

Matters to be Disclosed via the Internet upon Notice of  
Convocation of the 25th Ordinary General Meeting of Shareholders

<Business Report>

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Notes to Financial Statements

(From July 1, 2020 to June 30, 2021)

AVANT CORPORATION

The above items are provided to our shareholders by posting them on our website in accordance with laws and regulations and the Articles of Incorporation.

Our website <https://www.avantcorp.com/>

1. Matters relating to shares of the Company (As of June 30, 2021)

(1) Total Number of Authorized Shares 62,304,000Shares

(2) Total number of shares issued 37,603,203Shares (including 2951 treasury shares)

(NOTE) Issued shares in connection with the issuance of new shares as restricted stock awards on October 16, 2020  
The total number of shares increased by 16,221 shares.

(3) Number of Shareholders 3,930 person

(4) Major Shareholders(Top 10)

Name of Shareholders	Number of shares held (shares)	Shareholding ratio (%)
Tetsuji Morikawa	9,764,000	25.97
Avant Employee Stock Ownership Plan	2,290,900	6.09
Tsuyoshi Noshiro	1,868,800	4.97
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,651,100	4.39
OBIC Business Consultant Co., Ltd.	1,600,000	4.26
PCA Co., Ltd.	1,556,800	4.14
SSBTC CLIENT OMNIBUS ACCOUNT	1,252,015	3.33
Custody Bank of Japan, Ltd. (Trust Account)	1,239,400	3.30
FCP SEXTANT AUTOUR DU MONDE	800,000	2.13
JP MORGAN CHASE BANK	705,600	1.88

(NOTE) The shareholding ratio is calculated excluding treasury stock (2951 shares).

(5) Other Significant Matters Concerning the Shares  
Not applicable.

2. Matters relating to stock acquisition rights of the Company

- (1) Stock options granted/issued to the directors of the Company in consideration of the executive officers of their duties  
(As of June 30, 2021)  
Not applicable.
- (2) Status of stock acquisition rights issued to employees, etc. as compensation for the execution of duties during the current fiscal year  
Not applicable.

### 3. Status of Accounting Auditors

(1) Name Deloitte Touche Tohmatsu LLC

(2) Amount of remuneration, etc.

	Payment amount
Amount of remuneration, etc. pertaining to services (audit services) set forth in Article 2(1) of the Certified Public Accountants Act	28Millions of yen
The aggregate amount of money and other property incomes payable by us and our subsidiaries to the independent auditors;	32Millions of yen

- (Notes) 1. In the audit agreement between us and Deloitte Touche Tohmatsu LLC, the amount of audit fees for audits based on the Companies Act and the Financial Instruments and Exchange Act is not classified and is not practically separate. Therefore, the above amounts include the amount of audit fees based on the Financial Instruments and Exchange Act.
2. Our Audit & Supervisory Board receives an explanation of the audit plan from the accounting auditor, and based on the content of the audit fee agreement, confirms and examines the audit time and staffing, and as a result, gives the consent of Article 399-1 of the Companies Act regarding audit fees.

(3) Content of non-audit services

We pay compensation to our independent auditors for their advisory services relating to the response to ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition", etc., which is a service other than Article 2-1 of the Certified Public Accountants Act.

(4) Policy for the Determination of the Dismissal or Non-Reelection of the Accounting Auditor

In the event that the Board of Corporate Auditors determines it necessary in the event that the performance of duties by the accounting auditor is hindered, etc., the dismissal or non-reappointment of the accounting auditor shall be the purpose of the general meeting of shareholders.

In addition, the Board of Corporate Auditors shall dismiss the Accounting Auditor with the consent of all Corporate Auditors in the event that the Accounting Auditor is deemed to fall under any of the items set forth in each item of Paragraph 1 of Article 340 of the Companies Act. In this case, the Audit & Supervisory Board Members selected by the Audit & Supervisory Board report on the dismissal of the Accounting Auditor and the reason for the dismissal at the first General Meeting of Shareholders to be convened after the dismissal.

## Notes to Consolidated Financial Statements

### 1. Significant Matters Forming the Basis for Preparation of Consolidated Financial Statements

#### (1) Scope of consolidation

The number of Consolidated Subsidiary Companies and the names of major Consolidated Subsidiary Companies

- Consolidated subsidiaries 5 companies
- Names of consolidated subsidiaries DIVA CORPORATION  
Internet Disclosure Co., Ltd.  
ZEAL CORPORATION  
FIERTE CORPORATION  
DIVA CORPORATION OF AMERICA

#### (2) Application of the equity method

Number of affiliates accounted for by the equity method and names of major affiliates

- Number of affiliates accounted for by the equity method 1 company
  - Name of affiliated company Metapraxix Limited
- During the fiscal year under review, Metapraxix Limited that acquired shares were included in the scope of application of the equity method.

#### (3) Accounting periods of consolidated subsidiaries

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

#### (4) Matters concerning accounting policies

##### ① Valuation standards and methods for important assets

- 1) Marketable securities
  - Held-to-maturity debt securities Amortized cost (straight-line method)
  - Other securities
    - With market value Stated at market value based on the market price as of the balance sheet date. (Valuation difference is included directly in net assets. Cost of securities sold is determined by the moving-average method.)
    - Without market value Cost determined by the moving-average method
- Investments in limited partnerships for investment (deemed to be securities pursuant to Paragraph 2 of Article 2 of the Financial Instruments and Exchange Law) are made on the basis of the latest financial statements available according to the closing date stipulated in the Partnership Agreement and the amount equivalent to equity is included in net amount.
- 2) Evaluation criteria and method of inventories
  - Work in process Stated at cost determined by the specific identification method. (The balance sheet value is calculated by writing down the book value due to a decrease in profitability.)
  - Raw Materials Stated at cost determined by the first-in, first-out method (the balance sheet value is calculated by writing down the book value due to a decrease in profitability)
  - Stored goods Stated at cost determined by the specific identification method. (The balance sheet value is calculated by writing down the book value due to a decrease in profitability.)

② Depreciation methods for material depreciable assets

1) Property, plant(excluding leased assets) and equipment

Declining balance method

However, for facilities attached to buildings acquired on or after April 1, 2016, the straight-line method is used.

(Principal useful lives)

Buildings 3 to 2010 years

Tools, furniture and fixtures 2 to 8 years

2) Intangible assets

Fixed amount method

- Software developed for sale Amortization based on expected sales revenue within the estimated salable period (3 years)

- Software for inhouse Useful lives range from 3 to 5 years for internal use

3) Leased assets

- Lease assets related to finance lease transactions that do not transfer ownership

Straightline method over the periods of these capital leases, assuming no remaining value

③ Basis of material allowances

1) Allowance for doubtful accounts

The allowance for doubtful receivables is provided for possible losses on doubtful receivables based on the historical write-off ratio for ordinary receivables and on an estimate of uncollectible receivables based on a review of the collectability of specific doubtful receivables on an individual basis.

2) Accrued bonuses

To prepare for bonuses to be paid to employees, the amount to be borne in the current consolidated fiscal year is recorded based on the estimated amount to be paid.

3) Provision for directors' bonuses

To prepare for bonuses to be paid to directors, the amount borne in the current consolidated fiscal year is recorded based on the estimated amount to be paid.

4) Accrual for losses on contracts

Estimated future losses on contracts that are expected to be incurred as of the end of the fiscal year under review and for which the amount of such losses can be reasonably estimated are provided for future losses.

④ Other important matters forming the basis for preparation of consolidated financial statements

1) Accounting method of deferred assets

- Stock issuance expenses The entire amount is treated as an expense at the time of expenditure.

2) Significant hedge accounting method

- Hedge accounting method In principle, the Company uses deferral hedge accounting.
- Hedging instruments and hedged items Hedging instruments: Foreign currency deposits  
Hedged items: Forecast transactions denominated in foreign currencies
- Hedging policy Foreign currency deposits are used to hedge foreign currency fluctuation risk. The Company's policy is to use these instruments within the limits of actual demand and not to engage in transactions for speculative purposes.
- Hedging evaluation Evaluation of effectiveness at the consolidated balance sheet date is omitted because the important conditions of the hedging instruments and the hedged items are the same and the fluctuations in cash flows after the commencement of hedging can be offset.

3) The standards for recognition of significant revenues and expenses

- Standards for recording net sales and cost of sales related to custom-made software

1. Contracts for which the certainty of results is recognized for the portion of progress up to the end of the current consolidated fiscal year

Percentage-of-completion method (cost-to-cost method for estimating the percentage-of-completion of contracts)

2. Other Contracts

Acceptance Criteria

4) Standards for the conversion of important foreign currency-denominated assets and liabilities into yen

The revenue and expense accounts of the overseas consolidated subsidiaries and their balance sheet accounts, are translated into yen at the rates of exchange in effect at the balance sheet date.

Assets and liabilities of overseas subsidiaries are translated into Japanese yen at the spot exchange rate on the consolidated balance sheet date. Revenues and expenses are translated into Japanese yen at the average exchange rate during the period. Translation differences are included in foreign currency translation adjustments in net assets.

5) Accounting for consumption tax

Consumption taxes are subject to the net of tax method.

6) Consolidated tax return system

We and our domestic consolidated subsidiaries apply the consolidated taxation system.

7) Application of tax effect accounting for the transition from the consolidated taxation system to the group-wide calculation system

With regard to items for which the non-consolidated taxation system was reviewed in conjunction with the transition to the group-wide taxation system and the transition to the group-wide taxation system established in the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 8 of 2020), the Company did not apply the provisions of paragraph 44 of the "Implementation Guidance on Accounting Standards for Tax Effect" (ASBJ Guidance No. 28, February 16, 2018) in accordance with the treatment of paragraph 3 of the "Treatment Concerning Application of Tax Effect Accounting for Transition from Consolidated Tax Payment System to Group-wide Accounting System" (Practical Issues Task Force No. 39, March 31, 2020), and the amount of deferred tax assets and deferred tax liabilities was based on the provisions of the pre-revision tax law.

## **2. Matters concerning changes in presentation methods**

(Consolidated Statements of Income)

"Reversal of allowance for doubtful accounts," which was included in "Other" under "Non-operating income" in the previous fiscal year, is presented separately from the fiscal year under review due to an increase in its monetary materiality.

"Reversal of allowance for doubtful accounts" for the previous fiscal year was 462 thousand.

## **3. Notes on Accounting Estimates**

Not applicable.

## **4. Notes to Consolidated Balance Sheet**

(1) Provision for loss on work in process and orders received

Work in process and allowance for losses on orders received related to contracts for which losses are expected are presented on a dual basis without offsetting.

At the end of the fiscal year under review, the amount corresponding to the allowance for loss on orders receiveds received in the portion of work in process related to contracts for orders for which losses are expected was 74 thousand yen.

(2) Loan commitment agreements

The Company has concluded loan commitment agreements with 3 banks with the aim of efficiently procuring working funds.

The balance of undrawn lines of credit related to loan commitments at the end of the fiscal year under review is as follows.

Total loan commitments	3,500,000	Thousands of yen
Loan balance	-	Thousands of yen
Net amount	3,500,000	Thousands of yen



## 5. Notes to Consolidated Statement of Changes in Net Assets

### (1) Matters concerning the total number of outstanding shares

Class of shares	Current Consolidated Fiscal Year Initial number of shares	Current Consolidated Fiscal Year Increased number of shares	Current Consolidated Fiscal Year Decrease in number of shares	Current Consolidated Fiscal Year Number of shares at the end
Common stock	37,586,982Shares	16,221Shares	-Shares	37,603,203Shares

(Notes)1. On October 16, 1.2020, the Company issued new shares as restricted stock awards.

2. The increase of 16,221 numbers of share during the fiscal year was due to the issuance of new shares as restricted stock awards.

### (2) Matters concerning the number of treasury stock

Class of shares	Current Consolidated Fiscal Year Initial number of shares	Current Consolidated Fiscal Year Increased number of shares	Current Consolidated Fiscal Year Decrease in number of shares	Current Consolidated Fiscal Year Number of shares at the end
Common stock	2,911Shares	40Shares	-Shares	2,951Shares

### (3) Issues on dividends from surplus

#### ① Dividends paid, etc.

Resolution	Class of shares	Total dividends (Thousands of yen)	Per share Dividends (yen)	Record date	Effective date
September 23, 2020 Annual Shareholders' Meeting	Common stock	338,256	9.00	June 30, 2020	September 24, 2020

#### ② Dividends whose record date falls in the current fiscal year but whose effective date falls in the following fiscal year

Resolution schedule	Class of shares	Source of dividends	Total dividends (Thousands of yen)	Per share Dividends (yen)	Record date	Effective date
September 28, 2021 Annual Shareholders' Meeting	Common stock	Retained earnings	413,602	11.00	June 30, 2021	September 29, 2021

## 6. Notes on Financial Instruments

### (1) Matters relating to financial instruments

#### ① Policy for Financial Instruments

The Group procures the necessary funds (mainly bank loans and bond issues) based on management policies and business plans. Temporary surplus funds are invested with highly liquid and safe financial assets in accordance with internal investment regulations, and short-term working capital is procured through bank borrowings. In addition, the Company uses foreign currency deposits to hedge foreign currency fluctuation risk. Please refer to "④ Matters Relating to Accounting Policies, ④ Other Significant Matters Relating to the Basis for Preparation of Consolidated Financial Statements, (2) Significant Hedge Accounting Methods" for details of hedging instruments and hedged items related to hedge accounting, hedging policy, and evaluation method of hedging effectiveness.

#### ② Details of financial instruments, their risks and risk management system

Notes and accounts receivable, which are trade receivables, are exposed to the credit risk of customers. With regard to this risk, the Group strives to identify and mitigate collection concerns at an early stage due to deterioration in financial conditions, etc. by thoroughly managing credit for each customer and regularly managing collection dates and balances.

Among investment securities, held-to-maturity debt securities are held solely for highly rated debt securities. Therefore, credit risk is insignificant, but there are foreign exchange risk and interest rate fluctuation risk. In addition, available-for-sale securities are exposed to market price fluctuation risk and foreign currency exchange rate fluctuation risk, but the Company continually reviews the status of its holdings in consideration of market value and other factors. With respect to investments in limited partnerships, the Group is exposed to the risk of falling below the investment principal due to changes in the business conditions and financial conditions of the issuer of the incorporated shares. However, the Group manages risks by regularly obtaining the Partnership's financial statements and ascertaining the Partnership's financial condition and operations.

Lease deposits and guarantee deposits are guarantee deposits in the lease agreements of the head office, branches, and subsidiaries, and are exposed to the credit risk of the lessee. At the time of the agreement, credit risk is confirmed to reduce this risk.

Notes and accounts payable-trade, which are trade payables, and accounts payable-other, are mostly due within 1 year. Lease obligations under finance leases, which are mainly for the purpose of financing capital expenditures, are for a maximum period of 3 years and 9 months after the balance sheet date. These are exposed to liquidity risk (the risk that payments may not be made when due), but our group manages this risk by checking and managing fund schedule and payment account balances on a monthly basis.

#### ③ Supplementary explanation of the fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. As variable factors are factored into the calculation of such values, the use of different assumptions may change such values.

## (2) Fair Value of Financial Instruments

The carrying amount, fair value and the difference between them as of June 30, 2021 are as follows: The following table does not include financial instruments for which it is extremely difficult to determine fair value (see Notes 2).

	Carrying amount (Thousands of yen)	Market value (thousand yen)	Difference (thousand yen)
① Cash and deposits	7,238,708	7,238,708	-
② Notes and accounts receivable	2,586,194	2,586,194	-
③ Marketable and investment securities			
Held-to-maturity debt securities	590,289	590,289	-
Other securities	366,129	366,129	-
④ Lease and guarantee deposits (including those to be collected within 1 year)	614,316	614,131	(184)
Total assets	11,395,637	11,395,453	(184)
① Notes and accounts payable-trade	459,394	459,394	-
② Accrued expenses	397,920	397,920	-
③ Income taxes payable	404,668	404,668	-
④ Lease liability (including current portion of 1 year)	44,965	45,024	59
Total liabilities	1,306,949	1,307,008	59

(Notes)1. Matters relating to the method of calculating the fair value of financial instruments

### Assets

#### ① Cash and deposits, ② Notes and accounts receivable-trade

Since these instruments are settled in a short period of time, their fair values approximate their carrying amounts, and accordingly their carrying amounts are used.

#### ③ Marketable and investment securities

The fair value of stocks is based on quoted market prices, while the fair value of bonds is based on quoted prices from financial institutions.

#### ④ Lease and guarantee deposits (including those to be collected within 1 year)

The fair value of leasehold and security deposits is calculated based on the estimated timing of collection of the leasehold and security deposits reasonably estimated, discounted at appropriate rates, such as the yield on government bonds.

### Liabilities

#### ① Notes and accounts payable, trade, ② Accounts payable and accrued expenses, and ③ Income taxes payable

Since these instruments are settled in a short period of time, their fair values approximate their carrying amounts, and accordingly their carrying amounts are used.

#### ④ Lease liability (including current portion of 1 year)

The fair value of these financial instruments is based on the present value of the sum of principal and interest discounted by the interest rate that would be applied if similar new lease transactions were entered into.

2. Carrying amount of financial instruments for which fair value is extremely difficult to determine

Classification	Carrying amount
Unlisted stocks	0Thousands of yen
Investment in limited partnerships	34,962Thousands of yen
Stocks of subsidiaries and affiliates	267,890Thousands of yen

These securities are not included in "③ Marketable securities and investment securities" because they do not have quoted market prices and it is extremely difficult to determine their fair values.

**7. Notes to Per Share Information**

(1) Net assets per share	233.70 yen
(2) Net income per share	50.24 yen

**8. Notes to Material subsequent events**

Not applicable.

**9. Other Notes**

Amounts are rounded down to the nearest unit.

## Notes to Financial Statements

### 1. Summary of significant accounting policies

#### (1) Valuation basis and method for assets

##### ① Marketable securities

- Held-to-maturity debt securities      Amortized cost (straight-line method)
- Stocks of subsidiaries and affiliates      Cost determined by the moving-average method
- Other securities
  - With market value      Stated at market value based on the market price as of the balance sheet date. (Valuation difference is included directly in net assets. Cost of securities sold is determined by the moving-average method.)
  - Without market value      Cost determined by the moving-average method

##### ② Evaluation criteria and method of inventories

- Stored goods      Stated at cost determined by the specific identification method. (The balance sheet value is calculated by writing down the book value due to a decrease in profitability.)

#### (2) Accounting method of deferred assets

- Stock issuance expenses      The entire amount is treated as an expense at the time of expenditure.

#### (3) Depreciation method of fixed assets

- ① Property, plant and equipment      Declining balance method  
However, for facilities attached to buildings acquired on or after April 1, 2016, the straight-line method is used. (Principal useful lives)
  - Buildings      3 to 2010 years
  - Tools, furniture and fixtures      2 to 8 years
- ② Intangible assets      Fixed amount method
  - Software for inhouse      Useful lives are based on the estimated useful lives of the assets (5 years).

#### (4) Accounting for reserves

- ① Accrued bonuses      To prepare for bonuses to be paid to employees, the amount to be borne in the current fiscal year is recorded based on the estimated amount to be paid.
- ② Provision for directors' bonuses      To prepare for bonuses to be paid to directors, the amount to be borne in the current fiscal year is recorded based on the estimated amount to be paid.

#### (5) Other basic matters for preparation of financial statements

##### ① Significant hedge accounting method

- Hedge accounting method      In principle, the Company uses deferral hedge accounting.
- Hedging instruments and hedged items      Hedging instruments: Foreign currency deposits  
Hedged items: Forecast transactions denominated in foreign currencies
- Hedging policy      Foreign currency deposits are used to hedge foreign currency fluctuation risk. The Company's policy is to use these instruments within the limits of actual demand and not to engage in transactions for speculative purposes.

- Hedging evaluation                      Evaluation of the effectiveness at the balance sheet date is omitted because the important conditions of the hedging instruments and the hedged items are the same, and the fluctuations in cash flows after the commencement of hedging can be offset.

② Standards for the conversion of important foreign currency-denominated assets and liabilities into yen

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

③ Accounting for consumption tax

Consumption taxes are subject to the net of tax method.

④ Consolidated tax return system

We and our domestic consolidated subsidiaries apply the consolidated taxation system.

⑤ Application of tax effect accounting for the transition from the consolidated taxation system to the group-wide calculation system

In accordance with the "Law for Partial Revision of the Income Tax Law, etc. (Law No. 8 of 2020)", the Company has not applied the provisions of paragraph 3 of the "Treatment of Application of Tax Effect Accounting for Transfers from Consolidated Taxation System to Group Taxation System (Practical Issues Task Force No. 39 March 31, 2020)" to the transition to the group-wide taxation system and the items for which the non-consolidated taxation system was reviewed in conjunction with the transition to the group-wide taxation system. As a result, the Company does not apply the provisions of Paragraph 44 of the "Guidance on Accounting Standard for Tax Effect Accounting (Corporate Accounting Standard Implementation Guidance No. 28, February 16, 2018)" and the amount of deferred tax assets and deferred tax liabilities are based on the provisions of the tax law before the revision.

## 2. Notes on Accounting Estimates

Not applicable.

## 3. Notes to the Balance Sheet

(1) Monetary receivables and payables to affiliated companies (excluding those separately presented)

Short-term monetary claims	1,399,532	Thousands of yen
Short-term loans payable	12,800	Thousands of yen
Long-term monetary receivables	30,306	Thousands of yen

(2) Loan commitment agreements

The Company has concluded loan commitment agreements with 3 banks with the aim of efficiently procuring working funds.

The balance of undrawn lines of credit related to loan commitments at the end of the current fiscal year is as follows.

Total loan commitments	3,500,000	Thousands of yen
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Loan balance	-	Thousands of yen
Net amount	3,500,000	Thousands of yen

#### 4. Notes pertaining to profit-and-loss statement

Transaction volume with affiliated companies (excluding those separately presented)

Turnover with business transaction	964,695	Thousands of yen
Excluding operating transactions with subsidiary	597	Thousands of yen

#### 5. Notes to Statement of Change in Shareholders' Equity

Matters concerning the number of treasury stock

Class of shares	Beginning of the current fiscal year Number of shares	Increase in the current fiscal year Number of shares	Decrease in current fiscal year Number of shares	At the end of the fiscal year Number of shares
Common stock	2,911Shares	40Shares	-Shares	2,951Shares

## 6. Notes to tax effect accounting

(1) Breakdown of principal origins of deferred tax assets and liabilities	
Deferred tax assets	
Tax loss carryforwards	60,236Thousands of yen
Accrued enterprise tax	220Thousands of yen
Accrued business office taxes	389Thousands of yen
Provision for bonuses	10,601Thousands of yen
Provision for directors' bonuses	710Thousands of yen
Depreciation and amortization	14,468Thousands of yen
Loss on valuation of investment securities	3,062Thousands of yen
Asset retirement obligations	15,441Thousands of yen
Valuation difference on securities	763Thousands of yen
Others	1,236Thousands of yen
Gross deferred tax assets	107,127Thousands of yen
Valuation allowance for tax loss carryforwards	(60,236)Thousands of yen
Valuation allowance for total deductible temporary differences	(3,062)Thousands of yen
Total of deferred tax assets	43,831Thousands of yen
Deferred tax liabilities	
Building fixtures (asset retirement costs)	7,221Thousands of yen
Valuation difference on securities	26,678Thousands of yen
Others	15Thousands of yen
Total deferred tax liabilities	33,914Thousands of yen
Net deferred tax assets	9,916Thousands of yen
(2) Reconciliation of the statutory tax rate to the effective income tax rate	
Statutory tax rate	30.6%
(Adjustment)	
Expenses not deductible for income tax purposes	1.6%
Non-taxable dividend income	-41.1%
Valuation allowance	0.8%
Others	-0.4%
Effective income tax rate	-8.6%



## 7. Notes on transactions with related parties

### Subsidiaries

(Thousands of yen)

For the Company Name	For voting rights Ownership ratio	Related party Relationship with	Details of transactions	Transaction amount	Item	Balance at end of year
Joint-stock company Diva Corp.	Direct 100%	Management guidance and Entrustment of Affairs Fund administration Indebtedness guaranteed Interlocking directorates Consignment of accounting operations	Outsourcing of management operations (Note 1)	439,004	Accounts receivable	40,498
			Outsourcing of accounting operations (Note 1)	840	Accounts receivable-other	453,482
			Deposit of funds (Note 2)	1,136,000	Advances paid	538,161
			Repayment of funds (Note 2)	750,000	Affiliated companies Deposits received	1,569,000
			Interest paid (Note 2)	16	Long-term Accounts Receivable	10,190
			Purchase of assets (Note 3) Assumption of security deposit (Note 4)	1,233 168,288		
Joint-stock company Internet Disclosure	Direct 100%	Management guidance Fund administration Interlocking directorates	Outsourcing of management operations (Note 1)	2,000	Accounts receivable	550
			Interest paid (Note 2)	3	Accounts receivable-other	22,332
					Affiliated companies Deposits received	200,000
				Long-term Accounts Receivable	737	
ZEAL CORPORATION	Direct 100%	Management guidance and Entrustment of Affairs Fund administration Loaning of funds Interlocking directorates	Outsourcing of management operations (Note 1)	292,028	Accounts receivable	27,137
			Deposit of funds (Note 2)	300,000	Accounts receivable-other	171,949
			Repayment of funds (Note 2)	100,000	Affiliated companies Deposits received	300,000
			Interest paid (Note 2)	1	Long-term Accounts Receivable	9,374
			Interest income (Note 2)	575		
FIERTE CORPORATION	Direct 100%	Management guidance and Entrustment of Affairs Outsourcing of accounting operations Interlocking directorates	Outsourcing of management operations (Note 1)	118,583	Accounts receivable	10,984
			Outsourcing of accounting operations (Note 1)	89,804	Accounts receivable-other	105,005
					Accounts payable-other	7,777
				Long-term Accounts Receivable	9,504	

Consumption taxes are not included in the transaction amount. Consumption taxes are included in the year-end balance.

#### Transaction terms and policy for deciding transaction terms

- (Notes)1. The terms and conditions of management and accounting outsourcing are determined in an appropriate manner after taking into account incurred costs and other factors.
2. With regard to the interest rate on loans for funds and the interest rate on deposits received for group fund management, the interest rate is reasonably determined in consideration of market interest rates.
  3. The terms and conditions of the price are determined after negotiation between the 2 parties.
  4. Regarding the fixed-term building lease agreement, the status of our term building lease agreement is assumed under the same terms.

**8. Notes to Per Share Information**

(1) Net assets per share	165.41 yen
(2) Net income per share	38 yen 95 yen

**9. Notes to Material subsequent events**

Not applicable.

**10. Other Notes**

Amounts are rounded down to the nearest unit.