

August 17, 2020
AVANT Corporation

Revision of Summary Report for the Fiscal Year Ended June 30, 2020 and Financial Results Briefing

AVANT Corporation (security code: 3836) would like to announce that some corrections have been made to the "Summary Report for the Fiscal year ended June 2020 [Japanese standards] (consolidated)" and "Financial Results Briefing" released on August 3, 2020. The revised numeric data related to the Summary Report was transmitted for the system. The revised documents are posted on the Company's website.

1. Reason for correction

Corrections are made to the consolidated financial statements for the fiscal year ended June 2020, as some errors were found in the handling of the corporate taxes, etc.

As a result, selling, general and administrative expenses in the accompanying consolidated financial statements decreased by 1,406 thousand yen and income taxes-current decreased by 273 thousand yen. In addition, current assets increased by 804 thousand yen, deferred tax assets (non-current assets) increased by 6,536 thousand yen, income taxes payable decreased by 321 thousand yen, and income taxes-deferred decreased by 6,536 thousand yen. As a result, retained earnings increased by 8,217 thousand yen.

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 Fiscal Year ended June 30, 2020

August 3, 2020

Name of listed company AVANT CORPORATION Listed stock exchanges Tokyo
 Stock code 3836 URL https://www.avantcorp.com/
 Representative (Title) President and Group CEO (Name) Tetsuji Morikawa
 Contact (Title) Director and Group CFO (Name) Naoyoshi Kasuga (TEL) 03-6388-6739
 Scheduled date of General Meeting of Shareholders: September 23, 2020 Scheduled date of commencement of dividend payment September 24, 2020
 Securities report issue date: September 23, 2020
 Supplementary materials for financial results: Available
 Explanatory meeting to be held: Yes (for analysts)

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

1. Consolidated results for the fiscal year ended June 30, 2020

(1) Consolidated results of operation (Percentages indicate year-on-year changes)

	Revenue		EBITDA ※		Operating income		Ordinary income		Net profit attributable to owners of parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year ended June 30, 2020	15,691	11.5	2,506	17.5	2,278	15.9	2,282	15.7	1,537	16.8
Fiscal Year ended June 30, 2019	14,077	16.2	2,133	19.4	1,966	20.5	1,972	20.8	1,317	24.0

(Reference) Comprehensive income: Fiscal Year ended June 30, 2020: 1,562 million yen (18.7%) Fiscal Year ended June 30, 2019: 1,316 million yen (23.1%)

	Net Income per Share (Note)	Diluted Net Income per share	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Ordinary Income to Revenue
	yen	yen	%	%	%
Fiscal Year ended June 30, 2020	40.92	-	23.5	20.6	14.5
Fiscal Year ended June 30, 2019	35.06	-	24.6	20.5	14.0

※ EBITDA (operating income + depreciation and amortization + amortization of goodwill)

(Note) The Company conducted a 2-for-1 common stock split on December 1, 2019. Net income per share is calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
Fiscal Year ended June 30, 2020	11,780	7,194	61.1	191.42
Fiscal year ended June 30, 2019	10,415	5,898	56.6	157.00

(Reference) Shareholders' equity Fiscal Year ended June 30, 2020: 7,194 million yen Fiscal Year Ended June 30, 2019: 5,898 million yen

(Note) The Company conducted a 2-for-1 common stock split on December 1, 2019. Net income per share is calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(3) Consolidated cash flows

	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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year ended June 30, 2020	1,890	(420)	(294)	6,370
Fiscal year ended June 30, 2019	1,320	(455)	(232)	5,195

2. Dividends on common stock

	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			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal Year Ended June 30, 2019	-	0.00	-	15.00	15.00	281	21.4	5.3
June 30, 2020	-	0.00	-	9.00	9.00	338	22.0	5.2
June 30, 2021 (Forecast)	-	0.00	-	10.00	10.00		27.8	

(Note) The Company conducted a 2-for-1 common stock split on December 1, 2019. For the year ended June 30, 2019, the actual amount of dividends prior to the stock split is stated.

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

(Percentages indicate year-on-year changes)

Fiscal Year	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent company		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	16,110	2.7	2,330	2.3	2,330	2.1	1,561	1.5	41.53

(Note) Since we manage our business on an annual basis, we have omitted the consolidated earnings forecasts for the second quarter : None (accumulated). For details, please refer to "1. Overview of business results, etc. (4) Earnings Forecasts" on page 9.

Notes

(1) Changes of important subsidiaries during the period : None

(Changes in specified subsidiaries accompanied by changes in the scope of consolidation)

Newly added - cos (Name) / Excluded - cos (Name)

(2) Changes in accounting policies and changes or restatement of accounting estimates

(i) Changes in accounting policies caused by revision of accounting standards : None

(ii) Changes in accounting policies other than (i) : None

(iii) Changes in accounting estimates : None

(iv) Restatement : None

(3) Number of shares outstanding (common stock)

(i) Number of shares outstanding including treasury stock

As of June 30, 2020	37,586,982 shares	As of June 30, 2019	37,570,188 shares
As of June 30, 2020	2,911 shares	As of June 30, 2019	2,842 shares
Fiscal Year ended June 30, 2020	37,579,157 shares	Fiscal Year ended June 30, 2019	37,561,940 shares

(ii) Number of treasury stock

(iii) Average number of shares

(Note) Effective December 1, 2019, the Company conducted a 2-for-1 common stock split. The number of shares outstanding (common stock) is calculated as if this stock split had taken place at the beginning of the previous fiscal year.

※ Consolidated Summary Report is not subject to review by certified public accountants or auditing firms.

※ Explanations and other special notes concerning the appropriate use of business performance forecasts

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 promises 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 9 for the assumptions for earnings forecasts and notes for using earnings forecasts.

On October 17, 2019, the Company issued new shares as restricted stock compensation. Net income per share (forecast) is calculated based on the average number of shares outstanding during the period after reflecting the issuance of new shares.

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1. Qualitative Information on Financial results for the Current Fiscal Year

(1) Management's Discussion on Business Operations

The consolidated results for the fiscal year ended June 30, 2020 are as follows.

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

	Fiscal Year ended June 30, 2019	Fiscal Year ended June 30, 2020	Year on Year Change	
			Amount	%
Revenue	14,077	15,691	1,613	11.5
Operating income	1,966	<u>2,278</u>	<u>312</u>	<u>15.9</u>
Ordinary income	1,972	<u>2,282</u>	<u>309</u>	<u>15.7</u>
Net Profit attributable to owners of parent company	1,317	<u>1,537</u>	<u>220</u>	<u>16.8</u>

Consolidated revenue was 15,691 million yen (up 11.5% year on year), achieving double-digit growth. While the Business Intelligence Business and the Outsourcing Business both recorded significant growth, the Consolidated Accounting-related Business also grew mainly due to the continuation of large-scale projects with additional sales, which were scheduled to level off in the fiscal year under review.

In the mid-term management plan announced in September 2018, one of the management targets was to increase the ratio of recurring revenue (e.g. software maintenance fees, among other continuously generated revenue). While some of the results have begun to emerge, such as an increase in cloud sales in the Consolidated Accounting-related business, there was also a favorable impact from non-recurring revenue, mainly in the Business Intelligence business. As a result, the total amount of recurrent revenue increased 15.9% year on year, but the ratio of recurrent revenue to total revenue remained almost unchanged at 32.6%.

Operating income increased 15.9% year on year to 2,278 million yen, and ordinary income increased 15.7% year on year to 2,282 million yen, and profit attributable to owners of parent company increased 16.8% to 1,537 million yen, all increased for the fifth consecutive years and set their records. While there was an upward trend in costs associated with the increase in the level of employee compensation to improve competitiveness and the opening and expansion of offices, we continued our focus on accumulating new orders for highly profitable projects and our efforts to improve quality and productivity of existing projects. Since the spread of COVID-19 began, the Company set out efforts to reduce nonessential expenses in preparation for future uncertainties.

Some companies in Japan have begun to postpone or some seriously affected have suspend IT investment as a result of the expansion of COVID-19, and some of the orders received by the Group have been affected, but the impact on operating results for the fiscal year under review is limited.

The status of each reportable segment is as follows.

(i) Revenue

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

	Fiscal Year ended June 30, 2019	Fiscal Year ended June 30, 2020	Year on Year Change	
			Amount	%
Consolidated Accounting	8,034	8,485	451	5.6
Business Intelligence	4,990	5,767	776	15.6
Outsourcing	1,629	2,062	432	26.5
Elimination of inter-segment transactions	(576)	(624)	(47)	—
Consolidated net sales	14,077	15,691	1,613	11.5

(ii) Operating income

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

	Fiscal Year ended June 30, 2019	Fiscal year ended June 30, 2020	Year on Year Change	
			Amount	%
Consolidated Accounting	1,293	1,616	323	25.0
Business Intelligence	636	692	55	8.8
Outsourcing	318	364	45	14.4
Corporate Expenses and Elimination of inter-company transaction	(281)	(394)	(112)	—
Consolidated operating income	1,966	<u>2,278</u>	<u>312</u>	<u>15.9</u>

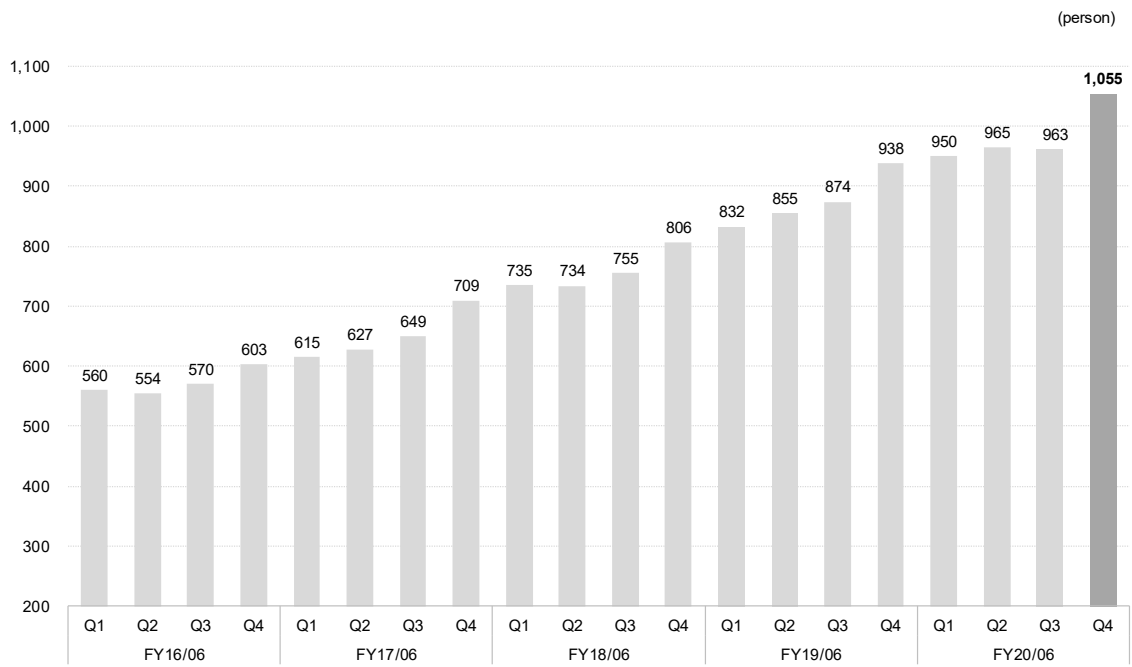
In the Consolidated Accounting-related business, at the beginning of the fiscal year, we anticipated that the large-scale projects that had contributed greatly to revenue up to the previous fiscal year would level off. However, during the year under review, we continue to receive additional sales from this client. At the same time, we saw solid new sales in areas other than large-scale projects, and segment revenue increased 5.6% year on year to 8,485 million yen. Personnel expenses rose due to an increase in the number of employees, and expenses rose due to the renovation of an existing office and opening of a new office. Despite these increases in expenses, we were able to improve overall profitability as a result of our efforts to improve project quality and productivity, and since the spread of COVID-19 began, the Company set out efforts to reduce nonessential expenses in preparation for future uncertainties. As a result, operating income increased 25.0% year on year to 1,616 million yen.

In the Business Intelligence business, we continue to observe favorable market environment where corporations invest heavily in visualizing corporate management information as part of their efforts to promote digital transformation. As a result, net sales increased to 5,767 million yen (up 15.6% year on year). On the other hand, operating income increased only slightly to 692 million yen (up 8.8% year on year), due in part to an increase in personnel expenses accompanying an increase in remuneration levels and an increase in the number of employees, as well as an increase in expenses related to the opening of a new office.

In the Outsourcing business, demand continued to be strong as enterprise clients continue strengthen and examine the group governance system and review the roles of the accounting department in their organization. In addition, sales in other than consolidated accounting and disclosure fields such as treasury management solutions increased, and segment revenue increased significantly or 26.5% year on year to 2,062 million yen. Despite an increase in expenses such as office floor space accompanying an increase in the number of employees, and expenses incurred for the maintenance of the office environment in order to continue providing high-quality services to customers while ensuring the health and safety of employees despite the spread of COVID-19, operating income increased to 364 million yen (up 14.4% year on year).

The number of employees on a consolidated basis was 1,055 at the end of the fiscal year, an increase of 117 from the beginning of the fiscal year.

Quarterly trends of number of employees of the Group



Orders and sales by segment for the current fiscal year are as follows;

(i) New orders and outstanding orders

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

	Fiscal Year ended June 30, 2019		Fiscal Year ended June 30, 2020		YoY	
	New Orders	Outstanding Orders	New Orders	Outstanding Orders	Increase (decrease)	
					New Orders	Outstanding Orders
Consolidated Accounting	7,774	2,173	8,313	1,999	539	(173)
Business Intelligence	5,265	1,204	5,417	854	151	(350)
Outsourcing	1,807	852	2,160	950	352	97
Elimination of inter- segment transactions	(676)	(303)	(533)	(208)	142	94
Total	14,171	3,927	15,357	3,595	1,186	(332)

(ii) Sales results

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

	Fiscal Year Ended June 30, 2019	Fiscal Year ended June 30, 2020	YoY	
			Increase (decrease)	Rate of change (%)
Consolidated Accounting	8,034	8,485	451	5.6
Business Intelligence	4,990	5,767	776	15.6
Outsourcing	1,629	2,062	432	26.5
Elimination of inter- segment transactions	(576)	(624)	(47)	—
Total	14,077	15,691	1,613	11.5

(Note) The amounts in (i) and (ii) above do not include consumption taxes.

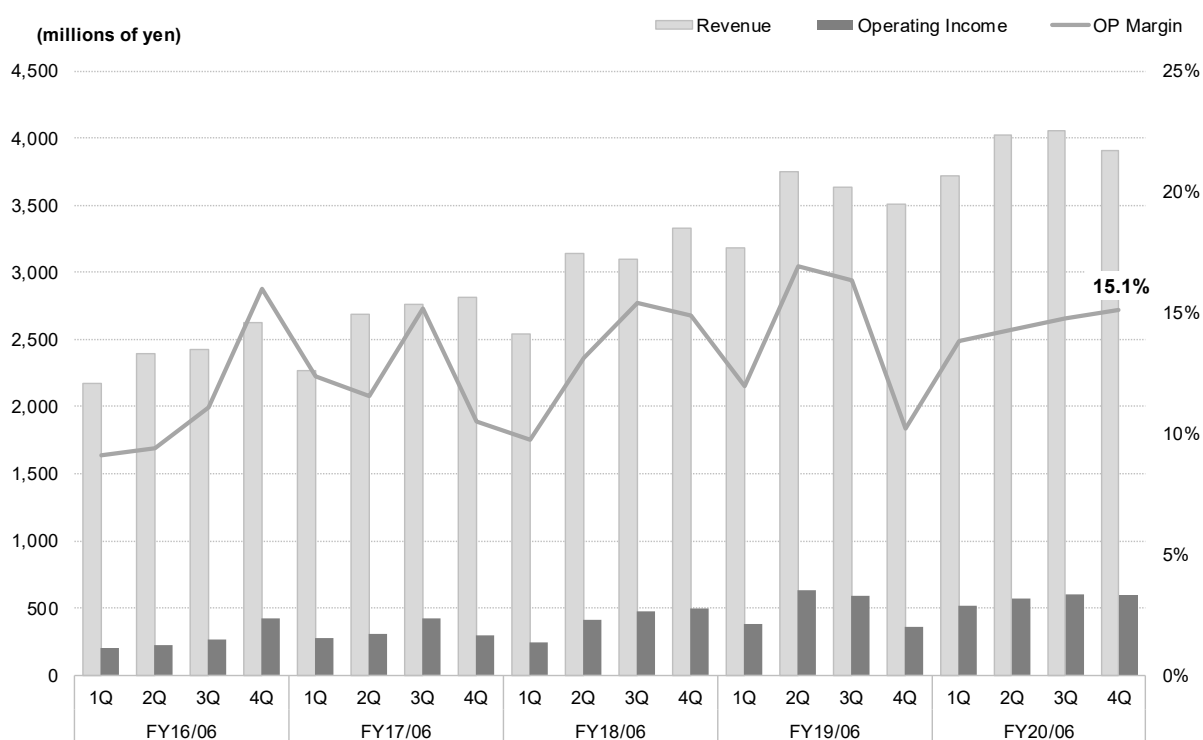
Revenue and operating income by quarter are as follows.

Revenue and operating income for the last four quarters

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

	Fiscal Year ended June 30, 2020			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	3,714	4,019	4,050	3,906
Operating income	514	574	598	<u>591</u>
Operating profit margins (%)	13.8	14.3	14.8	15.1

Quarterly trends of revenue, operating income and operating margins



(2) Discussion on Financial Position

Total assets at the end of the fiscal year under review amounted to 11,780 million yen, an increase of 1,365 million yen from the end of the previous fiscal year. This was mainly attributable to an increase in current assets of 1,106 million yen due to an increase in cash and deposits of 1,175 million yen mainly from net income attributable to owners of parent company of 1,537 million yen and a decrease in accounts and notes receivable-trade of 182 million yen, as well as an increase in property, plant and equipment of 192 million yen mainly due to expansion of offices and network improvements, and an increase in intangible assets of 26 million yen mainly due to improvements in the IT infrastructure environment, resulting in an increase in non-current assets of 258 million yen.

Total liabilities amounted to 4,586 million yen, an increase of 69 million yen from the end of the previous fiscal year. This was mainly due to an increase in unearned revenue of 218 million yen, a decrease in accounts payable-trade of 83 million yen, and a decrease in accounts payable-other and accrued expenses of 43 million yen.

Total net assets amounted to 7,194 million yen (up 1,296 million yen from the end of the previous fiscal year), due to the recording of 1,537 million yen in profit attributable to owners of parent and the payment of 281 million yen in dividends from surplus. As a result, the equity ratio improved by 4.5% points from the previous fiscal year to 61.1% (56.6% at the end of the previous fiscal year). We believe that we are maintaining a stable financial balance without interest-bearing debt.

(3) Discussion on Cash Flows

Cash and cash equivalents (hereinafter, "cash") at the end of the fiscal year under review increased by 1,175 million yen from the end of the previous fiscal year to 6,370 million yen. The status of each type of cash flow and its factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 1,890 million yen. (Acquired 1,320 million yen in the previous fiscal year)

Major inflows included income before income taxes of 2,282 million yen, depreciation of fixed assets of 227 million yen, an increase in unearned revenue of 218 million yen, and an increase in notes and accounts receivable-trade of 182 million yen. Major outflows included income taxes paid of 799 million yen and an increase in accounts payable-other and accrued expenses of 124 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 420 million yen. (Use of 455 million yen in the previous consolidated fiscal year)

Major expenditures included the purchase of property, plant and equipment of 236 million yen due to an increase in the floor space of offices and network improvements, the purchase of intangible assets of 121 million yen due to improvements in the IT infrastructure, and the payment of lease and guarantee deposits of 138 million yen.

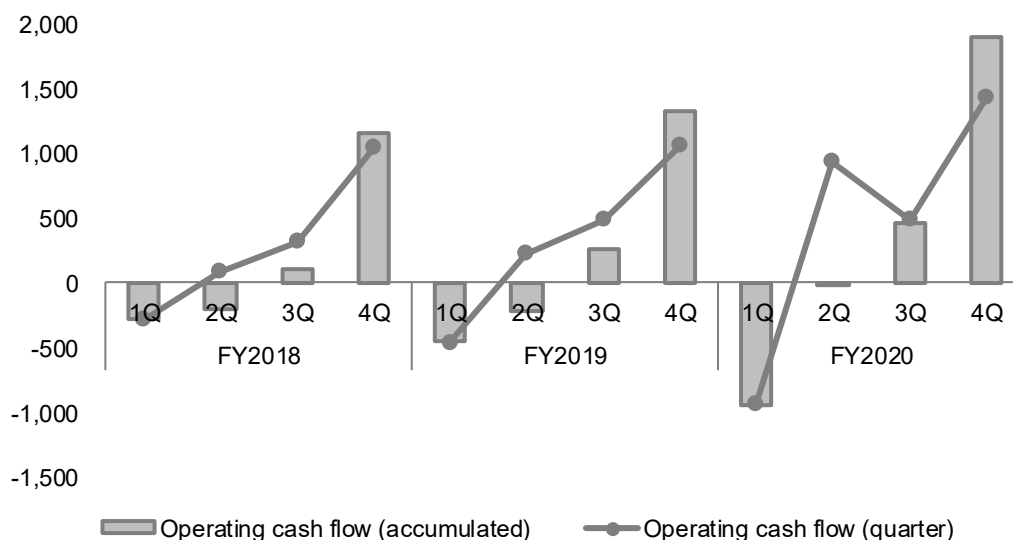
(Cash flows from financing activities)

Net cash used in financing activities was 294 million yen. (Use of 232 million yen in the previous consolidated fiscal year)

The main expenditure was cash dividends paid of 281 million yen.

In our group, cash flows from operating activities in the first quarter are low due to income taxes paid and performance-linked bonuses paid to officers and employees. These cash flows gradually increase from the second quarter onward, and are generally positive on a full-year basis. In the consolidated accounting-related business, maintenance fees and commissions paid in the outsourcing business are paid annually in advance before the provision of services. As a result, the business model does not require much working capital. On the other hand, in the Business Intelligence segment, outsourcing expenses and other payments are made ahead of schedule, so demand for working capital will increase as sales grow. However, there are no concerns about cash management at this point, as the Group holds cash available for seamless intra-group financing, and has established a commitment line with each bank with a total amount of 3.5 billion yen in addition to the amount of cash held by the Group. Rather, the Company intend to put the cash into strategic investment.

Quarterly Trends of Operating Cash Flow (millions of yen)



※ accumulated cash flow from operation for the second quarter of Fiscal Year ending June 30, 2020 was use of 13 million

(4) Consolidated 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 2021, the third year of the plan, we plan to continue to grow our three existing businesses while also promoting various activities aimed at dramatically increasing the ratio of recurrent revenues, which is one of the key goals of our medium-term management plan.

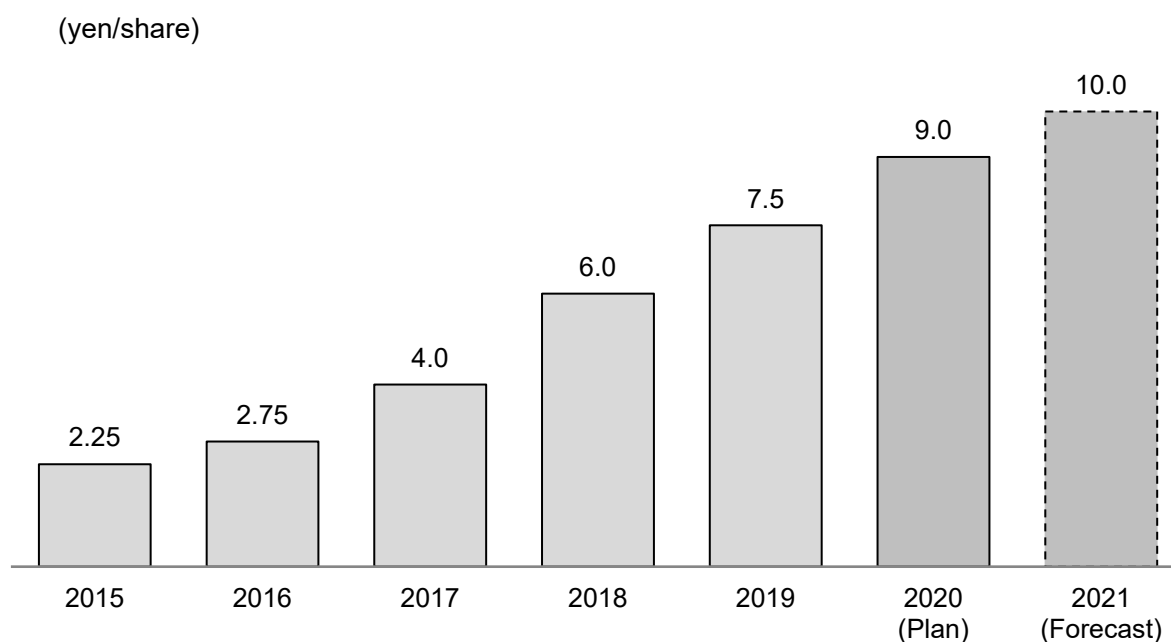
As a result of the expansion of COVID-19, domestic companies are postponing their IT investment, and there are concerns about the impact of this on the Group's business results, particularly in the first half of the fiscal year. Nevertheless, with the exception of some industries where the impact is enormous, the need for Digital Transformation (DX) is becoming stronger, and the needs of the Group for products and services themselves have not declined or disappeared. Rather, we believe that the need for DX is rising over the medium to long term.

As a result, we expect to achieve net sales of 16,110 million yen (up 2.7% year on year) and operating income of 2,330 billion yen (up 2.3%). These forecasts are based on the assumption that the effects of the spread of COVID-19 will converge to some extent by the end of 2020 and the economic activities of domestic companies will normalize by 2021. If the impact of COVID-19 is prolonged or a second wave arrives, the Group's operating results may deteriorate more than anticipated.

In accordance with our previous policy, we will raise the dividend over equity ratio, keeping in mind that it will always exceed the average for all listed companies. At the same time, we will pay a stable dividend (in principle, dividends per share should not be lower than the previous fiscal year's level). For the fiscal year under review, we plan to propose a dividend of 9 yen per share (after adjusting for the stock split on December 1, 2019) at our general meeting of shareholders on September 23, 2020.

Regarding dividends for the next fiscal year, although the policy itself remains unchanged, as the dividend on equity ratio has already exceeded the average for all listed companies, the Company is not strongly aware of the need to raise the dividend for the next fiscal year, and it is forecasting a dividend of 10 yen per share in consideration of stable dividends despite the uncertain economic situation.

Trends of dividends (adjusted for stock splits)



2. Basic Rationale for Selection of Accounting Standards

For the time being, the Group continue to prepare consolidated financial statements on generally accepted accounting principles in Japan. With regard to the adoption of IFRS, the Group will respond appropriately, taking into consideration various domestic and international circumstances.

3. Unaudited Consolidated Financial Statements

(1) Consolidated Balance Sheets

(thousands of yen)

	End of previous fiscal year (As of June 30, 2019)	End of current fiscal year (As of June 30, 2020)
Assets		
Current assets		
Cash and deposits	5,160,507	6,335,623
Notes and accounts receivable - trade	2,525,653	<u>2,343,601</u>
Securities	—	10,783
Work in process	178,271	140,960
Raw materials and supplies	16,584	15,587
Prepaid expenses	482,079	552,356
Other	40,668	<u>111,927</u>
Allowance for doubtful accounts	(5,296)	(5,610)
Total current assets	8,398,467	9,505,230
Non-current assets		
Property, plant and equipment		
Buildings	361,585	501,574
Accumulated depreciation	(215,623)	(201,938)
Buildings, net	145,962	299,636
Vehicles	—	440
Accumulated depreciation	—	(146)
Vehicles, net	—	293
Tools, furniture and fixtures	639,336	733,399
Accumulated depreciation	(515,429)	(563,937)
Tools, furniture and fixtures, net	123,906	169,462
Construction in progress	7,228	—
Total property, plant and equipment	277,096	469,392
Intangible assets		
Software	164,304	190,781
Other	782	744
Total intangible assets	165,087	191,526
Investments and other assets		
Investment securities	397,868	428,261
Long-term prepaid expenses	14,468	21,088
Leasehold and guarantee deposits	687,567	674,355
Deferred tax assets	392,827	<u>369,737</u>
Other	91,437	121,013
Allowance for doubtful accounts	(9,591)	—
Total investments and other assets	1,574,578	1,614,455
Total non-current assets	2,016,762	2,275,373
Total assets	10,415,229	11,780,604

(thousands of yen)

	End of previous fiscal year (As of June 30, 2019)	End of current fiscal year (As of June 30, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	511,503	428,418
Lease obligations	3,515	14,299
Accounts payable - other, and accrued expenses	377,355	333,436
Income taxes payable	296,693	122,303
Unearned revenue	1,857,288	2,075,741
Provision for bonuses	723,591	719,089
Provision for bonuses for directors (and other officers)	138,778	120,998
Provision for loss on order received	60,058	15,887
Other	379,272	483,988
Total current liabilities	4,348,056	4,314,163
Non-current liabilities		
Lease obligations	6,862	45,297
Asset retirement obligations	162,262	226,810
Total non-current liabilities	169,124	272,107
Total liabilities	4,517,181	4,586,270
Net assets		
Shareholders' equity		
Share capital	295,525	303,271
Capital surplus	232,325	240,071
Retained earnings	5,362,527	6,618,666
Treasury shares	(404)	(476)
Total shareholders' equity	5,889,973	7,161,533
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,067	35,859
Deferred gains or losses on hedges	3	6
Foreign currency translation adjustment	(2,995)	(3,065)
Total accumulated other comprehensive income	8,075	32,800
Total net assets	5,898,048	7,194,333
Total liabilities and net assets	10,415,229	11,780,604

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**Consolidated income statement**

(thousands of yen)

	Previous fiscal year (period from July 1, 2018 to June 30, 2019)	Current fiscal year (period from July 1, 2019 to June 30, 2020)
Net sales	14,077,976	15,691,533
Cost of sales	7,779,392	8,525,446
Gross profit	6,298,583	7,166,086
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	286,139	312,705
Employees' salaries and bonuses	1,049,858	1,288,199
Provision for bonuses	723,591	714,902
Provision for bonuses for directors (and other officers)	138,778	120,998
Legal welfare expenses	170,081	195,932
Outsourcing expenses	48,429	66,538
Rent expenses on land and buildings	303,661	268,049
Utilities expenses	150,092	95,883
Commission expenses	452,307	480,165
Depreciation	103,830	159,639
Research and development expenses	215,633	409,398
Other	689,725	<u>774,982</u>
Total selling, general and administrative expenses	4,332,129	<u>4,887,396</u>
Operating profit	1,966,453	<u>2,278,690</u>
Non-operating income		
Interest income	507	421
Dividend income	3,573	5,376
Gain on investments in investment partnerships	—	371
Foreign exchange gains	416	—
Subsidy income	990	2,220
Compensation for transfer	8,137	—
Other	437	937
Total non-operating income	14,062	9,326
Non-operating expenses		
Interest expenses	149	744
Loss on investments in investment partnerships	2,571	—
Commission expenses	2,649	4,755
Foreign exchange losses	—	17
Share issuance costs	942	413
Compensation for damage	1,620	—
Other	—	3
Total non-operating expenses	7,933	5,934
Ordinary profit	1,972,583	2,282,082
Extraordinary income		
Settlement received	31,200	—
Total extraordinary income	31,200	—
Profit before income taxes	2,003,783	2,282,082
Income taxes - current	766,968	<u>727,521</u>
Income taxes - deferred	(80,233)	<u>16,666</u>
Total income taxes	686,734	<u>744,188</u>
Profit	1,317,048	<u>1,537,894</u>
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	1,317,048	<u>1,537,894</u>

Consolidated Statements of Comprehensive Income

(thousands of yen)

	Previous fiscal year (period from July 1, 2018 to June 30, 2019)	Current fiscal year (period from July 1, 2019 to June 30, 2020)
Profit	1,317,048	<u>1,537,894</u>
Other comprehensive income		
Valuation difference on available-for-sale securities	2,943	24,791
Deferred gains or losses on hedges	(34)	2
Foreign currency translation adjustment	(3,221)	(69)
Total other comprehensive income	(313)	24,724
Comprehensive income	<u>1,316,735</u>	<u>1,562,619</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,316,735	<u>1,562,619</u>
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Net Assets

Previous Fiscal Year (period from July 1, 2018 to June 30, 2019)

(thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	288,400	225,200	4,270,775	(301)	4,784,074
Changes for the year					
Issue of new shares	7,125	7,125			14,250
Dividends			(225,295)		(225,295)
Net income attributable to shareholders of parent company			1,317,048		1,317,048
Purchase of treasury stock				(103)	(103)
Net changes of items other than shareholders' equity					
Total changes for the year	7,125	7,125	1,091,752	(103)	1,105,899
Balance at the end of the year	295,525	232,325	5,362,527	(404)	5,889,973

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income	
Balance at the beginning of the year	8,124	37	226	8,388	4,792,462
Changes for the year					
Issue of new shares					14,250
Dividends					(225,295)
Net income attributable to shareholders of parent company					1,317,048
Purchase of treasury stock					(103)
Net changes of items other than shareholders' equity	2,943	(34)	(3,221)	(313)	(313)
Total changes for the year	2,943	(34)	(3,221)	(313)	1,105,586
Balance at the end of the year	11,067	3	(2,995)	8,075	5,898,048

Current Fiscal Year (period from July 1, 2019 to June 30, 2020)

(thousands of yen)

	shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	295,525	232,325	5,362,527	(404)	5,889,973
Changes for the year					
Issue of new shares	7,746	7,746			15,492
Dividends			(281,755)		(281,755)
Net income attributable to shareholders of parent company			<u>1,537,894</u>		<u>1,537,894</u>
Purchase of treasury stock				(71)	(71)
Net changes of items other than shareholders' equity					
Total changes for the year	7,746	7,746	<u>1,256,139</u>	(71)	<u>1,271,559</u>
Balance at the end of the year	303,271	240,071	<u>6,618,666</u>	(476)	<u>7,161,533</u>

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income	
Balance at the beginning of the year	11,067	3	(2,995)	8,075	5,898,048
Changes for the year					
Issue of new shares					15,492
Dividends					(281,755)
Net income attributable to shareholders of parent company					<u>1,537,894</u>
Purchase of treasury stock					(71)
Net changes of items other than shareholders' equity	24,791	2	(69)	24,724	24,724
Total changes for the year	24,791	2	(69)	24,724	<u>1,296,284</u>
Balance at the end of the year	35,859	6	(3,065)	32,800	<u>7,194,333</u>

(4) Consolidated Statements of Cash Flows

(thousands of yen)

	Previous fiscal year (period from July 1, 2018 to June 30, 2019)	Current fiscal year (period from July 1, 2019 to June 30, 2020)
Cash flows from operating activities		
Profit before income taxes	2,003,783	<u>2,282,082</u>
Depreciation	167,080	227,944
Share-based remuneration expenses	3,562	8,623
Increase (decrease) in allowance for doubtful accounts	866	(9,277)
Increase (decrease) in provision for bonuses	161,824	(4,501)
Increase (decrease) in provision for bonuses for directors (and other officers)	24,294	(17,779)
Increase (decrease) in provision for loss on order received	55,748	(44,171)
Interest and dividend income	(4,080)	(5,797)
Compensation for forced relocation	(8,137)	—
Interest expenses	149	744
Commission expenses	2,649	4,755
Share issuance costs	942	413
Compensation for damage	1,620	—
Settlement received	(31,200)	—
Loss (gain) on investments in investment partnerships	2,571	(371)
Subsidy income	(990)	(2,220)
Decrease (increase) in trade receivables	(512,541)	<u>182,057</u>
Decrease (increase) in inventories	(84,168)	38,307
Decrease (increase) in prepaid expenses	(28,377)	(66,011)
Increase (decrease) in trade payables	77,404	(83,085)
Increase (decrease) in accounts payable - other, and accrued expenses	24,533	<u>(124,535)</u>
Increase (decrease) in accrued consumption taxes	37,548	152,446
Increase (decrease) in unearned revenue	182,593	218,453
Increase in long-term accounts receivable	—	(34,706)
Other, net	(4,807)	<u>(40,670)</u>
Subtotal	<u>2,072,870</u>	<u>2,682,699</u>
Interest and dividends received	4,138	6,021
Interest paid	(149)	(744)
Proceeds from compensation for forced relocation	5,695	—
Compensation for damage paid	(1,620)	—
Settlement package received	31,200	—
Proceeds from subsidy income	990	2,220
Income taxes paid	(792,905)	(799,440)
Net cash provided by (used in) operating activities	<u>1,320,217</u>	<u>1,890,755</u>
Cash flows from investing activities		
Proceeds from redemption of securities	33,780	—
Purchase of property, plant and equipment	(127,242)	(236,147)
Purchase of intangible assets	(54,554)	(121,077)
Purchase of investment securities	(90,911)	(10,837)
Proceeds from refund of leasehold and guarantee deposits	138	89,687
Payments of leasehold and guarantee deposits	(215,592)	(138,666)
Purchase of insurance funds	(4,459)	(4,459)
Other, net	3,502	1,071
Net cash provided by (used in) investing activities	<u>(455,340)</u>	<u>(420,430)</u>
Cash flows from financing activities		
Repayments of finance lease obligations	(3,414)	(8,771)
Commission fee paid	(2,252)	(3,696)
Purchase of treasury shares	(103)	(71)
Dividends paid	(225,295)	(281,755)
Other, net	(942)	(413)

Net cash provided by (used in) financing activities	(232,007)	(294,708)
Effect of exchange rate change on cash and cash equivalents	(4,607)	105
Net increase (decrease) in cash and cash equivalents	628,261	1,175,722
Cash and cash equivalents at beginning of period	4,566,875	5,195,137
Cash and cash equivalents at end of period	5,195,137	6,370,860

(5) Notes to the Consolidated Financial Statements

(Notes on Going-Concern Assumptions)

Not applicable

(Changes in Basis of presentation)

[Consolidated statement of income statement]

"Subsidy income," which was included in subsection "Others" under "Non-operating income" in the previous fiscal year, is presented as a separate item from the fiscal year under review because it exceeded ten percent of total non-operating income. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, 1,427 thousand yen presented as "Other" under "Non-operating income" in the Consolidated Statements of Income for the previous fiscal year has been reclassified as 990 thousand yen of "Subsidy income" and 437 thousand yen of "Other."

[Consolidated cash flow statement]

"Subsidy income," which was included in "Income before income taxes and minority interests" under "Cash flows from operating activities" in the previous fiscal year, is presented separately from the fiscal year under review due to an increase in monetary materiality. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

Accordingly, "Subsidy income" is presented separately in the "Subtotal" column of "Cash flows from operating activities" below. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, 2,073,860 thousand yen presented as "Subtotal" under "Cash flows from operating activities" in the Consolidated Statements of Cash Flows for the previous fiscal year has been reclassified as 990 thousand yen as "Subsidy income" (990) thousand yen as "Subsidy received," and 2,072,870 thousand yen as "Subtotal."

"Proceeds from collection of lease and guarantee deposits," which was included in "Other" under "Cash flows from investing activities" in the previous fiscal year, is presented separately from the current fiscal year due to an increase in monetary materiality. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, 3,640 thousand yen presented as "Others" under "Cash flows from investing activities" in the Consolidated Statements of Cash Flows for the previous fiscal year has been reclassified as 138 thousand yen of "Proceeds from collection of lease and guarantee deposits" and 3,502 thousand yen of "Other."

(Segment Information and Others)

1. Summary of reportable segments

(1) Reason to determine the report segment

The Group's reportable segments was set up so that the Board of Directors can monitor regularly the separate financial information among our constituent units and make decisions on allocation of management resources and evaluate results of operations.

The Group is working to make management information “usable (Consolidated Accounting business),” “visible (Business Intelligence business)” and “reliable (Outsourcing business)” and thus measures performance of the three business portfolios; “Consolidated Accounting business”, “Business Intelligence business” and “Outsourcing business” as reportable segments.

(2) Products and services included in each reportable segment

In Consolidated Accounting business, DIVA Corporation sells licenses and offer consulting service to implement the packaged software called DivaSystem, an internally developed package software for consolidated management and consolidated accounting. After the implementation, the Company also provide maintenance services, including software upgrades. Its consulting services also includes solutions related to IFRS, advanced management solutions, and budget management / management accounting solutions.

Consolidated Accounting business also reflects results of Internet Disclosure Co., Ltd. which offers search engines on disclosure information to audit corporations.

In the Business Intelligence business, ZEAL Corporation offers system integration services for effective management of various information among corporations, which is generally called Business Intelligence (BI). Through integration and organization of a large amount of data in a company's operating system, the Company can offer that information in reports and graphs and the management of the company can make decisions. In another words, the Company's system integration service is designed to help customers improve their ability to use information.

In the Outsourcing business, FIERTE Corporation offers outsourcing services on consolidated accounting and consolidated tax payment operations. While acting on behalf of the customers, the Company's solution can promote task diversification among employees and eliminate bottleneck, so that customers can devote more time on value-creating operations such as analysis and utilization of various information, and thus create value to their operations and management.

2. Formula to calculate revenue, profit or loss, assets, liabilities and other items by reportable segment

The reported method of accounting for operating segments is the same as formula generally used in the preparation of consolidated financial statements.

Profits for reportable segments are based on operating income.

Intersegment sales and transfers are based on market prices.

3. Information on ordinary revenue, income or loss, assets and liabilities, and others by reporting segment

Previous Fiscal Year (July 1, 2018 to June 30, 2019)

(Thousands of yen)

	Reportable segments			Total
	Consolidated accounting	Business Intelligence	Outsourcing	
Revenue				
Sales to customers	8,005,563	4,939,485	1,134,927	14,077,976
Intersegment sales	30,956	50,894	495,036	576,888
Total	8,034,520	4,990,380	1,629,964	14,654,864
Segment profit	1,293,140	636,362	318,399	2,247,901
Segment Assets	4,726,842	2,365,146	958,819	8,050,809
Segment Liabilities	3,268,109	1,486,644	551,303	5,306,057
Other items				
Depreciation	77,939	15,286	9,558	102,784
Increase in tangible fixed assets and intangible fixed assets	28,295	48,247	24,325	100,869

Current Fiscal Year (July 1, 2019 to June 30, 2020)

(Thousands of yen)

	Reportable segments			Total
	Consolidated accounting	Business Intelligence	Outsourcing	
Revenue				
Sales to customers	8,464,307	5,741,190	1,486,035	15,691,533
Intersegment sales	21,383	26,070	576,665	624,118
Total	8,485,690	5,767,260	2,062,700	16,315,651
Segment profit	1,616,772	692,060	364,277	2,673,110
Segment Assets	<u>5,331,424</u>	<u>2,127,672</u>	<u>1,091,494</u>	<u>8,550,591</u>
Segment Liabilities	<u>3,668,253</u>	<u>1,199,389</u>	<u>648,376</u>	<u>5,516,019</u>
Other items				
Depreciation	102,561	20,035	29,182	151,779
Increase in tangible fixed assets and intangible fixed assets	273,732	78,206	61,600	413,539

4. The difference between the total amount of reportable segments and the amount recorded in consolidated financial statements and the main contents of the difference (differences related to adjustments)

(thousands of yen)

Revenue	Previous Fiscal Year	Current Fiscal Year
Total amount of reportable segments	14,654,864	16,315,651
Elimination of transaction between the Company and segment	(576,888)	(624,118)
Revenue reported in consolidated financial statements	14,077,976	15,691,533

(thousands of yen)

Profits	Previous Fiscal Year	Current Fiscal Year
Total amount of reportable segments	2,247,901	2,673,110
Elimination of transaction between the Company and segment	703,749	707,124
Corporate expenses (Note)	(977,867)	<u>(1,102,601)</u>
Others	(7,329)	1,056
Operating Income reported in consolidated financial statements	1,966,453	<u>2,278,690</u>

(Note) Corporate expenses mainly consist of general and administrative expenses not attributable to the reporting segments.

(thousands of yen)

Assets	Previous Fiscal Year	Current Fiscal Year
Total amount of reportable segments	8,050,809	<u>8,550,591</u>
Elimination of transaction between the Company and segment	(2,369,062)	<u>(1,762,798)</u>
Corporate assets (Note)	4,762,084	<u>5,051,100</u>
Others	(28,600)	(58,289)
Total assets reported in consolidated financial statements	10,415,229	<u>11,780,604</u>

(Note) Corporate assets mainly consist of assets not attributable to the reporting segments.

(thousands of yen)

Liabilities	Previous Fiscal Year	Current Fiscal Year
Total amount of reportable segments	5,306,057	<u>5,516,019</u>
Elimination of transaction between the Company and segment	(1,311,727)	<u>(1,323,020)</u>
Corporate liabilities (Note)	546,654	<u>447,756</u>
Others	(23,803)	(54,485)
Total liabilities reported in consolidated financial statements	4,517,181	<u>4,586,270</u>

(Note) Corporate liabilities mainly consist of liabilities not attributable to the reporting segments.

(thousands of yen)

Other items	Reported segments		Adjustments (Notes)		Amounts reported in consolidated financial statements	
	Previous Fiscal Year	Current Fiscal Year	Previous Fiscal Year	Current Fiscal Year	Previous Fiscal Year	Current Fiscal Year
Depreciation	102,784	151,779	64,296	76,164	167,080	227,944
Increase in tangible fixed assets and intangible fixed assets	100,869	413,539	112,144	43,484	213,013	457,024

(Notes) Adjustment for depreciation and amortization mainly refers to depreciation and amortization for assets not attributable to the reportable segments.

Adjustments to increases in tangible fixed assets and intangible fixed assets mainly relate to assets not attributable to reporting segments.

(Per-share Information)

	Previous Fiscal Year (period from July 1, 2018 to June 30, 2019)	Current Fiscal Year (period from July 1, 2019 To June 30, 2020)
Net assets per share	157.00 yen	<u>191.42</u> yen
Net income per share	35.06 yen	<u>40.92</u> yen

Note 1. Diluted net income per share is not provided as there are no potential shares.

2. The stock split was conducted on December 1, 2019, at a ratio of 2 shares of common stock per 1 share of common stock. net assets per share and net income per share are calculated assuming that the stock split was conducted at the beginning of the previous fiscal year.

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

Items	Previous Fiscal Year (As of June 30, 2019)	Current Fiscal Year (As of June 30, 2020)
Total of net assets (thousands of yen)	5,898,048	<u>7,194,333</u>
Amount deducted from total of net assets (thousands of yen)	-	-
Net assets attributable to common stock (thousands of yen)	5,898,048	<u>7,194,333</u>
Number of common stock outstanding for calculating net assets per share (shares)	37,567,346	37,584,071

4. The basis for calculating net income per share is as follows;

Items	Previous Fiscal Year (Period from July 1, 2018 to June 30, 2019)	Current Fiscal Year (Period from July 1, 2019 to June 30, 2020)
Net income attributable to shareholders of parent company (thousands of yen)	1,317,048	<u>1,537,894</u>
Amounts not attributable to shareholders of common stock (thousands of yen)	-	-
Net income attributable to shareholders of common stock of parent company (thousands of yen)	1,317,048	<u>1,537,894</u>
Average number of common stock outstanding (shares)	37,561,940	37,579,157

(Subsequent Events)

Not applicable

Financial Results Briefing

for the Fiscal Year ended June 30, 2020

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)

August 3, 2020

I . Summary of financial results for the fiscal year ended June 30, 2020

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.

I. Summary of financial results for the fiscal year ended June 30, 2020

Results Highlights

AVANT

Improved results for the 5th consecutive year, net income setting new record

- The impact of COVID-19 can be seen in some orders towards the end of the fiscal year, but revenue exceeded expectations due to an additional order in a large-scale project in the consolidated accounting-related business.
- Operating income margin improved due to efforts to control fixed-expenses and absence of provision for loss on orders. Combined with a tax effects realized at the end of the fiscal year, net income increased 16.8% year on year.

(millions of yen)

	FY19/06	FY20/06	Year-on-Year	
			Variance	%CHG
Revenue	14,077	15,691	+ 1,613	+ 11.5%
Cost of Revenue	7,779	8,525	+ 746	+ 9.6%
SG&A expenses	4,332	<u>4,887</u>	<u>+ 555</u>	+ 12.8%
Operating Income	1,966	<u>2,278</u>	<u>+ 312</u>	<u>+ 15.9%</u>
OP Margin	14.0%	14.5%	-	<u>+ 0.6 point</u>
Ordinary Income	1,972	<u>2,282</u>	<u>+ 309</u>	<u>+ 15.7%</u>
Net Income	1,317	<u>1,537</u>	<u>+ 220</u>	<u>+ 16.8%</u>
EBITDA	2,133	<u>2,506</u>	<u>+ 373</u>	<u>+ 17.5%</u>

Results by Business Segment

AVANT

- Revenues were driven by Business Intelligence business and Outsourcing business. The outsourcing business, which boasts a high proportion of recurrent revenue, expanded to 13% of consolidated revenues
- Consolidated accounting-related businesses drove growth in operating income represented by expenses reduction Initiatives in the second half.

(millions of yen)

		FY19/06	FY20/06	Year-on-Year	
				Variance	%CHG
Consolidated Accounting	Revenue	8,034	8,485	+ 451	+ 5.6%
	Operating Income	1,293	1,616	+ 323	+ 25.0%
	OP Margin	16.1%	19.1%	-	+ 3.0 point
Business Intelligence	Revenue	4,990	5,767	+ 776	+ 15.6%
	Operating Income	636	692	+ 55	+ 8.8%
	OP Margin	12.8%	12.0%	-	0.8 point
Outsourcing	Revenue	1,629	2,062	+ 432	+ 26.5%
	Operating Income	318	364	+ 45	+ 14.4%
	OP Margin	19.5%	17.7%	-	1.9 point

Stable earnings, exceeding Company forecasts

- Additional orders in large-scale projects and new orders for legal consolidated accounting and profit management solutions also achieved higher sales, and the recurrent revenue ratio also increased
- Operating income margin improved by 3 percentage points due to a shift to highly profitable projects, control of fixed expenses, and absence of provision for loss on order received
- We delivered cloud-based Diva System LCA and other new solutions such as Compass that should contribute to the sophistication of group management of our clients

(millions of yen)

	FY19/06	FY20/06	Year-on-Year	
			Variance	%CHG
Revenue	8,034	8,485	+ 451	+ 5.6%
Operating income	1,293	1,616	+ 323	+ 25.0%
OP Margin	16.1%	19.1%		+3.0point
New Orders	7,774	8,313	+ 539	+ 6.9%
Outstanding Orders	2,173	1,999	173	8.0%

Strong demand for DX confirmed, despite somewhat slower orders toward the end of the fiscal year

- Double-digit revenues growth achieved on the back of strong investment demand for DX
- Operating income margin decreased slightly, as higher compensation levels and higher fixed expenses associated with opening of a new office were only partially offset by an increase in revenues
- As the business has high susceptibility to the economic environment, the order backlog fell by double digits. Recently inquiries are recovering, and new services based on proprietary IPs were launched.

(millions of yen)

	FY19/06	FY20/06	Year-on-Year	
			Variance	%CHG
Revenue	4,990	5,767	+ 776	+ 15.6%
Operating income	636	692	+ 55	+ 8.8%
OP Margin	12.8%	12.0%		0.8point
New Orders	5,265	5,417	+ 151	+ 2.9%
Outstanding Orders	1,204	854	350	29.1%

Double-digit revenues and profit growth

- Steady growth of 20% in recurrent revenues due to steady new contracts in financial closing outsourcing and fund management solutions
- The operating income margin fell by about 2 points due to the increase in fixed expenses associated with the expansion of offices, as well as expenditures to improve the office environment to ensure the safety of employees.
- Concluded a partnership with Aptitude Software to diversify solutions

(millions of yen)

	FY19/06	FY20/06	Year-on-Year	
			Variance	%CHG
Revenue	1,629	2,062	+ 432	+ 26.5%
Operating income	318	364	+ 45	+ 14.4%
OP Margin	19.5%	17.7%		1.9point
New Orders	1,807	2,160	+ 352	+ 19.5%
Outstanding Orders	852	950	+ 97	+ 11.4%

Selected Quarterly Financial Data

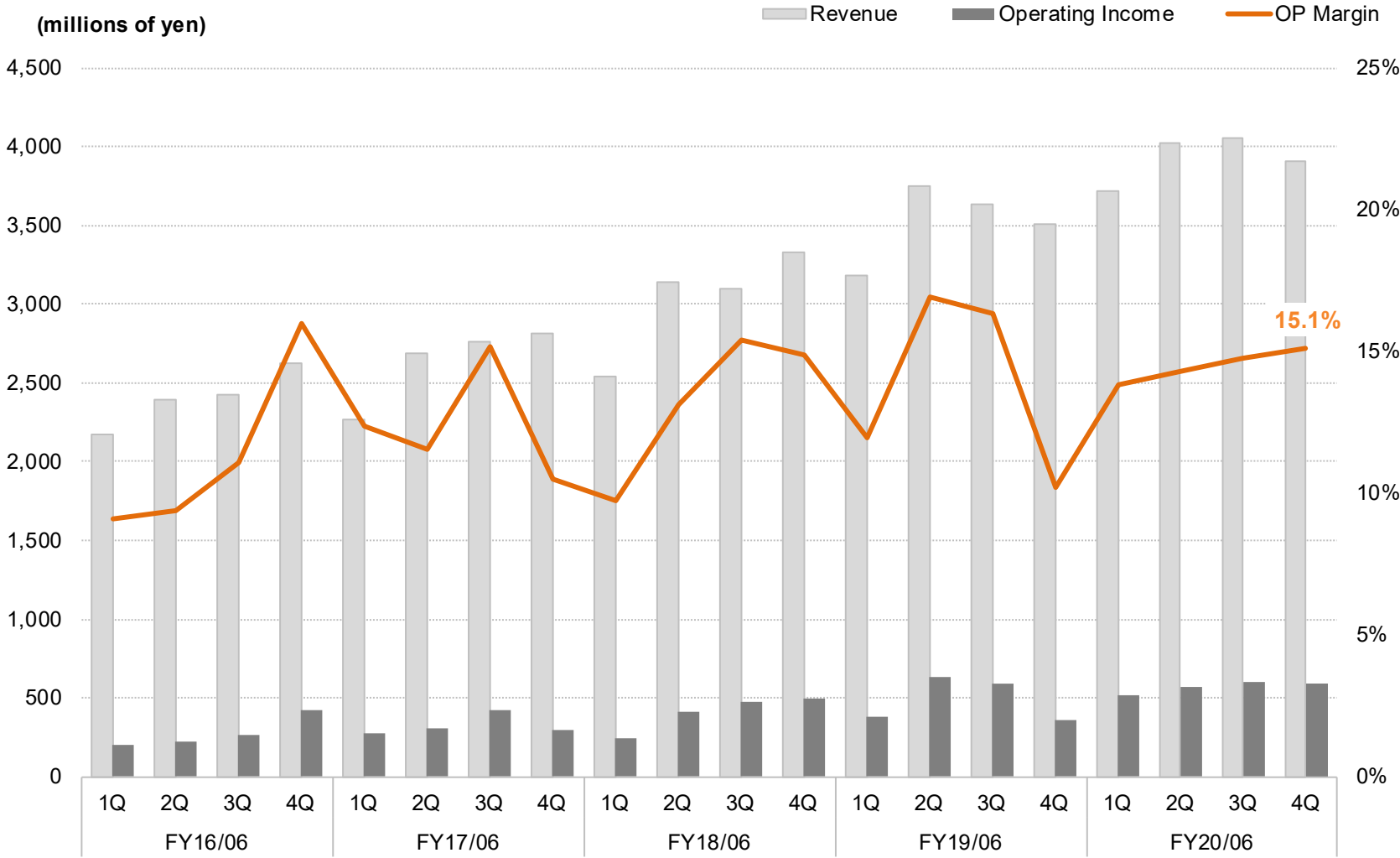
AVANT

- Operating margin in Q4 was 15.1%, a high level for the quarter

(Millions of Yen)

	FY16/06				FY17/06				FY18/06				FY19/06				FY20/06			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Revenue	2,175	2,389	2,420	2,627	2,272	2,685	2,756	2,817	2,544	3,144	3,095	3,326	3,180	3,752	3,631	3,512	3,714	4,019	4,050	3,906
Cost of Revenue	1,233	1,341	1,454	1,423	1,288	1,444	1,490	1,610	1,514	1,866	1,720	1,845	1,772	1,929	2,057	2,020	2,149	2,205	2,113	2,056
Gross Profit	941	1,047	966	1,204	984	1,241	1,265	1,206	1,029	1,277	1,374	1,481	1,408	1,823	1,574	1,492	1,565	1,814	1,936	1,849
SG&A expenses	744	822	698	784	703	930	847	910	781	865	898	986	1,027	1,188	982	1,133	1,050	1,239	1,338	<u>1,258</u>
Operating Income	197	224	268	419	280	310	418	296	247	412	476	494	380	634	592	358	514	574	598	<u>591</u>
OP Margin	9.1	9.4	11.1	16.0	12.4	11.6	15.2	10.5	9.7	13.1	15.4	14.9	12.0	16.9	16.3	10.2	13.8	14.3	14.8	15.1
Ordinary Income	196	222	268	425	280	315	416	296	248	415	472	495	380	633	593	364	520	573	598	<u>589</u>
Net Income	130	118	118	293	183	-0	250	230	162	269	311	318	237	403	389	286	334	339	344	<u>519</u>
EBITDA	251	283	328	483	341	370	481	359	300	436	514	534	417	673	634	408	557	621	658	<u>669</u>
EBITDA Margin (%)	11.5	11.9	13.6	18.4	15.0	13.8	17.5	12.8	11.8	13.9	16.6	16.1	13.1	17.9	17.5	11.6	15.0	15.5	16.3	17.1

Quarterly Trends in Major KPIs



Selected Quarterly Segment Data

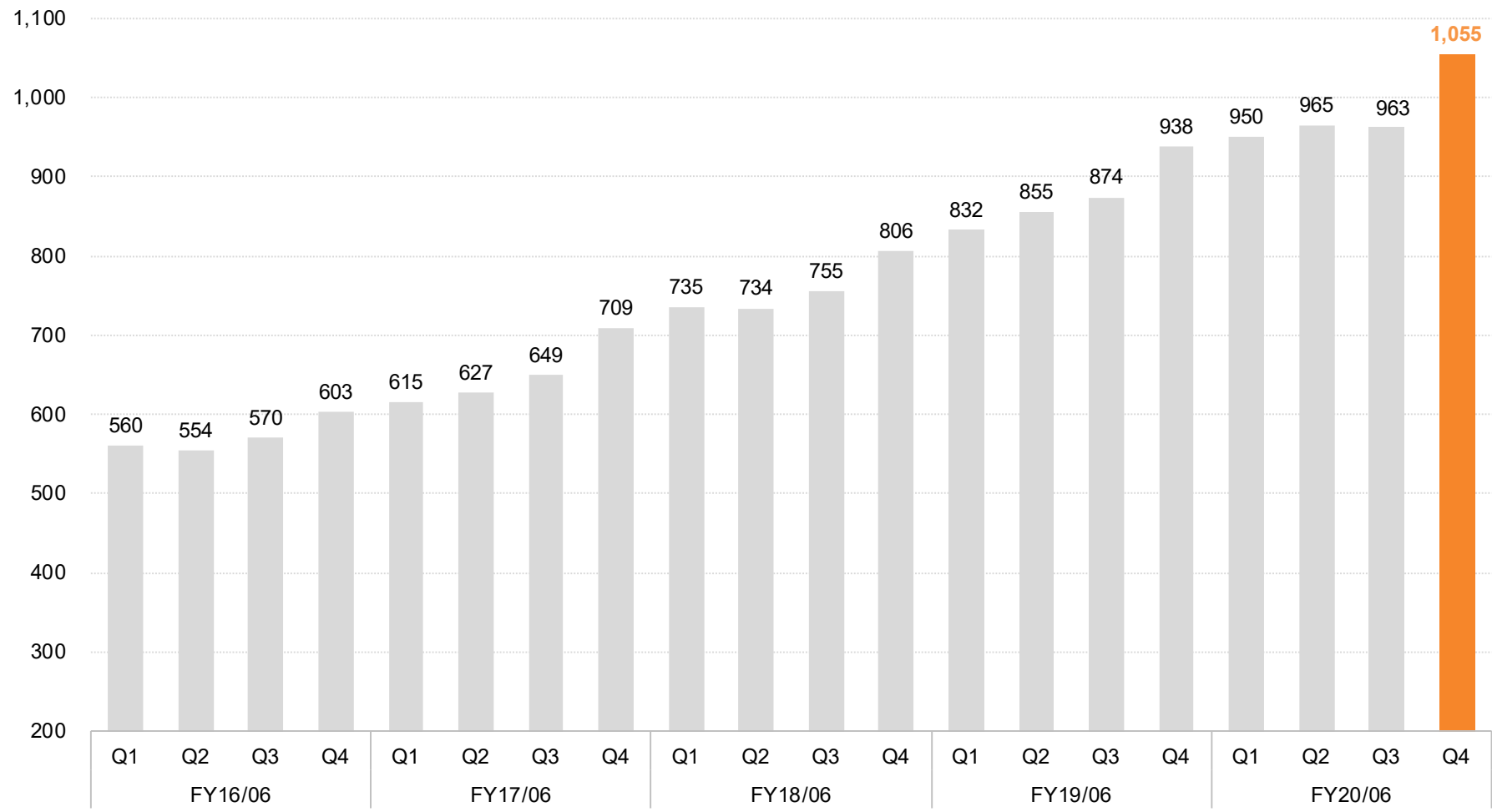
AVANT

(millions of yen)

		FY June 2018				FY June 2019				FY June 2020			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
New Orders	Consolidated Accounting	1,343	1,906	1,557	2,924	1,611	1,890	1,693	2,579	1,893	2,008	1,944	2,466
	Business Intelligence	998	1,030	1,118	1,073	1,235	1,223	1,439	1,365	1,565	1,347	1,191	1,313
	Outsourcing	297	343	297	549	439	319	363	685	599	468	505	586
	(Elimination of inter-segment transaction)	-72	-255	-116	-154	-201	-115	-92	-266	-102	-201	-64	-164
	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
Orders Outstanding	Consolidated Accounting	1,913	1,876	1,576	2,433	2,261	1,927	1,611	2,173	2,143	1,910	1,689	1,999
	Business Intelligence	762	791	895	929	1,004	958	1,044	1,204	1,340	1,245	926	854
	Outsourcing	515	524	474	675	734	650	597	852	948	928	891	950
	(Elimination of inter-segment transaction)	-65	-187	-179	-203	-260	-232	-177	-303	-264	-312	-209	-208
	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
Revenue	Consolidated Accounting	1,392	1,942	1,857	2,068	1,783	2,225	2,008	2,017	1,922	2,242	2,165	2,154
	Business Intelligence	897	1,001	1,014	1,039	1,161	1,268	1,353	1,206	1,429	1,441	1,510	1,385
	Outsourcing	282	334	347	349	380	402	416	430	504	489	541	527
	(Intra-segment elimination)	-27	-134	-125	-130	-144	-143	-147	-141	-141	-153	-167	-161
	Revenue	2,544	3,144	3,095	3,326	3,180	3,752	3,631	3,512	3,714	4,019	4,050	3,906
Operating Income	Consolidated Accounting	145	220	265	398	244	362	346	339	330	379	378	528
	Business Intelligence	21	81	122	98	102	210	233	89	180	171	209	130
	Outsourcing	50	72	53	36	101	100	79	37	118	116	133	-4
	(Elimination of inter-segment transaction)	29	37	34	-39	-68	-39	-67	-106	-114	-93	-122	<u>-63</u>
	Operating Income	247	412	476	494	380	634	592	358	514	574	598	<u>591</u>

Total Number of Group Employees

(person)



Financial Condition & Cash Flows

AVANT

Financial Status

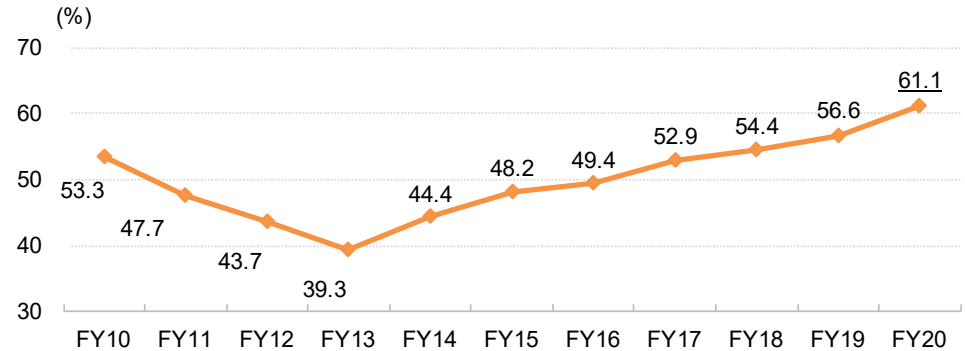
Jun 2020

Total Assets
11.7
billion yen

Total Liabilities
4.5
billion yen

Net Assets
7.1
billion yen

Equity Ratios



Key Factors for change

(millions of yen)

• Income before income taxes and minority interests	2,282
• Depreciation expense	227
• Increase in deferred revenue	218
• Decrease in account receivable	182
• Decrease in accrued expencies and others	(125)
• Decrease in notes and accounts payable – trade	(83)
• Income taxes paid	(800)

• Purchase of tangible fixed assets	(236)
• Deposit paid	(138)

• Payment of shareholder dividends	(281)
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Cash Flows

FY19/06

FY20/06

(millions of yen)

Operating CF 1,320 1,890

Investment CF (455) (420)

Free CF 864 1,470

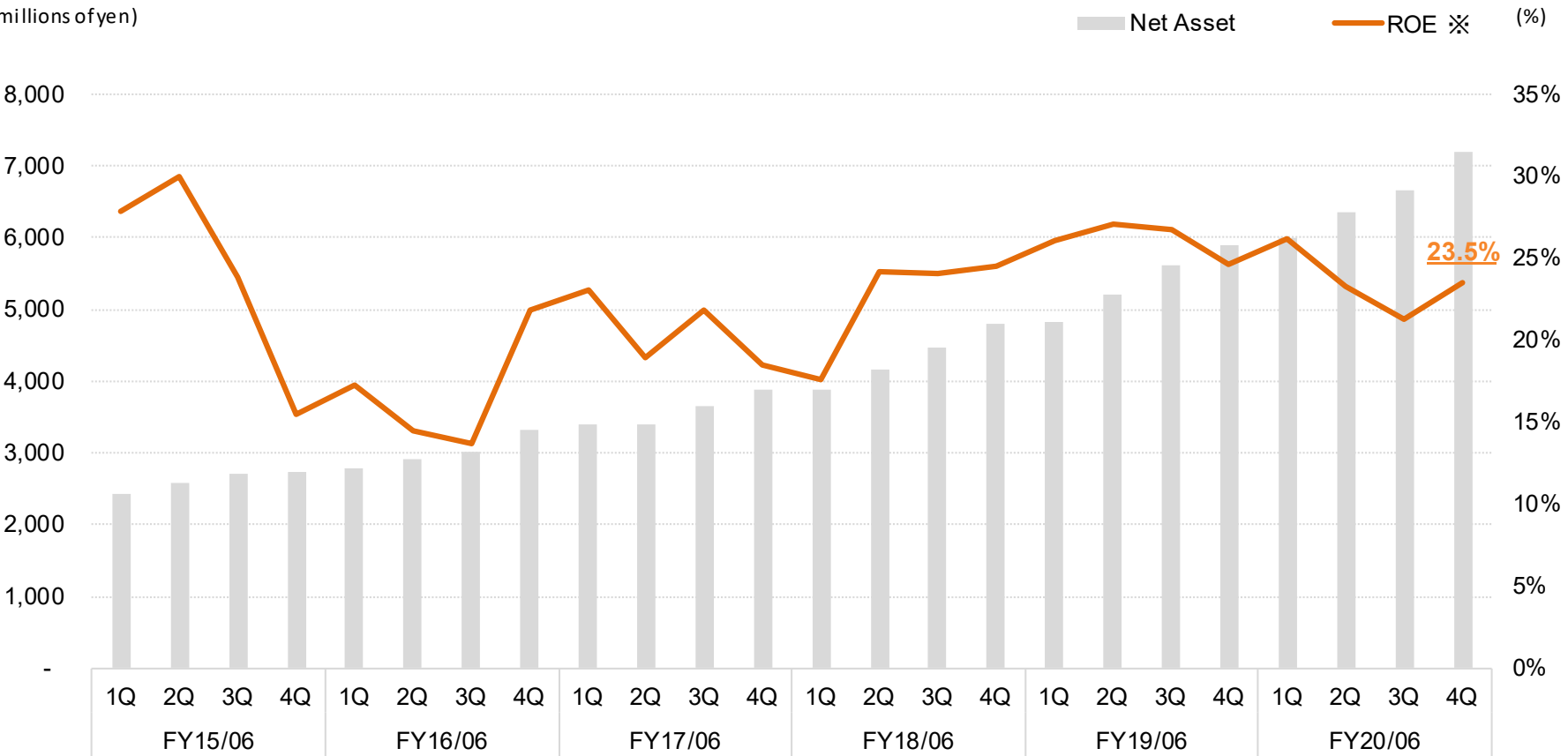
Financial CF (232) (294)

Return on Equity (ROE) trends

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

(millions of yen)



※twelve month rolling

II . Earnings and Dividend Forecast

Earnings forecast for the fiscal year ending June 30, 2020

AVANT

We expect six consecutive years of growth in revenue and profit

- Both revenues and profits are expected to be at low levels in Q1, as economic activity stagnated around April and May due to the spread of COVID-19 and the accompanying announcement of the state of emergency.
- On the other hand, projects that were suspended or delayed at the time have gradually resumed and re-started as economic activities regain ground. The Group assumes that they will recover from the second quarter onward and expects both revenues and profit to increase slightly for the fiscal year.

(millions of yen)

	2020 June (Actual)	2021 June (Forecast)	Variance	% CHG
Revenue	15,691	16,110	+ 418	+ 2.7%
Operating Income	<u>2,278</u>	2,330	<u>+ 51</u>	+ 2.3%
OP Margin	14.5%	14.5%	—	—
Net Income	<u>1,537</u>	1,561	<u>+ 23</u>	<u>+ 1.5%</u>

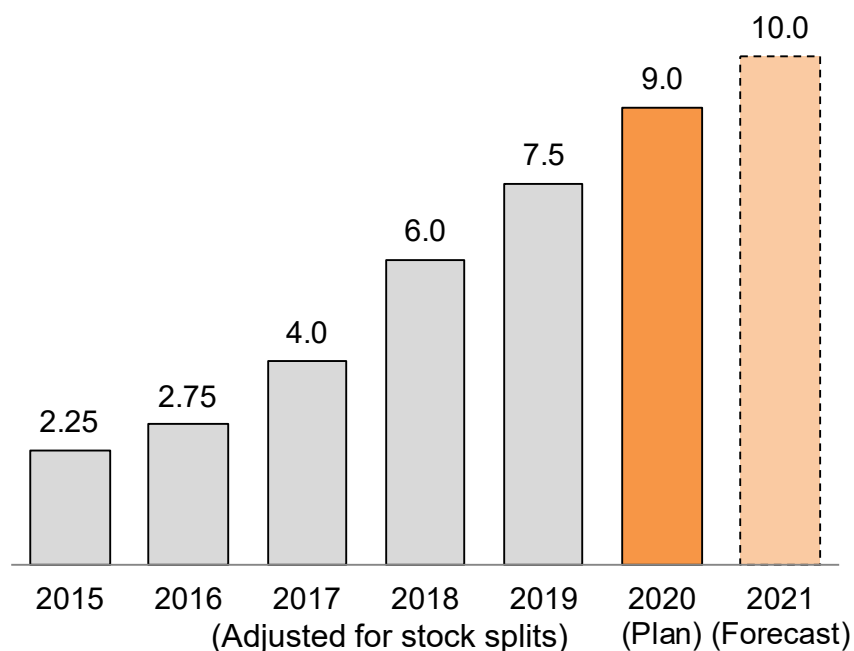
Dividend Forecasts

AVANT

For fiscal year ending June 2021 we forecast 10 yen per share dividends

- In line with the policy of continuing to pay stable dividends, we expect to increase dividends for the six consecutive fiscal year
- The DOE in Fiscal Year 06/2020 was 5.2%, which is expected to reach a level significantly higher than the average of 2.9% of the company listed on the TSE (12 months)

(yen/share)



<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
- DoE ratios for AVANT should improve over time and always exceed average of all listed companies of Tokyo Stock Exchange

AVANT