

September 15, 2020

AVANT Corporation

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

AVANT Corporation (security code: 3836) would like to announce that further corrections have been made to the "Summary Report for the Fiscal year ended June 2020 [Japanese standards] (consolidated)" and "Financial Results Briefing" released on August 3, 2020 and revised on August 17, 2020. The revised numeric data related to the Summary Report was transmitted for the system. The revised documents are posted on the Company's website.

1. Reason for correction

In the fiscal year ending June 2020, there was a partial error in the processing of corporate taxes. In the Correction Note dated August 17, revisions were made to the consolidated balance sheets and consolidated income statement. This revision is intended to correct the consolidated cash flow statement and related explanation.

2. Corrections

<Consolidated Summary Report of under Japanese GAAP for the Fiscal Year ended June 30, 2020, page 7>

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

(3) Discussion on Cash Flows

(before correction)

Major outflows included income taxes paid of 799 million yen and an increase in accounts payable-other and accrued expenses of 124 million yen.

(after correction)

Major outflows included income taxes paid of 913 million yen and a decrease in accounts

payable-other and accrued expenses of 10 million yen.

<Consolidated Summary Report of under Japanese GAAP for the Fiscal Year ended June 30, 2020, page 16>

(before correction)

3. Unaudited Consolidated Financial Statements

(4) Consolidated Statements of Cash Flows

	Previous fiscal year (period from July 1, 2018 to June 30, 2019)	Current fiscal year (period from July 1, 2019 to June 30, 2020)
(thousands of yen)		
Cash flows from operating activities		
Profit before income taxes	2,003,783	2,282,082
Depreciation	167,080	227,944
Share-based remuneration expenses	3,562	8,623
Increase (decrease) in allowance for doubtful accounts	866	(9,277)
Increase (decrease) in provision for bonuses	161,824	(4,501)
Increase (decrease) in provision for bonuses for directors (and other officers)	24,294	(17,779)
Increase (decrease) in provision for loss on order received	55,748	(44,171)
Interest and dividend income	(4,080)	(5,797)
Compensation for forced relocation	(8,137)	-
Interest expenses	149	744
Commission expenses	2,649	4,755
Share issuance costs	942	413
Compensation for damage	1,620	-
Settlement received	(31,200)	-
Loss (gain) on investments in investment partnerships	2,571	(371)
Subsidy income	(990)	(2,220)
Decrease (increase) in trade receivables	(512,541)	182,057
Decrease (increase) in inventories	(84,168)	38,307
Decrease (increase) in prepaid expenses	(28,377)	(66,011)
Increase (decrease) in trade payables	77,404	(83,085)
Increase (decrease) in accounts payable - other, and accrued expenses	24,533	(124,535)
Increase (decrease) in accrued consumption taxes	37,548	152,446
Increase (decrease) in unearned revenue	182,593	218,453
Increase in long-term accounts receivable	-	(34,706)
Other, net	(4,807)	(40,670)
Subtotal	2,072,870	2,682,699
Interest and dividends received	4,138	6,021
Interest paid	(149)	(744)
Proceeds from compensation for forced relocation	5,695	-
Compensation for damage paid	(1,620)	-
Settlement package received	31,200	-
Proceeds from subsidy income	990	2,220
Income taxes paid	(792,905)	(799,440)
Net cash provided by (used in) operating activities	1,320,217	1,890,755

(after correction)

(thousands of yen)

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Cash flows from operating activities		
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Settlement package received	31,200	—
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Income taxes paid	(792,905)	(913,944)
Net cash provided by (used in) operating activities	1,320,217	1,890,755

<Financial Results Briefing for the Fiscal Year ended June 30, 2020, page 12>
(before correction)

Key Factors for change	(millions of yen)
• Income before income taxes and minority interests	2,282
• Depreciation expense	227
• Increase in deferred revenue	218
• Decrease in account receivable	182
• Decrease in accrued expenses and others	(125)
• Decrease in notes and accounts payable – trade	(83)
• Income taxes paid	(800)
• Purchase of tangible fixed assets	(236)
• Deposit paid	(138)
• Payment of shareholder dividends	(281)

(after correction)

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• Income before income taxes and minority interests	2,282
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• Increase in deferred revenue	218
• Decrease in account receivable	182
• Decrease in notes and accounts payable – trade	(83)
• Decrease in provision	(75)
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<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