

Summary Financial Statements (Consolidated)  
for 1st Quarter of Fiscal Year 2020 (Year Ending March 31, 2021) (Japan GAAP)

July 27, 2020

Company name: Amano Corporation Listed on: TSE  
Securities code: 6436 URL <http://www.amano.co.jp/English/>  
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Scheduled date for filing of quarterly securities report: August 3, 2020  
Scheduled date for start of dividend payments: —  
Supplementary explanation materials prepared for quarterly financial results: None  
Briefing held on quarterly financial results: None

(Amounts less than 1 million yen are rounded down)

1. Business results for 1st quarter of fiscal year 2020 (April 1, 2020 to June 30, 2020)

(1) Operating results

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income attributable to owners of the parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1Q of FY 2020 (year ending March 2021)	25,390	(16.6)	(82)	—	85	(96.5)	341	(76.0)
1Q of FY 2019 (year ended March 2020)	30,444	8.0	2,297	65.2	2,441	53.9	1,420	85.6

Note: Comprehensive income 1st quarter of FY 2020 (year ending March 2021): ¥-321 million (—%)  
1st quarter of FY 2019 (year ended March 2020): ¥1,100 million (—%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
1Q of FY 2020 (year ending March 2021)	4.57		—	
1Q of FY 2019 (year ended March 2020)	19.01		—	

(2) Financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
1Q of FY 2020 (as of June 30, 2020)	147,517		104,890		70.6		1,394.37	
FY 2019 (as of March 31, 2020)	154,276		109,478		70.5		1,454.47	

Reference: Equity capital 1st quarter of FY 2020 (as of June 30, 2020): ¥104,204 million  
FY 2019 (as of March 31, 2020): ¥108,695 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2019 (year ended March 2020)	—	28.00	—	56.00	84.00
FY 2020 (year ending March 2021)	—				
FY 2020 (year ending March 2021) (est.)		20.00	—	20.00	40.00

Note: Revisions to most recently released dividend forecast: None

\* The detail of year-end dividend of FY2019(year ended March 2020): ordinary dividend ¥36.00, special dividend ¥20.00

3. Forecast earnings for fiscal year 2020 (April 1, 2020 to March 31, 2021)

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income attributable to owners of the parent company		Net income per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
First half	50,000	(22.9)	2,000	(72.1)	2,500	(66.5)	2,500	(46.6)	33.45	
Full year	110,000	(17.3)	7,000	(56.7)	7,800	(53.8)	6,100	(42.3)	81.63	

Note: Revisions to most recently released earnings forecast: None

Notes

- (1) Significant changes among subsidiaries during the fiscal year under review (i.e. changes among specific subsidiaries resulting in a change in the scope of consolidation) : None
- (2) Application of accounting procedures specific to the preparation of the consolidated quarterly financial statement : Yes
- (3) Changes to accounting policy, changes to accounting forecasts, and restatements
- [1] Changes arising from revision of accounting standards : None
- [2] Changes to accounting policy other than those in [1] above : None
- [3] Changes to accounting forecasts : None
- [4] Restatements : None

(4) Number of shares issued and outstanding (common stock)

[1] Number of shares issued and outstanding at the end of the period (including treasury stock)	As of 1Q ended June 30, 2020	76,657,829 shares	As of March 31, 2020	76,657,829 shares
[2] Number of shares of treasury stock at the end of the period	As of 1Q ended June 30, 2020	1,925,923 shares	As of March 31, 2020	1,925,901 shares
[3] Average number of shares outstanding (over the fiscal year under review up to June 30, 2020)	As of 1Q ended June 30, 2020	74,731,921 shares	As of 1Q ended June 30, 2019	74,733,075 shares

Note: The 314,300 shares held by Amano Corporation as trust property of the Director's Compensation BIP Trust and the Employee Stock Ownership Plan (J-ESOP) are, included in (4)[2] and (4)[3].

Note: These quarterly Summary Financial Statements are not subject to the quarterly review procedures.

Note: Explanation concerning appropriate use of the earnings forecast, and other matters to note  
Earnings forecasts and other forward-looking statements contained in this document are based on information available at the time of this document's preparation and on certain assumptions that are deemed to be reasonable. A variety of factors could cause actual results to differ significantly from the forecasts.

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## 1. Qualitative Information on Consolidated Financial Results for the Current Quarter

### (1) Explanation of Business Results

During the first quarter of the current consolidated cumulative period, the world economy rapidly decelerated due to COVID-19 and amid this crisis the Japanese government declared a state of emergency, which heavily restrained economy activities. As a result, the Japanese economy rapidly stagnated and it is likely that we have entered a recessionary phase.

Amid this business environment, we the Amano Group set forth the management concept of "The 3rd Stage Towards a 100-year Company-Establishing a solid business foundation that leads to sustainable growth" in our 8th Medium-term Business Plan launched in April 2020, in which we will promote strategic investments in to growth drivers in order to respond to digital transformation (DX), and we shall establish unrivaled competitive advantage by raising the synergistic effects of the strengths of each of our business divisions.

During the first quarter under review, net sales were ¥25,390 million (down 16.6% year-on-year), Operating loss was ¥82 million (operating profit for the same period last year was ¥2,297 million), ordinary profit was ¥85 million (down 96.5% yoy), and net income attributable to owners of the parent company was ¥341 million (down 76.0% yoy).

(Main factors behind the business results)

- (i) At non-consolidated Amano, although the tailwind of "work style reform" continues, revenue decreased due to the issuance of a national emergency declaration, under which business activities were severely restricted forcing many client companies to either suspend operations or work from home.
- (ii) In domestic group companies, parking management service business was weak as people refrained from going out hence less use of cars. But on the other hand, cloud services continued to grow reflecting the rising customer interest in T&A cloud services.
- (iii) In overseas markets, Amano McGann in North America worked to reduce fixed expenses, but due to the COVID-19 curfew across the United States, sales revenue decreased and the deficit widened. Sales in Asia and Europe also declined for the same reason.
- (iv) Furthermore, the net income attributable to owners of the parent company, includes the federal tax refunds in the United States.

The following are business results by segment:

Business results by segment (Millions of yen)

Category	1Q of FY 2019 (year ended March 2020)		1Q of FY 2020 (year ending March 2021)		Change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	%
Time Information System business:						
Information Systems	6,602	21.6	5,977	23.6	(625)	(9.5)
Time Management Products	848	2.8	669	2.6	(179)	(21.1)
Parking Systems	15,214	50.0	12,798	50.4	(2,415)	(15.9)
Subtotal	22,665	74.4	19,445	76.6	(3,220)	(14.2)
Environment System business:						
Environmental Systems	5,280	17.4	3,654	14.4	(1,625)	(30.8)
Clean Systems	2,497	8.2	2,290	9.0	(207)	(8.3)
Subtotal	7,778	25.6	5,944	23.4	(1,833)	(23.6)
Total	30,444	100.0	25,390	100.0	(5,054)	(16.6)

#### Time Information System business

- Information Systems: Time & attendance (T&A), payroll, human-resource management, access control, and cafeteria systems
- Time Management Products: Time recorders and time stamps
- Parking Systems: Parking and bicycle-parking space management systems, and commissioned parking lot management service

The sales in this business totaled ¥19,445 million, down by ¥3,220 million (14.2%) year-on-year. The following is a breakdown of sales by business division.

- Information Systems ¥5,977 million, (down 9.5% year-on-year)

In Japan, non-consolidated Amano sales declined due to a lower sales in both software and hardware. On the other hand, the cloud service business deployed by Amano Business Solutions continued to grow owing to the increased number of users through telework. Overseas, although sales in North America were flat, sales in Europe declined and overall sales decreased.

- Time Management Products ¥669 million, (down 21.1% year-on-year)

In Japan, sales for both standard and PC compatible time recorders. Overseas sales for time management products were also down.

- Parking Systems ¥12,798 million, (down 15.9% year-on-year)

In Japan, non-consolidated Amano sales were down despite obtaining several large-scale renewal projects. Sales for Amano Management Service were also down. Their parking management services business was adversely affected by the lower parking lot occupancy rates as many people refrained from going out by car.

Overseas, both North American and Asian sales decreased.

#### Environment System business

- Environmental Systems: Standard dust collectors, large dust collection systems, pneumatic powder conveyance systems, high-temperature hazardous-gas removal systems, and deodorization systems
- Clean Systems: Cleaning equipment, dry-care cleaning systems, cleaning management services, and electrolytic water generators

The sales in this business totaled ¥5,944 million, down by ¥1,833 million (23.6%) year-on-year. The following is a breakdown of sales by business division.

- Environmental Systems ¥3,654 million, (down 30.8% year-on-year)

In Japan, non-consolidated Amano sales decreased due to a decline in capital investment demand, and sales for both standard machines and large-scale systems were down. Overseas, sales in Asia such as Thailand and China declined.

- Clean Systems ¥2,290 million, (down 8.3% year-on-year)

In Japan, although non-consolidated Amano saw increased demand for electrolyzed water generators (\*), which generates hypochlorous acid water, overall sales of cleaning equipment were sluggish and ended lower.

Overseas, sales in North America increased slightly.

(\*) When water with a small amount of salt is electrolyzed it generates (i) [acidic electrolyzed water (hypochlorous acid water)] and (ii) [alkaline electrolyzed water]. (i) has an excellent bactericidal effect, and (ii) is an effective detergent to remove lipids and proteins.

Please refer to our website for more details on our electrolyzed water generator.

(Japanese language: <https://www.amano.co.jp/Clean/products/denkai.html>)

## Reference information

### Information by area

(Millions of yen)

	Net sales				Operating profit/loss			
	1Q of FY 2019 (year ended March 2020)	1Q of FY 2020 (year ending March 2021)	Change	Percentage change (%)	1Q of FY 2019 (year ended March 2020)	1Q of FY 2020 (year ending March 2021)	Change	Percentage change (%)
Japan	19,589	15,707	(3,882)	(19.8)	2,841	1,057	(1,784)	(62.8)
Other Asia	4,859	4,013	(845)	(17.4)	433	180	(252)	(58.4)
North America	4,289	3,880	(409)	(9.6)	(115)	(473)	(357)	—
Europe	2,244	2,084	(160)	(7.1)	135	106	(28)	(21.2)
Total	30,982	25,684	(5,298)	(17.1)	3,295	871	(2,424)	(73.6)
Eliminations/ Corporate	(538)	(294)	—	—	(997)	(953)	—	—
Consolidated	30,444	25,390	(5,054)	(16.6)	2,297	(82)	(2,380)	—

- Notes: 1. The national and regional demarcations are based on the degree of geographical proximity.  
2. Major countries and territories included in areas other than Japan:  
(1) Other Asia: Singapore, Thailand, Malaysia, Indonesia, South Korea, China, Philippines, and Vietnam  
(2) North America: United States, Canada and Mexico  
(3) Europe: France, Belgium and Spain

### Overseas sales

(Millions of yen)

	Overseas sales				Proportion of consolidated net sales accounted for by overseas sales (%)		
	1Q of FY 2019 (year ended March 2020)	1Q of FY 2020 (year ending March 2021)	Change	Percentage change (%)	1Q of FY 2019 (year ended March 2020)	1Q of FY 2020 (year ending March 2021)	Change
Other Asia	4,946	3,975	(971)	(19.6)	16.2	15.6	(0.6)
North America	3,997	3,668	(329)	(8.3)	13.1	14.4	1.3
Europe	2,196	2,036	(160)	(7.3)	7.2	8.0	0.8
Other regions	240	209	(31)	(13.0)	0.9	0.9	0.0
Total	11,381	9,888	(1,492)	(13.1)	37.4	38.9	1.5
Consolidated net sales	30,444	25,390					

- Notes: 1. The national and regional demarcations are based on the degree of geographical proximity.  
2. Major countries and territories included in areas other than Japan:  
(1) Other Asia: Singapore, Thailand, Malaysia, Indonesia, South Korea, China, Philippines, and Vietnam  
(2) North America: United States and Canada  
(3) Europe: France, Belgium and Spain  
(4) Other regions: Central and South America  
3. Overseas sales comprise sales by the Company and its consolidated subsidiaries to countries and regions other than Japan.

(2) Explanation of Financial Condition

(i) Assets, liabilities, and net assets

Total assets amounted to ¥147,517 million (down ¥6,759 million from the previous consolidated fiscal year-end).

- Current assets: a decrease of ¥6,763 million due to a decrease in notes and accounts receivable-trade, etc.
- Fixed assets: an increase of ¥3 million due to an increase in lease assets (net), etc.

Total liabilities amounted to ¥42,626 million (down ¥2,171 million from the previous consolidated fiscal year-end).

- Current liabilities: a decrease of ¥3,040 million due to decreases in notes and accounts payable-trade and accrued income taxes, etc.
- Long-term liabilities: an increase of ¥868 million due to an increase in lease obligations, etc.

Net assets amounted to ¥104,890 million (down ¥4,588 million from the previous consolidated fiscal year-end).

- Shareholders' equity: a decrease of ¥3,861 million due to dividends paid, etc.
- Accumulated other comprehensive income: a decrease of ¥630 million due to a decrease in foreign currency translation adjustments, etc.

(ii) Cash flows

Consolidated cash and cash equivalents decreased by ¥3,758 million from the previous fiscal year-end, to a total of ¥48,376 million at the end of the first quarter. More specifically, the status of each type of cash flow during the first quarter and the underlying factors are as follows:

Net cash provided by operating activities totaled ¥3,839 million (a decrease in income of ¥949 million year-on-year).

- Main income factors:  
Posting of a decrease in trade notes and accounts receivable amounting to ¥7,368 million and posting of depreciation and amortization amounting to ¥2,076 million.
- Main expenditure factors:  
Posting of income taxes paid amounting to ¥2,998 million and posting of a decrease in trade payables amounting to ¥1,949 million.

Net cash used in investing activities totaled -¥2,480 million (an increase in cash outflow of ¥1,340 million year-on-year).

- Main income factors:  
Posting of proceeds from withdrawal of time deposits amounting to ¥681 million.
- Main expenditure factors:  
Posting of increase in time deposits amounting to ¥2,288 million and posting of payment for purchase of tangible fixed assets amounting to ¥515 million.  
Posting of payment for acquisition of intangible fixed assets amounting to ¥495 million.

Net cash used in financing activities amounted to -¥4,637 million (an increase in cash outflow of ¥394 million year-on-year).

- Main income factors:  
Posting of proceeds from sale and leaseback amounting to ¥540 million.
- Main expenditure factors:  
Posting of dividends paid amounting to ¥4,202 million and posting of repayments of lease obligations amounting to ¥882 million.

(3) Explanation of Forward-looking Information, Including the Outlook for Consolidated Operating Results

Although the first quarter ended with lower sales and an operating loss due to COVID-19, we believe it is within the expectations of the initial business plan formulated at the beginning of the fiscal year. Therefore, at this time, we will not change in the forecast for the second quarter (cumulative) and full-year forecast ending March 31, 2021, which were announced on April 24, 2020. However, due to the uncertainties surrounding the business environment, such as when the effects of COVID-19 will settle and how the subsequent economic recovery will progress in each country, we plan to review the numerical plan at the end of the first half of this fiscal year.

## 2. Consolidated Quarterly Financial Statements and Primary Explanatory Notes

### (1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	FY 2019 (as of March 31, 2020)	FY 2020 (as of June 30, 2020)
<b>Assets</b>		
Current assets		
Cash and bank deposits	54,973	52,839
Notes and accounts receivable—trade	31,392	23,802
Marketable securities	1,743	1,684
Merchandise and finished goods	4,282	4,444
Work in process	622	882
Raw materials and supplies	4,796	5,073
Other current assets	2,968	5,277
Allowance for doubtful accounts	(321)	(310)
<b>Total current assets</b>	<b>100,458</b>	<b>93,695</b>
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	10,118	9,979
Machinery and vehicles (net)	902	868
Tools, furniture and fixtures (net)	2,380	2,319
Land	5,922	5,911
Lease assets (net)	6,298	7,361
Construction in progress	446	304
<b>Total tangible fixed assets</b>	<b>26,069</b>	<b>26,744</b>
Intangible fixed assets		
Goodwill	1,918	1,786
Software	4,752	4,513
Software in progress	1,118	1,124
Other	3,150	3,048
<b>Total intangible fixed assets</b>	<b>10,939</b>	<b>10,471</b>
Investments and other assets		
Investment securities	8,828	8,933
Claims in bankruptcy and similar claims	649	619
Fixed leasehold deposits	1,550	1,535
Long-term deposits	1,500	1,500
Net defined benefit assets	96	101
Deferred tax assets	3,086	2,964
Other	1,760	1,584
Allowance for doubtful accounts	(662)	(633)
<b>Total investments and other assets</b>	<b>16,809</b>	<b>16,605</b>
<b>Total fixed assets</b>	<b>53,818</b>	<b>53,822</b>
<b>Total assets</b>	<b>154,276</b>	<b>147,517</b>

(Millions of yen)

	FY 2019 (as of March 31, 2020)	FY 2020 (as of June 30, 2020)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable—trade	6,210	4,793
Electronically recorded obligations	6,845	6,232
Short-term bank loans	678	611
Lease obligations	2,641	3,050
Accrued income taxes	3,711	1,152
Accrued bonuses	2,842	1,308
Accrued officers' bonuses	130	-
Other current liabilities	13,604	16,475
Total current liabilities	36,664	33,623
Long-term liabilities		
Long-term accounts payable—other	0	-
Lease obligations	4,495	5,288
Deferred tax liabilities	136	129
Net defined benefit liabilities	2,736	2,709
Provision for stock benefit	198	274
Provision for directors' stock benefit	162	213
Asset retirement obligations	32	32
Other long-term liabilities	371	355
Total long-term liabilities	8,134	9,002
Total liabilities	44,798	42,626
<b>Net assets</b>		
Shareholders' equity		
Common stock	18,239	18,239
Capital surplus	19,293	19,293
Retained earnings	80,204	76,343
Treasury stock	(4,224)	(4,224)
Total shareholders' equity	113,512	109,651
Accumulated other comprehensive income		
Net unrealized gains (losses) on available- for-sale securities	1,025	1,157
Foreign currency translation adjustments	(4,781)	(5,595)
Remeasurements of defined benefit plans	(1,061)	(1,009)
Total accumulated other comprehensive income	(4,817)	(5,447)
Non-controlling shareholders' interests	783	686
Total net assets	109,478	104,890
Total liabilities and net assets	154,276	147,517

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

## Consolidated Quarterly Statements of Income

First quarter ended June 30, 2020

(Millions of yen)

	FY 2019 (April 1, 2019- June 30, 2019)	FY 2020 (April 1, 2020- June 30, 2020)
Net sales	30,444	25,390
Cost of sales	17,135	14,897
Gross profit	13,308	10,493
Selling, general and administrative expenses		
Selling expenses	9,929	9,596
General and administrative expenses	1,081	979
Total selling, general and administrative expenses	11,011	10,575
Operating profit (loss)	2,297	(82)
Non-operating profit		
Interest income	39	51
Dividend income	68	75
Insurance income	32	31
Equity in earnings of affiliates	19	6
Other	60	87
Total non-operating profit	220	251
Non-operating expenses		
Interest expenses	21	38
Loss on foreign exchange	37	30
Foreign withholding tax	0	0
Other	16	14
Total non-operating expenses	76	83
Ordinary profit	2,441	85
Extraordinary income		
Gain on sale of fixed assets	1	2
Total extraordinary income	1	2
Extraordinary losses		
Loss on disposal of fixed assets	2	0
Total extraordinary losses	2	0
Income before income taxes	2,441	86
Income taxes	971	(286)
Net income	1,470	372
Net income attributable to non-controlling shareholders	49	31
Net income attributable to owners of the parent company	1,420	341

Consolidated Quarterly Statements of Comprehensive Income  
 First quarter ended June 30, 2020

(Millions of yen)

	FY 2019 (April 1, 2019- June 30, 2019)	FY 2020 (April 1, 2020- June 30, 2020)
Net income	1,470	372
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(336)	132
Foreign currency translation adjustment	(68)	(878)
Remeasurements of defined benefit plans	36	51
Share of other comprehensive income of associates accounted for using equity method	(0)	0
Total other comprehensive income	(369)	(694)
Comprehensive income	1,100	(321)
(Breakdown)		
Comprehensive income attributable to owners of the parent company	1,037	(288)
Comprehensive income attributable to non-controlling shareholders	63	(32)

## (3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	FY 2019 (April 1, 2019- June 30, 2019)	FY 2020 (April 1, 2020- June 30, 2020)
<b>Cash flows from operating activities</b>		
Income before income taxes	2,441	86
Depreciation and amortization	1,643	2,076
Amortization of goodwill	137	88
Increase (decrease) in net defined benefit liabilities	12	68
Increase (decrease) in provision for stock benefit	103	75
Increase (decrease) in provision for directors' stock benefit	78	50
Increase (decrease) in allowance for doubtful accounts	(14)	(23)
Interest and dividend revenue	(107)	(126)
Equity in (earnings) losses of affiliates	(19)	(6)
Interest expenses	21	38
Foreign currency translation loss (gain)	24	13
Loss (gain) on sale of fixed assets	(1)	(2)
Loss on retirement of non-current assets	2	0
(Increase) decrease in trade notes and accounts receivable	5,102	7,368
(Increase) decrease in inventories	(1,361)	(816)
Increase (decrease) in trade payables	(1,040)	(1,949)
Increase (decrease) in other current liabilities	1,679	2,314
Other	(1,502)	(2,588)
Subtotal	7,198	6,667
Receipts from interest and dividends	173	219
Interest paid	(25)	(43)
Special retirement payments	-	(11)
Income taxes paid	(2,568)	(2,998)
Income taxes refunded	11	4
Net cash provided by operating activities	4,789	3,839
<b>Cash flows from investing activities</b>		
Payment for purchase of tangible fixed assets	(715)	(515)
Proceeds from sale of tangible fixed assets	3	3
Payment for acquisition of intangible fixed assets	(385)	(495)
Payment for acquisition of investment securities	(1)	(1)
Increase in time deposits	(1,054)	(2,288)
Proceeds from withdrawal of time deposits	933	681
Other	80	136
Net cash used in investing activities	(1,139)	(2,480)
<b>Cash flows from financing activities</b>		
Increase in short-term loans payable	157	57
Repayment for short-term bank loans	(125)	(86)
Payment for acquisition of treasury stock	(0)	(0)
Repayments of lease obligations	(573)	(882)
Proceeds from sale and leaseback	485	540
Dividends paid	(4,127)	(4,202)
Payment of dividends to non-controlling shareholders	(58)	(63)
Cash flows from financing activities	(4,243)	(4,637)
Effect of exchange rate changes on cash and cash equivalents	(22)	(480)
Net increase (decrease) in cash and cash equivalents	(617)	(3,758)
Cash and cash equivalents at the beginning of the year	42,487	52,134
Cash and cash equivalents at end of period	41,870	48,376

(4) Notes on Quarterly Consolidated Financial Statements

Notes Regarding the Premise of a Going Concern

None

Notes on Significant Changes in Shareholders' Equity

None

Application of Accounting Procedures Specific to the Preparation of the Consolidated Quarterly Financial Statements

(Calculation of tax expenses)

These amounts of tax expenses are calculated by multiplying the pre-tax net income and loss by an estimated effective tax rate for the year, determined using reasonable methods for pre-tax income for the fiscal year including the first quarter after applying tax-effect accounting.

In cases where an estimated effective tax rate cannot be adopted, the amounts are calculated by multiplying the legal effective tax rate after adjusting significant differences that are not in the scope of temporary differences from pre-tax net income and loss.

Additional information

(Directors' Compensation BIP Trust and Employee Stock Ownership Plan (J-ESOP))

In Amano Corporation and some of its subsidiaries, for the purpose of enhancing the motivation to contribute to the improvement of medium to long-term business performance and to increase corporate value, we have adopted the Directors' Compensation BIP Trust system for directors (excluding outside directors and expatriates) and operating officers (excluding expatriates). We have also adopted the Employee Stock Ownership Plan (J-ESOP) system for employees who meet the prescribed requirements.

[1] Outline of the system

Under the system, a trust is established with money contributed by Amano Corporation as a source, stocks of Amano Corporation are acquired by the trust, and the stocks are granted to the eligible persons. Furthermore, as for the executive compensation BIP trust, the trust period will be extended for the same period as the initial trust period as a stock compensation plan linked to the period of the 8th medium-term business plan which started in April 2020.

Under the Directors' Compensation BIP Trust, in accordance with the stock distribution rules and based on points granted according to the attainment level of numerical targets related to their positions and management indicators, stocks of Amano Corporation are provided by the trust to directors and operating officers.

[2] Stocks of Amano Corporation that remain in the trust

Stocks of Amano Corporation that remain in the trust are recorded as treasury stock in the net assets section with the book value of the trust (excluding incidental expenses).

Book value of the treasury stock and the number of shares

As at the end of the first quarter of the current fiscal year ¥827 million, 314,300 shares

(The status of COVID-19 initiatives and the estimated accounting impact)

As an effort to ensure the health and safety of employees, The Company and its domestic group companies have adopted flexible work such as telework (work from home), office work in rotation, and staggered working hours. With the lifting of the emergency declaration, office work is now back to normal.

Overseas group companies respond in accordance with the instructions given, such as a curfew, by the local authorities of the countries or the states where they are located, and they generally work from home where a curfew is imposed.

As for our factory operations, domestic factories are now operating normally. Our U.S. factories are currently operating either normally or by minimum staffing depending on the enforcements issued by their local authorities. We have reflected the effects of COVID-19 in our full-year forecast as much as possible.

In addition, the Amano group companies makes accounting estimates for impairment loss on fixed assets and deferred tax assets recoverability based on information available at the time of preparing the consolidated quarterly financial statements.

Although the impact and severity of COVID-19 on our group will differ depending on the business, it is assumed that the impact would be large in the first half of this fiscal year ending March 2021 and would improve gradually after the second half despite some residual effects.

Furthermore, even if this round of COVID-19 infections settles down, if the global economic downturn is prolonged due to the spread of the infection by the second and third waves, the demand for our products and services would diminish. In addition, since sales activities will also be restricted, it may have a significant impact on the consolidated financial statements for this fiscal year ending March 2021.

## Segment Information

[Segment Information]

### I. 1st Quarter of fiscal year 2019 (April 1, 2019 to June 30, 2019)

(Millions of yen)

	Reporting segments			Adjustments (Note 1)	Amounts reported in consolidated financial statements (Note 2)
	Time Information System business	Environment System business	Total		
Net sales					
To customers	22,665	7,778	30,444	—	30,444
Intersegment	—	—	—	—	—
Total	22,665	7,778	30,444	—	30,444
Segment profit (loss)	2,432	883	3,316	(1,018)	2,297

Notes: 1. The -¥1,018 million adjustment in segment profit indicates company-wide expenses not allocated to the reporting segments. Company-wide expenses consist mainly of general and administrative expenses that do not belong to any of the reporting segments.

2. Segment profit is reconciled with operating profit in the consolidated statement of income.

### 2. Information on Impairment Loss in Fixed Assets or Goodwill for Each Reporting Segment

None

### II. 1st Quarter of fiscal year 2020 (April 1, 2020 to June 30, 2020)

(Millions of yen)

	Reporting segments			Adjustments (Note 1)	Amounts reported in consolidated financial statements (Note 2)
	Time Information System business	Environment System business	Total		
Net sales					
To customers	19,445	5,944	25,390	—	25,390
Intersegment	—	—	—	—	—
Total	19,445	5,944	25,390	—	25,390
Segment profit (loss)	532	341	873	(956)	(82)

Notes: 1. The -¥956 million adjustment in segment profit indicates company-wide expenses not allocated to the reporting segments. Company-wide expenses consist mainly of general and administrative expenses that do not belong to any of the reporting segments.

2. Segment profit is reconciled with operating loss in the consolidated statement of income.

### 2. Information on Impairment Loss in Fixed Assets or Goodwill for Each Reporting Segment

None

## Significant Subsequent Events

None