

Summary Financial Statements (Consolidated)  
for 3rd Quarter of Fiscal Year 2021 (Year Ending March 31, 2022) (Japan GAAP)

February 1, 2022

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: February 7, 2022  
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 3rd Quarter of fiscal year 2021 (April 1, 2021 to December 31, 2021)

(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	%
3Q of FY 2021 (year ending March 2022)	83,003	3.1	7,255	41.3	7,924	35.9	5,510	17.3
3Q of FY 2020 (year ended March 2021)	80,525	(15.8)	5,135	(51.8)	5,830	(47.8)	4,696	(34.3)

Note: Comprehensive income 3rd Quarter of FY 2021 (year ending March 2022): ¥6,742 million (51.7%)  
3rd Quarter of FY 2020 (year ended March 2021): ¥4,446 million (-28.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
3Q of FY 2021 (year ending March 2022)	74.40	—
3Q of FY 2020 (year ended March 2021)	62.90	—

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
3Q of FY 2021 (as of December 31, 2021)	151,749	110,933	72.6	1,491.85
FY 2020 (as of March 31, 2021)	150,559	111,585	73.6	1,485.46

Reference: Equity capital 3rd Quarter of FY 2021 (as of December 31, 2021): ¥110,221 million  
FY 2020 (as of March 31, 2021): ¥110,851 million

2. Dividends

	Annual dividends				
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2020 (year ended March 2021)	—	20.00	—	45.00	65.00
FY 2021 (year ending March 2022)	—	25.00	—		
FY 2021 (year ending March 2022) (est.)				45.00	70.00

Note: Revisions to most recently released dividend forecast: None

3. Forecast earnings for fiscal year 2021 (April 1, 2021 to March 31, 2022)

(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
Full year	120,000	5.6	12,500	25.8	13,500	22.5	9,000	24.2	121.81

Note: Revisions to most recently released earnings forecast: None

Notes

- (1) Significant changes among subsidiaries during the fiscal year under review : None  
(i.e. changes among specific subsidiaries resulting in a change in the scope of consolidation)
- (2) Application of accounting procedures specific to the preparation of the consolidated quarterly financial statements : Yes
- (3) Changes to accounting policy, changes to accounting forecasts, and restatements
  - [1] Changes arising from revision of accounting standards : Yes
  - [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 3Q ended December 31, 2021	76,657,829 shares	As of March 31, 2021	76,657,829 shares
[2] Number of shares of treasury stock at the end of the period	As of 3Q ended December 31, 2021	2,775,035 shares	As of March 31, 2021	2,033,401 shares
[3] Average number of shares outstanding (over the fiscal year under review up to December 31, 2021)	As of 3Q ended December 31, 2021	74,074,663 shares	As of 3Q ended December 31, 2020	74,672,671 shares

Note: The number of shares of treasury stock as of December 31, 2021, includes the Company’s shares held by the Director’s Compensation BIP Trust and the Employee Stock Ownership Plan (J-ESOP).

(411,819 shares as of Dec. 31, 2021 and 421,314 shares as of March 31, 2021 respectively)

In addition, these Company’s shares are included in the treasury stock which is deducted in calculating the average number of shares outstanding.

Note: These quarterly Summary Financial Statements are not subject to the quarterly review procedures provided by CPA (Certified Public Accountant).

Note: Explanation concerning appropriate use of the earnings forecast, and other matters to note

Caution regarding forward-looking statements

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 third quarter of the current consolidated cumulative period, the effect of COVID-19 continues, but the world economy showed some signs of recovery triggered by the continuous recovery in the Chinese economy and the resumption of economic activities with the COVID-19 vaccination proceeding forward in various countries. However, it seems that the future outlook for the Japanese economy continues to be uncertain due to the global shortage of materials including semiconductors caused by the supply chain disruptions, and the continuation of various social and economic restrictions to cope with the worldwide resurgence of COVID-19.

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 into 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.

As a result, during the third quarter under review, net sales were ¥83,003 million (up 3.1% year-on-year), operating profit was ¥7,255 million (up 41.3% yoy), ordinary profit was ¥7,924 million (up 35.9% yoy), and net income attributable to owners of the parent company was ¥5,510 million (up 17.3% yoy).

(Main factors behind the business results)

- (i) At non-consolidated Amano, although the tailwind of "work style reform" continues, net sales decreased due to the reissuance of a national emergency declaration. Sales of Information Systems decreased due to the continuation of the negative trend in hardware under the emergency declaration, although demand for software was picking up. In addition, although the Parking Systems began to recover in the third quarter, its sales declined due to the strong restraint on investment by major parking lot management firms and owners of parking lots until the first half year of this fiscal year. On the other hand, the Environmental Systems remained firm with the recovery in the Chinese economy.
- (ii) In domestic group companies, consigned parking lot management service business was recovering smoothly. In addition, T&A cloud services continued to grow.
- (iii) In overseas markets, although Amano McGann, Inc. decreased their sales, sales in North America increased mainly due to Amano Pioneer Eclipse Corporation in North America has grown. In addition, sales increased in Europe and Asia by double digits. Especially, Horoquartz, S.A. in France has continued to grow their business results by mainly cloud services, whose sales exceeded that as of 3Q ended December 31, 2019, which was before the COVID-19 spreading.

The following are business results by segment:

Sales by business division

(Millions of yen)

Category	3Q of FY 2020 (year ended March 2021)		3Q of FY 2021 (year ending March 2022)		Change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	%
Time Information System business:						
Information Systems	19,077	23.7	19,928	24.0	851	4.5
Time Management Products	2,018	2.5	1,952	2.4	(65)	(3.2)
Parking Systems	38,435	47.7	38,873	46.8	437	1.1
Subtotal	59,531	73.9	60,754	73.2	1,223	2.1
Environment System business:						
Environmental Systems	13,233	16.4	13,816	16.6	582	4.4
Clean Systems	7,759	9.7	8,431	10.2	671	8.7
Subtotal	20,993	26.1	22,248	26.8	1,254	6.0
Total	80,525	100.0	83,003	100.0	2,478	3.1

#### Time Information System business

- Information Systems: Time & Attendance (T&A), Human Resources (HR) systems, Payroll information systems, access control, and digital time stamps
- Time Management Products: PC-linked time recorders, online time recorders, and time stamps
- Parking Systems: Parking lot management systems, bicycle parking lot management systems, and consigned parking lot management service

The sales in this business totaled ¥60,754 million, up by ¥1,223 million (up 2.1%) year-on-year. The following is a breakdown of sales by business division.

- Information Systems ¥19,928 million, (up 4.5% year-on-year)

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

- Time Management Products ¥1,952 million, (down 3.2% year-on-year)

In Japan, sales for both standard and PC-linked time recorders were down. On the other hand, overseas sales for time management products were up.

- Parking Systems ¥38,873 million, (up 1.1% year-on-year)

In Japan, non-consolidated Amano sales were down mainly due to a decrease in projects for management firms, while sales increased at Amano Management Service Corporation, which is engaged in the consigned parking lot management service business, as the recovery trend continued.

Overseas, sales in North America decreased, while sales in Asia increased, resulting in an overall increase in sales.

#### Environment System business

- Environmental Systems: Standard dust collectors, mist collectors, large dust collectors, pneumatic conveyors, deodorizing equipment, and industrial air purifiers
- Clean Systems: Industrial vacuum cleaners, automatic floor scrubbers, robotic floor scrubbers, wooden floor sanding machines, consigned janitorial management services, and electrolyzed water generators

The sales in this business totaled ¥22,248 million, up by ¥1,254 million (up 6.0%) year-on-year. The following is a breakdown of sales by business division.

- Environmental Systems ¥13,816 million, (up 4.4% year-on-year)

In Japan, non-consolidated Amano sales increased due to an increase in sales of standard machines, although sales for large scale systems decreased.

Overseas, overall sales increased due to higher sales in China and other Asian countries.

- Clean Systems ¥8,431 million, (up 8.7% year-on-year)

In Japan, non-consolidated Amano sales decreased due to a decrease in maintenance and supply, although sales for automatic floor scrubbers increased. Overseas, sales in North America increased.

Reference information

Information by area

(Millions of yen)

	Net sales				Operating profit/loss			
	3Q of FY 2020 (year ended March 2021)	3Q of FY 2021 (year ending March 2022)	Change	Percentage change (%)	3Q of FY 2020 (year ended March 2021)	3Q of FY 2021 (year ending March 2022)	Change	Percentage change (%)
Japan	52,658	51,715	(943)	(1.8)	7,849	8,591	741	9.4
Other Asia	11,872	13,688	1,815	15.3	233	438	204	87.5
North America	10,981	11,175	193	1.8	(734)	(395)	338	—
Europe	5,861	7,329	1,468	25.1	478	1,109	630	131.8
Total	81,374	83,909	2,534	3.1	7,827	9,742	1,915	24.5
Eliminations/ Corporate	(849)	(905)	—	—	(2,691)	(2,486)	—	—
Consolidated	80,525	83,003	2,478	3.1	5,135	7,255	2,119	41.3

- 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 (%)		
	3Q of FY 2020 (year ended March 2021)	3Q of FY 2021 (year ending March 2022)	Change	Percentage change (%)	3Q of FY 2020 (year ended March 2021)	3Q of FY 2021 (year ending March 2022)	Change
Other Asia	11,898	13,701	1,802	15.2	14.8	16.5	1.7
North America	10,290	10,508	218	2.1	12.8	12.7	(0.1)
Europe	5,740	6,961	1,221	21.3	7.1	8.4	1.3
Other regions	606	984	378	62.4	0.7	1.1	0.4
Total	28,534	32,155	3,621	12.7	35.4	38.7	3.3
Consolidated net sales	80,525	83,003					

- 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 ¥151,749 million (up ¥1,189 million from the previous consolidated fiscal year-end).

- Current assets: a decrease of ¥22 million due to a decrease in Notes and accounts receivable-trade and contract assets, etc.
- Fixed assets: an increase of ¥1,211 million due to increases in investment securities and lease assets (net), etc.

Total liabilities amounted to ¥40,816 million (up ¥1,842 million from the previous consolidated fiscal year-end).

- Current liabilities: an increase of ¥1,680 million due to an increase in lease obligations, etc.
- Long-term liabilities: an increase of ¥161 million due to an increase in lease obligations, etc.

Net assets amounted to ¥110,933 million (down ¥652 million from the previous consolidated fiscal year-end).

- Shareholders' equity: a decrease of ¥1,859 million due to dividends paid and acquisition of treasury stock, etc.
- Accumulated other comprehensive income: an increase of ¥1,229 million due to an increase in foreign currency translation adjustments, etc.

(ii) Cash flows

Consolidated cash and cash equivalents decreased by ¥146 million from the previous fiscal year-end, to a total of ¥52,399 million at the end of the third quarter. More specifically, the status of each type of cash flow during the third quarter and the underlying factors are as follows:

Net cash provided by operating activities totaled ¥13,783 million (an increase in income of ¥4,534 million year-on-year).

· Main income factors:

Posting of income before income taxes amounting to ¥8,287 million and posting of depreciation and amortization amounting to ¥5,951 million.

Posting of a decrease in trade notes and accounts receivable and contract assets amounting to ¥4,817 million.

· Main expenditure factors:

Posting of income taxes paid amounting to ¥2,825 million and posting of an increase in inventories amounting to ¥1,866 million.

Net cash used in investing activities totaled -¥4,854 million (an increase in cash outflow of ¥1,282 million year-on-year).

· Main income factors:

Posting of proceeds from withdrawal of time deposits amounting to ¥2,170 million.

· Main expenditure factors:

Posting of increase in time deposits amounting to ¥2,706 million and posting of payment for acquisition of investment securities amounting to ¥2,004 million.

Posting of payment for acquisition of intangible fixed assets to ¥1,238 million and posting of payment for purchase of tangible fixed assets amounting to ¥1,213 million.

Net cash used in financing activities amounted to -¥9,607 million (an increase in cash outflow of ¥1,718 million year-on-year).

· Main income factors:

Posting of proceeds from sale and leaseback amounting to ¥1,126 million.

· Main expenditure factors:

Posting of dividends paid amounting to ¥5,234 million and posting of repayment of lease obligations amounting to ¥3,159 million.

Posting of payment for acquisition of treasury stock amounting to ¥2,154 million.

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

The third quarter ended with an increase in both sales and an operating profit compared to the same period of the previous fiscal year. However, there are still concerns about the continuation of various social and economic restrictions to cope with the recent resurgences of COVID-19 in Japan and overseas, as well as the problems in the procurement of semiconductors and other components caused by disruptions in the supply chain. Therefore, at this time, we have decided NOT to change the full-year business forecast for the fiscal year 2021 announced on April 26, 2021. However, if the business environment changes in a way that it affects the business performance, we will disclose it in a timely manner.



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

### (1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	FY 2020 (as of March 31, 2021)	FY 2021 (as of December 31, 2021)
<b>Assets</b>		
Current assets		
Cash and bank deposits	56,432	56,793
Notes and accounts receivable—trade	27,175	-
Notes and accounts receivable—trade and contract assets	-	22,712
Marketable securities	2,556	3,190
Merchandise and finished goods	3,883	4,456
Work in process	540	1,084
Raw materials and supplies	4,429	5,505
Other current assets	3,981	5,256
Allowance for doubtful accounts	(399)	(421)
Total current assets	98,600	98,578
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	9,578	9,019
Machinery and vehicles (net)	898	772
Tools, furniture and fixtures (net)	2,298	2,082
Land	5,896	5,811
Lease assets (net)	6,683	7,760
Construction in progress	237	115
Total tangible fixed assets	25,592	25,562
Intangible fixed assets		
Goodwill	1,612	1,484
Software	3,760	3,138
Software in progress	922	1,135
Other	1,811	1,756
Total intangible fixed assets	8,107	7,516
Investments and other assets		
Investment securities	12,250	14,024
Claims in bankruptcy and similar claims	576	519
Fixed leasehold deposits	1,724	1,534
Net defined benefit assets	122	122
Deferred tax assets	2,403	2,478
Other	1,770	1,943
Allowance for doubtful accounts	(589)	(530)
Total investments and other assets	18,259	20,092
Total fixed assets	51,959	53,171
Total assets	150,559	151,749

(Millions of yen)

	FY 2020 (as of March 31, 2021)	FY 2021 (as of December 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable—trade	5,371	5,251
Electronically recorded obligations	5,073	5,001
Short-term bank loans	520	357
Lease obligations	2,843	3,666
Accrued income taxes	1,445	1,399
Accrued bonuses	2,379	1,089
Accrued officers' bonuses	90	-
Other current liabilities	13,086	15,724
<b>Total current liabilities</b>	<b>30,809</b>	<b>32,490</b>
Long-term liabilities		
Lease obligations	4,856	5,012
Deferred tax liabilities	128	121
Net defined benefit liabilities	2,308	2,317
Provision for stock benefit	245	326
Provision for directors' stock benefit	186	203
Asset retirement obligations	33	33
Other long-term liabilities	405	311
<b>Total long-term liabilities</b>	<b>8,164</b>	<b>8,325</b>
<b>Total liabilities</b>	<b>38,974</b>	<b>40,816</b>
Net assets		
Shareholders' equity		
Common stock	18,239	18,239
Capital surplus	19,293	19,293
Retained earnings	81,749	82,021
Treasury stock	(4,443)	(6,575)
<b>Total shareholders' equity</b>	<b>114,838</b>	<b>112,978</b>
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	1,875	1,707
Foreign currency translation adjustments	(5,242)	(3,971)
Remeasurements of defined benefit plans	(620)	(492)
<b>Total accumulated other comprehensive income</b>	<b>(3,986)</b>	<b>(2,756)</b>
Non-controlling shareholders' interests	733	711
<b>Total net assets</b>	<b>111,585</b>	<b>110,933</b>
<b>Total liabilities and net assets</b>	<b>150,559</b>	<b>151,749</b>

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

## Consolidated Quarterly Statements of Income

Third quarter ended December 31, 2021

(Millions of yen)

	FY 2020 (April 1, 2020- December 31, 2020)	FY 2021 (April 1, 2021- December 31, 2021)
Net sales	80,525	83,003
Cost of sales	45,831	46,042
Gross profit	34,693	36,961
Selling, general and administrative expenses		
Selling expenses	26,649	26,957
General and administrative expenses	2,907	2,748
Total selling, general and administrative expenses	29,557	29,705
Operating profit	5,135	7,255
Non-operating profit		
Interest income	139	148
Dividend income	158	160
Insurance income	101	21
Foreign exchange gains	-	59
Equity in earnings of affiliates	137	111
Other	358	343
Total non-operating profit	895	844
Non-operating expenses		
Interest expenses	113	103
Loss on foreign exchange	46	-
Foreign withholding tax	0	0
Other	39	71
Total non-operating expenses	200	175
Ordinary profit	5,830	7,924
Extraordinary income		
Gain on sale of fixed assets	9	406
Gain on sales of investment securities	3	-
Total extraordinary income	13	406
Extraordinary losses		
Loss on disposal of fixed assets	26	38
Loss on sale of fixed assets	-	5
Impairment losses	35	-
Office transfer expenses	23	-
Total extraordinary losses	85	43
Income before income taxes	5,758	8,287
Income taxes	1,018	2,744
Net income	4,739	5,542
Net income attributable to non-controlling shareholders	43	31
Net income attributable to owners of the parent company	4,696	5,510

Consolidated Quarterly Statements of Comprehensive Income  
 Third quarter ended December 31, 2021

(Millions of yen)

	FY 2020 (April 1, 2020- December 31, 2020)	FY 2021 (April 1, 2021- December 31, 2021)
Net income	4,739	5,542
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	355	(168)
Foreign currency translation adjustment	(801)	1,240
Remeasurements of defined benefit plans	151	128
Share of other comprehensive income of associates accounted for using equity method	0	0
Total other comprehensive income	(293)	1,200
Comprehensive income	4,446	6,742
(Breakdown)		
Comprehensive income attributable to owners of the parent company	4,466	6,740
Comprehensive income attributable to non-controlling shareholders	(20)	2

## (3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	FY 2020 (April 1, 2020- December 31, 2020)	FY 2021 (April 1, 2021- December 31, 2021)
Cash flows from operating activities		
Income before income taxes	5,758	8,287
Depreciation and amortization	6,321	5,951
Amortization of goodwill	267	277
Impairment losses	35	-
Increase (decrease) in net defined benefit liabilities	203	193
Increase (decrease) in provision for stock benefit	65	88
Increase (decrease) in provision for directors' stock benefit	31	32
Increase (decrease) in allowance for doubtful accounts	(5)	(62)
Interest and dividend revenue	(298)	(308)
Equity in (earnings) losses of affiliates	(137)	(111)
Interest expenses	113	103
Foreign currency translation loss (gain)	(23)	(46)
Loss (gain) on sale of fixed assets	(9)	(400)
Loss on disposal of fixed assets	26	38
Loss (gain) on liquidation of investment securities	(3)	-
(Increase) decrease in trade notes and accounts receivable	7,588	-
(Increase) decrease in trade notes and accounts receivable and contract assets	-	4,817
(Increase) decrease in inventories	(633)	(1,866)
Increase (decrease) in trade payables	(3,466)	(281)
Increase (decrease) in other current liabilities	1,561	1,654
Other	(3,499)	(2,215)
Subtotal	13,895	16,151
Receipts from interest and dividends	403	455
Interest paid	(118)	(108)
Special retirement payments	(11)	-
Income taxes paid	(5,743)	(2,825)
Income taxes refunded	822	110
Net cash provided by operating activities	9,248	13,783
Cash flows from investing activities		
Payment for acquisition of securities	(1,850)	(2,350)
Proceeds from redemption of securities	1,000	1,850
Payment for purchase of tangible fixed assets	(1,593)	(1,213)
Proceeds from sale of tangible fixed assets	10	765
Payment for acquisition of intangible fixed assets	(1,310)	(1,238)
Payment for acquisition of investment securities	(4)	(2,004)
Proceeds from liquidation of investment securities	3	-
Payments for acquisition of businesses	-	(200)
Increase in time deposits	(3,619)	(2,706)
Proceeds from withdrawal of time deposits	3,951	2,170
Other	(159)	72
Net cash used in investing activities	(3,571)	(4,854)

(Millions of yen)

	FY 2020 (April 1, 2020- December 31, 2020)	FY 2021 (April 1, 2021- December 31, 2021)
Cash flows from financing activities		
Increase in short-term loans payable	489	358
Repayment for short-term bank loans	(641)	(519)
Payment for acquisition of treasury stock	(245)	(2,154)
Repayments of lease obligations	(2,800)	(3,159)
Proceeds from sale and leaseback	1,076	1,126
Dividends paid	(5,703)	(5,234)
Payment of dividends to non-controlling shareholders	(63)	(25)
Cash flows from financing activities	(7,888)	(9,607)
Effect of exchange rate changes on cash and cash equivalents	(353)	532
Net increase (decrease) in cash and cash equivalents	(2,565)	(146)
Cash and cash equivalents at the beginning of the year	52,134	52,546
Cash and cash equivalents at end of period	49,569	52,399

#### (4) Notes on Quarterly Consolidated Financial Statements

##### Notes Regarding the Premise of a Going Concern

None

##### Notes on Significant Changes in Shareholders' Equity

Based on the resolution of the Board of Directors meeting held on April 26, 2021, Amano Corporation has acquired 750,000 shares of treasury stock. As a result, treasury stock increased by ¥2,154 million in the third quarter fiscal year, including an increase due to the purchase of shares less than one unit, and reached ¥6,575 million at the end of the same period.

The 411,819 shares held by Amano Corporation as trust property of the Director's Compensation BIP Trust and Employee Stock Ownership Plan (J-ESOP) are included in the balance of treasury shares at the end of the third quarter consolidated accounting period.

##### 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 this third 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.

##### Change of Accounting Policy

(Application of "Accounting Standard for Revenue Recognition")

We have applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the first quarter under review. We now recognize revenue as the amount expected to be received in exchange for promised goods or services when control of said goods or services is transferred to the customer.

With regard to construction contracts, in the past, "Percent-of-Completion Method" was applied to construction work for which the certainty of the progress was recognized, and the "Completed-contract Method" was applied to other construction work. By applying the revenue recognition accounting standard, for construction works for which performance obligations are fulfilled over a certain period of time, the level of progress is now estimated. Provided that the result of the performance obligation can be reasonably measured, the level of progress is estimated based on the ratio of Actual Cost against Total Estimated Cost (accounting input method). As for construction with a very short construction period, revenue is recognized upon completely satisfying the performance obligations.

For the application of the revenue recognition accounting standard, we have followed the transitional treatment prescribed in Article 84 proviso of the standard. Accordingly, the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the first quarter under review has been added to or subtracted from retained earnings at the beginning of the quarter. However, for the contracts for which almost all revenues have been recognized under the previous accounting method before the beginning of this consolidated first quarter, the method stipulated in Article 86 of the Revenue Recognition Accounting Standard is not applied retroactively. In addition, in accordance to Provision (1) stipulated in Section 86 of the Accounting Standard for Revenue Recognition, the accounts have been processed reflecting all contract modifications on all contracts made prior to the beginning of this consolidated first quarter, and the cumulative impact amount was either added to or subtracted from retained earnings at the beginning of this consolidated first quarter. The impact of this change on the beginning balance of retained earnings, profit & loss for the third quarter of the current consolidated cumulative period, segment information, etc. and per share information was insignificant.

Due to the application of revenue recognition accounting standards, "Notes and accounts receivable-trade",

which was indicated in "Current assets" in the previous year's consolidated balance sheet, is now indicated in "Notes and accounts receivable-trade and contract assets" from this consolidated first quarter. In addition, the "(increase) decrease in trade notes and accounts receivables" which was indicated in the "cash flow from operating activities" of the consolidated cash flow statement for the previous consolidated fiscal year, is now included in the "(increase) decrease in trade notes and accounts receivables and contract assets" from the first quarter of this consolidated fiscal year. Furthermore, in accordance with the transitional treatment stipulated in Article 89-2 of the Accounting Standard for Revenue Recognition, the previous consolidated fiscal year has not been reclassified using the new presentation method.

(Application of "Accounting Standard for Fair Value Measurement")

The "Accounting Standard for Market Value Calculation" (Corporate Accounting Standard No. 30, July 4, 2019; hereinafter referred to as "Market Value Calculation Accounting Standard"), etc. has been applied from the beginning of this consolidated first quarter and in accordance with the transitional treatment stipulated in Paragraph 19 of the Standard and "Accounting Standard for Financial Instruments" (Corporate Accounting Standard No. 10, July 4, 2019), Paragraph 44-2. shall be applied in the future. Moreover, there is no impact on the quarterly consolidated financial statements.

#### Additional information

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

In Amano Corporation and some of our 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 of the end of the third quarter of the current fiscal year ¥1,022 million, 411,819 shares



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

As an effort to ensure the health and safety of employees, Amano Corporation and our domestic group companies have adopted flexible work such as telework (working from home) and staggered working hours as well as workplace vaccination in limited areas.

Overseas group companies respond in accordance with 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 normally depending on enforcements issued by their local authorities.

There are no significant changes concerning an assumption and accounting estimates on the basis of the impact and severity of COVID-19 on our group reported in the consolidated financial statements for fiscal year 2020 ended March 2021.

## Segment Information

[Segment Information]

### I. 3rd Quarter of fiscal year 2020 (April 1, 2020 to December 31, 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	59,531	20,993	80,525	—	80,525
Intersegment	—	—	—	—	—
Total	59,531	20,993	80,525	—	80,525
Segment profit (loss)	5,230	2,668	7,899	(2,763)	5,135

Notes: 1. The -¥2,763 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 regarding impairment loss on Fixed Assets or Goodwill by reporting segment

Omitted due to lack of importance

### II. 3rd Quarter of fiscal year 2021 (April 1, 2021 to December 31, 2021)

(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	60,754	22,248	83,003	—	83,003
Intersegment	—	—	—	—	—
Total	60,754	22,248	83,003	—	83,003
Segment profit (loss)	7,164	2,746	9,911	(2,656)	7,255

Notes: 1. The -¥2,656 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 regarding impairment loss on Fixed Assets or Goodwill by reporting segment

Omitted due to lack of importance

## Significant Subsequent Events

None