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Consolidated Summary Report under Japanese GAAP for the first quarter of the fiscal year ending June 30, 2020

October 31, 2019

Company Name: AVANT CORPORATION

Stock exchange listings: Tokyo

Code Number: 3836

URL: <https://www.avantcorp.com/>

Representative: (Title) President, Group CEO (Name) Tetsuji Morikawa

For inquiry: (Title) Director, Group CFO (Name) Naoyoshi Kasuga

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Securities report issue date: November 13, 2019

Dividend payment date: -

Supplementary information for financial statements: Available

Explanatory meeting to be held: No

1. Consolidated Financial Data for the first quarter of the fiscal year ending June 30, 2020

(1) Consolidated results of operations (accumulated)

(Amounts of less than one million yen are rounded down.) (% represents the change from the previous fiscal year)

	Revenue		EBITDA		Operating Income		Ordinary Income		Net Income attributable to shareholders of Parent Company	
	Unit: million yen	%	Unit: million yen	%	Unit: million yen	%	Unit: million yen	%	Unit: million yen	%
First quarter of the fiscal year ending June 30, 2020	3,714	16.8	557	33.5	514	35.3	520	36.6	334	40.7
ended June 30, 2019	3,180	25.0	417	39.1	380	53.5	380	53.2	237	46.0

(Notes) EBITDA is derived by adding depreciation and amortization of goodwill to operating income.

Comprehensive income (loss) for the first quarter of the fiscal year ending June 30, 2020 and fiscal year ended 2019 were 373 million yen (+47.6%) and 252 million yen (+54.7%), respectively.

	Net Income per Share	Diluted Net Income per Share
First quarter of the fiscal year ending June 30, 2020	yen 17.78	yen -
ended June 30, 2019	12.64	-

(2) Consolidated financial condition

	Total Assets	Total Net Assets	Ratio of Net Assets Attributable to the Company's shareholders to Total Assets
As of	Unit: million yen	Unit: million yen	%
September 30, 2019	9,494	5,989	63.1
June 30, 2019	10,415	5,898	56.6

(Reference) Net assets attributable to the Company's shareholders as of September 30, 2019 and June 30, 2019 were 5,989 million yen and 5,898 million yen, respectively.

2. Dividends on Common Stock

	Dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Annual
Fiscal Year Ended	yen	yen	yen	yen	yen
June 30, 2019	-	0.00	-	15.00	15.00
June 30, 2020	-	-	-	-	-
June 30, 2020 (Forecast)	-	0.00	-	9.00	9.00

(Notes) Revisions to the most recently announced dividend forecast: Yes

Please refer to "Notice Concerning Stock Split, Partial Amendments to Articles of Incorporation and Revision of Dividend Forecast" announced today (October 31, 2019) for revision of dividend forecast.

The Company plans to conduct a stock split at a ratio of two ordinary shares to one ordinary share with December 1, 2019 as the effective date. Therefore, the dividend forecast for the end of June 2020 is the amount of dividends taking into account the stock split. If converted before the stock split, it will be equivalent to 18 yen per share.

3. Consolidated Earnings Forecasts for the Fiscal Year ending June 30, 2020

(% represents the change from the previous fiscal year)

Fiscal Year ending June 30, 2020	Revenue		Operating Income		Ordinary Income		Net Income attributable to shareholders of Parent Company		Net Income per Share
	Unit: million yen	%	Unit: million yen	%	Unit: million yen	%	Unit: million yen	%	yen
	15,480	10.0	2,165	10.1	2,165	9.8	1,353	2.7	36.00

(Notes) Revisions to the most recently announced earnings forecast: None
The Company plans to conduct a stock split at a ratio of two ordinary shares to one ordinary share with December 1, 2019 as the effective date. Therefore, the net income per share forecast for the fiscal year ending June 2020 is calculated taking into account the stock split.
Since the Company conducts annual business management, the consolidated financial forecast for the second quarter (cumulative total) is omitted.

Notes

(1) Changes in significant subsidiaries during the period (changes in “Specified Subsidiaries” (Tokutei Kogaisha) accompanying changes in scope of consolidation): No

Newly added to the scope of consolidation: nil

Newly deleted from the scope of consolidation: nil

(2) Application of accounting procedures specific to the preparation of quarterly consolidated financial statements: none

(3) Changes in accounting policies, accounting estimates and correction of past errors:

(i) Changes in accounting policies due to revision of accounting standards: No

(ii) Changes in accounting policies due to reasons other than item (i) above: No

(iii) Changes in accounting estimates: No

(iv) Correction of past errors: No

(4) Number of shares outstanding (common stock)

(i) Total shares outstanding including treasury stock

(ii) Shares of treasury stock held

(iii) Average outstanding shares

As of September 30, 2019	18,785,094 shares	As of June 30, 2019	18,785,094 shares
As of September 30, 2019	1,421 shares	As of June 30, 2019	1,421 shares
First quarter of the fiscal year ending June 30, 2020	18,783,673 shares	First quarter of the fiscal year ended June 30, 2019	18,774,623 shares

*This report is exempt from the audits of CPAs or Audit firms.

*Notes for using earnings forecast in this report and others:

The forward-looking statements and other forward-looking statements contained in this material are based on information currently available to the Company and on certain assumptions that are judged to be reasonable, and the Company does not intend to promise that achievement. In addition, actual performance may differ greatly due to various factors. Please refer to “Forecasts” on page 7 for the conditions that form the basis of the business forecast and notes on using the business forecast.

Table of Contents of Appendix

1. Consolidated Results of Operations	1
(1) Discussion on Business Operations	1
(2) Discussion on Financial Condition	5
(3) Forecasts	7
2. Unaudited Consolidated Financial Statements and Notes.....	8
(1) Consolidated Balance Sheet	8
(2) Consolidated Statement of Earnings and Comprehensive Income	10
Consolidated Statement of Earnings	10
Consolidated Statement of Comprehensive Income	11
(3) Consolidated Statement of Cash Flows	12
(4) Notes to the Consolidated Financial Statements	13
(Notes on Going-Concern Assumptions)	13
(Change in basis of presentation)	13
(Segment Information and Others)	14
(Significant Subsequent Matters)	15

1. Consolidated Results of Operations

(1) Discussion on Operations

Results of Operations for the first quarter of the fiscal year ending June 30, 2020 was as follows;

(millions of yen [figures less than a million are rounded down])

	Fiscal Year ended June 30, 2019	Fiscal Year ending June 30,2020	Year on Year Change	
			Amount	%
Revenue	3,180	3,714	534	16.8
Operating Income	380	514	134	35.3
Ordinary Income	380	520	139	36.6
Net income attributable to shareholders of parent company	237	334	96	40.7

Revenue from Business Intelligence business and Outsourcing business grew significantly while Consolidated Accounting business, as large-scale projects that had contributed significantly to the previous consolidated fiscal year peaked off, has achieved steady sales growth. As a result, the Company recorded consolidated revenue of 3,714 million yen (up 16.8% year-on-year).

The recurring revenue (such as maintenance fees for software) ratio to total revenue, which the Company sets as one of the management targets in the new medium-term management plan announced in September 2018, remained at 32.7%. Recurring revenue itself increased by 16.1% compared to the corresponding quarter of the previous fiscal year thanks to an increased sale of cloud-based products at Consolidated Accounting business, but non-recurring revenue was also strong at Business Intelligence business.

While higher personnel expenses and hiring costs together with expenses related to the opening and expansion of office floor have been increasing, they are offset by an increased revenue, a shift to highly profitable projects, and improvement in project quality and productivity efforts and overall profitability had improved. With that, the Company recorded a significant increase in operating income of 514 million yen (up 35.3% year on year), ordinary income of 520 million yen (up 36.6% year on year) and net income attributable to owners of the parent of 334 million yen (up 40.7% year-on-year).

Results of each reporting segments are as follows;

(i) Revenue for the first quarter

(millions of yen [figures less than a million are rounded down])

	Fiscal Year ended June 30, 2019	Fiscal Year ending June 30,2020	Year on Year Change	
			Amount	%
Consolidated Accounting	1,783	1,922	139	7.8
Business Intelligence	1,161	1,429	267	23.1
Outsourcing	380	504	123	32.6
Intersegment elimination	(144)	(141)	2	-
Consolidated revenue	3,180	3,714	534	16.8

(ii) Operating income for the first quarter

(millions of yen [figures less than a million are rounded down])

	Fiscal Year ended June 30, 2019	Fiscal Year ending June 30,2020	Year on Year Change	
			Amount	%
Consolidated Accounting	244	330	85	35.1
Business Intelligence	102	180	78	76.8
Outsourcing	101	118	16	16.1
Corporate expenses, elimination of transaction between the Company and subsidiaries	(68)	(114)	(46)	-
Operating Income	380	514	134	35.3

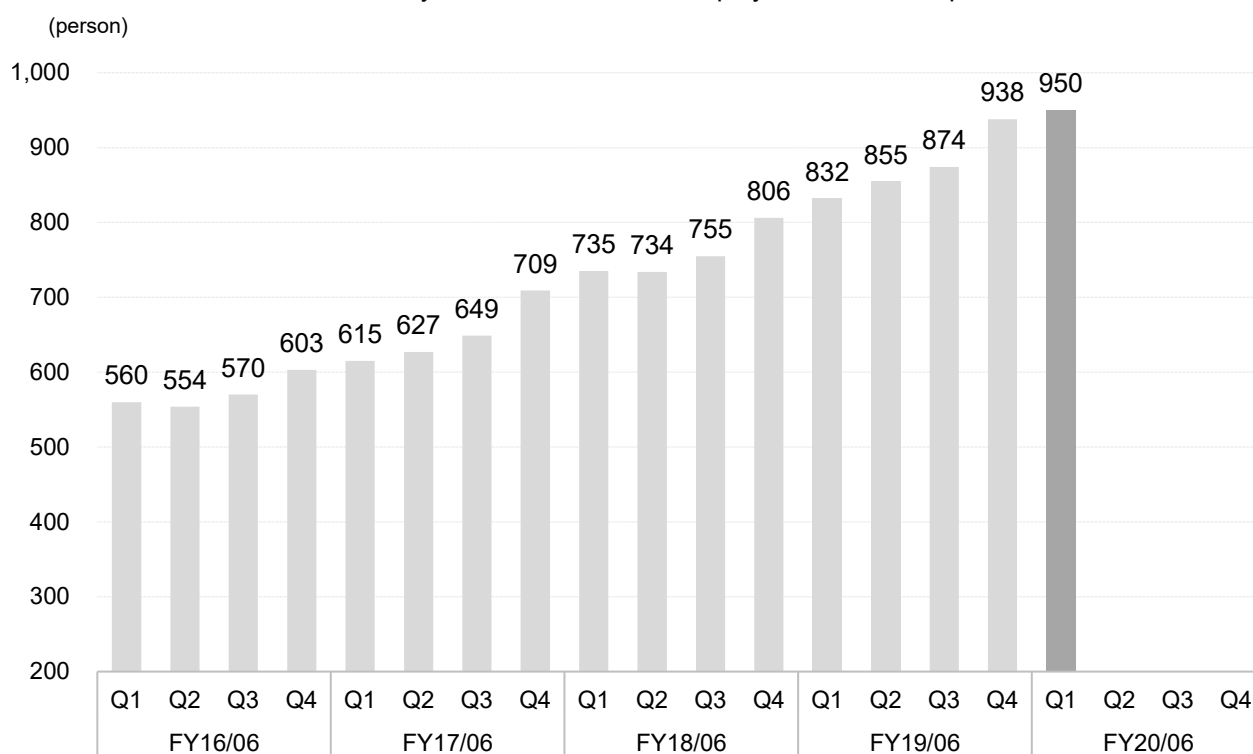
In the Consolidated Accounting business, large-scale projects that had contributed significantly to revenue during the previous fiscal year are peaking off but yet contributed to the revenue during the first quarter of the current fiscal year. Together with the increase in revenue from other projects, revenue for the segment recorded 1,922 million yen (up 7.8% year-on-year). In terms of expenses, due to increases in personnel costs and other costs related to business expansion, the rate of increase in cost of sales has exceeded the rate of increase in revenue. That made the Company assuming provision for a performance-based bonus for employees and directors was not necessary. As a result, operating income increased to 330 million yen (up 35.1% year on year).

In the Business Intelligence business, the market trend of vigorous investment in the visualization of corporate management information continues, as part of the adoption of digital transformation, and segment revenue increased to 1,429 million yen (up 23.1% year on year). Although personnel expenses, recruitment costs, and expenses for opening new offices have increased, segment profitability improved due to an increase in the ratio of highly profitable prime contracts. Segment operating income was 180 million yen (up 76.8% year on year).

In the Outsourcing business, demand for outsourcing continues to grow as more and more companies started to study and strengthen group governance system and to review the role of the accounting department. The segment also recorded an increased revenue from outsourcing of cash management process other than consolidated accounting and disclosure. As a result, segment revenue increased significantly to 504 million yen (up 32.6% year on year). Operating income increased to 118 million yen (up 16.1% year-on-year), although there was a slight decline in profitability due to increased expenses such as office space expansion due to the increase in staff.

Finally, the number of consolidated employees was 950 at the end of the fiscal year, an increase of 12 from the beginning of the fiscal year.

Quarterly trends of number of employees of the Group



New orders and revenue of each reporting segment were as follows;

(i) New orders and outstanding orders for the quarter

(millions of yen [figures less than a million are rounded down])

	Fiscal Year ended June 30, 2019		Fiscal Year ending June 30, 2020		Year on Year Change	
	New orders	Outstanding orders	New orders	Outstanding orders	Amount	
					New orders	Outstanding orders
Consolidated Accounting	1,611	2,261	1,893	2,143	281	(118)
Business Intelligence	1,235	1,004	1,565	1,340	329	336
Outsourcing	439	734	599	948	160	214
Elimination of intersegment transactions	(201)	(260)	(102)	(264)	98	(3)
Total	3,085	3,739	3,955	4,168	869	428

(ii) Revenue for the quarter

(millions of yen [figures less than a million are rounded down])

	Fiscal Year ended June 30, 2019	Fiscal Year ending June 30,2020	Year on Year Change	
			Amount	%
Consolidated Accounting	1,783	1,922	139	7.8
Business Intelligence	1,161	1,429	267	23.1
Outsourcing	380	504	123	32.6
Elimination of intersegment transactions	(144)	(141)	2	-
Total	3,180	3,714	534	16.8

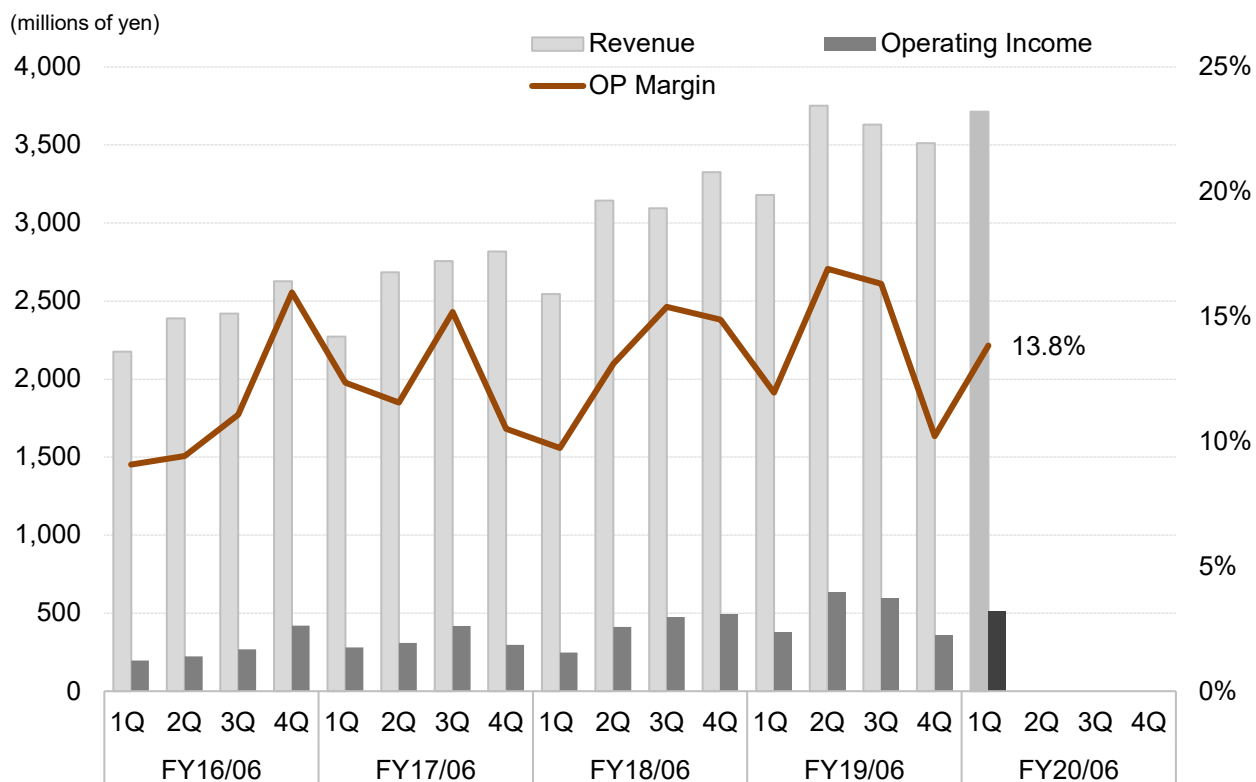
(Note) Figures in table (i) and (ii) do not include consumption tax.

Quarterly trends of revenue and operating incomes are as follows;

(millions of yen [figures less than a million are rounded down])

	Fiscal Year ended June 30, 2019			Fiscal year ending June 30, 2020
	Second quarter	Third quarter	Fourth quarter	First quarter
Revenue	3,752	3,631	3,512	3,714
Operating income	634	592	358	514
Operating profit margins (%)	16.9	16.3	10.2	13.8

Quarterly trends of revenue, operating income and operating profit margins



(2) Discussion on Financial Condition

(i) Status of assets, liabilities and net assets

Total assets at the end of the first quarter were 9,494 million yen, down 920 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 846 million yen in current assets, which includes a decrease of 1,332 million yen in cash and deposits as the Company paid bonus and corporate tax.

Meanwhile, total liabilities were 3,505 million yen, down 1,011 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease in provision for bonuses of 572 million yen and a decrease in income taxes payable of 296 million yen.

Net assets totaled 5,989 million yen, up 91 million yen from the end of the previous consolidated fiscal year, after crediting net profit attributable to owners of parent of 334 million yen and dividend payments of 281 million yen. As a result, the equity ratio was 63.1% (56.6% at the end of the previous consolidated fiscal year), an increase of 6.5% points compared to the previous consolidated fiscal year. The company believes it is maintaining a stable financial balance without interest-bearing debt.

(ii) Discussion on Cash flows

Cash and cash equivalents (hereinafter “funds”) at the end of the first quarter decreased by 1,332 million yen from the end of the previous fiscal year, to 3,862 million yen. The status of each cash flow and the factors are as follows.

(Cash flows from operating activities)

Cash used in operating activities was 941 million yen (against use of 450 million yen in the previous consolidated fiscal year).

The main factors for the increase were profit before income taxes and minority interests of 520 million yen and an increase in deposits of 141 million yen. The main reason for the decrease was a decrease in provision for bonuses of 572 million yen, increase in trade receivables of 153 million yen, decrease in unearned revenue of 137 million yen, and payment of income taxes of 627 million yen.

(Cash flows from investing activities)

Funds used as a result of investment activities were 108 million yen (against use of 52 million yen in the same quarter of the previous year).

The main factors for the usage include purchase of property, plant and equipment of 61 million yen due to office expansion, etc., and surrender of 33 million yen for deposits and guarantees.

(Cash flows from financing activities)

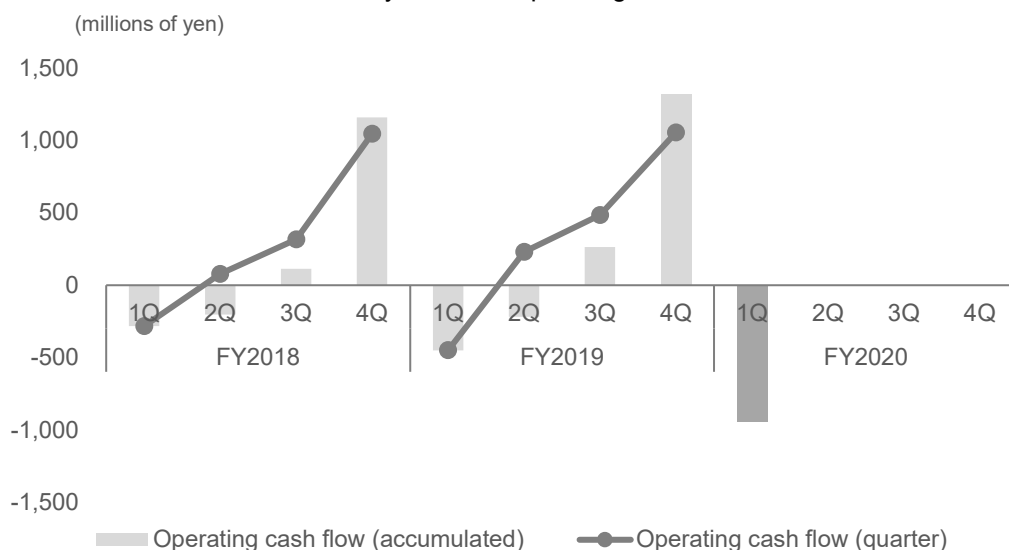
Net cash used in financing activities was 283 million yen (against use of 226 million yen in the same quarter of the previous year).

The main breakdown of cash outflow was cash dividends paid of 281 million yen.

Although the Company recorded operating cash outflow, the Groups operating cash flow in the first quarter is generally tight due to payment of corporate tax and performance-linked bonuses to executives and employees. It will gradually improve from the second quarter onwards and amounted to a positive increase for the full year period.

The maintenance fee in the Consolidated Accounting business and the outsourcing fee in the Outsourcing business for the year are prepaid by the customer before the service is provided, so they are business model that requires little working capital. On the other hand, the Business Intelligence business incurs outsourcing expenses before it concludes projects, so the working capital needs will increase as the revenue increase. However, the Company maintains ample cash outstanding and we have established a commitment line of three billion yen with several banks, we are not concerned about cash flow.

Quarterly trends of operating cash flow

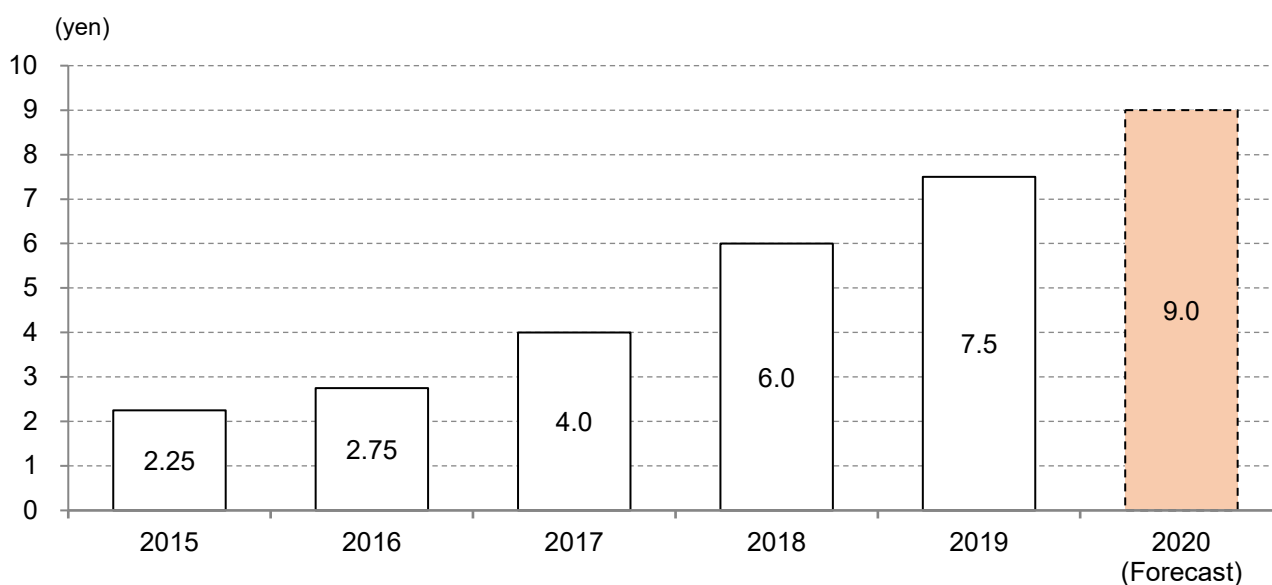


(3) Forecasts

In September 2018, we announced the five-year plan (the target to be achieved in five years) ending June 2023 as the new medium-term management plan. In the fiscal year ending June 2020, which will be the second year of the plan, while promoting the growth of the existing three businesses, we will also execute various initiatives to dramatically improve the recurring revenue ratio, which is one of the important goals of the medium-term business plan. As a result of these efforts, we are forecasting consolidated revenue of 15,480 million yen (up 10.0% from the current fiscal year) and operating income of 2,165 million yen (up 10.1% from the current fiscal year).

With regard to dividends, the Group maintains existing policy of stable dividends (in principle, the dividend per share shall not fall below the previous fiscal year), in the light of indicators such as dividends on equities that always exceed the average of all listed companies. We plan to pay a dividend of 9 yen per share for the next fiscal year in accordance with the policy.

Trends of dividends (adjusted for stock split)



3. Unaudited Consolidated Financial Statements

(1) Consolidated Balance Sheet

(thousands of yen)

	Previous Fiscal Year (June 30, 2019)	First quarter of the current fiscal year (September 30, 2019)
Assets		
Current assets		
Cash and deposits	5,160,507	3,827,607
Notes and accounts receivable - trade	2,525,653	2,678,737
Work in progress	178,271	160,090
Raw materials and supplies	16,584	25,149
Other	522,747	867,319
Allowance for doubtful accounts	△5,296	△6,825
Total current assets	8,398,467	7,552,078
Non-current assets		
Property, plant and equipment	277,096	309,506
Intangible assets		
Software	164,304	167,434
Other	782	773
Total intangible assets	165,087	168,208
Investment and other assets		
Investment securities	397,868	456,083
Leasehold and guarantee deposits	687,567	720,943
Deferred tax assets	392,827	193,121
Other	105,906	94,922
Allowance for doubtful accounts	△9,591	—
Total investments and other assets	1,574,578	1,465,071
Total non-current assets	2,016,762	1,942,785
Total assets	10,415,229	9,494,864

(thousands of yen)

	Previous Fiscal Year (June 30, 2019)	First quarter of the current fiscal year (September 30, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	511,503	544,956
Lease obligations	3,515	5,051
Accounts payable - other and accrued expenses	377,355	394,347
Income tax payable	296,693	—
Unearned revenue	1,857,288	1,720,212
Provision for bonuses	723,591	151,319
Provision for bonuses for directors (and other officers)	138,778	12,796
Provision for loss on order received	60,058	—
Other	379,272	492,226
Total current liabilities	4,348,056	3,320,910
Non-current liabilities		
Lease obligations	6,862	12,779
Asset retirement obligations	162,262	171,829
Total non-current liabilities	169,124	184,609
Total liabilities	4,517,181	3,505,520
Net assets		
Shareholders' equity		
Share capital	295,525	295,525
Capital surplus	232,325	232,325
Retained earnings	5,362,527	5,414,816
Treasury shares	△404	△404
Total shareholders' equity	5,889,973	5,942,262
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,067	49,914
Deferred gains or losses on hedges	3	4
Foreign currency translation adjustment	△2,995	△2,838
Total accumulates other comprehensive income	8,075	47,081
Total net assets	5,898,048	5,989,343
Total liabilities and net assets	10,415,229	9,494,864

(2) Consolidated Statement of Earnings and Comprehensive Income

[Consolidated Statement of Earnings]

(thousands of yen)

	First quarter of the previous fiscal year (period from July 1, 2018 to September 30, 2018)	First quarter of the current fiscal year (period from July 1, 2019 to September 30, 2019)
Net sales	3,180,376	3,714,822
Cost of sales	1,772,150	2,149,784
Gross profit	1,408,226	1,565,038
Selling, general and administrative expenses	1,027,929	1,050,543
Operating profit	380,296	514,494
Non-operating income		
Interest income	192	114
Dividend income	606	1,141
Gain on investments in partnership	—	2,235
Foreign exchange gains	1,151	32
Compensation for transfer	—	1,890
Other	49	920
Total non-operating income	2,000	6,333
Non-operating expenses		
Interest expenses	38	125
Loss on investments in partnership	670	—
Commission expenses	668	667
Other	120	—
Total non-operating expenses	1,497	792
Ordinary profit	380,799	520,035
Profit before income taxes	380,799	520,035
Income taxes - current	25,306	3,379
Income taxes - deferred	118,146	182,612
Total income taxes	143,452	185,991
Profit	237,346	334,044
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	237,346	334,044

[Quarterly consolidated statement of comprehensive income]

First quarter consolidated cumulative period

	(thousands of yen)	
	First quarter of the previous fiscal year (period from July 1, 2018 to September 30, 2018)	First quarter of the current fiscal year (period from July 1, 2019 to September 30, 2019)
Profit	237,346	334,044
Other comprehensive income		
Valuation difference on available-for-sale securities	11,881	38,847
Deferred gains or losses on hedges	3	1
Foreign currency translation adjustment	3,549	157
Total other comprehensive income	15,435	39,005
Comprehensive income	252,782	373,049
Comprehensive income attributable to		
Owners of parent	252,782	373,049
Non-controlling interests	—	—

(3) Consolidated Statement of Cash Flows

(thousands of yen)

	First quarter of the previous fiscal year (period from July 1, 2018 to September 30, 2018)	First quarter of the current fiscal year (period from July 1, 2019 to September 30, 2019)
Cash flows from operating activities		
Profit before income taxes	380,799	520,035
Depreciation	37,224	42,735
Share-based compensation expenses	—	1,187
Increase (decrease) in allowance for doubtful accounts	△523	△8,062
Increase (decrease) in provision for bonuses	△322,754	△572,271
Increase (decrease) in provision for bonuses for directors (and other officers)	△107,863	△125,981
Increase (decrease) in provision for loss on order received	△439	△60,058
Interest and dividend income	△798	△1,255
Interest expenses	38	125
Commission expenses	668	667
Loss (gain) on investments in partnership	670	△2,235
Decrease (increase) in notes and accounts receivable - trade	182,754	△153,082
Decrease (increase) in inventories	△84,190	9,616
Increase (decrease) in notes and accounts payable - trade	△15,256	33,452
Increase (decrease) in accounts payable - other and accrued expenses	112,860	19,666
Increase (decrease) in unearned revenue	△108,982	△137,075
Increase (decrease) in deposits	111,450	141,979
Other, net	△10,758	△24,117
Subtotal	174,899	△314,674
Interest and dividend income received	737	1,431
Interest expenses paid	△38	△125
Income taxes paid	△625,554	△627,913
Other	△120	—
Net cash provided by (used in) operating activities	△450,077	△941,282
Cash flows from investing activities		
Purchase of property, plant and equipment	△37,820	△61,281
Purchase of intangible assets	△5,403	△16,904
Payments for leasehold and guarantee deposits	△10,169	△33,376
Proceeds from leasehold and guarantee deposits	—	3,009
Other, net	1,247	49
Net cash provided by (used in) investing activities	△52,145	△108,503
Cash flows from financing activities		
Repayments of finance lease obligations	△806	△1,267
Purchase of treasury shares	△27	—
Cash dividends paid	△225,295	△281,755
Net cash provided by (used in) financing activities	△226,130	△283,022
Effect of exchange rate change on cash and cash equivalents	3,217	213
Net increase (decrease) in cash and cash equivalents	△725,135	△1,332,593
Cash and cash equivalents at beginning of period	4,566,875	5,195,137
Cash and cash equivalents at beginning of period	3,841,740	3,862,543

(4) Notes to the Consolidated Financial Statements

(Notes on Going-Concern Assumptions)

Not applicable

(Notes on significant changes in the amount of shareholders equity)

Not applicable

(Segment Information and Others)

First Quarter of the Previous Fiscal Year (period from July 1, 2018 to September 30, 2018)

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

(thousands of yen)

	Reporting segment			Totals
	Consolidated Accounting	Business Intelligence	Outsourcing	
Revenue				
Sales to outside customers	1,778,241	1,147,267	254,867	3,180,376
Intersegment sales and adjustments	4,859	14,152	125,673	144,685
Total	1,783,100	1,161,420	380,540	3,325,062
Segment income	244,499	102,156	101,751	448,407

2. Difference between the total amount of profit or loss of reportable segments and the amount recorded in the quarterly consolidated statement of income

(thousands of yen)

Profits	Amount
Total amount of reportable segments	448,407
Elimination of transaction between the Company and segment	169,173
Corporate expenses (Note)	(237,284)
Others	0
Operating Income reported in consolidated financial statements	380,296

(Note) Corporate expenses are mainly general and administrative expenses that do not belong to any of its reportable segments.

First Quarter of the Current Fiscal Year (period from July 1, 2019 to September 30, 2019)

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

(thousands of yen)

	Reporting segment			Totals
	Consolidated Accounting	Business Intelligence	Outsourcing	
Revenue				
Sales to outside customers	1,918,567	1,423,073	373,180	3,714,822
Intersegment sales and adjustments	4,320	6,141	131,236	141,698
Total	1,922,888	1,429,215	504,417	3,856,520
Segment income	330,201	180,586	118,140	628,929

2. Difference between the total amount of profit or loss of reportable segments and the amount recorded in the quarterly consolidated statement of income

(thousands of yen)

Profits	Amount
Total amount of reportable segments	628,929
Elimination of transaction between the Company and segment	170,274
Corporate expenses (Note)	(285,088)
Others	379
Operating Income reported in consolidated financial statements	514,494

(Note) Corporate expenses are mainly general and administrative expenses that do not belong to any of its reportable segments.

(Significant Subsequent Matters)

At the Board of Directors meeting held on October 31, 2019, the Company resolved a partial change to the Articles of Incorporation accompanying stock splits and stock splits. The details of the stock split and partial amendments to the Articles of Incorporation accompanying the stock split are as follows.

1. Stock split

(1) Purpose of the stock split

The purpose of the stock split is to improve the liquidity of the Company's stock and expand the investor base by reducing the amount of the Company's stock per investment unit.

(2) Overview of the stock split

(i) Method of stock split: On Saturday, November 30, 2019 (effectively on Friday, November 29) as the record date, two ordinary shares owned by the shareholders listed or recorded in the last shareholder register will be divided in proportion.

(ii) Number of shares to be increased due to the stock split

Total number of issued shares before the stock split	18,793,491 shares
Number of shares to be increased due to the current stock split	18,793,491 shares
Total number of issued shares after the stock split	37,586,982 shares
Total number of authorized shares after the stock split	62,304,000 shares

(iii) Schedule of split

Date of announcement of base date	Friday, November 15, 2019
Base date	Saturday, November 30, 2019
Effective date	Sunday, December 1, 2019

(iv) Impact on per share information

Assuming the stock split was conducted at the beginning of the previous consolidated fiscal year, the figures for per share information are as follows:

	First quarter of previous fiscal year (from July 1, 2018 to September 30, 2018)	First quarter of current fiscal year (from July 1, 2019 to September 30, 2019)
Net income per share for the quarter	6.32 yen	8.89 yen

(Note) Diluted net income per share is not shown because there are no dilutive shares.

2. Partial Amendments to the Articles of Incorporation

(1) Reasons for the Amendment

Article 5 of the Articles of Incorporation of the Company shall be amended as of December 1, 2019 (Sunday) in accordance with the provisions of Article 184, Paragraph 2 of the Companies Act following the stock split. The total number of shares that can be issued shall be amended.

(2) Details of the change

Current	Amended
(Total number of authorized shares) Article 5 The total number of authorized shares of the Company shall be <u>31,152,000 shares</u> .	(Total number of authorized shares) Article 5 The total number of authorized shares of the Company shall be <u>62,304,000 shares</u> .

(3) Schedule of change

Effective date: Sunday, December 1, 2019

3. Other

There will be no change in the amount of the Company's capital upon this stock split.