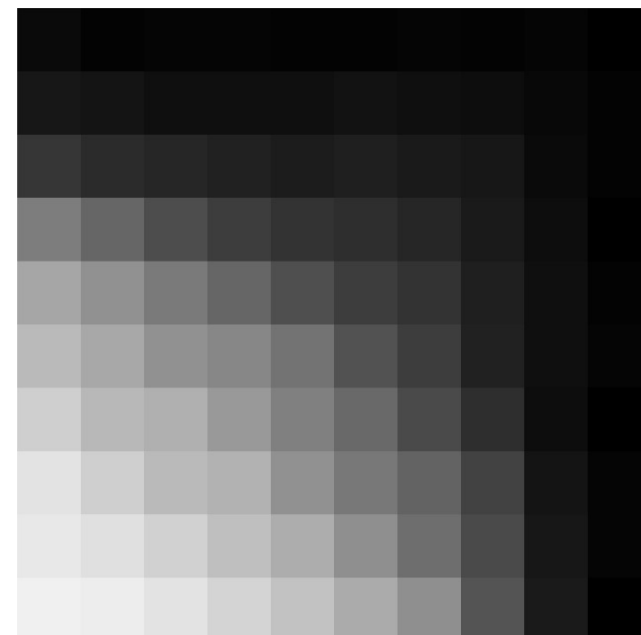


3836 TSE Prime

# Avant Group Corporation

Financial Results Briefing  
for the first quarter of Fiscal Year June 2025

October 31, 2024



*This is an unofficial translation. In the event of any discrepancy between the original Japanese text and this English translation, the Japanese text shall prevail.*

# Financial Highlights for the Q1/25

## Net Sales

¥6,776<sub>m</sub>

(YoY + 20.0%)

In addition to sales growth in all three businesses of the Consolidated Financial Results Disclosure Business, DX Promotion Business, and Business Management Solutions Business, sales increased due to a reaction to the suppression of sales growth in the Business Administration Solutions business due to organizational restructuring in the same quarter of the previous year

## Operating Income

¥1,091<sub>m</sub>

(YoY + 60.3%)

Profit increased due to an increase in profit margin and an increase in sales due to the growth of the software business, and a rebound from the low profit level of the Business Management Solutions business in the same quarter of the previous year, despite an increase in personnel and IT expenses in response to the expansion of the business, outsourcing processing expenses to respond to an increase in orders, and investment expenses to achieve future growth.

## Net Income

¥615<sub>m</sub>

(YoY + 27.4%)

There is a difference in tax rates compared to the previous fiscal year, and the year-on-year increase rate is not as high as operating income

## Forecasts for the year ending 30 June 2025

- No changes to earnings forecasts or year-end dividend forecasts
- For the fiscal year ending June 2025, the company expects net sales of ¥28,800 million (+17.9% year-on-year), operating income of ¥4,900 million (+19.5% year-on-year), and net income of ¥3,350 million (+17.5% year-on-year)
- The year-end dividend is expected to be ¥25 per share with the aim of achieving the target of a dividend on net assets of 8% within the period of the medium-term management plan

# | INDEX

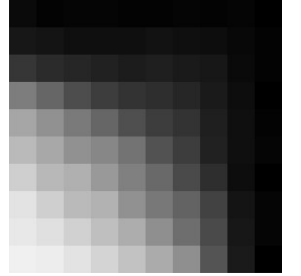
I . Summary of financial results for the first quarter of Fiscal Year June 2025

II . Earnings and Dividend Forecast

III . 'BE GLOBAL 2028' Actions to realise

\* 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 first quarter of Fiscal Year June 2025**

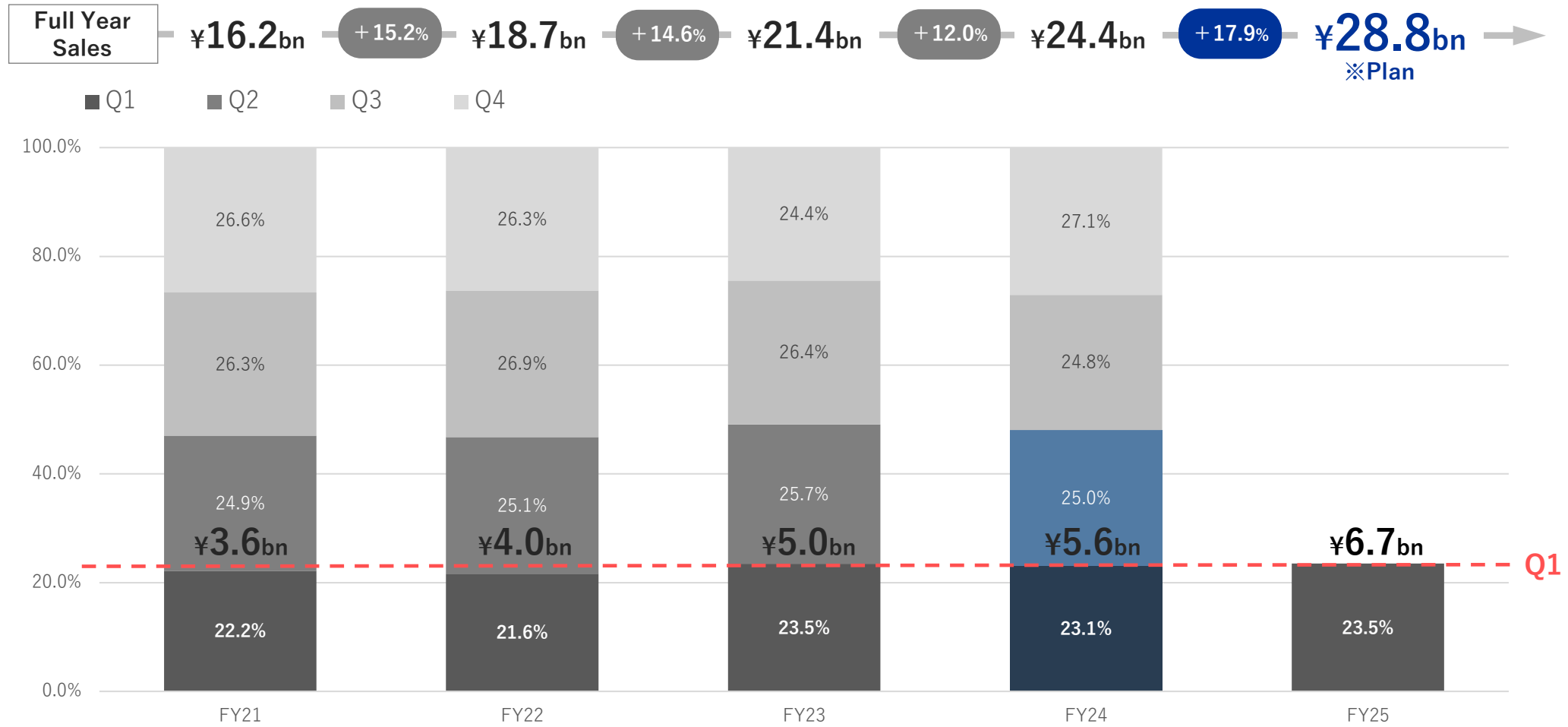
# Results Highlights

- Sales rose by 20.0% year-on-year to ¥ 6,776 million due to sales growth in all three businesses - Consolidated Financial Disclosure, DX Promotion and Business Management Solutions - as well as a reaction to the restrained sales growth in the Business Management Solutions business in the same quarter of the previous year due to organisational restructuring.
- Operating profit increased by 60.3% year-on-year to ¥ 1,091 million, due to an increase in the profit margin and the effect of higher revenues from the growth of the software business, and a reversal of the low level of profit in the business management solutions business in the same quarter of the previous year, despite higher personnel and IT costs in line with business expansion, outsourced processing costs to meet increased orders and investment costs to realise future growth, mainly to strengthen the software business.

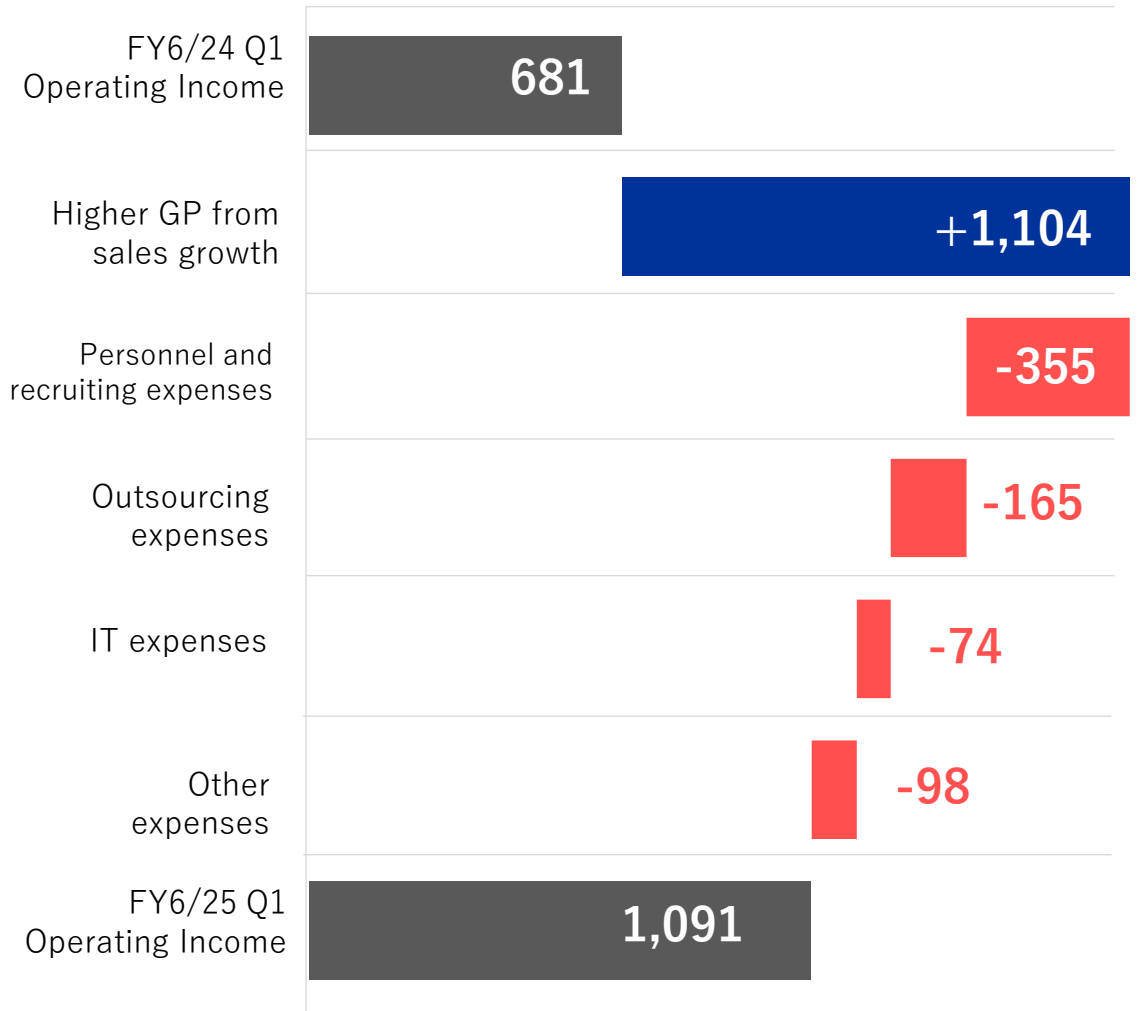
(million of yen)	FY6/25 Q1	YoY Variance	
		Yr earlier	% chg
<b>Net Sales</b>	<b>6,776</b>	<b>5,646</b>	<b>20.0%</b>
<b>Cost of Sales</b>	<b>3,789</b>	<b>3,273</b>	<b>15.8%</b>
<b>Gross Profit</b>	<b>2,987</b>	<b>2,373</b>	<b>25.9%</b>
<b>GPM</b>	<b>44.1%</b>	<b>42.0%</b>	<b>2.1pt</b>
<b>SG&amp;A</b>	<b>1,895</b>	<b>1,692</b>	<b>12.0%</b>
<b>Operating Income</b>	<b>1,091</b>	<b>681</b>	<b>60.3%</b>
<b>OPM</b>	<b>16.1%</b>	<b>12.1%</b>	<b>4.0pt</b>
<b>Net Income</b>	<b>615</b>	<b>482</b>	<b>27.4%</b>
<b>NPM</b>	<b>9.1%</b>	<b>8.6%</b>	<b>0.5pt</b>
<b>EBITDA</b>	<b>1,217</b>	<b>798</b>	<b>52.4%</b>
<b>EBITDA margin</b>	<b>18.0%</b>	<b>14.1%</b>	<b>3.8pt</b>

# Progress made in the full-year sales forecast

- FY25 Q1 sales progressed at 23.5% of full-year sales, on a par with the past four years.



# Q1 FY6/25 Operating Income Bridge (YoY)



(単位：百万円)

## Personnel and recruiting expenses

We are actively recruiting to achieve sustainable growth, and personnel and recruitment costs have increased within the framework of increased revenue.

## Outsourcing expenses

Japan investment needs for maintaining and strengthening competitiveness through the "sophistication of corporate management and activities using data and digital technology," which has become a medium- to long-term trend among companies, remain strong. Outsourcing costs are increasing to meet this demand.

## IT expenses

As expenses increased in line with the expansion of the business, IT expenses also increased. Increased due to an increase in the number of employees and support for cloud computing (customer-facing and in-house environments).

## Other Expenses

Increase in stock-based compensation, R&D expenses, marketing expenses, etc.

# Results by Business Segment

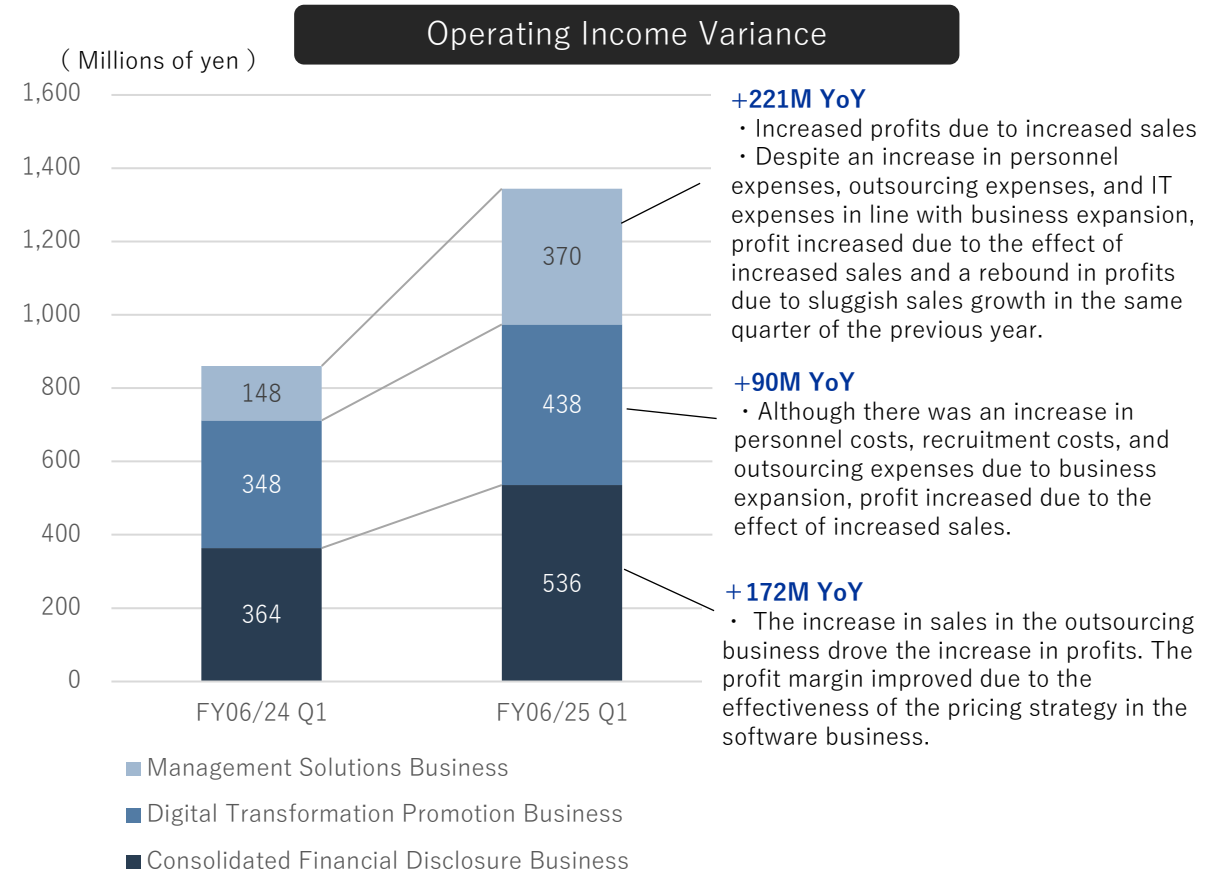
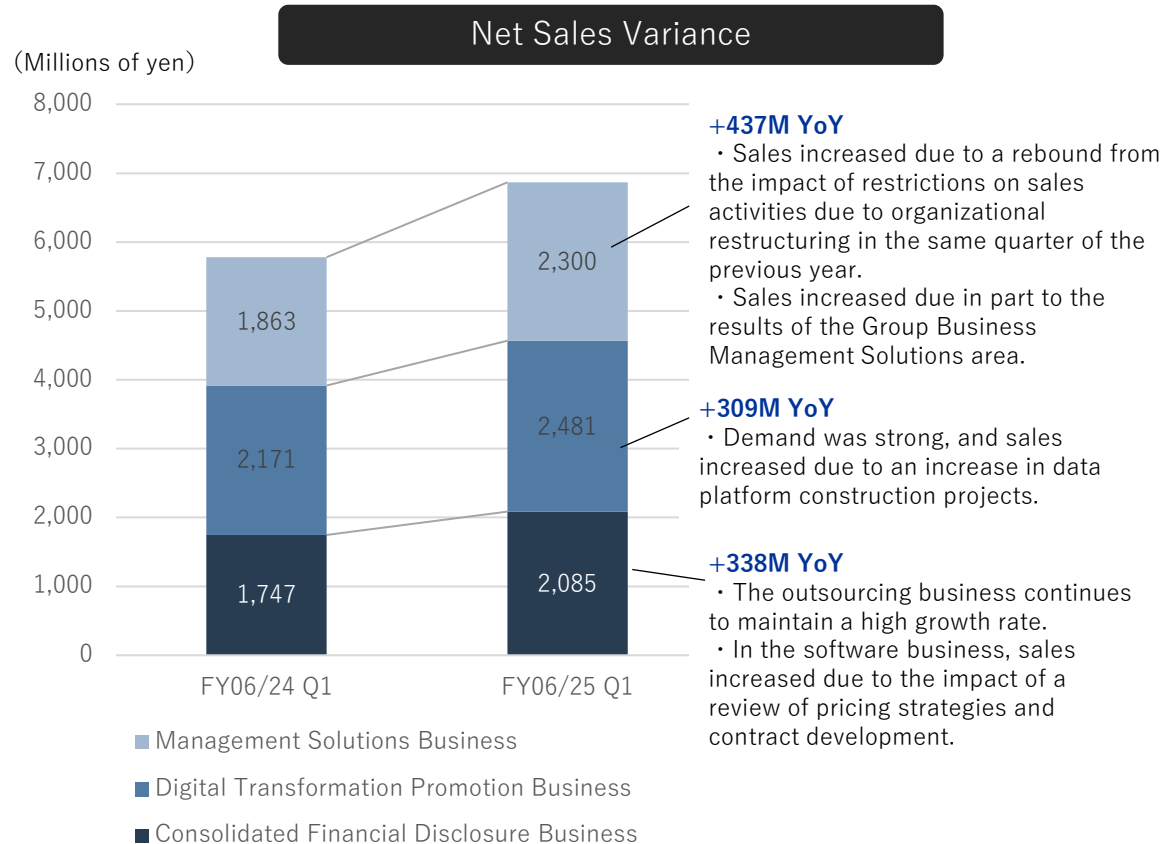
- Net sales increased in all business segments. Operating income also increased in all business segments. The growth rate of business management solutions, which had a low profit level in the previous fiscal year, is particularly high.
- Order value and backlog increased year-over-year in all segments

	(Millions of yen)	FY6/25	YoY Variance	
		Q1	Yr earlier	% chg
Consolidated Financial Disclosure Business	Net Sales	2,085	1,747	19.4%
	Operating Income	536	364	47.4%
	OPM	25.7%	20.8%	4.9pt
	Orders	2,372	1,821	30.2%
	Order Backlog	4,967	4,023	23.5%
Digital Transformation Promotion Business	Net Sales	2,481	2,171	14.2%
	Operating Income	438	348	25.9%
	OPM	17.7%	16.0%	1.6pt
	Orders	2,426	2,026	19.7%
	Order Backlog	2,015	1,560	29.2%
Management Solutions Business	Net Sales	2,300	1,863	23.5%
	Operating Income	370	148	149.3%
	OPM	16.1%	8.0%	8.1pt
	Orders	2,076	1,623	27.9%
	Order Backlog	3,781	2,873	31.6%



# Results by Business Segment (Factors)

- Revenues and profits increased in all business segments.
- Consolidated financial disclosure business increased revenue due to firm outsourcing business, and growth in the outsourcing business was the driving force in terms of revenue.
- DX promotion business continued to see increased revenues and profits due to strong demand.
- Management solutions business saw an increase in both revenue and profit due to a rebound from the impact of a certain period of restrictions on sales activities following business restructuring in the same quarter of the previous year, and a recovery in sales.



# Group Cost Structure

- Recruitment and personnel costs increased due to active recruitment activities.
- Japan investment needs for maintaining and strengthening competitiveness through the sophistication of corporate management and activities using data and digital technologies, which has become a medium- to long-term trend among companies, remain strong. Outsourcing costs increased to meet this demand.
- IT costs also increased due to increased headcount and support for cloud computing (for customers and internal environment).

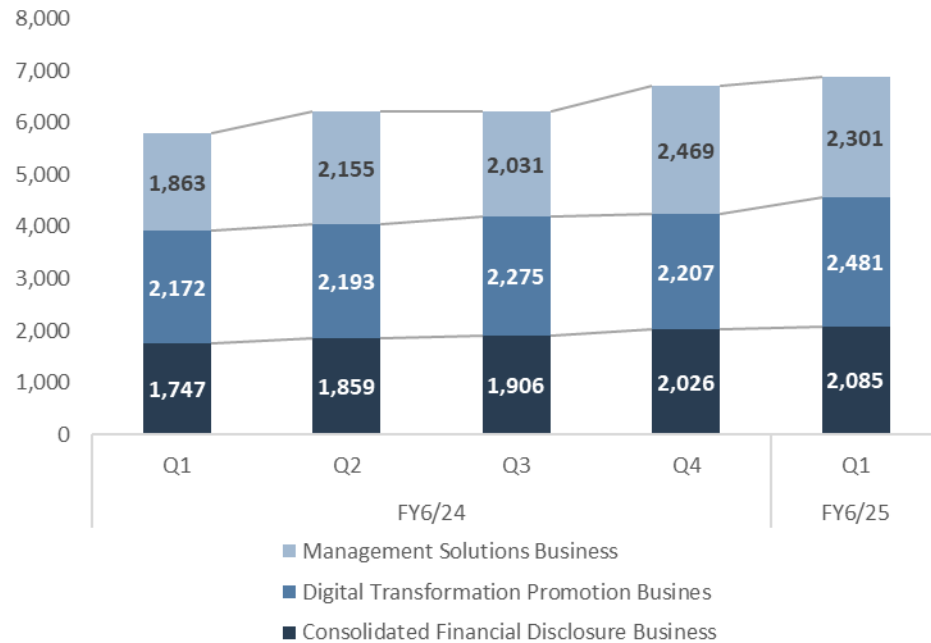
(Millions of yen)	FY6/25 Q1	YoY Variance	
		Yr earlier	% chg
Net Sales	6,776	5,646	20.0%
Personnel expenses	3,223	2,883	11.8%
Recruitment expenses	145	130	11.5%
Outsourcing expenses	1,190	1,025	16.1%
IT expenses	388	314	23.6%
Office expenses	238	211	12.6%
Other expenses	497	399	24.4%
Total expenses	5,684	4,965	14.5%
Operating Income	1,091	681	60.3%
OPM	16.1%	12.1%	4.0pt

# Quarterly Net Sales by Segment

- The transient impact of business restructuring was felt in the first quarter of the previous fiscal year for Business Management Solutions.
- In the second and third quarters, profitability tends to increase, and in the fourth quarter, profitability tends to decrease due to performance-linked bonuses and new graduates.

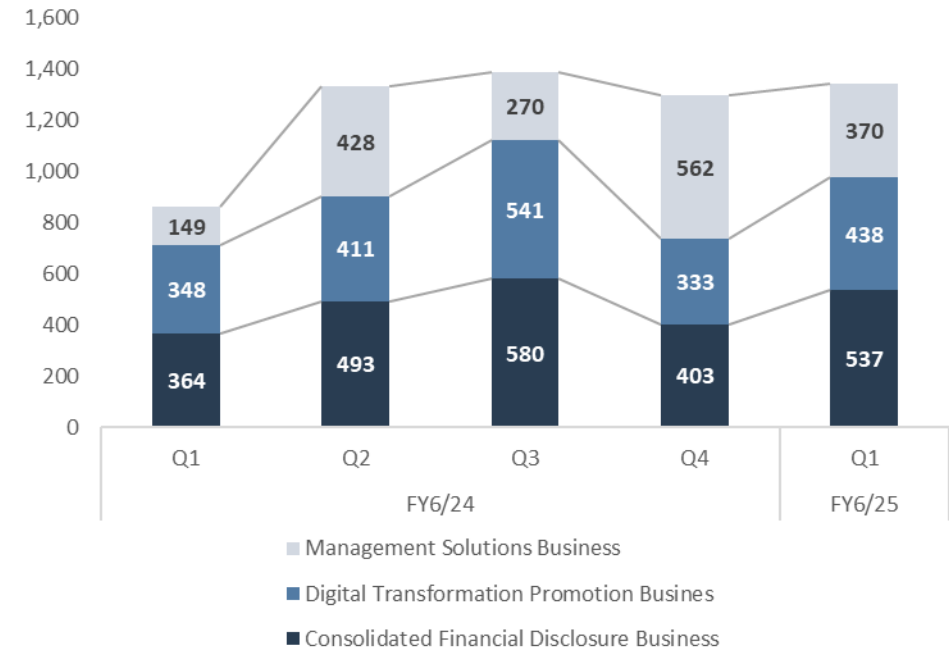
( Millions of yen )

### Net Sales



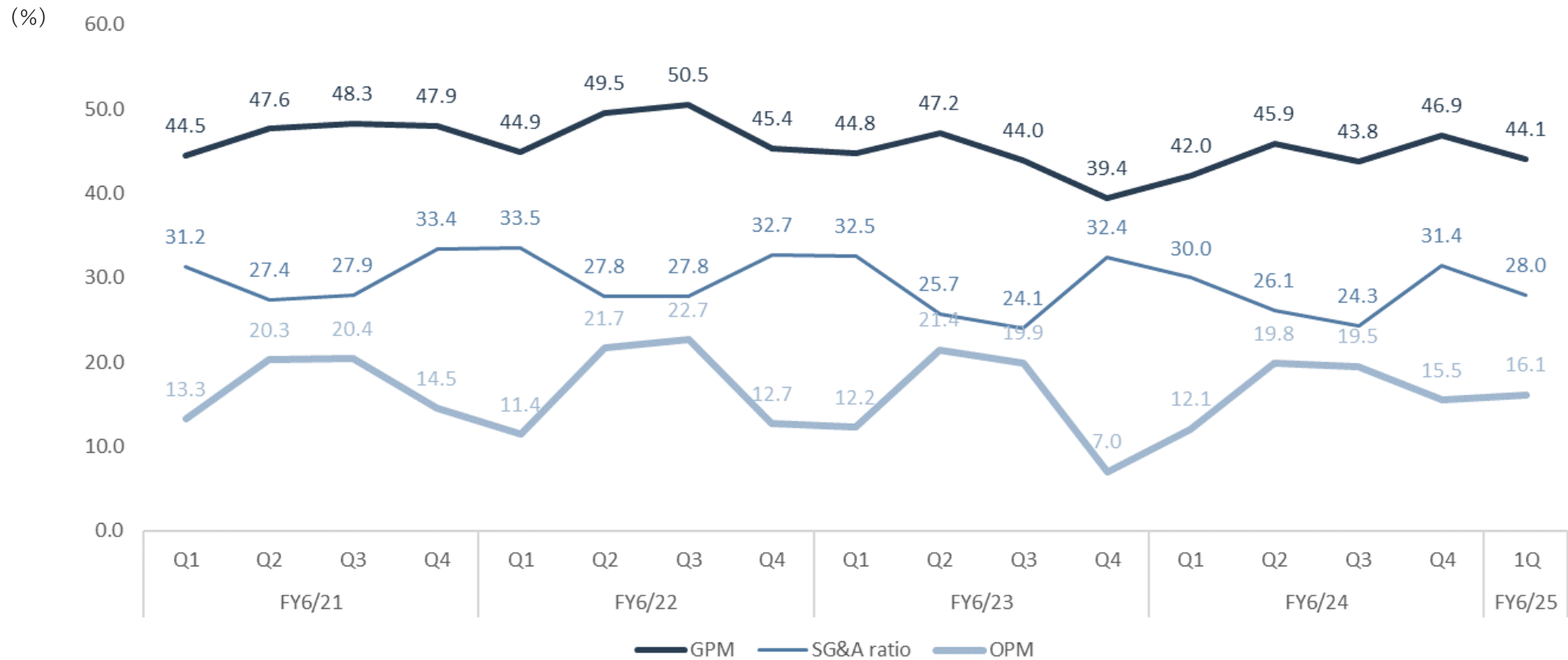
( Millions of yen )

### Operating Income



# Quarterly Margin Trends

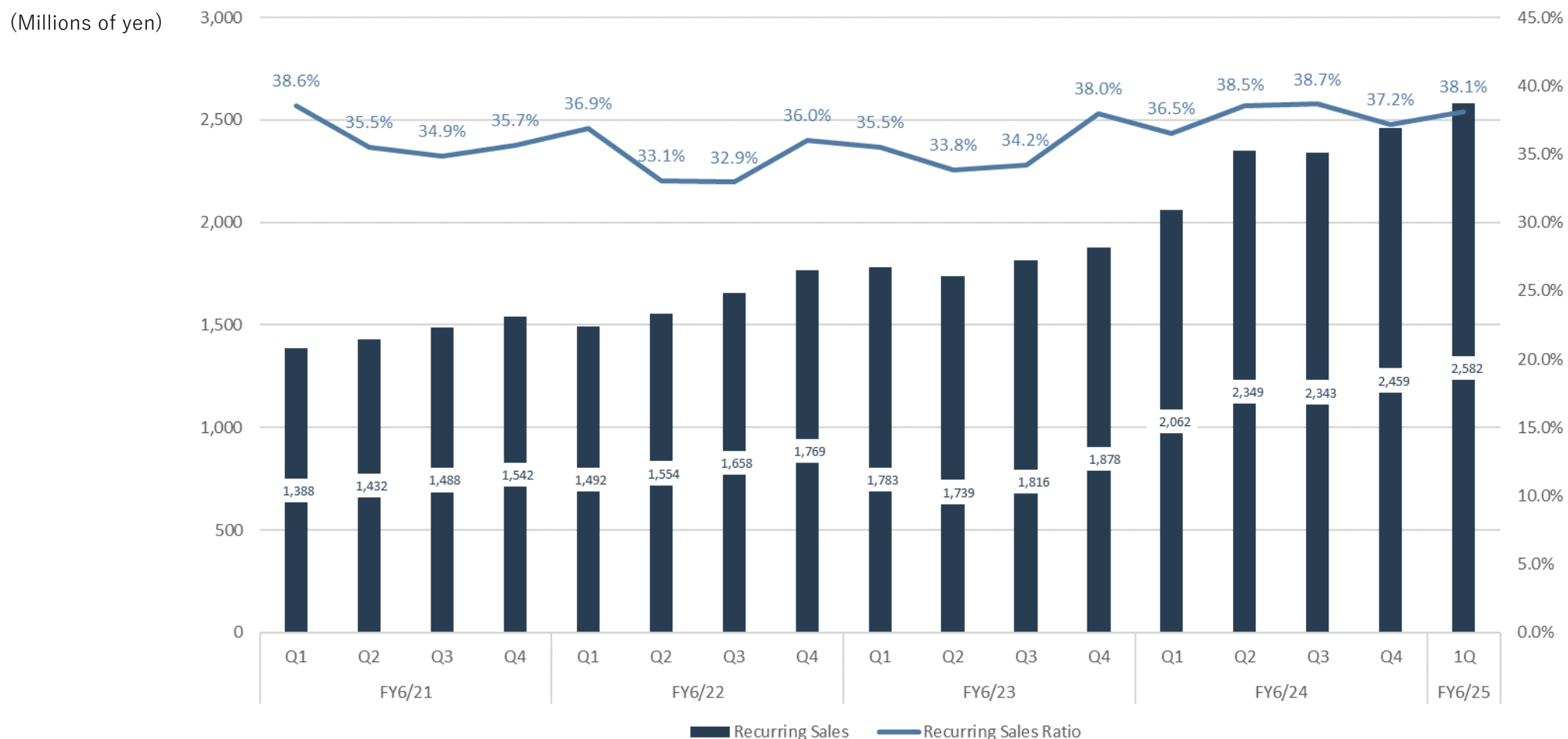
- In the first quarter of the previous fiscal year, there were restrictions on sales activities related to business management solutions for a certain period of time due to business restructuring. Although the gross profit margin had declined, both the gross profit margin and the operating profit margin have recovered since then.



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

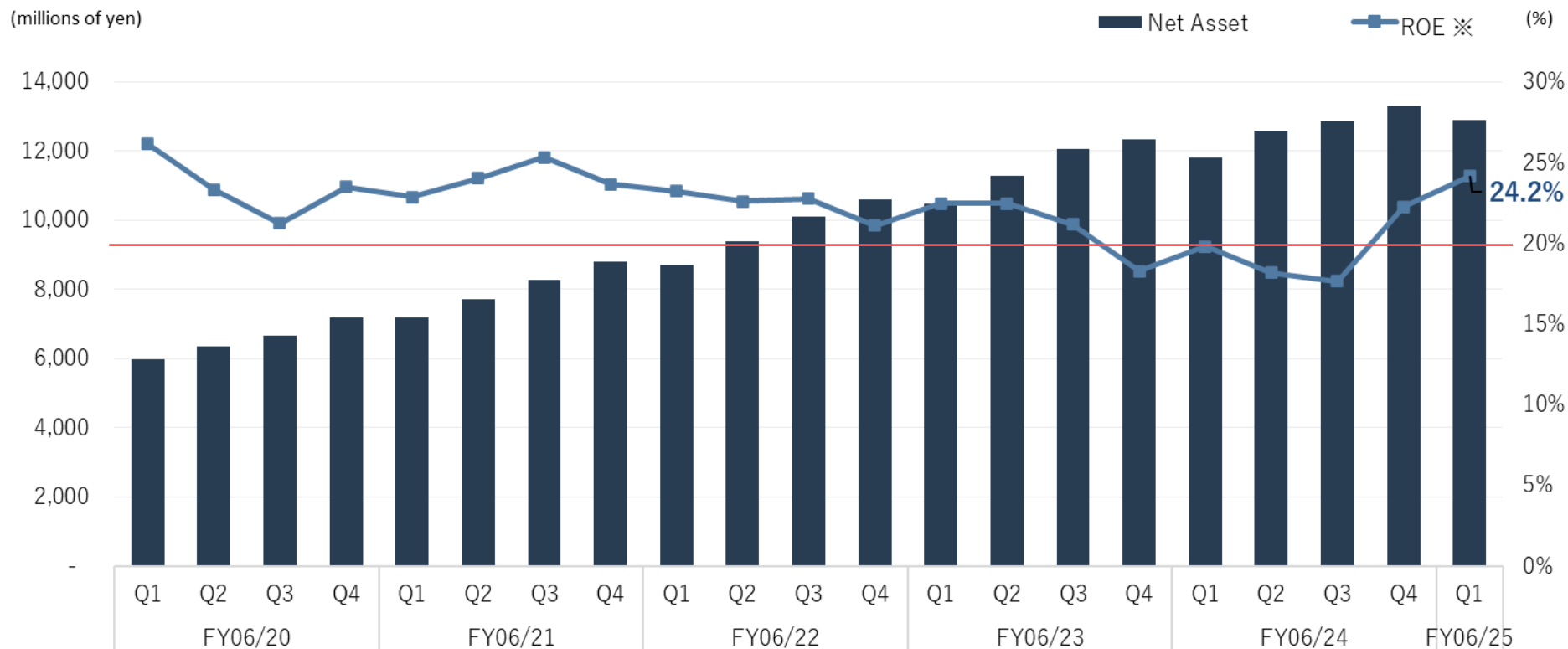
- While the stock ratio has not changed its level significantly, the absolute value of stock sales has remained steady.



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

- Although ROE\* had been on a downward trend recently, partly due to the accumulation of net assets, the improvement trend continued from the previous fiscal year due to the payment of dividends and the repurchase of treasury shares, and the first quarter of the current fiscal year also improved further.
- We will comply with the Group's management principles, further enhance profitability, and aim to maintain an average of 20% or more by managing assets more efficiently.

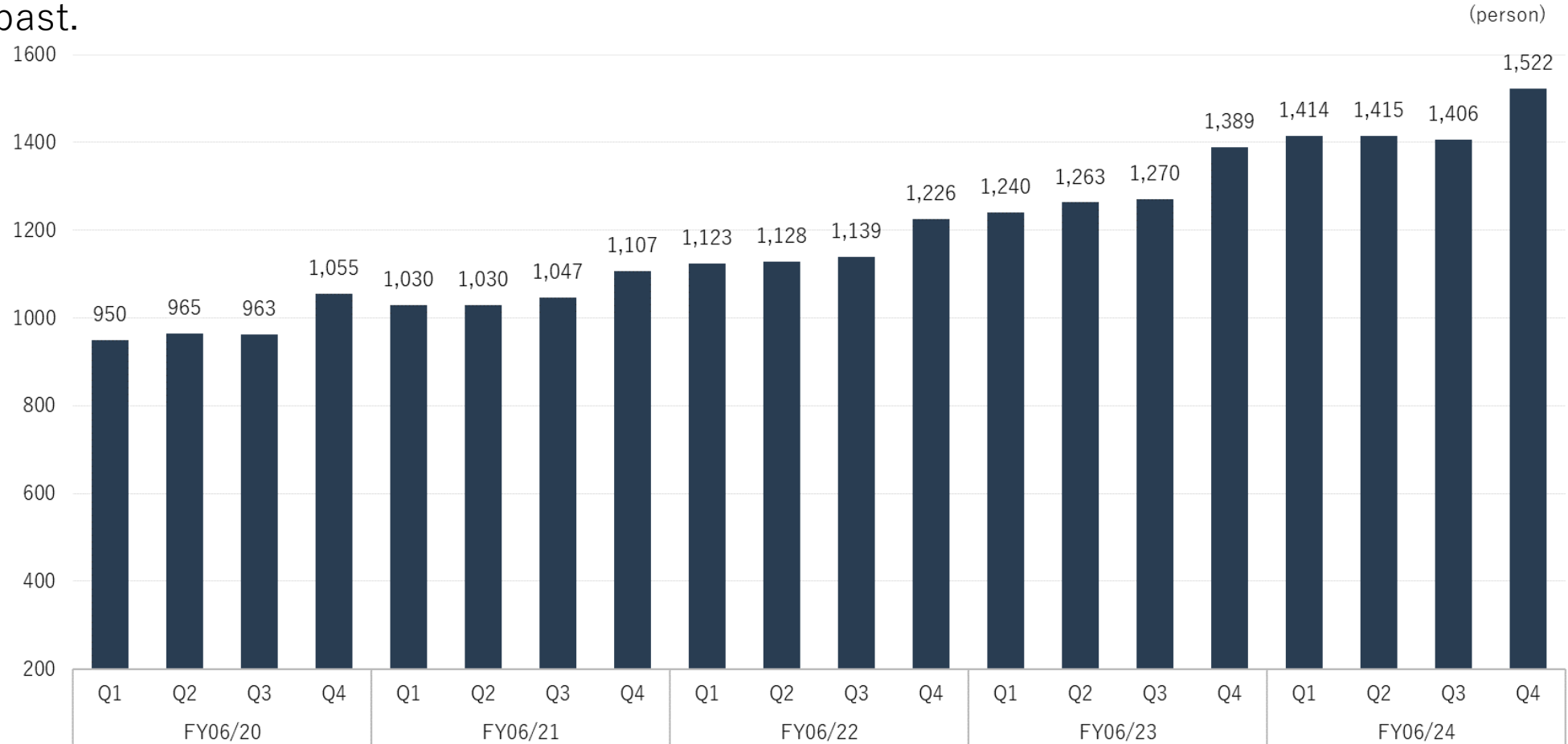


※Figures are calculated based on the past four quarters.

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.

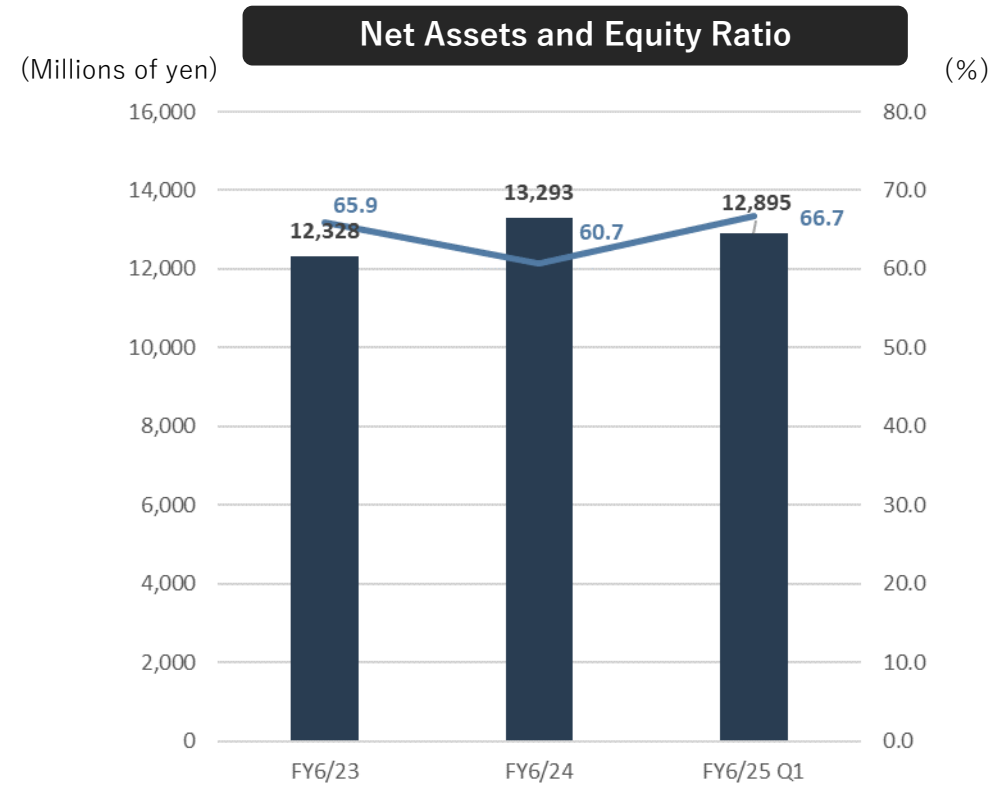
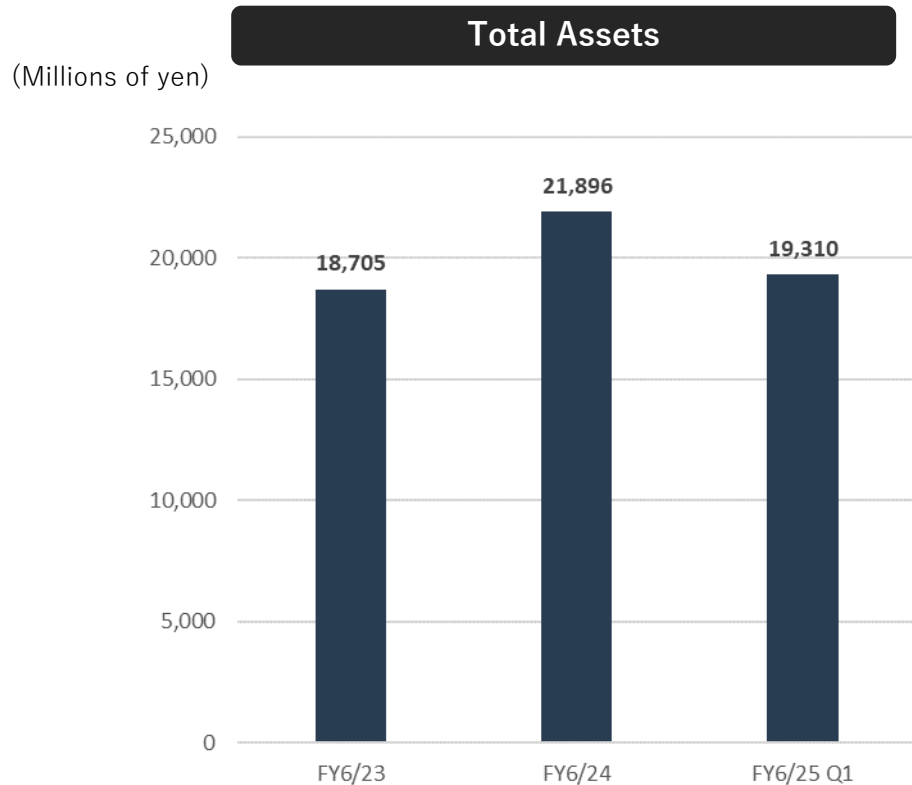
# Number of Group Employees

- Headcount is increasing in order to achieve sustainable growth.
- In 1Q, only mid-career hires will be made, but hiring is progressing well and the increase is greater than in the past.



# Financial Condition Trends

- The total value of assets decreased. This was due to a decrease in cash and deposits of 1,405 million yen and a decrease in deferred tax assets of 401 million yen.
- Net assets decreased by 398 million yen from the end of the previous fiscal year to 12,895 million yen due to the recording of quarterly net income attributable to owners of parent of 615 million yen, the purchase of treasury stock of 351 million yen, and the payment of dividends of 708 million yen on surplus.
- The capital adequacy ratio has been at a high level.

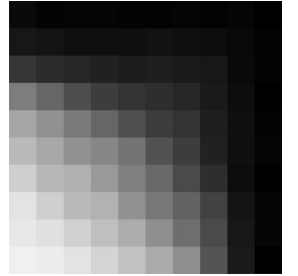




# Cashflow Trends

- The main breakdown of the increase in operating cash flow was net income before income taxes of 1,100 million yen, depreciation and amortization of 125 million yen, decrease in accounts receivable and contracted assets of 378 million yen, and increase in deposits of 201 million yen, and the main breakdown of the decrease was a decrease in bonus allowances of 963 million yen, a decrease in accruals and unpaid expenses of 152 million yen, and a decrease in contract liabilities of 211 million yen. Amount of corporate taxes paid: 984 million yen
- In terms of financial cash flow, the main breakdown of expenditures was the implementation of a share buyback of 351 million yen in connection with the introduction of RS Trust as an incentive system in anticipation of future stock price growth, and the payment of dividends of 708 million yen, a decrease of 24 million yen from the same period of the previous year.

(Millions of yen)	FY6/25	YoY Variance	
	Q1	Yr earlier	% chg
Operating CF	△ 547	△ 128	△ 419
Investment CF	△ 118	△ 93	△ 24
Free CF	△ 666	△ 222	△ 444
Financial CF	△ 1,044	△ 1,019	△ 24



## II . Earnings and Dividend Forecast

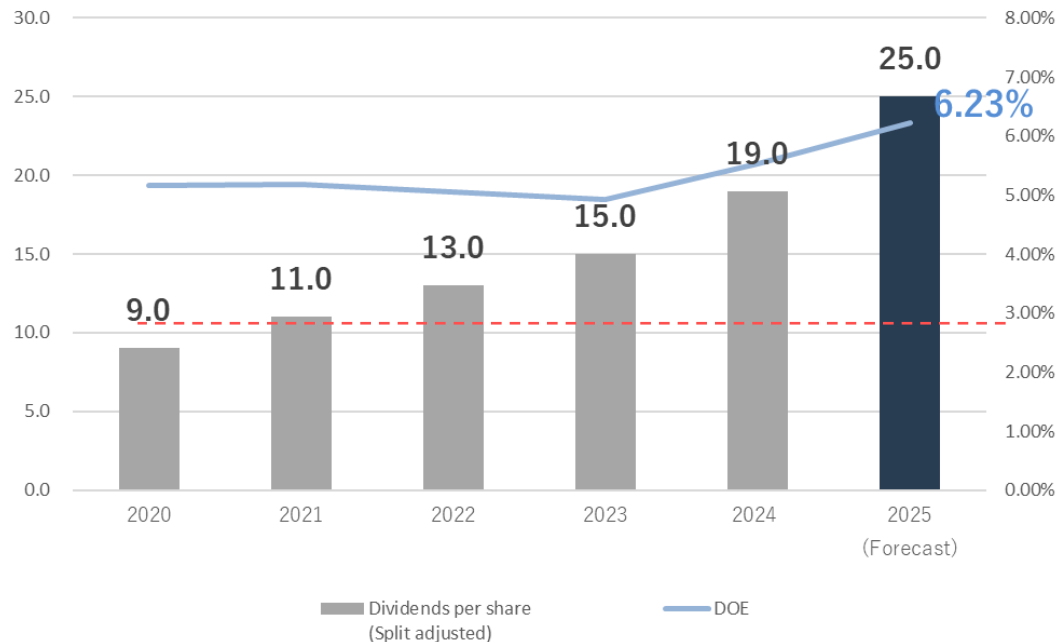
# Earnings forecast for the fiscal year ending June 30, 2025

- For the fiscal year ending June 2025, sales are expected to increase by 17.9% year-on-year to 28,800 million yen.
- Operating profit is expected to increase by 19.5% y/y to 4,900 million yen, and net income is expected to increase by 17.5% y/y to 3,350 million yen.

(Millions of yen)	FY6/24 (Actual)	FY6/25 (Forecast)	Variance	Chg
<b>Net Sales</b>	24,418	28,800	4,381	17.9%
<b>Operating Income</b>	4,099	4,900	800	19.5%
<b>OPM</b>	16.8%	17.0%	-	-
<b>Net Income</b>	2,850	3,350	499	17.5%

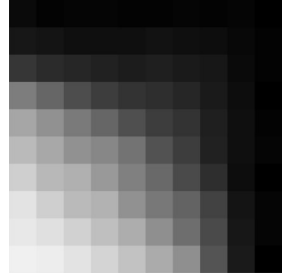
# Shareholder Returns

- In line with the policy of continuing to pay a stable dividend, the dividend per share for the year ending 30 June 2025 is expected to be 25 yen per share.
- DOE for the fiscal year ended June 30, 2024 was 5.5%, well above the TSE-listed company average (12 months) of 3.2%.



## 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.



### III. 'BE GLOBAL 2028' Actions to realise

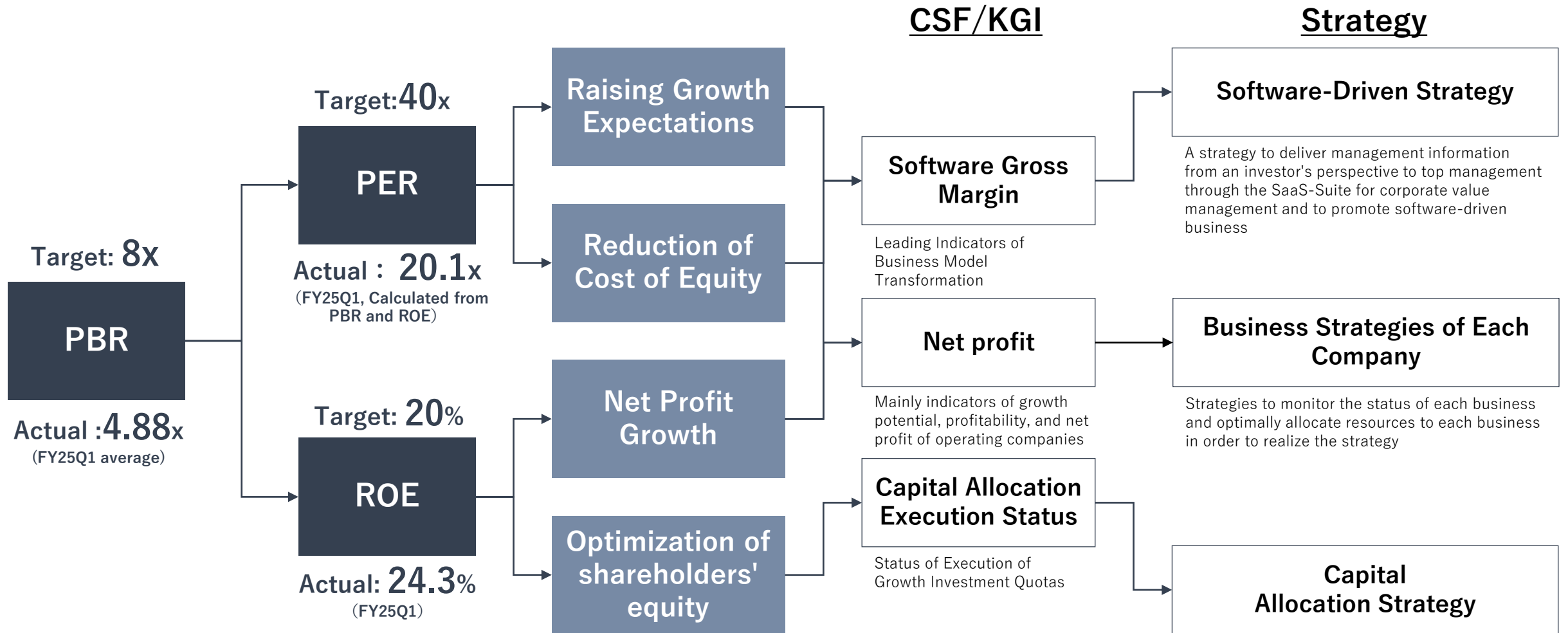
# BG28 Year second year of the plan

- Year BG28's second year plan exceeds the FY25 level in the BG28 original plan, but software gross profit remains largely in line with the plan.

	FY6/24	FY6/25			FY6/28 Plan
		Plan	Rate to BG28	YoY	
Net Sales	24,419M	28,800M	+6.8%	+17.9%	40,000~ 45,000M
Operating Income (OI)	4,099M	4,900M	+19.0%	+19.5%	9,000~ 11,000M
OPM	16.8%	17.0%	+1.8pts	+0.2pts	20~24%
Net Income	2,850M	3,350M	+25.2%	+17.5%	6,000~ 7,000M
OI / person	2.8M	3.0M	+21.8%	+5.6%	3.9M
Software Gross Profit	2,442M	2,474M	+0.7%	+1.3%	5,500~ 6,000M
ROE	22.3%	22.4%	+4.0pts	+0.1pts	20% or more
DOE	5.5%	6.2%	▲0.3pts	+0.7pts	8.1% or more
Dividend	¥19	¥25	±0	+31.6%	¥51 or more

# Strategy Execution Monitoring Using PBR Tree Diagram

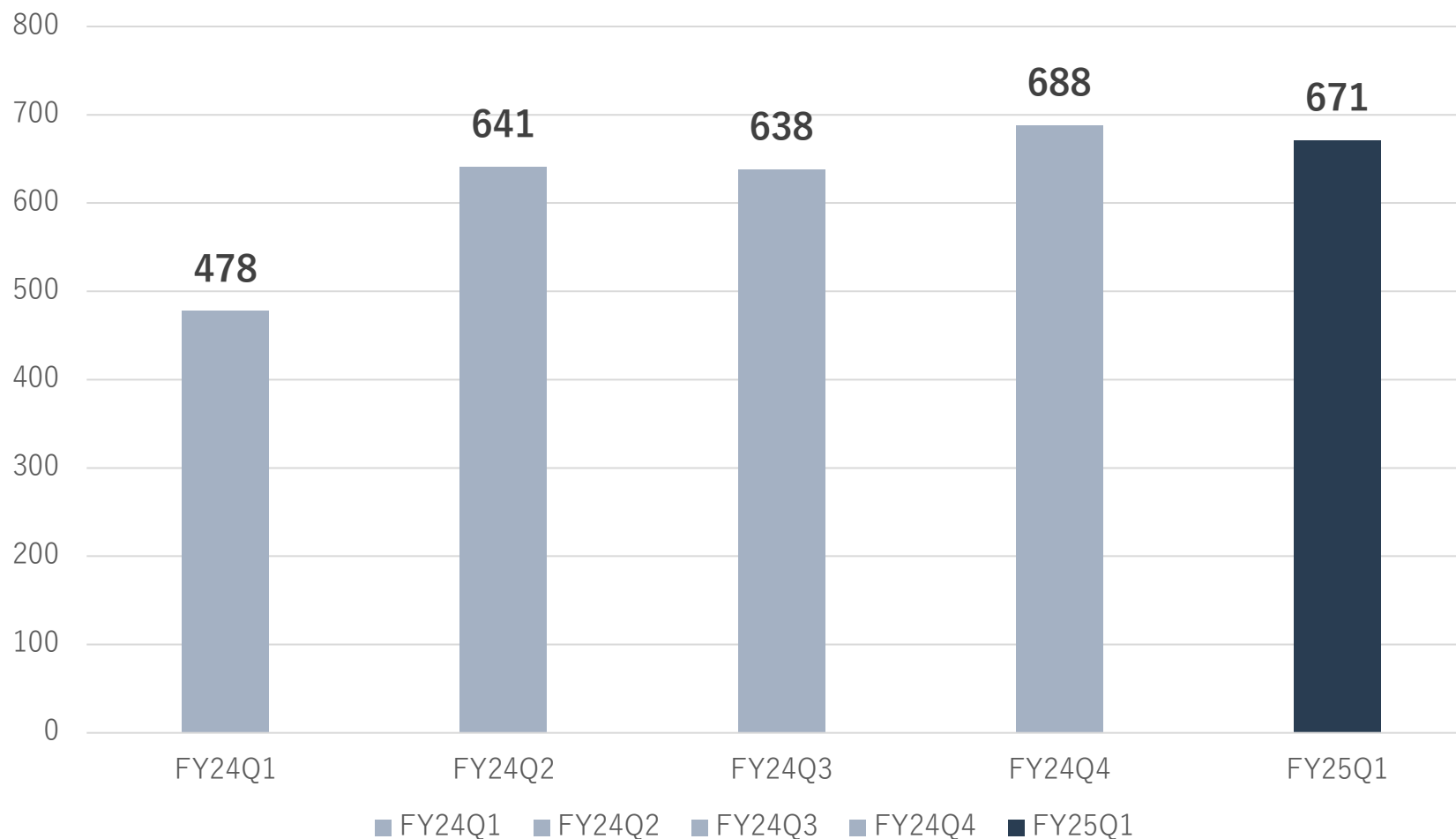
- Software gross profit increased year-on-year (see next page). We also started accepting orders for TRINITY BOARD, a key product in our software-driven strategy.



# Software Gross Profit

- Increased software sales and lower outsourcing expenses, resulting in a 40.4% year-on-year increase
- On a quarter-on-quarter basis, sales decreased due to spot license sales in the fourth quarter of FY24

(Millions of yen)

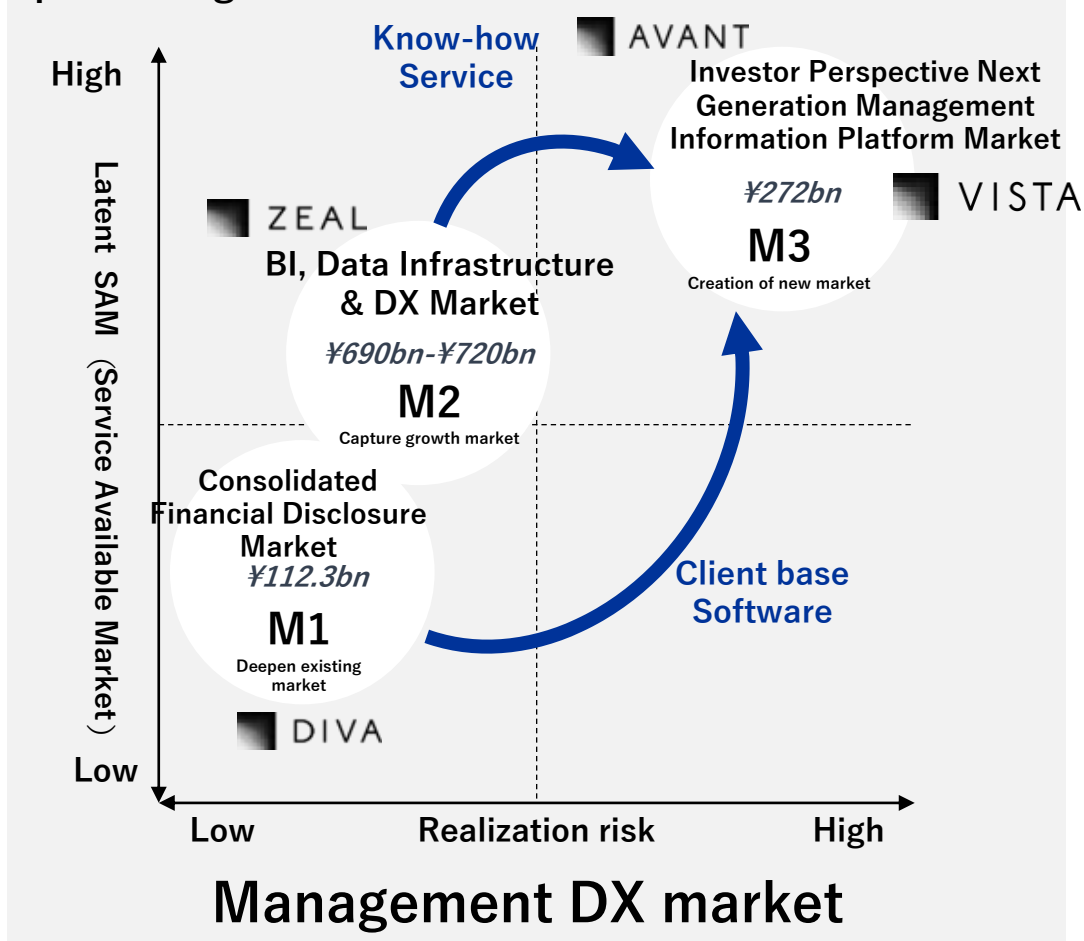




# BG28 Focus Markets

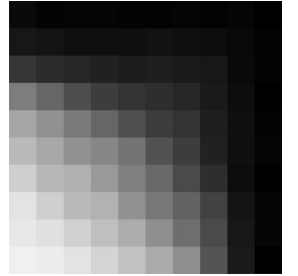
- Established on October 11, 2024, full-scale operations will begin in November 2024
- Established to promote the creation of the M3 market

## TAM (Total Addressable Market) and positioning of each market



## ■ Company Profile

Name	VISTA Inc.
Establishment	October 11, 2024
CEO	CEO Andrew Phillips
Amount of Capital	¥100,000,000
Description of Business	We provide management consulting services tailored to the positioning of individual companies in the stock market, supporting the sustainable enhancement of corporate value and the realization of long-term value creation for stakeholders.
Locations	Shinagawa Intercity Tower B 13F,2-15-2, Konan, Minato-ku, Tokyo 108-6113



## Reference : Company overview

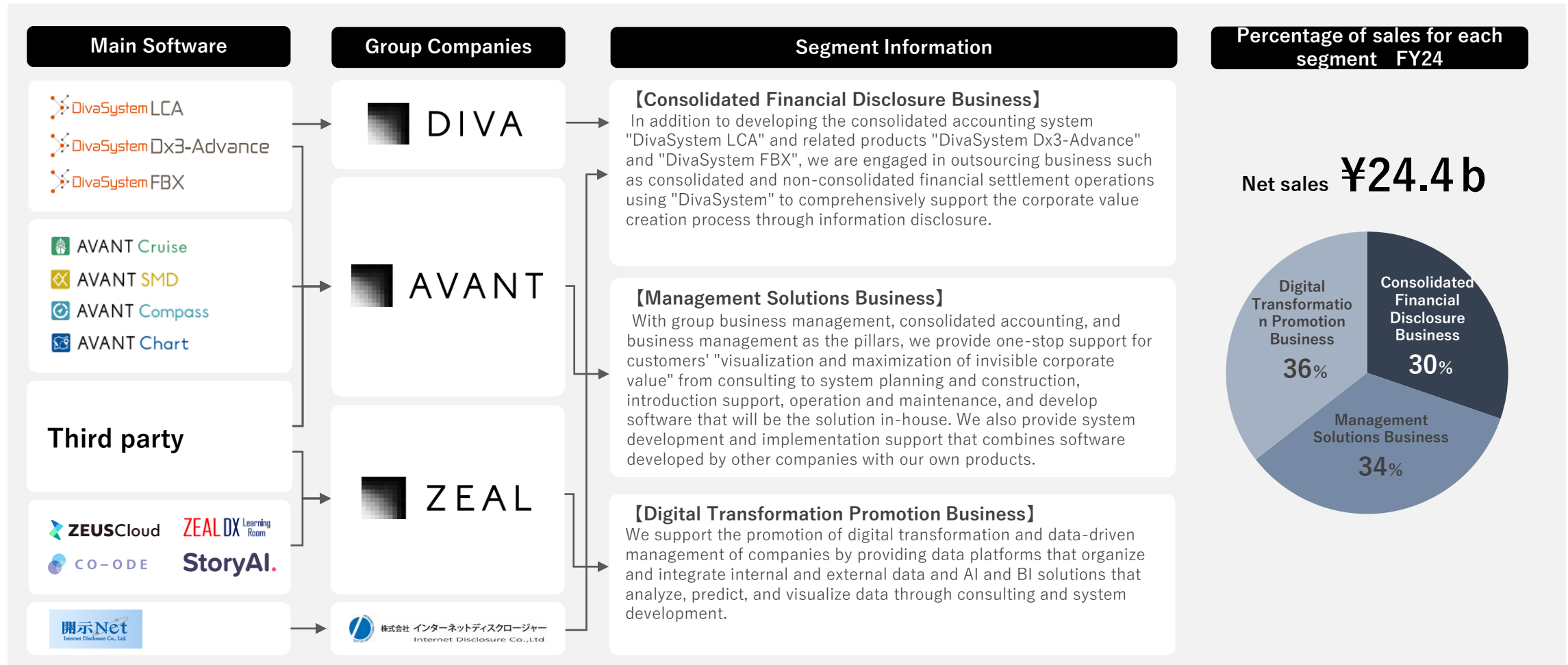
# Company Introduction

**Name** : AVANT GROUP CORPORATION

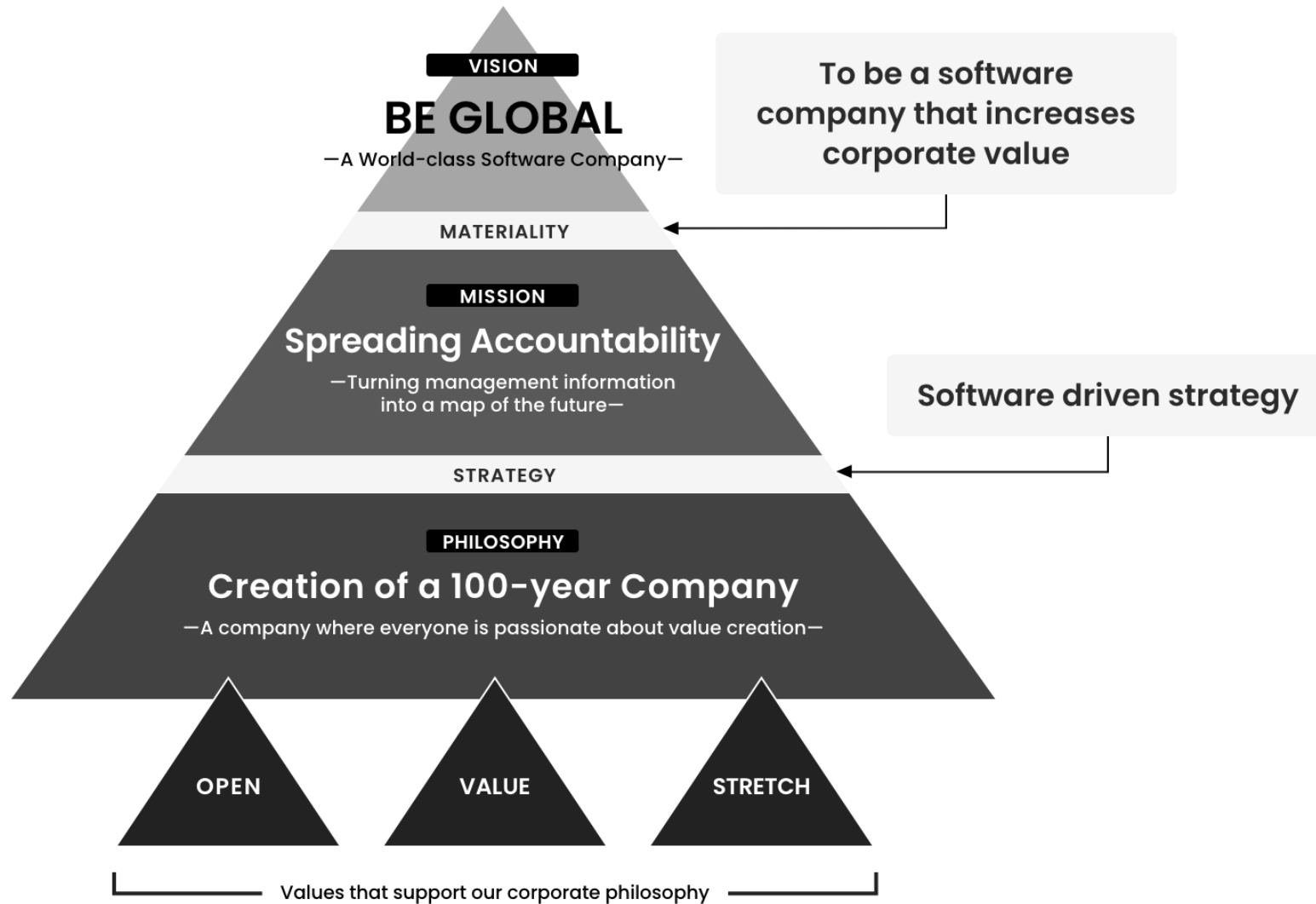
**Inception** : May 26, 1997

**Representative** : Tetsuji Morikawa, President and Group CEO

**Market Cap** : Approximately 53 billion yen ( TSE Prime, 3836, 06/2024 )



# Avant Group Philosophy



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

Established the top share in Japan in the consolidated accounting business

Introduction of holding company system and expansion of group management

BE GLOBAL

Government-led initiatives

■ Start of reporting in consolidated accounting (FY Mar. 2000~)

■ Mandatory quarterly reporting (FY Apr. 2003~)

■ Introduction of Internal Control Reporting System (J-SOX) (Apr.2008~)

■ Voluntary Application of Disclosure under IFRS (FY Mar. 2010~)

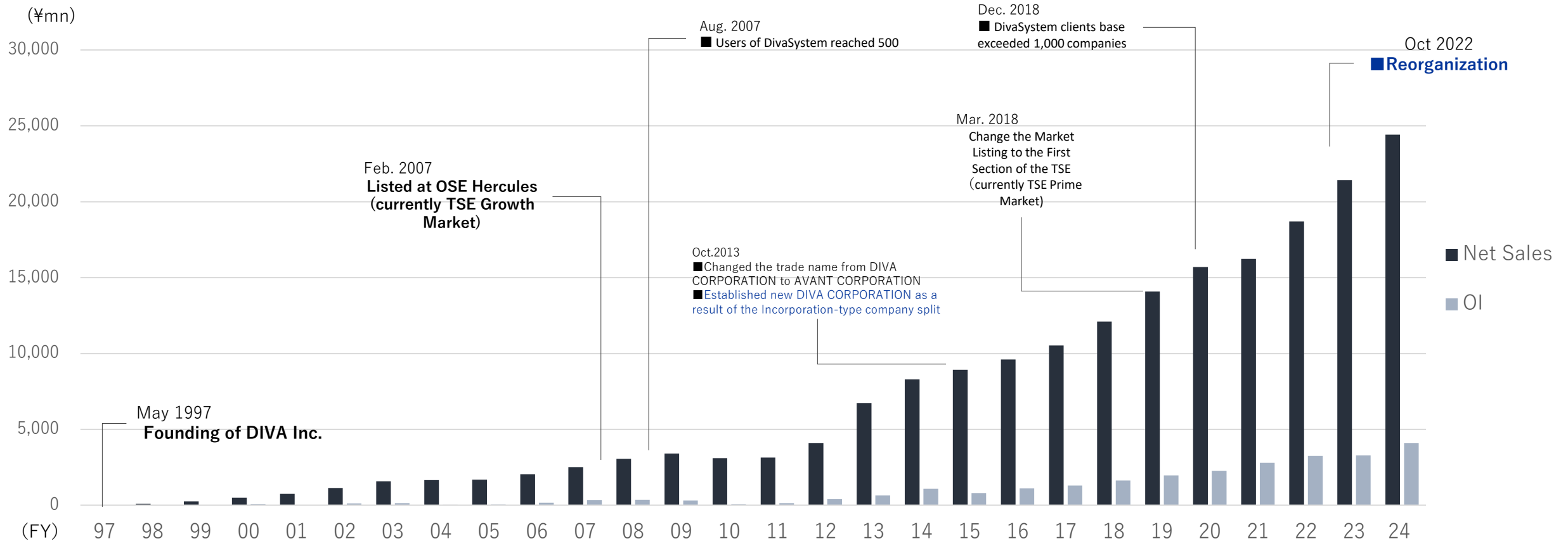
■ Corporate Governance Code (Jun. 2015~)

■ Group Governance Practice Guidelines (Sep. 2019~)

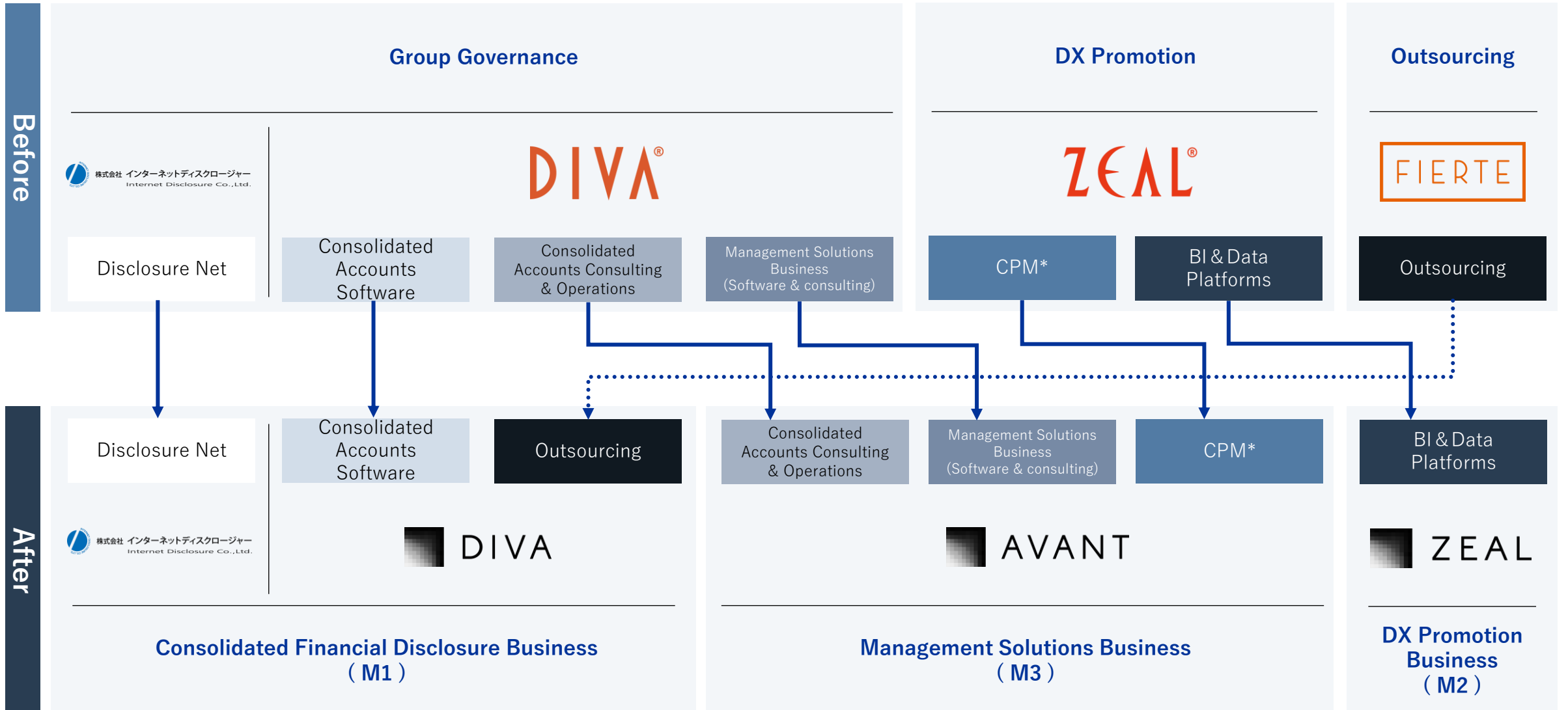
■ Publication of Business Restructuring Practice Guidelines (Jul. 2020~)

■ Establishment of a study group on fair acquisition (2022~)

■ Request from TSE for 'action to achieve cost of capital and share price conscious management' (Mar 2023~)



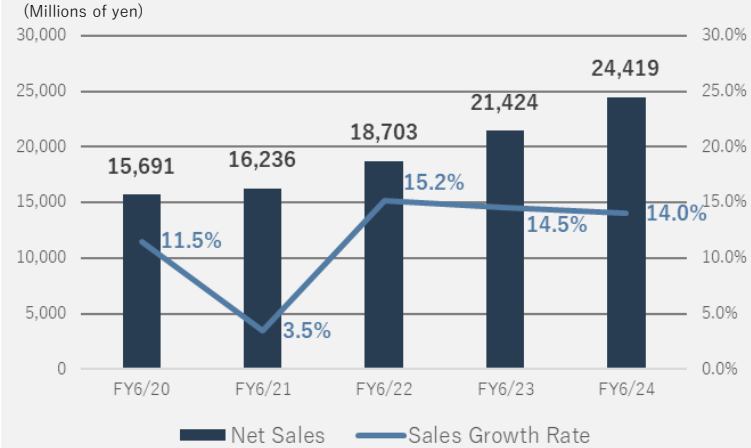
# Segment Reorganization



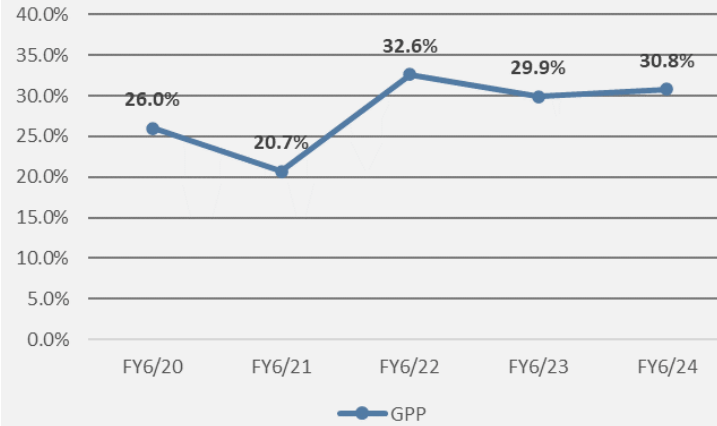
※CPM : Corporate Performance Management

# Numerical Summary

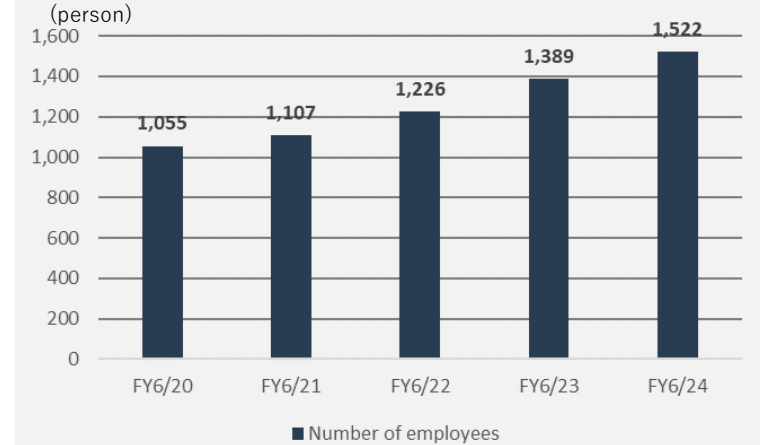
**Net Sales / Sales Growth Rate**



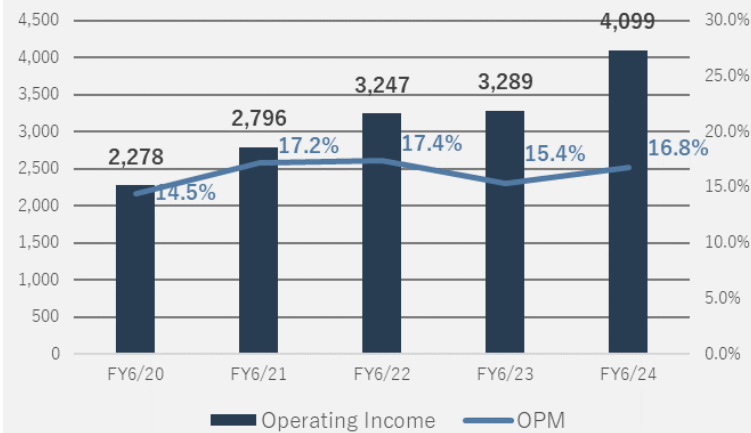
**GPP (Sales Growth Rate + OPM)**



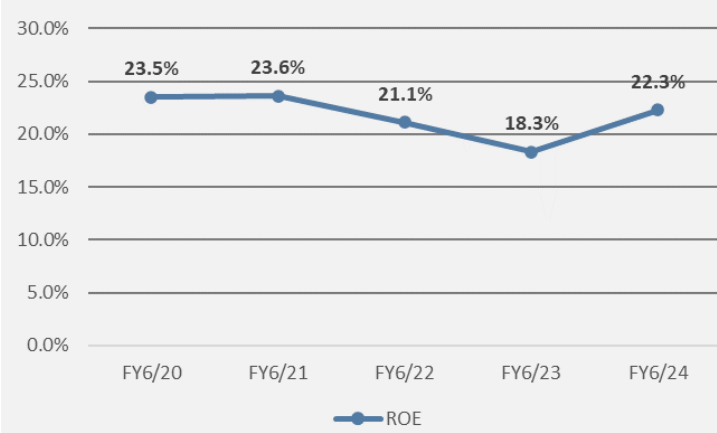
**Number of employees**



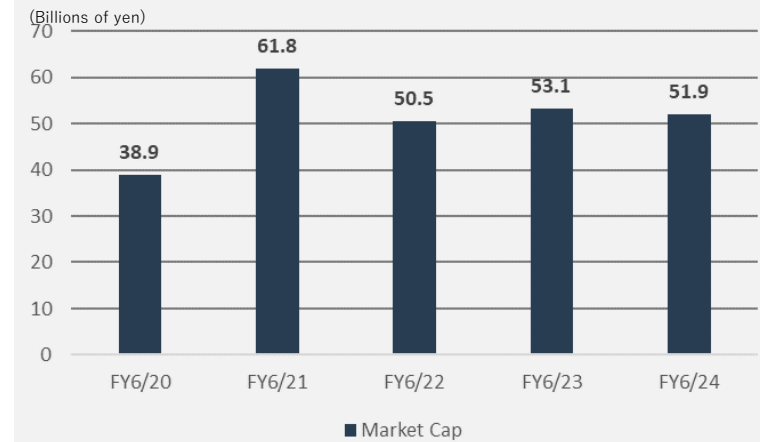
**Operating Income / OPM**



**ROE**

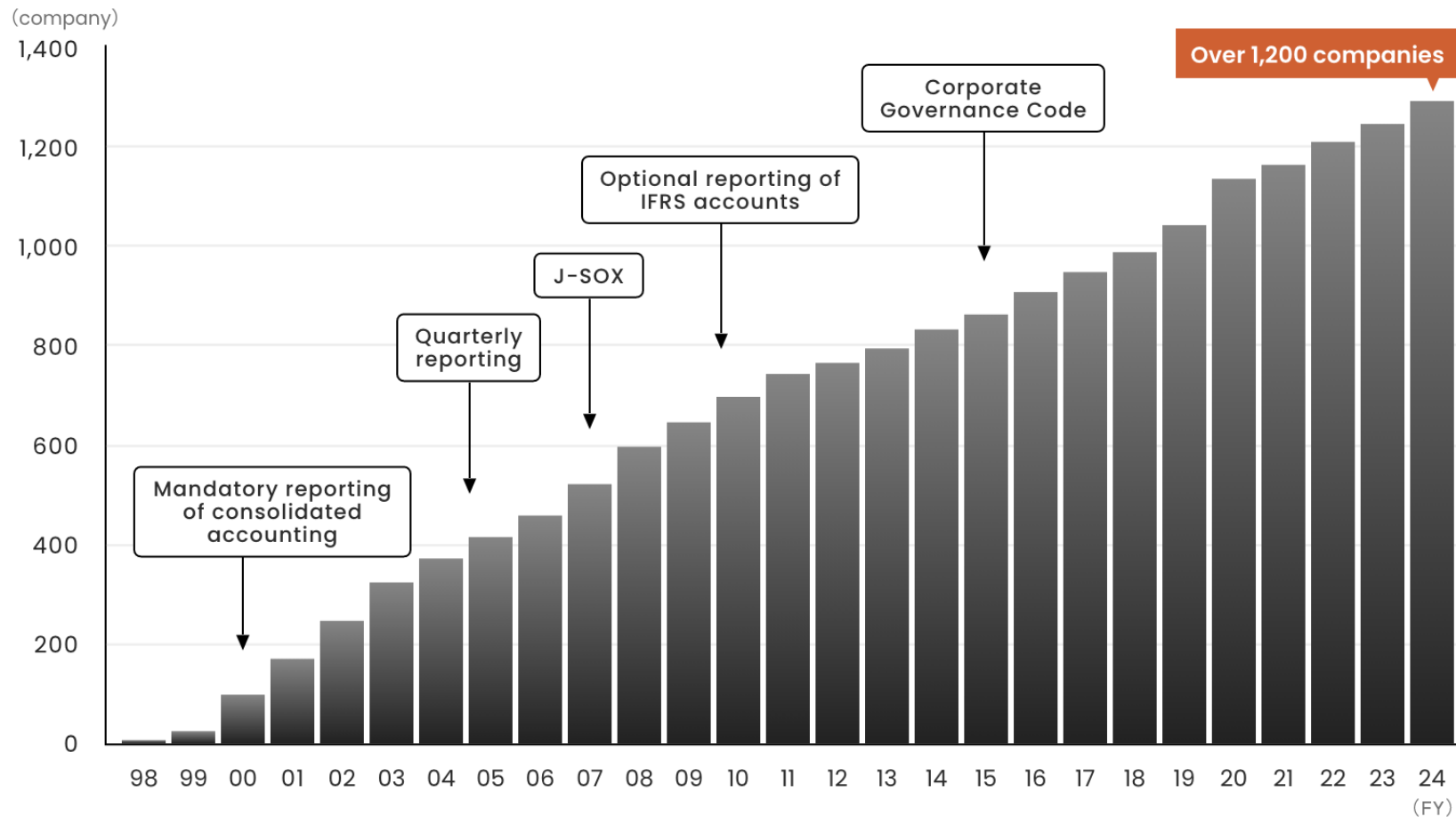


**Market Cap**



# Trends in companies that have introduced Avant Group Software Product

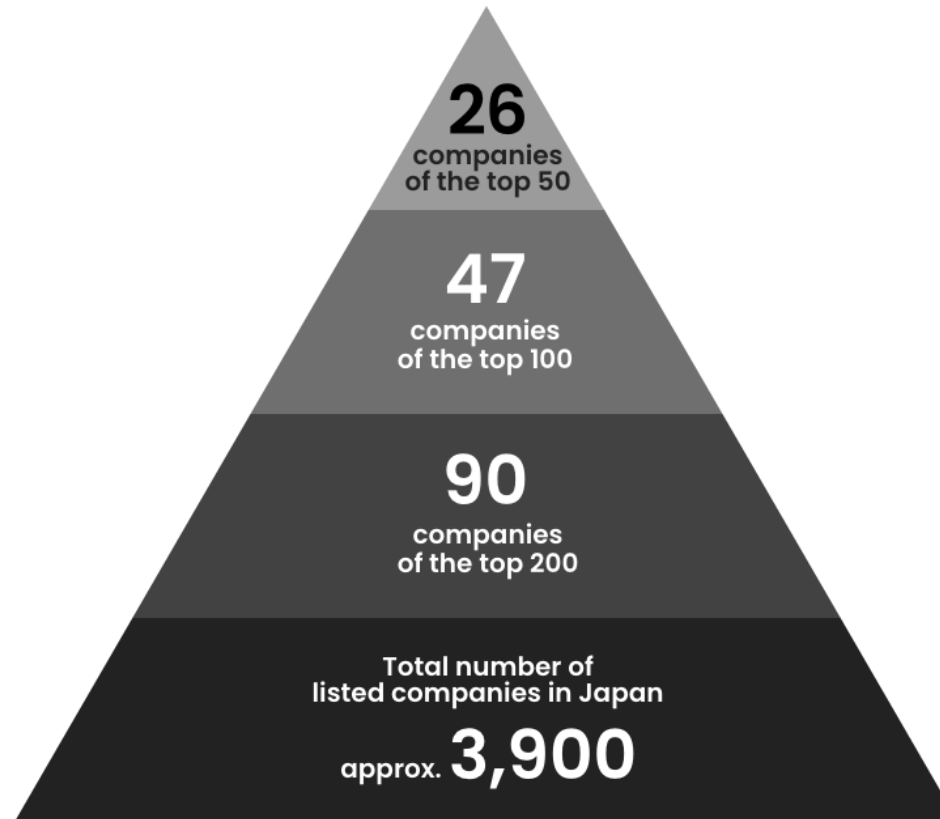
- With the tightening of disclosure regulations, consolidated accounting system LCA leads the number of introductions.





# Customer base of consolidated accounting system “LCA”

- More than 1,100 companies have sold ※1
- FY2023 consolidated accounting software market share is 43.8% ※2
- From institutional accounting to budget and management accounting, we support the strengthening of corporate governance



※1 As of the end of June 2024

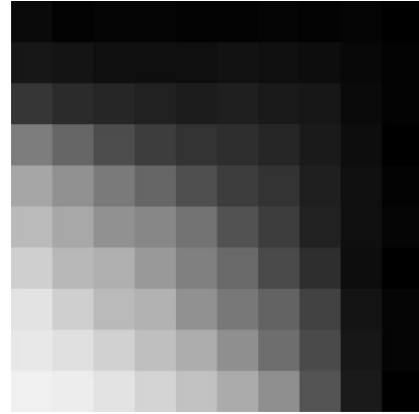
※2 Fuji Chimera Research Institute "Software Business New Market 2023 Edition" Consolidated Accounting Management Software Market Share

# 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

Avant Group Corporation, IR Office  
[ir@avantgroup.com](mailto:ir@avantgroup.com)



AVANT GROUP

SUSTAINABILITY IS VALUE