

AVANT

AVANT CORPORATION

26th Annual General Meeting of Shareholders

Business Report and Progress Report on Medium-term Management Plan

AVANT CORPORATION
Tetsuji Morikawa,
President and Group CEO
September 27, 2022

Summary of Business for the 26th consolidated fiscal year

AVANT

- Under the severe social and economic conditions, including the impact of the spread of the new coronavirus infection and the situation in Ukraine, Japanese companies, our customers, became more aware of the need for data-based management and decision making, and the need for our group's products and services grew steadily.
- Although personnel expenses expanded due to investments in new product development and human resources to strengthen consulting sales capabilities, and the operating profit margin deteriorated, operating income increased year on year, achieving the seventh consecutive year of sales and profit growth, and reaching the lower end of the target range in financial terms before the final year of the "BE GLOBAL 2023" mid-term management plan.

Net sales
18.70
billion
yen

Operating
income
3.24
billion
yen

Net
income
2.04
billion
yen

Effective from the beginning of the 26th consolidated fiscal year, the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other related accounting standards have been applied. Therefore, percentage change from the previous period is not stated.

Financial Status

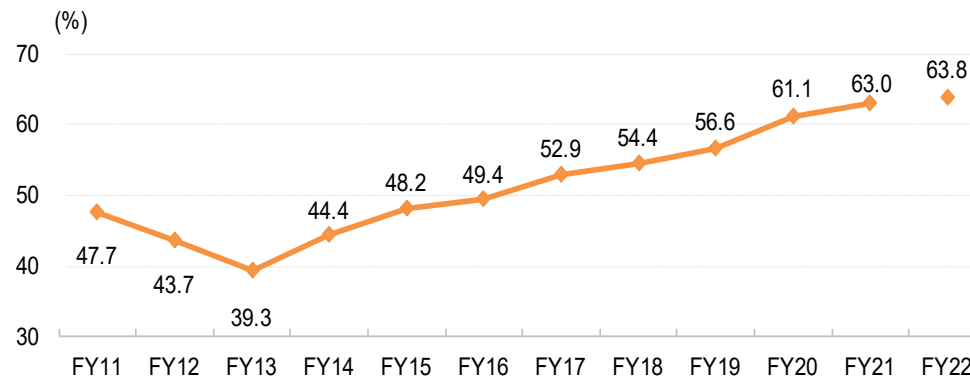
Jun 2022

Total Assets
16.6
billion yen

Total Liabilities
6.0
billion yen

Net Assets
10.5
billion yen

Equity Ratios



Key Factors for change

(millions of yen)

• Profit before income taxes	2,988
• Depreciation	349
• Increase in provision for bonuses	273
• Share of loss (profit) of entities accounted for using equity m	269
• Increase in notes and A/R-trade and contract assets	(258)
• Increase in trade payables	202
• Income taxes paid	(925)

• Purchase of intangible assets	(317)
• Proceeds from refund of leasehold and guarantee deposits	216

• Dividend payments	(413)
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Cash Flows

(millions of yen)

FY21/06

FY22/06

Operating CF

2,561

3,026

Investment CF

(789)

(398)

Free CF

1,771

2,627

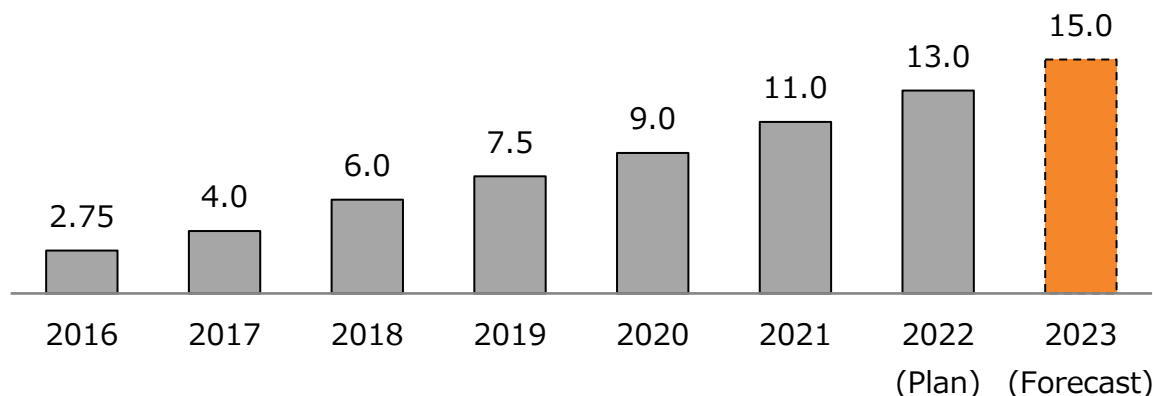
Financial CF

(359)

(433)

- Cash dividends are an important part of shareholder return policy. AVANT plans to maintain sustainable growth in dividends, and rely on dividends on equities (DoE) rather than cash income which could fluctuate and unpredictable.
- AVANT's ratio of dividends to net assets should be higher than the average of all companies listed on the Tokyo Stock Exchange, and over the long term, AVANT aims to reach 8%, which is the average of the top 10% of companies in terms of the ratio of dividends to net assets.

(yen/share)



(Adjusted for stock splits)

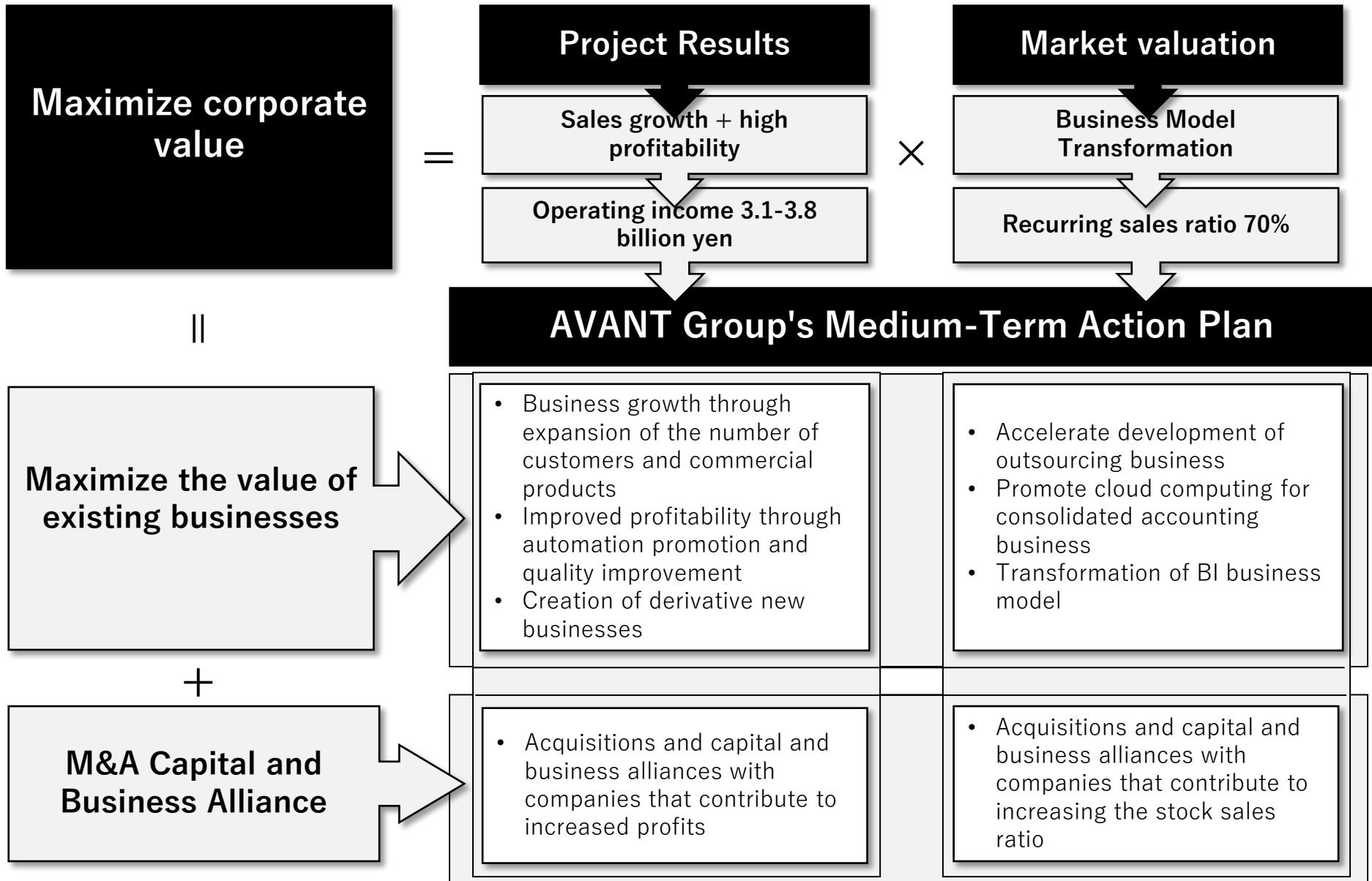
	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Plan	FY2023 Forecast
Dividends per share (yen)	2.75	4.0	6.0	7.5	9.0	11.0	13.0	15.0
DOE (AVANT)	3.41%	4.18%	5.20%	5.27%	5.17%	5.18%	5.05%	-
DOE (TSE Average)	2.64%	2.70%	2.86%	2.93%	2.94%	2.88%	3.18%	-

(Note) The average ratio of dividends to net assets for companies listed on the Tokyo Stock Exchange is a weighted average of the monthly figures of companies published for the 12 months through June.

Progress Update on Medium-Term Management Plan

Delays in structural reforms are a problem for software business development investments

		FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Target
Operational KPI	Net sales (¥B)	14.07	15.69	16.23	18.70	18 to 22
	Operating income (¥B)	1.96	2.27	2.79	3.24	3.1-3.8
Strategic KPI	Recurring sales ratio (%)	31.4	32.7	36.0	34.6	70
	Sales growth rate + Operating income (points)	30.2	26.0	20.8	32.6	40 or more
Financial KPI	ROE (%)	24.6	23.5	23.7	21.1	20 or more
	Dividend (yen)	7.5	9.0	11.0	13.0	15 or more



Targets we contribute to
through our management DX

Be a software company that helps increase **corporate value**

What our core business model
should look like

Overall picture of business restructuring

(Present)

Avant Corporation

Group Governance Business

- Software implementation consulting business specializing in consolidated accounting and group management**
- Consolidated disclosure support system "DivaSystem", "FBX", "Dx-3", etc. (1)
 - Group management support systems "DivaSystem SMD", "Compass", "Empower", etc. (2)
 - Timely Disclosure Information Search Service (3)

Outsourcing Business

- BPO business specializing in consolidated financial statements and disclosure**
- Non-consolidated and consolidated financial closing operations BPO (4)
 - Cash Management Solution BPO (5)

DX Business

- SI business specializing in BI and data utilization**
- Data platform (6)
 - Business Intelligence (7)
 - CPM (8)

Internet Disclosure Co., Ltd.

DIVA Corporation

FIERTE Corporation

ZEAL Corporation



Split (1)

trade name change

trade name change

Split (8)

Inherit (1)

Inherit (8)

Internet Disclosure Co., Ltd.

DIVA Corporation

AVANT Corporation

ZEAL Corporation

- Consolidated accounting and disclosure software and BPO to support creative disclosure**
- Disclosure support system "DivaSystem", "FBX", "Dx-3", etc. (1)
 - Non-consolidated and consolidated financial closing operations (4), cash management solutions and other BPO (5)
 - Timely Disclosure Information Search Service (3)

- Implementation and operation of management content to help increase corporate value**
- Group management support systems "DivaSystem SMD", "Compass", "Empower" (2), CPM (8), etc.
 - System implementation consulting (9)

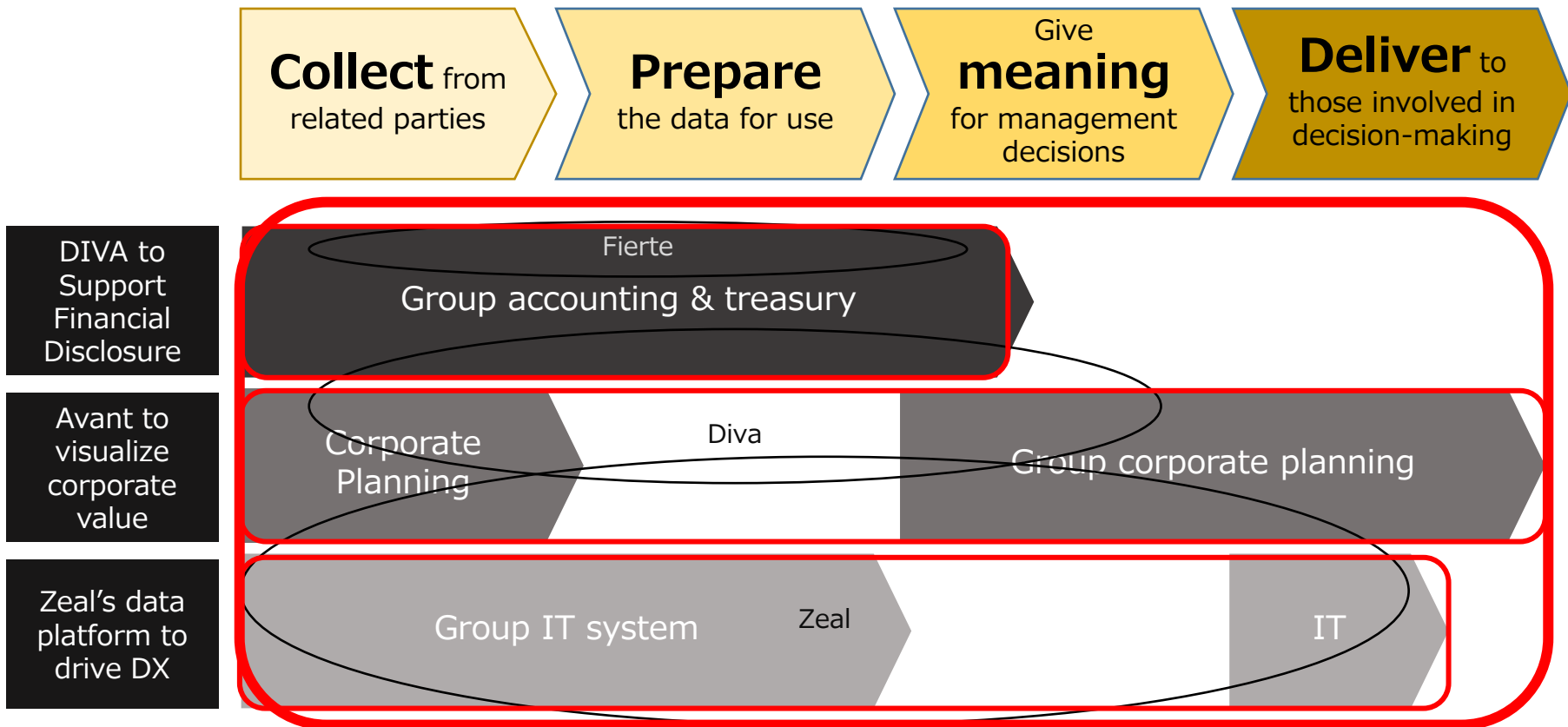
- Development and operation of management information DX infrastructure**
- Data platform (6)
 - Business Intelligence (7)

(after October 1)

Avant Group Corporation

Group companies are wholly owned subsidiaries of the holding company

Information flow and the role of each group company in enhancing corporate value



As the Avant Group, we utilize and develop all types of **software** to support information flows that help improve corporate value.

Supervisory and executive structure of the Avant Group companies (after October 1, 2022)

AVANT

Avant Group Corporation

(Trade name to be changed from Avant Co.)

Representative Director Tetsuji Morikawa Group CEO

Director Hisayoshi Kasuga Group CFO

Director Naohisa Fukutani

Director John Robertson

Director (Audit Committee Member) Tsuyoshi Noshiro

Director (Audit Committee Member) Chie Goto

Director (Audit Committee Member) Makoto Nakano

Takahiro Okabe COO (Chief Operating Officer)

Gen Nagata COO (Chief Operating Officer)

CBO (Chief Business-Development Officer)

Hiroki Takemura CRO (Chief Risk-Management Officer)

Tatsu Nakayama CDO (Chief Digital-Transformation Officer)

Masamitsu Suzuki CLO (Chief Legal Officer)

Eriko Satonaka CHRO (Chief Human Resources Officer)

DIVA Corporation

(Trade name to be changed from Fierte Co.)

Representative Director Gen Nagata

Hiroki Takemura, Executive Vice

President

Tetsuya Kawamura, Director

Shuichi Miyama, Director

Yoko Hosokawa, Director

Avant Corporation

(Trade name to be changed from DIVA Co.)

Representative Director Takahiro Okabe

Director Teppei Terashima

Director Tachi Nakayama

Director Shingo Moroi

ZEAL Corporation

Representative Director Takahiro Okabe

Director Yoshiyuki Numata

Hiroyuki Morita, Director

Director Kunihiro Nakamura

AVANT

The information contained in this material regarding the business outlook and other forecasts and strategies etc. are forward-looking statements and are determined within the range that could normally be predicted based on the information reasonably available to the Company at the time of preparation of this material. Investors should be aware of the risks, however, that actual results may differ from the business prospects described in the material due to the occurrence of extraordinary circumstances that cannot usually be predicted or the occurrence of results that cannot usually be predicted. The Company will proactively disclose information that is considered material to investors, but investors should be advised not to make judgment based entirely on only the business prospects described in this material. This material should not be copied or transferred for any purpose without permission of the Company.