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Consolidated Summary Report under Japanese GAAP for the fiscal year ended June 30, 2023

August 4, 2023

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 Code Number: 3836
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Annual General Meeting of Shareholders date: September 27, 2023 Dividend payment date: September 28, 2023
 Securities report issue date: September 25, 2023
 Supplementary information for financial statements: Available
 Explanatory meeting to be held: Yes (for analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2023

(1) Consolidated results of operations

(Percentages indicate year-on-year changes)

Fiscal Year	Net sales		EBITDA*		Operating profit		Ordinary profit		Profit attributable to owners of parent	
		%		%		%		%		%
ended June 30, 2023	21,424	14.5	3,737	4.3	3,289	1.3	3,265	9.3	2,094	2.4
ended June 30, 2022	18,703	-	3,582	-	3,247	-	2,988	-	2,045	-

Comprehensive income (loss) for the fiscal year ended June 30, 2023 2,187 million yen [3.2%] for the fiscal year ended June 30, 2022 2,117 million yen [-%]

Fiscal Year	Net profit per share	Diluted net profit per share	Ratio of net profit to shareholders' equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
ended June 30, 2023	yen 55.65	yen -	% 18.3	% 18.5	% 15.4
ended June 30, 2022	yen 54.37	yen -	% 21.1	% 19.6	% 17.4

(Reference) Share in profit of associated company for the fiscal year ended June 30, 2023: - million yen for the fiscal year ended June 30, 2022: (269) million yen

(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 fiscal year ended June 30, 2022, and the figures for the fiscal year ended 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 ratio	Net assets per share
As of			%	yen
June 30, 2023	18,705	12,328	65.9	327.51
June 30, 2022	16,617	10,597	63.8	281.68

(Reference) Net assets attributable to the company's shareholders As of June 30, 2023 12,328 million yen As of June 30, 2022 10,597 million yen

(3) Consolidated cash flows

Fiscal Year	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalent at the end of the year
ended June 30, 2023	2,175	(795)	(507)	10,881
ended June 30, 2022	3,026	(398)	(433)	10,002

2. Dividends on Common Shares

Fiscal Year Ended	Dividends per share					Total Dividends (Annual)	Dividend payout ratio (Consolidated)	Dividend on net assets ratio (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Annual			
June 30, 2022	yen -	yen 0.00	yen -	yen 13.00	yen 13.00	million yen 489	% 23.9	% 5.0
June 30, 2023	yen -	yen 0.00	yen -	yen 15.00	yen 15.00	million yen 564	% 27.0	% 4.9
June 30, 2024 (Forecast)	yen -	yen 0.00	yen -	yen 19.00	yen 19.00		% -	% -

(Note) Breakdown of year-end dividend for the fiscal year ended June 30, 2022: ordinary dividend: 12.00 yen and commemorative dividend of 1.00 yen (25th anniversary of the Company's founding)

3. Consolidated Earnings Forecasts for the Fiscal Year Ending June 30, 2024

(Percentages indicate year-on-year changes)

Fiscal Year ending June 30, 2024	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
	24,000	12.0	3,850	17.0	3,850	17.9	2,500	19.4	66.43

(Note) Since the Company manages its operations on an annual basis, the consolidated earnings forecasts for the second quarter (cumulative) is not provided. For details, please refer to “1. Qualitative Information on Financial Results (4) Earnings Forecasts” on page 8 of the attached document.

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) Changes in accounting policies, accounting estimates and restatement:

(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) Restatement: No

(Note) For details, please refer to “3. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Note on Change in Accounting Policies)” on page 17 of the attached document.

(3) Number of issued shares (common shares)

(i) Total number of issued shares including treasury shares

As of June 30, 2023	37,645,851 shares	As of June 30, 2022	37,625,501 shares
As of June 30, 2023	2,998 shares	As of June 30, 2022	2,998 shares
Fiscal Year ended June 30, 2023	37,636,218 shares	Fiscal Year ended June 30, 2022	37,614,361 shares

(ii) Number of treasury shares held

(iii) Average number of 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 depending on a range of factors. Please refer to “1. Qualitative Information on Financial Results (4) Earnings Forecasts” on page 8 of the attached document for the assumptions for earnings forecasts and notes for using earnings forecasts.

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1. Qualitative Information on Financial Results

(1) Management's Discussion on Business Operations for the Fiscal Year under Review

Consolidated financial results for the fiscal year under review are as follows.

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

	Fiscal Year ended June 30, 2022	Fiscal Year ended June 30, 2023	Year-on-Year Change	
			Amount	%
Net sales	18,703	21,424	2,721	14.5
Operating profit	3,247	3,289	42	1.3
Ordinary profit	2,988	3,265	277	9.3
Profit attributable to owners of parent	2,045	2,094	49	2.4

Consolidated net sales for the fiscal year under review were 21,424 million yen (up 14.5% year-on-year) as a result of steady growth in all three businesses: Group Governance, Digital Transformation, and Outsourcing, as we proactively responded to growing investment needs among Japanese companies, our customers, to maintain and strengthen competitiveness by “upgrading corporate management and activities using data and digital technology,” which is becoming a mid- to long-term trend.

As for the improvement of the ratio of recurring sales (sales that occur on an ongoing basis, such as software maintenance fees), which is one of the management targets in the medium-term management plan, the Outsourcing Business, where the recurring sales ratio is constantly maintained at around 90%, showed a high growth rate, resulting in an increase in the sales composition ratio for the entire Group. The other two businesses also showed improvements in the ratio of recurring sales. As a result, the ratio of recurring sales was 35.3%, up 0.7% from the same period of the previous year. Also, total recurring sales continued to grow steadily, increasing 16.9% year-on-year.

As for profits, in addition to increases in fixed personnel expenses due to improved compensation and an increase in headcount following reinforced recruitment efforts to strengthen competitiveness for the purpose of securing human resources, due to the group reorganization, there were also rebranding expenses, and costs due to product rationalization and improvement of development environment at the operating companies. There was also an increase in outsourced processing expenses in response to increased demand from customers. Affected by these and other factors, we recorded operating profit of 3,289 million yen (up 1.3% year-on-year), ordinary profit of 3,265 million yen (up 9.3% year-on-year), and profit attributable to owners of parent of 2,094 million yen (up 2.4% year-on-year).

The status of each reportable segment is as follows.

(i) Net sales

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

	Fiscal Year ended June 30, 2022	Fiscal Year ended June 30, 2023	Year-on-Year Change	
			Amount	%
Group Governance Business	9,372	10,033	660	7.0
Digital Transformation Business	7,015	8,381	1,366	19.5
Outsourcing Business	3,044	3,755	711	23.4
Elimination of inter-segment transactions	(729)	(746)	(16)	-
Consolidated Net sales	18,703	21,424	2,721	14.5

(ii) Operating profit

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

	Fiscal Year ended June 30, 2022	Fiscal Year ended June 30, 2023	Year-on-Year Change	
			Amount	%
Group Governance Business	2,060	1,709	(350)	(17.0)
Digital Transformation Business	1,244	1,521	277	22.3
Outsourcing Business	661	824	163	24.7
Corporate Expenses and Elimination of inter-segment transactions	(718)	(766)	(47)	-
Consolidated operating profit	3,247	3,289	42	1.3

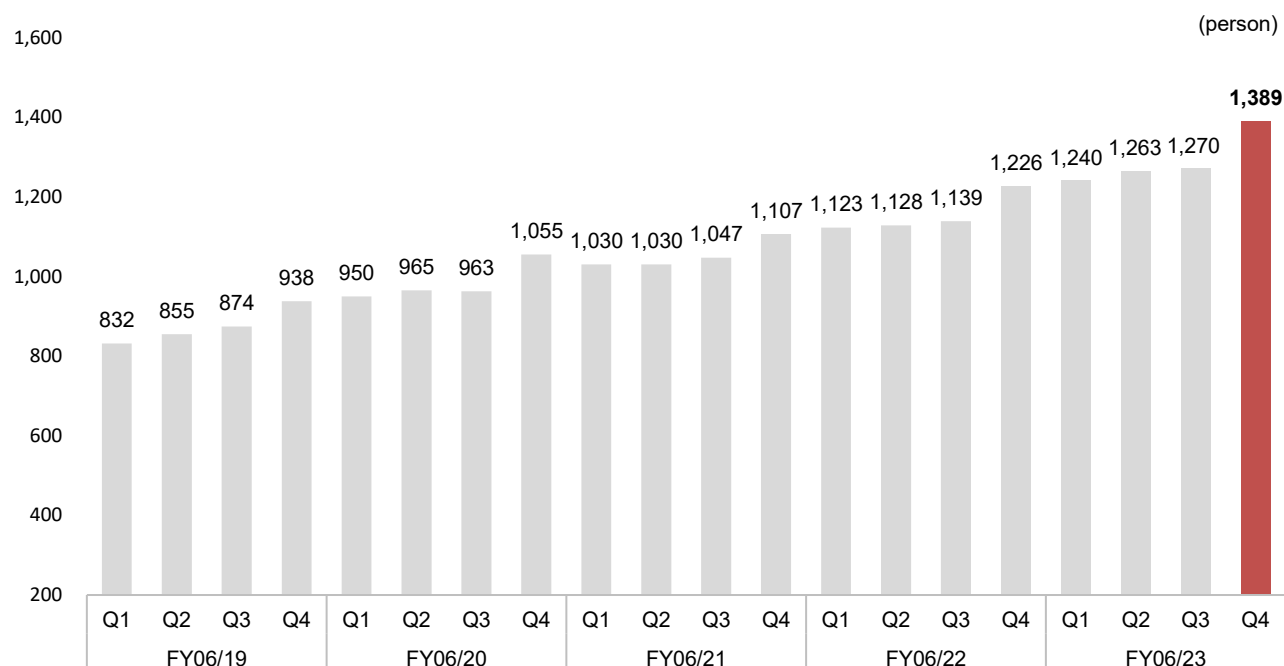
In the Group Governance Business, net sales increased to 10,033 million yen, up 7.0% year-on-year. While growth in solutions that contribute to group management information control was a factor in the increase in sales, sales increased at a limited level due to restrictions posed on sales activities as a result of an organization restructuring. Aside from an increase in outsourced processing expenses to meet rising demand, expenses increased for product rationalization and development environment improvement that were conducted simultaneously with the reorganization, resulting in a year-on-year decline in profit margins and a decrease in the amount of profit. As a result, operating profit decreased to 1,709 million yen (down 17.0% year-on-year).

In the Digital Transformation Business, the need among customers to utilize data for decision making related to management and business promotion continues to accelerate and has shifted to a focus on the provision of cloud data platforms and ever-larger projects. On the other hand, the business intelligence-related development, the traditional core of the business, was also strong, resulting in an increase in net sales to 8,381 million yen (up 19.5% year-on-year). Although personnel expenses increased due to higher compensation levels intended to strengthen competitiveness by securing staff, this was offset by the effect of higher sales, and operating profit was 1,521 million yen (up 22.3% year-on-year), significantly higher than the previous consolidated fiscal year.

In the Outsourcing Business, while continuing to maintain high net sales growth rates, recurring sales continued to build steadily, resulting in net sales increasing to 3,755 million yen (up 23.4% year-on-year). In terms of profitability, there were factors that increased costs, such as the promotion of personnel hiring and increased office space to achieve sustainable growth in the future, but operating profit increased due to the sales growth. As a result, operating profit increased to 824 million yen (up 24.7% year-on-year).

The number of employees on a consolidated basis was 1,389 at the end of the fiscal year, up 163 from the end of the previous fiscal year.

Quarterly Trends of Number of Employees of the Group



The status of orders received and sales by segment for 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, 2022		Fiscal Year ended June 30, 2023		Year-on-Year Change	
	Orders Received	Outstanding Orders	Orders Received	Outstanding Orders	Amount	Amount
Group Governance Business	10,155	3,132	10,301	3,400	145	267
Digital Transformation Business	6,902	1,131	9,060	1,810	2,158	679
Outsourcing Business	3,751	2,164	4,039	2,448	288	283
Elimination of inter-segment transactions	(797)	(357)	(688)	(300)	108	57
Total	20,012	6,070	22,713	7,359	2,700	1,288

(ii) Net Sales

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

	Fiscal Year ended June 30, 2022		Fiscal Year ended June 30, 2023		Year-on-Year Change	
	Amount	Amount	Amount	Amount	%	%
Group Governance Business	9,372	10,033	660	7.0		
Digital Transformation Business	7,015	8,381	1,366	19.5		
Outsourcing Business	3,044	3,755	711	23.4		
Elimination of inter-segment transactions	(729)	(746)	(16)	-		
Total	18,703	21,424	2,721	14.5		

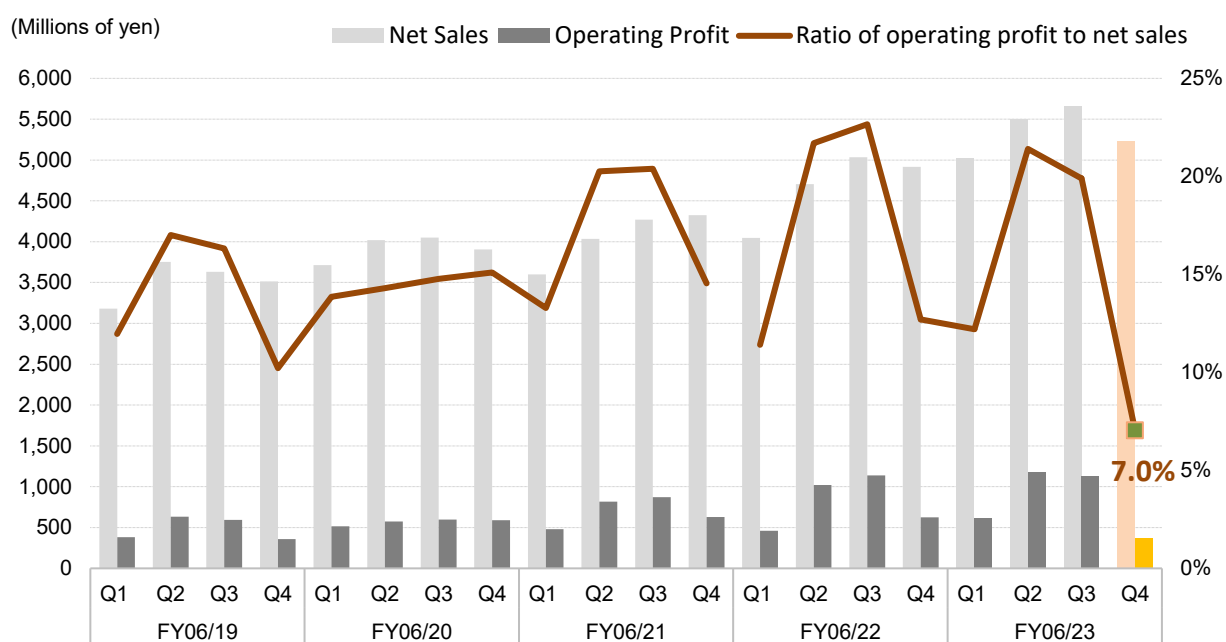
Quarterly trends in net sales and operating profit are as follows.

Net sales and operating profit for the last four quarters

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

	Fiscal Year ended June 30, 2023			
	First quarter	Second quarter	Third quarter	Fourth quarter
Net sales	5,025	5,497	5,664	5,236
Operating profit	614	1,178	1,127	368
Operating profit margin (%)	12.2	21.4	19.9	7.0

Quarterly trends of net sales, operating profit, and ratio of operating profit to net sales



(2) Discussion on Financial Position for the Fiscal Year under Review

Total assets at the end of the consolidated fiscal year under review were 18,705 million yen (up 2,088 million yen from the end of the previous fiscal year). This was mainly due to an 873 million yen increase in cash and deposits, a 285 million yen increase in prepaid expenses, a 577 million yen increase in other in current assets, and a 260 million yen increase in investment securities.

On the other hand, total liabilities amounted to 6,377 million yen (up 357 million yen from the end of the previous fiscal year). This was mainly due to a 440 million yen increase in contract liabilities, a 110 million yen increase in accounts payable, and a 232 million yen decrease in income taxes payable - other, and accrued expenses.

Total net assets amounted to 12,328 million yen (up 1,730 million yen from the end of the previous fiscal year) due to the recording of 2,094 million yen in profit attributable to owners of parent and the payment of 489 million yen in dividends of surplus. As a result, the equity ratio was 65.9% (63.8% at the end of the previous fiscal year), an improvement of 2.1% from the end of the previous fiscal year, and the Company believes it maintains a highly stable financial balance with low interest-bearing debt.

(3) Discussion on Cash Flow for the Fiscal Year under Review

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the fiscal year under review increased by 878 million yen from the end of the previous fiscal year to 10,881 million yen. The status of each cash flow and their factors are as follows.

< Cash flows from operating activities >

Cash provided by operating activities amounted to 2,175 million yen. (3,026 million yen provided in the previous year)

The main factors of increase were profit before income taxes of 3,079 million yen, depreciation of 449 million yen, impairment losses of 186 million yen, and increase (decrease) in contract liabilities of 440 million yen. The main factors of decrease were decrease (increase) in prepaid expenses of 279 million yen, and income taxes paid of 1,560 million yen.

< Cash flows from investing activities >

Cash used in investing activities totaled 795 million yen. (398 million yen used in the previous year)

The main accounts of cash outflow were 225 million yen for purchase of property, plant and equipment, 521 million yen for purchase of intangible assets, 152 million yen for purchase of investment securities, and 120 million yen for payments of leasehold and guarantee deposits, while the main accounts of cash inflow were 90 million yen for proceeds from redemption of securities and 139 million yen for proceeds from refund of leasehold and guarantee deposits.

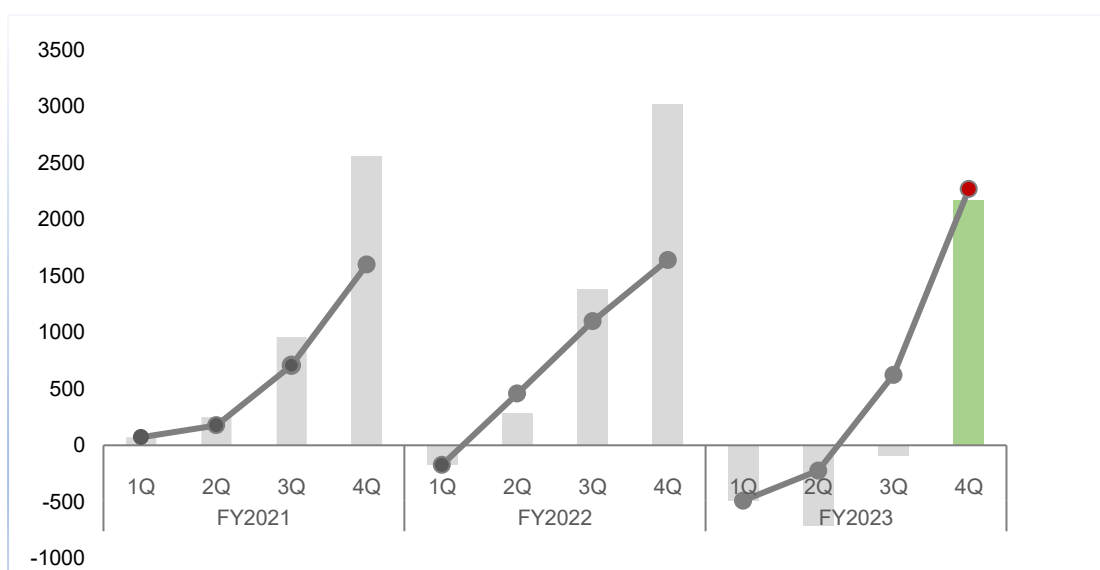
< Cash flows from financing activities >

Cash used in financing activities was 507 million yen. (433 million yen used in the previous year)
The main component of cash outflow was dividends paid of 489 million yen.

In our group, cash flow from operating activities in the first quarter are 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 (In the fiscal year under review, upfront payments were made in the first half of the year more than usual fiscal years due to factors such as increases in sales of consulting services, which require working capital upfront, and bonuses and income taxes paid).

Maintenance fees in the Group Governance Business and commissions paid for the Outsourcing Business are prepaid for the year in advance of the provision of services, so as a result, the original business model has almost no need for working capital. On the other hand, in the Digital Transformation Business 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 banks with which it does business. Accordingly, at present there are no concerns about funding.

Quarterly trends of Operating cash flow (Millions of yen)



* Accumulated cash provided by operating activities for the first quarter of fiscal year ended June 30, 2021 was 72 million yen.

■ Operating cash flow (accumulative) ● Operating cash flow (quarter)

(4) Earnings Forecasts

In August 2023, the Company announced a five-year plan (target to be achieved in five years), which ends in the fiscal year ending June 2028, as its new Medium-Term Management Plan, and the fiscal year ending June 2024 is the first year of the plan. Ahead of the start of the new Medium-Term Management Plan, we have defined the materiality of the Avant Group as “to become a software company that helps enhance corporate value.” As a concrete measure to clarify what we aim to become during the period of the new Medium-Term Management Plan and realize this materiality, we have reorganized the group and been developing business activities as the new Avant Group on October 1, 2022. Through such initiatives, we have clarified the direction of each operating company. At the same time, by positioning each operating company in growth markets, we have created a structure that will enable us to achieve sustainable sales growth. On the other hand, we do not believe that we are at the stage of reaping the full benefits of the Group's reorganization in the early stage of the period of the new Medium-Term Management Plan. Rather, we expect that the effects will gradually become apparent over a period of five years. In addition, while the restructuring associated with the Group's reorganization has been complete, it is our policy to continuously and flexibly make growth investment that is required for realization of materiality.

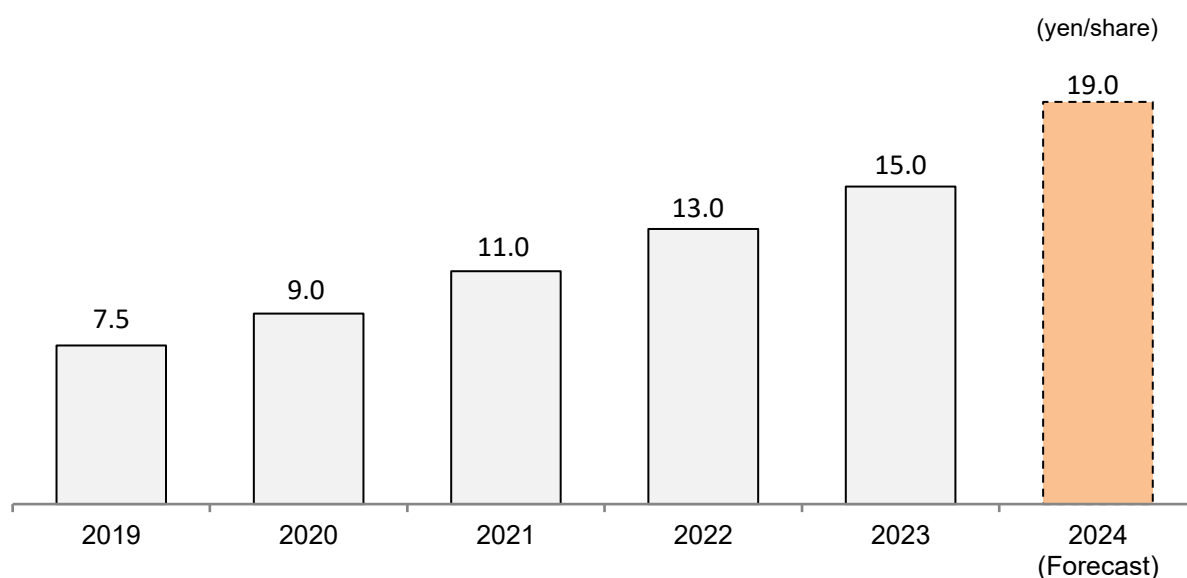
Although external factors such as inflation caused by soaring raw material prices and a concern over economic slowdown on the back of financial tightening pose a risk of affecting the Group's performance, we believe that demand for the Group's business will continue to increase over a medium to long term, as more companies seek to strengthen data-driven management and group governance.

As a result, the Company expects to achieve net sales of 24,000 million yen and operating profit of 3,850 million yen in the following fiscal year.

In accordance with our existing dividend policy, we will raise the ratio of dividends to net assets, always being conscious of exceeding the average of all listed companies, while at the same time striving to maintain stable dividends (in principle, dividends per share should not fall below the level of the previous fiscal year). We forecast a dividend of 15 yen per share for the fiscal year under review, without changing the forecast, and plan to propose a resolution for the payment at the general meeting of shareholders to be held on September 27, 2023.

Regarding dividends for the next fiscal year, there is no change in the above policy itself, we forecast dividends of 19 yen per share to achieve the ratio of dividends to net assets which is one of the targets to be achieved during the period of the new Medium-Term Management Plan.

Trends of dividends (adjusted for stock splits)



2. Basic Approach to the Selection of Accounting Standards

For the time being, the Group's policy is to prepare consolidated financial statements in accordance with Japanese GAAP. The Group's policy is to adopt IFRS as appropriate, taking into consideration various circumstances in Japan and overseas.

3. Consolidated Financial Statements and Notes
(1) Consolidated Balance Sheets

(Thousands of yen)

	As of June 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	9,444,021	10,317,243
Notes and accounts receivable - trade, and contract assets	3,024,049	2,963,130
Securities	590,019	500,000
Work in process	18,100	13,620
Raw materials and supplies	82,827	112,676
Prepaid expenses	539,637	824,824
Other	46,346	623,801
Allowance for doubtful accounts	(3,685)	(3,622)
Total current assets	13,741,316	15,351,673
Non-current assets		
Property, plant and equipment		
Buildings	364,191	417,933
Accumulated depreciation	(156,239)	(157,247)
Buildings, net	207,952	260,685
Vehicles	843	843
Accumulated depreciation	(843)	(843)
Vehicles, net	0	0
Tools, furniture and fixtures	684,626	669,026
Accumulated depreciation	(494,461)	(494,223)
Tools, furniture and fixtures, net	190,165	174,803
Construction in progress	-	51,978
Total property, plant and equipment	398,117	487,466
Intangible assets		
Software	676,429	728,306
Other	521	225
Total intangible assets	676,951	728,532
Investments and other assets		
Investment securities	511,133	772,046
Long-term prepaid expenses	29,713	66,028
Leasehold and guarantee deposits	560,883	575,243
Deferred tax assets	568,997	590,209
Other	129,933	134,393
Total investments and other assets	1,800,661	2,137,920
Total non-current assets	2,875,730	3,353,919
Total assets	16,617,046	18,705,593

(Thousands of yen)

	As of June 30, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	662,316	634,758
Lease liabilities	12,428	12,257
Accounts payable - other, and accrued expenses	392,568	503,111
Income taxes payable	586,626	354,192
Contract liabilities	2,355,344	2,796,086
Asset retirement obligations	15,606	-
Provision for bonuses	1,050,315	1,038,329
Provision for bonuses for directors (and other officers)	170,813	172,380
Provision for loss on orders received	17,743	61,594
Provision for compensation for damage	-	9,596
Other	556,718	539,812
Total current liabilities	5,820,483	6,122,119
Non-current liabilities		
Lease liabilities	18,324	6,039
Asset retirement obligations	180,576	210,900
Deferred tax liabilities	-	38,016
Total non-current liabilities	198,900	254,956
Total liabilities	6,019,383	6,377,076
Net assets		
Shareholders' equity		
Share capital	329,128	345,113
Capital surplus	265,928	281,913
Retained earnings	9,872,031	11,477,458
Treasury shares	(608)	(608)
Total shareholders' equity	10,466,479	12,103,876
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	103,126	183,925
Deferred gains or losses on hedges	236	302
Foreign currency translation adjustment	27,820	40,411
Total accumulated other comprehensive income	131,183	224,639
Total net assets	10,597,663	12,328,516
Total liabilities and net assets	16,617,046	18,705,593

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

	(Thousands of yen)	
	Fiscal year ended June 30, 2022 (From July 1, 2021 to June 30, 2022)	Fiscal year ended June 30, 2023 (From July 1, 2022 to June 30, 2023)
Net sales	18,703,387	21,424,584
Cost of sales	9,782,137	12,028,711
Gross profit	8,921,250	9,395,873
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	356,348	396,002
Employees' salaries and bonuses	1,527,471	1,598,420
Provision for bonuses	1,047,472	1,047,155
Provision for bonuses for directors (and other officers)	170,813	173,579
Legal welfare expenses	224,193	246,204
Outsourcing expenses	55,071	76,652
Rent expenses on land and buildings	239,805	231,184
Utilities expenses	81,375	84,138
Commission expenses	615,796	746,590
Depreciation	263,488	269,179
Research and development expenses	382,473	375,674
Other	709,749	861,698
Total selling, general and administrative expenses	5,674,060	6,106,482
Operating profit	3,247,189	3,289,390
Non-operating income		
Interest income	240	96
Dividend income	6,563	10,192
Gain on investments in investment partnerships	9,043	7,386
Subsidy income	2,127	531
Other	1,102	4,559
Total non-operating income	19,077	22,766
Non-operating expenses		
Provision for loss on compensation for damage	-	9,596
Interest expenses	742	485
Share of loss of entities accounted for using equity method	269,244	-
Loss on investments in investment partnerships	-	11,975
Commission expenses	5,682	5,791
Foreign exchange losses	695	4,426
Share issuance costs	281	228
Compensation for damage	-	13,377
Other	647	289
Total non-operating expenses	277,294	46,172
Ordinary profit	2,988,973	3,265,983
Extraordinary losses		
Impairment losses	-	186,613
Total extraordinary losses	-	186,613
Profit before income taxes	2,988,973	3,079,370
Income taxes - current	1,186,181	1,009,937
Income taxes - deferred	(242,241)	(25,087)
Total income taxes	943,939	984,850
Profit	2,045,033	2,094,520
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	2,045,033	2,094,520

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended June 30, 2022 (From July 1, 2021 to June 30, 2022)	Fiscal year ended June 30, 2023 (From July 1, 2022 to June 30, 2023)
Profit	2,045,033	2,094,520
Other comprehensive income		
Valuation difference on available-for-sale securities	45,012	80,798
Deferred gains or losses on hedges	208	66
Foreign currency translation adjustment	29,518	12,591
Share of other comprehensive income of entities accounted for using equity method	(1,989)	-
Total other comprehensive income	72,750	93,456
Comprehensive income	2,117,784	2,187,976
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,117,784	2,187,976
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Net Assets

Fiscal Year ended June 30, 2022 (period from July 1, 2021 to June 30, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	311,568	248,368	8,169,386	(549)	8,728,774
Cumulative effects of changes in accounting policies			71,213		71,213
Restated balance	311,568	248,368	8,240,600	(549)	8,799,988
Changes during period					
Issuance of new shares	17,559	17,559			35,119
Dividends of surplus			(413,602)		(413,602)
Profit attributable to owners of parent			2,045,033		2,045,033
Purchase of treasury shares				(58)	(58)
Net changes in items other than shareholders' equity					
Total changes during period	17,559	17,559	1,631,430	(58)	1,666,491
Balance at end of period	329,128	265,928	9,872,031	(608)	10,466,479

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	58,114	27	291	58,433	8,787,207
Cumulative effects of changes in accounting policies					71,213
Restated balance	58,114	27	291	58,433	8,858,421
Changes during period					
Issuance of new shares					35,119
Dividends of surplus					(413,602)
Profit attributable to owners of parent					2,045,033
Purchase of treasury shares					(58)
Net changes in items other than shareholders' equity	45,012	208	27,529	72,750	72,750
Total changes during period	45,012	208	27,529	72,750	1,739,241
Balance at end of period	103,126	236	27,820	131,183	10,597,663

Fiscal Year ended June 30, 2023 (period from July 1, 2022 to June 30, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	329,128	265,928	9,872,031	(608)	10,466,479
Changes during period					
Issuance of new shares	15,984	15,984			31,969
Dividends of surplus			(489,092)		(489,092)
Profit attributable to owners of parent			2,094,520		2,094,520
Purchase of treasury shares					-
Net changes in items other than shareholders' equity					
Total changes during period	15,984	15,984	1,605,427	-	1,637,397
Balance at end of period	345,113	281,913	11,477,458	(608)	12,103,876

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	103,126	236	27,820	131,183	10,597,663
Changes during period					
Issuance of new shares					31,969
Dividends of surplus					(489,092)
Profit attributable to owners of parent					2,094,520
Purchase of treasury shares					-
Net changes in items other than shareholders' equity	80,798	66	12,591	93,456	93,456
Total changes during period	80,798	66	12,591	93,456	1,730,853
Balance at end of period	183,925	302	40,411	224,639	12,328,516

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended June 30, 2022 (From July 1, 2021 to June 30, 2022)	Fiscal year ended June 30, 2023 (From July 1, 2022 to June 30, 2023)
Cash flows from operating activities		
Profit before income taxes	2,988,973	3,079,370
Depreciation	349,494	449,223
Impairment losses	-	186,613
Share-based payment expenses	16,640	20,262
Increase (decrease) in allowance for doubtful accounts	260	(63)
Increase (decrease) in provision for bonuses	273,579	(11,986)
Increase (decrease) in provision for bonuses for directors (and other officers)	44,311	8,190
Increase (decrease) in provision for loss on orders received	17,669	43,850
Interest and dividend income	(6,804)	(10,288)
Interest expenses	742	485
Commission expenses	5,682	5,791
Share issuance costs	281	228
Compensation for damage	-	13,377
Share of loss (profit) of entities accounted for using equity method	269,244	-
Loss (gain) on investments in investment partnerships	(9,043)	4,589
Increase (decrease) in provision for compensation for damage	-	9,596
Subsidy income	(2,127)	(531)
Decrease (increase) in notes and accounts receivable-trade and contract assets	(258,725)	61,014
Decrease (increase) in inventories	(38,948)	(25,368)
Decrease (increase) in prepaid expenses	4,913	(279,472)
Increase (decrease) in trade payables	202,862	(27,558)
Increase (decrease) in accounts payable - other, and accrued expenses	105,245	(128,220)
Increase (decrease) in accrued consumption taxes	105,396	(51,169)
Increase (decrease) in contract liabilities	26,613	440,741
Increase (decrease) in deposits received	22,829	35,591
Other, net	(175,457)	(85,749)
Subtotal	3,943,635	3,738,519
Interest and dividends received	6,804	10,480
Interest paid	(742)	(485)
Compensation paid for damage	-	(13,377)
Subsidies received	2,127	531
Income taxes paid	(925,207)	(1,560,275)
Net cash provided by (used in) operating activities	3,026,616	2,175,390

	(Thousands of yen)	
	Fiscal year ended June 30, 2022 (From July 1, 2021 to June 30, 2022)	Fiscal year ended June 30, 2023 (From July 1, 2022 to June 30, 2023)
Cash flows from investing activities		
Proceeds from redemption of securities	-	90,019
Purchase of property, plant and equipment	(89,885)	(225,602)
Payments for asset retirement obligations	(13,810)	(12,269)
Purchase of intangible assets	(317,336)	(521,790)
Purchase of investment securities	(23,682)	(152,926)
Payments of leasehold and guarantee deposits	(181,170)	(120,775)
Proceeds from refund of leasehold and guarantee deposits	(216,875)	139,792
Purchase of insurance funds	(4,459)	(4,459)
Other, net	14,511	12,396
Net cash provided by (used in) investing activities	(398,957)	(795,616)
Cash flows from financing activities		
Repayments of finance lease liabilities	(14,212)	(12,455)
Commission fee paid	(5,044)	(5,397)
Purchase of treasury shares	(58)	-
Dividends paid	(413,602)	(489,092)
Other, net	(281)	(228)
Net cash provided by (used in) financing activities	(433,200)	(507,174)
Effect of exchange rate change on cash and cash equivalents	22,188	5,841
Net increase (decrease) in cash and cash equivalents	2,216,647	878,441
Cash and cash equivalents at beginning of period	7,786,223	10,002,870
Cash and cash equivalents at end of period	10,002,870	10,881,311

(5) Notes to Consolidated Financial Statements

(Note on the Going Concern Assumption)

Not applicable.

(Note on Change in Accounting Policies)

< Application of the “Guidance on Accounting Standard for Measurement of Fair Value” >

The Company adopted the “Guidance on Accounting Standard for Measurement of Fair Value (ASBJ Guidance No. 31, June 17, 2021). Hereafter referred to as the ‘Guidance on Accounting Standard for Fair Value Calculation’” from the beginning of the fiscal year under review and will prospectively apply the new accounting policy in accordance with the transitional treatment stipulated in Paragraph 27-2 of the Guidance on Accounting Standard for Fair Value Calculation. There is no impact on the consolidated financial statements for the fiscal year under review.

(Additional Information)

< Application of the “Treatment of Accounting and Disclosure for Application of the Group Totalization System” >

Effective from the fiscal year under review, the Company and its domestic consolidated subsidiaries have adopted a group totalization system. In addition, the Company conducts the accounting treatment of income taxes and local income taxes or the tax effect accounting treatment and disclosure related to the foregoing in accordance with "Treatment of Accounting and Disclosure for Application of the Group Totalization System (PITF No. 42, August 12, 2021).

(Revenue Recognition)

Breakdown of net sales from contracts with customers

Cumulative period for the fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)

(Thousands of yen)

	Reportable segments			Total
	Group Governance Business	Digital Transformation Business	Outsourcing Business	
Goods or services transferred at a point in time	577,390	86,456	153,377	817,224
Goods or services that are transferred over a period of time	8,754,217	6,902,673	2,229,272	17,886,162
Sales from contracts with customers	9,331,607	6,989,129	2,382,650	18,703,387
Other sales	-	-	-	-
Net sales to external customers	9,331,607	6,989,129	2,382,650	18,703,387

Cumulative period for the fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

(Thousands of yen)

	Reportable segments			Total
	Group Governance Business	Digital Transformation Business	Outsourcing Business	
Goods or services transferred at a point in time	241,547	46,870	133,184	421,602
Goods or services that are transferred over a period of time	9,723,660	8,330,094	2,949,226	21,002,982
Sales from contracts with customers	9,965,208	8,376,964	3,082,411	21,424,584
Other sales	-	-	-	-
Net sales to external customers	9,965,208	8,376,964	3,082,411	21,424,584

(Segment Information)

1. Overview of reportable segments

(1) Method of determining reportable segments

The Group's reportable segments are components of the Company for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

The Group is working on "making management information usable (Group Governance Business)," "making it visible (Digital Transformation Business)," and "delegating it (Outsourcing Business)," and is managing performance in its business portfolio in three areas. The three reportable segments are "Group Governance Business," "Digital Transformation Business," and "Outsourcing Business."

(2) Products and services in each reportable segment

In the "Group Governance Business," AVANT GROUP CORPORATION sells licenses of DivaSystem, a proprietary software package for consolidated management and consolidated accounting, and provides consulting services for its introduction. After the system is up and running, the company also provides ongoing maintenance services, including support for version upgrades.

In addition, we provide consulting services and solutions related to IFRS compliance, business management sophistication, budgeting, and management accounting.

The Group Governance Business also includes information retrieval services for disclosure documents provided mainly to audit firms by Internet Disclosure, Inc.

In the "Digital Transformation Business," Zeal Co., Ltd. provides system integration services for the use of information called BI (Business Intelligence). This is a system development service that integrates and organizes the vast amount of corporate data accumulated in business systems, etc., so that it can be analyzed in reports and graphs and used for corporate decision-making, thereby helping customers improve their "information utilization capabilities."

In the "Outsourcing Business," Diva Corporation provides outsourcing services for consolidated financial closing and consolidated tax payment. The company performs a portion of clients' operations on behalf of them to eliminate dependence of operations on specific personnel and operational bottlenecks. At the same time, the company contributes to creating an environment that allows clients' back-office personnel to focus on operations that provide more value to management and the business, such as analysis and utilization of various types of information.

2. Method of calculating net sales, income or loss, assets, liabilities and other items by reportable segment

The accounting method for the reportable business segments is generally the same as the accounting method used in preparing the consolidated financial statements. Reportable segment income figures are based on operating profit. Inter-segment net sales and transfers are based on prevailing market prices.

3. Information on net sales, income or loss, assets, liabilities and other items by reportable segment

Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)

(Thousands of yen)

	Reportable segments			Total
	Group Governance Business	Digital Transformation Business	Outsourcing Business	
Net sales				
Net sales to external customers	9,331,607	6,989,129	2,382,650	18,703,387
Inter-segment net sales or transfers	41,041	26,233	661,941	729,215
Total	9,372,648	7,015,362	3,044,591	19,432,603
Segment profit	2,060,552	1,244,346	661,069	3,965,969
Segment assets	7,059,005	3,369,494	1,585,235	12,013,735
Segment liabilities	4,342,310	1,863,904	878,899	7,085,114
Other items				
Depreciation	157,857	20,267	34,992	213,117
Increase in tangible fixed assets and intangible fixed assets	160,260	688	56,315	217,264

Fiscal year ended June 30, 2023 (From July 1, 2022 to June 30, 2023)

(Thousands of yen)

	Reportable segments			Total
	Group Governance Business	Digital Transformation Business	Outsourcing Business	
Net sales				
Net sales to external customers	9,965,208	8,376,964	3,082,411	21,424,584
Inter-segment net sales or transfers	68,090	4,652	673,417	746,160
Total	10,033,298	8,381,617	3,755,829	22,170,745
Segment profit	1,709,876	1,521,803	824,401	4,056,081
Segment assets	7,342,551	3,609,570	2,280,313	13,232,435
Segment liabilities	5,044,032	1,703,602	1,412,484	8,160,118
Other items				
Depreciation	196,752	40,603	58,645	296,001
Impairment losses	186,613	-	-	186,613
Increase in tangible fixed assets and intangible fixed assets	49,802	10,906	115,783	176,491

4. Differences between the total amount of reportable segments and the amounts recorded in the consolidated financial statements, and major details of said differences (matters related to difference reconciliation)

(Thousands of yen)

Net sales	Fiscal Year ended June 30, 2022	Fiscal Year ended June 30, 2023
Total amount of reportable segments	19,432,603	22,170,745
Elimination of transactions between the Company and its segment	(729,215)	(746,160)
Net sales reported in consolidated financial statements	18,703,387	21,424,584

(Thousands of yen)

Profits	Fiscal Year ended June 30, 2022	Fiscal Year ended June 30, 2023
Total amount of reportable segments	3,965,969	4,056,081
Elimination of transactions between the Company and its segment	756,918	808,924
Corporate expenses (Note)	(1,476,259)	(1,568,574)
Others	561	(7,040)
Operating profit reported in consolidated financial statements	3,247,189	3,289,390

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

(Thousands of yen)

Assets	Fiscal Year ended June 30, 2022	Fiscal Year ended June 30, 2023
Total amount of reportable segments	12,013,735	13,232,435
Elimination of transaction between the Company and segment	(3,994,187)	(1,984,699)
Corporate assets (Note)	8,605,252	7,437,417
Others	(7,754)	20,439
Total assets reported in consolidated financial statements	16,617,046	18,705,593

(Note) Corporate assets are mainly assets not attributable to the reportable segments.

(Thousands of yen)

Liabilities	Fiscal Year ended June 30, 2022	Fiscal Year ended June 30, 2023
Total amount of reportable segments	7,085,114	8,160,118
Elimination of transaction between the Company and segment	(1,781,292)	(2,074,435)
Corporate liabilities (Note)	718,514	253,772
Others	(2,953)	37,621
Total liabilities reported in consolidated financial statements	6,019,383	6,377,076

(Note) Corporate liabilities are mainly liabilities not attributable to the reportable segments.

(Thousands of yen)

Other items	Reportable segments		Adjustments (Note)		Amounts recorded in consolidated financial statements	
	Fiscal Year ended June 30, 2022	Fiscal Year ended June 30, 2023	Fiscal Year ended June 30, 2022	Fiscal Year ended June 30, 2023	Fiscal Year ended June 30, 2022	Fiscal Year ended June 30, 2023
Depreciation	213,117	296,001	136,376	153,222	349,494	449,223
Impairment losses	-	186,613	-	-	-	186,613
Increase in property, plant and equipment intangible assets	217,264	176,491	168,412	445,182	385,677	621,674

(Note) Adjustment for depreciation is mainly depreciation for assets not attributable to the reportable segments.

Adjustments to increases in property, plant and equipment and intangible assets mainly relate to assets not attributable to reportable segments.

(Per share Information)

	Fiscal Year ended June 30, 2022 (Period from July 1, 2021 to June 30, 2022)	Fiscal Year ended June 30, 2023 (Period from July 1, 2022 to June 30, 2023)
Net assets per share	281.68 yen	327.51 yen
Net profit per share	54.37 yen	55.65 yen

(Notes) 1. Diluted net profit per share is not provided as there are no dilutive shares.

2. The basis for calculating net assets per share is as follows.

Item	As of June 30, 2022	As of June 30, 2023
Total of net assets (thousands of yen)	10,597,663	12,328,516
Amount deducted from total of net assets (thousands of yen)	-	-
Net assets attributable to common shares (thousands of yen)	10,597,663	12,328,516
Number of common shares outstanding for calculating net assets per share (shares)	37,622,503	37,642,853

3. The basis for calculating net profit per share is as follows.

Item	Fiscal Year ended June 30, 2022 (Period from July 1, 2021 to June 30, 2022)	Fiscal Year ended June 30, 2023 (Period from July 1, 2022 to June 30, 2023)
Net profit attributable to owners of parent (thousands of yen)	2,045,033	2,094,520
Amounts not attributable to owners of common shares (thousands of yen)	-	-
Net profit attributable to owners of common shares of parent (thousands of yen)	2,045,033	2,094,520
Average number of common shares (shares)	37,614,361	37,636,218

(Subsequent Events)

(Introduction of the Employee Benefit Trust)

At the meeting of the Board of Directors held on August 4, 2023, the Company passed a resolution for introduction of an “Employee Benefit Trust” (the “Plan”) as an incentive plan for employees of the Group (“Employees”).

1. Purpose of introducing the Plan

The Company introduces the Plan for the purpose of enhancing the mid- to long-term corporate value of the Company by providing incentives to Employees who have contributed to growth of the Company, and thereby fostering a sense of belonging among Employees, giving them a sense of participation in management, and increasing their awareness of the Company’s performance and stock price increase.

2. Overview of the Plan

The Plan is an incentive plan in which a trust will be established using money contributed by the Company as the source (the “Trust”), and the Trust acquires shares in common shares of the Company (the “Company Shares”) and delivers the Company Shares to each employee through the Trust. Said shares will be delivered to each employee in accordance with the Stock Delivery Regulations stipulated by the Board of Directors of the Company.

The full amount of funds for acquiring the Company Shares by the Trust will be contributed by the Company; accordingly, there will be no burden on Employees.

Introduction of the Plan will allow Employees to receive economic benefit from the increase in the stock price of the Company Shares; and therefore, it is expected to have effects of promoting Employees’ execution of business with awareness of the stock price and motivating Employees to work harder.

3. Overview of the Trust

- (1) Name: Employee Benefit Trust
- (2) Entrustor: The Company
- (3) Trustee: Sumitomo Mitsui Trust Bank, Limited
(Sub-entrustee: Custody Bank of Japan, Ltd.)
- (4) Beneficiaries: Employees who satisfy the requirements for beneficiaries
- (5) Trust custodian: A third party independent of the Company and officers of the Company is planned to be selected.
- (6) Exercise of voting rights: The trustee will exercise its voting rights throughout the trust period based on instructions given by the trust custodian.
- (7) Type of trust: Pecuniary trusts other than money trusts (non-grantor trust)
- (8) Date of agreement of the trust: August 15, 2023 (planned)
- (9) Date of entrusting money in the trust: August 15, 2023 (planned)
- (10) Date of the end of the trust: September 30, 2028 (planned)

4. Details of the acquisition of the Company Shares by the Trust

- (1) Class of shares acquired: Shares in common shares
- (2) Amount of money entrusted as the funds for acquiring the shares: 450,000,000 yen (maximum amount)
- (3) Total number of shares acquired: 350,000 shares
- (4) Method of acquiring the shares: Through the exchange market (including off-floor trading)
- (5) Timing of acquiring the shares: From August 15, 2023 to September 29, 2023 (planned)