

Summary Financial Statements (Consolidated)
for 2nd Quarter of Fiscal Year 2022 (Year Ending March 31, 2023) (Japan GAAP)

October 28, 2022

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Scheduled date for filing of quarterly securities report: November 7, 2022
Scheduled date for commencing of dividend payments: December 2, 2022
Supplementary explanation materials prepared for quarterly financial results: Yes
Briefing held on quarterly financial results: Yes (for institutional investors and analysts)

(Amounts less than 1 million yen are rounded down)

1. Business results for 2nd Quarter of fiscal year 2022 (April 1, 2022 to September 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	%
2Q of FY 2022 (year ending March 2023)	60,455	9.3	5,604	24.3	6,244	25.6	3,703	15.1
2Q of FY 2021 (year ended March 2022)	55,327	3.9	4,509	69.2	4,972	61.2	3,216	17.0

Note: Comprehensive income 2nd Quarter of FY 2022 (year ending March 2023): ¥8,303 million (70.6%)
2nd Quarter of FY 2021 (year ended March 2022): ¥4,868 million (111.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
2Q of FY 2022 (year ending March 2023)	50.52	—
2Q of FY 2021 (year ended March 2022)	43.37	—

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2Q of FY 2022 (as of September 30, 2022)	161,666	116,880	71.8	1,591.56
FY 2021 (as of March 31, 2022)	159,342	116,271	72.5	1,563.31

Reference: Equity capital 2nd Quarter of FY 2022 (as of September 30, 2022): ¥116,028 million
FY 2021 (as of March 31, 2022): ¥115,519 million

2. Dividends

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

Note: Revisions to most recently released dividend forecast: None

* The detail of year-end dividend of 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
Full year	130,000	9.8	16,500	28.0	17,200	23.6	11,500	18.1	157.75

Note: Revisions to most recently released earnings forecast: None

Notes

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

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

[1] Number of shares issued and outstanding at the end of the period (including treasury stock)	As of 2Q ended September 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 2Q ended September 30, 2022	3,755,945 shares	As of March 31, 2022	2,763,911 shares
[3] Average number of shares outstanding (over the fiscal year under review up to September 30, 2022)	As of 2Q ended September 30, 2022	73,307,073 shares	As of 2Q ended September 30, 2021	74,170,570 shares

Note: The number of shares of treasury stock as of September 30, 2022, includes the Company's shares held by the Director's Compensation BIP Trust and the Employee Stock Ownership Plan (J-ESOP) (398,219 shares as of September 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 during the period.

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

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 8 of the attached document.

Obtaining supplementary financial results materials and information on the scheduled financial results briefing

Supplementary financial results materials are disclosed via TDnet on the same day as the date of this document. Also, a financial results briefing for institutional investors and analysts is scheduled for Monday, October 31, 2022. On the same day, the financial results materials to be distributed at this briefing are due to be published on the Amano Corporation website.

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

(1) Explanation of Business Results

During the second quarter of the current consolidated cumulative period, the effect of COVID-19 continued, but the world economy showed some signs of recovery triggered by the resumption of economic activities in various countries, etc. However, it seems that the future outlook for the Japanese economy continues to be uncertain due to the concerns about various price hikes against the backdrop of the global supply chain disruptions, the impact of the situation in Ukraine, and rapid currency fluctuations, etc.

Amid this business environment, we the Amano Group set forth the management concept of "The 3rd Stage Towards a 100-year Company-Establishing a solid business foundation that leads to sustainable growth" in our 8th Medium-term Business Plan launched in April 2020, in which we will promote strategic investments into growth drivers in order to respond to digital transformation (DX), and we shall establish unrivaled competitive advantage by raising the synergistic effects of the strengths of each of our business divisions.

As a result, during the second quarter under review, net sales were ¥60,455 million (up 9.3% year-on-year), operating profit was ¥5,604 million (up 24.3% yoy), ordinary profit was ¥6,244 million (up 25.6% yoy), and net income attributable to owners of the parent company was ¥3,703 million (up 15.1% yoy).

(Main factors behind the business results)

- (i) At non-consolidated Amano, sales of the Information Systems grew mainly in software, reflecting the continued strong investment in systems for DX initiatives and business efficiency improvement with the tailwind of "work style reform" continuing. Sales for the Environmental systems continued to grow driven by the strong demand for machine tool orders market. On the other hand, despite the signs of recovery, sales for the Parking systems fell significantly short of the first half plans.
- (ii) In domestic group companies, the consigned parking lot management service business performed well, approaching pre-COVID-19 results, and T&A cloud service for work management continued to grow due to an increase in inquiries from customers.
- (iii) In overseas markets, sales increased in North America, Europe, and Asia partly due to the effect of yen depreciation. In particular, overall sales in Asia increased by double digits due to growth in the Parking Systems in Korea and Hong Kong, although performance in China was affected by the lockdown, mainly in the Environmental Systems.

The following are business results by segment:

Sales by business division

(Millions of yen)

Category	2Q of FY 2021 (year ended March 2022)		2Q of FY 2022 (year ending March 2023)		Change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	%
Time Information System business:						
Information Systems	13,450	24.3	14,596	24.1	1,146	8.5
Time Management Products	1,283	2.3	1,305	2.2	22	1.7
Parking Systems	25,647	46.4	28,805	47.7	3,157	12.3
Subtotal	40,381	73.0	44,707	74.0	4,326	10.7
Environment System business:						
Environmental Systems	9,307	16.8	9,263	15.3	(43)	(0.5)
Clean Systems	5,638	10.2	6,484	10.7	845	15.0
Subtotal	14,946	27.0	15,747	26.0	801	5.4
Total	55,327	100.0	60,455	100.0	5,128	9.3

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 ¥44,707 million, up by ¥4,326 million (10.7%) year-on-year. The following is a breakdown of sales by business division.

- Information Systems ¥14,596 million (up 8.5% year-on-year)

In this business, after the enactment of the bills related to the "work style reform" in April 2019, the scope of applicable industries are scheduled to be expanded in 2024. Under such statutory changes, corporations are required to improve productivity by effectively utilizing their diverse human resources amid the changing workstyle such as teleworking and hence the growing interest in digitization and the networking of workforce management.

In response to these market conditions, we, Amano, being "active in the area of HR (Human Resources)," added access control and security to the list of our "3-in-1" proposal, comprising time & attendance (T&A), payroll, and human-resource management, thus striving to bolster our activities to provide total solutions from system ownership to system use.

Domestic sales for the current term were as follows. For Amano, on an unconsolidated basis, software sales increased by ¥560 million (14.3%), hardware sales decreased by ¥38 million (3.3%), and sales generated by maintenance contracts and supplies services increased by ¥82 million (3.8%) year-on-year. Software sales increased because the orders for "TimePro-VG," a piece of software for medium-sized and large businesses, remained strong and "TimePro-NX," which is for small to medium-sized businesses was also recovering in the second half of the current term. The decrease in hardware sales was due to the impact of reduction in office space of each company, etc. The cloud services developed by Amano Business Solutions Corporation continued to perform strongly.

Overall overseas sales increased by ¥495 million (8.6%), because sales for both Accu-Time Systems, Inc. in North America and Horoquartz S.A. in Europe increased.

- Time Management Products ¥1,305 million (up 1.7% year-on-year)

Although there is constant demand for standard devices, the trend toward lower prices has continued in this business.

In this market environment, we have been working on expanding sales of our "TimeP@CK series" time recorders, which are equipped with aggregation software compatible with PCs and offer improved usability and functionality, as well as concentrating on expanding our customer base through the promotion of "User-club," a fee-based service for members. We have also proposed a new usage method by launching compact time recorders equipped with Wi-Fi functions as a standard feature and accommodating cloud connectivity.

Overall domestic sales for the current term decreased by ¥74 million (6.9%) year-on-year as the sales of both standard time recorders increased, although sales of PC-linked time recorders decreased.

Overall overseas sales increased by ¥109 million (41.5%) as sales in North America and Asia increased.

- Parking Systems ¥28,805 million (up 12.3% year-on-year)

To respond to the increasingly diverse needs of parking lot management in Japan, the Parking Systems has been working on improving the efficiency and reducing the cost of parking lot management, increasing the level of convenience for parking lot users, ensuring safety and security in parking lots, making reservations and payments through the integration with the internet, and establishing non-contact ticketless and/or cashless systems, etc.

In response to these market conditions, we further strengthened our cooperation with major parking lot

management firms and, at the same time, concentrated on offering various services to small to medium-sized parking lot management firms through our parking lot data centers. We have also enhanced the functionality and operability of system equipment by accommodating new payment methods such as vehicle number-based ticketless systems, and have strengthened proposals for improving the efficiency of parking lot management and services for parking lot users.

At the same time, we have worked to expand the market for bicycle parking lots, security gate systems, and toll roads, etc.

Domestic sales for the current term were as follows. For Amano, on an unconsolidated basis, domestic parking equipment sales decreased by ¥262 million (4.9%) mainly due to the decrease in projects for management firms although orders received are recovering, while sales generated by maintenance contracts and supplies services increased by ¥389 million (9.1%). Sales continued to increase in the consigned parking lot management service business operated by Amano Management Service because it is on a recovery trend. As a result of the continued investment by them, the number of parking spaces under management increased by 26,700 (4.1%) from the end of the previous fiscal year.

Overall overseas sales increased by ¥2,669 million (25.5%) due to the increase in the sales of Amano McGann, Inc. in North America and the increase in sales of the consigned parking lot management service business in Korea and Hong Kong in Asia.

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 ¥15,747 million, up by ¥801 million (5.4%) year-on-year. The following is a breakdown of sales by business division.

- Environmental Systems ¥9,263 million (down 0.5% year-on-year)

Although capital investment demand, which had been sluggish due to the impact of the new coronavirus infection, is showing signs of improvement, the business environment in this business is becoming more uncertain due to the curfew in China, worsening geopolitical risks, and other factors.

In this market environment, our domestic strategy focused on capitalizing the demand for our standard equipment by strengthening proposals, mainly targeting companies related to machine tools, electronic parts, and automobiles, which continue to invest in the development of next-generation automobiles, while seeking to win additional orders from customers in the pharmaceutical, foods, and cosmetics markets, whose demand was relatively stable. Meanwhile, we enhanced cooperation with our overseas Group companies, and reinforced their platforms for engineering, sales and services. Furthermore, we endeavored to achieve greater cost competitiveness by expanding their local procurement, while observing the investment trend of Japanese companies operating overseas.

During the current term for Amano, on an unconsolidated basis, domestic sales of standard equipment increased by ¥229 million (7.0%) with the steady recovery of machine tool orders market, sales of large dust collectors decreased by ¥167 million (7.3%) with the decrease of orders and sales generated by maintenance contracts and supplies services increased by ¥176 million (9.2%) year-on-year.

Overall overseas sales decreased by ¥265 million (15.6%) as sales in Asia decreased due to the curfew in China.

- Clean Systems ¥6,484 million (up 15.0% year-on-year)

In the Clean System, while the trend of companies trying to reduce cleaning costs continued domestically amid a shortage of sanitary workers in the building maintenance industry as well as an expansion of demand for

cleanliness under the COVID-19 pandemic, need for further proposals that lead to higher cleaning efficiency and improved quality have been increasing.

In response to these market conditions, we proposed the automation of cleaning work using automatic floor scrubbers "EGrobo" and promoted robotic floor scrubbers "EG series" which feature improved safety and usability, as well as proposed improving public health management by using electrolyzed water generators.

During the current term for Amano, on an unconsolidated basis, overall domestic sales of cleaning equipment increased by ¥51 million (5.7%) led by the increase in the sales of automatic floor scrubbers, and domestic sales generated by maintenance contracts and supplies services decreased by ¥20 million (1.9%) year-on-year.

Overall overseas sales increased by ¥803 million (24.2%) as Amano Pioneer Eclipse Corporation in North America achieved the increase in sales.

Reference information

Information by area

(Millions of yen)

	Net sales				Operating profit/loss			
	2Q of FY 2021 (year ended March 2022)	2Q of FY 2022 (year ending March 2023)	Change	Percentage change (%)	2Q of FY 2021 (year ended March 2022)	2Q of FY 2022 (year ending March 2023)	Change	Percentage change (%)
Japan	34,372	35,628	1,256	3.7	5,516	6,663	1,147	20.8
Other Asia	9,130	11,289	2,158	23.6	181	584	402	221.3
North America	7,461	9,142	1,680	22.5	(238)	(541)	(302)	—
Europe	4,952	5,095	142	2.9	710	659	(51)	(7.2)
Total	55,917	61,155	5,237	9.4	6,170	7,366	1,196	19.4
Eliminations/Corporate	(590)	(700)	—	—	(1,660)	(1,761)	—	—
Consolidated	55,327	60,455	5,128	9.3	4,509	5,604	1,095	24.3

- Notes: 1. The national and regional demarcations are based on the degree of geographical proximity.
2. Major countries and territories included in areas other than Japan:
(1) Other Asia: Singapore, Thailand, Malaysia, Indonesia, South Korea, China, Philippines, and Vietnam
(2) North America: United States, Canada and Mexico
(3) Europe: France, Belgium and Spain

Overseas sales

(Millions of yen)

	Overseas sales				Proportion of consolidated net sales accounted for by overseas sales (%)		
	2Q of FY 2021 (year ended March 2022)	2Q of FY 2022 (year ending March 2023)	Change	Percentage change (%)	2Q of FY 2021 (year ended March 2022)	2Q of FY 2022 (year ending March 2023)	Change
Other Asia	9,151	11,402	2,250	24.6	16.5	18.9	2.4
North America	7,059	8,520	1,460	20.7	12.8	14.1	1.3
Europe	4,750	4,980	229	4.8	8.6	8.2	(0.4)
Other regions	582	517	(65)	(11.2)	1.0	0.8	(0.2)
Total	21,544	25,420	3,876	18.0	38.9	42.0	3.1
Consolidated net sales	55,327	60,455					

- 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 ¥161,666 million (up ¥2,323 million from the previous consolidated fiscal year-end).

- Current assets: an increase of ¥1,358 million due to an increase in raw materials and supplies, etc.
- Fixed assets: an increase of ¥964 million due to an increase in lease assets (net), etc.

Total liabilities amounted to ¥44,786 million (up ¥1,715 million from the previous consolidated fiscal year-end).

- Current liabilities: an increase of ¥1,162 million due to an increase in notes and accounts payable-trade, etc.
- Long-term liabilities: an increase of ¥552 million due to an increase in lease obligations, etc.

Net assets amounted to ¥116,880 million (up ¥608 million from the previous consolidated fiscal year-end).

- Shareholders' equity: a decrease of ¥3,969 million due to dividends paid and acquisition of treasury stock, etc.
- Accumulated other comprehensive income: an increase of ¥4,478 million due to an increase in foreign currency translation adjustments, etc.

(ii) Cash flows

Consolidated cash and cash equivalents decreased by ¥309 million from the previous fiscal year-end, to a total of ¥55,621 million at the end of the first half. More specifically, the status of each type of cash flow during the first half and the underlying factors are as follows:

Net cash provided by operating activities totaled ¥9,085 million (a decrease in income of ¥2,631 million year-on-year).

• Main income factors:

Posting of income before income taxes amounting to ¥6,216 million and posting of a decrease in trade notes and accounts receivable and contract assets amounting to ¥4,328 million.

Posting of depreciation and amortization amounting to ¥4,183 million.

• Main expenditure factors:

Posting of income taxes paid amounting to ¥3,330 million and posting of an increase in inventories amounting to ¥1,937 million.

Net cash used in investing activities totaled -¥1,818 million (a decrease in cash outflow of ¥657 million year-on-year).

• Main income factors:

Posting of proceeds from withdrawal of time deposits amounting to ¥2,046 million.

• Main expenditure factors:

Posting of increase in time deposits amounting to ¥2,198 million.

Net cash used in financing activities amounted to -¥9,382 million (an increase in cash outflow of ¥2,376 million year-on-year).

• Main income factors:

Posting of proceeds from sale and leaseback amounting to ¥968 million.

• Main expenditure factors:

Posting of dividends paid amounting to ¥5,200 million and posting of repayments of lease obligations amounting to ¥2,618 million.

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

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

Although the second quarter ended with lower operating profit and net income attributable to owners of the parent company than initial forecasts, in light of the year-on-year increase in both sales and profit, and in consideration of the future business environment and order situation, we will not change the full-year forecast for the fiscal year ending March 31, 2023, which were announced on April 26, 2022.

However, due to the uncertainties surrounding the business environment, such as when the effects of COVID-19 will settle and how the subsequent economic recovery will progress in each country, we plan to review the numerical plan in a timely manner.

(4) Basic Policy on Distribution of Profits and Payment of Dividends for This Second Quarter

Amano places great importance on our policy of paying dividends to shareholders. Our fundamental policy to return profits to shareholders is to continue to make stable ordinary dividend payments, make appropriate performance-based distributions, and buy back shares, as it deems necessary. We aim to maintain a dividend payout ratio of at least 40% on a consolidated basis, a total return ratio of at least 55%, and a net asset dividend rate of at least 2.5%.

In line with this policy, we plan to pay a dividend of ¥30 per share at the end of the current first half of the consolidated fiscal year, as expected at the beginning of the term.

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 September 30, 2022)
Assets		
Current assets		
Cash and bank deposits	60,337	60,478
Notes and accounts receivable—trade and contract assets	27,995	24,882
Marketable securities	3,219	3,372
Merchandise and finished goods	3,687	4,564
Work in process	559	916
Raw materials and supplies	5,741	7,458
Other current assets	4,464	5,772
Allowance for doubtful accounts	(468)	(550)
Total current assets	105,537	106,895
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	8,894	8,809
Machinery and vehicles (net)	725	957
Tools, furniture and fixtures (net)	2,038	2,186
Land	5,818	5,849
Lease assets (net)	8,005	8,410
Construction in progress	298	262
Total tangible fixed assets	25,780	26,476
Intangible fixed assets		
Goodwill	1,417	1,384
Software	2,980	3,323
Software in progress	1,110	657
Other	1,740	1,884
Total intangible fixed assets	7,249	7,249
Investments and other assets		
Investment securities	14,694	15,030
Claims in bankruptcy and similar claims	522	536
Fixed leasehold deposits	1,547	1,580
Net defined benefit assets	128	127
Deferred tax assets	2,505	2,365
Other	1,911	1,949
Allowance for doubtful accounts	(533)	(545)
Total investments and other assets	20,776	21,044
Total fixed assets	53,805	54,770
Total assets	159,342	161,666

(Millions of yen)

	FY 2021 (as of March 31, 2022)	FY 2022 (as of September 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	5,605	5,681
Electronically recorded obligations	5,667	5,190
Short-term bank loans	367	363
Lease liabilities	3,610	3,670
Accrued income taxes	3,426	2,805
Accrued bonuses	2,569	2,222
Accrued officers' bonuses	128	-
Other current liabilities	13,450	16,053
Total current liabilities	34,825	35,988
Long-term liabilities		
Lease liabilities	4,994	5,317
Deferred tax liabilities	12	2
Net defined benefit liabilities	2,377	2,458
Provision for stock benefit	293	357
Provision for directors' stock benefit	203	249
Asset retirement obligations	33	34
Other long-term liabilities	331	379
Total long-term liabilities	8,245	8,798
Total liabilities	43,071	44,786
Net assets		
Shareholders' equity		
Common stock	18,239	18,239
Capital surplus	19,293	19,293
Retained earnings	86,244	84,746
Treasury stock	(6,546)	(9,018)
Total shareholders' equity	117,230	113,260
Accumulated other comprehensive income		
Net unrealized gains (losses) on available- for-sale securities	2,088	2,314
Foreign currency translation adjustments	(3,250)	950
Remeasurements of defined benefit plans	(549)	(498)
Total accumulated other comprehensive income	(1,711)	2,767
Non-controlling shareholders' interests	752	851
Total net assets	116,271	116,880
Total liabilities and net assets	159,342	161,666

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

Consolidated Quarterly Statements of Income

Second quarter ended September 30, 2022

(Millions of yen)

	FY 2021 (April 1, 2021- September 30, 2021)	FY 2022 (April 1, 2022- September 30, 2022)
Net sales	55,327	60,455
Cost of sales	30,856	33,335
Gross profit	24,470	27,120
Selling, general and administrative expenses		
Selling expenses	18,116	19,677
General and administrative expenses	1,844	1,837
Total selling, general and administrative expenses	19,960	21,515
Operating profit	4,509	5,604
Non-operating profit		
Interest income	100	107
Dividend income	88	108
Insurance income	15	14
Foreign exchange gains	39	154
Equity in earnings of affiliates	96	74
Other	232	298
Total non-operating profit	573	758
Non-operating expenses		
Interest expenses	67	67
Foreign withholding tax	0	0
Other	43	51
Total non-operating expenses	110	118
Ordinary profit	4,972	6,244
Extraordinary income		
Gain on sale of fixed assets	175	4
Total extraordinary income	175	4
Extraordinary losses		
Loss on disposal of fixed assets	22	32
Loss on sale of fixed assets	5	-
Total extraordinary losses	27	32
Income before income taxes	5,120	6,216
Income taxes	1,882	2,488
Net income	3,238	3,728
Net income attributable to non-controlling shareholders	21	25
Net income attributable to owners of the parent company	3,216	3,703

Consolidated Quarterly Statements of Comprehensive Income
 Second quarter ended September 30, 2022

(Millions of yen)

	FY 2021 (April 1, 2021- September 30, 2021)	FY 2022 (April 1, 2022- September 30, 2022)
Net income	3,238	3,728
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	87	225
Foreign currency translation adjustment	1,457	4,296
Remeasurements of defined benefit plans	84	51
Share of other comprehensive income of associates accounted for using equity method	0	1
Total other comprehensive income	1,629	4,575
Comprehensive income	4,868	8,303
(Breakdown)		
Comprehensive income attributable to owners of the parent company	4,844	8,181
Comprehensive income attributable to non-controlling shareholders	23	122

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	FY 2021 (April 1, 2021- September 30, 2021)	FY 2022 (April 1, 2022- September 30, 2022)
Cash flows from operating activities		
Income before income taxes	5,120	6,216
Depreciation and amortization	3,951	4,183
Amortization of goodwill	203	152
Increase (decrease) in net defined benefit liabilities	146	125
Increase (decrease) in provision for stock benefit	88	70
Increase (decrease) in provision for directors' stock benefit	32	45
Increase (decrease) in allowance for doubtful accounts	(16)	12
Interest and dividend revenue	(189)	(215)
Equity in (earnings) losses of affiliates	(96)	(74)
Interest expenses	67	67
Foreign currency translation loss (gain)	(15)	(69)
Loss (gain) on sale of fixed assets	(170)	(4)
Loss on disposal of fixed assets	22	32
(Increase) decrease in trade notes and accounts receivable and contract assets	4,636	4,328
(Increase) decrease in inventories	(670)	(1,937)
Increase (decrease) in trade payables	(817)	(761)
Increase (decrease) in other current liabilities	1,038	825
Other	(731)	(870)
Subtotal	12,597	12,127
Receipts from interest and dividends	336	355
Interest paid	(67)	(77)
Income taxes paid	(1,261)	(3,330)
Income taxes refunded	110	8
Net cash provided by operating activities	11,716	9,085
Cash flows from investing activities		
Payment for acquisition of securities	(2,000)	(2,000)
Proceeds from redemption of securities	1,500	2,100
Payment for purchase of tangible fixed assets	(815)	(964)
Proceeds from sale of tangible fixed assets	306	9
Payment for acquisition of intangible fixed assets	(842)	(750)
Payment for acquisition of investment securities	(3)	(103)
Payments for acquisition of businesses	(200)	-
Increase in time deposits	(1,807)	(2,198)
Proceeds from withdrawal of time deposits	1,544	2,046
Other	(157)	42
Net cash used in investing activities	(2,476)	(1,818)

(Millions of yen)

	FY 2021 (April 1, 2021- September 30, 2021)	FY 2022 (April 1, 2022- September 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	(2,154)	(2,478)
Repayments of lease liabilities	(2,203)	(2,618)
Proceeds from sale and leaseback	783	968
Dividends paid	(3,377)	(5,200)
Payment of dividends to non-controlling shareholders	(25)	(22)
Cash flows from financing activities	(7,006)	(9,382)
Effect of exchange rate changes on cash and cash equivalents	603	1,806
Net increase (decrease) in cash and cash equivalents	2,836	(309)
Cash and cash equivalents at the beginning of the year	52,546	55,931
Cash and cash equivalents at end of period	55,383	55,621

(4) Notes on Quarterly Consolidated Financial Statements

Notes Regarding the Premise of a Going Concern

None

Notes on Significant Changes in Shareholders' Equity

Based on the resolution of the Board of Directors meeting held on April 26, 2022, Amano Corporation has acquired 993,900 shares of treasury stock. As a result, treasury stock increased by ¥2,472 million in the second quarter fiscal year, including an increase due to the purchase of shares less than one unit, and reached 9,018 million at the end of the same period.

The 398,219 shares held by Amano Corporation as trust property of the Director's Compensation BIP Trust and Employee Stock Ownership Plan (J-ESOP) are included in the balance of treasury shares at the end of the second quarter consolidated accounting period.

Application of Accounting Procedures Specific to the Preparation of the Consolidated Quarterly Financial Statements

(Calculation of tax expenses)

These amounts of tax expenses are calculated by multiplying the pre-tax net income and loss by an estimated effective tax rate for the year, determined using reasonable methods for pre-tax income for the fiscal year including this second 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 second 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 second quarter of the current fiscal year ¥987 million, 398,219 shares

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

As an effort to ensure the health and safety of employees, Amano Corporation and our domestic group companies have adopted flexible work such as telework (working from home) and staggered working hours as well as workplace vaccination in 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. Second Quarter of fiscal year 2021 (April 1, 2021 to September 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	40,381	14,946	55,327	—	55,327
Intersegment	—	—	—	—	—
Total	40,381	14,946	55,327	—	55,327
Segment profit (loss)	4,470	1,838	6,308	(1,799)	4,509

Notes: 1. The ¥1,799 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. Second Quarter of fiscal year 2022 (April 1, 2022 to September 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	44,707	15,747	60,455	—	60,455
Intersegment	—	—	—	—	—
Total	44,707	15,747	60,455	—	60,455
Segment profit (loss)	5,466	1,952	7,419	(1,814)	5,604

Notes: 1. The ¥1,814 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