

August 20, 2021
AVANT Corporation

Revision of Summary Report for the Fiscal Year Ended June 30, 2021 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 2021 [Japanese standards] (consolidated)" and "Financial Results Briefing" released on August 6, 2021. 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

In the consolidated financial statements, etc. for the fiscal year ended June 30, 2021, it was found that there were some errors in the treatment of sales based on the percentage-of-completion method, and this has been corrected.

As a result, net sales in the consolidated financial statements decreased by 6,545 thousand yen, total selling, general and administrative expenses decreased by 1,156 thousand yen, and corporate tax, inhabitant tax and enterprise tax decreased by 2,116 thousand yen. Total current assets decreased by 7,199 thousand yen, deferred tax assets (fixed assets) decreased by 334 thousand yen, income taxes payable decreased by 2,450 thousand yen, accrued consumption tax decreased by 654 thousand yen, and provision for directors' bonuses decreased by 1,111 thousand yen. As a result, retained earnings decreased by 3,271 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, 2021

August 6, 2021

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 28, 2021 Scheduled date of commencement of dividend payment September 29, 2021
 Securities report issue date: September 27, 2021
 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, 2021

(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, 2021	<u>16,236</u>	3.5	<u>3,038</u>	<u>21.2</u>	<u>2,796</u>	<u>22.7</u>	<u>2,808</u>	<u>23.1</u>	<u>1,888</u>	<u>22.8</u>
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

(Reference) Comprehensive income: Fiscal Year ended June 30, 2021: 1,914 million yen (22.5%) Fiscal Year ended June 30, 2020: 1,562 million yen (18.7%)

	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 Operating Income to Revenue
	yen	yen	%	%	%
Fiscal Year ended June 30, 2021	<u>50.24</u>	—	<u>23.6</u>	<u>21.8</u>	17.2
Fiscal Year ended June 30, 2020	40.92	—	23.5	20.6	14.5

(Reference) Equity in earnings of affiliate Fiscal Year Ended June 30, 2021 (8) million yen Fiscal Year Ended June 30, 2020 - million yen

※ 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, 2021	<u>13,956</u>	<u>8,787</u>	<u>63.0</u>	<u>233.70</u>
Fiscal year ended June 30, 2020	11,780	7,194	61.1	191.42

(Reference) Shareholders' equity Fiscal Year ended June 30, 2021: 8,787 million yen Fiscal Year Ended June 30, 2020: 7,194 million yen

(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, 2021	2,561	(789)	(359)	7,786
Fiscal year ended June 30, 2020	1,890	(420)	(294)	6,370

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, 2020	-	0.00	-	9.00	9.00	338	22.0	5.2
June 30, 2021	-	0.00	-	11.00	11.00	413	21.9	5.2
June 30, 2022 (Forecast)	-	0.00	-	12.00	12.00		27.7	

3. Consolidated earnings forecasts for the fiscal year ending June 30, 2022

(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
	17,820	-	2,860	-	2,830	-	1,905	-	50.67

(Note) Since the Company manages its operations on an annual basis, the consolidated earnings forecast for the second quarter (cumulative). Since the Company adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. from the fiscal year ending June 30, 2022, the above forecast of consolidated financial results is the amount after the adoption of the said accounting standard, and therefore, the percentage change from the previous fiscal year is not stated. For details, please refer to "1. Qualitative Information on Financial Results (4) Earnings Forecast" on page 9 of the attached materials.

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
- (ii) Number of treasury stock
- (iii) Average number of shares

As of June 30, 2021	37,603,203 shares	As of June 30, 2020	37,586,982 shares
As of June 30, 2021	2,951 shares	As of June 30, 2020	2,911 shares
Fiscal Year ended June 30, 2021	37,595,528 shares	Fiscal Year ended June 30, 2020	37,579,157 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 16, 2020, 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.

Accompanying Materials – Table of Contents

1. Qualitative Information on Financial Results.....	2
(1) Management's Discussion on Business Operations	2
(2) Discussion on Financial Condition	7
(3) Discussion on Cash Flow.....	7
(4) Earnings Forecasts	9
2. Basic approach to the selection of accounting standards.....	9
3. Consolidated Financial Statements and Notes.....	10
(1) Consolidated Balance Sheets.....	10
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income....	12
(3) Consolidated Statement of Changes in Net Assets	14
(4) Consolidated Statements of Cash Flows	16
(5) Notes to Consolidated Financial Statements	18
(Notes on the Going Concern Assumption)	18
(Change in the scope of consolidation or application of the equity method)	18
(Change in presentation method)	18
(Segment information)	18
(Per share information)	21
(Significant subsequent events)	21

1. Qualitative Information on Financial Results

(1) Management's Discussion on Business Operations for Current Fiscal Year

Consolidated financial results for the current fiscal year are as follows.

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

	Fiscal Year ended June 30, 2020	Fiscal Year ended June 30, 2021	Year on Year Change	
			Amount	%
Net sales	15,691	<u>16,236</u>	<u>544</u>	3.5
Operating income	2,278	<u>2,796</u>	<u>517</u>	<u>22.7</u>
Ordinary income	2,282	<u>2,808</u>	<u>526</u>	<u>23.1</u>
Profit attributable to owners of parent company	1,537	<u>1,888</u>	<u>351</u>	<u>22.8</u>

At the end of the previous fiscal year, domestic companies began to postpone IT investment (frozen in some industries which underwent significant impacts) due to the spread of the new corona viral infectious diseases (COVID-19), and that began to affect orders received for the Group. As a result, we had a cautious outlook for the results particularly during the fourth half of the fiscal year under review.

The environment surrounding our Group was initially within the scope of this outlook, but on the other hand, various changes in society are stimulating the need for "management and decision-making based on data." Needs for the Group products and services, while transforming into more sophisticated ones, are on a recovery trend.

While sales in Consolidated Accounting related Business decreased due in part to the impact of large-scale projects that had been the mainstay of the business until the previous fiscal year having passed their peak, the Business Intelligence Business achieved an increase in revenue, and the Outsourcing Business achieved business growth of more than 20% over the previous fiscal year. As a result of these factors, consolidated net sales have increased, albeit slightly to 16,236 million yen (up 3.5% from the previous year).

With regard to the recurring sales ratio (such as software maintenance fees, etc., which are continuously generated), which is one of the management targets in the Medium-Term Management Plan, it increased to 36.0%, up 3.4 percentage points from the previous fiscal year. This was due to the growth in the Outsourcing Business, which has consistently maintained a recurring sales ratio of around 90%, as well as the improvement in the ratio in the Consolidated Accounting related Business and the Business Intelligence Business due to the increase in cloud sales, etc. The total amount of recurring sales also increased by 14.2%.

With regard to profits, operating income was 2,796 million yen (up 22.7% from the previous year), ordinary income was 2,808 million yen (up 23.1%), and profit attributable to owners of parent was 1,888 million yen (up 22.8%), all of which were higher than the previous year, due to the effects of the improvement in profitability of projects through the increase in the ratio of in-house production and the reduction of non-urgent and non-urgent expenses that have been promoted since the spread of COVID-19, and through controlling some expenses such as transportation and utilities as we changed work styles.

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, 2020	Fiscal Year ended June 30, 2021	Year on Year Change	
			Amount	%
Consolidated Accounting-related Businesses	8,485	<u>8,160</u>	<u>(324)</u>	(3.8)
Business Intelligence Business	5,767	6,250	482	8.4
Outsourcing Business	2,062	2,479	417	20.2
Elimination of inter-segment transactions	(624)	(654)	(30)	—
Consolidated net sales	15,691	<u>16,236</u>	<u>544</u>	3.5

(ii) Operating income

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

	Fiscal Year ended June 30, 2020	Fiscal Year ended June 30, 2021	Year on Year Change	
			Amount	%
Consolidated Accounting-related Businesses	1,616	<u>1,935</u>	<u>318</u>	<u>19.7</u>
Business Intelligence Business	692	811	119	17.2
Outsourcing Business	364	523	159	43.7
Corporate Expenses and Elimination of inter-segment transactions	(394)	<u>(473)</u>	<u>(79)</u>	—
Consolidated operating income	2,278	<u>2,796</u>	<u>517</u>	<u>22.7</u>

The Consolidated Accounting related Business was affected by the slowdown of IT investments by customers due to the spread of COVID-19 and the stagnation of economic activities due to the declaration of a state of emergency, especially in the first half of the fiscal year under review, as well as the impact of large-scale projects having passed their peak. As a result, net sales decreased to 8,160 million yen (down 3.8% from the previous year). On the other hand, operating income increased to 1,935 million yen (up 19.7% from the previous year) and the operating margin improved by 4.7 percentage points from the previous year as a result of efforts to improve the profitability of projects by increasing the ratio of in-house production and other measures, as well as promoting unnecessary cost reductions. In addition, due to an increase in cloud sales and maintenance support options, the recurring sales ratio has improved markedly from the previous fiscal year.

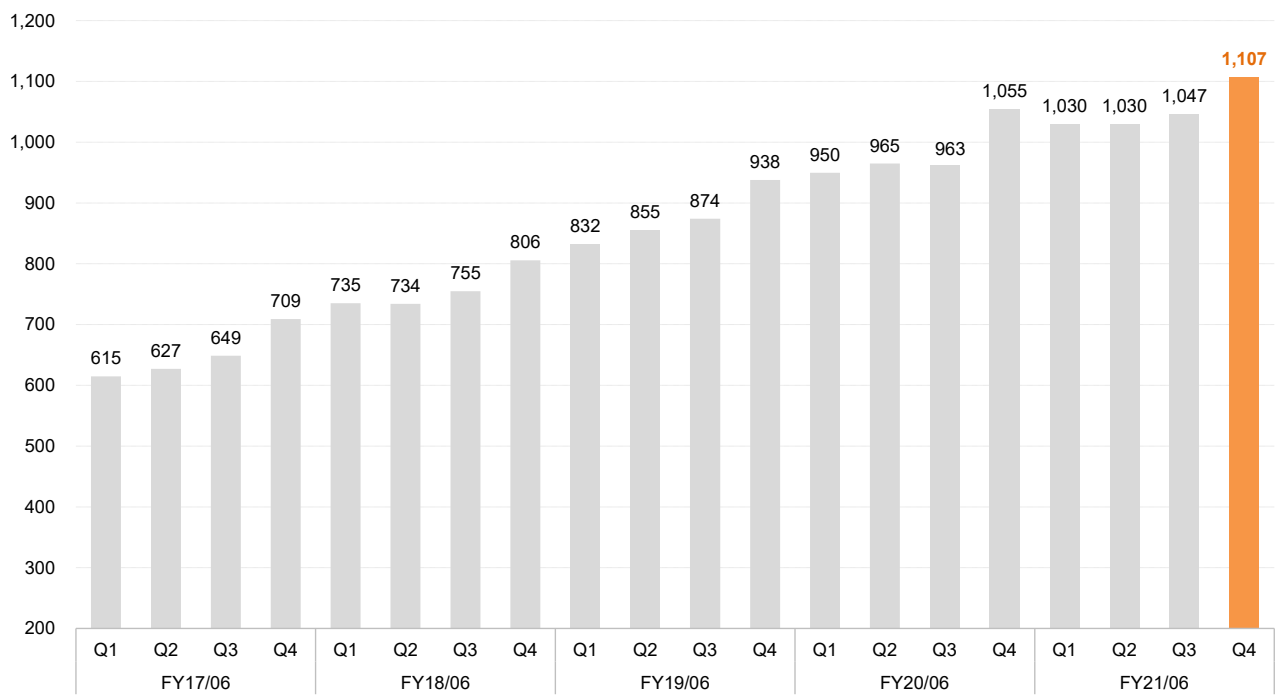
As for the Business Intelligence Business, we believe that the needs for this business will increase over the medium term, as it can make a particular contribution to the promotion of digital transformation in the management of domestic companies. This trend has already been seen in the fiscal year under review, with net sales of 6,250 million yen, up 8.4% from the previous year. Operating income also increased to 811 million yen (up 17.2% from the previous year), despite the burden of fixed costs such as office-related expenses that we opened in the previous consolidated fiscal year, due to the impact of the increase in sales and the decrease in transportation costs caused by the change in work style under COVID-19.

In the Outsourcing Business, the market situation does not allow for optimism, as uncertainty due to the impact of the new coronavirus infection has led to a trend of greater caution in final decision making than in the past. However, as a result of our creative sales and proposal activities, we achieved double-digit increases in both sales and profit, with net sales of 2,479 million yen (up 20.2% from the previous year) and operating income of 523 million yen (up 43.7% from the previous year).

The number of employees on a consolidated basis was 1,107 at the end of the fiscal year, up 52 from the end of the previous fiscal year.

Quarterly trends of number of employees of the Group

(person)



The status of orders received and sales by segment in 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, 2020		Fiscal Year ended June 30, 2021		Year on Year Change	
	Orders Received	Outstanding Orders	Orders Received	Outstanding Orders	Amount	
					Orders Received	Outstanding Orders
Consolidated Accounting- related Business	8,313	1,999	8,510	<u>2,349</u>	197	<u>349</u>
Business Intelligence Business	5,417	854	6,639	1,244	1,222	389
Outsourcing Business	2,160	950	2,987	1,457	826	507
Elimination of inter-segment transactions	(533)	(208)	(735)	(290)	(202)	(81)
Total	15,357	3,595	17,401	<u>4,761</u>	2,044	<u>1,165</u>

(ii) Net sales

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

	Fiscal Year ended June 30, 2020		Fiscal Year ended June 30, 2021		Year on Year Change	
					Amount	%
Consolidated Accounting- related Businesses	8,485		<u>8,160</u>	<u>(324)</u>	△3.8	
Business Intelligence Business	5,767		6,250	482	8.4	
Outsourcing Business	2,062		2,479	417	20.2	
Elimination of inter-segment transactions	(624)		(654)	(30)	—	
Total	15,691		<u>16,236</u>	<u>544</u>	3.5	

(Note) Consumption taxes are not included in the amounts shown in the tables in (i) and (ii) above.

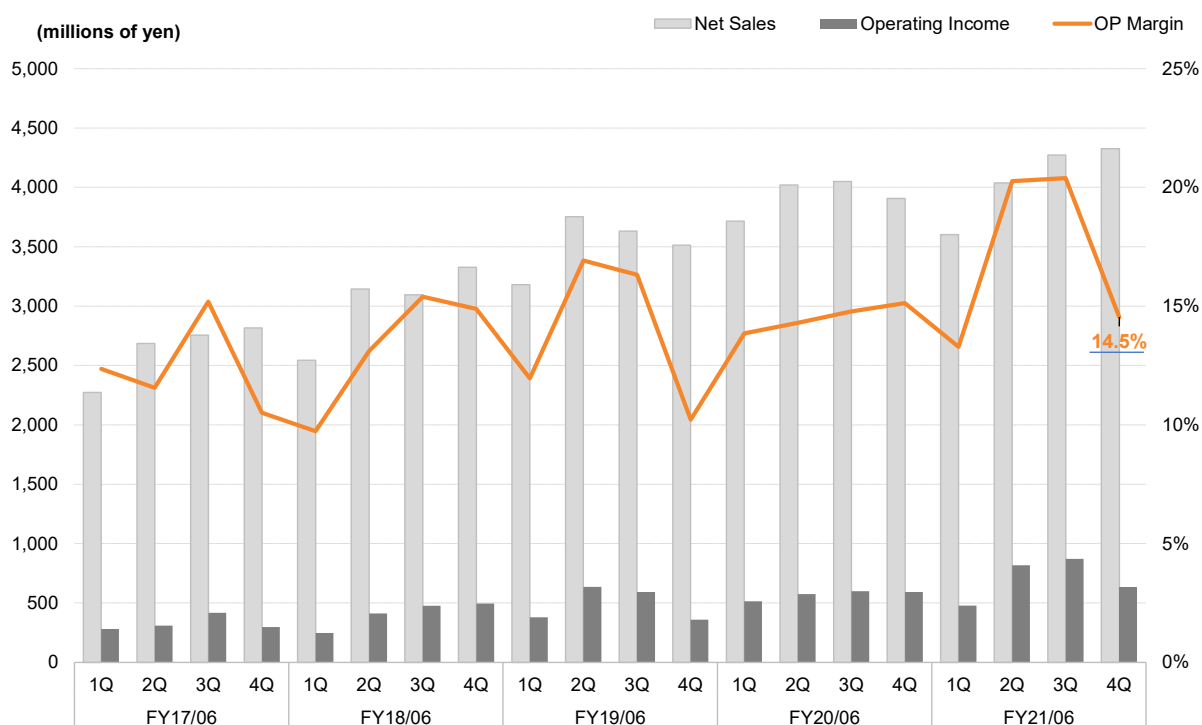
Quarterly trends in net sales and operating income are as follows:

Net sales and Operating Income for the Last four quarters

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

	Fiscal Year ended June 30, 2021			
	First quarter	Second quarter	Third quarter	Fourth quarter
Net sales	3,601	4,036	4,271	<u>4,326</u>
Operating income	478	817	871	<u>629</u>
Operating income margin (%)	13.3	20.3	20.4	<u>14.5</u>

Quarterly trends of net sales, operating income and operating margins



(2) Discussion on Financial Condition

Total assets at the end of the fiscal year under review amounted to 13,956 million yen (up 2,176 million yen from the end of the previous fiscal year). This was mainly due to an increase of 1,542 million yen in current assets resulting from a decrease of cash and deposits of 903 million yen, increase in notes and accounts receivable-trade of 242 million yen, and an increase of 489 million yen in securities. Intangible assets increased by 416 million yen due to the development of the IT infrastructure environment, while shares of subsidiaries and associates increased by 267 million yen due to investments in equity-method affiliates through the conclusion of capital and business alliance agreements and the acquisition of shares, and security deposits decreased by 60 million yen due to the closure of offices, resulting in an increase in fixed assets of 633 million yen.

On the other hand, total liabilities amounted to 5,169 million yen (up 583 million yen from the end of the previous consolidated fiscal year). This was mainly due to an increase of 64 million yen in accounts payable-other and accrued expenses, an increase in income taxes payable of 282 million yen, a decrease of 203 million yen in unearned revenue, and a decrease of 57 million yen in provision for bonuses.

Total net assets amounted to 8,787 million yen (up 1,592 million yen from the end of the previous fiscal year), mainly due to the recording of 1,888 million yen in net income attributable to owners of the parent and the payment of 338 million yen in dividends from retained earnings. As a result, the equity ratio improved by 1.9 percentage points from the previous fiscal year to 63.0% (61.1% at the end of the previous fiscal year), and we believe that we have maintained a highly stable financial balance with little interest-bearing debt.

(3) Discussion on Cash Flow

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the fiscal year under review increased by 1,415 million yen from the end of the previous fiscal year to 7,786 million yen. The status of each cash flow and their factors are as follows.

<Cash flows from operating activities>

Net cash provided by operating activities amounted to 2,561 million yen (1,890 million yen for the previous year). The main reasons for the increase were income before income taxes and minority interests of 2,808 million yen, depreciation of fixed assets of 254 million yen, and increase/decrease in unearned revenue of 203 million yen, while the main reasons for the decrease were increase/decrease in notes and accounts receivable-trade of 242 million yen and income taxes paid of 650 million yen.

<Cash flows from investing activities>

Net cash used in investing activities was 789 million yen (420 million yen for the previous year). Major outflows included 114 million yen for the purchase of property, plant and equipment, 429 million yen for the purchase of intangible assets, and 269 million yen for investments in equity method affiliates due to the conclusion of capital and business alliance agreements and the acquisition of shares, while major inflows included 107 million yen for the collection of lease and guarantee deposits.

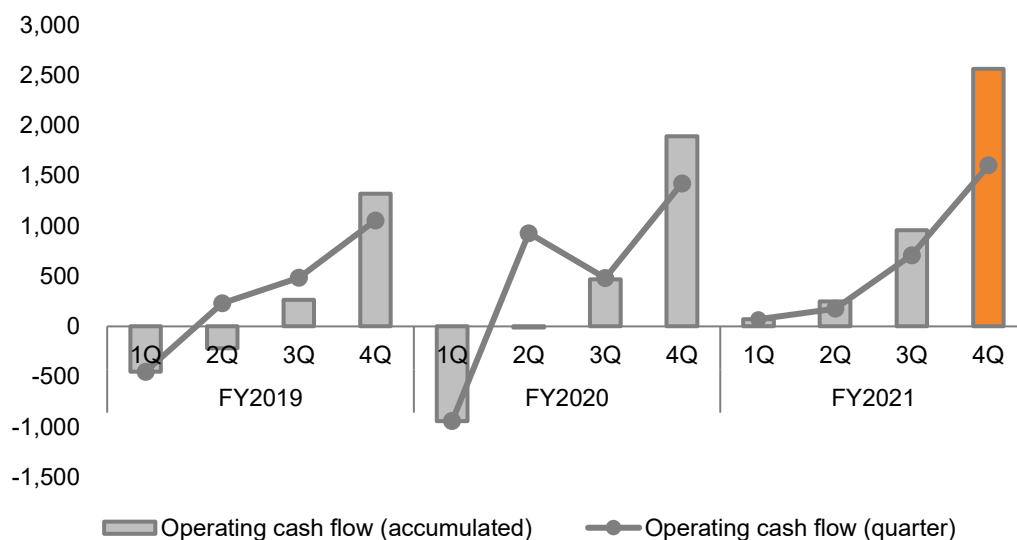
<Cash flows from financing activities>

Net cash used in financing activities was 359 million yen (294 million yen for the previous year). The main components of cash outflow were cash dividends paid of 338 million yen.

In our group, cash flow from operating activities in the first quarter would be 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 fiscal year.

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

Quarterly trends of operating cash flow (millions of yen)



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

(4) Earnings Forecasts

In September 2018, we announced our new medium-term management plan, a five-year plan that runs through the fiscal year ending June 30, 2023 (targets to be achieved in five years). In the fiscal year ending June 2022, the fourth year of the plan, we plan to promote various activities to dramatically increase the ratio of stock sales, which is one of the important goals of the plan, while sustainably growing the three existing businesses.

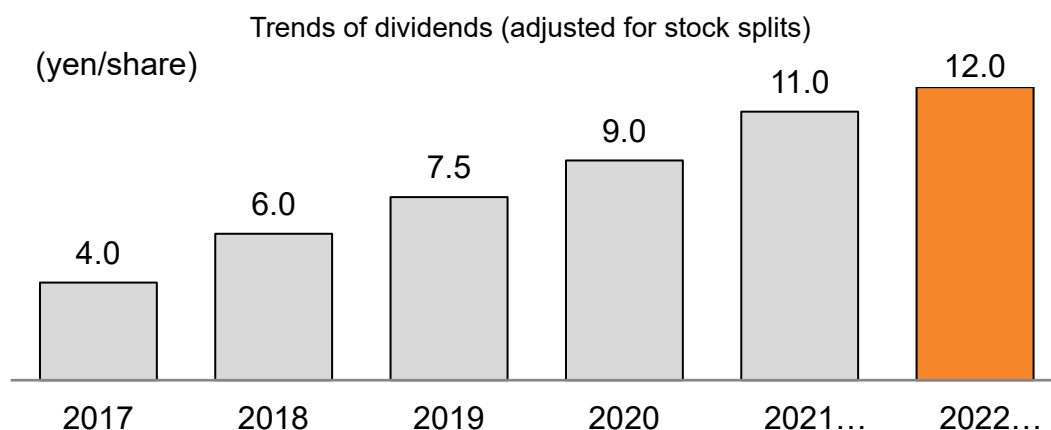
While the spread of the new coronavirus infection has had a significant impact on the activities of domestic companies, we believe that the needs of our Group's business are increasing, as more and more companies are seeking data-driven management and stronger group governance. In order to respond to these needs, we will focus on providing solutions to help customers strengthen their group governance in the consolidated accounting business, and on providing a data platform to help customers make better use of data in the business intelligence business.

As a result, we expect to achieve net sales of 17,820 million yen and operating income of 2,860 million yen for the current fiscal year. The Company will adopt the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc. from the fiscal year ending June 30, 2022, and the above forecast is after the adoption of the said accounting standard. One of the major changes is that for transactions that are deemed to be arrangements for the provision of goods, etc. by another party, the difference between the amount of sales and the amount of purchases will be recorded as a net sales commission, whereas previously the amount of sales was recorded as gross sales and the amount of purchases was recorded as an expense. As a result of this change, net sales are expected to decrease by approximately 200 million yen. This change will have no impact on profit. In addition, most of the services that were previously recorded as sales upon completion of the project and acceptance by the customer will now be recorded as sales according to the progress of the project, rather than waiting for the completion of the project. As a result, the timing of sales for projects that span across fiscal years or quarters may differ from the previous system.

This forecast is based on the assumption that the effects of the spread of COVID-19 will subside to some extent by the end of 2021, and that the economic activities of domestic companies will gradually return to normal in 2022. If the impact of the new coronavirus infection is prolonged, the business performance of the Group may be worse than expected.

In accordance with the Company's existing dividend policy, we will raise the ratio of dividends to net assets while keeping in mind that the ratio should always be higher than the average of all listed companies, and at the same time, we will try to pay stable dividends (in principle, dividends per share should not fall below the level of the previous fiscal year). For the fiscal year under review, net income attributable to shareholders of the parent company exceeded the previous forecast, and as a result, the amount of net assets also exceeded the previous forecast. As a result, the Company proposes dividend for the current fiscal year will be 11 yen per share, which is one yen more than the forecast at the beginning of the fiscal year, to be approved by the general meeting of shareholders to be held on September 28, 2021.

As for the dividend for the next fiscal year, there is no change in the policy itself, and while we will continue to be aware of the average dividend to net assets ratio of all listed companies and the actual results for the current fiscal year, we are forecasting a stable dividend of 12 yen per share in light of the uncertain economic situation.



2. Basic policy on the selection of accounting standards

For the time being, the Group's policy is to prepare its consolidated financial statements in accordance with Japanese GAAP.

With regard to the adoption of IFRS, the Group's policy is to respond appropriately in consideration of various circumstances in Japan and overseas.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(thousands of yen)	
	End of previous fiscal year (As of June 30, 2020)	End of current fiscal year under review (As of June 30, 2021)
Assets		
Current assets		
Cash and deposits	6,335,623	7,238,708
Notes and accounts receivable - trade	2,343,601	<u>2,586,194</u>
Securities	10,783	500,000
Work in process	140,960	82,666
Raw materials and supplies	15,587	49,336
Prepaid expenses	552,356	541,037
Other	111,927	53,313
Allowance for doubtful accounts	(5,610)	(3,425)
Total current assets	<u>9,505,230</u>	<u>11,047,830</u>
Non-current assets		
Property, plant and equipment		
Buildings	501,574	352,082
Accumulated depreciation	(201,938)	(120,833)
Buildings, net	299,636	231,248
Vehicles	440	843
Accumulated depreciation	(146)	(574)
Vehicles, net	293	268
Tools, furniture and fixtures	733,399	637,957
Accumulated depreciation	(563,937)	(462,175)
Tools, furniture and fixtures, net	169,462	175,782
Total property, plant and equipment	<u>469,392</u>	<u>407,299</u>
Intangible assets		
Software	190,781	607,818
Other	744	639
Total intangible assets	<u>191,526</u>	<u>608,458</u>
Investments and other assets		
Investment securities	428,261	491,381
Shares of subsidiaries and associates	—	267,890
Long-term prepaid expenses	21,088	12,101
Leasehold and guarantee deposits	674,355	614,316
Deferred tax assets	369,737	<u>382,214</u>
Other	121,013	125,473
Total investments and other assets	<u>1,614,455</u>	<u>1,893,377</u>
Total non-current assets	<u>2,275,373</u>	<u>2,909,135</u>
Total assets	<u>11,780,604</u>	<u>13,956,966</u>

	(thousands of yen)	
	End of previous fiscal year (As of June 30, 2020)	End of current fiscal year under review (As of June 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	428,418	459,394
Lease obligations	14,299	14,212
Accounts payable - other, and accrued expenses	333,436	397,920
Income taxes payable	122,303	404,668
Unearned revenue	2,075,741	2,278,978
Provision for bonuses	719,089	776,735
Provision for bonuses for directors (and other officers)	120,998	140,213
Provision for loss on order received	15,887	74
Other	483,988	471,227
Total current liabilities	<u>4,314,163</u>	<u>4,943,427</u>
Non-current liabilities		
Lease obligations	45,297	30,752
Asset retirement obligations	226,810	195,579
Total non-current liabilities	<u>272,107</u>	<u>226,331</u>
Total liabilities	<u>4,586,270</u>	<u>5,169,758</u>
Net assets		
Shareholders' equity		
Share capital	303,271	311,568
Capital surplus	240,071	248,368
Retained earnings	6,618,666	8,169,386
Treasury shares	(476)	(549)
Total shareholders' equity	<u>7,161,533</u>	<u>8,728,774</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	35,859	58,114
Deferred gains or losses on hedges	6	27
Foreign currency translation adjustment	(3,065)	291
Total accumulated other comprehensive income	<u>32,800</u>	<u>58,433</u>
Total net assets	<u>7,194,333</u>	<u>8,787,207</u>
Total liabilities and net assets	<u>11,780,604</u>	<u>13,956,966</u>

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

Consolidated Statements of Income

	(thousands of yen)	
	Previous fiscal year (From July 1, 2019 to June 30, 2020)	Current fiscal year (From July 1, 2020 to June 30, 2021)
Net sales	15,691,533	<u>16,236,129</u>
Cost of sales	8,525,446	8,572,079
Gross profit	<u>7,166,086</u>	<u>7,664,050</u>
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	312,705	333,793
Employees' salaries and bonuses	1,288,199	1,253,099
Provision for bonuses	714,902	<u>771,246</u>
Provision for bonuses for directors (and other officers)	120,998	<u>140,429</u>
Legal welfare expenses	195,932	194,512
Outsourcing expenses	66,538	47,424
Rent expenses on land and buildings	268,049	267,942
Utilities expenses	95,883	89,689
Commission expenses	480,165	555,904
Depreciation	159,639	186,716
Research and development expenses	409,398	445,049
Other	774,982	582,157
Total selling, general and administrative expenses	<u>4,887,396</u>	<u>4,867,964</u>
Operating profit	<u>2,278,690</u>	<u>2,796,085</u>
Non-operating income		
Interest income	421	340
Dividend income	5,376	7,346
Gain on investments in investment partnerships	371	3,042
Foreign exchange gains	—	6,251
Subsidy income	2,220	7,334
Reversal of allowance for doubtful accounts	462	2,185
Other	474	1,519
Total non-operating income	<u>9,326</u>	<u>28,019</u>
Non-operating expenses		
Interest expenses	744	1,001
Share of loss of entities accounted for using equity method	—	8,732
Commission expenses	4,755	5,657
Foreign exchange losses	17	—
Share issuance costs	413	424
Other	3	72
Total non-operating expenses	<u>5,934</u>	<u>15,889</u>
Ordinary profit	<u>2,282,082</u>	<u>2,808,216</u>
Extraordinary income		
Gain on sale of non-current assets	—	641
Total extraordinary income	—	641
Profit before income taxes	<u>2,282,082</u>	<u>2,808,858</u>
Income taxes - current	727,521	<u>947,797</u>
Income taxes - deferred	16,666	<u>(27,916)</u>
Total income taxes	<u>744,188</u>	<u>919,881</u>
Profit	<u>1,537,894</u>	<u>1,888,976</u>
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	<u>1,537,894</u>	<u>1,888,976</u>

Consolidated Statements of Comprehensive Income

	(thousands of yen)	
	Previous fiscal year (From July 1, 2019 to June 30, 2020)	Current fiscal year (From July 1, 2020 to June 30, 2021)
Profit	1,537,894	<u>1,888,976</u>
Other comprehensive income		
Valuation difference on available-for-sale securities	24,791	22,255
Deferred gains or losses on hedges	2	21
Foreign currency translation adjustment	(69)	3,140
Share of other comprehensive income of entities accounted for using equity method	—	216
Total other comprehensive income	<u>24,724</u>	<u>25,633</u>
Comprehensive income	<u>1,562,619</u>	<u>1,914,609</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,562,619	<u>1,914,609</u>
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Net Assets

Previous 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			1,537,894		1,537,894
Purchase of treasury stock				(71)	(71)
Changes in the scope of application of the equity method					—
Net changes of items other than shareholders' equity					
Total changes for the year	7,746	7,746	1,256,139	(71)	1,271,559
Balance at the end of the year	303,271	240,071	6,618,666	(476)	7,161,533

	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					1,537,894
Purchase of treasury stock					(71)
Changes in the scope of application of the equity method					—
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	1,296,284
Balance at the end of the year	35,859	6	(3,065)	32,800	7,194,333

Current Fiscal Year (period from July 1, 2020 to June 30, 2021)

(thousands of yen)

	shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	303,271	240,071	6,618,666	(476)	7,161,533
Changes for the year					
Issue of new shares	8,297	8,297			16,594
Dividends			(338,256)		(338,256)
Net income attributable to shareholders of parent company			1,888,976		1,888,976
Purchase of treasury stock				(73)	(73)
Changes in the scope of application of the equity method					—
Net changes of items other than shareholders' equity					
Total changes for the year	8,297	8,297	1,550,720	(73)	1,567,241
Balance at the end of the year	311,568	248,368	8,169,386	(549)	8,728,774

	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	35,859	6	(3,065)	32,800	7,194,333
Changes for the year					
Issue of new shares					16,594
Dividends					(338,256)
Net income attributable to shareholders of parent company					1,888,976
Purchase of treasury stock					(73)
Changes in the scope of application of the equity method			216	216	216
Net changes of items other than shareholders' equity	22,255	21	3,140	25,416	25,416
Total changes for the year	22,255	21	3,356	25,633	1,592,874
Balance at the end of the year	58,114	27	291	58,433	8,787,207

(4) Consolidated Statements of Cash Flows

(thousands of yen)

	Previous fiscal year (From July 1, 2019 to June 30, 2020)	Current fiscal year (From July 1, 2020 to June 30, 2021)
Cash flows from operating activities		
Profit before income taxes	2,282,082	2,808,858
Depreciation	227,944	254,152
Share-based payment expenses	8,623	14,063
Increase (decrease) in allowance for doubtful accounts	(9,277)	(2,185)
Increase (decrease) in provision for bonuses	(4,501)	57,646
Increase (decrease) in provision for bonuses for directors (and other officers)	(17,779)	19,214
Increase (decrease) in provision for loss on order received	(44,171)	(15,812)
Interest and dividend income	(5,797)	(7,686)
Interest expenses	744	1,001
Loss (gain) on sale of property, plant and equipment	—	(641)
Commission expenses	4,755	5,657
Share issuance costs	413	424
Share of loss (profit) of entities accounted for using equity method	—	8,732
Loss (gain) on investments in investment partnerships	(371)	(3,042)
Subsidy income	(2,220)	(7,334)
Decrease (increase) in trade receivables	182,057	(242,567)
Decrease (increase) in inventories	38,307	24,545
Decrease (increase) in prepaid expenses	(66,011)	4,961
Increase (decrease) in trade payables	(83,085)	30,945
Increase (decrease) in accounts payable - other, and accrued expenses	(10,031)	(83,370)
Increase (decrease) in accrued consumption taxes	152,446	(71,765)
Increase (decrease) in unearned revenue	218,453	203,236
Increase (decrease) in deposits received	(24,823)	5,897
Increase in long-term accounts receivable	(34,706)	—
Other, net	(15,847)	192,804
Subtotal	2,797,203	3,197,736
Interest and dividends received	6,021	8,063
Interest paid	(744)	(1,001)
Subsidies received	2,220	7,334
Income taxes paid	(913,944)	(650,444)
Net cash provided by (used in) operating activities	1,890,755	2,561,689

	(thousands of yen)	
	Previous fiscal year (From July 1, 2019 to June 30, 2020)	Current fiscal year (From July 1, 2020 to June 30, 2021)
Cash flows from investing activities		
Proceeds from redemption of securities	—	10,274
Purchase of property, plant and equipment	(236,147)	(114,360)
Proceeds from sale of property, plant and equipment	—	641
Payments for asset retirement obligations	—	(47,038)
Purchase of intangible assets	(121,077)	(429,414)
Purchase of investment securities	(10,837)	(21,308)
Purchase of shares of subsidiaries and associates	—	(269,335)
Proceeds from refund of leasehold and guarantee deposits	89,687	107,000
Payments of leasehold and guarantee deposits	(138,666)	(30,247)
Purchase of insurance funds	(4,459)	(4,459)
Other, net	1,071	8,461
Net cash provided by (used in) investing activities	(420,430)	(789,786)
Cash flows from financing activities		
Repayments of finance lease obligations	(8,771)	(15,547)
Commission fee paid	(3,696)	(5,212)
Purchase of treasury shares	(71)	(73)
Dividends paid	(281,755)	(338,256)
Other, net	(413)	(424)
Net cash provided by (used in) financing activities	(294,708)	(359,514)
Effect of exchange rate change on cash and cash equivalents	105	2,974
Net increase (decrease) in cash and cash equivalents	1,175,722	1,415,363
Cash and cash equivalents at beginning of period	5,195,137	6,370,860
Cash and cash equivalents at end of period	6,370,860	7,786,223

(5) Notes to Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Change in the scope of consolidation or application of the equity method)

The Company has newly included Metapraxis Limited, whose shares were acquired during the fiscal year under review, in the scope of application of the equity method.

(Change in presentation method)

(Notes to Consolidated Statements of Income)

Reversal of allowance for doubtful accounts," which was included in "Other" under "Non-operating income" in the previous fiscal year, is presented as a separate item in the current fiscal year due to its increased monetary importance. In order to reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, 937 thousand yen presented as "Other" under "Non-operating income" in the consolidated statements of income for the previous fiscal year has been reclassified as "Reversal of allowance for doubtful accounts" of 462 thousand yen and "Other" of 474 thousand yen.

(Segment information)

1. Overview of reportable segments

(1) Method of determining reportable segments

The Group's reportable segments are the Company's constituent units for which separate financial information is available and which are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate business performance.

The Group is working to "make management information usable (Consolidated Accounting Related Business)", "make it visible (Business Intelligence Business)", and "leave it to others (Outsourcing Business)" and is managing its business performance in a business portfolio of three areas, and therefore has three reportable segments: Consolidated Accounting Related Business, Business Intelligence Business, and Outsourcing Business.

(2) Types of products and services belonging to each reportable segment

In the "Consolidated Accounting Related Business", DIVA CORPORATION sells licenses for DivaSystem, our self-developed package software for consolidated management and consolidated accounting and provides consulting services for its introduction. In addition, once the software is up and running, we provide ongoing maintenance services, including support for version upgrades.

In addition, we provide consulting services and solutions for IFRS compliance, business management sophistication, budget management, and management accounting.

Internet Disclosure, Inc., which provides information search services for disclosure documents mainly to auditing firms, is also included in the consolidated accounting-related business.

In the "Business Intelligence Business", ZEAL CORPORATION is developing a system integration service for the utilization of information called BI (Business Intelligence). This is a system development service that integrates and organizes the vast amount of data accumulated in business systems, etc., so that it can be analyzed in reports and graphs and used for corporate decision-making.

In the “Outsourcing Business”, FIERTE CORPORATION provides outsourcing services for consolidated financial statements and consolidated tax payments. In the outsourcing business, FIERTE CORPORATION. provides outsourced services such as consolidated settlement of accounts and consolidated tax payment. While acting as an agent for some of the client's operations, FIERTE CORPORATION eliminates the bottlenecks and individualization of operations and helps create an environment in which the client's administrative personnel can focus on operations that can provide more value to management and 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 reported business segments is generally the same as the accounting method used in the preparation of consolidated financial statements.

Income of reportable segments is based on operating income.

Intersegment sales and transfers are based on prevailing market prices.

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

Previous 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	5,331,424	2,127,672	1,091,494	8,550,591
Segment Liabilities	3,668,253	1,199,389	648,376	5,516,019
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
Investment in equity method affiliates	-	-	-	-

Current Fiscal Year (July 1, 2020 to June 30, 2021)

(thousands of yen)

	Reportable segments			Total
	Consolidated accounting	Business Intelligence	Outsourcing	
Revenue				
Sales to customers	8,127,742	6,248,132	1,860,254	16,236,129
Intersegment sales	33,012	1,991	619,641	654,645
Total	8,160,755	6,250,123	2,479,896	16,890,775
Segment profit	1,935,419	811,271	523,288	3,269,980
Segment Assets	5,874,027	2,564,167	1,366,424	9,804,619
Segment Liabilities	3,967,444	1,588,853	778,294	6,334,592
Other items				
Depreciation	121,815	40,068	21,448	183,332
Increase in tangible fixed assets and intangible fixed assets	240,733	7,137	15,459	263,330
Investment in equity method affiliates	269,335	-	-	269,335

4. Differences between the sum of the reportable segments and the amounts reported in the consolidated financial statements, and the main contents of such differences (matters related to adjustments for differences)

(thousands of yen)

Revenue	Previous Fiscal Year	Current Fiscal Year
Total amount of reportable segments	16,315,651	<u>16,890,775</u>
Elimination of transaction between the Company and segment	(624,118)	(654,645)
Revenue reported in consolidated financial statements	15,691,533	<u>16,236,129</u>

(thousands of yen)

Profits	Previous Fiscal Year	Current Fiscal Year
Total amount of reportable segments	2,673,110	<u>3,269,980</u>
Elimination of transaction between the Company and segment	707,124	741,541
Corporate expenses (Note)	(1,102,601)	<u>(1,214,769)</u>
Others	1,056	(666)
Operating Income reported in consolidated financial statements	2,278,690	<u>2,796,085</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	8,550,591	<u>9,804,619</u>
Elimination of transaction between the Company and segment	(1,762,798)	(2,322,587)
Corporate assets (Note)	5,051,100	<u>6,500,363</u>
Others	(58,289)	(25,429)
Total assets reported in consolidated financial statements	11,780,604	<u>13,956,966</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	5,516,019	<u>6,334,592</u>
Elimination of transaction between the Company and segment	(1,323,020)	<u>(1,704,465)</u>
Corporate liabilities (Note)	447,756	<u>562,249</u>
Others	(54,485)	(22,618)
Total liabilities reported in consolidated financial statements	4,586,270	<u>5,169,758</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	151,779	183,332	76,164	70,820	227,944	254,152
Increase in tangible fixed assets and intangible fixed assets	413,539	263,330	43,484	280,445	457,024	543,775
Investment in equity method affiliates	-	269,335	-	-	-	269,335

(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, 2019 to June 30, 2020)	Current Fiscal Year (period from July 1, 2020 To June 30, 2021)
Net assets per share	191.42 yen	<u>233.70 yen</u>
Net income per share	40.92 yen	<u>50.24 yen</u>

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, 2020)	Current Fiscal Year (As of June 30, 2021)
Total of net assets (thousands of yen)	7,194,333	<u>8,787,207</u>
Amount deducted from total of net assets (thousands of yen)	—	—
Net assets attributable to common stock (thousands of yen)	7,194,333	<u>8,787,207</u>
Number of common stock outstanding for calculating net assets per share (shares)	37,584,071	37,600,252

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

Items	Previous Fiscal Year (Period from July 1, 2019 to June 30, 2020)	Current Fiscal Year (Period from July 1, 2020 to June 30, 2021)
Net income attributable to shareholders of parent company (thousands of yen)	1,537,894	<u>1,888,976</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)	1,537,894	<u>1,888,976</u>
Average number of common stock outstanding (shares)	37,579,157	37,595,528

(Subsequent Events)

Not applicable

AVANT

Financial Results Briefing

for Fiscal Year ended June 30, 2021

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 6, 2021

- I . Summary of financial results
for the fiscal year ended June 30, June 2021
- 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, 2021

Results Highlights

AVANT

Increased sales and profits for the sixth consecutive year, and dividend forecast revised upward

- All segments achieved sales growth in the three months of the fourth quarter. Orders received and order backlogs were also positive in all segments, resulting in double-digit growth overall.
- Both profit margin and profit amount improved significantly due to the effects of cost reduction measures implemented since the third quarter of the previous fiscal year.

(millions of yen)

	FY20/06	FY21/06	Year-on-Year	
			Variance	%CHG
Net Sales	15,691	<u>16,236</u>	<u>+ 544</u>	+ 3.5%
Cost of Revenue	8,525	8,572	+ 46	+ 0.5%
SG&A expenses	4,887	<u>4,867</u>	<u>△ 19</u>	△ 0.4%
Operating Income	2,278	<u>2,796</u>	<u>+ 517</u>	+ 22.7%
OP Margin	14.5%	17.2%	-	+ 2.7 point
Ordinary Income	2,282	<u>2,808</u>	<u>+ 526</u>	+ 23.1%
Net Income	1,537	<u>1,888</u>	<u>+ 351</u>	+ 22.8%
EBITDA	2,506	<u>3,038</u>	<u>+ 532</u>	+ 21.2%

Results by Business Segment

AVANT

Sales increased in all segments

- Sales in the Consolidated Accounting Related Business decreased for the full year but increased in the three months of the fourth quarter. The Business Intelligence and Outsourcing businesses posted higher profits, as higher revenue offset higher fixed costs and performance-linked compensation.

(millions of yen)

		FY20/06	FY21/06	Year-on-Year	
				Variance	%CHG
Consolidated Accounting	Net Sales	8,485	8,160	△ 324	△ 3.8%
	Operating Income	1,616	1,935	+ 318	+ 19.7%
	OP Margin	19.1%	23.7%	-	+ 4.7 point
Business Intelligence	Net Sales	5,767	6,250	+ 482	+ 8.4%
	Operating Income	692	811	+ 119	+ 17.2%
	OP Margin	12.0%	13.0%	-	+ 1.0 point
Outsourcing	Net Sales	2,062	2,479	+ 417	+ 20.2%
	Operating Income	364	523	+ 159	+ 43.7%
	OP Margin	17.7%	21.1%	-	+ 3.4 point

Return to growth trend

- Sales declined for the full year but rose in the three months of the fourth quarter. Cloud software and service usage fees increased by 30%, driving the increase in recurring sales. Order backlog also improved significantly.
- The operating profit margin improved significantly by 4.7 percentage points YoY due to the increase in the ratio of in-house production in the first half of the fiscal year ahead of the recovery in sales, and cost reduction efforts such as telecommuting to reduce commuting, utilities, and office-related expenses throughout the fiscal year.

(millions of yen)

	FY20/06	FY21/06	Year-on-Year	
			Variance	%CHG
Net Sales	8,485	<u>8,160</u>	<u>324</u>	3.8%
Operating income	1,616	<u>1,935</u>	<u>+ 318</u>	<u>+ 19.7%</u>
OP Margin	19.1%	<u>23.7%</u>		+4.7point
New Orders	8,313	8,510	+ 197	+ 2.4%
Outstanding Orders	1,999	<u>2,349</u>	<u>+ 349</u>	<u>+ 17.5%</u>

Higher sales led to improved profit margin

- In addition to BI solution implementation projects, orders for data platform construction projects increased, accelerating sales growth by approximately 18% YoY in the three months of the fourth quarter. Both orders and order backlog continued to grow at a high level.
- Double-digit profit growth was achieved by offsetting the increase in expenses due to the increase in office space and the posting of performance-linked compensation due to the effect of increased revenue and improved mix of contracts.

(millions of yen)

	FY20/06	FY21/06	Year-on-Year	
			Variance	%CHG
Net Sales	5,767	6,250	+ 482	+ 8.4%
Operating income	692	811	+ 119	+ 17.2%
OP Margin	12.0%	13.0%		+1.0point
New Orders	5,417	6,639	+ 1,222	+ 22.6%
Outstanding Orders	854	1,244	+ 389	+ 45.6%

High level of growth continued

- Sales continue to increase at a stable rate of 20%. New contracts are increasing, accelerating the growth of orders and order backlog.
- The operating margin will decline in the second half of the fiscal year due to an increase in the number of employees and the posting of performance-linked compensation, but this will be offset by the effect of higher sales for the full year, and the profit margin will improve by 3.4 points year-on-year. Operating income increased by 40% year on year.

(millions of yen)

	FY20/06	FY21/06	Year-on-Year	
			Variance	%CHG
Net Sales	2,062	2,479	+ 417	+ 20.2%
Operating income	364	523	+ 159	+ 43.7%
OP Margin	17.7%	21.1%		+3.4point
New Orders	2,160	2,987	+ 826	+ 38.3%
Outstanding Orders	950	1,457	+ 507	+ 53.4%

Selected Quarterly Financial Data

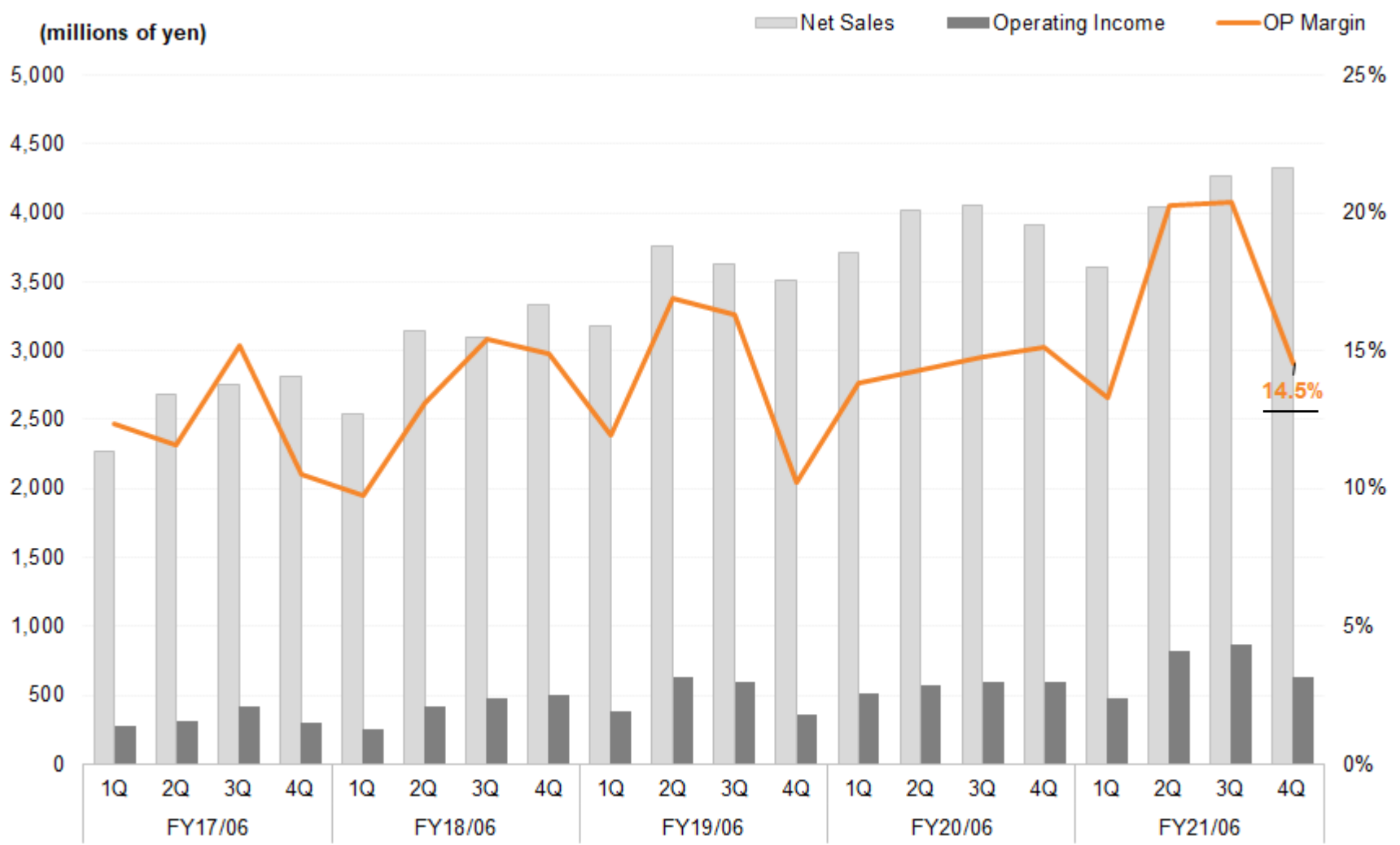
AVANT

- The decline in the profit margin in the fourth quarter is in line with the seasonality in which performance-linked compensation is recorded.

(Millions of Yen)

	FY17/06				FY18/06				FY19/06				FY20/06				FY21/06			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales	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	3,601	4,036	4,271	4,326
Cost of Revenue	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	1,997	2,113	2,208	2,252
Gross Profit	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	1,603	1,922	2,063	2,074
SG&A expenses	703	930	847	910	781	865	898	986	1,027	1,188	982	1,133	1,050	1,239	1,338	1,258	1,125	1,104	1,192	1,445
Operating Income	280	310	418	296	247	412	476	494	380	634	592	358	514	574	598	591	478	817	871	629
OP Margin	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	13.3	20.3	20.4	14.5
Ordinary Income	280	315	416	296	248	415	472	495	380	633	593	364	520	573	598	589	482	823	880	622
Net Income	183	-0	250	230	162	269	311	318	237	403	389	286	334	339	344	519	303	520	546	517
EBITDA	341	370	481	359	300	436	514	534	417	673	634	408	557	621	658	669	537	880	926	695
EBITDA Margin (%)	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	14.9	21.8	21.7	16.1

Quarterly Trends in Major KPIs



Selected Quarterly Segment Data

AVANT

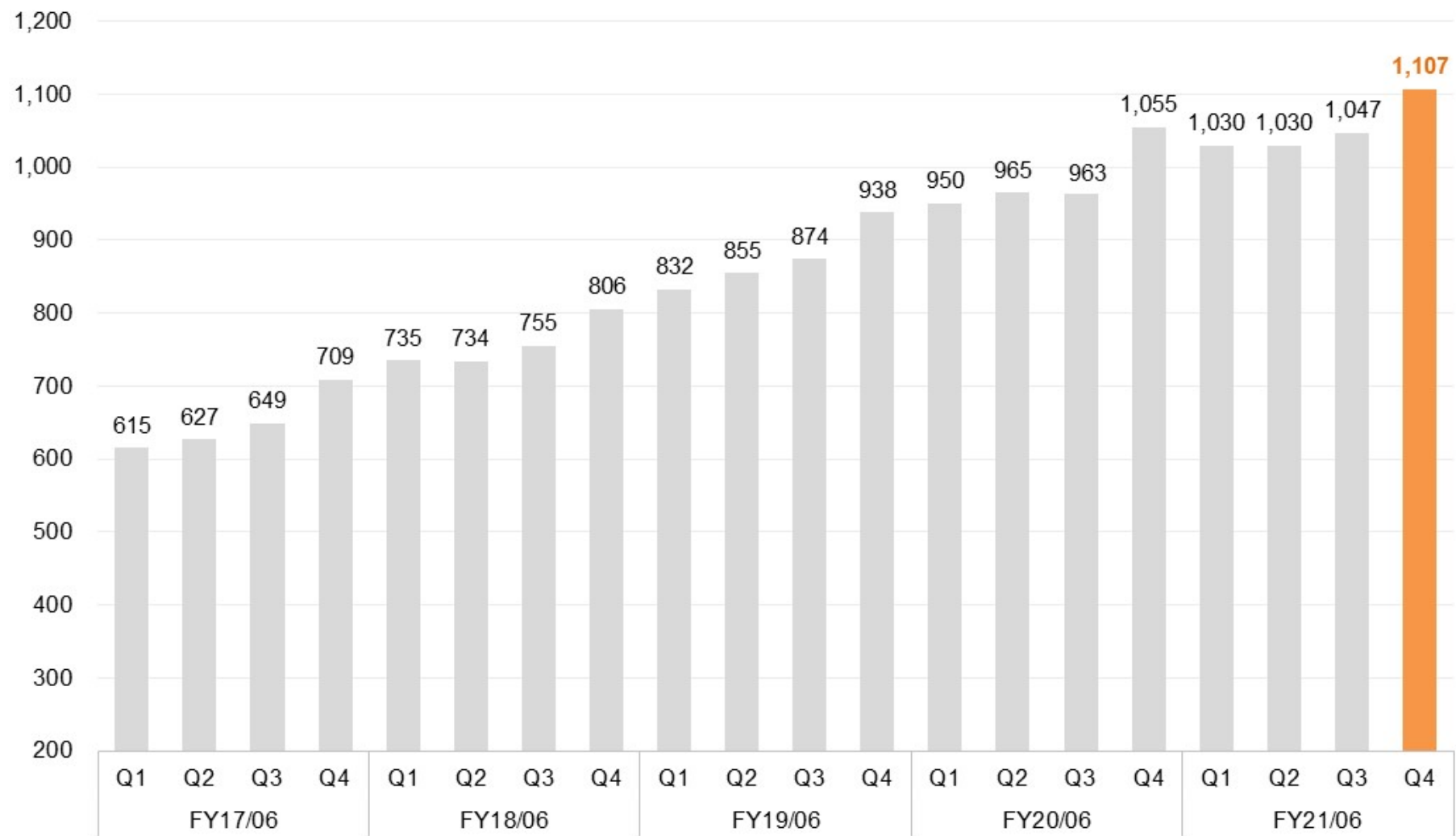
(millions of yen)

		FY June 2018				FY June 2019				FY June 2020				FY June 2021			
		1Q	2Q	3Q	4Q	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	1,721	1,945	1,912	2,930
	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	1,379	2,083	1,650	1,526
	Outsourcing	297	343	297	549	439	319	363	685	599	468	505	586	651	586	765	983
	(Elimination of inter-segment transaction)	-72	-255	-116	-154	-201	-115	-92	-266	-102	-201	-64	-164	-149	-201	-223	-161
	New Orders	2,567	3,025	2,856	4,392	3,085	3,317	3,404	4,363	3,955	3,623	3,576	4,202	3,602	4,413	4,105	5,279
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	1,920	1,769	1,642	<u>2,349</u>
	Business Intelligence	762	791	895	929	1,004	958	1,044	1,204	1,340	1,245	926	854	850	1,438	1,354	1,244
	Outsourcing	515	524	474	675	734	650	597	852	948	928	891	950	1,031	1,008	1,112	1,457
	(Elimination of inter-segment transaction)	-65	-187	-179	-203	-260	-232	-177	-303	-264	-312	-209	-208	-206	-242	-300	-290
	Orders Outstanding	3,125	3,006	2,768	3,834	3,739	3,304	3,076	3,927	4,168	3,771	3,298	3,595	3,596	3,974	3,807	<u>4,761</u>
Net Sales	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	1,801	2,096	2,040	<u>2,223</u>
	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	1,382	1,495	1,734	1,637
	Outsourcing	282	334	347	349	380	402	416	430	504	489	541	527	569	609	662	637
	(Intra-segment elimination)	-27	-134	-125	-130	-144	-143	-147	-141	-141	-153	-167	-161	-152	-165	-165	-171
	Net Sales	2,544	3,144	3,095	3,326	3,180	3,752	3,631	3,512	3,714	4,019	4,050	3,906	3,601	4,036	4,271	<u>4,326</u>
Operating Income	Consolidated Accounting	145	220	265	398	244	362	346	339	330	379	378	528	323	520	530	<u>561</u>
	Business Intelligence	21	81	122	98	102	210	233	89	180	171	209	130	115	226	319	150
	Outsourcing	50	72	53	36	101	100	79	37	118	116	133	-4	130	165	165	62
	(Elimination of inter-segment transaction)	29	37	34	-39	-68	-39	-67	-106	-114	-93	-122	-63	-90	-94	-151	<u>-136</u>
	Operating Income	247	412	476	494	380	634	592	358	514	574	598	591	478	817	862	<u>637</u>

Total Number of Group Employees

AVANT

(person)



Financial Condition & Cash Flows

AVANT

Financial Status

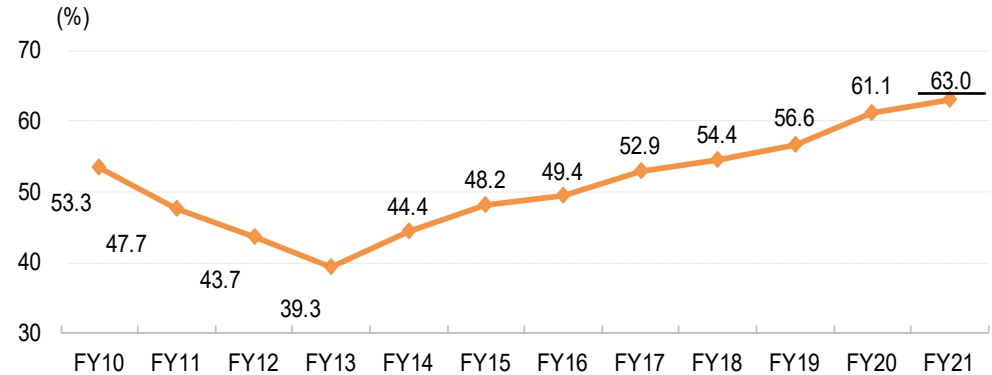
Jun 2021

Total Assets
13.9
billion yen

Total Liabilities
5.1
billion yen

Net Assets
8.7
billion yen

Equity Ratios



Key Factors for change

(millions of yen)

• Income before income taxes and minority interests	<u>2,808</u>
• Depreciation expense	254
• Increase in account receivable	<u>(242)</u>
• Increase in deferred revenue	203
• Decrease in accrued expencies and others	(83)
• Increase in provision for bonuses	57
• Income taxes paid	(650)

• Purchase of intangible assets	(429)
• Purchase of shares of subsidiaries and associates	(269)

• Payment of shareholder dividends	(338)
------------------------------------	-------

Cash Flows

(millions of yen)

FY20/06

FY21/06

Operating CF

1,890

2,561

Investment CF

(420)

(789)

Free CF

1,470

1,771

Financial CF

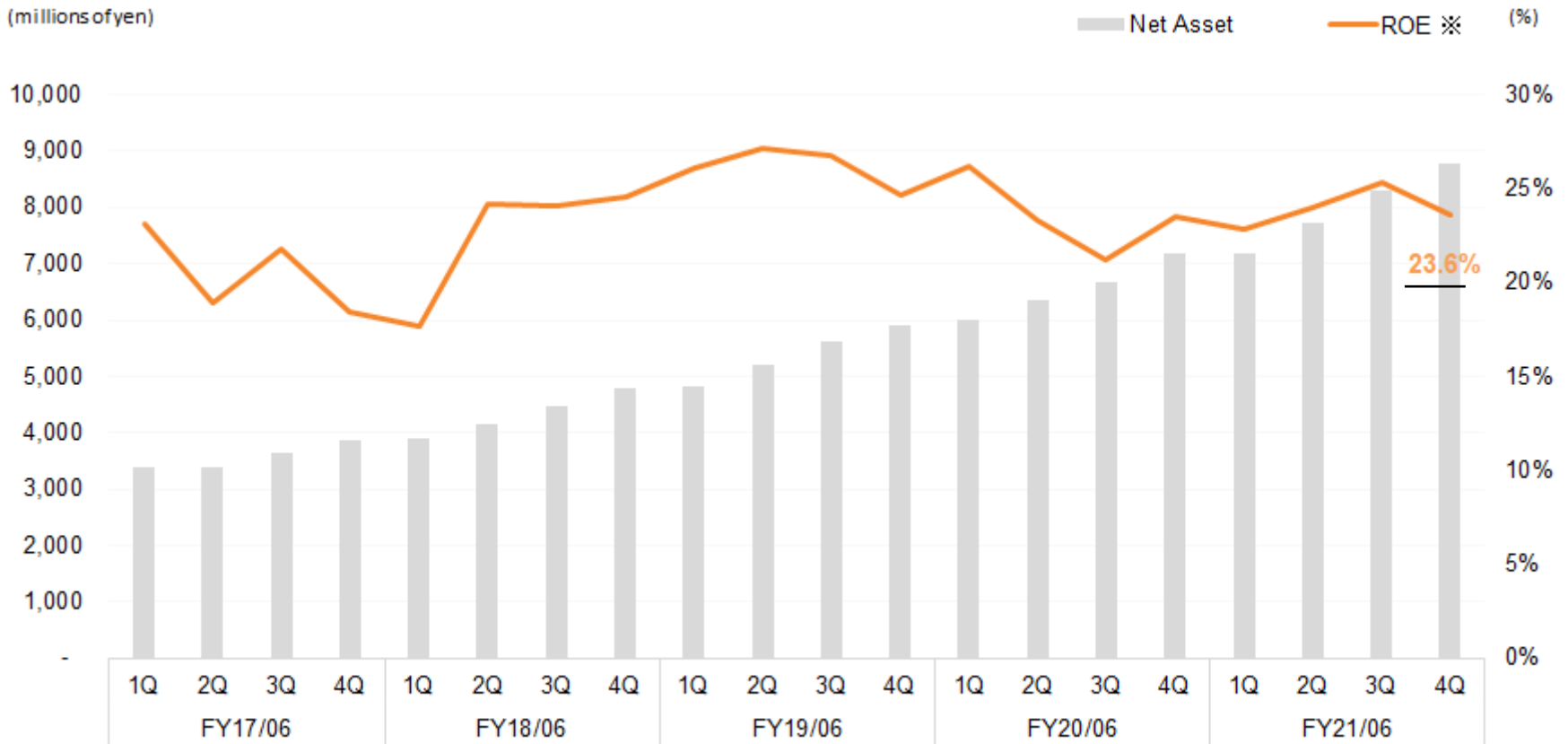
(294)

(359)

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



※twelve month rolling

II . Earnings and Dividend Forecast

Earnings forecast for the fiscal year ending June 30, 2022

AVANT

Expecting sales and profits to increase for the seventh consecutive year

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

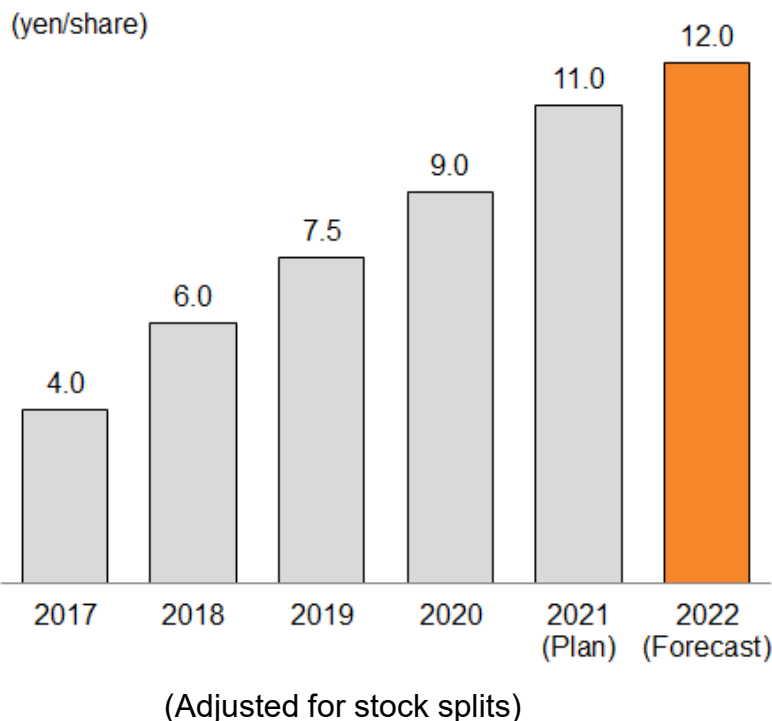
(millions of yen)

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

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

For fiscal year ending June 2022 we make 12 yen per share dividends forecast

- The dividend forecast for the fiscal year ending June 30, 2021 has been raised from 10 yen to 11 yen, an increase of 1 yen, in consideration of better-than-expected full-year results. In line with the policy of maintaining stable dividends for the fiscal year ending June 30, 2022, the dividend is expected to increase for the seventh consecutive year.
- DOE for the fiscal year ending June 30, 2021 is expected to be 5.2%, much higher than the average (12-month) DOE of 2.7% for companies listed on the Tokyo Stock Exchange.



<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 switch to renewable energy for all electricity

AVANT

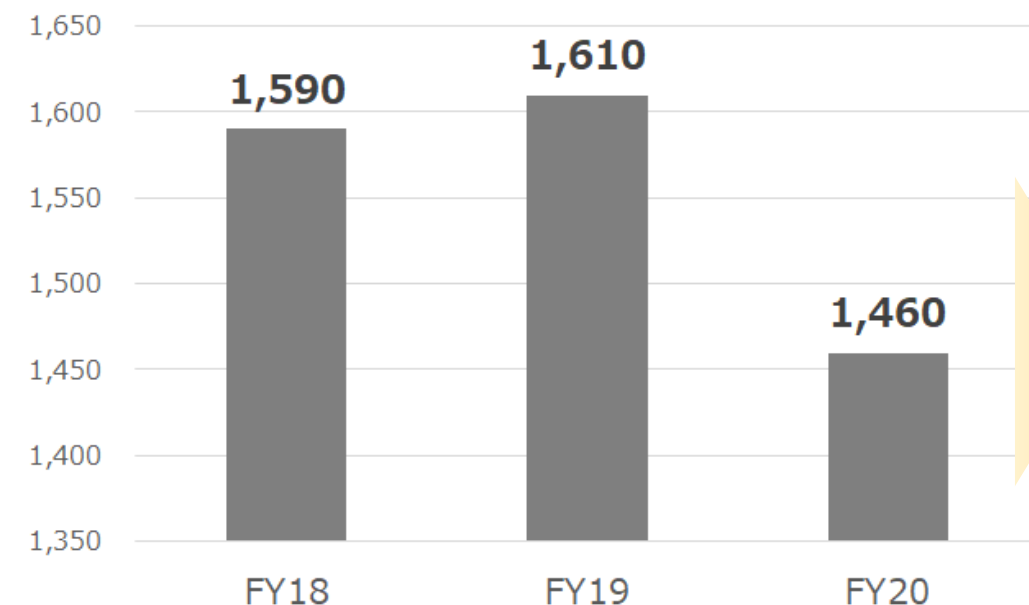
- Avant purchased Green Power Certificates issued by Japan Renewable Energy Co., Ltd. and switched to renewable energy for all electricity used by the five group companies from July 1, 2021.
- This is expected to reduce carbon dioxide emissions by approximately 660 tons-CO₂ (equivalent to the annual emissions of approximately 242 households*) for the approximately 1,500 MWh of electricity used annually by the Avant Group (actual results for the fiscal year ended June 30, 2020).

* Calculated from household sector CO₂ emissions in FY2049.



Japan Natural Energy Company Limited's mark certifying the use of green electricity

(MWh) **AVANT Group Annual Electricity Consumption**



AVANT has achieved carbon offsetting for 1,500 MWh per year.

AVANT