

June 22, 2022
AVANT Corporation

Notice Concerning Decision on the Group's Reorganization Policy (Corporate Split between Consolidated Subsidiaries), Change of the Company's Trade Name and Partial Change of the Articles of Incorporation of the Company, and Change of Trade Name of Consolidated Subsidiary

The Company hereby announces that its Board of Directors, approved on June 22, 2022, a resolution to implement a reorganization (corporate split between consolidated subsidiaries) (hereinafter referred to as the "Reorganization") of the Company's group. The Company also resolved to propose a change in its trade name and a partial change in its Articles of Incorporation to the 26th Annual General Meeting of Shareholders scheduled to be held in September 27, 2022.

In addition, at the general meeting of shareholders scheduled to be held in July of this year, a resolution will be adopted to change the trade name of DIVA CORPORATION, a consolidated subsidiary of the Company, to "AVANT CORPORATION" as of October 1, 2022, and a resolution will be adopted at the general meeting of shareholders scheduled to be held in July of this year to change the trade name of FIERTE CORPORATION is scheduled to change its trade name to "DIVA CORPORATION" as of October 1, 2022 at the general meeting of shareholders scheduled to be held in July this year.

Note

1. Change of the Company's trade name

(1) Reason for change

As a result of this reorganization, the business operations in charge will be reorganized among group companies through an absorption-type company split agreement between consolidated subsidiaries of the Company, and the trade names of each company will be changed; accordingly, the trade name of the Company in charge of management and administration of group companies will be changed.

(2) New trade name

AVANT GROUP CORPORATION

(3) Scheduled date of change

October 1, 2022 (scheduled)

This trade name change is subject to approval of partial amendments to the Articles of Incorporation at the 26th Annual General Meeting of Shareholders scheduled to be held on September 27, 2022.

2. Partial Amendment to the Articles of Incorporation of the Company

(1) Reason for amendment to the Articles of Incorporation

To change the trade name as described in 1 above, Article 1 (Trade Name) of the current Articles of Incorporation is to be changed.

(2) Details of the amendment to the Articles of Incorporation

(Underlined parts indicate changes.)

Current Articles of Incorporation	Proposed change
Chapter 1 General Provisions	Chapter 1 General Provisions
(Trade name) Article 1. The name of the Company shall be known as 株式会社アバント and in English as AVANT CORPORATION.	(Trade name) Article 1. The name of the Company shall be known as 株式会社アバント <u>グループ</u> and in English as AVANT <u>GROUP</u> CORPORATION.

(3) Schedule

Annual General Meeting of Shareholders September 27, 2022 (scheduled)

Effective date of partial amendment to the Articles of Incorporation October 1, 2022 (scheduled)

3. Change of trade name of the Company's consolidated subsidiary

(1) Reason for change

Since the business responsibilities among group companies will be reorganized through this reorganization, we have decided to change the trade name of our consolidated subsidiary DIVA CORPORATION to AVANT CORPORATION and the trade name of our consolidated subsidiary FIERTE CORPORATION to DIVA CORPORATION.

(2) New trade name (scheduled date of change: October 1, 2022)

	New trade name	Current trade name
(1)	AVANT CORPORATION	DIVA CORPORATION
(2)	DIVA CORPORATION	FIERTE CORPORATION

(3) Outline of the relevant consolidated subsidiary

a. DIVA CORPORATION

(1) L o c a t i o n	15-2, Konan 2-chome, Minato-ku, Tokyo
(2) Title and name of representative	Tetsuji Morikawa, President and Representative Director
(3) B u s i n e s s	Development, sales and consulting of software for group governance (consolidated accounting/business management)
(4) C a p i t a l s t o c k	100 million yen
(5) New trade name	AVANT CORPORATION
(6) Scheduled date of change	October 1, 2022

(a) FIERTE CORPORATION

(1) L o c a t i o n	5-1, Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo
(2) Title and name of representative	Gen Nagata, President and Representative Director
(3) B u s i n e s s	Outsourcing-related business
(4) C a p i t a l s t o c k	100 million yen
(5) New trade name	DIVA CORPORATION
(6) Scheduled date of change	October 1, 2022

3. Reorganization

Although this reorganization is a reorganization that does not fall under the standards for timely disclosure, an overview is provided below to inform you of the overall policy of this reorganization.

(1) Reason for reorganization

Our group's vision is to become an ideal organization that serves society by disseminating management information systems useful for the sound development of companies, and our group's vision is to "create a world-class software company. Founded as DIVA, we began by developing a system to create consolidated accounting information, the basic language for companies to communicate with their stakeholders. Since then, we have expanded the scope of our business to include Internet Disclosure Corporation, which provides a search service for timely disclosure information, ZEAL CORPORATION, which supports the introduction of BI systems, and FIELTE CORPORATION, which provides account settlement outsourcing services.

We are celebrating the 25th anniversary of our founding in May 2022 (see Reference 1 on page 6) by developing management information systems to enhance corporate value while accumulating know-how through our own practice of creating corporate value through group management.

Today, after two lost decades, there is a widespread belief in the public and private sectors that in order to put the Japanese economy back on track for growth, companies must not simply become more efficient through digitalization, but must also undertake a digital transformation that aims to transform their business models by leveraging data and digital technology. On the other hand, in order to continue sustainable development while addressing global issues such as global warming and economic disparity, corporate management is now expected to engage in close dialogue not only with shareholders but also with customers, employees, and local communities, and to give due consideration to economic, social, and environmental balance. Recent governance reforms have strongly encouraged these trends. For companies, this means that in order to enhance corporate value, it is now necessary to organize a variety of information, including financial and non-financial information, and to make efforts to utilize this information in management decisions. The "Spreading Accountability," which is the mission of our group, is precisely the "Management DX" that changes company management through information technology, and we believe that our existence value and the needs of the times are beginning to match.

In order to seize these business opportunities and realize the growth of our group, the growth of our employees, and the maximization of our corporate value, we have formulated a medium-term strategy (see reference 2 on page 6), and based on this strategy, in September 2018, we launched our medium-term management plan "BE GLOBAL 2023" ("BE GLOBAL 2023") in September 2018. Under BE GLOBAL 2023, the Group will pursue business development based on the three pillars of (1) pursuing further sales growth through the collective strength of the Group, (2) M&A to accelerate growth, and (3) changing business models, and will use KPIs to measure progress in these areas, including sales, stock sales ratio, operating income, sales growth rate + operating income ratio, and operating income ratio. As KPIs to measure progress, we have set targets for net sales, stock sales ratio, operating income, sales growth rate + operating income ratio, ROE, and dividends.

BE GLOBAL 2023 now has approximately one year to go. Looking back on progress to date, financial KPIs such as net sales, operating income, ROE, and dividends are generally at achievable levels, and we have achieved certain results, such as forming a capital and business alliance with UK-based Metapraxix in January 2021 and making the company an equity method affiliate. However, the company has not achieved significant results in the transformation of its business model, as the development of software that will be the axis of future growth has not been realized and the stock sales ratio is well below the target of 70% (see Reference 3 on page 7).

There were two reasons for the lack of progress. First, there was insufficient communication with the Group's Corporate Strategy Executive Team regarding the background and goals of the business model transformation that we aimed for in BE GLOBAL 2023. Another reason is that we required all group companies to simultaneously achieve the two tasks of accelerating the growth of existing businesses and creating new growth businesses, and as a result, we were unable to achieve the high goals of both tasks.

For this reason, we began formulating the next medium-term management plan as early as the second half of 2021. Together with the Group Management Strategy Executive Team, we started by reconfirming the Group's management philosophy and summarized what the Group should do to realize its vision as the Avant Group's materiality (see page 7, reference 4). (Reference 4 on page 7). Through discussions among the Group Management Strategy Executive Team and the Board of Directors on specific measures to realize this materiality, we came to the conclusion that it would be effective to reorganize the Group into a separate organization to accelerate the growth of existing businesses and create new growth businesses.

(2) Details of changes

An overview of the reorganization is shown in Reference 5 on page 8. DIVA CORPORATION will enter into an absorption-type demerger agreement with FIELTE CORPORATION for the DivaSystem and related product development business, and for the corporate performance management ("CPM") business with ZEAL CORPORATION. DIVA CORPORATION will split its DivaSystem and related product development business to FIERTE CORPORATION, which will succeed to the CPM system development business of ZEAL CORPORATION and change its trade name to AVANT CORPORATION. FIERTE CORPORATION will succeed the development business of DivaSystem and related products from DIVA CORPORATION and change its trade name to DIVA CORPORATION. AVANT CORPORATION, the holding company overseeing the execution of group strategies, will change its name to AVANT GROUP CORPORATION.

As a result of the reorganization, the Group will consist of four operating companies that support solutions to more social issues under the holding company, AVANT GROUP CORPORATION (Reference 6 on page 8).

(1) Holding company

AVANT GROUP CORPORATION (currently AVANT CORPORATION)

As a group holding company, it supervises the execution of strategies and implements capital policies for each group company.

(2) Operating companies

DIVA CORPORATION (currently FIERTE CORPORATION)

In addition to developing, implementing, and maintaining the DivaSystem consolidated

accounting system and related products, the company also provides outsourcing services for consolidated and non-consolidated financial closing operations using the DivaSystem, and comprehensively supports the value creation process of companies through information disclosure.

Internet Disclosure Co., Ltd.

The company builds a database covering timely disclosure information of listed companies, etc., and provide search services to audit firms, etc.

AVANT CORPORATION (currently DIVA CORPORATION)

In addition to developing group management support systems such as "DivaSystem SMD," "DIVA Compass," and "DIVA Empower," the company also develops and implements systems that combine software developed by other companies to meet the needs of our customers and help them create corporate value.

ZEAL CORPORATION

Through digital transformation, the company provides solutions for data platforms and BI software that organize, integrate, and analyze internal and external data, make it "visible" in the form of reports and graphs, and provide information that is useful for management decision-making. The company provides support through consulting and system development.

(3) Schedule for reorganization

Date of resolution by the Company's Board of Directors (Decision on the Reorganization Policy)	June 22, 2022
Date of execution of the absorption-type demerger agreement by the Company's consolidated subsidiary	July 15, 2022 (scheduled)
Scheduled date of resolution by the Company's consolidated subsidiaries for approval at the General Meeting of Shareholders	September 27, 2022 (scheduled)
Effective date of the reorganization	October 1, 2022 (scheduled)

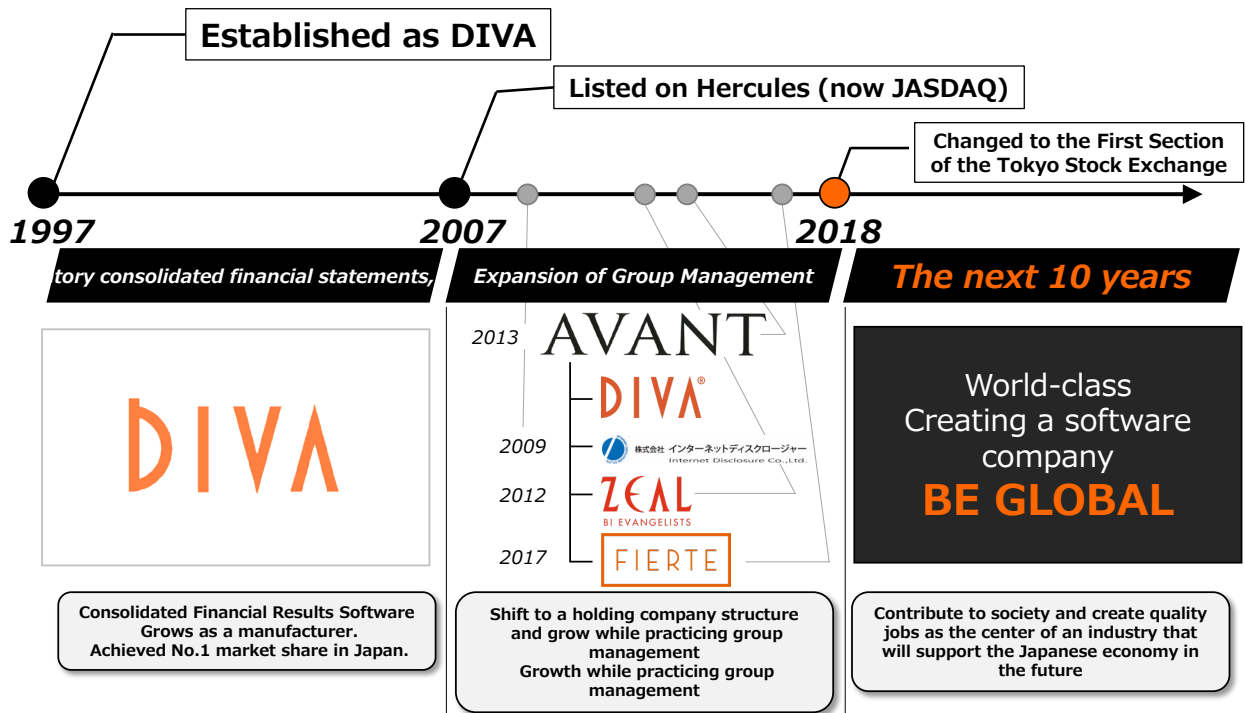
(4) Future outlook

This reorganization will take place among the Company's consolidated subsidiaries and will not have a material impact on the Company's forecast for the fiscal year ending June 30, 2022.

The above forecasts are based on information available as of the date of this announcement, and actual results may differ from these forecasts due to various factors.

[REFERENCE]

Reference 1. History of the Avant Group



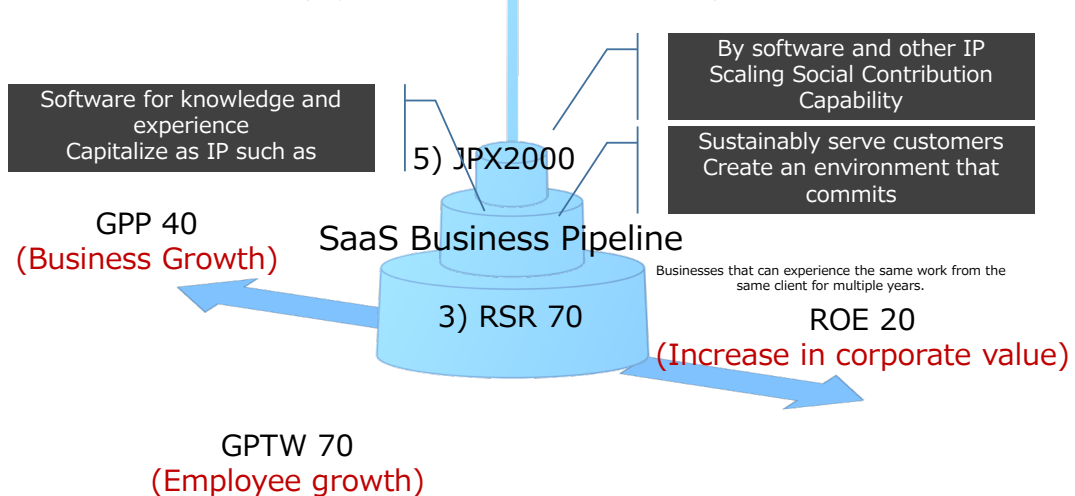
Reference 2: Overview of Avant Group's Mid-term Strategy

- Strategies for the 10-year vision of BE GLOBAL based on the management philosophy "Creation of a 100-year company".
- The three axes of business growth, employee growth, and enhancement of corporate value are the foundation of our challenge.
- Aiming to create de facto beyond the expansion of the environment for making the issue a personal matter and the establishment of a software transcription process.

To BE a Sustainable GLOBAL Software Company

"The Popularization of Management Information."

Contribute to the sound development of society by providing an information environment conducive to the enhancement of corporate value (Improvement of social contribution value)



Reference 3: Status of Mid-term Management Plan "BE GLOBAL 2023

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Forecast	FY23 Plan
Net sales (billions of yen)	140.7	156.9	162.3	187.0	180 to 220
Stock sales ratio (%)	31.4	32.7	36.0	34.1	70
Operating income (billions of yen)	19.6	22.7	27.9	31.3	31-38
Sales growth rate + Operating income ratio (Point)	30.2	26.0	20.7	34.3	More than 40
ROE (%)	24.6	23.5	23.6	22.8	20 or more
Dividend (yen)	7.5	9.0	11.0	13.0	15 or more

Reference 4: Avant Group Materiality

Avant Group: Management (Strategy) Materiality

A software company that helps increase corporate value

◆ Background to the identification of the materiality ◆

Since its establishment, the Avant Group has been striving to create quality management and employment for companies with the mission of "spreading accountability. In particular, in the field of consolidated accounting systems that support consolidated management, the company has gained a high reputation in the market and has demonstrated an overwhelming presence. On the other hand, the business environment surrounding companies has changed drastically in recent years, and **it has become important for management information to be used not only for operations and disclosure obligations, but also to enhance corporate value.**

In the background are the expansion of ESG investment and society's demand for sustainable corporate management, but without adapting to these changing needs, there is no future for the Avant Group, and we cannot serve society and our customers by remaining complacent with the status quo. In moving to the next stage of growth, the most important task for the Group is to **"become a software company that helps increase corporate value.**

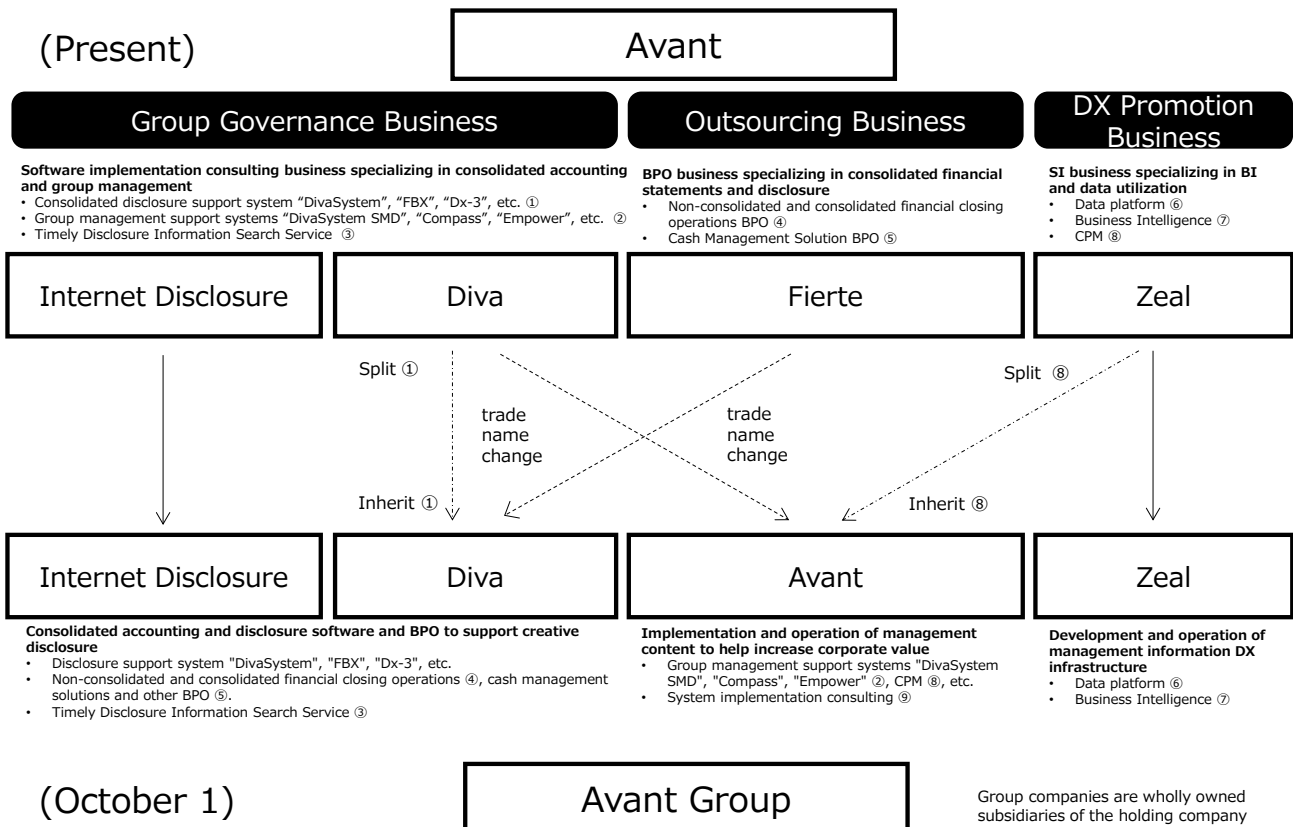
◆ Strategic approach ◆

The target customers for the promotion of this materiality are **"all companies that are required to improve their corporate value.** To address these issues, the Group will **shift its core business model to "software-based BPO that helps improve corporate value,"** while at the same time promoting the **development of killer software that we can offer to a large number of customers.**

◆ The aim of the materiality ◆

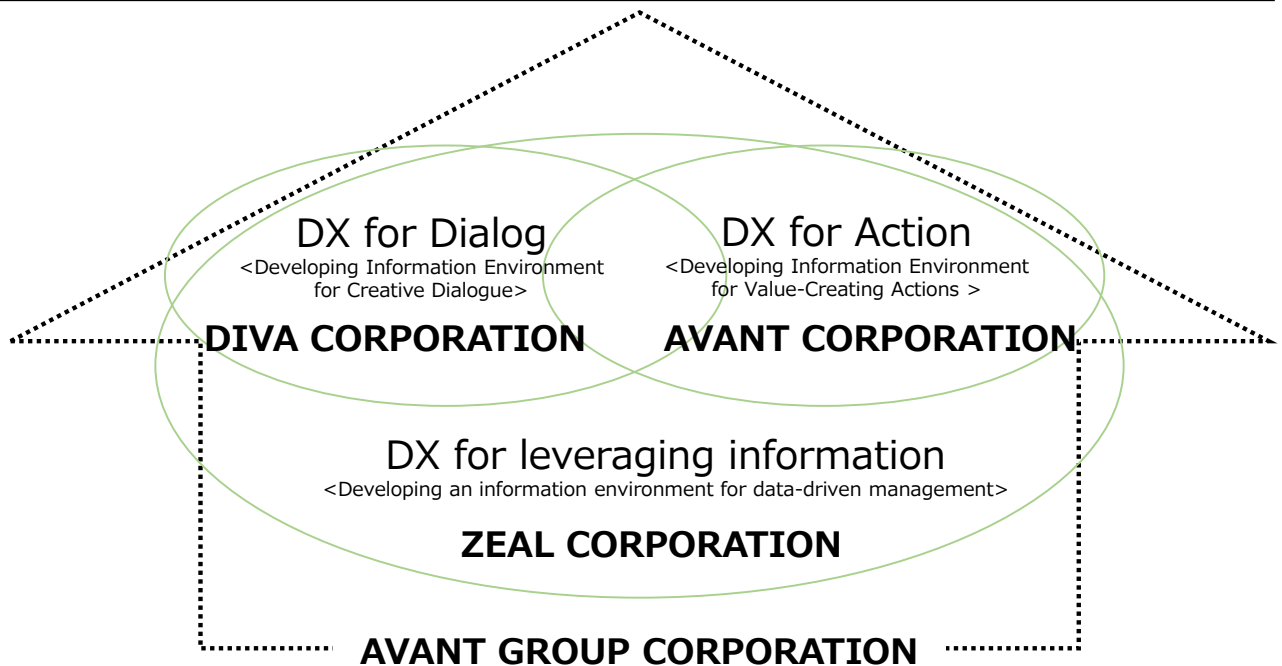
By addressing this materiality, the Avant Group aims to **establish a world-class software business** based on the concept of "Software as a BPO". In order to contribute to the enhancement of corporate value of many customers, it is essential **to convert services into software.** By further promoting the "spreading accountability" and becoming an entity that has an impact not only on corporate management but also on capital markets and society, we will **take a big step toward realizing our vision of "becoming a world-class software company.**

Reference 5: Overall picture of business restructuring



Reference 6: Restructuring to be better positioned to solve social issues

Contribute with " Management DX" to companies facing the management challenge of increasing corporate value



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