

July 15, 2022

To whom it may concern

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(Disclosure Progress Report) Notice of Additional Information Regarding Absorption-Type Demerger between Consolidated Subsidiaries

As announced in the "Notice Concerning Determination of the Group's Reorganization Policy (Corporate Separation between Consolidated Subsidiaries), Change of the Company's Trade Name, Partial Change of the Articles of Incorporation and Change of Trade Name of Consolidated Subsidiary" dated June 22, 2022, the Company hereby announces that effective today, its consolidated subsidiaries have entered into an absorption-type company demerger agreement with respect to the reorganization of the Company group (hereby referred to as the "Reorganization") where DIVA CORPORATION, a consolidated subsidiary, shall succeed to the development business of consolidated accounting related systems (main products carry brands such as "DivaSystem LCA" and "DivaSystem FBX") to FIERTE CORPORATION, a consolidated subsidiary of the Company, by way of an absorption-type demerger (hereinafter referred to as "No. 1 absorption-type demerger"), and ZEAL CORPORATION, a consolidated subsidiary, shall transfer its corporate performance management ("CPM") unit business to DIVA CORPORATION by way of absorption-type company demerger (hereinafter referred to as the "No. 2 absorption-type demerger"). Since the Reorganization is an absorption-type demerger between consolidated subsidiaries of the Company and does not fall under the standards for timely disclosure, some disclosure items and details have been omitted.

Note

Outline of the Absorption-type Demerger

No.1 Absorption-Type Company Demerger Agreement

(1) Schedule of the absorption-type demerger

Date of resolution by the Company's Board of Directors

(decision on the Reorganization Policy):

June 22, 2022

Date of conclusion of absorption-type demerger agreement

(DIVA CORPORATION and FIERTE CORPORATION):	July 15, 2022
Scheduled date of resolution for approval at the general meeting of shareholders	
(DIVA CORPORATION and FIERTE CORPORATION):	September 27, 2022 (TBD)
Effective date of the absorption-type demerger:	October 1, 2022 (TBD)

(2) Method of absorption-type demerger

An absorption-type demerger in which DIVA CORPORATION (to be renamed AVANT CORPORATION as of the effective date) will be the splitting company and FIERTE CORPORATION (to be renamed DIVA CORPORATION as of the effective date) will be the successor company.

(3) Allotment of shares related to the absorption-type demerger

No shares will be allotted, or other consideration will be delivered in connection with No.1 Absorption-type demerger.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights in connection with the split company

Not applicable.

(5) Increase or decrease in capital due to absorption-type demerger

There will be no increase or decrease in the capital of the successor company as a result of the first absorption-type demerger.

(6) Rights and obligations to be succeeded to by the successor company

To the extent provided for in the absorption-type demerger agreement dated today, the Company will assume the assets, liabilities and other rights and obligations related to the development business of the divesting company's consolidated closing support systems (main product brands: "DivaSystem LCA" and "DivaSystem FBX"). In addition, the debt to be assumed by the successor company shall be a superimposed assumption of debt.

(7) Prospect of fulfillment of obligations

Since the Company's consolidated subsidiaries manage balance sheet items as company-wide assets and liabilities, the items and book values of the assets and liabilities subject to No.1 Absorption-type Demerger will be calculated by the effective date of No.1 Absorption-type Demerger. However, as stated above, the Company has determined that there will be no problem with the prospects for performance of the obligations to be assumed by the successor company, since the obligations to be assumed by the successor company will be assumed by the Company in a superposition of obligations.

	Split company	Successor company
(1) Name	DIVA CORPORATION (to be	FIERTE CORPORATION (to be

	renamed "AVANT CORPORATION" as of the effective date)	renamed "DIVA CORPORATION" as of the effective date)
(2) Location	15-2, Konan 2-chome, Minato-ku, Tokyo	5-1, Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo
(3) Title and name of representative	Tetsuji Morikawa, President and Representative Director	President and Representative Director Gen Nagata
(4) Business	Development, sales and consulting of software for group governance (consolidated accounting/business management)	Outsourcing-related business
(5) Capital stock	100 million yen	100 million yen
(6) Date of Establishment	May 26, 1997 (establishment) October 1, 2013 (Establishment)	August 7, 2017
(7) Number of shares outstanding	4,000 shares	4,000 shares
(8) Fiscal year end	end of June	end of June
(9) Major Shareholders and Shareholding Ratio	AVANT CORPORATION 100%.	AVANT CORPORATION 100%.
(10) Financial position and results of operations for the most recent fiscal year (ending June 30, 2021)		
Net assets	1,495 million yen	588 million yen
Total assets	5,223 million yen	1,366 million yen
Net assets per share	373,761.45 yen	147,032.29 yen
Net sales	7,822 million yen	2,479 million yen
Operating income	1,832 million yen	523 million yen
Net income attributable to owners of the parent	1,269 million yen	368 million yen
Net income per share	317,303.69 yen	92,320.29 yen

Outline of business divisions to be split off in No. 1 Absorption-Type Demerger

(1) Business of the division to be split

Development business of consolidated closing support systems (main product brands: "DivaSystem LCA" and "DivaSystem FBX")

(2) Items and book value of assets and liabilities to be split

Since the Company's consolidated subsidiaries manage balance sheet items as corporate assets and liabilities, the items and book values of the assets and liabilities subject to the No.1 absorption-type demerger agreement will be calculated by the effective date of the No. 1 absorption-type demerger.

No.2 Absorption-Type Demerger Agreement

(1) Schedule of the absorption-type demerger

Date of resolution by the Company's Board of Directors (decision on the Reorganization Policy):	June 22, 2022
Date of conclusion of absorption-type demerger agreement (ZEAL CORPORATION and DIVA CORPORATION):	July 15, 2022
Scheduled date of resolution for approval at the general meeting of shareholders (ZEAL CORPORATION and DIVA CORPORATION):	September 27, 2022 (TBD)
Effective date of the absorption-type demerger:	October 1, 2022 (TBD)

(2) Method of absorption-type demerger

An absorption-type demerger in which ZEAL CORPORATION will be the splitting company and DIVA CORPORATION (to be renamed AVANT CORPORATION as of the effective date) will be the successor company.

(3) Allotment of shares related to the absorption-type demerger

No shares will be allotted, or other consideration will be delivered upon the No.2 Absorption-type Demerger.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights in connection with the split company

Not applicable.

(5) Increase or decrease in capital due to absorption-type demerger

There will be no increase or decrease in the capital of the successor company as a result of the second absorption-type demerger.

(6) Rights and obligations to be succeeded to by the successor company

To the extent provided for in the absorption-type demerger agreement dated today, the Company will assume the rights and obligations, including assets and liabilities, related to the business under the jurisdiction of the CPM Unit of the demerged company. In addition, the debt to be assumed by the successor company shall be a superimposed assumption of debt.

(7) Prospect of fulfillment of obligations

Since the Company's consolidated subsidiaries manage balance sheet items as company-wide assets and liabilities,

the items and book values of the assets and liabilities subject to the second absorption-type demerger agreement will be calculated by the effective date of the second absorption-type demerger. However, as stated above, the Company has determined that there will be no problem with the prospects for performance of the obligations to be assumed by the successor company, since the obligations to be assumed by the successor company will be assumed by the Company in the form of superimposed assumption of obligations.

	Split company	Successor company
(1) Name	ZEAL CORPORATION	DIVA CORPORATION
(2) Location	2-13-17 Kami-Osaki, Shinagawa-ku, Tokyo	15-2, Konan 2-chome, Minato-ku, Tokyo
(3) Title and name of representative	Takahiro Okabe, President and Representative Director	Tetsuji Morikawa, President and Representative Director
(4) Business	BI/DWH consulting, integration and package sales	Development, sales and consulting of software for group governance (consolidated accounting/business management)
(5) Capital stock	100 million yen	100 million yen
(6) Date of Establishment	July 1, 2012 (Establishment)	May 26, 1997 (establishment) October 1, 2013 (Establishment)
(7) Number of shares outstanding	4,000 shares	4,000 shares
(8) Fiscal year end	end of June	end of June
(9) Major Shareholders and Shareholding Ratio	AVANT CORPORATION 100%.	AVANT CORPORATION 100%.
(10) Financial position and results of operations for the most recent fiscal year (ending June 30, 2021)		
net assets	975 million yen	1,495 million yen
total assets	2,564 million yen	5,223 million yen
Net assets per share	243,828.61 yen	373,761.45 yen
Net sales	6,250 million yen	7,822 million yen
Operating income	810 million yen	1,832 million yen
Net income attributable to owners of the parent	538 million yen	1,269 million yen
Net income per share	134,507.82 yen	317,303.69 yen

Outline of business divisions to be split off in No. 2 Absorption-type Demerger

(1) Business of the division to be split

Businesses under the jurisdiction of the CPM Unit

(2) Items and book value of assets and liabilities to be split off or succeeded to

Since the Company's consolidated subsidiaries manage balance sheet items as corporate assets and liabilities, the items and book values of assets and liabilities subject to the second absorption-type demerger agreement will be calculated by the effective date of the second absorption-type demerger.

Future Outlook

This reorganization will take place between the Company's wholly-owned subsidiaries and these contracts will not have a material impact on the Company's forecast for the fiscal year ending June 30, 2023.

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.

Ends