AVANT

PRESS RELEASE

November 12, 2021
AVANT Corporation

Revision of Summary Report for the First Quarter of Fiscal Year Ending June 30, 2022 and related Financial Results Briefing

AVANT Corporation (security code: 3836) would like to announce that some corrections have been made to the "Summary Report for the first quarter of the Fiscal year ending June 2021 [Japanese standards] (consolidated)" and "Financial Results Briefing" released on October 29, 2021. The revised documents are posted on the Company's website. There are no revisions to the numerical data.

1. Reason for correction

(1) Reason for revision

In "1. Qualitative Information on Consolidated Financial Results for the First Quarter Ended June 30, 2012 (1) Operating Results" and "2. Quarterly Consolidated Financial Statements and Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies), (Segment Information, etc.)", we disclosed the impact of the application of the accounting standard for revenue recognition on net sales, operating income, orders received, and order backlog for the first quarter of the current fiscal year. However, it was found that there were some errors in the figures mainly in the Digital Transformation Promotion Business, and these have been corrected.

2. Corrections

As there are many corrections, the full text of the revised summary report and the results briefing material are attached, and the corrections are marked with an underline.

ends

<About AVANT Group>

AVANT

The Avant Group’s mission, headed by the holding company AVANT Corporation (Head Office: Minato-ku, Tokyo; President and Group CEO: Tetsuji Morikawa; Securities Code: 3836), is to spread accountability. The Group is developing its consolidated accounting, business intelligence, and CFO outsourcing businesses with the CFOs and CIOs as its main focus. Through these efforts, the Group is helping to create value for customers by transforming management information into a map for the future, which is useful in decision-making.
Established as DIVA Corporation in May 1997, after going public in February 2007, changed its name to AVANT Corporation when it transitioned to a holding company in October 2013. The company was listed on the First Section of the Tokyo Stock Exchange in March 2018. Major Group operating subsidiaries (100% owned by both companies) are as follows:

DIVA Corporation
ZEAL Corporation
Internet Disclosure Co., Ltd.
FIERTE Corporation

This is an unofficial translation. In case of any difference in meaning between the original Japanese text and the English translation, Japanese text shall prevail.

Consolidated Summary Report under Japanese GAAP for the first quarter of the fiscal year ending June 30, 2022

October 29, 2021

Company Name:	AVANT CORPORATION		Stock exchange listings: Tokyo
Code Number:	3836		URL: https://www.avantcorp.com/
Representative:	(Title) President, Group CEO	(Name) Tetsuji Morikawa	
For inquiry:	(Title) Director, Group CFO	(Name) Naoyoshi Kasuga	TEL: (03) 6388-6739

Securities report issue date: November 12, 2020　　Dividend payment date: -
Supplementary information for financial statements: Available
Explanatory meeting to be held: No

1. Consolidated results for the first quarter of the fiscal year ending June 30, 2022

(Millions of yen, rounded down to the nearest unit)
(Percentages indicate year-on-year changes)

(1) Consolidated results of operations

	Revenue		EBITDA		Operating income		Ordinary income		Profit attributable to shareholders of parent company	
First quarter of the fiscal year		%		%		%		%		%
ending June 30, 2022	4,047	-	519	-	461	-	441	-	262	-
ended June 30, 2021	3,601	(3.0)	537	(3.6)	478	(7.0)	482	(7.2)	303	(9.1)

Comprehensive income (loss)　for the 1Q of the fiscal year ending June 30, 2022　271 million yen (-%)　for the 1Q of the fiscal year ended June 2021　338 million yen (-9.3%)

	Net profit per share	Diluted net profit per share
First quarter of the fiscal year	yen	yen
ending June 30, 2022	6.97	-
ended June 30, 2021	8.08	-

(Notes) EBITDA is derived by adding depreciation and amortization of goodwill to operating income.
The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year, and the figures for the first quarter of the fiscal year ending June 30, 2022 are after the application of the said accounting standard, etc., so the percentage change from the same quarter of the previous year is not stated.

(2) Consolidated financial condition

	Total Assets	Net Assets	Equity Ratios
As of	Unit: million yen	Unit: million yen	%
September 30, 2021	12,918	8,716	67.5
June 30, 2021	13,956	8,787	63.0

(Reference) Net assets attributable to the company's shareholders　As of September 30, 2021　8,716 million yen　As of June 30, 2021　8,787 million yen
(Note) The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year, and the figures for the first quarter of the fiscal year ending June 30, 2022 are the figures after the application of the said accounting standard, etc.

2. Dividends on common stock

	Dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Annual
Fiscal Year Ended	yen	yen	yen	yen	yen
June 30, 2021	-	0.00	-	11.00	11.00
June 30, 2022	-				
June 30, 2022 (Forecast)		0.00	-	12.00	12.00

Revisions to the most recently announced dividend forecast: None

3. Consolidated earnings forecasts for the fiscal year ending June 30, 2021

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent company		Net profit per share
Fiscal Year ending	Unit: million yen	%	Unit: million yen	%	Unit: million yen	%	Unit: million yen	%	yen
June 30, 2021	17,820	-	2,860	-	2,830	-	1,905	-	50.63

(Notes)　Revisions to the most recently announced earnings forecast: None
Since the Company conducts annual business management, the consolidated financial forecast for the second quarter (cumulative total) is omitted.
The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first

quarter of the current fiscal year, and the figures for the first quarter of the fiscal year ending June 30, 2022 are the figures after the application of the said accounting standard, etc.

Notes

(1) Changes in significant subsidiaries during the period (changes in “Specified Subsidiaries” (Tokutei Kogaisha) accompanying changes in scope of consolidation): No

Newly added to the scope of consolidation: nil   Newly deleted from the scope of consolidation: nil

(2) Application of accounting procedures specific to the preparation of quarterly consolidated financial statements: none

(3) Changes in accounting policies, accounting estimates and correction of past errors:

(i) Changes in accounting policies due to revision of accounting standards: Yes

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

(iii) Changes in accounting estimates: No

(iv) Correction of past errors: No

(4) Number of shares outstanding (common stock)

(i) Total shares outstanding including treasury stock	As of September 30, 2021	37,603,203 shares	As of June 30, 2021	37,603,203 shares
(ii) Shares of treasury stock held	As of September 30, 2021	2,951 shares	As of June 30, 2021	2,951 shares
(iii) Average outstanding shares	First quarter of the fiscal year ending June 30, 2022	37,600,252 shares	First quarter of the fiscal year ended June 30, 2021	37,584,071 shares

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

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

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

On October 15, 2021, the Company issued new shares as stock-based compensation with restrictions on transfer. Net income per share (forecast) is calculated based on the average number of shares outstanding during the period, which reflects the issuance of new shares.

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1. Qualitative Information on Financial Results for the Current Quarter

(1) Management's Discussion on Business Operations

Consolidated financial results for the first quarter of the current fiscal year are as follows.
Effective from the first quarter of the current fiscal year, the Company has adopted "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. As a result, comparisons with the same quarter of the previous year in the table for the first quarter of the current fiscal year are not shown.

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

	Fiscal Year ended June 30, 2021	Fiscal Year ending June 30, 2022	Year on Year Change	
	First quarter	First quarter	Amount	%
Revenue	3,601	4,047	-	-
Operating income	478	461	-	-
Ordinary income	482	441	-	-
Profit attributable to owners of parent company	303	262	-	-

(Note) The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year, and the figures for the first quarter of the fiscal year ending June 30, 2022 are the figures after the application of the said accounting standard, etc., so the year-on-year comparison is not stated.

The current social and economic environment surrounding Japan is stimulating the need for "data-driven management and decision-making", and the needs for the Group's products and services are expanding while transforming into more advanced ones. As a result, the Group's products and services are also expanding and changing into more sophisticated ones, and the existing segment names are no longer able to properly indicate the nature of our business. For this reason, from the first quarter of the current fiscal year, we have changed the name of our reporting segments from "Consolidated Accounting Related Business" to "Group Governance Business" and from "Business Intelligence Business" to "Digital Transformation Business. This change has no impact on segment information, as the change is only in the segment name.

Consolidated net sales for the first quarter of the current fiscal year were 4,047 million yen. Effective from the first quarter of the current fiscal year, the Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "Revenue Recognition Accounting Standard"), and for transactions that are deemed to be arrangements for goods, etc. to be provided by another party, the Company has changed its accounting method from recording the gross amount of sales as net sales and the purchase amount as expenses to recording the difference between net sales and purchase amount as net sales as commissions. The effect of this change was an 81 million yen decrease in net sales compared to the previous standard. In addition, for most of our services, which were previously recorded as sales upon completion of the project and acceptance by the customer, we have changed to recording sales according to the progress of the project, rather than waiting for the completion of the project. The effect of this change was to increase net sales by 188 million yen.
In other words, net sales before the application of the accounting standard for revenue recognition were 3,940 million yen, an increase of 9.4% year on year, and the impact of the change in accounting standards added another 106 million yen. The increase in sales was due to significant growth in Digital Transformation Business and Outsourcing Business.

The ratio of recurring sales (ongoing sales, such as software maintenance fees, for example) to total sales, which is one of the management targets in the mid-term management plan, decreased in the Digital Transformation Business due to the application of revenue recognition accounting standards. However, the ratio increased to 36.9%, up 0.8 percentage points from the same quarter of the previous fiscal year, as a result of growth in the outsourcing business, which maintains a recurring revenue ratio of around 90%, and an increase in cloud sales in the group governance business. The total amount increased by 7.5% compared to the same quarter of the previous year.

As for profits, operating income was 461 million yen, ordinary income was 441 million yen, and net income attributable to shareholders of the parent company was 262 million yen. Since operating income increased by 96 million yen due to the impact of the application of the revenue recognition accounting standard, etc., operating income calculated under the previous accounting standard would have been 365 million yen, which is a 23.6% decrease compared to the same quarter of the previous year if the difference in accounting standards is excluded.

The main reasons for the decrease in profit were the upfront costs of significantly strengthening the development system to promote software development for future growth and profitability in the Group Governance Business, and the establishment of a division to pursue synergies as a group and strengthening the system for this purpose as a company-wide expense.

The status of each reportable segment is as follows.

(i) Revenues

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

	Fiscal Year ended June 30, 2021 First quarter	Fiscal Year ending June 30, 2022 First quarter	Year on Year Change	
			Amount	%
Group Governance Businesses	1,801	1,957	-	-
Digital Transformation Business	1,382	1,564	-	-
Outsourcing Business	569	710	-	-
Elimination of inter-segment transactions	(152)	(185)	-	-
Consolidated Revenues	3,601	4,047	-	-

(ii) Operating income

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

	Fiscal Year ended June 30, 2021 First quarter	Fiscal Year ending June 30, 2022 First quarter	Year on Year Change	
			Amount	%
Group Governance Businesses	323	286	-	-
Digital Transformation Business	115	187	-	-
Outsourcing Business	130	161	-	-
Corporate Expenses and Elimination of inter-segment transactions	(90)	(173)	-	-
Consolidated operating income	478	461	-	-

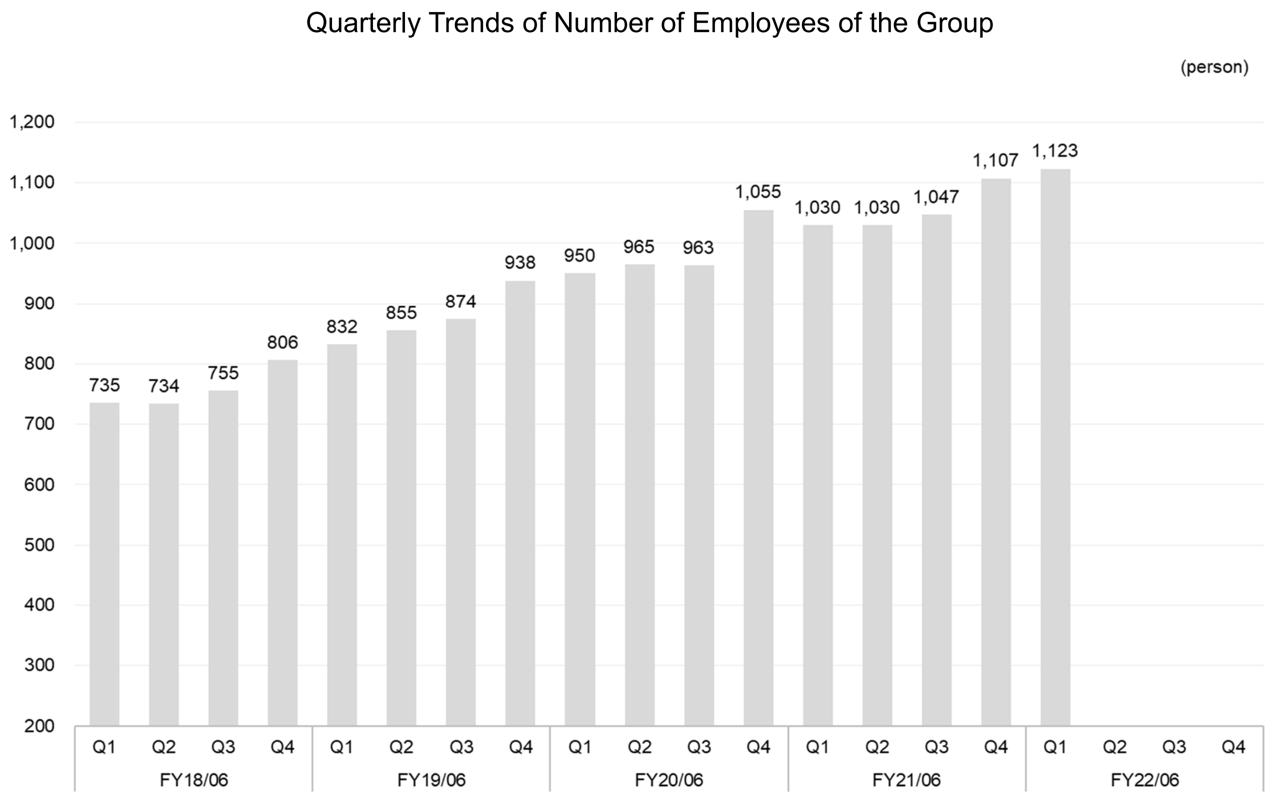
(Note) The above tables (i) and (ii) show the application of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the current first quarter. The above tables (i) and (ii) are prepared in accordance with the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., which was applied from the beginning of the first quarter of the fiscal year ending June 30, 2008. As a result, the figures for the first quarter of the fiscal year ending June 30, 2022 are after the application of the said accounting standards, etc., and comparisons with the same quarter of the previous fiscal year are not stated.

For the Group Governance Business, net sales totaled 1,957 million yen. This is a 1.0% decrease compared to the same quarter of the previous fiscal year under the previous accounting standards, as the impact of the application of the revenue recognition accounting standards, etc. increased by 173 million yen. The decrease in sales related to large-scale projects was the main reason for the decline in sales. While net sales decreased, expenses increased due to the significant strengthening of the development system to promote software development for future growth and improved profitability. As a result, operating income decreased to 286 million yen (an increase of 102 million yen due to the impact of the change in accounting standards, and a decrease of 43.0% from the same quarter of the previous year under the previous accounting standards).

In the Digital Transformation Business, the need to utilize data for decision-making in management and business promotion is accelerating, and the projects we receive are changing from the traditional "development related to business intelligence" to "provision of cloud data platforms," and are becoming larger in size. As a result, net sales increased to 1,564 million yen (a decrease of 67 million yen due to the impact of the change in accounting standards, and an increase of 18.0% from the same quarter of the previous year under the previous accounting standards). The change in the quality of orders received has also led to improved profitability, and operating income was 187 million yen (down 5 million yen due to the impact of the change in accounting standards, and up 67.5% from the same quarter of the previous year under the previous accounting standards), significantly higher than the same quarter of the previous year.

In the Outsourcing Business, companies that had been cautious in making final decisions due to the uncertainty caused by the new coronavirus infection are now starting to move forward, and orders from new customers are increasing. As a result, we achieved a significant increase in both sales and profit, with net sales of 710 million yen (up 24.7% year on year) and operating income of 161 million yen (up 23.6% year on year). There was no impact from the application of accounting standards for revenue recognition in the Outsourcing Business.

The number of employees on a consolidated basis was 1,123 at the end of the first quarter, up 16 from the end of the previous fiscal year.



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

(i) Orders Received

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

	Fiscal Year ended June 30, 2021 First quarter		Fiscal Year ending June 30, 2022 First quarter		Year on Year Change Amount	
	Orders Received	Outstanding Orders	Orders Received	Outstanding Orders	Orders Received	Outstanding Orders
Group Governance Businesses	1,721	1,920	1,886	2,278	-	-
Digital Transformation Business	1,379	850	1,296	975	-	-
Outsourcing Business	651	1,031	722	1,469	-	-
Elimination of inter-segment transactions	(149)	(206)	(238)	(343)	-	-
Total	3,602	3,596	3,667	4,381	-	-

Due to the impact of applying the revenue recognition accounting standard, etc., the order backlog in the Group Governance Business decreased by 173 million yen. In addition, orders received and order backlogs for the Digital Transformation Business decreased by 81 million yen and 14 million yen, respectively. The figures are after the application of the relevant accounting standards, etc., and comparisons with the same quarter of the previous year are not shown.

(ii) Sales

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

	Fiscal Year ended June 30, 2021 First quarter	Fiscal Year ending June 30, 2022 First quarter	Year on Year Change	
			Amount	%
Group Governance Businesses	1,801	1,957	-	-
Digital Transformation Business	1,382	1,564	-	-
Outsourcing Business	569	710	-	-
Elimination of inter-segment transactions	(152)	(185)	-	-
Total	3,601	4,047	-	-

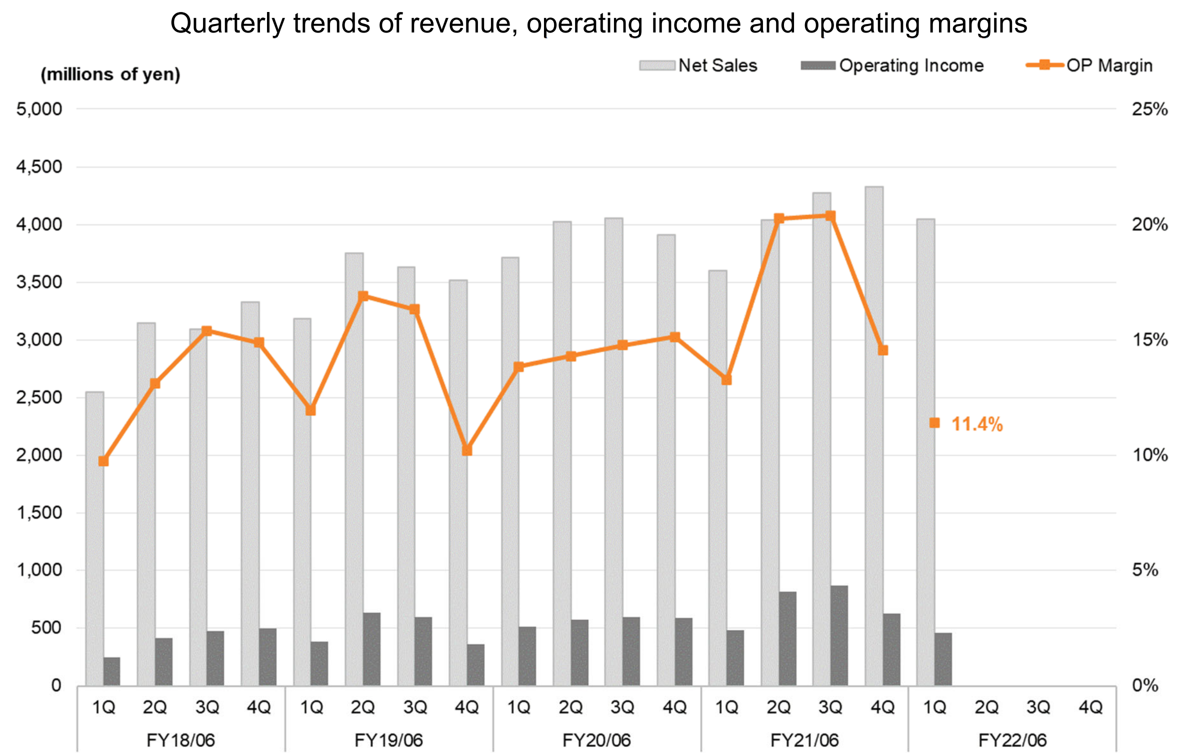
(Note) The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year, and the figures for the first quarter of the fiscal year ending June 30, 2022 are the figures after the application of the said accounting standard, etc., so the year-on-year comparison is not stated.

Quarterly trends in revenues and operating income are as follows:

Revenues and Operating Income for the Last four quarters

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

	Fiscal Year ended June 30, 2021			Fiscal Year ending June 30, 2022
	Second quarter	Third quarter	Fourth quarter	First quarter
Revenue	4,036	4,271	4,326	4,047
Operating income	817	871	629	461
Operating income margin (%)	20.3	20.4	14.5	11.4



(2) Discussion on Financial Position

(i) Financial position

Total assets at the end of the first quarter of the current fiscal year were 12,918 million yen (down 1,038 million yen from the end of the previous fiscal year). This was mainly due to a decrease of 960 million yen in current assets, caused by a decrease of 767 million yen in cash and deposits, and a decrease of 270 million yen in notes and accounts receivable-trade and contract assets.

On the other hand, total liabilities amounted to 4,202 million yen (down 967 million yen from the end of the previous fiscal year). This was mainly due to a decrease of 427 million yen in provision for bonuses, a decrease of 96 million yen in provision for directors' bonuses, and a decrease of 329 million yen in unearned revenue.

Total net assets were 8,716 million yen (down 70 million yen from the end of the previous fiscal year) due to the posting of 262 million yen in net income attributable to owners of the parent, a 71 million yen increase in retained earnings brought forward due to the application of the revenue recognition accounting standard, etc., and the payment of 413 million yen in dividends from retained earnings. As a result, the equity ratio improved by 4.5 percentage points from the previous fiscal year to 67.5% (63.0% at the end of the previous fiscal year), and we believe that we have maintained a highly stable financial balance with little interest-bearing debt.

(ii) Cash Flow

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the first quarter decreased by 767 million yen from the end of the previous fiscal year to 7,019 million yen. The status of each cash flow and their factors are as follows.

<Cash flows from operating activities>

Net cash used by operating activities amounted to 173 million yen. (72 million yen used for the same quarter of the previous year)

The main factors of increase were income before income taxes and minority interests of 441 million yen, a decrease in notes and accounts receivable-trade and contract assets of 449 million yen, an increase in accounts payable-other and accrued expenses of 288 million yen, and an increase in deposits received of 235 million yen, while the main factors of decrease were a decrease in provision for bonuses of 427 million yen, a decrease in provision for directors' bonuses of 96 million yen, a decrease in unearned revenue of 329 million yen, and income taxes paid of 710 million yen.

<Cash flows from investing activities>

Net cash used in investing activities was 177 million yen. (45 million yen used for the same quarter of the previous year)

The main accounts of expenditure were 68 million yen for the purchase of property, plant and equipment, 146 million yen for the purchase of intangible assets, and 168 million yen for the payment of lease and guarantee deposits, while the main accounts of income were 216 million yen for the collection of lease and guarantee deposits.

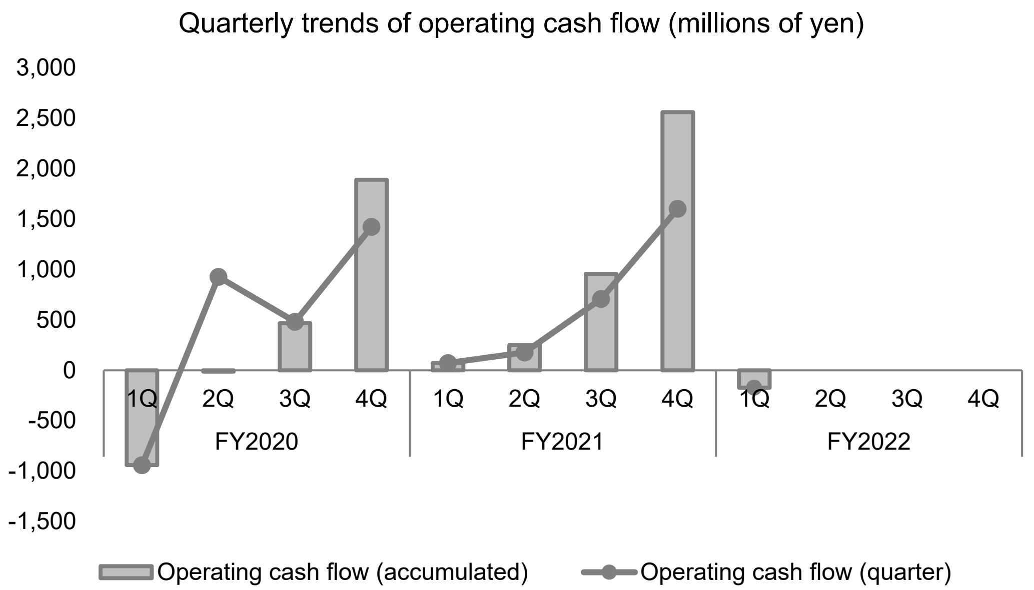
<Cash flows from financing activities>

Net cash used in financing activities was 417 million yen. (341 million yen used for the same quarter of the previous year)

The main components of cash outflow were cash dividends paid of 413 million yen.

In our group, cash flow from operating activities in the first quarter was at a low level due to the payment of income taxes and the payment of performance-based bonuses to officers and employees, and it gradually increases from the second quarter onward, and is typically positive for the full fiscal year.

Maintenance fees and commissions paid for the outsourcing business in the consolidated accounting-related business are prepaid for the year in advance of the provision of services. As a result, the business model has almost no need for working capital than the original. In the business intelligence business, on the other hand, as outsourcing costs and other expenses are paid in advance, working capital demand will increase as sales grow. However, by concentrating the excess funds of the Group as a whole in the holding company, the Group is able to smoothly extend funds across the Group. In addition to the total amount of cash held, the Group has established a commitment line totaling 3.5 billion yen with each bank with which it does business. Accordingly, at present there are no concerns about funding, and rather, we intend to use the excess funds for strategic investment in the future.



Accumulated cash flow from operation for the first quarter of fiscal year ending June 30, 2021 was 72 million yen.
Accumulated cash flow from operation for the second quarter of fiscal year ending June 30, 2020 was use of 13 million yen.

(3) Earnings Forecasts

In September 2018, we announced our new medium-term management plan, a five-year plan for the year ending June 2023. In Fiscal Year ending June 2022, the fourth year of the plan, we plan to sustainably grow our three existing businesses while also promoting a variety of activities aimed at dramatically improving recurrent revenue ratio, which is one of the key goals of our medium-term management plan.

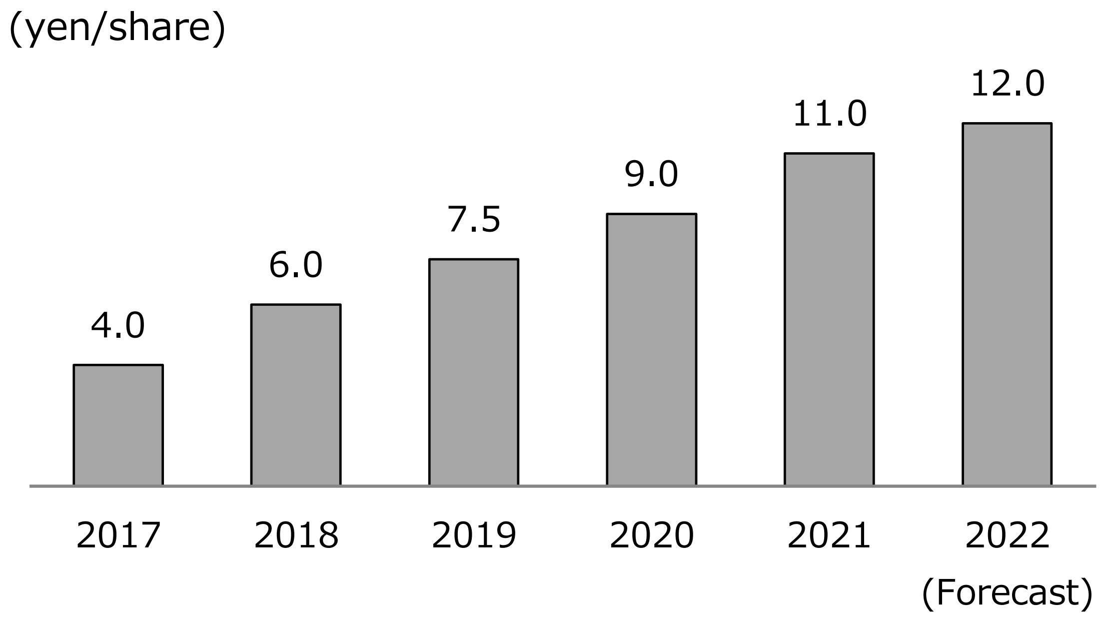
While the spread of the new coronavirus infection has had a significant impact on the activities of domestic companies, more and more companies are looking to strengthen their management and group governance through the use of data, and to improve business continuity by externalizing business processes such as accounting and disclosure. However, the number of companies that want to improve business continuity by utilizing data, strengthening group governance, and externalizing business processes such as accounting and disclosure is on the rise.

As a result of these developments, the Company expects to achieve net sales of 17,820 million yen and operating income of 2,860 million yen for the current consolidated fiscal year.

This forecast has been formulated on the assumption that the impact of the outbreak of the new Corona contagious disease on IT investment by domestic companies will converge to some extent within 2021 and will gradually become normalized in 2022. If this persists in the future, our Group's results of operations may be worse than anticipated.

With regard to dividends, in accordance with our previous policy, we will raise the dividend on equity ratio while always keeping in mind that it will always exceed the average for all listed companies. At the same time, we will strive to pay a stable dividend (in principle, dividends per share will not fall below the level of the previous fiscal year). In accordance with this policy, the Company forecasts a dividend of 12 yen per share for the fiscal year under review.

Trends of dividends (adjusted for stock splits)



2. Quarter Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(thousands of yen)

	End of previous fiscal year (As of June 30, 2021)	End of First quarter of the fiscal year under review (As of September 30, 2021)
Assets		
Current assets		
Cash and deposits	7,238,708	6,471,005
Notes and accounts receivable - trade	2,586,194	—
Notes and accounts receivable - trade, and contract assets	—	2,315,234
Securities	500,000	590,221
Work in process	82,666	15,028
Raw materials and supplies	49,336	49,730
Prepaid expenses	541,037	430,604
Other	53,313	219,291
Allowance for doubtful accounts	(3,425)	(3,517)
Total current assets	11,047,830	10,087,599
Non-current assets		
Property, plant and equipment	407,299	463,849
Intangible assets		
Software	607,818	683,615
Other	639	630
Total intangible assets	608,458	684,246
Investments and other assets		
Investment securities	491,381	424,615
Shares of subsidiaries and associates	267,890	250,112
Long-term prepaid expenses	12,101	9,570
Leasehold and guarantee deposits	614,316	614,316
Deferred tax assets	382,214	258,679
Other	125,473	125,473
Total investments and other assets	1,893,377	1,682,767
Total non-current assets	2,909,135	2,830,862
Total assets	13,956,966	12,918,461

(thousands of yen)

	End of previous fiscal year (As of June 30, 2021)	End of First quarter of the fiscal year under review (As of September 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	459,394	442,243
Lease obligations	14,212	14,077
Accounts payable - other, and accrued expenses	397,920	484,657
Income taxes payable	404,668	—
Unearned revenue	2,278,978	1,949,197
Provision for bonuses	776,735	348,907
Provision for bonuses for directors (and other officers)	140,213	43,385
Provision for loss on order received	74	10,365
Other	471,227	672,511
Total current liabilities	4,943,427	3,965,345
Non-current liabilities		
Lease obligations	30,752	27,359
Asset retirement obligations	195,579	209,458
Total non-current liabilities	226,331	236,818
Total liabilities	5,169,758	4,202,164
Net assets		
Shareholders' equity		
Share capital	311,568	311,568
Capital surplus	248,368	248,368
Retained earnings	8,169,386	8,089,170
Treasury shares	(549)	(549)
Total shareholders' equity	8,728,774	8,648,557
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	58,114	66,794
Deferred gains or losses on hedges	27	38
Foreign currency translation adjustment	291	906
Total accumulated other comprehensive income	58,433	67,739
Total net assets	8,787,207	8,716,297
Total liabilities and net assets	13,956,966	12,918,461

(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated income statement for the quarter

(thousands of yen)

	First quarter of previous fiscal year (From July 1, 2020 to September 30, 2020)	First quarter of fiscal year under review (From July 1, 2021 to September 30, 2021)
Net sales	3,601,888	4,047,484
Cost of sales	1,997,919	2,227,854
Gross profit	1,603,968	1,819,630
Selling, general and administrative expenses	1,125,673	1,357,970
Operating profit	478,295	461,660
Non-operating income		
Interest income	108	76
Dividend income	1,057	1,048
Subsidy income	2,950	1,350
Reversal of allowance for doubtful accounts	2,949	－
Other	10	126
Total non-operating income	7,075	2,601
Non-operating expenses		
Interest expenses	275	209
Share of loss of entities accounted for using equity method	－	19,341
Loss on investments in investment partnerships	596	601
Commission expenses	1,419	1,430
Foreign exchange losses	225	311
Other	360	647
Total non-operating expenses	2,877	22,542
Ordinary profit	482,492	441,719
Profit before income taxes	482,492	441,719
Income taxes - current	46,059	97,742
Income taxes - deferred	132,819	81,805
Total income taxes	178,878	179,547
Profit	303,613	262,172
Profit attributable to non-controlling interests	－	－
Profit attributable to owners of parent	303,613	262,172

Quarter Consolidated Statements of Comprehensive Income

(thousands of yen)

	First quarter of previous fiscal year (From July 1, 2020 to September 30, 2020)	First quarter of fiscal year under review (From July 1, 2021 to September 30, 2021)
Profit	303,613	262,172
Other comprehensive income		
Valuation difference on available-for-sale securities	37,064	8,679
Deferred gains or losses on hedges	(19)	11
Foreign currency translation adjustment	(2,271)	1,468
Share of other comprehensive income of entities accounted for using equity method	－	(852)
Total other comprehensive income	34,774	9,306
Comprehensive income	338,388	271,479
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	338,388	271,479
Comprehensive income attributable to non-controlling interests	－	－

(3) Quarterly Consolidated Statements of Cash Flows

(thousands of yen)

	First quarter of previous fiscal year (From July 1, 2020 to September 30, 2020)	First quarter of fiscal year under review (From July 1, 2021 to September 30, 2021)
Cash flows from operating activities		
Profit before income taxes	482,492	441,719
Depreciation	60,446	60,818
Share-based payment expenses	2,478	3,861
Increase (decrease) in allowance for doubtful accounts	(2,949)	92
Increase (decrease) in provision for bonuses	(479,109)	(427,828)
Increase (decrease) in provision for bonuses for directors (and other officers)	(97,018)	(96,827)
Increase (decrease) in provision for loss on order received	14,295	10,290
Interest and dividend income	(1,165)	(1,125)
Interest expenses	275	209
Commission expenses	1,419	1,430
Share of loss (profit) of entities accounted for using equity method	—	19,341
Loss (gain) on investments in investment partnerships	596	601
Subsidy income	(2,950)	(1,350)
Decrease (increase) in trade receivables	667,917	—
Decrease (increase) in notes and accounts receivable-trade and contract assets	—	449,871
Decrease (increase) in inventories	(130,084)	(2,779)
Increase (decrease) in trade payables	38,430	(17,156)
Increase (decrease) in accounts payable - other, and accrued expenses	130,504	288,406
Increase (decrease) in accrued consumption taxes	(128,433)	(7,958)
Increase (decrease) in unearned revenue	(212,249)	(329,781)
Increase (decrease) in deposits received	216,105	235,680
Other, net	52,869	(93,484)
Subtotal	613,871	534,032
Interest and dividends received	1,307	1,235
Interest paid	(275)	(209)
Subsidies received	2,950	1,350
Income taxes paid	(545,270)	(710,025)
Net cash provided by (used in) operating activities	72,582	(173,617)
Cash flows from investing activities		
Purchase of property, plant and equipment	(70,340)	(68,642)
Purchase of intangible assets	(40,807)	(146,408)
Purchase of investment securities	(10,525)	(11,044)
Payments of leasehold and guarantee deposits	(72)	(168,288)
Proceeds from refund of leasehold and guarantee deposits	68,201	216,775
Other, net	8,279	96
Net cash provided by (used in) investing activities	(45,265)	(177,512)
Cash flows from financing activities		
Repayments of finance lease obligations	(3,594)	(3,528)
Dividends paid	(338,256)	(413,602)
Net cash provided by (used in) financing activities	(341,850)	(417,131)
Effect of exchange rate change on cash and cash equivalents	(2,285)	1,158
Net increase (decrease) in cash and cash equivalents	(316,818)	(767,102)
Cash and cash equivalents at beginning of period	6,370,860	7,786,223
Cash and cash equivalents at end of period	6,054,041	7,019,120

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

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

Not applicable.

(Change in accounting policy)

(Application of the Accounting Standard for Revenue Recognition)
The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Accounting Standard for Revenue Recognition"), etc. from the beginning of the first quarter of the current fiscal year and recognizes revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer.
As a result, for contracts whose performance obligations are to be satisfied over a certain period of time, except for contracts with very short periods of time, the Company has changed to a method of estimating the degree of progress toward satisfaction of performance obligations and recognizing revenue based on that degree of progress over a certain period of time. However, for transactions in which the Group's role in providing goods or services to customers falls under the category of agent, the Group has decided to recognize revenue at the net amount received from the customer less the amount paid to the supplier.
For the application of the revenue recognition accounting standard, etc., the Company has followed the transitional treatment prescribed in the proviso of Paragraph 84 of the revenue recognition accounting standard, and the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the current first quarter has been added to or deducted from retained earnings at the beginning of the current first quarter, and the relevant opening balance The new accounting policy has been applied from the beginning of the current fiscal year. However, the Company has applied the method prescribed in Paragraph 86 of the Accounting Standard for Revenue Recognition and has not applied the new accounting policy retrospectively to contracts in which almost all of the revenue amounts were recognized in accordance with the previous treatment prior to the beginning of the first quarter of the current fiscal year. In addition, the Company has applied the method prescribed in Paragraph 86, Paragraph 1 of the Accounting Standard for Revenue Recognition, and accounted for contract changes made prior to the beginning of the first quarter of the current fiscal year based on the contract terms after reflecting all contract changes, and added or subtracted the cumulative effect of such changes to retained earnings at the beginning of the first quarter of the current fiscal year. The cumulative effect of this change was added to or deducted from retained earnings at the beginning of the first quarter of the current fiscal year.

As a result, net sales for the first quarter of the current fiscal year decreased by 106,645,000 yen, cost of sales decreased by 10,307,000 yen, and operating income, ordinary income, and income before income taxes and minority interests each increased by 96,338,000 yen. In addition, the balance of retained earnings at the beginning of the period decreased by 71,213,000 yen.

Due to the application of the revenue recognition accounting standard, "Notes and accounts receivable-trade," which was presented in "Current assets" in the consolidated balance sheet for the previous fiscal year, is now included in "Notes, accounts receivable-trade and contract assets" from the first quarter of the current fiscal year. In addition, "Decrease (increase) in notes and accounts receivable-trade," which was presented in "Cash flows from operating activities" in the quarterly consolidated statements of cash flows for the first quarter of the previous fiscal year, is now included in "Decrease (increase) in notes and accounts receivable-trade and contract assets" from the first quarter of the current fiscal year. (Increase) decrease in notes and accounts receivable-trade. In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, the previous fiscal year and the first quarter of the previous fiscal year have not been reclassified using the new presentation method. In addition, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), the Company has not presented disaggregated information on revenues from contracts with customers for the first quarter of the previous fiscal year.

(Application of Accounting Standard for Measurement of Fair Value, etc.)
The Company has applied "Accounting Standard for Measurement of Fair Value (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the "Fair Value Accounting Standard")" etc. from the beginning of the first quarter of

the current fiscal year, and will apply the new accounting policies set forth by the Accounting Standard for Measurement of Fair Value, prospectively in accordance with the transitional treatments set forth in Paragraph 19 of the Accounting Standard for Measurement of Fair Value and Paragraph 44-2 of the Accounting Standard for Financial Instruments (Corporate Accounting Standard No. 10, July 4, 2019). There is no impact on the quarterly consolidated financial statements.

(Additional Information)
(Accounting estimates related to the spread of new coronavirus infections)
There has been no significant change in the assumptions regarding the impact of the new coronavirus infection described in (Additional Information) (Accounting Estimates Regarding the Spread of the New Coronavirus Infection) in the Annual Securities Report for the previous fiscal year.

(Segment information)

Previous quarter (From July 1, 2020 to September 30, 2020)

1. Information on revenues and profits or losses by reported segment

(thousands of yen)

	Reportable segments			Total
	Group Governance Business	Digital Transformation Business	Outsourcing Business	
Revenue				
Sales to customers	1,796,933	1,381,504	423,450	3,601,888
Intersegment sales	4,370	1,351	146,406	152,129
Total	1,801,304	1,382,855	569,857	3,754,017
Segment profit	323,453	115,083	130,471	569,007

2. Difference between the total amount of income (loss) of reportable segments and the amount recorded in the quarterly consolidated statements of income, and major details of said difference (matters related to difference reconciliation)

(thousands of yen)

Profit	Amount
Reportable segments total	569,007
Elimination of transactions between the Company and segments	186,431
Corporate expenses (Note)	(274,574)
Others	(2,569)
Operating income in the quarterly consolidated statements of income	478,295

(Note) Corporate expenses are mainly general and administrative expenses not attributable to reportable segments.

Current quarter (From July 1, 2021 to September 30, 2021)

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

(thousands of yen)

	Reportable segments			Total
	Group Governance Business	Digital Transformation Business	Outsourcing Business	
Net sales				
Sales to customers	1,949,559	1,558,785	539,140	4,047,484
Intersegment sales Or transfer amount	-	-	-	-
Net sales to external customers	1,949,559	1,558,785	539,140	4,047,484
Intersegment sales and transfers	8,154	5,625	171,534	185,314
Total	1,957,714	1,564,410	710,674	4,232,799
Segment profit	286,556	187,044	161,200	634,802

2. Difference between the total amount of income (loss) of reportable segments and the amount recorded in the quarterly consolidated statements of income, and major details of said difference (matters related to difference reconciliation)

(thousands of yen)

Profit	Amount
Reportable segments total	634,802
Elimination of transactions between the Company and its segments	187,332
Corporate expenses (Note)	(360,668)
Others	379
Operating income in the quarterly consolidated statements of income	461,660

(Note) Corporate expenses are mainly general and administrative expenses not attributable to reportable segments.

3. Matters concerning changes in reportable segments, etc.

Effective from the first quarter of the current fiscal year, the Company has changed the names of its reportable segments from "Consolidated Accounting Related Business" and "Business Intelligence Business" to "Group Governance Business" and "Digital Transformation Business" in order to properly present the nature of its business. This change has no impact on segment information as it is a change in segment name. The segment information for the first quarter of the previous fiscal year is also presented using the names after the change.

As stated in the "Changes in accounting policies," the Company has applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the first quarter of the current fiscal year and changed the accounting method for revenue recognition, so the method for calculating profit or loss in the business segment has been changed as well.

As a result of this change, net sales and segment income in the Group Governance Business for the first quarter of the current fiscal year increased by 173,822,000 yen and 102,040,000 yen, respectively, and net sales and segment income in the Digital Transformation Business decreased by 67,177,000 yen and increased by 5,702,000 yen, respectively, compared with those calculated using the previous method.

(Revenue recognition)

Breakdown of revenue from contracts with customers

Cumulative period for Consolidated First Quarter (from July 1, 2021 to September 30, 2021)

(thousands of yen)

	Reportable segments			Total
	Group Governance Business	Digital Transformation Business	Outsourcing Business	
Goods or services transferred at a point in time	79,252	16,053	36,735	132,042
Goods or services that are transferred over a period of time	1,870,306	1,542,731	502,404	3,915,442
Net sales to external customers	1,949,559	1,558,785	539,140	4,047,484

AVANT

Financial Results Briefing
for the first quarter
of Fiscal Year June 2022

Effective from the first quarter of the current fiscal year, the Company has changed the name of its reportable segments and applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. For details, please refer to the notes on page 2.

This is an unofficial translation. In case of any difference in meaning between the original Japanese text and the English translation, Japanese text shall prevail

AVANT CORPORATION

(Code：3836 TSE1）

October 29, 2021

Contents

AVANT

Ⅰ. Summary of financial results
for the first quarter of FY June 2022

Ⅱ. Earnings and Dividend Forecast

＊Figures in this material are rounded down to the unit of display

The information contained in this material regarding the business outlook and other forecasts and strategies etc. are forward-looking statements and are determined within the range that could normally be predicted based on the information reasonably available to the Company at the time of preparation of this material. Investors should be aware of the risks, however, that actual results may differ from the business prospects described in the material due to the occurrence of extraordinary circumstances that cannot usually be predicted or the occurrence of results that cannot usually be predicted. The Company will proactively disclose information that is considered material to investors, but investors should be advised not to make judgment based entirely on only the business prospects described in this material. This material should not be copied or transferred for any purpose without permission of the Company.

AVANT

I. Summary of financial results for the first quarter of FY June 2022

Note 1
Effective from the first quarter of the current fiscal year, the Company has changed the names of its reportable segments from "Consolidated Accounting Related Business" and "Business Intelligence Business" to "Group Governance Business" and "Digital Transformation Business" in order to properly present the nature of its business. This change in segment name has no impact on segment information.

Note 2
Effective from the beginning of the first quarter of the current fiscal year, the Company has adopted "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., and the figures for the first quarter of the fiscal year ending June 30, 2022 are after the application of the said accounting standard. Please note that when comparing figures with those of the fiscal year ended June 30, 2021 or earlier, the impact of the change in accounting standards should be considered. The year-on-year changes in amounts (millions of yen) and rates of change (%) shown in this document are calculated based on the figures for the first quarter of the fiscal year ending June 30, 2022 before the application of the "Accounting Standard for Revenue Recognition.

Results Highlights

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Despite increase in sales, profit declined due to labor cost burden

- Digital Transformation Business and Outsourcing Business achieved double-digit sales and profit growth.
- Sales of Group Governance Business decreased before applying the standard. Substantial decrease in profit due to the burden of increasing headcount to strengthen product development and sales capabilities. Investment by the holding company to create synergies and amortization of goodwill of affiliated companies also took a toll.

※Note 2

(millions of yen)

	FY21/06 Q1<YtD>	FY22/06 Q1<YtD>	FY22/06 Q1<YtD> (Before accounting impact)	Year-on-Year (Before accounting impact)	
				Variance	%CHG
Net Sales	3,601	4,047	3,940	+ 338	+ 9.4%
Cost of Revenue	1,997	2,227	2,217	+ 219	+ 11.0%
SG&A expenses	1,125	1,357	1,357	+ 232	+ 20.6%
Operating Income	478	461	365	112	23.6%
OP Margin	13.3%	11.4%	9.3%	-	4.0 point
Ordinary Income	482	441	345	137	28.4%
Net Income	303	262	191	112	37.0%
EBITDA	537	519	422	114	21.3%

Results by Business Segment

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Decrease in profit of Group Governance Business offsetting increase in profit of other two businesses

- Compared to the results before the application of the revenue recognition standard, sales did not increase in the Group Governance Business, and it was unable to cover the increase in labor costs. The decrease in profit in this business offset the increase in profit in the other two businesses, resulting in a decrease in profit on a consolidated basis.

※Note 2

(millions of yen)

		FY21/06 Q1<YtD>	FY22/06 Q1<YtD>	FY22/06 Q1<YtD> (Before accounting impact)	Year-on-Year (Before accounting impact)	
					Variance	%CHG
Group Governance	Net Sales	1,801	1,957	1,783	17	1.0%
	Operating Income	323	286	184	138	43.0%
	OP Margin	18.0%	14.6%	10.3%	-	7.6 point
Digital Transformation	Net Sales	1,382	1,564	1,631	+ 248	+ 18.0%
	Operating Income	115	187	192	+ 77	+ 67.5%
	OP Margin	8.3%	12.0%	11.8%	-	+ 3.5 point
Outsourcing	Net Sales	569	710	710	+ 140	+ 24.7%
	Operating Income	130	161	161	+ 30	+ 23.6%
	OP Margin	22.9%	22.7%	22.7%	-	0.2 point

Group Governance Business

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Both sales and profit decreased excluding the impact of the application of revenue recognition standards.

- Excluding the impact of the adoption of the revenue recognition standard, sales did not increase and profits declined significantly as the company was unable to cover the increase in labor costs due to the improvement in treatment and increase in personnel implemented to strengthen product development and sales structure.
- New orders continued to grow at 9.6% YoY.

※Note 2

(millions of yen)

	FY21/06 Q1<YtD>	FY22/06 Q1<YtD>	FY22/06 Q1<YtD> (Before accounting impact)	Year-on-Year (Before accounting impact)	
				Variance	%CHG
Net Sales	1,801	1,957	1,783	17	1.0%
Operating income	323	286	184	138	43.0%
OP Margin	18.0%	14.6%	10.3%	-	7.6point
New Orders	1,721	1,886	1,886	+ 164	+ 9.6%
Outstanding Orders	1,920	2,278	2,452	+ 532	+ 27.7%

Digital Transformation Business

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Both sales and profit grew <u>rapidly</u> on the back of strong demand

- Sales increased 18.0% YoY due to steady growth in orders for construction of data platforms. The increase in sales offset higher personnel costs due to an increase in headcount and the booking of performance-linked compensation. Operating income increased 67.5% YoY.
- Orders received were slightly lower than in the same period of the previous year but remained strong.

※Note 2

(millions of yen)

	FY21/06 Q1<YtD>	FY22/06 Q1<YtD>	FY22/06 Q1<YtD> (Before accounting impact)	Year-on-Year (Before accounting impact)	
				Variance	%CHG
Net Sales	1,382	1,564	1,631	+ 248	+ 18.0%
Operating income	115	187	192	+ 77	+ 67.5%
OP Margin	8.3%	12.0%	11.8%	-	+3.5point
New Orders	1,379	1,296	1,377	1	0.1%
Outstanding Orders	850	975	990	+ 139	+ 16.4%

Outsourcing Business

AVANT

New contracts at the end of the previous fiscal year contributed to sales and absorbed the increase in expenses

- Sales increased by 24.7% YoY due to the contribution of new contracts signed at the end of the previous fiscal year. Operating profit margin remained almost the same level, absorbing the increase in expenses due to office expansion and increase in personnel.
- High growth in both orders and backlog. Particularly high growth in order backlog continued.

※Note 2

(millions of yen)

	FY21/06 Q1<YtD>	FY22/06 Q1<YtD>	FY22/06 Q1<YtD> (Before accounting impact)	Year-on-Year (Before accounting impact)	
				Variance	%CHG
Net Sales	569	710	710	+ 140	+ 24.7%
Operating income	130	161	161	+ 30	+ 23.6%
OP Margin	22.9%	22.7%	22.7%	-	0.2point
New Orders	651	722	722	+ 71	+ 11.0%
Outstanding Orders	1,031	1,469	1,469	+ 438	+ 42.4%

Selected Quarterly Financial Data

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- Operating income increased by 96 million yen due to the adoption of the new revenue recognition standard, and operating income before the adoption of the new standard started at a low level of 365 million yen.

※Note 2 (Millions of Yen)

	FY18/06				FY19/06				FY20/06				FY21/06				FY22/06			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales	2,544	3,144	3,095	3,326	3,180	3,752	3,631	3,512	3,714	4,019	4,050	3,906	3,601	4,036	4,271	4,326	4,047			
Cost of Revenue	1,514	1,866	1,720	1,845	1,772	1,929	2,057	2,020	2,149	2,205	2,113	2,056	1,997	2,113	2,208	2,252	2,227			
Gross Profit	1,029	1,277	1,374	1,481	1,408	1,823	1,574	1,492	1,565	1,814	1,936	1,849	1,603	1,922	2,063	2,074	1,819			
SG&A expenses	781	865	898	986	1,027	1,188	982	1,133	1,050	1,239	1,338	1,258	1,125	1,104	1,192	1,445	1,357			
Operating Income	247	412	476	494	380	634	592	358	514	574	598	591	478	817	871	629	461			
OP Margin	9.7	13.1	15.4	14.9	12.0	16.9	16.3	10.2	13.8	14.3	14.8	15.1	13.3	20.3	20.4	14.5	11.4			
Ordinary Income	248	415	472	495	380	633	593	364	520	573	598	589	482	823	880	622	441			
Net Income	162	269	311	318	237	403	389	286	334	339	344	519	303	520	546	517	262			
EBITDA	300	436	514	534	417	673	634	408	557	621	658	669	537	880	926	695	519			
EBITDA Margin (%)	11.8	13.9	16.6	16.1	13.1	17.9	17.5	11.6	15.0	15.5	16.3	17.1	14.9	21.8	21.7	16.1	12.8			

Quarterly Trends in Major KPIs

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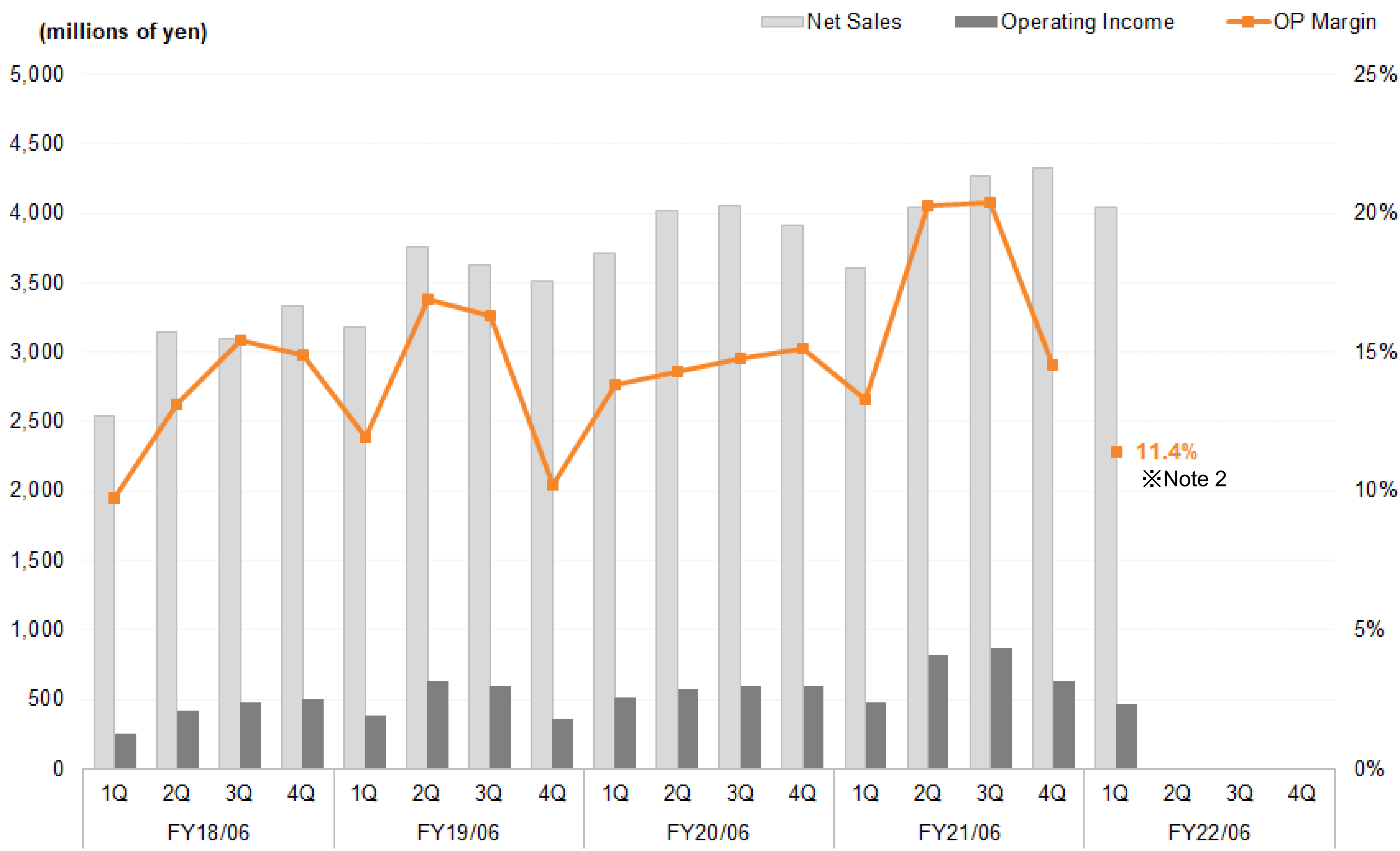

Selected Quarterly Segment Data

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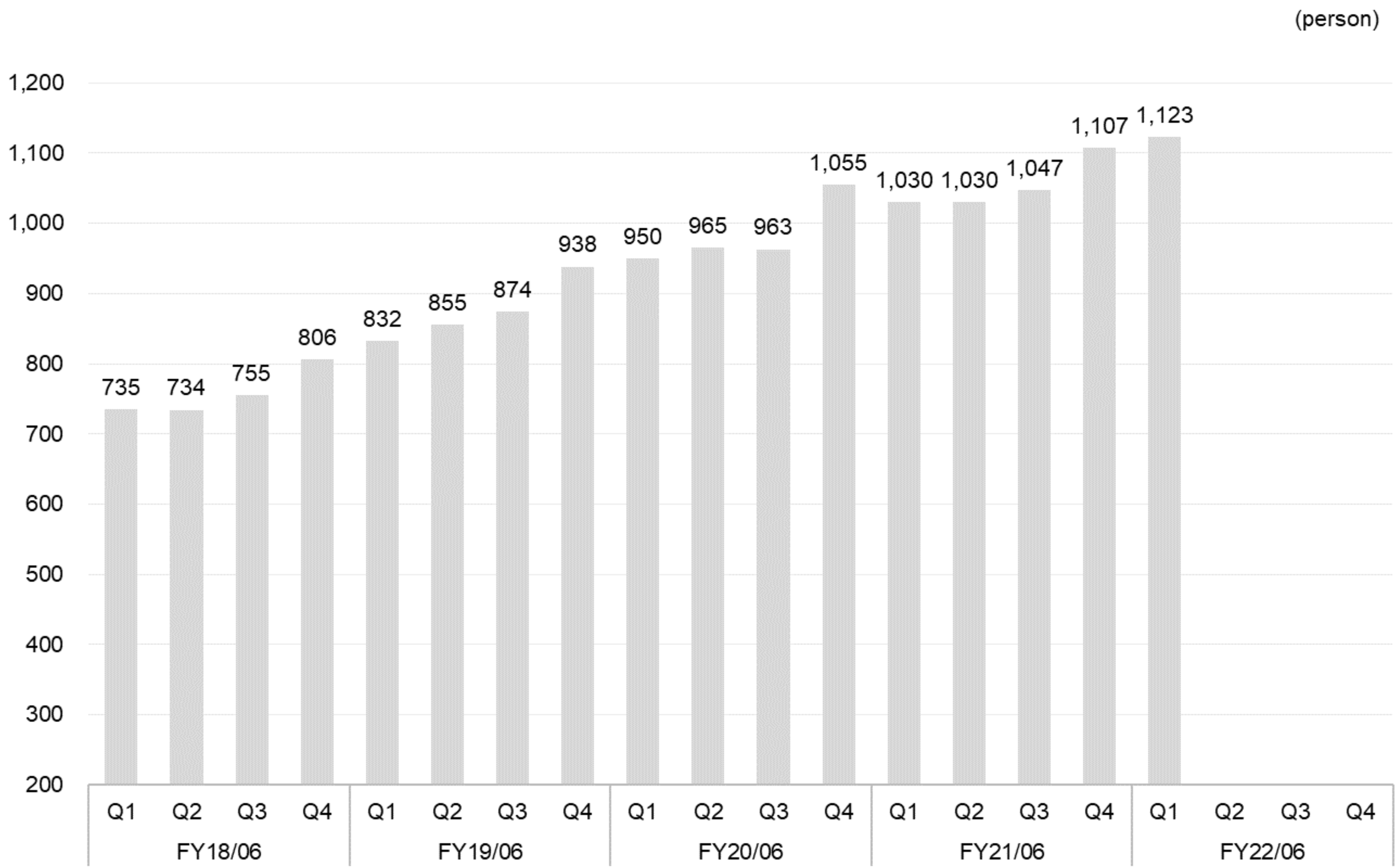
※Note 2 (millions of yen)

		FY June 2018				FY June 2019				FY June 2020				FY June 2021				FY June 2022			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
New Orders	Group Governance	1,343	1,906	1,557	2,924	1,611	1,890	1,693	2,579	1,893	2,008	1,944	2,466	1,721	1,945	1,912	2,930	1,886			
	Digital Transformation	998	1,030	1,118	1,073	1,235	1,223	1,439	1,365	1,565	1,347	1,191	1,313	1,379	2,083	1,650	1,526	1,296			
	Outsourcing	297	343	297	549	439	319	363	685	599	468	505	586	651	586	765	983	722			
	(Elimination of inter-segment transaction)	-72	-255	-116	-154	-201	-115	-92	-266	-102	-201	-64	-164	-149	-201	-223	-161	-238			
	New Orders	2,567	3,025	2,856	4,392	3,085	3,317	3,404	4,363	3,955	3,623	3,576	4,202	3,602	4,413	4,105	5,279	3,667			
Orders Outstanding	Group Governance	1,913	1,876	1,576	2,433	2,261	1,927	1,611	2,173	2,143	1,910	1,689	1,999	1,920	1,769	1,642	2,349	2,278			
	Digital Transformation	762	791	895	929	1,004	958	1,044	1,204	1,340	1,245	926	854	850	1,438	1,354	1,244	975			
	Outsourcing	515	524	474	675	734	650	597	852	948	928	891	950	1,031	1,008	1,112	1,457	1,469			
	(Elimination of inter-segment transaction)	-65	-187	-179	-203	-260	-232	-177	-303	-264	-312	-209	-208	-206	-242	-300	-290	-343			
	Orders Outstanding	3,125	3,006	2,768	3,834	3,739	3,304	3,076	3,927	4,168	3,771	3,298	3,595	3,596	3,974	3,807	4,761	4,381			
Net Sales	Group Governance	1,392	1,942	1,857	2,068	1,783	2,225	2,008	2,017	1,922	2,242	2,165	2,154	1,801	2,096	2,040	2,223	1,957			
	Digital Transformation	897	1,001	1,014	1,039	1,161	1,268	1,353	1,206	1,429	1,441	1,510	1,385	1,382	1,495	1,734	1,637	1,564			
	Outsourcing	282	334	347	349	380	402	416	430	504	489	541	527	569	609	662	637	710			
	(Intra-segment elimination)	-27	-134	-125	-130	-144	-143	-147	-141	-141	-153	-167	-161	-152	-165	-165	-171	-185			
	Net Sales	2,544	3,144	3,095	3,326	3,180	3,752	3,631	3,512	3,714	4,019	4,050	3,906	3,601	4,036	4,271	4,326	4,047			
Operating Income	Group Governance	145	220	265	398	244	362	346	339	330	379	378	528	323	520	530	561	286			
	Digital Transformation	21	81	122	98	102	210	233	89	180	171	209	130	115	226	319	150	187			
	Outsourcing	50	72	53	36	101	100	79	37	118	116	133	-4	130	165	165	62	161			
	(Elimination of inter-segment transaction)	29	37	34	-39	-68	-39	-67	-106	-114	-93	-122	-63	-90	-94	-151	-136	-173			
	Opertating Income	247	412	476	494	380	634	592	358	514	574	598	591	478	817	862	637	461			

Total Number of Group Employees

AVANT



Financial Condition & Cash Flows

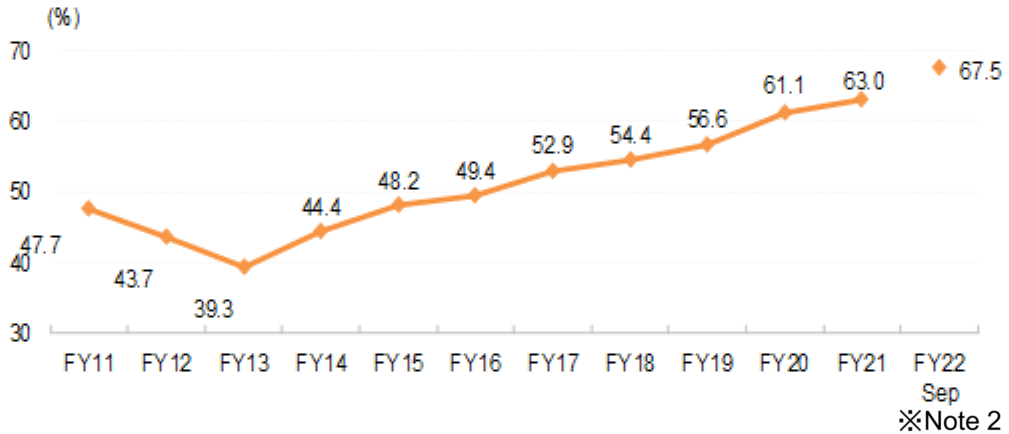
AVANT

Financial Status

Sep 2021

Total Assets 12.9 billion yen	Total Liabilities 4.2 billion yen	
	Net Assets 8.7 billion yen	

Equity Ratios



Cash Flows

(millions of yen)	FY21/06 Q1	FY22/06 Q1
Operating CF	72	(173)
Investment CF	(45)	(177)
Free CF	27	(351)
Financial CF	(341)	(417)

Key Factors for change (millions of yen)

· Income before income taxes and minotiy interests	441
· Depreciation expense	60
· Decrease in provision for bonuses	(427)
· Decrease in deffered revenue	(329)
· Increase in accrued expencies and others	288
· Decrease in provision for bonuses for directors	(96)
· Income taxes paid	(710)

· Proceeds from collection of guarantee deposits	216
· Deposit paid	(168)

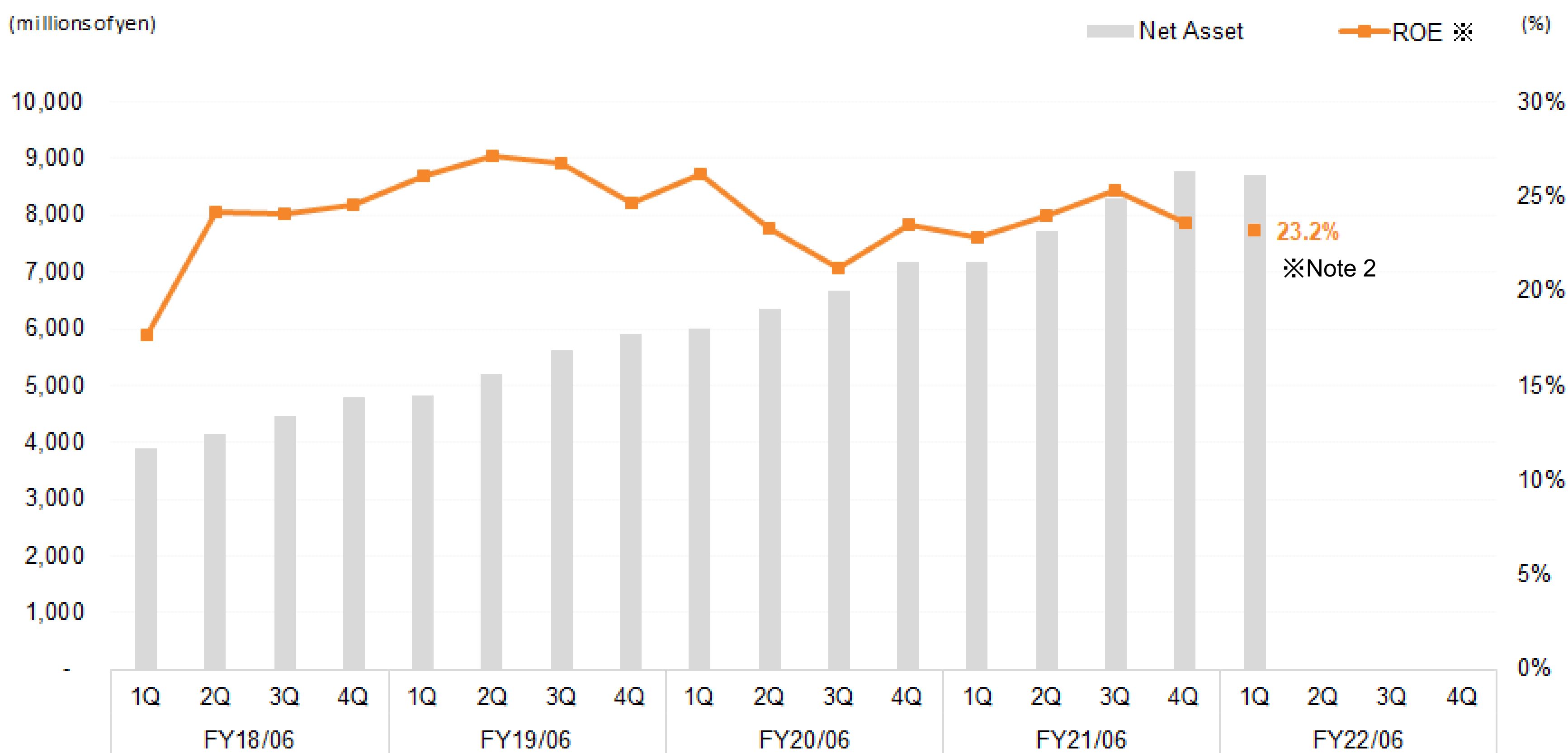
· Payment of shareholder dividends	(413)

Return on Equity (ROE) trends

AVANT

Our goal is to maintain over 20% on average in the mid- to long-term

- We aim to improve ROE, while maintaining the Group's management principles, by enhancing profitability further and managing assets more efficiently



※twelve month rolling

AVANT

Ⅱ. Earnings and Dividend Forecast

Earnings forecast for the fiscal year ending June 30, 2022

AVANT

Seventh consecutive year of revenue and profit growth forecast unchanged

- The Company assumes a trend of accelerated growth in all segments by capturing customers' needs and strengthening proposal capabilities.
- Operating profit margin is expected to deteriorate slightly. This is because we will focus on strengthening product development and securing and training proposal-oriented human resources in order to accelerate the pace of stock sales growth to achieve the mid-term plan. Operating income is expected to increase, marking the seventh consecutive year of higher sales and profits.

※Note 2 (millions of yen)

	2021 June (Actual)	2022 June (Current Forecast)	Variance	% CHG
Net Sales	16,236	17,820	—	—
Operating Income	2,796	2,860	—	—
OP Margin	17.2%	16.0%	—	—
Net Income	1,888	1,905	—	—

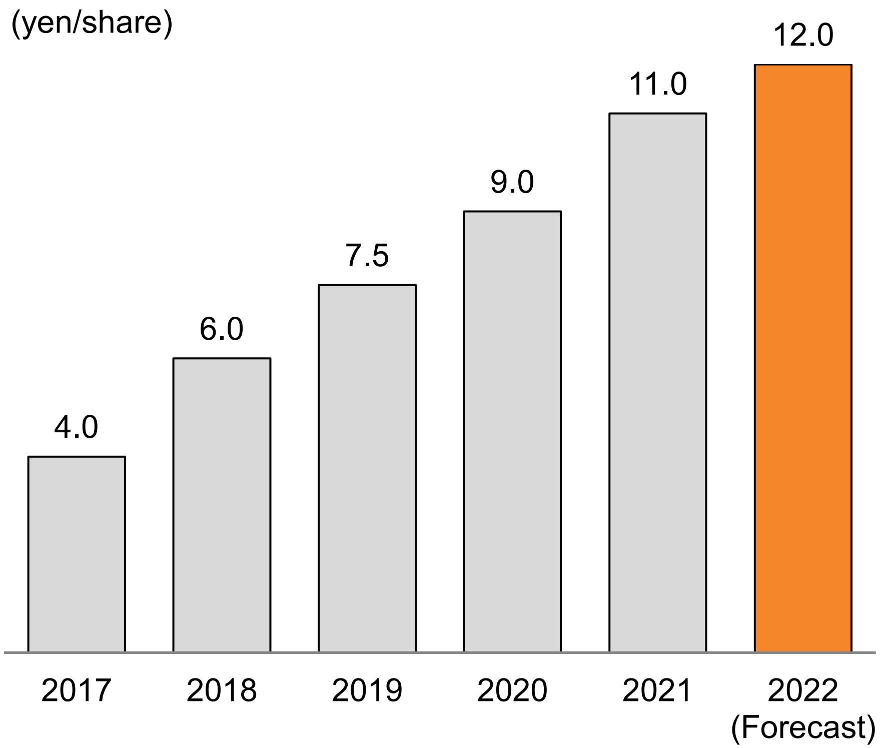
Since the Company adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. from the fiscal year ending June 30, 2022, the above forecast of consolidated financial results is the amount after the adoption of the said accounting standard, and therefore, the percentage change from the previous fiscal year is not stated.

Dividend Forecasts

AVANT

The FY 2020 dividend forecast is 9 yen per share

- ■ We maintains dividend increase for the seventh consecutive year to 12 yen per share, in line with our policy of maintaining stable dividends.
- ■ DOE for the fiscal year ended June 30, 2021 was 5.2%, significantly higher than the average (12-month) DOE of 2.9% for companies listed on the Tokyo Stock Exchange.



(Adjusted for stock splits)

＜AVANT’s shareholder return policy＞

- Cash dividends are an important part of shareholder return policy
- AVANT plans to maintain sustainable growth in dividends, and rely on dividends on equities (DoE) rather than cash income which could fluctuate and unpredictable
- AVANT's ratio of dividends to net assets should be higher than the average of all companies listed on the Tokyo Stock Exchange, and over the long term, AVANT aims to reach 8%, which is the average of the top 10% of companies in terms of the ratio of dividends to net assets.

AVANT