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## Consolidated Summary Report under Japanese GAAP for the first quarter of the fiscal year ending June 30, 2025

October 31, 2024

Company Name: AVANT GROUP CORPORATION  
Code Number: 3836  
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For inquiry: (Title) Director, Group CFO (Name) Naoyoshi Kasuga

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Supplementary information for financial statements: Available Dividend payment date: -  
Explanatory meeting to be held: No

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

### 1. Consolidated Financial Results for the Three Months Ended September 30, 2024

#### (1) Consolidated results of operations

(Percentages indicate year-on-year changes)

	Net sales		EBITDA*		Operating profit		Ordinary profit		Profit attributable to owners of parent	
		%		%		%		%		%
Three months ended September 30, 2024	6,776	20.0	1,217	52.4	1,091	60.3	1,110	62.1	615	27.4
September 30, 2023	5,646	12.3	798	12.5	681	10.8	679	13.0	482	30.2

Comprehensive income (loss) for the three months ended September 30, 2024 579 million yen (20.0%) for the three months ended September 30, 2023 483 million yen (31.4%)

	Net profit per share	Diluted net profit per share
Three months ended September 30, 2023	yen 16.87	yen -
September 30, 2023	12.86	-

(Note) EBITDA is derived by adding depreciation and amortization of goodwill to operating profit.

#### (2) Consolidated financial condition

	Total assets	Net assets	Equity ratio
As of September 30, 2024	19,310	12,895	66.7%
June 30, 2024	21,896	13,293	60.7%

(Reference) Net assets attributable to the company's shareholders As of September 30, 2024 12,872 million yen As of June 30, 2024 13,293 million yen

### 2. Dividends on Common Shares

	Dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Annual
Fiscal year ended June 30, 2024	yen -	yen 0.00	yen -	yen 19.00	yen 19.00
Fiscal year ending June 30, 2025	-	-	-	-	-
Fiscal year ending June 30, 2025 (Forecast)	-	0.00	-	25.00	25.00

(Note) Revisions to the most recently announced dividend forecast: None

### 3. Consolidated Earnings Forecasts for the Fiscal Year Ending June 30, 2025

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Fiscal year ending June 30, 2024	28,800	17.9	4,900	19.5	4,900	18.9	3,350	17.5	91.46

(Notes) Revisions to the most recently announced earnings forecast: None

Since the Company manages its operations on an annual basis, the consolidated earnings forecasts for the second quarter (cumulative) are not provided.

## Notes

(1) Changes in significant subsidiaries during the period (changes in “Specified Subsidiaries” (Tokutei Kogaisha) accompanying changes in scope of consolidation): Yes

Newly added to the scope of consolidation: 1 company, DivaCygnet Private Limited

Newly deleted from the scope of consolidation: nil

(2) Application of accounting procedures specific to the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, accounting estimates and restatement: Yes

(i) Changes in accounting policies due to revision of accounting standards: No

(ii) Changes in accounting policies due to reasons other than item (i) above: No

(iii) Changes in accounting estimates: No

(iv) Restatement: No

(4) Number of issued shares (common shares)

(i) Total number of issued shares including treasury shares

As of September 30, 2024	37,645,851 shares	As of June 30, 2024	37,645,851 shares
As of September 30, 2024	1,228,956 shares	As of June 30, 2024	1,019,398 shares
Three months ended September 30, 2024	36,466,136 shares	Three months ended September 30, 2023	37,549,160 shares

(ii) Number of treasury shares held

(iii) Average number of shares

(Note) The Company introduced the "Stock Delivery Trust for Employees and Executive Officers" in the fiscal year ended June 30, 2024 (28th fiscal year) and the "Stock Delivery Trust for Directors" in the fiscal year ending June 30, 2025 (29th fiscal year). The Company's shares held by the trust are included in the number of treasury shares at the end of the period and the average number of treasury shares during the period.

\* This report is exempt from the audits of CPAs or Audit firms.

\* Explanation of the appropriate use of earnings forecasts and other special notes

Forward-looking statements in this report, including earnings forecasts, are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements are not promised by the Company regarding future performance. Actual results may differ materially from the forecast depending on a range of factors. Please refer to “Earnings Forecasts” on page 8 for the assumptions for earnings forecasts and notes for using earnings forecasts.

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## 1. Qualitative Information on Financial Results for the Current Quarter

### (1) Management's Discussion on Business Operations

Consolidated financial results for the three months ended September 30, 2024 are as follows.

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

	Three months ended September 30, 2023	Three months ended September 30, 2024	Year-on-year change	
			Amount	%
Net sales	5,646	6,776	1,129	20.0
Operating profit	681	1,091	410	60.3
Ordinary profit	679	1,100	421	62.1
Profit attributable to owners of parent	482	615	132	27.4

In terms of consolidated net sales, investment needs to maintain and strengthen 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, remained strong, and sales growth was achieved in all three of our businesses of Consolidated Financial Disclosure, Digital Transformation Promotion, and Management Solutions. Including a reaction to the restrained sales growth in the Management Solutions Business due to organizational restructuring in the same period of the previous fiscal year, sales increased to 6,776 million yen (up 20.0% from the same period of the previous fiscal year),

In terms of profits, personnel and IT expenses increased due to business expansion, outsourced processing expenses rose to meet to order growth, and investment-related expenses to realize future growth centered on the strengthening of the software business weighed on profits, but were offset by an improved profit margin from the growth of the software business, the effect of increased sales in the Digital Transformation Promotion Business, and a rebound from low profit levels in the Management Solutions Business in the same quarter of the previous year. As a result, operating profit increased 60.3% to 1,091 million yen, ordinary profit increased 62.1% to 1,100 million yen, and profit attributable to owners of parent increased 27.4% to 615 million yen, compared with the same period of the previous year

#### (i) Net sales

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

	Three months ended September 30, 2023	Three months ended September 30, 2024	Year-on-year change	
			Amount	%
Consolidated Financial Disclosure Business	1,747	2,085	338	19.4
Digital Transformation Promotion Business	2,171	2,481	309	14.2
Management Solutions Business	1,863	2,300	437	23.5
Elimination of inter-segment transactions	-135	-91	44	-33.0
Consolidated net sales	5,646	6,776	1,129	20.0

#### (ii) Operating profit

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

	Three months ended September 30, 2023	Three months ended September 30, 2024	Year-on-year change	
			Amount	%
Consolidated Financial Disclosure Business	364	536	172	47.4
Digital Transformation Promotion Business	348	438	90	25.9
Management Solutions Business	148	370	221	149.3
Corporate expenses and elimination of inter-segment transactions	-180	-253	-73	41.0
Consolidated operating profit	681	1,091	410	60.3

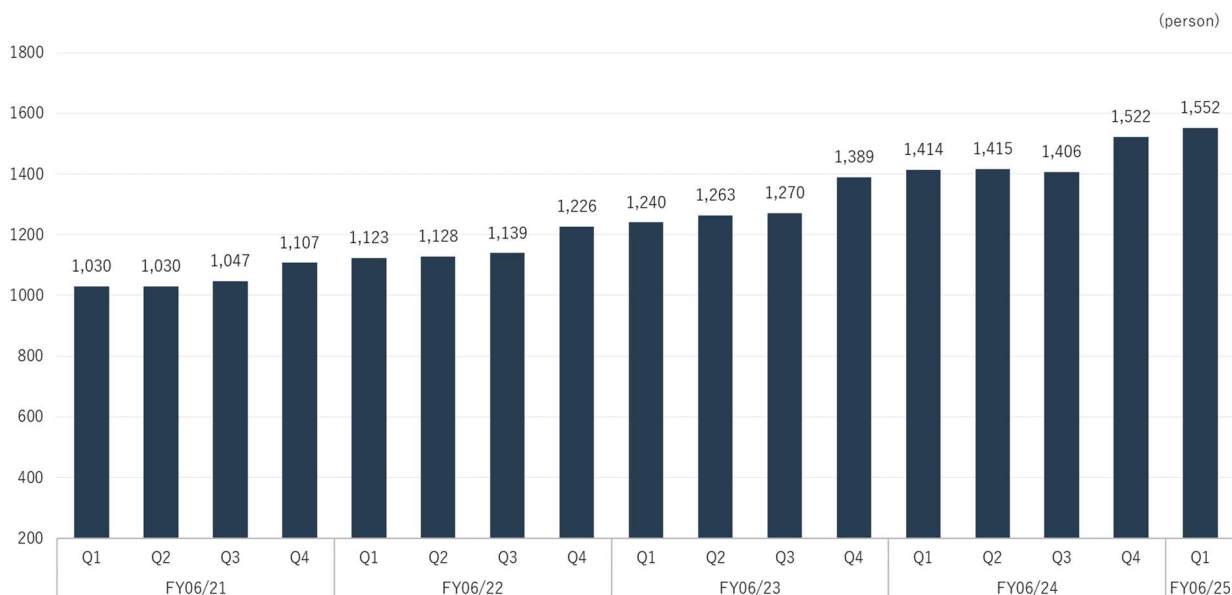
In the Consolidated Financial Disclosure Business, the outsourcing business continued to maintain a high growth rate and contributed to revenue growth, and the software business made improvements by reviewing its pricing strategy and other measures, resulting in a 19.4% year-on-year increase in net sales to 2,085 million yen. In terms of profitability, although there were factors that increased costs, such as an increase in personnel expenses due to an increase in headcount and office space and an increase in office expenses, due to an improved profit margin resulting from the effects of improvements in the software business, including a review of pricing strategies, operating profit increased 47.4% year-on-year to 536 million yen, significantly exceeding net sales growth.

In the Digital Transformation Promotion Business, the need to utilize data for decision-making related to management and business promotion remained strong, and an increase in projects centered on "cloud data platform construction" drove net sales growth, resulting in a 14.2% year-on-year increase in net sales to 2,481 million yen. Although personnel expenses increased due to an increase in headcount to support sales growth and higher compensation levels intended to strengthen the competitiveness of recruitment, and outsourcing expenses continued to increase to supplement in-house resources, these increases were offset by the effect of higher net sales, and operating profit increased 25.9% year-on-year to 438 million yen, significantly higher than the same quarter a year earlier.

In the Management Solutions Business, while the transformation of the profit structure centered on the software business is still in progress, results are beginning to emerge in the group management solutions business area, and net sales growth was restrained in the same quarter of the previous year due to restrictions on sales activities resulting from organizational restructuring, and as a result net sales increased 23.5% year-on-year to 2,300 million yen. In terms of profits, despite factors that increased costs, such as higher personnel, outsourcing, and IT expenses in response to business expansion, operating profit increased 149.3% year-on-year to 370 million yen, significantly higher than the same period last year, due to the aforementioned increase in sales and a reaction to the strong decline in profits in the same period last year due to stagnant sales growth.

The number of employees on a consolidated basis was 1,552 at the end of the first quarter, up 30 from the end of the previous fiscal year.

Number of employees of the Group by quarter



The status of orders received and net sales by segment for the first quarter of the fiscal year under review is as follows.

(i) Orders Received

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

	Fiscal year ended June 30, 2024 First quarter		Fiscal year ending June 30, 2025 First quarter		Year-on-year change	
	Orders received	Outstanding orders	Orders received	Outstanding orders	Amount	
					Orders received	Outstanding orders
Consolidated Financial Disclosure Business	1,821	4,023	2,372	4,967	550	943
Digital Transformation Promotion Business	2,026	1,560	2,426	2,015	399	454
Management Solutions Business	1,623	2,873	2,076	3,781	453	908
Elimination of inter-segment transactions	-48	-1,659	-71	-1,955	-22	-295
Total	5,423	6,798	6,803	8,810	1,380	2,011

(ii) Net Sales

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

	Fiscal year ended June 30, 2024 First quarter		Fiscal year ending June 30, 2025 First quarter		Year-on-year change	
					Amount	%
Consolidated Financial Disclosure Business	1,747		2,085		338	19.4
Digital Transformation Promotion Business	2,171		2,481		309	14.2
Management Solutions Business	1,863		2,300		437	23.5
Elimination of inter-segment transactions	-135		-91		44	-33.0
Total	5,646		6,776		1,129	20.0

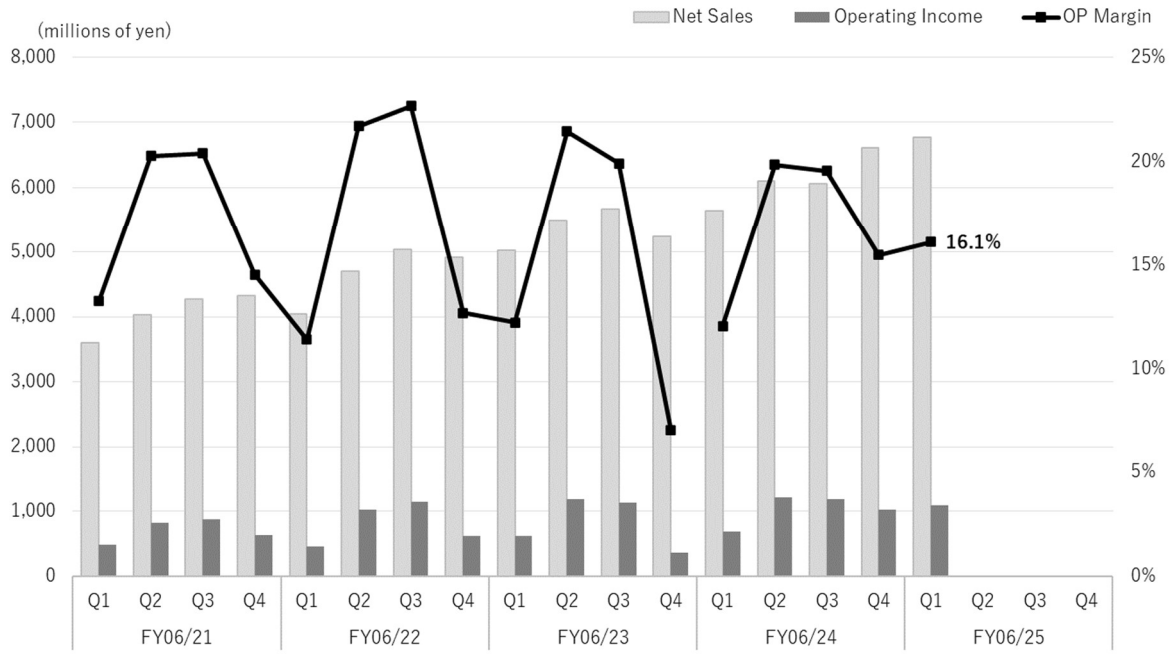
Quarterly trends in net sales and operating profit are as follows.

Net sales and operating profit for the last four quarters

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

	Fiscal year ended June 30, 2024			Fiscal year ending June 30, 2025
	Second quarter	Third quarter	Fourth quarter	First quarter
Net sales	6,096	6,063	6,613	6,776
Operating profit	1,209	1,185	1,023	1,091
Operating profit margin (%)	19.8	19.5	15.5	16.1

### Net sales, operating profit and operating profit margin by quarter



## **(2) Discussion on Financial Position**

### **(i) Financial position**

Total assets at the end of the first quarter were 19,310 million yen (down 2,585 million yen from the end of the previous fiscal year). Current assets decreased 2,163 million yen mainly due to a decrease of 1,405 million yen in cash and deposits, and there was also a decrease of 401 million yen in deferred tax assets.

On the other hand, total liabilities amounted to 6,415 million yen (down 2,187 million yen from the end of the previous fiscal year). This was mainly due to a 963 million yen decrease in provision for bonuses and a 914 million yen decrease in income taxes payable.

Total net assets amounted to 12,895 million yen (down 398 million yen from the end of the previous fiscal year), mainly due to the recording of 615 million yen in profit attributable to owners of parent, purchase of treasury shares of 351 million yen, and payment of 708 million yen of dividends from surplus. As a result, the equity ratio is 66.7% (60.7% at the end of the previous fiscal year), and we believe we maintain a highly stable financial balance with low interest-bearing debt.

### **(ii) Cash Flow**

Cash and cash equivalents ("funds") at the end of the first quarter under review decreased 1,767 million yen from the end of the previous fiscal year to 10,209 million yen. The status of each cash flow and their factors are as follows

(Net cash provided by (used in) operating activities)

Funds used in operating activities totaled 547 million yen. (128 million yen used in the same period of the previous year)

The main factors of increase were depreciation and amortization of 125 million yen, net income for the fourth half of the year before adjustment for taxes, etc. 1,100 million yen, decrease in accounts receivable-trade and contract assets of 378 million yen, and increase in deposits received of 201 million yen, while the main factors of decrease were decrease in provision for bonuses of 963 million yen, decrease in accounts payable and accrued expenses of 152 million yen, decrease in contract liabilities of 211 million yen, and income taxes paid of 984 million yen.

(Net cash provided by (used in) investing activities)

Funds used in investing activities totaled 118 million yen. (93 million yen used in the same period of the previous year)

Major expenditures included 37 million yen for the purchase of property, plant and equipment, 31 million yen for the purchase of intangible assets, and 50 million yen for the purchase of investment securities.

(Net cash provided by (used in) financing activities)

Funds used in financing activities amounted to 1,044 million yen. (1,019 million yen used in the same period of the previous year)

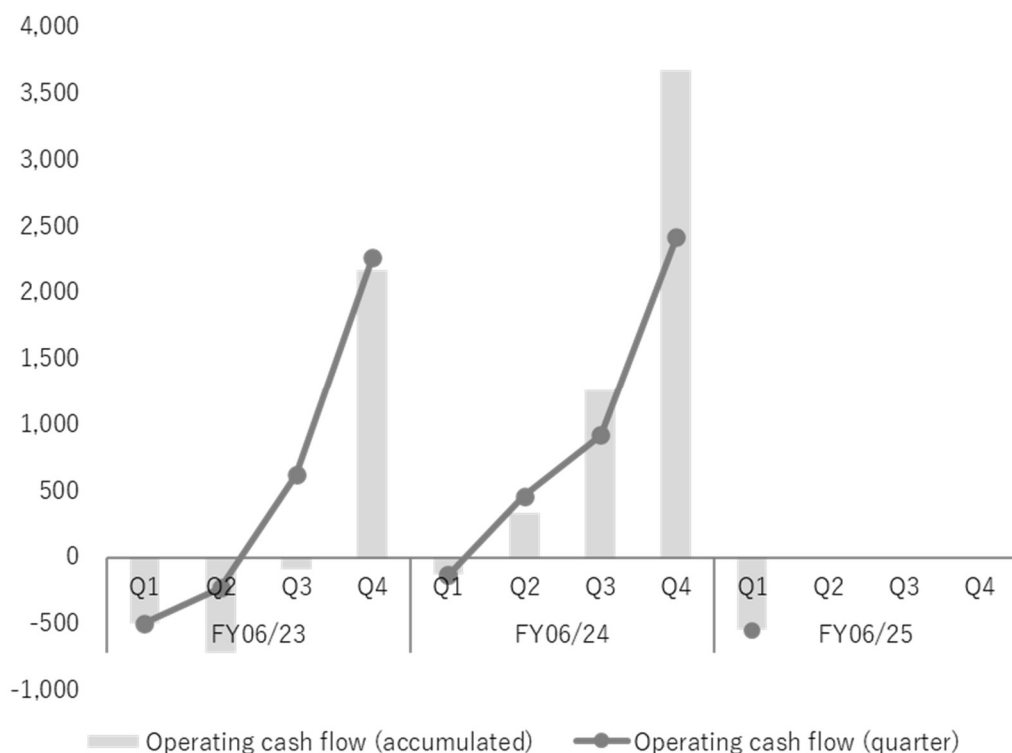
The main factors of decrease were cash dividends paid of 708 million yen and purchase of treasury stock of 351 million yen.



The Group's cash flow from operating activities is usually low in the first quarter due to payment of income taxes and performance-linked bonuses to executives and employees, and gradually increases from the second quarter onward, resulting in a positive cash flow for the full year.

Maintenance fees in the Management Solutions Business and fees paid in the Consolidated Financial Disclosure Business are paid in advance for the full year before services are provided, making this a business model that requires very little working capital to begin with. On the other hand, since the Digital Transformation Promotion Business requires payment of outsourcing expenses, etc., in advance, increased working capital needs will arise as sales grow. In addition to the total cash position, the group as a whole has established commitment lines of 3.5 billion yen in total with each bank with which it does business, so there is currently no concern about cash flow.

Operating cash flow by quarter (Millions of yen)



### (3) Earnings Forecasts

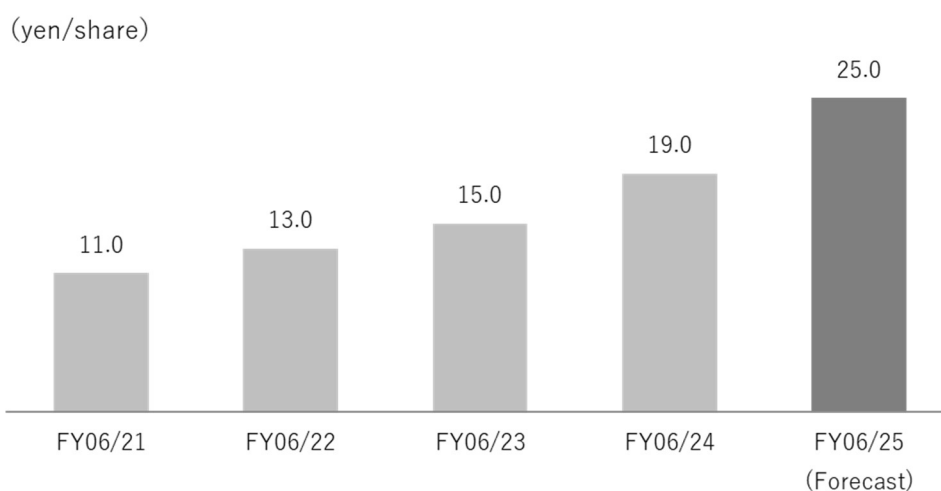
In August 2023, we announced a new medium-term management plan, a five-year plan through the fiscal year ending June 30, 2028, with targets to be achieved in five years. In the fiscal year ending June 30, 2025, the second year of the plan, we will continue to promote measures to realize the materiality of the Avant Group ("to become a software company that helps increase corporate value"), mainly by strengthening the software business. On the other hand, in the early stage of the new medium-term management plan period, we are not yet at the stage of reaping the full benefits of the group reorganization, and we expect that the effects will gradually become apparent over the five-year period. In addition, although we have already completed the organizational arrangements associated with the group reorganization, we intend to continue to make the growth investments necessary to realize materiality in a continuous and flexible manner, particularly in the group operating companies.

Although external factors such as exchange rate fluctuations and downside risks in overseas economies may affect our group's performance, we believe that the needs of our group's business will continue to increase over the medium to long term, as more companies seek to enhance management sophistication and strengthen group governance through the use of data.

As a result, we expect to achieve net sales of 28,800 million yen and operating income of 4,900 million yen for the current fiscal year.

In accordance with our existing dividend policy, we will raise the ratio of dividends to net assets, always keeping in mind that it should be higher than the average of all listed companies, while at the same time keeping in mind stable dividends (in principle, dividends per share should not fall below the level of the previous fiscal year). For the current fiscal year, the above policy itself remains unchanged, and we forecast dividends of 25 yen per share, aiming to achieve the 8% ratio of dividends to net assets that we have set as a target to be achieved by the end of the new medium-term management plan period.

Dividends (adjusted for stock splits)



## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of June 30, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	10,874,892	9,469,708
Notes and accounts receivable - trade and contract assets	4,440,280	4,061,090
Securities	500,000	500,000
Work in progress	5,880	10,296
Raw materials and supplies	81,871	132,191
Prepaid expenses	1,120,837	1,217,602
Other	1,181,924	650,409
Provision for doubtful accounts	(4,141)	(3,107)
Total current assets	18,201,545	16,038,190
Non-current assets		
Property, plant and equipment	488,987	509,077
Intangible assets		
Software	609,376	517,488
Other	42,753	41,571
Total intangible assets	652,129	559,060
Investments and other assets		
Investment securities	1,037,000	1,114,992
Long-term prepaid expenses	19,118	19,310
Leasehold and guarantee deposits	630,981	604,693
Deferred tax asset	728,290	326,770
Other	138,853	138,853
Total investments and other assets	2,554,243	2,204,619
Total non-current assets	3,695,360	3,272,758
Total assets	21,896,905	19,310,948

(Thousands of yen)

	As of June 30, 2024	As of September 30, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	801,391	730,416
Lease liabilities	6,005	3,579
Accounts payable – other and accrued expenses	850,208	708,020
Income taxes payable	984,232	70,202
Contract liabilities	3,345,483	3,133,492
Provision for bonuses	1,319,768	356,232
Provision for bonuses for directors (and other officers)	170,155	96,847
Provision for loss on orders received	17,912	31,068
Provision for stock benefits	129,618	106,991
Provision for directors' (and other officers') stock benefits	-	1,165
Other	683,037	843,432
Total current liabilities	8,307,815	6,081,450
Non-current liabilities		
Asset retirement obligations	295,362	311,025
Deferred tax liabilities	-	23,073
Total non-current liabilities	295,362	334,098
<b>Total liabilities</b>	<b>8,603,177</b>	<b>6,415,549</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	345,113	345,113
Capital surplus	281,913	281,913
Retained earnings	13,763,738	13,670,793
Treasury shares	(1,396,622)	(1,688,787)
Total shareholders' equity	12,994,141	12,609,032
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	224,019	253,329
Deferred gains or losses on hedges	2,862	(3,415)
Foreign currency translation adjustments	72,704	13,773
Total accumulated other comprehensive income	299,586	263,687
Non-controlling interests	-	22,680
<b>Total net assets</b>	<b>13,293,728</b>	<b>12,895,399</b>
<b>Total liabilities and net assets</b>	<b>21,896,905</b>	<b>19,310,948</b>

**(2) Quarterly Consolidated Statements of Income and Statements of Comprehensive Income****Quarterly Consolidated Statements of Income****Three months ended September 30**

(Thousands of yen)

	Three months ended September 30, 2023 (From July 1, 2023 to September 30, 2023)	Three months ended September 30, 2024 (From July 1, 2024 to September 30, 2024)
Net sales	5,646,570	6,776,187
Cost of sales	3,273,146	3,789,006
Gross profit	2,373,424	2,987,181
Selling, general and administrative expenses	1,692,330	1,895,404
Operating profit	681,094	1,091,776
Non-operating income		
Interest income	44	807
Dividend income	1,031	1,103
Gain on investments in investment partnerships	2,183	4,698
Foreign exchange gains	-	4,959
Subsidy income	-	1,569
Other	714	58
Total non-operating income	3,975	13,197
Non-operating expenses		
Interest expense	87	23
Loss on investments in investment partnerships	3,181	-
Commission expenses	2,097	4,235
Foreign exchange losses	523	-
Other	-	60
Total non-operating expenses	5,889	4,319
Ordinary profit	679,179	1,100,654
Extraordinary profit		
Insurance income	-	300
Total extraordinary profit	-	300
Profit before income taxes	679,179	1,100,654
Income taxes - current	22,506	70,986
Income taxes - deferred	173,703	414,616
Total income taxes	196,210	485,602
Profit	482,969	615,351
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	482,969	615,351

**Quarterly Consolidated Statements of Comprehensive Income**  
**Three months ended September 30**

(Thousands of yen)

	Three months ended September 30, 2023 (From July 1, 2023 to September 30, 2023)	Three months ended September 30, 2024 (From July 1, 2024 to September 30, 2024)
Profit	482,969	615,351
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,757)	29,310
Deferred gains or losses on hedges	36	(6,278)
Foreign currency translation adjustment	4,769	(58,930)
Total other comprehensive income	48	(35,898)
Comprehensive income	483,017	579,452
(Breakdown)		
Comprehensive income attributable to owners of parent	483,017	579,452
Comprehensive income attributable to non-controlling interests	-	-

### (3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	Three months ended September 30, 2023 (From July 1, 2023 to September 30, 2023)	Three months ended September 30, 2024 (From July 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Income before income taxes and minority interests	679,179	1,100,954
Depreciation and amortization	117,629	125,334
Stock compensation expense	5,279	3,889
Insurance income	-	(300)
Increase (decrease) in provision for doubtful accounts	330	(1,033)
Increase (decrease) in provision for bonuses	(621,153)	(963,535)
Increase (decrease) in provision for bonuses for directors (and other officers)	(142,122)	(73,307)
Increase (decrease) in provision for loss on orders received	(29,530)	13,155
Increase (decrease) in provision for stock benefits	15,325	(22,627)
Increase (decrease) in provision for directors' (and other officers') stock benefits	-	1,165
Interest and dividend income	(1,076)	(1,911)
Interest expense	87	23
Commission expenses	2,097	4,235
(Gain) loss on investments in investment partnerships	997	(4,698)
Subsidy income	-	(1,569)
Decrease (increase) in notes and accounts receivable - trade and contract assets	(266,917)	378,960
Decrease (increase) in inventories	17,145	(54,735)
Increase (decrease) in notes and accounts payable - trade	136,623	(70,975)
Increase (decrease) in accounts payable - other and accrued expenses	408,484	(152,345)
Increase (decrease) in accrued consumption taxes	17,863	(43,683)
Increase (decrease) in contract liabilities	(208,500)	(211,991)
Increase (decrease) in deposits received	611,346	201,004
Other, net	(201,699)	207,259
Subtotal	541,388	433,266
Interest and dividends received	1,076	1,911
Interest paid	(87)	(23)
Subsidies received	-	1,569
Insurance income received	-	300
Income taxes paid	(670,642)	(984,931)
Net cash provided by (used in) operating activities	(128,264)	(547,907)

	(Thousands of yen)	
	Three months ended September 30, 2023 (From July 1, 2023 to September 30, 2023)	Three months ended September 30, 2024 (From July 1, 2024 to September 30, 2024)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(43,162)	(37,741)
Purchase of intangible assets	(6,385)	(31,290)
Purchase of investment securities	(17,500)	(50,000)
Payment of leasehold and guarantee deposits	(27,109)	(103,441)
Proceeds from collection of lease and guarantee deposits	-	103,371
Other	331	359
Net cash provided by (used in) investing activities	(93,826)	(118,741)
<b>Cash flows from financing activities</b>		
Repayments of finance lease obligations	(3,561)	(2,426)
Commission expenses paid	(2,177)	(4,976)
Purchase of treasury shares	(449,172)	(351,351)
Dividends paid	(564,642)	(708,296)
Proceeds from payments from non-controlling interests	-	22,680
Net cash provided by (used in) financing activities	(1,019,554)	(1,044,371)
Effect of exchange rate changes on cash and cash equivalents	3,202	(56,310)
Net increase (decrease) in cash and cash equivalents	(1,238,443)	(1,767,331)
Cash and cash equivalents at beginning of year	10,881,311	11,976,585
Cash and cash equivalents at end of period	9,642,868	10,209,253



#### **(4) Notes to Quarterly Consolidated Financial Statements**

(Note on the Going Concern Assumption)

Not applicable.

(Note on Substantial Changes in the Amount of Shareholders' Equity)

Not applicable.

(Change in Accounting Policy)

<Application of "Accounting Standard for Current Income Taxes", etc.>

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022. Hereinafter referred to as the "2022 Revised Accounting Standard") is applied from the beginning of the first quarter of the current fiscal year.

The revision regarding the classification of income taxes (taxation on other comprehensive income) is a transitional treatment prescribed in the proviso of paragraph 20-3 of the 2022 Revised Accounting Standard and in the proviso of paragraph 65-2 of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022). This change in accounting policy has no impact on the quarterly consolidated financial statements.

(Additional Information)

<Transaction for the delivery of the Company's shares employees and executive officers through a trust>

The Company has introduced a stock grant trust as an incentive for its employees and executive officers ("Employees, etc.") to provide benefits and to enhance the Company's corporate value.

##### 1. Outline of the transaction

Under this scheme, points are granted to employees, etc. who meet certain requirements based on the Share Delivery Regulations established by the Company in advance, and the Company shares corresponding to the number of points granted to such beneficiaries will be delivered to those employees, etc. who meet the requirements to become beneficiaries as stipulated in the Share Delivery Regulations. The shares to be provided to the employees are acquired in accordance with the amount set in the trust in advance, including the future portion, and are segregated and managed as trust assets.

##### 2. Company shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury stock under net assets at their book value in the trust (excluding the amount of incidental expenses). The Company's shares remaining in the trust are recorded as treasury stock under net assets at their book value (excluding the amount of incidental expenses). The book value and number of such treasury stock amounted to 859,192 thousand yen and 610,324 shares, respectively, at the end of the current fiscal year.

<Performance-linked stock compensation plan for directors>

The Company has introduced a stock compensation plan using a trust (the "Plan") for its directors (excluding directors who are members of the Audit Committee and outside directors) effective from the fiscal year ending June 30, 2025 (the 29th fiscal year).

The purpose of this plan is to give directors (excluding directors who are members of the Audit Committee and outside directors) a longer-term incentive to improve corporate value, including the period after shares are delivered.

##### 1. Outline of the transaction

This plan is based on a trust (hereinafter referred to as the "Trust") established by the Company through monetary contribution by the Company, to acquire common shares of the Company (the "Company's shares"), and the Company's shares equivalent to the number of points granted by the Company to each director are delivered to each director through the Trust.

##### 2. Company shares remaining in the Trust

There are no Company shares remaining in the Trust.

(Segment Information)

Three months ended September 30, 2023 (From July 1, 2023 to September 30, 2023)

1. Information on net sales and profits or losses by reported segment

(Thousands of yen)

	Reportable segments				Adjustment (Note) 1	Amount recorded in quarterly consolidated statements of income (Note)2
	Consolidated Financial Disclosure Business	Digital Transformation Promotion Business	Management Solutions Business	Total		
Net sales						
Net sales to external customers	1,638,348	2,169,415	1,838,807	5,646,570	-	5,646,570
Inter-segment net sales or transfers	108,934	2,513	24,424	135,872	(135,872)	-
Total	1,747,283	2,171,929	1,863,231	5,782,443	(135,872)	5,646,570
Segment profit	364,223	348,264	148,641	861,129	(180,035)	681,094

(Note) 1. Adjustment of segment profit of (180,035) thousand yen includes elimination of inter-segment transactions of 207,020 thousand yen, corporate expenses of (388,141) thousand yen not allocated to each reportable segment, and adjustment of fixed assets of 1,086 thousand yen. Corporate expenses mainly consist of general and administrative expenses that do not belong to any reportable segment.

2. Segment profit is adjusted to operating profit in the quarterly consolidated statements of income.

2. Matters related to changes in reportable segments, etc.

Effective from the first quarter of the previous fiscal year, the Company reviewed its business segment classification method and changed its reporting segments from "Group Governance Business," "Digital Transformation Promotion Business," and "Outsourcing Business" to "Consolidated Financial Disclosure Business," "Digital Transformation Promotion Business," and "Management Solutions Business"

Three months ended September 30, 2024 (From July 1, 2024 to September 30, 2024)

1. Information on net sales and profits or losses by reported segment

(Thousands of yen)

	Reportable segments				Adjustment (Note) 1	Amount recorded in quarterly consolidated statements of income (Note)2
	Consolidated Financial Disclosure Business	Digital Transformation Promotion Business	Management Solutions Business	Total		
Net sales						
Net sales to external customers	2,008,549	2,476,002	2,291,634	6,776,187	-	6,776,187
Inter-segment net sales or transfers	76,846	5,275	8,969	91,090	(91,090)	-
Total	2,085,395	2,481,277	2,300,604	6,867,277	(91,090)	6,776,187
Segment profit	536,723	438,385	370,494	1,345,603	(253,826)	1,091,776

(Note) 1. Adjustment of segment income of (253,826) thousand yen includes elimination of inter-segment transactions of 260,893 thousand yen, corporate expenses of (516,493) thousand yen not allocated to each reportable segment and adjustment of fixed assets of 1,773 thousand yen. Corporate expenses mainly consist of general and administrative expenses that do not belong to any reportable segment.

2. Segment profit is adjusted to operating profit in the quarterly consolidated statements of income.

(Revenue Recognition)

Breakdown of net sales from contracts with customers

Three months ended September 30, 2023 (From July 1, 2023 to September 30, 2023)

(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	44,997	9,285	13,026	67,309
Goods or services that are transferred over a period of time	1,593,351	2,160,129	1,825,780	5,579,261
Net sales to external customers	1,638,348	2,169,415	1,838,807	5,646,570

Three months ended September 30, 2024 (From July 1, 2024 to September 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	59,278	7,322	16,797	83,399
Goods or services that are transferred over a period of time	1,949,271	2,468,679	2,274,837	6,692,788
Net sales to external customers	2,008,549	2,476,002	2,291,634	6,776,187

(Significant Subsequent Events)

Not applicable.