

Summary Financial Statements (Consolidated)
for 1st Quarter of Fiscal Year 2023 (Year Ending March 31, 2024) (Japan GAAP)

July 27, 2023

Company name: Amano Corporation Listed on: TSE
 Securities code: 6436 URL <https://www.amano.co.jp/English/>
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 Scheduled date for filing of quarterly securities report: August 4, 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 1st quarter of fiscal year 2023 (April 1, 2023 to June 30, 2023)

(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 2023 (year ending March 2024) | 31,840 | 15.3 | 2,844 | 68.1 | 3,150 | 56.0 | 1,557 | 103.2 |
| 1Q of FY 2022 (year ended March 2023) | 27,622 | 8.2 | 1,692 | 82.8 | 2,019 | 73.6 | 766 | 90.0 |

Note: Comprehensive income 1st quarter of FY 2023 (year ending March 2024): ¥2,885 million (-1.4%)
 1st quarter of FY 2022 (year ended March 2023): ¥2,926 million (77.6%)

| | Net income per share | | Diluted net income per share | |
|--|----------------------|--|------------------------------|--|
| | Yen | | Yen | |
| 1Q of FY 2023 (year ending March 2024) | 21.44 | | — | |
| 1Q of FY 2022 (year ended March 2023) | 10.42 | | — | |

(2) Financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------------------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| 1Q of FY 2023 (as of June 30, 2023) | 168,075 | 116,983 | 69.4 | 1,608.03 |
| FY 2022 (as of March 31, 2023) | 171,250 | 121,638 | 70.5 | 1,656.43 |

Reference: Equity capital 1st quarter of FY 2023 (as of June 30, 2023): ¥116,592 million
 FY 2022 (as of March 31, 2023): ¥120,756 million

2. Dividends

| | Annual dividends | | | | |
|---|------------------|-----------------|-----------------|----------|--------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| FY 2022 (year ended March 2023) | — | 30.00 | — | 80.00 | 110.00 |
| FY 2023 (year ending March 2024) | — | — | — | — | — |
| FY 2023 (year ending March 2024) (est.) | — | 35.00 | — | 80.00 | 115.00 |

Note: Revisions to most recently released dividend forecast: None

3. Forecast earnings for fiscal year 2023 (April 1, 2023 to March 31, 2024)

(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 | 63,700 | 5.4 | 6,400 | 14.2 | 6,900 | 10.5 | 4,200 | 13.4 | 58.25 |
| Full year | 140,000 | 5.4 | 17,700 | 12.1 | 18,500 | 9.1 | 12,500 | 10.7 | 173.35 |

Note: Revisions to most recently released earnings forecast: None

Notes

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

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

| | | | | |
|--|------------------------------|-------------------|------------------------------|-------------------|
| [1] Number of shares issued and outstanding at the end of the period (including treasury stock) | As of 1Q ended June 30, 2023 | 76,657,829 shares | As of March 31, 2023 | 76,657,829 shares |
| [2] Number of shares of treasury stock at the end of the period | As of 1Q ended June 30, 2023 | 4,151,099 Shares | As of March 31, 2023 | 3,756,315 shares |
| [3] Average number of shares outstanding (over the fiscal year under review up to June 30, 2023) | As of 1Q ended June 30, 2023 | 72,668,667 shares | As of 1Q ended June 30, 2022 | 73,616,646 shares |

Note: The number of shares of treasury stock as of June 30, 2023, includes the Company's shares held by the Director's Compensation BIP Trust and the Employee Stock Ownership Plan (J-ESOP).

(392,784 shares as of June 30, 2023 and 398,219 shares as of March 31, 2023 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: 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 "1. 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 5 of the attached document.

Note: Impact of acquiring treasury stock

On April 26, 2023, 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 2023" is described taking into consideration the impact of this treasury stock acquisition.

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

(1) Explanation of Business Results

During the first quarter of the current consolidated cumulative period, the Japanese economy showed signs of recovery as economic activity normalized, but the economic outlook remains uncertain due to factors such as concerns about an economic slowdown overseas, the continued rise in various prices, and the impact of exchange rate fluctuations.

Under this business environment, in our 9th Medium-term Business Plan that started in April 2023, we the Amano Group set forth the management concept of "The 4th Stage Towards a 100-year Company-Initiatives for a Paradigm Shift Leading to Sustainable Management" in which we will promote DX in each business field and execute strategic investments in software-based assets, IoT, AI, etc., and further enhance our competitive advantage in terms of profitability. Furthermore, we will proactively work to solve social issues.

As a result, during the first quarter under review, net sales were ¥31,840 million (up 15.3% year-on-year), operating profit was ¥2,844 million (up 68.1% yoy), ordinary profit was ¥3,150 million (up 56.0% yoy), and net income attributable to owners of the parent company was ¥1,557 million (up 103.2% yoy).

(Main factors behind the business results)

- (i) At non-consolidated Amano, Parking Systems sales grew significantly indicating that the recovery trend is clearly positive. Clean Systems sales also increased significantly due to stronger sales of robotic floor scrubbers.
On the other hand, sales of the Information Systems started the quarter slightly down, despite an increase in customer inquiries. Such customers continue to have strong appetite to invest in systems to improve operational efficiency and to promote DX initiatives. Environmental Systems sales grew for large systems, but sales of general-purpose equipment declined due to the impact of lower orders for machine tools, resulting in flat overall sales.
- (ii) In domestic group companies, the consigned parking lot management service business performed well, approaching pre-COVID results, and the cloud service business for T&A also continued to grow. The digital time stamp business successfully captured customer needs to respond to the requirements under the revised Electronic Record Retention Law.
- (iii) In overseas markets, sales increased in the Americas, Europe, and Asia. In North America, profitability for Parking Systems improved with sales increase due to the launch of a new product. In Asia, Parking Systems sales continued to grow in South Korea, Hong Kong, and Malaysia.

The following are business results by segment:

| Business results by segment | (Millions of yen) | | | | | |
|-----------------------------------|--|-----------|---|-----------|--------|-------|
| | 1Q of FY 2022 (year ended March 2023) | | 1Q of FY 2023 (year ending March 2024) | | Change | |
| | Amount | Ratio (%) | Amount | Ratio (%) | Amount | % |
| Time Information System business: | | | | | | |
| Information Systems | 6,647 | 24.1 | 7,401 | 23.3 | 753 | 11.3 |
| Time Management Products | 671 | 2.4 | 648 | 2.0 | (22) | (3.3) |
| Parking Systems | 13,154 | 47.6 | 15,984 | 50.2 | 2,829 | 21.5 |
| Subtotal | 20,472 | 74.1 | 24,034 | 75.5 | 3,561 | 17.4 |
| Environment System business: | | | | | | |
| Environmental Systems | 4,210 | 15.3 | 4,425 | 13.9 | 214 | 5.1 |
| Clean Systems | 2,939 | 10.6 | 3,381 | 10.6 | 442 | 15.0 |
| Subtotal | 7,149 | 25.9 | 7,806 | 24.5 | 656 | 9.2 |
| Total | 27,622 | 100.0 | 31,840 | 100.0 | 4,218 | 15.3 |

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 ¥24,034 million, up by ¥3,561 million (17.4%) year-on-year. The following is a breakdown of sales by business division.

- Information Systems ¥7,401 million, (up 11.3% year-on-year)

In Japan, non-consolidated Amano sales increased due to an increase in hardware sales, although sales for software and maintenance and supply 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 ¥648 million, (down 3.3% year-on-year)

In Japan, sales for standard time recorders including exports increased, although PC-linked time recorders sales were down, resulting in an overall increase in sales. Overall sales decreased.

- Parking Systems ¥15,984 million, (up 21.5% year-on-year)

In Japan, non-consolidated Amano sales were up due to an increase in system equipment and maintenance and supply, while sales increased at Amano Management Service Corporation, which is engaged in the consigned parking lot management service business.

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 ¥7,806 million, up by ¥656 million (9.2%) year-on-year. The following is a breakdown of sales by business division.

- Environmental Systems ¥4,425 million, (up 5.1% year-on-year)

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

Overseas, sales in Asia were up, and overall sales also increased.

- Clean Systems ¥3,381 million, (up 15.0% year-on-year)

In Japan, non-consolidated Amano sales increased due to an increase in robotic floor scrubbers. Overseas, sales in North America increased.

Reference information

Information by area

(Millions of yen)

| | Net sales | | | | Operating profit/loss | | | |
|------------------------|---------------------------------------|--|--------|-----------------------|---------------------------------------|--|--------|-----------------------|
| | 1Q of FY 2022 (year ended March 2023) | 1Q of FY 2023 (year ending March 2024) | Change | Percentage change (%) | 1Q of FY 2022 (year ended March 2023) | 1Q of FY 2023 (year ending March 2024) | Change | Percentage change (%) |
| Japan | 16,343 | 17,299 | 956 | 5.8 | 2,342 | 2,737 | 395 | 16.9 |
| Other Asia | 5,110 | 6,712 | 1,602 | 31.4 | 177 | 408 | 231 | 130.0 |
| North America | 4,063 | 4,991 | 928 | 22.8 | (287) | 32 | 320 | — |
| Europe | 2,447 | 3,190 | 743 | 30.4 | 323 | 554 | 230 | 71.1 |
| Total | 27,964 | 32,195 | 4,230 | 15.1 | 2,555 | 3,733 | 1,177 | 46.1 |
| Eliminations/Corporate | (342) | (354) | — | — | (863) | (888) | — | — |
| Consolidated | 27,622 | 31,840 | 4,218 | 15.3 | 1,692 | 2,844 | 1,151 | 68.1 |

- 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 2022 (year ended March 2023) | 1Q of FY 2023 (year ending March 2024) | Change | Percentage change (%) | 1Q of FY 2022 (year ended March 2023) | 1Q of FY 2023 (year ending March 2024) | Change |
| Other Asia | 5,214 | 6,703 | 1,489 | 28.6 | 18.9 | 21.1 | 2.2 |
| North America | 3,761 | 4,742 | 980 | 26.1 | 13.6 | 14.9 | 1.3 |
| Europe | 2,395 | 3,089 | 694 | 29.0 | 8.7 | 9.7 | 1.0 |
| Other regions | 244 | 260 | 15 | 6.5 | 0.9 | 0.8 | (0.1) |
| Total | 11,615 | 14,796 | 3,180 | 27.4 | 42.1 | 46.5 | 4.4 |
| Consolidated net sales | 27,622 | 31,840 | | | | | |

- 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 ¥168,075 million (down ¥3,175 million from the previous consolidated fiscal year-end).

- Current assets: a decrease of ¥4,333 million due to decreases in cash and bank deposits, and notes and accounts receivable-trade and contract assets, etc.
- Fixed assets: an increase of ¥1,157 million due to an increase in investment securities, etc.

Total liabilities amounted to ¥51,092 million (up ¥1,479 million from the previous consolidated fiscal year-end).

- Current liabilities: a decrease of ¥39 million due to decreases in accrued income taxes and accrued bonuses, etc.
- Long-term liabilities: an increase of ¥1,519 million due to an increase in lease liabilities, etc.

Net assets amounted to ¥116,983 million (down ¥4,655 million from the previous consolidated fiscal year-end).

- Shareholders' equity: a decrease of ¥5,456 million due to dividends paid and acquisition of treasury stock, etc.
- Accumulated other comprehensive income: an increase of ¥1,293 million due to an increase in net unrealized gains on available-for-sale securities, etc.

(ii) Cash flows

Consolidated cash and cash equivalents decreased by ¥5,054 million from the previous fiscal year-end, to a total of ¥50,030 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 ¥5,993 million (an increase in income of ¥956 million year-on-year).

- Main income factors:
Posting of a decrease in trade notes and accounts receivable and contract assets amounting to ¥4,747 million, posting of income before income taxes to ¥3,109 million, and posting of depreciation and amortization amounting to ¥2,366 million.
- Main expenditure factors:
Posting of income taxes paid amounting to ¥3,136 million, and posting of increase in inventories to ¥1,877 million.

Net cash used in investing activities totaled -¥2,648 million (an increase in cash outflow of ¥1,429 million year-on-year).

- Main income factors:
Posting of proceeds from withdrawal of time deposits amounting to ¥5,475 million.
- Main expenditure factors:
Posting of increase in time deposits amounting to ¥6,968 million.

Net cash used in financing activities amounted to -¥8,640 million (an increase in cash outflow of ¥1,595 million year-on-year).

- Main income factors:
Posting of proceeds from sale and leaseback amounting to ¥569 million.
- Main expenditure factors:
Posting of dividends paid amounting to ¥5,863 million, posting of repayments of lease obligations amounting to ¥1,656 million, and posting of payments of acquisition treasury stock to ¥1,163 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 first half (cumulative) and full-year forecast ending March 31, 2024, which were announced on April 26, 2023. However, in the event of changes in the business environment that may affect future prospects, 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 2022 (as of March 31, 2023) | FY 2023 (as of June 30, 2023) |
|---|-----------------------------------|----------------------------------|
| Assets | | |
| Current assets | | |
| Cash and bank deposits | 62,399 | 59,633 |
| Notes and accounts receivable—trade and contract assets | 30,958 | 26,318 |
| Marketable securities | 3,357 | 2,634 |
| Merchandise and finished goods | 4,663 | 5,414 |
| Work in process | 791 | 1,444 |
| Raw materials and supplies | 7,956 | 8,469 |
| Other current assets | 4,112 | 5,977 |
| Allowance for doubtful accounts | (491) | (478) |
| Total current assets | 113,749 | 109,416 |
| Fixed assets | | |
| Tangible fixed assets | | |
| Buildings and structures (net) | 8,597 | 8,507 |
| Machinery and vehicles (net) | 892 | 853 |
| Tools, furniture and fixtures (net) | 2,281 | 2,346 |
| Land | 5,846 | 5,844 |
| Lease assets (net) | 11,153 | 11,850 |
| Construction in progress | 364 | 216 |
| Total tangible fixed assets | 29,135 | 29,619 |
| Intangible fixed assets | | |
| Goodwill | 1,214 | 1,183 |
| Software | 3,194 | 3,433 |
| Software in progress | 702 | 561 |
| Other | 1,729 | 1,686 |
| Total intangible fixed assets | 6,840 | 6,865 |
| Investments and other assets | | |
| Investment securities | 14,974 | 16,116 |
| Claims in bankruptcy and similar claims | 458 | 448 |
| Fixed leasehold deposits | 1,661 | 1,635 |
| Net defined benefit assets | 115 | 120 |
| Deferred tax assets | 2,591 | 2,142 |
| Other | 2,194 | 2,169 |
| Allowance for doubtful accounts | (470) | (459) |
| Total investments and other assets | 21,525 | 22,174 |
| Total fixed assets | 57,501 | 58,659 |
| Total assets | 171,250 | 168,075 |

(Millions of yen)

| | FY 2022 (as of March 31, 2023) | FY 2023 (as of June 30, 2023) |
|---|-----------------------------------|----------------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable—trade | 6,138 | 5,833 |
| Electronically recorded obligations | 6,284 | 6,441 |
| Short-term bank loans | 266 | 214 |
| Lease liabilities | 4,150 | 3,471 |
| Accrued income taxes | 3,523 | 1,822 |
| Accrued bonuses | 2,766 | 1,269 |
| Accrued officers' bonuses | 130 | - |
| Other current liabilities | 15,252 | 19,422 |
| Total current liabilities | 38,513 | 38,474 |
| Long-term liabilities | | |
| Lease liabilities | 7,791 | 9,213 |
| Deferred tax liabilities | 16 | 10 |
| Net defined benefit liabilities | 2,281 | 2,274 |
| Provision for stock benefit | 357 | 411 |
| Provision for directors' stock benefit | 249 | 282 |
| Asset retirement obligations | 34 | 34 |
| Other long-term liabilities | 367 | 389 |
| Total long-term liabilities | 11,098 | 12,617 |
| Total liabilities | 49,612 | 51,092 |
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 18,239 | 18,239 |
| Capital surplus | 19,293 | 19,293 |
| Retained earnings | 90,133 | 85,827 |
| Treasury stock | (9,019) | (10,170) |
| Total shareholders' equity | 118,646 | 113,189 |
| Accumulated other comprehensive income | | |
| Net unrealized gains (losses) on available- for-sale securities | 2,237 | 3,151 |
| Foreign currency translation adjustments | 248 | 602 |
| Remeasurements of defined benefit plans | (375) | (350) |
| Total accumulated other comprehensive income | 2,109 | 3,403 |
| Non-controlling shareholders' interests | 882 | 390 |
| Total net assets | 121,638 | 116,983 |
| Total liabilities and net assets | 171,250 | 168,075 |

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

Consolidated Quarterly Statements of Income

First quarter ended June 30, 2023

(Millions of yen)

| | FY 2022 (April 1, 2022- June 30, 2022) | FY 2023 (April 1, 2023- June 30, 2023) |
|---|--|--|
| Net sales | 27,622 | 31,840 |
| Cost of sales | 15,342 | 17,418 |
| Gross profit | 12,279 | 14,422 |
| Selling, general and administrative expenses | | |
| Selling expenses | 9,669 | 10,619 |
| General and administrative expenses | 917 | 958 |
| Total selling, general and administrative expenses | 10,586 | 11,577 |
| Operating profit | 1,692 | 2,844 |
| Non-operating profit | | |
| Interest income | 48 | 141 |
| Dividend income | 94 | 103 |
| Insurance income | 2 | 3 |
| Foreign exchange gains | 97 | 41 |
| Equity in earnings of affiliates | 12 | 27 |
| Other | 127 | 80 |
| Total non-operating profit | 382 | 398 |
| Non-operating expenses | | |
| Interest expenses | 34 | 58 |
| Other | 22 | 33 |
| Total non-operating expenses | 56 | 92 |
| Ordinary profit | 2,019 | 3,150 |
| Extraordinary income | | |
| Gain on sale of fixed assets | 0 | 1 |
| Total extraordinary income | 0 | 1 |
| Extraordinary losses | | |
| Loss on disposal of fixed assets | 18 | 42 |
| Total extraordinary losses | 18 | 42 |
| Income before income taxes | 2,000 | 3,109 |
| Income taxes | 1,222 | 1,520 |
| Net income | 778 | 1,588 |
| Net income attributable to non-controlling shareholders | 11 | 30 |
| Net income attributable to owners of the parent company | 766 | 1,557 |

Consolidated Quarterly Statements of Comprehensive Income
 First quarter ended June 30, 2023

(Millions of yen)

| | FY 2022 (April 1, 2022- June 30, 2022) | FY 2023 (April 1, 2023- June 30, 2023) |
|---|--|--|
| Net income | 778 | 1,588 |
| Other comprehensive income | | |
| Net unrealized gains (losses) on available-for-sale securities | 293 | 908 |
| Foreign currency translation adjustment | 1,826 | 362 |
| Remeasurements of defined benefit plans | 25 | 25 |
| Share of other comprehensive income of associates accounted for using equity method | 2 | 1 |
| Total other comprehensive income | 2,148 | 1,296 |
| Comprehensive income | 2,926 | 2,885 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of the parent company | 2,859 | 2,851 |
| Comprehensive income attributable to non-controlling shareholders | 66 | 34 |

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

| | FY 2022 (April 1, 2022- June 30, 2022) | FY 2023 (April 1, 2023- June 30, 2023) |
|---|--|--|
| Cash flows from operating activities | | |
| Income before income taxes | 2,000 | 3,109 |
| Depreciation and amortization | 2,034 | 2,366 |
| Amortization of goodwill | 74 | 66 |
| Increase (decrease) in net defined benefit liabilities | 56 | 29 |
| Increase (decrease) in provision for stock benefit | 72 | 67 |
| Increase (decrease) in provision for directors' stock benefit | 45 | 33 |
| Increase (decrease) in allowance for doubtful accounts | 0 | (24) |
| Interest and dividend revenue | (142) | (245) |
| Equity in (earnings) losses of affiliates | (12) | (27) |
| Interest expenses | 34 | 58 |
| Foreign currency translation loss (gain) | (44) | (51) |
| Loss (gain) on sale of fixed assets | (0) | (1) |
| Loss on disposal of fixed assets | 18 | 42 |
| (Increase) decrease in trade notes and accounts receivable and contract assets | 5,208 | 4,747 |
| (Increase) decrease in inventories | (1,701) | (1,877) |
| Increase (decrease) in trade payables | (606) | (161) |
| Increase (decrease) in other current liabilities | 2,383 | 2,871 |
| Other | (1,779) | (2,213) |
| Subtotal | 7,641 | 8,791 |
| Receipts from interest and dividends | 282 | 399 |
| Interest paid | (43) | (63) |
| Income taxes paid | (2,846) | (3,136) |
| Income taxes refunded | 3 | 3 |
| Net cash provided by operating activities | 5,036 | 5,993 |
| Cash flows from investing activities | | |
| Payment for acquisition of securities | (250) | (200) |
| Proceeds from redemption of securities | 350 | 350 |
| Payment for purchase of tangible fixed assets | (489) | (769) |
| Proceeds from sale of tangible fixed assets | 0 | 1 |
| Payment for acquisition of intangible fixed assets | (405) | (593) |
| Payment for acquisition of investment securities | (102) | (1) |
| Increase in time deposits | (1,683) | (6,968) |
| Proceeds from withdrawal of time deposits | 1,415 | 5,475 |
| Other | (54) | 57 |
| Net cash used in investing activities | (1,219) | (2,648) |

(Millions of yen)

| | FY 2022 (April 1, 2022- June 30, 2022) | FY 2023 (April 1, 2023- June 30, 2023) |
|--|--|--|
| Cash flows from financing activities | | |
| Repayment for short-term bank loans | (31) | - |
| Payment for acquisition of treasury stock | (1,227) | (1,163) |
| Repayments of lease liabilities | (1,191) | (1,656) |
| Proceeds from sale and leaseback | 628 | 569 |
| Dividends paid | (5,200) | (5,863) |
| Payment of dividends to non-controlling shareholders | (22) | (526) |
| Cash flows from financing activities | (7,044) | (8,640) |
| Effect of exchange rate changes on cash and cash equivalents | 825 | 242 |
| Net increase (decrease) in cash and cash equivalents | (2,401) | (5,054) |
| Cash and cash equivalents at the beginning of the year | 55,931 | 55,084 |
| Cash and cash equivalents at end of period | 53,530 | 50,030 |

(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, 2023, Amano Corporation has acquired 400,000 shares of treasury stock. As a result, treasury stock increased by ¥1,150 million in the first quarter fiscal year, including an increase due to the purchase of shares less than one unit, and reached ¥10,170 million at the end of the same period.

The 392,784 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.

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, this BIP Trust period has been extended for the same period accordingly after partial revision, with the launch of the 9th Medium-Term Business Plan in April 2023.

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 ¥973 million, 392,784 shares

Segment Information

[Segment Information]

I. 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

II. 1st Quarter of fiscal year 2023 (April 1, 2023 to June 30, 2023)

(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 | 24,034 | 7,806 | 31,840 | — | 31,840 |
| Intersegment | — | — | — | — | — |
| Total | 24,034 | 7,806 | 31,840 | — | 31,840 |
| Segment profit (loss) | 2,891 | 868 | 3,759 | (914) | 2,844 |

Notes: 1. The ¥914 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