

Summary Financial Statements (Consolidated)
for 1st Quarter of Fiscal Year 2022 (Year Ending March 31, 2023) (Japan GAAP)

July 27, 2022

Company name: Amano Corporation Listed on: TSE
 Securities code: 6436 URL <https://www.amano.co.jp/English/>
 Representative: Hiroyuki Tsuda, President & Representative Director
 Kunihiro Ihara, Director & Managing Operating Officer
 Inquiries: General Manager, Corporate Planning Phone: +81 (45) 439-1591
 Scheduled date for filing of quarterly securities report: August 4, 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 1st quarter of fiscal year 2022 (April 1, 2022 to June 30, 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 | % |
| 1Q of FY 2022 (year ending March 2023) | 27,622 | 8.2 | 1,692 | 82.8 | 2,019 | 73.6 | 766 | 90.0 |
| 1Q of FY 2021 (year ended March 2022) | 25,532 | 0.6 | 925 | — | 1,163 | — | 403 | 18.2 |

Note: Comprehensive income 1st quarter of FY 2022 (year ending March 2023): ¥2,926 million (77.6%)
 1st quarter of FY 2021 (year ended March 2022): ¥1,648 million (—%)

| | Net income per share | | Diluted net income per share | |
|----------------------------------------|----------------------|-----|------------------------------|-----|
| | Yen | Yen | Yen | Yen |
| 1Q of FY 2022 (year ending March 2023) | 10.42 | — | — | — |
| 1Q of FY 2021 (year ended March 2022) | 5.43 | — | — | — |

(2) Financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------------------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| 1Q of FY 2022 (as of June 30, 2022) | 156,754 | 112,747 | 71.4 | 1,525.34 |
| FY 2021 (as of March 31, 2022) | 159,342 | 116,271 | 72.5 | 1,563.31 |

Reference: Equity capital 1st quarter of FY 2022 (as of June 30, 2022): ¥111,950, 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) | — | — | — | — | — |
| FY 2022 (year ending March 2023) (est.) | — | 30.00 | — | 70.00 | 100.00 |

Note: Revisions to most recently released dividend forecast: None

* The detail of year-end dividend of FY2021(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 |
| First half | 60,000 | 8.4 | 5,700 | 26.4 | 6,200 | 24.7 | 4,100 | 27.5 | 56.25 |
| Full year | 130,000 | 9.8 | 16,500 | 28.0 | 17,200 | 23.6 | 11,500 | 18.1 | 157.76 |

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 : 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 1Q ended June 30, 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 1Q ended June 30, 2022 | 3,263,969 Shares | As of March 31, 2022 | 2,763,911 shares |
| [3] Average number of shares outstanding (over the fiscal year under review up to June 30, 2022) | As of 1Q ended June 30, 2022 | 73,616,646 shares | As of 1Q ended June 30, 2021 | 74,340,408 shares |

Note: The number of shares of treasury stock as of June 30, 2022, includes the Company's shares held by the Director's Compensation BIP Trust and the Employee Stock Ownership Plan (J-ESOP).

(400,519 shares as of June 30, 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.

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.

Note: Impact of acquiring treasury stock

On April 26, 2022, the Board of Directors of Amano Corporation approved a resolution to repurchase our own shares pursuant to Article 156 of the Companies Act, which is applicable in lieu of Article 165, Paragraph 3 of this act. As a result, the "Net income per share" in the above article 3, "Forecast earnings for fiscal year 2022" is described taking into consideration the impact of this treasury stock acquisition.

○ 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..... | 5 |
| 2. | Consolidated Quarterly Financial Statements and Primary Explanatory Notes..... | 6 |
| (1) | Consolidated Quarterly Balance Sheets | 6 |
| (2) | Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income..... | 8 |
| (3) | Consolidated Quarterly Statements of Cash Flows | 10 |
| (4) | Notes on Quarterly Consolidated Financial Statements | 12 |
| | Notes Regarding the Premise of a Going Concern..... | 12 |
| | Notes on Significant Changes in Shareholders' Equity..... | 12 |
| | Application of Accounting Procedures Specific to the Preparation of the Consolidated Quarterly Financial Statements..... | 12 |
| | Change of Accounting Policy..... | 12 |
| | Additional information | 13 |
| | Segment Information | 14 |
| | Significant Subsequent Events..... | 14 |

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 effect of COVID-19 continues, 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 resurgence of COVID-19 in Japan and abroad, and various price hikes against the backdrop of the global supply chain disruptions and the impact of the situation in Ukraine, 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 first quarter under review, net sales were ¥27,622 million (up 8.2% year-on-year), operating profit was ¥1,692 million (up 82.8% yoy), ordinary profit was ¥2,019 million (up 73.6% yoy), and net income attributable to owners of the parent company was ¥766 million (up 90.0% yoy).

(Main factors behind the business results)

- (i) At non-consolidated Amano, the tailwind of “work style reform” continues. Sales of the Information Systems increased due to mainly software growth, and the Parking Systems also began to pick up, resulting in higher sales. In addition, the Environmental Systems remained firm due to favorable machine tool order trends.
- (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, sales in Asia increased by double digits due to growth in the Parking Systems.

The following are business results by segment:

| Category | (Millions of yen) | | | | | |
|-----------------------------------|------------------------------------------|-----------|-------------------------------------------|-----------|--------|------|
| | 1Q of FY 2021 (year ended March 2022) | | 1Q of FY 2022 (year ending March 2023) | | Change | |
| | Amount | Ratio (%) | Amount | Ratio (%) | Amount | % |
| Time Information System business: | | | | | | |
| Information Systems | 6,163 | 24.2 | 6,647 | 24.1 | 484 | 7.9 |
| Time Management Products | 647 | 2.5 | 671 | 2.4 | 23 | 3.7 |
| Parking Systems | 11,798 | 46.2 | 13,154 | 47.6 | 1,355 | 11.5 |
| Subtotal | 18,609 | 72.9 | 20,472 | 74.1 | 1,863 | 10.0 |
| Environment System business: | | | | | | |
| Environmental Systems | 4,193 | 16.4 | 4,210 | 15.3 | 17 | 0.4 |
| Clean Systems | 2,730 | 10.7 | 2,939 | 10.6 | 208 | 7.6 |
| Subtotal | 6,923 | 27.1 | 7,149 | 25.9 | 225 | 3.3 |
| Total | 25,532 | 100.0 | 27,622 | 100.0 | 2,089 | 8.2 |

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 ¥20,472 million, up by ¥1,863 million (10.0%) year-on-year. The following is a breakdown of sales by business division.

- Information Systems ¥6,647 million, (up 7.9% year-on-year)

In Japan, non-consolidated Amano sales increased due to an increase in software sales, although hardware sales were down. 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 ¥671 million, (up 3.7% year-on-year)

In Japan, sales for both standard and PC-linked time recorders declined despite signs of recovery, while overseas sales increased.

- Parking Systems ¥13,154 million, (up 11.5% year-on-year)

In Japan, non-consolidated Amano sales were up due to an increase in maintenance and supply despite a decline 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 polishers, consigned janitorial management services, and electrolyzed water generators

The sales in this business totaled ¥7,149 million, up by ¥225 million (3.3%) year-on-year. The following is a breakdown of sales by business division.

- Environmental Systems ¥4,210 million, (up 0.4% year-on-year)

In Japan, non-consolidated Amano sales increased due to the continuous growth for standard equipment, although sales of large-scale systems decreased. Overseas, sales declined in Asia, affected by the China lockdown, and overall sales also decreased.

- Clean Systems ¥2,939 million, (up 7.6% 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 | | | |
|------------------------|---------------------------------------|----------------------------------------|--------|-----------------------|---------------------------------------|----------------------------------------|--------|-----------------------|
| | 1Q of FY 2021 (year ended March 2022) | 1Q of FY 2022 (year ending March 2023) | Change | Percentage change (%) | 1Q of FY 2021 (year ended March 2022) | 1Q of FY 2022 (year ending March 2023) | Change | Percentage change (%) |
| Japan | 15,517 | 16,343 | 825 | 5.3 | 1,549 | 2,342 | 792 | 51.2 |
| Other Asia | 4,226 | 5,110 | 883 | 20.9 | 29 | 177 | 148 | 502.9 |
| North America | 3,649 | 4,063 | 414 | 11.4 | (125) | (287) | (161) | — |
| Europe | 2,404 | 2,447 | 42 | 1.8 | 342 | 323 | (18) | (5.3) |
| Total | 25,799 | 27,964 | 2,165 | 8.4 | 1,795 | 2,555 | 760 | 42.4 |
| Eliminations/Corporate | (266) | (342) | — | — | (869) | (863) | — | — |
| Consolidated | 25,532 | 27,622 | 2,089 | 8.2 | 925 | 1,692 | 766 | 82.8 |

- 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 2021 (year ended March 2022) | 1Q of FY 2022 (year ending March 2023) | Change | Percentage change (%) | 1Q of FY 2021 (year ended March 2022) | 1Q of FY 2022 (year ending March 2023) | Change |
| Other Asia | 4,254 | 5,214 | 960 | 22.6 | 16.6 | 18.9 | 2.3 |
| North America | 3,471 | 3,761 | 289 | 8.3 | 13.6 | 13.6 | 0.0 |
| Europe | 2,371 | 2,395 | 24 | 1.0 | 9.3 | 8.7 | (0.6) |
| Other regions | 210 | 244 | 34 | 16.3 | 0.9 | 0.9 | 0.0 |
| Total | 10,307 | 11,615 | 1,308 | 12.7 | 40.4 | 42.1 | 1.7 |
| Consolidated net sales | 25,532 | 27,622 | | | | | |

- 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 Amano Corporation and our consolidated subsidiaries to countries and regions other than Japan.

(2) Explanation of Financial Condition

(i) Assets, liabilities, and net assets

Total assets amounted to ¥156,754 million (down ¥2,588 million from the previous consolidated fiscal year-end).

- Current assets: a decrease of ¥3,006 million due to decreases in cash and bank deposits, and notes and accounts receivable-trade and contract assets, etc.
- Fixed assets: an increase of ¥418 million due to an increase in software, etc.

Total liabilities amounted to ¥44,007 million (up ¥936 million from the previous consolidated fiscal year-end).

- Current liabilities: an increase of ¥453 million due to an increase in lease liabilities, etc.
- Long-term liabilities: an increase of ¥482 million due to an increase in lease liabilities, etc.

Net assets amounted to ¥112,747 million (down ¥3,524 million from the previous consolidated fiscal year-end).

- Shareholders' equity: a decrease of ¥5,661 million due to dividends paid and acquisition of treasury stock, etc.
- Accumulated other comprehensive income: an increase of ¥2,092 million due to an increase in foreign currency translation adjustments, etc.

(ii) Cash flows

Consolidated cash and cash equivalents decreased by ¥2,401 million from the previous fiscal year-end, to a total of ¥53,530 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 ¥5,036 million (a decrease in income of ¥2,329 million year-on-year).

- Main income factors:
Posting of a decrease in trade notes and accounts receivable and contract assets amounting to ¥5,208 million, posting of depreciation and amortization amounting to ¥2,034 million, and posting of income before income taxes to ¥2,000 million.
- Main expenditure factors:
Posting of income taxes paid amounting to ¥2,846 million, and posting of increase in inventories to ¥1,701 million.

Net cash used in investing activities totaled -¥1,219 million (a decrease in cash outflow of ¥865 million year-on-year).

- Main income factors:
Posting of proceeds from withdrawal of time deposits amounting to ¥1,415 million.
- Main expenditure factors:
Posting of increase in time deposits amounting to ¥1,683 million.

Net cash used in financing activities amounted to -¥7,044 million (an increase in cash outflow of ¥1,761 million year-on-year).

- Main income factors:
Posting of proceeds from sale and leaseback amounting to ¥628 million.
- Main expenditure factors:
Posting of dividends paid amounting to ¥5,200 million, posting of payments of acquisition treasury stock to ¥1,227 million, and posting of repayments of lease obligations amounting to ¥1,191 million.

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

Although the first 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 forecast for the second quarter (cumulative) and full-year forecast ending March 31, 2023, which were announced on April 26, 2022. However, given the uncertainties in the business environment, such as the timing of the end of COVID-19 infection and economic trends in various countries, we plan to review the numerical plan timely when it is necessary.

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 June 30, 2022) |
|---------------------------------------------------------|-----------------------------------|----------------------------------|
| Assets | | |
| Current assets | | |
| Cash and bank deposits | 60,337 | 58,324 |
| Notes and accounts receivable—trade and contract assets | 27,995 | 23,286 |
| Marketable securities | 3,219 | 3,339 |
| Merchandise and finished goods | 3,687 | 4,280 |
| Work in process | 559 | 992 |
| Raw materials and supplies | 5,741 | 6,790 |
| Other current assets | 4,464 | 6,029 |
| Allowance for doubtful accounts | (468) | (511) |
| Total current assets | 105,537 | 102,530 |
| Fixed assets | | |
| Tangible fixed assets | | |
| Buildings and structures (net) | 8,894 | 8,837 |
| Machinery and vehicles (net) | 725 | 699 |
| Tools, furniture and fixtures (net) | 2,038 | 2,034 |
| Land | 5,818 | 5,831 |
| Lease assets (net) | 8,005 | 8,394 |
| Construction in progress | 298 | 255 |
| Total tangible fixed assets | 25,780 | 26,053 |
| Intangible fixed assets | | |
| Goodwill | 1,417 | 1,405 |
| Software | 2,980 | 3,440 |
| Software in progress | 1,110 | 560 |
| Other | 1,740 | 1,779 |
| Total intangible fixed assets | 7,249 | 7,185 |
| Investments and other assets | | |
| Investment securities | 14,694 | 15,042 |
| Claims in bankruptcy and similar claims | 522 | 517 |
| Fixed leasehold deposits | 1,547 | 1,576 |
| Net defined benefit assets | 128 | 129 |
| Deferred tax assets | 2,505 | 2,331 |
| Other | 1,911 | 1,914 |
| Allowance for doubtful accounts | (533) | (527) |
| Total investments and other assets | 20,776 | 20,984 |
| Total fixed assets | 53,805 | 54,223 |
| Total assets | 159,342 | 156,754 |

(Millions of yen)

| | FY 2021 (as of March 31, 2022) | FY 2022 (as of June 30, 2022) |
|-----------------------------------------------------------------|-----------------------------------|----------------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable—trade | 5,605 | 5,093 |
| Electronically recorded obligations | 5,667 | 5,720 |
| Short-term bank loans | 367 | 350 |
| Lease liabilities | 3,610 | 3,764 |
| Accrued income taxes | 3,426 | 1,796 |
| Accrued bonuses | 2,569 | 1,252 |
| Accrued officers' bonuses | 128 | - |
| Other current liabilities | 13,450 | 17,303 |
| Total current liabilities | 34,825 | 35,279 |
| Long-term liabilities | | |
| Lease liabilities | 4,994 | 5,333 |
| Deferred tax liabilities | 12 | 7 |
| Net defined benefit liabilities | 2,377 | 2,411 |
| Provision for stock benefit | 293 | 365 |
| Provision for directors' stock benefit | 203 | 249 |
| Asset retirement obligations | 33 | 34 |
| Other long-term liabilities | 331 | 327 |
| Total long-term liabilities | 8,245 | 8,728 |
| Total liabilities | 43,071 | 44,007 |
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 18,239 | 18,239 |
| Capital surplus | 19,293 | 19,293 |
| Retained earnings | 86,244 | 81,810 |
| Treasury stock | (6,546) | (7,773) |
| Total shareholders' equity | 117,230 | 111,569 |
| Accumulated other comprehensive income | | |
| Net unrealized gains (losses) on available- for-sale securities | 2,088 | 2,384 |
| Foreign currency translation adjustments | (3,250) | (1,478) |
| Remeasurements of defined benefit plans | (549) | (524) |
| Total accumulated other comprehensive income | (1,711) | 381 |
| Non-controlling shareholders' interests | 752 | 796 |
| Total net assets | 116,271 | 112,747 |
| Total liabilities and net assets | 159,342 | 156,754 |

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

Consolidated Quarterly Statements of Income

First quarter ended June 30, 2022

(Millions of yen)

| | FY 2021 (April 1, 2021- June 30, 2021) | FY 2022 (April 1, 2022- June 30, 2022) |
|---------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Net sales | 25,532 | 27,622 |
| Cost of sales | 14,559 | 15,342 |
| Gross profit | 10,973 | 12,279 |
| Selling, general and administrative expenses | | |
| Selling expenses | 9,149 | 9,669 |
| General and administrative expenses | 898 | 917 |
| Total selling, general and administrative expenses | 10,047 | 10,586 |
| Operating profit | 925 | 1,692 |
| Non-operating profit | | |
| Interest income | 45 | 48 |
| Dividend income | 75 | 94 |
| Insurance income | 11 | 2 |
| Foreign exchange gains | 23 | 97 |
| Equity in earnings of affiliates | 37 | 12 |
| Other | 94 | 127 |
| Total non-operating profit | 288 | 382 |
| Non-operating expenses | | |
| Interest expenses | 32 | 34 |
| Foreign withholding tax | 0 | 0 |
| Other | 19 | 22 |
| Total non-operating expenses | 51 | 56 |
| Ordinary profit | 1,163 | 2,019 |
| Extraordinary income | | |
| Gain on sale of fixed assets | 1 | 0 |
| Total extraordinary income | 1 | 0 |
| Extraordinary losses | | |
| Loss on disposal of fixed assets | 15 | 18 |
| Total extraordinary losses | 15 | 18 |
| Income before income taxes | 1,148 | 2,000 |
| Income taxes | 737 | 1,222 |
| Net income | 411 | 778 |
| Net income attributable to non-controlling shareholders | 8 | 11 |
| Net income attributable to owners of the parent company | 403 | 766 |

Consolidated Quarterly Statements of Comprehensive Income
 First quarter ended June 30, 2022

(Millions of yen)

| | FY 2021 (April 1, 2021- June 30, 2021) | FY 2022 (April 1, 2022- June 30, 2022) |
|-------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Net income | 411 | 778 |
| Other comprehensive income | | |
| Net unrealized gains (losses) on available-for-sale securities | (167) | 293 |
| Foreign currency translation adjustment | 1,362 | 1,826 |
| Remeasurements of defined benefit plans | 41 | 25 |
| Share of other comprehensive income of associates accounted for using equity method | 0 | 2 |
| Total other comprehensive income | 1,236 | 2,148 |
| Comprehensive income | 1,648 | 2,926 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of the parent company | 1,618 | 2,859 |
| Comprehensive income attributable to non-controlling shareholders | 29 | 66 |

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

| | FY 2021 (April 1, 2021- June 30, 2021) | FY 2022 (April 1, 2022- June 30, 2022) |
|--------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Cash flows from operating activities | | |
| Income before income taxes | 1,148 | 2,000 |
| Depreciation and amortization | 1,950 | 2,034 |
| Amortization of goodwill | 107 | 74 |
| Increase (decrease) in net defined benefit liabilities | 66 | 56 |
| Increase (decrease) in provision for stock benefit | 88 | 72 |
| Increase (decrease) in provision for directors' stock benefit | 32 | 45 |
| Increase (decrease) in allowance for doubtful accounts | (26) | 0 |
| Interest and dividend revenue | (121) | (142) |
| Equity in (earnings) losses of affiliates | (37) | (12) |
| Interest expenses | 32 | 34 |
| Foreign currency translation loss (gain) | (13) | (44) |
| Loss (gain) on sale of fixed assets | (1) | (0) |
| Loss on disposal of fixed assets | 15 | 18 |
| (Increase) decrease in trade notes and accounts receivable and contract assets | 5,541 | 5,208 |
| (Increase) decrease in inventories | (838) | (1,701) |
| Increase (decrease) in trade payables | (462) | (606) |
| Increase (decrease) in other current liabilities | 2,217 | 2,383 |
| Other | (1,498) | (1,779) |
| Subtotal | 8,203 | 7,641 |
| Receipts from interest and dividends | 268 | 282 |
| Interest paid | (37) | (43) |
| Income taxes paid | (1,122) | (2,846) |
| Income taxes refunded | 53 | 3 |
| Net cash provided by operating activities | 7,365 | 5,036 |
| Cash flows from investing activities | | |
| Payment for acquisition of securities | (250) | (250) |
| Proceeds from redemption of securities | - | 350 |
| Payment for purchase of tangible fixed assets | (439) | (489) |
| Proceeds from sale of tangible fixed assets | 1 | 0 |
| Payment for acquisition of intangible fixed assets | (437) | (405) |
| Payment for acquisition of investment securities | (1) | (102) |
| Payments for acquisition of businesses | (200) | - |
| Increase in time deposits | (1,384) | (1,683) |
| Proceeds from withdrawal of time deposits | 694 | 1,415 |
| Other | (68) | (54) |
| Net cash used in investing activities | (2,085) | (1,219) |

(Millions of yen)

| | FY 2021 (April 1, 2021- June 30, 2021) | FY 2022 (April 1, 2022- June 30, 2022) |
|--------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Cash flows from financing activities | | |
| Increase in short-term loans payable | 30 | - |
| Repayment for short-term bank loans | (61) | (31) |
| Payment for acquisition of treasury stock | (1,144) | (1,227) |
| Repayments of lease liabilities | (1,174) | (1,191) |
| Proceeds from sale and leaseback | 467 | 628 |
| Dividends paid | (3,377) | (5,200) |
| Payment of dividends to non-controlling shareholders | (25) | (22) |
| Cash flows from financing activities | (5,283) | (7,044) |
| Effect of exchange rate changes on cash and cash equivalents | 580 | 825 |
| Net increase (decrease) in cash and cash equivalents | 578 | (2,401) |
| Cash and cash equivalents at the beginning of the year | 52,546 | 55,931 |
| Cash and cash equivalents at end of period | 53,124 | 53,530 |

(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 500,000 shares of treasury stock. As a result, treasury stock increased by ¥1,227 million in the first quarter fiscal year, including an increase due to the purchase of shares less than one unit, and reached ¥7,773 million at the end of the same period.

The 400,519 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 first 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 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.

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 first 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.

[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 first quarter of the current fiscal year ¥993 million, 400,519 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 some 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 2021 ended March 2022.

Segment Information

[Segment Information]

I. 1st Quarter of fiscal year 2021 (April 1, 2021 to June 30, 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 | 18,609 | 6,923 | 25,532 | — | 25,532 |
| Intersegment | — | — | — | — | — |
| Total | 18,609 | 6,923 | 25,532 | — | 25,532 |
| Segment profit (loss) | 1,133 | 675 | 1,808 | (882) | 925 |

Notes: 1. The ¥882 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

Omitted due to lack of importance

II. 1st Quarter of fiscal year 2022 (April 1, 2022 to June 30, 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 | 20,472 | 7,149 | 27,622 | — | 27,622 |
| Intersegment | — | — | — | — | — |
| Total | 20,472 | 7,149 | 27,622 | — | 27,622 |
| Segment profit (loss) | 1,897 | 699 | 2,597 | (904) | 1,692 |

Notes: 1. The ¥904 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

Significant Subsequent Events

None