



The 26th Annual General Meeting of Shareholders

Notice of Convocation

Date

September 27, 2022 (Tuesday)
10:00 a.m. (doors open at 9:30 a.m.)

Place

1-3-2, Otemachi, Chiyoda-ku, TOKYO
Keidanren Hall, 2F, Keidanren Kaikan

AVANT

Matters to be resolved

- | | |
|------------|---|
| Proposal 1 | Appropriation of surplus |
| Proposal 2 | Partial amendment to the Articles of Incorporation |
| Proposal 3 | Election of four Directors (excluding Directors who are members of Audit Committee) |
| Proposal 4 | Election of Three Directors as members of Audit Committee |
| Proposal 5 | To set the amount of remuneration for directors (excluding directors who are members of the Audit Committee) and to determine remuneration related to performance-linked stock compensation |
| Proposal 6 | To set the amount of remuneration for directors who are members of the Audit Committee |

AVANT Corporation (Security code: 3836)

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.

To Our Shareholders

We would like to thank our shareholders for their continued understanding and support of our company. We hereby present the Notice of the 26th Ordinary General Meeting of Shareholders.

Founded in May 1997 as DIVA Corporation, we began by developing a system to produce consolidated accounting information, the basic language for companies to interact with their stakeholders, and as of May 2022, we celebrate our 25th anniversary. We would like to thank our shareholders for their support of the Group's development to date.



The idea that "a company is a public institution of society" is the starting point of my business foundation.

If a company is a public institution, we would like to contribute to society by helping many companies improve their "public power" using IT. This is the basic philosophy of the Avant Group, which is celebrating its 25th anniversary.

What does it mean to improve the power of public institutions? The first is to determine the company's public power based on a variety of information, including financial as well as non-financial information, and to put a value on it. I call it "pricing". The other is "dialogue". By improving the quality of our creative dialogue with various stakeholders, we will hone our ability to identify and solve problems for the company's growth, and improve our public organ capabilities. This is the essence of "Spreading Accountability" that the Avant Group has been promoting, or to put it simply, "management DX.

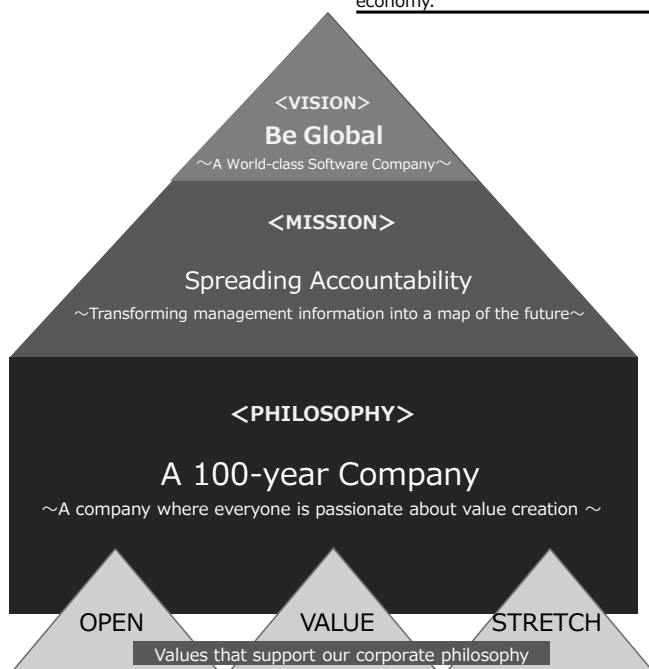
In order to become a group that contributes to the enhancement of corporate value through "Management DX," it is necessary to shift to a new organizational and governance structure. We ask for the understanding and support of our shareholders regarding our reorganization and transition to a company with an Audit Committee. On October 1, we will launch the New Avant Corporation Group. New Diva will be responsible for the "Consolidated Financial Disclosure DX" to promote creative disclosure. New Avant for "Management Information DX" to visualize corporate value. New Zeal is responsible for "DX of data utilization infrastructure" to accelerate data-driven management. These three companies aim to accelerate the growth of existing businesses and create new growth businesses.

We would like to ask our shareholders to take care of their health and to continue to support the Avant Group.

Tetsuji Morikawa,
President and Group CEO,
Avant Corporation

Avant Group's Philosophy and Materiality

Based on the corporate philosophy of "creating a company that will last 100 years," all member of the Avant Group is striving to realize its founding mission of "spreading accountability." Our goal is to "Be Global". Our goal is to "Be Global," We will evolve into a world-class software company and contribute to the development of society and the economy.



While pursuing growth opportunities in Japan, the Group aims to **establish itself as a world-class software company, using world-class SaaS companies as benchmarks.**

Our group's corporate mission is to build a **management information system that enables many companies to create sustainable corporate value for the future** by realizing the "spreading accountability" and, by extension, to **spread "best management" widely throughout society.**

The Group's corporate philosophy is to be a company that lasts 100 years as a result of **all its members being passionate about providing value to society in a free and creative manner**, passing on its transparency and management philosophy as a public institution from generation to generation.

The following values are important to the employees of our group.
OPEN: Based on an **open spirit**
VALUE: Foster a **passion for value creation**
STRETCH: **Challenge to be the best**

– Materiality (Strategy) of Avant Group –

Be a software company that helps increase corporate value

◆ Background ◆

Since its establishment, the Avant Group has been striving for the creation of high-quality management and employment with the mission of "spreading accountability. In particular, in the field of consolidated accounting systems that support consolidated management, the company has gained a high reputation in the market and has demonstrated an overwhelming presence. On the other hand, the business environment surrounding companies has changed drastically in recent years, and **it has become important for management information to be used not only for operations and disclosure obligations, but also to enhance corporate value.**

The background to this is the expansion of ESG investment and society's demand for sustainable corporate management; there is no future for the Avant Group without adapting to these changing needs, and we cannot be useful to society and customers if we remain complacent about the status quo. To move to the next stage of growth, the most important task of the Avant Group is to **"become a software company that helps increase corporate value.**

◆ Strategic Approach ◆

The target customers for the promotion of this materiality are **"any company that is expected to increase its corporate value.** In response to these customers, we will **shift the core business model of the Group to "software-based BPO that helps improve corporate value,"** and at the same time, we will **develop killer software that support numerous customers.**

◆ Our Goal ◆

The Avant Group aims to **establish a world-class software business** based on the **concept of "Software as a BPO"** by addressing this materiality. In order to contribute to the enhancement of corporate value of many customers, **it is essential to convert services into software.** By promoting the "spreading accountability" and becoming an entity that has an impact not only on corporate management but also on capital markets and society, we will take **a big step toward realizing our vision of "becoming a world-class software company.**

Avant Group's Medium-Term Management Plan

What we aim for in our mid-term management plan

In September 2018, the Group formulated "BE GLOBAL 2023," a five-year medium-term management plan through the fiscal year ending June 30, 2023, with the goal of "becoming a world-class software company. Under the medium-term management plan "BE GLOBAL 2023," we are pursuing business development based on three key strategies: (1) pursuing further sales growth and high profitability through the collective strength of the Group, (2) M&A to accelerate growth, and (3) changing our business model. As KPIs to measure progress, we have set targets for net sales, stock sales ratio, operating income, sales growth rate + operating income ratio, ROE, and dividends.

Progress of Medium-Term Management Plan

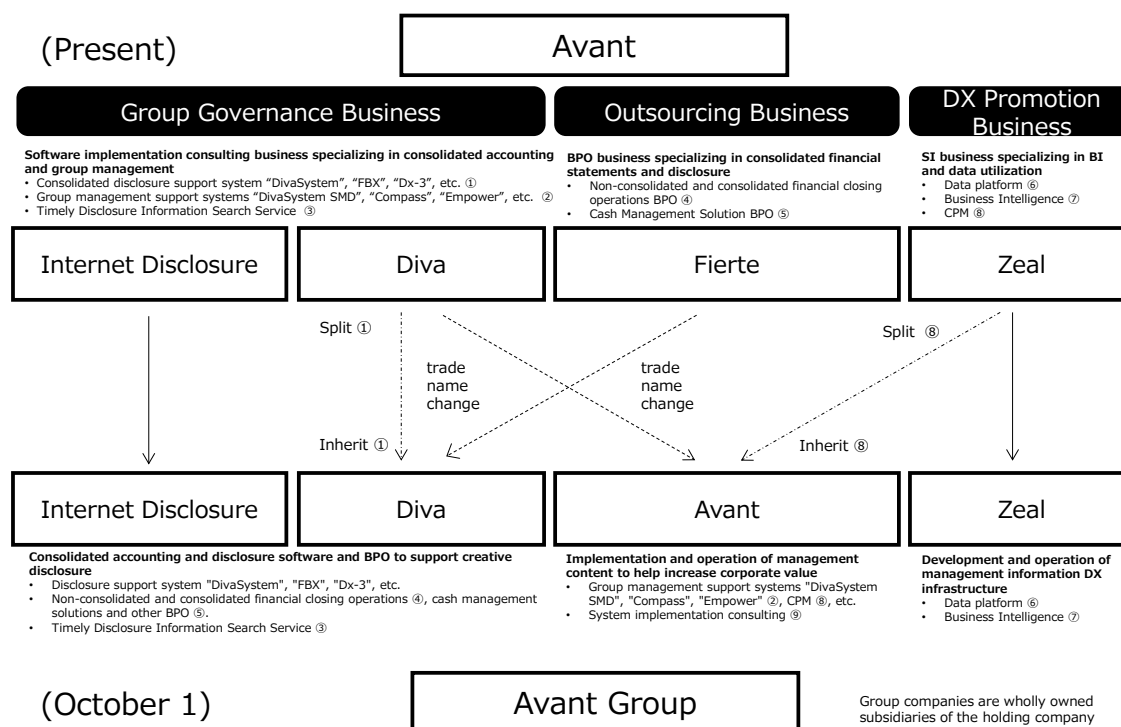
Currently, "BE GLOBAL 2023" has approximately one year remaining. Looking back at progress to date, financial KPIs such as net sales, operating income, ROE, and dividends are generally at achievable levels. In January 2021, we entered into a capital and business alliance with Metapraxix in the U.K., making the company an equity-method affiliate. However, the transformation of the business model has not yielded significant results, as the development of software, the axis of future growth, has not been realized and the stock sales ratio is well below the target of 70%.

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Target
Net Sales (¥B)	14.07	15.69	16.23	18.70	18~22
Recurring Sales Ratios (%)	31.4	32.7	36.0	34.6	70
OP Income (¥B)	1.96	2.27	2.79	3.24	3.1~3.8
Sales Growth + OP Margins (Pt)	30.2	26.0	20.7	32.6	40or more
ROE (%)	24.6	23.5	23.6	21.1	20or more
Dividends (¥)	7.5	9.0	11.0	13.0	15以上

For this reason, we began formulating the next medium-term management plan as early as the second half of 2021. Together with the Group management strategy executive team, we started by reconfirming the Group's management philosophy and summarized what the Group should do to realize its vision as the Avant Group's materiality (see page 3). Through discussions by the Group management strategy executive team and the Board of Directors on specific measures to realize this materiality, we have come to the conclusion that it would be effective to reorganize and implement the acceleration of growth in existing businesses and the creation of new growth businesses in separate organizations.

The outline of the reorganization is as follows DIVA CORPORATION will enter into an absorption-type demerger agreement with FIELTE CORPORATION for the DivaSystem and related products development business, and with ZEAL CORPORATION for the corporate performance management ("CPM") for the system development business, respectively. DIVA CORPORATION will split its DivaSystem and related product development business to FIERTE CORPORATION, which will take over the CPM system development business of ZEAL CORPORATION, and further change its trade name to AVANT CORPORATION. FIERTE CORPORATION will take over the business of

developing DivaSystem and related products from DIVA CORPORATION and change its name to DIVA CORPORATION. The holding company overseeing the execution of the group's strategy, AVANT CORPORATION will change its name to AVANT GROUP CORPORATION. Taking advantage of this reorganization, we have also concluded that it is appropriate to shift to a company with an audit committee system in order to realize prompt and decisive management decision-making and execution under the appropriate supervision of the Board of Directors by enabling the Board of Directors to broadly delegate its authority to make business execution decisions to the directors.



Direction of the Next Medium-Term Management Plan

The market environment surrounding each company is very favorable. Under the new organization, we will improve profitability by increasing sales per existing customer and developing new customers through strengthening existing products, developing new products, and providing new solutions. Against this backdrop, in the next mid-term management plan, we aim to achieve at least 20% CAGR in net sales, and in the second half of the mid-term management plan, we aim to achieve a combined EBITDA margin (Growth and Profit Point, or GPP) of at least 40 points. We also aim to maintain ROE at 20% or higher and increase DOE from the current 5% level to 8% as shareholder return.

Securities Code 3836
September 8, 2022

To All Shareholders

15-2, Konan 2-chome, Minato-ku, Tokyo
Avant Corporation
President and Group CEO Tetsuji Morikawa

NOTICE OF CONVOCAATION OF THE 26 TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Sir or Madam,

We would like to express my sincere gratitude for your continued support.

Notice is hereby given that the 26th Ordinary General Meeting of Shareholders will be held as follows

In lieu of attending the meeting in person, you may exercise your voting rights in writing or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders below and exercise your voting rights by 6:00 p.m. on September 26, 2022 (Monday) in accordance with the instructions below.

Yours sincerely

Note

1. Date and time Tuesday, September 27, 2022, 10:00 a.m. (Doors open at 9:30 a.m.)
2. Place Keidanren Hall, 2F, Keidanren Kaikan, 1-3-2 Otemachi, Chiyoda-ku, Tokyo
(Please refer to the venue map at the end of this document.)
3. Agenda

- Matters to be reported
1. To report on the Business Report and Consolidated Financial Statements for the 26th fiscal year (from July 1, 2021 to June 30, 2022) and the Audit Reports of the Accounting Auditor and the Audit & Supervisory Board on the Consolidated Financial Statements
 2. To report on the financial statements for the 26th fiscal year (from July 1, 2021 to June 30, 2022)

Matters to be approved


- | | |
|------------|---|
| Proposal 1 | Appropriation of surplus |
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4. Caution regarding the 26th Ordinary General Meeting of Shareholders

(1) Response to new coronavirus infection

The spread of the new coronavirus continues. Shareholders are urged to take actions to reduce the risk of infection, such as wearing masks when going out and refraining from going out when feeling unwell. The following actions are being taken with respect to the operation of this General Meeting of Shareholders.

- Shareholders' questions will also be accepted in advance.
- The live video of the General Meeting of Shareholders will be distributed via the Internet.
- After the meeting, a video of the meeting will be archived on the Company's website.



Please see the information on page 8.

(2) Cautionary measures at the venue of the General Meeting

Please take your body temperature with a thermo camera and disinfect your hands with alcohol sterilization spray when entering the general meeting venue. Admission will be denied to shareholders who are confirmed to have a fever of 37.5 degrees Celsius or higher, or who are deemed to be in poor health. The meeting venue is set up with a small number of seats (approximately 50) in order to maintain social distance and to ensure the safety of shareholders who attend the meeting. Please note that the number of visitors may be limited in order to ensure a sufficient amount of space between shareholders.

If circumstances in the future lead to major changes in the operation of the General Meeting of Shareholders, we will announce such changes on the website below.

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

(3) Disclosure via the Internet

The following matters are not included in the attachment to this Notice of Convocation because they are posted on the Company's website on the Internet in accordance with laws and regulations and Article 13 of the Articles of Incorporation.

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

Matters relating to the company's shares, matters relating to the company's subscription rights to shares, accounting auditors, notes to consolidated financial statements, notes to non-consolidated financial statements

Any amendments to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements will be posted on the Company's website on the Internet (<https://www.avantcorp.com/>).
Ends

Information on accepting questions in advance via the Internet

For shareholders who are unable to attend the meeting, we have set up a dedicated website to receive questions in advance via the Internet. Please enter the following URL on your computer or smartphone or use the QR code to access the site and fill out the questions.

Website for accepting questions in advance:
<https://krs.bz/diva/m/agm>



Please note that questions will be accepted until Monday, September 26, 2022, at 6:00 p.m. (Japan Standard Time). The secretariat will compile all questions received and answer them at the General Meeting. Please note that we may not be able to answer all the questions we receive.

Information on Live Streaming of the General Meeting of Shareholders Video

If you wish to view the Annual General Meeting of Shareholders via the Internet, please access the following website.

Website for live webcasts:
<https://avantcorp.premium-yutaiclub.jp/>



If you wish to watch the video, you will need to fill in the following fields.

Shareholder number (9 digits) on the enclosed voting form

Zip code (7 digits, excluding hyphens) of the address to which the order is being delivered

Information on archived distribution After the General Meeting of Shareholders, the video will be archived on the Company's website.

<https://www.avantcorp.com/ir/stocks/meeting>

<https://www.avantgroup.com/ja/ir/stock/meeting> (after October 1)

[Notes]

We recommend that you access the system earlier than the start time in order to enter your shareholder number and zip code.

Depending on your device or communication environment, you may not be able to watch the program. Communication and other charges for viewing the video will be borne by the shareholder.

Viewing the live webcast of this Shareholders' Meeting is not treated as attendance at the Shareholders' Meeting under the Companies Act, and no questions or motions may be asked or made under the Companies Act. Shareholders who may have questions or motions to submit under the Corporate Law are invited to attend the meeting at the venue. Please exercise your voting rights in writing or via the Internet in advance.

Reference Documents for the General Meeting of Shareholders

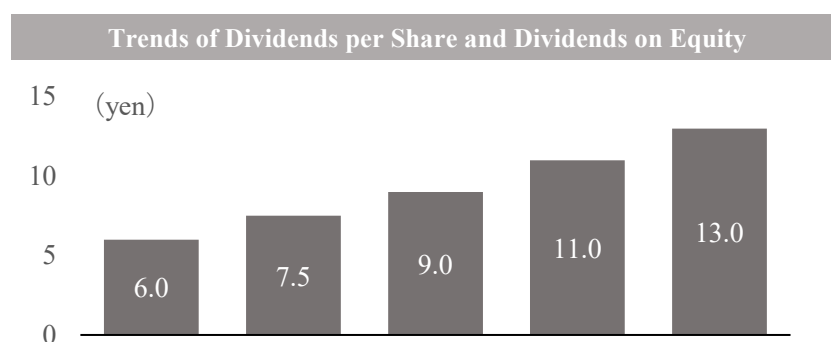
Proposal 1: Appropriation of Surplus

The appropriation of retained earnings is proposed as follows

The Company regards the payment of dividends from retained earnings as an important matter in its shareholder return policy, and is oriented toward maintaining and improving the amount of dividends in a stable manner without being greatly influenced by the business performance of each fiscal year, focusing on indicators such as the dividend on equity (DOE) ratio.

The year-end dividend for the 26th fiscal year is proposed to be as follows, taking into consideration the business results for the current fiscal year and future business development.

- (1) Type of dividend assets: Cash
- (2) Matters related to the allocation of dividend assets and the total amount thereof:
The amount of the dividend will be 13 yen per share of common stock of the Company.
In this case, the total dividend will be 489,092,539 yen.
- (3) Effective date of distribution of surplus: September 28, 2022



	Year ended June 30, 2006	Year ended June 30, 2007	Year ended June 30, 2008	Year ended June 30, 2009	Year ended June 30, 2010
Dividend per share (yen)	6.0	7.5	9.0	11.0	13.0
Ratio of dividends to net assets	5.20%	5.27%	5.17%	5.18%	5.04%
(Reference) Average of companies listed on the Tokyo Stock Exchange	2.86%	2.93%	2.93%	2.88%	3.18%

(Note) Dividend per share is adjusted for stock splits. The average ratio of dividends to net assets of companies listed on the Tokyo Stock Exchange is the average of the 12-month period ending June 30 for each period. Figures for the period ending June 2021 are restated from the 12-month average through April to the 12-month average through June, while figures for the period ending June 2022 represent the 12-month average through April 2022.

Proposal 2: Partial amendment to the Articles of Incorporation

1. Reason for change

On June 22, 2022, the Company's Board of Directors approved a resolution regarding the Company's policy to reorganize the Group. This reorganization is intended to reorganize the operations in charge among group companies through an absorption-type company split agreement between consolidated subsidiaries of the Company, and in order to change the trade name of each company, the Company will change Article 1 (Trade Name) of the current Articles of Incorporation and establish supplementary provisions regarding transitional measures in order to change the trade name of the Company in charge of business management of group companies in accordance with this change.

In addition, we have come to the conclusion that this reorganization is an appropriate opportunity to shift to a company with Audit Committee in order to realize prompt and decisive management decision-making and execution under the appropriate supervision of the Board of Directors by enabling the Board of Directors to broadly delegate its authority to make business execution decisions to the directors. On August 17, 2022, the Board of Directors resolved to transition to a "company with Audit Committee" subject to approval at the Ordinary General Meeting of Shareholders. In connection with the transition to a company with Audit Committee, necessary changes will be made, including the establishment of new provisions concerning the Audit Committee and Audit Committee members, and the deletion of provisions concerning the Board of Corporate Auditors and Corporate Auditors.

In addition, with the enforcement on September 1 of this year of the amended provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the "Law Partially Amending the Companies Act" (Law No. 70 of 2027), a new provision was established to provide for electronic provision of information that is the content of reference documents for the general meeting of shareholders, etc. and to limit the scope of matters to be included in the documents to be delivered to shareholders who request delivery of documents.

2. Details of changes

The details of the change are as follows

(Underlined parts indicate changes.)

Current Articles of Incorporation	Proposed change
Chapter 1 General Provisions	Chapter 1 General Provisions
(Trade name) Article 1 The name of the Company shall be known as 株式会社アバント and in English as AVANT CORPORATION.	(Trade name) Article 1 The name of the Company shall be known as 株式会社アバントグループ and in English as AVANT <u>GROUP</u> CORPORATION.
Articles 2 to 4 (Articles omitted)	Article 2 - Article 4 (unchanged)
Chapter 3 General Meeting of Shareholders	Chapter 3 General Meeting of Shareholders
Article 11 - Article 12 (Articles omitted) (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.) Article 13 The Company may, in connection with the convocation of a general meeting of shareholders, be deemed to have provided to its shareholders information concerning matters to be stated or indicated in the reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements, by	Article 11 - Article 12 (unchanged) (Deleted)

<p>disclosing such information by means of the Internet in accordance with the applicable Ordinance of the Ministry of Justice.</p>	
<p>(Newly established)</p>	<p><u>(Electronic provisioning measures, etc.)</u></p>
<p>(Newly established)</p>	<p><u>Article 13 The Company shall, at the time of convening a general meeting of shareholders, take measures to provide electronically the information that is the contents of the reference documents for the general meeting of shareholders, etc.</u></p>
	<p><u>2 The Company may not include all or part of the matters for which electronic provision measures are taken, which are provided for in the applicable Ordinance of the Ministry of Justice, in the document to be delivered to shareholders who have made a request for delivery of documents by the Record Date for Voting Rights.</u></p>
<p>Article 14 - Article 15 (Articles omitted)</p>	<p>Article 14 - Article 15 (unchanged)</p>
<p>Chapter 4 Directors and Board of Directors</p>	<p>Chapter 4 Directors and Board of Directors</p>
<p>Article 16 (Articles omitted)</p>	<p>Article 16 (unchanged)</p>
<p>(Number of directors)</p>	<p>(Number of directors)</p>
<p>Article 17 The Company shall have no more than nine directors.</p>	<p>Article 17 The Company shall have no more than nine directors.</p>
<p>(Newly established)</p>	<p><u>2 Of the directors set forth in the preceding paragraph, the number of such directors who are members of the Audit and Supervisory Committee shall not exceed five.</u></p>
<p>(Method of Election of Directors)</p>	<p>(Method of Election of Directors)</p>
<p>Article 18 Directors of the Company shall be elected by a resolution of a majority of the voting rights of the shareholders present at a general meeting of shareholders where the shareholders holding one-third or more of the voting rights of shareholders entitled to exercise their voting rights are present. No cumulative voting shall be used for the election of directors.</p>	<p>Article 18 Directors of the Company, <u>distinguishing between those who are members of the Audit Committee and those who are not</u>, shall be elected by a majority of the votes of shareholders present at a general meeting of shareholders where shareholders holding one-third or more of the voting rights of shareholders entitled to exercise their voting rights are present. No cumulative voting shall be used for the election of directors.</p>
<p>(Term of office of directors)</p>	<p>(Term of office of directors)</p>
<p>Article 19 The term of office of Directors shall expire at the conclusion of the ordinary general meeting of shareholders relating to the last one year after their election.</p>	<p>Article 19 The term of office of Directors shall expire at the conclusion of the ordinary general meeting of shareholders relating to the last <u>fiscal year ending within</u> one year after their election.</p>
<p>(Newly established)</p>	<p><u>2 The term of office of Directors who are members of the Audit Committee shall</u></p>

(Newly established)

(Executive Director)

Article 20 The Board of Directors shall elect the President from among the Directors by resolution of the Board of Directors, and if necessary, appoint a few Vice Presidents, Senior Managing Directors and Managing Directors respectively.

Article 21 - Article 22 (Articles omitted)

(Notice of Board of Directors Meeting)

Article 23 Notice of a meeting of the Board of Directors shall be given to each Director and each Corporate Auditor at least three days prior to the date of the meeting. However, in case of emergency, this period may be shortened.

Article 24 (Omission of Article)

(Omission of resolution by the Board of Directors)

Article 25 The Company shall deem that a resolution of the Board of Directors to approve the matters to be resolved at a meeting of the Board of Directors shall be deemed to have been passed if all directors agree in writing or by electromagnetic record to such matters. However, this provision shall not apply if a corporate auditor objects.

Article 26 (Omission of Article)

(Newly established)

expire at the conclusion of the ordinary general meeting of shareholders relating to the last fiscal year ending within two years after their election.

3 The term of office of a director who is a member of the Audit and Supervisory Committee elected to fill a vacancy of a director who retires before the expiration of his/her term of office shall expire when the term of office of the retiring director expires.

(Executive Director)

Article 20 The Board of Directors shall elect the President from among the Directors who are not members of the Audit Committee by resolution of the Board of Directors and if necessary, appoint a few Vice Presidents, Senior Managing Directors and Managing Directors respectively.

Article 21 - Article 22 (unchanged)

(Notice of Board of Directors Meeting)

Article 23 Notice of a meeting of the Board of Directors shall be given to each Director at least three days prior to the date of the meeting. However, in case of emergency, this period may be shortened.

Article 24 (unchanged)

(Omission of resolution by the Board of Directors)

Article 25 The Company shall deem that a resolution of the Board of Directors to approve the matters to be resolved at a meeting of the Board of Directors shall be deemed to have been passed if all directors agree in writing or by electromagnetic record to such matters.

Article 26 (unchanged)

(Delegation of Important Business Execution Decisions)

Article 27 The Company may, pursuant to Article 399-13, Paragraph 6 of the Companies Act, delegate all or part of the decision-making authority for the execution of important business affairs (excluding the matters listed in each item of Paragraph 5 of the same Article) to the Directors by resolution of the Board of Directors. Article 27 The Company may delegate all or part of the decisions on the execution of important business affairs (excluding the matters listed in each item of Paragraph 5 of Article 399-13, Paragraph 6 of the Companies Act) to

<p>(Remuneration, etc. of Directors) Article <u>27</u> Remuneration, etc. of Directors shall be determined respectively by a resolution of the General Meeting of Shareholders.</p>	<p><u>the Directors by resolution of the Board of Directors.</u> (Remuneration, etc. of Directors) Article <u>28</u> Remuneration, etc. of Directors shall be determined by a resolution of the General Meeting of Shareholders <u>separately for Directors who are members of the Audit Committee and for all other Directors.</u></p>
<p>Article <u>28</u> (Articles omitted)</p>	<p>Article <u>29</u> (unchanged)</p>
<p>Chapter 5 <u>Corporate Auditors and the Audit and Supervisory Board</u></p>	<p>Chapter 5 <u>Audit Committee</u></p>
<p>(Establishment of <u>Corporate Auditors and Audit and Supervisory Board</u>)</p>	<p>(Establishment of <u>Audit Committee</u>)</p>
<p>Article <u>29</u> The Company shall have Corporate Auditors and an Audit and Supervisory Board.</p>	<p>Article <u>30</u> The Company shall have <u>an Audit Committee.</u></p>
<p>(<u>Number of auditors</u>) Article <u>30</u> <u>The Company shall have no more than three corporate auditors.</u></p>	<p>(Deleted)</p>
<p>(<u>Method of Appointment of Corporate Auditors</u>) Article <u>31</u> <u>Corporate auditors of the Company shall be elected by a resolution of a majority of the voting rights of the shareholders present at a general meeting of shareholders where the shareholders holding one-third or more of the voting rights of the shareholders entitled to exercise their voting rights are present.</u></p>	<p>(Deleted)</p>
<p>(<u>Term of Office of Corporate Auditors</u>) Article <u>32</u> <u>The term of office of corporate auditors shall expire at the close of the ordinary general meeting of shareholders relating to the last fiscal year ending within four years after their election.</u></p>	<p>(Deleted)</p>
<p>2 <u>The term of office of a corporate auditor elected to fill a vacancy left by a corporate auditor who retires before the expiration of his/her term of office shall be the same as the remaining term of office of the retiring corporate auditor.</u></p>	<p>(Deleted)</p>
<p>(<u>Full-time Corporate Auditor</u>) Article <u>33</u> <u>The Audit and Supervisory Board shall select a full-time Corporate Auditor from among the Corporate Auditors.</u></p>	<p>(Deleted)</p>
<p>(Notice of Convocation of a Meeting of the Audit and Supervisory Board) Article <u>34</u> <u>Notice of a meeting of the <u>Audit and Supervisory Board</u> shall be given to each <u>Corporate Auditor</u> at least three days</u></p>	<p>(Notice of Convocation of <u>Audit Committee Meeting</u>) Article <u>31</u> <u>Notice of a meeting of the <u>Audit Committee</u> shall be given to each <u>Director who is a member of the Audit</u></u></p>

<p>prior to the date of the meeting. However, in case of emergency, this period may be shortened.</p> <p>(Newly established)</p> <p>(Method of resolution of the Audit and Supervisory Board) Article <u>35</u> <u>Except as otherwise provided by law, resolutions of the Audit and Supervisory Board shall be adopted by a majority of the Corporate Auditors.</u></p> <p>(Rules of the <u>Audit and Supervisory Board</u>) Article <u>36</u> <u>Matters concerning the Audit and Supervisory Board shall be governed by the Regulations of the <u>Audit and Supervisory Board</u> established by the <u>Audit and Supervisory Board</u> in addition to those provided by law or the Articles of Incorporation.</u></p> <p>(Remuneration, etc. of Corporate Auditors) Article <u>37</u> <u>Remuneration, etc. of corporate auditors shall be determined by resolution of a general meeting of shareholders.</u></p> <p>(Exemption of Corporate Auditors from Liability) Article <u>38</u> <u>The Company may, by resolution of the Board of Directors, exempt any Corporate Auditor (including former Corporate Auditors) from liability for damages under Article 423, Paragraph 1 of the Companies Act up to the amount obtained by deducting the minimum liability limit stipulated by laws and regulations from the amount of liability.</u></p> <p><u>2</u> <u>The Company may enter into an agreement with Corporate Auditors to limit their liability for compensation under Article 423, Paragraph 1 of the Companies Act, if the requirements stipulated by law are met. However, the maximum amount of liability based on such contract shall be the minimum liability amount.</u></p>	<p><u>Committee</u> at least three days prior to the date of the meeting. However, in case of emergency, this period may be shortened.</p> <p><u>2</u> <u>The meeting of the Audit Committee may be held without following the procedures for convening a meeting if all directors who are members of the Audit Committee consent thereto.</u></p> <p>(Method of Resolution of the Audit Committee) Article <u>32</u> <u>Resolutions of the Audit Committee shall be adopted by a majority of the votes of the Directors present at a meeting where a majority of the Directors who are members of the Audit Committee and may participate in the voting shall be present.</u></p> <p>(Rules of the <u>Audit Committee</u>) Article <u>33</u> <u>Matters concerning the Audit Committee shall be governed by the Regulations of the <u>Audit Committee</u> established by the <u>Audit Committee</u>, in addition to those provided by law or the Articles of Incorporation.</u></p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p>
<p>Chapter 6 Accounting Auditors</p>	<p>Chapter 6 Accounting Auditors</p>
<p>Articles <u>39</u> - <u>41</u> (Articles omitted) (Remuneration, etc. of Accounting Auditor) Article <u>42</u> The remuneration, etc. of the Accounting Auditor shall be determined by the Representative Director with the</p>	<p>Articles <u>34-36</u> (unchanged) (Remuneration, etc. of Accounting Auditor) Article <u>37</u> The remuneration, etc. of the Accounting Auditor shall be determined by the Representative Director with the</p>

consent of the <u>Audit and Supervisory Board</u> .	consent of the <u>Audit Committee</u> .
Chapter 7 Calculation	Chapter 7 Calculation
<p>Articles <u>43-45</u> (Articles omitted)</p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>Articles <u>38 to 40</u> (unchanged)</p> <p><u>Supplementary provisions</u> (<u>Transitional measures regarding exemption of corporate auditors from liability</u>)</p> <p><u>Article 1 The Company may, pursuant to Article 426, Paragraph 1 of the Companies Act, exempt corporate auditors (including former corporate auditors) from liability for damages for negligence of their duties before the partial amendment to the Articles of Incorporation approved at the 26th Ordinary General Meeting of Shareholders takes effect. The Company may, to the extent permitted by law, exempt any Corporate Auditor (including former Corporate Auditors) from liability for damages due to negligence of duties before the partial amendment to the Articles of Incorporation takes effect by a resolution of the Board of Directors.</u></p> <p><u>2 With respect to the agreement to limit liability for damages due to negligence of duties with respect to the acts of Corporate Auditors (including former Corporate Auditors) before the partial amendment to the Articles of Incorporation resolved at the 26th Ordinary General Meeting of Shareholders takes effect, the provisions of Article 38, paragraph 2 of the said Articles of Incorporation shall still apply.</u></p>
(Newly established)	<p>(<u>Transitional measures regarding change of trade name</u>)</p> <p><u>Article 2 The change in Article 1 (Trade Name) shall take effect on October 1, 2022. This Article shall be deleted upon the expiration of October 1, 2022. However, if the Board of Directors of the Company, at a meeting to be held by September 30, 2022, decides to set a different date as the effective date, the new date shall become effective as of the newly determined date.</u></p>
(Newly established)	<p>(<u>Transitional measures concerning electronic provisioning measures, etc.</u>)</p> <p><u>Article 3 Notwithstanding the provisions of Article 13 (Measures to be Provided Electronically, etc.) of the Articles of Incorporation after amendment by resolution of the 26th Ordinary General Meeting of Shareholders, the Company</u></p>

	<p><u>will, on September 1, 2022 (hereinafter referred to as "Enforcement Date"), the date of enforcement of the amended provisions prescribed in the proviso of Article 1 of the Supplementary Provisions of the Act to Amend the Companies Act (Act No. 70 of 2049), amend the Companies Act. Article 13 (Internet Disclosure and Deemed Provision of Reference Documents for General Meeting of Shareholders, etc.) of the Articles of Incorporation prior to the amendment by resolution of the said Ordinary General Meeting of Shareholders shall remain in force with respect to the General Meeting of Shareholders whose date is within six months from the date of the said meeting.</u></p> <p>2 <u>This Article shall be deleted after six months from the effective date or three months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u></p>
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Proposal 3: Election of Four Directors (excluding Directors who are members of Audit Committee)

If Proposal 2, "Partial Amendments to the Articles of Incorporation," is approved and passed as proposed, the Company will transition to a company with an Audit Committee, and pursuant to Article 332, Paragraph 7, Item 1 of the Companies Act, the terms of office of all five directors will expire upon the effective date of the amendments to the Articles of Incorporation. Accordingly, the Company proposes the election of four Directors (excluding Directors who are members of the Audit Committee. The same applies hereinafter in this proposal).

This proposal will become effective on the condition that the transition to the Company with Audit Committee System in Proposal 2, "Partial Amendments to the Articles of Incorporation," takes effect.

The nominees for the Board of Directors are as follows

Candidate Number		Name	Position in the Company	Attendance at Board of Directors meetings
1	Re-appointment	Tetsuji Morikawa	President and Representative Director	100%(14 out of 14)
2	Re-appointment	Naoyoshi Kasuga	Director	100%(14 out of 14)
3	Re-appointment	Naohisa Fukutani	Director Outside Independent	100%(14 out of 14)
4	Re-appointment	Jon Robertson	Director Outside Independent Diversity	93%(13 out of 14)

(Notes)

1. There is no special interest between each director candidate and the Company.
2. Mr. Naohisa Fukutani and Mr. Jon Robertson are candidates for outside director. The Company has designated Mr. Naohisa Fukutani and Mr. Jon Robertson as independent directors as stipulated by the Tokyo Stock Exchange and has notified the Exchange of such designation.
3. The Company has entered into a limited liability contract with Mr. Naohisa Fukutani and Mr. Jon Robertson pursuant to Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under such contracts is the minimum liability amount stipulated by law. If this proposal is approved and Mr. Naohisa Fukutani and Mr. Jon Robertson are reelected, the Company plans to continue the liability limitation agreement.
4. The Company has concluded a directors' and officers' liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. If this proposal is approved and each director nominee is elected and assumes office as a director, each director will be insured under such insurance policy. The policy insures directors, audit committee members, executive officers, and employees of the Company and its subsidiaries, and the premiums for all insureds are fully paid by the Company. The policy will cover claims for damages, settlements, and costs of dispute arising out of the insured's performance of his/her duties during the insurance period, but will not cover claims arising out of breach of trust, criminal acts, fraud, intentional violations, and insider trading. However, claims arising from breach of trust, criminal acts, fraud, willful misconduct, insider trading, etc. are not covered by the policy. The term of the directors' and officers' liability insurance policy is one year, and is scheduled to be renewed upon resolution by the Board of Directors prior to the expiration of the said term.

Candidate Number 1 **Tetsuji MORIKAWA**

Reappointment

Date of birth: February 23, 1966 (age 56)
Tenure as director: 25 years
Attendance at Board of Directors meetings: 100% (14/14)
Number of the Company's shares held: 9,764,000 shares

[Brief Personal History, Position and Responsibility at the Company]

April 1990 Joined Price Waterhouse Consultants, Inc.
May 1997 Founded the Company, President and Representative
Director (to present)



[Significant concurrent positions]

October 2013 President and Representative Director, DIVA
Corporation
October 2013 CEO, DIVA CORPORATION OF AMERICA
March 2017 External Director, Kayak Co.

[Reasons for the appointment as a candidate for director]

As President and Representative Director since the founding of the Company in May 1997, he has led the management of the Group for 25 years. Through the sale of its proprietary consolidated accounting software package, the company has established itself as an infrastructure for providing a variety of management information, particularly financial information, and has demonstrated leadership in diversifying its business through M&A and transitioning to a holding company structure. Currently, we are driving measures to expand the stock business, which is the key to sustainable growth. We request your election for the further development of our group.

[To our shareholders]

Create a world-class software company" to make workers happy. Business activities started with this in mind, but did not reach a feasible level. In order to overcome this barrier, we decided to define new materiality through creative conversations with various stakeholders and to move to a new governance structure in conjunction with the restructuring of our business. We will now concentrate on making arrangements and creating an environment in which our stakeholders believe that we can realize our "first ambitions.

Candidate No. 2

Naoyoshi KASUGA

Reappointment

Date of birth May 13, 1963 (age 59)
Tenure as director 11 years
Attendance at Board of Directors meetings 100% (14/14)
Number of the Company's shares held 15,405 shares



[Brief Personal History, Position and Responsibility at the Company]

April 1987 Joined Long-Term Credit Bank of Japan, Ltd.
August 1999 Joined New York Stock Exchange Asia Pacific Office
January 2005 Executive Officer, New York Stock Exchange
October 2010 Joined the Company
February 2011 General Manager, President's Office
September 2011 Director, in charge of Finance of the Company (to
 present)
March 2021 External Director of Metapraxi Limited (to date)

[Significant concurrent positions]

March 2021 External Director of Metapraxi Limited

[Reasons for the appointment as a candidate for director]

He joined the firm in October 2010 after working at a commercial bank and the New York Stock Exchange. Since September 2011, he has served as the Company's Director in charge of Finance and is currently the Group CFO, overseeing the Company's financial affairs based on his broad experience and knowledge of management. We also ask for your appointment because of your outstanding character and insight.

[To our shareholders]

In order to realize our group's materiality (= most important issue), "to become a software company that helps increase corporate value," we will make effective use of the capital provided by shareholders, investors, and other stakeholders and accumulated through our business activities to date, and strive to increase our own medium- to long-term corporate value. We also aim to return the results of our efforts to our various stakeholders, including our employees, who contribute to value creation through their daily activities, as well as to the providers of capital.

Candidate No. 3

Naohisa FUKUTANI

Reappointment

Outside

Independent

Date of birth April 17, 1961 (age 61)
Tenure as Director 9 years
Attendance at Board of Directors meetings 100% (14/14)
Number of the Company's shares held 55,700 shares



[Brief Personal History, Position and Responsibility at the Company]

April 1987 Joined Mitsui Bank, Ltd.
July 1999 U.S. Representative, DC Planning, Investment Banking,
 Sakura Bank, New York
July 2001 Daiwa Securities SMBC Singapore Limited
 Corporate Finance Asia Pacific
March 2005 Joined GCA Corporation (now Houlihan Lokey Co.,
 Ltd.) Managing Director
September 2013 Director of the Company (to present)
July 2015 PricewaterhouseCoopers K.K.
 (now PwC Advisory LLC)
 Partner
July 2021 Senior Advisor of the same (to present)

[Significant concurrent positions]

July 2021 Senior Advisor, PwC Advisory LLC

[Reasons for nomination as candidates for outside directors and expected roles]

In addition to his experience in commercial and investment banking, his many years of experience in managing independent M&A advisory firms and providing management guidance to a wide variety of companies have provided him with valuable advice on formulating and executing management strategies and strengthening governance, and he has also served as the largest independent outside director and chairman of the Compensation Advisory Committee. He has also served as the first independent outside director and chairman of the Compensation Advisory Committee. We believe that he will continue to contribute to the supervision of management and the strengthening of corporate governance, and we respectfully request his continued appointment.

[To our shareholders]

The global situation is becoming increasingly chaotic and difficult to predict. As an outside director, I will strive to realize the common interests of all stakeholders from various perspectives, including finance, globalization, and governance, and to fulfill my role as a compass to support the management team. As an outside director, I will strive to realize common benefits for all stakeholders from various perspectives, including finance, globalization, and governance.

Candidate No. 4

Jon ROBERTSON

Reappointment

Outside

Independent

Diversity

Date of birth October 29, 1968 (age 53)

Tenure on Board of Directors 2 years

Attendance at Board of Directors meetings 93% (13/14 meetings)

Number of the Company's shares held 0 shares

[Brief Personal History, Position and Responsibility at the Company]

January 1994 Sales Manager, M3i Systems, Inc.

July 1996 Sales Director, SAP America, Inc.

July 1999 Managing Director, EMC Corporation

July 2002 Senior Director, Reuters K.K. (now Thomson Reuters K.K.)

January 2004 EMC Corporation

January 2007 VMware, Inc.

Vice President, Customer Operations

January 2012 VMware Singapore Pte.

Vice President, General Manager for ASEAN

December 2014 Vice President, VMware, Inc.

March 2015 President and Representative Director, VMware, Inc.

September 2020 Director of the Company (to present)

2020

March 2021 President, Snowflake Inc. for Asia Pacific and Japan (to present)



[Significant concurrent positions]

March 2021 President, Asia Pacific and Japan Region, Snowflake Inc.

[Reasons for nomination as candidates for outside directors and expected roles]

He has 30 years of experience leading highly international organizations in Japan and the Asia-Pacific region, and has excellent management, leadership, and communication skills. He has a deep knowledge of the latest IT technologies, including the cloud-native field, and has demonstrated his leadership skills with enthusiasm in the rapidly changing IT industry. We are seeking his continued appointment in the expectation that he will contribute to the achievement of our vision BE GLOBAL and our mid-term management plan to create corporate value through cloud computing.

[To our shareholders]

I have been on the Avant board for two years and have been greatly impressed by the Avant Group's focus on both customer satisfaction and results. We provide world-class technology solutions and services to help our clients transition to digital transformation. Cloud computing is becoming increasingly important in Japan, and we believe that the value of our relationships with our customers will continue to increase as we maintain and strengthen our trust-based partnerships with them and evolve together. As a technology professional, I am deeply involved in these areas and will continue to add value and increase the market presence of the Avant Group.

Proposal 4: Election of Three Directors as members of Audit Committee

If Proposal 2, "Partial Amendments to the Articles of Incorporation," is approved and passed as proposed, the Company will transition to a company with an Audit Committee, and pursuant to Article 336, Paragraph 4, Item 2 of the Companies Act, the terms of office of all three corporate auditors will expire upon the effective date of the amendments to the Articles of Incorporation. Accordingly, the Company proposes the election of three Directors who are Audit Committee Members (hereinafter referred to as "Audit Committee Members. The same shall apply hereinafter in this Proposal).

The Audit & Supervisory Board has also consented to the submission of this proposal. This proposal will become effective on the condition that the amendments to the Articles of Incorporation in Proposal 2, "Partial Amendments to the Articles of Incorporation," take effect.

The candidates for Audit Committee members are as follows

Candidate Number	Name	Position in the Company	Attendance at Board of Directors and Audit & Supervisory Board
1	New Tsuyoshi Noshiro	Corporate Auditor	Board Meeting 100%.(14 out of 14) Audit Board 100%.(18 out of 18)
2	New Chie Goto	Auditor Outside Independent Diversity	Board Meeting 100%.(11 out of 11) Audit Board 100%.(14 out of 14)
3	New Makoto Nakano	Outside Independent	-

(Notes)

- There is no special interest between each candidate and the Company.
- Chie Goto and Makoto Nakano are candidates for outside director. The Company has designated Ms. Chie Goto and Mr. Makoto Nakano as independent directors as stipulated by the Tokyo Stock Exchange, and has notified the Tokyo Stock Exchange to that effect.
- The Company has entered into a limited liability contract with Mr. Tsuyoshi Noshiro and Ms. Chie Goto pursuant to Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under such contracts is the minimum liability amount stipulated by law. If this proposal is approved and Mr. Tsuyoshi Noshiro and Ms. Chie Goto are elected, the Company plans to continue the liability limitation agreement. If this proposal is approved and Makoto Nakano is elected as a member of the Audit Committee, the Company plans to enter into a similar liability limitation agreement with him.
- The Company has concluded a directors' and officers' liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. If this proposal is approved and each candidate is elected and assumes office as a member of the Audit Committee, each Audit Committee member will be an insured under the relevant insurance policy. The policy insures directors, audit committee members, executive officers, and employees of the Company and its subsidiaries, and the premiums for all insureds are fully paid by the Company. The policy will cover claims for damages, settlements, and costs of dispute arising out of the insured's performance of his/her duties during the insurance period, but will not cover claims arising out of breach of trust, criminal acts, fraud, intentional violations, and insider trading. However, claims arising from breach of trust, criminal acts, fraud, willful misconduct, insider trading, etc. are not covered by the policy. The term of the directors' and officers' liability insurance policy is one year, and is scheduled to be renewed upon resolution by the Board of Directors prior to the expiration of the said term.

Candidate Number 1 **Tsuyoshi NOSHIRO**

New

Date of birth January 6, 1961 (age 61)
Tenure as Auditor 11 years
Attendance at Board of Directors meetings 100% (14/14)
Attendance at meetings of the Board of Corporate Auditors 100% (18/18 times)
Number of the Company's shares held 1,868,800 shares



[Brief Personal History, Position and Responsibility at the Company]

October 1985 Joined Aoyama Audit Corporation
April 1989 Registered as a Certified Public Accountant
July 1989 Joined Sanyo Finance Co.
February 1998 Joined the Company
June 2000 General Manager, Administration Division
September 2001 Director, in charge of Finance of the Company
September 2011 Corporate Auditor of the Company
 (to present)

[Significant concurrent positions]

None

[Reasons for the appointment of the candidate as a member of the Audit Committee]

After gaining experience as a certified public accountant at an auditing firm and a securities-affiliated venture capital firm, he joined the firm in February 1998. Since then, he has served as General Manager of the Administration Division and as Director and Treasurer of the Company since 2001, and has been a full-time auditor since September 2011. At meetings of the Board of Directors and the Board of Corporate Auditors, based on his deep understanding of the Company's business operations, he provides useful opinions as a non-executive full-time director, focusing on legal, accounting, governance, human resources, and other perspectives.

[To our shareholders]

In January 1998, at our first meeting, I agreed with Representative Director and Group CEO Morikawa's assertion that "the company is public, not the personal property of the founder," and 25 years have passed since then. This assertion is now expressed in the "Basic Corporate Governance Policy" as "The company is a 'public institution' of society.

At this Ordinary General Meeting of Shareholders, we are proposing to our shareholders the transition to a company with an Audit Committee as part of our efforts to strengthen governance. I would like to contribute to the creation of a 100-year company through the transition from a board of auditors with a strong personal touch to an audit committee that focuses on systematic audits, and by communicating my views on what should be the topics of discussion at board meetings as a director who is a member of the audit committee.

Candidate No. 2

Chie GOTO

New

Outside

Independent

Diversity

Date of birth November 30, 1958 (age 63)

Tenure as Auditor 1 year

Attendance at Board of Directors meetings 100% (11/11 times)

Attendance at meetings of the Board of Corporate Auditors 100% (14/14 times)

Number of the Company's shares held 0 shares



[Brief Personal History, Position and Responsibility at the Company]

April 1984 Joined Société World Inc.

April 1988 Joined Tokyo Student Career Information Center Co.

September 1994 Joined Yamada & Partners Accounting Office

October 2006 Registered as a lawyer and joined Sakura Kyodo Law Office

Registered as a Certified Public Accountant

January 2011 Partner, Sakura Kyodo Law Office

(to present)

September 2021 Corporate Auditor of the Company

(to present)

[Significant concurrent positions]

January 2011 Partner, Sakura Kyodo Law Office

[Reasons for the appointment of the candidate as a member of the Audit Committee and the expected role]

In addition to his work experience at general business companies, he is a licensed attorney and certified public accountant and has been involved in various companies as a legal and financial accounting expert, including M&A, tax compliance, and harassment cases. He is currently fulfilling his responsibilities as an outside corporate auditor of the Company, and we believe that he will continue to provide useful advice in the process of management judgment and decision-making as a member of the Audit Committee, utilizing his extensive knowledge as a legal and accounting expert in the Company, thereby strengthening the functions of the Board of Directors of the Company.

[To our shareholders]

Avant is undergoing a major transformation as an organization, including a change in the Group's business structure and a change in the company's institutional design to a company with an Audit Committee. In this period of organizational change at Avant, I will strive to strengthen corporate governance by auditing and advising on the legality and appropriateness of overall management from an independent standpoint by utilizing my professional knowledge of law and accounting and from a multifaceted perspective with respect to business execution, thereby contributing to the maintenance and improvement of transparency and soundness of management of Avant, as expected by our shareholders. We will strive to strengthen corporate governance and contribute to maintaining and improving the transparency and soundness of avant's management, which is expected by our shareholders.

(Note) As Ms. Chie Goto assumed the position of Corporate Auditor at the 25th Ordinary General Meeting of Shareholders held on September 28, 2021, the attendance after that date is shown.

Candidate No. 3

Makoto NAKANO

New

Outside

Independent

Date of birth January 14, 1968 (age 54)

Years on Board of Directors - years

Attendance at Board of Directors meetings -% (- times / - times)

Number of the Company's shares held 0 shares



[Brief Personal History, Position and Responsibility at the Company]

April 1995	Full-time Lecturer, Faculty of Commerce, Yokohama City University
April 1996	Associate Professor, Faculty of Commerce, Yokohama City University
April 2001	Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University
April 2007	Associate Professor, Graduate School of Commerce, Hitotsubashi University
April 2009	Professor, Graduate School of Commerce, Hitotsubashi University
April 2018	Professor, Graduate School of Business Administration, Hitotsubashi University (to present)

[Significant concurrent positions]

April 2018	Professor, Graduate School of Business Administration, Hitotsubashi University (to present)
January 2021	Vice President, International Association for Accounting Education & Research (IAAER) (to present)

[Reasons for the appointment of the candidate as a member of the Audit Committee and the expected role of the candidate]

He has deep knowledge in a wide range of fields, including business administration, accounting, and corporate finance, and has established a broad research network in both business and academic fields on the theme of corporate value, which is also our materiality. He has conducted numerous financial and corporate value training programs for senior management of listed companies, and we believe that he is capable of appropriately performing his duties as an outside director of the Company as a member of the Audit Committee. In addition to advising us on how to improve the corporate value of our company and our clients, we expect him to play an active role in the development of our next generation management team.

[To our shareholders]

Our company has been in business for 25 years. The next phase will be 25 years of growth. Under the mission of "popularizing management information," we must refine our management resources and human capital, which are the source of our sustainable competitive advantage, evolve our business portfolio, execute superior capital allocation, and run on a growth trajectory. To this end, as an outside director, I would like to contribute to the enhancement of corporate value from a governance perspective.

Proposal 5: Establishment of Remuneration Amounts for Directors (Excluding Directors who are members of Audit Committee) and Determination of Remuneration in Relation to Performance-Linked Stock Compensation

Remuneration for the Company's directors (excluding directors who are members of the Audit Committee. The same shall apply hereinafter in this Proposal) is divided into two categories: fixed remuneration (fixed periodic remuneration of the same amount) and performance-linked remuneration.

Of this amount, the fixed remuneration (regular remuneration) was approved at the 5th Ordinary General Meeting of Shareholders held on September 27, 2001, with an annual limit of 150,000 thousand yen. The performance-linked remuneration consists of (1) a bonus linked to business performance, etc. for each fiscal year as short-term performance-linked remuneration (The maximum annual amount of 41,250 thousand yen per eligible director was approved at the 18th Ordinary General Meeting of Shareholders held on September 25, 2014.) and (2) stock-based remuneration based on the performance share unit system (the "current system") linked to changes in indices over the subject three-year period as medium- to long-term performance-linked remuneration.

The introduction of short-term performance-linked remuneration was approved at the 11th Ordinary General Meeting of Shareholders held on September 26, 2007, and the maximum amount per director was approved at the 18th Ordinary General Meeting of Shareholders held on September 25, 2014. The maximum annual amount of 41,250 thousand yen per director was approved at the 18th Ordinary General Meeting of Shareholders held on September 25, 2014. The medium- to long-term performance-linked remuneration is a stock-based remuneration in which common shares of the Company are delivered (At the 22nd Ordinary General Meeting of Shareholders held on September 19, 2018, it was approved that the amount of monetary compensation receivable to be paid under the current plan shall not exceed 100,000 thousand yen per year, and the number of shares to be delivered by the Company to Directors, excluding Outside Directors, under the current plan shall not exceed 60,000 shares per Director per year and a total of 100,000 shares per year for all Directors), with the aim of providing Directors with incentives to enhance the Company's corporate value over the longer term and to promote further value sharing between Directors and shareholders.

Since outside directors are independent from the execution of business, performance-linked remuneration is not applied to them, and the above fixed remuneration is paid to them.

If Proposal 2, "Partial Amendments to the Articles of Incorporation," is approved as proposed, the Company will transition to a company with an Audit Committee. Accordingly, the Company proposes that the remuneration of the Company's Directors be as follows Taking into consideration the recent economic situation and other various circumstances, we believe that the details of these remunerations, etc., are the same as the current remunerations, etc., of directors and that the contents of this proposal are appropriate.

The current number of Directors is five (including three Outside Directors), but if Proposal 2 "Partial Amendments to the Articles of Incorporation" and Proposal 3 "Election of four Directors (excluding Directors who are members of the Audit Committee)" are approved as proposed, the number of Directors (excluding Directors who are members of the Audit Committee) will be four (including two Outside Directors).

This proposal will become effective on the condition that the amendments to the Articles of Incorporation in Proposal 2, "Partial Amendments to the Articles of Incorporation," take effect.

In addition, if this proposal is approved, the Board of Directors will make the necessary revisions to the policy for determining the content of individual director compensation at a meeting following the conclusion of this General Meeting of Shareholders, consistent with the details approved by the Board of Directors.

1 Fixed remuneration (fixed periodic remuneration)

The annual amount of fixed remuneration for Directors is proposed to be no more than 150,000 thousand yen (not including the employee's salary for Directors who concurrently serve as employees). The specific amount and timing of payment to each Director will be determined by a resolution of the Board of Directors.

2 Performance-linked compensation

(1) Short-term performance-linked compensation

The annual amount per director (excluding outside directors) is proposed to be 41,250 thousand yen or less. The specific amount and timing of payment to each Director will be determined by a resolution of the Board of Directors.

(2) Medium-term performance-linked compensation

This is a performance-linked stock compensation plan under which the Company's directors (excluding Outside Directors. (Excluding Outside Directors, hereinafter referred to as "Subject Directors")) are to be paid a number of shares of the Company's common stock calculated in accordance with the Company's stock growth rate during the subject period ("Target Period". The initial Target Period will be from September 2021 to September 2024, and thereafter, the Target Period will be from September of each year until September of the third year after that), which is three years from the month that includes the date of each year's Ordinary General Meeting of Shareholders.

Specifically, the Company will pay monetary compensation claims to the subject directors after the end of the subject period in accordance with the calculation method set forth below, and upon the issuance of shares or disposal of treasury stock by the Company, the Company will have all of the monetary compensation claims contributed in kind and deliver shares of the Company (see Note 1). Remuneration related to monetary compensation claims to be paid under this plan will be newly paid separately from the compensation limits in 1 and 2 (1) above, and the amount of such monetary compensation claims will be limited to 100,000,000 yen per year. The number of shares to be delivered by the Company to eligible directors under this plan shall be no more than 60,000 shares per director per year and no more than 100,000 shares in total per year for all directors (Note 2.).

(Note 1) However, in the event of the subject director's retirement due to death during the subject period, the remuneration will be delivered within one month from the date of such retirement or other date determined by the Board of Directors of the Company, and the monetary compensation claims will not be contributed in kind, but will be delivered in cash to the successor heirs of the subject director. In the event of the death of an eligible director during the period, the compensation shall be delivered within one month from the date of such retirement or other date determined by the Board of Directors. In addition, during the Reorganization Period, the Company may be subject to a merger agreement in which the Company becomes a defunct company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, an incorporation-type company split plan or absorption-type company split agreement in which the Company becomes a split company (limited to a split-type company split), a reverse stock split in which the Company becomes controlled by certain shareholders, the acquisition of class shares subject to wholly call, a request for sale of shares, or other acts of reorganization (the "Reorganization, etc."). (However, this is limited to cases where the effective date of the Reorganization, etc. is scheduled to fall prior to the date of delivery of shares under the Plan). In this case, the remuneration will be delivered within one month from the date of such approval, and will be paid in cash to the subject director without any contribution in kind of monetary remuneration claims.

(Note 2) However, if the total number of shares issued by the Company increases or decreases due to a reverse stock split or stock consolidation (including gratis allotment of shares. The same shall apply hereinafter to the description of stock splits), the maximum number of shares shall be reasonably adjusted in accordance with such ratio.

The specific timing and details of the payment to each eligible director will be determined by the Board of Directors, which has been delegated this authority by the resolution of this General Meeting of Shareholders.

<Method of calculating the amount of monetary remuneration under the Plan, etc.>

(1) Method of calculating the amount of monetary compensation

The amount (Monetary compensation claims) to be granted to each eligible director will be calculated by multiplying the cash amount to be granted to each eligible director by an amount determined by the Board of Directors of the Company to the extent not particularly favorable to the eligible directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day (If no trade is executed on the same day, the closing price of the most recent trading day

prior to that day.) preceding the resolution of the Board of Directors meeting to determine the issuance of shares ("Number of Shares Delivered") for such delivery or disposal of treasury stock, to be held within two months after the end of the subject period. (Note 3, Note 4)

(Note 3) However, if the simple average of the closing price of the Company's common stock on the Tokyo Stock Exchange in the month ending the subject period (September of the third year) is less than the simple average of the closing price of the Company's common stock on the Tokyo Stock Exchange in the month beginning the subject period (September of the current year), no monetary compensation claims will be paid under this plan to the subject director for the relevant subject period and the Company shares will not be delivered.

(Note 4) Provided, however, that if the subject director retires due to death during the subject period, the closing price of the Company's common stock on the date of such subject director's retirement (or the closing price of the most recent trading day preceding such date if no trading took place on such date) shall be multiplied. If, during the subject period, the Company's shareholders (in cases where approval by a general meeting of the Company's shareholders is not required for such Reorganization, etc., the Board of Directors of the Company) approve matters relating to the Reorganization, etc., the closing price of the Company's common stock on the date of such approval (or the closing price of the immediately preceding trading day if no transaction was effected on that day) will be multiplied by the closing price of the Company's common stock on the date of such approval. In any case, if the amount of money calculated as a result of the calculation exceeds 100 million yen for each subject period, the amount of money to be delivered shall be 100 million yen for each subject period.

The number of shares of common stock of the Company to be delivered to each eligible director after the end of the subject period under the Plan shall be determined by multiplying (i) the number of shares determined by the Board of Directors of the Company (the "Base Number of Shares to be Delivered") The Company's stock growth rate is calculated by dividing the Company's TSR (Total Shareholder Return) during the subject period by the growth rate of the Tokyo Stock Exchange Stock Price Index ("TOPIX") during the subject period. The Company's stock growth rate is calculated by dividing the Company's Total Shareholder Return (TSR) during the period by the growth rate of the Tokyo Stock Exchange Stock Price Index (TOPIX) during the period.

Specifically, the following formula will be used for calculation. However, reasonable adjustments will be made in accordance with the ratio of the tenure of the subject director to the subject period and other factors. In the event of a stock split or reverse stock split of the Company's common stock or other events necessitating adjustment of the following calculation items after the date of approval of this proposal, such items will be adjusted to a reasonable extent.

<Calculation Formula>

Number of shares issued	=	Standard number of shares to be delivered × Percentage of shares to be delivered
Standard Number of Shares to be Delivered		To be determined by the Company's Board of Directors
Percentage of shares delivered		of shares
	(1)	If our stock growth rate is less than 100%: 0%
	(2)	If our stock growth rate is between 100% and 112%: 33% x (our stock growth rate - 100%) / 12%
	(3)	If our stock growth rate is between 112% and 150%: 33% + 67% x (our equity growth rate - 112%) / 38%
	(4)	If our stock growth rate exceeds 150%: 100%
Our Equity Growth Rate	=	$\frac{\text{Our TSR (Total Shareholder Return) during the subject period}}{\text{Growth rate of TOPIX during the period covered}}$
	=	$\frac{(B + C) / A}{E \div D}$
		A: Simple average of the closing price of the Company's common stock on the Tokyo Stock Exchange in the month the subject period begins (September of the current year)
		B: Simple average of the closing price of the Company's common stock on the Tokyo Stock Exchange in the month ending the subject period (September of the third year)
		C: Total dividends per share related to dividends from retained earnings during the subject period
		D: Simple average of TOPIX for the month in which the subject period started (September of the current year)
		E: Simple average of TOPIX in the month ending the period under study (September of 3 years later)

(2) Conditions for payment of monetary remuneration to Directors

If any of the events (determined by the Board of Directors) that are necessary for the achievement of the purpose of the stock compensation plan, such as the subject director's resignation from the post of director of the Company without justifiable reason or certain acts of misconduct, occur, the monetary

compensation under the plan will not be paid to the subject director and no shares of the Company will be delivered to him. In the event that any of the following events (determined by the Board of Directors) occurs, no monetary compensation will be paid to the subject director under this plan and no shares of the Company's stock will be delivered to the subject director.

In addition, with respect to the President and Representative Director among the eligible directors, if the annual growth rate (CAGR) of adjusted earnings per share for the three-year period ending at the end of the eligible period) is less than 18%, no monetary compensation will be paid to the President and Representative Director under this plan and no shares of the Company will be delivered to him.

Calculation of three-year annualized growth rate of adjusted earnings per share

Adjusted earnings per share = (Net income attributable to owners of the parent - extraordinary income/loss) / Average number of shares outstanding during the period

$$\text{Annual growth rate of adjusted earnings per share} = \left(\frac{\text{Adjusted EPS, Current year}}{\text{Adjusted EPS, four years ago}} \right)^{\frac{1}{3}} - 1$$

Proposal 6: Establishment of Remuneration Amount for Directors who are members of Audit Committee

If Proposal 2, "Partial Amendments to the Articles of Incorporation," is approved as proposed, the Company will transition to a company with an Audit Committee. Therefore, the Company proposes that the amount of remuneration for Directors who are members of the Audit Committee of the Company shall not exceed 55,000 thousand yen per year. The specific amount and timing of payment to each member of Audit Committee will be determined by consultation among the Directors who are members of Audit Committee. The Company believes that the amount of remuneration for this proposal is reasonable in light of the level of remuneration paid to directors and corporate auditors and their responsibilities as members of the Audit Committee of the Company.

If Proposal 2, "Partial Amendments to the Articles of Incorporation," and Proposal 4, "Election of Three Directors as members of Audit Committee," are approved and passed as originally proposed, the number of Directors as members of Audit Committee will be three.

This proposal will become effective on the condition that the amendments to the Articles of Incorporation in Proposal 2, "Partial Amendments to the Articles of Incorporation," take effect.

Ends

Matters Concerning Company Officers

(1) Names, etc. of Directors and Corporate Auditors(As of June 30, 2022)

Position	Name	Responsibilities and important concurrent positions
President and Representative Director	Tetsuji Morikawa	Group CEO, Member of the Compensation Advisory Committee, and President and Representative Director, DIVA Corporation CEO, DIVA CORPORATION OF AMERICA Outside Director, Kayak Corporation
Director	Naoyoshi Kasuga	Group CFO, External Director of Metapraxis Limited
Director	Naohisa Fukutani	Chairman of the Compensation Advisory Committee, and Senior Advisor, PwC Advisory LLC
Director	Georges Ugeux	Chairman and CEO, Galileo Global Advisors
Director	Jon Robertson	President, Asia Pacific and Japan Region, Snowflake Inc.
Corporate Auditor	Tsuyoshi Noshiro	
Auditor	Kunio Suzuki	Representative Director, K.S. Management Ltd.
Auditor	Chie Goto	Member of the Compensation Advisory Committee, and Partner, Sakura Kyodo Law Office

(Notes)

1. Director Mr. Naohisa Fukutani, Director Mr. Georges Ugeux and Director Mr. Jon Robertson are outside directors.
2. Corporate Auditor Kunio Suzuki and Corporate Auditor Chie Goto are outside corporate auditors.
3. Corporate Auditor Tsuyoshi Noshiro and Corporate Auditor Chie Goto are certified public accountants and have considerable knowledge of finance and accounting.
4. The Company has designated Director Mr. Naohisa Fukutani, Director Mr. Georges Ugeux, Director Mr. Jon Robertson, and Corporate Auditor Ms. Chie Goto as independent officers as stipulated by the Tokyo Stock Exchange, and has notified the Exchange of such designation.
5. Director Naohisa Fukutani and Director Georges Ugeux are shareholders of the Company, but their shareholding ratio is less than 1% and they are not major shareholders of the Company. The Company believes that there is no special interest between each of them and the Company and that they are not in a position to have a conflict of interest with general shareholders. There are no special interests between the above other directors and corporate auditors and the Company.

(2) Outline of the contents of the liability limitation agreement

The Company has entered into an agreement with all outside directors and corporate auditors to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability for damages based on such agreement is the amount stipulated in Article 425, Paragraph 1 of the Companies Act.

(3) Summary of contents of directors' and officers' liability insurance policy

The Company has concluded a directors' and officers' liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The policy insures directors, corporate auditors, executive officers and employees of the Company and its subsidiaries, and the Company pays all premiums for all insureds. The policy will cover claims for damages, settlements, and costs of dispute arising out of the insured's performance of his/her duties during the insurance period, but will not cover claims arising out of breach of trust, criminal acts, fraud, intentional violations, and insider trading. However, claims arising from breach of trust, criminal acts, fraud, willful misconduct, insider trading, etc. are not covered by the policy.

(4) Matters Related to Outside Directors and Outside Corporate Auditors

(i) Matters concerning important concurrent positions as an executive officer of other corporations, etc., or as an outside officer

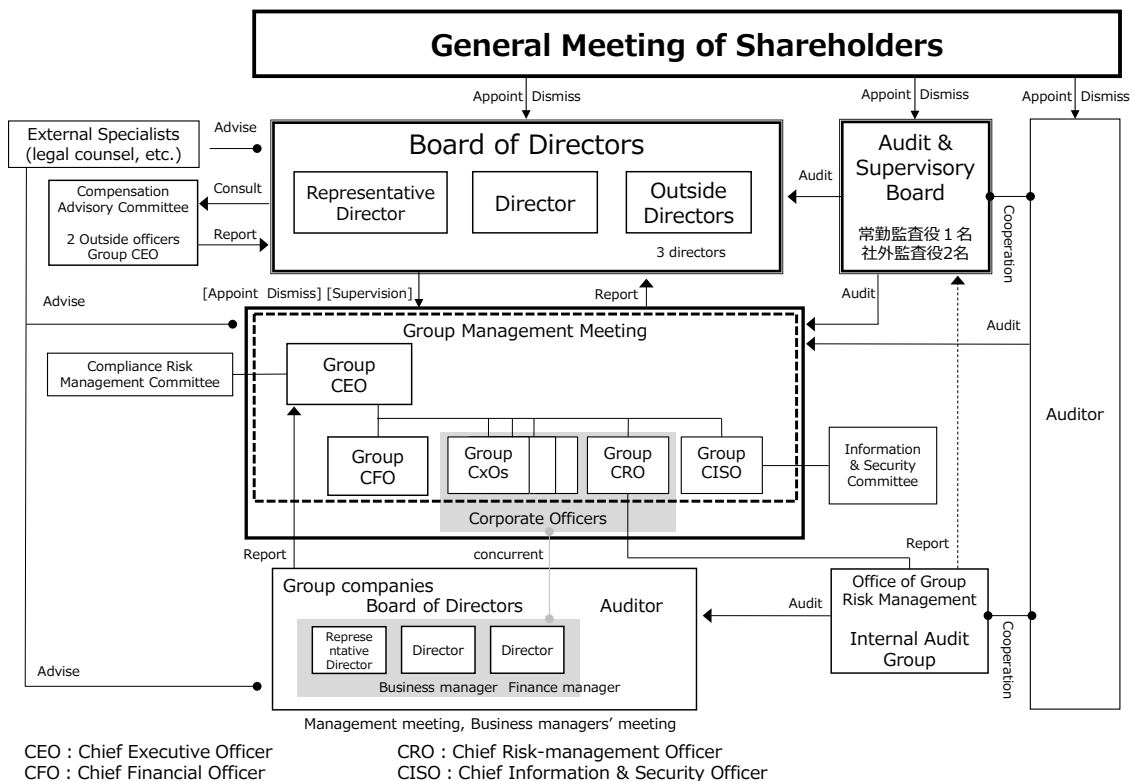
Position	Name	Details of concurrent positions	Corporation, etc., in which you concurrently hold a position	Relationship with the Company
Director	Naohisa Fukutani	Senior Advisor	PwC Advisory LLC	The Company has no business or other relationship with the company.
Director	Georges Ugeux	Chairman and CEO	Galileo Global Advisors	The Company has no business or other relationship with the company.
Director	Jon Robertson	President, Asia Pacific & Japan Region	Snowflake Ink	a wholly-owned subsidiary of the Company, has concluded a solution partnership agreement with GEAL Corporation, a wholly-owned subsidiary of the Company, and has a business relationship with Snowflake, Inc. However, the amount is less than 0.01% of consolidated net sales, which is within the 2% range of the Company's independence criteria for outside directors, and there is no risk of influencing the Company's decision-making process.
Auditor	Kunio Suzuki	Representative	K.S. Management Ltd.	The Company has no business or other relationship with the company.
Auditor	Chie Goto	Partner	Sakura Kyodo Law Office	The Company has no business or other relationship with the company.

(ii) Major activities during the current fiscal year

	Current status of activities	Status of Activities
Director Naohisa Fukutani	He attended all 14 meetings of the Board of Directors held during the fiscal year under review and, as the largest outside director and an expert in corporate management and governance, asked questions, provided advice and made statements as necessary to supervise the Company's management and strengthen corporate governance. As the chairman of the Compensation Advisory Committee, he has been instrumental in consolidating the opinions of the members of the committee, based on the objectives of strengthening the independence, objectivity, and accountability of the decision-making process for the executive compensation system.	
Director Georges Ugeux	He attended all 14 meetings of the Board of Directors held during the fiscal year under review and provided valuable advice as an expert in the finance and securities markets in verifying investment projects. He has also asked questions, provided advice and made statements as appropriate in the formulation and implementation of strategic management to realize the management philosophy.	
Director Jon Robertson	He attended 13 of the 14 meetings of the Board of Directors held during the fiscal year under review, and with his in-depth knowledge of the latest IT technologies, he asked questions, provided advice and made statements as appropriate in the Company's vision BE GLOBAL and the achievement of corporate value creation through cloud computing in the mid-term management plan.	
Auditor Kunio Suzuki	He attended all 14 meetings of the Board of Directors and all 18 meetings of the Board of Corporate Auditors held during the fiscal year under review, and also attended meetings of the Board of Directors of subsidiaries, where he asked questions, provided advice and statements as appropriate based on his extensive experience in the information industry regarding the status of business execution.	
Auditor Chie Goto	She attended all 11 meetings of the Board of Directors and all 14 meetings of the Board of Corporate Auditors held after his appointment as Outside Corporate Auditor on September 28, 2021, and asked questions, provided advice and made statements as appropriate, drawing on his extensive knowledge as a legal and accounting expert. As a member of the Compensation Advisory Committee, he actively researches market conditions, etc., and makes efforts to listen to the opinions of directors and executive officers.	

[Reference] Corporate Governance Structure

The Avant Group has a management structure in which the Board of Directors has the function of making management decisions and supervising business execution, thereby ensuring appropriate management decisions and prompt business execution. We have also established an Audit & Supervisory Board and adopted a company-with-auditors system, judging that an auditing system by corporate auditors, including outside corporate auditors, is an effective management monitoring function. If Proposal 2, "Partial Amendments to the Articles of Incorporation," is approved at this Ordinary General Meeting of Shareholders as proposed, the Company will transition to a company with an Audit Committee. The corporate governance structure after the transition will be discussed by the Board of Directors and disclosed through the Corporate Governance Report and the Integrated Report.



[Reference] Criteria for Appointment and Dismissal of Directors

The Company's Basic Corporate Governance Policy sets forth the criteria for the appointment and dismissal of directors in the Basic Corporate Governance Policy as follows

1. Candidates for the Board of Directors are those who meet the following criteria, while giving due consideration to their knowledge, experience, ability and diversity.
 - (1) Those who have a good understanding of the Company's management philosophy and are committed to it.
 - (2) Extensive knowledge of company management.
 - (3) Sufficiently qualified to make decisions on important business matters of the company as a member of the board of directors; and
 - (4) Contribute to strengthening the checks and balances and monitoring functions among directors and help ensure the effectiveness of the Board of Directors.
2. The Company's outside directors shall be those who meet the Company's criteria for independence in addition to the criteria set forth above.
3. Candidates for directors are nominated after deliberation and decision by the Board of Directors.
4. The term of office of directors shall be one year, and the term of office of directors who are members of the Audit and Supervisory Committee shall be two years. Reappointment shall not be precluded.
5. The Board of Directors shall propose the dismissal of a director if it finds that the director has committed an act that meets the following criteria for the submission of a proposal for the dismissal of a director.
 - (1) In the event of any act in violation of laws and regulations or the Articles of Incorporation, or any act that may lead to such violation.
 - (2) If it becomes clear that each of the requirements for the appointment of directors is not met, the
 - (3) If there is any other reason that is deemed not to meet the requirements for nomination as a director.

[Reference] Main Agenda of the Board of Directors' Meeting

During the fiscal year under review, the Board of Directors met 14 times for a total of 1,454 minutes, or an average of 103 minutes of discussion, including investment strategies and proposals to strengthen governance. The main agenda items are as follows

Matters approved	Matters reported
Key Personnel and Organization of the Avant Group	DIVA Empower Project Report
Approval of executive compensation plan and compensation amounts	Metapraxix Financial Report
Revision of the Executive Compensation Standards of the Avant Group	Report on Succession Plan of Subsidiary Presidents
Endorsement of the Climate-related Financial Disclosure Task Force	Report on changes in institutional design
Approval of Prime Market Selection Policy	Progress report on reorganization
Determination of the Group's restructuring policy	Report on issues and strategies for the next mid-term business plan
	Innovative Solutions Business Report
	Stock Price Trend Report
	Integrated Report

[Reference] Skill Matrix of Executives

With the aim of enhancing corporate value, the Company's Board of Directors has selected candidates from among those with diverse and specialized knowledge in management, legal and compliance, finance and accounting, M&A and finance, IT business, global business, governance, human resources and organization, and experience and knowledge as managers, while giving due consideration to diversity. If Propositions No. 3 and No. 4 are approved as proposed at this Ordinary General Meeting of Shareholders, the Board of Directors of the Company will appoint four Directors who are not Audit Committee members (including two Outside and Independent Directors and one foreign national). If Proposals 3 and 4 are approved as proposed at this Ordinary General Meeting of Shareholders, the Company's Board of Directors will consist of four Directors who are not Audit Committee members (including two Outside and Independent Directors and one foreign national) and three Directors who are Audit Committee members (including two Outside and Independent Directors and one female Director). As a Board of Directors, we believe that the diversity of personnel and the balance of knowledge, experience, and abilities are well considered and at a level that maintains a high level of decision-making ability.

	Directors				Directors who are Audit Committee Members		
	Tetsuji Morikawa	Naoyoshi Kasuga	Naohisa Fukutani	Jon Robertson	Tsuyoshi Noshiro	Chie Goto	Makoto Nakano
Management	●		●	●			●
Legal Affairs Compliance					●	●	
Finance & Accounting	●	●	●		●	●	●
M&A & Finance		●	●				●
IT Business	●			●			
Global		●	●	●			●
Governance	●	●	●	●	●	●	●
Human Resources & Organization	●		●	●	●	●	

[Reference] Independence Criteria for Outside Directors

Outside directors and outside corporate auditors (outside directors if Proposal 2 is approved as proposed at this Ordinary General Meeting of Shareholders) are considered to be independent if, as a result of an investigation by the Company to the extent reasonably possible, it is determined that none of the following items applies to them (i) The person is an independent director.

- (i) Any person who is or has been an executive director, executive officer, corporate officer, employee, or employee of the Company or its subsidiaries or affiliates (collectively, the "Group") at any time during the past ten years; or
- (ii) A person who directly or indirectly holds 10% or more of the total voting rights of the Company or a person who executes the business of such a person, or
- (iii) Persons with whom our Group has major transactions ^(Note 1) or with whom our Group has major transactions ^(Note 1), or their business executors; (iv) Persons with whom our Group has major transactions ^(Note 1) or with whom our Group has major transactions ^(Note 1), or their business executors
- (iv) Persons who receive large amounts of money or other financial benefits ^(Note 2) other than remuneration for their services as consultants, lawyers, certified public accountants, certified tax accountants, etc. to the Group, or their executive officers, or persons who receive large amounts of money or other financial benefits in exchange for providing professional services to the Group.
- (v) Persons who receive donations or grants exceeding ¥15 million per year from the Group, or their executive officers; (vi) Persons who receive donations or grants exceeding ¥15 million per year from the Group, or their executive officers; and
- (vi) Persons belonging to an auditing firm that is the accounting auditor of the Group; and
- (vii) Executive officers of companies to which the Group's executive officers are appointed as directors and executive officers of the Group, and
- (viii) Those who fall under (ii) to (vii) above in the past three years.
- (ix) Spouse or relative up to the second degree of kinship of a person falling under (i) through (viii) above.

(Note 1) Major transactions are defined as transactions involving the transfer of more than 2% of annual consolidated net sales or loans exceeding 2% of total consolidated assets.

(Note 2) "Large amount" means that, in the case of an individual who provides professional services, the relevant profit received from our group, excluding director's remuneration, exceeds 15 million yen per year in the most recent fiscal year, or, in the case of a corporation, partnership, or other organization that provides professional services, the relevant profit received from our group exceeds 2% of the annual gross income of the organization in the most recent fiscal year or 15 million yen, whichever is higher. In the case of an organization such as a corporation, partnership, etc., the amount of profits received from the Company Group exceeds 2% of the annual gross income of the organization or 15 million yen, whichever is higher, in the most recent fiscal year.

[Reference] Evaluation of the Effectiveness of the Board of Directors

We recognize the challenges to the responsibilities, composition, and operation of the Board of Directors and are committed to continuous improvement, with the aim of realizing sustainable corporate value enhancement. The Board of Directors conducts an annual analysis and evaluation of the effectiveness of the Board of Directors based on each director's self-evaluation and other factors.

<Evaluation Method>

However, the Board of Directors pointed out that it was difficult to clarify issues due to the focus on quantitative evaluation, and therefore, from the fiscal year ending June 30, 2020 onward, we will conduct interviews with directors and corporate auditors as appropriate, mainly through our own questionnaire survey. However, the Board of Directors pointed out that the focus of the evaluation was on quantitative evaluation and that it was difficult to clarify issues.

In order to identify issues more clearly after June 2021, we have created and implemented our own questionnaire form to allow participants to evaluate the issues and describe their opinions on how to respond to them. The survey was administered to all directors and auditors in July 2022, and the report was presented to the Board of Directors on August 5, 2022.

<Summary of evaluation results>

Summarizing the survey responses, the effectiveness of the Board of Directors was generally highly rated and evaluated as being properly operated. On the other hand, it was also pointed out that the discussion of various issues previously recognized as challenges has not progressed, and that more time should be spent on broader issues such as management strategies and medium-term management plans.

(1) Organization of the Board of Directors

As for the organization of the Board of Directors, the following opinions and issues were noted

- The nominating committee is not necessary, and the board of directors should thoroughly discuss the nomination process and fulfill its oversight responsibility.
- Diversity of each director and expected roles need to be clarified.
- The system under which monitoring functions should be organized with a view to Avant's current and future image.

(2) Agenda for the Board of Directors Meeting

While it was recognized that discussions on the executive officer personnel and executive compensation systems have progressed, it was pointed out that discussions have not progressed on matters that were previously pointed out as requiring continued discussion (Succession Plan, criteria for the appointment and dismissal of directors). It was also noted that capital policy and investor feedback need to be actively discussed.

(3) Operation of the Board of Directors

More problems than ever were identified with the reporting system. An increasing number of participants pointed out that the points of resolution and report items were unclear and that they were not distributed or explained sufficiently in advance. It was also pointed out that periodic reporting projects, etc., should be simplified by focusing on key points, while at the same time providing opportunities to gain a deeper understanding of the strategies and actual conditions of operating companies.

<Future actions>

In light of the above remarks, we report that we will push for the following actions in the operation of the Board of Directors for the fiscal year ending June 30, 2023.

- (1) Discussions throughout the year and matters requiring reporting are discussed in the supervisory and executive
- (2) Materials should be accompanied by an executive summary, so that the principles can be explained by it.
- (3) Ensure that materials are distributed one week in advance, or provide advance explanations to streamline time for discussion.
- (4) Off-site, business briefings should be held regularly.

Executive Remuneration System

1. Policy and method of determining the amount and calculation method of remuneration, etc., for directors and corporate auditors

(1) Remuneration System and Process for Determining Remuneration Amounts

The Company's policy and calculation method for determining compensation for directors and executive officers, as well as the criteria for the compensation system and amount of compensation for directors and executive officers, were approved by the Board of Directors meeting held on January 29, 2021. (An overview of the details is provided in (2) Remuneration for Directors and 2. below, Purpose, Basis of Indicators, and Specific Calculation Methods of Performance-Linked Remuneration and Performance-Linked Stock Remuneration).

Furthermore, the Board of Directors, at its meeting held on March 17, 2021, resolved to establish a Compensation Advisory Committee as a voluntary advisory body in order to strengthen the independence, objectivity, and accountability of the decision-making process. The Compensation Advisory Committee consists of two independent directors and the Group CEO, and its chairman is selected from among the independent outside directors. We strive to ensure objectivity by, for example, taking advice from outside experts and considering market-wide or industry-wide standards. The Compensation Advisory Committee's agenda includes the following

- (a) Policy for determining remuneration, etc. of directors and executive officers, and
- (b) Drafts of proposals concerning remuneration, etc. of directors and corporate auditors to be proposed at the General Meeting of Shareholders; and
- (c) A proposed policy regarding the determination of the content of the compensation of individual Directors and Corporate Officers to be brought before the Board of Directors; and
- (d) Proposed details of remuneration, etc. for individual directors and executive officers to be proposed to the Board of Directors; and
- (e) Other matters deemed necessary by the Board of Directors with respect to each of the preceding items.

(2) Remuneration for Directors

Remuneration for the Company's directors is divided into two categories: fixed remuneration (fixed periodic remuneration of the same amount) and performance-linked remuneration.

Fixed remuneration is paid in a standard amount by position, taking into consideration the level commensurate with the required abilities and responsibilities. The maximum annual amount of fixed remuneration for directors of the Company was approved at the 5th Ordinary General Meeting of Shareholders held on September 27, 2001 as 150,000 thousand yen or less (the number of directors immediately following the said meeting is six). (The number of directors immediately following the meeting was six.

Performance-linked remuneration consists of (1) short-term performance-linked remuneration, which is a bonus linked to business performance for each fiscal year, and (2) medium- to long-term performance-linked remuneration, which is linked to changes in indices over a target period of three years (Note). (2) Medium- to long-term performance-linked remuneration consists of a bonus linked to changes in indices over a three-year period (Note). The medium- to long-term performance-linked bonuses are stock-based compensation in the form of common shares of the Company, with the aim of providing Directors with incentives to enhance the Company's corporate value over the longer term and to promote further value sharing between Directors and shareholders. The introduction of performance-linked compensation was approved at the 11th Ordinary General Meeting of Shareholders held on September 26, 2007, and the maximum annual amount per eligible director was approved at the 18th Ordinary General Meeting of Shareholders held on September 25, 2014. The maximum amount per director is 41,250 thousand yen per year (the number of directors immediately after the meeting is 5 (including 2 outside directors)). In addition, at the 22nd Ordinary General Meeting of Shareholders held on September 19, 2018, the introduction of medium- to long-term

performance-linked compensation as stock-based compensation was approved, with the maximum amount of compensation being 100,000 thousand yen for each subject period and the number of shares to be delivered by the Company to subject directors under this plan being The maximum amount of compensation is 100,000,000 yen per subject period, and the number of shares to be issued to each director under the plan is limited to 60,000 shares per year and 100,000 shares in total per year for all directors (four directors (including two outside directors) immediately after the said shareholders' meeting).

Since outside directors are independent from the execution of business, performance-linked remuneration is not applied to them, and the above fixed remuneration is paid to them.

(Note) Three years from the month containing the date of the Company's annual general meeting of shareholders for each year. The initial coverage period will run from September 2018 through September 2021, and thereafter from September of each year through September of the three years following that year.

(3) Compensation of Corporate Auditors

The amount of remuneration for corporate auditors is also fixed, and is determined through discussions among the corporate auditors within the maximum amount of remuneration resolved at the general meeting of shareholders, taking into consideration such factors as whether they are full-time or part-time corporate auditors, whether they are internal or external corporate auditors, and the division of duties. The maximum amount of remuneration was resolved at the Extraordinary General Meeting of Shareholders held in December 2003 to be within 30,000 thousand yen per year (the number of corporate auditors immediately after the said meeting was two).

2. purpose of performance-linked compensation and performance-linked stock compensation, basis for indicators, and specific calculation methods

(1) Short-term performance-linked compensation

Short-term performance-linked compensation is a compensation system in which compensation is paid in cash and is linked to the year-on-year increase or decrease in consolidated operating income, which is consistently emphasized in the Company's medium- to long-term management strategy, medium-term management plan, and annual performance. The amount is calculated by multiplying the base amount, which is determined according to position, by the short-term incentive coefficient, which ranges from 0% to 200% depending on the change in consolidated operating income from the previous year. Previously, the Company's stock price was also considered as a coefficient, but since the rate of increase in the Company's stock price is reflected in the mid- to long-term performance-linked compensation, the Board of Directors resolved on August 19, 2020 to use the rate of increase in consolidated operating income as the coefficient from the 25th fiscal year onward. Specifically, it is calculated by the following formula

$$\text{Short-term performance compensation} = \text{Short-term performance base amount} \times \text{Short-term incentive coefficient}$$

Short-term incentive coefficient

Rate is calculated under the following formula where (a) represent consolidated operating profit for the current year and (b) represents consolidated operating profit of previous fiscal year

(i) When (a) is (b) or less:	0
(ii) If (a) exceeds (b) and is less than (b) × 112%:	$0.5 \times \{1 + ((a) - (b)) \div ((b) \times 112\%)\}$
(iii) When (a) is 112% or more of (b):	$1 + 0.5 \times ((a) - (b) \times 112\%) \div ((b) \times 6\%)$

※ The short-term incentive coefficient is limited to 2.0.

Consolidated operating income for the current fiscal year, which serves as a performance indicator, was 3,247 million yen, a 115% change from the consolidated operating income of the previous fiscal year (2,826 million yen (note)). As a result of applying this to the formula in (3) above, the short-term incentive coefficient was 1.24 as shown below, and 124% of the base amount of short-term performance-linked remuneration was paid as short-term performance-linked remuneration.

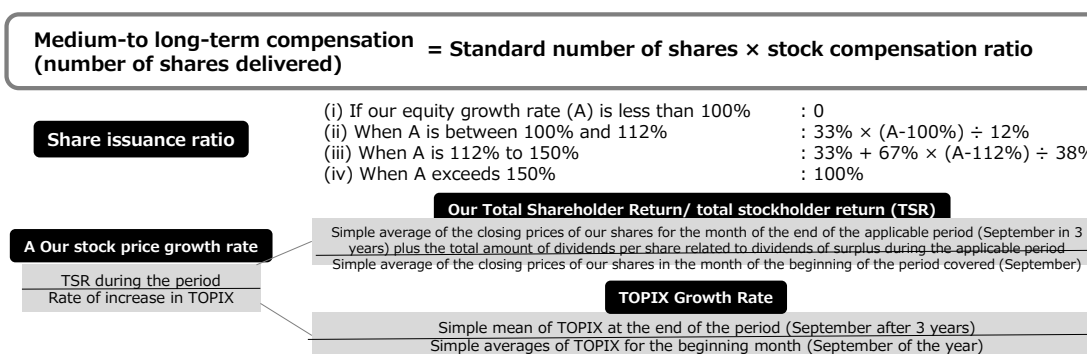
$$\text{Short-term incentive coefficient} = 1 + 0.5 \times (\text{Consolidated operating income for the current period: 3,247 million yen} - (\text{Consolidated operating income for the previous period: 2,826 million yen} \times 112\%)) / (\text{Consolidated operating income for the previous period: 2,826 million yen} \times 6\%) = 1.24$$

(Note) The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the current fiscal year, but operating income for the previous fiscal year has been adjusted to reflect the application of this accounting standard when calculating performance-linked compensation.

(2) Medium- to long-term performance-linked compensation

This is a performance share unit plan under which the Company's common stock is paid as a performance-linked stock compensation plan in order to provide directors with incentives to improve the Company's corporate value over the long term and to promote further value sharing between directors and shareholders. The number of shares will be determined by multiplying the number of shares determined by our board of directors (the base number of shares to be delivered) by the share delivery ratio determined according to our stock growth rate, which is a representative indicator of our company's corporate value. The Company's stock growth rate is calculated by dividing the Company's Total Shareholder Return (TSR) during the subject period by the growth rate of the Tokyo Stock Exchange Stock Price Index (TOPIX) during the subject period.

After the end of the subject period, monetary compensation claims will be paid to the subject directors, and upon the issuance of shares or disposal of treasury stock by the Company, the Company shares will be delivered by having all such monetary compensation claims contributed in kind.



With regard to the stock-based compensation for the President and Representative Director, the Company's medium- to long-term management strategy calls for an annual growth rate of 18% in operating income, and therefore, the Company received approval at the 25th Annual General Meeting of Shareholders held on September 28, 2021 to limit the grant of such stock-based compensation if the annual growth rate of adjusted net income per share for the three years to the end of the subject period (The Company's 25th Annual General Meeting of Shareholders held on September 28, 2021 approved the restriction on the grant of stock compensation to the President and CEO if the adjusted net income per share for the three-year period up to the end of the subject period (CAGR) is less than 18%.

Our total shareholder return for the period covered from September 2018 to September 2021 was 204.1% and TOPIX growth rate was 118.1%, resulting in our equity growth rate of 172.8% in A above. Since this corresponds to (4): 100% of the above share delivery ratio, 100% of the 8,705 shares, which is the standard number of shares delivered, were delivered.

(3) Remuneration, etc. of Directors and Corporate Auditors

The ratio of fixed remuneration and performance-linked remuneration for directors is as follows, using the achievement of performance targets as a guide (based on a short-term performance incentive coefficient of 100%).

Composition of Directors' Remuneration

	Fixed remuneration	Short-term performance-linked compensation	Long-term performance-linked compensation
Directors	50-55%	15%-20%	30%

The amounts of remuneration paid to directors and corporate auditors for the fiscal year ended March 31, 2012 were as follows. With respect to individual remuneration, etc. of these directors, the Board of Directors confirms that the method of determining the details of remuneration, etc. and the details of the determined remuneration, etc. are in line with the relevant determination policy, by receiving explanations of the calculation process described in (1) and (2) above, and by other means. (2) above.

Amount of remuneration, etc. of directors and corporate auditors

Classification	Total amount of compensation, etc.	Total amount of remuneration, etc. by type		Number of eligible officers
		basic remuneration	performance-based bonus	
Directors (Excluding outside directors)	125 million yen	83 million yen	42 million yen	2 persons
Auditors (Excluding outside auditors)	11 million yen	11 million yen	-	1 person
Outside Directors	43 million yen	43 million yen	-	3 persons
Outside Auditors	10 million yen	10 million yen	-	3 persons

(Note) 1. The amount paid to directors does not include the amount of employee's salary for directors who concurrently serve as employees.

2. The above includes one corporate auditor who retired at the conclusion of the 25th Annual General Meeting of Shareholders held on September 28, 2011.

Compliance and Risk Management

Compliance System for Directors

1) System to ensure that the execution of duties by directors complies with laws and regulations and the Articles of Incorporation

- Directors shall comply with the "AVANT Code of Conduct," practice the "AVANT Values," and execute their duties appropriately in accordance with laws and regulations, the Articles of Incorporation, the Board of Directors Regulations, and other internal regulations.
- In executing business operations, directors make decisions after comprehensive review at meetings of the Board of Directors and at various cross-organizational meetings.
- The CRM Committee is composed of the CRM Committee Chairpersons and the CRM Committee members. The CRM manager of each Group company, appointed by the chairman of the Compliance and Risk Management (CRM) Committee, shall deliberate and review important issues and responses concerning corporate ethics, compliance, and risk management at the CRM Committee and report promptly to the Board of Directors. The CRM Committee shall discuss and consider important issues and responses concerning corporate ethics, compliance and risk management, and promptly report them to the Board of Directors.
- The Company shall establish and operate a reporting system for violations of laws and ordinances and other legally questionable acts, etc., with the legal advisor, independent outside corporate auditors and full-time corporate auditors as contact points.
- Corporate auditors shall audit the execution of duties by directors by attending meetings of the Board of Directors and other important meetings and by investigating the status of business execution, etc., in accordance with the audit policy determined by the Audit & Supervisory Board.

2) System to ensure the efficient execution of duties by directors

- The Company's Board of Directors basically meets once a month on a regular basis, and as necessary, the Board of Directors meets as needed to make decisions and execute business operations promptly, and to supervise the status of important management decisions and business execution by directors. The Board of Directors is responsible for decision-making and prompt business execution, as well as for supervising the status of important management decisions and business execution by the directors.
- The various meetings and committees, of which the director is the head or a member, deliberate and decide on business execution within the scope of their authority.
- Promote decentralization of management through organization based on management policies and business plans. -To clarify management responsibility and respond to changes in the business environment, the term of office of directors is set at one year.

3) System for Storage and Management of Information Related to Execution of Duties by Directors

Information related to execution of duties by Directors shall be properly stored and managed by the relevant departments in accordance with laws and regulations, the Board of Directors Regulations, Document Management Regulations, and other related regulations.

System to ensure the appropriateness of the company's operations

1) System of Regulations and Other Systems for Management of Risk of Loss

- The Company shall implement appropriate management of operations and funds, as well as the prevention of risks, by monitoring the status of business performance through rolling forecast management in a cycle appropriate to the business environment, in order to ensure the progress of business performance and thorough management of expenses.
- We will also implement risk prevention as well as appropriate management of operations and funds by thoroughly managing the progress of business performance and expenses through rolling forecast management in cycles appropriate to the business environment. The Company

shall manage risks related to compliance, information assets, and other business matters by preparing and disseminating necessary rules, manuals, etc. In addition, the CRM Committee will strengthen the management and response to ensure compliance.

- In addition, the Information Security Committee will strengthen the management of and response to the management of information assets. We shall consult with, and receive advice and guidance from, third parties with expertise, such as lawyers, accounting auditors, tax accountants, etc., as necessary in the performance of our business.

2) System to ensure that the execution of duties by employees complies with laws and regulations and the Articles of Incorporation

- Employees shall comply with the "AVANT Code of Conduct," practice the "AVANT Values," and perform their duties in accordance with laws and regulations, the Articles of Incorporation, and internal rules.
- In order to raise employees' awareness of compliance and promote socially responsible behavior, the Company will develop internal rules and regulations and conduct internal audits under the direction of the President. When an employee becomes aware of a violation of laws, regulations, the Articles of Incorporation, or internal rules, or an act contrary to socially accepted norms, the employee shall report or consult with the Internal Reporting Desk.
- In the event that the corporate auditors request opinions or improvements regarding the employee compliance system or the internal reporting system, the directors will promptly respond or make improvements at the CRM Committee meeting.

3) System to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries

- The Company's subsidiaries shall comply with the Company's management policies and the "AVANT Code of Conduct" and share the practice of "AVANT Value" and contribute to enhancing the corporate value of the group.
- The Company will support the development and improvement of internal control systems and promote them in cooperation with subsidiaries, while respecting the autonomy of the subsidiaries.
- The Company's subsidiaries have entered into a management guidance and business management agreement, under which the Company receives reports on important matters related to the execution of duties by directors and others. The board of directors of each operating company decides important matters, but the Company's approval is required for (a) investments, including office contracts, (b) personnel matters, and (c) financing, including capital policies.
- The Company's subsidiaries hold regular meetings of the Board of Directors once a month as a basic rule and hold meetings as necessary for decision-making and prompt business execution, and the Company's Group General Affairs Office confirms the status of the meetings.
- As part of the establishment of the Group's overall compliance system, employees of the Company's subsidiaries are required to report or consult with the Internal Reporting Desk when they become aware of any violation of laws, the Articles of Incorporation, internal rules, or any act contrary to socially accepted norms.
- The CRM Committee will provide support for violations of laws and regulations and other compliance-related issues at subsidiaries. The Company will prevent risks by appropriately managing operations and funds and reporting to the Company by monitoring the performance status of the Company's subsidiaries through rolling forecast management in accordance with the budget management rules and by implementing a cycle that corresponds to the business environment.
- The internal audit group of the Group Risk Management Office conducts regular internal audits of the Company's subsidiaries and reports the results to the Company's directors and corporate auditors for necessary control.

4) System to Ensure Appropriateness of Financial Reporting

Under the direction of the Board of Directors, the Company has established a maintenance and operation system to ensure the legality and appropriateness of financial reporting, and regularly

conducts self-assessments and independent evaluations of internal control over financial reporting, as well as audits by the accounting auditor. The Company shall conduct self-assessments and independent assessments of internal control over financial reporting on a regular basis.

5) Basic Approach to Eliminating Antisocial Forces

In our "Basic Policy for the Elimination of Antisocial Forces", we declare the elimination of antisocial forces and the prohibition of antisocial activities, and our basic policy is to have no relationship with antisocial forces that threaten the safety and order of society and the sound activities of companies, and to refrain from accepting any unreasonable and illegal demands. Our basic policy is to have no relationship with antisocial forces that threaten the safety and order of society or the sound activities of the company, and to refrain from accepting any unreasonable or illegal demands.

In addition to appointing a person in charge of preventing improper demands and making efforts to collect information and check business partners on a routine basis, the Company will take prompt action in an organized manner by maintaining close contact with relevant administrative agencies, lawyers, and other experts when a case arises.

System for Audits by Audit & Supervisory Board Members

1) Matters concerning employees who are requested by corporate auditors to assist them in their duties, and matters concerning the independence of such employees from directors

- The Company does not have employees to assist the auditors in their duties, but the Board of Directors may appoint and assign such employees upon consultation with and at the request of the auditors.
- During the period designated by the auditor to assist the auditor, the authority to direct and order employees appointed to assist the auditor in his/her duties shall be transferred to the auditor, ensuring independence from the directors. In addition, the evaluation of such employees shall be made after hearing the opinions of the auditors.

2) System for Directors and Employees to Report to Corporate Auditors and Other Systems Related to Reporting to Corporate Auditors

- Corporate Auditors attend Board of Directors meetings, attend major meetings and receive reports on the status of operations, and are able to attend other meetings and committee meetings or read the minutes of such meetings as necessary.
- The auditors attend meetings of the Board of Directors, attend major meetings, and receive reports on the status of operations. The statutory auditor may request directors and employees to report on business and operations to the statutory auditor on a regular or ad hoc basis.

3) System to ensure that a person who reports to an auditor is not treated disadvantageously because of such report

- The Company has established and enforced a system to ensure that no one is treated unfavorably because of his or her report.

4) Matters concerning the policy for the treatment of expenses or debts incurred in the performance of duties by Corporate Auditors

- If a Corporate Auditor requests advance payment or reimbursement of expenses incurred in the performance of his/her duties, such expenses or debts shall be promptly treated unless they are deemed unnecessary in the performance of the Corporate Auditor's duties.

5) Other systems to ensure that audits by corporate auditors are conducted effectively

- Corporate auditors are able to hold meetings with the President and Representative Director to communicate and exchange opinions.
- The Company also exchanges opinions and information with accounting auditors and internal auditors, and has a system that enables it to request investigations and reports as necessary in cooperation with them.

Status of operation of the system to ensure the appropriateness of business operations

With regard to the above-mentioned system to ensure the appropriateness of business operations, the Company has continuously investigated the status of the development and operation of the internal control system since the system was first established, and has reported the investigation details to the Board of Directors. In addition, corrective measures are being taken for problems identified as a result of the investigation, and efforts are being made to establish and operate a more appropriate internal control system.

(Attachments)

Business Report

(From July 1, 2021 to June 30, 2022)

Matters Relating to the Current Status of the Corporate Group

(1) Progress and results of the project

Consolidated financial results for the current fiscal year are as follows

(Unit: Millions of yen)

	25th period (June 30, 2021)	26th period (June 30, 2022) (Current fiscal year)	Compared to the previous fiscal year	
			Increase/decrease	Percentage change (%)
Net sales	16,236	18,703	-	-
Operating income	2,796	3,247	-	-
Ordinary income	2,808	2,988	-	-
Net income attributable to owners of the parent	1,888	2,045	-	-

(Note) The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others have been applied from the beginning of the current fiscal year, and the figures for the fiscal year ended June 30, 2022 are after the application of the said accounting standards. Therefore, the figures for the fiscal year ended June 30, 2022 are after the application of these accounting standards, and therefore, the comparison with the previous fiscal year is not shown.

The current social and economic environment surrounding our country is arousing the need for "data-based management and decision-making," and the needs for the Group's products and services are expanding while transforming into more sophisticated ones. As a result, it is no longer possible to properly present the nature of the business using the previous segment names. As a result, effective from the consolidated fiscal year under review, the former "Consolidated Accounting Related Business" has been renamed "Group Governance Business" and "Business Intelligence Business" has been renamed "Digital Transformation Business" as reporting segments. This change is only a change in segment name and has no impact on segment information.

Consolidated net sales for the fiscal year totaled 18,703 million yen. Effective from the current fiscal year, the Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "Accounting Standard for Revenue Recognition"). Hereinafter referred to as "Accounting Standard for Revenue Recognition". etc., the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and changed the format for transactions that are recognized as arrangements for goods, etc. to be provided by other parties, where the sales amount was previously recorded as sales in gross amount and the purchase amount was recorded as expenses, to a net amount of the difference between sales amount and purchase amount as commissions. The effect of this change was to decrease net sales by 397 million yen from the previous standard. In addition, for most of the services for which sales were previously recorded upon completion of the project and receipt of acceptance from the client, the Company has changed to record sales according to the progress of the project, rather than waiting for the project to be completed. The effect of this change was to increase net sales by 296 million yen.

In other words, sales before the application of the accounting standard for revenue recognition were 18,804 million yen, a 15.8% increase over the previous fiscal year, and the impact of the accounting standard change was a 100 million yen decrease. The increase in revenue was due to sales growth in all businesses, particularly in the Digital Transformation Business and Outsourcing Business.

The ratio of stock sales (sales that occur on an ongoing basis, such as software maintenance fees), which is one of the management targets in the medium-term management plan, decreased 1.4 percentage points from the previous fiscal year to 34.6%, due in part to the impact of a decrease in the Digital Transformation Business due to the application of revenue recognition accounting standards and other factors. The ratio decreased by 1.4 percentage points from the previous fiscal year. The total amount increased 10.7% from the previous fiscal year.

As for profits, operating income was 3,247 million yen, ordinary income was 2,988 million yen, and net income attributable to owners of the parent was 2,045 million yen. Since operating income increased by 208 million yen due to the impact of the application of the accounting standard for revenue recognition, operating income calculated under the previous accounting standard would be 3,038 million yen, an increase of 8.7% from the previous consolidated fiscal year if the difference in accounting standards is excluded.

In the group governance business, expenses increased due to upfront costs for significantly strengthening the development structure to promote software development for future growth and profitability, as well as the establishment of a division to pursue group synergies as a company-wide expense, and the strengthening of the structure for this purpose. On the other hand, the Digital Transformation Business achieved a large increase in profit due to sales growth with improved profitability, and this was a major factor in the increase in profit.

The performance of Metapraxis, an equity-method affiliate of the Company, in the U.K. and the U.S. has been slow to recover since the spread of the new coronavirus, and its financial position has fallen below a certain level, which the Company had assumed when it invested in the company. The financial position of the company has also fallen below a certain level, and the company has recorded an impairment loss on its shares. However, the sales and introduction of Metapraxis' products in the Japanese market by translating them into Japanese, which was the main purpose of our capital and business alliance with Metapraxis, is already underway, and the business is steadily growing.

The status of each reportable segment is as follows

Net sales (Millions of yen)

	25th period (June 30, 2021)	26th period (June 30, 2022) (Current fiscal year)	Compared to the previous fiscal year	
			Increase/decrease	Percentage change (%)
Group Governance Business	8,160	9,372	-	-
Digital Transformation Business	6,250	7,015	-	-
Outsourcing Business	2,479	3,044	-	-
Inter-segment transaction elimination	-654	-729	-	-
Consolidated net sales	16,236	18,703	-	-

(2) Operating income (Millions of yen)

	25th period (June 30, 2021)	26th period (June 30, 2022) (Current fiscal year)	Compared to the previous fiscal year	
			Increase/decrease	Percentage change (%)
Group Governance Business	1,935	2,060	-	-
Digital Transformation Business	811	1,244	-	-
Outsourcing Business	523	661	-	-
Corporate expenses and elimination of transactions between the Company and its segments, etc.	-473	-718	-	-
Operating income	2,796	3,247	-	-

(Note) In the tables (1) and (2) above, the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others are applied from the beginning of the current fiscal year, and the figures for the fiscal year ended June 30, 2022 are after the application of the said accounting standard. Therefore, the figures for the fiscal year ending June 30, 2022 are after the adoption of the said accounting standards, etc., and therefore, the comparison with the previous fiscal year is not shown.

As for the group governance business, net sales were 9,372 million yen. Since the effect of the application of the accounting standard for revenue recognition, etc., increased by 262 million yen, the increase would be 11.6% compared to the previous fiscal year if the previous accounting standard had been applied. Domestic companies are increasingly restructuring their businesses to strengthen competitiveness, and the increase in orders related to this trend was the main reason for the increase in orders. On the other hand, expenses increased due to the significant reinforcement of the development structure to promote software development for future growth and profitability, resulting in an operating income of 2,060 million yen (an increase of 144 million yen due to the change in accounting standards, a 1.0% decrease from the previous fiscal year under the previous accounting standards). As a result, operating income was 2,060 million yen (an increase of 144 million yen due to the change in accounting standards, and a decrease of 1.0% from the previous fiscal year under the previous accounting standards).

In the Digital Transformation Business, the need to utilize data for decision-making in management and business promotion is accelerating, and orders are shifting from traditional

"business intelligence-related development" to "cloud data platform provision. The number of projects we are receiving orders for is also shifting from the traditional "business intelligence-related development" to "cloud data platform provision. As a result, net sales increased to 7,015 million yen (down 355 million yen due to a change in accounting standards, up 17.9% from the previous fiscal year under the previous accounting standards). The change in the quality of projects received has also led to improved profitability, with operating income of 1,244 million yen (up 69 million yen due to the change in accounting standards, up 44.8% from the previous fiscal year under the previous accounting standards), significantly higher than in the previous fiscal year.

In the outsourcing business as well, there was a trend for companies that had been cautious in making final decisions to move forward due to the uncertainty caused by the impact of the new coronavirus infection, and orders from new clients increased. As a result, both sales and income increased to 3,044 million yen (down 8 million yen from the previous fiscal year due to a change in accounting standards, up 23.1% from the previous fiscal year under the previous accounting standards) and 661 million yen in operating income (down 6 million yen from the previous fiscal year under the previous accounting standards, up 27.5% from the previous fiscal year under the previous accounting standards).

The number of consolidated employees was 1,226 at the end of the current fiscal year, an increase of 119 from the end of the previous fiscal year.

The status of orders and sales for the current consolidated fiscal year is as follows.

Orders and Sales (Millions of yen)

	Current Consolidated Fiscal Year (From July 1, 2021 to June 30, 2022)		
	Sales	orders received	Order backlog
Group Governance Business	9,372	10,155	3,132
Digital Transformation Business	7,015	6,902	1,131
Outsourcing Business	3,044	4,032	2,446
Elimination of intersegment transactions	-729	-1,017	-578
Total	18,703	20,073	6,131

(2) Capital expenditure

Total capital expenditures for the current fiscal year 385 million yen(including software)

Major capital investments include the purchase of office equipment and software for internal use.

(3) Financing

There were no matters requiring special mention in the current consolidated fiscal year.

(4) Assets and Profit and Loss

(i) Assets and profit/loss of the corporate group

		23rd period (June 30, 2019)	24th period (June 30, 2020)	25th period (June 30, 2021)	26th period (June 30, 2022) (Current fiscal year)
Net sales	(Millions of yen)	14,077	15,691	16,236	18,703
Ordinary income	(Millions of yen)	1,972	2,282	2,808	2,988
Net income attributable to owners of the parent	(Millions of yen)	1,317	1,537	1,888	2,045
Net income per share (Yen)		35.06	40.92	50.24	54.37
Total assets	(Millions of yen)	10,415	11,780	13,956	16,617
Net assets	(Millions of yen)	5,898	7,194	8,787	10,597
Net assets per share	(Yen)	157.00	191.42	233.70	281.68

(Notes) 1 Effective December 1, 2019, the Company conducted a 2-for-1 common stock split. Net income per share and net assets per share are calculated on the assumption that the stock split was conducted at the beginning of the 23rd fiscal year.

2. "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others are applied from the beginning of the 26th fiscal year, and the figures for the 26th fiscal year are after the application of these accounting standards.

(2) Our Assets and Profits and Losses

		23rd period (June 30, 2019)	24th period (June 30, 2020)	25th period (June 30, 2021)	26th period (June 30, 2022) (Current fiscal year)
Operating revenue	(Millions of yen)	1,851	2,355	2,661	2,324
Ordinary income	(Millions of yen)	729	1,145	1,348	731
Net income	(Millions of yen)	771	1,252	1,464	646
Net income per share (Yen)		20.55	33.32	38.95	17.18
Total assets	(Millions of yen)	6,769	6,994	8,899	10,947
Net assets	(Millions of yen)	4,044	5,054	6,219	6,532
Net assets per share	(Yen)	107.65	134.49	165.41	173.63

(Note 1) Effective December 1, 2019, the Company conducted a 2-for-1 common stock split. Net income per share and net assets per share are calculated on the assumption that the stock split was conducted at the beginning of the 23rd fiscal year.

2. "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others are applied from the beginning of the 26th fiscal year, and the figures for the 26th fiscal year are after the application of these accounting standards.

(5) Significant parent company and subsidiaries

(i) Parent company

Not applicable.

(ii) Status of Important Subsidiaries

Company Name	Capital	Percentage of voting rights held by the Company	Main Businesses
DIVA CORPORATION	100 million yen	100.0%	Software development, sales, installation support, maintenance and other related businesses
Internet Disclosure Co., Ltd.	39 million yen	100.0%	Software development and sales information processing and provision services
ZEAL CORPORATION	100 million yen	100.0%	Design of information systems Development and sales of software and other related businesses
FIERTE CORPORATION	100 million yen	100.0%	Outsourcing-related business
DIVA CORPORATION OF AMERICA	1,100,000USD	100.0%	Survey of IT products and services

(iii) Status of important affiliated companies

Company Name	Capital	Percentage of voting rights held by the Company	Main Businesses
Metapraxis Limited	143,000 GBP	19.79%	Development and sales of software

(Note) The equity method is applied to the above one important affiliate.

(6) Issues to be addressed

In September 2018, the Group announced "BE GLOBAL 2023," its five-year medium-term management plan through the fiscal year ending June 30, 2023, with the goal of "becoming a world-class software company," and is working on business activities to achieve this goal. In September 2018, we announced "BE GLOBAL 2023," our five-year medium-term management plan through the fiscal year ending June 30, 2023, which aims to become a world-class software company. Looking back at progress to date, financial KPIs such as net sales, operating income, ROE, and dividends are generally at achievable levels. However, the goal of raising the ratio of "stock sales," which are sales that occur on an ongoing basis, such as software maintenance fees, to total sales (stock sales ratio) from over 30% at the time the plan was announced to 70%, has not seen significant results. Therefore, with a view to formulating the next medium-term management plan, we, together with the Group Management Strategy Executive Team, summarized what the Group should do to realize the vision as the Avant Group's materiality.

In order to realize this materiality and to accelerate the growth of existing businesses and create new growth businesses, we have decided to reorganize the group structure into a separate organization. The issues to be addressed by the Company in realizing materiality through the new structure are as follows

1. further expansion of customer base

The Group's products have been adopted by many of Japan's leading companies, with sales exceeding 1,100 companies, and are becoming one of the infrastructures that support consolidated accounting and group management in Japan. However, it has not yet reached a sufficient level to contribute to society and enhance the corporate value of the Group. For

the time being, we are working to continuously provide high-quality, high-value-added products and services with the goal of being adopted by more than 2,000 customers.

2. increase the value of contribution to existing customers and their group companies

One of our group's greatest assets is our customers, a group of outstanding companies representing Japan. In addition, because we provide products and services related to group management, the number of group companies that use our group's products as users is dozens of times greater than the number of companies that use them beyond them. As further added value to these customers and their group companies, we aim to contribute to more than 10,000 group companies by providing a variety of services of our group companies and cloud-based products developed based on the knowledge accumulated through these services. We aim to contribute to more than 10,000 group companies by providing various services of our group companies and cloud-based products developed based on knowledge accumulated through these services.

In addition, the Company will work to create an environment in which each company in the Group can maximize synergies.

3. Shift from man-hour-based sales to value-added-based sales

In the process of expanding the size of our corporate group to its current scale, we have increased the ratio of man-hour-based sales, in which we bill customers based on man-hours x unit price. In order to further enhance corporate value by increasing profitability and productivity while expanding the scale of sales, we recognize the need to shift from a man-hour-based, sales-oriented business to a value-added, sales-oriented business that does not necessarily require an increase in personnel to increase sales. We recognize the need to shift from a man-hour-based sales-oriented business to a value-added sales-oriented business that does not necessarily require an increase in personnel to increase sales.

The 70% stock sales ratio is a ratio that would be difficult to achieve without this business model transformation, and by setting this goal as a key indicator, the entire group is working together to transform the business model.

4. Increase employee job satisfaction

Another major asset of our group is our excellent employees who possess a high level of technology and expertise and a spirit of challenge. While increasing the number of employees each fiscal year, we are working to create a rewarding work environment that enriches the lives of our employees and allows them to focus on producing results in their work. The Group conducts employee surveys using the Great Place to Work® (GPTW) to create a rewarding work environment, visualize job satisfaction and engagement, and implement improvement actions, with the goal of raising this GPTW score to 70 points for each Group company. We are working to achieve a GPTW score of 70 points for each Group company. We have also begun efforts to hire diverse human resources and promote them to executive positions, regardless of gender or nationality.

5. Capture external growth

While sustainable development of existing businesses is the basis for the realization of the mid-term management plan, it may be difficult to realize the plan on its own. We will also look forward to corporate acquisitions and capital tie-ups, while carefully preparing for them, as an important element of modern corporate activities, when they are deemed necessary and effective.

In addition to being a company that is consistent with the direction our group is aiming for, we are also conscious of the cost of capital and expect to maintain a return on equity (ROE) of at least 20% even with the results of external growth. In addition, we will reduce the possibility of damaging our corporate value by easily acquiring external growth.

6. Compliance

Since its establishment, the Group has emphasized compliance as a fundamental principle of corporate governance. On the other hand, social demands for compliance have been increasing in recent years, and we believe that the loss of public trust in the event of a violation is even greater than before, and the time required to regain trust is also longer. We are promoting our business activities while being more thorough than ever before to ensure that we do not violate any labor laws and regulations, as well as other relevant laws and regulations, and corporate ethics.

7. Sustainability

The Group's management philosophy, "Creation of a 100-Year Company," is to regard the company as a public institution of society and to develop sustainably as an organization that exists for the benefit of society. Our group's mission is to contribute to society by providing value in helping our customers use management information to create the future, but in the process of achieving this mission, we will be involved with a variety of stakeholders, so each and every member of the group must act with due consideration for maintaining a balance between economic activities, environmental conservation, and social fairness. Therefore, sustainable development will not be possible unless each and every member of the Group acts with due consideration for maintaining a balance between economic activities, environmental preservation, and social fairness. To this end, on July 22, 2020, the Group established the Group Human Rights Policy and Group Environmental Policy, and on August 25, 2020, the Group signed the United Nations Global Compact, declaring that it accepts, supports, and implements essential values in the four areas of human rights, labor, the environment, and anti-corruption. The Group declared that it accepts, supports, and implements the essential values in the four areas of human rights, labor, environment, and anti-corruption. On July 1, 2021, we decided to take the first step toward the realization of a sustainable society by converting all of our group's annual electricity consumption to "green power," thereby reducing greenhouse gas emissions to zero. In addition, the Group has provided support, albeit limited, for sporting events and cultural activities sponsored by local governments and industry associations. On the other hand, now that we have more than 1,000 group members, we need highly skilled human resources who can understand the changing needs of our customers and propose solutions in order to share our philosophy system throughout the group and solve issues 1 through 5 above. We aim to establish optimal training and compensation systems to secure and develop such human resources.

(7) Principal Businesses(As of June 30, 2022)

Segment classification	Business
Group Governance Business	Development, sales, implementation support and maintenance of DivaSystem (consolidated management and consolidated accounting system) Consulting services related to IFRS compliance, sophistication of business management, budgeting and management accounting, etc. Information retrieval service for disclosure documents
Digital Transformation Business	System integration services for information utilization called BI (Business Intelligence) Support for implementation of cloud data platforms Sales and maintenance of software licenses and hardware
Outsourcing Business	Outsourcing services such as consolidated closing of accounts and consolidated tax payment

(8) Principal business offices(As of June 30, 2022)

(1) Our main offices

Tokyo Head Office 15-2, Konan 2-chome, Minato-ku, Tokyo

(ii) Principal offices of important subsidiaries

DIVA CORPORATION	(Head office)	Minato-ku, Tokyo
	Osaka Office	Osaka City, Osaka
	Nagoya Office	Nagoya City, Aichi Prefecture
	Konan Office	Minato-ku, Tokyo
Internet Disclosure Co., Ltd.		Chuo-ku, Tokyo
ZEAL CORPORATION	(Head office)	Shinagawa-ku, Tokyo
	Osaka Office	Osaka City, Osaka
	Fudomae Office	Shinagawa-ku, Tokyo
FIERTE CORPORATION		Shinjuku-ku, Tokyo

(Note) Effective March 7, 2022, DIVA Corporation relocated its Osaka office.

(9) Employees(As of June 30, 2022)

(i) Employees of the corporate group

Number of employees	Number of	Increase (Decrease) from the end of the previous consolidated fiscal year
	1,226 persons	Increase of 119

(Note) 1. The number of employees indicates the number of full-time employees.

2. The number of employees does not include temporary employees (average of 20 temporary, part-time and part-time employees during the period).

(ii) Employees of the Company

Number of employees	Increase (decrease) from the end of the previous fiscal year	Average age	Average years of service
47 persons	Increase of 2 persons	43.1 years old	5.1 years

(Notes) 1. The number of employees indicates the number of full-time employees.

2. The number of employees does not include temporary employees (average number of temporary, part-time and part-time employees during the period: 0).

(10) Principal Lenders(As of June 30, 2022)

There are no loans from financial institutions.

The Company has entered into commitment line agreements (maximum loan amount: 3,500 million yen) with financial institutions with which it does business in order to raise working capital efficiently.

(11) Other important matters concerning the current status of the corporate group

Not applicable.

Matters Concerning Company Officers

(1) Names, etc. of Directors and Corporate Auditors

As noted on page 31.

(2) Outline of the contents of the liability limitation agreement

As noted on page 31.

(3) Summary of contents of directors' and officers' liability insurance policy

As noted on page 31.

(4) Matters Related to Outside Directors and Outside Corporate Auditors

As noted on page 32.

(5) Executive remuneration system

As described on pages 38 - 42.

Company structure and policies (compliance and risk management)

As described on pages 43 - 46.

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(Note) Amounts in this business report are rounded down to the nearest unit.

## Consolidated Balance Sheets

(As of June 30, 2022)

(Unit: thousand yen)

| Accounting Subjects                            | Amount     | Accounting Subjects                                                          | Amount     |
|------------------------------------------------|------------|------------------------------------------------------------------------------|------------|
| (Assets)                                       |            | (Liabilities)                                                                |            |
| Current assets                                 | 13,741,316 | Current liabilities                                                          | 5,820,483  |
| Cash on hand and in banks                      | 9,444,021  | Notes and accounts payable-trade                                             | 662,316    |
| Notes, accounts receivable and contract assets | 3,024,049  | Lease obligations                                                            | 12,428     |
| Marketable securities                          | 590,019    | Accounts payable and accrued expenses                                        | 392,568    |
| Work in progress                               | 18,100     | Income taxes payable                                                         | 586,626    |
| Raw materials and supplies                     | 82,827     | Contract liabilities                                                         | 2,355,344  |
| prepaid expenses                               | 539,637    | Asset retirement obligations                                                 | 15,606     |
| Other                                          | 46,346     | Allowance for bonuses                                                        | 1,050,315  |
| Allowance for doubtful accounts                | -3,685     | Allowance for bonuses to directors and corporate auditors                    | 170,813    |
| Fixed assets                                   | 2,875,730  | Allowance for loss on orders received                                        | 17,743     |
| Property, plant and equipment                  | 398,117    | Other                                                                        | 556,718    |
| Building                                       | 364,191    | Fixed liabilities                                                            | 198,900    |
| Accumulated depreciation                       | -156,239   | Lease obligations                                                            | 18,324     |
| Vehicles and transportation equipment          | 843        | Asset retirement obligations                                                 | 180,576    |
| Accumulated depreciation                       | -843       | Total liabilities                                                            | 6,019,383  |
| Tools, furniture and fixtures                  | 684,626    | (Net assets)                                                                 |            |
| Accumulated depreciation                       | -494,461   | Capital stock                                                                | 10,466,479 |
| Intangible fixed assets                        | 676,951    | Capital stock                                                                | 329,128    |
| Software                                       | 676,429    | Capital surplus                                                              | 265,928    |
| Other                                          | 521        | Retained earnings                                                            | 9,872,031  |
| Investments and other assets                   | 1,800,661  | Treasury stock                                                               | -608       |
| Investments in securities                      | 511,133    | Accumulated other comprehensive income                                       | 131,183    |
| Long-term prepaid expenses                     | 29,713     | Net unrealized gains (losses) on available-for-sale securities, net of taxes | 103,126    |
| Lease and guarantee deposits                   | 560,883    | Deferred gains or losses on hedges                                           | 236        |
| Deferred tax asset                             | 568,997    | Foreign currency translation adjustments                                     | 27,820     |
| Other                                          | 129,933    | Total net assets                                                             | 10,597,663 |
| Total assets                                   | 16,617,046 | Total liabilities and net assets                                             | 16,617,046 |

## Consolidated Statements of Income

(From July 1, 2021 to June 30, 2022)

(Unit: thousand yen)

| Accounting Subjects                               | Amount    |            |
|---------------------------------------------------|-----------|------------|
| Net sales                                         |           | 18,703,387 |
| Cost of sales                                     |           | 9,782,137  |
| Gross profit                                      |           | 8,921,250  |
| Selling, general and administrative expenses      |           | 5,674,060  |
| Operating income                                  |           | 3,247,189  |
| Non-operating income                              |           |            |
| Interest income                                   | 240       |            |
| Dividends received                                | 6,563     |            |
| Gain on investment in partnership                 | 9,043     |            |
| Subsidy income                                    | 2,127     |            |
| Other                                             | 1,102     | 19,077     |
| Non-operating expenses                            |           |            |
| Interest expense                                  | 742       |            |
| Equity in losses of affiliated companies          | 269,244   |            |
| Fees and commissions                              | 5,682     |            |
| Foreign exchange loss                             | 695       |            |
| Stock issuance expenses                           | 281       |            |
| Other                                             | 647       | 277,294    |
| Ordinary income                                   |           | 2,988,973  |
| Income before income taxes and minority interests |           | 2,988,973  |
| Corporate, inhabitant and enterprise taxes        | 1,186,181 |            |
| Income taxes-deferred                             | -242,241  | 943,939    |
| Net income                                        |           | 2,045,033  |
| Net income attributable to owners of the parent   |           | 2,045,033  |

## Consolidated Statements of Changes in Net Assets

(From July 1, 2021 to June 30, 2022)

(Unit: thousand yen)

|                                                                                               | Shareholders' Equity |                 |                                    |                |                                           |
|-----------------------------------------------------------------------------------------------|----------------------|-----------------|------------------------------------|----------------|-------------------------------------------|
|                                                                                               | Capital stock        | Capital surplus | R e t a i n e d<br>e a r n i n g s | Treasury stock | T o t a l<br>shareholders'<br>e q u i t y |
| Balance at the beginning of current period                                                    | 311,568              | 248,368         | 8,169,386                          | -549           | 8,728,774                                 |
| Cumulative effect of a change in accounting policy                                            |                      |                 | 71,213                             |                | 71,213                                    |
| Balance at beginning of current period reflecting change in accounting policy                 | 311,568              | 248,368         | 8,240,600                          | -549           | 8,799,988                                 |
| Changes of items during the period                                                            |                      |                 |                                    |                |                                           |
| Issuance of new shares                                                                        | 17,559               | 17,559          |                                    |                | 35,119                                    |
| Dividends from surplus                                                                        |                      |                 | -413,602                           |                | -413,602                                  |
| Net income attributable to owners of the parent                                               |                      |                 | 2,045,033                          |                | 2,045,033                                 |
| Acquisition of treasury stock                                                                 |                      |                 |                                    | -58            | -58                                       |
| Items other than shareholders' equity<br>Net changes of items other than shareholders' equity |                      |                 |                                    |                |                                           |
| Total changes of items during the period                                                      | 17,559               | 17,559          | 1,631,430                          | -58            | 1,666,491                                 |
| Balance at the end of current period                                                          | 329,128              | 265,928         | 9,872,031                          | -608           | 10,466,479                                |

|                                                                                               | Accumulated other comprehensive income (loss)                                       |                                |                                        |                                              | Total net assets |
|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------|----------------------------------------|----------------------------------------------|------------------|
|                                                                                               | Available-for-sale securities Valuation difference on available-for-sale securities | Deferred hedge profit and loss | Exchange conversion Adjustment account | Other comprehensive Total accumulated profit |                  |
| Balance at the beginning of current period                                                    | 58,114                                                                              | 27                             | 291                                    | 58,433                                       | 8,787,207        |
| Cumulative effect of a change in accounting policy                                            |                                                                                     |                                |                                        |                                              | 71,213           |
| Balance at beginning of current period reflecting change in accounting policy                 | 58,114                                                                              | 27                             | 291                                    | 58,433                                       | 8,858,421        |
| Changes of items during the period                                                            |                                                                                     |                                |                                        |                                              |                  |
| Issuance of new shares                                                                        |                                                                                     |                                |                                        |                                              | 35,119           |
| Dividends from surplus                                                                        |                                                                                     |                                |                                        |                                              | -413,602         |
| Net income attributable to owners of the parent                                               |                                                                                     |                                |                                        |                                              | 2,045,033        |
| Acquisition of treasury stock                                                                 |                                                                                     |                                |                                        |                                              | -58              |
| Items other than shareholders' equity<br>Net changes of items other than shareholders' equity | 45,012                                                                              | 208                            | 27,529                                 | 72,750                                       | 72,750           |
| Total changes of items during the period                                                      | 45,012                                                                              | 208                            | 27,529                                 | 72,750                                       | 1,739,241        |
| Balance at the end of current period                                                          | 103,126                                                                             | 236                            | 27,820                                 | 131,183                                      | 10,597,663       |

**Balance Sheet**  
(As of June 30, 2022)

(Unit: thousand yen)

| Accounting Subjects                   | Amount            | Accounting Subjects                                                          | Amount            |
|---------------------------------------|-------------------|------------------------------------------------------------------------------|-------------------|
| (Assets)                              |                   | (Liabilities)                                                                |                   |
| Current assets                        | 8,829,188         | Current liabilities                                                          | 4,351,946         |
| Cash on hand and in banks             | 6,738,077         | Lease obligations                                                            | 3,613             |
| Accounts receivable                   | 93,063            | Accounts payable                                                             | 90,422            |
| Marketable securities                 | 590,019           | Accrued expenses                                                             | 84,621            |
| Supplies                              | 9,607             | Income taxes payable                                                         | 276,996           |
| Prepaid expenses                      | 50,091            | Deposit received                                                             | 103,632           |
| Cash advance                          | 583,415           | Allowance for bonuses                                                        | 60,800            |
| Accounts receivable                   | 763,676           | Allowance for bonuses to directors and corporate auditors                    | 43,595            |
| Other                                 | 1,236             | Deposits received from subsidiaries and affiliates                           | 3,676,000         |
| Fixed assets                          | 2,118,784         | Other                                                                        | 12,264            |
| Property, plant and equipment         | 165,214           | Fixed liabilities                                                            | 63,578            |
| Building                              | 112,686           | Lease obligations                                                            | 5,231             |
| Accumulated depreciation              | -53,846           | Asset retirement obligations                                                 | 58,346            |
| Tools, furniture and fixtures         | 345,113           | <b>Total liabilities</b>                                                     | <b>4,415,524</b>  |
| Accumulated depreciation              | -238,739          | (Net assets)                                                                 |                   |
| Intangible fixed assets               | 269,445           | Capital stock                                                                | 6,429,085         |
| Trademark                             | 6                 | Capital stock                                                                | 329,128           |
| Software                              | 268,923           | Capital surplus                                                              | 265,928           |
| Other                                 | 515               | Capital reserve                                                              | 265,928           |
| Investments and other assets          | 1,684,125         | Retained earnings                                                            | 5,834,637         |
| Investments in securities             | 430,143           | Legal retained earnings reserve                                              | 374               |
| Shares of subsidiaries and affiliates | 1,043,737         | Other retained earnings                                                      | 5,834,262         |
| Long-term prepaid expenses            | 19,982            | Retained earnings brought forward                                            | 5,834,262         |
| Lease and guarantee deposits          | 106,429           | Treasury stock                                                               | -608              |
| Insurance reserve                     | 55,051            | Valuation and translation adjustments                                        | 103,363           |
| Deferred tax asset                    | 5,009             | Net unrealized gains (losses) on available-for-sale securities, net of taxes | 103,126           |
| Other                                 | 23,770            | Deferred gains or losses on hedges                                           | 236               |
| <b>T o t a l a s s e t s</b>          | <b>10,947,972</b> | <b>Total net assets</b>                                                      | <b>6,532,448</b>  |
|                                       |                   | <b>Total liabilities and net assets</b>                                      | <b>10,947,972</b> |



## Statement of Income

(From July 1, 2021 to June 30, 2022)

(Unit: thousand yen)

| Accounting Subjects                                        | Amount    |           |
|------------------------------------------------------------|-----------|-----------|
| Operating revenue                                          |           |           |
| Management fee                                             | 872,595   |           |
| Dividends received from subsidiaries and affiliates        | 1,409,149 |           |
| Other                                                      | 42,855    | 2,324,599 |
| Operating expenses                                         |           | 1,594,574 |
| Operating income                                           |           | 730,024   |
| Non-operating income                                       |           |           |
| Interest income                                            | 217       |           |
| Dividends received                                         | 6,563     |           |
| Subsidy income                                             | 360       |           |
| Other                                                      | 833       | 7,974     |
| Non-operating expenses                                     |           |           |
| Interest expense                                           | 41        |           |
| Fees and commissions                                       | 5,682     |           |
| Foreign exchange loss                                      | 887       |           |
| Stock issuance expenses                                    | 281       | 6,892     |
| Ordinary income                                            |           | 731,106   |
| Extraordinary loss                                         |           |           |
| Loss on valuation of stocks of subsidiaries and affiliates | 276,407   | 276,407   |
| Income before income taxes and minority interests          |           | 454,698   |
| Income taxes - current                                     | -175,031  |           |
| Income taxes-deferred                                      | -16,473   | -191,505  |
| Net income                                                 |           | 646,204   |

## Statement of Changes in Net Assets

(From July 1, 2021 to June 30, 2022)

(Unit: thousand yen)

|                                                      | Shareholders' Equity shareholder's equity |                 |                              |                                      |                                                          |                                |
|------------------------------------------------------|-------------------------------------------|-----------------|------------------------------|--------------------------------------|----------------------------------------------------------|--------------------------------|
|                                                      | Capital stock                             | Capital surplus |                              | Balance at the end of current period |                                                          |                                |
|                                                      |                                           | Capital reserve | Capital surplus total amount | Legal retained earnings reserve      | Other gains surplus balance of retained earnings surplus | Retained earnings total amount |
| Balance at the beginning of current period           | 311,568                                   | 248,368         | 248,368                      | 374                                  | 5,601,661                                                | 5,602,035                      |
| Changes of items during the period                   |                                           |                 |                              |                                      |                                                          |                                |
| Issuance of new shares                               | 17,559                                    | 17,559          | 17,559                       |                                      |                                                          |                                |
| Dividends from surplus                               |                                           |                 |                              |                                      | -413,602                                                 | -413,602                       |
| Net income                                           |                                           |                 |                              |                                      | 646,204                                                  | 646,204                        |
| Acquisition of treasury stock                        |                                           |                 |                              |                                      |                                                          |                                |
| Net changes of items other than shareholders' equity |                                           |                 |                              |                                      |                                                          |                                |
| Total changes of items during the period             | 17,559                                    | 17,559          | 17,559                       | -                                    | 232,601                                                  | 232,601                        |
| Balance at the end of current period                 | 329,128                                   | 265,928         | 265,928                      | 374                                  | 5,834,262                                                | 5,834,637                      |

|                                                                                            | Shareholders' Equity |                            | Valuation and translation adjustments, etc.                                         |                                |                                                 | Total net assets |
|--------------------------------------------------------------------------------------------|----------------------|----------------------------|-------------------------------------------------------------------------------------|--------------------------------|-------------------------------------------------|------------------|
|                                                                                            | Treasury stock       | Capital stock total amount | Available-for-sale securities Valuation difference on available-for-sale securities | Deferred hedge profit and loss | Valuation and conversion Total difference, etc. |                  |
| Balance at the beginning of current period                                                 | -549                 | 6,161,423                  | 58,114                                                                              | 27                             | 58,141                                          | 6,219,564        |
| Changes of items during the period                                                         |                      |                            |                                                                                     |                                |                                                 |                  |
| Issuance of new shares                                                                     |                      | 35,119                     |                                                                                     |                                |                                                 | 35,119           |
| Dividends from surplus                                                                     |                      | -413,602                   |                                                                                     |                                |                                                 | -413,602         |
| Net income                                                                                 |                      | 646,204                    |                                                                                     |                                |                                                 | 646,204          |
| Acquisition of treasury stock                                                              | -58                  | -58                        |                                                                                     |                                |                                                 | -58              |
| Items other than shareholders' equity Net changes of items other than shareholders' equity |                      |                            | 45,012                                                                              | 208                            | 45,221                                          | 45,221           |
| Total changes of items during the period                                                   | -58                  | 267,662                    | 45,012                                                                              | 208                            | 45,221                                          | 312,883          |
| Balance at the end of current period                                                       | -608                 | 6,429,085                  | 103,126                                                                             | 236                            | 103,363                                         | 6,532,448        |

# Auditor's Report on the Consolidated Financial Statements

## Independent Auditor's Report

August 25, 2022

Avant Corporation

To: Board of Directors

Deloitte Touche Tohmatsu LLC

Tokyo Office

Designated and Engagement Partner Certified Public Accountant Jun Kagawa

Designated and Engagement Partner Certified Public Accountant Kenji Oyama

### Audit Opinion

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and the notes to consolidated financial statements of Avant Corporation for the fiscal year from July 1, 2021 to June 30, 2022, in accordance with Article 444-4 of the Corporation Law. We have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and the notes to consolidated financial statements of Avant Inc.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Group, which consisted of the Company and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in conformity with accounting principles generally accepted in Japan.

### Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We are independent of the Company and its consolidated subsidiaries and fulfill our other ethical responsibilities as auditors in accordance with the rules of professional ethics in Japan. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

### Other Descriptions

The other statements are the business report and its supporting schedules. Management is responsible for preparing and disclosing other statements. In addition, the responsibility of the Statutory Auditors and the Audit & Supervisory Board is to monitor the execution of the duties of the Directors in the development and operation of the reporting process for the other statements.

Our audit opinion on the consolidated financial statements does not include any other description, and we express no opinion on any other description.

Our responsibility in the audit of the consolidated financial statements is to read the other information carefully and, in the course of that reading, to consider whether there are material differences between the other information and the consolidated financial statements or knowledge we have acquired in the course of our audit, and to pay attention to whether there are any indication of material errors in the other information other than such material differences. In addition to such material differences, we also pay attention to whether there are any other indications of material errors in the other statements.

If, based on the work we have performed, we determine that there are material errors in the other entries, we are required to report those facts.

We have no other matters to report.

### Responsibility of Management, Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes the development and operation of internal control determined by management to be necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for evaluating whether it is appropriate to present the consolidated financial statements on a going concern basis and for disclosing any matters related to going concern that are required to be disclosed in accordance with accounting principles generally accepted in Japan. The Company is responsible for the disclosure of such matters.

The responsibility of the Statutory Auditors and the Board of Statutory Auditors is to monitor the directors' performance of their duties in the development and operation of the financial reporting process.

### Auditor's Responsibility for the Audit of the Consolidated Financial Statements

The auditor is responsible for obtaining reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, based on the audit performed by the auditor, and for expressing an opinion on the consolidated financial statements from an independent standpoint in the auditor's report. A misstatement is considered to be material if it could have been caused by fraud or error and, individually or in the aggregate, could reasonably be expected to affect the decisions of users of the consolidated financial statements.

The auditor shall exercise professional judgment throughout the audit process in accordance with auditing standards generally accepted as fair and appropriate in Japan, and shall maintain professional skepticism and

- Identify and assess the risk of material misstatement due to fraud or error. In addition, audit procedures shall be designed and implemented to address the risks of material misstatement. The selection and application of audit procedures are at the auditor's discretion. In addition, we obtain sufficient and appropriate audit evidence on which to base our opinion.
- The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control; however, in making those risk assessments, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of the accounting policies and methods of application thereof adopted by management and the reasonableness of the accounting estimates made by management and the appropriateness of the related notes.
- Conclusion as to whether it is appropriate for management to prepare the consolidated financial statements on a going concern basis and, based on the audit evidence obtained, whether there are material uncertainties regarding events or conditions that might cast significant doubt on the entity's ability to continue as a going concern. If a material uncertainty regarding the entity's ability to continue as a going concern exists, the auditor is required to draw attention in the auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements are not appropriate with respect to the material uncertainty, to express an opinion with qualifications on the consolidated financial statements. The auditor's conclusion is based on audit evidence obtained up to the date of the auditor's report; however, future events or circumstances may cause the entity to cease to exist as a going concern.
- The consolidated financial statements are presented in conformity with accounting principles generally accepted in Japan, and the consolidated financial statements, including the related notes, present fairly the transactions and accounting policies of the Company and its subsidiaries, and the results of their operations and their cash flows. The consolidated financial statements are presented in conformity with accounting principles generally accepted in our country.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to enable us to express our opinion on the consolidated financial statements. The auditor is responsible for directing, supervising, and performing the audit of the consolidated financial statements. The auditor is solely responsible for its audit opinion.

The auditor shall report to the corporate auditors and the board of corporate auditors on the scope and timing of the planned audit, significant audit findings, including material deficiencies in internal controls, identified during the course of the audit, and other matters required by the audit standards.

The auditor shall report to the auditors and the board of auditors on the auditor's compliance with the rules of professional ethics in Japan regarding independence and any matters reasonably believed to affect the auditor's independence and any safeguards, if any, taken to remove or mitigate disincentives.

#### Declaration of Interests

We have no interest in or relationship with the Company or its consolidated subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

Ends

## Auditor's Report on Financial Statements

### Independent Auditor's Report

August 25, 2022

Avant Corporation

To: Board of Directors

Deloitte Touche Tohmatsu LLC

Tokyo Office

Designated and Engagement Partner Certified Public Accountant Jun Kagawa  
Designated and Engagement Partner Certified Public Accountant Kenji Oyama

#### Audit Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements, namely, the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements, and the related supplementary schedules (the "Financial Statements, etc.") of Avant Corporation.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Company for the period, for which the financial statements were prepared, in conformity with accounting principles generally accepted in Japan.

#### Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility is to express an opinion on the financial statements based on our audit. We are independent of the company and fulfill our other ethical responsibilities as auditors in accordance with the rules of professional ethics in our country. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

#### Other Descriptions

The other statements are the business report and its supporting schedules. Management is responsible for preparing and disclosing other statements. In addition, the responsibility of the Statutory Auditors and the Audit and Supervisory Board is to monitor the execution of the duties of the Directors in the development and operation of the reporting process for the other statements.

Our audit opinion on the financial statements does not cover other matters and we express no opinion on them.

Our responsibility in the audit of the financial statements is to read the other information carefully and, in the course of reading, to consider whether there are material differences between the other information and the financial statements or our knowledge obtained in the audit, and to pay attention to whether there are any indication of material errors in the other information besides such material differences. In addition to such material differences, we also pay attention to whether there are any other indications of material errors in the other statements.

If, based on the work we have performed, we determine that there are material errors in the other entries, we are required to report those facts.

We have no other matters to report.

#### Responsibility of Management, Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and Other Documents

Management is responsible for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in Japan. This includes the establishment and operation of internal controls deemed necessary by management for the preparation and fair presentation of financial statements and other financial information that are free from material misstatement due to fraud or error.

In preparing the financial statements, management is responsible for evaluating whether it is appropriate to prepare the financial statements based on the going concern assumption and for disclosing matters related to a going concern if such disclosure is required under accounting principles generally accepted in Japan.

The responsibility of the Statutory Auditors and the Board of Statutory Auditors is to monitor the directors' performance of their duties in the development and operation of the financial reporting process.

#### Auditor's Responsibility for the Audit of Financial Statements

The auditor is responsible for obtaining reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, based on the audit performed by the auditor, and for expressing an opinion on the financial statements from an independent perspective in the auditor's report. A misstatement is considered to be material if it could have been caused by fraud or error and, individually or in the aggregate, could reasonably be expected to affect the decisions of users of the financial statements.

The auditor shall exercise professional judgment throughout the audit process in accordance with auditing standards generally accepted as fair and appropriate in Japan, and shall maintain professional skepticism and

- Identify and assess the risk of material misstatement due to fraud or error. In addition, audit procedures shall be designed and implemented to address the risks of material misstatement. The selection and application of audit procedures are at the auditor's discretion. In addition, we obtain sufficient and appropriate audit evidence on which to base our opinion.
- The purpose of an audit of financial statements is not to express an opinion on the effectiveness of internal control. However, in making risk assessments, the auditor considers internal control relevant to the audit in order to design audit procedures that are

appropriate in the circumstances.

- Evaluate the appropriateness of the accounting policies and methods of application thereof adopted by management and the reasonableness of the accounting estimates made by management and the appropriateness of the related notes.
- The auditor concludes whether it is appropriate for management to prepare the financial statements on a going concern basis and, based on the audit evidence obtained, whether there are material uncertainties regarding events or conditions that might cast significant doubt on the entity's ability to continue as a going concern. If a material uncertainty regarding the entity's ability to continue as a going concern is recognized, the auditor is required to draw attention in the auditor's report to the notes to the financial statements or, if the notes to the financial statements are not appropriate with respect to the material uncertainty, to express an opinion with qualifications on the financial statements or the financial statements. The auditor's conclusion is based on audit evidence obtained up to the date of the auditor's report; however, future events or circumstances may cause the entity to cease to exist as a going concern.
- The financial statements are presented in accordance with accounting principles generally accepted in Japan, and the financial statements, including the related notes, present fairly the transactions and accounting events on which the financial statements are based. (2) Evaluate whether the financial statements are in conformity with accounting principles generally accepted in the United States of America.

The auditor shall report to the corporate auditors and the board of corporate auditors on the scope and timing of the planned audit, significant audit findings, including material deficiencies in internal controls, identified during the course of the audit, and other matters required by the audit standards.

The auditor shall report to the auditors and the board of auditors on the auditor's compliance with the rules of professional ethics in Japan regarding independence and any matters reasonably believed to affect the auditor's independence and any safeguards, if any, taken to remove or mitigate disincentives.

#### Declaration of Interests

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

Ends

## Audit Report by the Audit & Supervisory Board

### Audit Report

We, the Audit & Supervisory Board, have prepared this Audit Report based on the audit reports prepared by each of the Corporate Auditors on the Directors' performance of their duties during the 26th fiscal year from July 1, 2021 to June 30, 2022, and after due deliberation, hereby We hereby report as follows.

Method and details of audits by corporate auditors and the Board of Corporate Auditors

- (1) The Audit & Supervisory Board established auditing policies, assignment of duties, etc., received reports from each Corporate Auditor on the status and results of audits, received reports from Directors, etc. and Accounting Auditors on the status of execution of their duties, and requested explanations as necessary.
- (2) Each Corporate Auditor, in accordance with the auditing standards for Corporate Auditors established by the Audit & Supervisory Board and in accordance with the auditing policy, assignment of duties, etc., communicated with the Directors, the internal audit department and other employees, etc., and endeavored to collect information and develop the auditing environment, and conducted audits in the following manner.
  - (i) Attended meetings of the Board of Directors and other important meetings, received reports from directors, employees, and others on the status of execution of their duties, requested explanations as necessary, perused important approval documents, etc., and investigated the status of operations and assets at the head office and principal business offices. With respect to subsidiaries, the Company communicated and exchanged information with directors and auditors of subsidiaries and received business reports from subsidiaries as necessary.
  - (ii) The Company shall request periodic reports from directors and employees, etc. on the status of the establishment and operation of the system (internal control system), as necessary. With respect to the details of the resolution of the Board of Directors regarding the establishment of a system to ensure compliance with laws and regulations and the Articles of Incorporation of the Company, and the establishment of a system based on such resolution (internal control system), we received periodic reports from directors and employees, and requested explanations and expressed our opinions as necessary. The Company has received periodic reports from directors and employees, etc. on the status of establishment and operation of the system (internal control system) based on the contents of the resolution of the Board of Directors and the third paragraph of the preceding Article.
  - (iii) Monitored and verified whether the accounting auditors maintained their independence and conducted appropriate audits, received reports from the accounting auditors on the performance of their duties, and requested explanations as necessary. In addition, we received notice from the accounting auditor that "systems to ensure that duties are performed properly" (matters set forth in each item of Article 131 of the Corporate Calculation Regulations) are maintained in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we have examined the business report and its supporting schedules, financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to financial statements) and their supporting schedules, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements) for the fiscal year under review. (1) The Company has examined the following

#### 2. Results of Audit

- (1) Results of audit of business reports, etc.
  - (i) In our opinion, the business report and supporting schedules fairly present the condition of the Company in conformity with applicable laws and regulations and the Articles of Incorporation of the Company.
  - (ii) We have found no misconduct or material fact of violation of laws and regulations or the Articles of Incorporation in connection with the execution of duties by the Directors.
  - (iii) In our opinion, the contents of the resolution of the Board of Directors regarding the internal control system are fair and reasonable. In addition, we have found no matters to be pointed out with respect to the descriptions in the business report and the execution of duties by the directors with respect to such internal control system.
- (2) Results of audit of financial statements and supplementary schedules  
In our opinion, the auditing methods and results of the accounting auditor, Deloitte Touche Tohmatsu LLC, are appropriate.
- (3) Results of audit of consolidated financial statements  
In our opinion, the auditing methods and results of the accounting auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

August 31, 2022

|                                                |                  |
|------------------------------------------------|------------------|
| Audit & Supervisory Board of Avant Corporation |                  |
| Corporate Auditor                              | Tsuyoshi Noshiro |
| Outside Corporate Auditor                      | Kunio Suzuki     |
| Outside Corporate Auditor                      | Chie Goto        |

Ends