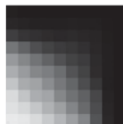


This document is an unofficial translation of the Notice of 28th Annual General Shareholders' Meeting and is provided for your convenience only, without any warranty as to its accuracy or as to the completeness of the information. The Japanese original version of the document is the sole official version.



Notice of Convocation of the 28th Ordinary General Meeting of Shareholders



AVANT GROUP

Date/Time

September 25, 2024 (Wednesday) at 10:00AM (Doors open at 9:30AM)

Location

1-3-2, Otemachi, Chiyoda-ku, Tokyo
Keidanren Hall, 2F, Keidanren Kaikan (Please refer to the venue guide at the end.)

Matters to be resolved

Proposal1: Appropriation of surplus

Proposal2: Election of four (4) Directors (excluding Directors who are Audit Committee Members)

Proposal3: Election of Three (3) Directors as Audit Committee Members

Proposal4: Revision of the performance-based stock compensation plan for directors (excluding members of the Audit and Supervisory Committee and outside directors)

"Matters on corporate officers," "Officers' compensation plan" and "Compliance and risk management" in the 28th business report contains content highly relevant to the documents for reference for the shareholders' meeting listed in the electronically provided matters; therefore, the order of listing was rearranged.

AVANT GROUP CORPORATION Securities Code: 3836

To Our Shareholders

We sincerely appreciate your continued understanding and support of our group's business.

Fiscal Year 2024 (the 12 months ending June 2024) was the first year of "BE GLOBAL 2028", our medium-term management plan that aims to improve corporate value. Each of our business units focused on achieving their targets, and most major KPIs were successfully accomplished.

On the other hand, we were also able to clarify issues that need to be dealt with to accomplish BE GLOBAL 2028. In our plan, we set out a vision of becoming a world-class software company. The aim is to offer services that are useful in a global society where software is becoming increasingly important.

To this end, our company has put in place several strategic KPIs (Key Performance Indicators).

First is an ability that will allow the creation of individual value, something we define as "value creation productivity," which is a measure of operating profit per employee. This indicator can highlight how enhanced value can contribute to customers through the use of intellectual property, or software. Significant improvement in this metric indicates progress in innovation that could be the result of implementation of a new business model or other factors.

Second is software gross profit. This is one driver to enhance productivity through a process of value creation that can measure the quality of software sales. Higher growth in this KPI than growth in overall sales, even if only moderate, can indicate a shift in the business model from services to software. It is a leading indicator of improved value creation productivity.

Third is Return On Equity (ROE). This is an important indicator to see whether the capital of a company is being effectively reinvested to improve long-term corporate value.

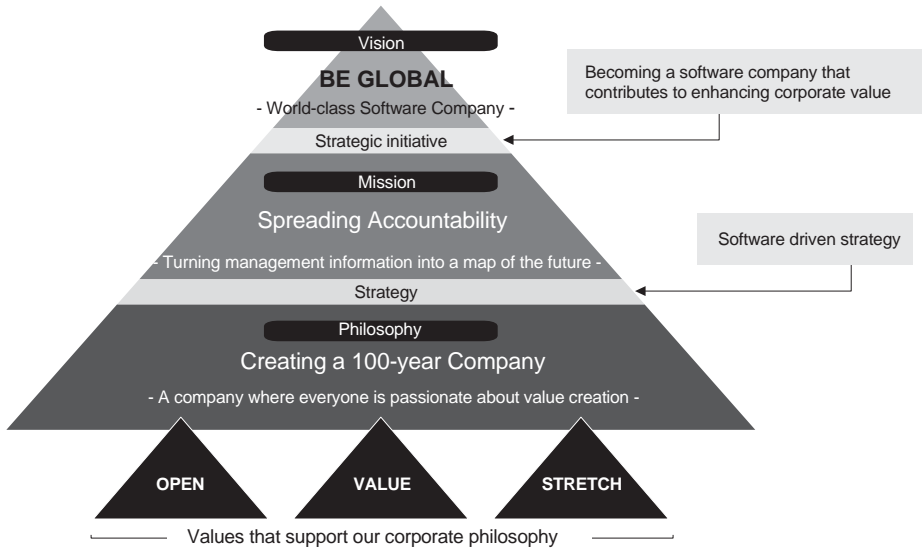
For FY6/25, an important strategic issue for us is to keep moving towards achieving the strategic KPIs in the BE GLOBAL 2028 plan. As well as each group company aiming to achieve their own targets, we will continue to focus on accelerating growth in software gross profit, which is a leading indicator for the other two KPIs. We will do this from full-fledged sales of DX cloud platform TRINITY BOARD for board meetings, that we developed in FY6/24 and for corporate value analysis platform AVANT Compass.

The BE GLOBAL 2028 plan sets out our commitment to achieving FY6/28 targets. Our approach is to go about this with a certain level of freedom. We will take a creative approach this year as part of our aim to become a world-class software company.

Tetsuji Morikawa, Group CEO and President, AVANT GROUP CORPORATION.

Avant Group's Philosophy System

Our group of businesses joins forces so that we can achieve the mission we have held since incorporation, namely extending accountability, based on a corporate philosophy of creating a company that can last for 100 years. Our vision is “BE GLOBAL.” We aim to evolve into a world-class software company and play a big part in the development of the economy as well as wider society.



In 2021, our group set out a strategic initiative to accomplish a vision “becoming a software company that increases corporate value.” This is based on two initiatives, that we will contribute to an improvement of corporate value through digitization (DX) of management and also our core business model that draws on our roots as a software company. This strategic initiative was developed when formulating our previous medium-term management plan “BE GLOBAL 2023.” We maintain a similar direction of travel in our current, updated medium-term management plan “BE GLOBAL 2028.”

A software-driven strategy concept underpins our processes in planning for

BE GLOBAL 2028, in which we look to create synergies in the group by leveraging software and achieving our strategic targets. We look to provide value to the board of directors from data created at each group company. This should facilitate a transformation of the board of directors from the perspective of corporate value into a forum for discussion, and enable more advanced decision-making by the management team.

The promotion of these strategic activities will enhance our ability to make a contribution to our customers and achieve our vision of becoming a world-class software company.

Avant Group's Medium-Term Management Plan

Aims of the New Medium-term Management Plan BE GLOBAL 2028

In August 2023, our group formulated BE GLOBAL 2028, a medium-term management plan covering the five years through FY6/28, during which we continue to aim to become a world-class software company.

BE GLOBAL 2028 aims to realize a value creation spiral, starting with value creation productivity improvements, driven by a software-driven strategy. Through value creation productivity, as measured by operating profit per employee, we can enable returns through lower compensation and investments in human resources, which can realize human capital value creation. This enables the creation of both services and software which can lead to sustainable business growth. As corporate value increases, so will the ability to raise capital, which can enhance the capacity available for business investment, further improving value creation productivity.

Our target of this kind of value creation spiral is to achieve our strategic initiative of becoming a software company that can improve corporate value.

Review of the first year of the new medium-term management plan BE GLOBAL 2028

FY6/24 was the first year of BE GLOBAL 2028, and all major KPI goals were successfully achieved.

Financial targets like sales, operating profit and net profit beat targets while other value creation productivity measures such as operating profit per employee exceeded the plan by 8.7% while software gross profit was 26.6% higher than plan.

	FY23		FY24		FY28
	Actual	Actual	Rate to the plan	YoY	Plan
Net sales	21,424M	24,419M	+1.7%	+14.0%	40,000~ 45,000M
Operating Income (OI)	3,289M	4,099M	+6.5%	+24.6%	9,000~ 11,000M
Operating Margin	15.4%	16.8%	+0.7pts	+1.4pts	20-24%

Net Income	2,094M	2,850M	+14.0%	+36.1%	6,000~ 7,000M
OI / person	2.5M	2.8M	+8.7%	+12.0%	3.9M
Software Gross Profit	2,367M	2,442M	+26.6%	+3.2%	5,500~ 6,000M
ROE	18.3%	22.3%	+3.0pts	+4.0pts	20% or more
DOE	4.9%	5.5%	+0.2pts	+0.6pts	8.1% or more
Dividend	15 yen	19 yen	±0	+26.7%	51 yen or more

Note 1) Operating profit per employee is based on average number of employees during the period.

Note 2) Software gross profit is based on unified Avant group definitions that take into account lead times for calculation (software sales - software purchase - development division costs).

Note 3) FY6/24 dividend assumes the No.1 proposal on the agenda for the general meeting “appropriation of surplus” is approved according to the original proposition.

Outlook of the New Medium-Term Management Plan BE GLOBAL 2028

As we exceeded the plan in FY6/24, the major KPIs for FY6/25 were higher than the targets set in BE GLOBAL 2028, apart from that for DOE. Despite this, OP per employee, a metric that measures value creation productivity increased by only 5.6% YoY, despite exceeding the plan. Software gross profit, a measure of the progress of a software-driven strategy was just 0.7% higher than plan and +1.3% YoY, so progress lagged other metrics.

This indicates a lack of clarity in the push to improve the software-driven strategy and value creation productivity. As a result, we will start full-fledged sales of the DX cloud platform TRINITY BOARD for board meetings prepared in FY6/24, as well as corporate value analysis platform AVANT Compass. By providing management information for discussion from a corporate value perspective at board meetings of customer companies, we aim to facilitate more sophisticated decision-making. By establishing these environments, we will enhance the value of information provided by each group company to step up growth of software gross profit, and improve value creation productivity.

	FY24		FY25		FY28
	Actual	Plan	Rate to BG28	YoY	Plan
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
Operating Margin	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%	5,000~ 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 yen	25 yen	±0	+31.6%	51 yen or more

Note 1) Operating profit per employee is based on average number of employees during the period.

Note 2) Software gross profit is based on unified Avant group definitions that take into account lead times for calculation (software sales - software purchase - development division costs).

Note 3) FY6/24 dividend assumes the No.1 proposal on the agenda for the general meeting “appropriation of surplus” is approved according to the original proposition.

Securities Code 3836

September 9, 2024

(Start date of electronic provisioning: September 3, 2024)

To All Shareholders

15-2, Konan 2-chome, Minato-ku,
Tokyo

AVANT GROUP CORPORATION

President and
Representative Director Tetsuji
Morikawa

Notice of Convocation of the 28th Ordinary General Meeting of Shareholders

Dear Sir or Madam,

We would like to thank you for your continued support.

Notice is hereby given that the 28th Ordinary General Meeting of Shareholders will be held as follows.

We are also providing notice of our intention to publish online the 28th Ordinary General Meeting of Shareholders, which will be available on the website below at the following link "Notice of Convocation of the 28th Ordinary General Meeting of Shareholders.

Our website <https://www.avantgroup.com/ja/ir/irnews.html>

In addition to the above, the information is also posted on the website of the Tokyo Stock Exchange (TSE), which can be found below.

Tokyo Stock Exchange Website (TSE Listed Company Information Service)

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>
(Access the TSE website above, enter "Avant Group" in "Issue Name (Company Name)" or our securities code "3836" in "Code", select "Basic Information" and "Documents for Public Inspection/PR Information" in that order, and check "Notice of Convocation of

General Meeting of Shareholders/Materials for General Meeting of Shareholders” under ”Documents for Public Inspection”. Please check the ”Notice of Convocation of General Meeting of Shareholders / Materials for General Meeting of Shareholders” under ”Documents for Public Inspection.)

You may exercise your voting rights in writing or online in place of attending in person on the day. Please review the Reference Documents for the General Meeting of Shareholders posted in the Electronic Provided Measures section and exercise your voting rights by 6:00 p.m. on Tuesday, September 24, 2024 (JST) in accordance with the instructions below. Please exercise your voting rights by 6:00 p.m. on Tuesday, September 24, 2024, in accordance with the instructions below.

Yours sincerely

Record

1. **Date & Time** Wednesday, September 25, 2024, 10:00 a.m. (Doors open at 9:30 a.m.)
 2. **Place** Keidanren Hall, 2F, Keidanren Kaikan, 1-3-2 Otemachi, Chiyoda-ku, Tokyo (Please refer to the venue map at the end of this document.)
 3. **Purposes**
 1. Business Report and Consolidated Financial Statements for the 28th Fiscal Year (July 1, 2023 to June 30, 2024) and the Audit Reports of the Accounting Auditor and the Audit Committee on the Consolidated Financial Statements
 2. Report on the non-consolidated financial statements for the 28th Fiscal Year (July 1, 2023 to June 30, 2024)
- Matters to be resolved**
- Proposal 1** Appropriation of surplus
 - Proposal 2** Election of four (4) Directors (excluding Directors who are Audit Committee Members)
 - Proposal 3** Election of Three (3) Directors as Audit Committee Members
 - Proposal 4** Revision of the performance-based stock compensation plan for directors (excluding members of the Audit and Supervisory Committee and outside directors)

4. Notice Regarding the 28th Annual General Meeting of Shareholders

(1) Exercise of voting rights online, advance submission of comments and questions, and video broadcast details

Please see below for specific instructions regarding digital execution of voting rights, how to submit your comments and questions in advance, and how to view the live video feed on the day of the meeting and the archived feed after the meeting. We plan to address matters of high interest to our shareholders at the General Meeting of Shareholders.

- In addition to exercising your voting rights in person, you may also exercise your voting rights in writing (by mail) or in advance online using a computer or smartphone.



Please see the information on pages 13 and 14.

- Shareholders are also welcome to submit questions in advance.
- Live broadcast of the General Meeting of Shareholders will be available online.
- After the AGM, a video of the day of the AGM will be archived on our website.



Please see the information on page 15.

(2) Online disclosure

The document we are sending you also serves as a document describing the matters to be provided electronically based on your request for delivery of the document. In accordance with laws and regulations and Article 13 of the Company's Articles of Incorporation, the following items are excluded. Accordingly, such documents are part of the documents audited by the Audit Committee and the Independent Auditor in preparing the Audit Report.

Matters related to shares of the Company
Matters concerning stock acquisition rights of the Company
Status of Independent Auditors
Consolidated Statements of Changes in Net Assets
Notes to Consolidated Financial Statements
Statement of Changes in Net Assets
Notes to the Non-Consolidated Financial Statements

In the event of any amendments to the electronic provisioning measures, the modifications will be posted on the respective websites once available.

Other

If you plan to attend the meeting in person, please submit the enclosed Voting Rights Exercise Form to the receptionist at the meeting. We also ask that you please bring this Notice of Convocation with you to the meeting. Should there be any major changes in operations of the General Meeting of Shareholders in future, we will provide updates at the link below.
<https://www.avantgroup.com/ja/index.html>

Product and Business Briefing Session

After the conclusion of the Annual General Meeting of Shareholders, we will hold a Product and Business Briefing at same the venue to allow shareholders to gain a broader understanding of our company. We would like to invite shareholders with the time to attend this meeting as well as our Annual General Meeting of Shareholders, or to follow it online.

Please note refreshments will not be served at the Product and Business Briefing.

Guidance on the Exercise of Voting Rights



Exercise of voting rights in writing

Please fill out the enclosed voting form, indicating your approval or disapproval for each agenda item, and return it by mail. If there is no indication of approval or disapproval for any item on the voting form, it will be treated as an expression of approval.

Exercise Deadline: To be received no later than 6:00 PM on September 24, 2024 (Tuesday)



Exercise of Voting Rights via the Internet

Please visit our designated voting site (<https://www.web54.net>), input your approval or disapproval for each agenda item, and submit.

Exercise Deadline: Up to 6:00 PM on September 24, 2024 (Tuesday)



Exercise of Voting Rights by means of a Smartphone or Tablet

Please scan the "QR Code for Smartphone Voting Website Login" located at the bottom right of the enclosed voting form using your smartphone or tablet. Open the displayed URL and follow the on-screen instructions to input your approval or disapproval for each agenda item, and then press submit.

Exercise Deadline: Up to 6:00 PM on September 24, 2024 (Tuesday)



Exercise of Voting Rights by Attendance of the General Shareholders' Meeting in Person

Please bring the enclosed voting form and submit it at the reception desk at the meeting venue.

For registered shareholders held by trustee banks and the like (including permanent proxies), if you have previously applied to use the electronic voting platform operated by ICJ Corporation, you may also use this platform as a method for exercising voting rights by electronic means at our General Shareholders' Meeting, in addition to the above methods.



Should you choose to exercise your voting rights through both written form and via digital means such as a computer or smartphone, the vote submitted through the Internet will be acknowledged as the valid exercise of your voting rights.

In that event that you should exercise your voting rights multiple times via the Internet, the most recently submitted vote will be recognized as valid.

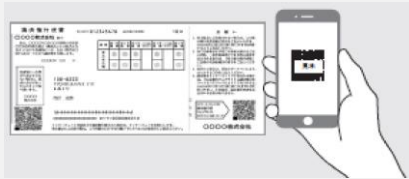
Guidelines for Exercising Voting Rights via the Internet or Other Digital Platforms



To exercise your voting rights via digital means, you may do so using either a computer or a smartphone by visiting the designated voting website provided by our company.

Exercising Voting Rights via Smartphone or Other Similar Devices

1. Please scan the "Smartphone Voting Website Login QR Code" located at the bottom-right corner of the enclosed voting form using a smartphone or tablet.



2. Subsequently, please follow the on-screen instructions to indicate your approval or disapproval of the agenda items.

Should you wish to modify your vote after initially casting it, please visit the website designed for computer usage. Utilize the "Login ID" and "Password" provided on the voting form and follow the on-screen instructions to enter your stance on the proposals.

Exercising Voting Rights via the Internet or Other Digital Platforms

1. Please access the following voting website:
<https://www.web54.net>



2. After logging in by entering the "Voting Rights Exercise Code" displayed on the bottom-left corner of the enclosed voting form (postcard side), please input your "Password." Then, proceed to follow the on-screen guidance to indicate your approval or disapproval of the agenda items before submitting your decision.



10. Please note that any fees incurred, such as connection charges by telecommunications carriers and service providers while using the voting website, will be the responsibility of the stockholder.
11. Your password is a critical piece of information used to verify that the individual casting the vote is indeed the stockholder. Kindly handle this password with the utmost care, comparable to how you would treat your personal seal or PIN number.
12. If incorrect password entries exceed a certain limit, the password will become disabled. Should you require a password reissue, please adhere to the on-screen procedures.

Inquiries

Should you have any questions or require clarification regarding the exercise of voting rights via digital means, please feel free to reach out to the dedicated hotline below:

Sumitomo Mitsui Trust Bank, Limited
Securities Transfer Web Support Exclusive Line

0120-652-031

Operating Hours: 9 a.m. to 9 p.m.

Online Submission of Questions Prior to Meeting

For shareholders unable to attend the meeting in person, we have established a dedicated site to receive questions in advance online. Please enter the following URL on your computer or smartphone or use the QR code to access and submit your questions.

Site for submission of questions prior to meeting: <https://krs.bz/diva/m/agm>



Please note: The deadline for question submission is Tuesday, September 24, 2024, 6:00 p.m. (Japan Standard Time). The secretariat will compile all questions received and we will provide answers at the General Meeting. Please note that we may not be able to answer all questions received.

Live Streaming of the General Meeting of Shareholders Video Streaming Service

If you wish to view the Annual General Meeting of Shareholders online, please access the following website.

Website for live webcast:
<https://avantgroup.premium-yutaiclub.jp/live/>



If you wish to access the meeting online, you will need to fill in the following fields.

- Your 9-digit shareholder number found on the enclosed voting form
- Your 7-digit postal code (excluding hyphens) of your registered address

Following the conclusion of the General Meeting of Shareholders, a recorded video will be made available on the Company's website.

<https://www.avantgroup.com/ja/ir/stock/meeting.html>

[Notice]

We recommend accessing the webcast site ahead of the designated start time to input your shareholder number and postal code.

Depending on your device or communication environment, it may not be possible to view the webcast.

Any costs associated with data transmission for viewing the webcast will be borne by the shareholder.

Viewing the live webcast of this Shareholders' Meeting is not considered formal attendance at the General Shareholders' Meeting under the Companies Act. Consequently, it will not be possible to ask questions or submit motions online in accordance with the Companies Act. Shareholders who may wish to ask questions or submit motions under the Corporate Law are encouraged to attend the meeting in person. We kindly ask for your cooperation in exercising your voting rights in advance, either in writing or online.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

The appropriation of retained earnings is proposed as follows

The Company regards payment of dividends from retained earnings as an important shareholder return policy. The company keeps a close eye on maintaining and improving the amount of dividends in a stable manner without being affected by the business performance in any one fiscal year, focusing on indicators such as the dividend on equity (DOE) ratio.

The proposed year-end dividend for the 28th fiscal year is as follows, taking into consideration business results for the current fiscal year and future business development.

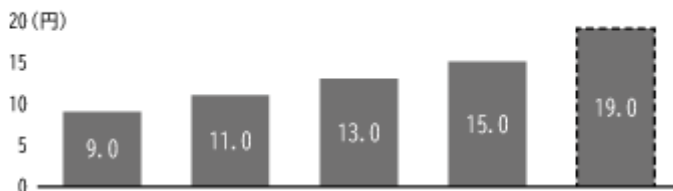
- (1) Type of dividend assets: Cash
- (2) Matters related to the allocation of dividend assets and such total amount:

The dividend shall be 19 yen per share of the Company's common stock.

In this case, the total dividend will be 708,296,307 yen.

- (3) Effective date of distribution of surplus September 26, 2024

Dividends per share and ratio of dividends to net assets



	Year ending June 30, 2020	Year ended June 30, 2021	Year ended June 30, 2022	Year ended June 30, 2023	Year ended June 30, 2024
Dividend per share (yen)	9.0	11.0	13.0	15.0	19.0
Ratio of dividends to net assets	5.17% (5.17%)	5.18% (5.18%)	5.04% (5.04%)	4.93% (4.93%)	5.53% (5.53%)
(Reference) Average of companies listed on the Tokyo Stock Exchange	2.93% (2.93%)	2.88% (2.88%)	3.18% (3.18%)	3.09% (3.09%)	3.10% (3.10%)

(Note) Average ratio of dividends to net assets of TSE-listed companies is the 12-month average from July to June for each period. However, the figures for the period ending June 30, 2024 represent the 12-month average from May 2023 to April 2024.

Proposal 2: Election of Four (4) Directors (excluding Directors who are Audit Committee Members)

Directors (excluding Directors who are members of the Audit and Supervisory Committee)

The terms of office of all four (4) Directors will expire at the conclusion of this General Meeting of Shareholders. Therefore, the Company proposes the election of four (4) Directors.

The Audit Committee has no particular matters to point out with respect to this proposal.

The nominees for the Board of Directors are as follows

Candidate number	Name	Position and areas of responsibility in the Company	Attendance at Board of Directors meetings
1	reappointment Tetsuji Morikawa	President, Group CEO, Member of Compensation Advisory Committee	100%. (13/13)
2	reappointment Hisayoshi Kasuga	Director, Group CFO, Treasurer	100%. (13/13)
3	reappointment Jon Robertson	Board member outside independence diversity	84%. (11/13)
4	reappointment Tatsuya Kamoi	Director, Member of Compensation Advisory Committee outside independence	100%. (10/10)

- (Notes)
- There is no special interest between each director candidate and the Company.
 - Mr. Jon Robertson and Mr. Tatsuya Kamoi are outside director candidates. The Company has designated Mr. Jon Robertson and Mr. Tatsuya Kamoi as independent directors under the provisions of the Tokyo Stock Exchange, and has notified the Exchange of such designation. If both are reappointed, they will continue to be independent directors.
 - The Company has entered into a limited liability contract with Mr. Jon Robertson and Mr. Tatsuya Kamoi pursuant to Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under such contracts is the minimum liability amount stipulated by law. If both are reappointed, they will continue to be subject to the liability limitation agreement.
 - The Company has concluded a directors' and officers' liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. If this proposal is approved and each director nominee is elected and assumes office as a director, each director will be insured under such insurance policy. The policy insures directors, audit committee members, corporate auditors, executive officers, and employees of the Company and its subsidiaries, and the premiums for all insureds are fully paid by the Company. The policy will cover claims for damages, settlements, and costs of litigation and other losses incurred by the insured in the event that the insured receives a claim for damages during the insurance period as a result of the insured's

performance of his/her duties, but will not cover claims arising from breach of trust, criminal acts, fraud, willful violation, or insider trading, etc. However, claims arising from breach of trust, criminal acts, fraud, willful misconduct, insider trading, etc. are not covered by the policy. The term of the directors' and officers' liability insurance policy is one year, and will be renewed upon resolution by the Board of Directors prior to the expiration of the said term.

Candidate Number 1

Tetsuji Morikawa



Date of birth: February 23, 1966 (age 58)
Tenure on Board of Directors: 27 years
Attendance at Board of Directors meetings: 100%
(13/13)
Number of the Company's shares held: 9,764,000
shares



Biography

- Apr 1990 Joined Price Waterhouse Consultants, Inc.
- May 1997 Founded the Company, President and Representative Director (ongoing)
- Sep 2020 Group CEO (ongoing)

Significant concurrent positions

- Oct 2013 CEO, DIVA CORPORATION OF AMERICA
- Mar 2017 External Director, Kayak Co.

Rationale for nomination as a candidate for director

Since our founding in May 1997, Mr Morikawa has steered the company group for 27 years as Representative Director. Through the sale of proprietary consolidated accounting software package, the company has established itself as critical infrastructure for providing a range of management data, particularly financial data. He has demonstrated leadership in diversifying the business through M&A, transitioning to a holding company structure, and reorganizing the group. He also demonstrated strong leadership in achieving the goals in the medium-term management plan BE GLOBAL 2028, hitting many targets in its first year. We request your support for his re-election for the continued development of our group for the realization of BE GLOBAL 2028.

To our shareholders

In the first year of BE GLOBAL 2028, we were able to achieve all key management objectives thanks to the efforts of all group members. On the other hand, we were also able to clarify issues that needed to be addressed in order to realize targets in FY6/28. In particular, it is important for the entire group to maximize its potential by providing concrete proof of how we can help clients increase their corporate value and enhance their market presence by leveraging our software. In FY6/25, we will focus on the realization of the annual plan for each group company and promote activities to drive group synergy through software to clarify the roadmap to BE GLOBAL 2028. We look forward to your continued support for the Avant Group as we enter our growth investment phase.

Candidate No. 2

Naoyoshi Kasuga



Date of birth: May 13, 1963 (age 61)

Tenure as director: 13 years

Attendance at Board of Directors meetings: 100%
(13/13)

Number of the Company's shares held: 19,721 shares



Biography

- Apr 1987 Joined Long-Term Credit Bank of Japan, Ltd.
- Aug 1999 New York Stock Exchange Asia Pacific
 Joined Fick's office
- Jan 2005 Executive Officer, New York Stock Exchange
- Oct 2010 Joined the Company
- Feb 2011 General Manager, President's Office
- Sep 2011 Director, in charge of Finance of the Company (ongoing)
- Sep 2020 Group CFO (ongoing)

Rationale for nomination as a candidate for director

Mr Kasuga joined the firm in October 2010 after work at commercial banks and the New York Stock Exchange. He has served as director in charge of finance since September 2011 and currently holds the position of Group CFO. His extensive experience and informed insights into management are instrumental in overseeing the financial affairs of the Company. Together with the Group CEO, he is leading the Group toward the realization of the BE GLOBAL 2028 medium-term management plan. His nomination is further supported by his exemplary character and insight.

To our shareholders

We will aggressively invest in new and existing businesses and activities deemed necessary to realize the Group's materiality (i.e., to become a software company that helps increase corporate value). We aim to be recognized and supported by our shareholders and investors over the long term as a company capable of sustainable growth by gradually increasing operating income per capita, software gross profit and other metrics, as well as to return profits to our supporters through medium- and long-term improvements in corporate value, stable dividends, and other means.

Candidate No. 3

Jon Robertson

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outside

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Date of birth: October 29, 1968 (age 55)
Tenure as Director: 4 years
Attendance at Board of Directors meetings: 84%
(11/13)
Number of the Company's shares held: 0 shares



Biography

Jan 1994 Sales Manager, M3i Systems, Inc.
Jul 1996 Sales Director, SAP America, Inc.
Jul 1999 Managing Director, EMC Corporation
Jul 2002 Senior Director, Reuters K.K. (now
Thomson Reuters K.K.)
Jan 2004 EMC Corporation
Jan 2007 VMware, Inc.
Vice President Customer Operations
ACTION MANAGEMENT
Jan 2012 VMware Singapore Pte.
Vice President, General Manager for
ASEAN
Dec 2014 Vice President, VMware, Inc.
Mar 2015 President and Representative
Director, VMware, Inc.
Sep 2020 Director of the Company (ongoing)
Mar 2021 President, Snowflake Inc. for Asia
Pacific and Japan (ongoing)

Significant concurrent positions

Mar 2021 President, Asia Pacific and Japan
Region, Snowflake Inc.

Rationale for nomination as candidates for outside directors and expected contribution

He has over 30 years of experience leading highly international organizations in Japan and the Asia-Pacific region, and has excellent management, leadership, and communication skills. He has a deep knowledge of the latest IT technologies, including the cloud-native field, and has demonstrated his leadership skills and enthusiasm in a rapidly changing IT environment. We are therefore proposing his continued appointment to the Board of Directors.

To our shareholders

I have been a director of Avant Group for four years now and have been greatly impressed by Avant Group's focus on both customer satisfaction and results. We provide world-class technology solutions and services to help our clients transition to digital transformation. Cloud computing is becoming increasingly important in Japan, and we believe that the value of our relationships with our customers will continue to increase as we maintain and strengthen our trust-based partnerships with them and evolve together. As a technology professional, I am deeply involved in these areas and will continue to add value and increase the market presence of the Avant Group.

Candidate No. 4 **Tatsuya Kamoi**

reappoin
tment
outside
independe
nce

Date of birth: February 10, 1961 (age 63)
Tenure as director: 1 year
Attendance at Board of Directors meetings: 100%
(10/10)
Number of the Company's shares held: 0 shares



Biography

Apr 1983 Joined Seiko Epson Corporation
Jan 2006 Executive Officer, IBM Japan K.K. and
Director, IBM Business Consulting
Services K.K.
Jan 2012 Managing Executive Officer, IBM Japan
Ltd.
Aug 2014 Representative Director and Mercer
Far East Market Leader, Mercer Japan
K.K.
Oct 2019 Senior Corporate Executive, NEC
Corporation
Apr 2020 Representative Director, ABeam
Consulting Ltd.
Apr 2023 Vice Chairman of the Board, ABeam
Consulting Ltd.
Sep 2023 Director of the Company (ongoing)
Apr 2024 Director, ABeam Consulting Ltd.

Significant concurrent positions

Apr 2024 Director, ABeam Consulting Ltd.

Rationale for nomination as candidates for outside directors and expected contribution

In addition to more than 20 years of experience in consulting and IT development for global companies in Japan and overseas, he has also served as a business leader at Mercer Japan K.K. and ABeam Consulting K.K. He has extensive experience in the human resources field. The Company requests the appointment of Mr. Katsunori Kato as we believe that he will continue to contribute to the supervision of management and the realization of our medium-term management plan, "BE GLOBAL 2028".

To our shareholders

I would like to contribute to the realization of further business growth strategies expected of the Avant Group and the enhancement of corporate value through the establishment of corporate governance to support these strategies. I am also able to leverage my diverse experience spanning operational roles at business and consulting companies, global business development at a Japan-headquartered company, IT services at both US and the Japanese headquarters of US companies, experience in HR management, and corporate management as a CEO. Despite my limited experience, I hope to contribute to the realization of further business growth strategies expected of the Avant Group in future and to enhancement of corporate value through the establishment of corporate governance to support such strategies. Your support is highly appreciated.

(Note) As Mr. Tatsuya Kamoi assumed the position of Director at the 27th Ordinary General Meeting of Shareholders held on September 27, 2023, attendance after that date is shown.

Proposal 3: Election of Three (3) Directors as Audit Committee Members

Directors who are members of the Audit and Supervisory Board (“Audit and Supervisory Board Members”)

The term of office of all three (3) Directors will expire at the conclusion of this General Meeting of Shareholders.

Therefore, the Company proposes the election of three (3) Audit & Supervisory Board Members.

The candidates for Audit Committee members are as follows

The Company has obtained the consent of the Audit Committee for the submission of the portion of this proposal pertaining to Mr. Tsuyoshi Noshiro (Candidate No. 1) and Mr. Makoto Nakano (Candidate No. 3), who are candidates for Audit Committee members. The portion of this proposition pertaining to Ms. Chie Goto (Candidate No. 2), a candidate for Audit & Supervisory Board Member, is submitted at the request of the Audit & Supervisory Board in accordance with Article 344-2, Paragraph 2 of the Companies Act.

Candidate number	Name	Position and areas of responsibility in the Company	Attendance at Board of Directors meetings and Audit Committee meetings
1	reappointed Tsuyoshi Noshiro	Director and Full-time Audit Committee Member	Board of directors 100%. (13/13) Audit and Supervisory Committee 100%. (19/19)
2	reappointed Chie Goto	Director, Member of the Audit Committee and Chairman of the Compensation Advisory Committee outside independence diversity	Board of directors 100%. (13/13) Audit and Supervisory Committee 100%. (19/19)
3	reappointed Makoto Nakano	Director and Audit Committee Member outside independence	Board of directors 100%. (13/13) Audit and Supervisory Committee 100%. (19/19)

(Notes) 1. There is no special interest between each candidate and the Company.

2. Chie Goto and Makoto Nakano are candidates for outside director. The Company has designated Ms. Chie Goto and Mr. Makoto Nakano as independent directors as stipulated by the Tokyo Stock Exchange, and has notified the Tokyo Stock Exchange to that effect.

3. The Company has entered into a limited liability contract with Mr. Tsuyoshi Noshiro, Ms. Chie Goto and Mr. Makoto Nakano, pursuant to Article 427, Paragraph

- 1 of the Companies Act. The maximum amount of liability for damages under such contracts is the minimum liability amount stipulated by law. If each of them is reappointed, the Company plans to continue the liability limitation agreement.
4. The Company has concluded a directors' and officers' liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. If this proposal is approved and each candidate is elected and assumes office as a member of the Audit Committee, each Audit Committee member will be an insured under the relevant insurance policy. The policy insures directors, audit committee members, corporate auditors, executive officers, and employees of the Company and its subsidiaries, and the premiums for all insured individuals are fully paid by the Company. The policy will cover claims for damages, settlements, and costs of litigation and other losses incurred by the insured in the event that the insured receives a claim for damages during the insurance period as a result of the insured's performance of his/her duties. However, claims arising from breach of trust, criminal acts, fraud, willful misconduct, insider trading, etc. are not covered by the policy. The term of the directors' and officers' liability insurance policy is one year, and will be renewed upon resolution by the Board of Directors prior to the expiration of the said term.

Candidate Number 1

**Tsuyoshi
Noshiro**



Date of birth: January 6, 1961 (age 63)
Tenure on Board of Directors: 2 years
Attendance at Board of Directors meetings: 100%
(13/13)
Attendance at Audit Committee meetings: 100%
(19/19)
Number of the Company's shares held: 1,868,800
shares



[Biography]

Oct 1985 Joined Aoyama Audit Corporation
Apr 1989 Registered as a Certified Public
 Accountant
Jul 1989 Joined Sanyo Finance Co.
Feb 1998 Joined the Company
Jun 2000 General Manager, Administration
 Division
Sep 2001 Director, in charge of Finance of the
 Company
Sep 2011 Corporate Auditor of the Company
Sep 2022 Director of the Company (Member of
 the Audit Committee) (ongoing)

Significant concurrent positions

N/A

Reasons for the appointment of the candidate as a member of the Audit and Supervisory Board

After gaining experience as a certified public accountant at an auditing firm and a securities-affiliated venture capital firm, he joined the Avant Group in February 1998. Since then, he has served as General Manager of the Administration Division, as a Director and Treasurer of the Company since 2001, a full-time auditor since September 2011, and as Director (Audit Committee Member) since September 2022. At meetings of the Board of Directors and the Audit Committee, he has provided useful opinions based on his deep understanding of the Company's business operations, particularly from the perspectives of legal affairs, accounting, governance, and human resources. We believe he will continue to contribute to the sound development of the Company, and therefore request his election.

To our shareholders

In January 1998, during my first meeting with Group CEO Morikawa, his assertion that the company was public and not the private property of its founder resonated with me and this message has remained with me for 27 years. This philosophy underpins the Avant Group's Basic Corporate Governance Policy which states "the company is a public instrument of society."

As a representative of the shareholders, I aim to contribute to a company which can last for 100 years by driving growth in operating cash flow as outlined in the medium-term management plan and through discussions on identifying and developing the next generation of leaders.

Candidate No. 2

Chie Goto



Date of birth: November 30, 1958 (age 65)
Tenure as Director: 2 years
Attendance at Board of Directors meetings: 100%
(13/13)
Attendance at Audit Committee meetings: 100%
(19/19)
Number of the Company's shares held: 0 shares



[Biography]

Apr 1984 Joined Société World Inc.
Apr 1988 Joined Tokyo Student Career
 Information Center Co.
Sep 1994 Joined Yamada & Partners Accounting
 Office
Oct 2006 Registered as a lawyer and joined
 Sakura Kyodo Law Office
 Registered as a Certified Public
 Accountant
Jan 2011 Partner, Sakura Kyodo Law Office
 (ongoing)
Sep 2021 Corporate Auditor of the Company
Sep 2022 Outside Director of the Company
 (Member of the Audit Committee)
 (ongoing)
Jun 2023 Director, Asahi International
 Corporation (ongoing)
Jun 2024 Outside Director (Member of the Audit
 Committee), Toho Holdings Co.

Significant concurrent positions

Jan 2011 Partner, Sakura Kyodo Law Office
Jun 2023 Director, Asahi International, Inc.
Jun 2024 Outside Director (Member of the Audit
 Committee), Toho Holdings Co.

Rationale for nomination as candidate for Outside Audit & Supervisory Board Member and expected contribution

In addition to her experience at various companies, Ms. Goto holds qualifications as an attorney and a certified public accountant. She has been involved with various companies as a legal and financial accounting expert, including M&A, tax compliance, and harassment cases. Currently, as an outside director of the Company (Audit Committee member), she provides useful advice in management judgment and decision-making. As the

chairperson of the Compensation Advisory Committee and the first independent outside director, she has led active dialogue at meetings from an independent standpoint.

To our shareholders

Outside directors who are members of the Audit and Supervisory Committee are responsible for fulfilling their roles as directors and overseeing the execution of duties by directors in accordance with their mandate from the shareholders. By leveraging my expertise as a lawyer and certified public accountant, I will actively express my opinions, join discussions and help in making decisions at board meetings, as well as strive to strengthen corporate governance, as much as possible. I would like to contribute to the realization of the Avant Group's vision, BE GLOBAL – Become a world-class software company.

Candidate No. 3

Makoto Nakano



Date of birth: January 14, 1968 (age 56)
Tenure as director: 2 years
Attendance at Board of Directors meetings: 100%
(13/13)
Attendance at Audit Committee meetings: 100% (19/19
times)
Number of the Company's shares held: 3,500 shares



[Biography

Apr 1995 Full-time Lecturer, Faculty of
Commerce, Yokohama City University
Apr 1996 Associate Professor, Faculty of
Commerce, Yokohama City University
Apr 2001 Associate Professor, Graduate School
of International Corporate Strategy,
Hitotsubashi University
Apr 2007 Associate Professor, Graduate School
of Commerce, Hitotsubashi University
Apr 2009 Professor, Graduate School of
Commerce, Hitotsubashi University
Apr 2018 Professor, Graduate School of
Business Administration, Hitotsubashi
University (ongoing)
Jan 2021 Vice President, International
Association for Accounting Education
& Research (IAAER) (ongoing)
Sep 2022 Outside Director of the Company
(Member of the Audit Committee)
(ongoing)

Significant concurrent positions

Apr 2018 Professor, Graduate School of
Business Administration, Hitotsubashi
University
Jan 2021 Vice President, International
Association for Accounting Education
& Research (IAAER)

Rationale for nomination as candidate for Outside Audit & Supervisory Board Member and expected contribution

Mr Nakano has deep knowledge in a wide range of fields, including business administration, accounting, and corporate finance. He has established a broad research

network in both business and academic fields on the theme of corporate value, which is also our materiality. He has conducted numerous financial and corporate value training programs for senior management of listed companies and is appropriately performing his duties as an outside director of the Company in his role a member of the Audit Committee. In addition, we believe that he will provide advice in improving the corporate value of not only our company but also our clients, and will also play an active role in the development of our next generation management team.

To our shareholders

In line with the new medium-term management plan, BE GLOBAL 2028, we need to evolve our business portfolio by refining our software and human capital, key factors behind why we are sustainable our competitive advantage. In terms of capital allocation, resources must be strategically allocated to internal growth, external growth, and shareholder returns. To this end, as an outside director, I would like to contribute to the enhancement of corporate value from a governance and strategic perspective.

Proposal No. 4: Performance-Linked Compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) Revision of the Type 2 Stock Compensation Plan

Reasons for the proposal and reasons why the remuneration system is appropriate

A resolution was approved at the 26th Ordinary General Meeting of Shareholders held on September 27, 2022 to set medium-term performance-linked remuneration for Directors (excluding Directors who are members of the Audit and Supervisory Committee and Outside Directors) as follows. At the 26th Ordinary General Meeting of Shareholders, the Board of Directors approved a resolution to offer medium-term performance-linked compensation and grant stock-based compensation to Directors (excluding Directors who are members of the Audit Committee and Outside Directors (hereinafter referred to as "Eligible Directors")). An annual amount of up to 100,000 thousand yen for monetary compensation can be paid and up to 60,000 shares per Director per year can be granted, for a total compensation of up to 100,000 shares per year for all Eligible Directors. Details of the stock compensation plan were approved by a vote at the 27th Ordinary General Meeting of Shareholders held on September 27, 2023 (the performance-linked stock compensation plan approved by resolution at the 27th Ordinary General Meeting of Shareholders is hereinafter referred to as the "Original Plan").

This proposals aims to maintain the substance of the annual compensation and number of shares to be delivered to Eligible Directors, but proposes to replace the Original Plan with a scheme to deliver shares to Directors from the assets of a trust established by the Company. The details are set out below, for the period outlined in 2. below. (The performance-linked stock compensation plan under this proposal is hereinafter referred to as the "New Plan," and the details of the New Plan shall be determined at the discretion of the Board of Directors within the parameters described below).

As a result of the above, the directors will no longer be able to buy or sell the shares granted to them until they step down from their position, thereby providing them with a long-term incentive to increase corporate value, even after when shares are granted. We also believe that the content of this plan is appropriate because it is line with the Company's policy on individual director compensation, which is scheduled change in future (please see pages 34 to 37 of this Notice of the 63rd Ordinary General Meeting of Shareholders). The Audit Committee sees nothing special with respect to this proposal.

If Proposal 2, "Election of Four (4) Directors (excluding Directors who are members of the Audit and Supervisory Committee)," is approved as originally proposed, the number of Directors subject to this plan will be two (2) (zero (0) Outside Directors).

2. Amount and Details of Remuneration under the Plan

The plan is for the Company to establish a trust (hereinafter the "Trust") through a monetary contribution by the Company. The Trust is a stock-based compensation plan under which the Company acquires shares of the Company's common stock (hereinafter "Company Shares"). The number of Company Shares equivalent to points granted by the Company is then granted to each Director via the Trust. (However, as described in 3. below, such shares shall be subject to transfer restrictions upon execution of a transfer restriction agreement between the Company and each Director.

The number of points granted to each director shall be equal to one Company share. However, in the event of a stock split, reverse stock split, or other event in which it is deemed reasonable to adjust the number of shares of the Company's stock per point, a reasonable adjustment will be made in accordance with such split ratio, reverse stock split ratio, etc.

(1) Eligibility for this program	Directors of the Company (excluding directors who are members of the Audit and Supervisory Committee and outside directors)
(2) Applicable period	From October 1, 2024 to September 30, 2028 (However, this period can be extended by up to five (5) years on a case-by-case basis by a vote by the Board of Directors.
(3) Maximum amount of money to be contributed by the Company to the Trust as funds for the acquisition of Company shares necessary for the delivery of the Company shares to eligible participants in (1) during the subject period in (2) above.	Total 400 million yen (In the case of an extension of the subject period, the amount is calculated by multiplying the number of years of the extended subject period by 100 million yen)
(4) Maximum total number of points to be granted to (1) eligible persons	100,000 points per fiscal year (Up to 60,000 points per director)
(5) Criteria for awarding points	In accordance with the share issuance regulations established by the Board of Directors, the Company shall grant a number of points within the range of (4) above in accordance with the degree of achievement of the position and performance targets, etc.
(6) Timing and conditions of granting of Company shares to Eligible Participants in (1)	In each fiscal year during the trust period, Eligible Participants shall acquire beneficial rights to the Trust and receive delivery of Company shares from the Trust on the condition that the participant has signed a transfer restriction agreement as described in (3)

	below and follows other prescribed procedures.
(7) Transfer restriction period in the transfer restriction agreement set out in 3.	From the date of delivery of the Company's shares until the time immediately following retirement from the position of director or executive officer of the Company, director or executive officer of a subsidiary of the Company, or any other position predetermined by the Board of Directors of the Company
(8) Exercise of voting rights pertaining to Company shares in the Trust	Voting rights for Company Shares will not be exercised, according to instructions by a trust administrator who is independent from the Company and Company officers.
(9) Handling of dividends pertaining to the Company's shares in the Trust	Dividends for Company shares held by the Trust Account will be received by the Trust and used for acquisition fees for Company Shares or for Trust fees. If the event of a termination of the Trust, dividends remaining in the Trust shall be distributed to the Directors in office at that time on a pro rata basis according to the number of points held by each of them, in accordance with the provisions of the Rules on Delivery of Shares to Directors.

3. Transfer Restriction Agreement for Company Shares issued to directors

An overview of the transfer restriction agreement (hereinafter “Transfer Restriction Agreement”) concluded between the Company and directors for the granting of Company Shares is as follows

(1) Transfer restriction period

Directors are prohibited from transferring, pledging, or otherwise disposing of the granted shares (hereinafter “Granted Shares”) during the period from the date they were granted until after the resignation by the said director or executive officer from the Company, or by the said director or executive officer from the Company’s subsidiary, or from any other position predetermined by the Company’s board of directors (hereinafter “Transfer Restriction Period”).

(2) Acquisition of Granted Shares without Consideration

In the event a director resigns during the Transfer Restriction Period for their own reasons, or is subject to conditions stated in the Transfer Restriction Agreement during the Transfer Restriction Period, the Company is entitled to acquire all or part of the Granted Shares for free.

(3) Treatment in the event of organizational restructuring

In the event where shareholders of the Company approve an organizational restructuring such as a merger in which the company is absorbed, any share exchange agreement in which the Company becomes a wholly owned subsidiary, or any other reorganization, the transfer restriction on Granted Shares shall be immediately nulled on the business day before the reorganization event comes in force. If shareholders agreement is not required, the Company’s board of directors can approve the reorganization.

Matters Concerning Company Officers

(1) Names, etc. of directors (As of June 30, 2024)

Position	Name	Responsibilities and significant concurrent positions
President and Representative Director	Tetsuji Morikawa	Group CEO; Member of the Compensation Advisory Committee; DIVA CORPORATION OF AMERICA CEO; KAYAC Inc., Outside Director
Director	Hisayoshi Kasuga	Group CFO, Finance
Director	Jon Robertson	President, Asia Pacific and Japan Region, Snowflake Inc.
Director	Tatsuya Kamoi	Member of the Compensation Advisory Committee, Director, ABeam Consulting Ltd.
Director and Full-time Audit Committee Member	Tsuyoshi Noshiro	
Director and Audit Committee Member	Chie Goto	Chair of the Compensation Advisory Committee, Partner, Sakura Kyodo Law Office, Director of Asahi International, Inc, Outside Director (Member of the Audit Committee), Toho Holdings Co.
Director and Audit Committee Member	Makoto Nakano	Professor, Graduate School of Hitotsubashi University, Vice President, IAAER

1. Jon Robertson, Director, and Tatsuya Kamoi, Director, are outside directors.
2. Chie Goto, Director and Audit & Supervisory Board Member, and Makoto Nakano, Director and Audit & Supervisory Board Member, are outside directors.
3. Directors and Audit & Supervisory Board Members Tsuyoshi Noshiro and Chie Goto are certified public accountants and have considerable knowledge of finance and accounting matters.
4. The Company has appointed Mr. Tsuyoshi Noshiro, Director and Audit & Supervisory Board Member, as a full-time Audit & Supervisory Board Member in order to enhance the effectiveness of audits and strengthen the audit and supervisory functions through enhanced information gathering and adequate cooperation with the Internal Audit Department and other departments.
5. The Company has designated Director Jon Robertson, Director Tatsuya Kamoi, Director and Audit & Supervisory Board Member Chie Goto, and Director and Audit & Supervisory Board Member Makoto Nakano as independent officers in accordance with the provisions of the Tokyo Stock Exchange, and has notified the Exchange of such designation.
6. Director and Audit & Supervisory Board Member Makoto Nakano is a shareholder of the Company, but his shareholding ratio is less than 1% and he is not a major shareholder. There are no special interests between the above other directors and the Company.

(2) Overview of details of liability limitation agreement

The Company has entered into agreements with outside directors and audit committee members to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability for damages based on such agreement is the amount stipulated in Article 425, Paragraph 1 of the Companies Act.

(3) Overview of details of directors' and officers' liability insurance policy

The Company has concluded a directors' and officers' liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The policy insures directors, audit committee members, corporate auditors, executive officers, and employees of the Company and its subsidiaries, and the premiums for all insured persons are fully paid by the Company. The policy will cover claims for damages, settlements, and costs of litigation and other losses incurred by the insured in the event that the insured receives a claim for damages during the insurance period as a result of the insured's performance of his/her duties. However, claims arising from breach of trust, criminal acts, fraud, willful misconduct, insider trading, etc. are not covered by the policy.

(4) Items Related to Outside Directors and Outside Corporate Auditors

(i) Matters concerning significant concurrent positions such as executive officer or outside director at another corporation

Position	Name	Details of concurrent positions	Corporation where concurrently hold position	Relationship with the Company
Board member	Jon Robertson	President, Asia Pacific & Japan Region	Snowflake Inc	Has concluded a solution partnership agreement with ZEAL Corporation, a wholly-owned subsidiary of the Company. Also has a business relationship with Snowflake, Inc. However, the amount is less than 0.4% of consolidated net sales, which is less than the 2% in the Company's independence criteria for outside directors, and there

				is no risk of influencing the Company's decision-making process.
Board member	Tatsuya Kamoi	Board member	ABeam Consulting Ltd.	The Company has no business or other relationship with the company.
Board member (Audit & Supervisory Board Member)	Chie Goto	Partner Board member Outside Director (Audit Committee Member)	Sakura Kyodo Law Office Asahi International Corporation Toho Holdings Co.	The Company has no business transactions or other relationships with the said firms or companies.
Board member (Audit & Supervisory Board Member)	Makoto Nakano	Professor Vice President (of a club or organization)	Hitotsubashi University Graduate School International Association for Accounting Education & Research (IAAER)	The Company has transactions with Hitotsubashi University Graduate School of Hitotsubashi University, where Mr Nakano is a professor. These are mainly related to expenses associated with donated courses, but the amount is less than 0.1% of consolidated net sales, below the 2% stipulated in the Company's criteria for independence of outside directors. Furthermore, donations are less than 15 million yen, also under the Company's criteria for independence of outside directors. Therefore, there is no risk of influencing the Company's decision-making process. The Company has no business or other relationship with IAAER, of which he is vice chairman.

- (ii) Summary of major activities during the fiscal year under review and the duties performed with respect to the roles expected of outside directors.

		Current status of activities
Board member	Jon Robertson	Attended 11 of 13 Board of Directors meetings during the fiscal year under review, and based on his in-depth knowledge of the latest IT technologies, he asked questions, provided advice and made statements as appropriate in the Company's vision BE GLOBAL and the achievement of corporate value creation through cloud computing in the medium-term management plan.
Board member	Tatsuya Kamoi	Attended all 10 meetings of the Board of Directors held during the fiscal year under review after his appointment as a director at the 27th Ordinary General Meeting of Shareholders, and asked questions, provided advice and made statements based on his management perspective and deep experience in the area of human resources. As a member of the Remuneration Advisory Committee, he has also made efforts to improve the effectiveness of the committee by utilizing his knowledge and experience in the area of human resources.
Board member (Audit & Supervisory Board Member)	Chie Goto	Attended all 13 Board of Directors meetings and all 19 Audit Committee meetings held during the fiscal year under review. Asked questions, provided advice and made statements as appropriate based on her extensive knowledge as a legal and accounting expert. As the chairman of the Compensation Advisory Committee, she has been actively researching market conditions and other issues, and has made efforts to improve the effectiveness of the committee by interviewing directors and executive officers.
Board member (Audit & Supervisory Board Member)	Makoto Nakano	Attended all 13 meetings of the Board of Directors and all 19 meetings of the Audit Committee held during the fiscal year under review, and asked questions, provided advice and made statements as appropriate from a governance and strategic perspective, drawing on his extensive knowledge as an expert in business administration, accounting and corporate finance.

[Reference] Criteria for Appointment and Dismissal of Directors

The Company's Basic Corporate Governance Policy sets forth the criteria for the appointment and dismissal of directors as follows.

1. Directors shall meet the following criteria, with due regard to knowledge, experience, ability, and diversity

(i) Those with a good understanding of our company's management philosophy and are committed to the Company,

(ii) Extensive experience in company management,

(iii) Sufficiently qualified to make decisions on important business matters of the company as a member of the board of directors

(iv) Contribute to strengthening the checks and balances and the monitoring functions of directors and help ensure the effectiveness of the board of directors.

2. In addition to the above, the Company's outside directors must also satisfy the Company's independence criteria.

3. Candidates for directors are nominated after deliberations and decisions by the Board of Directors.

4. The term of office for directors shall be one year, and the term of office for directors who are members of the Audit and Supervisory Committee shall be two years. Furthermore, re-appointment of directors shall not be precluded.

5. The Board of Directors may dismiss a director who has committed an act that meets any of the following criteria for submission of a proposal for the dismissal of a director.

(i) In the event of any act in violation of laws and regulations or the Articles of Incorporation, or any act that may lead to such a violation,

(ii) If it becomes clear that the director does not meet all requirements to be a director,

(iii) If there are any other reasons that the nominated candidates are deemed not to meet requirements for director.

Reference] Main Agenda at Board of Directors' Meetings

During the fiscal year under review, the Board of Directors met 13 times. Out of a total of 1,606 minutes, 603 minutes (about 37%) were devoted to financial matters, including reports on the stock price, monthly business performance and resolutions on the next medium-term management plan. Furthermore, 415 minutes (about 25%) were spent on management strategies, including group organizational strategies, 275 minutes (about 17%) on investments, including the establishment of a joint venture company in India, and 193 minutes (about 12%) on governance, including the Board of Directors' operating policies, which were subject to a Board effectiveness evaluation. The main agenda items were as follows:

Resolutions	Matters reported
Resolution on next medium-term management plan	IR Strategy
Stock compensation for employees (RS Trust)	Discussion on shareholder composition
Stock compensation (RS Trust) for the Group's executive officers	Report on the status of internal control operations
Joint venture company, DivaCygnet Private Limited, is established.	Overseas IR Report
Acquisition of treasury stock	Activities in the next-generation management information infrastructure market (M3 market) from an investor's perspective
	Group Organization Strategy
	Group Human Resource Recruitment Strategy
	Report on the status of recruitment of key personnel
	Investment in domestic SaaS startups
	Defined Contribution (DC) Pension Plan for the Group

[Reference] Skill Matrix of Executives

The Company's Board of Directors, with the aim of enhancing corporate value, has selected candidates from among those with diverse and specialized experience and knowledge in areas such as leadership (management experience), IT industry/SaaS experience, knowledge of corporate value, global business experience, knowledge of organizations and human resources, finance and accounting, legal affairs and compliance, while giving consideration to diversity. If Proposal 2 "Election of Four (4) Directors (excluding Directors who are Audit Committee Members)" and Proposal 3 "Election of Three (3) Directors who are Audit Committee Members" are approved as proposed, our Board of Directors will consist of the following skill matrix. The Company's Board of Directors consists of four non-audit committee members (including two outside and independent directors and one foreign national) and three audit committee members (including two outside and independent directors and one female director), and the Company believes that the diversity of human resources and the balance of knowledge, experience, and abilities are sufficiently considered to maintain a high level of decision-making ability. The Company believes that the Board of Directors maintains a high level of decision-making ability.

	Board members				Directors who are Audit Committee Members		
	Tetsuji Morikawa	Hisayoshi Kasuga	Jon Robertson	Tatsuya Kamoi	Tsuyoshi Noshiro	Chie Goto	Makoto Nakano
Knowledge of finance and accounting		●			●	●	●
Legal and compliance expertise					●	●	
Leadership (Management experience)	●		●	●			
IT industry/SaaS experience	●		●	●			
Corporate Value Insights	●	●	●				●
Global Business experience		●	●	●			
Knowledge of organization and human resources	●	●	●	●	●	●	●

[Reference] Independence Criteria for Outside Directors

An outside director is considered to be independent if, as a result of the Company's investigation, to all extents reasonably possible, it is determined that none of the following items applies to the outside director

- (i) Any person who has been an executive officer (executive director, executive officer, corporate officer, employee, or employee) of the Company or its subsidiaries or affiliates (collectively, the "Company Group") at the present time and for the past ten (10) years,
- (ii) A person who directly or indirectly holds 10% or more of the total voting rights of the Company or a person who executes the business of such a person,
- (iii) A person with whom our Group has a major transaction (Note 1) or with whom our Group has a major transaction (Note 1), or a person who executes business on behalf of such a person,
- (iv) A person who receives a large amount of money or other financial benefits other than director's remuneration (Note 2) as compensation for providing professional services such as consultants, lawyers, certified public accountants, and tax accountants to our Group, or a person who executes duties on behalf of such a person,
- (v) Persons who receive donations or grants of more than 15 million yen per year from the Avant Group or their executive officers,
- (vi) A person who belongs to an auditing firm that is the accounting auditor of the Group,
- (vii) An executive officer of a company that has appointed an executive officer of the Group as a director,
- (viii) Those who fall under (ii) through (vii) above in the past three years,
- (ix) Spouse or relative up to the second degree of kinship of a person falling under (i) through (viii) above.

(Note 1) Major transactions are those involving the transfer of cash exceeding 2% of annual consolidated net sales, or those involving the transfer of cash exceeding 2% of annual consolidated net sales, or those involving the transfer of cash exceeding 2% of total consolidated assets.

A loan of money in excess of 2%.

(Note 2) "Large amount" means, in the case of an individual providing professional services, the amount of executive compensation received from the Group.

The amount of such profit excluding remuneration exceeds 15 million yen per year in the most recent fiscal year, and the amount of such profit excluding remuneration for professional services is not less than 15 million yen per year.

In the case of a corporation, partnership, or other organization that provides a service, the profit received from our group is not included in the most recently reported amount.

The amount of the annual gross income of the organization exceeds 2% or 15 million yen, whichever is higher, in the fiscal year of the organization.

The term "the Company" means the Company and its subsidiaries and affiliates.

[Reference] Evaluation of the Effectiveness of the Board of Directors

We recognize the challenges for the responsibilities, composition, and operation of the Board of Directors and are committed to continuous improvement, with the aim of realizing sustainable corporate value enhancement. The Board of Directors conducts an annual analysis and evaluation of the effectiveness of the Board of Directors based on each director's self-evaluation and other factors.

<Evaluation Method>

However, the Board of Directors pointed out that it was difficult to clarify issues due to the focus on quantitative evaluation, so from the fiscal year ending June 30, 2020 onward, we focused on our own surveys and conducted interviews with directors and auditors using a third-party organization as appropriate. The Board of Directors pointed out that the quantitative evaluation was mainly conducted in the fiscal year ending June 30, 2019, and that it was difficult to clarify issues.

In order to identify issues more clearly after June 2021, we have created and implemented our own questionnaire to allow participants to evaluate issues and provide opinions on how to respond to them. The survey was administered to all directors, including audit committee members, in June 2024, and the results were reported to the Board of Directors on July 19, 2024.

<Summary of evaluation results>

In summary, as in the previous year, the majority of respondents believed the monitoring function has been enhanced by the transition to a company with an Audit Committee System, and that the Board of Directors is operating efficiently thanks to support from the use of the company's own DX Cloud product that can support a Board of Directors (TRINITY BOARD). In general, the effectiveness of the Board of Directors was highly rated, and the Board of Directors was evaluated operating appropriately. On the other hand, we recognize that the main issues are as follows

(1) Organization of the Board of Directors

As for the organization of the Board of Directors, the following opinions and issues were noted

The establishment of a nominating committee is not necessary, but the group CEO and other members of the management team should discuss group CEO succession.

A need for people with knowledge of software technology and M&A.

Opportunities for each director to gain skills necessary to fulfill his or her responsibilities as a director are left to the individual director, but basic skills need to be shared and learned.

(2) Agenda for Board of Directors Meetings

Issues were identified that need to be discussed further as priority items with regards succession for the Group CEO and other management team on the executive side.

(3) Operation of the Board of Directors

The previous suggestion that advance distribution of items for discussion at meetings and related explanations were inadequate was improved through the use of TRINITY BOARD, the Board of Directors' DX Cloud platform. In order to provide opportunities to better understand the strategies and realities of the operating companies, off-site meetings were held to promote understanding of their businesses, as in the previous year.

<Future actions>

In light of the above remarks, we report that we will push for the following actions in the operation of the Board of Directors for the fiscal year ending June 30, 2025.

(1) Reconsideration of the annual agenda in light of the importance of the agenda

(2) Organize and discuss group HR strategies that can result in management team succession plans

(3) Provide training opportunities to improve basic skills for directors

Executive Compensation System

1. Policy and method for determining details (amount and calculation method) of remuneration, etc. for each individual director and executive officer

(1) Compensation System and Process for Determining Compensation Amounts

The Company's policy and calculation method for determining compensation for directors and executive officers, and the criteria for the compensation system and compensation amounts for directors and executive officers are determined by a Board of Directors vote. In the current fiscal year, the Company made partial revisions to the system by votes at Board of Directors meetings on September 1, 2023 and September 27, 2023. In the current fiscal year, the amount of remuneration was partially revised by Board of Directors votes on September 1, 2023 and September 27, 2023, respectively. (For a summary of details, please refer to (2) Remuneration for Directors (excluding Directors who are members of the Audit Committee) and (2) Purpose of Performance-Linked Remuneration, Basis of Indicators and Specific Calculation Method below. (See Section 2.1.2.). In order to strengthen the independence, objectivity, and accountability of the decision-making process, the Company has also established a Compensation Advisory Committee as a voluntary advisory body to deliberate on compensation for directors and executive officers. The Compensation Advisory Committee consists of two independent directors and the Group CEO, and its chairman is selected from among the independent outside directors. The Group CHRO consults the Compensation Advisory Committee and the Board of Directors determines the remuneration of Directors (excluding Directors who are members of the Audit Committee) after receiving reports and advice from the Committee, taking into consideration the duties and scope of responsibility of each Director and the overall market or industry standards.

(2) Remuneration for Directors (excluding Directors who are members of the Audit and Supervisory Committee)

Remuneration for Directors (excluding Directors who are members of the Audit and Supervisory Committee; the same shall apply hereinafter for (2)) is comprised of fixed compensation, which is paid monthly (regular compensation), and performance-linked compensation paid at a fixed time each year. Based on deliberations by the Remuneration Advisory Committee, the final decision on remuneration is made by the Board of Directors, subject to a maximum range of

remuneration approved at the General Meeting of Shareholders.

Fixed compensation depends on position, and takes into consideration the level commensurate with required abilities and responsibilities. The maximum amount was determined at the 26th Ordinary General Meeting of Shareholders on September 27, 2022, which set annual fixed compensation for the Company's directors as 150,000 thousand yen or less (the number of directors immediately after the said meeting was 4 (including 2 outside directors)).

Performance-linked compensation is intended for Directors, excluding Outside Directors (hereinafter referred to as "Eligible Directors"). Performance-linked remuneration consists of (1) short-term performance-linked compensation, which is a bonus linked to business performance for each fiscal year, and (2) medium-term performance-linked remuneration, which is performance-linked compensation in stock tied to changes in specific metrics during the subject period (Note). At the 26th Ordinary General Meeting of Shareholders held on September 27, 2022, the maximum amount of short-term performance-linked remuneration was approved as 41,250 thousand yen per director per year (the number of eligible directors immediately following the meeting was two).

The maximum amount of the medium-term performance-linked remuneration was approved at the 26th Ordinary General Meeting of Shareholders held on September 27, 2022. The maximum annual amount is 100,000 thousand yen, and the number of shares issued to each eligible director is 60,000 shares per year, up to a maximum of 100,000 shares per year for all eligible directors. (The number of eligible directors immediately following each general meeting of shareholders was two). The terms and conditions of the medium- to long-term performance-linked remuneration are reviewed by a resolution of the General Meeting of Shareholders as necessary. The most recent resolution was approved at the 27th Ordinary General Meeting of Shareholders held on September 27, 2023, which consisted of two parts: firstly to grant shares of the Company's common stock at the end of a one year period on the condition that the Company's share price increases from the beginning of each term. The other part grants a number of shares of common stock calculated based on the Company's stock growth rate.

The proportion of each type of remuneration is 45%–50% fixed remuneration, 15%–20% short-term performance-linked remuneration, and 35% medium-term performance-linked remuneration, when performance goals are met (based on a short-term performance incentive coefficient of 100%).

Since outside directors are independent from the execution of business, performance-linked remuneration is not applicable to them, and they only

receive the fixed remuneration stated above.

(Note) The period covered by the medium-term performance-linked remuneration, for which a decision was made in the current fiscal year as to whether or not to award, was the three-year period from September 2020 to September 2023.

(3) The amount of remuneration for Directors who are members of the Audit Committee is fixed, and is determined through discussions among the Directors who are members of the Audit Committee, within the maximum amount of remuneration resolved at the General Meeting of Shareholders. This takes into consideration factors such as whether they are full-time or part-time Directors, whether they are internal or outside Directors, and their roles. The amount of remuneration is determined through discussions among the Directors who are Audit Committee members, taking into consideration such factors as full-time or part-time status, internal and outside directors, and their role. The maximum level of remuneration was resolved at the 26th Ordinary General Meeting of Shareholders held on September 27, 2022 to be no more than 55,000 thousand yen per year (the number of directors who are members of the Audit Committee immediately after the said meeting is three).

2. Purpose of performance-linked compensation, basis for the index, and specific calculation method

(1) Short-term performance-linked compensation

Directors (excluding Outside Directors and Directors who are members of the Audit and Supervisory Committee)

The short-term performance-linked remuneration for Directors (hereinafter referred to as "Eligible Directors". Short-term performance-linked compensation paid to Directors (excluding Outside Directors and Directors who are members of the Audit Committee) is a remuneration system linked to the year-on-year increase or decrease in consolidated net income after taxes. This metric is consistently emphasized in medium- to long-term management strategy, the medium-term management plan and annual performance of the Company, and is paid in cash. The amount is calculated by multiplying the standard amount determined based on position and other factors, by a short-term incentive coefficient, which is set in a range of 0% (when consolidated net income after taxes is less than 100% versus the previous year) to 150% (when consolidated net income after

taxes is 137.5% year-on-year or more) depending on the year-on-year change in consolidated net income after taxes.

<Results related to performance indicators for short-term performance-linked compensation>

Consolidated net income after taxes for the current fiscal year, which serves as a performance indicator, was 2,850 million yen. This was 136% compared to the consolidated net income after taxes (2,094 million yen) in the previous fiscal year. Short-term performance-linked compensation was paid at 144% of the short-term performance compensation base amount. The short-term incentive coefficient was calculated as follows: (Consolidated net income after tax for the current period: 2,850 million yen / Consolidated net income after tax for the previous period: 2,094 million yen - 1) ÷ 0.375 × 1.5 = 1.44

(2) Medium-term performance-linked compensation

This is a performance-linked stock compensation plan under which shares of the Company's common stock are delivered depending on the level of achievement of performance targets. The period for which a decision has been made as to whether or not to pay the allowance in the current fiscal year will be from September 2020 to September 2023.

The number of shares to be delivered will be determined by multiplying the number of shares determined by our board of directors (the base number of shares to be delivered) by the share delivery ratio determined in the range of 0% (the rate of growth in our share price is less than 100%) to 100% (our share price grows by more than 150%) according to our stock growth rate (*), a representative indicator of our corporate value during the above three-year period.

(*) The Company's stock growth rate is calculated by dividing the Company's Total Shareholder Return (TSR) during the subject period by the growth rate of the Tokyo Stock Exchange Stock Price Index (TOPIX) during the subject period.

<Achievement of Performance Indicators for Medium-term Performance-Linked Compensation>

With respect to the medium-term performance-linked remuneration (covering the period from September 2020 to September 2023), for which a decision was made in the current fiscal year as to whether or not to pay, the Company's TSR (Total Shareholder Return) for the subject period was 135.0%, the TOPIX growth rate was 145.7%, and the Company's share price growth rate was 92.7%. Since this is a result where the Company's stock growth rate is less than 100%, the share delivery ratio is 0%, and no medium- to long-term performance-linked compensation was paid.

(3) Remuneration of Directors

Remuneration paid to directors during the fiscal year under review was as follows

Directors (excluding Directors who are members of the Audit and Supervisory Committee)

The Board of Directors has determined that the method of determining the details of remuneration, etc. and the details of the determined remuneration are in line with the policy for determining remuneration for each individual director, based on the calculation process shown above in 1. and (1) and (2).

Classification	Total amount of compensation, etc.	Total amount of remuneration, etc. by type		Number of eligible directors and officers
		Basic	Performance-linked	
Directors (excluding Audit & Supervisory Committee Members) (of which Outside Directors)	158 million yen (20 million yen)	109 million yen (20 million yen)	49 million yen (-)	5 persons (3)
Directors (Audit & Supervisory Board Members) (of which outside directors)	38 million yen (22 million yen)	38 million yen (22 million yen)	- (-)	3 persons (2)
Total (of which outside directors)	197 million yen (42 million yen)	147 million yen (42 million yen)	49 million yen (-)	8 persons (5 persons)

(Note) 1. The amounts paid to directors do not include employee salaries for directors who concurrently serve as employees.

The above includes one director who retired at the conclusion of the 27th Ordinary General Meeting of Shareholders held on September 27, 2023.

Reference

The Company plans to revise its policy on how individual compensation for directors and corporate auditors is determined, effective from the fiscal year ending June 30, 2025. Thereafter, medium-term performance-linked compensation for directors will be a stock-based compensation plan using a trust. In principle, this will grant shares at a set time each year and the criteria and procedures for granting of shares will be determined by the Share Delivery Regulations established by the Board of Directors. The criteria and procedures for the delivery of shares shall be determined in accordance with the Share Delivery Regulations established by the Board of Directors. Details of the revisions in the medium-term performance-linked remuneration are subject to approval by shareholders in Proposal No. 4 (pages 22 to 24 of this Notice of Convocation). Please refer to the relevant agenda for details of the revisions.

Compliance and Risk Management

System to ensure the appropriateness of business operations and the status of operation of such system

The following is an overview of the status of operation of the system to ensure that the execution of duties by directors complies with laws and regulations and the Articles of Incorporation, and other systems to ensure the appropriateness of operations.

<Summary of the decision>

(1) Systems to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation

Directors shall comply with the Group's Code of Conduct, take the initiative in properly executing operations in accordance with laws and regulations, the Articles of Incorporation, the Board of Directors' Regulations, and other internal regulations, and shall ensure that all employees are fully aware of the Code of Conduct.

Risk managers of each Avant Group company, appointed by the chairman of the Risk Management Committee, shall deliberate and review important issues and responses at the Risk Management Committee, and report to the Board of Directors. The Compliance Committee shall confirm the status of compliance and deliberate and examine important issues and responses at the Compliance Committee meetings, and report to the Board of Directors.

The Company shall establish and operate an internal whistle-blowing system, with outside attorneys and directors who are members of the Audit and Supervisory Committee as contact persons, to report violations of laws and ordinances and other acts that may be questionable under laws and ordinances. The Audit & Supervisory Board Members shall audit the execution of duties by the Directors by attending meetings of the Board of Directors and other important meetings and by investigating the status of business execution and other items in accordance with the audit policy set by the Audit & Supervisory Board.

(2) System for the storage and management of information related to the execution of duties by directors

Information related to the execution of duties by directors shall be properly stored and managed in accordance with laws and regulations, the Board of Directors Regulations, the Document Management Regulations, and other related rules and regulations.

(3) Regulations and other systems for managing risk of loss

To prevent risks as well as to properly manage operations and funds by monitoring performance status through rolling forecast management in a cycle appropriate to the business environment, with respect to the progress of business performance and thorough control of expenses.

A Risk Management Committee shall be established, chaired by a Representative Director, and risk management managers of each Group company appointed by the

chairperson shall deliberate and review important issues and responses at the Risk Management Committee, and report to the Board of Directors.

A Compliance Committee shall be established to manage risks related to compliance, information assets, and other business matters by preparing and disseminating necessary rules, manuals and other items.

Establish an Information Security Committee to strengthen the management of information assets and its response.

The Company shall consult with and receive advice and guidance from third parties with expertise, such as lawyers, accounting auditors, tax accountants, etc., as necessary in the performance of its business operations.

(4) System to ensure directors execute duties efficiently

The Company's Board of Directors shall meet once a month on a regular basis. The Board of Directors shall also meet as needed for decision-making and prompt business execution when necessary, and shall supervise important management decisions and the status of business execution by directors. The various meetings and committees, which are headed by directors, shall deliberate and decide on business execution within the scope of the authority determined in the regulations. We promote decentralization of management through organization based on management policies and business plans. The term of office of directors who are not members of the Audit and Supervisory Committee shall be one (1) year in order to clarify management responsibility and to be able to respond to changes in the business environment.

(5) System to ensure appropriateness of operations of the corporate group (our Company and its subsidiaries)

The Company shall support the development and improvement of internal control systems and promote them in cooperation with subsidiaries, while respecting the autonomy of the subsidiaries.

The Company's subsidiaries shall enter into a management guidance and business management agreement and establish a system under which the Company receives reports on important matters concerning the execution of duties by Directors and others. Although the board of directors of the Company's subsidiaries make decisions on important matters, the Company shall obtain approval from the Board of Directors of the Company for three matters that have a significant impact on the Group: (a) investment, (b) personnel of directors and officers, and (c) financing, including capital policy.

The Company's subsidiaries shall hold regular Board of Directors meetings once a month as a basic rule and also hold meetings for decision-making and prompt business execution when necessary. The Company's Legal Department shall confirm the status of the meetings.

Employees of the Company's subsidiaries who become aware of any violation of laws, the Articles of Incorporation, the Company's internal rules, or any act contrary to socially accepted norms shall report or consult with the Internal Reporting System Desk.

The Compliance Committee shall provide support for legal compliance and other compliance-related issues of the Company's subsidiaries.

The Company shall also strive to prevent risks by appropriately managing operations and funds and reporting to the Company.

The Company's internal audit department shall conduct internal audits on a regular basis and report results to the Company's directors and the Audit and Supervisory Committee for necessary control to ensure the appropriateness of the Company's subsidiaries' business operations.

(6) Matters related to employees assisting the duties of Audit Committee members and matters related to ensuring the effectiveness of instructions to such employees

In the event that the Audit Committee requests the Board of Directors to establish a secretariat to assist it in its duties, the secretariat shall be established by appointing appropriate personnel from inside and outside the Company. In the case of employees, make them aware that they are subject to the direction and orders of the Audit Committee.

(7) Systems for reporting to the Audit Committee by Directors and employees who are not Audit Committee members, and systems for reporting to the Audit Committee by Directors, Audit & Supervisory Board Members, employees of subsidiaries, or persons who receive reports from these persons.

The Audit Committee members may attend meetings of the Board of Directors and other important meetings, inspect documents necessary for auditing, and request explanations from directors and employees.

The Company and its subsidiaries' directors, corporate auditors, and employees shall report to the Company's Audit Committee on matters that have a material impact on the Company's operations and performance.

The Company shall prohibit any disadvantageous treatment of a person who makes a report to the Audit Committee by reason of the fact that such report is made to the Audit Committee.

(8) Other systems to ensure audits by the Audit Committee are conducted effectively

The Audit Committee shall meet regularly with the President and Representative Director to exchange opinions on business execution policies, risks and issues to be addressed, and important audit issues.

The Audit Committee shall regularly exchange opinions with the accounting auditor.

In the event that any Audit Committee member requests advance payment or reimbursement of expenses incurred in the performance of his/her duties, such expenses shall be borne by the Company, except in cases where such payment or reimbursement is found not to be necessary.

(9) Basic Policy on Elimination of Antisocial Forces

With respect to the exclusion of antisocial forces, in addition to the basic policy regarding the internal control system, the Company shall endeavor to develop a system as follows.

(i) The Group's Code of Conduct declares its support for the elimination of antisocial forces and the prohibition of antisocial activities.

We receive written pledges from officers and employees annually regarding "Standards of Conduct and Management of Confidential Information.

(ii) The General Affairs Department shall be appointed as the department in charge of preventing unjustified demands, and shall cooperate with the police to eliminate antisocial forces and similar such matters. In addition, we will seek confirmation from our business partners about policies on antisocial forces at the time of signing an initial agreement. We will strive to continuously inform them regarding the elimination of antisocial forces and strengthen our response to them.

<Summary of operating situation>

With respect to the system to ensure the appropriateness of business operations, the Company has continuously investigated the status of the development and operation of the internal control system since the system was first established, and reports the results of the investigation to the Board of Directors. In addition, corrective measures are being taken for problems identified as a result of the investigation, and efforts are being made to establish and operate a more appropriate internal control system. The following is a summary of operations during the current fiscal year.

The Company has chosen to establish a company with an Audit Committee in order to strengthen the supervisory function of the Board of Directors and further enhance corporate governance.

The Risk Management Committee met regularly to review risks and consider countermeasures in response to the changing business environment across the Group, and the Board of Directors received reports from the Group CRO to ascertain the status of risk management.

The Compliance Committee met regularly to ensure compliance across the Group, and the Board of Directors received reports from the Group CLOs to ascertain the status of compliance.

The Information Security Committee met on a regular basis to strengthen information asset management and information security across the Group.

During the period under review, the Board of Directors held 13 meetings, focusing on the steady implementation of the medium-term management plan and the agenda to strengthen governance and oversight.

The Audit Committee members attended meetings of the Board of Directors, the Group Management Committee, the Board of Directors of subsidiaries, and other important meetings, and regularly exchanged opinions with the President and Representative Director and the independent auditors to ensure the effectiveness of audits.

Business Report

July 1, 2023
to June 30, 2024

Matters Relating to the Current Status of the Corporate Group

(1) Progress and Results of the Project

Consolidated financial results for the current fiscal year are as follows.

(Unit: Millions of yen)

	27th period (Fiscal year ended June 30, 2023)	28th period (Fiscal year ended June 30, 2024) (Current fiscal year)	Year-on-year	
			Increase/ Decrease	Percentage change (%)
Net sales	21,424	24,419	2,995	14.0
Operating income	3,289	4,099	809	24.6
Ordinary income	3,265	4,121	855	26.2
Net income attributable to owners of the parent	2,094	2,850	756	36.1

In terms of consolidated net sales, the Digital Transformation promotion business in particular grew strongly against a backdrop of investment needs by Japanese companies to maintain and enhance competitiveness through upgrades to corporate management and business activities through the use of data and digital technology. This is becoming a medium- to long-term trend among our clients. In addition, the outsourcing business also maintained a high growth rate.

From the current fiscal year, the Company has revised the categorizations for its business segment and changed the previous reportable segments of "Group Governance Business," "Digital Transformation Business," and "Outsourcing Business" to "Consolidated Financial Disclosure Business," "Digital Transformation Promotion Business," and "Management Solutions Business". In light of this change, results for each reportable segment for the previous year have been restated in line with the new reportable segments.

The Consolidated Financial Disclosure Business supports value creation development and maintenance of our proprietary software DivaSystem for consolidated management support and consolidated accounting, as well as the provision of outsourcing of consolidated and non-consolidated accounting using this software. With regards the position of the segment within the group, the aim is to establish a business model that combines both software and outsourcing businesses.

The Consolidated Financial Disclosure Business also includes information search services for disclosure documents provided by Internet Disclosure, Inc, mainly to audit firms.

The Digital Transformation Promotion Business supports the promotion of digital transformation at companies and data-driven management through consulting and system development services, including the provision of a data platform for utilizing all kinds of data related to companies to AI and BI solutions that can analyze, predict, and enable data visualization. From major cloud vendors to multi-cloud compatible software, customers can find out about the latest data utilization and generative AI specializing in data utilization, as well as train engineers and develop their own data utilization platform products.

The Management Solution Business provides one-stop support from consulting to system planning, construction, implementation, operation, and maintenance. The aim is to identify and maximize hidden value within a company, through a focus on group management, consolidated accounting, and business management. In addition to in-house software development, it is also possible to develop our software in combination with software from other companies. The role of the business is to maximize the Group's assets and to continue to generate solutions that provide management data that is useful for the enhancement of corporate value.

Despite higher fixed personnel costs due to an increase in headcount, outsourced processing costs as a result of an increase in orders, and investment-related expenses to realize future growth centered on strengthening the software business, operating profit and ordinary profit increased thanks to a decrease in one-time expenses incurred in the previous fiscal year due to group reorganization, as well as increased sales in the Digital Transformation Promotion business. Operating profit was 4,099 million yen (up 24.6% year-on-year), ordinary profit was 4,121 million yen (up 26.2% year-on-year), and net income attributable to owners of the parent was 2,850 million yen (up 36.1% year-on-year).

The status of each reportable segment is as follows

Net sales (Millions of yen)

	27th period (Fiscal year ended June 30, 2023)	28th period (Fiscal year ended June 30, 2024) (Current fiscal year)	Year-on-year	
			Increase/ Decrease	Percentage change (%)
Consolidated Financial Disclosure Business	6,902	7,537	635	9.2
Digital Transformation Promotion Business	7,272	8,846	1,574	21.7
Management Solutions Business	7,883	8,518	634	8.1
Corporate Expenses and elimination of inter-segment transactions	△633	△483	150	-
Consolidated net sales	21,424	24,419	2,995	14.0

(2) Operating profit (Millions of yen)

	27th period (Fiscal year ended June 30, 2023)	28th period (Fiscal year ended June 30, 2024) (Current fiscal year)	Year-on-year change	
			Increase/ Decrease	Percentage change (%)
Consolidated Financial Disclosure Business	1,586	1,840	253	16.0
Digital Transformation Promotion Business	1,118	1,633	515	46.1
Management Solutions Business	1,321	1,407	86	6.6
Corporate Expenses and elimination of inter-segment transactions	△736	△782	△46	-

Consolidated net sales	3,289	4,099	809	24.6
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In the consolidated financial disclosure business, the software business has been improving under the new structure by reviewing pricing strategies and strategically reducing intra-group contract development transactions for product maintenance and other operational support, while the outsourcing business continued to maintain high growth and contributed to revenue growth. As a result, net sales increased to 7,537 million yen (up 9.2% year-on-year). In terms of profitability, the outsourcing business drove growth, resulting in an increase in operating profit to 1,840 million yen (up 16.0% year-on-year).

In the Digital Transformation Promotion Business, the need to utilize data for decision-making related to management and business promotion continues to accelerate, and the number of projects related to cloud data platform construction is on the rise, with an increase in large-scale projects and in the scale of ongoing projects. The increase in the number of large-scale projects and the expansion of the scale of ongoing projects was a significant driver of revenue growth. As a result, net sales increased 21.7% year on year to 8,846 million yen (up 21.7% year-on-year). Although personnel costs increased due to efforts to secure human resources to provide services along with ongoing rises in requisite subcontracting expenses, this was offset by the increased revenue, and operating profit was 1,633 million yen (up 46.1% year-on-year), significantly higher than the same period of the previous year.

In the Management Solutions Business, while the transformation of the profit structure, mainly in the software business, is still in progress, results have started to emerge in the area of group business management solutions, and the fourth quarter was affected by a significant increase in sales compared to the previous year's single quarter due to large project orders and other factors, Sales rose to 8,518 million yen (up 8.1% year-on-year). In terms of profitability, operating profit increased to 1,407 million yen (up 6.6% year-on-year), despite cost-increasing factors such as higher personnel costs due to securing personnel for future growth and increased system development costs and depreciation costs associated with strengthening the software business.

The number of consolidated employees was 1,522 at the end of the fiscal year, up 133 from the end of the previous fiscal year.

Orders received and sales in the current consolidated fiscal year are as follows.

Orders Received

(Millions of yen)

	Current fiscal year July 1, 2023 to June 30, 2024		
	Sales	Orders received	Outstanding orders
Consolidated Financial Disclosure Business	7,537	8,269	4,681
Digital Transformation Promotion Business	8,846	9,211	2,069
Management Solutions Business	8,518	9,410	4,006
Elimination of intersegment transactions	△483	△711	△1,974
Total	24,419	26,180	8,782

(2) Capital Investment

Total capital expenditures for the 360 million (including software)
current fiscal year yen

Major capital investments include the purchase of office equipment and software for internal use.

(3) Financing

There were no special items of note in the current consolidated fiscal year.

(4) Assets, Profit and Loss

(i) Assets and profit/loss of the corporate group

Item	25th period (Fiscal year ended June 30, 2021)	26th period (Fiscal year ended June 30, 2022)	27th period (Fiscal year ended June 30, 2023)	28th period (Fiscal year ended June 30, 2024) (Current fiscal year)
Net sales (Million yen)	16,236	18,703	21,424	24,419
Ordinary profit (Million yen)	2,808	2,988	3,265	4,121
Net income attributable to owners of the parent (Million yen)	1,888	2,045	2,094	2,850
Net income per share (Yen)	50.24	54.37	55.65	76.62
Total assets (Million yen)	13,956	16,617	18,705	21,896
Net assets (Million yen)	8,787	10,597	12,328	13,293
Net assets per share (Yen)	233.70	281.68	327.51	362.95

- (Note) 1) The Company introduced a share grant trust for its employees and executive officers from the current consolidated fiscal year. Company shares held by the trust are included as part of treasury stock deducted from the average number of shares during the period for the purpose of calculation of net income per share. For net assets per share, Company shares held by the trust are included as part of treasury stock deducted from the average number of shares during the period for the purpose of calculating the number of shares issued and outstanding at the end of the fiscal year.
- 2) Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) were introduced from the beginning of the 26th fiscal year. Figures for the 26th fiscal year and subsequent fiscal years are after the application of the said accounting standard.

(2) Assets, Profit and Loss

Type	25th period (Fiscal year ended June 30, 2021)	26th period (Fiscal year ended June 30, 2022)	27th period (Fiscal year ended June 30, 2023)	28th period (Fiscal year ended June 30, 2024) (Current fiscal year)
Operating revenue (Million yen)	2,661	2,324	3,572	2,703
Ordinary profit (Million yen)	1,348	731	1,873	842
Net income (Million yen)	1,464	646	2,022	1,068
Net income per share (Yen)	38.95	17.18	53.74	28.73
Total assets (Million yen)	8,899	10,947	8,780	7,919
Net assets (Million yen)	6,219	6,532	8,178	7,329

Net assets per share (Yen)	165.41	173.63	217.27	200.11
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- (Note) 1) The Company introduced a share grant trust for its employees and executive officers from the current consolidated fiscal year. Company shares held by the trust are included as part of treasury stock deducted from the average number of shares during the period for the purpose of calculation of net income per share. For net assets per share, Company shares held by the trust are included as part of treasury stock deducted from the average number of shares during the period for the purpose of calculating the number of shares issued and outstanding at the end of the fiscal year.
- 2) Accounting Standards for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) were introduced from the beginning of the 26th fiscal year. Figures for the 26th fiscal year and subsequent fiscal years are after the application of the said accounting standard.

(5) Significant parent company and subsidiaries

(i) Parent company

Not applicable.

(ii) Status of Important Subsidiaries

Company Name	Capital	Percentage of voting rights held by the Company	Primary Business
AVANT CORPORATION	100 million yen	100.0%	Software development, sales, installation support, maintenance and other related businesses
Internet Disclosure Co., Ltd.	39 million yen	100.0%	Software development and sales of disclosure information and regulation search services
ZEAL CORPORATION	100 million yen	100.0%	Design of information systems Development and sales of software and other related businesses
DIVA CORPORATION.	100 million yen	100.0%	Development and sales of software Outsourcing-related business
DIVA CORPORATION OF AMERICA	2.6 million US dollars	100.0%	Survey of IT products and services

- (Note) 1. The Company has the five consolidated subsidiaries above and no equity method affiliates.
2. Metapraxis Limited was excluded from the scope of equity-method affiliates because the Company no longer had a significant influence over Metapraxis Limited in the fiscal year under review.
3. DIVA CORPORATION OF AMERICA raised capital through a shareholder allocation of 1.5 million US dollars on March 7, 2024.

(6) Issues to be addressed

The Group formulated its business activities goals as part of its medium-term management plan, "BE GLOBAL 2023," which set out the company's goal of becoming a world-class software company. Based on the experience gained through these activities, we announced a new medium-term management plan, "BE GLOBAL 2028," in August 2023. As part of this we created an action plan over a five-year period to align business and group strategies.

The strategic direction of BE GLOBAL 2028 is the materiality of becoming a software company that helps increase corporate value. Based on this strategy, we aim to create a value creation virtuous cycle through the use of software that enables an increase in all employees' ability to contribute to customers and boosts productivity. The increase in profits can be returned through compensation and to promote R&D. These processes can help lift our own corporate value.

In order to realize BE GLOBAL 2028, we must address the following issues.

1. Demand emerging in the growing DX market for management

The group overall is looking to position itself in an area where we can be of most use today, the DX market of management. This is where companies are seeking to increase their corporate value. Furthermore, our group companies Diva and Internet Disclosure operate in the consolidated financial disclosure market, Zeal operates in the BI field, data infrastructure, and DX market. Meanwhile, Avant operates in the investor-oriented next-generation management information infrastructure market. All markets have growth potential of 15% to 30% per year.

In each of these markets, we need to accurately determine what customers are looking for, and to fully exploit the potential of the growth markets.

2. Promote software-driven strategies that contribute to customers

The Group's strategic materiality is to become a software company that helps increase corporate value. We have formulated a Software Driven Strategy to achieve this goal.

To add value to our customers, we believe we should create opportunities for management decisions to be made from a perspective of increasing corporate value. Changing the data we can provide to a board of directors is one way to do this. To this end, we intend fully maximize the market for TRINITY BOARD, our DX cloud platform for a board of directors that we developed in FY24, and AVANT Compass, a corporate value analysis cloud platform that offers the power of software to provide steer to a board of directors.

We believe that by creating this state of affairs, the value of information brought to customers by each group company will increase, and the contribution to customers by the group as a whole will be of even higher added value.

3. Increase value-creating productivity

An increase in value-creating productivity requires an improvement in sales productivity. This equates to an increase sales per employee for the same investment cost (cost of sales and SG&A expenses), or an improvement in investment cost productivity, which can lower investment costs at the same level of sales. The two aspects must be combined for an improvement in value-creating productivity.

We believe that sales productivity can be enhanced by adding value to solutions that offer a combination of software and services. We plan to achieve this through the promotion of the software-driven strategy described above. We will also improve investment cost productivity by streamlining operations through the use of software, especially generative AI.

4. Development of an environment to improve the value of human resources

The three aforementioned items clarify what we are aiming at. However, the realization of this goal is predicated on getting more value from our human resources. We will quantify what HR requirements are necessary to achieve our goals and look to address any gaps to develop a backdrop for growth.

While focusing on the growth of existing employees, we will also look to attract talented human resources from outside the company when sourcing new talent internally is difficult. We will seek to find human capital not only in regular recruitment, but also through network building related to software procurement.

5. Increase employee job satisfaction

A primary asset of our group is our excellent employees who have high technology skills and expertise and enjoy taking on a challenge. While increasing the number of employees each fiscal year, we are working to create a rewarding work environment that enriches the lives of our employees and allows them to focus on producing results in their work. The Group conducts employee surveys using the Great Place to Work[®] (GPTW) scheme as part of our processes to create a rewarding work environment, visualize job satisfaction and engagement. We also implement improvement actions, with the goal of raising the GPTW score to 70 points for each Group company. We are working to achieve this GPTW score goal of 70 points for each Group company.

6. Compliance

Since establishment, our Group has emphasized compliance as a fundamental principle of corporate governance. However, compliance demands in society have been growing in recent years. We believe that a loss of trust from the public in the event of a violation is higher than ever before, and the time taken to win back trust is also longer than ever. We are promoting our business activities in a more thorough manner than previously to ensure that we do not breach any labor laws or regulations, as well as other relevant laws and corporate ethics.

7. Sustainability

The Group's management philosophy, "Creation of a 100-Year Company," positions the company as a public institution as part of a wider society and looks to sustainably develop an organization that exists for the benefit of society. Our group's mission is to make a contribution by providing value in helping our customers use management data to create the future. While looking to achieve this mission, we work with various stakeholders, so each and every member of the group must act with due consideration for maintaining a balance between economic activities, environmental conservation, and social fairness. Therefore, sustainable development will not be possible unless each and every member of the Group acts with due consideration for maintaining this balance. To this end, on July 22, 2020, the Group established the Group Human Rights Policy and Group Environmental Policy. Furthermore on August 25, 2020, the Group signed the United Nations Global Compact, declaring our endorsement, support, and implementation of essential values in four areas: human rights, labor, environment, and anti-corruption. On July 1, 2021, we took the first step toward the realization of a sustainable society by converting all of our group's annual electricity consumption to environmentally-friendly sources and reducing greenhouse gas emissions to zero. In addition, the Group has been engaged in activities to support sporting events and cultural activities organized by local governments and industry associations.

(7) Principal Businesses (As of June 30, 2024)

Segment	Business
Consolidated Financial Disclosure Business	<p>The segment supports value creation through development and maintenance of our proprietary software “DivaSystem” for consolidated management support and consolidated accounting, as well as the provision of outsourcing of consolidated and non-consolidated financial statements using this software. With regards to the segment’s position within the Group, the Company aims to establish a business model that combines both software and the outsourcing business.</p> <p>The Consolidated Financial Disclosure Business also includes data search services for disclosure documents provided by Internet Disclosure, Inc primarily to audit firms.</p>
Digital Transformation Promotion Business	<p>The Digital Transformation Promotion Business supports the promotion of digital transformation at companies and data-driven management through consulting and system development services, including the provision of a data platform for utilizing all kinds of data related to companies, to AI and BI solutions that can analyze, predict and enable data visualization. From major cloud vendors to multi-cloud compatible software, customers can find out about the latest data utilization methods and generative AI specializing in data utilization, as well as train engineers and develop their own data utilization platform products. The suite of products offered is also slated for expansion.</p>
Management Solutions Business	<p>The Management Solutions Business has a focus on group management, consolidated accounting, and business administration and aims to identify and maximize hidden value at companies and offers one-stop support services from consulting to system planning, building, installation, and maintenance. In addition to in-house development, it is also possible to develop in combination with software from other companies. The role of this business is to maximize the Group’s assets and continue to generate solutions that will provide management data that is useful for the enhancement of corporate value</p>

(8) Main Sales Offices(As of June 30, 2024)

(i) Our main offices

Tokyo Head Office 15-2, Konan 2-chome, Minato-ku, Tokyo

(ii) Principal offices of important subsidiaries

AVANT CORPORATION (Head office) Minato Ward, Tokyo

	Osaka Office	Osaka City, Osaka
Internet Disclosure Co., Ltd.		Chuo-ku, Tokyo
ZEAL CORPORATION	(Head office)	Shinagawa-ku, Tokyo
	Osaka Office	Osaka City, Osaka
	Sapporo Office	Sapporo City, Hokkaido
DIVA CORPORATION.	(Head office)	Shinjuku-ku, Tokyo
	Konan Office	Minato-ku, Tokyo

(9) Employees (As of June 30, 2024)

(i) Employees of the corporate group

Number of employees	Increase (Decrease) from the end of the previous consolidated fiscal year
1,522 persons	Increase of 133

1. The number of employees indicates the number of full-time employees.
2. The number of employees does not include temporary employees (average 28 temporary and part-time employees during the period).

(ii) Employees of the Company

Number of employees	Increase (decrease) from the end of the previous fiscal year	Average age	Average years of service
37 persons	0 persons	44.6 years old	6.2 years

1. The number of employees indicates the number of full-time employees.
2. The number of employees does not include temporary employees (average 28 temporary and part-time employees during the period).

(10) Principal Lenders (As of June 30, 2024)

The company has no loans from financial institutions.

The Company has entered into commitment line agreements (maximum loan amount: 3,500 million yen) with financial institutions with which it does business in order to efficiently procure working capital.

(11) Other important matters concerning the current status of the corporate group

Not applicable.

**Matters related to
Company shares**

(As of June 30, 2024)

- (1) Total number of shares authorized to be issued 62,304,000
- (2) Total number of shares issued 37,645,851 (of which 367,098 shares are treasury stock)
- (3) Number of shareholders 2,864

(4) Major shareholders (Top 10)

Name of shareholder	Number of shares held (shares)	Shareholding ratio (%)
Tetsuji Morikawa	9,764,000	26.19
The Master Trust Bank of Japan, Ltd.	3,270,100	8.77
Tsuyoshi Noshiro	1,868,800	5.01
OBIC Business Consultant Co.	1,600,000	4.29
The Custody Bank of Japan, Ltd.	1,457,600	3.91
Avant Group Employee Stock Ownership Plan	1,380,453	3.70
SSBTC CLIENT OMNIBUS ACCOUNT	995,400	2.67
PCA Corporation	778,400	2.09
FCP SEXTANT AUTOUR DU MONDE	750,000	2.01
Northern Trust co. (avfc) re the Highclere INTERNATIONAL INVESTORS SMALLER COMPANIES FUND	658,100	1.77

(Note) Shareholding ratio is excludes 367,098 shares of treasury stock. The 367,098 shares of treasury stock do not include 652,300 shares of the Company's stock held by The Custody Bank of Japan, Ltd. (Trust Account) as trust assets to be granted to employees and executive officers.

(5) Shares issued to corporate officers as compensation for the execution of their duties during the fiscal year under review

Not applicable.

(6) Other important matters concerning shares

(i) Acquisition of treasury stock

Based on the resolution of the Board of Directors meeting held on April 26, 2024 (acquisition period: May 1, 2024 to November 30, 2024; total number of shares to be acquired: 1,200,000 shares (maximum); total amount of shares to be acquired: 1 billion yen (maximum)), the Company acquired treasury stock as follows.

Type of shares acquired: common stock of the Company

Acquisition period: May 1, 2024 – June 30, 2024 (contract basis)

Total number of shares acquired: 364,100 shares

Total acquisition cost: 477 million yen

(ii) Transactions in which the Company's shares are issued to employees and executive officers through a trust

The Company has introduced a Trust to grant shares to employees and executive officers as part of an incentive plan for employees and executive officers.

The Company introduced the Employee Stock Grant Trust following a vote at a Board of Directors meeting on August 4, 2023. The Board of Directors meeting held on December 20, 2023 resolved to add the Company's executive officers to this plan.

Purpose of this system

The Company introduced this system with the aim of improving the medium- to long-term corporate value of the Company by adding incentives for employees and executive officers who contribute to the growth of the Company. This should foster a sense of belonging among employees and executive officers, giving them a sense of participation in management, and raising their awareness of the Company's performance and stock price.

Overview of the System

Under this plan, a trust (hereinafter the "Trust") is established with money contributed by the Company as the source of funds. The Trust acquires shares of the Company's common stock (hereinafter referred to as "Company shares") and delivers Company shares to each employee and executive officer via the Trust. The Trust is an incentive plan under which the Company

acquires Company Shares and grants these through the Trust to each employee and executive officer of the Company. These shares will be granted in accordance with the Share Delivery Regulations established by the Board of Directors of the Company.

The acquisition of Company shares by the Trust will be funded entirely by the Company, so there will be no burden on employees or executive officers.

The introduction of this system is expected to encourage employees and executive officers to perform their duties with an awareness of the stock price and to motivate employees to work harder, as they will be able to enjoy the economic benefits of an increase in the Company's stock price.

Outline of the Trust

- (1) Name: Employee Stock Grant Trust
- (2) Consignor: The Company
- (3) Trustee: Sumitomo Mitsui Trust Bank, Limited
(Re-trustee: The Custody Bank of Japan, Ltd.)
- (4) Beneficiaries: Employees and executive officers who meet beneficiary requirements
- (5) Trust manager: A third party, independent of the Company and its officers
- (6) Exercise of voting rights: Throughout the term of the trust, the trustee will exercise voting rights in accordance with instructions from the trust manager.
- (7) Type of trust : Money in trust other than money in trust (other benefit trust)
- (8) Trust agreement date : August 15, 2023
- (9) Date of monetary trust : August 15, 2023
- (10) Date of additional cash trust : December 28, 2023
- (11) Trust termination date: December 31, 2028 (scheduled)

(iii) Number of treasury stock 1,019,398 shares

Number of treasury stock held by the Company: 367,098 shares

Number of treasury stock held by the trust: 652,300 shares

Matters Concerning Stock Acquisition Rights, etc. of the Company

(1) Stock acquisition rights issued to the Company's Directors and Corporate Auditors as compensation for the execution of their duties

(As of June 30, 2024)

Not applicable.

(2) Stock acquisition rights issued to employees, etc. as compensation for execution of duties during the current fiscal year

Not applicable.

Matters Concerning Company Officers

(1) Names and details of Directors

See page 41.

(2) Outline of the contents of the liability limitation agreement

See page 41.

- (3) **Summary of Contents of Directors' and Officers' Liability Insurance Policy**
See page 42.
- (4) **Matters Concerning Outside Directors and Outside Corporate Auditors**
See pages 42-43.
- (5) **Executive Compensation System**
See pages 54 through 59.

Status of Accounting Auditor

(1) Name Deloitte Touche Tohmatsu LLC

(2) Amount of compensation,
etc.

	Amount paid
Amount of remuneration, etc. for services set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act (auditing services)	32 million yen
Total amount of monetary and other financial benefits payable by the Company and its subsidiaries to the accounting auditor	32 million yen

- (Notes) 1. The audit contract between the Company and Deloitte Touche Tohmatsu LLC does not distinguish between the amount of audit fees for audits under the Companies Act and the amount of audit fees for audits under the Financial Instruments and Exchange Act, and it is practically impossible to do so.
2. The Audit Committee of the Company received an explanation of the audit plan from the accounting auditor and, based on the details of the audit fee agreement, confirmed and reviewed the audit hours and personnel assignments, and as a result, gave its consent to the audit fee, as stipulated in Article 399, Paragraph 1 of the Companies Act.
3. In addition to the above, additional remuneration of 2 million yen was paid for an audit in the previous fiscal year.

(3) Non-audit services

The Company pays its independent auditor for general tax advice.

(4) Policy on Dismissal or Non-reappointment of Accounting Auditor

The Audit Committee shall allow a decision on the dismissal or non-reappointment of an accounting auditor at the General Meeting of Shareholders if it determines that such dismissal or non-reappointment is necessary, such as if there is a problem with the accounting auditor's performance of its duties. In addition, the Audit Committee is able to dismiss the accounting auditor subject to unanimous consent of all Audit Committee members if the accounting auditor is deemed to meet any items of Article 340, Paragraph 1 of the Companies Act. In this case, the Audit Committee member selected by the Audit Committee will report the dismissal of the accounting auditor and the reasons for the dismissal at the first general meeting of shareholders convened after the dismissal.

(5) Outline of the contents of the liability limitation agreement

Not applicable.

Company structure and policies (compliance and risk management)

See pages 60 through 63.

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(Note) Figures in this business report are rounded down to the nearest unit.

# Consolidated Balance Sheet

(As of June 30, 2024)

(Unit: thousand yen)

| Item                                                   | Amount               | Item                                                    | Amount            |
|--------------------------------------------------------|----------------------|---------------------------------------------------------|-------------------|
| (Assets)                                               |                      | (Liabilities)                                           |                   |
| <b>Current assets</b>                                  | <b>18,201,545</b>    | <b>Current liabilities</b>                              | <b>8,307,815</b>  |
| Cash and deposits                                      | 10,874,892           | Notes and accounts payable-trade                        | 801,391           |
| Notes, accounts receivable - trade and contract assets | 4,440,280            | Lease liabilities                                       | 6,005             |
| Securities                                             | 500,000              | Accounts payable and accrued expenses                   | 850,208           |
| Work in progress                                       | 5,880                | Income taxes payable                                    | 984,232           |
| Raw materials and supplies                             | 81,871               | Contract liabilities                                    | 3,345,483         |
| Prepaid expenses                                       | 1,120,837            | Provision for bonuses                                   | 1,319,768         |
| Accounts receivable                                    | 518,540              | Provision for director bonuses (and corporate auditors) | 170,155           |
| Deposits paid                                          | 527,976              | Provision for loss on orders received                   | 17,912            |
| Other                                                  | 135,407              | Accrued consumption taxes                               | 461,061           |
| Allowance for doubtful accounts                        | △4,141               | Deposits received                                       | 221,975           |
| <b>Fixed assets</b>                                    | <b>3,695,360</b>     | Allowance for stock benefits                            | 129,618           |
| <b>Property, plant and equipment</b>                   | <b>488,987</b>       | <b>Fixed liabilities</b>                                | <b>295,362</b>    |
| Buildings                                              | 561,381              | Asset retirement obligations                            | 295,362           |
| Accumulated depreciation                               | (233,278) Net income |                                                         |                   |
| Vehicles                                               | 1,956                |                                                         |                   |
| Accumulated depreciation                               | △936                 |                                                         |                   |
| Tools, furniture and fixtures                          | 748,417              |                                                         |                   |
| Accumulated depreciation                               | (588,552)            |                                                         |                   |
| <b>Intangible fixed assets</b>                         | <b>652,129</b>       | <b>Total liabilities</b>                                | <b>8,603,177</b>  |
| Trademark rights                                       | 42,527               |                                                         |                   |
| Software                                               | 609,376              | (Net assets)                                            |                   |
| Other                                                  | 225                  | <b>Shareholders equity</b>                              | <b>12,994,141</b> |
| <b>Investments and other assets</b>                    | <b>2,554,243</b>     | Share capital                                           | 345,113           |
|                                                        |                      | Capital surplus                                         | 281,913           |
|                                                        |                      | Retained earnings                                       | 13,763,738        |
|                                                        |                      | Treasury shares                                         | (1,396,622)       |
|                                                        |                      | <b>Net income</b>                                       | <b></b>           |

|                                  |                   |                                                                     |                   |
|----------------------------------|-------------------|---------------------------------------------------------------------|-------------------|
| Investments in securities        | 1,037,000         | <b>Accumulated other comprehensive income</b>                       | <b>299,586</b>    |
| Long-term prepaid expenses       | 19,118            | Valuation difference on available-for-sale securities, net of taxes | 224,019           |
| Leasehold and guarantee deposits | 630,981           | Deferred gains or losses on hedges                                  | 2,862             |
| Deferred tax assets              | 728,290           | Foreign currency translation adjustments                            | 72,704            |
| Other                            | 138,853           | <b>Total net assets</b>                                             | <b>13,293,728</b> |
| <b>Total assets</b>              | <b>21,896,905</b> | <b>Total liabilities and net assets</b>                             | <b>21,896,905</b> |

# Consolidated Statements of Income

July 1, 2023  
to June 30, 2024

(Unit: thousand yen)

| Item                                                     | Amount               |                   |
|----------------------------------------------------------|----------------------|-------------------|
| <b>Net sales</b>                                         |                      | <b>24,419,760</b> |
| <b>Cost of sales</b>                                     |                      | <b>13,491,038</b> |
| <b>Gross profit</b>                                      |                      | <b>10,928,722</b> |
| <b>Selling, general and administrative expenses</b>      |                      | <b>6,829,599</b>  |
| <b>Operating profit</b>                                  |                      | <b>4,099,123</b>  |
| <b>Non-operating income</b>                              |                      |                   |
| Interest income                                          | 109                  |                   |
| Dividends income                                         | 12,296               |                   |
| Gain on investment in partnerships                       | 12,864               |                   |
| Subsidy income                                           | 9,404                |                   |
| Other                                                    | 15,875               | 50,550            |
| <b>Non-operating expenses</b>                            |                      |                   |
| Interest expense                                         | 243                  |                   |
| Loss on investment partnership management                | 13,750               |                   |
| Fees and commissions                                     | 10,863               |                   |
| Foreign exchange loss                                    | 2,483                |                   |
| Other                                                    | 589                  | 27,929            |
| <b>Ordinary profit</b>                                   |                      | <b>4,121,744</b>  |
| <b>Extraordinary profit</b>                              |                      |                   |
| Insurance income                                         | 14,030               |                   |
| Penalty income                                           | 16,961               | 30,991            |
| <b>Extraordinary losses</b>                              |                      |                   |
| Settlement money                                         | 21,076               | 21,076            |
| <b>Income before income taxes and minority interests</b> |                      | <b>4,131,659</b>  |
| Corporate, residence and enterprise taxes                | 1,475,358            |                   |
| Income taxes-deferred                                    | (194,621) Net income | 1,280,736         |
| <b>Net income</b>                                        |                      | <b>2,850,922</b>  |
| <b>Net income attributable to owners of the parent</b>   |                      | <b>2,850,922</b>  |



# Consolidated Statements of Changes in Net Assets

July 1, 2023  
To June 30, 2024

(Unit: thousand yen)

|                                                                                               | Shareholders' Equity |                 |                   |                           |                            |
|-----------------------------------------------------------------------------------------------|----------------------|-----------------|-------------------|---------------------------|----------------------------|
|                                                                                               | Capital stock        | Capital surplus | Retained earnings | Treasury stock            | Total shareholder's equity |
| <b>Balance at the beginning of current period</b>                                             | 345,113              | 281,913         | 11,477,458        | △608                      | 12,103,876                 |
| <b>Changes during period</b>                                                                  |                      |                 |                   |                           |                            |
| Dividends of surplus                                                                          |                      |                 | (564,642)         |                           | (564,642)                  |
| Net income attributable to owners of parent                                                   |                      |                 | 2,850,922         |                           | 2,850,922                  |
| Acquisition of treasury stock                                                                 |                      |                 |                   | (477,635)                 | (477,635)                  |
| For stock grant trust Acquisition of treasury stock                                           |                      |                 |                   | △918,379                  | △918,379                   |
| Items other than shareholders' equity<br>Net changes of items other than shareholders' equity |                      |                 |                   |                           |                            |
| <b>Total changes of items during the period</b>                                               | -                    | -               | 2,286,279         | (1,396,014)               | 890,264                    |
| <b>Balance at the end of current period</b>                                                   | 345,113              | 281,913         | 13,763,738        | (1,396,622)<br>Net income | 12,994,141                 |

|                                               | Accumulated other comprehensive income (loss)                                       |                                    |                                         |                            | Total net assets |
|-----------------------------------------------|-------------------------------------------------------------------------------------|------------------------------------|-----------------------------------------|----------------------------|------------------|
|                                               | Available-for-sale securities Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Other comprehensive income |                  |
| <b>Balance at beginning of current period</b> | 183,925                                                                             | 302                                | 40,411                                  | 224,639                    | 12,328,516       |
| <b>Changes during period</b>                  |                                                                                     |                                    |                                         |                            |                  |
| Dividends from surplus                        |                                                                                     |                                    |                                         |                            | (564,642)        |
| Net income attributable to owners             |                                                                                     |                                    |                                         |                            | 2,850,922        |

|                                                                                      |                |              |               |                |                   |
|--------------------------------------------------------------------------------------|----------------|--------------|---------------|----------------|-------------------|
| of the parent                                                                        |                |              |               |                |                   |
| Acquisition of treasury stock                                                        |                |              |               |                | (477,635)         |
| For stock grant trust<br>Acquisition of treasury stock                               |                |              |               |                | △918,379          |
| Items other than shareholders' equity<br>Net changes other than shareholders' equity | 40,093         | 2,560        | 32,292        | 74,946         | 74,946            |
| <b>Total changes during period</b>                                                   | <b>40,093</b>  | <b>2,560</b> | <b>32,292</b> | <b>74,946</b>  | <b>965,211</b>    |
| <b>Balance at end of current period</b>                                              | <b>224,019</b> | <b>2,862</b> | <b>72,704</b> | <b>299,586</b> | <b>13,293,728</b> |

## Consolidated Notes

### Notes to Basis of Presenting Consolidated Financial Statements, etc.

(1) Scope of consolidation

Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries            5 companies

Name of consolidated subsidiary            AVANT CORPORATION  
Internet Disclosure Co., Ltd.  
ZEAL CORPORATION  
DIVA CORPORATION  
DIVA CORPORATION OF AMERICA

(2) Application of equity method

Not applicable.

Metapraxix Limited was excluded from the scope of application of the equity method since the Company no longer had a substantial influence over Metapraxix Limited during the current fiscal year.

(3) Fiscal year of consolidated subsidiaries

The fiscal year end of all consolidated subsidiaries is the same as the consolidated fiscal year end.

(4) Matters related to accounting policies

(i) Valuation standards and methods for significant assets

1) Valuation standards and methods for securities

Held-to-maturity debt securities            Amortized cost method (straight-line method)

Other marketable securities

Stocks, etc. with no market price other than what is stated above            Market value method (unrealized gains and losses are accounted for as a component of net assets, and the cost of securities sold is determined by the moving-average method)

Non-marketable equity securities, etc.            Cost method based on the moving average method

For investments in limited liability investment partnerships (deemed as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Law), the Company uses the most recent financial statements available according to the reporting date stipulated in the partnership agreement as the basis for calculating the net amount equivalent to its interest in the partnership.

2) Valuation standards and methods for inventories

Work in process            Cost method based on the specific cost method (the amount on the balance sheet is calculated by writing down the book value of assets which decreased in profitability)

Raw materials

Cost method based on the first-in, first-out method (the amount on the balance sheet is calculated by writing down the book value of assets which decreased in profitability)

Supplies

Stated at cost determined by the specific identification method (the amount stated in the balance sheet was calculated by writing down the book value of assets which decreased in profitability)

(ii) Depreciation and amortization method for significant depreciable assets

1) property, (excluding leased assets)

plant and  
equipment

Declining-balance method, except for buildings and accompanying facilities acquired on or after April 1, 2016, for which the straight-line method is used. (Principal useful life)

Building 2 to 18 years

Tools, furniture and fixtures 2 to 15 years

2) Intangible  
fixed assets

Straight-line method

Software for sale in the market Amortization based on estimated sales revenue within the estimated sales period (3 years)

Software for internal use The useful life is the period of internal use (3 to 5 years).

3) Lease assets

Leased assets related to finance lease transactions that do not transfer ownership

Straight-line method over the lease term with a residual value of zero.

(iii) Basis for significant reserves

1) Allowance for doubtful  
accounts

The allowance for doubtful accounts is provided for possible losses on receivables based on the historical write-off ratio for general receivables and on the estimated amount of uncollectible receivables based on a case-by-case determination of collectibility for specific receivables such as doubtful receivables.

2) Allowance for bonuses

To provide for bonuses to employees, an amount accrued for the current fiscal year is recorded based on the estimated amount of payment.

3) Allowance for bonuses to  
directors and corporate  
auditors

To provide for bonuses to directors and corporate auditors, an amount accrued for the current fiscal year is recorded based on the estimated amount of payment.

4) Allowance for loss on  
orders received

The Company records estimated losses from projects related to order contracts for which future losses are expected as of the end of the current fiscal year and for which the amount of such losses can be reasonably estimated.

5) Allowance for stock  
benefits

To provide for the payment of Company stock to employees and executive officers in accordance with the stock issuance rules, the Company records an amount based on the estimated amount of stock benefit obligations as of the

end of the current fiscal year.

(iv) Other important matters for the preparation of consolidated financial statements

1) Accounting for significant deferred assets

Share grant expenses            The entire amount is expensed at the time of expenditure.

2) Significant hedge accounting methods

Hedge accounting method        Deferred hedge accounting is adopted.

Hedging instruments and        Hedging instrument...Foreign currency deposits

hedged items                    Hedged items...Anticipated transactions denominated in foreign currencies

Hedging policy                    Foreign currency deposits are used to hedge the risk of exchange rate fluctuations. The Company's policy is to use such transactions within the scope of actual demand and not to conduct transactions for speculative purposes.

Methods of evaluating the        Since the material terms of the hedging instruments and effectiveness of hedging        hedged items are the same and the cash flow fluctuations can be offset after the inception of the hedge, the assessment of effectiveness as of the consolidated balance sheet date is omitted.

3) Basis for recording significant revenues and expenses

The Group recognizes revenue for contracts with customers at the amount of consideration to which it expects to be entitled in exchange for the promised goods or services when control of the promised goods or services is transferred to the customer, by applying the five-step approach described below.

Step 1: Identify the contract with the customer

Step 2: Identify performance obligations in the contract

Step 3: Calculate the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) performance obligations are satisfied

In our group, we are engaged in the consolidated financial disclosure business, the digital transformation promotion business, and the business management solution business.

The Consolidated Financial Disclosure Business mainly provides outsourcing services for consolidated settlement of accounts and other operations.

Since control over the service is transferred to the customer upon delivery of the service, the Company recognizes revenue over the contract period based on the determination that the performance obligation is satisfied in proportion to the progress of service delivery.

The Digital Transformation Promotion Business mainly provides system integration services for the utilization of data for BI (Business Intelligence), cloud data platform implementation support services, and software license and hardware sales and

maintenance. The Company also sells and maintains software licenses and hardware.

In the sale of software licenses, the performance obligation is deemed to be satisfied when the license is granted to the customer, and revenue is recognized on a net basis as an agency transaction at the time the license is granted.

For system development services, the Company recognizes revenue based on the percentage of progress in determining that performance obligations are satisfied as development progresses.

For maintenance services, the Company recognizes revenue over the contract period based on the judgment that the performance obligation will be satisfied over the contract period.

The Management Solutions Susiness provides license sales of DivaSystem, a proprietary software package for consolidated management and consolidated accounting, implementation consulting services, and ongoing maintenance services, including version upgrades after the start of operations. The company also provides maintenance services, including version upgrades, after the product is put into operation.

In license sales, the performance obligation is deemed to be satisfied when the license is granted to the customer, and revenue is recognized as goods or services that are transferred at a single point in time.

In the case of implementation consulting services, the performance obligation is deemed to be satisfied based on the degree of progress in implementing DivaSystem to the customer, and revenue is recognized based on the percentage of progress.

For maintenance services, the Company recognizes revenue over the contract period based on the judgment that the performance obligation will be satisfied over the contract period.

The consideration for the transaction is received within one year of satisfactory performance obligation and does not include a significant financial component.

4) Standards for translation of significant foreign currency-denominated assets or liabilities into Japanese currency

Monetary receivables and payables denominated in foreign currencies are translated into yen at the spot exchange rates prevailing on the consolidated balance sheet date, with translation differences recognized as gains or losses.

Assets and liabilities of overseas subsidiaries are translated into yen at the spot exchange rate prevailing on the consolidated balance sheet date, while revenues and expenses are translated into yen at the average exchange rate during the period.

5) Application of Group Total System

The Company and its domestic consolidated subsidiaries apply the Group Total System, and in accordance with the "Treatment of Accounting and Disclosure when Applying the Group Total System" (Practical Issues Task Force No. 42, August 12, 2021), the accounting treatment and disclosure of income taxes and local income taxes or tax effect accounting related to these taxes are performed. The Company has adopted the accounting treatment and disclosure of corporate income taxes and local corporate income taxes.

## **Notes on Changes in Method of Presentation**

(Consolidated Balance Sheets)

“Accrued consumption taxes” and “Deposits received,” were included in “Other” under “Current assets” and “Other” under “Current liabilities” in the previous consolidated fiscal year, are separately presented in the current consolidated fiscal year due to their increased importance in terms of amount.

## **Notes to Additional Information**

(Transactions in which the Company’s shares are issued to employees and executive officers through a trust)

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

### **Outline of Transaction**

Under this plan, 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 granted are acquired in accordance with a predetermined trust amount, including a future portion, and are segregated and managed as trust assets.

At a meeting of the Board of Directors held on December 20, 2023, it was resolved to add the Company’s executive officers to this plan.

### **2. Company Shares in the Trust**

Company shares 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 book value and number of such treasury stock amounted to 918,379 thousand yen and 652,300 shares, respectively, at the end of the current fiscal year.

## **Notes to Consolidated Balance Sheets**

(1) Receivables arising from contracts with customers and contract assets

The balances of receivables and contract assets arising from contracts with customers are presented in “Notes to Consolidated Financial Statements, 8. Notes to Revenue Recognition

(3) Information for understanding the amount of revenue in the current and subsequent fiscal years (i) Balances of contract assets and contract liabilities, etc.”.

(2) Loan commitment contracts

The Company has agreed loan commitment contracts with three banks to facilitate efficient procurement of working capital.

Below are unused lines of credit related to loan commitments as of the end of the current fiscal year.



|                                  |           |             |
|----------------------------------|-----------|-------------|
| Total amount of loan commitments | 3,500,000 | '000<br>yen |
| Loan balance                     | -         | '000<br>yen |
| <hr/> Balance (account)          | 3,500,000 | '000<br>yen |

## Notes to Consolidated Statements of Income

### (1) Revenue from contracts with customers

The amount of revenue from contracts with customers is presented in "Notes to Consolidated Financial Statements, 8. Revenue Recognition, (1) Information disaggregating revenue from contracts with customers".

### (2) Insurance income

The Company records insurance claims for losses incurred between the Company and its customers arising from or related to unexpected processing associated with the use of external cloud services.

### (3) Penalty income

The Company records the portion of penalty income resulting from the cancellation of partnership agreements for the convenience of the counterparty.

### (4) Settlement

The Company records losses incurred between the Company and its customers arising from or related to unexpected processing associated with the use of external cloud services.

## Notes to Consolidated Statement of Changes in Net Assets

### (1) Matters related to the total number of shares issued and outstanding

| Type of shares | Number of shares at the beginning of the current fiscal year | Number of shares increased in the current consolidated fiscal year | Decrease in the number of shares during the current consolidated fiscal year | Number of shares at the end of the current fiscal year |
|----------------|--------------------------------------------------------------|--------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------------|
| Common stock   | 37,645,851                                                   | -                                                                  | -                                                                            | 37,645,851                                             |

### (2) Number of treasury stock

| Type of shares | Number of shares at the beginning of the current fiscal year | Number of shares increased in the current consolidated fiscal year | Number of shares decreased in the current consolidated fiscal year | Number of shares at the end of the current fiscal year |
|----------------|--------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------|
| Common stock   | 2,998                                                        | 1,016,400                                                          | -                                                                  | 1,019,398                                              |

(Note 1.) The increase of 1,016,400 common shares held as treasury stock consists of 364,100 shares acquired as a result of a vote by the Board of Directors and 652,300 shares acquired for a stock delivery trust for employees and executive officers.

2. The number of treasury stock of common stock as of the end of the current consolidated fiscal year includes 652,300 shares of Company shares held by a stock delivery trust for employees and executive officers.

### (3) Matters related to dividends from surplus

#### (1) Dividends paid, etc.

| Resolution | Type of shares | Total amount of dividends | Dividend per share (yen) | Standard Date | Effective date |
|------------|----------------|---------------------------|--------------------------|---------------|----------------|
|------------|----------------|---------------------------|--------------------------|---------------|----------------|

|                                                                |              |                |       |               |                    |
|----------------------------------------------------------------|--------------|----------------|-------|---------------|--------------------|
|                                                                |              | (Thousand yen) |       |               |                    |
| September 27, 2023<br>Ordinary General Meeting of Shareholders | Common stock | 564,642        | 15.00 | June 30, 2023 | September 28, 2023 |

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

| Resolution                                                     | Type of shares | Source of dividends | Total amount of dividends (Thousand yen) | Dividend per share (yen) | Standard Date | Effective date     |
|----------------------------------------------------------------|----------------|---------------------|------------------------------------------|--------------------------|---------------|--------------------|
| September 25, 2024<br>Ordinary General Meeting of Shareholders | common stock   | Retained earnings   | 708,296                                  | 19.00                    | June 30, 2024 | September 26, 2024 |

(Note) The total amount of dividends resolved at the Ordinary General Meeting of Shareholders held on September 25, 2024 includes dividends of 12,393 thousand yen for the Company's shares held by a share delivery trust for employees and executive officers.

## Notes to Financial Instruments

### (1) Matters Concerning the Status of Financial Instruments

#### (i) Policy for financial instruments

The Group raises necessary funds (mainly through bank loans and bond issues) based on management policies and business plans. Temporary surplus funds are invested in financial assets with high liquidity and safety in accordance with internal investment rules, and short-term working capital is procured through bank loans. The Company also uses foreign currency deposits for the purpose of avoiding foreign exchange fluctuation risk. For details on hedging instruments and hedged items, hedging policy, and methods for evaluating the effectiveness of hedging activities, please refer to "(4) Matters related to accounting policies, 4) Other important matters for the preparation of consolidated financial statements, 2) Important hedge accounting methods" in the aforementioned notes to important items that form the basis for the preparation of consolidated financial statements. Please refer to "(4) Other important matters for the preparation of consolidated financial statements, 4) Hedge accounting methods" in "4.

#### (ii) Description of financial instruments, their risks and risk management systems

Trade notes and accounts receivable, which are operating receivables, are exposed to customer credit risk. However, the Company manages this risk by strictly managing credit for each customer and regularly monitoring collection due dates and balances in order to early identify and mitigate concerns about collection due to deterioration of financial conditions and other factors.

Held-to-maturity debt securities are exposed to foreign exchange and interest rate risk, although credit risk is minimal because only highly rated debt securities are included as investment securities. Available-for-sale securities are exposed to market price fluctuation risk and foreign exchange fluctuation risk, but the Company reviews its holdings on an ongoing basis, taking into account market prices and other factors. Investments in limited liability investment partnerships are exposed to the risk of a decline in the principal amount invested due to changes in the business and financial conditions of the issuer of the incorporated shares. However, the Company manages this risk by periodically obtaining the financial statements of the partnerships and monitoring their financial conditions and operations.

Lease and guarantee deposits are security deposits under lease contracts for head office, branch offices and subsidiaries, and are exposed to credit risk of the lessee. However, the Company confirms the credit risk of the lessee at the time of contracting to reduce such risk.

Trade payables, such as notes and accounts payable and accounts payable-other, are mostly due within one year. Lease obligations related to finance lease transactions are mainly for the purpose of financing capital investment, and the longest term of payment is nine months after the balance sheet date. These are exposed to liquidity risk (risk of being unable to make payments when due), but the Group manages this risk by confirming and managing cash schedules and payment account balances on a monthly basis.

#### (iii) Supplementary Explanation on Matters Concerning Fair Value, etc. of Financial Instruments

Since variable factors are incorporated in the calculation of the fair value of financial instruments, such values may change due to the adoption of different assumptions and other factors.

(2) Fair value of financial instruments

Consolidated balance sheet amount, fair value and their differences as of June 30, 2024 are as follows Stocks and other securities with no market price are not included in the following table (please refer to Note 1). (See Note 1.) (1). Cash and deposits," "notes, accounts receivable, trade and contract assets," "marketable securities," "deposits received," "accounts receivable," "notes and accounts payable," "accounts payable and accrued expenses," "income taxes payable," and "deposits received" are not stated because the fair values approximate their book values due to cash and short term settlements. The following items are omitted because their fair value approximates their book value due to cash and short-term settlements.

|                                                                  | Consolidated<br>Balance Sheet<br>Amount<br>(Thousand yen) | Market value<br>(Thousand<br>yen) | Difference<br>(Thousand<br>yen) |
|------------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------|---------------------------------|
| (i) Investments in securities                                    |                                                           |                                   |                                 |
| Available-for-sale securities                                    | 865,551                                                   | 865,551                           | -                               |
| (ii) Lease and guarantee deposits<br>(including current portion) | 630,981                                                   | 620,488                           | △10,493                         |
| Total Assets                                                     | 1,496,533                                                 | 1,486,040                         | △10,493                         |
| (i) Lease obligations (including current<br>portion)             | 6,005                                                     | 6,006                             | 0                               |
| Total liabilities                                                | 6,005                                                     | 6,006                             | 0                               |

(Notes) 1. Shares, etc. without market quotations

| Type            | Consolidated Balance Sheet<br>Amount |
|-----------------|--------------------------------------|
| unlisted stocks | 0                                    |

These are not included in "(i) Investment securities.

2. Investments in partnerships and other similar entities in which the net amount of equity interest is recorded on the consolidated balance sheets are omitted. The amount of the said investment on the consolidated balance sheet is 171,448 thousand yen.

(3) Matters concerning the breakdown of the fair value of financial instruments by level

The fair value of financial instruments is classified as the following three types based on the measurability and materiality of the inputs used to calculate fair value.

Level 1 fair value: Fair value calculated based on quoted market prices for assets or liabilities for which such fair value is calculated that is formed in an active market among the inputs

Level 2 fair value: Fair value calculated using inputs other than Level 1 inputs for the calculation of observable fair value

Level 3 fair value: Fair value calculated using inputs for calculating unobservable fair value

When multiple inputs that have a significant impact on the calculation of fair value are used, fair value is classified to the level with the lowest priority in the calculation of fair value among the levels to which each of those inputs belongs.

(i) Financial instruments carried on the consolidated balance sheet at fair value

| Classification                | Market value (Thousands of yen) |         |         |         |
|-------------------------------|---------------------------------|---------|---------|---------|
|                               | Level 1                         | Level 2 | Level 3 | Total   |
| Investments in securities     |                                 |         |         |         |
| Available-for-sale securities |                                 |         |         |         |
| Shares (company)              | 408,240                         | -       | -       | 408,240 |
| Other                         | -                               | 407,311 | 50,000  | 457,311 |
| Total assets                  | 408,240                         | 407,311 | 50,000  | 865,551 |

(ii) Financial instruments other than those recorded on the consolidated balance sheets at fair value

| Classification                                           | Market value (Thousands of yen) |         |         |         |
|----------------------------------------------------------|---------------------------------|---------|---------|---------|
|                                                          | Level 1                         | Level 2 | Level 3 | Total   |
| Lease and guarantee deposits (including current portion) | -                               | 620,488 | -       | 620,488 |
| Total assets                                             | -                               | 620,488 | -       | 620,488 |
| Lease obligations (including current portion)            | -                               | 6,006   | -       | 6,006   |
| Total liabilities                                        | -                               | 6,006   | -       | 6,006   |

(Note 1) Explanation of valuation techniques used in the calculation of fair value and inputs related to the calculation of fair value

Investments in securities

Listed stocks are valued using quoted market prices. Since listed stocks are traded in active markets, their fair value is classified as Level 1 fair value. Mutual funds, etc., are classified as Level 2 fair value because they are not frequently traded in the market and are not considered quoted prices in active markets. Unlisted equity warrants are calculated using significant unobservable inputs and are classified as Level 3 fair value.

Lease and guarantee deposits

The fair value of security deposits and guarantee money is classified as Level 2 fair value, which is calculated based on the present value of future cash flows discounted by an appropriate index such as the yield of government bonds, classified by a certain period of time.

Lease obligations

The fair value of lease obligations is determined using the discounted present value method based on the total amount of principal and interest and an interest rate that takes into account the remaining term of the obligation and credit risk, and is classified as Level 2 fair value.

2. Information on fair value of Level 3 financial instruments whose fair value is reported in the consolidated balance sheets

Notes have been omitted due to immateriality.

## 8. Notes to Revenue Recognition

(1) Information disaggregating revenue from contracts with customers into categories

(Unit: thousand yen)

|                                                         | Reportable Segment                         |                                           |                               | Total      |
|---------------------------------------------------------|--------------------------------------------|-------------------------------------------|-------------------------------|------------|
|                                                         | Consolidated Financial Disclosure Business | Digital Transformation Promotion Business | Management Solutions Business |            |
| Goods or services transferred at a single point in time | 179,031                                    | 36,834                                    | 148,019                       | 363,885    |
| Goods or services transferred over a set period of time | 6,988,003                                  | 8,777,211                                 | 8,290,660                     | 24,055,874 |
| Revenue from contracts with customers                   | 7,167,034                                  | 8,814,046                                 | 8,438,680                     | 24,419,760 |

|                             |           |           |           |            |
|-----------------------------|-----------|-----------|-----------|------------|
| Other revenues              | -         | -         | -         | -          |
| Sales to external customers | 7,167,034 | 8,814,046 | 8,438,680 | 24,419,760 |

(2) Information that provides a basis for understanding revenues arising from contracts with customers

Basis for understanding revenues is as described in "1. Notes to Basis of Presenting Consolidated Financial Statements, (4) Accounting Policies, (4) Other Significant Accounting Policies, 3) Basis for Reporting Significant Revenues and Expenses".

(3) Information to understand the level of revenue in current fiscal year and future years

(i) Balance of contract assets and contract liabilities, etc.

(Unit: thousand yen)

|                                                                       | Current fiscal year |
|-----------------------------------------------------------------------|---------------------|
| Receivables arising from contracts with customers (beginning balance) | 2,283,659           |
| Receivables arising from contracts with customers (ending balance)    | 3,615,211           |
| Contract assets (beginning balance)                                   | 679,471             |
| Contract assets at end of period                                      | 825,069             |
| Contract liabilities (beginning balance)                              | 2,796,086           |
| Contract liabilities at end of period                                 | 3,345,483           |

Contract assets mainly relate to the Group's rights to unclaimed consideration in revenues recognized as contracts progress and satisfy performance obligations. Contract assets are transferred to receivables arising from contracts with customers when the Group's rights to the consideration become unconditional.

Contract liabilities primarily relate to unearned revenues from customers. Contract liabilities are reversed upon recognition of revenue. The amount of revenue recognized in the current fiscal year that was included in contract liabilities at the beginning of the period was 2,718,403 thousand yen.

(ii) Transaction price allocated to remaining performance obligations

The aggregate transaction price allocated to the remaining performance obligations and the period over which revenue is expected to be recognized are as follows.

(Unit: thousand yen)

|                  | Current fiscal year |
|------------------|---------------------|
| Within 1 year    | 8,559,443           |
| More than 1 year | 222,844             |
| Total            | 8,782,287           |



## 9. Notes to Per Share Information

|                          |            |
|--------------------------|------------|
| (1) Net assets per share | 362.95 yen |
| (2) Net income per share | 76.62 yen  |

(Note) Company shares held by the stock delivery trust for employees and executive officers, which are recorded as treasury stock in shareholders' equity, are included in treasury stock deducted from the average number of shares outstanding during the fiscal year for the calculation of net income per share and in treasury stock deducted from the total number of shares outstanding at the end of the fiscal year for the calculation of net assets per share. Treasury stock is included in the number of shares deducted from the total number of shares issued at the end of the period for the calculation of net assets per share.

Such treasury stock at the end of the period deducted for the calculation of net assets per share totaled 652,300 shares in the current consolidated fiscal year, and the average number of such treasury stock deducted for the calculation of net income per share was 405,844 shares in the current consolidated fiscal year.

## Notes to Significant Subsequent Events

(Establishment of joint venture (subsidiary))

At the Board of Directors meeting held on April 26, 2024, the Company resolved to establish DivaCygnet Private Limited, a joint venture with Cygnet Infotech Private Limited (<https://www.cygnet.one>). Based on this resolution, the Company entered into a joint venture agreement on April 30, 2024 and set up the joint venture on August 5, 2024.

### (1) Background of Joint Venture Establishment

In order to become a world-class software company and to secure software development capabilities on a global level, we outsourced development of our software products to Cygnet Infotech Private Limited, an India-based company which aims to improve the lives of people around the world with technology-enabled, data-driven solutions. Through collaboration with the company, both companies have highlighted growth potential in the Indian software market and the sales potential of the Group's software products in India. As a result of discussions between the two companies, a joint venture with joint investment was established by both companies.

### (2) Business and Purpose of the Joint Venture

Through this joint venture, we will strengthen our position in the Indian market by conducting research and business development for our group's software sales in the Indian market.

### (3) Overview of Joint Venture

|                                      |                                                                                           |
|--------------------------------------|-------------------------------------------------------------------------------------------|
| (1) Name                             | DivaCygnet Private Limited                                                                |
| (2) Location                         | Bandra Kurla Complex, Mumbai, Maharashtra                                                 |
| (3) Title and name of representative | CEO: Surendra Sharma                                                                      |
| (4) Business                         | Investigation of the Group's software sales in the Indian market and business development |
| (5) capital stock                    | 60 million Indian rupees                                                                  |
| (6) Date of Establishment            | August 5, 2024                                                                            |
| (7) accounting period                | March                                                                                     |
| (8) net assets                       | 60 million Indian rupees                                                                  |
| (9) total assets                     | 60 million Indian rupees                                                                  |
| (10) Investment Ratio                | Avant Group Inc.: 80%.<br>Cygnet Infotech Private Limited: 20%.                           |

(4) Overview of counterparty in the joint venture agreement

|                                                        |                                                                                                                             |                                                                                |
|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| (1) Name                                               | Cygnet Infotech Private Limited                                                                                             |                                                                                |
| (2) Location                                           | 16-Swastik Society, near Amco Bank, Stadium Circle, Opposite Diamond Plaza, Navrangpura, Ahmedabad - 380009, Gujarat, India |                                                                                |
| (3) Title and name of representative                   | Managing Director, Founder & CEO: Niraj Hutheesing                                                                          |                                                                                |
| (4) Business                                           | Contracted development of software and development and sales of in-house software                                           |                                                                                |
| (5) Capital stock                                      | 52 million Indian rupees                                                                                                    |                                                                                |
| (6) Date of Establishment                              | August 22, 2000                                                                                                             |                                                                                |
| (7) Major Shareholders and Shareholding Ratio          | Niraj Hutheesing: 87.77%.                                                                                                   |                                                                                |
| (8) Listed companies and Relationship with the Company | Capital ties                                                                                                                | Not applicable.                                                                |
|                                                        | Personal relations                                                                                                          | Not applicable.                                                                |
|                                                        | Business relations                                                                                                          | The Company has been developing software products for our group. Commissioned. |

(5) Future schedule

|                     |                                               |
|---------------------|-----------------------------------------------|
| Business start date | Late August to early September 2024 (planned) |
|---------------------|-----------------------------------------------|

**11. Other notes**

Figures are rounded down to the nearest unit.

# Balance Sheet

(As of June 30, 2024)

(Unit: thousand yen)

| Item                                  | Amount               | Item                                                      | Amount             |
|---------------------------------------|----------------------|-----------------------------------------------------------|--------------------|
| <b>(Assets)</b>                       |                      | <b>(Liabilities)</b>                                      |                    |
| <b>Current assets</b>                 | <b>5,375,833</b>     | <b>Current liabilities</b>                                | <b>540,114</b>     |
| Cash and deposits                     | 3,506,376            | Lease liabilities                                         | 1,458              |
| Accounts receivable                   | 98,511               | Arrears                                                   | 114,766            |
| Marketable securities                 | 500,000              | Accrued expenses                                          | 25,627             |
| Materials and supplies                | 21,154               | Income taxes payable                                      | 1,936              |
| Prepaid expenses                      | 111,635              | Deposits (received)                                       | 21,434             |
| Cash advance                          | 36,860               | Allowance for bonuses                                     | 53,372             |
| Accounts receivable                   | 530,597              | Allowance for bonuses to directors and corporate auditors | 48,899             |
| Deposits paid                         | 526,961              | Allowance for stock benefits                              | 72,618             |
| Other                                 | 43,735               | Deposits received from subsidiaries and affiliates        | 200,000            |
| <b>Fixed assets</b>                   | <b>2,543,511</b>     | <b>Fixed liabilities</b>                                  | <b>49,749</b>      |
| <b>Property, plant and equipment</b>  | <b>48,498</b>        | Asset retirement obligations                              | 22,437             |
| Tools, furniture and fixtures         | 314,094              | Deferred tax liabilities                                  | 27,312             |
| Accumulated depreciation              | (265,596) Net income | <b>Total liabilities</b>                                  | <b>589,864</b>     |
| <b>Intangible fixed assets</b>        | <b>273,468</b>       |                                                           |                    |
| Trademarks                            | 42,527               | (Net assets)                                              |                    |
| Software                              | 230,714              | <b>Shareholders equity</b>                                | <b>7,102,599</b>   |
| Other                                 | 225                  | <b>Share capital</b>                                      | <b>345,113</b>     |
| <b>Investments and other assets</b>   | <b>2,221,545</b>     | <b>Capital surplus</b>                                    | <b>281,913</b>     |
| Investment securities                 | 865,551              | Capital reserve                                           | 281,913            |
| Shares of subsidiaries and affiliates | 1,270,357            | <b>Retained earnings</b>                                  | <b>7,872,195</b>   |
| Long-term prepaid expenses            | 9,628                | Legal retained earnings reserve                           | 374                |
| Leasehold and guarantee deposits      | 2,194                | Other retained earnings                                   | 7,871,821          |
| Insurance reserve                     | 63,971               | Retained earnings brought forward                         | 7,871,821          |
| Other                                 | 9,840                | <b>Treasury shares</b>                                    | <b>(1,396,622)</b> |
|                                       |                      | <b>Valuation and translation adjustments</b>              | <b>226,882</b>     |
|                                       |                      |                                                           | <b>Net income</b>  |

|                     |                  |                                                                              |                  |
|---------------------|------------------|------------------------------------------------------------------------------|------------------|
|                     |                  | Net unrealized gains (losses) on available-for-sale securities, net of taxes | 224,019          |
|                     |                  | Deferred gains or losses on hedges                                           | 2,862            |
|                     |                  | <b>Total net assets</b>                                                      | <b>7,329,481</b> |
| <b>Total assets</b> | <b>7,919,345</b> | <b>Total liabilities and net assets</b>                                      | <b>7,919,345</b> |

# Statement of Income

July 1, 2023  
To June 30, 2024

(Unit: thousand yen)

| Item                                                     | Amount               |                      |
|----------------------------------------------------------|----------------------|----------------------|
| <b>Operating revenue</b>                                 |                      |                      |
| Management fee                                           | 1,049,718            |                      |
| Dividends received from subsidiaries and affiliates      | 1,654,000            |                      |
| Other                                                    | 148                  | 2,703,866            |
| <b>Operating expenses</b>                                |                      |                      |
| Selling, general and administrative expenses             | 1,856,660            | 1,856,660            |
| <b>Operating profit</b>                                  |                      | <b>847,206</b>       |
| <b>Non-operating income</b>                              |                      |                      |
| Interest income                                          | 758                  |                      |
| Dividends income                                         | 12,296               |                      |
| Gains on currency exchange                               | 4,434                |                      |
| Subsidy income                                           | 202                  |                      |
| Other                                                    | 2,375                | 20,067               |
| <b>Non-operating expenses</b>                            |                      |                      |
| Interest expense                                         | 4                    |                      |
| Fees and commissions                                     | 10,863               |                      |
| Loss on investment partnerships                          | 13,750               |                      |
| Other                                                    | 589                  | 25,207               |
| <b>Ordinary income</b>                                   |                      | <b>842,065</b>       |
| <b>Extraordinary income</b>                              |                      |                      |
| Penalty income                                           | 16,961               | 16,961               |
| <b>Income before income taxes and minority interests</b> |                      | <b>859,026</b>       |
| Corporate, residence and enterprise taxes                | (176,745) Net income |                      |
| Income taxes-deferred                                    | (33,052) Net income  | (209,797) Net income |

|            |  |           |
|------------|--|-----------|
| Net income |  | 1,068,824 |
|------------|--|-----------|

# Statement of Changes in Net Assets (Consolidated)

July 1, 2023  
to June 30, 2024

(Unit: thousand yen)

|                                                                                               | Shareholders' Equity |                 |                              |                                  |                                                             |                                |
|-----------------------------------------------------------------------------------------------|----------------------|-----------------|------------------------------|----------------------------------|-------------------------------------------------------------|--------------------------------|
|                                                                                               | Capital stock        | Capital surplus |                              | Balance at end of current period |                                                             |                                |
|                                                                                               |                      | Capital reserve | Capital surplus total amount | Legal retained earnings reserve  | Other gains surplus<br>Balance of retained earnings surplus | Retained earnings total amount |
| <b>Balance at start of current period</b>                                                     | 345,113              | 281,913         | 281,913                      | 374                              | 7,367,640                                                   | 7,368,014                      |
| <b>Changes during period</b>                                                                  |                      |                 |                              |                                  |                                                             |                                |
| Dividends from surplus                                                                        |                      |                 |                              |                                  | (564,642)                                                   | (564,642)                      |
| Net income                                                                                    |                      |                 |                              |                                  | 1,068,824                                                   | 1,068,824                      |
| Acquisition of treasury stock                                                                 |                      |                 |                              |                                  |                                                             |                                |
| Acquisition of treasury stock by stock grant trust                                            |                      |                 |                              |                                  |                                                             |                                |
| Items other than shareholders' equity<br>Net changes of items other than shareholders' equity |                      |                 |                              |                                  |                                                             |                                |
| <b>Total changes during period</b>                                                            | -                    | -               | -                            | -                                | 504,181                                                     | 504,181                        |
| <b>Balance at end of period</b>                                                               | 345,113              | 281,913         | 281,913                      | 374                              | 7,871,821                                                   | 7,872,195                      |



|                                                                                               | Shareholders' Equity                    |                            | Valuation and translation adjustments, etc.                                         |                                |                                                 | Total net assets                      |
|-----------------------------------------------------------------------------------------------|-----------------------------------------|----------------------------|-------------------------------------------------------------------------------------|--------------------------------|-------------------------------------------------|---------------------------------------|
|                                                                                               | Treasury stock                          | Capital stock total amount | Available-for-sale securities Valuation difference on available-for-sale securities | Deferred hedge profit and loss | Valuation and conversion Total difference, etc. |                                       |
| <b>Balance at start of current period</b>                                                     | △608                                    | 7,994,432                  | 183,925                                                                             | 302                            | 184,228                                         | 8,178,660                             |
| <b>Changes during the period</b>                                                              |                                         |                            |                                                                                     |                                |                                                 |                                       |
| Dividends from surplus                                                                        |                                         | (564,642)                  |                                                                                     |                                |                                                 | (564,642)                             |
| Net income                                                                                    |                                         | 1,068,824                  |                                                                                     |                                |                                                 | 1,068,824                             |
| Acquisition of treasury stock                                                                 | (477,635)                               | (477,635)                  |                                                                                     |                                |                                                 | (477,635)                             |
| Acquisition of treasury stock by stock grant trust                                            | △918,379                                | △918,379                   |                                                                                     |                                |                                                 | △918,379                              |
| Items other than shareholders' equity<br>Net changes of items other than shareholders' equity |                                         |                            | 40,093                                                                              | 2,560                          | 42,653                                          | 42,653                                |
| <b>Total changes during the period</b>                                                        | <b>(1,396,014)</b>                      | <b>△891,833</b>            | <b>40,093</b>                                                                       | <b>2,560</b>                   | <b>42,653</b>                                   | <b>(849,179)</b><br><b>Net income</b> |
| <b>Balance at end of period</b>                                                               | <b>(1,396,622)</b><br><b>Net income</b> | <b>7,102,599</b>           | <b>224,019</b>                                                                      | <b>2,862</b>                   | <b>226,882</b>                                  | <b>7,329,481</b>                      |

## Individual Note Table

### Matters Related to Significant Accounting Policies

- (1) Valuation standards and methods for assets
  - (i) Valuation standards and methods for securities

|                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Held-to-maturity debt securities                                                                                                                                                                                                                                                                                                                                                                   | Amortized cost method (straight-line method)                                                                                                                                 |
| Stocks of subsidiaries and affiliates                                                                                                                                                                                                                                                                                                                                                              | Cost method based on the moving average method                                                                                                                               |
| Other marketable securities                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                              |
| Stocks, etc. with no market price                                                                                                                                                                                                                                                                                                                                                                  | Market value method (unrealized gains and losses are accounted for as a component of net assets, and the cost of securities sold is determined by the moving-average method) |
| Stocks, etc. with no market price                                                                                                                                                                                                                                                                                                                                                                  | Cost method based on the moving average method                                                                                                                               |
| For investments in limited liability investment partnerships (deemed as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Law), the Company uses the most recent financial statements available according to the reporting date stipulated in the partnership agreement as the basis for calculating the net amount equivalent to its interest in the partnership. |                                                                                                                                                                              |
  - (ii) Valuation standards and methods for inventories

|          |                                                                                                                                                                         |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Supplies | Cost method based on the specific cost method (the amount on the balance sheet is calculated by writing down the book value of assets which decreased in profitability) |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
- (2) Accounting for significant deferred assets

|                      |                                                           |
|----------------------|-----------------------------------------------------------|
| Share grant expenses | The entire amount is expensed at the time of expenditure. |
|----------------------|-----------------------------------------------------------|
- (3) Depreciation method for fixed assets
  - (i) Property, plant and equipment

|  |                                                                                                                                                                                    |
|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | Declining-balance method, except for buildings and accompanying facilities acquired on or after April 1, 2016, for which the straight-line method is used. (Principal useful life) |
|  | Tools, furniture and fixtures      4 to 15 years                                                                                                                                   |
  - (ii) Intangible fixed assets

|                                 |                                                                                           |
|---------------------------------|-------------------------------------------------------------------------------------------|
|                                 | Straight-line method                                                                      |
| Software for sale in the market | Amortization based on estimated sales revenue within the estimated sales period (3 years) |
| Software for internal use       | Useful life is the period of internal use (5 years).                                      |
- (4) Basis for reserves

- (i) Allowance for bonuses            To provide for employee bonuses, amount accrued for the current fiscal year is recorded based on estimated payment.
  - (ii) Allowance for bonuses to directors and corporate auditors            To provide for bonuses for directors and corporate auditors, amount accrued for the current fiscal year is recorded based on estimated payment.
  - (iii) Allowance for stock benefits            To provide for the payment of Company stock to employees and executive officers in accordance with the stock delivery regulations, the Company records an amount based on the estimated stock delivery obligations as of the end of the fiscal year under review.
- (5) Basis for recording revenues and expenses

The Company's revenues consist of management guidance fees and outsourcing fees from subsidiaries.

The performance obligation is to provide contracted services to the subsidiary in accordance with the terms of the contract, and the Company's performance obligation is fulfilled when the services are provided, and thus revenue and expenses are recognized at that time.

(6) Other important matters that form the basis for the preparation of financial statements

(i) Significant hedge accounting methods

|                                                    |                                                                                                                                                                                                                                  |
|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Hedge accounting method                            | Deferred hedge accounting is adopted.                                                                                                                                                                                            |
| Hedging instruments and hedged items               | Hedging instrument...Foreign currency deposits<br>Hedged items...Anticipated transactions denominated in foreign currencies                                                                                                      |
| Hedging policy                                     | Foreign currency deposits are used to hedge the risk of exchange rate fluctuations. The Company's policy is to use such transactions within the scope of actual demand and not to conduct transactions for speculative purposes. |
| Methods of evaluating the effectiveness of hedging | Since material terms of hedging instruments and hedged items are the same and the cash flow fluctuations can be offset after the inception of the hedge, the assessment of effectiveness at the balance sheet date is omitted.   |

(ii) Standards for translation of significant assets and liabilities denominated in foreign currencies into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing on the balance sheet date, with translation differences recognized as gains or losses.

(iii) Application of group aggregation system

The Company applies the group totalization system and accounts for corporate and local income taxes or tax effect accounting related to these taxes and disclosures in accordance with the "Treatment of Accounting and Disclosure when Applying the Group Total System" (Practical Issues Task Force No. 42, August 12, 2021).

## Notes on Additional Information

(Transactions in which the Company's shares are issued to employees and executive officers through a trust)

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

### (1) Outline of Transaction

Under this plan, points are granted to Employees, etc. who meet certain pre-determined requirements based on the Share Delivery Regulations established by the Company, and a corresponding number of Company shares to the number of points granted to such beneficiaries will be delivered to Employees, etc. that meet requirements to become beneficiaries as stipulated in the Share Delivery Regulations. Shares provided to employees are acquired in accordance with a predetermined trust amount, including a portion in the future, and are segregated and managed as trust assets.

At a meeting of the Board of Directors held on December 20, 2023, it was resolved to add the Company's executive officers to this plan.

### (2) Shares of the Company 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 incidental expenses). Company shares managed in the trust are booked as treasury stock under net assets at book value (excluding incidental expenses). The book value and number of such treasury stock amounted to 918,379 thousand yen and 652,300 shares at the end of the current fiscal year.

## Notes on Balance Sheet

(1) Monetary receivables from and monetary payables to subsidiaries and affiliates (excluding those presented separately)

|                                 |         |             |
|---------------------------------|---------|-------------|
| Short-term monetary claims      | 150,207 | '000<br>yen |
| Short-term monetary obligations | 36,241  | '000<br>yen |
| Long-term monetary claims       | 9,840   | '000<br>yen |

### (2) Loan commitment contracts

The Company has entered into loan commitment contracts with three banks for efficient procurement of working capital.

The following are unused lines of credit related to loan commitments as of the end of the current fiscal year.

|                                  |                  |                     |
|----------------------------------|------------------|---------------------|
| Total amount of loan commitments | 3,500,000        | '000<br>yen         |
| Loan balance                     | -                | '000<br>yen         |
| <u>Balance (of an account)</u>   | <u>3,500,000</u> | <u>'000<br/>yen</u> |

## Notes on Statements of Income

(1) Transactions with subsidiaries and affiliates (excluding those shown separately)

|                                               |           |             |
|-----------------------------------------------|-----------|-------------|
| Transaction volume from business transactions | 1,215,422 | '000<br>yen |
| Non-operating transactions                    | 715       | '000<br>yen |

(2) Penalty income

The Company records penalty income resulting from the cancellation of partnership agreements by the counterparty.

**Notes on Non-consolidated Statement of Changes in Net Assets**

Matters related to the number of treasury stock

| Type of shares | Number of shares at beginning of year | Number of shares increased in current fiscal year | Number of shares decreased in current fiscal year | Number of shares at end of current fiscal year |
|----------------|---------------------------------------|---------------------------------------------------|---------------------------------------------------|------------------------------------------------|
| common stock   | 2,998                                 | 1,016,400                                         | -                                                 | 1,019,398                                      |

(Note 1) The increase of 1,016,400 common stocks in treasury stock consists of 364,100 shares acquired after a vote by the Board of Directors and 652,300 shares acquired through a stock delivery trust for employees and executive officers.

2. The number of treasury stock of common stock at the end of the current fiscal year includes 652,300 shares of the Company's stock held by a stock delivery trust for employees and executive officers.

## Notes on Tax Effect Accounting

### (1) Significant components of deferred tax assets and liabilities

| Deferred tax assets                                                          |            |             |
|------------------------------------------------------------------------------|------------|-------------|
| Tax loss carryforwards                                                       | 174,598    | '000<br>yen |
| Enterprise tax payable                                                       | 504        | '000<br>yen |
| Business office tax payable                                                  | 528        | '000<br>yen |
| Allowance for bonuses                                                        | 16,342     | '000<br>yen |
| Allowance for bonuses to directors and corporate auditors                    | 14,972     | '000<br>yen |
| Allowance for stock benefits                                                 | 22,235     | '000<br>yen |
| Depreciation and amortization                                                | 8,086      | '000<br>yen |
| Loss on valuation of investment securities                                   | 3,061      | '000<br>yen |
| Loss on valuation of stocks of subsidiaries and affiliates                   | 124,726    | '000<br>yen |
| Asset retirement obligations                                                 | 6,870      | '000<br>yen |
| Net unrealized gains (losses) on available-for-sale securities, net of taxes | 6,875      | '000<br>yen |
| Other                                                                        | 25,915     | '000<br>yen |
|                                                                              |            | <hr/>       |
| Subtotal of deferred tax assets                                              | 404,719    | '000<br>yen |
|                                                                              | (174,598)  | '000        |
| Valuation allowance for net operating loss carryforwards for tax purposes    | Net income | yen         |
| Valuation allowance for total future deductible temporary differences, etc.  | (149,835)  | '000        |
|                                                                              | Net income | yen         |
|                                                                              |            | <hr/>       |
| Total deferred tax assets                                                    | 80,284     | '000<br>yen |
| Deferred tax liabilities                                                     |            |             |
| Net unrealized gains (losses) on available-for-sale securities, net of taxes | 106,334    | '000<br>yen |
| Other                                                                        | 1,263      | '000<br>yen |
|                                                                              |            | <hr/>       |
| Total deferred tax liabilities                                               | 107,597    | '000        |

|                              |               |
|------------------------------|---------------|
|                              | <u>yen</u>    |
|                              | (27,312) '000 |
| Net deferred tax liabilities | Net yen       |
|                              | <u>income</u> |

(2) Breakdown of causes for differences between the statutory tax rate and the effective tax rate after the application of tax effect accounting

|                                                                                           |               |
|-------------------------------------------------------------------------------------------|---------------|
| Statutory effective tax rate                                                              | 30.6%         |
| (Adjustment)                                                                              |               |
| Entertainment expenses and other items not permanently deductible for income tax purposes | 0.0%          |
| Dividends received and other items not permanently includable in income                   | △59.0%        |
| Valuation allowance                                                                       | 5.3%          |
| Other                                                                                     | △1.3%         |
| Effective tax rate after application of tax effect accounting                             | <u>△24.4%</u> |

(3) Accounting for corporate and local income taxes or tax effect accounting related to these taxes

The Company applies the Group Total System and accounts for corporate and local income taxes or tax effect accounting related to these taxes and disclosures in accordance with the "Treatment of Accounting and Disclosure when Applying the Group Total System" (Practical Issues Task Force No. 42, August 12, 2021).



## 7. Notes on Transactions with Related Parties

### (1) Subsidiaries

(Unit: thousand yen)

| Company name              | Percentage of voting rights, etc. held by the Company (%) | Relationship with related parties                                                                                                                                            | Transaction details                     | Amount of transaction                 | Items                         | Balance at end of year |
|---------------------------|-----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------|-------------------------------|------------------------|
| Avant Corporation         | 100% directly                                             | Management guidance and outsourced administrative services<br>Fund management<br>Guarantee of debt<br>Concurrently serving as director<br><br>Outsourced accounting services | Management services outsourced (Note 1) | 388,651                               | Accounts receivable           | 36,441                 |
|                           |                                                           |                                                                                                                                                                              | Outsourced accounting services (Note 1) | 11,848                                | prepaid expenses              | 489                    |
|                           |                                                           |                                                                                                                                                                              | Loan of funds (Note 2)                  | 390,000                               | accounts receivable           | 6,331                  |
|                           |                                                           |                                                                                                                                                                              | Recovery of funds (Note 2)              | 490,000                               | (cash) advance                | 9,144                  |
|                           |                                                           |                                                                                                                                                                              | Interest income received (Note 2)       | 711                                   | Long-term accounts receivable | 2,501                  |
|                           |                                                           |                                                                                                                                                                              |                                         |                                       | Arrears                       | 20,962                 |
| Internet Disclosure, Inc. | 100% directly                                             | Management guidance<br>Fund management<br>Concurrently serving as directors                                                                                                  | Management services outsourced (Note 1) | 2,000                                 | Accounts receivable           | 550                    |
|                           |                                                           |                                                                                                                                                                              | Interest payments (Note 2)              | 4                                     | Prepaid expenses              | 539                    |
|                           |                                                           |                                                                                                                                                                              |                                         |                                       | Accounts receivable           | 1,044                  |
|                           |                                                           |                                                                                                                                                                              |                                         |                                       | (Cash) advance                | 64                     |
|                           |                                                           |                                                                                                                                                                              |                                         |                                       | Long-term accounts receivable | 1,200                  |
|                           |                                                           |                                                                                                                                                                              |                                         | Affiliated company Deposit (received) | 200,000                       |                        |
| ZEAL CORPORATION          | 100% directly                                             | Management guidance and outsourced administrative services<br>Loan of fund management funds<br>Concurrent directors                                                          | Management services outsourced (Note 1) | 338,953                               | Accounts receivable           | 31,550                 |
|                           |                                                           |                                                                                                                                                                              |                                         |                                       | Accounts receivable           | 3,383                  |
|                           |                                                           |                                                                                                                                                                              |                                         |                                       | (Cash) advance                | 8,922                  |
|                           |                                                           |                                                                                                                                                                              |                                         |                                       | Long-term accounts receivable | 3,336                  |
|                           |                                                           |                                                                                                                                                                              |                                         |                                       | Arrears                       | 2                      |
| Corporation DIVA          | 100% directly                                             | Outsourcing of management guidance and outsourced accounting services<br><br>Concurrent directors                                                                            | Management services outsourced (Note 1) | 320,113                               | Accounts receivable           | 29,969                 |
|                           |                                                           |                                                                                                                                                                              | Outsourced accounting services (Note 1) | 126,146                               | Accounts receivable           | 4,076                  |
|                           |                                                           |                                                                                                                                                                              |                                         |                                       | (Cash) advance                | 18,729                 |
|                           |                                                           |                                                                                                                                                                              |                                         |                                       | Long-term accounts receivable | 2,802                  |
|                           |                                                           |                                                                                                                                                                              |                                         |                                       | Arrears                       | 12,654                 |

Transaction amounts do not include consumption taxes, and year-end balances include consumption taxes.

Terms and conditions of transactions and policy for determining terms and conditions of transactions, etc.

(Transaction terms and conditions for outsourced administrative and accounting services are determined appropriately, taking into consideration incurred costs and other factors.

2. Interest rates for loans in the loan of funds and deposits in the group fund management are determined rationally, taking market interest rates into consideration.

(2) Directors and principal individual shareholders, etc.

Not applicable.

## 8. Notes on Revenue Recognition

Notes have been omitted as the same information to understand revenue is presented in "Notes on Non-Consolidated Financial Statements, 1. Significant Accounting Policies, (5) Basis for Recognition of Revenue and Expenses.

## Notes on Per Share Information

- |                          |            |
|--------------------------|------------|
| (1) Net assets per share | 200.11 yen |
| (2) Net income per share | 28.73 yen  |
- (Note) Company shares managed by the Stock Delivery Trust for Employees and Executive Officers, which are recorded as treasury stock in shareholders' equity, are included in treasury stock deducted from the average number of shares outstanding during the fiscal year for the calculation of net income per share and in treasury stock deducted from the total number of shares outstanding at the end of the fiscal year for the calculation of net assets per share. Treasury stock is included in the number of shares deducted from total shares issued at the end of the period for the calculation of net assets per share. The number of such treasury shares at the end of the period deducted for the calculation of net assets per share is 652,300 shares for the current fiscal year, and the average number of such treasury stock during the period deducted for the calculation of net income per share is 405,844 shares for the current fiscal year.

## Notes on Significant Subsequent Events

At the Board of Directors meeting held on April 26, 2024, the Company resolved to establish DivaCygnet Private Limited, a joint venture with Cygnet Infotech Private Limited (<https://www.cygnet.one>). Based on this resolution, the Company entered into a joint venture agreement on April 30, 2024 and established the joint venture on August 5, 2024.

For details, please refer to "10. Notes on Significant Subsequent Events" in the Notes to Consolidated Financial Statements.

## 11. Other notes

Figures are rounded down to the nearest unit.

# Audit Report on the Consolidated Financial Statements

## Independent Auditor's Report

August 23, 2024

Avant Group Inc.

To: Board of Directors

Deloitte Touche Tohmatsu  
LLC

Tokyo Office

|                                         |                                   |               |
|-----------------------------------------|-----------------------------------|---------------|
| Designated and<br>Engagement<br>Partner | Certified<br>public<br>accountant | Takaya Goukon |
|-----------------------------------------|-----------------------------------|---------------|

|                                         |                                   |              |
|-----------------------------------------|-----------------------------------|--------------|
| Designated and<br>Engagement<br>Partner | Certified<br>public<br>accountant | Kenji Ohyama |
|-----------------------------------------|-----------------------------------|--------------|

### <Audit of Consolidated Financial Statements> Audit Opinion

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and the notes to consolidated financial statements of Avant Group Inc. for the fiscal year from July 1, 2023 to June 30, 2024, in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Avant Group Inc. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in conformity with accounting principles generally accepted in Japan.

### Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We are independent of the Company and its consolidated subsidiaries and fulfill our other ethical responsibilities as auditors in accordance with the rules of professional ethics in Japan. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

### Other Descriptions

The other statements are the business report and its supporting schedules. Management is responsible for preparing and disclosing other statements. In addition, the Audit Committee is responsible for monitoring the directors' performance of their duties in the development and operation of the reporting process for other statements.

Our audit opinion on the consolidated financial statements does not include any other description, and we express no opinion on any other description.

Our responsibility in the audit of the consolidated financial statements is to read the other information carefully and, in the course of that reading, to consider whether there are material differences between the other information and the consolidated financial statements or knowledge we have acquired in the course of our audit, and to pay attention

to whether there are any indication of material errors in the other information other than such material differences. In addition to such material differences, we also pay attention to whether there are any other indications of material errors in the other statements.

If, based on the work we have performed, we determine that there are material errors in the other entries, we are required to report those facts.

We have no other matters to report.

#### Management and Audit Committee Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes the development and operation of internal control determined by management to be necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for evaluating whether it is appropriate to present the consolidated financial statements on a going concern basis and for disclosing any matters related to going concern that are required to be disclosed in accordance with accounting principles generally accepted in Japan. The Company is responsible for the disclosure of such matters.

The responsibility of the Audit Committee is to monitor the directors' performance of their duties in the development and operation of the financial reporting process.

#### Auditor's Responsibility for the Audit of the Consolidated Financial Statements

The auditor is responsible for obtaining reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatements, whether due to fraud or error, based on the audit performed by the auditor, and for expressing an opinion on the consolidated financial statements from an independent standpoint in the auditor's report. A misstatement is considered to be material if it could have been caused by fraud or error and, individually or in the aggregate, could reasonably be expected to affect the decisions of users of the consolidated financial statements.

The auditor shall exercise professional judgment throughout the audit process in accordance with auditing standards generally accepted as fair and appropriate in Japan, and shall maintain professional skepticism and identify and assess the risk of material misstatement due to fraud or error. In addition, audit procedures shall be designed and implemented to address the risks of material misstatement. The selection and application of audit procedures are at the auditor's discretion. In addition, we obtain sufficient and appropriate audit evidence on which to base our opinion.

The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal controls; however, in making those risk assessments, the auditor considers internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

Evaluate the appropriateness of the accounting policies and methods of application thereof adopted by management and the reasonableness of the accounting estimates made by management and the appropriateness of the related notes.

Conclusion as to whether it is appropriate for management to prepare the consolidated financial statements on a going concern basis and, based on the audit evidence obtained, whether there are material uncertainties regarding events or conditions that might cast significant doubt on the entity's ability to continue as a going concern. If a material uncertainty regarding the entity's ability to continue as a going concern exists, the auditor is required to draw attention in the auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements are not appropriate with respect to the material uncertainty, to express an opinion with qualifications on the consolidated financial statements. The auditor's conclusion is based on audit evidence obtained up to the date of the auditor's report; however, future events or circumstances may cause the entity to cease to exist as a going concern.

The consolidated financial statements are presented in conformity with accounting

principles generally accepted in Japan and the related notes are included in the consolidated financial statements. (2) Assess whether the consolidated financial statements present fairly the underlying transactions and accounting events, including the related notes.

Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to enable us to express our opinion on the consolidated financial statements. The auditor is responsible for directing, supervising and performing the audit of the consolidated financial statements. The auditor is solely responsible for its audit opinion.

The auditor shall report to the Audit Committee on the scope and timing of the planned audit, significant audit findings, including material deficiencies in internal control, identified during the course of the audit, and other matters required by the audit standards.

The auditor shall report to the Audit Committee that the auditor has complied with the rules on professional ethics in Japan regarding independence and matters that may reasonably be considered to affect the auditor's independence, and if any measures have been taken to remove disincentive or to reduce the disincentive to an acceptable level. If safeguards have been applied, report on the details of such safeguards.

Stake

We have no interest in or relationship with the Company or its consolidated subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

and above

# Audit Report on Financial Statements

## Independent Auditor's Report

August 23, 2024

Avant Group Inc.

To: Board of Directors

Deloitte Touche Tohmatsu  
LLC

Tokyo Office

|                                         |                                   |               |
|-----------------------------------------|-----------------------------------|---------------|
| Designated and<br>Engagement<br>Partner | Certified<br>public<br>accountant | Takaya Goukon |
|-----------------------------------------|-----------------------------------|---------------|

|                                         |                                   |             |
|-----------------------------------------|-----------------------------------|-------------|
| Designated and<br>Engagement<br>Partner | Certified<br>public<br>accountant | Kenji Oyama |
|-----------------------------------------|-----------------------------------|-------------|

### <Audit of Financial Statements>

#### Audit Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements, namely, the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements, and the related supplementary schedules (the "financial statements, etc.") of Avant Group, Inc. for its 28th fiscal year from July 1, 2023 to June 30, 2024.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Company for the period, for which the financial statements were prepared, in conformity with accounting principles generally accepted in Japan.

#### Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility is to express an opinion on the financial statements based on our audit. We are independent of the company and fulfill our other ethical responsibilities as auditors in accordance with the rules of professional ethics in our country. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

#### Other Descriptions

The other statements are the business report and its supporting schedules. Management is responsible for preparing and disclosing other statements. In addition, the Audit Committee is responsible for monitoring the directors' performance of their duties in the development and operation of the reporting process for other statements.

Our audit opinion on the financial statements does not cover other matters and we express no opinion on them.

Our responsibility in the audit of the financial statements is to read the other information carefully and, in the course of reading the other information, to consider whether there are material differences between the other information and the financial statements or our knowledge obtained in the audit, and to pay attention to whether there are any indication of material errors in the other information other than such material differences. In addition to such material differences, we also pay attention to whether there are any other indications of material misstatement.

If, based on the work we have performed, we determine that there are material errors in the other entries, we are required to report those facts.

We have no other matters to report.

#### Responsibility of Management and Audit Committee for Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in Japan. This includes the establishment and operation of internal controls deemed necessary by management for the preparation and fair presentation of financial statements and other financial information that are free from material misstatement due to fraud or error.

In preparing the financial statements, management is responsible for evaluating whether it is appropriate to prepare the financial statements based on the going concern assumption and for disclosing matters related to a going concern if such disclosure is required under accounting principles generally accepted in Japan.

The responsibility of the Audit Committee is to monitor the directors' performance of their duties in the development and operation of the financial reporting process.

#### Auditor's Responsibility for the Audit of Financial Statements

The auditor is responsible for obtaining reasonable assurance about whether the financial statements as a whole are free of material misstatements, whether due to fraud or error, based on the audit performed by the auditor, and for expressing an opinion on the financial statements from an independent perspective in the auditor's report. A misstatement is considered to be material if it could have been caused by fraud or error and, individually or in the aggregate, could reasonably be expected to affect the decisions of users of the financial statements.

The auditor shall exercise professional judgment throughout the audit process in accordance with auditing standards generally accepted as fair and appropriate in Japan, and shall maintain professional skepticism and identify and assess the risk of material misstatement due to fraud or error. In addition, audit procedures shall be designed and implemented to address the risks of material misstatement. The selection and application of audit procedures are at the auditor's discretion. In addition, we obtain sufficient and appropriate audit evidence on which to base our opinion.

The purpose of an audit of financial statements is not to express an opinion on the effectiveness of internal control; however, in making those risk assessments, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

Evaluate the appropriateness of the accounting policies and methods of application thereof adopted by management and the reasonableness of the accounting estimates made by management and the appropriateness of the related notes.

The auditor concludes whether it is appropriate for management to prepare the financial statements on a going concern basis and, based on the audit evidence obtained, whether there are material uncertainties regarding events or conditions that might cast significant doubt on the entity's ability to continue as a going concern. If a material uncertainty regarding the entity's ability to continue as a going concern is recognized, the auditor is required to draw attention in the auditor's report to the notes to the financial statements or, if the notes to the financial statements are not appropriate with respect to the material uncertainty, to express an opinion with qualifications on the financial statements or the financial statements. The auditor's conclusion is based on audit evidence obtained up to the date of the auditor's report; however, future events or circumstances may cause the entity to cease to exist as a going concern.

The Board of Corporate Auditors shall evaluate whether the presentation and notes to the financial statements conform to accounting principles generally accepted in Japan, and whether the financial statements, including the related notes, present fairly the underlying transactions and accounting events, as well as the financial statement presentation, composition and details.

The auditor shall report to the Audit Committee on the scope and timing of the planned audit, significant audit findings, including material deficiencies in internal control, identified during the course of the audit, and other matters required by the audit standards.

The auditor shall report to the Audit Committee that the auditor has complied with the rules on professional ethics in Japan regarding independence and matters that may reasonably



be considered to affect the auditor's independence, and if any measures have been taken to remove disincentive or to reduce the disincentive to an acceptable level. If safeguards have been applied, report on the details of such safeguards.

Stake

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

and above

# Audit Report of the Audit Committee

## Audit Report

The Audit Committee has audited the directors' performance of their duties during the 28th fiscal year from July 1, 2023 to June 30, 2024. The methods and results are reported as follows.

### Method and details of audit

The Audit Committee regularly received reports from directors, employees, and others on the content of the Board of Directors' resolutions concerning the matters listed in Article 399-13, Paragraph 1, Items 1(b) and 1(c) of the Companies Act and the status of establishment and operation of the system (internal control system) established based on such resolutions, and requested explanations as necessary. In addition to expressing our opinions, we conducted our audit in the following manner

- (i) In accordance with the audit policy, allocation of duties, and other relevant matters determined by the Audit Committee, and in cooperation with the internal control division of the Company, attended important meetings, received reports from directors, employees, and other relevant personnel regarding the performance of their duties, requested explanations as necessary, reviewed important approval documents, and examined the operations and assets at the head office and principal places of business. The Board of Corporate Auditors also examined the business and financial conditions of the Company at its head office and principal places of business. With respect to subsidiaries, the Company communicated and exchanged information with directors and auditors of subsidiaries and received business reports from subsidiaries as necessary.
- (ii) Monitored and verified whether the accounting auditors maintained their independence and conducted appropriate audits, received reports from the accounting auditors on the execution of their duties, and requested explanations as necessary. In addition, we received notice from the accounting auditor that "systems to ensure that duties are performed properly" (matters set forth in each item of Article 131 of the Corporate Calculation Regulations) are maintained in accordance with the "Quality Control Standards for Audits" (Business Accounting Council) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we have examined the business report and supporting schedules, consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements), and non-consolidated financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to non-consolidated financial statements) and their supporting schedules for the relevant fiscal year.

### 2. Audit Results

- (1) Results of audit of business reports, etc.
  - (i) In our opinion, the business report and supporting schedules fairly present the condition of the Company in conformity with applicable laws and regulations and the Articles of Incorporation of the Company.
  - (ii) We have found no misconduct or material fact of violation of laws and regulations or the Articles of Incorporation in connection with the Directors' performance of their duties.
  - (iii) In our opinion, the contents of the resolution of the Board of Directors regarding the internal control system are fair and reasonable. In addition, we have found no matters to be pointed out with respect to the descriptions in the business report and the execution of duties by the directors with respect to such internal control system.
- (2) Results of audit of consolidated financial statements  
In our opinion, the auditing methods and results of the accounting auditor, Deloitte

Touche Tohmatsu LLC, are appropriate.

(3) Results of audit of financial statements and supplementary schedules

In our opinion, the auditing methods and results of the accounting auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

August 23, 2024

Audit Committee, Avant Group Inc.

Full-time

Audit

Committee

Member

Tsuyoshi Noshiro

Audit

Committee

Member

(Outside

Director)

Chie Goto

Audit

Committee

Member

(Outside

Director)

Makoto Nakano

and above

# Guide Map to the Venue of Ordinary General Meeting of Shareholders

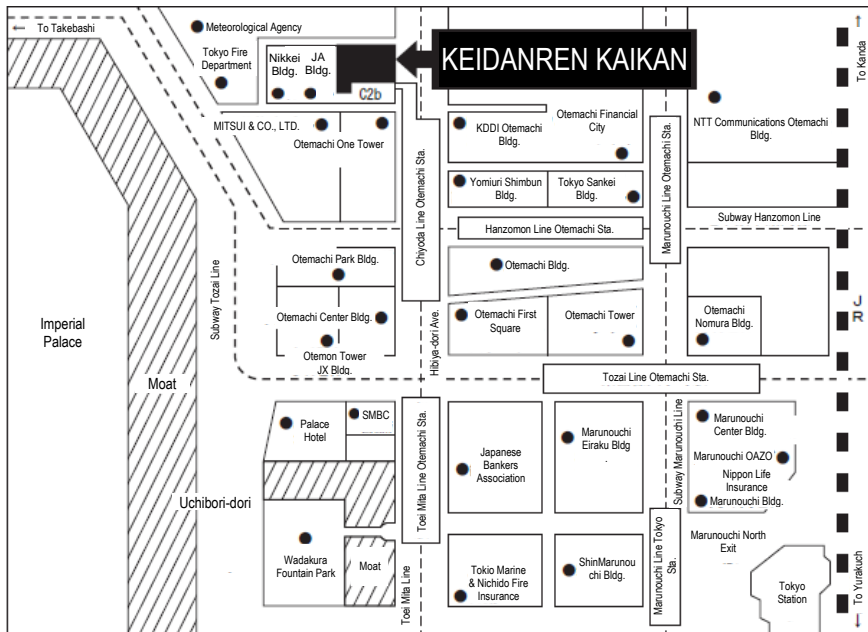
## Venue

1-3-2 Otemachi, Chiyoda-ku, Tokyo  
Keidanren Kaikan 2F Keidanren Hall

## Transportation

Subway: Otemachi Sta.  
(Chiyoda Line, Marunouchi Line, Hanzomon Line, Tozai Line, or Toei-Mita Line)  
Directly connected from C2b exit.

Parking: Shared parking lot available on B2 floor (300 yen/30 min)



We contribute to renewable energy promotion of 1.5 million kWh/year through Green Power Certificate.