according to the financial reporting date stipulated in the partnership agreement as the basis for calculating the net amount of the Company's interest.

2) Inventories

I Work in process

Cost method based on the specific cost method (the amount on the balance sheet is calculated by writing down the book value of assets which decreased in profitability)

II Raw materials

Cost method based on the first-in, first-out method (the amount on the balance sheet is calculated by writing down the book value of assets which decreased in profitability)

III Supplies

Cost method based on the specific cost method (the amount on the balance sheet is calculated by writing down the book value of assets which decreased in profitability)

(2) Depreciation and amortization method for significant depreciable assets

1) Property, plant and equipment (excluding leased assets and right-of-use assets)

Declining-balance method

However, for facilities attached to buildings, assets acquired on or after April 1, 2016, the straight-line method is used.

Principal useful life

Buildings: 3 to 11 years

Tools, furniture and fixtures: 3 to 15 years

- 2) Intangible assets
  - Straight-line method
  - Principal useful life
  - Software
    - I Software for sale in the market
      - Amortization based on estimated sales revenue within the estimated sales period (3 years)
    - II Software for internal use
      - The useful life is based on the estimated period of internal use (ranging from 3 to 5 years).
  - Trademark rights
    - 10 years
- 3) Leased assets
  - Leased assets for finance lease transaction other than title transfer
    - Straight-line method over the lease term with a residual value of zero.
- 4) Right-of-use assets
  - Straight-line method 5 years
- (3) Accounting for significant deferred assets
  - 1) Share issuance costs
    - The entire amount is expensed at the time of expenditure.
- (4) Basis for significant reserves
  - 1) Allowance for doubtful accounts
    - To provide for possible losses from bad debts, the allowance for doubtful accounts is recorded based on historical loss rates for general receivables, and for specific receivables such as doubtful receivables, the uncollectible amount is estimated based on individual assessments of collectability.
  - 2) Provision for bonuses
    - To provide for bonuses to be paid to employees, the amount attributable to the current consolidated fiscal year is recorded based on the estimated amount of payment.
  - 3) Provision for bonuses for directors (and other officers)
    - To provide bonuses to officers, the amount accrued for the current fiscal year is recorded based on the estimated amount of payment.
  - 4) Provision for loss on orders received
    - The Company provides for future losses on projects related to order contracts for which future losses are expected as of the end of the consolidated fiscal year and for which such losses can be reasonably estimated.
  - 5) Provision for stock benefits
    - To provide for the delivery of the Company's shares to employees and officers in accordance with the stock delivery regulations, the Company records an amount based on the estimated stock benefit obligation at the end of the consolidated fiscal year.
- (5) Basis for recording significant revenues and expenses
  - The Group recognizes revenue for contracts with clients at the amount of consideration to which it expects to be entitled in exchange for the promised goods or services when control of the promised goods or services is transferred to the clients, by applying the five-step approach described below.
    - Step 1: Identify the contract with the customer
    - Step 2: Identify performance obligations in the contract
    - Step 3: Calculate the transaction price
    - Step 4: Allocate the transaction price to the performance obligations in the contract
    - Step 5: Recognize revenue when (or as) performance obligations are satisfied
  - The Group is engaged in Consolidated Financial Disclosure Business, Digital Transformation Promotion Business, and Management Solutions Business.
    - Consolidated Financial Disclosure Business mainly provides outsourcing services for consolidated financial statements.
    - Since control over the services is transferred to clients when the services are rendered, the performance obligation is deemed to be satisfied based on the degree of progress in rendering the services, and revenue is recognized over the term of contract.

Digital Transformation Promotion Business mainly provides system integration services for the use of information called BI (Business Intelligence), support services for the introduction of cloud data platforms, and sales and maintenance of software licenses and hardware.

In the sale of software licenses, the performance obligation is deemed to be satisfied when the licenses are granted to clients, and revenue is recognized on a net basis as an agency transaction when the licenses are granted.

For system development services, the Company determines that performance obligations are satisfied according to the degree of development progress and recognizes revenue based on the percentage of progress.

For maintenance services, the Company recognizes revenue over the term of contract, based on the judgment that the performance obligation will be satisfied over the term of contract.

The Management Solutions Business sells licenses of DivaSystem, a proprietary software package for consolidated management and consolidated accounting, provides consulting services for its introduction, and offers ongoing maintenance services, including version upgrades after the product is put into operation.

In license sales, the performance obligation is deemed to be satisfied when the license is granted to clients, and revenue is recognized as goods or services transferred at a point in time.

In the case of implementation consulting services, the Company recognizes revenue based on the percentage of progress in implementing DivaSystem for clients, determining that performance obligations are satisfied according to the degree of progress.

For maintenance services, the Company recognizes revenue over the term of contract, based on the judgment that the performance obligation will be satisfied over the term of contract.

The consideration for the transaction is received within one year of satisfaction of the performance obligation and does not include a significant financing component.

#### (6) Standards for translation of significant assets and liabilities denominated in foreign currencies into Japanese currency

Foreign currency-denominated monetary claims and obligations are translated into Japanese yen at the spot exchange rate in effect at the consolidated balance sheet date, with exchange differences recognized as gains or losses.

In addition, Assets and liabilities of foreign subsidiaries are translated into yen at the spot exchange rate prevailing on the consolidated balance sheet date, while revenues and expenses are translated into yen at the average exchange rate during the period, with the differences resulting from such translation included in the foreign currency translation adjustment in the net assets section.

#### (7) Significant hedge accounting methods

##### 1) Hedge accounting

Deferred hedge accounting is adopted.

##### 2) Hedging instruments and hedged items

Hedging instrument ... Foreign currency deposits

Hedged items ... Anticipated transactions denominated in foreign currencies

##### 3) Hedging policy

The Company uses foreign currency deposits for the purpose of avoiding the risk of exchange rate fluctuations. The Company's policy is to use foreign currency deposits only within the scope of actual demand and not to conduct transactions for speculative purposes.

##### 4) Methods of evaluating the effectiveness of hedging

Since the material terms of hedging instruments and hedged items are the same and the cash flow fluctuations can be offset after the commencement of hedging, the assessment of effectiveness as of the consolidated balance sheet date is omitted.

#### (8) Scope of funds in consolidated statements of cash flows

Cash on hand, readily available deposits, and short-term investments with maturities of three months or less at the time of acquisition that are readily convertible to cash and are exposed to insignificant risk of changes in value.

#### (9) Application of group relief system

The Company and its domestic subsidiaries apply the Group Relief System, and in accordance with the "Treatment of Accounting and Disclosure when Applying the Group Relief System " (Practical Solution No. 42, August 12, 2021), perform accounting for corporate and local income taxes or tax effect accounting related to these taxes, as well as related disclosures.

(Significant accounting estimates)

Not applicable.

(Changes in accounting policies)

(Application of "Accounting Standards for Income Taxes - Current")

The "Accounting Standard for Income Taxes - Current" (ASBJ Statement No. 27, October 28, 2022, hereinafter referred to as the "2022 Revised Accounting Standards") and others have been applied from the beginning of the current fiscal year.

Regarding the amendments to the category of income taxes (taxation on other comprehensive income), the Group has followed the transitional treatment prescribed in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standards and the transitional treatment prescribed in the proviso to Paragraph 65-2(2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "2022 Revised Guidance"). These changes in accounting policies have no impact on the consolidated financial statements.

In addition, regarding amendments related to the revision of the treatment in consolidated financial statements when deferring gains or losses on the sale of shares of subsidiaries and other securities between consolidated companies for tax purposes, the Group has applied the 2022 revised application guidance from the beginning of the current fiscal year. This has no impact on the consolidated financial statements.

(New accounting standards not yet applied)

(Accounting standards for leases, etc.)

- "Accounting Standards for Leases, etc." (ASBJ Statement No. 34, September 13, 2024)
- "Implementation Guidance on Accounting Standards for Leases" (ASBJ Guidance No. 33, September 13, 2024)

In addition, amendments to related ASBJ Statements, ASBJ Guidance, Practical Solutions, and Transition Guidance

(1) Overview

Similar to international accounting standards, this establishes the treatment requiring the recognition of assets and liabilities for all leases by lessees.

(2) Scheduled date of application

The Company plans to apply the new standard from the beginning of the fiscal year ending June 30, 2028.

(3) Effect of adoption of the accounting standard

The impact on the consolidated financial statements from the application of the "Accounting Standards for Leases, etc." and related standards is currently under evaluation.

(Additional information)

(Transaction for Employee Share Issuance Trust)

The Company has introduced a stock issuance trust as a welfare benefit for its employees and officers (hereinafter referred to as "Employees, etc.") and as an incentive to enhance the Company's corporate value.

1. Outline of the transaction

Under this plan, based on the share issuance regulations established in advance by the Company, points are granted to employees, etc. who meet certain requirements, and Company shares are issued to those employees, etc. who meet the requirements to be beneficiaries as stipulated in the share issue regulations, corresponding to the number of points granted to the beneficiaries. The Company acquires the shares to be granted to the beneficiaries in accordance with the amount set in the trust in advance, including future grants, and manages them separately as trust assets.

2. Company shares remaining in the trust

The book value of the Company's shares remaining in the trust (excluding the amount of incidental expenses) is recorded as treasury shares in the net assets section. The book value and number of shares of such treasury shares were ¥918,379 thousand and 652,300 shares at the end of the previous consolidated fiscal year and ¥788,116 thousand and 559,778 shares at the end of the current consolidated fiscal year.

(Performance-linked share-based remuneration plan for directors)

The Company has introduced a stock compensation plan using a trust (hereinafter referred to as the "Plan") for directors (excluding Audit Committee Members and outside directors) beginning in the fiscal year ended June 30, 2025 (29th fiscal year).

The purpose of this system is to provide directors (excluding directors who are Audit Committee Members and outside directors) with longer-term incentives for enhancing corporate value, including the period after the shares have been delivered.

1. Outline of the transaction

This system is a stock compensation plan in which a trust established by the Company through monetary contributions (hereinafter referred to as the "Trust") acquires common stock of the Company (hereinafter referred to as "Company Shares"), and Company Shares corresponding to the number of points granted by the Company to each director are issued to each director through the Trust.

2. Company shares remaining in the trust

The Company shares remaining in the trust are recorded as treasury shares in net assets at the book value in the trust (excluding incidental expenses). The book value and number of shares of such treasury shares at the end of the consolidated fiscal year were ¥349,911 thousand and 178,800 shares, respectively.

(Consolidated balance sheet)

\*1 Of notes and accounts receivable - trade, and contract assets, the number receivable from contracts with customers and the amount of contract assets are respectively as follows.

	Previous fiscal year (June 30, 2024)	Current fiscal year (June 30, 2025)
Notes receivable - trade	21,659 thousand yen	- thousand yen
Accounts receivable -trade	3,593,552 thousand yen	3,486,990 thousand yen
Contract assets	825,069 thousand yen	741,805 thousand yen

\*2. The Company has loan commitment contracts with three banks for the efficient procurement of working capital. The balances of unexecuted loans related to loan commitments at the end of the business year are as follows.

	Previous fiscal year (June 30, 2024)	Current fiscal year (June 30, 2025)
Total amount of loan commitments	3,500,000 thousand yen	3,500,000 thousand yen
Outstanding balance	- thousand yen	- thousand yen
Balance	3,500,000 thousand yen	3,500,000 thousand yen

(Consolidated statement of income)

\*1. Sales from contracts with customers

Net sales are not broken down into categories of revenue from contracts with customers and other revenue. The amount of revenue from contracts with customers is presented in the consolidated financial statements under "Notes - Revenue Recognition" in "1. Breakdown of net sales from contracts with customers.

\*2. Total amount of research and development expenses

	Previous fiscal year (July 1, 2023 to June 30, 2024)	Current fiscal year (July 1, 2024 to June 30, 2025)
Research and development expenses included in general and administrative expenses	190,124 thousand yen	360,974 thousand yen

\*3. Provision for loss on orders received included in cost of sales

	Previous fiscal year (July 1, 2023 to June 30, 2024)	Current fiscal year (July 1, 2024 to June 30, 2025)
	(43,681) thousand yen	(6,549) thousand yen

\*4. Insurance income

Previous fiscal year (July 1, 2023 to June 30, 2024)

The Company recorded insurance claims for losses incurred between the Company and its clients arising from or related to unexpected processing associated with the use of external cloud services.

\*5. Penalty income

Previous fiscal year (July 1, 2023 to June 30, 2024)

The Company recorded penalty income associated with the termination of a partnership agreement due to the counterparty's circumstances.

\*6. Settlement money

Previous fiscal year (July 1, 2023 to June 30, 2024)

The Company recorded losses incurred with its clients due to or in connection with unexpected processing associated with the use of external cloud services.

(Consolidated statement of comprehensive income)

\*1. Reclassification adjustments related to other comprehensive income, and amounts of income taxes and tax effects

	Previous fiscal year (July 1, 2023 to June 30, 2024)	Current fiscal year (July 1, 2024 to June 30, 2025)
Valuation difference on available-for-sale securities		
Amount arising during the period	57,486 thousand yen	(6,348) thousand yen
Reclassification adjustments	- thousand yen	(318,265) thousand yen
Before income taxes and tax effect adjustment	57,486 thousand yen	(324,613) thousand yen
Income taxes and tax effects	(17,393) thousand yen	99,400 thousand yen
Valuation difference on available-for-sale securities	40,093 thousand yen	(225,212) thousand yen
Deferred gains or losses on hedges		
Amount arising during the period	3,690 thousand yen	(7,015) thousand yen
Reclassification adjustments	- thousand yen	- thousand yen
Before tax effect adjustment	3,690 thousand yen	(7,015) thousand yen
Tax effect amount	(1,130) thousand yen	1,230 thousand yen
Deferred gains or losses on hedges	2,560 thousand yen	(5,784) thousand yen
Foreign currency translation adjustment		
Amount arising during the period	32,292 thousand yen	(51,821) thousand yen
Foreign currency translation adjustment	32,292 thousand yen	(51,821) thousand yen
Total other comprehensive income	74,946 thousand yen	(282,818) thousand yen

(Consolidated statement of changes in equity)

Previous fiscal year (July 1, 2023 to June 30, 2024)

1. Matters concerning the class and total number of outstanding shares and the class and number of treasury shares

	Number of shares at the beginning of the consolidated fiscal year (shares)	Increase in number of shares during the consolidated fiscal year (shares)	Decrease in number of shares during the consolidated fiscal year (shares)	Number of shares at the end of the consolidated fiscal period (shares)
Issued shares				
Common stock	37,645,851	-	-	37,645,851
Total	37,645,851	-	-	37,645,851
Treasury shares				
Common stock (Notes 1,2)	2,998	1,016,400	-	1,019,398
Total	2,998	1,016,400	-	1,019,398

Notes: 1. The increase of 1,016,400 shares in treasury shares of common stock represents the purchase of treasury shares of 364,100 shares by the resolution of the Board of Directors and the purchase of treasury shares of 652,300 shares by the Employee and Executive Officer Share Issuance Trusts.

2. The number of treasury shares of common stock at the end of the consolidated fiscal year includes 652,300 of the Company's shares held by the Employee and Executive Stock Issuance Trusts.

2. Matters concerning dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (thousands of yen)	Dividend per share (yen)	Record date	Effective date
September 27, 2023 Ordinary General Meeting of Shareholders	Common stock	564,642	15.00	June 30, 2023	September 28, 2023

(2) Of the dividends for which the record date falls within the current consolidated fiscal year, those for which the effective date of the dividend occurs in the following consolidated fiscal year.

Scheduled to be resolved	Class of shares	Source of dividends	Total dividends (thousands of yen)	Dividend per share (yen)	Record date	Effective date
September 25, 2024 Ordinary General Meeting of Shareholders	Common stock	Retained earnings	708,296	19.00	June 30, 2024	September 26, 2024

Note: The total dividends based on the resolution of the Ordinary General Meeting of Shareholders held on September 25, 2024, include ¥12,393 thousand of dividends for the Company's shares held by the Employee and Executive Officer Share Issuance Trusts.

Current fiscal year (July 1, 2024 to June 30, 2025)

1. Matters concerning the class and total number of outstanding shares and the class and number of treasury shares

	Number of shares at the beginning of the consolidated fiscal year (shares)	Increase in number of shares during the consolidated fiscal year (shares)	Decrease in number of shares during the consolidated fiscal year (shares)	Number of shares at the end of the consolidated fiscal period (shares)
Issued shares				
Common stock	37,645,851	-	-	37,645,851
Total	37,645,851	-	-	37,645,851
Treasury shares				
Common stock (Notes 1, 2)	1,019,398	430,334	299,555	1,150,177
Total	1,019,398	430,334	299,555	1,150,177

Notes: 1. The increase of 430,334 shares in treasury shares of common stock consists of 251,500 shares from purchase of treasury shares by resolution of the Board of Directors, 178,800 shares from purchase of treasury shares by Employee and Executive Officer Shares Issuance Trusts and the stock remuneration plan for directors, and 34 shares from acquisition of shares of under one unit. The decrease of 299,555 shares in treasury shares of common stock consists of 28,233 shares delivered under the performance-linked stock compensation plan, 178,800 shares from disposal of treasury shares through third-party allotment in connection with the introduction of the stock remuneration plan, and 92,522 shares from disposal of treasury shares through the Employee and Executive Officer Share Issuance Trusts.

2. The number of treasury shares of common stock at the end of the consolidated fiscal year includes 738,578 shares of the Company's stock held by the Employee and Executive Officer Share Issuance Trusts and the stock remuneration plan for directors.

2. Matters concerning dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (thousands of yen)	Dividend per share (yen)	Record date	Effective date
September 25, 2024 Ordinary General Meeting of Shareholders	Common stock	708,296	19.00	June 30, 2024	September 26, 2024

Note: The total dividends based on the resolution of the Ordinary General Meeting of Shareholders held on September 25, 2024 includes dividends of ¥12,393 thousand yen on the Company's shares held by the Employee and Executive Officer Share Issuance Trusts.

(2) Of the dividends for which the record date falls within the current consolidated fiscal year, those for which the effective date of the dividend occurs in the following consolidated fiscal year.

Scheduled to be resolved	Class of shares	Source of dividends	Total dividends (thousands of yen)	Dividend per share (yen)	Record date	Effective date
September 24, 2025 Ordinary General Meeting of Shareholders	Common stock	Retained earnings	930,856	25.00	June 30, 2025	September 25, 2025

Note: The total dividends based on the resolution of the Ordinary General Meeting of Shareholders held on September 24, 2025 includes ¥18,464 thousand in dividends on the Company's shares held by the Employee and Executive Officer Share Issuance Trusts and the stock remuneration plan for directors.

(Consolidated statement of cash flows)

\*1 Redemption schedule is based on the amount recorded on the consolidated balance sheet.

	Previous fiscal year (July 1, 2023 to June 30, 2024)		Current fiscal year (July 1, 2024 to June 30, 2025)	
Cash and deposits	10,874,892	thousand yen	14,593,169	thousand yen
Deposits paid	527,976	thousand yen	314	thousand yen
Securities (Negotiable certificates of deposit)	500,000	thousand yen	500,000	thousand yen
Investment securities (MMF)	73,716	thousand yen	68,561	thousand yen
Cash and cash equivalents	11,976,585	thousand yen	15,162,045	thousand yen

(Leases)

Finance lease transactions (Lessee)

Finance lease transactions without transfer of ownership

1. Details of lease assets

Property, plant and equipment

Office equipment (tools, furniture and fixtures).

2. Depreciation method of leased assets

The straight-line method is used, where the lease period is deemed as the useful life of the asset and the residual value is set as zero.

(Financial instruments)

1. Matters concerning the status of financial instruments

(1) Policy for financial instruments

The Group raises necessary funds (mainly through bank borrowings and bond issuance) based on management policies and business plans. Temporary surplus funds are invested in financial assets with high liquidity and safety in accordance with internal investment rules, and short-term working capital is raised through bank loans. In addition, foreign currency deposits are used to hedge foreign exchange risk. For hedging instruments and hedged items, hedging policy, and methods of evaluating the effectiveness of hedging in relation to hedge accounting, please refer to "4. Matters concerning accounting policies (7) Significant hedge accounting methods" in the Notes - Significant accounting policies for preparation of consolidated financial statements for the hedging instruments and hedged items, hedging policies, and methods of evaluating the effectiveness of hedging activities in relation to hedge accounting.

(2) Description of financial instruments, their risks and risk management systems

Notes and accounts receivable - trade, which are trade receivables, are exposed to clients' credit risk. However, the Group manages such risk by strictly managing credit for each client and regularly monitoring collection due dates and balances in order to identify early and mitigate concerns regarding collection due to deterioration of financial conditions and other factors.

Investment securities, held-to-maturity debt securities are exposed to foreign exchange and interest rate risk, although credit risk is minimal because only highly rated bonds are included. Other securities are exposed to market price fluctuation risk and foreign exchange fluctuation risk, but the holding status is continuously reviewed in consideration of fair value and other factors. Investments in limited liability investment partnerships are exposed to the risk of loss of principal due to changes in the management and financial status of the issuer of the stocks incorporated in the partnerships, but the Group manages this risk by regularly obtaining the partnership's financial statements and monitoring the partnership's financial condition and status of investment management.

Leasehold and guarantee deposits are security deposits under lease contracts for head office, branch offices, and subsidiaries, and are exposed to credit risk of the lessor. However, the Company confirms the credit risk at the time of contract to mitigate such risk.

Notes and accounts payable - trade and accounts payable-other, which are trade payables, are mostly due within one year. Lease liabilities related to finance lease transactions are mainly for the purpose of financing capital investment, and the due date of payment is up to 9 months after the balance sheet date. These are exposed to liquidity risk (risk of being unable to make payment on the due date of payment), but the Group manages this risk by checking and managing the cash flow forecast and the payment account balances monthly.

Trade payables, which consist of notes and accounts payable - trade and accounts payable-other, are mostly have payment due dates within one year. Lease liabilities related to finance lease transactions are mainly for the purpose of financing capital investment, with payment due dates extending up to 4 years and 5 months after the balance sheet date. These are exposed to liquidity risk (risk of being unable to make payment on the due date of payment), but The Group manages this risk by checking and managing cash flow forecasts and payment account balances on a monthly basis.

(3) Supplementary explanation on matters concerning fair value, etc. of financial instruments

Since variable factors are incorporated in the calculation of the fair value of financial instruments, such values may change due to the adoption of different assumptions and other factors.

2. Fair value of financial instruments

The amount recorded on the consolidated balance sheet, fair value, and the difference between the two are as follows.

Previous fiscal year (June 30, 2024)

	Amount recorded on the consolidated balance sheet (thousands of yen)	Fair value (thousands of yen)	Difference (thousands of yen)
(1) Investment securities *2			
Other securities	865,551	865,551	-
(2) Lease and guarantee deposits (including current portion)	630,981	620,488	(10,493)
Total assets	1,496,533	1,486,040	(10,493)
(1) Lease obligations (including current portion)	6,005	6,006	0
Total liabilities	6,005	6,006	0

\*1 "Cash and deposits," "Notes and accounts receivable - trade, and contract assets," "Securities," "Deposits paid," "Accounts receivable - other," "Notes and accounts payable - trade," "Accounts payable - other, and accrued expenses," "Income taxes payable," "Accrued consumption taxes," and "Deposits received" are omitted from disclosure as their fair value approximates their book value due to being cash or short-term settlements.

\*2 Securities with no readily discernible value are not included in "(1) Investment securities". The amount recorded on the consolidated balance sheet for such financial instruments is as follows.

Category	Previous fiscal year (thousands of yen)
Unlisted stocks	0

\*3 Investments in partnerships and other similar entities for which the equity interest is recorded at net value on the consolidated balance sheet are omitted. The amount recorded on the consolidated balance sheet for such investments is ¥171,448 thousand.

\*4 In accordance with generally accepted accounting principles, the standard value of investment trusts is considered to be fair value, and such investment trusts are included.

Current fiscal year (June 30, 2025)

	Amount recorded on the consolidated balance sheet (thousands of yen)	Fair value (thousands of yen)	Difference (thousands of yen)
(1) Investment securities *2			
Other securities	242,281	242,281	-
(2) Lease and guarantee deposits (including current portion)	827,195	804,843	(22,352)
Total assets	1,069,476	1,047,124	(22,352)
(1) Lease obligations (including current portion)	33,224	32,204	(1,019)
Total liabilities	33,224	32,204	(1,019)

\*1 "Cash and deposits," "Notes and accounts receivable - trade, and contract assets," "Securities," "Deposits paid," "Accounts receivable - other," "Notes and accounts payable - trade," "Accounts payable - other, and accrued expenses," "Income taxes payable," "Accrued consumption taxes," and "Deposits received" are omitted from disclosure as their fair value approximates their book value due to being cash or short-term settlements.

\*2 Securities with no readily discernible value are not included in "(1) Investment securities". The amount recorded on the

Category	Current fiscal year (thousands of yen)
Unlisted stocks	0

\*3 Investments in partnerships and other similar entities for which the equity interest is recorded at net value on the consolidated balance sheet are omitted. The amount recorded on the consolidated balance sheet for such investments is ¥587,903 thousand

\*4 In accordance with generally accepted accounting principles, the standard value of investment trusts is considered to be fair value, and such investment trusts are included.

Notes: 1. Scheduled redemption amount of monetary claims and securities with maturity after the consolidated balance sheet date

Previous fiscal year (June 30, 2024)

	Within one year (thousands of yen)	Over one year but within five years (thousands of yen)	Over five years but within ten years (thousands of yen)	Later than ten years (thousands of yen)
Cash and deposits	10,874,892	-	-	-
Accounts receivable - trade	3,615,211	-	-	-
Marketable securities and investment securities (Note)				
Held-to-maturity debt securities				
(1) Bonds payable	-	-	-	-
(2) Other	500,000	-	-	-
Total	14,990,104	-	-	-

Note: Redemption schedule is based on the amount recorded on the consolidated balance sheet.

Current fiscal year (June 30, 2025)

	Within one year (thousands of yen)	Over one year but within five years (thousands of yen)	Over five years but within ten years (thousands of yen)	Later than ten years (thousands of yen)
Cash and deposits	14,593,169	-	-	-
accounts receivable - trade	3,486,990	-	-	-
Marketable securities and investment securities (Note)				
Held-to-maturity debt securities				
(1) Bonds	-	-	-	-
(2) Other	500,000	-	-	-
Total	18,580,159	-	-	-

Note: Redemption schedule is based on the amount recorded on the consolidated balance sheet.

2. Scheduled repayment amounts after the consolidated fiscal year-end for bonds, long-term borrowings, lease obligations, and other interest-bearing liabilities.

Previous fiscal year (June 30, 2024)

	Within one year (thousands of yen)	Over one year but within two years (thousands of yen)	Over two years but within three years (thousands of yen)	Over three years but within four years (thousands of yen)	Over four years but within five years (thousands of yen)	Over five years (thousands of yen)
Lease liabilities	6,005	-	-	-	-	-

Current fiscal year (June 30, 2025)

	Within one year (thousands of yen)	Over one year but within two years (thousands of yen)	Over two years but within three years (thousands of yen)	Over three years but within four years (thousands of yen)	Over four years but within five years (thousands of yen)	Over five years (thousands of yen)
Lease liabilities	6,112	6,942	7,868	8,899	3,400	-

3. Matters concerning the breakdown of the fair value of financial instruments by level

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to determine fair value.

Level 1 fair value: Fair value calculated using quoted prices in active markets for the assets or liabilities being measured, among observable inputs for fair value measurement.

Level 2 fair value: Fair value calculated using inputs to the calculation of observable fair value that are not Level 1 inputs.

Level 3 fair value: Fair value determined using unobservable inputs

When multiple inputs that have a significant impact on the calculation of fair value are used, fair value is classified to the level with the lowest priority in the calculation of fair value among the levels to which each of those inputs belongs.

(1) Financial instruments carried on the consolidated balance sheet at fair value

Previous fiscal year (June 30, 2024)

Category	Fair value (thousands of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stocks	408,240	-	-	408,240
Other	-	407,311	50,000	457,311
Total assets	408,240	407,311	50,000	865,551

Current fiscal year (June 30, 2025)

Category	Fair value (thousands of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stocks	-	-	-	-
Other	-	192,281	50,000	242,281
Total assets	-	192,281	50,000	242,281

## (2) Financial instruments other than those recorded on the consolidated balance sheet at fair value

Previous fiscal year (June 30, 2024)

Category	Fair value (thousands of yen)			
	Level 1	Level 2	Level 3	Total
Lease and guarantee deposits (including current portion)	-	620,488	-	620,488
Total assets	-	620,488	-	620,488
Lease obligations (including current portion)	-	6,006	-	6,006
Total liabilities	-	6,006	-	6,006

Current fiscal year (June 30, 2025)

Category	Fair value (thousands of yen)			
	Level 1	Level 2	Level 3	Total
Lease and guarantee deposits (including current portion)	-	804,843	-	804,843
Total assets	-	804,843	-	804,843
Lease obligations (including current portion)	-	32,204	-	32,204
Total liabilities	-	32,204	-	32,204

Notes: 1. Explanation of valuation techniques used, and inputs related to the calculation of fair value

## Investment securities

Listed stocks are valued using quoted market prices. Since listed stocks are traded in active markets, their fair value is classified as Level 1 fair value. Investment trusts, etc. are classified as Level 2 fair value because they are traded infrequently in the market and are not considered quoted prices in active markets. Stock acquisition rights for unlisted shares are calculated using significant unobservable inputs and are classified as Level 3 fair value.

## Leasehold and guarantee deposits

The fair value of leasehold and guarantee deposits is calculated based on the present value of future cash flows discounted by an appropriate indicator such as the yield of government bonds, grouped into specific time periods, and is classified as level 2 fair value.

## Lease liabilities

The fair value of lease liabilities is determined using the discounted present value method based on the total amount of principal and interest plus an interest rate that considers the remaining term of the obligation and credit risk and is classified as level 2 fair value.

2. Information on fair value of Level 3 financial instruments whose fair value is reported in the consolidated balance sheet

Notes have been omitted due to immateriality.

(Securities)

1. Held-to-maturity debt securities

Previous fiscal year (July 1, 2023 to June 30, 2024)

Category	Amount recorded on the consolidated balance sheet (thousand yen)	Fair value (thousands of yen)	Difference (thousands of yen)
Securities with market value exceeding consolidated balance sheet amount			
Bonds payable	-	-	-
Other	-	-	-
Subtotal	-	-	-
Securities whose fair value does not exceed the amount reported on the consolidated balance sheet			
Bonds payable	-	-	-
Other	500,000	500,000	-
Subtotal	500,000	500,000	-
Total	500,000	500,000	-

Current fiscal year (July 1, 2024 to June 30, 2025)

Category	Amount recorded on the consolidated balance sheet (thousands of yen)	Fair value (thousands of yen)	Difference (thousands of yen)
Securities with market value exceeding consolidated balance sheet amount			
Bonds payable	-	-	-
Other	-	-	-
Subtotal	-	-	-
Securities whose fair value does not exceed the amount reported on the consolidated balance sheet			
Bonds payable	-	-	-
Other	500,000	500,000	-
Subtotal	500,000	500,000	-
Total	500,000	500,000	-

2. Other securities

Previous fiscal year (July 1, 2023 to June 30, 2024)

Category	Amount recorded on the consolidated balance sheet (thousands of yen)	Acquisition cost (thousands of yen)	Difference (thousands of yen)
Securities with carrying value exceeding acquisition cost			
Stocks	408,240	90,554	317,685
Other	87,836	58,251	29,584
Subtotal	496,076	148,806	347,269
Securities with market value not exceeding acquisition cost			
Stocks	-	-	-
Other	369,475	391,929	(22,453)
Subtotal	369,475	391,929	(22,453)
Total	865,551	540,736	324,815

Notes: 1. Unlisted shares (amount recorded on the consolidated balance sheet: ¥0 thousand) are not included in "Other securities" in the above table because they are securities with no readily discernible value.

2. Investment in Investment Business Limited Liability Partnership (amount recorded on the consolidated balance sheet: ¥171,448 thousand) is not included in "other securities" in the above table.

Current fiscal year (July 1, 2024 to June 30, 2025)

Category	Amount recorded on the consolidated balance sheet (thousands of yen)	Acquisition cost (thousands of yen)	Difference (thousands of yen)
Securities with carrying value exceeding acquisition cost			
Stocks	-	-	-
Other	82,970	60,414	22,556
Subtotal	82,970	60,414	22,556
Securities with market value not exceeding acquisition cost			
Stocks	-	-	-
Other	159,311	181,664	(22,353)
Subtotal	159,311	181,664	(22,353)
Total	242,281	242,078	202

Notes: 1. Unlisted shares (amount recorded on the consolidated balance sheet: ¥0 thousand) are not included in "Other securities" in the above table because they are securities with no readily discernible value.

2. Investment in (an) investment business limited liability partnership(s) (amount recorded on the consolidated balance sheet: ¥587,903 thousand) is not included in "Other securities" in the above table.

3. Other securities sold

Previous fiscal year (July 1, 2023 to June 30, 2024)

Omitted due to immateriality.

Current fiscal year (July 1, 2024 to June 30, 2025)

Category	Amount of sales (thousands of yen)	Total gains on sales (thousands of yen)	Total losses on sales (thousands of yen)
Stocks	408,820	318,265	-
Total	408,820	318,265	-

(Derivatives)

Not applicable.

(Retirement benefits)

1. Outline of retirement benefit plans adopted

The Company and its major domestic consolidated subsidiaries have established a defined contribution pension plan effective February 2025 to provide for employee retirement benefits.

2. Defined contribution plan

The Group's required contributions to the defined contribution plan for the current fiscal year were ¥52,365 thousand.

(Stock options, etc.)

Not applicable.

(Tax effect accounting)

1. Significant components of deferred tax assets and liabilities

	Previous fiscal year (June 30, 2024)	Current fiscal year (June 30, 2025)
Deferred tax assets		
Tax loss carryforwards	174,598 thousand yen	215,994 thousand yen
Accrued enterprise tax	110,914 thousand yen	96,474 thousand yen
Accrued business office tax	9,502 thousand yen	11,072 thousand yen
Provision for bonuses	454,391 thousand yen	423,642 thousand yen
Provision for bonuses for directors (and other officers)	56,915 thousand yen	47,937 thousand yen
Provision for stock benefits	41,761 thousand yen	90,522 thousand yen
Provision for loss on orders received	6,196 thousand yen	3,930 thousand yen
Advances received	8 thousand yen	- thousand yen
Allowance for doubtful accounts	1,432 thousand yen	1,216 thousand yen
Share-based payment expenses	11,280 thousand yen	7,649 thousand yen
Depreciation	77,059 thousand yen	94,590 thousand yen
Loss on valuation of investment securities	87,697 thousand yen	87,697 thousand yen
Asset retirement obligations	101,275 thousand yen	124,748 thousand yen
Valuation difference on available-for-sale securities	6,875 thousand yen	6,844 thousand yen
Other	34,078 thousand yen	49,329 thousand yen
Total gross deferred tax assets	1,173,990 thousand yen	1,261,652 thousand yen
Valuation allowance for net operating loss carryforwards for tax purposes	(174,598) thousand yen	(215,994) thousand yen
Valuation allowance for total future deductible temporary differences	(109,745) thousand yen	(113,829) thousand yen
Subtotal valuation allowance	(284,344) thousand yen	(329,824) thousand yen
Total deferred tax assets	889,646 thousand yen	931,828 thousand yen
Deferred tax liabilities		
Deferred gains or losses on hedges	1,263 thousand yen	32 thousand yen
Buildings and equipment (asset retirement costs)	53,758 thousand yen	61,251 thousand yen
Valuation difference on available-for-sale securities	106,334 thousand yen	7,109 thousand yen
Total gross deferred tax liabilities	161,355 thousand yen	68,393 thousand yen
Net deferred tax liabilities	728,290 thousand yen	863,434 thousand yen

Note: Amount of net operating loss carryforwards for tax purposes and their deferred tax asset carryforwards by expiration date

Previous fiscal year (June 30, 2024)

	Within one year (thousands of yen)	Over one year but within two years (thousands of yen)	Over two years but within three years (thousands of yen)	Over three years but within four years (thousands of yen)	Over four years but within five years (thousands of yen)	Over five years (thousands of yen)	Total (thousands of yen)
Tax loss carryforwards	-	-	-	-	12,605	161,993	174,598
Valuation allowance	-	-	-	-	(12,605)	(161,993)	(174,598)
Deferred tax assets	-	-	-	-	-	-	-

\* Tax loss carryforwards are stated at the amount multiplied by the statutory tax rate.

Current fiscal year (June 30, 2025)

	Within one year (thousands of yen)	Over one year but within two years (thousands of yen)	Over two years but within three years (thousands of yen)	Over three years but within four years (thousands of yen)	Over four years but within five years (thousands of yen)	Over five years (thousands of yen)	Total (thousands of yen)
Tax loss carryforwards	-	-	-	12,605	19,632	183,756	215,994
Valuation allowance	-	-	-	(12,605)	(19,632)	(183,756)	(215,994)
Deferred tax assets	-	-	-	-	-	-	-

\* Tax loss carryforwards are stated at the amount multiplied by the statutory tax rate.

2. Breakdown of causes for differences between the statutory tax rate and the effective tax rate after the application of tax effect accounting

For the previous and current consolidated fiscal years, notes are omitted because the difference between the statutory tax rate and the effective tax rate after the application of tax-effect accounting was less than 5% of the statutory tax rate.

3. Accounting for corporate and local income taxes or tax effect accounting related to these taxes

The Company and its domestic consolidated subsidiaries apply the Group Relief System and, in accordance with "Practical Solution on the Accounting and Disclosure Under the Group Relief System" (Practical Solution No. 42, August 12, 2021), perform accounting for corporate and local income taxes or tax effect accounting related to these taxes, as well as related disclosures.

4. Adjustment of deferred tax asset and deferred tax liability amounts due to changes in income tax rates

Following the enactment of the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 13, 2025) by the Diet on March 31, 2025, the "Special Defense Corporate Tax" will be imposed on consolidated fiscal years beginning on or after July 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to be resolved in the consolidated fiscal year beginning on July 1, 2026 and thereafter have been calculated using a statutory tax rate of 31.5% instead of 30.6%.

As a result of this change, the amount of deferred tax assets for the current fiscal year (the amount after deducting the amount of deferred tax liabilities) increased by ¥6,865 thousand, and income taxes - deferred decreased by ¥6,865 thousand.

(Asset retirement obligations)

Asset retirement obligations recorded on the consolidated balance sheet

(1) Summary of asset retirement obligations

Obligations to restore properties to their original condition in connection with real estate lease contracts for the head office and other offices.

(2) Calculation method of the amount of such asset retirement obligations

The amount of asset retirement obligations is calculated using the risk-free rate as the discount rate, with the main expected period of use estimated at 10 years from acquisition.

(3) Increase/decrease in total amount of such asset retirement obligations

	Previous fiscal year (July 1, 2023 to June 30, 2024)	Current fiscal year (July 1, 2024 to June 30, 2025)
Opening balance	210,900 thousand yen	295,362 thousand yen
Increase due to acquisition of property, plant and equipment	83,960 thousand yen	59,013 thousand yen
Adjustments due to passage of time	502 thousand yen	832 thousand yen
Balance at end of year	295,362 thousand yen	355,209 thousand yen

(Revenue recognition)

1. Breakdown of net sales from contracts with customers

Previous fiscal year (July 1, 2023 to June 30, 2024)

(Thousands of yen)

	Reportable segments			Total
	Consolidated Financial Disclosure Business	Digital Transformation Promotion Business	Management Solutions Business	
Goods or services transferred at a point in time	179,031	36,834	148,019	363,885
Goods or services that are transferred over a period of time	6,988,003	8,777,211	8,290,660	24,055,874
Sales from contracts with customers	7,167,034	8,814,046	8,438,680	24,419,760
Other sales	-	-	-	-
Net sales to external customers	7,167,034	8,814,046	8,438,680	24,419,760

Current fiscal year (July 1, 2024 to June 30, 2025)

(Thousands of yen)

	Reportable segments			Total
	Consolidated Financial Disclosure Business	Digital Transformation Promotion Business	Management Solutions Business	
Goods or services transferred at a point in time	255,124	41,494	90,439	387,058
Goods or services that are transferred over a period of time	8,171,413	10,258,889	9,410,341	27,840,645
Sales from contracts with customers	8,426,538	10,300,384	9,500,780	28,227,703
Other sales	-	-	-	-
Net sales to external customers	8,426,538	10,300,384	9,500,780	28,227,703

2. Information that provides a basis for understanding revenues arising from contracts with customers

The basis for understanding revenue is described in "Notes - Significant accounting policies for preparation of consolidated financial statements, 4. Matters related to accounting policies, (5) Basis for recording significant revenues and expenses".

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from such contracts, and the amount and timing of revenue expected to be recognized from contracts with customers that existed at the end of the current fiscal year and are expected to be recognized in the following fiscal year or later

(1) Balance of contract assets and contract liabilities, etc.

(Thousands of yen)

	Previous fiscal year	Current fiscal year
Receivables from contracts with customer (Opening balance)	2,283,659	3,615,211
Receivables from contracts with customers (Closing balance)	3,615,211	3,486,990
Contract assets (Opening balance)	679,471	825,069
Contract assets (Closing balance)	825,069	741,805
Contract liabilities (Opening balance)	2,796,086	3,345,483
Contract liabilities (Closing balance)	3,345,483	3,766,666

Contract assets primarily relate to the Group's rights to unclaimed consideration, which are revenues recognized as the performance obligation is fulfilled. Contract assets are transferred to receivables from contracts with customers when the Group's rights to the consideration become unconditional.

Contract liabilities primarily relate to unearned revenue from clients. Contract liabilities are reversed upon recognition of revenue. The amount included in contract liabilities at the beginning of the previous fiscal year for revenues recognized in the previous fiscal year was ¥2,718,403 thousand. The amount included in contract liabilities at the beginning of the current fiscal year that was recognized as revenue during the current fiscal year was ¥3,228,543 thousand.

(2) Transaction price allocated to remaining performance obligations

The total transaction price allocated to remaining performance obligations and the period over which revenue is expected to be recognized are as follows:

(Thousands of yen)

	Previous fiscal year	Current fiscal year
Within one year	8,559,443	9,308,740
More than 1 year	222,844	188,656
Total	8,782,287	9,497,396

(Segment information, etc.)

Segment information

1. Overview of reportable segments

(1) Method of determining reportable segments

The Group's reportable segments are components of the Company for which separate financial information is available and which are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate their performance.

(2) Products and services in each reportable segment

The Consolidated Financial Disclosure Business supports the creation of value through corporate disclosure by developing and maintaining DivaSystem, an in-house software package for consolidated management support and consolidated accounting, and by providing outsourcing services for consolidated and non-consolidated financial statements using this software. The Group's positioning is to establish a business model that integrates the software business and the outsourcing business.

The Consolidated Financial Disclosure Business also includes the information retrieval service for disclosure documents provided by Internet Disclosure, Inc, which is provided mainly to auditing firms.

The Digital Transformation Promotion Business provides consulting and system development services, including AI and BI solutions that analyze, predict, and visualize data, as well as a data platform for utilizing all types of data surrounding companies, supporting companies in their digital transformation and data-driven management. Another objective is to expand the Group's product lineup by mastering the latest data utilization methodologies-ranging from major cloud vendors to multi-cloud compatible software and cutting-edge technologies such as generative AI-while advancing engineer training and in-house development of data utilization platform products.

The Management Solutions Business provides one-stop support from consulting to system planning, construction, implementation, operation, and maintenance, with a focus on group management, consolidated accounting, and business management, with the aim of visualizing and maximizing the "invisible value" of a company. The business also develops its own software and combines it with software developed by other companies. This business maximizes the use of the Group assets and continuously creates solutions that provide management information useful for improving corporate value.

2. Method of calculating net sales, profits or losses, assets, liabilities and other items by reportable segments

The accounting methods used for the reportable segments are generally the same as those used in the preparation of consolidated financial statements. Profits of reportable segments are based on operating profit (loss). Intersegment net sales and transfers are based on prevailing market prices.

3. Information on the amounts of sales, profit or loss, assets, liabilities, and other items by reportable segment  
Previous fiscal year (July 1, 2023 to June 30, 2024)

(Thousands of yen)

	Reportable segments				Adjustments (Notes 1, 3, 4)	Amount recorded on consolidated financial statements (Note 2)
	Consolidated Financial Disclosure Business	Digital Transformation Promotion Business	Management Solutions Business	Total		
Net sales						
Net sales to external customers	7,167,034	8,814,046	8,438,680	24,419,760	-	24,419,760
Inter-segment net sales or transfers	370,623	32,882	79,640	483,146	(483,146)	-
<b>Total</b>	<b>7,537,658</b>	<b>8,846,928</b>	<b>8,518,320</b>	<b>24,902,907</b>	<b>(483,146)</b>	<b>24,419,760</b>
Segment profit	1,840,440	1,633,351	1,407,897	4,881,689	(782,566)	4,099,123
Segment assets	5,894,144	3,915,781	7,821,307	17,631,233	4,265,672	21,896,905
Segment liabilities	3,449,792	2,141,607	4,782,143	10,373,543	(1,770,365)	8,603,177
Other items						
Depreciation	155,629	12,479	245,465	413,575	129,897	543,472
Increase in property, plant and equipment intangible assets	80,215	16,342	172,375	268,933	113,069	382,002

- Notes: 1. The adjustments to segment profit (loss) of negative ¥782,566 thousand include elimination of inter-segment transactions of ¥908,866 thousand, corporate expenses (Note) not allocated to each reportable segment of negative ¥1,682,534 thousand, and adjustments to non-current assets of negative ¥8,898 thousand. Corporate expenses (Note) mainly consist of general and administrative expenses not attributable to reportable segments.
2. Segment profit (loss) is reconciled to operating profit (loss) in the consolidated statements of income.
3. Adjustments of depreciation mainly refer to depreciation related to assets that do not belong to reportable segments.
4. Adjustments to the increase in property, plant and equipment and intangible assets are mainly related to assets that do not belong to reportable segments.

Current fiscal year (July 1, 2024 to June 30, 2025)

(Thousands of yen)

	Reportable segments				Adjustments (Notes 1, 3, 4)	Amount recorded on consolidated financial statements (Note 2)
	Consolidated Financial Disclosure Business	Digital Transformation Promotion Business	Management Solutions Business	Total		
Net sales						
Net sales to external customers	8,426,538	10,300,384	9,500,780	28,227,703	-	28,227,703
Inter-segment net sales or transfers	294,448	17,874	37,055	349,378	(349,378)	-
<b>Total</b>	<b>8,720,986</b>	<b>10,318,259</b>	<b>9,537,836</b>	<b>28,577,082</b>	<b>(349,378)</b>	<b>28,227,703</b>
Segment profit	2,160,940	1,716,053	1,746,812	5,623,806	(1,019,657)	4,604,149
Segment assets	6,445,178	3,769,052	8,257,305	18,471,535	5,901,519	24,373,055
Segment liabilities	3,755,591	1,925,309	4,897,075	10,577,976	(1,802,910)	8,775,065
Other items						
Depreciation	152,417	11,995	238,076	402,488	104,078	506,567
Increase in property, plant and equipment intangible assets	52,623	17,795	24,352	94,770	37,254	132,025

Notes: 1. The adjustments to segment profit of negative ¥1,019,657 thousand include elimination of inter-segment transactions of ¥1,060,212 thousand, corporate expenses not allocated to each reportable segment of negative ¥2,080,273 thousand, and adjustments to non-current assets of ¥402 thousand. Corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

2. Segment profit (loss) is reconciled to operating profit (loss) in the consolidated statements of income.

3. Adjustments of depreciation mainly refer to depreciation related to assets that do not belong to reportable segments.

4. The adjustments to the increase in property, plant and equipment and intangible assets mainly relate to assets not attributable to reportable segments.

Related information

Fiscal year ended June 30, 2024 (July 1, 2023 to June 30, 2024) and fiscal year ended June 30, 2025 (July 1, 2024 to June 30, 2025)

1. Information by product and service

This information is omitted because the same information is disclosed in segment information.

2. Information by region

(1) Net sales

This information is omitted because net sales to external customers in Japan account for more than 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment

The amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet, so this information is omitted.

3. Information by major customer

Not applicable, as no net sales to external customers account for 10% or more of the net sales in the consolidated statements of income.

Information on impairment loss on fixed assets by reportable segment

Not applicable.

Amortization of goodwill and unamortized balance in each reportable segment

Not applicable.

Information on gain on negative goodwill by reportable segment

Not applicable.

(Related parties)

1. Transactions with related parties

(1) Transactions between the Company submitting the consolidated financial statements and related parties

The Officers and major shareholders (information about individual) of the Company etc.

Previous fiscal year (July 1, 2023 to June 30, 2024)

Not applicable.

Current fiscal year (July 1, 2024 to June 30, 2025)

Type	Name of the company, etc. or person	Location	Share capital or investment (thousands of yen)	Business or occupation	Percentage of voting rights owned (held) (%)	Relationship	Details of transactions	Transaction amount (thousands of yen)	Account	Balance at end of year (thousands of yen)
Officer	Tetsuji Morikawa	-	-	Founder, Group CEO of the Company	(Owned) Direct 26.3	-	Disposal of treasury shares arising from in-kind consideration of monetary remuneration claims	39,822	-	-
Officer	Naoyoshi Kasuga	-	-	Director of the Company	(Owned) Direct 0.1	-	Disposal of treasury shares arising from in-kind consideration of monetary remuneration claims	24,548	-	-

Note: This is due to in-kind consideration of monetary compensation claims associated with the medium- to long-term performance-linked stock compensation plan. This disposal of treasury shares will be conducted using receivables granted to the allottees as contributed assets, and the payment amount has been set at ¥2,280, which is the closing price of the Company's common stock on the Tokyo Stock Exchange on October 16, 2024 (the business day preceding the resolution of the board of directors), in order to ensure a price that eliminates arbitrariness.

(2) Transactions between consolidated subsidiaries of a company submitting consolidated financial statements and related parties  
Not applicable.

2. Notes on parent company or significant affiliated companies

Not applicable.

(Per share information)

	Previous fiscal year (July 1, 2023 to June 30, 2024)	Current fiscal year (July 1, 2024 to June 30, 2025)
Net assets per share	362.95 yen	426.96 yen
Net profit per share	76.62 yen	94.15 yen

Notes: 1. Diluted net profit per share is not shown since there are no dilutive shares.

2. The basis for calculating net assets per share is as follows.

Item	End of the previous consolidated fiscal year (June 30, 2024)	End of the current consolidated fiscal year (June 30, 2025)
Total of net assets (thousands of yen)	13,293,728	15,597,989
Amount deducted from total of net assets (thousands of yen)	-	15,934
(of which non-controlling interests) (thousands of yen)	(-)	(15,934)
Net assets attributable to common shares (thousands of yen)	13,293,728	15,582,055
Number of common shares outstanding for calculating net assets per share (shares)	36,626,453	36,495,674

Note: The Company has introduced an Employee and Executive Officer Share Issuance Trust, as well as a trust-based stock remuneration plan for directors. For the purpose of calculating net assets per share, the Company's shares held by the trusts are included in the treasury shares deducted from issued shares in the calculation of outstanding shares at the end of fiscal year. The number of shares of treasury shares deducted in the calculation of net assets per share at fiscal year-end was 652,300 shares for the previous fiscal year and 738,578 shares for the current fiscal year.

3. The basis for calculating net income per share for the current period is as follows.

Item	Previous fiscal year (July 1, 2023 to June 30, 2024)	Current fiscal year (July 1, 2024 to June 30, 2025)
Profit attributable to owners of parent (thousands of yen)	2,850,922	3,434,688
Amounts not attributable to owners of common shares (thousands of yen)	-	-
Net profit attributable to owners of common shares of parent (thousands of yen)	2,850,922	3,434,688
Average number of common shares (shares)	37,206,951	36,479,901

Note: The Company has introduced an Employee and Executive Officer Share Issuance Trust, as well as a trust-based stock compensation plan for officers. For the purpose of calculating net profit per share, the Company's shares held by these trusts are included in treasury shares deducted in the calculation of the average number of shares. The average number of shares of treasury shares deducted in the calculation of net profit per share was 405,844 shares in the previous fiscal year and 640,834 shares in the current fiscal year.

(Significant events after reporting period)

(Regarding the conversion to an equity-method affiliate through share acquisition)

At the Board of Directors meeting held on April 30, 2025, the Group passed a resolution to acquire shares of BEYONDSQUARE SOLUTIONS PRIVATE LIMITED (hereinafter "BeyondSquare Solutions"), a consolidated accounting software company in India, thereby making it an affiliate accounted for by the equity method of our company. The Company is scheduled to become an affiliate accounted for by the equity method from the fiscal year ending June 2026. Based on this resolution, the Group entered into a stock subscription agreement on August 1, 2025.

1. Reason for the share acquisition

The Group has established the vision of "BE GLOBAL" (becoming a globally competitive software company) and aims to grow into a software company that contributes to enhancing corporate value. In this context, the Group has been considering expansion into overseas markets with a view toward our ongoing medium-term management plan "BE GLOBAL 2028" and beyond.

India, as a developing country, is experiencing remarkable economic growth and is home to a diverse range of enterprises including large corporations, medium-sized companies, and small businesses. In this rapidly changing environment, there is significant potential for technology-driven economic transformation. BeyondSquare Solutions primarily provides consolidated accounting software to large and medium-sized enterprises in the domestic Indian market, and given the high synergies with our business, the Group has decided to acquire stocks to expand our operations in this growth market going forward.

2. Method of the transaction

The total planned investment amount will be disbursed in three processes. The first will occur after the issuance of new stocks, convertible stocks, and warrants, with convertible stocks being converted to common stock based on predetermined conditions once the most recent performance results are available. The second will involve stock acquisition from existing shareholders, and the third will involve converting warrants to stocks contingent upon achieving predetermined performance targets. While the total investment amount in this transaction is fixed, the scheme allows for adjustment of the final number of stocks and ownership ratio based on the degree of performance achievement.

3. Outline of the company to acquire shares in

(1)	Name	BeyondSquare Solutions Private Limited
(2)	Location	#632/18-2, 3rd floor, 10th B main road, Bangalore 560011, Karnataka, India
(3)	Title and name of representative	CEO Palaghat Krishnan Venkatachalam
(4)	Business	Development and sales of consolidated accounting software
(5)	Share capital	INR 516,015,100
(6)	Date of Establishment	December 2010

4. Outline of the counterparty to the share acquisition

(1)	Name	Karthik Ganeshan and other individuals
(2)	Location	Bangalore, Karnataka, India and others
(3)	Relationship between the listed company and the individuals	The Company in question is not a related party of our company. Furthermore, the affiliates and associated companies of said company are not related parties of our company.

5. Number of shares acquired, acquisition price, and shareholding status before and after acquisition

(1)	Number of shares owned before the transfer	0 shares (number of voting rights: 0, voting rights ownership ratio: 0.0%)
(2)	Number of shares acquired	1,768,292 shares (planned) (number of voting rights: 1,768,292) (planned) *The number of shares to be acquired may vary depending on whether performance targets are achieved.
(3)	Acquisition price	Advisory fees, etc. for common stock to Beyond Square Solutions (Estimated mount) Total 4 million 150 thousand US dollars 4,150 thousand US dollars
(4)	Number of shares owned after the transfer	1,768,292 shares (planned) (number of voting rights: 1,768,292) (planned) (voting rights ownership ratio: 27.09%) (planned)

6. Earnings Forecasts

The impact of this stock acquisition on our consolidated financial results is currently under review, and the Group will promptly disclose any matters that may affect our financial performance as they arise.

5) Annexed consolidated detailed schedules

Annexed consolidated detailed schedule of corporate bonds

Not applicable.

Annexed consolidated detailed schedule of borrowings

Category	Balance at beginning of period (thousands of yen)	Balance at end of period (thousands of yen)	Average interest rate (%)	Repayment deadline
Long-term loans payable due within one year	-	-	-	-
Lease obligations due within one year	6,005	6,112	7.2	-
Long-term loans payable (excluding current portion)	-	-	-	-
Lease obligations (excluding current portion)	-	27,111	7.6	July 2026~November 2029
Other Interest-bearing liabilities	-	-	-	-
Total	6,005	33,224	-	-

Note: Average interest rate is the weighted average interest rate for the balance at the end of the year.

Annexed detailed schedule of asset retirement obligations

Category	Balance at beginning of period (thousands of yen)	Increase during year (thousands of yen)	Decrease during year (thousands of yen)	Balance at end of period (thousands of yen)
Obligations to restore properties to their original condition in connection with real estate lease contracts	295,362	59,846	-	355,209

## (2) Other

## Quarterly information for the fiscal year

(Cumulative period)	First quarter	Second quarter	Third quarter	Current fiscal year
Net sales (thousands of yen)	6,776,187	14,011,426	20,938,513	28,227,703
Income before income taxes and minority interests (thousands of yen)	1,100,954	2,646,853	3,788,549	4,931,245
Net income attributable to owners of parent (thousands of yen)	615,351	1,584,150	2,270,050	3,434,688
Net income per share (yen)	16.87	43.44	62.24	94.15

Note: The Company has an Employee and Executive Officer Share Issuance Trust, and introduced a stock-based remuneration plan using a trust for directors from the second quarter. The Company's shares held by the said trusts are included in treasury shares deducted when calculating the average number of shares during the period.

(By quarter)	First quarter	Second quarter	Third quarter	Fourth quarter
Earnings per share (yen)	16.87	26.57	18.79	31.91

Note 1: The Company has an Employee and Executive Officer Share Issuance Trust and introduced a stock-based remuneration plan using a trust for directors from the second quarter. The Company's shares held by the said trusts are included in treasury shares deducted when calculating the average number of shares during the period.

2: No review procedures performed for Q1 and Q3 consolidated cumulative periods.

## 2. Financial statements, etc.

### (1) Financial statements

#### 1) Balance sheet

(Thousands of yen)

	Previous fiscal year (June 30, 2024)	Current fiscal year (June 30, 2025)
<b>Assets</b>		
Current assets		
Cash and deposits	3,506,376	6,217,462
Accounts receivable -trade	*1 98,511	*1 112,602
Securities	500,000	500,000
Supplies	21,154	41,792
Prepaid expenses	111,635	123,141
Advances paid	*1 36,860	*1 40,620
Accounts receivable - other	*1 530,597	*1 194,965
Deposits paid	526,961	-
Other	43,735	17,066
Total current assets	5,375,833	7,247,651
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures	314,094	171,211
Accumulated depreciation	(265,596)	(148,801)
Tools, furniture and fixtures, net	48,498	22,410
Total property, plant and equipment	48,498	22,410
Intangible assets		
Trademark rights	42,527	37,802
Software	230,714	167,948
Other	225	225
Total intangible assets	273,468	205,976
Investments and other assets		
Investment securities	865,551	593,209
Shares of subsidiaries and affiliates	1,270,357	1,461,077
Long-term prepaid expenses	9,628	3,847
Leasehold and guarantee deposits	2,194	1,720
Insurance funds	63,971	68,431
Deferred tax assets	-	94,051
Other	*1 9,840	-
Total investments and other assets	2,221,545	2,222,338
Total non-current assets	2,543,511	2,450,725
Total assets	7,919,345	9,698,376

(Thousands of yen)

	Previous fiscal year (June 30, 2024)	Current fiscal year (June 30, 2025)
<b>Liabilities</b>		
Current liabilities		
Lease liabilities	1,458	-
Accounts payable-other	*1 114,766	*1 149,670
Accrued expenses	25,627	22,770
Income taxes payable	1,936	2,176
Deposits received	21,434	29,244
Provision for bonuses	53,372	66,727
Provision for bonuses for directors (and other officers)	48,899	20,042
Deposits received from subsidiaries and associates	200,000	200,000
Asset retirement obligations	-	22,437
Provision for stock benefits	72,618	72,306
Other	-	3,537
Total current liabilities	540,114	588,913
Non-current liabilities		
Asset retirement obligations	22,437	-
Deferred tax liabilities	27,312	-
Total non-current liabilities	49,749	-
Total liabilities	589,864	588,913
Net assets		
Shareholders' equity		
Share capital	345,113	345,113
Capital surplus		
Legal capital surplus	281,913	281,913
Other capital surplus	-	135,504
Total capital surplus	281,913	417,417
Retained earnings		
Legal reserve	374	374
Other retained earnings		
Unappropriated retained earnings	7,871,821	10,039,518
Total retained earnings	7,872,195	10,039,892
Treasury shares	(1,396,622)	(1,688,845)
Total shareholders' equity	7,102,599	9,113,577
Valuation, translation adjustments and others		
Valuation difference on available-for-sale securities	224,019	(1,193)
Deferred gains or losses on hedges	2,862	(2,921)
Total valuation, translation adjustments and others	226,882	(4,114)
Total net assets	7,329,481	9,109,462
Total liabilities and net assets	7,919,345	9,698,376

## 2) Statement of income

(Thousands of yen)

	Previous fiscal year (July 1, 2023 to June 30, 2024)		Current fiscal year (July 1, 2024 to June 30, 2025)	
<b>Operating revenue</b>				
Management fee income	*1	1,049,718	*1	1,199,791
Dividends from subsidiaries and associates		1,654,000		3,394,280
Other		148		5,788
Operating revenue Total		2,703,866		4,599,859
<b>Operating expenses</b>				
Selling, general and administrative expenses	*1, *2	1,856,660	*1, *2	2,221,169
Total operating expenses		1,856,660		2,221,169
Operating profit		847,206		2,378,690
<b>Non-operating income</b>				
Interest income	*1	758	*1	4,502
Dividend income		12,296		11,238
Foreign exchange gains		4,434		710
Subsidy income		202		-
Other		2,375		2,013
Total non-operating income		20,067		18,464
<b>Non-operating expenses</b>				
Interest expenses	*1	4	*1	274
Commission expenses		10,863		17,079
Loss on investments in investment partnerships		13,750		11,969
Share issuance costs		-		91
Other		589		86
Total non-operating expenses		25,207		29,501
Ordinary profit		842,065		2,367,654
<b>Extraordinary profit</b>				
Gain on sales of investment securities		-		318,265
Penalty income	*3	16,961		-
Total extraordinary income		16,961		318,265
Net income before income taxes		859,026		2,685,919
Income taxes - current		(176,745)		(170,367)
Income taxes - deferred		(33,052)		(19,705)
Total income taxes		(209,797)		(190,073)
Profit		1,068,824		2,875,992

3) Statement of changes in equity  
Previous fiscal year (July 1, 2023 to June 30, 2024)

(Thousands of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Legal reserve	Retained earnings	
		Legal capital surplus	Total capital surplus		Other retained earnings	Total retained earnings
				Unappropriated retained earnings		
Balance at beginning of period	345,113	281,913	281,913	374	7,367,640	7,368,014
Changes during period						
Dividends of surplus					(564,642)	(564,642)
Profit					1,068,824	1,068,824
Purchase of treasury shares						
Purchase of treasury shares						
Net changes in items other than shareholders' equity						
Total changes during period	-	-	-	-	504,181	504,181
Balance at end of period	345,113	281,913	281,913	374	7,871,821	7,872,195
	Shareholders' equity		Valuation, translation adjustments and others			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation, translation adjustments and others	
Balance at beginning of period	(608)	7,994,432	183,925	302	184,228	8,178,660
Changes during period						
Dividends of surplus		(564,642)				(564,642)
Profit		1,068,824				1,068,824
Purchase of treasury shares	(477,635)	(477,635)				(477,635)
Purchase of treasury shares	(918,379)	(918,379)				(918,379)
Net changes in items other than shareholders' equity			40,093	2,560	42,653	42,653
Total changes during period	(1,396,014)	(891,833)	40,093	2,560	42,653	(849,179)
Balance at end of period	(1,396,622)	7,102,599	224,019	2,862	226,882	7,329,481

Current fiscal year (July 1, 2024 to June 30, 2025)

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings	Total retained earnings
					Unappropriated retained earnings		
Balance at beginning of period	345,113	281,913	-	281,913	374	7,871,821	7,872,195
Changes during period							
Dividends of surplus						(708,296)	(708,296)
Disposal of treasury shares			135,504	135,504			
Profit						2,875,992	2,875,992
Purchase of treasury shares							
Purchase of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	-	-	135,504	135,504	-	2,167,696	2,167,696
Balance at end of period	345,113	281,913	135,504	417,417	374	10,039,518	10,039,892
	Shareholders' equity		Valuation, translation adjustments and others			Total net assets	
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation, translation adjustments and others		
Balance at beginning of period	(1,396,622)	7,102,599	224,019	2,862	226,882	7,329,481	
Changes during period							
Dividends of surplus		(708,296)				(708,296)	
Disposal of treasury shares	409,041	544,545				544,545	
Profit		2,875,992				2,875,992	
Purchase of treasury shares	(351,351)	(351,351)				(351,351)	
Purchase of treasury shares	(349,911)	(349,911)				(349,911)	
Net changes in items other than shareholders' equity			(225,212)	(5,784)	(230,996)	(230,996)	
Total changes during period	(292,222)	2,010,978	(225,212)	(5,784)	(230,996)	1,779,981	
Balance at end of period	(1,688,845)	9,113,577	(1,193)	(2,921)	(4,114)	9,109,462	

[Notes to financial statement]

(Significant accounting policies)

1. Valuation standards and methods for assets

(1) Valuation standards and methods for securities

- Held-to-maturity debt securities

Amortized cost method (straight-line method)

- Equity in subsidiaries and affiliates

Stated at cost by the moving-average method

- Other securities

Stocks, etc. with no market price other than what is stated above

Market value method (any valuation differences are directly charged or credited to net assets and the cost of securities sold is determined by the moving-average method)

Securities with no readily discernible value

Stated at cost by the moving-average method

For investments in limited liability investment partnerships (deemed securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Law), the Company uses the most recent financial statements available according to the financial reporting date stipulated in the partnership agreement as the basis for calculating the net amount of the Company's interest.

(2) Valuation standards and methods for inventories

- Supplies

Cost method based on the specific cost method (the amount on the balance sheet is calculated by writing down the book value of assets which decreased in profitability)

2. Depreciation method for fixed assets

(1) Property, plant and equipment

Declining-balance method

However, for facilities attached to buildings, assets acquired on or after April 1, 2016, the straight-line method is used.

Principal useful life

Tools, furniture and fixtures 4 to 15 years

(2) Intangible assets

Straight-line method

Principal useful life

Software

Software for internal use

The useful life is the internal usable period (5 years).

Trademark rights

10 years

3. Accounting for deferred assets

(1) Share issuance costs

The entire amount is expensed at the time of expenditure.

#### 4. Basis for reserves

##### (1) Provision for bonuses

To provide for bonuses to employees, an amount accrued for the current fiscal year is recorded based on the estimated number of bonuses to be paid.

##### (2) Provision for bonuses for directors (and other officers)

To provide bonuses to officers, the amount accrued for the current fiscal year is recorded based on the estimated amount of payment.

##### (3) Provision for stock benefits

To provide for the payment of Company stocks to employees and officers in accordance with the stock issuance rules, the Company records an amount based on the estimated amount of the obligation for stocks as of the end of the current fiscal year.

#### 5. Basis for recording revenues and expenses

The Company's revenues consist of consulting fee income and outsourcing fees from its subsidiaries.

The performance obligation is to provide contracted services to the subsidiary in accordance with the details of the contract, and the Company's performance obligation is fulfilled when the services are provided; therefore, revenue and expenses are recognized at that time.

#### 6. Other important matters that serve as the basis for the preparation of financial statements

##### (1) Hedge accounting

###### · Hedge accounting

Deferred hedge accounting is adopted.

###### · Hedging instruments and hedged items

Hedging instrument ... Foreign currency deposits

Hedged items ... Anticipated transactions denominated in foreign currencies

###### · Hedging policy

The Company uses foreign currency deposits for the purpose of avoiding the risk of exchange rate fluctuations. The Company's policy is to use foreign currency deposits only within the scope of actual demand and not to conduct transactions for speculative purposes.

###### · Methods of evaluating the effectiveness of hedging

Since the material terms of hedging instruments and hedged items are the same and the cash flow fluctuations can be offset after the commencement of hedging, the assessment of effectiveness as of the balance sheet date is omitted.

##### (2) Standards for translation of significant assets and liabilities denominated in foreign currencies into Japanese currency

Foreign currency-denominated monetary claims and obligations are translated into yen at the spot exchange rate in effect at the balance sheet date. Translation differences are recognized as profit or loss.

##### (3) Application of group relief system

The Company apply the Group Relief System and, in accordance with "Practical Solution on the Accounting and Disclosure Under the Group Relief System " (Practical Solution No. 42, August 12, 2021), perform accounting for corporate and local income taxes or tax effect accounting related to these taxes, as well as related disclosures.

(Significant accounting estimates)

Not applicable.

(Changes in accounting policies)

(Application of "Accounting Standards for Income Taxes - Current, etc.")

The "Accounting Standards for Income Taxes - Current, etc." (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "2022 Revised Accounting Standards") and related standards have been applied from the beginning of the current fiscal year.

Regarding the revision concerning the category for recording income taxes, the Group has followed the transitional treatment stipulated in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standards. There is no impact on the financial statements from these changes in accounting policies.

In addition, regarding amendments related to the revision of the treatment in financial statements when deferring gains or losses on the sale of shares of subsidiaries and other securities between consolidated companies for tax purposes, the Group has applied the 2022 revised application guidance from the beginning of the current fiscal year. This has no impact on the financial statements.

(Additional information)

(Transaction for the Employee and Executive Officer Share Issuance Trust)

Notes are omitted because the same description is provided in "Notes – Additional information" in the consolidated financial statements.

(Performance-linked share-based remuneration plan for directors)

Notes are omitted because the same description is provided in "Notes – Additional information" in the consolidated financial statements.

(Balance sheet)

\*1. Transactions with subsidiaries and affiliates (excluding those shown in categories)

	Previous fiscal year (June 30, 2024)	Current fiscal year (June 30, 2025)
Short-term monetary receivables	150,207 thousand yen	345,480 thousand yen
Short-term monetary payables	36,241 thousand yen	28,369 thousand yen
Long-term monetary receivables	9,840 thousand yen	- thousand yen

\*2. The Company has loan commitment contracts with three banks for the efficient procurement of working capital. The balances of unexecuted loans related to loan commitments at the end of the business year are as follows.

	Previous fiscal year (June 30, 2024)	Current fiscal year (June 30, 2025)
Total amount of loan commitments	3,500,000 thousand yen	3,500,000 thousand yen
Outstanding balance	- thousand yen	- thousand yen
Balance	3,500,000 thousand yen	3,500,000 thousand yen

(Statement of income)

\*1. Transactions with subsidiaries and affiliates (excluding those shown in categories)

	Previous fiscal year (June 30, 2024)	Current fiscal year (June 30, 2025)
Transactions relating to the Company's operation	1,215,422 thousand yen	1,376,363 thousand yen
Excluding operating transactions with subsidiary	715 thousand yen	2,050 thousand yen

\*2. Major items and amounts of operating expenses are as follows. All of them are included in general and administrative expenses.

	Previous fiscal year (July 1, 2023 to June 30, 2024)	Current fiscal year (July 1, 2024 to June 30, 2025)
Remuneration for directors (and other officers)	147,512 thousand yen	146,850 thousand yen
Employees' salaries and bonuses	332,268 thousand yen	421,488 thousand yen
Provision for bonuses	47,601 thousand yen	65,370 thousand yen
Provision for bonuses for directors (and other officers)	45,725 thousand yen	86,138 thousand yen
Depreciation	135,711 thousand yen	106,208 thousand yen
Commission expenses	411,026 thousand yen	422,135 thousand yen
Equipment software expenses	332,478 thousand yen	467,603 thousand yen

\*3. Penalty income

Previous fiscal year (July 1, 2023 to June 30, 2024)

The Company recorded the portion of penalty income resulting from the termination of a partnership agreement at the counterparty's convenience.

(Securities)

Previous fiscal year (July 1, 2023 to June 30, 2024)

Shares of subsidiaries (amount on balance sheet: ¥1,270,357 thousand) are not stated at fair value as they are securities with no readily discernible value and their fair value is not disclosed.

Current fiscal year (July 1, 2024 to June 30, 2025)

Shares of subsidiaries (amount on balance sheet: ¥1,461,077 thousand) are not stated at fair value as they are securities with no readily discernible value and their fair value is not disclosed.

(Tax effect accounting)

1. Significant components of deferred tax assets and liabilities

	Previous fiscal year (June 30, 2024)	Current fiscal year (June 30, 2025)
Deferred tax assets		
Tax loss carryforwards	174,598 thousand yen	213,766 thousand yen
Accrued enterprise tax	504 thousand yen	504 thousand yen
Accrued business office tax	528 thousand yen	621 thousand yen
Provision for bonuses	16,342 thousand yen	20,432 thousand yen
Provision for bonuses for directors (and other officers)	14,972 thousand yen	6,136 thousand yen
Provision for stock benefits	22,235 thousand yen	52,584 thousand yen
Depreciation	8,086 thousand yen	6,479 thousand yen
Loss on valuation of investment securities	3,061 thousand yen	3,061 thousand yen
Loss on valuation of shares of subsidiaries and affiliates	124,726 thousand yen	124,726 thousand yen
Asset retirement obligations	6,870 thousand yen	7,072 thousand yen
Valuation difference on available-for-sale securities	6,875 thousand yen	6,844 thousand yen
Other	25,915 thousand yen	26,618 thousand yen
Total gross deferred tax assets	404,719 thousand yen	468,849 thousand yen
Valuation allowance for net operating loss carryforwards for tax purposes	(174,598) thousand yen	(213,766) thousand yen
Valuation allowance for total future deductible temporary differences	(149,835) thousand yen	(153,888) thousand yen
Subtotal valuation allowance	(324,434) thousand yen	(367,655) thousand yen
Total deferred tax assets	80,284 thousand yen	101,194 thousand yen
Deferred tax liabilities		
Valuation difference on available-for-sale securities	106,334 thousand yen	7,109 thousand yen
Other	1,263 thousand yen	32 thousand yen
Total gross deferred tax liabilities	107,597 thousand yen	7,142 thousand yen
Net deferred tax assets and liabilities	(27,312) thousand yen	94,051 thousand yen

2. Breakdown of causes for differences between the statutory tax rate and the effective tax rate after the application of tax effect accounting

	Previous fiscal year (June 30, 2024)	Current fiscal year (June 30, 2025)
Statutory tax rate	30.6 %	30.6 %
(Reconciliation)		
Entertainment expenses and other permanently non-deductible expenses	0.0 %	0.0 %
Dividends received and other permanently non-taxable income	(59.0) %	(38.7) %
Valuation allowance	5.3 %	1.6 %
Other	(1.3) %	(0.6) %
Effective tax rate after the application of tax effect accounting	(24.4) %	(7.1) %

3. Accounting for corporate and local income taxes or tax effect accounting related to these taxes

The Company and its domestic consolidated subsidiaries apply the Group Relief System and, in accordance with "Practical Solution on the Accounting and Disclosure Under the Group Relief System" (Practical Solution No. 42, August 12, 2021), perform accounting for corporate and local income taxes or tax effect accounting related to these taxes, as well as related disclosures.

4. Adjustment of deferred tax asset and deferred tax liability amounts due to changes in income tax rates

Following the enactment of the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 13, 2025) by the Diet on March

31, 2025, the "Special Defense Corporate Tax" will be imposed for business years beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to be resolved in business years beginning on or after July 1, 2026, have been calculated using a statutory tax rate of 31.5% instead of 30.6%.

As a result of this change, the amount of deferred tax assets for the current fiscal year (the amount after deducting the amount of deferred tax liabilities) increased by ¥1,685 thousand, and income taxes - deferred decreased by ¥1,685 thousand.

(Revenue recognition)

Information that provides a basis for understanding revenues arising from contracts with customers is omitted from the notes because the same description is given in "Notes - significant accounting policies" (5) Basis for recording revenues and expenses.

(Significant events after reporting period)

(Regarding the conversion to an equity-method affiliate through share acquisition)

As the same description is provided in the consolidated financial statement " (Notes - Significant events after reporting period)," the notes have been omitted.

4) Annexed detailed schedules

Annexed detailed schedule of property, plant and equipment, etc.

(Thousands of yen)

Category	Class of assets	Balance at beginning of period	Increase during year	Decrease during year	Depreciation or amortization for current year	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Tools, furniture and fixtures	48,498	6,354	533	31,909	22,410	148,801
	Total	48,498	6,354	533	31,909	22,410	148,801
Intangible assets	Trademark rights	42,527	-	-	4,725	37,802	-
	Software	230,714	26,841	20,034	69,573	167,948	-
	Other	225	-	-	-	225	-
	Total	273,468	26,841	20,034	74,299	205,976	-

Notes: 1. The main description of the increase is as follows.

Tools, furniture and fixtures : Network equipment 4,741 thousand yen

Software : New software and existing updates 26,841 thousand yen

2. The main description of the decrease is as follows:

Software : Transfer to other accounts 20,034 thousand yen

Annexed detailed schedule of provisions

(Thousands of yen)

Category	Balance at beginning of period	Increase during year	Decrease during year	Balance at end of period
Provision for bonuses	53,372	66,727	53,372	66,727
Provision for bonuses for directors (and other officers)	48,899	20,042	48,899	20,042
Provision for stock benefits	72,618	72,306	72,618	72,306

(2) Components of major assets and liabilities

Omitted due to the preparation of consolidated financial statements.

(3) Other

Not applicable.

## 6 Information on Share-Related Administration of the Company

Fiscal year	From July 1 to June 30
Ordinary General Meeting of Shareholders	Within 3 months from the day after the last day of the fiscal year
Record date	June 30
Record date for dividends of surplus	December 31, June 30
Minimum trading unit	100 shares
Purchase and sale of sub-MTU share holdings Handling office Administrator of shareholder register Offices available for repurchase Purchase fee	Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited 4-1-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited 4-1-1 Marunouchi, Chiyoda-ku, Tokyo _____ Free
Method of public notice	Electronic public notices ( <a href="https://www.avantgroup.com/ja/index.html">https://www.avantgroup.com/ja/index.html</a> ) (However, if the Company is unable to make electronic public notices due to an accident or other unavoidable reason, public notices will be posted in the Nihon Keizai Shimbun.)
Special benefits to shareholders	Not applicable.

## 7 Reference Information on the Company

### 1. Information about parent of the Company

The Company has no parent company, etc. as defined in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

### 2. Other reference information

The following documents were submitted between the beginning of the current fiscal year and the submission date of the annual securities report.

#### (1) Annual Securities Report and its attachments and confirmation

Fiscal year (28th term)(July 1, 2023 to June 30, 2024)

Submitted to the Director-General of the Kanto Local Finance Bureau on September 20, 2024

#### (2) Internal Control Report and attached documents

Submitted to the Director-General of the Kanto Local Finance Bureau on September 20, 2024

#### (3) Semi-annual Report and confirmation

(29th term)(July 1, 2024 to December 31, 2024)

Submitted to the Director-General of the Kanto Local Finance Bureau on February 10, 2025

#### (4) Current reports

Extraordinary Report pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. (Results of Exercise of Voting Rights at the General Meeting of Shareholders)

Submitted to the Director-General of the Kanto Local Finance Bureau on September 26, 2024

#### (5) Status report on purchase of own shares

Reporting period (From September 1, 2024 to September 30, 2024) Submitted to the Director-General of the Kanto Local Finance Bureau on October 15, 2024

Reporting period (From October 1, 2024 to October 31, 2024) Submitted to the Director-General of the Kanto Local Finance Bureau on November 13, 2024

Reporting period (From November 1, 2024 to November 30, 2024) Submitted to the Director-General of the Kanto Local Finance Bureau on December 11, 2024

#### (6) Securities Registration Statement (reference method) and attached documents

Submitted to the Director-General of the Kanto Local Finance Bureau on February 14, 2025

**Part II Information on Guarantor's for the Company**

Not applicable.

## Independent Auditor's Report and Internal Controls Audit Report

The Board of Directors

September 18th, 2025

AVANT GROUP CORPORATION

Deloitte Touche Tohmatsu LLC  
Tokyo Office

Designated and Engagement Partner	Certified Public Accountant	Yasuaki Miura
Designated and Engagement Partner	Certified Public Accountant	Kenji Oyama

### < Consolidated financial statements audit >

#### Audit opinion

We have audited the consolidated financial statements of AVANT GROUP CORPORATION (the "Company") included in the "Financial Information" for the fiscal year from July 1, 2024 to June 30, 2025, which consist of consolidated balance sheet, consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in net assets, consolidated statements of cash flows, notes - significant accounting policies for preparation of consolidated financial statements, other notes, and annexed consolidated detailed schedules.

In the audit firm's opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial positions of AVANT GROUP CORPORATION and its consolidated subsidiaries as of June 30, 2025, and their operating results and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

#### Basis for audit opinion

The audit firm conducted our audit in accordance with auditing standards generally accepted in Japan. The responsibility in those standards is described in the section entitled "Auditor's responsibilities in an audit of consolidated financial statements". The audit firm are independent of the Company and its consolidated subsidiaries and have fulfilled audit firm's other ethical responsibilities as auditors in accordance with the provisions of the Code of Professional Ethics in Japan. The audit firm believe that the audit firm have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

#### Key audit considerations

Key audit considerations are those matters that the auditor, as a professional expert, identified as being of particular importance in the audit of the consolidated financial statements for the current fiscal year. Key audit considerations are matters that were addressed in the course of performing the audit of the consolidated financial statements as a whole and in forming our audit opinion, and the audit firm do not express an opinion on those matters individually.

Revenue recognition for system development services, etc., for which performance obligations are satisfied over a certain period of time	
Details and reasons for decision of key audit consideration	Auditor's response
<p>As described in "Notes - Revenue recognition", net sales of goods or services that are transferred over a period of time in the Consolidated Financial Disclosure Business, Digital Transformation Promotion Business, and Management Solutions Business amounted to 27,840,645 thousand yen, which accounted for 98.6% of net sales in the consolidated statements of income. Such sales also include consulting services for the introduction of DivaSystem and other products and system development services, etc. The Company uses these as the basis for recording revenues and expenses as stated in [Notes - significant accounting policies for preparation of consolidated financial statements] (5). As stated in "4. Accounting policies (5) Basis for recognizing significant revenues and expenses," except for contracts with very short service periods, the Company estimates the degree of completion of performance obligations and recognizes revenues based on the degree of completion over a certain period of time. The revenue from implementation consulting services and system development services is subject to estimation uncertainty for the following reasons: - Since the deliverables are intangible, it is relatively difficult to grasp the actual status of fulfillment of performance obligations. · Since each transaction has individual characteristics such as different customer requirements and specifications, it is necessary to properly understand the contract details and transaction content, and the amount of revenue recognized may differ depending on the judgment results. · For transactions in progress at the fiscal year-end, revenue is recognized based on estimates of the degree of progress. Based on the above, the audit firm determined that the appropriateness of revenue recognition for implementation consulting services and system development services, etc., for which performance obligations are satisfied over a certain period of time, is particularly important for the consolidated financial statement audit in the current fiscal year and constitutes "key audit considerations."</p>	<p>To test the appropriateness of revenue recognition for system development services, etc., for which performance obligations are satisfied over a certain period of time, we primarily performed the following audit procedures (1) Evaluated internal controls and assessed their design and operating effectiveness by understanding the internal controls established to ensure that net sales are properly recorded, including reviewing purchase orders and acceptance inspections for each transaction, calculating the percentage of completion, and approving the recognition of sales. (2) Reviewed whether net sales were properly recorded; reviewed the consistency between net sales in the sales management system and net sales in the accounting system for each month. · Conducted the following examinations of transactions for which acceptance inspection had been completed as of the fiscal year-end. - With regard to transactions that were more expensive than other transactions recorded in prior years and the current fiscal year, we reviewed related documents and asked questions of the persons in charge to understand the description of the transactions, and we also checked the transactions against related vouchers, such as purchase orders, acceptance inspection forms, invoices, and payment vouchers. In addition, we verified that costs related to the transactions were incurred by viewing time and attendance data entered into the time and attendance management system. In addition to the above, we checked several randomly selected transactions against related vouchers, such as purchase orders, acceptance inspection forms, invoices, and payment vouchers. · The following examinations were conducted for transactions in progress as of the fiscal year-end. - For transactions with higher assumed gross profit rates than other transactions recorded in prior years and the current fiscal year, and for transactions with a large amount of actual costs in relation to the amount of the order, we reviewed related documents and asked questions to the persons in charge to understand the description of the transactions and reconciled them with the purchase orders. In addition, We verified that the progress rate for the transactions in question was properly calculated by comparing it with the man-hour estimation data, viewing the time and attendance data entered into the time and attendance management system, and comparing it with the invoices and other documents. - In addition to the above, we conducted similar examinations of several randomly selected transactions.</p>

## Other information

Other information comprises the information in the annual securities report other than the consolidated financial statements and financial statements and the auditor's reports thereon. Management is responsible for the preparation and disclosure of other information. The Audit Committee's responsibility is to monitor the Directors' performance of their duties in the development and operation of the process for reporting other information.

The audit opinion on the consolidated financial statements does not cover the other information and the audit firm express no opinion on the other information.

The responsibility in the course of our audit of the consolidated financial statement audit is to read the other information and, in doing so, consider whether there are material differences between the other information and the consolidated financial statements or audit firm's knowledge obtained in the course of the audit, to pay attention to whether there are any indications of material errors in the other information other than such material differences.

If, based on the work the audit firm have performed, the audit firm conclude that there is a material misstatement of this other information, the audit firm are required to report that fact.

The audit firm have nothing to report on the other information.

## Management and Audit Committee responsibilities for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes establishing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for evaluating whether it is appropriate to prepare the consolidated financial statements on a going concern basis and for disclosing any matters related to going concern that are required to be disclosed in accordance with accounting principles generally accepted in Japan.

The Audit Committee is responsible for monitoring the directors' performance of their duties in the development and operation of the financial reporting process.

## Auditor's responsibilities in an audit of consolidated financial statements

The auditor's responsibility is to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to fraud or error, based on the audit performed by the auditor, and to express an independent opinion on the consolidated financial statements in the auditor's report. Misstatements can arise from fraud or error and are considered material when they could reasonably be expected to influence the economic decisions of users taken based on the consolidated financial statements, whether individually or in the aggregate.

In accordance with auditing standards generally accepted as fair and appropriate in Japan, the auditor exercises professional judgment throughout the audit process and maintains professional skepticism to perform the following:

- Identify and assess the risks of material misstatement due to fraud or error. Also, design and perform audit procedures responsive to the risks of material misstatement. The selection and application of audit procedures are at the auditor's discretion. Furthermore, obtain sufficient appropriate audit evidence to provide a basis for expressing an opinion.

- The purpose of a consolidated financial statement audit is not to express an opinion on the effectiveness of the entity's internal control; however, in making those risk assessments, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of the accounting policies and methods of application thereof adopted by management and the reasonableness of the accounting estimates made by management and the appropriateness of related others.

- Conclude whether it is appropriate for management to prepare the consolidated financial statements on a going concern basis and, based on the audit evidence obtained, whether a material uncertainty exists regarding events or circumstances that might cast significant doubt on the entity's ability to continue as a going concern. If a material uncertainty regarding the entity's ability to continue as a going concern exists, the auditor is required to draw attention in the auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements are not appropriate with respect to the material uncertainty, to express a qualified opinion on the consolidated financial statements. The auditor's conclusion is based on audit evidence obtained up to the date of the auditor's report, but future events or circumstances could cause the entity to cease to exist as a going concern.

Evaluate whether the presentation and notes to the consolidated financial statements comply with accounting principles generally accepted in Japan, and whether the consolidated financial statements, including the related notes, present fairly the underlying transactions and accounting events, as well as the presentation, organization, and content of the consolidated financial statements, including related notes.

Plan and perform the audit of the consolidated financial statements to obtain sufficient and appropriate audit evidence concerning the financial information of the Company and its consolidated subsidiaries as a basis for expressing an opinion on the consolidated financial statements. The auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements. The auditor is solely responsible for the audit opinion.

The auditor shall report to the Audit Committee on the scope and timing of the planned audit, significant audit findings, including material deficiencies in internal control, identified during the audit, and other matters required by the audit standards.

The auditor shall report to the Audit Committee on the auditor's compliance with the rules on professional ethics in Japan regarding independence and matters that may reasonably be considered to affect the auditor's independence, and if countermeasures have been taken to remove impediments or safeguards have been applied to reduce impediments to an acceptable level, the description thereof.

From among the matters discussed with the Audit Committee, the auditor shall determine those determined to be of particular importance in the audit of the consolidated financial statements for the current fiscal year as key audit considerations and shall describe them in the auditor's report. However, the auditor shall not include such matters in the auditor's report if the disclosure of such matters is prohibited by law or if, although extremely limited, the auditor determines that such matters should not be reported because the adverse consequences arising from reporting in the auditor's report are reasonably expected to outweigh the public interest.

#### < Internal control audit >

##### Audit opinion

The audit firm have audited the internal control report of AVANT GROUP CORPORATION as of June 30, 2024 for the purpose of providing audit certification in accordance with Article 193-2, Section 2 of the Financial Instruments and Exchange Law.

In our opinion, the internal control report referred to above, in which AVANT GROUP CORPORATION indicated that its internal control over financial reporting as of June 30, 2025 was effective, presents fairly, in all material respects, the results of its assessment of internal control over financial reporting, in accordance with the assessment criteria for internal control over financial reporting generally accepted in Japan.

##### Basis for audit opinion

The audit firm conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. The responsibilities under those standards are described in "Auditor's Responsibility in Internal Control Audits". We are independent of the Company and its consolidated subsidiaries and have discharged our other ethical responsibilities as auditors in accordance with the standards of professional ethics in Japan. As an audit firm we believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

##### Management and Audit Committee's responsibilities for Internal Control Report

Management is responsible for designing and operating internal control over financial reporting and preparing and properly presenting an internal control report in accordance with the evaluation standards for internal control over financial reporting generally accepted in Japan.

The Audit Committee is responsible for monitoring and verifying the development and operational status of internal control over financial reporting.

It is possible that internal control over financial reporting will not completely prevent or detect misstatements in financial reporting.

#### Auditor's responsibilities in internal control audits

The auditor's responsibility is to obtain reasonable assurance about whether the internal control report is free of material misstatement based on the internal control audit performed by the auditor and to express an opinion on the internal control report from an independent standpoint in the internal control audit report.

In accordance with auditing standards for internal control over financial reporting generally accepted in Japan, the auditor, throughout the audit process, exercises professional judgment and maintains professional skepticism in performing the following:

- The internal control audit procedures are performed to obtain audit evidence regarding the results of evaluation of internal control over financial reporting in the internal control report. The audit procedures for the internal control audit are selected and applied at the auditor's discretion based on the materiality of the effect on the reliability of financial reporting.

- Consider the overall presentation of the internal control report, including the statements made by management regarding the scope of evaluation of internal control over financial reporting, the evaluation procedures and the evaluation results.

Plan and perform the audit of the consolidated financial statements to obtain sufficient and appropriate audit evidence concerning the financial information of the Company and its consolidated subsidiaries as a basis for expressing an opinion on the consolidated financial statements. The auditor is responsible for directing, supervising, and performing the audit of the internal control report. The auditor is solely responsible for the audit opinion.

The auditor shall report to the Audit Committee on the scope and timing of the planned internal control audit, the results of the internal control audit, material deficiencies in internal control identified that should be disclosed, the results of their correction, and other matters required by the standards for internal control audits.

The auditor shall report to the Audit Committee on the auditor's compliance with the rules on professional ethics in Japan regarding independence and matters that may reasonably be considered to affect the auditor's independence, and if countermeasures have been taken to remove impediments or safeguards have been applied to reduce impediments to an acceptable level, the description thereof.

#### < Remuneration related information >

Fees for audit and attestation services and non-audit services paid by the Company and its subsidiaries to our audit firm and others belonging to the same network as our audit firm are included in (3) [Audits] under Corporate Governance in "Information about the Company".

#### Interests

There are no interests between the Company and its consolidated subsidiaries and our audit firm or engagement partners that are required to be disclosed pursuant to the provisions of the Certified Public Accountant Act.

End

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Notes: 1. The original of the above audit report is kept separately by the Company (the Company submitting this Annual Securities Report).

2. XBRL data is not included in the scope of the audit.

## Independent Auditor's Report

The Board of Directors  
AVANT GROUP CORPORATION

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September 18th, 2025

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Deloitte Touche Tohmatsu LLC  
Tokyo Office

Designated and Engagement Partner	Certified Public Accountant	Yasuaki Miura
Designated and Engagement Partner	Certified Public Accountant	Kenji Oyama

< Financial statements audit >

### Audit opinion

We have audited the financial statements of AVANT GROUP CORPORATION (the "Company") included in the "Financial information" for its 28th business year from July 1, 2023 to June 30, 2024, which consisted of balance sheet, statement of income, statement of changes in equity, significant accounting policies, other notes and annexed detailed schedules, for the purpose of providing audit certification in accordance with the provisions of Article 193-2-1 of the Financial Instruments and Exchange Act. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AVANT GROUP CORPORATION as of June 30, 2024, and its operating results for the year then ended in conformity with accounting principles generally accepted in Japan.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial positions of AVANT GROUP CORPORATION and its consolidated subsidiaries as of June 30, 2025, and their operating results and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

### Basis for audit opinion

The audit firm conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility in those standards is described in the section entitled "Auditor's responsibility in an audit of financial statements". We are independent of the Company and fulfill our other ethical responsibilities as auditors in accordance with the rules on professional ethics in Japan. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

### Key audit considerations

Key audit considerations are those matters that the auditor, as a professional expert, identified as being of particular importance in the audit of the financial statements for the current fiscal year. Key audit considerations are matters that were addressed in the course of performing the audit of the financial statements as a whole and in forming our audit opinion, and we do not express an opinion on those matters individually.

Appropriateness of valuation of shares of affiliated companies	
Details and reasons for decision of key audit considerations.	Auditor's responses
<p>As stated in the balance sheet, the Company recorded shares of subsidiaries and affiliates of ¥1,461,077 thousand as of June 30, 2025, which represents 15.1% of total assets. As described in the Company's others (Notes - Significant accounting policies) 1. Valuation standards and methods for assets (1) Valuation standards and methods for securities, shares of subsidiaries and affiliates are stated at acquisition cost on the balance sheet. However, when the substantial value has significantly declined due to the deterioration of the financial positions of the issuing companies and recoverability is not supported by sufficient evidence, appropriate impairment is required. Regarding the necessity of impairment of shares of subsidiaries and affiliates in the current fiscal year's audit, based on our assessment of the acquisition cost of each subsidiary and affiliate stock and the substantial value calculated based on the net assets per share of the issuing companies, we determined that there is no situation where the risk of material misstatement is evaluated as high. However, given that shares of subsidiaries and affiliates have high material significance in the balance sheet amount, we determined that the appropriateness of valuation of shares of affiliated companies is particularly important in the financial statement audit for the current fiscal year and constitutes a "key audit consideration.</p>	<p>We performed the following audit procedures primarily to examine the appropriateness of valuation of shares of affiliated companies. We examined whether the real value of shares of subsidiaries and affiliates was appropriately calculated based on the per-share net assets of the issuing companies, using the financial information of each issuing company, and compared the acquisition cost of shares of subsidiaries and affiliates with their real value to evaluate the appropriateness of management's judgment regarding the necessity of impairment treatment. For the financial information that forms the basis for calculating per-share net assets of subsidiaries with high monetary significance, the audit firm evaluated the reliability of such financial information based on the review and audit procedures performed as part of the consolidated financial statement audit and their results.</p>

#### Other Information

Other information comprises the information included in the annual securities report, other than the consolidated financial statements, financial statements and the auditors' reports thereon. Management is responsible for the preparation and disclosure of other information. The Audit Committee is responsible for monitoring the Directors' performance of their duties in developing and operating the process for reporting other information.

Our audit opinion on the financial statements does not cover the other information and we do not express an opinion on the other information.

Our responsibility in the audit of the financial statements is to read the other information and, in doing so, to consider whether there are material inconsistencies between the other information and the financial statements or knowledge obtained in the course of the audit, and to pay attention to whether there are any indications of material misstatement in the other information other than such material inconsistencies.

If, based on the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact.

We have nothing to report in regard to the other information.

#### Management and Audit Committee responsibilities for financial statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in Japan. This includes establishing and operating such internal control as management determines it is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing financial statements, management is responsible for assessing whether it is appropriate to prepare financial statements on a going concern basis and for disclosing matters related to going concern when required to do so in accordance with accounting principles generally accepted in Japan.

The Audit Committee is responsible for monitoring the directors' performance of their duties in the development and operation of the financial reporting process.

#### Auditor's responsibilities in an audit of financial statements

The auditor's responsibility is to obtain reasonable assurance about whether the financial statements taken are free from material misstatement, whether due to fraud or error, based on the audit performed, and to express an independent opinion on the financial statements in the auditor's report. Misstatements may arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users of the financial statements.

In accordance with auditing standards generally accepted as fair and appropriate in Japan, the auditor exercises professional judgment throughout the audit process and maintains professional skepticism to perform the following:

Identify and assess the risks of material misstatement due to fraud or error. Also, design and perform audit procedures that address the risks of material misstatement. The selection and application of audit procedures is based on the auditor's judgment. Furthermore, obtain sufficient appropriate audit evidence to provide a basis for the opinion.

Although the purpose of a financial statement audit is not to express an opinion on the effectiveness of the entity's internal control, in making those risk assessments, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

Evaluate the appropriateness of the accounting policies and methods of application thereof adopted by management and the reasonableness of the accounting estimates made by management and the appropriateness of related others.

· Conclude whether it is appropriate for management to prepare the financial statements on a going concern basis and, based on the audit evidence obtained, whether a material uncertainty exists regarding events or conditions that could cast significant doubt on the entity's ability to continue as a going concern. If a material uncertainty regarding the entity's ability to continue as a going concern exists, the auditor is required to draw attention in the auditor's report to the notes to the financial statements or, if the notes to the financial statements are not appropriate with respect to the material uncertainty, to express a qualified opinion on the financial statements. The auditor's conclusion is based on audit evidence obtained up to the date of the auditor's report; however, future events or circumstances may cause the entity to cease to be a going concern.

· Evaluate whether the presentation and disclosures comply with accounting principles generally accepted in Japan, as well as the presentation, organization, and description of the financial statements, including related others, and whether the financial statements present fairly the underlying transactions and accounting events.

The auditor shall report to the Audit Committee on the scope and timing of the planned audit, significant audit findings, including material deficiencies in internal control, identified during the audit, and other matters required by the audit standards.

The auditor shall report to the Audit Committee on the auditor's compliance with the rules on professional ethics in Japan regarding independence and matters that may reasonably be considered to affect the auditor's independence, and if countermeasures have been taken to remove impediments or safeguards have been applied to reduce impediments to an acceptable level, the description thereof.

Of the matters discussed with the Audit Committee, the auditor shall determine matters of particular importance in the audit of financial statements for the current fiscal year as key audit considerations and shall include them in the auditor's report. However, the auditor shall not include such matters in the auditor's report if the disclosure of such matters is prohibited by law or if, although extremely limited, the auditor determines that such matters should not be reported because the adverse consequences of such communication would reasonably be expected to outweigh the public interest benefits thereof.

#### < Remuneration related information >

Remuneration-related information is stated in the auditor's report on the consolidated financial statements.

#### Interests

The audit firm and engagement partners have no interests in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountant Act.

End

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Notes: 1. The original of the above audit report is kept separately by the Company (the Company submitting this Annual Securities Report).

2. XBRL data is not included in the scope of the audit.