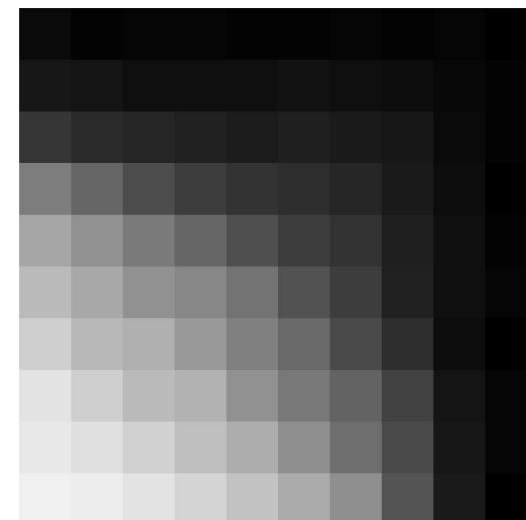


3836 TSE Prime

Avant Group Corporation

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

August 4, 2023



Executive Summary

■ Summary of financial results for the fiscal year ended June 30, 2023

- For the full year ending June 2023, sales increased in all segments, and consolidated sales increased 14.5% year-on-year to 21.4 billion yen. Operating income increased +1.3% year-on-year due to factors such as restructuring costs, increased headcount for growth, and increased outsourcing costs in response to strong demand.
- Although net sales fell 1.7% against the forecast, operating income was +6.1% and net income was +3.2%, achieving profit targets.
- In the fourth quarter, the DX business and the outsourcing business posted a high growth rate of more than 20% year-on-year, but the Group Governance business saw a decline in sales, resulting in an overall increase of 6.5% year-on-year. In terms of operating income, there was a decline in profit in the Group Governance Business, and overall profit decreased in the fourth quarter.

■ Earnings and Dividend Forecasts

- For the fiscal year ending June 2024, we forecast net sales of 24.0 billion yen (up 12.0% year-on-year), operating income of 3.85 billion yen (up 17.0% year-on-year), and net income of 2.50 billion yen (up 19.4% year-on-year).
- While raising the dividend on net assets ratio while always being aware that it will always be above the average for all listed companies, we expect to increase the dividend per share to 19 yen in the fiscal year ending June 2024 with the aim of achieving a dividend on net assets ratio of 8%.

■ Actions to Realize our Materiality

- Announced a new medium-term management plan, "BE GLOBAL2028," and accelerated the realization of our strategic materiality of "becoming a software company that helps improve corporate value."

INDEX

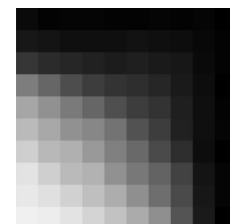
I . Summary of financial results for the fiscal year ended June 30, 2023

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 fiscal year ended June 30, 2023

Results Highlights

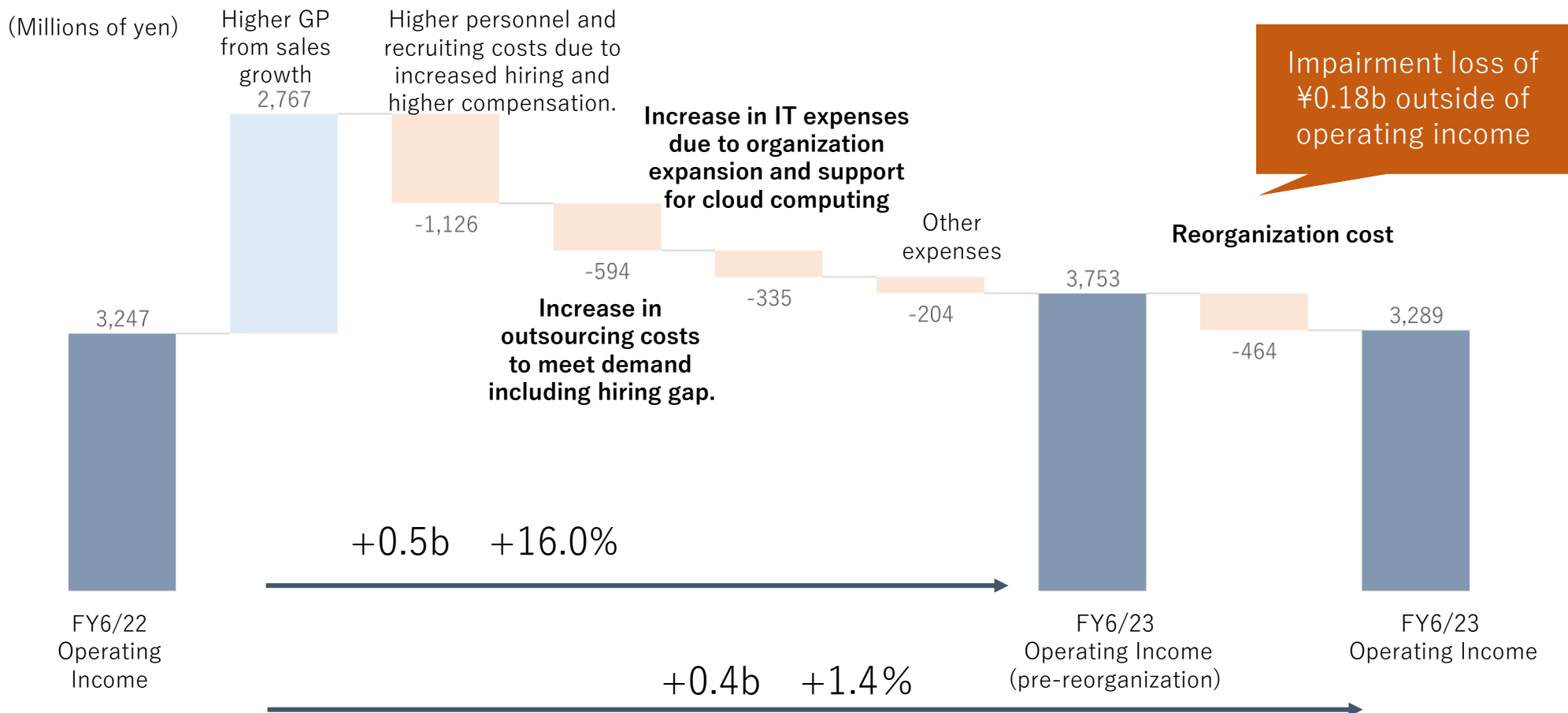
- Net sales increased 6.5% in the fourth quarter and 14.5% for the full year, despite a decline in the Group Governance business in the fourth quarter.
- Gross profit and operating income decreased in the fourth quarter on a non-consolidated basis due to a decline in gross profit margin due to additional personnel for growth and restructuring costs. Full-year increase rate is small, but profit growth is achieved.
- Net sales are below forecasts, but operating and net income exceed forecasts.

(Millions of yen)

| | FY6/23 Q4 | YoY Variance | | FY6/23 | YoY Variance | | vs Forecast | |
|------------------|--------------|--------------|--------|--------|--------------|--------|-------------|-----------|
| | | Yr earlier | % chg | | Yr earlier | % chg | Forecast | % Achieve |
| Net Sales | 5,236 | 4,916 | 6.5% | 21,424 | 18,703 | 14.5% | 21,800 | -1.7% |
| Cost of Sales | 3,173 | 2,686 | 18.1% | 12,028 | 9,782 | 23.0% | — | — |
| Gross Profit | 2,063 | 2,230 | -7.5% | 9,395 | 8,921 | 5.3% | — | — |
| GPM | 39.4% | 45.4% | -6.0pt | 43.9% | 47.7% | -3.8pt | — | — |
| SG&A | 1,695 | 1,606 | 5.5% | 6,106 | 5,674 | 7.6% | — | — |
| Operating Income | 368 | 624 | -41.0% | 3,289 | 3,247 | 1.3% | 3,100 | 6.1% |
| OPM | 7.0% | 12.7% | -5.7pt | 15.4% | 17.4% | -2.0pt | 14.2% | 1.1pt |
| Net Income | 223 | 472 | -52.8% | 2,094 | 2,045 | 2.4% | 2,030 | 3.2% |
| NPM | 4.3% | 9.6% | -5.4pt | 9.8% | 10.9% | -1.2pt | 9.3% | 0.5pt |
| EBITDA | 492 | 711 | -30.8% | 3,737 | 3,582 | 4.3% | — | — |
| EBITDA margin | 9.4% | 14.5% | -5.1pt | 17.4% | 19.2% | -1.7pt | — | — |

FY6/23 Operating Income Bridge (YoY)

- Despite an increase in recruitment-related expenses, outsourcing expenses, and IT expenses, the rate of increase in operating income before restructuring costs exceeded the rate of increase in sales.
- Operating income and net income increased only slightly due to the impact of restructuring costs of ¥0.46b in cost and SG&A expenses and ¥0.18b in impairment losses.



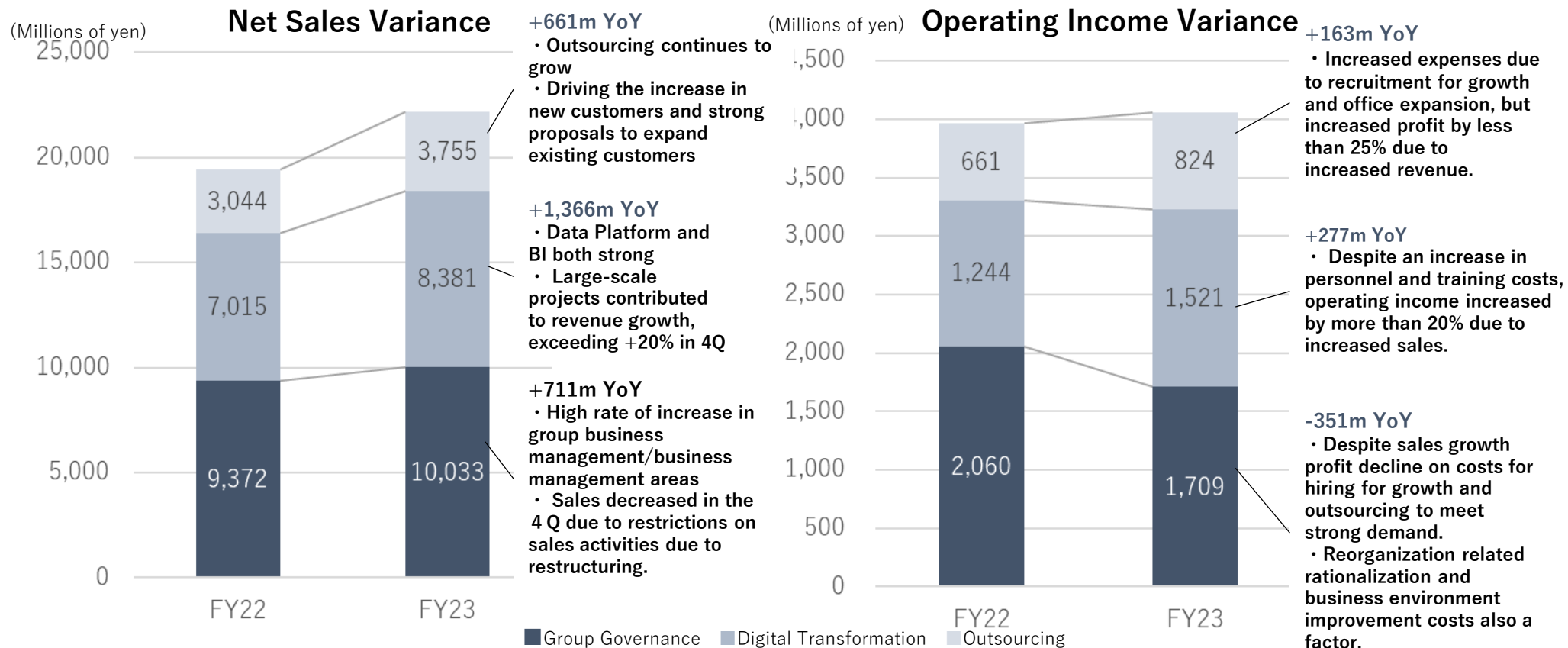
Results by Business Segment

- The DX business and outsourcing business increased sales by around +20%, and the effect of the increase in sales drove overall performance
- In the Group Governance Business, in the fourth quarter alone, sales and profits decreased year-on-year, and full-year sales increased, but profit decreased. (millions of yen)

| | | FY6/23 Q4 | YoY Variance | | FY6/23 | YoY Variance | |
|-----------------------------------|------------------|--------------|--------------|---------|--------|--------------|--------|
| | | | Yr earlier | % chg | | Yr earlier | % chg |
| Group Governance | Net Sales | 2,208 | 2,566 | -14.0% | 10,033 | 9,372 | 7.0% |
| | Operating Income | 192 | 507 | -62.1% | 1,709 | 2,060 | -17.0% |
| | OPM | 8.7% | 19.8% | -11.1pt | 17.0% | 22.0% | -4.9pt |
| | Orders | 3,084 | 3,340 | -7.7% | 10,301 | 10,155 | 1.4% |
| | Order Backlog | 3,400 | 3,132 | 8.6% | 3,400 | 3,132 | 8.6% |
| Digital Transformation (DX) | Net Sales | 2,207 | 1,741 | 26.8% | 8,381 | 7,015 | 19.5% |
| | Operating Income | 280 | 263 | 6.5% | 1,521 | 1,244 | 22.3% |
| | OPM | 12.7% | 15.1% | -2.4pt | 18.1% | 17.7% | 0.4pt |
| | Orders | 2,662 | 2,063 | 29.0% | 9,060 | 6,902 | 31.3% |
| | Order Backlog | 1,810 | 1,131 | 60.0% | 1,810 | 1,131 | 60.0% |
| Outsourcing | Net Sales | 982 | 791 | 24.1% | 3,755 | 3,044 | 23.4% |
| | Operating Income | 195 | 82 | 137.8% | 824 | 661 | 24.7% |
| | OPM | 19.9% | 10.5% | 9.4pt | 21.9% | 21.7% | 0.2pt |
| | Orders | 1,548 | 1,240 | 24.8% | 4,039 | 3,751 | 7.7% |
| | Order Backlog | 2,448 | 2,164 | 13.1% | 2,448 | 2,164 | 13.1% |

Results by Business Segment (Factors)

- Net sales increased in each segment. Group governance saw a decrease in sales in the fourth quarter due to restrictions on sales activities due to organizational restructuring, resulting in limited full-year revenue growth.
- Group governance includes an increase in personnel and outsourcing costs, as well as product restructuring triggered by restructuring. Although profit decreased due to increased costs due to environmental improvements, the outsourcing business and outsourcing business increased profits due to higher sales that exceeded the increase in costs.



Group Cost Structure

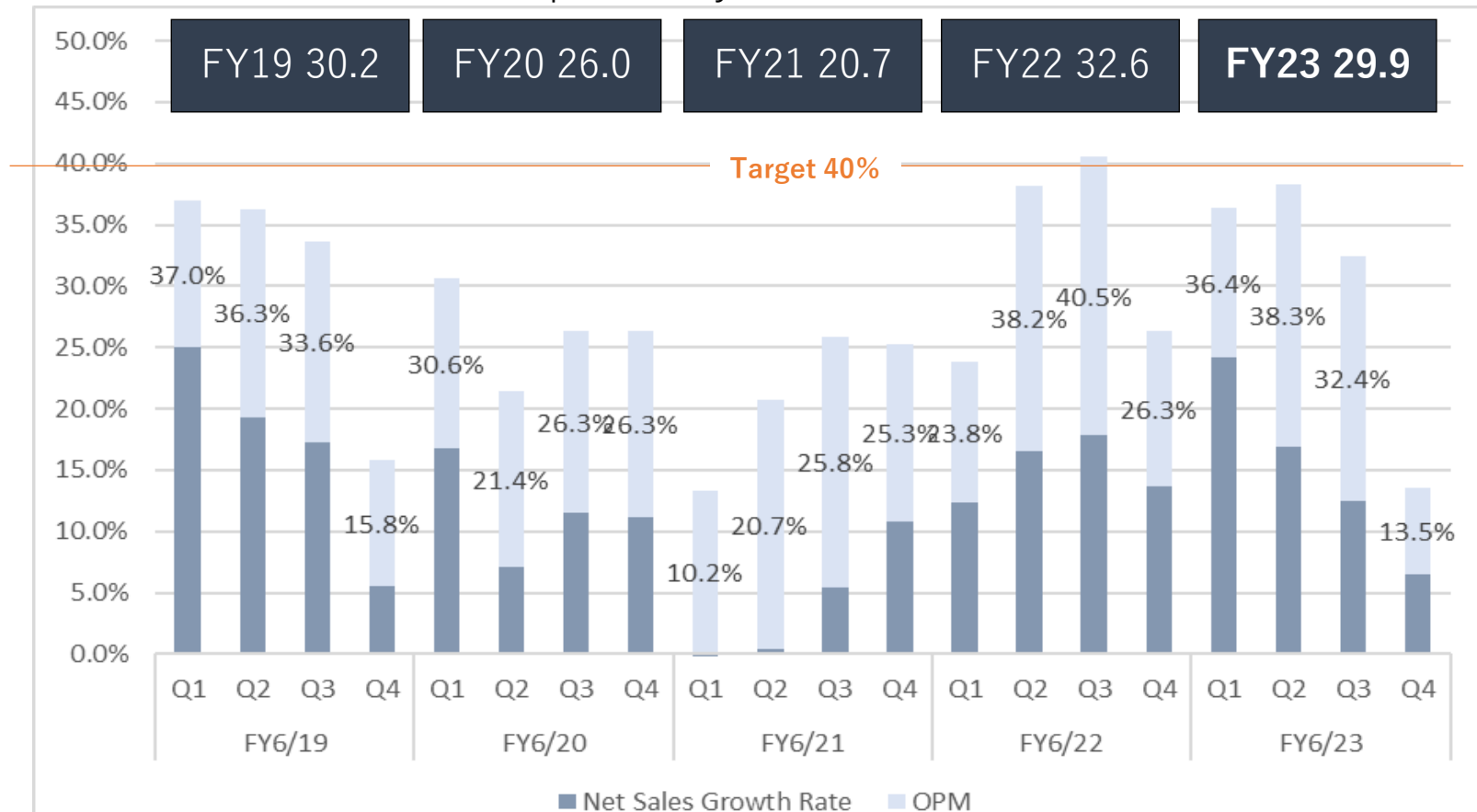
- Recruitment expenses are increasing due to active recruitment activities to increase sales, but outsourcing costs are increasing because employees alone cannot meet demand.
- IT expenses increased due to increase in headcount and cloud computing (for customers and internal environment)

(Millions of yen)

| | FY6/23 Q4 | YoY Variance | | FY6/23 | YoY Variance | |
|----------------------|--------------|--------------|--------|--------|--------------|--------|
| | | Yr earlier | % chg | | Yr earlier | % chg |
| Net Sales | 5,236 | 4,916 | 6.5% | 21,424 | 18,703 | 14.5% |
| Personnel expenses | 2,766 | 2,398 | 15.3% | 10,277 | 9,140 | 12.4% |
| Recruitment expenses | 134 | 130 | 3.1% | 433 | 353 | 22.7% |
| Outsourcing expenses | 984 | 890 | 10.6% | 3,778 | 2,910 | 29.8% |
| IT expenses | 313 | 185 | 69.2% | 994 | 658 | 51.1% |
| Office expenses | 216 | 206 | 4.9% | 905 | 895 | 1.1% |
| Other expenses | 455 | 483 | -5.8% | 1,748 | 1,500 | 16.5% |
| Total expenses | 4,868 | 4,292 | 13.4% | 18,135 | 15,456 | 17.3% |
| Operating Income | 368 | 624 | -41.0% | 3,289 | 3,247 | 1.3% |
| OPM | 7.0% | 12.7% | -5.7pt | 15.4% | 17.4% | -2.0pt |

Quarterly GPP (Net Sales Growth + OPM) Trends

- This fiscal year, the company has been close to the target of GPP40, but due to a decline in sales growth and a deterioration in profit margins, the company reached a GPP of 29.9 for the full year.
- It was also a median result in the past five years.

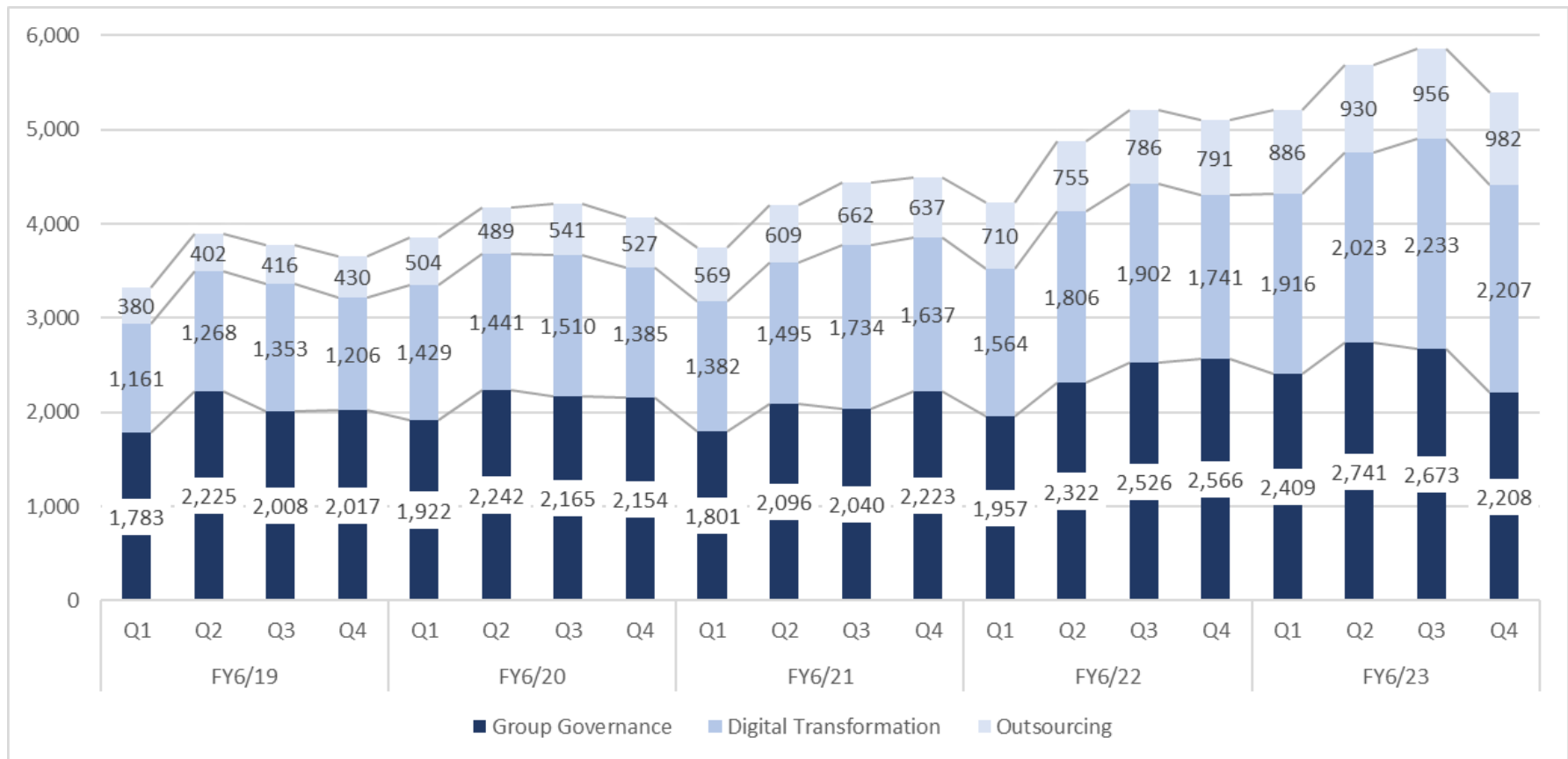


Effective from the beginning of the first quarter of FY6/22, the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others have been applied.

Quarterly Net Sales by Segment

- In the fourth quarter, as was the trend to date, overall sales increased year-on-year, although there was a decrease in the third quarter.

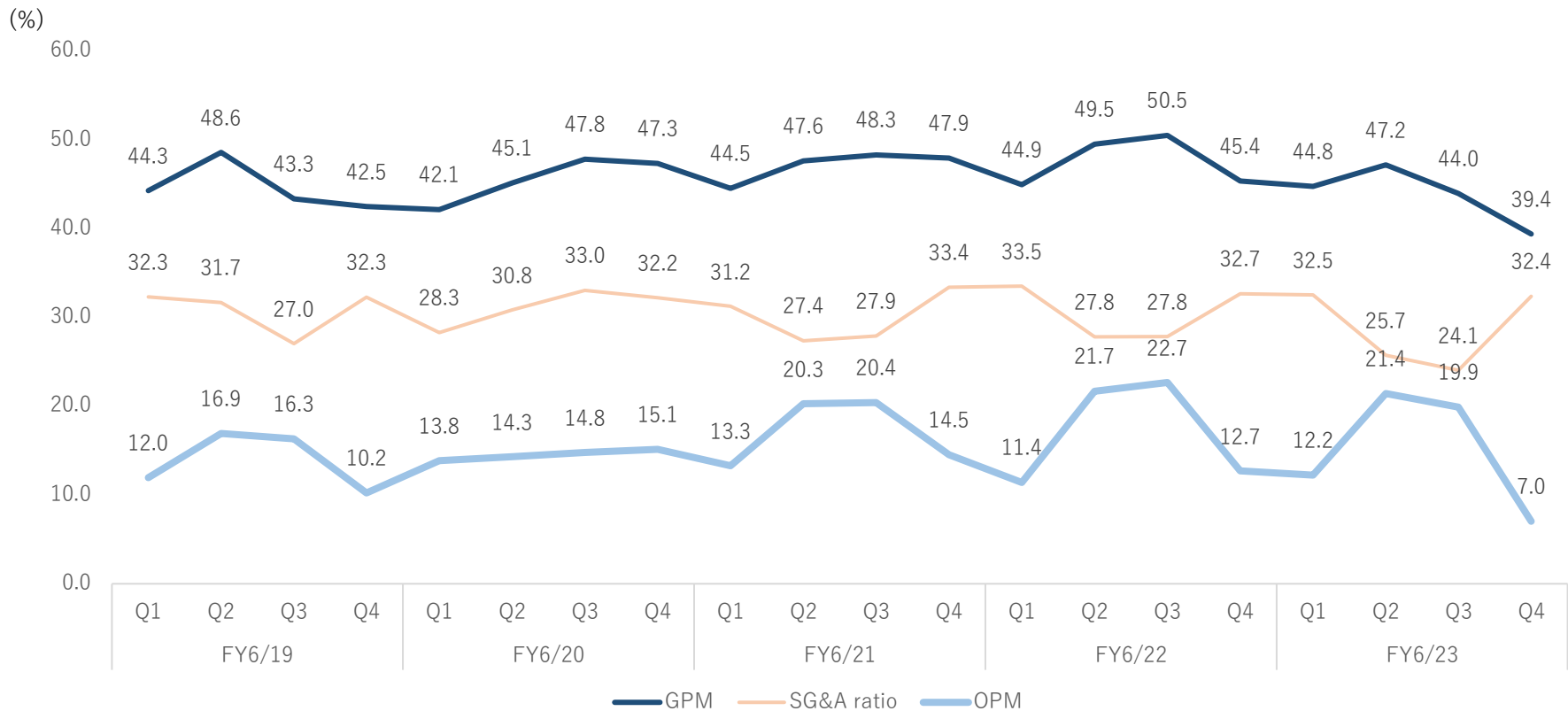
(Millions of yen)



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

- Gross profit margin tends to decline due to increased headcount for growth and restructuring costs. The SG&A expense ratio has been gradually decreasing over the past five years, but in the fourth quarter, it temporarily rose due to an increase in recruitment costs, mainly for new graduates. As a result, the quarterly operating margin temporarily declined.

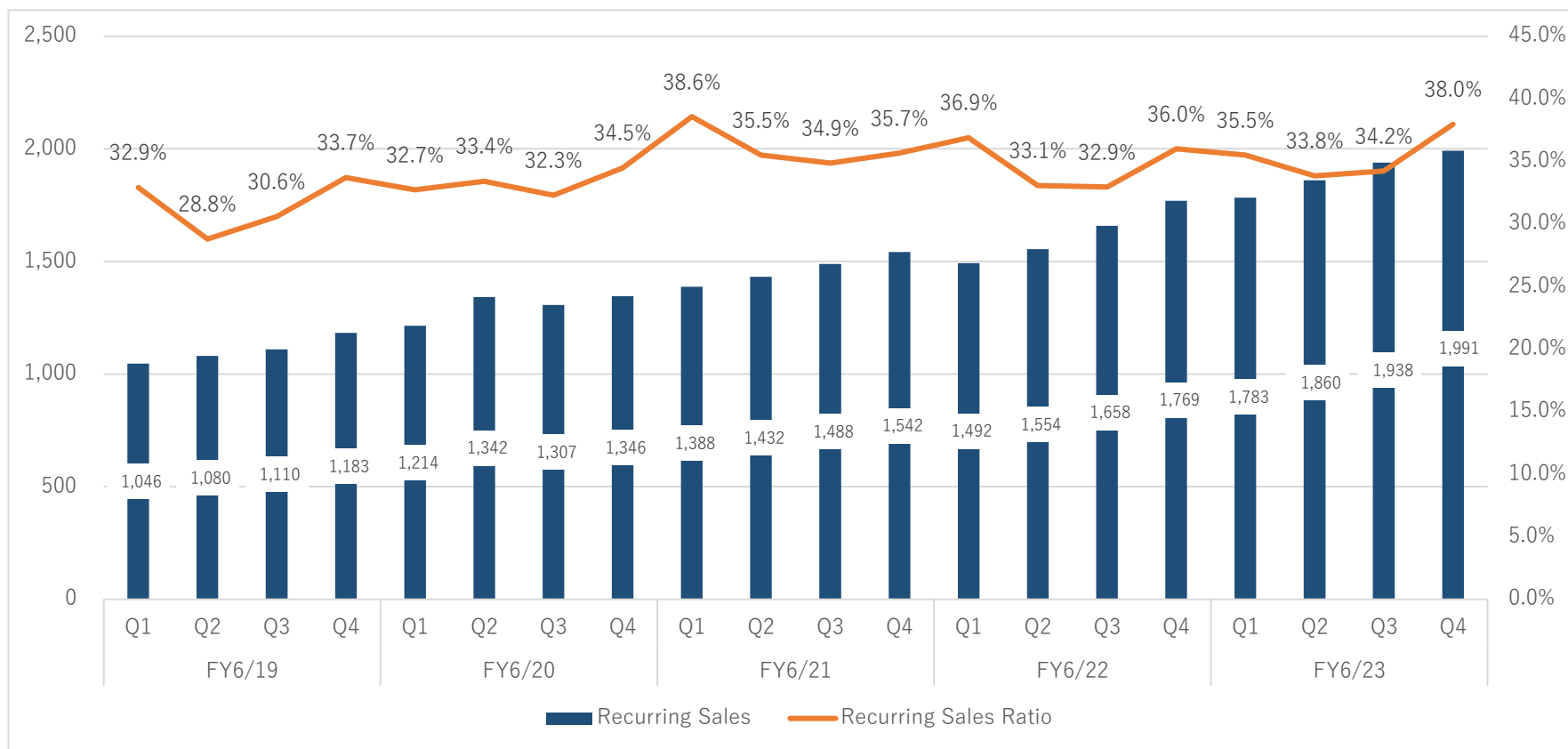


Effective from the beginning of the first quarter of FY6/22, the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others have been applied.

Quarterly Recurring Sales and Recurring Sales Ratio

- Although the ratio will rise and fall due to the volume of services sales, the absolute value of stock sales has increased steadily for seven consecutive quarters.

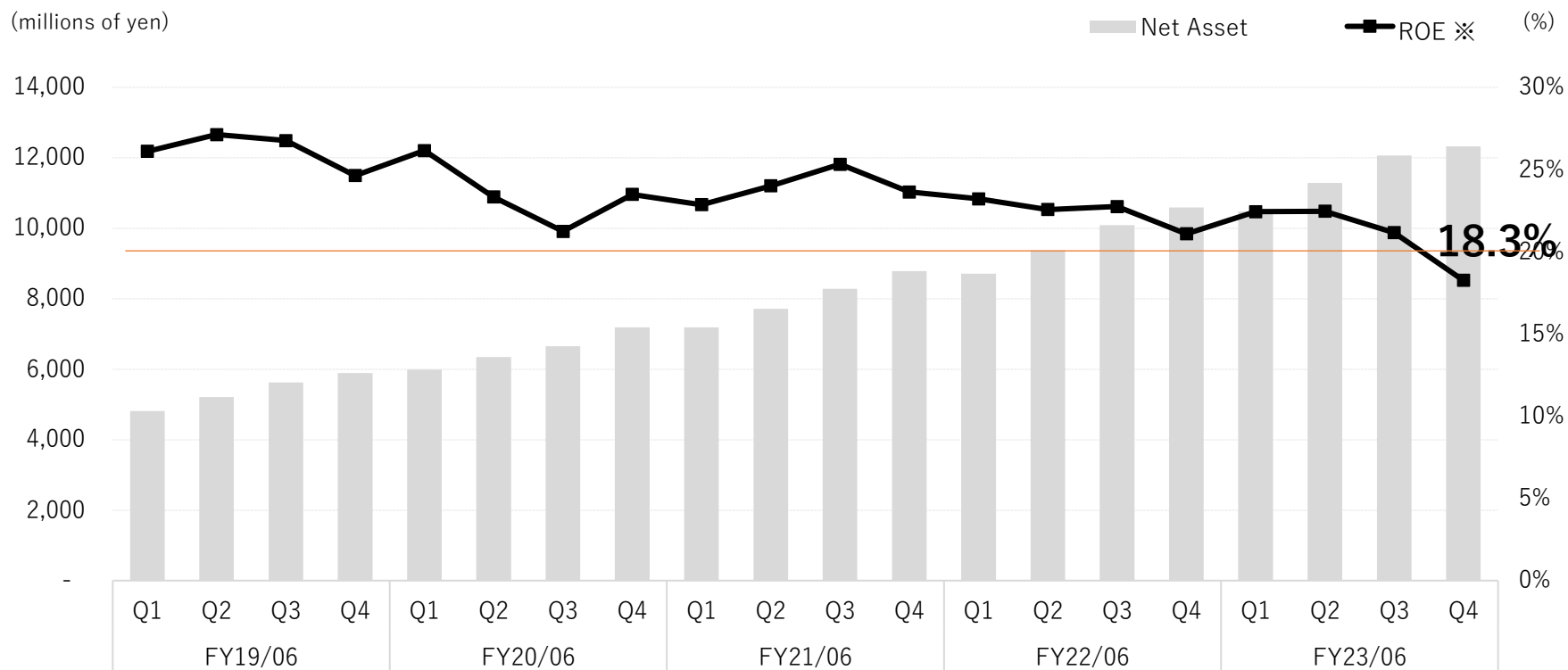
(Millions of yen)



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

- In the fiscal year ending June 2023, although it was below the target line of 20% due to impairment losses and restructuring costs, it is expected to recover from the next fiscal year onward.
- Comply with the Group's management principles, further increase profitability, and manage assets more efficiently to maintain an average of 20% or more.

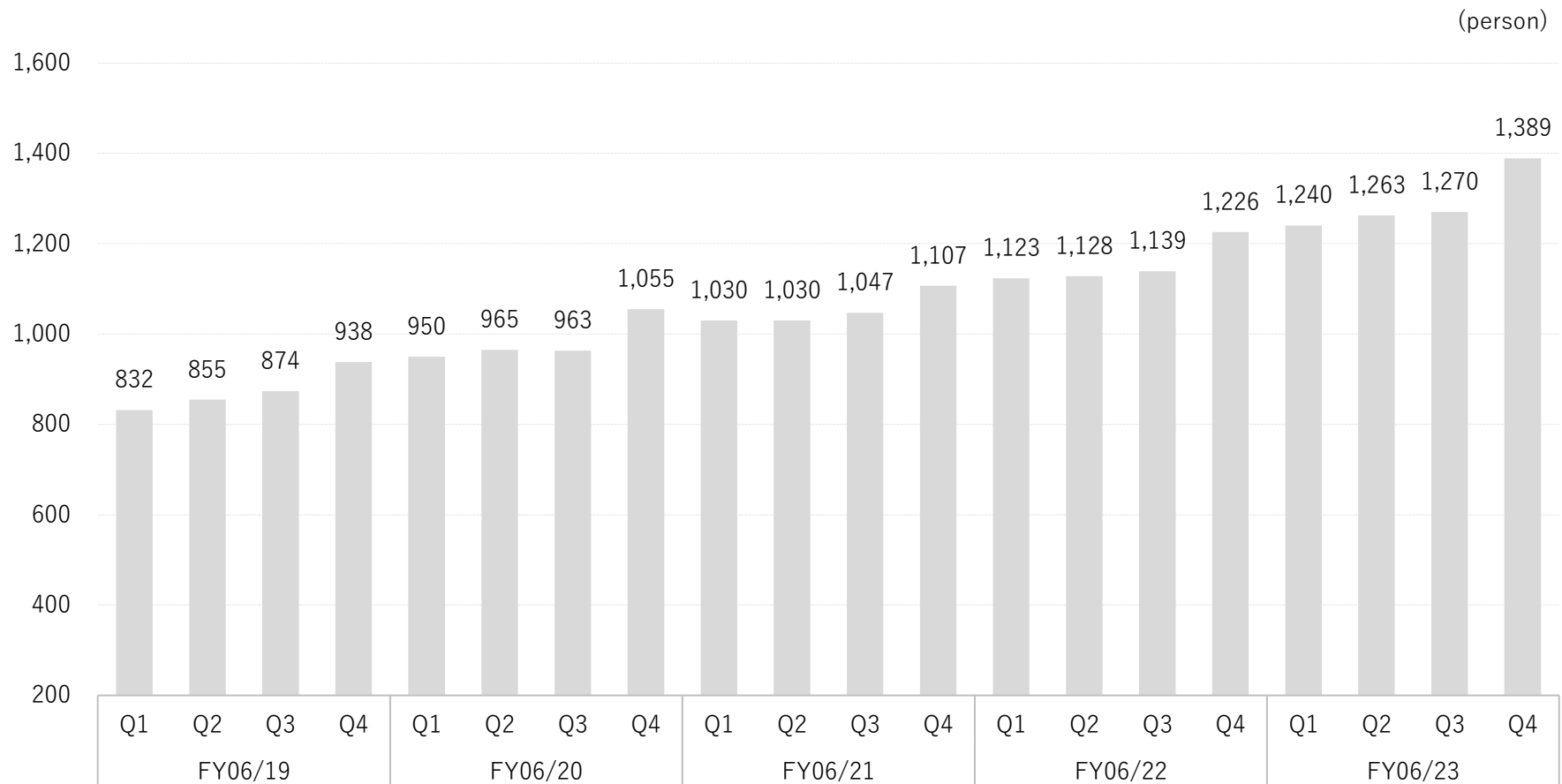


※Figures are calculated based on the past four quarters.

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

- The number of employees is increasing to achieve sustainable growth
- In addition to new graduate hiring, mid-career recruitment is also progressing steadily, with an increase of 119 employees in the quarter.

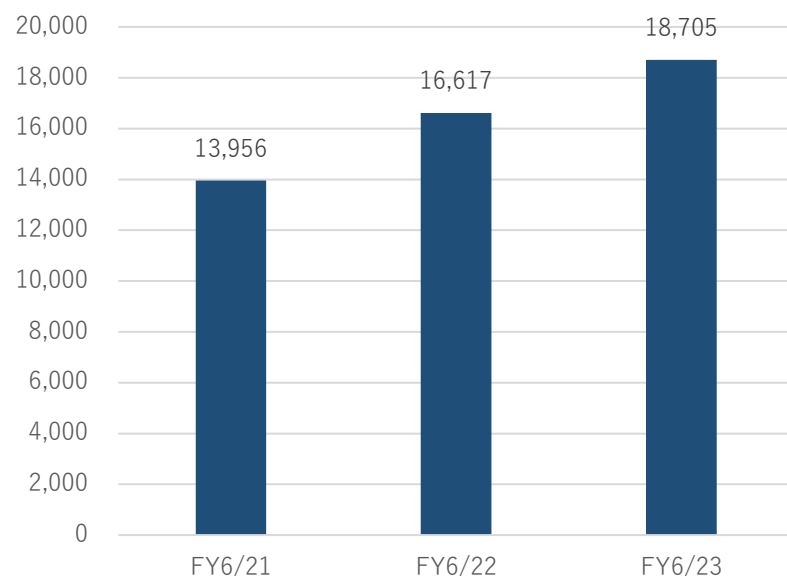


Financial Condition Trends

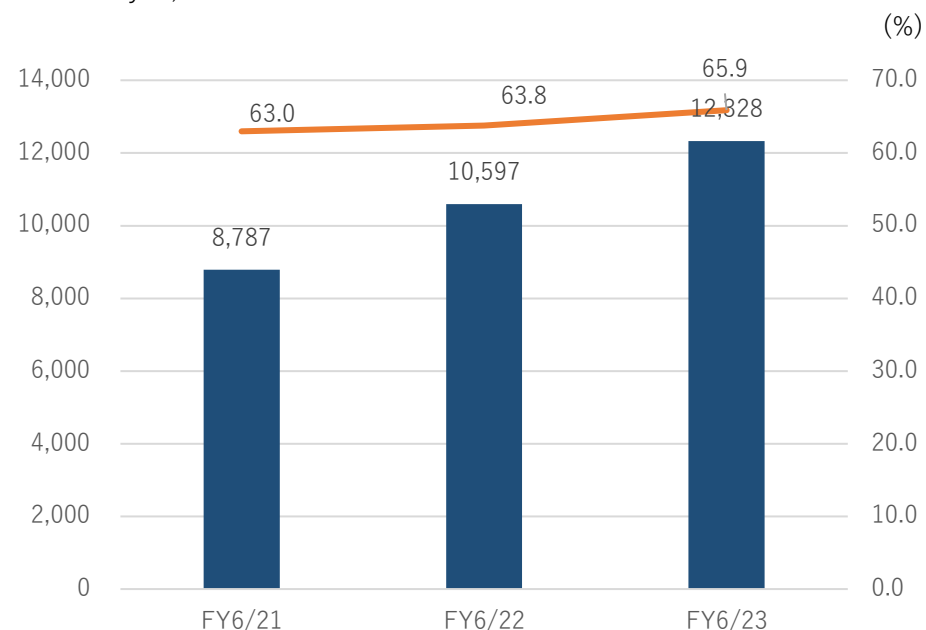
- Due to sales growth and profit structure, total assets and net assets are steadily accumulating.
- On the other hand, since we are able to operate with cash flow from operating activities without relying on borrowing, etc., and the debt ratio is declining, the equity ratio continues to be on an upward trend, although dividends are increasing year by year.

(Millions of yen)

Total Assets



(Millions of yen) Net Assets and Equity Ratio



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

- In the fourth quarter, operating CF was significantly positive due to the receipt of accounts receivable (decrease in accounts receivable) and advance payments for new contracts (increase in contract liabilities) due to the completion of previous contracts, resulting in a significant increase in the cumulative negative through the third quarter.
- Purchase of source code from Metapraxis and increase of office floor space (acquisition of property, plant and equipment and increase in deposit deposits), increase cash in investment CF and annual increase in cash

(Millions of yen)

| | FY6/23 Q4 | YoY Variance | | FY6/23 | YoY Variance | |
|---------------|--------------|--------------|-------|--------|--------------|---------|
| | | Yr earlier | % chg | | Yr earlier | % chg |
| Operating CF | 2,269 | 1,642 | 626 | 2,175 | 3,026 | △ 851 |
| Investment CF | △ 121 | △ 85 | △ 36 | △ 795 | △ 398 | △ 396 |
| Free CF | 2,147 | 1,557 | 590 | 1,379 | 2,627 | △ 1,247 |
| Financial CF | △ 4 | △ 4 | 0 | △ 507 | △ 433 | △ 73 |

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, 2024

- In the fiscal year ending June 2023, we landed at almost the same level as the earnings forecast, achieving increased sales and profits.
- For the fiscal year ending June 2024, sales are expected to increase by 12% year-on-year to 24,000 million yen. Operating income and net income are expected to increase at a rate greater than the rate of increase in sales due to the effect of increased sales and the reduction of the burden of restructuring costs incurred in the fiscal year ending June 2023.

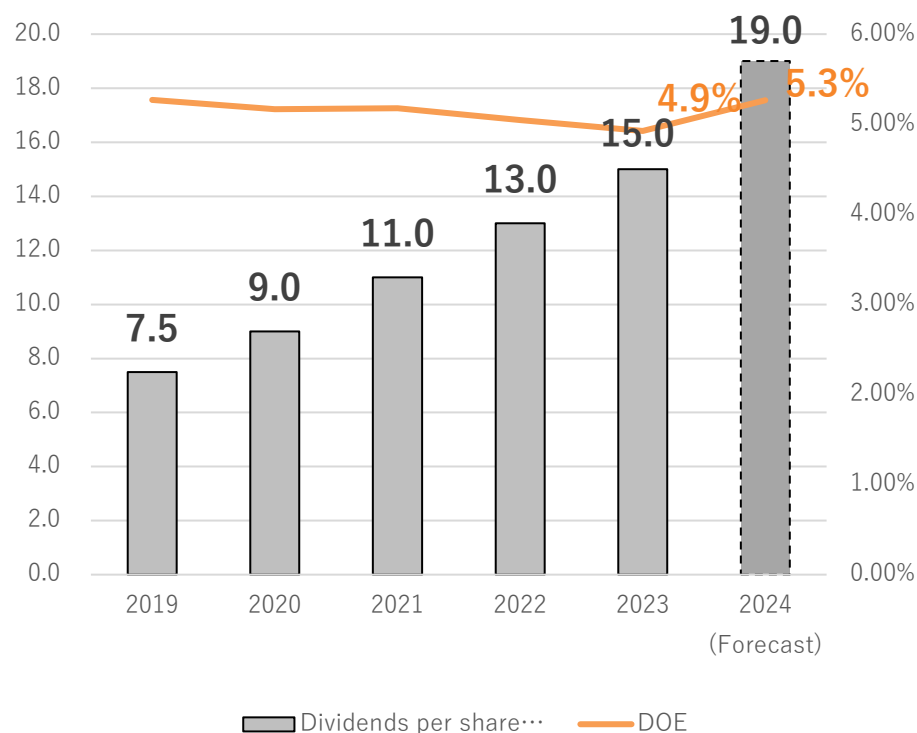
(Millions of yen)

| | FY6/23 (Actual) | FY6/24 (Forecast) | Variance | Chg |
|-------------------------|----------------------------|------------------------------|-----------------|------------|
| Net Sales | 21,424 | 24,000 | 2,576 | 12.0% |
| Operating Income | 3,289 | 3,850 | 561 | 17.1% |
| OPM | 15.4% | 16.0% | - | - |
| Net Income | 2,094 | 2,500 | 406 | 19.4% |

Shareholder Returns

- DOE for the fiscal year ending June 2023 is expected to be 4.9%, significantly higher than the average of 3.1% for companies listed on the Tokyo Stock Exchange (12 months).
- For the fiscal year ending June 2024, the dividend per share will be significantly increased, and the DOE is expected to be 5.3%.

(yen/share)



< Our shareholder return policy >

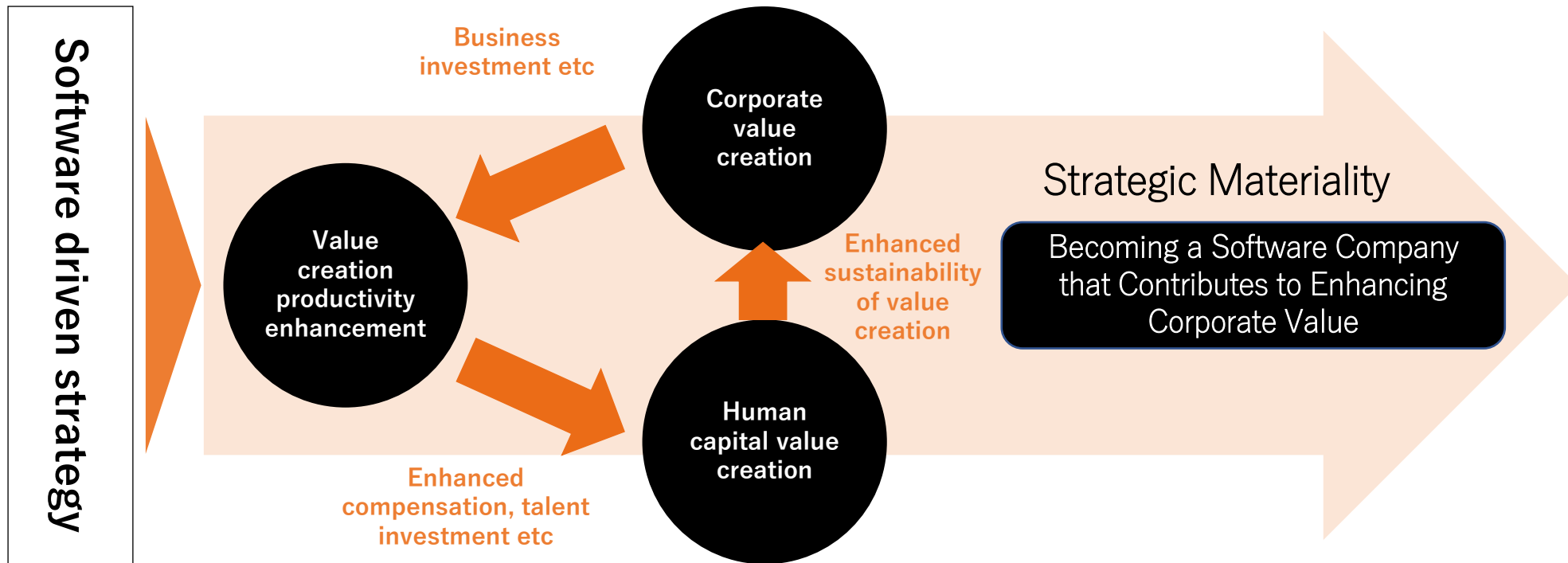
- Dividends are an important part of our shareholder return policy
- Avant aims to maintain if not grow the dividend by focusing on indicators such as dividend on equity (DoE) which is less impacted by fluctuations in annual earnings.
- The Company's DOE will always exceed the average of all companies listed on the Tokyo Stock Exchange, and will aim to achieve 8% within the period of the new medium-term management plan.

I

III. Actions to Realize our Materiality (New medium-term management plan "BE GLOBAL 2028")

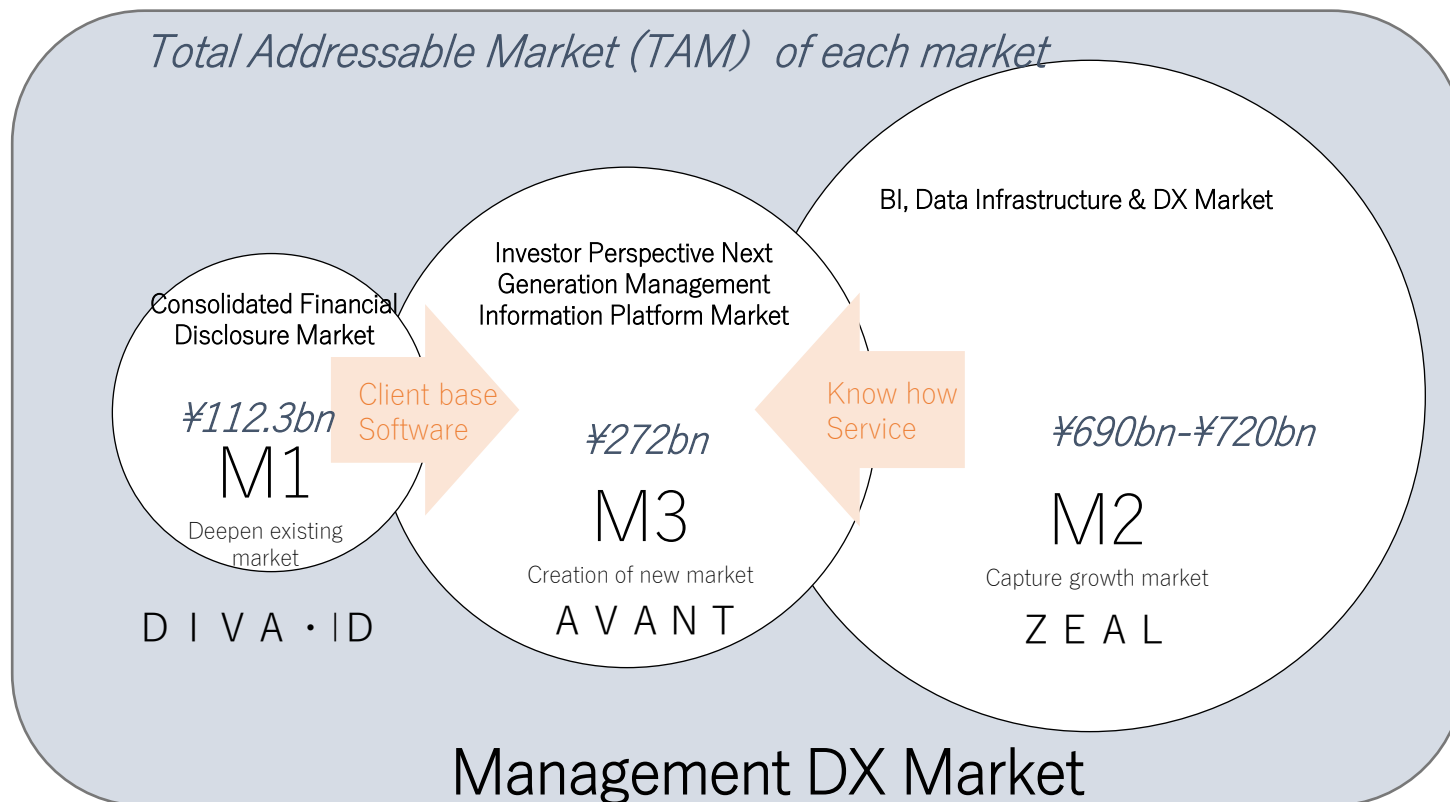
Value Creation Spiral Targeted in BG28

- Realize the strategic materiality of "**Becoming a Software Company that Contributes to Enhancing Corporate Value**" through a value creation spiral starting from the improvement of value creation productivity (measured by operating profit per employee) brought about by the software-driven strategy that leads to the creation of human capital value and corporate value



BG28 Focus Markets

- Positioning in the management digital transformation (DX) market for companies where enhancing corporate value is a serious issue.



BG28 Outlook

- As a B2B software growth company, grow the business by increasing value creation productivity, tripling net income on a doubling of sales, for a net income CAGR of at least 25%.

| | FY6/23 | FY6/24 | FY6/28 | 5yr chg/avg |
|-----------------------|---------|---------|-------------|-------------|
| Net Sales | ¥21.4bn | ¥24bn | ¥40-45bn | 2x |
| Operating Income (OI) | ¥3.2bn | ¥3.85bn | ¥9-11bn | 3x |
| OPM | 15.4% | 16.0% | 20-24% | +5-9pts |
| Net Income | ¥2.09bn | ¥2.5bn | ¥6-7bn | 3x/CAGR 25% |
| OI/person | ¥2.4mn | ¥2.4mn | ¥3.5-4.3mn | 1.5x |
| Software Gross Profit | ¥2.13bn | ¥2.17bn | ¥6.0-6.5bn | 3.0x |
| ROE | 18.3% | 19.3% | 20% or more | Avg 20% |
| DOE | 4.9% | 5.3% | 8% or more | Avg 7% |
| Dividend | ¥15 | ¥19 | ¥51 or more | 3.4x |

Appendix : Company Profile

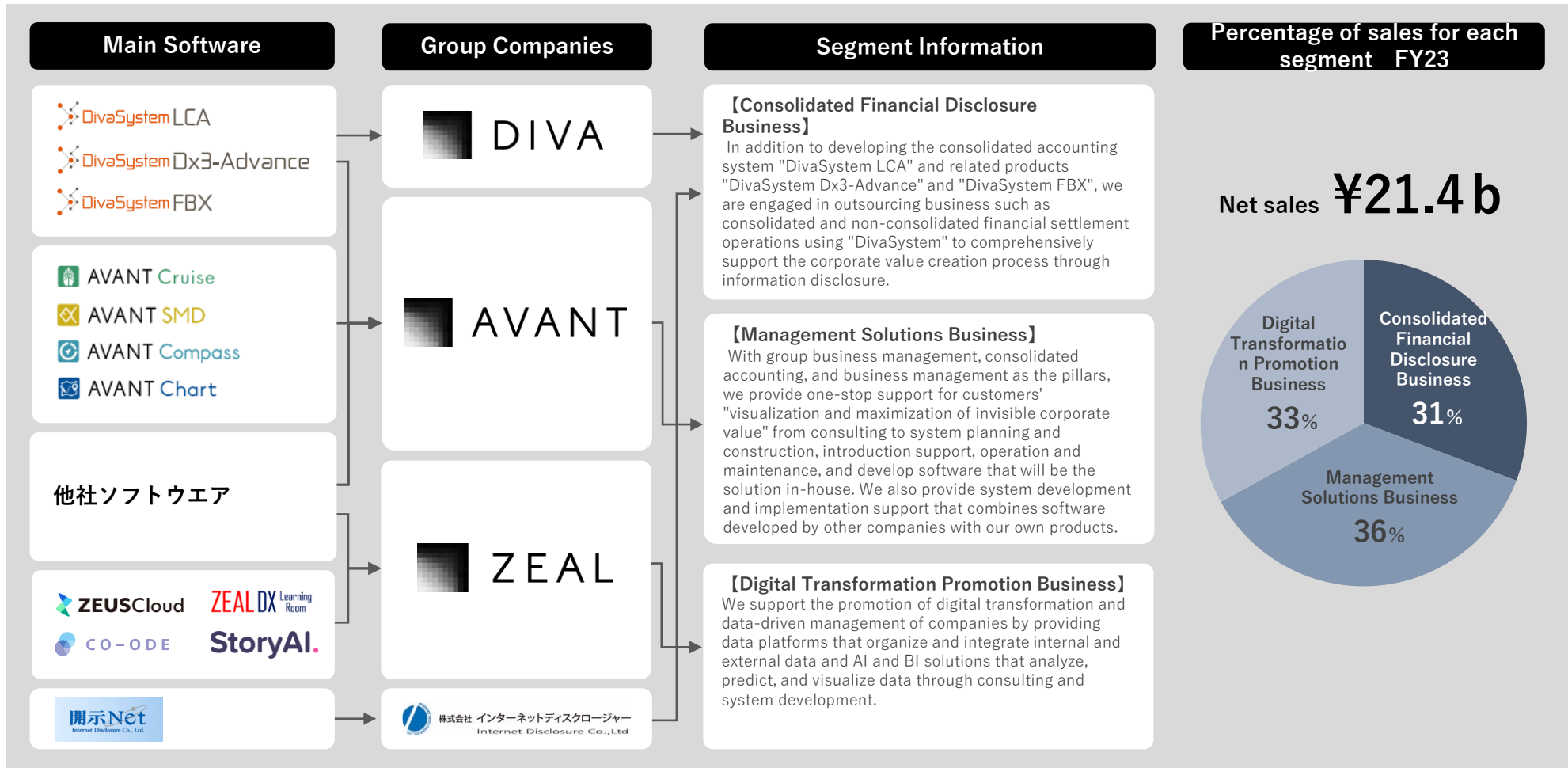
Company Introduction

Name : AVANT GROUP CORPORATION

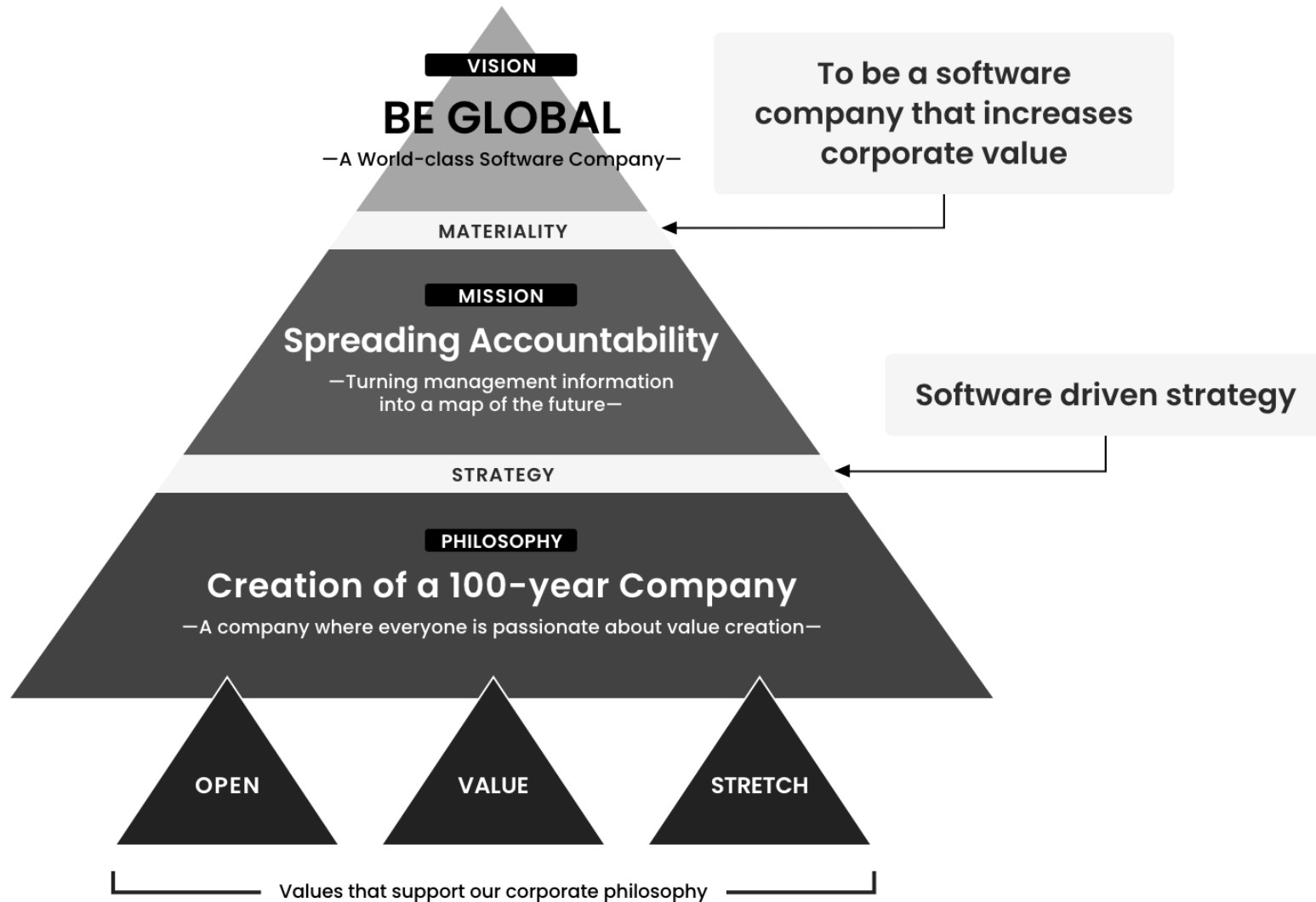
Inception : May 26, 1997

Representative : Tetsuji Morikawa, President and Group CEO

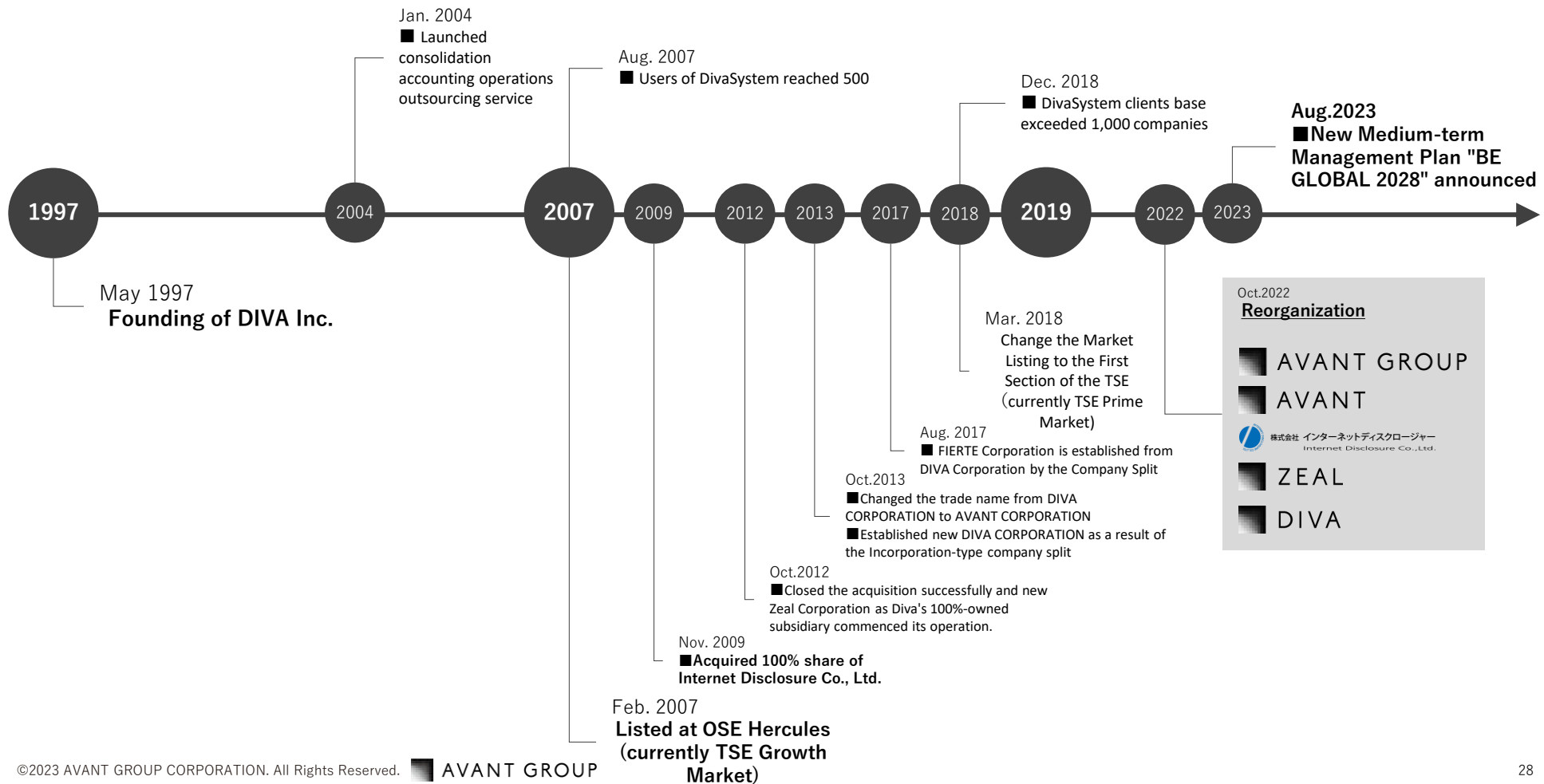
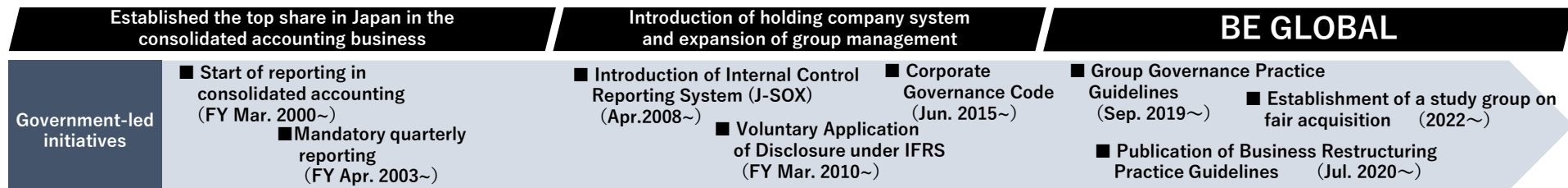
Market Cap : Approximately 55 billion yen (TSE Prime, 3836)



Avant Group Philosophy

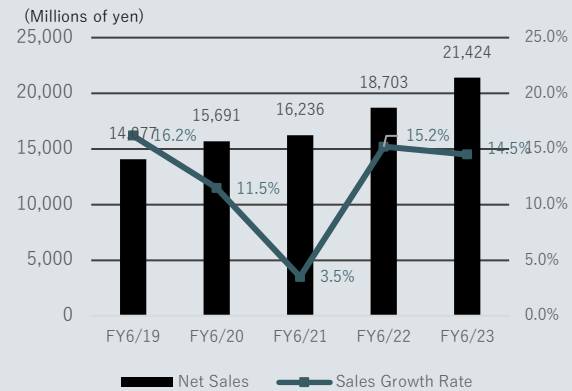


The Avant Group Moves to the Next Five Years to Realize BE GLOBAL

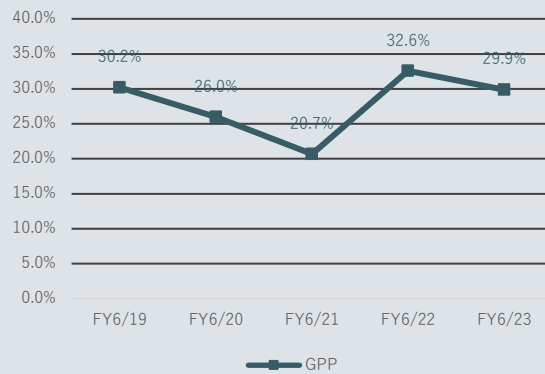


Numerical Summary

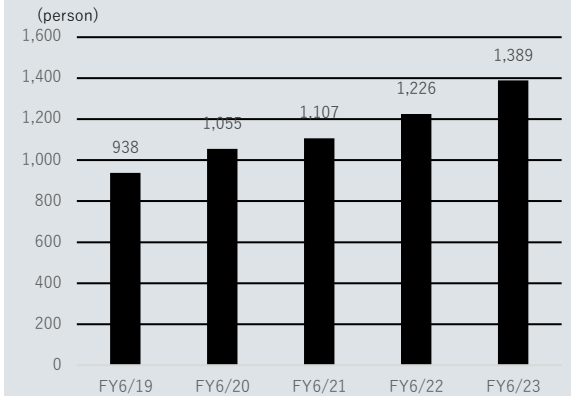
Net Sales / Sales Growth Rate



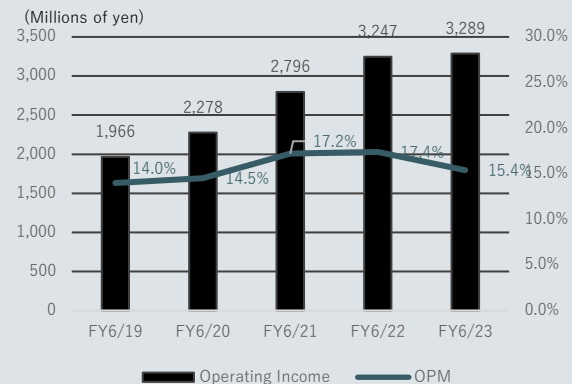
GPP (Sales Growth Rate + OPM)



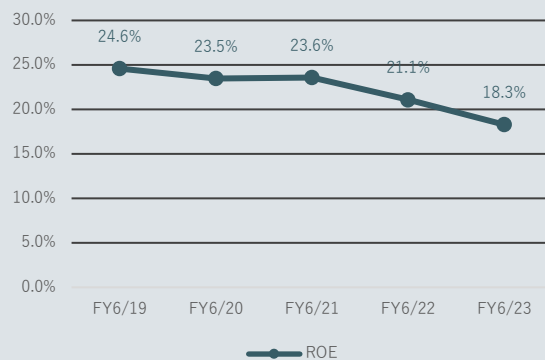
Number of employees



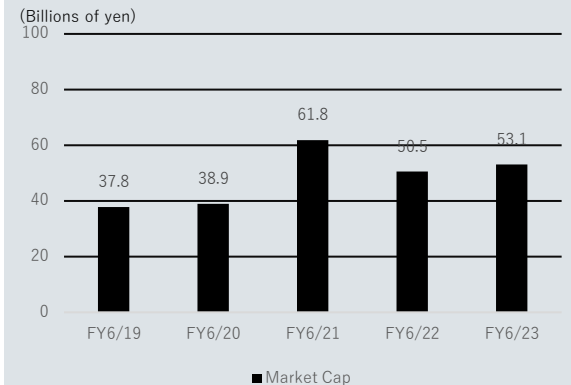
Operating Income / OPM



ROE

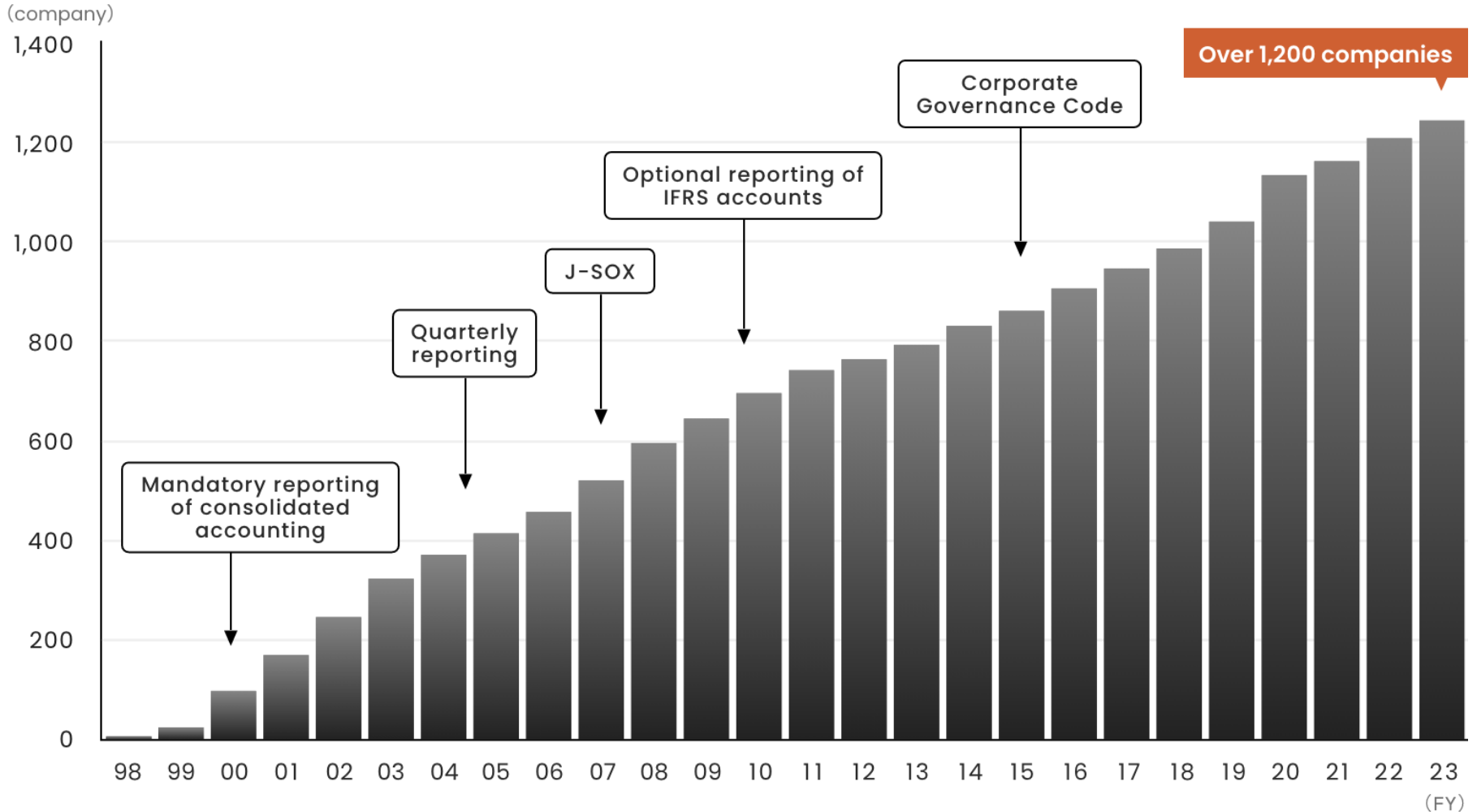


Market Cap



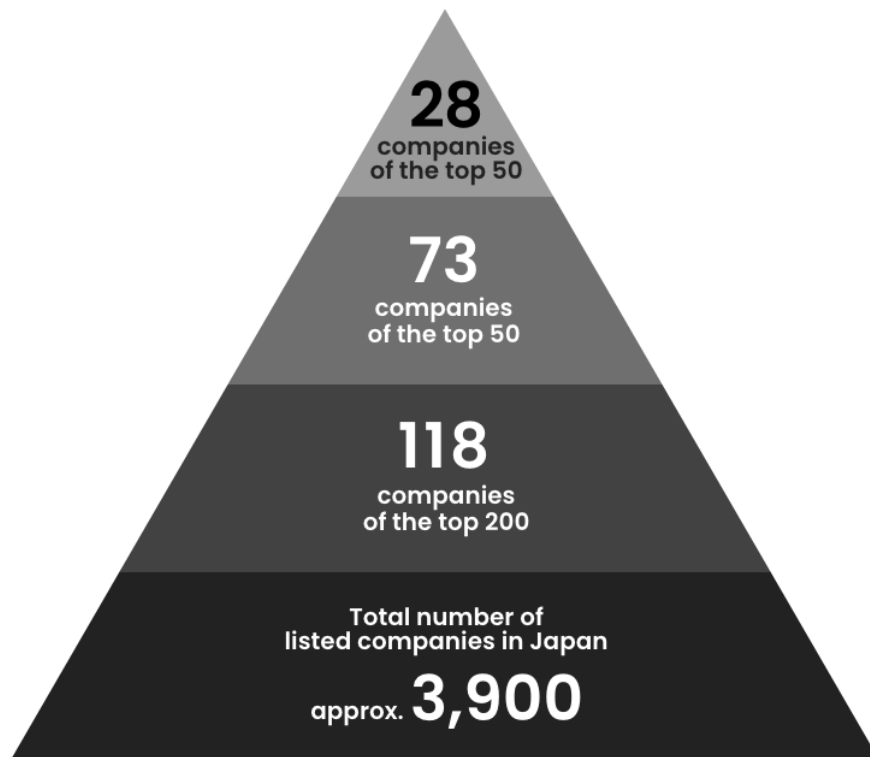
Trends in companies that have introduced Avant Group Software Product

With the tightening of disclosure regulations, consolidated accounting system LCA leads the number of introductions.



Customer base of consolidated accounting system “LCA”

- More than 1,200 companies have sold ※1
- FY2023 consolidated accounting software market share is 43.5% ※2
- From institutional accounting to budget and management accounting, we support the strengthening of corporate governance

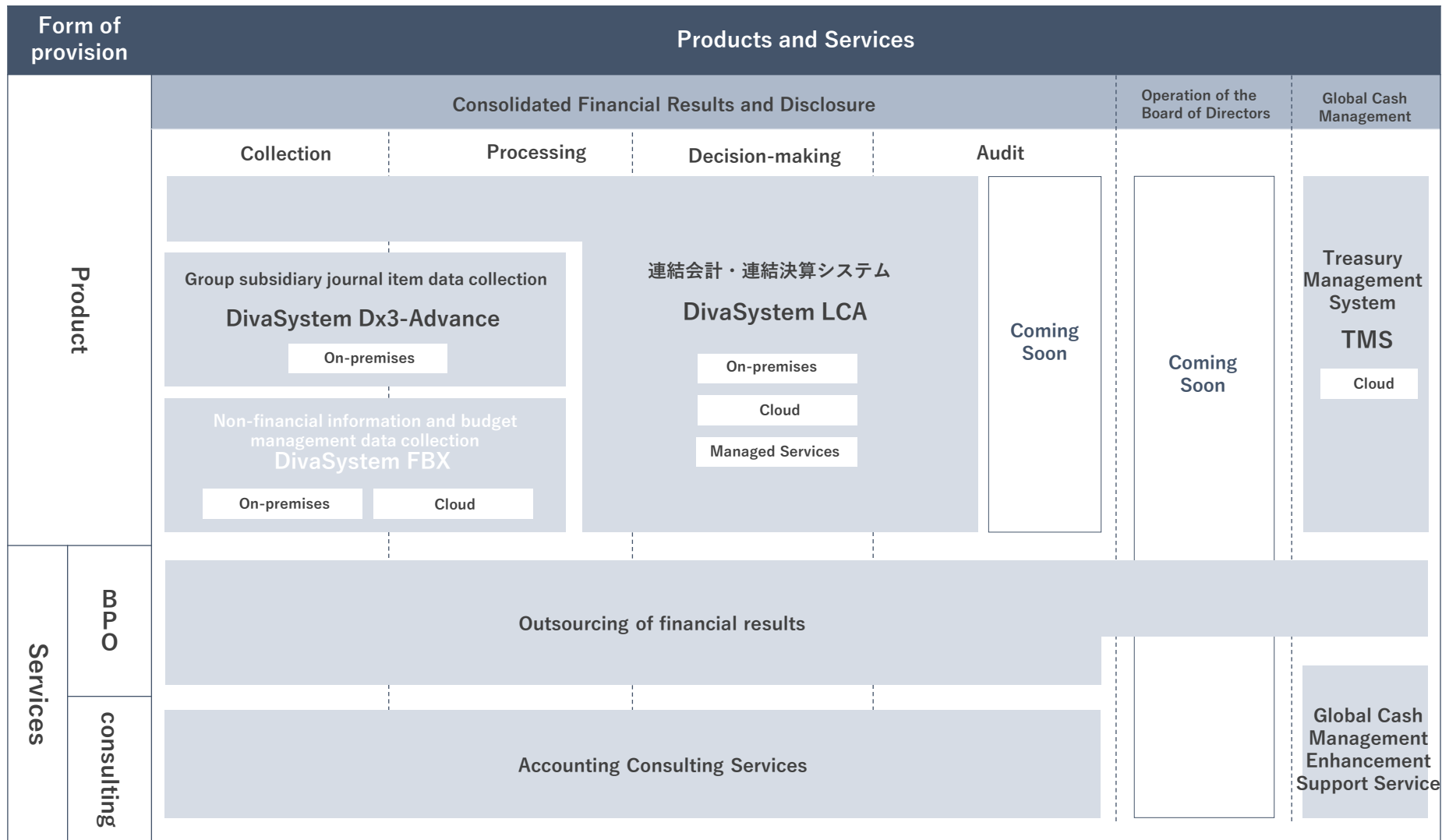


TOYOTA MOTOR CORPORATION
Tokyo Electron Ltd.
KDDI CORPORATION
NIPPON TELEGRAPH AND TELEPHONE CORPORATION
DAIKIN INDUSTRIES, LTD.
DENSO CORPORATION
Hitachi, Ltd.
CHUGAI PHARMACEUTICAL CO., LTD.
Seven & i Holdings Co., Ltd.
Mizuho Financial Group, Inc.
FUJIFILM Holdings Corporation
Astellas Pharma Inc.
Japan Tobacco Inc.
Bridgestone Corporation
Unicharm Corporation
(Market cap order as end of June 2023)

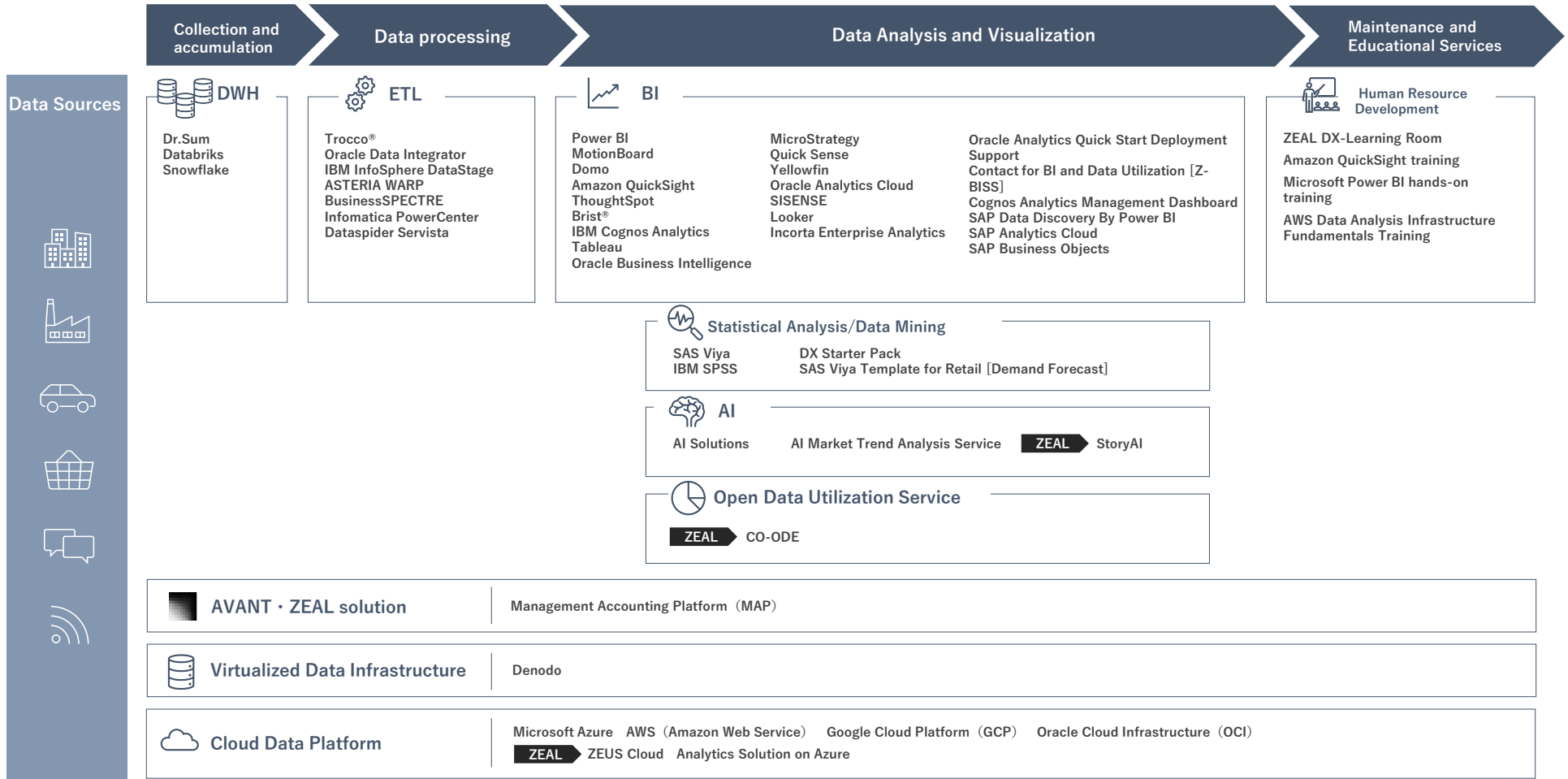
※1 As of the end of June 2023

※2 Fuji Chimera Research Institute "Software Business New Market 2023 Edition" Consolidated Accounting Management Software Market Share

Disclosure of consolidated financial results that leads to improvement of corporate value



ZEAL helps Japan companies realize digital transformation

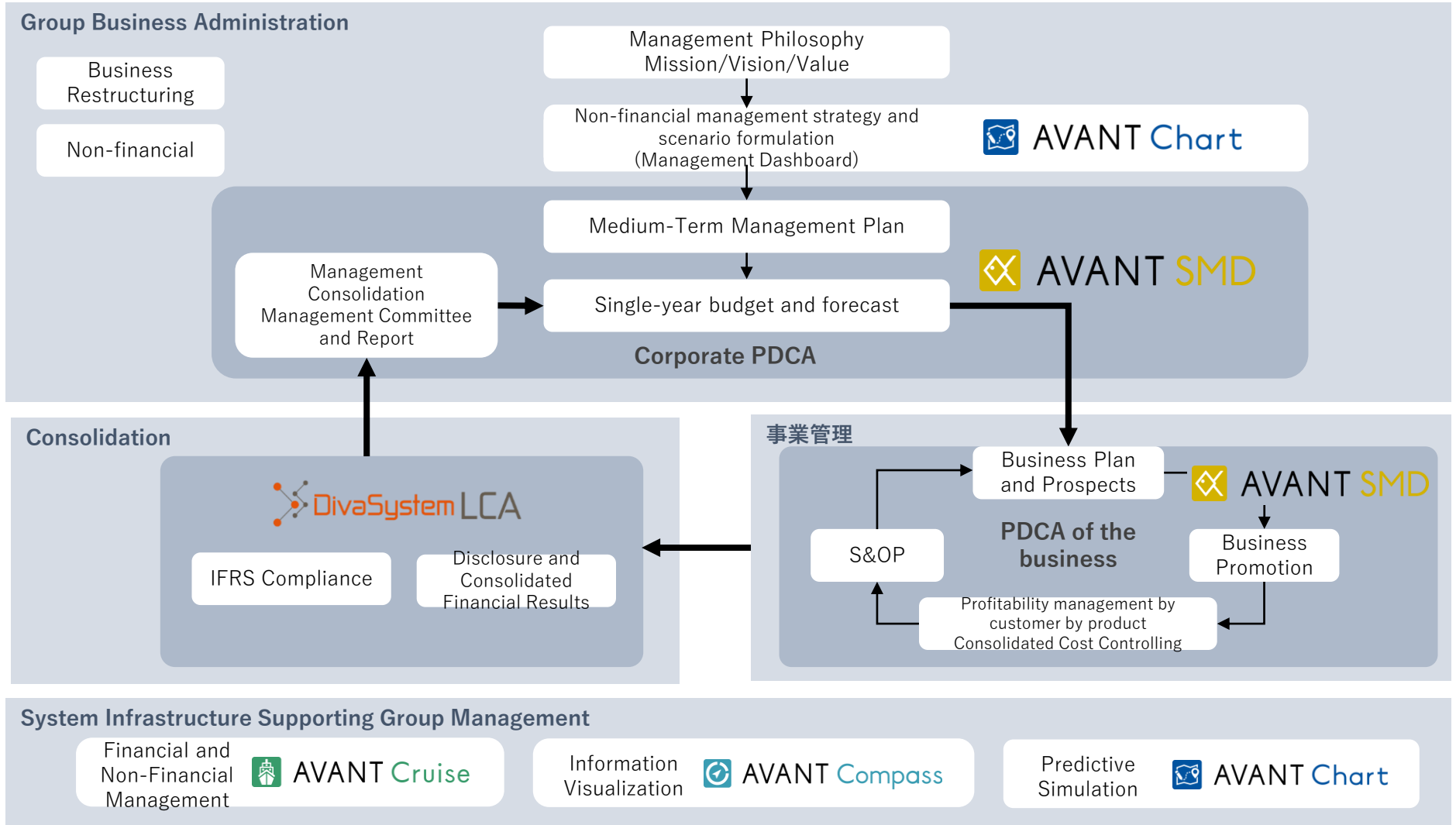


We can handle everything from consulting to construction, operation, maintenance support, and educational services!

ZEAL These are ZEAL's original products and services.

AVANT

Making full use of business management solutions to visualize and maximize invisible corporate value





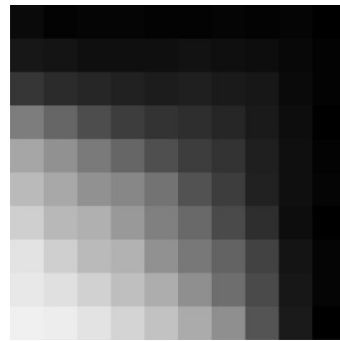
Cautionary Statement Concerning Forward-Looking Statements

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.

■ Contact

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AVANT GROUP

SUSTAINABILITY IS VALUE