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Consolidated Summary Report under Japanese GAAP
For the Third Quarter of the Fiscal Year ending June 30, 2020

May 7, 2020

Name of listed company **AVANT CORPORATION** Listed stock exchanges Tokyo
 Stock code 3836 URL <https://www.avantcorp.com/>
 Representative (Title) President and Group CEO (Name) Tetsuji Morikawa
 Contact (Title) Director and Group CFO (Name) Naoyoshi Kasuga (TEL) 03-6388-6739
 Scheduled date to file Quarterly Securities Report: May 14, 2020 Scheduled date of commencement of dividend payment -
 Supplementary materials for quarterly financial results: Yes
 Quarterly results briefing: No (for analysts)

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

1. Consolidated results for the third quarter of Fiscal Year ending June 30, 2020

(1) Consolidated operating results (cumulative) (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	%
Third quarter of Fiscal Year ending June 30, 2020	11,784	11.5	1,837	6.5	1,687	5.0	1,692	5.3	1,018	(1.2)
Third quarter of Fiscal Year ended June 30, 2019	10,565	20.3	1,725	37.8	1,607	41.5	1,607	41.5	1,030	38.7

(Notes) Comprehensive income: Third quarter of Fiscal Year ending June 30, 2020 1,024 millions of yen(-1.8 %) Third quarter of Fiscal Year ended June 30, 2019 1,043 millions of yen (41.2%)

	Net Income per Share ^(Note)	Diluted Net Income per share
Third quarter of Fiscal Year ending June 30, 2020	27.09 yen	-
Third quarter of Fiscal Year ended June 30, 2019	27.44 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
Third quarter of Fiscal Year ending June 30, 2020	10,448 Millions of yen	6,655 Millions of yen	63.7 %
Fiscal year ended June 30, 2019	10,415	5,898	56.6

(Reference) Shareholders' equity: Third quarter of Fiscal Year ending June 30, 2020 6,655 millions of yen Fiscal Year Ended June 30, 2019 5,898 millions of yen

2. Dividends on Common Stock

	Dividend per share				
	End of first quarter	End of second quarter	End of the third quarter	Fiscal Year end	Total
Fiscal Year Ended June 30, 2019	— Yen	0.00 Yen	— Yen	15.00 Yen	15.00 Yen
Fiscal year ending June 30, 2020	—	0.00	—		
Fiscal Year ending June 30, 2020 (Forecast)				9.00	9.00

(Note) Revisions to the most recently announced dividend forecast : None

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

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

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent company		Net income per share
Fiscal Year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	15,480	10.0	2,165	10.1	2,165	9.8	1,353	2.7	36.00

(Note) Revisions to the consolidated earnings forecasts most recently announced : None

The Company conducted a 2-for-1 common stock split on December 1, 2019. Net income per share is calculated by considering the stock split.

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) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements : None

(3) 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

(4) Number of shares outstanding (common stock)

(i) Number of shares outstanding including treasury stock

As of March 31, 2020	37,586,982 shares	As of June 30, 2019	37,570,188 shares
As of March 31, 2020	2,911 shares	As of June 30, 2019	2,842 shares
Third quarter of Fiscal Year ending June 30, 2020	37,577,532 shares	Third quarter of Fiscal Year ended June 30, 2019	37,560,130 shares

(ii) Number of treasury stock

(iii) Average number of shares

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

※ This quarterly financial results report is not subject to quarterly 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 depending on a range of factors. Please refer to "Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements" on page 8 for the assumptions for earnings forecasts and notes for using earnings forecasts.

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

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1. Qualitative Information on Current Quarterly Results

(1) Management's Discussion on Operations

The consolidated results for the current third quarter cumulative period (hereinafter referred to as "the third quarter") are as follows.

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

	Fiscal Year ended June 30, 2019 Third Quarter	Fiscal Year ending June 30, 2020 Third Quarter	Year on Year Change	
			Amount	%
Revenue	10,565	11,784	1,219	11.5
Operating income	1,607	1,687	79	5.0
Ordinary income	1,607	1,692	84	5.3
Net Profit attributable to owners of parent company	1,030	1,018	(12)	(1.2)

Consolidated revenue was 11,784 million yen (up 11.5% year on year), achieving double-digit growth. While the Business Intelligence Business and the Outsourcing Business both recorded significant growth, the Consolidated Accounting-related Business also grew mainly due to the continuation of large-scale projects with additional sales, which were scheduled to level off in the fiscal year under review.

In the mid-term management plan announced in September 2018, one of the management targets was to increase the ratio of recurring revenue (e.g. software maintenance fees, among other continuously generated revenue). While some of the results have begun to emerge, such as an increase in cloud sales in the Consolidated Accounting-related business, there was also a favorable impact from non-recurrent revenue, mainly in the Business Intelligence business. As a result, the total amount of recurrent revenue increased 16.7% year on year, but the ratio of recurrent revenue to total revenue remained almost unchanged at 32.0%.

Operating income increased 5.0% year on year to 1,687 million yen, and ordinary income increased 5.3% year on year to 1,692 million yen. While there was an upward trend in costs associated with the increase in the level of employee compensation to improve competitiveness and the opening and expansion of offices, we continued our focus on accumulating new orders for highly profitable projects and our efforts to improve quality and productivity of existing projects. However, profit attributable to owners of parent company declined slightly to 1,018 million yen in the same period of the previous fiscal year (down 1.2% year on year) which reflected a lower corporate tax burden caused by the application of the employment promotion tax allowance and other factors.

In the event when infectious diseases caused by new coronavirus spread so much to adversely affects the performance of domestic companies and restrains IT investment, this could have a significant impact on the Group's operating results. However, there was no significant impact in the third quarter of the fiscal year under review.

The status of each reportable segment is as follows.

(i) Revenue for the quarter

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

	Fiscal Year ended June 30, 2019 Third Quarter	Fiscal Year ending June 30, 2020 Third Quarter	Year on Year Change	
			Amount	%
Consolidated Accounting	6,016	6,330	313	5.2
Business Intelligence	3,784	4,381	597	15.8
Outsourcing	1,199	1,535	335	27.9
Elimination of inter-segment transactions	(435)	(462)	(26)	—
Consolidated net sales	10,565	11,784	1,219	11.5

(ii) Operating Income

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

	Fiscal Year ended June 30, 2019 Third Quarter	Fiscal year ending June 30, 2020 Third Quarter	Year on Year Change	
			Amount	%
Consolidated Accounting	953	1,088	134	14.1
Business Intelligence	546	561	14	2.6
Outsourcing	281	368	87	31.0
Corporate Expenses and Elimination of inter-company transaction	(174)	(330)	(156)	—
Consolidated operating income	1,607	1,687	79	5.0

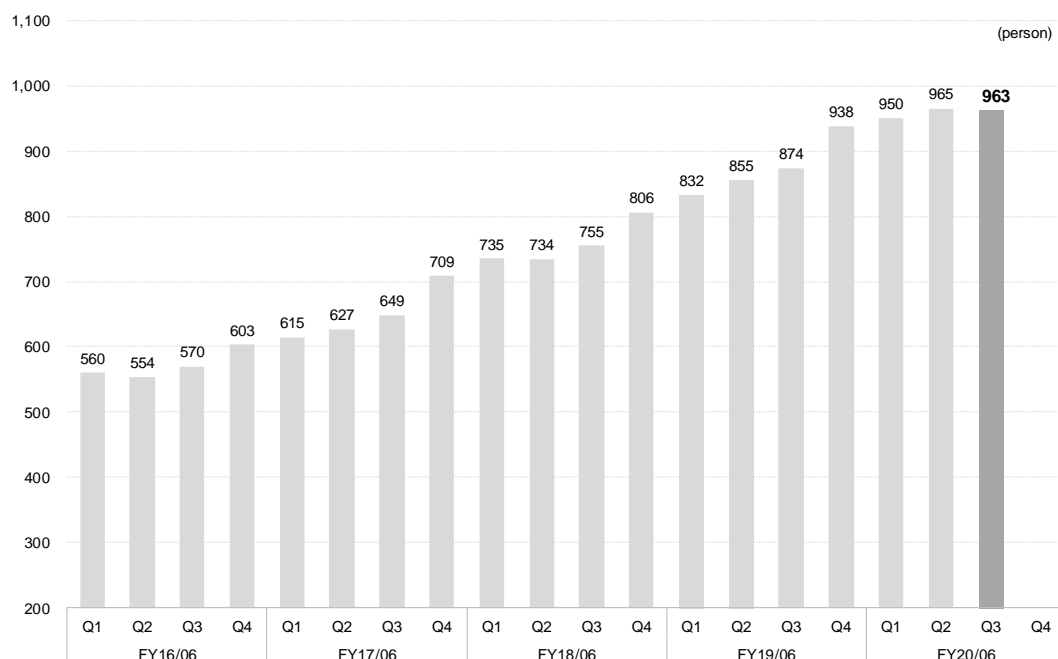
In the Consolidated Accounting-related business, at the beginning of the fiscal year, we anticipated that the large-scale projects that had contributed greatly to revenue up to the previous fiscal year would level off. However, during the quarter under review, we continue to receive additional sales from this client. At the same time, we saw solid new sales in areas other than large-scale projects, and segment revenue increased 5.2% year on year to 6,330 million yen. Personnel expenses rose due to an increase in the number of employees, and expenses rose due to the renovation of an existing office and opening of a new office. Despite these increases in expenses, we were able to improve overall profitability as a result of our efforts to improve project quality and productivity. As a result, operating income increased 14.1% year on year to 1,088 million yen.

In the Business Intelligence business, we continue to observe favorable market environment where corporations invest heavily in visualizing corporate management information as part of their efforts to promote digital transformation. As a result, net sales increased significantly to 4,381 million yen (up 15.8% year on year). On the other hand, operating income increased only slightly to 561 million yen (up 2.6% year on year), due in part to an increase in personnel expenses accompanying an increase in remuneration levels and an increase in the number of employees, as well as an increase in expenses related to the opening of a new office.

In the Outsourcing business, demand continued to be strong as enterprise clients continue strengthen and examine the group governance system and review the roles of the accounting department in their organization. In addition, sales in other than consolidated accounting and disclosure fields such as treasury management solutions increased, and segment revenue increased 27.9% year on year to 1,535 million yen. Despite an increase in expenses such as office floor space accompanying an increase in the number of employees, operating income increased significantly to 368 million yen (up 31.0% year on year).

The number of employees on a consolidated basis was 963 at the end of the second quarter, an increase of 25 from the beginning of the fiscal year.

Quarterly trends of number of employees of the Group



Orders and sales by segment for the third quarter are as follows;

(i) New Orders and Outstanding Orders for the quarter

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

	Fiscal Year ended June 30, 2019 Third Quarter		Fiscal Year ending June 30, 2020 Third Quarter		YoY	
	New Orders	Outstanding Orders	New Orders	Outstanding Orders	Increase (decrease)	
					New Orders	Outstanding Orders
Consolidated Accounting	5,195	1,611	5,846	1,689	651	77
Business Intelligence	3,899	1,044	4,103	926	204	(118)
Outsourcing	1,122	597	1,573	891	451	294
Elimination of inter-segment transactions	(409)	(177)	(368)	(209)	40	(32)
Total	9,807	3,076	11,155	3,298	1,347	221

(ii) Sales Results

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

	Fiscal Year Ended June 30, 2019 Third Quarter	Fiscal Year ending June 30, 2020 Third Quarter	YoY	
			Increase (decrease)	Rate of change (%)
Consolidated Accounting	6,016	6,330	313	5.2
Business Intelligence	3,784	4,381	597	15.8
Outsourcing	1,199	1,535	335	27.9
Elimination of inter-segment transactions	(435)	(462)	(26)	—
Total	10,565	11,784	1,219	11.5

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

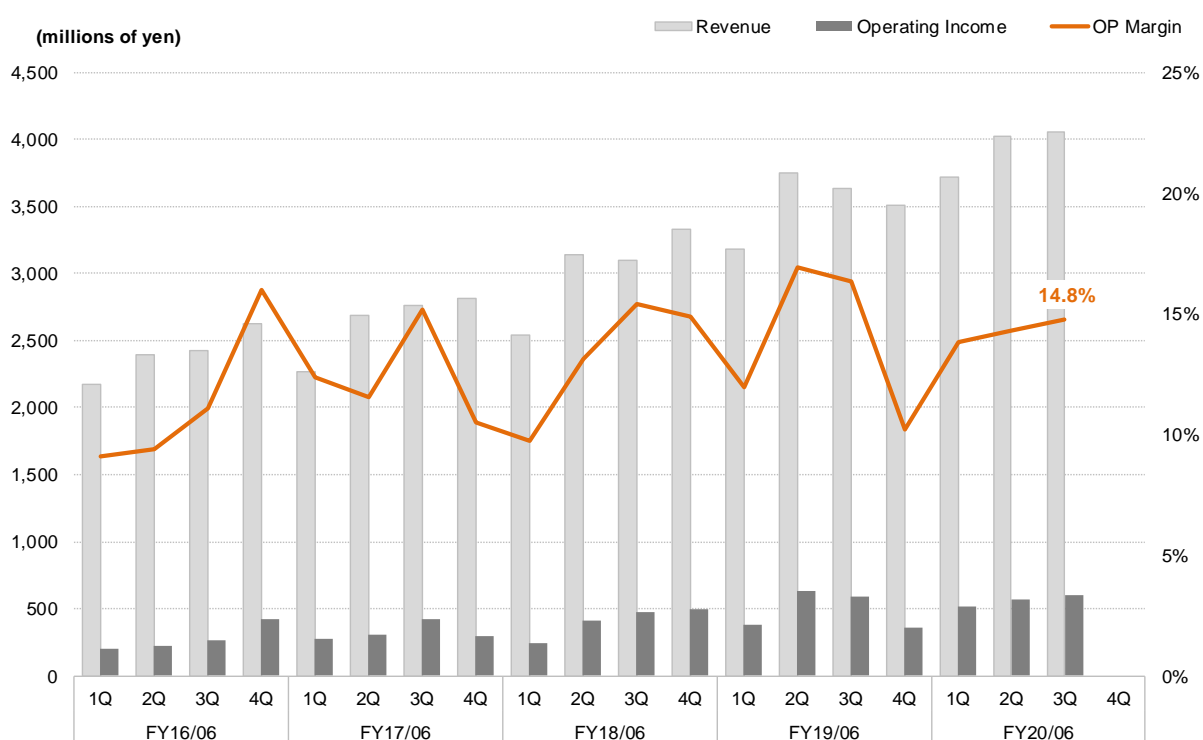
Revenue and Operating Income by quarter are as follows.

Revenue and Operating Income for the last four quarters

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

	Fiscal Year ended June 30, 2019	Fiscal Year ending June 30, 2020		
	Fourth Quarter	First Quarter	Second Quarter	Third Quarter
Revenue	3,512	3,714	4,019	4,050
Operating income	358	514	574	598
Operating profit margins (%)	10.2	13.8	14.3	14.8

Quarterly trends of revenue, operating income and operating margins



(2) Discussion on Financial Condition

(i) Financial position

Total assets at the end of the third quarter amounted to 10,448 million yen (up 33 million yen from the end of the previous fiscal year). This was mainly attributable to a 185 million yen increase in non-current assets, which was attributable to a 217 million yen increase in property, plant and equipment resulting from expansion of offices and network improvements, despite a 152 million yen decrease in current assets due to a 121 million yen decrease in notes and accounts receivable-trade and other factors.

Total liabilities amounted to 3,792 million yen, a decrease of 724 million yen from the end of the previous fiscal year. This was mainly attributable to a 823 million decrease in current liabilities due to a 283 million yen decrease in income taxes payable, a 365 million yen decrease in unearned revenue, and a 155 million yen decrease in provision for bonuses.

Net assets amounted to 6,655 million yen (up 757 million yen from the end of the previous fiscal year), due to the recording of 1,018 million yen in profit attributable to owners of parent and the payment of 281 million yen in dividends from surplus. As a result, the shareholders' equity ratio improved 7.1% points from the previous fiscal year to 63.7% (56.6% at the end of the previous fiscal year). On the other hand, we believe that we are maintaining a stable financial balance without interest-bearing debt.

(ii) Cash Flow

Cash and cash equivalents (hereinafter, "cash") at the end of the third quarter of the fiscal year under review decreased by 79 million yen from the end of the previous fiscal year to 5,115 million yen. The status of each type of cash flow and its factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 467 million yen. (provision of 264 million yen in the same period of the previous fiscal year)

Major components of the increase were income before income taxes of 1,692 million yen, amortization of non-current assets of 149 million yen, a decrease in notes and accounts receivable-trade of 121 million yen, and an increase in accounts payable-other and accrued expenses of 49 million yen. Major components of the decrease were a decrease of 155 million yen in provision for bonuses, 365 million yen in decrease in unearned revenue, and 926 million yen in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities was 258 million yen. The main components of expenditures (compared to the use of 223 million yen in the same period of the previous fiscal year) were the purchase of property, plant and equipment of 157 million yen due to an increase in the floor space of offices and the purchase of intangible assets of 53 million yen due to an increase in software.

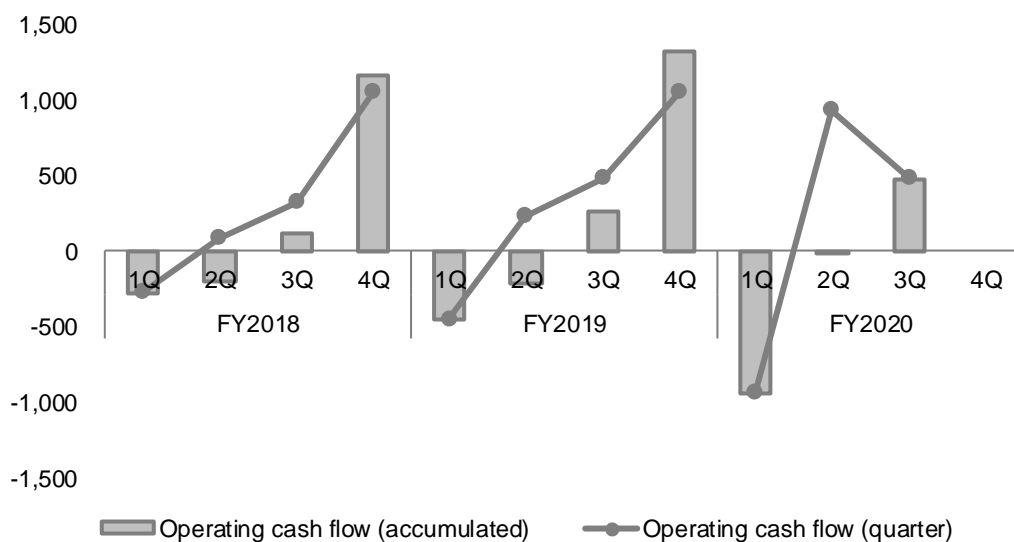
(Cash flows from financing activities)

Net cash used in financing activities was 289 million yen. (Use of 230 million yen in the same period of the previous fiscal year)

Use of cash mainly consist of cash dividends paid of 281 million yen.

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

Quarterly Trends of Operating Cash Flow (millions of yen)



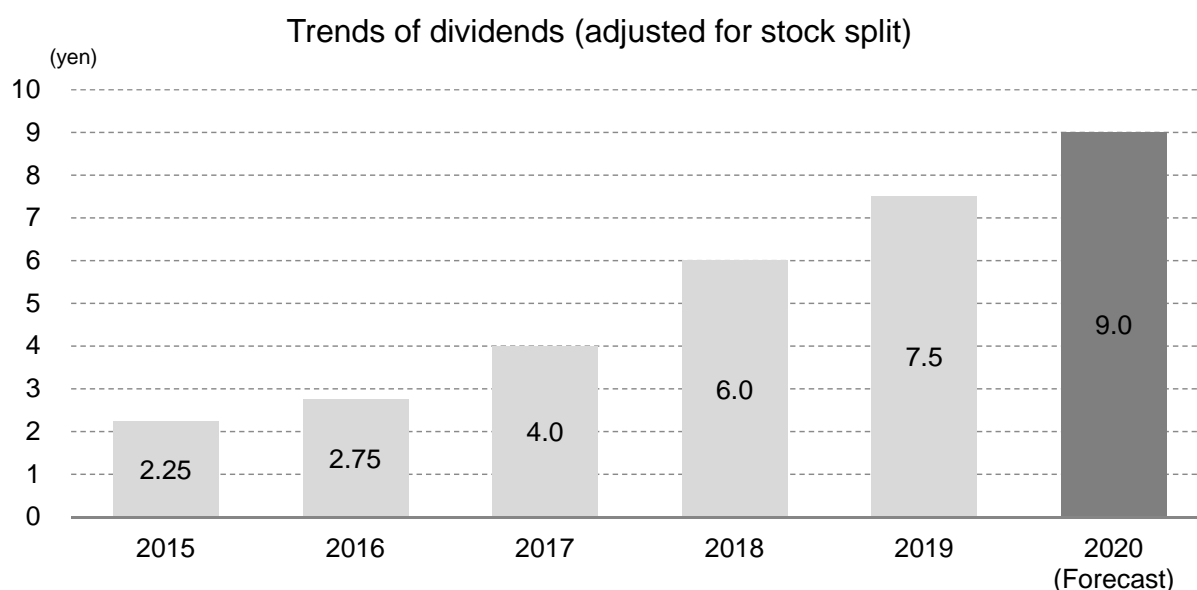
※ accumulated cash flow from operation for the second quarter of Fiscal Year ending June 30, 2020 was use of 13 million

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements

In September 2018, we announced a 5-year plan (5-year target) to be achieved by the fiscal year ending June 30, 2023 as part of our medium-term management plan. In the fiscal year ending June 30, 2020, the second year of the plan, the Group will continue to grow its three existing businesses while promoting various activities aimed at dramatically increasing the ratio of recurring revenue, which is an important goal of the current medium-term management plan. As a result, we expect to achieve net sales of 15,480 million yen (up 10.0% year on year) and operating income of 2,165 million yen (up 10.1%).

In the event when infectious diseases caused by new coronavirus spread so much to adversely affects the performance of domestic companies and restrains IT investment, this could have a significant impact on the Group's operating results. However, we expect that this impact will be limited in the fiscal year ending June 2020.

With regard to dividends, we will adhere to the previous policy and raise the dividend on net assets ratio while keeping in mind that it will consistently exceed the average for all listed companies. At the same time, we will strive to pay stable dividends (in principle, dividends per share will not fall below the level of the previous fiscal year). In accordance with this policy, the Company forecasts a dividend of 9 yen per share (adjusted for the stock split on December 1, 2019).



2. Unaudited Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(thousands of yen)	
	End of previous fiscal year (As of June 30, 2019)	End of third quarter of the fiscal year under review (As of March 31, 2020)
Assets		
Current assets		
Cash and deposits	5,160,507	5,080,468
Notes and accounts receivable - trade	2,525,653	2,404,237
Securities	—	10,896
Work in process	178,271	173,119
Raw materials and supplies	16,584	16,082
Others	522,747	567,346
Allowance for doubtful accounts	(5,296)	(6,131)
Total current assets	8,398,467	8,246,020
Non-current assets		
Property, plant and equipment	277,096	494,467
Intangible assets		
Software	164,304	156,768
Others	782	754
Total intangible assets	165,087	157,522
Investments and other assets		
Investment securities	397,868	407,364
Leasehold and guarantee deposits	687,567	657,652
Deferred tax assets	392,827	345,926
Others	105,906	139,692
Allowance for doubtful accounts	(9,591)	—
Total investments and other assets	1,574,578	1,550,636
Total non-current assets	2,016,762	2,202,626
Total assets	10,415,229	10,448,646

(thousands of yen)

	End of previous fiscal year (As of June 30, 2019)	End of third quarter of the fiscal year under review (As of March 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	511,503	508,696
Lease obligations	3,515	12,749
Accounts payable - other and accrued expenses	377,355	462,408
Income taxes payable	296,693	13,362
Deferred revenues	1,857,288	1,492,108
Provision for bonuses	723,591	567,980
Provision for directors' bonuses (and other officers)	138,778	137,393
Provision for loss on order received	60,058	50
Others	379,272	329,742
Total current liabilities	4,348,056	3,524,491
Non-current liabilities		
Lease obligations	6,862	41,613
Asset retirement obligations	162,262	226,552
Total non-current liabilities	169,124	268,166
Total liabilities	4,517,181	3,792,657
Net assets		
Shareholders' equity		
Share capital	295,525	303,271
Capital surplus	232,325	240,071
Retained earnings	5,362,527	6,098,853
Treasury shares	(404)	(476)
Total shareholders' equity	5,889,973	6,641,720
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,067	16,038
Deferred gains or losses on hedges	3	12
Foreign currency translation adjustments	(2,995)	(1,782)
Total accumulated other comprehensive income	8,075	14,269
Total net assets	5,898,048	6,655,989
Total liabilities and net assets	10,415,229	10,448,646

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

(Thousands of yen)

	First nine-month period of previous fiscal year (From July 1, 2018 to March 31, 2019)	First nine-month period of fiscal year under review (From July 1, 2019 to March 31, 2020)
Net sales	10,565,237	11,784,699
Cost of sales	5,758,719	6,468,526
Gross profit	4,806,518	5,316,173
Selling, general and administrative expenses	3,198,858	3,628,688
Operating income	1,607,659	1,687,484
Non-operating income		
Interest income	406	327
Dividends income	1,798	3,910
Gain on investments in partnerships	—	1,557
Foreign exchange gains	685	266
Compensation for transfer	990	2,220
Others	420	329
Total non-operating income	4,300	8,610
Non-operating expenses		
Interest expenses	115	452
Loss on investments in partnerships	960	—
Commission expenses	1,987	2,590
Stock issuance	942	413
Others	120	—
Total non-operating expenses	4,126	3,457
Ordinary income	1,607,833	1,692,637
Extraordinary income		
Settlement received	31,200	—
Total extraordinary income	31,200	—
Profit before income taxes	1,639,033	1,692,637
Income taxes - current	657,229	630,759
Income taxes - deferred	(48,927)	43,796
Total income taxes	608,302	674,555
Profit	1,030,731	1,018,081
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent company	1,030,731	1,018,081

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	First nine-month period of previous fiscal year (From July 1, 2018 to March 31, 2019)	First nine-month period of fiscal year under review (From July 1, 2019 to March 31, 2020)
Profit	1,030,731	1,018,081
Other comprehensive income		
Valuation difference on available-for-sale securities	12,028	4,971
Deferred gains or losses on hedges	(6)	9
Foreign currency translation adjustments	515	1,213
Total other comprehensive income	12,537	6,193
Comprehensive income	1,043,268	1,024,275
Comprehensive income attributable to;		
Comprehensive income attributable to owners of parent company	1,043,268	1,024,275
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	First nine-month period of previous fiscal year (From July 1, 2018 to March 31, 2019)	First nine-month period of fiscal year under review (From July 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Profit before income taxes	1,639,033	1,692,637
Depreciation	117,465	149,561
Share-based remuneration expenses	2,375	6,144
Increase (decrease) in allowance for doubtful accounts	909	(8,756)
Increase (decrease) in provision for bonuses	42,488	(155,611)
Increase (decrease) in provision for bonuses for directors (and other officers)	(52,852)	(1,384)
Increase (decrease) in provision for loss on order received	(2,930)	(60,008)
Interest and dividend income	(2,205)	(4,237)
Interest expenses	115	452
Commission expenses	1,987	2,590
Share issuance cost	942	413
Compensation for damage	120	—
Settlement received	(31,200)	—
Loss (gain) on investments in investment partnerships	960	(1,557)
Subsidy income	(990)	(2,220)
Decrease (increase) in trade receivables	(566,099)	121,423
Decrease (increase) in inventories	(25,233)	5,653
Increase (decrease) in trade payables	127,115	(2,807)
Increase (decrease) in accounts payable - other, and accrued expenses	113,010	49,172
Increase (decrease) in unearned revenue	(350,184)	(365,179)
Other, net	7,637	(38,394)
Subtotal	(1,022,466)	1,387,893
Interest and dividends received	2,358	4,555
Interest paid	(115)	(452)
Compensation for damage paid	(120)	—
Settlement package received	31,200	—
Proceeds from subsidy income	990	2,220
Income taxes paid	(792,510)	(926,239)
Net cash provided by (used in) operating activities	264,267	467,976
Cash flow from investing activities		
Proceeds from redemption of securities	33,780	—
Purchase of property, plant and equipment	(69,868)	(157,636)
Purchase of intangible assets	(22,280)	(53,774)
Purchase of investment securities	(90,911)	(10,870)
Payments for leasehold and guarantee deposits	(72,663)	(35,286)
Proceeds from leasehold and guarantee deposits	138	3,009
Purchase of insurance funds	(4,459)	(4,459)
Others	2,750	317
Net cash provided by (used in) investing activities	(223,515)	(258,699)
Cash flow from financing activities		
Repayments of finance lease obligations	(2,542)	(5,104)
Payment of commissions	(1,878)	(2,562)
Purchase of treasury stock	(27)	(71)
Cash dividends paid	(225,295)	(281,755)
Others	(942)	(413)
Net cash provided by (used in) financing activities	(230,686)	(289,907)

	(Thousands of yen)	
	First nine-month period of previous fiscal year (From July 1, 2018 to March 31, 2019)	First nine-month period of fiscal year under review (From July 1, 2019 to March 31, 2020)
Effect of exchange rate change on cash and cash equivalents	(44)	1,482
Net increase (decrease) in cash and cash equivalents	(189,978)	(79,148)
Cash and cash equivalents at beginning of period	4,566,875	5,195,137
Cash and cash equivalents at the end of period	4,376,897	5,115,988

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

Not applicable.

(Segment Information, etc.)

First nine months of Fiscal Year ended June 2019 (July 1, 2018 to March 31, 2019)

1. Information on net sales and profits or losses by reported segment

(Thousands of yen)

	Reportable segments			Total
	Consolidated accounting	Business Intelligence	Outsourcing	
Revenue				
Sales to customers	5,995,997	3,742,717	826,523	10,565,237
Intersegment sales	21,000	41,424	373,425	435,850
Total	6,016,997	3,784,141	1,199,948	11,001,087
Segment profit	953,982	546,939	281,374	1,782,207

2. Difference between the total amount of income (loss) of reportable segments and the amount recorded in the quarterly consolidated statements of income, and the main details of said difference (matters relating to difference reconciliation)

(Thousands of yen)

Profit	Amount
Reportable segments total	1,782,207
Elimination of transactions between the Company and its operating segments	523,117
Corporate expenses ^(Note)	(686,878)
Others	(10,786)
Operating Income in the Quarterly Consolidated Statements of Income	1,607,659

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

First nine months of Fiscal Year ending June 2020 (July 1, 2019 to March 31, 2020)

1. Information on net sales and profits or losses by reported segment

(Thousands of yen)

	Reportable segments			Total
	Consolidated Accounting	Business Intelligence	Outsourcing	
Revenue				
Sales to customers	6,316,284	4,361,537	1,106,877	11,784,699
Intersegment sales	14,500	19,745	428,132	462,377
Total	6,330,784	4,381,282	1,535,009	12,247,077
Segment profit	1,088,237	561,198	368,656	2,018,091

2. Difference between the total amount of income (loss) of reportable segments and the amount recorded in the quarterly consolidated statements of income, and the main details of said difference (matters relating to difference reconciliation)

(Thousands of yen)

Profit	Amount
Reportable segments total	2,018,091
Elimination of transactions between the Company and its operating segments	514,752
Corporate expenses ^(Note)	(846,499)
Others	1,139
Operating Income in the Quarterly Consolidated Statements of Income	1,687,474

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