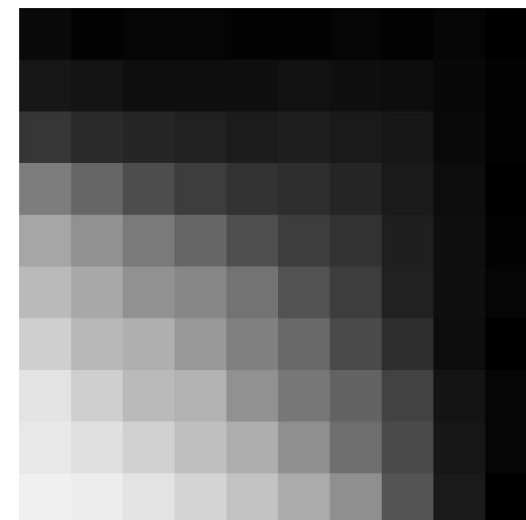


3836 TSE Prime

Avant Group Corporation

Financial Results Presentation
for the second quarter of Fiscal Year June 2023

January 31, 2023



Executive Summary

■ Summary of financial results for the second quarter of FY June 2023

- Led by the Outsourcing Business, all segments benefited from strong demand, resulting in net sales growth of 20.2% YoY.
- Despite stepped up recruitment activities to meet demand, in some areas demand couldn't be met necessitating outsourcing.
- There were expenses at the holding company related to the business reorganization, also triggered by the reorganization were costs for rationalization of low-profit products and projects in existing businesses, as well as an increase in business environment improvement expenses to accelerate the shift to cloud computing, but overall due to the effect of increased net sales, operating income increased 21.0% YoY.

■ Earnings and Dividend Forecasts

- We expect to maintain the pace of revenue growth, but maintain our earnings forecast due to the possibility that more reorganization-related costs will materialize than assumed at the beginning of the fiscal year.
- Dividend per share for the fiscal year ending June 2023 is forecast at 15 yen per share, in line with the target of the Medium-Term Management Plan.

■ Actions to Realize our Materiality

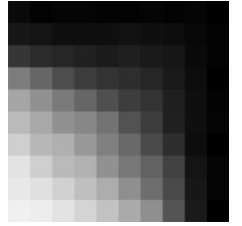
- Business reorganization implemented on October 1, 2022, to create a prototype for the expansion and replication process of the software business.

INDEX

- I . Summary of financial results
for the second quarter of FY June 2023
- II . Earnings and Dividend Forecast
- III . Actions to Realize our Materiality

* Figures in this presentation are rounded down to the unit of display.

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.



I. Summary of financial results for the second quarter of FY June 2023

Results Highlights

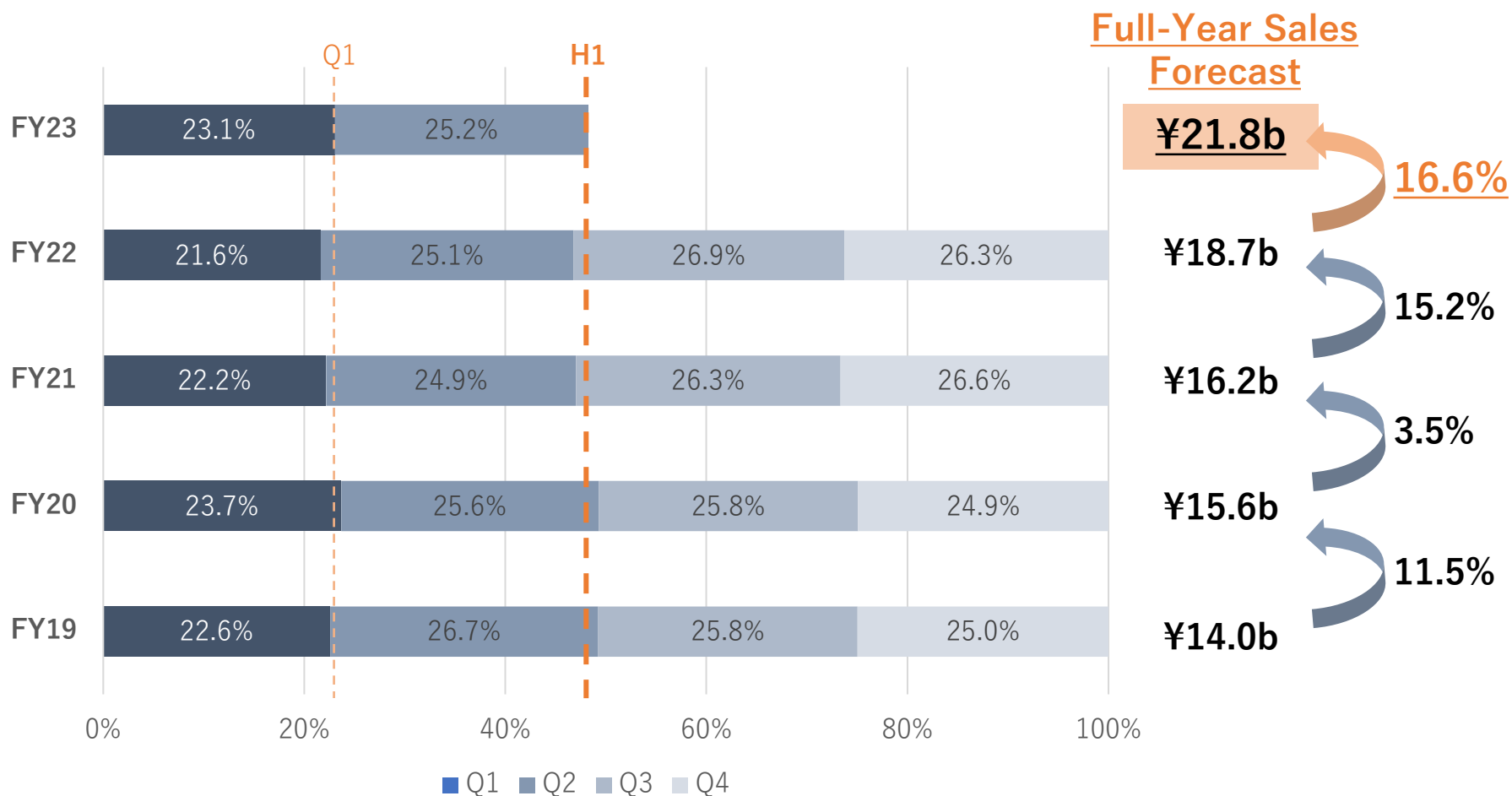
- All segments benefited from strong demand, resulting in net sales growth of 20.2% YoY.
- Operating income increased 21.0% YoY, although operating margin improvement was limited due to increased headcount for growth and reorganization-related costs.

(Millions of yen)

	FY6/23	YoY Variance		FY6/23	YoY Variance	
	Q2	Yr earlier	% chg	H1	Yr earlier	% chg
Net Sales	5,497	4,703	16.9%	10,523	8,751	20.2%
Cost of Sales	2,904	2,375	22.3%	5,680	4,603	23.4%
Gross Profit	2,592	2,328	11.3%	4,842	4,148	16.7%
GPM	47.2%	49.5%	-2.3pt	46.0%	47.4%	-1.4pt
SG&A	1,414	1,308	8.1%	3,049	2,666	14.4%
Operating Income	1,178	1,020	15.5%	1,793	1,482	21.0%
OPM	21.4%	21.7%	-0.3pt	17.0%	16.9%	0.1pt
Net Income	771	603	27.9%	1,142	865	32.0%
NPM	14.0%	12.8%	1.2pt	10.9%	9.9%	1.0pt
EBITDA	1,279	1,097	16.6%	1,989	1,616	23.1%
EBITDA margin	23.3%	23.3%	0.0pt	18.9%	18.5%	0.4pt

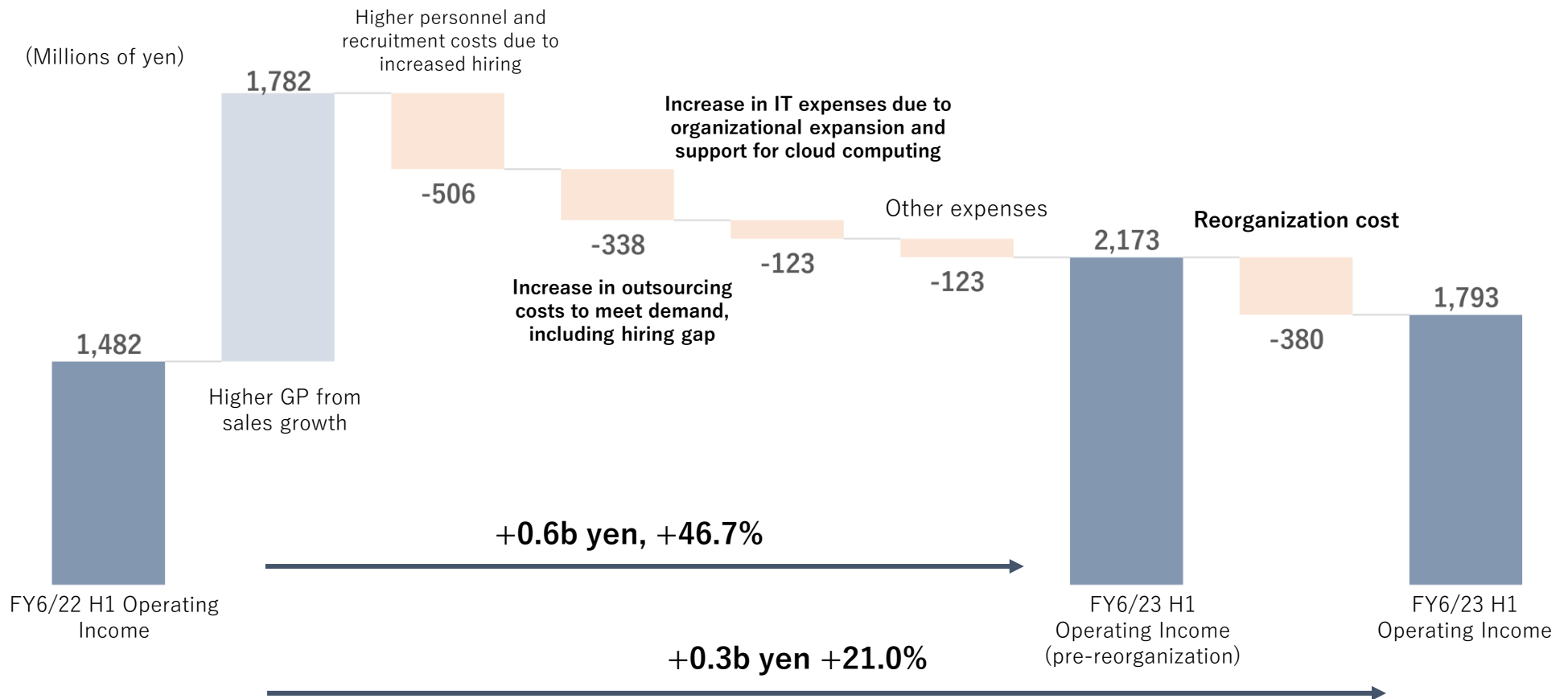
Progress to Full-Year Sales Forecast

- FY6/23 Q1 result was strong progress compared to the past 3 years, H1 is also trending on high side.



FY3/23 H1 Operating Income Bridge (YoY)

- Operating income increased due to sales growth, but the rate of increase in outsourcing and IT expenses was higher than the rate of increase in net sales.
- Despite the impact of 380 million yen in reorganization costs realized in the Q2 cumulative period, the rate of increase in operating income was in line with that of net sales.



Results by Business Segment

- Group Governance and Outsourcing businesses increased sales and profits, but profit margins deteriorated due to increased growth-related costs; Digital Transformation business led the increase in profit thanks to the effect of increased sales.

(Millions of yen)

		FY6/23 Q2	YoY Variance	
			Yr earlier	% chg
Group Governance	Net Sales	2,741	2,322	18.0%
	Operating Income	626	599	4.5%
	OPM	22.9%	25.8%	-2.9pt
	Orders	2,843	2,629	8.1%
	Order Backlog	3,397	2,586	31.4%
Digital Transformation (DX)	Net Sales	2,023	1,806	12.0%
	Operating Income	430	365	17.8%
	OPM	21.3%	20.2%	1.1pt
	Orders	2,112	2,078	1.6%
	Order Backlog	1,403	1,247	12.5%
Outsourcing	Net Sales	930	755	23.2%
	Operating Income	219	195	12.3%
	OPM	23.6%	25.9%	-2.2pt
	Orders	560	1,223	-54.2%
	Order Backlog	2,023	1,937	4.4%

		FY6/23 H1	YoY Variance	
			Yr earlier	% chg
		5,151	4,279	20.4%
		1,020	885	15.2%
		19.8%	20.7%	-0.9pt
		5,432	4,516	20.3%
		3,397	2,586	31.3%
		3,940	3,370	16.9%
		718	552	30.1%
		18.2%	16.4%	1.8pt
		4,212	3,374	24.8%
		1,403	1,247	12.5%
		1,816	1,466	23.9%
		418	356	17.3%
		23.0%	24.3%	-1.3pt
		1,393	1,946	-28.4%
		2,023	1,937	4.4%

Results by Business Segment (Factors)

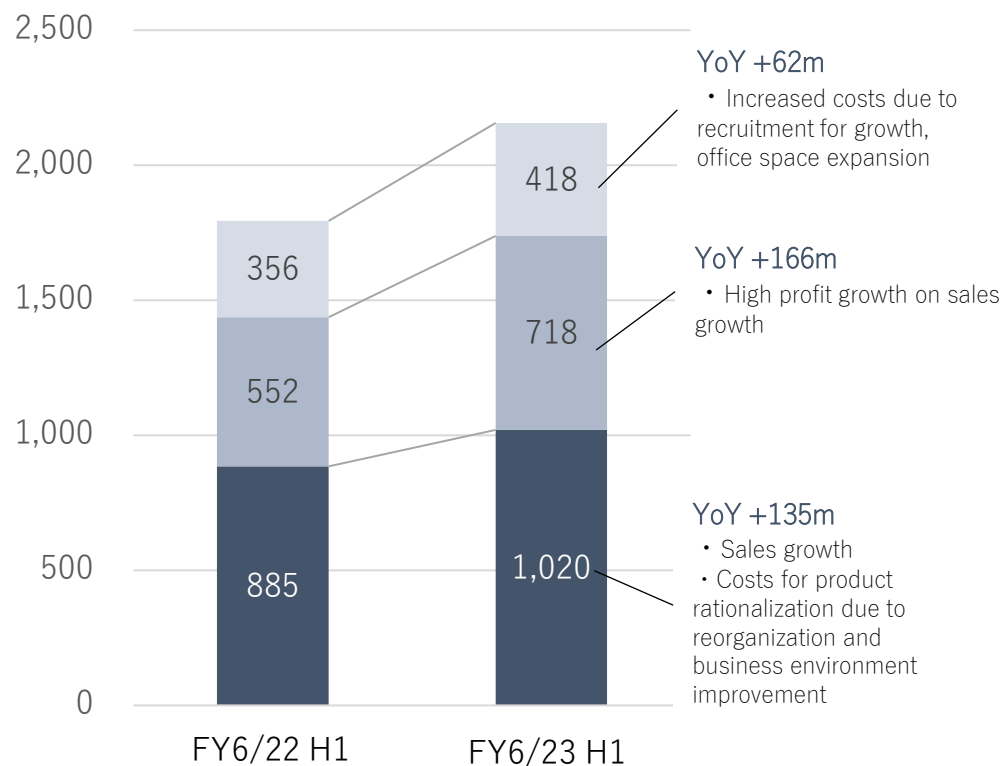
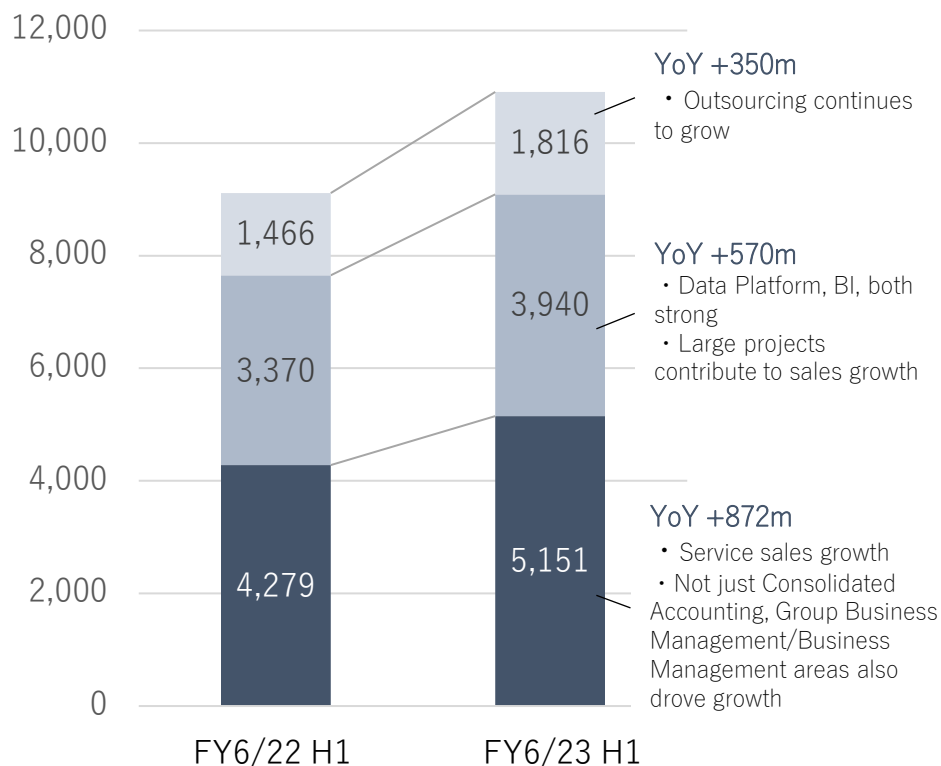
- Sales increased in all segments.
- Lower profit growth in Group Governance on reorganization triggered costs for product rationalization and business environment improvements, and Outsourcing due to recruitment, high profit growth in Digital Transformation on sales growth.

(Millions of yen)

Net Sales Variance

(Millions of yen)

Operating Income Variance



■ Group Governance ■ Digital Transformation ■ Outsourcing

Group Cost Structure

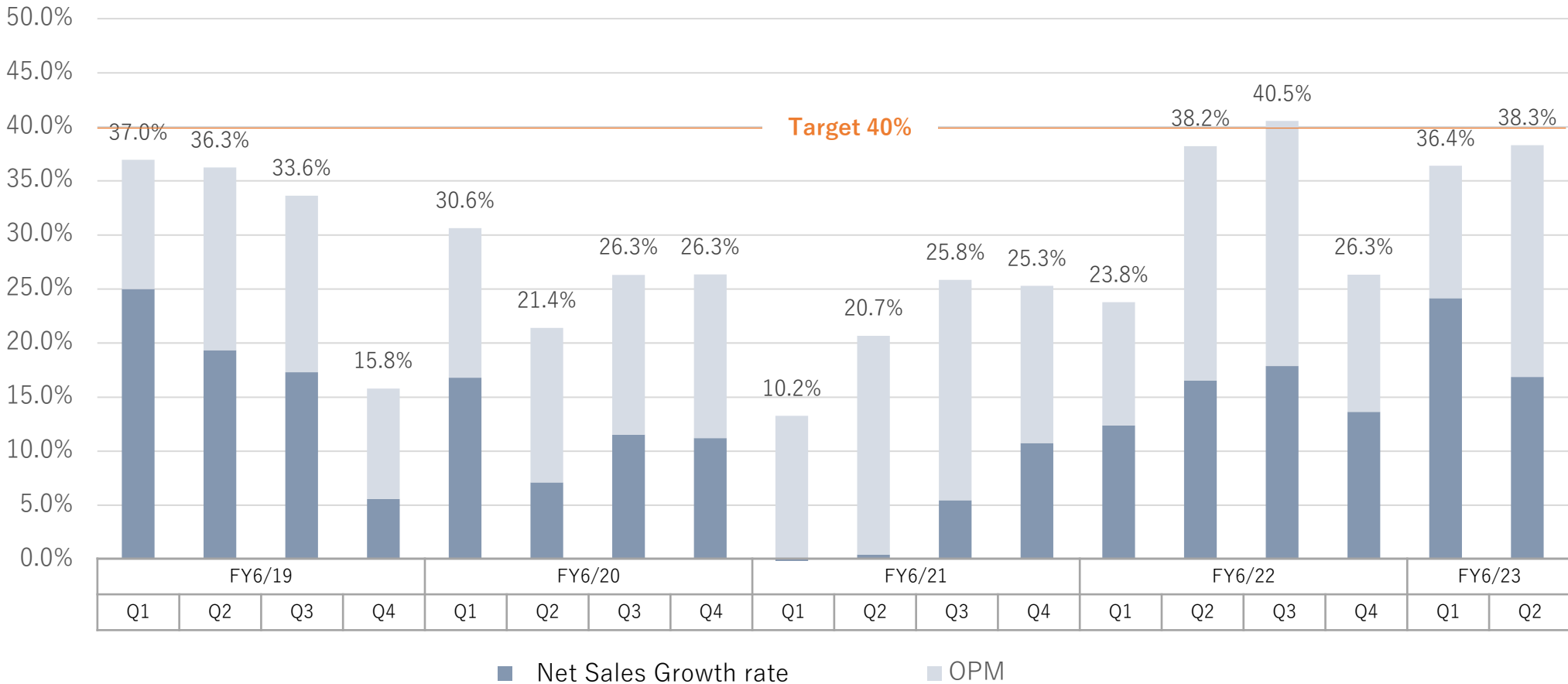
- Recruitment expenses increased due to active recruitment activities, but outsourcing expenses also increasing in areas where headcount still did not meet demand.
- IT expenses increased due to increase in headcount and cloud computing (for customers and internal environment)

(Millions of yen)

	FY6/23	YoY Variance		FY6/23	YoY Variance	
	Q2	Yr earlier	% chg	H1	Yr earlier	% chg
Net Sales	5,497	4,703	16.9%	10,523	8,751	20.2%
Personnel expenses	2,505	2,266	10.5%	5,023	4,524	11.0%
Recruitment expenses	119	55	116.4%	210	132	59.1%
Outsourcing expenses	929	672	38.2%	1,789	1,241	44.2%
IT expenses	211	161	31.1%	433	309	40.1%
Office expenses	234	221	5.9%	456	434	5.1%
Other expenses	320	308	3.9%	818	629	30.0%
Total expenses	4,318	3,683	17.2%	8,729	7,269	20.1%
Operating Income	1,178	1,020	15.5%	1,793	1,482	21.0%
OPM	21.4%	21.7%	-0.3pt	17.0%	16.9%	0.1pt

Quarterly GPP (Net Sales Growth + OPM) Trends

- The contribution from sales growth and OPM varies, but for FY6/23 GPP is close to the 40% target.

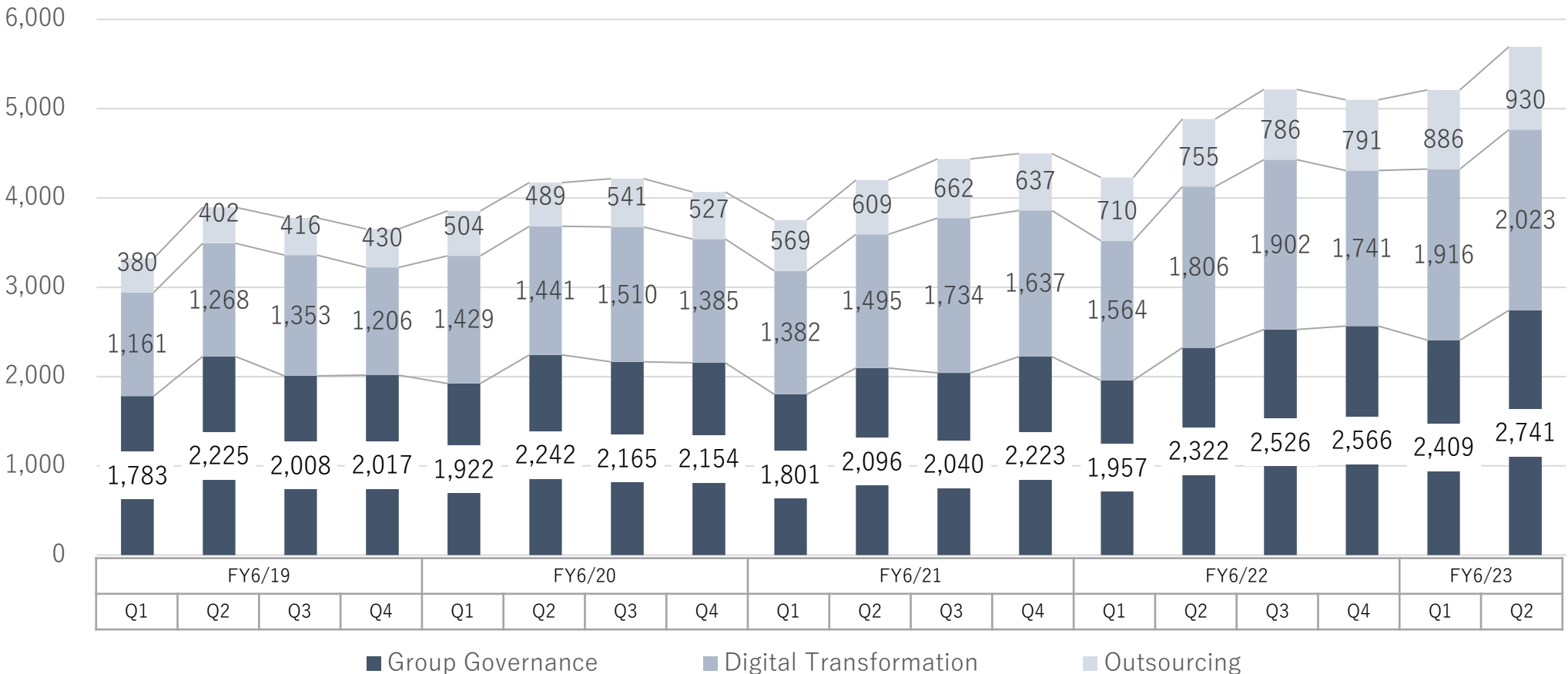


Effective from the beginning of the first quarter of FY6/22, the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others have been applied.

Quarterly Net Sales by Segment

- The growth rate from Q1 to Q2 is lower than usual, but this is due to the fact that Q1 did not decline from the previous quarter and remained strong.

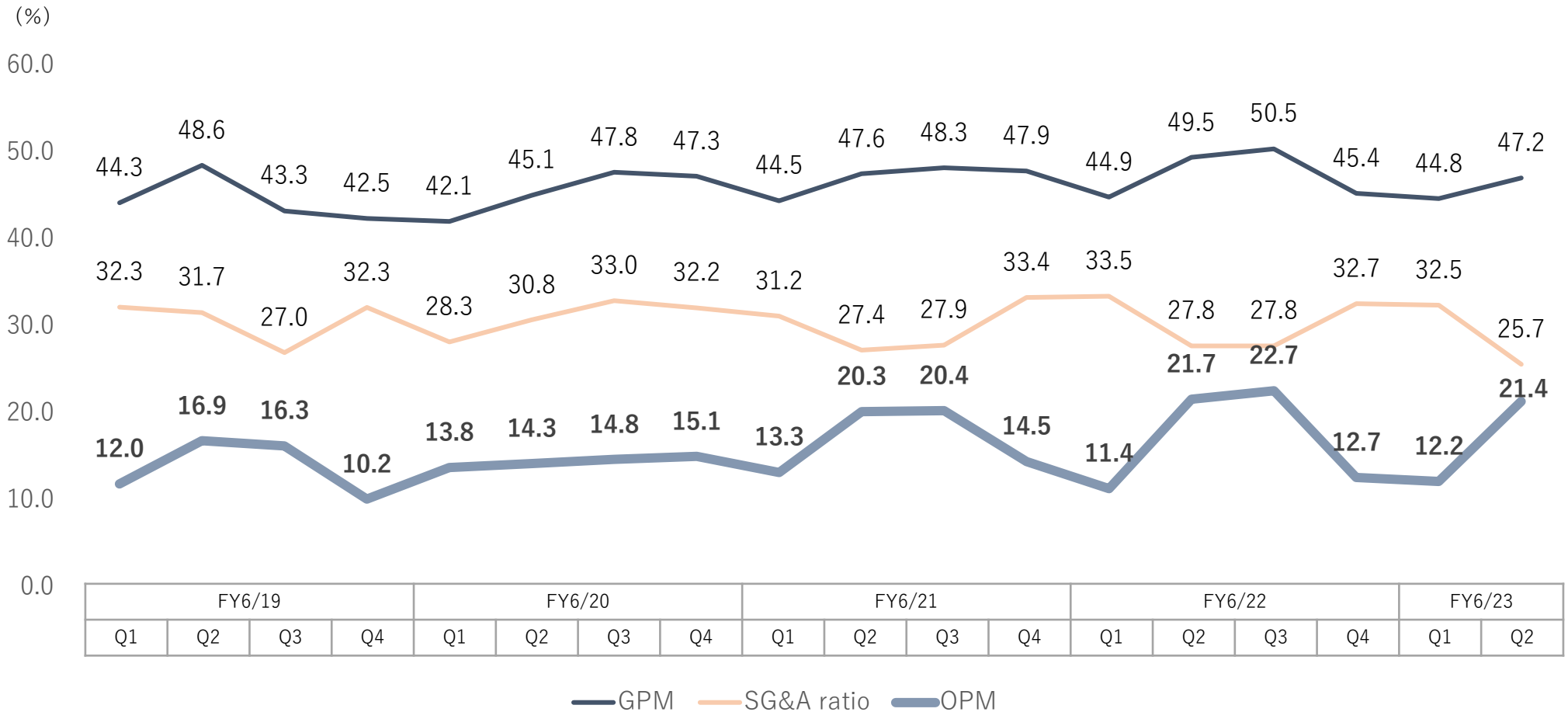
(Millions of yen)



Effective from the beginning of the first quarter of FY6/22, the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others have been applied.

Quarterly Margin Trends

- As usual Q2 recovering from Q1, when profit margins tend to decline on a lower compensated utilization ratio due to factors such as being prior to full-scale deployment of new graduates.

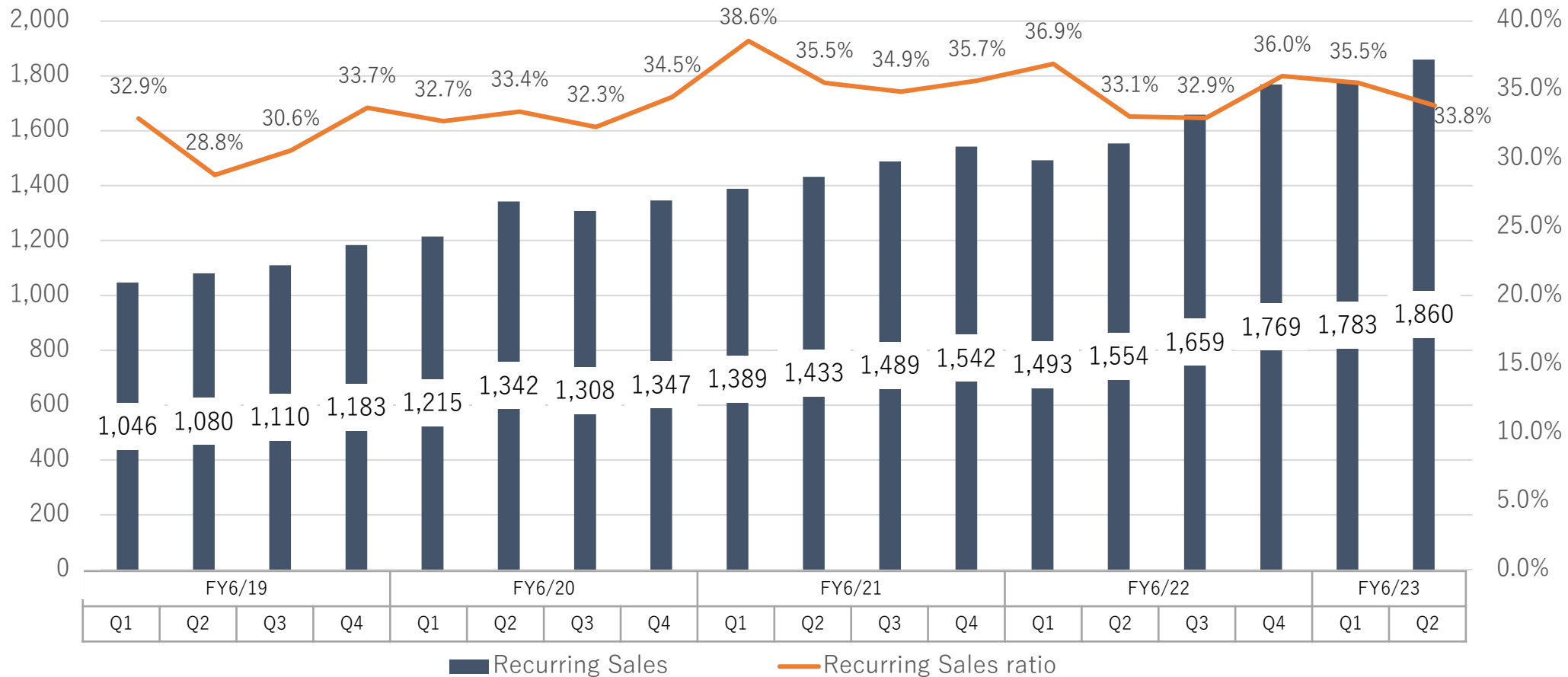


Effective from the beginning of the first quarter of FY6/22, the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others have been applied.

Quarterly Recurring Sales and Recurring Sales Ratio

- Due in part to the growth of Service sales the Recurring Sales Ratio has declined, but the absolute value of Recurring Sales is growing solidly.

(Millions of yen)

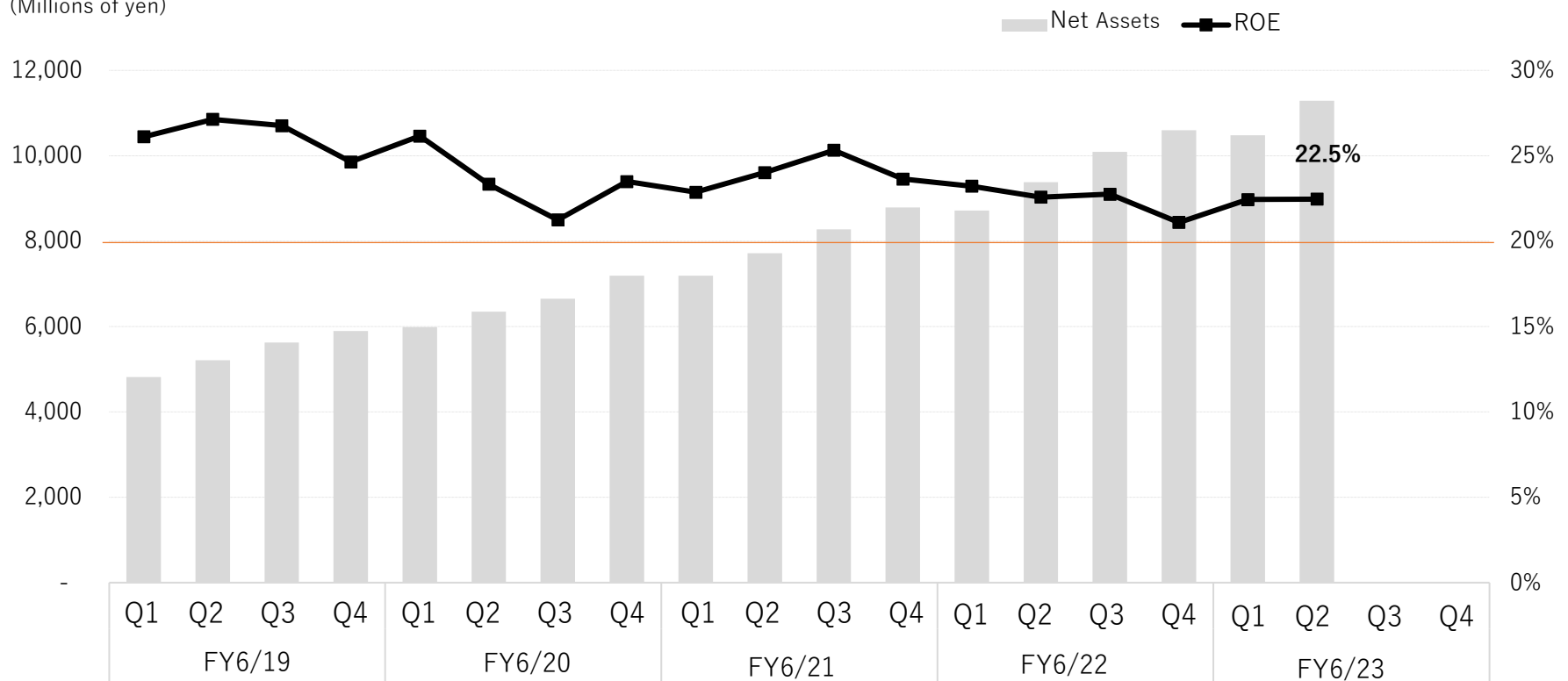


Effective from the beginning of the first quarter of FY6/22, the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others have been applied.

ROE Trends

- ROE* had been on a declining trend due in part to an increase in net assets, but has recently levelled off.
- We aim to maintain an average of at least 20% through adherence to the Group's management principles, by further enhancing profitability and managing assets more efficiently.

(Millions of yen)

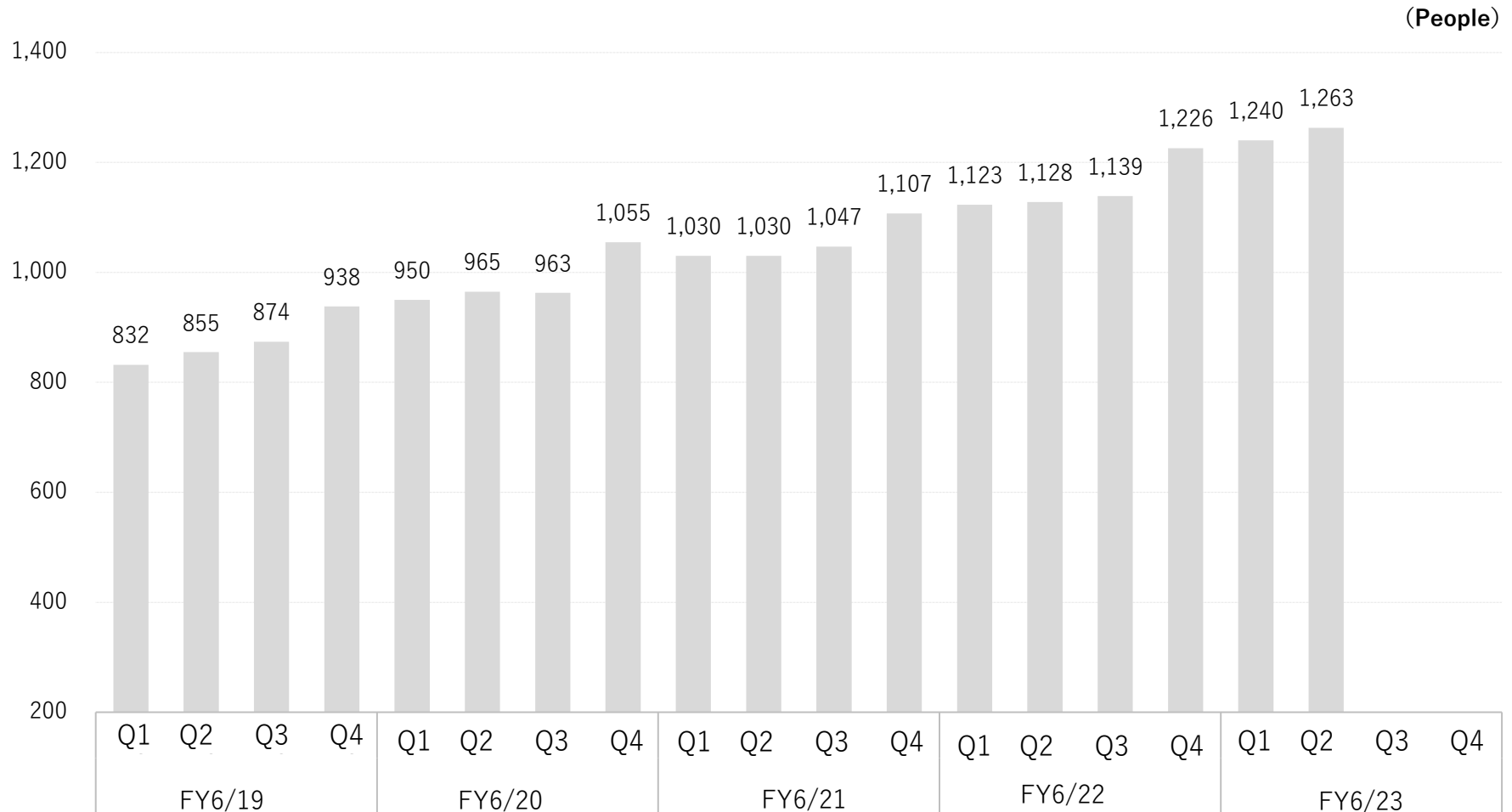


Figures are calculated based on the past four quarters.

Effective from the beginning of the first quarter of FY6/22, the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others have been applied.

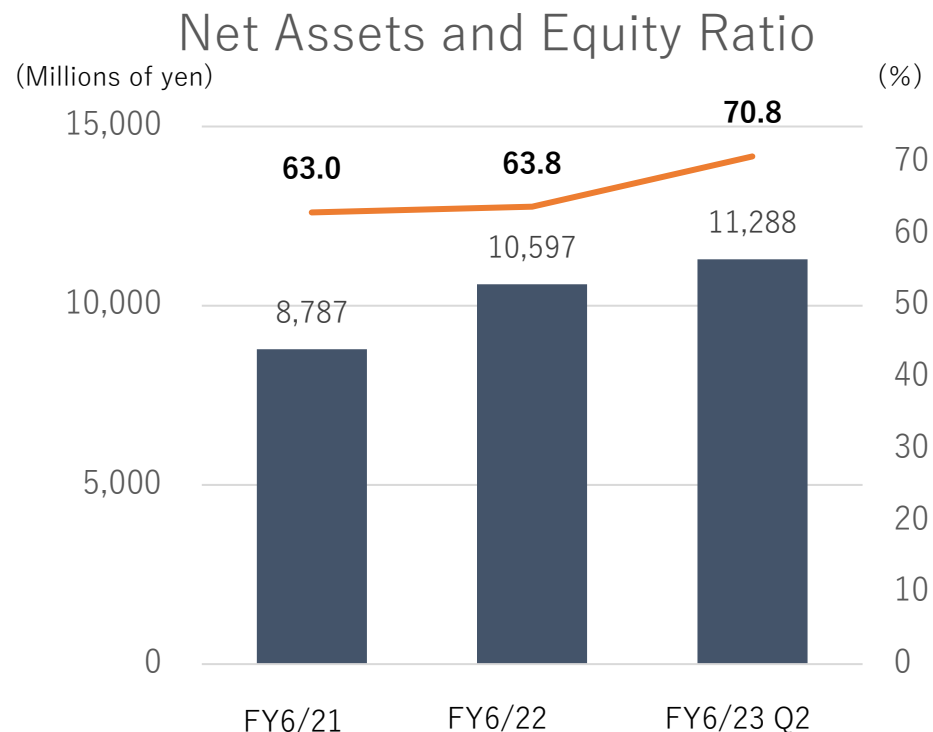
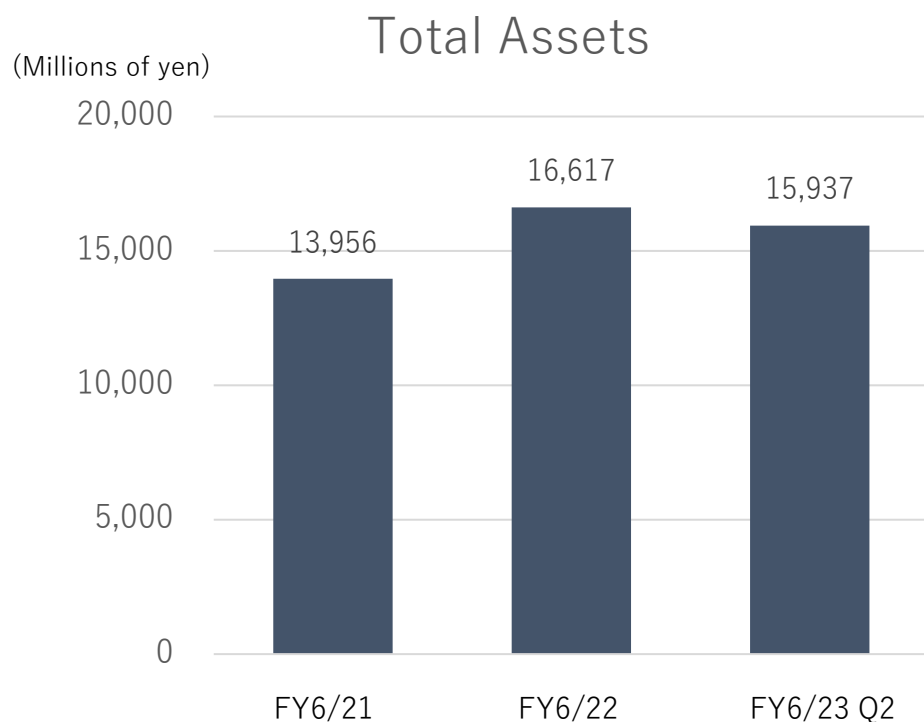
Number of Group Employees

- Growing headcount to achieve sustainable growth



Financial Condition Trends

- Cash and cash equivalents decreased mainly due to performance bonuses, increase in working capital due to higher sales, expansion of office space, and purchase of source code, leaving total assets flat.
- On the other hand, liabilities decreased in response to the decrease in cash and deposits, and the equity ratio increased because net assets increased by almost the same amount as net income.



Effective from the beginning of the first quarter of FY6/22, the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others have been applied.

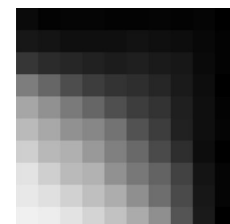
Cashflow Trends

- Operating cash flow was negative in the first half mainly due to an increase in performance bonuses and an increase in working capital associated with higher sales.
- Investment cashflow investments also increased due to the purchase of source code from Metapraxix and office expansion (acquisition of fixed assets and increase in rent deposits).

(Millions of yen)

	FY6/23 Q2	YoY Variance		FY6/23 H1	YoY Variance	
		Yr earlier	% chg		Yr earlier	% chg
Operating CF	△ 225	458	△ 684	△ 717	284	△ 1,002
Investment CF	△ 510	△ 77	△ 433	△ 622	△ 254	△ 367
Free CF	△ 736	381	△ 1,117	△ 1,339	30	△ 1,369
Financial CF	△ 5	△ 5	0	△ 499	△ 422	△ 77

Effective from the beginning of the first quarter of FY6/22, the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others have been applied.



II . Earnings and Dividend Forecast

Earnings forecast for the fiscal year ending June 30, 2023

- H1 saw both sales and profit growth, and we expect sales growth for the full year, but as it is possible that reorganization costs may exceed initial expectations, we maintain our forecast for profit decline.
- We expect to see increasing sales in all segments, but profit margins are expected to deteriorate due to increased personnel costs associated with aggressive hiring.
- Regarding the reorganization, the SG&A increase is within expectations, but as costs from the rationalization of low margin products and projects in existing businesses, and business environment improvements costs to accelerate the shift to cloud computing may exceed expectations, we forecast a profit decline.

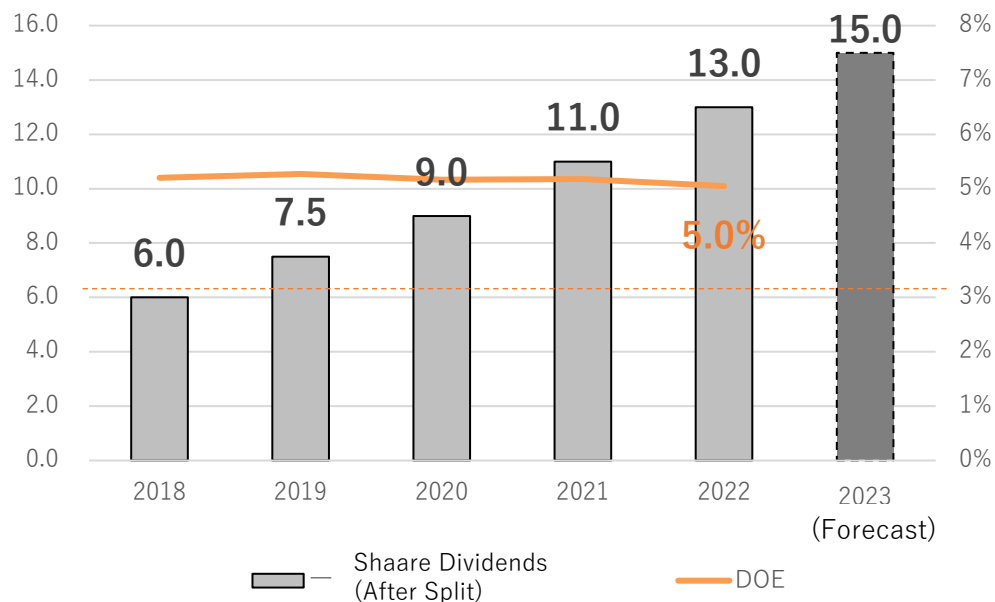
(Millions of yen)

	FY6/22 (Actual)	FY6/23 (Forecast)	Variance	Chg
Net Sales	18,703	21,800	+3,096	16.6%
Operating Income	3,247	3,100	-147	-4.5%
OPM	17.4%	14.2%	-	-
Net Income	2,045	2,030	-15	-0.7%

Shareholder Returns

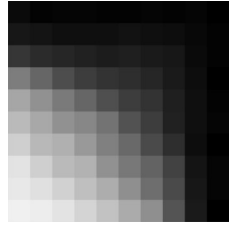
- The dividend per share for the fiscal year ending June 30, 2023 is forecast as 15 yen, as targeted in our Medium-Term Management Plan.
- DOE for the fiscal year ended June 30, 2022 was 5.0%, well above the TSE-listed company average (12 months) of 3.1%.

(yen/share)



< Our shareholder return policy >

- Dividends are an important part of our shareholder return policy
- Avant aims to maintain if not grow the dividend by focusing on indicators such as dividend on equity (DoE) which is less impacted by fluctuations in annual earnings.
- Avant's DOE is above 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 DOE.



III. Actions to Realize our Materiality

Management View of Current “BE GLOBAL 2023” Plan

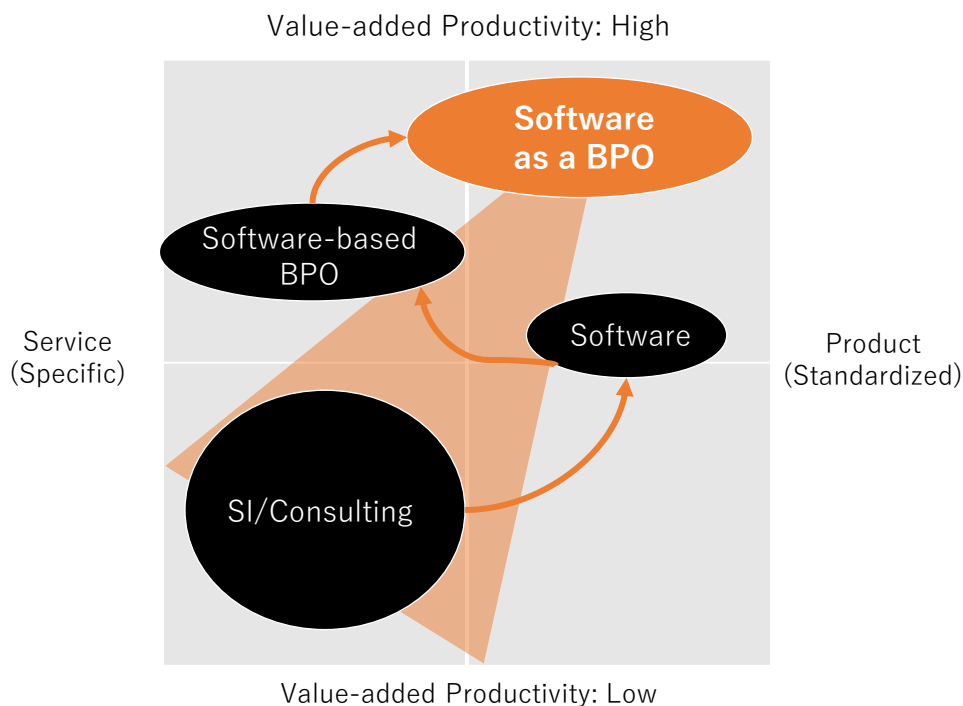
- We believe that the failure to achieve the strategic KPIs was due to the fact that the management teams of each operating company were not sufficiently involved in the difficult and important management task of converting to a recurring-type business, nor was it connected to activities on the ground.
- In order to realize the Group's vision of "BE GLOBAL," we have identified our strategic materiality as "Becoming a Software Company that Contributes to Enhancing Corporate Value," and in October 2022, we implemented a business reorganization.

		FY6/19 Actual	FY6/20 Actual	FY6/21 Actual	FY6/22 Actual	FY6/23 Target
Operational KPI	Net Sales (¥b)	14.07	15.69	16.23	18.70	18.0~22.0
	Operating Income (¥b)	1.96	2.27	2.79	3.24	3.1~3.8
Strategic KPI	Recurring Sales Ratio (%)	31.4	32.6	36.0	34.6	70
	Sales Growth + OPM (Points)	30.2	26.0	20.7	32.6	40 or more
Financial KPI	ROE (%)	24.6	23.5	23.6	21.1	20 or more
	Dividend (yen)	7.5	9.0	11.0	13.0	15 or more

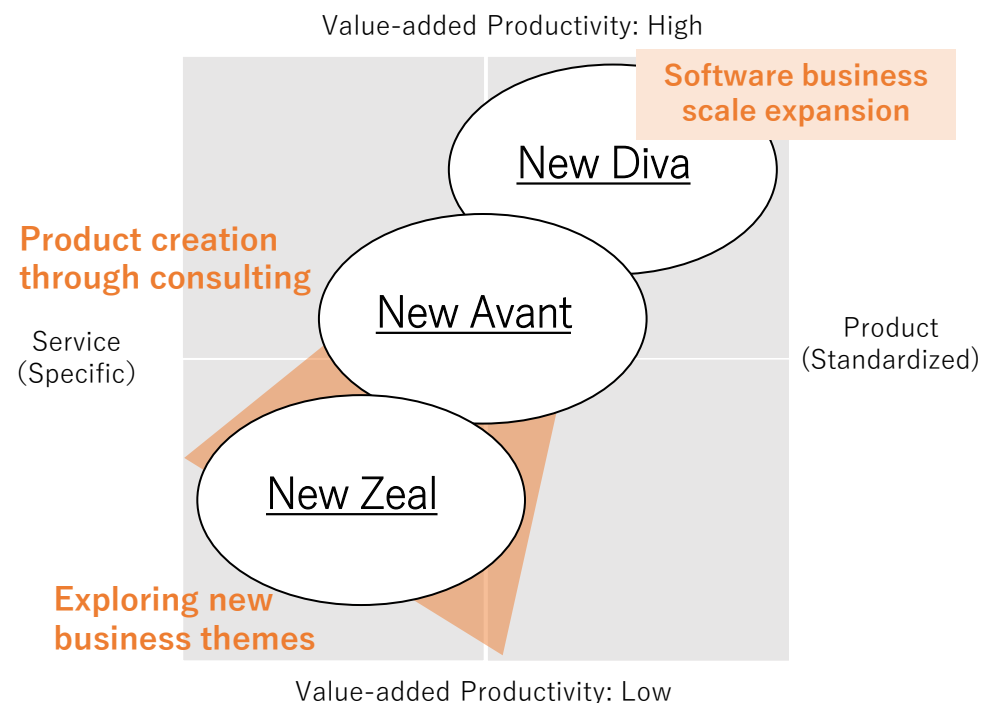
Business Reorganization to Realize our Materiality

- Position "Software as a BPO*" in the upper right as the ultimate business model, in which high value-added productivity is achieved through standardized products and aim to expand the scale of the software business by clarifying the position of each group company and creating a state in which the business can be expanded and replicated.

Software Business Expansion and Replication



Positioning of Each Company in the Expansion and Replication Process



※BPO: Business Process Outsourcing

Reorganization to Realize the Group's Strategic Materiality

Before

AVANT

Group Governance Business

Software implementation consulting business specializing in consolidated accounting and group management

- Consolidated disclosure support system ①
- Group management support systems 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

Digital Transformation Business

SI business specializing in BI and data utilization

- Data platform ⑥
- Business Intelligence ⑦
- CPM ⑧

Internet Disclosure Co. Ltd.

DIVA

FIERTE

ZEAL

Split ①

Split ⑧

Receive ①

Receive ⑧

Change of trade name

Change of trade name

After

Internet Disclosure Co. Ltd.

DIVA

AVANT

ZEAL

Consolidated accounting and disclosure software and BPO to support creative disclosure

- Disclosure support system 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 ②, CPM ⑧, etc.
- System implementation consulting ⑨

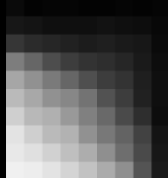
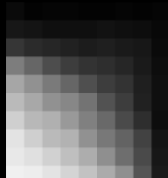
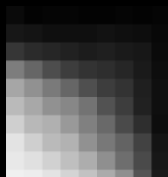
Development and operation of management information DX infrastructure

- Data platform ⑥
- Business Intelligence ⑦

Avant Group
(TSE Prime listed company)

Group companies are wholly owned subsidiaries of the holding company

Operating Companies and Market Environment under New Structure

	Business	Market environment
 DIVA	<p>In addition to developing the DivaSystem LCA consolidated accounting system and related products such as DivaSystem, Dx3-Advance, and DivaSystem FBX, we are engaged in outsourcing services for consolidated and non-consolidated accounting operations using DivaSystem and provide comprehensive support for corporate value creation processes through information disclosure.</p>	<ul style="list-style-type: none"> Efficiency improvement, industry reorganization, and overseas expansion are making group management inevitable for Japanese companies. Due to the need for faster settlement of accounts and improved disclosure, the consolidated accounting system market grows at around 6%. Systems are rapidly becoming cloud-based, and cloud systems are expected to grow at around 20%. On the other hand, we expect the outsourcing market to grow by 20–25%, supported by needs such as DX reform, combating individual over-dependence, work-style reform, and stronger governance
 AVANT	<p>Supporting the creation of corporate value through the installation and maintenance of the DivaSystem consolidated accounting system and related products, the development of Group management support systems such as AVANT SMD, AVANT Compass, and AVANT Chart, and also based on customer needs developing and implementing systems that may incorporate software developed by other companies.</p>	<ul style="list-style-type: none"> The Corporate Governance Code requires companies to make decisive management decisions based on management information and to realize improvements in corporate value. Companies need solutions (DX for Management) to integrate and analyze various types of information and to make management decisions, execute and report. The DX solution consulting market is expected to grow by 30%.
 ZEAL	<p>Under the auspice of Digital Transformation, through consulting and system development, supports the development of a data-platform and BI solutions for organizing and integrating internal and external data, making it “visible” through analysis, reports and graphs, and providing useful information for management decision-making. The company has also developed its own cloud-based analytical platform “ZEUSCloud” and e-learning service “ZEAL DX Learning Room.”</p>	<ul style="list-style-type: none"> Advanced companies, which regard management reform by DX as the key to competitiveness, are actively in introducing systems. In the future, due to the spread of DX, the DX system integration market is expected to grow by 30%.

Assumptions for Formulating the next Medium Term Management Plan

Strategy

- Contribute to clients seeking to enhance their corporate value through "DX for Management".
- Clarify the direction of operating companies, reorganize low-profit products, and actively recruit to facilitate the development of future core products and strengthen the implementation consulting business.
- Strengthen relationships with 1,400, mainly listed company customers, and by grasping customer needs provide products and services without a bias to in-house products. Accelerate the shift to the cloud and aim to accelerate top-line growth by increasing sales per customer and the number of customers.

Growth and Profitability

- Sales growth 20% or more (5-year CAGR)
- GPP 40 points or more (from FY6/28)

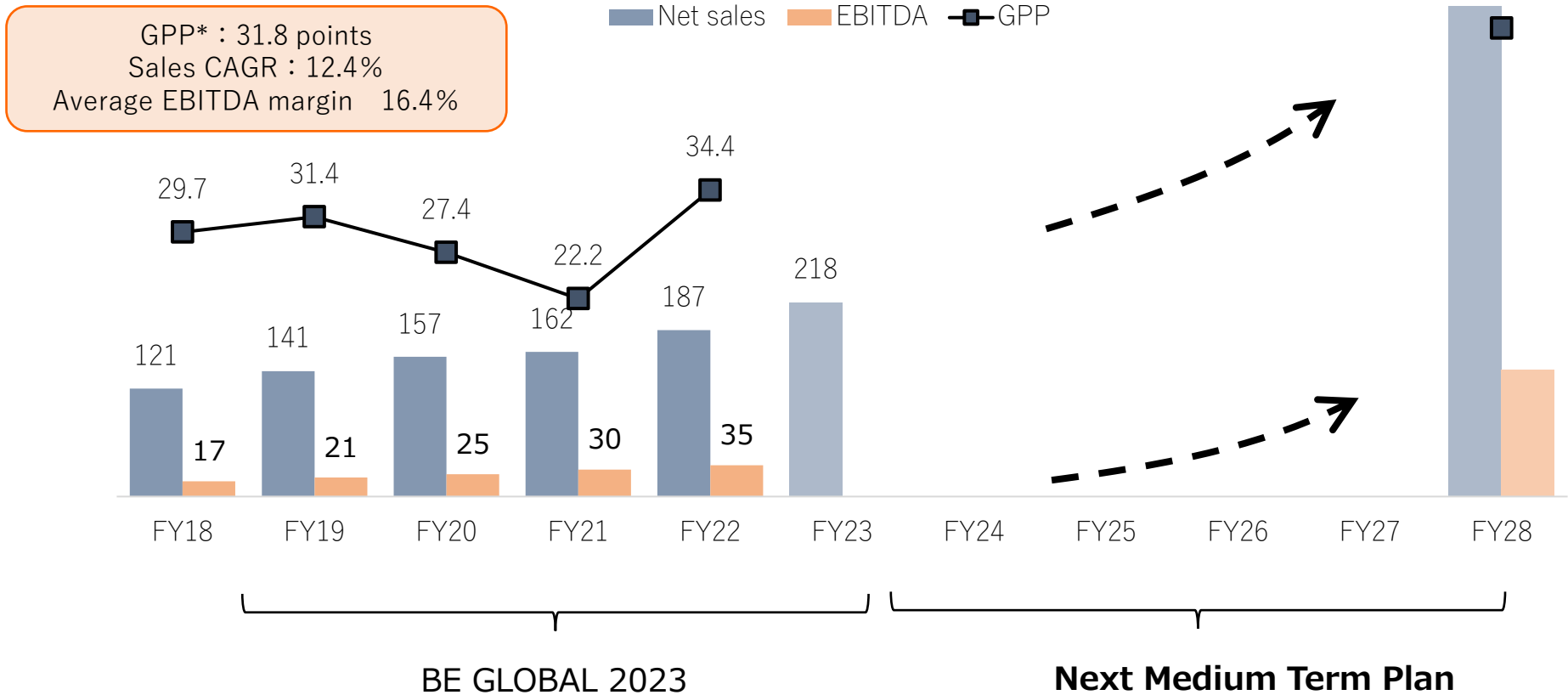
GPP=Net Sales Growth Rate + EBITDA Margin

Capital strategy

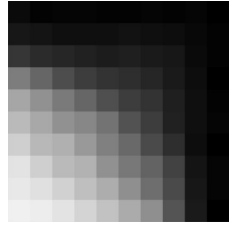
- ROE 20% or more
- DOE over 8%

Assumptions for Formulating the next Medium Term Management Plan

- Aiming for 20% sales growth and expanding margins



※GPP: Growth Profit Points = Sales Growth Rate + EBITDA margin. In the U.S., SaaS companies often use this indicator to measure their financial health, and while generally a score of 40 points or more is the target, we do not anticipate posting negative EBITDA margins.



Reference: Company overview

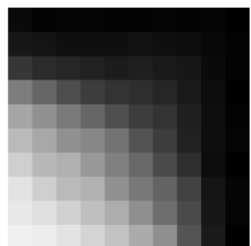
About Avant Group

- Name: Avant Group Corporation
- Founded: May 26, 1997
- Representative: Tetsuji Morikawa, President and Group CEO
- Market Cap: ¥55b (TSE Prime 3836)

Core Value

1. Focused on niche and highly specialized business areas
2. Close ties with quality customers
3. Business model that brings in recurring sales

Holding Co.



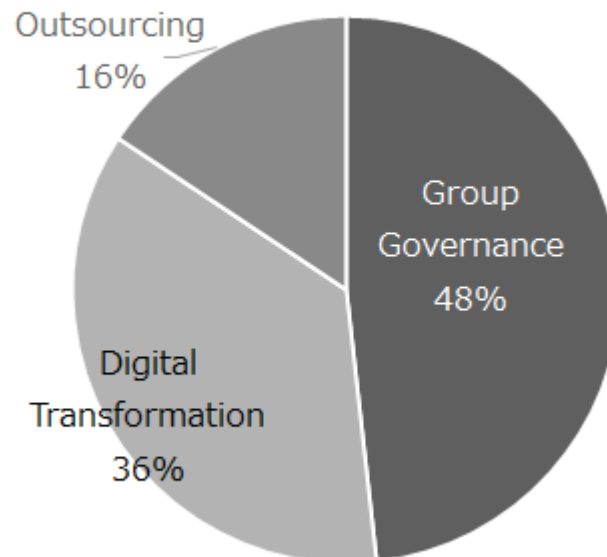
AVANT
GROUP

Four Operating Cos.

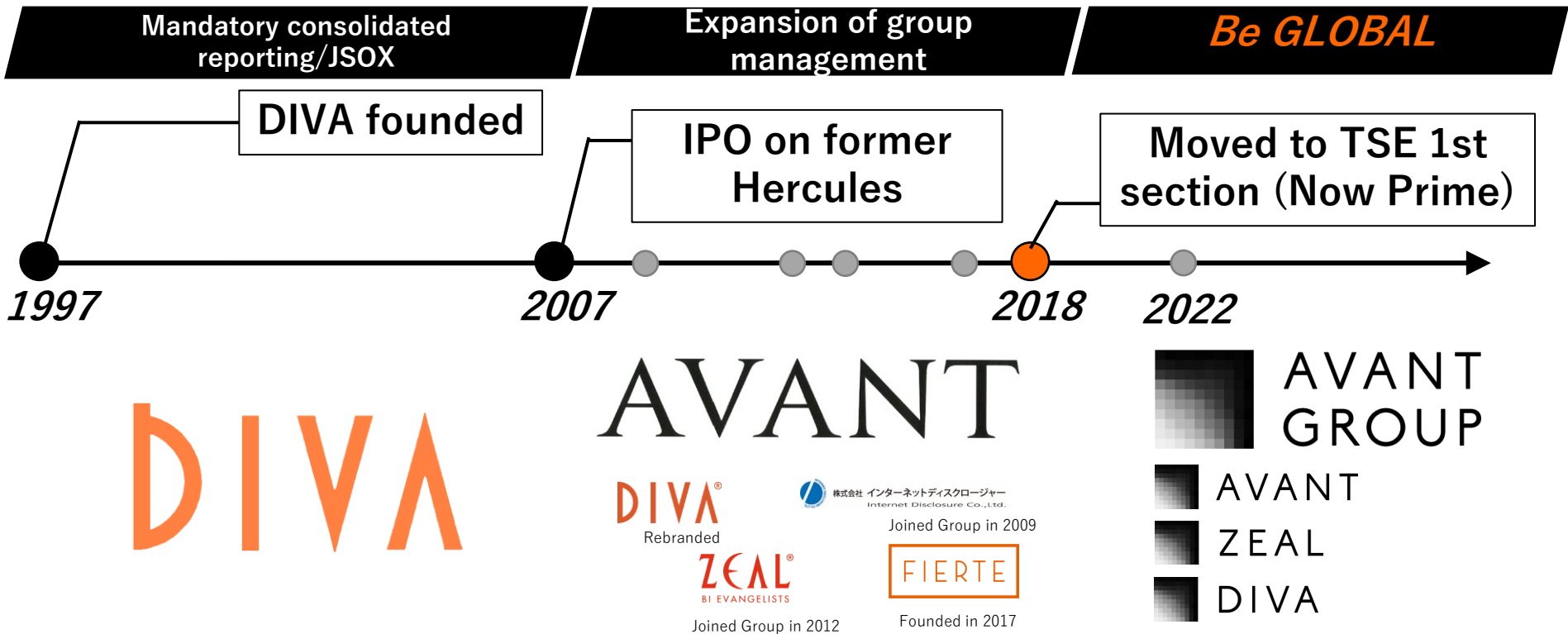


Three Business Segments (FY6/2022)

Net sales ¥18.70B



The Avant Group and the Next Ten Years



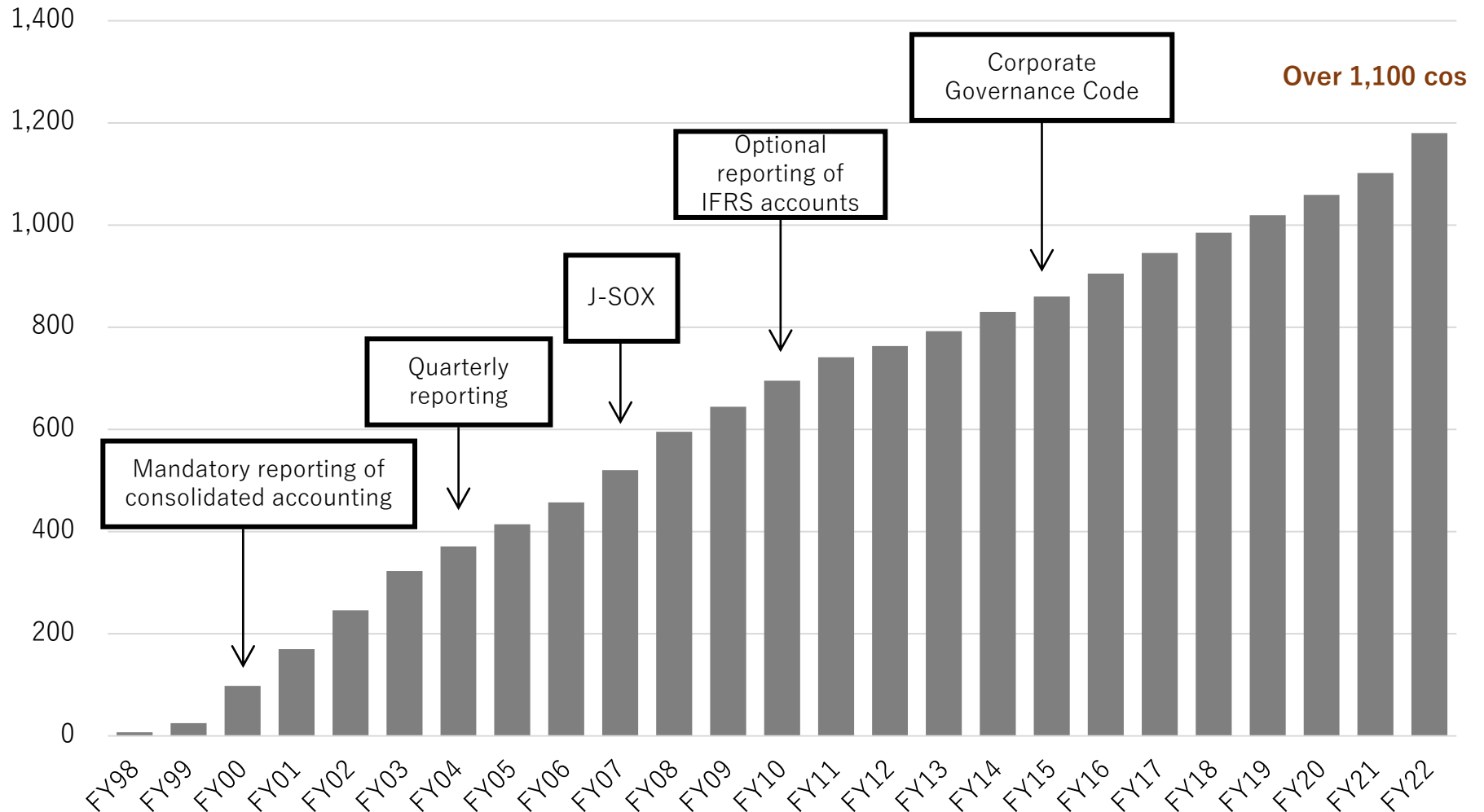
The Company was founded as DIVA CORPORATION in 1997. On the back of a series of regulatory change in disclosure, the Company quickly established itself as leading developer of consolidated accounting software in Japan.

In order to maintain growth momentum in the Group, the Company made a series of acquisition, and shifted to a holding company in 2013 to practice excellence in group management.

The Group set long term strategy “BE GLOBAL” a company-wide drive to become a world-class software company. In 2022, Avant Group marked its 25th anniversary with a new Group structure and new branding.

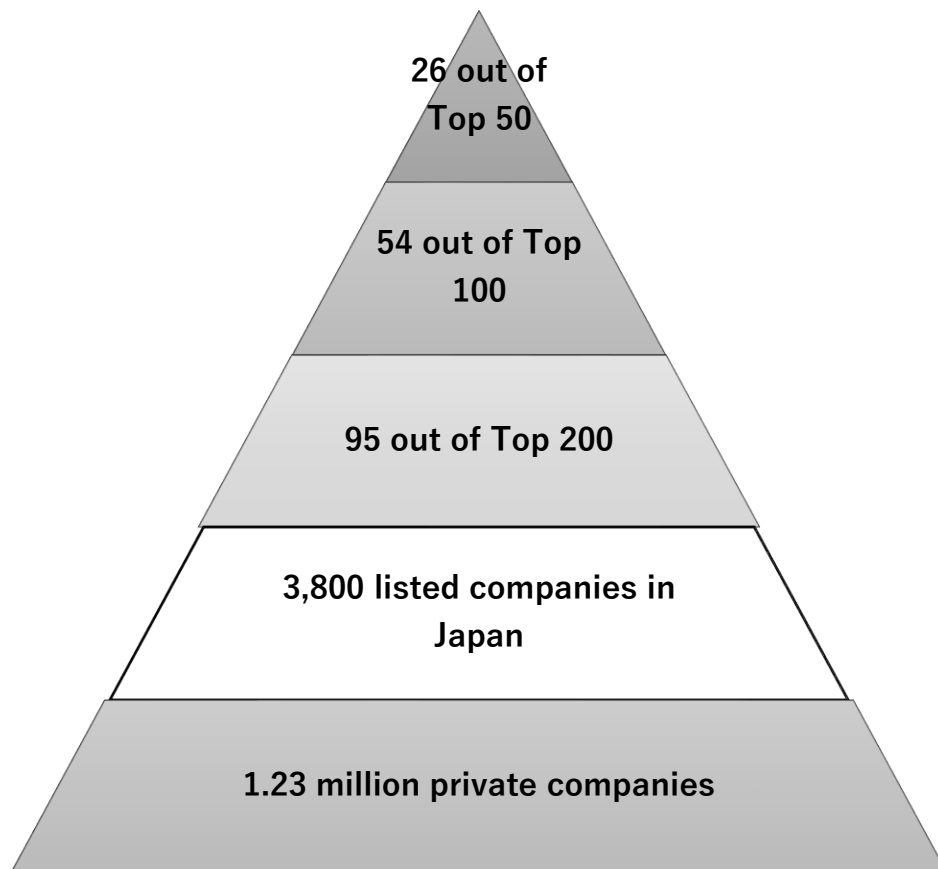
Consolidated Accounting System User Trend

DivaSystem has accumulated solid customer base as disclosure requirement evolved.



DivaSystem Client Base

- Sold to over 1,100 companies ¹
- Leading market share of 43.2% ² in FY2021. More than half of TSE listed top 100 companies
- Offers financial and managerial accounting, governance solutions



Toyota Motor Corporation
Nippon Telegraph and Telephone
KDDI Corporation
Daikin Industries, Ltd.
Hitachi Group
Chugai Pharmaceutical Co., Ltd.
Denso Corporation
Seven & i Holdings Co., Ltd.
Astellas Pharma Inc.
Fujifilm Holdings
Bridgestone Corporation
Mitsui Fudosan Co., Ltd.
Mitsubishi Estate Co., Ltd.
Panasonic Corporation
Kao Corporation, etc. (June-2022 Market Cap.)

¹ As of December 2020

² Fuji-Keizai Management “2021 Software Business New Market” Consolidated Accounting Software (Package) Market Share

DIVA Corporation Dx for Dialog

In addition to developing the DivaSystem LCA consolidated accounting system and related products such as DivaSystem Dx3-Advance and DivaSystem FBX, we are engaged in outsourcing services for consolidated and non-consolidated accounting operations using DivaSystem and provide comprehensive support for the company's value creation process through information disclosure.

Product



An accounting system that improves the efficiency of consolidated accounting and consolidated financial reporting. In response to changes in the disclosure regime, such as the accounting "Big Bang" and the introduction of J-SOX, the number of companies that have introduced it has increased to approximately 1,200.



By making journal entry details and balance data of Group subsidiaries visible at the Head Office, we will promote actions by the Head Office and at the same time bring discipline to the behavior of subsidiaries to strengthen Group governance.



A web-based application that collects and reports data required for group management operations such as group budget management and forecast management

Services

Consolidation process outsourcing

By contracting out the business processes necessary for consolidated accounting and disclosure (settlement of accounts of subsidiaries, data collection, consolidation processing, preparation of reporting materials, and disclosure), customers can reduce their workload and shift to more value-added business such as numerical analysis and factor analysis.

Global fund management advanced support service

This system serves as a platform for fund management and financing activities across the entire Group. By using TMS, the Head Office can obtain detailed information of the entire group in real time and online on TMS instead of using past information posted in a spreadsheet.

Accounting consulting services

Utilizing the investment experience gained from supporting the accounting and settlement operations of many listed companies, members with expertise and experience, including certified public accountants, contribute to the creation of "structures, operations and systems."

AVANT Corporation DX for Action

Based on the pillars of group management, consolidated accounting, and business management, we develop software to provide these solutions in-house, and provide one stop support for customers' "realization of visualization and maximization of invisible corporate value" from consulting to system planning and construction, installation support, and operation and maintenance. We also support the development and introduction of systems that combine our products with software developed by other companies.

Group Management

We provide management dashboards and business portfolio management software and consulting services to organize information of societal value such as financial information and non-financial information, to visualize corporate value and clarify the mechanisms that constitutes corporate value, and to utilize these in management decisions

Consolidated Accounting

Through the introduction and operation of DivaSystem LCA, we focus on consulting and SI services for disclosure and consolidated accounting, and we support clients' consolidated accounting operations by supporting global operations through compliance with IFRS, and the governance of overseas bases

Business Management

Based on our track record of developing the latest data platforms in a wide range of areas, we will support the improvement of business earning power by developing business management processes to maximize business performance using various EPM/CPM software, not limited to our own products.



AVANT SMD



AVANT Cruise



AVANT Compass



AVANT Chart

ZEAL Corporation DX for Information Utilization

Through system development and consulting, promotes corporate Digital Transformation and data driven management by organizing and integrating internal and external data with AI and BI solutions that analyze, forecast, and visualize data. Other services include ZEUSCloud, an in-house developed cloud-based data-analysis platform; ZEAL DX-Learning Room, an e-learning service that supports the development of human resources for DX; and CO-ODE, a service that distributes and provides user-friendly processed open data.



Data Platform

An analysis platform for extracting, processing, and analyzing various management information (customer, sales, inventory, production data, etc.) as appropriate, collected and accumulated both internally and externally

Business Intelligence

This system enables quick management decisions by displaying information organized on a data platform in an easy-to-understand form.

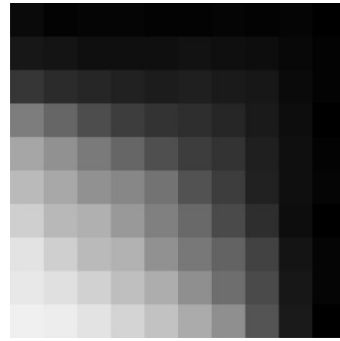
Cautionary Statement Concerning Forward-Looking Statements

The information in this document regarding business forecasts and other future projections and strategies is based on judgments made by the Company based on information reasonably available to it at the time this document was prepared and within the scope of what is normally expected. However, actual results may differ materially from those discussed in the forward-looking statements due to the occurrence of extraordinary circumstances or unforeseeable results that could not be foreseen in the normal course of events. While we endeavor to actively disclose information that we believe is important to investors, we urge you not to base your decisions solely on the earnings forecasts contained in this document. Please do not reproduce or transmit this material for any purpose without permission.

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AVANT GROUP

SUSTAINABILITY IS VALUE