

Summary Financial Statements (Consolidated)
for 1st Quarter of Fiscal Year 2024 (Year Ending March 31, 2025) (Japan GAAP)

July 25, 2024

Company name: Amano Corporation Listed on: TSE
Securities code: 6436 URL <https://www.amano.co.jp/en/>
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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 2024 (April 1, 2024 to June 30, 2024)

(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 2024 (year ending March 2025)	39,032	22.6	3,232	13.6	3,642	15.6	1,600	2.7
1Q of FY 2023 (year ended March 2024)	31,840	15.3	2,844	68.1	3,150	56.0	1,557	103.2

Note: Comprehensive income 1st quarter of FY 2024 (year ending March 2025): ¥4,395 million (52.3%)
1st quarter of FY 2023 (year ended March 2024): ¥2,885 million (-1.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
1Q of FY 2024 (year ending March 2025)	22.37	—
1Q of FY 2023 (year ended March 2024)	21.44	—

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
1Q of FY 2024 (as of June 30, 2024)	183,055	124,354	67.7	1,735.33
FY 2023 (as of March 31, 2024)	184,585	128,103	69.1	1,779.42

Reference: Equity capital 1st quarter of FY 2024 (as of June 30, 2024): ¥123,922 million
FY 2023 (as of March 31, 2024): ¥127,600 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2023 (year ended March 2024)	—	40.00	—	95.00	135.00
FY 2024 (year ending March 2025)	—				
FY 2024 (year ending March 2025) (est.)		45.00	—	95.00	140.00

Note: Revisions to most recently released dividend forecast: None

3. Forecast earnings for fiscal year 2024 (April 1, 2024 to March 31, 2025)

(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	72,200	2.9	8,400	4.8	8,900	3.4	5,700	2.6	79.82
Full year	160,000	4.7	21,000	7.3	22,000	5.5	14,500	10.3	203.05

Note: Revisions to most recently released earnings forecast: None

Notes:

- (1) Significant changes in the scope of consolidation during the current quarter : None
- (2) Application of accounting procedures specific to the preparation of the consolidated quarterly financial statement : Yes

Note: For details, please refer to "2. Consolidated Quarterly Financial Statements and Primary Explanatory Notes (4) Notes on Quarterly Consolidated Financial Statements (Notes on Accounting Procedures Specific to the Preparation of the Consolidated Quarterly Financial Statements) on page 12 of the attached document.

(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, 2024	76,657,829 shares	As of March 31, 2024	76,657,829 shares
[2] Number of shares of treasury stock at the end of the period	As of 1Q ended June 30, 2024	5,246,355 Shares	As of March 31, 2024	4,948,546 shares
[3] Average number of shares outstanding (over the fiscal year under review up to June 30, 2024)	As of 1Q ended June 30, 2024	71,547,902 shares	As of 1Q ended June 30, 2023	72,668,667 shares

Note: The number of shares of treasury stock as of June 30, 2024, includes the Company's shares held by the Director's Compensation BIP Trust and the Employee Stock Ownership Plan (J-ESOP). (790,923 shares as of June 30, 2024 and 793,884 shares as of March 31, 2024 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: Review of the Japanese originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm : None

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. Summary of Business Results (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 25, 2024, 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 2024" is described taking into consideration the impact of this treasury stock acquisition.

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1. Summary of Business Results

(1) Summary of Business Results for the Current Quarter

During the first current quarter period, the Japanese economy is considered to continue its moderate recovery trend, supported by a strong appetite for capital expenditures of companies, although the outlook of the Japanese economy is ridden by uncertainties such as recession overseas, increases in various prices, and 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 ¥39,032 million (up 22.6% year-on-year), operating profit was ¥3,232 million (up 13.6% yoy), ordinary profit was ¥3,642 million (up 15.6% yoy), and net income attributable to owners of the parent company was ¥1,600 million (up 2.7% yoy).

(Main factors behind the business results)

- (i) At non-consolidated Amano, Parking Systems sales increased significantly due to factors such as compatibility with new banknotes, etc. In addition, Information Systems sales increased in both software and hardware due to vigorous investment by various companies, and Environmental Systems of large-scale systems continued to grow, resulting positive overall sales.
On the other hand, Clean System sales decreased due to the absence of favorable performance in sales of cleaning robots compared with the previous fiscal year.
- (ii) In domestic group companies, the consigned parking lot management service business continued to grow, and the cloud service business for T&A sales decreased slightly due to the transfer of operations to Amano and other factors. The digital time stamp business continued to perform well.
- (iii) In overseas markets, sales increased in North America, Europe, and Asia, partly due to the effect of yen depreciation. In North America, Parking Systems sales continued to grow due to the effect of new products. In Europe, sales of Information Systems in France continued to grow by capturing customer needs. However, in North America and Europe, increased employees and rising labor costs put downward pressure on profits. In Asia, Parking Systems sales grew in South Korea and Hong Kong, and Environmental Systems sales grew in Thailand.

The following are business results by segment:

Business results by segment	(Millions of yen)					
	1Q of FY 2023 (year ended March 2024)		1Q of FY 2024 (year ending March 2025)		Change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	%
Time Information System business:						
Information Systems	7,401	23.3	8,376	21.4	975	13.2
Time Management Products	648	2.0	579	1.5	(69)	(10.7)
Parking Systems	15,984	50.2	21,572	55.3	5,588	35.0
Subtotal	24,034	75.5	30,528	78.2	6,494	27.0
Environment System business:						
Environmental Systems	4,425	13.9	5,117	13.1	692	15.6
Clean Systems	3,381	10.6	3,386	8.7	4	0.1
Subtotal	7,806	24.5	8,503	21.8	697	8.9
Total	31,840	100.0	39,032	100.0	7,191	22.6

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 ¥30,528 million, up by ¥6,494 million (27.0%) year-on-year. The following is a breakdown of sales by business division.

- Information Systems ¥8,376 million, (up 13.2% year-on-year)

In Japan, non-consolidated Amano sales increased due to increases in software, hardware, and maintenance & supply sales. The cloud service business deployed by Amano Business Solutions Corporation was slightly down. Overseas, sales in North America increased due to the effect of yen depreciation, sales in Europe also increased, and overall sales also increased.

- Time Management Products ¥579 million, (down 10.7% year-on-year)

In Japan, both standard time recorders and PC-linked time recorders sales decreased, resulting in an overall sales decrease, and overseas sales also decreased.

- Parking Systems ¥21,572 million, (up 35.0% year-on-year)

In Japan, non-consolidated Amano sales were up due to increase in both 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, cleaning robots, wooden floor polishers, consigned janitorial management services, and electrolyzed water generators

The sales in this business totaled ¥8,503 million, up by ¥697 million (8.9%) year-on-year. The following is a breakdown of sales by business division.

- Environmental Systems ¥5,117 million, (up 15.6% year-on-year)

In Japan, non-consolidated Amano sales increased 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 ¥3,386 million, (up 0.1% year-on-year)

In Japan, non-consolidated Amano sales decreased due to a decrease in cleaning robots. Overseas, sales in North America increased due to the effect of yen depreciation.

Reference information

Information by area

(Millions of yen)

	Net sales				Operating profit/loss			
	1Q of FY 2023 (year ended March 2024)	1Q of FY 2024 (year ending March 2025)	Change	Percentage change (%)	1Q of FY 2023 (year ended March 2024)	1Q of FY 2024 (year ending March 2025)	Change	Percentage change (%)
Japan	17,299	19,720	2,420	14.0	2,737	3,447	709	25.9
Other Asia	6,712	9,612	2,899	43.2	408	588	179	44.0
North America	4,991	6,041	1,049	21.0	32	(123)	(155)	—
Europe	3,190	3,942	752	23.6	554	410	(143)	(25.9)
Total	32,195	39,318	7,123	22.1	3,733	4,323	590	15.8
Eliminations/Corporate	(354)	(285)	—	—	(888)	(1,090)	—	—
Consolidated	31,840	39,032	7,191	22.6	2,844	3,232	387	13.6

- 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 (%)		
	1Q of FY 2023 (year ended March 2024)	1Q of FY 2024 (year ending March 2025)	Change	Percentage change (%)	1Q of FY 2023 (year ended March 2024)	1Q of FY 2024 (year ending March 2025)	Change
Other Asia	6,703	9,626	2,923	43.6	21.1	24.6	3.5
North America	4,742	5,416	673	14.2	14.9	13.9	(1.0)
Europe	3,089	3,623	534	17.3	9.7	9.3	(0.4)
Other regions	260	770	509	195.5	0.8	2.0	1.2
Total	14,796	19,437	4,640	31.4	46.5	49.8	3.3
Consolidated net sales	31,840	39,032					

- 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) Summary of Financial Condition for the Current Quarter

(i) Assets, liabilities, and net assets

Total assets amounted to ¥183,055 million (down ¥1,529 million from the previous consolidated fiscal year-end).

- Current assets: a decrease of ¥2,203 million due to decreases in cash and bank deposits, and notes and accounts receivable-trade and contract assets, etc.
- Fixed assets: an increase of ¥674 million due to an increase in investment securities, etc.

Total liabilities amounted to ¥58,700 million (up ¥2,218 million from the previous consolidated fiscal year-end).

- Current liabilities: an increase of ¥2,244 million due to an increases in short-term bank loans, etc.
- Long-term liabilities: a decrease of ¥25 million due to a decrease in lease liabilities, etc.

Net assets amounted to ¥124,354 million (down ¥3,748 million from the previous consolidated fiscal year-end).

- Shareholders' equity: a decrease of ¥6,433 million due to dividends paid and acquisition of treasury stock, etc.
- Accumulated other comprehensive income: an increase of ¥2,755 million due to an increase in foreign currency translation adjustments, etc.

(ii) Cash flows

Consolidated cash and cash equivalents decreased by ¥4,346 million from the previous fiscal year-end, to a total of ¥47,302 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 ¥5,266 million (a decrease in income of ¥726 million year-on-year).

- Main income factors:
Posting of a decrease in trade notes and accounts receivable and contract assets amounting to ¥3,925 million, posting of income before income taxes to ¥3,623 million, and posting of depreciation and amortization amounting to ¥2,653 million.
- Main expenditure factors:
Posting of income taxes paid amounting to ¥2,967 million and posting of increase in inventories to ¥1,100 million.

Net cash used in investing activities totaled -¥1,788 million (a decrease in cash outflow of ¥860 million year-on-year).

- Main income factors:
Posting of proceeds from withdrawal of time deposits amounting to ¥4,516 million.
- Main expenditure factors:
Posting of increase in time deposits amounting to ¥4,741 million.

Net cash used in financing activities amounted to -¥8,574 million (a decrease in cash outflow of ¥65 million year-on-year).

- Main income factors:
Posting of increase in short-term loans payable amounting to ¥908 million, posting of proceeds from sale and leaseback amounting to ¥766 million.
- Main expenditure factors:
Posting of dividends paid amounting to ¥6,887 million, posting of repayments of lease obligations amounting to ¥2,079 million, and posting of payments of acquisition treasury stock to ¥1,154 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, 2025, which were announced on April 25, 2024. 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 2023 (as of March 31, 2024)	FY 2024 (as of June 30, 2024)
Assets		
Current assets		
Cash and bank deposits	62,577	58,871
Notes and accounts receivable—trade and contract assets	36,038	32,756
Marketable securities	2,725	2,742
Merchandise and finished goods	5,672	5,984
Work in process	916	1,473
Raw materials and supplies	8,601	9,331
Other current assets	4,753	7,931
Allowance for doubtful accounts	(393)	(403)
Total current assets	120,892	118,688
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	8,369	8,292
Machinery and vehicles (net)	961	995
Tools, furniture and fixtures (net)	2,689	2,887
Land	5,743	5,755
Lease assets (net)	12,603	12,532
Construction in progress	728	455
Total tangible fixed assets	31,096	30,918
Intangible fixed assets		
Goodwill	1,884	1,832
Software	3,241	3,367
Software in progress	1,421	1,525
Other	2,196	2,274
Total intangible fixed assets	8,742	9,000
Investments and other assets		
Investment securities	16,764	17,637
Claims in bankruptcy and similar claims	471	486
Fixed leasehold deposits	1,872	1,882
Net defined benefit assets	142	140
Deferred tax assets	2,071	1,717
Other	3,007	3,076
Allowance for doubtful accounts	(476)	(491)
Total investments and other assets	23,853	24,448
Total fixed assets	63,693	64,367
Total assets	184,585	183,055

(Millions of yen)

	FY 2023 (as of March 31, 2024)	FY 2024 (as of June 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	6,979	6,711
Electronically recorded obligations	6,533	6,326
Short-term bank loans	94	989
Lease liabilities	5,407	5,525
Accrued income taxes	4,100	3,028
Accrued bonuses	2,973	1,414
Accrued officers' bonuses	200	-
Other current liabilities	19,001	23,538
Total current liabilities	45,289	47,534
Long-term liabilities		
Lease liabilities	8,356	8,161
Deferred tax liabilities	23	17
Net defined benefit liabilities	1,721	1,561
Provision for stock benefit	407	585
Provision for directors' stock benefit	315	428
Asset retirement obligations	35	35
Other long-term liabilities	332	377
Total long-term liabilities	11,192	11,166
Total liabilities	56,482	58,700
Net assets		
Shareholders' equity		
Common stock	18,239	18,239
Capital surplus	19,293	19,293
Retained earnings	94,510	89,223
Treasury stock	(12,668)	(13,814)
Total shareholders' equity	119,374	112,941
Accumulated other comprehensive income		
Net unrealized gains (losses) on available- for-sale securities	4,740	5,436
Foreign currency translation adjustments	3,253	5,302
Remeasurements of defined benefit plans	231	242
Total accumulated other comprehensive income	8,226	10,981
Non-controlling shareholders' interests	502	432
Total net assets	128,103	124,354
Total liabilities and net assets	184,585	183,055

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

Consolidated Quarterly Statements of Income

First quarter ended June 30, 2024

(Millions of yen)

	FY 2023 (April 1, 2023- June 30, 2023)	FY 2024 (April 1, 2024- June 30, 2024)
Net sales	31,840	39,032
Cost of sales	17,418	21,943
Gross profit	14,422	17,088
Selling, general and administrative expenses		
Selling expenses	10,619	12,779
General and administrative expenses	958	1,076
Total selling, general and administrative expenses	11,577	13,856
Operating profit	2,844	3,232
Non-operating profit		
Interest income	141	190
Dividend income	103	125
Insurance income	3	0
Foreign exchange gains	41	143
Equity in earnings of affiliates	27	6
Other	80	70
Total non-operating profit	398	537
Non-operating expenses		
Interest expenses	58	70
Other	33	57
Total non-operating expenses	92	128
Ordinary profit	3,150	3,642
Extraordinary income		
Gain on sale of fixed assets	1	2
Total extraordinary income	1	2
Extraordinary losses		
Loss on disposal of fixed assets	42	12
Litigation settlement	-	9
Total extraordinary losses	42	21
Income before income taxes	3,109	3,623
Income taxes	1,520	1,986
Net income	1,588	1,636
Net income attributable to non-controlling shareholders	30	36
Net income attributable to owners of the parent company	1,557	1,600

Consolidated Quarterly Statements of Comprehensive Income
 First quarter ended June 30, 2024

(Millions of yen)

	FY 2023 (April 1, 2023- June 30, 2023)	FY 2024 (April 1, 2024- June 30, 2024)
Net income	1,588	1,636
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	908	695
Foreign currency translation adjustment	362	2,052
Remeasurements of defined benefit plans	25	10
Share of other comprehensive income of associates accounted for using equity method	1	0
Total other comprehensive income	1,296	2,759
Comprehensive income	2,885	4,395
(Breakdown)		
Comprehensive income attributable to owners of the parent company	2,851	4,355
Comprehensive income attributable to non-controlling shareholders	34	40

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	FY 2023 (April 1, 2023- June 30, 2023)	FY 2024 (April 1, 2024- June 30, 2024)
Cash flows from operating activities		
Income before income taxes	3,109	3,623
Depreciation and amortization	2,366	2,653
Amortization of goodwill	66	118
Increase (decrease) in net defined benefit liabilities	29	(157)
Increase (decrease) in provision for stock benefit	67	185
Increase (decrease) in provision for directors' stock benefit	33	113
Increase (decrease) in allowance for doubtful accounts	(24)	2
Interest and dividend revenue	(245)	(316)
Equity in (earnings) losses of affiliates	(27)	(6)
Interest expenses	58	70
Foreign currency translation loss (gain)	(51)	(78)
Loss (gain) on sale of fixed assets	(1)	(2)
Loss on disposal of fixed assets	42	12
(Increase) decrease in trade notes and accounts receivable and contract assets	4,747	3,925
(Increase) decrease in inventories	(1,877)	(1,100)
Increase (decrease) in trade payables	(161)	(610)
Increase (decrease) in other current liabilities	2,871	3,102
Other	(2,213)	(3,723)
Subtotal	8,791	7,811
Receipts from interest and dividends	399	497
Interest paid	(63)	(75)
Income taxes paid	(3,136)	(2,967)
Income taxes refunded	3	0
Net cash provided by operating activities	5,993	5,266
Cash flows from investing activities		
Payment for acquisition of securities	(200)	(200)
Proceeds from redemption of securities	350	200
Payment for purchase of tangible fixed assets	(769)	(926)
Proceeds from sale of tangible fixed assets	1	7
Payment for acquisition of intangible fixed assets	(593)	(655)
Payment for acquisition of investment securities	(1)	(1)
Increase in time deposits	(6,968)	(4,741)
Proceeds from withdrawal of time deposits	5,475	4,516
Other	57	12
Net cash used in investing activities	(2,648)	(1,788)

(Millions of yen)

	FY 2023 (April 1, 2023- June 30, 2023)	FY 2024 (April 1, 2024- June 30, 2024)
Cash flows from financing activities		
Increase in short-term loans payable	-	908
Repayment for short-term bank loans	-	(17)
Payment for acquisition of treasury stock	(1,163)	(1,154)
Repayments of lease liabilities	(1,656)	(2,079)
Proceeds from sale and leaseback	569	766
Dividends paid	(5,863)	(6,887)
Payment of dividends to non-controlling shareholders	(526)	(110)
Cash flows from financing activities	(8,640)	(8,574)
Effect of exchange rate changes on cash and cash equivalents	242	750
Net increase (decrease) in cash and cash equivalents	(5,054)	(4,346)
Cash and cash equivalents at the beginning of the year	55,084	51,648
Cash and cash equivalents at end of period	50,030	47,302

(4) Notes on Quarterly Consolidated Financial Statements

Notes on Premises 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 25, 2024, Amano Corporation has acquired 300,400 shares of treasury stock. As a result, treasury stock increased by ¥1,146 million in the first quarter fiscal year, including an increase due to the purchase of shares less than one unit, and reached ¥13,814 million at the end of the same period.

The 790,923 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.

Notes on 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, and 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.

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 first quarter of the current fiscal year ¥2,260 million, 790,923 shares

Notes on Segment Information

[Segment Information]

I. 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

II. 1st Quarter of fiscal year 2024 (April 1, 2024 to June 30, 2024)

(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	30,528	8,503	39,032	—	39,032
Intersegment	—	—	—	—	—
Total	30,528	8,503	39,032	—	39,032
Segment profit (loss)	3,727	567	4,295	(1,062)	3,232

Notes: 1. The ¥1,062 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