

Summary Financial Statements (Consolidated)
for 2nd Quarter of Fiscal Year 2023 (Year Ending March 31, 2024) (Japan GAAP)

October 27, 2023

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Scheduled date for filing of quarterly securities report: November 7, 2023
Scheduled date for commencing of dividend payments: December 4, 2023
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 2023 (April 1, 2023 to September 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	%
2Q of FY 2023 (year ending March 2024)	70,163	16.1	8,012	43.0	8,609	37.9	5,557	50.1
2Q of FY 2022 (year ended March 2023)	60,455	9.3	5,604	24.3	6,244	25.6	3,703	15.1

Note: Comprehensive income 2nd Quarter of FY 2023 (year ending March 2024): ¥10,351 million (24.7%)
2nd Quarter of FY 2022 (year ended March 2023): ¥8,303 million (70.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
2Q of FY 2023 (year ending March 2024)	76.84	—
2Q of FY 2022 (year ended March 2023)	50.52	—

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2Q of FY 2023 (as of September 30, 2023)	176,912	121,946	68.7	1,694.54
FY 2022 (as of March 31, 2023)	171,250	121,638	70.5	1,656.43

Reference: Equity capital 2nd Quarter of FY 2023 (as of September 30, 2023): ¥121,511 million
FY 2022 (as of March 31, 2023): ¥120,756 million

2. Dividends

	Annual dividends				
	First quarter-end	2nd Quarter-end	Third 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)	—	40.00			
FY 2023 (year ending March 2024) (est.)			—	80.00	120.00

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
Full year	140,000	5.4	17,700	12.1	18,500	9.1	12,500	10.7	174.32

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 : 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 2Q ended September 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 2Q ended September 30, 2023	4,950,304 shares	As of March 31, 2023	3,756,315 shares
[3] Average number of shares outstanding (over the fiscal year under review up to September 30, 2023)	As of 2Q ended September 30, 2023	72,328,601 shares	As of 2Q ended September 30, 2022	73,307,073 shares

Note: The number of shares of treasury stock as of September 30, 2023, includes the Company's shares held by the Director's Compensation BIP Trust and the Employee Stock Ownership Plan (J-ESOP) (796,484 shares as of September 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 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 7 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 Tuesday, October 31, 2023. 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 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, etc.

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 second quarter under review, net sales were ¥70,163 million (up 16.1% year-on-year), operating profit was ¥8,012 million (up 43.0% yoy), ordinary profit was ¥8,609 million (up 37.9% yoy), and net income attributable to owners of the parent company was ¥5,557 million (up 50.1% 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. Information Systems sales increased, reversing the decline in sales in the first quarter. Environmental Systems sales of standard dust collectors declined due to the impact of lower orders for machine tools, but large-scale systems sales grew, resulting positive overall sales.
- (ii) In domestic group companies, the consigned parking lot management service business performed well, exceeding pre-COVID results, and the cloud service business for T&A also continued to grow. The digital time stamp business continued to perform well, meeting the needs to respond to the requirements under the revised Electronic Books Preservation Act.
- (iii) In overseas markets, sales increased in North America, Europe, and Asia. In North America, Parking Systems sales increased due to the effect of new products, and earnings are also improving. In Europe, Information Systems sales performed well and grew significantly. In Asia, Parking Systems sales continued to grow in South Korea and Hong Kong.

The following are business results by segment:

Sales by business division

(Millions of yen)

Category	2Q of FY 2022 (year ended March 2023)		2Q of FY 2023 (year ending March 2024)		Change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	%
Time Information System business:						
Information Systems	14,596	24.1	16,187	23.1	1,590	10.9
Time Management Products	1,305	2.2	1,241	1.8	(64)	(4.9)
Parking Systems	28,805	47.7	35,106	50.0	6,301	21.9
Subtotal	44,707	74.0	52,535	74.9	7,827	17.5
Environment System business:						
Environmental Systems	9,263	15.3	10,803	15.4	1,539	16.6
Clean Systems	6,484	10.7	6,824	9.7	340	5.3
Subtotal	15,747	26.0	17,628	25.1	1,880	11.9
Total	60,455	100.0	70,163	100.0	9,707	16.1

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 ¥52,535 million, up by ¥7,827 million (17.5%) year-on-year. The following is a breakdown of sales by business division.

- Information Systems ¥16,187 million (up 10.9% year-on-year)

Domestic sales for the current term were as follows. For non-consolidated Amano, software sales increased by ¥118 million (2.7%) due to a continuing recovery trend in orders for small to medium-sized businesses, hardware sales increased by ¥188 million (16.7%), and sales generated by maintenance contracts and supplies services decreased by ¥59 million (2.7%) year-on-year. The cloud services developed by Amano Business Solutions Corporation continued to perform strongly.

Overall overseas sales increased by ¥1,288 million (20.7%), because sales for both Accu-Time Systems, Inc. in North America and Horoquartz S.A. in Europe increased.

- Time Management Products ¥1,241 million (down 4.9% year-on-year)

Overall domestic sales for the current term increased by ¥21 million (2.2%) year-on-year as the sales of standard time recorders including exports increased, although sales of PC-linked time recorders decreased.

Overall overseas sales decreased by ¥78 million (21.1%) as sales in North America and Asia decreased.

- Parking Systems ¥35,106 million (up 21.9% year-on-year)

Domestic sales for the current term were as follows. For non-consolidated Amano, domestic parking lot management systems sales increased by ¥1,947 million (38.2%) due to a recovery trend, while sales generated by maintenance contracts and supplies services increased by 346 million (7.4%). Sales continued to increase in the consigned parking lot management service business operated by Amano Management Service. As a result of the continued investment by them, the number of parking spaces under management increased by 20,500 (3.0%) from the end of the previous fiscal year.

Overall overseas sales increased by ¥3,995 million (30.4%) 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 ¥17,628 million, up by ¥1,880 million (11.9%) year-on-year. The following is a breakdown of sales by business division.

- Environmental Systems ¥10,803 million (up 16.6% year-on-year)

During the current term for non-consolidated Amano, domestic sales of standard dust collectors decreased by ¥35 million (1.0%). On the other hand, sales of large-scale systems increased by ¥997 million (46.6%), while sales generated by maintenance contracts and supplies services increased by ¥119 million (5.7%) year-on-year.

Overall overseas sales increased by ¥422 million (29.4%) as sales in Asia increased due to a recovery in mainly Thailand.

- Clean Systems ¥6,824 million (up 5.3% year-on-year)

During the current term for non-consolidated Amano, overall domestic sales of cleaning equipment increased by ¥248 million (26.0%) due to increase in sales of robotic floor scrubbers, and domestic sales generated by maintenance contracts and supplies services increased by ¥2 million (0.2%) year-on-year.

Overall overseas sales increased by ¥85 million (2.1%) 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 2022 (year ended March 2023)	2Q of FY 2023 (year ending March 2024)	Change	Percentage change (%)	2Q of FY 2022 (year ended March 2023)	2Q of FY 2023 (year ending March 2024)	Change	Percentage change (%)
Japan	35,628	39,694	4,065	11.4	6,663	7,887	1,224	18.4
Other Asia	11,289	14,606	3,316	29.4	584	1,047	462	79.2
North America	9,142	10,160	1,018	11.1	(541)	(56)	484	—
Europe	5,095	6,399	1,304	25.6	659	947	288	43.7
Total	61,155	70,860	9,704	15.9	7,366	9,826	2,459	33.4
Eliminations/Corporate	(700)	(697)	—	—	(1,761)	(1,814)	—	—
Consolidated	60,455	70,163	9,707	16.1	5,604	8,012	2,407	43.0

- 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 2022 (year ended March 2023)	2Q of FY 2023 (year ending March 2024)	Change	Percentage change (%)	2Q of FY 2022 (year ended March 2023)	2Q of FY 2023 (year ending March 2024)	Change
Other Asia	11,402	14,645	3,243	28.4	18.9	20.9	2.0
North America	8,520	9,598	1,078	12.7	14.1	13.7	(0.4)
Europe	4,980	6,194	1,213	24.4	8.2	8.8	0.6
Other regions	517	593	76	14.8	0.8	0.8	0.0
Total	25,420	31,032	5,611	22.1	42.0	44.2	2.2
Consolidated net sales	60,455	70,163					

- 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 ¥176,912 million (up ¥5,661 million from the previous consolidated fiscal year-end).

- Current assets: an increase of ¥367 million due to increases in merchandise and finished goods, and raw materials and supplies, etc.
- Fixed assets: an increase of ¥5,294 million due to increases in lease assets (net), and investment securities, etc.

Total liabilities amounted to ¥54,966 million (up ¥5,354 million from the previous consolidated fiscal year-end).

- Current liabilities: an increase of ¥3,477 million due to an increase in lease liabilities, etc.
- Long-term liabilities: an increase of ¥1,876 million due to an increase in lease liabilities, etc.

Net assets amounted to ¥121,946 million (up ¥307 million from the previous consolidated fiscal year-end).

- Shareholders' equity: a decrease of ¥3,960 million due to dividends paid and acquisition of treasury stock, etc.
- Accumulated other comprehensive income: an increase of ¥4,715 million due to an increase in foreign currency translation adjustments, etc.

(ii) Cash flows

Consolidated cash and cash equivalents decreased by ¥6,123 million from the previous fiscal year-end, to a total of ¥48,961 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 ¥10,366 million (an increase in income of ¥1,280 million year-on-year).

• Main income factors:

Posting of income before income taxes amounting to ¥8,524 million and posting of depreciation and amortization amounting to ¥4,855 million.

Posting of a decrease in trade notes and accounts receivable and contract assets amounting to ¥1,402 million.

• Main expenditure factors:

Posting of income taxes paid amounting to ¥3,462 million and posting of an increase in inventories amounting to ¥1,822 million.

Net cash used in investing activities totaled -¥5,242 million (an increase in cash outflow of ¥3,424 million year-on-year).

• Main income factors:

Posting of proceeds from withdrawal of time deposits amounting to ¥7,191 million.

• Main expenditure factors:

Posting of increase in time deposits amounting to ¥8,380 million and payment for purchase of tangible fixed assets amounting to ¥1,605 million

Payment for acquisition of intangible fixed assets amounting to ¥1,155 million and payment for acquisition of subsidiary shares involving change to the scope of consolidation amounting to ¥1,136 million.

Net cash used in financing activities amounted to -¥12,575 million (an increase in cash outflow of ¥3,193 million year-on-year).

• Main income factors:

Posting of proceeds from sale and leaseback amounting to ¥1,005 million.

• Main expenditure factors:

Posting of dividends paid amounting to ¥5,863 million and posting of payment for acquisition of treasury stock amounting to ¥3,716 million.

Posting of repayments of lease obligations amounting to ¥3,475 million.

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

Although the second quarter of consolidated fiscal year ended with significant increase both in sales and operating profit compared to the same period of the previous year, considering the changes in the business environment in countries with recessionary concerns and heightened geopolitical risks, we will not change the full-year earnings forecast for the fiscal year ending March 31, 2024, which were announced on April 26, 2023. However, based on the future business environment, 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 Corporation 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, taking into account the current business performance, we plan to pay an interim dividend of ¥40 per share, which an increase of ¥5 per share from the previous forecast announced on April 26, 2023.

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 September 30, 2023)
Assets		
Current assets		
Cash and bank deposits	62,399	58,940
Notes and accounts receivable—trade and contract assets	30,958	30,591
Marketable securities	3,357	3,062
Merchandise and finished goods	4,663	6,120
Work in process	791	1,173
Raw materials and supplies	7,956	8,855
Other current assets	4,112	5,872
Allowance for doubtful accounts	(491)	(500)
Total current assets	113,749	114,116
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	8,597	8,462
Machinery and vehicles (net)	892	855
Tools, furniture and fixtures (net)	2,281	2,546
Land	5,846	5,745
Lease assets (net)	11,153	13,781
Construction in progress	364	424
Total tangible fixed assets	29,135	31,816
Intangible fixed assets		
Goodwill	1,214	2,111
Software	3,194	3,327
Software in progress	702	866
Other	1,729	1,749
Total intangible fixed assets	6,840	8,054
Investments and other assets		
Investment securities	14,974	16,533
Claims in bankruptcy and similar claims	458	466
Fixed leasehold deposits	1,661	1,775
Net defined benefit assets	115	115
Deferred tax assets	2,591	2,060
Other	2,194	2,450
Allowance for doubtful accounts	(470)	(477)
Total investments and other assets	21,525	22,925
Total fixed assets	57,501	62,796
Total assets	171,250	176,912

(Millions of yen)

	FY 2022 (as of March 31, 2023)	FY 2023 (as of September 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	6,138	6,504
Electronically recorded obligations	6,284	6,333
Short-term bank loans	266	228
Lease liabilities	4,150	5,174
Accrued income taxes	3,523	3,108
Accrued bonuses	2,766	2,598
Accrued officers' bonuses	130	-
Other current liabilities	15,252	18,044
Total current liabilities	38,513	41,991
Long-term liabilities		
Lease liabilities	7,791	9,332
Deferred tax liabilities	16	5
Net defined benefit liabilities	2,281	2,325
Provision for stock benefit	357	416
Provision for directors' stock benefit	249	315
Asset retirement obligations	34	34
Other long-term liabilities	367	545
Total long-term liabilities	11,098	12,974
Total liabilities	49,612	54,966
Net assets		
Shareholders' equity		
Common stock	18,239	18,239
Capital surplus	19,293	19,293
Retained earnings	90,133	89,826
Treasury stock	(9,019)	(12,673)
Total shareholders' equity	118,646	114,685
Accumulated other comprehensive income		
Net unrealized gains (losses) on available- for-sale securities	2,237	3,472
Foreign currency translation adjustments	248	3,668
Remeasurements of defined benefit plans	(375)	(315)
Total accumulated other comprehensive income	2,109	6,825
Non-controlling shareholders' interests	882	434
Total net assets	121,638	121,946
Total liabilities and net assets	171,250	176,912

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

Consolidated Quarterly Statements of Income

Second quarter ended September 30, 2023

(Millions of yen)

	FY 2022 (April 1, 2022- September 30, 2022)	FY 2023 (April 1, 2023- September 30, 2023)
Net sales	60,455	70,163
Cost of sales	33,335	38,523
Gross profit	27,120	31,639
Selling, general and administrative expenses		
Selling expenses	19,677	21,667
General and administrative expenses	1,837	1,959
Total selling, general and administrative expenses	21,515	23,627
Operating profit	5,604	8,012
Non-operating profit		
Interest income	107	322
Dividend income	108	121
Insurance income	14	6
Foreign exchange gains	154	82
Equity in earnings of affiliates	74	78
Other	298	187
Total non-operating profit	758	799
Non-operating expenses		
Interest expenses	67	133
Other	51	68
Total non-operating expenses	118	201
Ordinary profit	6,244	8,609
Extraordinary income		
Gain on sale of fixed assets	4	6
Total extraordinary income	4	6
Extraordinary losses		
Loss on disposal of fixed assets	32	55
Loss on sale of fixed assets	-	35
Total extraordinary losses	32	91
Income before income taxes	6,216	8,524
Income taxes	2,488	2,907
Net income	3,728	5,617
Net income attributable to non-controlling shareholders	25	59
Net income attributable to owners of the parent company	3,703	5,557

Consolidated Quarterly Statements of Comprehensive Income
 Second quarter ended September 30, 2023

(Millions of yen)

	FY 2022 (April 1, 2022- September 30, 2022)	FY 2023 (April 1, 2023- September 30, 2023)
Net income	3,728	5,617
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	225	1,229
Foreign currency translation adjustment	4,296	3,443
Remeasurements of defined benefit plans	51	60
Share of other comprehensive income of associates accounted for using equity method	1	1
Total other comprehensive income	4,575	4,734
Comprehensive income	8,303	10,351
(Breakdown)		
Comprehensive income attributable to owners of the parent company	8,181	10,272
Comprehensive income attributable to non-controlling shareholders	122	78

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	FY 2022 (April 1, 2022- September 30, 2022)	FY 2023 (April 1, 2023- September 30, 2023)
Cash flows from operating activities		
Income before income taxes	6,216	8,524
Depreciation and amortization	4,183	4,855
Amortization of goodwill	152	136
Increase (decrease) in net defined benefit liabilities	125	110
Increase (decrease) in provision for stock benefit	70	121
Increase (decrease) in provision for directors' stock benefit	45	66
Increase (decrease) in allowance for doubtful accounts	12	(29)
Interest and dividend revenue	(215)	(444)
Equity in (earnings) losses of affiliates	(74)	(78)
Interest expenses	67	133
Foreign currency translation loss (gain)	(69)	(104)
Loss (gain) on sale of fixed assets	(4)	29
Loss on disposal of fixed assets	32	55
(Increase) decrease in trade notes and accounts receivable and contract assets	4,328	1,402
(Increase) decrease in inventories	(1,937)	(1,822)
Increase (decrease) in trade payables	(761)	142
Increase (decrease) in other current liabilities	825	1,176
Other	(870)	(932)
Subtotal	12,127	13,344
Receipts from interest and dividends	355	598
Interest paid	(77)	(133)
Income taxes paid	(3,330)	(3,462)
Income taxes refunded	8	19
Net cash provided by operating activities	9,085	10,366
Cash flows from investing activities		
Payment for acquisition of securities	(2,000)	(1,950)
Proceeds from redemption of securities	2,100	2,100
Payment for purchase of tangible fixed assets	(964)	(1,605)
Proceeds from sale of tangible fixed assets	9	127
Payment for acquisition of intangible fixed assets	(750)	(1,155)
Payment for acquisition of investment securities	(103)	(303)
Payment for acquisition of subsidiary shares involving change to the scope of consolidation	-	(1,136)
Increase in time deposits	(2,198)	(8,380)
Proceeds from withdrawal of time deposits	2,046	7,191
Other	42	(130)
Net cash used in investing activities	(1,818)	(5,242)

(Millions of yen)

	FY 2022 (April 1, 2022- September 30, 2022)	FY 2023 (April 1, 2023- September 30, 2023)
Cash flows from financing activities		
Repayment for short-term bank loans	(31)	-
Payment for acquisition of treasury stock	(2,478)	(3,716)
Repayments of lease liabilities	(2,618)	(3,475)
Proceeds from sale and leaseback	968	1,005
Dividends paid	(5,200)	(5,863)
Payment of dividends to non-controlling shareholders	(22)	(526)
Cash flows from financing activities	(9,382)	(12,575)
Effect of exchange rate changes on cash and cash equivalents	1,806	1,328
Net increase (decrease) in cash and cash equivalents	(309)	(6,123)
Cash and cash equivalents at the beginning of the year	55,931	55,084
Cash and cash equivalents at end of period	55,621	48,961

(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 795,100 shares of treasury stock. As a result, treasury stock increased by ¥3,653 million in the second quarter of consolidated fiscal year, including an increase due to the purchase of shares less than one unit, and reached ¥12,673 million at the end of the same period.

The 796,484 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.

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 second quarter of the current fiscal year ¥2,275 million, 796,484 shares

Segment Information

[Segment Information]

I. 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

II. Second Quarter of fiscal year 2023 (April 1, 2023 to September 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	52,535	17,628	70,163	—	70,163
Intersegment	—	—	—	—	—
Total	52,535	17,628	70,163	—	70,163
Segment profit (loss)	7,596	2,275	9,871	(1,859)	8,012

Notes: 1. The -¥1,859 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

Significant Subsequent Events

None