

Summary Financial Statements (Consolidated)
for 3rd Quarter of Fiscal Year 2022 (Year Ending March 31, 2023) (Japan GAAP)

February 1, 2023

Company name: Amano Corporation Listed on: TSE
Securities code: 6436 URL <https://www.amano.co.jp/English/>
Representative: Hiroyuki Tsuda, President & Representative Director
Inquiries: Kunihiro Ihara, Director & Managing Operating Officer Phone: +81 (45) 439-1591
General Manager, Corporate Planning
Scheduled date for filing of quarterly securities report: February 7, 2023
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 2022 (April 1, 2022 to December 31, 2022)

(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 2022 (year ending March 2023)	92,267	11.2	8,970	23.6	9,855	24.4	6,277	13.9
3Q of FY 2021 (year ended March 2022)	83,003	3.1	7,255	41.3	7,924	35.9	5,510	17.3

Note: Comprehensive income 3rd Quarter of FY 2022 (year ending March 2023): ¥11,728 million (73.9%)
3rd Quarter of FY 2021 (year ended March 2022): ¥6,742 million (51.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
3Q of FY 2022 (year ending March 2023)	85.80	—
3Q of FY 2021 (year ended March 2022)	74.40	—

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
3Q of FY 2022 (as of December 31, 2022)	163,857	118,105	71.5	1,608.16
FY 2021 (as of March 31, 2022)	159,342	116,271	72.5	1,563.31

Reference: Equity capital 3rd Quarter of FY 2022 (as of December 31, 2022): ¥117,238 million
FY 2021 (as of March 31, 2022): ¥115,519 million

2. Dividends

	Annual dividends				
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2021 (year ended March 2022)	—	25.00	—	70.00	95.00
FY 2022 (year ending March 2023)	—	30.00	—		
FY 2022 (year ending March 2023) (est.)				70.00	100.00

Note: Revisions to most recently released dividend forecast: None

* The detail of year-end dividend of FY 2021 (year ended March 2022): ordinary dividend ¥50.00, commemorative dividend ¥20.00

3. Forecast earnings for fiscal year 2022 (April 1, 2022 to March 31, 2023)

(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	130,000	9.8	16,500	28.0	17,200	23.6	11,500	18.1	157.75

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, 2022	76,657,829 shares	As of March 31, 2022	76,657,829 shares
[2] Number of shares of treasury stock at the end of the period	As of 3Q ended December 31, 2022	3,756,050 shares	As of March 31, 2022	2,763,911 shares
[3] Average number of shares outstanding (over the fiscal year under review up to December 31, 2022)	As of 3Q ended December 31, 2022	73,171,987 shares	As of 3Q ended December 31, 2021	74,074,663 shares

Note: The number of shares of treasury stock as of December 31, 2022, includes the Company's shares held by the Director's Compensation BIP Trust and the Employee Stock Ownership Plan (J-ESOP).

(398,219 shares as of Dec. 31, 2022 and 400,519 shares as of March 31, 2022 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 preparing this document and on certain assumptions that are deemed to be reasonable. A variety of factors could cause actual results to differ significantly from the forecasts. For information on the earnings forecasts, please refer to "I. Qualitative Information on Consolidated Financial Results for the Current Quarter (3) Explanation of Forward-looking Information, including the Outlook for Consolidated Operating Results" on page 6 of the attached document.

○ Table of Contents for Attachment

1.	Qualitative Information on Consolidated Financial Results for the Current Quarter.....	2
(1)	Explanation of Business Results	2
(2)	Explanation of Financial Condition	5
(3)	Explanation of Forward-looking Information, Including Outlook for Consolidated Operating Results.....	6
2.	Consolidated Quarterly Financial Statements and Primary Explanatory Notes.....	7
(1)	Consolidated Quarterly Balance Sheets	7
(2)	Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income.....	9
(3)	Consolidated Quarterly Statements of Cash Flows	11
(4)	Notes on Quarterly Consolidated Financial Statements	13
	Notes Regarding the Premise of a Going Concern.....	13
	Notes on Significant Changes in Shareholders' Equity.....	13
	Application of Accounting Procedures Specific to the Preparation of the Consolidated Quarterly Financial Statements.....	13
	Change of Accounting Policy.....	13
	Additional Information	14
	Segment Information	15
	Significant Subsequent Events.....	15

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 continued, but the world economy showed some signs of recovery triggered by the resumption of economic activities in various countries, etc. However, it seems that the future outlook for the Japanese economy continues to be uncertain due to the concerns about a recession in Europe and the U.S., various price hikes against the backdrop of the global supply chain disruptions, the impact of the situation in Ukraine, and rapid currency fluctuations, etc.

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 ¥92,267 million (up 11.2% year-on-year), operating profit was ¥8,970 million (up 23.6% yoy), ordinary profit was ¥9,855 million (up 24.4% yoy), and net income attributable to owners of the parent company was ¥6,277 million (up 13.9% yoy).

(Main factors behind the business results)

- (i) At non-consolidated Amano, sales of the Information Systems grew mainly in software, reflecting the continued strong investment in systems for DX initiatives and business efficiency improvement with the tailwind of "work style reform" continuing. Sales for the Parking Systems showed a remarkable recovery. Furthermore, Sales for the Environmental Systems continued to grow, especially for standard equipment.
- (ii) In domestic group companies, the consigned parking lot management service business performed well, approaching pre-COVID-19 results, and T&A cloud service for work management continued to grow due to an increase in inquiries from customers.
- (iii) In overseas markets, sales increased in North America, Europe, and Asia partly due to the effect of yen depreciation. In particular, overall sales in Asia increased by double digits due to growth in the Parking Systems in Korea, Hong Kong, and Malaysia.

The following are business results by segment:

Sales by business division

(Millions of yen)

Category	3Q of FY 2021 (year ended March 2022)		3Q of FY 2022 (year ending March 2023)		Change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	%
Time Information System business:						
Information Systems	19,928	24.0	21,470	23.3	1,542	7.7
Time Management Products	1,952	2.4	2,010	2.2	57	2.9
Parking Systems	38,873	46.8	44,735	48.4	5,861	15.1
Subtotal	60,754	73.2	68,215	73.9	7,460	12.3
Environment System business:						
Environmental Systems	13,816	16.6	14,217	15.4	400	2.9
Clean Systems	8,431	10.2	9,834	10.7	1,403	16.6
Subtotal	22,248	26.8	24,052	26.1	1,803	8.1
Total	83,003	100.0	92,267	100.0	9,264	11.2

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 ¥68,215 million, up by ¥7,460 million (up 12.3%) year-on-year. The following is a breakdown of sales by business division.

- Information Systems ¥21,470 million (up 7.7% year-on-year)

In Japan, non-consolidated Amano sales increased due to an increase in software sales, although hardware sales were down. The cloud service business deployed by Amano Business Solutions Corporation remained strong. Overseas, sales in both North America and Europe increased, and overall sales also increased.

- Time Management Products ¥2,010 million (up 2.9% year-on-year)

In Japan, sales for standard time recorders increased, although PC-linked time recorders sales were down, resulting in an overall increase in sales and an increase in overseas sales as well.

- Parking Systems ¥44,735 million (up 15.1% year-on-year)

In Japan, non-consolidated Amano sales were up due to an increase in maintenance and supply amid a recovery trend in system equipment sales, 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 both North America and Asia increased, and overall sales also increased.

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 ¥24,052 million, up by ¥1,803 million (up 8.1%) year-on-year. The following is a breakdown of sales by business division.

- Environmental Systems ¥14,217 million (up 2.9% year-on-year)

In Japan, non-consolidated Amano sales increased due to higher sales in standard equipment, although sales of large-scale systems decreased.

Overseas, sales in Asia were up due in part to the depreciation of the yen, and overall sales also increased.

- Clean Systems ¥9,834 million (up 16.6% year-on-year)

In Japan, non-consolidated Amano sales slightly increased 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 2021 (year ended March 2022)	3Q of FY 2022 (year ending March 2023)	Change	Percentage change (%)	3Q of FY 2021 (year ended March 2022)	3Q of FY 2022 (year ending March 2023)	Change	Percentage change (%)
Japan	51,715	53,823	2,108	4.1	8,591	10,168	1,577	18.4
Other Asia	13,688	17,751	4,062	29.7	438	1,130	692	158.1
North America	11,175	14,352	3,176	28.4	(395)	(688)	(292)	—
Europe	7,329	7,587	257	3.5	1,109	1,014	(94)	(8.5)
Total	83,909	93,514	9,605	11.4	9,742	11,625	1,882	19.3
Eliminations/Corporate	(905)	(1,246)	—	—	(2,486)	(2,654)	—	—
Consolidated	83,003	92,267	9,264	11.2	7,255	8,970	1,714	23.6

- 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 2021 (year ended March 2022)	3Q of FY 2022 (year ending March 2023)	Change	Percentage change (%)	3Q of FY 2021 (year ended March 2022)	3Q of FY 2022 (year ending March 2023)	Change
Other Asia	13,701	17,895	4,194	30.6	16.5	19.4	2.9
North America	10,508	13,416	2,907	27.7	12.7	14.5	1.8
Europe	6,961	7,383	421	6.1	8.4	8.0	(0.4)
Other regions	984	828	(156)	(15.8)	1.1	0.9	(0.2)
Total	32,155	39,524	7,368	22.9	38.7	42.8	4.1
Consolidated net sales	83,003	92,267					

- 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 ¥163,857 million (up ¥4,514 million from the previous consolidated fiscal year-end).

- Current assets: an increase of ¥2,467 million due to increases in raw materials and supplies, and merchandise and finished goods, etc.
- Fixed assets: an increase of ¥2,047 million due to an increase in lease assets (net), etc.

Total liabilities amounted to ¥45,751 million (up ¥2,680 million from the previous consolidated fiscal year-end).

- Current liabilities: an increase of ¥815 million due to an increase in lease obligations, etc.
- Long-term liabilities: an increase of ¥1,865 million due to an increase in lease obligations, etc.

Net assets amounted to ¥118,105 million (up ¥1,833 million from the previous consolidated fiscal year-end).

- Shareholders' equity: a decrease of ¥3,594 million due to dividends paid and acquisition of treasury stock, etc.
- Accumulated other comprehensive income: an increase of ¥5,313 million due to an increase in foreign currency translation adjustments, etc.

(ii) Cash flows

Consolidated cash and cash equivalents decreased by ¥1,299 million from the previous fiscal year-end, to a total of ¥54,631 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 ¥12,503 million (a decrease in income of ¥1,279 million year-on-year).

· Main income factors:

Posting of income before income taxes amounting to ¥9,807 million and posting of depreciation and amortization amounting to ¥6,536 million.

Posting of a decrease in trade notes and accounts receivable and contract assets amounting to ¥4,773 million.

· Main expenditure factors:

Posting of income taxes paid amounting to ¥5,402 million and posting of an increase in inventories amounting to ¥3,642 million.

Net cash used in investing activities totaled -¥3,280 million (a decrease in cash outflow of ¥1,574 million year-on-year).

· Main income factors:

Posting of proceeds from withdrawal of time deposits amounting to ¥2,672 million.

· Main expenditure factors:

Posting of increase in time deposits amounting to ¥2,953 million and posting of payment for purchase of tangible fixed assets amounting to ¥1,780 million.

Posting of payment for acquisition of intangible fixed assets to ¥1,196 million.

Net cash used in financing activities amounted to -¥12,468 million (an increase in cash outflow of ¥2,860 million year-on-year).

· Main income factors:

Posting of proceeds from sale and leaseback amounting to ¥1,324 million.

· Main expenditure factors:

Posting of dividends paid amounting to ¥7,399 million and posting of repayment of lease obligations amounting to ¥3,719 million.

Posting of payment for acquisition of treasury stock amounting to ¥2,478 million.

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

While the third quarter ended with an increase both in sales and an operating profit, 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 the full-year forecast for the fiscal year ending March 31, 2023, which were announced on April 26, 2022. 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, etc., we plan to review the numerical plan in a timely manner.

2. Consolidated Quarterly Financial Statements and Primary Explanatory Notes

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	FY 2021 (as of March 31, 2022)	FY 2022 (as of December 31, 2022)
Assets		
Current assets		
Cash and bank deposits	60,337	59,586
Notes and accounts receivable—trade and contract assets	27,995	24,601
Marketable securities	3,219	3,465
Merchandise and finished goods	3,687	5,289
Work in process	559	1,390
Raw materials and supplies	5,741	8,246
Other current assets	4,464	5,957
Allowance for doubtful accounts	(468)	(531)
Total current assets	105,537	108,004
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	8,894	8,735
Machinery and vehicles (net)	725	958
Tools, furniture and fixtures (net)	2,038	2,205
Land	5,818	5,848
Lease assets (net)	8,005	9,468
Construction in progress	298	155
Total tangible fixed assets	25,780	27,371
Intangible fixed assets		
Goodwill	1,417	1,301
Software	2,980	3,246
Software in progress	1,110	695
Other	1,740	1,914
Total intangible fixed assets	7,249	7,157
Investments and other assets		
Investment securities	14,694	15,505
Claims in bankruptcy and similar claims	522	527
Fixed leasehold deposits	1,547	1,526
Net defined benefit assets	128	124
Deferred tax assets	2,505	2,241
Other	1,911	1,935
Allowance for doubtful accounts	(533)	(539)
Total investments and other assets	20,776	21,322
Total fixed assets	53,805	55,852
Total assets	159,342	163,857

(Millions of yen)

	FY 2021 (as of March 31, 2022)	FY 2022 (as of December 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	5,605	5,763
Electronically recorded obligations	5,667	5,887
Short-term bank loans	367	210
Lease liabilities	3,610	3,946
Accrued income taxes	3,426	1,571
Accrued bonuses	2,569	1,214
Accrued officers' bonuses	128	-
Other current liabilities	13,450	17,047
Total current liabilities	34,825	35,640
Long-term liabilities		
Lease liabilities	4,994	6,612
Deferred tax liabilities	12	-
Net defined benefit liabilities	2,377	2,467
Provision for stock benefit	293	357
Provision for directors' stock benefit	203	249
Asset retirement obligations	33	34
Other long-term liabilities	331	390
Total long-term liabilities	8,245	10,111
Total liabilities	43,071	45,751
Net assets		
Shareholders' equity		
Common stock	18,239	18,239
Capital surplus	19,293	19,293
Retained earnings	86,244	85,122
Treasury stock	(6,546)	(9,019)
Total shareholders' equity	117,230	113,636
Accumulated other comprehensive income		
Net unrealized gains (losses) on available- for-sale securities	2,088	2,612
Foreign currency translation adjustments	(3,250)	1,462
Remeasurements of defined benefit plans	(549)	(473)
Total accumulated other comprehensive income	(1,711)	3,601
Non-controlling shareholders' interests	752	867
Total net assets	116,271	118,105
Total liabilities and net assets	159,342	163,857

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

Consolidated Quarterly Statements of Income

Third quarter ended December 31, 2022

(Millions of yen)

	FY 2021 (April 1, 2021- December 31, 2021)	FY 2022 (April 1, 2022- December 31, 2022)
Net sales	83,003	92,267
Cost of sales	46,042	50,763
Gross profit	36,961	41,504
Selling, general and administrative expenses		
Selling expenses	26,957	29,778
General and administrative expenses	2,748	2,755
Total selling, general and administrative expenses	29,705	32,534
Operating profit	7,255	8,970
Non-operating profit		
Interest income	148	163
Dividend income	160	192
Insurance income	21	18
Foreign exchange gains	59	151
Equity in earnings of affiliates	111	110
Other	343	408
Total non-operating profit	844	1,046
Non-operating expenses		
Interest expenses	103	102
Foreign withholding tax	0	0
Other	71	59
Total non-operating expenses	175	161
Ordinary profit	7,924	9,855
Extraordinary income		
Gain on sale of fixed assets	406	4
Total extraordinary income	406	4
Extraordinary losses		
Loss on disposal of fixed assets	38	40
Loss on sale of fixed assets	5	1
Office transfer expenses	-	11
Total extraordinary losses	43	52
Income before income taxes	8,287	9,807
Income taxes	2,744	3,489
Net income	5,542	6,318
Net income attributable to non-controlling shareholders	31	40
Net income attributable to owners of the parent company	5,510	6,277

Consolidated Quarterly Statements of Comprehensive Income
 Third quarter ended December 31, 2022

(Millions of yen)

	FY 2021 (April 1, 2021- December 31, 2021)	FY 2022 (April 1, 2022- December 31, 2022)
Net income	5,542	6,318
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(168)	524
Foreign currency translation adjustment	1,240	4,809
Remeasurements of defined benefit plans	128	76
Share of other comprehensive income of associates accounted for using equity method	0	0
Total other comprehensive income	1,200	5,410
Comprehensive income	6,742	11,728
(Breakdown)		
Comprehensive income attributable to owners of the parent company	6,740	11,591
Comprehensive income attributable to non-controlling shareholders	2	137

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	FY 2021 (April 1, 2021- December 31, 2021)	FY 2022 (April 1, 2022- December 31, 2022)
Cash flows from operating activities		
Income before income taxes	8,287	9,807
Depreciation and amortization	5,951	6,536
Amortization of goodwill	277	230
Increase (decrease) in net defined benefit liabilities	193	182
Increase (decrease) in provision for stock benefit	88	70
Increase (decrease) in provision for directors' stock benefit	32	45
Increase (decrease) in allowance for doubtful accounts	(62)	(10)
Interest and dividend revenue	(308)	(356)
Equity in (earnings) losses of affiliates	(111)	(110)
Interest expenses	103	102
Foreign currency translation loss (gain)	(46)	(35)
Loss (gain) on sale of fixed assets	(400)	(3)
Loss on disposal of fixed assets	38	40
(Increase) decrease in trade notes and accounts receivable and contract assets	4,817	4,773
(Increase) decrease in inventories	(1,866)	(3,642)
Increase (decrease) in trade payables	(281)	(31)
Increase (decrease) in other current liabilities	1,654	2,022
Other	(2,215)	(2,113)
Subtotal	16,151	17,508
Receipts from interest and dividends	455	496
Interest paid	(108)	(107)
Income taxes paid	(2,825)	(5,402)
Income taxes refunded	110	8
Net cash provided by operating activities	13,783	12,503
Cash flows from investing activities		
Payment for acquisition of securities	(2,350)	(2,350)
Proceeds from redemption of securities	1,850	2,450
Payment for purchase of tangible fixed assets	(1,213)	(1,780)
Proceeds from sale of tangible fixed assets	765	10
Payment for acquisition of intangible fixed assets	(1,238)	(1,196)
Payment for acquisition of investment securities	(2,004)	(205)
Payments for acquisition of businesses	(200)	-
Increase in time deposits	(2,706)	(2,953)
Proceeds from withdrawal of time deposits	2,170	2,672
Other	72	72
Net cash used in investing activities	(4,854)	(3,280)

(Millions of yen)

	FY 2021 (April 1, 2021- December 31, 2021)	FY 2022 (April 1, 2022- December 31, 2022)
Cash flows from financing activities		
Increase in short-term loans payable	358	213
Repayment for short-term bank loans	(519)	(385)
Payment for acquisition of treasury stock	(2,154)	(2,478)
Repayments of lease liabilities	(3,159)	(3,719)
Proceeds from sale and leaseback	1,126	1,324
Dividends paid	(5,234)	(7,399)
Payment of dividends to non-controlling shareholders	(25)	(22)
Cash flows from financing activities	(9,607)	(12,468)
Effect of exchange rate changes on cash and cash equivalents	532	1,945
Net increase (decrease) in cash and cash equivalents	(146)	(1,299)
Cash and cash equivalents at the beginning of the year	52,546	55,931
Cash and cash equivalents at end of period	52,399	54,631

(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, 2022, Amano Corporation has acquired 993,900 shares of treasury stock. As a result, treasury stock increased by ¥2,472 million in the third quarter fiscal year, including an increase due to the purchase of shares less than one unit, and reached 9,019 million at the end of the same period.

The 398,219 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 ASU 2016-02 "Leases")

For those of our subsidiaries that are subject to US-GAAP, we have applied ASU 2016-02 "Leases" from the first quarter consolidated accounting period. Accordingly, in principle, lessees recognize all leases on the quarterly consolidated balance sheet as assets and liabilities. In adopting this accounting standard, we have adopted the permitted transitional measure whereby the cumulative effect when applying this standard, is recognized on the effective date of application.

As a result, compared with the previous accounting standard, the balance of lease assets under tangible fixed assets increased by ¥662 million, lease obligations under current liabilities by ¥148 million, and lease obligations under long-term liabilities by ¥513 million at the beginning of the first quarter of consolidated fiscal year. The effect of this change on profit and loss for the third quarter of the current consolidated cumulative period was negligible.

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.

Under the Employee Stock Ownership Plan (J-ESOP), in accordance with the stock distribution rules and based on points granted according to their positions and operating performance, etc., stocks of Amano Corporation are provided by the trust to employees who meet certain requirements.

[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 ¥987 million, 398,219 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 of the curfew and other regulations by the local authorities of the countries or the states, etc. 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 2021 ended March 2022.

Segment Information

[Segment Information]

I. 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

II. 3rd Quarter of fiscal year 2022 (April 1, 2022 to December 31, 2022)

(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	68,215	24,052	92,267	—	92,267
Intersegment	—	—	—	—	—
Total	68,215	24,052	92,267	—	92,267
Segment profit (loss)	8,544	3,147	11,691	(2,720)	8,970

Notes: 1. The -¥2,720 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

None

Significant Subsequent Events

None