FINANCIAL REPORT

April 2019 - March 2020

AMANO Corporation

Business Policies

1. Basic Management Policy

Amano's management philosophy is to create new values and contribute to the realization of a safe, comfortable and a wholesome society in the fields of "People & Time" and "People & Environment."
Under this management philosophy and based on an optimal governance structure that responds to changes in the business environment, we will strive to maximize corporate value by ensuring sustained growth through the creation of new businesses and markets with a medium-to-long term global perspective, in addition to expanding our existing businesses. Furthermore, we will aim to become a company that has the trust and high regard of all the stakeholders including customers, business partner companies, shareholders, employees and the local community by constantly returning a fair profit earned through business activities.

2. Medium-long term business strategy of the company

Amano launched a new Medium-term Business Plan for the three years from April 2020 to March 2023. An outline of the plan is set out below.

[1] Basic Policies

Under the new Medium-term Business Plan, with the Group's management concept of "The 3rd Stage Towards a 100-year Company-Establishing a solid business foundation that leads to sustainable growth," we will address the following two key issues towards achieving the goal of enhancing our corporate value while keeping ESG management in mind and emphasizing the establishment of a business management system that is suitable for the era of globalization and further efforts to ensure thorough compliance as a foundation.

(i) Investments in growth drivers.

In response to the rapidly evolving digital transformation movements, the Company will vigorously push forward with digitalization and the effective use of IT in each business area. In particular, we will invest steadily in growth drivers including strategic investments in software assets, IoT, AI, etc., to realize sustainable growth in sales and profit.
We will also continue our investments in venture companies and startup companies and M&A activities, which started under the 7th Medium-term Business Plan, to establish the sixth core business.

(ii) Establishment of unparalleled competitive advantage based on synergy among the strengths of each business department

After analyzing and grasping the strengths of each business division and Group company all over again, we will execute strategic investments shown in (i) above to further strengthen them, while ensuring synergy among them to further enhance our competitive advantages. In the course of this initiative, the Company will strive to deepen and enhance the customer base that we have developed and to further enhance the product lineup by anticipating market trends.

The target of the new Medium-term Business Plan is the achievement of the "AVERAGE 12% in the 3KPIs."

(1) Operating profit ratio (OPR): Achieve at least 13%
(2) Cash conversion cycle (CCC): Shorten by at least 12%
(3) Return on equity (ROE): Achieve at least 11%

Measures and issues for each region under these basic policies are as follows:

1. Japanese market

In the Japanese market, we will reinforce ties among domestic Group companies and also with other companies outside the Group and strengthen our capacity to provide holistic solutions (which cover hardware, software, and services) across all business fields both qualitatively and quantitatively. We will also promote the "3-in-1 activity" leveraging the strength of direct sales and support. The Group will aim to establish an unparalleled competitive advantage in each business by expanding both flow and stock businesses in a balanced manner through the reinforcement of the relationship with existing customers and the expansion of transactions with new customers.

The Information Systems business will continue to see various labor-related law amendments following the enactment of the bills related to the work style reform in April 2019. Employers are required to keep track of working hours accurately to curb long working hours. In addition, employers are now legally obliged to conduct complex working hour management in response to the introduction of equal pay for equal work and changes in work style due to side jobs, working from outside the office, etc., which creates constant demand for time & attendance management systems to upgrade or rebuild their working hour management systems to ensure legal compliance. Demand for cloud services is also expected to increase as more and more administrative procedures become available electronically.
In response to this market environment, for the small-to-medium sized enterprise (SME) market, we will continue to market holistic solutions with the "TimePro-NX," which is an integrated software package to manage time & attendance, human resource management and payroll, to further increase market share. At the same time, we will strengthen the promotion of the "e-AMANO" cloud service to offer electronic processing of various notifications and declarations that arise in the course of service of an employee from hiring through retirement. For the medium-to-large enterprise market where demand is firm, we will work to strengthen solutions for time & attendance, human resource management, payroll, accounting software, and consulting services by collaborating with CREO CO., LTD., utilizing "TimePro-VG." We will also strengthen our business development efforts around attendance management for teachers, doctors, and the like, which is expected to grow from now on and will maintain and expand the customer base with our one-stop services encompassing hardware, software, services, and cloud to further expand our business portfolio.
The Parking Systems business experienced a decline in parking lot utilization rates amid fluctuating economic trends, however, the market continues to grow driven by new demand arising from the spread of cashless payment and ticketless operations. In addition, there are rising needs to offer solutions to; reduce parking lot management costs, ensure safety and security, heighten environmental considerations, improve user convenience, offer cloud-based services, and provide operational solutions based on ETC technology.
Given these changes in the market environment, we will further strengthen partnerships with major parking lot operators and provide various services through our parking lot data center for small- and medium-sized parking lot operators while improving the functions and operability of system equipment. We will also continue to respond to transitions in the market including the increased demand for parking reservations, the migration towards a sharing economy, and the advancement of self-driving technology. In addition, we will continue to strengthen proposals in the commissioned parking lot management business and strengthen and expand our efforts for facilities such as bicycle parking lots, security gates and toll roads in order to expand our business.
The Environmental Systems business faces weak corporate appetite for capital investment both in Japan and overseas following the rapid deterioration in business sentiment.
Given this market environment, in Japan we will aim to increase the quantity of sales of standard equipment by rolling out new products and deploying existing products to new areas and expand business domains including the pharmaceutical, food, and cosmetics markets, which are less affected by business sentiment. We will also work to strengthen our engineering capabilities and comprehensive sales, including that of peripheral equipment based on energy and labor-saving proposals as well as new service proposals leveraging IoT, by partnering with industrial equipment manufacturers.
In the Clean Systems, while the trend of companies trying to reduce cleaning costs continues, amid the aging of sanitation workers and an increase in the proportion of women among newly hired workers, the need to improve safety and operability of cleaning equipment has been increasing to reduce the burden on these workers. At the same time, the need to maintain building aesthetics at a low cost and demand for cleaning work automation using robot technology have also been increasing.
In response to these market conditions, we will enhance the product lineup to respond to the expansion of the robotic cleaning market, provide various services using communication functions, and work to expand the factory market by introducing cleaning devices. We will also strengthen recurring revenues by means of promoting maintenance contracts and increasing order intake for supplies, which will maintain and expand our customer base. We will also promote comprehensive proposals for commissioned cleaning services and aesthetic maintenance.

2. North American market

In the Parking Systems business, we will aim to achieve full recovery in the financial performance of Amano McGann, Inc. as soon as possible by executing a drastic reform, and at the same time we will continue to expand system sales along with the promotion of new systems. In the Information Systems business, we will strive to expand the business by increasing sales of Accu-Time Systems, Inc.'s time and attendance information terminals and by enhancing cloud-based products. In the Clean Systems business, we will further expand the business of the wooden floor sanding equipment division of Amano Pioneer Eclipse Corporation, and develop new markets and identify new business opportunities. In the Environmental Systems business, Amano Time & Ecology de Mexico S.A. de C.V. will proceed with strategy setting in the North American market including Mexico.

3.European market

In the Information Systems business, we will further enhance our customer base by promoting Horoquartz's workforce management and access control businesses. At the same time, we will aim to expand this business into new countries other than France. In the Parking Systems business, we will strive to expand operations by promoting system equipment sales and developing a commissioned parking lot management business.

4. Asian market

In the Asian region, we will aim to expand Parking Systems operations by strengthening services in the commissioned parking lot management business and by expanding services into new regions. In the Environmental Systems business, we will strengthen our engineering capabilities as well as sales and service systems for Japanese companies operating in Asia by making use of the ties between our Group companies across Asia and our head office in Japan. We will also work to establish a supply chain network in each region.

[2] Numerical targets

Our new three-year Medium-term Business Plan will come into effect from April 2020 until March 2023, in which we are aiming to achieve ¥140.0 billion or higher in net sales and ¥18.5 billion or higher in operating profit by end of March 2023.

(Major assumptions of the numerical targets)

(i) The results for FY2020 (year ending March 31, 2021), which marks the first year of the new Medium-term Business Plan, will be deeply affected by the COVID-19 pandemic. In particular, we expect significant setbacks in the first half of FY2020 as our sales and production activities will be greatly curtailed during the curfew enforced by many Governments. Moreover, we are assuming that full normalization will take time as the pace of post-pandemic recovery will differ by region and country.

(ii) For unconsolidated ACJ, despite some fluctuations in net sales, the Information Systems Business is expected to remain on a growth trend tail winded by the Government driven work style reform initiatives. On the other hand, due to cooling down of Olympic demand, the Parking Systems Business is expected to be slower. Likewise, the Environmental Systems Business is still being affected by the lingering U.S. China trade war. We are expecting the recovery of these two businesses in late 2021 or during the second half of the new Medium-term Business Plan.

(iii) Parking management services of the Parking Business is expected to remain strong both in Japan and abroad and thus firmly positioned as the driver of consolidated growth.

(iv) Amano McGann Inc., of North America, which has suffered from legacy issues, has undergone drastic restructuring and with a new management team in place, the company is expected to improve its profitability from the second half of the FY2020.

Please note that the numerical targets for the new three-year Medium-term Business Plan set out below are tentative at this point. Currently, COVID-19 is causing too many uncertainties hampering realistic future planning, so we intend to review these targets at the end of the first half of this fiscal year (September 2020), at which time, we hope to have a better outlook of the pandemic and the economic recovery trends of each country.

Numerical targets

(Millions of yen)

	FY 2020 (year ending March 2021)		FY 2021 (year ending March 2022)		FY 2022 (year ending March 2023)	
	Amount	YoY (%)	Amount	YoY (%)	Amount	YoY (%)
Net sales	110,000	(17.3)	125,000	13.6	140,000	12.0
Operating profit	7,000	(56.7)	14,000	100.0	18,500	32.1
Operating profit ratio (%)	6.4%	–	11.2%	–	13.2%	–
Ordinary profit	7,800	(53.8)	15,000	92.3	19,500	30.0
Net income attributable to owners of the parent company	6,100	(42.3)	10,000	63.9	13,000	30.0

3. Basic Policy on Distribution of Profits and Payment of Dividends for This Fiscal Year and the Next

Amano places great importance on its policy of paying dividends to shareholders. Its fundamental policy to return profits to shareholders is to make appropriate performance-based distributions and to buy back shares, as it deems necessary. The Company aims to maintain a dividend payout ratio of at least 40% on a consolidated basis, a net asset dividend rate of at least 2.5%, and a Total Return Ratio of at least 55%.

In line with this policy, taking into account our current-year operations results, we plan to pay a year-end dividend of ¥36 per share, and the annual per-share dividend for this fiscal year will be ¥64 (including ¥28 per share paid as the interim dividend), an increase of ¥4 from an ordinary dividend of ¥60 for the previous fiscal year.

Furthermore, in line with the newly adopted target for Total Return Ratio, we plan to pay out a special dividend of ¥20 per share, which, combined with the above annual dividend of ¥64, the total will be ¥84 per share representing an increase of ¥4 compared to last year. As a result, the consolidated payout ratio will be 59.7%, the net asset dividend rate will be 5.8%, and the Total Return Ratio will be 59.7%.

With regard to the dividend for the next fiscal year ending March 31, 2021, in line with our Basic Policy on Distribution of Profits and in view of our outlook for the next fiscal year, we currently aim to pay an annual per-share dividend of ¥40 (with an interim dividend of ¥20 and a year-end dividend of ¥20), although we plan to revise it on a timely basis if necessary depending on our future performance trend. We also intend to achieve the Total Return Ratio target of 55% or above through dividends and flexible use of share buy-back.

Retained earnings will be earmarked to fund effective investment aimed at the fundamental enhancement of the Company's capacity to conduct its business operations. This will include the expansion and strengthening of existing business fields, strategic investment in growth fields, and spending on research and development, as well as the rationalization of production plants and equipment for the purpose of reducing costs and further improving product quality.

H. Tsuda.

Hiroyuki TSUDA
President
Representative Director

Business Performance

General Business Results

Business Results in the Year Ended March 31, 2020

General Business Results for This Fiscal Year

During the consolidated fiscal year under review, the global economy continued its downward trend due to the impact of the US-China trade war. In this situation, the Japanese economy is likely to be increasingly uncertain about the outlook as economic activities are being affected by the new coronavirus pandemic, which started in early 2020, while the manufacturing industry remained stagnant due to a slowdown in exports.

Amid this business environment, the Amano Group set forth the management concept of "The 2nd Stage Towards a 100-year Company—Innovative Creation of Value for Sustainable Growth" in the 7th Medium-term Business Plan launched in April 2017, aiming at achieving growth in Japan, North America, Europe and Asia, respectively. The Amano Group has also been striving to strengthen management practices through cost reduction activities and Amano's work style reform methodology.

As a result of the above, during the fiscal year under review, the Company recorded sales of ¥133,084 million, up by 1.0% year-on-year. Operating profit increased by 6.6% to ¥16,168 million, ordinary profit went up by 4.8% to ¥16,864 million, and net income attributable to owners of the parent company increased by 15.6% to ¥10,567 million, resulting in increases in both sales and profit.

(Main factors behind the business results)

(i) For Amano, on an unconsolidated basis, sales of time & attendance (T&A) management software, which is its mainstay product, remained firm, boosted by the demand generated by "work style reform.".

(ii) In Japan, the Group companies remained firm with the commissioned parking lot management business and cloud service for time & attendance management.

(iii) Overall overseas profits increased as the Group companies in Asia remained favorable and the deficit of Amano McGann, Inc. in North America reduced.

(iv) Amano (unconsolidated) and some of its domestic Group companies faced downward pressure on performance as countermeasures against COVID-19 in Japan began in earnest in March 2020, which is normally a month of high demand.

The following is a breakdown of sales by business division.

Sales by business division

(Unit: Millions of yen)

Category	FY2018 (April 1, 2018–March 31, 2019)		FY2019 (April 1, 2019–March 31, 2020)		Change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	%
Time Information System business:						
Information Systems	29,176	22.2	31,110	23.4	1,934	6.6
Time Management Products	3,609	2.7	3,475	2.6	(133)	(3.7)
Parking Systems	63,879	48.5	65,429	49.2	1,550	2.4
Subtotal	96,665	73.4	100,016	75.2	3,350	3.5
Environment System business:						
Environmental Systems	23,833	18.1	22,432	16.8	(1,401)	(5.9)
Clean Systems	11,213	8.5	10,635	8.0	(578)	(5.2)
Subtotal	35,047	26.6	33,068	24.8	(1,979)	(5.6)
Total	131,713	100.0	133,084	100.0	1,370	1.0

Time Information System business

- Information Systems:
  Time & attendance (T&A), payroll, human-resource management, access control, and cafeteria systems
- Time Management Products:
  Time recorders and time stamps
- Parking Systems:
  Parking and bicycle-parking space management systems, and commissioned parking lot management service

Sales in this business totaled ¥100,016 million, representing an increase of ¥3,350 million (3.5%) year-on-year. The following is a breakdown of sales by business division.

Information Systems
¥31,110 million (up 6.6% year-on-year)

In this business, against the backdrop of the enactment of the bills related to the "work style reform" in April 2019, attention is focused on the future trends of companies' labor management efforts to improve productivity, make full use of diverse human resources, and introduce teleworking, while new statutory requirements, such as the upper limit on working hours, are put into practice one by one.

In response to these market conditions, the Company, being "Amano—active in the area of HR (Human Resources)," added access control and security to the list of its "3-in-1" proposal, comprising time & attendance (T&A), payroll, and human-resource management, thus striving to bolster its 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 ¥2,220 million (27.8%), hardware sales decreased by ¥185 million (4.1%), and sales generated by maintenance contracts and supplies services increased by ¥152 million (3.4%) year-on-year. The increase in software sales was mainly attributable to favorable orders for "TimePro-VG" a piece of software for medium-sized and large businesses, and "TimePro-NX" for small to medium-sized businesses. The decrease in hardware sales was due to a reactionary drop in sales from the previous term's increase in orders from the public and education sectors for projects requiring multiple units. The cloud services developed by Amano Business Solutions Corporation continued to perform strongly.

Overall overseas sales decreased by ¥204 million (down 1.9% year-on-year), as the sales of Accu-Time Systems, Inc. in North America decreased, and the sales of Horoquartz S.A. in Europe also decreased due to the effect of exchange rates.

Time Management Products
¥3,475 million (down 3.7% 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, the Company has been working on expanding sales of its "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 its customer base through the promotion of "User-club," a fee-based service for members.

Overall domestic sales for the current term decreased by ¥60 million (2.0%) year-on-year as increased sales of "TimeP@CK-iC IV CL," which were driven by orders from industries that had traditionally used an attendance book to manage attendance, were offset by decreased sales of standard time recorders.

Overall overseas sales decreased by ¥73 million (down 10.0% year-on-year), as sales in North America and Europe fell while sales in Asia were flat.

Parking Systems
¥65,429 million (up 2.4% year-on-year)

To respond to the increasingly diverse needs of parking lot management in Japan, the Parking Systems business division 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, and making reservations and payments through integration with the Internet.

In response to these market conditions, the Company further strengthened its 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 its parking lot data centers. The Company has also worked to improve the functionality and usability of its system equipment and made efforts to expand into new markets, such as bicycle parking systems, security-gate systems and toll road systems, as well as strengthening proposals for improving parking lot management efficiency and making new proposals for enhancing parking lot services to users.

Domestic sales for the current term were as follows. For Amano, on an unconsolidated basis, while domestic parking equipment sales decreased by ¥137 million (0.7%) due to the effect of the decrease in export projects, despite the increase in projects for management firms, sales generated by maintenance contracts and supplies services increased by ¥57 million (0.6%). Amano Management Service Corporation's commissioned parking lot management business has been steadily expanding with increased sales, and the number of parking spaces under management increased by 24,700 (5.3%) from the end of the previous fiscal year.

Overall overseas sales increased by ¥1,332 million (up 5.8% year-on-year) due to an increase in sales in the Asian region, as the commissioned parking lot management business expanded steadily, particularly in Korea, Hong Kong, and Malaysia, despite a decrease in sales of Amano McGann, Inc. in North America.

Environment System business

- Environmental Systems:
  Standard dust collectors, large dust collection systems, pneumatic powder conveyance systems, high-temperature hazardous-gas removal systems, and deodorization systems
- Clean Systems:
  Cleaning equipment, dry-care cleaning systems, cleaning management services, and electrolytic water generators

The sales in this business totaled ¥33,068 million, down by ¥1,979 million (5.6%) year-on-year. The following is a breakdown of sales by business division.

Environmental Systems
¥22,432 million (down 5.9% year-on-year)

This business is facing an increasingly uncertain business environment outlook due to concerns about global economic slowdown on the back of the new coronavirus pandemic on top of the effect of U.S.-China trade friction, although investments for energy and labor saving remained firm in Japan.

In this market environment, the Company's domestic strategy focused on capitalizing the demand for its standard equipment by strengthening proposals, mainly targeting companies related to machine tools, electronic parts and automobiles, while seeking to win additional orders from customers in the pharmaceutical, foods and cosmetics markets. Meanwhile, the Company enhanced cooperation with its overseas Group companies, reinforced its platforms for engineering, sales and services. Furthermore, the Company endeavored to achieve greater cost competitiveness by expanding its 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 decreased by ¥402 million (5.0%), sales of large-scale systems decreased by ¥351 million (5.6%) and sales generated by maintenance contracts and supplies services decreased by ¥973 million (18.9%) year-on-year.

Overall overseas sales increased by ¥64 million (up 1.5% year-on-year) due to sales increases in Asia, mainly led by China and Thailand.

Clean Systems
¥10,635 million (down 5.2% year-on-year)

In Clean Systems, while the trend of companies trying to reduce cleaning costs continues domestically amid a shortage of sanitary workers in the building maintenance industry, needs for 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 robotic scrubber "EGrobo" and promoted the new automatic floor scrubbers "EG series" along with the compact cordless polishers which feature improved safety and usability.

For this fiscal year, overall domestic sales of cleaning equipment decreased by ¥117 million (5.2%) and domestic sales generated by maintenance contracts and supplies services decreased by ¥2 million (0.1%) year-on-year despite an increase in sales of cleaning robots as sales of other equipment were weak.

Overall overseas sales decreased by ¥453 million (down 8.0% year-on-year), as sales in North America fell.

General Financial Condition for This Fiscal Year

(i) Assets, liabilities, and net assets

Total assets amounted to ¥154,276 million (up ¥6,667 million from the previous consolidated fiscal year-end).

- Current assets: an increase of ¥5,009 million due to an increase in cash and bank deposits, etc.

- Fixed assets: an increase of ¥1,658 million due to an increase in lease assets (net), etc.

Total liabilities amounted to ¥44,798 million (up ¥3,781 million from the previous consolidated fiscal year-end).

- Current liabilities: an increase of ¥1,094 million due to an increase in lease obligations, etc.
- Long-term liabilities: an increase of ¥2,686 million due to an increase in lease obligations, etc.

Net assets amounted to ¥109,478 million (up ¥2,886 million from the previous consolidated fiscal year-end).

- Shareholders' equity: an increase of ¥4,334 million due to posting of net income attributable to owners of the parent company, etc.
- Accumulated other comprehensive income: a decrease of ¥1,600 million due to decreases in net unrealized gains (losses) on available-for-sale securities and foreign currency translation adjustments, etc.

Summary of Cash Flows for This Fiscal Year

Consolidated cash and cash equivalents increased by ¥9,647 million from the previous fiscal year-end to a total of ¥52,134 million as of March 31, 2020. The status of each type of cash flow at year-end and the underlying factors are as follows.

Net cash provided by operating activities totaled ¥23,211 million (an increase in income of ¥7,491 million year-on-year).

- Main income factors:

  Posting of income before income taxes amounting to ¥16,282 million and posting of depreciation and amortization amounting to ¥7,310 million.

  Posting of a decrease in trade notes and accounts receivable amounting to ¥3,727 million.

- Main expenditure factors:

  Posting of income taxes paid amounting to ¥5,114 million and posting of a decrease in trade payables amounting to ¥1,148 million.

  Net cash used in investing activities totaled −¥5,706 million (a decrease in cash outflow of ¥427 million year-on-year).

- Main income factors:

  Posting of proceeds from withdrawal of time deposits amounting to ¥3,720 million and posting of proceeds from redemption of securities amounting to ¥2,000 million.

- Main expenditure factors:

  Posting of increase in time deposits amounting to ¥4,090 million and posting of payment for purchase of tangible fixed assets amounting to ¥3,135 million.

  Posting of payment for acquisition of intangible fixed assets amounting to ¥2,033 million and posting of payment for acquisition of securities amounting to ¥2,000 million.

Net cash used in financing activities amounted to −¥7,741 million (an increase in cash outflow of ¥940 million year-on-year).

- Main income factors:

  Posting of proceeds from sale and leaseback amounting to ¥1,215 million.

- Main expenditure factors:

  Posting of dividends paid amounting to ¥6,228 million and posting of repayments of lease obligations amounting to ¥2,891 million.

Future Outlook

In the next fiscal year ending March 31, 2021, the global economy will likely continue its downward trend due to the impact of the US-China trade war. In this situation, Japanese manufacturing industry is expected to remain stagnant due to slow exports. In addition, the outlook of the Japanese economy will become increasingly uncertain due to the effects caused by COVID-19 pandemic which became eminent in early 2020.

Amid this business environment, Amano Corporation and its Group companies will set "The 3rd Stage Towards a 100-year Company-Establishing a solid business foundation that leads to sustainable growth " as its management concept and work to address key issues in the new Medium-term Business Plan described in "Business Policies" on page 1 with a view to maximizing the corporate value of Amano Corporation.

For the next fiscal year ending March 31, 2021, we forecast net sales at ¥110,000 million, operating profit at ¥7,000 million, ordinary profit at ¥7,800 million and net income attributable to parent company shareholders at ¥6,100 million. For details, please refer to [2] Numerical targets indicated on page 3, in "Business Policies". Furthermore, this forecast assumes the currency exchange rates of ¥105 to the US dollar and ¥115 to the euro.

Our responses to the outbreak of COVID-19 are as follows:

With emphasis on the safety and health of our employees Amano Corporation and its domestic group companies have adopted flexible work programs such as telework (work from home), flextime, and office work shifts.

Overseas group companies are responding in accordance with the enforcements issued by their respective local authorities. For areas under "stay-home" orders, employees are working from home.

As for our factory operations, domestic factory workers are working in shifts to maintain minimum operations. On the other hand, U.S. factories are operating in accordance with the enforcements issued by their respective state authorities and has stopped production of certain items. Other permitted items are in production either normally or by minimum staffing.

Although we have reflected the effects of COVID-19 in our full-year forecast as much as possible, we intend to disclose appropriately according to the future changes in the situation.

Operating and Other Risk Factors

Matters relating to the qualitative information contained in these summary financial statements and relating to the consolidated financial statements that could be envisaged as having a possible material impact on investors are described below.

Every effort, including the establishment of various internal committees such as Compliance Committee and Risk Management Committee, are made to identify factors that may now or in the future pose a risk to the undertaking of business by the Amano Group, and these risk factors are then eliminated or otherwise managed in the course of business. The activities of each committee are reported to the Representative Director as appropriate and to the Board of Directors as necessary. The outline of each committee is available for inspection on the website of the Company.(https://www.amano.co.jp/corp/governance.html)

Forward-Looking statements are current as of the date of release of these financial result (April 24,2020)

(i) Impact on earnings due to changes in the business environment

The Amano Group uses the unique technologies and know-how it has accumulated to provide customers with high-quality products, services and solutions, thereby gaining large market shares in each sphere of business in Japan, North America, Europe, and Asia, and developing its business globally.

In the year ended March 31, 2020, the Time Information System business accounted for 75.2% of total sales, and the Environment System business accounted for 24.8%. Before the deduction of unallocated expenses, the Time Information System business contributed 76.6% to operating profit, while the Environment System business contributed 23.4%. In terms of weighted average sales over the last five years, the Time Information System business accounted for 73.2% of total sales and 72.6% of operating profit.

One future risk factor is that if market expansion is forecast for a business activity within the Time Information System business segment (which accounts for a large proportion of the Group's business) for such reasons as a significant change in the demand structure or the creation of a new market, entities in other industries or other powerful competitors may be tempted to enter the market. In such an event, if a competitor were to enter with innovative products or solutions that surpass Amano's, the Amano Group's market advantage would decline, which may have a material impact on its business performance.

As part of its efforts to prepare for these risks, the Amano Group works to develop competitive products on an ongoing basis and strives to further strengthen support systems, engaging in business activities to maintain and improve its competitive advantage in each business by strengthening the relationship with existing customers and expanding transactions with new customers.

(ii) Fluctuations in exchange rates

The Group engages in business activities on a global scale and has production and sales bases overseas. In view of this, the Group's business results may be impacted by fluctuations in exchange rates when the proceeds for overseas transactions are converted into yen.

As precautionary measures against such a risk, the Group strives to reduce it by considering entering into, for example, forward exchange contracts as necessary.

(iii) Information security

In the course of providing system solutions and developing cloud business services (e.g., ASP, SaaS, and hosting services), the Amano Group handles confidential information, such as personal information concerning, or provided by customers. The occurrence of an unforeseen situation such as a cyberattack that results in loss or leakage of confidential or personal information as described above could have an adverse material impact on the Group's business performance due to factors such as loss of confidence.

As precautionary measures against such a risk, the Group has established an Information Security Management Committee to strengthen and ensure thorough implementation of security control measures based on the "Information Security Management Rules." More specifically, we have implemented measures to prevent the leakage of confidential information based on the encryption of hard disks and external storage media and are providing regular employee education using e-learning. The Company received the PrivacyMark certification in February 2014 and makes every effort in the area of information security, including the supervision of subcontractors and thorough compliance with internal regulations. European subsidiaries of the Company are also working to reduce risk by, for example, implementing adequate measures regarding the EU General Data Protection Regulation (GDPR) enacted in May 2018, taking into consideration the guidance of local experts.

(iv) Natural disasters and infectious diseases

Natural disasters, such as large-scale earthquakes and windstorms, floods, etc., caused by climate change on a global scale, are occurring more and more frequently, and in the event of a natural disaster, the Group may sustain damage to human lives or its property, such as the destruction of sales business sites and production bases. In the event of an outbreak of an infectious disease that makes it difficult for employees to continue to work, the Group may temporarily lose the ability to continue to perform its operating activities.

As precautionary measures against such risks, the Group has put in place measures to ascertain and ensure the safety of employees by introducing an emergency contact network and safety confirmation systems, as well as requiring employees to always carry an emergency contact card to prepare for any disaster. In addition, the Group is moving its file servers and other equipment to external data centers and is improving the environment to facilitate working from home to ensure business continuity. Other necessary measures that we have taken to reduce risk include the establishment of the protocol for the establishment of the disaster control headquarters in the event of an emergency.

(v) Overseas business development

The Amano Group has been developing its business globally in Japan, North America, Europe, and Asia. Therefore, there is a possibility that a situation may arise in which business operations are disrupted due to the application of unique laws, ordinances, or regulations or social disorder due to political disturbances, war, or terrorism, etc. in countries or regions where the Group conducts business, which may adversely impact the Group's business performance.

In order to be ready for these risks, the Group collects information on the situation in the countries and regions in which it operates on an ongoing basis before any emergency occurs. The Group also holds quarterly meetings of the Global Strategy Conference at which top management directly ascertains the situation and gives instructions to reduce risk. In the event that various risks are materialized, the Group will grasp the situation quickly by sharing and exchanging information with overseas Group companies.

Reference: Trend of cash flow indicators

	As of Mar. 31, 2016	As of Mar. 31, 2017	As of Mar. 31, 2018	As of Mar. 31, 2019	As of Mar. 31, 2020
Equity ratio (%)	69.5	71.8	72.3	71.8	70.5
Fair value equity ratio (%)	99.4	122.6	150.1	132.5	116.1
Ratio of cash flow to interest-bearing liabilities (%)	25.5	16.0	11.2	14.0	27.1
Interest coverage ratio	292.2	447.8	483.5	539.4	227.9

Notes : Equity ratio: Equity capital/Total assets
Fair value equity ratio: Gross market capitalization/Total assets
Ratio of cash flow to interest-bearing liabilities: Interest-bearing liabilities/Cash flow from operating activities
Interest coverage ratio: Cash flow from operating activities/Interest payments

Assumptions

* All indicators are calculated on the basis of consolidated financial values.
* Gross market capitalization is calculated by multiplying the closing price of the Company's shares at the year-end by the number of shares of common stock issued and outstanding at the year-end (less treasury stock).
* The term "cash flow from operating activities" refers to cash flow from operating activities posted under the consolidated statements of cash flows. The term "interest-bearing liabilities" refers to those liabilities stated in the consolidated balance sheets on which interest is paid. Interest payments equate with the interest paid recorded in the consolidated statements of cash flows

Domestic Marketing

Parking Systems

First domestic airport ever to utilize Electronic Toll Collection System (ETC) for parking (entry & exit) and automatic payment!

Amano participated in a project "Introduction of ETC multipurpose service" at the Osaka International Airport parking lot

In December 2019, for the first time at a domestic airport, the ETC multipurpose service was introduced at the Osaka International Airport parking lot "South-end reservation parking lot". Amano, as a member of five companies involved in the implementation, was in charge of the ETC payment and the parking reservation system. By utilizing the network-type ETC technology, the parking entry & exit gates open and close automatically by responding to the user's ETC card information that was provided during the advance reservation over the Web, enabling smooth ticketless entry and exit. Since payment is automatic with the registered credit card, it is cashless, enabling smarter exit.

Currently, it is operated for limited parking customers, but in the future we aim to expand to all customers who use the Osaka International Airport parking lot. Going forward, we will continue to contribute to efforts to pursue the convenience of parking lot users and facility-related personnel, and aim to expand our business.

Clean Systems

The robotic floor scrubber "EGrobo" is now operational at a new next-generation train station, the Takanawa Gateway Station (JR East)!

JR East's new train station The "Takanawa Gateway Station" (Minato-ku, Tokyo) opened on March 14, 2020. This new station is known as the next-generation train station as it actively implements the use of various robots such as passenger guidance, security patrols and floor cleaning. Amano's EGrobo was selected for the floor cleaning.

EGrobo cleans the vast floors of the station premises during the night allowing the cleaning staff to concentrate on other cleaning tasks, such as restrooms, which are not suitable for robots. Such segregation of tasks is helping to improve the overall efficiency of cleaning work.

The introduction of EGrobo is gradually expanding to stations, airports, and commercial facilities, and the number of companies considering the introduction of robotic cleaners is increasing year by year due to the aging of cleaning staff and the lack of manpower. Going forward, we will continue to proactively work to expand the market so that cleaning robots can become a pillar of our clean system business.

Growing expectations for "Hypochlorous acid water generator" and "digital time stamp" living under the "new lifestyle" post COVID-19

The COVID-19 pandemic since the beginning of 2020 continues to threaten our well being and we must still remain cautious. Japan is no exception. Amid the severe situation where business activities cannot be performed as planned, companies have adopted telework and staggered work as measure for social distancing. In addition, workplace hygiene has also been strengthened by promoting frequent hand washing and disinfection. Telework has increased the traffic of various digitized documents, which has led to formalization issues. As we combat COVID-19, it is said that we are currently in a transitional phase to a "new lifestyle" with different norms, and as such, the "hypochlorous acid water generator" and the "digital time stamps" are drawing attention.

The hypochlorous acid water generator is a device that electrolyzes salt water to generate biologically safe water for sterilization, and we have received orders and inquiries from a wide range of industries including nurseries and nursing homes for the elderly.

Amano Secure Japan Corporation, a domestic group company engaged in the digital time stamp business, already has several thousand corporate users. Digital time stamps originated in the private sector as a means to certify certain documents related to national tax and to ensure its reliability of this private certification system, it is operated in accordance with the guidelines set out by the Japan Data Communications Association (JADAC). But amid the rapid implementation of telework and remote work, the demand for exchanging digitized documents over the internet is growing, which is accelerating the movement to convert the system to a national certification system. Digital time stamps play a major role in authenticating important documents and certifying that they have not been tampered with, so in light of this growing demand, we will strengthen our business activities to further promote its use.

At present, the products and services are still small in scale, but we will contribute to the corporate activities toward economic revitalization and nurture these offerings as a new business domain.

Digital time stamps

Hypochlorous acid water generator

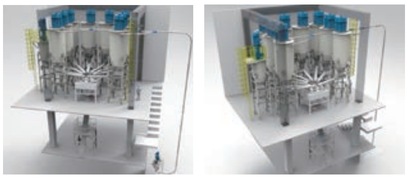
Amano Group Companies

Amano International Trading (Shanghai) Co., Ltd

New introduction of design software tools may facilitate visualization of each step of presentation to customers, arrangements for manufacturing and installation, and trial run.

Now that China is the world's biggest manufacturer of automobiles, almost all the Japanese tire manufacturers have already set up local manufacturing plants in China. We, Amano International Trade (Shanghai) Co., Ltd., which is a subsidiary 100% owned by Amano corporation, have successfully delivered pneumatic conveying systems to such tire plants for several years, other than dust-collectors and industrial cleaners which are our main products. In the past we sometimes faced difficulties in making adjustments to meet the request from our customers and/or contractors in each process of designing, installation, and trial run. However, the recent introduction of a new 3-D software design system can make our presentation to the customers more attractive and easier to be understood by visual aids.

This system is applicable not only to installation and incidental construction, but also to maintenance services to be followed, and therefore it takes customers' hearts and minds.

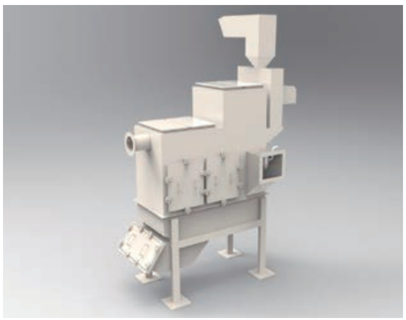


A pneumatic conveying system we delivered with inspection to a certain Japanese tire manufacturer in 2019

In a trend that regulations on environments and safe manufacturing are strengthened in China, we can also use the 3-D software technology in a remodeling proposal for existing environmental equipment, whereby we can put complicated details of the equipment into a clear picture and visualize the planned remodeling area. Thus, we can win high appreciation from both customers and safety supervising regulators.

A figure in our proposal of modification of existing dust-collecting and pneumatic conveying system

We currently plan to expand the local manufacturing base for environmental products to be a winner in the Chinese market. With the introduction of this 3-D software system, we hope we will be able to shorten the lead time from design to production even in response to rapidly-changing requests from customers for product specifications. On top of that, we will have better control on Quality, Cost, and Delivery (or QCD).



A figure of large dust-collecting system (wet type) locally manufactured and successfully delivered to a certain Japanese battery manufacturer for EV (or Electric Vehicle)

Amano Korea Corporation

AKC On-road parking system

AKC developed an unmanned operation system for on-road parking lots that has received much attention from government offices and local governments in the Republic of Korea. This unmanned operation system for on-road parking lots is characterized by a built-in-camera installed by a parking space which recognizes the number plate and an unmanned machine that calculates parking fees. This unmanned operation system is also characterized by a QR code attached which calculates parking fees without having to move to the unmanned fee calculation machine.

Due to rising maintenance cost from a rise in labor cost by the Korean government's policy on minimum wages and aggravating working conditions outdoors by fine dust, the unmanned operation system for on-road parking lots has received much attention from several government offices and local governments since 2019.

In November 2019, a total of 219 unmanned operation systems were installed in six on-road parking lots in Hwaseong city in Gyeonggi province. A total of 173 unmanned operation systems were installed in three on-road parking lots in Gangnam-gu in Seoul.

A machine recognizing number plates installed on a road in Apgujeong-dong in Gangnam-gu in Seoul

Residents of Gangnam-gu in Seoul and Hwaseong city in Gyeonggi province said that the parking fee calculation system installed at an on-road parking lot set up in 2019 is very convenient. Based on such favorable response from residents, Gangnam-gu plans to install 137 unmanned operation systems in three on-road parking lots in 2020. Hwaseong city plans to install 206 unmanned operation systems in six on-road parking lots.

Several local governments have shown lots of interest in the unmanned operation system. A total of 104 unmanned operation systems will be installed at six on-road parking lots in four regions in the first half of 2020. More unmanned operation systems are expected to be installed in the second half of 2020.

The reason that local governments introduce unmanned operation systems is convenient parking fee calculation and reduced labor and maintenance costs despite high installation expenses.

Amano Software Engineering (Shanghai) Co., Ltd

AITS and ASE jointly developed the AS-7900 central pay station.

The system is linked to a license plate recognition system, which enables fee calculation by entering a vehicle number. QR codes tickets are also supported.

The payment methods include smartphone payment (Alipay, WeChat Pay, UnionPay), UnionPay QuickPass, and cash to meet the needs of the Chinese market.

A large 32-inch LCD touch panel improves visibility and ease of use. In addition to displaying parking lot guides, shop guides and advertisements by utilizing the large screen in the future, it will also be possible to provide more convenient services such as confirmation of parking locations and guidance on available spaces in conjunction with a parking location confirmation system.

We are also considering upgrading the system with an electronic invoice issuing function in the future.

Vehicle number input screen
It is possible to search a vehicle by entering up to 4 digits of the vehicle number.

Vehicle confirmation screen
An image of the vehicle taken at the entry is displayed. Proceed with the payment process if no errors are confirmed

Payment method selection screen
Payment method can be chosen from smart phone payment, cash, or UnionPay QuickPass.

AMANO Corporation and Subsidiaries

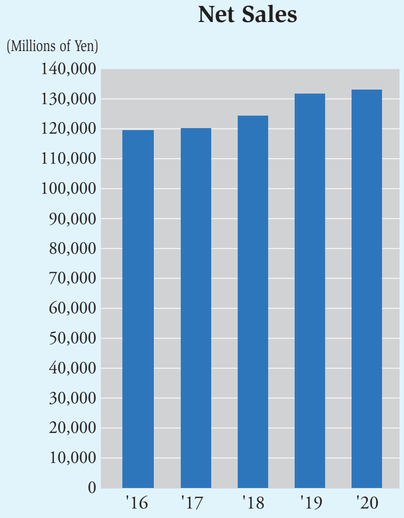
Financial Highlights

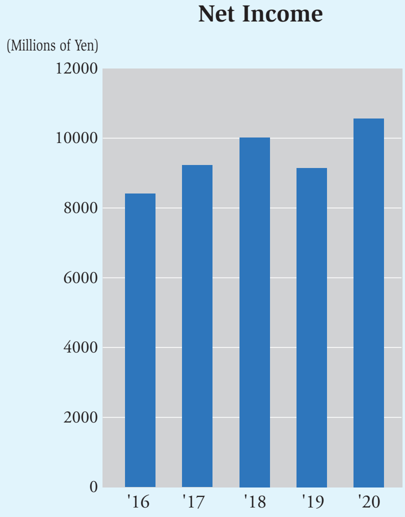
For the year ended March 31, 2020

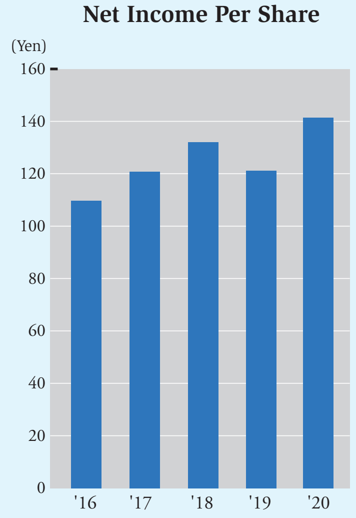
Yen in millions and U.S. dollars in thousands, except per share amounts
- See Note 4 to the Consolidated Financial Statements.

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
For the years ended March 31:			
Net sales	**¥133,084**	¥131,713	**$1,220,958**
Net income	**10,567**	9,142	**96,945**
Per share data (Yen and U.S. Dollars):			
Net income per share (Basic)	**¥141.40**	¥121.17	**$1.297**
Cash dividends per common share	**84.00**	80.00	**0.771**
At March 31:			
Total assets	**¥154,276**	¥147,609	**$1,415,385**
Working capital	**63,794**	59,879	**585,272**
Total net assets	**109,478**	106,592	**1,004,392**
Sales by product:			
Time information systems	**¥31,110**	¥29,176	**$285,416**
Time management equipment	**3,475**	3,609	**31,889**
Parking systems	**65,429**	63,879	**600,275**
Environmental systems	**22,432**	23,833	**205,805**
Cleaning systems	**10,635**	11,213	**97,574**

Note: U.S. dollar amounts have been translated at the rate of ¥109 = US $1, the rate prevailing on March 31, 2020.
- See Note 4 to the Consolidated Financial Statements.







AMANO Corporation and Subsidiaries

Consolidated Balance Sheet

As at March 31, 2020

	Millions of Yen		Thousands of U.S.dollars (Note 4)
ASSETS	**2020**	2019	**2020**
Current assets:			
Cash and bank deposits (Notes 6, 16 and 18)	**¥54,973**	¥45,558	**$504,342**
Marketable securities (Notes 16 and 18)	**1,743**	1,184	**15,998**
Notes and accounts receivable:			
Trade (Notes 7 and 18)	**31,392**	35,367	**288,009**
Less allowance for doubtful accounts	**(321)**	(476)	**(2,950)**
	31,071	34,890	**285,059**
Inventories:			
Merchandise and finished goods	**4,282**	4,381	**39,289**
Work in process	**622**	767	**5,712**
Raw materials and supplies	**4,796**	5,036	**44,005**
Other current assets	**2,968**	3,630	**27,234**
Total current assets	**100,458**	95,449	**921,641**
Property, plant and equipment, at cost:			
Buildings and structures	**28,977**	28,599	**265,846**
Machinery and equipment	**22,235**	21,638	**203,998**
Leased assets (Note 17)	**10,800**	5,883	**99,090**
	62,013	56,121	**568,934**
Less accumulated depreciation	**(42,313)**	(40,371)	**(388,198)**
	19,700	15,749	**180,735**
Land	**5,922**	6,125	**54,334**
Construction in progress	**446**	236	**4,101**
Total property, plant and equipment	**26,069**	22,111	**239,170**
Intangible fixed assets :			
Goodwill	**1,918**	2,734	**17,597**
Software	**4,752**	4,552	**43,601**
Software in progress	**1,118**	1,985	**10,266**
Other intangible fixed assets	**3,150**	3,510	**28,900**
Total intangible fixed assets	**10,939**	12,782	**100,363**
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates (Notes 5 and 18)	**2,078**	1,947	**19,071**
Investments in securities (Note 18)	**6,803**	8,153	**62,421**
Leasehold and guarantee deposits	**1,550**	1,420	**14,221**
Deferred tax assets (Note 20)	**3,086**	2,320	**28,313**
Other assets	**3,952**	3,933	**36,263**
Less allowance for doubtful accounts	**(662)**	(509)	**(6,078)**
Total investments and other assets	**16,809**	17,266	**154,211**
Total assets	**¥154,276**	¥147,609	**$1,415,385**

LIABILITIES AND NET ASSETS	Millions of Yen 2020	2019	Thousands of U.S.dollars (Note 4) 2020
Current liabilities:			
Trade notes and accounts payable (Note 18)	**¥6,210**	¥7,264	**$56,979**
Electronically recorded monetary claims (Note 18)	**6,845**	7,015	**62,804**
Short-term bank loans	**678**	463	**6,225**
Lease obligations (Notes 17 and 18)	**2,641**	1,105	**24,236**
Accrued bonuses for employees	**2,842**	2,531	**26,077**
Accrued bonuses for directors	**130**	130	**1,193**
Accrued income taxes	**3,711**	3,135	**34,047**
Other current liabilities	**13,604**	13,924	**124,810**
Total current liabilities	**36,664**	35,569	**336,369**
Long-term liabilities:			
Liability for retirement benefits (Note 19)	**2,736**	2,478	**25,106**
Long-term accounts payable	**0**	1	**1**
Lease obligations (Notes 17 and 18)	**4,495**	2,354	**41,246**
Deferred tax liabilities (Note 20)	**136**	43	**1,252**
Asset retirement obligations	**32**	32	**300**
Other long-term liabilities	**732**	536	**6,719**
Total long-term liabilities	**8,134**	5,447	**74,625**
Total liabilities	**44,798**	41,017	**410,993**
Net assets (Notes 14 and 15):			
Shareholders' equity:			
Common stock			
Authorized - 185,476,000 shares			
Issued:			
March 31, 2020 and 2019 - 76,657,829 shares			
in 2020 and 2019	**18,239**	18,239	**167,336**
Capital surplus	**19,293**	19,293	**177,001**
Retained earnings	**80,204**	75,866	**735,821**
Treasury stock at cost, 1,925,901 shares in 2020			
and 1,924,625 shares in 2019	**(4,224)**	(4,220)	**(38,756)**
	113,512	109,178	**1,041,401**
Accumulated other comprehensive income:			
Net unrealized gains (losses) on other securities	**1,025**	1,921	**9,406**
Foreign currency translation adjustments	**(4,781)**	(4,189)	**(43,864)**
Retirement benefits liability adjustments	**(1,061)**	(948)	**(9,736)**
	(4,817)	(3,216)	**(44,194)**
Non-controlling interests in consolidated subsidiaries	**783**	630	**7,185**
Total net assets	**109,478**	106,592	**1,004,392**
Total liabilities and net assets	**¥154,276**	¥147,609	**$1,415,385**

The accompanying notes are an integral part of these statements.

AMANO Corporation and Subsidiaries

Consolidated Statement of Income, and Consolidated Statement of Comprehensive Income

For the year ended March 31, 2020

Consolidated Statement of Income

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Net sales	**¥133,084**	¥131,713	**$1,220,958**
Cost of sales (Note 9)	**73,362**	73,467	**673,053**
Gross profit	**59,721**	58,246	**547,904**
Selling, general and administrative expenses (Notes 8 and 9)	**43,552**	43,084	**399,566**
Operating income	**16,168**	15,161	**148,339**
Other income (expenses):			
Interest and dividend income	**385**	345	**3,533**
Interest expense	**(102)**	(29)	**(936)**
Equity in earnings of affiliates	**198**	201	**1,821**
Foreign exchange gain (loss)	**(93)**	(15)	**(855)**
Gain on sale of fixed assets	**5**	25	**50**
Loss on disposal of fixed assets (Note 10)	**(39)**	(26)	**(365)**
Loss on sale of fixed assets (Note 11)	**(194)**	(1,145)	**(1,784)**
Gain on sale of investments in securities (Note 18)	**–**	141	**–**
Impairment loss on fixed assets (Note 12)	**(198)**	(220)	**(1,817)**
Other, net	**151**	396	**1,393**
Income before income taxes and non-controlling interests	**16,282**	14,834	**149,379**
Income taxes (Note 20):			
Current	**5,790**	5,126	**53,128**
Deferred	**(241)**	423	**(2,212)**
Income before non-controlling interests	**10,732**	9,284	**98,463**
Non-controlling interests in net income of consolidated subsidiaries	**(165)**	(142)	**(1,518)**
Net income	**¥10,567**	¥9,142	**$96,945**

Consolidated Statement of Comprehensive Income

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Income before non-controlling interests	**¥10,732**	¥9,284	**$98,463**
Other comprehensive income (loss) (Note 13):			
Net unrealized gains (losses) on other securities	**(894)**	(303)	**(8,208)**
Translation adjustments	**(548)**	(1,201)	**(5,028)**
Retirement benefits liability adjustments	**(112)**	(30)	**(1,030)**
Share of other comprehensive income (loss) of companies accounted for by the equity method	**0**	0	**0**
Total other comprehensive income (loss)	**(1,554)**	(1,535)	**(14,266)**
Comprehensive income	**¥9,177**	¥7,748	**$84,197**
Total comprehensive income attributable to:			
Shareholders of the Company	**¥8,966**	¥7,615	**$82,264**
Non-controlling interests	**¥210**	¥133	**$1,933**

The accompanying notes are an integral part of these statements.

AMANO Corporation and Subsidiaries

Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2020

Millions of Yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2019	¥18,239	¥19,293	¥75,866	(¥4,220)	¥109,178
Cumulative effect of change in accounting principle			0		0
Restated balance at April 1, 2019	18,239	19,293	75,866	(4,220)	109,178
Changes during the year					
Dividends from surplus			(6,228)		(6,228)
Officers' bonuses by appropriation of retained earnings			0		0
Net income			10,567		10,567
Purchase of treasury stock				(3)	(3)
Net changes in items other than shareholders' equity					
Total changes during the year	–	–	4,338	(3)	4,334
Balance at March 31, 2020	¥18,239	¥19,293	¥80,204	(¥4,224)	¥113,512

	Accumulated other comprehensive income				Non-controlling interests in consolidated subsidiaries	Total net assets
	Net unrealized gains (losses) on other securities	Foreign currency translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income (loss)		
Balance at April 1, 2019	¥1,921	(¥4,189)	(¥948)	(¥3,216)	¥630	¥106,592
Cumulative effect of change in accounting principle						0
Restated balance at April 1, 2019	1,921	(4,189)	(948)	(3,216)	630	106,592
Changes during the year						
Dividends from surplus						(6,228)
Net income						10,567
Purchase of treasury stock						(3)
Net changes in items other than shareholders' equity	(896)	(591)	(112)	(1,600)	152	(1,447)
Total changes during the year	(896)	(591)	(112)	(1,600)	152	2,886
Balance at March 31, 2020	¥1,025	(¥4,781)	(¥1,061)	(¥4,817)	¥783	¥109,478

Thousands of U.S. dollars (Note 4)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2019	$167,336	$177,001	$696,022	($38,721)	$1,001,638
Cumulative effect of change in accounting principle			0		0
Restated balance at April 1, 2019	167,336	177,001	696,022	(38,721)	1,001,638
Changes during the year					
Dividends from surplus			(57,146)		(57,146)
Net income			96,945		96,945
Purchase of treasury stock				(35)	(35)
Net changes in items other than shareholders' equity					
Total changes during the year	–	–	39,799	(35)	39,764
Balance at March 31, 2020	$167,336	$177,001	$735,821	($38,756)	$1,041,401

	Accumulated other comprehensive income				Non-controlling interests in consolidated subsidiaries	Total net assets
	Net unrealized gains (losses) on other securities	Foreign currency translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income (loss)		
Balance at April 1, 2019	$17,630	($38,438)	($8,705)	($29,513)	$5,786	$977,910
Cumulative effect of change in accounting principle						0
Restated balance at April 1, 2019	17,630	(38,438)	(8,705)	(29,513)	5,786	977,911
Changes during the year						
Dividends from surplus						(57,146)
Net income						96,945
Purchase of treasury stock						(35)
Net changes in items other than shareholders' equity	(8,224)	(5,426)	(1,030)	(14,681)	1,398	(13,282)
Total changes during the year	(8,224)	(5,426)	(1,030)	(14,681)	1,398	26,482
Balance at March 31, 2020	$9,406	($43,864)	($9,736)	($44,194)	$7,185	$1,004,392

Millions of Yen

	Shareholders’ equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders’ equity
Balance at April 1, 2018	¥18,239	¥19,293	¥71,140	(¥1,892)	¥106,780
Cumulative effect of change in accounting principle			70		70
Restated balance at April 1, 2018	18,239	19,293	71,211	(1,892)	106,851
Changes during the year					
Dividends from surplus			(4,486)		(4,486)
Net income			9,142		9,142
Purchase of treasury stock				(2,328)	(2,328)
Net changes in items other than shareholders' equity					
Total changes during the year	–	–	4,655	(2,328)	2,326
Balance at March 31, 2019	¥18,239	¥19,293	¥75,866	(¥4,220)	¥109,178

	Accumulated other comprehensive income				Non-controlling interests in consolidated subsidiaries	Total net assets
	Net unrealized gains (losses) on other securities	Foreign currency translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income (loss)		
Balance at April 1, 2018	¥2,225	(¥2,997)	(¥917)	(¥1,689)	¥543	¥105,634
Cumulative effect of change in accounting principle						70
Restated balance at April 1, 2018	2,225	(2,997)	(917)	(1,689)	543	105,705
Changes during the year						
Dividends from surplus						(4,486)
Net income						9,142
Purchase of treasury stock						(2,328)
Net changes in items other than shareholders' equity	(303)	(1,192)	(30)	(1,527)	87	(1,439)
Total changes during the year	(303)	(1,192)	(30)	(1,527)	87	886
Balance at March 31, 2019	¥1,921	(¥4,189)	(¥948)	(¥3,216)	¥630	¥106,592

The accompanying notes are an integral part of these statements.

AMANO Corporation and Subsidiaries

Consolidated Statement of Cash Flows

For the year ended March 31, 2020

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Cash Flows from Operating Activities:			
Income before income taxes and non-controlling interests	**¥16,282**	¥14,834	**$149,379**
Depreciation and amortization	**7,310**	5,849	**67,070**
Amortization of goodwill	**547**	545	**5,020**
Impairment loss on fixed assets	**198**	220	**1,817**
Increase (decrease) in liability for retirement benefits	**114**	12	**1,046**
Increase (decrease) in allowance for doubtful accounts	**13**	2	**122**
Interest and dividend income	**(385)**	(345)	**(3,533)**
Equity in earnings of affiliates	**(198)**	(201)	**(1,821)**
Interest expenses	**102**	29	**936**
Foreign currency translation (gain) loss	**39**	36	**363**
(Gain) loss on sale of fixed assets	**189**	1,120	**1,735**
Loss on disposal of fixed assets	**39**	26	**365**
(Gain) loss on sale of investments in securities	**–**	(141)	**–**
(Increase) decrease in trade notes and accounts receivable	**3,727**	(1,948)	**34,196**
(Increase) decrease in inventories	**387**	(595)	**3,552**
Increase (decrease) in trade notes and accounts payable	**(1,148)**	884	**(10,533)**
Others	**532**	496	**4,885**
Subtotal	**27,751**	20,825	**254,599**
Interest and dividends received	**456**	398	**4,188**
Interest paid	**(101)**	(29)	**(934)**
Payment for extra retirement payments	**(29)**	(30)	**(274)**
Income taxes paid	**(5,114)**	(5,473)	**(46,920)**
Income taxes refunded	**249**	28	**2,288**
Net cash provided by operating activities	**23,211**	15,719	**212,947**
Cash Flows from Investing Activities:			
Payment for purchase of marketable securities	**(2,000)**	(2,000)	**(18,349)**
Proceeds from redemption of marketable securities	**2,000**	2,000	**18,349**
Payment for purchase of property, plant and equipment	**(3,135)**	(2,800)	**(28,770)**
Proceeds from sale of property, plant and equipment	**52**	460	**480**
Payment for acquisition of intangible assets	**(2,033)**	(2,145)	**(18,653)**
Payment for acquisition of investments in securities	**(56)**	(905)	**(514)**
Proceeds from sale of investments in securities	**–**	241	**–**
Increase in time deposits	**(4,090)**	(8,544)	**(37,525)**
Decrease in time deposits	**3,720**	9,830	**34,135**
Payment for business acquisition	**–**	(2,112)	**–**
Others	**(163)**	(156)	**(1,503)**
Net cash used in investing activities	**(5,706)**	(6,133)	**(52,350)**
Cash Flows from Financing Activities:			
Proceeds from short-term bank loans	**716**	469	**6,573**
Repayment of short-term bank loans	**(491)**	(160)	**(4,509)**
Payment for acquisition of treasury stock	**(3)**	(2,328)	**(35)**
Repayments of finance lease obligations	**(2,891)**	(1,399)	**(26,524)**
Proceeds from sale and leaseback	**1,215**	1,150	**11,152**
Dividends paid	**(6,228)**	(4,486)	**(57,146)**
Dividends paid to minority interests	**(58)**	(46)	**(534)**
Net cash used in financing activities	**(7,741)**	(6,800)	**(71,024)**
Effect of exchange rate changes on cash and cash equivalents	**(115)**	(528)	**(1,063)**
Net increase (decrease) in cash and cash equivalents	**9,647**	2,255	**88,510**
Cash and cash equivalents at beginning of year	**42,487**	40,231	**389,792**
Cash and cash equivalents at end of year (Note 16)	**¥52,134**	¥42,487	**$478,302**

The accompanying notes are an integral part of these statements.

Notes to the Consolidated Financial Statements

1. Basis of Consolidated Financial Statements

The accompanying consolidated financial statements of AMANO Corporation [hereafter, "the Company"] and its subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations in Japan. The accounts of the Company and domestic subsidiaries included in the consolidation are based on the accounting records maintained in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and the disclosure requirements of International Financial Reporting Standards.

As permitted by the Financial Instruments and Exchange Act, amounts of less than one million yen have been rounded off. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

2. Principles of Consolidation

(1) Scope of Consolidation

The Company had 28 consolidated subsidiaries at March 31, 2020.

The accompanying consolidated financial statements include the accounts of the Company and those of its subsidiaries that are controlled by the Company. Under the control concept, major subsidiaries in which the Company is able to exercise control over operations are to be fully consolidated.

With the establishment of a subsidiary, Amano Vietnam CO., LTD., it was newly consolidated during the year ended March 31, 2020.

The accounts of the overseas consolidated subsidiaries are consolidated using their financial statements as of their respective fiscal year end, which falls on December 31, 2019 and necessary adjustments are made to their financial statements to reflect any significant transactions from January 1 to March 31, 2020. All significant intercompany balances and transactions have been eliminated in consolidation.

(2) Accounting for Investments in Unconsolidated Subsidiaries and Affiliates

None of the 3 unconsolidated subsidiaries are accounted for by the equity method, because the effect of their net income or losses and retained earnings on the accompanying consolidated financial statements is immaterial. The affiliates accounted for by the equity method are listed below: - Creo Co., Ltd.

3. Summary of Significant Accounting Policies

(1) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(2) Inventories

Inventories are stated at cost (writedown due to reduced profitability). Cost is determined principally using the periodic average method.

(3) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is computed on the declining balance method, based on the estimated useful lives, except for buildings acquired on or after April 1, 1998 and for facilities attached to buildings and structures acquired on or after April 1, 2016, which are computed on the straightline method. The ranges of the useful lives of assets are:

Buildings and structures 5-50 years
Machinery and vehicles 7-17 years

Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

(4) Intangible Assets

Intangible assets are amortized using the straight-line method. Software costs for internal use are amortized by the straight-line method over their expected useful lives (five years). Software developed for external sale is amortized over the estimated sales period, 3 years. Goodwill is amortized over the estimated useful life, or where the amount of goodwill is immaterial, is charged to income in the year of acquisition.

(5) Leased Assets

Leased assets in finance lease transactions not involving transfer of ownership are depreciated by the straight-line method over the term of the lease, with a residual value of zero. Although some of its subsidiaries prepare the financial statements based on IFRS, as described in "Change in Accounting Policy", we have applied IFRS 16 "Leases" from the current consolidated fiscal year. Accordingly, in principle, lessees recognize all leases on the balance sheet as assets and liabilities, and depreciation of capitalized leased assets is computed based on straight-line method.

(6) Accounting for Financial Instruments

(a) Derivatives
All derivatives are stated at their fair values, with changes in fair value included in net profit or loss for the period in which they arise.
(b) Securities
Securities held by the Company and its subsidiaries are classified into four categories;
Trading securities, which are held for the purpose of generating profits on short-term differences in prices, are stated at their fair values, with changes in fair values included in net profit or loss for the period in which they arise. Additionally, securities held in trusts for trading purposes are accounted for in the same manner as trading securities.
Held-to-maturity debt securities, that the Company and its subsidiaries have intent to hold to maturity, are stated at their costs after accounting for any premium or discount on acquisition, which are amortized over the period to maturity.
Investments of the Company in equity securities issued by unconsolidated subsidiaries and affiliates are accounted for by the equity method. Exceptionally, investments in certain unconsolidated subsidiaries and affiliates are stated at cost because the effect of application of the equity method would be immaterial.
Other securities for which market quotations are available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate item in the net assets section at a net-of-tax amount. Other securities for which market quotations are unavailable are stated at cost, except as stated in the paragraph below.
In cases where the fair value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliates, or other securities had declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are included in net profit or loss for the period.

(7) Foreign Currency Translation

Foreign currency transactions are translated using foreign exchange rates prevailing at the respective transaction dates. Receivables and payables in foreign currencies are translated at the foreign exchange rates prevailing at the respective balance sheet dates and the resulting transaction gains or losses are included in net profit or loss for the period.

(8) Translation of Foreign Currency Financial Statements (Accounts of Overseas Subsidiaries)

Foreign currency denominated statements of overseas consolidated subsidiaries have been translated into Japanese yen using the method prescribed by the Business Accounting Deliberation Council of Japan.
All the balance sheet accounts of foreign subsidiaries and affiliates are translated at the foreign exchange rates prevailing at the respective balance sheet dates except for common stock and capital surplus. On the other hand, all the profit and loss accounts are translated at the average foreign exchange rates for the respective periods. Differences arising from translation are presented as "Foreign currency translation adjustments" and "Non-controlling interests in consolidated subsidiaries" in the accompanying consolidated financial statements.

(9) Income Taxes

The Company recognizes the tax effect of temporary differences between the carrying amounts and the tax basis of assets and liabilities. The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

(10) Allowance for Doubtful Accounts

In general, the Company and its subsidiaries provide the allowance based on the past receivables loss experience for a certain reference period. Furthermore, for receivables from companies with financial difficulty, which could affect the debtors' ability to perform their obligations, the allowance is provided for estimated unrecoverable amounts individually.

(11) Retirement Benefits

The Company and some of its subsidiaries recognize accrued pension and severance costs to employees based on the actuarial valuation of projected benefit obligation and plan assets at their value. The retirement benefit obligation for employees is attributed to each period by the benefit formula method. Prior service costs are amortized based on the straight-line method over a period years(7-10years). Actuarial gains and losses are amortized based on the straight-line method over a period years (7-10years) starting from the beginning of the subsequent year.

(12) Accrued Employees' Bonuses

Accrued employees' bonuses at the balance sheet date are based on an estimate of the amounts to be paid as bonuses for services rendered by employees by that date.

(13) Accrued Directors' Bonuses

Accrued directors' bonuses at the balance sheet date are based on an estimate of the amounts to be paid as bonuses for services rendered by directors by that date.

(14) Provision for stock benefit

In order to prepare for the payment of company stocks to employees under the stock benefit program, provision for stock benefit is recorded based on the estimated amount of stock benefit obligation corresponding to the merit points allocated to the employees in the current consolidated fiscal year.

(15) Provision for directors' stock benefit

In order to prepare for the payment of the Company stocks to officers and directors under the share payment program, provision for stock benefit is recorded based on the estimated amount of stock benefit obligation corresponding to the merit points allocated to the officers and directors in the current consolidated fiscal year.

(16) Research and Development Expenses

Research and development expenses are charged to income as incurred.

(17) Net Income and Dividends per Share

Basic net income per share is computed based on the net income and the weighted average number of shares of common stock outstanding during each period. Diluted net income per share is computed based on the net income available for distribution to the shareholders and the weighted-average numbers of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of stock subscription rights and stock options. Cash dividends per share shown for each fiscal period in the accompanying consolidated statement of income represent actual dividends declared as applicable to a common stock during the respective fiscal period.

(18) Revenue from Construction Contracts

Revenues and costs of construction contracts are recognized by the percentage of completion method in case the percentage of completion for each contract can be reliably estimated. The percentage of completion is measured by the percentage of total costs incurred to date to estimated total costs for each contract. The completed-contract method is applied to the contracts in case the percentage of completion cannot be reliably estimated.

(19) Accounting for Consumption Taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(20) Change in Accounting Policy

(Application of IFRS 16 "Leases") For those of subsidiaries that are subject to IFRS accounting, we have applied IFRS 16 "Leases" from the current consolidated fiscal year. Accordingly, in principle, lessees recognize all leases on the consolidated balance sheet as assets and liabilities. In adopting this accounting standard, we applied 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 increased by ¥2,456 million, lease obligations under current liabilities by ¥1,028 million, and lease obligations under long-term liabilities by ¥1,214 million, while the balance of other current assets under current assets decreased by ¥74 million and other under investments and other assets by ¥140 million at the beginning of the current fiscal year. The effect this change has on our profits and losses during the current fiscal year is negligible.

(21) Accounting standard issued but not yet effective

(Accounting Standard and Implementation Guidance on Revenue Recognition)
On March 31, 2020, the ASBJ issued "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29) and " Implementation Guidance on Accounting Standard for Revenue Recognition " (ASBJ Guidance No.30).

(1) Overview
This is a comprehensive accounting standard addressing revenue recognition. Specifically, the accounting standard establishes the following five-step model that will apply to revenue from contracts with customers:

Step 1:Identify the contract(s) with a customer
Step 2:Identify the performance obligations in the contract
Step 3:Determine the transaction price
Step 4:Allocate the transaction price to the performance obligations in the contract
Step 5:Recognize revenue when (or as) the entity satisfies a performance obligation

(2) Scheduled date of adoption
The Company expects to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of adoption of accounting standard and implementation guidance

The Company is currently evaluating the effect of the adoption of this accounting standard and implementation guidance on its consolidated financial statements.

(Accounting Standard for Fair Value Measurement and Related Implementation Guidance)

On July 4, 2019, the Accounting Standards Board of Japan (ASBJ) issued "Accounting Standard for Fair Value Measurement " (ASBJ Statement No. 30), and "Implementation Guidance on Accounting Standard for Fair Value Measurement " (ASBJ Guidance No. 31), along with related updates to "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9), and "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10).

(1) Overview

The ASBJ has developed an "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (hereinafter collectively, the "Fair Value Measurement Standard"), which provide guidance for fair value measurement in order to improve comparability with internationally recognized accounting standards. The Fair Value Measurement Standard is applied with respect to the fair value of the following items;

・Financial instruments defined in "Accounting Standard for Financial Instruments"

・Inventories held for trading purposes defined in "Accounting Standard for Measurement of Inventories"

In addition, the ASBJ has revised "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 31), which newly requires the disclosure for breakdown of financial instruments by the fair value hierarchy.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standards and related implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of adoption of revised accounting standard and related implementation guidance

The Company is currently evaluating the effect of the adoption of the accounting standards and related implementation guidance on its consolidated financial statements.

(Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections)

On March 31, 2020, the ASBJ issued the revised "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No.24)

(1) Overview

This accounting standard has been released to provide an outline of the applicable accounting principles and procedures in cases where directly relevant accounting standards are not available.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard from the end of the fiscal year ending March 31, 2021.

(Accounting Standard for Disclosure of Accounting Estimates)

On March 31, 2020, the ASBJ issued the "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No.31)

(1) Overview

This accounting standard has been released to provide guidance on disclosure of information that deepens the understanding of users of the financial statements about estimates that embody a risk of a significant impact on the financial statements of the following accounting period.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard from the end of the fiscal year ending March 31, 2021.

(22) Additional Information

(Directors' Compensation BIP Trust and Employee Stock Ownership Plan (J-ESOP)) For the purpose of enhancing the motivation to contribute the improvement of mediumto long-term business performance and to increase the corporate value, Amano Corporation and some of its subsidiaries have introduced the Compensation BIP Trust system for directors

(excluding external directors and directors residing overseas) and operating officers (excluding officers residing overseas), as well as the Employee Stock Ownership Plan (J-ESOP) system for employees who meet the prescribed requirements.

(a) Outline of the system

Under the system, a trust is established with funds contributed by Amano Corporation. Stocks of Amano Corporation are acquired by the trust and to be provided to eligible persons.Under the Directors' Compensation BIP Trust, in accordance with the stock distribution rules and based on points granted according to their positions and the attainment level of numerical targets of performance 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, stocks of Amano Corporation are provided by the trust to employees who meet the prescribed requirements.

(b) 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). The book value and the numbers of the treasury stock at March 31, 2020 are ¥827 million and 314,300 shares, respectively. (The corresponding measures and accounting estimate for the spread of COVID-19 infection) As an effort to ensure the health and safety of employees, The Company and its domestic group companies have adopted flexible work such as telework(work from home), work on a rotating, and staggered working hours. Overseas group companies take measures in accordance with instructions such as curfew regarding in the countries or states where they are located, and when they are located in the area where the curfew is issued, they generally work from home.

As for our factory operations, domestic factory workers are working in shifts to maintain operations. On the other hand, U.S. factories are operating in accordance with the enforcements issued by their respective state authorities and has stopped production of certain items. Other items are in production either normally or by minimum staffing.

We have reflected the effects of COVID-19 in our full-year forecast as much as possible. Our group companies makes accounting estimates for impairment loss on fixed assets and deferred tax assets recoverability based on information available at the time of preparation of the consolidated financial statements. Although the impact and severity of COVID-19 infection on the Company and its subsidiaries will differ depending on the business, it is assumed that the impact would be large in the first half of the fiscal year ending March 2021 and would improve gradually after the second half, although the impact will remain. Even if the infection is once settled, if the global economic downturn is prolonged due to the spread of the infection by the second and third waves, the demand for our products and services would decrease. Since business activities are also restricted, it may have a significant impact on the consolidated financial statements for the period ending March 2021.

4. United States Dollar Amounts

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the consolidated financial statements and notes there to represent the arithmetical results of translating Japanese yen to U.S. dollars at a rate of ¥109 = US$1, the approximate effective rate of exchange prevailing on March 31, 2020. The inclusion of U.S. dollar amounts is solely for convenience of readers outside Japan and is not intended to imply that yen amounts could be converted, realized, or settled in U.S. dollars at that, or any other rate.

5. Investments in Unconsolidated Subsidiaries and Affiliates

Among investments in securities, the amount in aggregate corresponding to unconsolidated subsidiaries and affiliates at March 31, 2020 and 2019 is as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Investments in equity securities	**¥2,024**	¥1,893	**$18,569**
Others................................	**53**	53	**486**

6. Assets Pledged as Collateral and Obligations Secured by Collateral

As at March 31, 2020 and 2019, the following assets were pledged as collateral:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Cash and bank deposits	**¥8**	¥8	**$73**

7. Notes and Accounts Receivable

The Company recognizes settlements of trade notes receivable when the banks actually clear the notes.
As March 31, 2020 was a holiday for financial institutions, the following account includes the unsettled balance of trade notes receivable due on that date in the accompanying consolidated balance sheet as of March 31, 2020.

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Trade notes receivable	–	¥226	**–**

8. Selling, General and Administrative Expenses

Selling, general and administrative expenses during the years ended March 31, 2020 and 2019 principally include:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Employees' bonuses	**¥2,055**	¥1,699	**$18,853**
Directors' bonuses	**130**	130	**1,193**
Retirement benefits	**1,098**	1,093	**10,073**
Salaries and allowances	**19,053**	18,906	**174,798**
Allowance for doubtful accounts ...	**253**	98	**2,321**
Allowance for Provision for stock benefit ...	**85**	79	**780**
Allowance for Provision for directors' stock benefit ...	**85**	88	**780**

9. Research and Development Costs

Research and development costs included in selling, general and administrative expenses and manufacturing cost for the years ended March 31, 2020 and 2019 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Research and development costs ...	**¥1,788**	¥1,649	**$16,404**

10. Loss on disposal of fixed assets

Details of Loss on disposal of fixed assets for the years ended March 31, 2020 and 2019 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Buildings and structures	**¥13**	¥2	**$119**
Machinery and equipment	**1**	1	**9**
Tools, Furniture and Fixtures	**13**	11	**119**
Leased Assets	**10**	3	**92**
Software	**0**	7	**0**
Total	**¥39**	¥26	**$365**

11. Loss on sale of fixed assets

Details of Loss on sale of fixed assets for the years ended March 31, 2020 and 2019 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Buildings and structures	**¥12**	¥357	**$110**
Machinery and equipment	**0**	1	**0**
Tools, Furniture and Fixtures	**0**	5	**0**
Land	**182**	780	**1,670**
Total	**¥194**	¥1,145	**$1,784**

12. Impairment Loss on Fixed Assets

Impairment loss on fixed assets for the year ended March 31, 2020 is as follows:

Location	Purpose of use	Category	Millions of Yen	Thousands of U.S. dollars (Note 4)
			2020	**2020**
Amano McGann, Inc. (U.S.A.)	Business use	Goodwill	**¥198**	**$1,817**

Method to Group Assets:

The Company and its subsidiaries group assets according to minimum units that generate cash flows essentially independent from the cash flows of other assets or groups of assets.

Recognition of Impairment Loss:

As the forecasted profit was not expected due to poor performance, the book values of above groups of assets were reduced to the recoverable amounts, and the reductions were recognized as impairment losses.

Calculation of Recoverable Amount:

The recoverable amount for said assets is reasonably estimated based on the value in use, which was determined to be zero as no future cash flow is expected.

Impairment loss on fixed assets for the year ended March 31, 2019 is as follows:

Location	Purpose of use	Category	Millions of Yen	Thousands of U.S. dollars (Note 4)
			2020	**2020**
Amano McGann, Inc. (U.S.A.)	Business use	Other intangible fixed assets	**¥141**	**$1,270**
		Buildings and structures	**78**	**703**

Method to Group Assets:

The Company and its subsidiaries group assets according to minimum units that generate cash flows essentially independent from the cash flows of other assets or groups of assets.

Recognition of Impairment Loss:

As the forecasted profit was not expected due to poor performance, the book values of above groups of assets were reduced to the recoverable amounts, and the reductions were recognized as impairment losses based on US-GAAP.

Calculation of Recoverable Amount:

The recoverable amount for said assets is reasonably estimated based on the value in use, which was determined to be zero as no future cash flow is expected.

13. Other Comprehensive Income

The following table presents reclassification adjustments and tax effects allocated to each component of other comprehensive income (loss) for the years ended March 31, 2020 and 2019:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
Net unrealized gains (losses) on other securities:	**2020**	2019	**2020**
Amount arising during the year	**(¥1,285)**	(¥140)	**($11,789)**
Reclassification adjustments	**(5)**	(141)	**(46)**
Amount before tax effect	**(1,290)**	(282)	**(11,835)**
Tax effect	**395**	(21)	**3,624**
Net unrealized gains (losses) on other securities	**(894)**	(303)	**(8,208)**
Translation adjustments:			
Amount arising during the year	**(548)**	(1,201)	**(5,028)**
Reclassification adjustments	**–**	–	**–**
Amount before tax effect	**(548)**	(1,201)	**(5,028)**
Tax effect	**–**	–	**–**
Translation adjustments	**(548)**	(1,201)	**(5,028)**
Retirement benefits liability adjustments:			
Amount arising during the year	**(365)**	(300)	**(3,349)**
Reclassification adjustments	**207**	256	**1,899**
Amount before tax effect	**(158)**	(44)	**(1,450)**
Tax effect	**45**	13	**413**
Retirement benefits liability adjustments	**(112)**	(30)	**(1,030)**
Share of other comprehensive income (loss) of companies accounted for by the equity method:			
Amount arising during the year	**0**	0	**0**
Reclassification adjustments	**–**	–	**–**
Share of other comprehensive income of companies accounted for by the equity method	**0**	0	**0**
Total other comprehensive income (loss)	**(¥1,554)**	(¥1,535)	**($14,266)**

14. Changes in Shareholders' Equity

Changes in "Shares issued and outstanding" and "Shares of treasury stock" during the period from April 1, 2019 to March 31, 2020 are as follows:

(1) Shares issued and outstanding

Share type	As of April 1, 2019	Increase	Decrease	As of March 31, 2020
Common stock (shares)	76,657,829	–	–	76,657,829

(2) Shares of treasury stock

Share type	As of April 1, 2019	Increase	Decrease	As of March 31, 2020
Common stock (shares)	1,924,625	1,276	–	1,925,901

(Reason for change)
The increase in the number of shares is due to the purchases of 1,276 shares less than one unit.

Changes in "Shares issued and outstanding" and "Shares of treasury stock" during the period from April 1, 2018 to March 31, 2019 are as follows:

(1) Shares issued and outstanding

Share type	As of April 1, 2018	Increase	Decrease	As of March 31, 2019
Common stock (shares)	76,657,829	–	–	76,657,829

(2) Shares of treasury stock

Share type	As of April 1, 2018	Increase	Decrease	As of March 31, 2019
Common stock (shares)	923,903	1,000,722	–	1,924,625

(Reason for change)
The increase in the number of shares is due to the purchases of 722 shares less than one unit.
The increase in the number of shares is due to the purchases of 1,000,000 shares by a resolution of the Board of Directors meeting held on October 29, 2018.

15. Dividends

Information on dividends for the fiscal year ended March 31, 2020 is as follows:

(1) Dividends paid

Resolution	Share type	Total dividend (Millions of Yen)	Total dividend (Thousands of U.S.dollars)	Dividend per share (Yen)	Dividend per share (U.S.dollars)	Date of record	Effective date
Ordinary general meeting of shareholders, June 27, 2019	Common stock	¥4,127	$37,868	¥55	$0.505	March 31, 2019	June 28, 2019
Board of directors meeting, October 28, 2019	Common stock	¥2,101	$19,278	¥28	$0.257	September 30, 2019	December 3, 2019

(NOTES)
"Total dividend" as determined by the Ordinary general meeting of shareholders' resolution on June 27, 2019 includes ¥ 9 million for dividends on the Company's shares owned by Directors' Compensation BIP Trust and ¥ 8 million for dividends on our shares owned by Employee Stock Ownership Plan (J-ESOP).
"Total dividend" as determined by the Board of Directors' resolution on October 28, 2019 includes ¥ 4 million for dividends on the Company's shares owned by Directors' Compensation BIP Trust and ¥ 4 million for dividends on our shares owned by Employee Stock Ownership Plan (J-ESOP).

(2) Dividends for which the date of record falls in the fiscal year, but the effective date is after the end of the fiscal year.

Resolution	Share type	Dividend funding	Total dividend (Millions of Yen)	Total dividend (Thousands of U.S.dollars)	Dividend per share (Yen)	Dividend per share (U.S.dollars)	Date of record	Effective date
Ordinary general meeting of shareholders, June 26, 2020	Common stock	Retained earnings	¥4,202	$38,550	¥56	$0.514	March 31, 2020	June 29, 2020

(NOTES)
"Total dividend" as determined by the Ordinary general meeting of shareholders' resolution on June 27, 2019 includes ¥ 9 million for dividends on the Company's shares owned by Directors' Compensation BIP Trust and ¥ 8 million for dividends on our shares owned by Employee Stock Ownership Plan (J-ESOP).

Information on dividends for the fiscal year ended March 31, 2019 is as follows:

(1) Dividends paid

Resolution	Share type	Total dividend (Millions of Yen)	Total dividend (Thousands of U.S. dollars)	Dividend per share (Yen)	Dividend per share (U.S. dollars)	Date of record	Effective date
Ordinary general meeting of shareholders, June 28, 2018	Common stock	¥2,585	¥23,297	¥34	$0.306	March 31, 2018	June 29, 2018
Board of directors meeting, October 29, 2018	Common stock	¥1,901	¥17,128	¥25	$0.225	September 30, 2018	December 4, 2018

(NOTES)
"Total dividend" as determined by the Ordinary general meeting of shareholders' resolution on June 28, 2018 includes ¥ 5 million for dividends on the Company's shares owned by Directors' Compensation BIP Trust and ¥ 5 million for dividends on our shares owned by Employee Stock Ownership Plan (J-ESOP).
"Total dividend" as determined by the Board of Directors' resolution on October 29, 2018 includes ¥ 4 million for dividends on the Company's shares owned by Directors' Compensation BIP Trust and ¥ 3 million for dividends on our shares owned by Employee Stock Ownership Plan (J-ESOP).

(2) Dividends for which the date of record falls in the fiscal year, but the effective date is after the end of the fiscal year.

Resolution	Share type	Dividend funding	Total dividend (Millions of Yen)	Total dividend (Thousands of U.S. dollars)	Dividend per share (Yen)	Dividend per share (U.S. dollars)	Date of record	Effective date
Ordinary general meeting of shareholders, June 27, 2019	Common stock	Retained earnings	¥4,127	$37,180	¥55	$0.495	March 31, 2019	June 28, 2019

(NOTES)
"Total dividend" as determined by the Ordinary general meeting of shareholders' resolution on June 27, 2019 includes ¥ 9 million for dividends on the Company's shares owned by Directors' Compensation BIP Trust and ¥ 8 million for dividends on our shares owned by Employee Stock Ownership Plan (J-ESOP).

16. Cash and Cash Equivalents

Reconciliations of cash and cash equivalents to the amounts shown in the consolidated balance sheet as at March 31, 2020 and 2019 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Cash and bank deposits	**¥54,973**	¥45,558	**$504,342**
Marketable securities	**1,743**	1,184	**15,998**
Sub total	**56,717**	46,742	**520,340**
Time deposits due over three months	**(3,582)**	(3,255)	**(32,864)**
Marketable securities due over three months	**(1,000)**	(1,000)	**(9,174)**
Cash and cash equivalents	**¥52,134**	¥42,487	**$478,302**

(Supplemental disclosure of non-cash transactions)
The significant non-cash transactions for the years ended March 31, 2020 and 2019 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Leased assets	**¥3,613**	¥884	**$33,147**
Lease obligations	**4,331**	1,112	**39,734**

17. Lease Commitments

(1) Lessees' accounting

Minimum future lease payments under operating leases subsequent to March 31, 2020 and 2019 for non-cancelable operating leases are summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Due within 1 year	**¥69**	¥1,321	**$633**
Due over 1 year	**261**	1,094	**2,394**
Total	**¥331**	¥2,415	**$3,037**

(2) Lessors' accounting

Minimum future lease income under operating leases subsequent to March 31, 2020 and 2019 for non-cancelable operating leases is summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Due within 1 year	**¥101**	¥101	**$927**
Due over 1 year	**401**	502	**3,679**
Total	**¥502**	¥604	**$4,606**

18. Financial Instruments

Overview

(1) Management policy

The management policy of the Company is to invest surplus funds into low-risk financial instruments. The Company has not held any high-risk financial instruments.

(2) Financial instruments and their risks

Both notes receivable and accounts receivable as operating receivables are exposed to credit-related losses in the event of nonperformance by counterparties. Trade notes, accounts payable and electronically recorded monetary claims as trade liabilities are due and payable within one year. Marketable securities and investments in securities are exposed to changes in market price. The Company holds marketable securities and investments in securities mainly as held-to-maturity or due to relationship-building with counterparties.

(3) Risk management policies

a) Management policy for credit risk (losses in the event of nonperformance by counterparties)

The Company has an established credit management policy, whereby credit risk exposure arising from both notes and accounts receivable is monitored on an ongoing basis in order to detect credit deterioration as well as to trigger appropriate minimizing measures at its early stages.
Held-to-maturity investments are subject to the examination and decision of the Funds Management Review Committee and accordingly, investments largely consist of negotiable deposits and high graded securities, which are considered to have minimal credit risk.

b) Management policy for market risk (foreign currency exchange and interest rates)

Marketable securities and investment securities are marked to market and the financial condition of the issuer (client company) is monitored periodically.
In addition, the holdings of bonds and securities, other than held-to-maturity investments, are reviewed on an ongoing basis, taking into consideration the relationship, and other factors, with the issuer.

c) Management policy for liquidity risk (in default on its financial obligations)

The Company has managed liquidity risk by holding appropriate funds based on the forecasts, and actual cash flow is continuously monitored by the management.

(4) Supplementary explanation on the fair value of financial instruments

The fair values of financial instruments are based on quoted market prices. If quoted market prices are unavailable, the fair values are estimated based on the prices which are assessed as reasonable by the Company. Since the Company takes contingent variable factors into account when estimating the fair value, it would vary depending on the different preconditions.

Estimated fair value of financial instruments

Differences between carrying value and estimated fair value as of March 31, 2020 and 2019 are as follows:
Financial instruments whose fair values are difficult to estimate are not stated in the following table; refer to (* 2).

	Millions of Yen			Thousands of U.S.dollars (Note 4)		
	2020			2020		
	Carrying value	**Estimated fair value**	**Difference in amounts**	**Carrying value**	**Estimated fair value**	**Difference in amounts**
(1) Cash and bank deposits	**¥54,973**	**¥54,973**	**–**	**$504,342**	**$504,342**	**–**
(2) Notes and accounts receivable	**31,392**	**31,392**	**–**	**288,009**	**288,009**	**–**
(3) Marketable securities and investments in securities						
① Held-to-maturity	**1,651**	**1,646**	**(¥5)**	**15,147**	**15,101**	**($46)**
② Subsidiaries and affiliates	**1,976**	**2,682**	**705**	**18,128**	**24,606**	**6,468**
③ Other securities	**6,673**	**6,673**	**–**	**61,220**	**61,220**	**–**
Total (Assets)	**¥96,667**	**¥97,368**	**¥700**	**$886,853**	**$893,284**	**$6,422**
(4) Trade notes and accounts payable	**¥6,210**	**¥6,210**	**–**	**$56,979**	**$56,979**	**–**
(5) Electronically recorded monetary claims	**6,845**	**6,845**	**–**	**62,804**	**62,804**	**–**
Total (Liabilities)	**¥13,056**	**¥13,056**	**–**	**$119,780**	**$119,780**	**–**

	Millions of Yen		
	2019		
	Carrying value	Estimated fair value	Difference in amounts
(1) Cash and bank deposits	¥45,558	¥45,558	–
(2) Notes and accounts receivable	35,367	35,367	–
(3) Marketable securities and investments in securities			
① Held-to-maturity	1,651	1,649	(¥1)
② Subsidiaries and affiliates	1,843	3,261	1,417
③ Other securities	7,402	7,402	–
Total (Assets)	¥91,823	¥93,239	¥1,415
(4) Trade notes and accounts payable	¥7,264	¥7,264	–
(5) Electronically recorded monetary claims	7,015	7,015	–
Total (Liabilities)	¥14,279	¥14,279	–

(NOTES)

(*1): Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions.

Assets:

(1) Cash and bank deposits, and (2) Notes and accounts receivable:
Since these items are settled in a short period of time, their carrying value approximates fair value.

(3) Marketable securities and investments in securities:
Since negotiable certificate of deposits are settled in a short period of time, their carrying values approximate fair value.
The fair value of the other stocks is based on quoted market prices. The fair value of debt securities is based on either quoted market prices or prices provided by the financial institutions making markets in these securities. For information on securities classified by holding purpose, please refer to (*5) Held-to-maturity and other securities with readily determinable fair value as at March 31, 2020 and 2019.

Liabilities:

(4) Trade notes and accounts payable, and (5) Electronically recorded monetary claims:
Since these items are settled in a short period of time, their carrying value approximates fair value.

(*2): Financial instruments whose fair values are difficult to estimate are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Unlisted securities (Carrying value)	**¥271**	¥333	**$2,486**

The unlisted securities as stated above are not included in (3) Marketable securities and investments in securities because it is difficult to estimate the fair value based on the quoted market prices in active markets.

(*3) Redemption schedule for monetary claims and securities with maturities subsequent to the balance sheet date is as follows:

	Millions of Yen			
	2020			
	Due within 1 year	**Due after 1 year but within 5 years**	**Due after 5 years but within 10 years**	**Due after 10 years**
Cash and bank deposits	**¥54,973**	**–**	**–**	**–**
Notes and accounts receivable	**31,392**	**–**	**–**	**–**
Marketable securities and investments in securities:				
Held-to-maturity securities	**1,000**	**–**	**¥651**	**–**
Total	**¥87,366**	**–**	**¥651**	**–**

	Millions of Yen			
	2019			
	Due within 1 year	Due after 1 year but within 5 years	Due after 5 years but within 10 years	Due after 10 years
Cash and bank deposits	¥45,558	–	–	–
Notes and accounts receivable	35,367	–	–	–
Marketable securities and investments in securities:				
Held-to-maturity securities	1,000	–	¥651	–
Total	¥81,926	–	¥651	–

	Thousands of U.S.dollars (Note 4)			
	2020			
	Due within 1 year	**Due after 1 year but within 5 years**	**Due after 5 years but within 10 years**	**Due after 10 years**
Cash and bank deposits	**$504,342**	**–**	**–**	**–**
Notes and accounts receivable	**288,009**	**–**	**–**	**–**
Marketable securities and investments in securities:				
Held-to-maturity securities	**9,174**	**–**	**$5,972**	**–**
Total	**$801,523**	**–**	**$5,972**	**–**

(*4) Repayment schedule for bonds payable, long-term loans payable, lease obligations and other interest-bearing liabilities subsequent to the balance sheet date:

	Millions of Yen					
	2020					
	Due within 1 year	**The 2 years**	**The 3 years**	**The 4 years**	**The 5 years**	**Thereafter**
Long-term loans payable	–	–	–	–	–	–
Lease obligations	**¥2,641**	**¥1,820**	**¥1,274**	**¥537**	**¥317**	**¥545**
Total	**¥2,641**	**¥1,820**	**¥1,274**	**¥537**	**¥317**	**¥545**

	Millions of Yen					
	2019					
	Due within 1 year	The 2 years	The 3 years	The 4 years	The 5 years	Thereafter
Long-term loans payable	–	–	–	–	–	–
Lease obligations	¥1,105	¥909	¥623	¥394	¥220	¥206
Total	¥1,105	¥909	¥623	¥394	¥220	¥206

	Thousands of U.S.dollars (Note 4)					
	2020					
	Due within 1 year	**The 2 years**	**The 3 years**	**The 4 years**	**The 5 years**	**Thereafter**
Long-term loans payable	–	–	–	–	–	–
Lease obligations	**$24,236**	**$16,699**	**$11,694**	**$4,936**	**$2,910**	**$5,007**
Total	**$24,236**	**$16,699**	**$11,694**	**$4,936**	**$2,910**	**$5,007**

(*5) Held-to-maturity and other securities with readily determinable fair value as at March 31, 2020 and 2019 are as follows:

	Millions of Yen			Thousands of U.S.dollars (Note 4)		
	2020			**2020**		
	Carrying value	**Fair value**	**Unrealized gains (losses)**	**Carrying value**	**Fair value**	**Unrealized gains (losses)**
Held-to-maturity securities with fair value exceeding carrying value	–	–	–	–	–	–
Held-to-maturity securities with fair value not exceeding carrying value	**¥1,651**	**¥1,646**	**(¥5)**	**$15,147**	**$15,101**	**($46)**
Total	**¥1,651**	**¥1,646**	**(¥5)**	**$15,147**	**$15,101**	**($46)**

	Carrying value	**Acquisition cost**	**Unrealized gains (losses)**	**Carrying value**	**Acquisition cost**	**Unrealized gains (losses)**
Other securities with carrying value exceeding acquisition cost						
Stocks	**¥4,200**	**¥2,229**	**¥1,971**	**$38,532**	**$20,450**	**$18,083**
Other	**743**	**738**	**5**	**6,817**	**6,771**	**46**
Subtotal	**4,944**	**2,967**	**1,976**	**45,358**	**27,220**	**18,128**
Other securities with carrying value not exceeding acquisition cost						
Stocks	**1,729**	**2,227**	**(498)**	**15,862**	**20,431**	**(4,569)**
Other	–	–	–	–	–	–
Subtotal	**1,729**	**2,227**	**(498)**	**15,862**	**20,431**	**(4,569)**
Total	**¥6,673**	**¥5,195**	**¥1,478**	**$61,220**	**$47,661**	**$13,560**

	Millions of Yen		
	2019		
	Carrying value	Fair value	Unrealized gains (losses)
Held-to-maturity securities with fair value exceeding carrying value	¥201	¥201	¥0
Held-to-maturity securities with fair value not exceeding carrying value	¥1,450	¥1,448	(¥2)
Total	¥1,651	¥1,649	(¥1)

	Carrying value	Acquisition cost	Unrealized gains (losses)
Other securities with carrying value exceeding acquisition cost			
Stocks	¥6,505	¥3,650	¥2,854
Other	184	181	2
Subtotal	6,689	3,832	2,857
Other securities with carrying value not exceeding acquisition cost			
Stocks	712	799	(87)
Other	–	–	–
Subtotal	712	799	(87)
Total	¥7,402	¥4,632	¥2,769

(*6) Other securities sold for the year ended March 31, 2019 as follows:

	Millions of Yen			Thousands of U.S.dollars (Note 4)		
	2019			2019		
	Sales amount	Total amount of gain on sale	Total amount of loss on sale	Sales amount	Total amount of gain on sale	Total amount of loss on sale
Stocks	¥241	¥141	¥0	$2,176	$1,274	$0
Total	¥241	¥141	¥0	$2,176	$1,274	$0

19. Retirement Benefits

Outline of the retirement benefit plans adopted

(1) Defined benefit corporate pension scheme: From March 1, 2009, the Company adopted a defined benefit corporate pension scheme as part of its retirement benefit plan.

(2) Defined contribution pension scheme: From March 1, 2009, the Company adopted a defined contribution pension scheme as part of its retirement benefit plan.

(3) Employees' pension fund: Since April 1, 1980, the Company has used an multi-employer contributory funded pension plan as a supplement to its existing retirement benefit scheme.

In addition, certain subsidiaries have lump-sum payment plans and a defined benefit corporate pension plan. They calculate the retirement benefit expenses, and assets and liabilities for retirement benefits by means of a simplified method.

The changes in the retirement benefit obligation for the years ended March 31, 2020 and 2019 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Balance at the beginning of the year	**¥13,458**	¥12,926	**$123,468**
Service cost	**990**	937	**9,083**
Interest cost	**52**	58	**477**
Actuarial loss	**(16)**	265	**(147)**
Retirement benefits paid	**(705)**	(676)	**(6,468)**
Prior service cost	**–**	–	**–**
Other	**(39)**	(53)	**(358)**
Balance at the end of the year	**¥13,739**	¥13,458	**$126,046**

The changes in plan assets for the years ended March 31, 2020 and 2019 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Balance at the beginning of the year	**¥11,168**	¥10,661	**$102,459**
Expected return on plan assets	**276**	264	**2,532**
Actuarial loss	**(382)**	(65)	**(3,505)**
Contributions by the Company	**738**	909	**6,771**
Retirement benefits paid	**(583)**	(580)	**(5,349)**
Other	**(16)**	(21)	**(147)**
Balance at the end of the year	**¥11,201**	¥11,168	**$102,761**

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2020 and 2019 for the Company's and the consolidated subsidiaries' defined benefits plans:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	2020
Funded retirement benefit obligation	¥13,656	¥13,360	$125,284
Plan assets at fair value	(11,201)	(11,168)	(102,761)
	2,454	2,191	22,514
Unfunded retirement benefit obligation	83	97	761
Net liability for retirement benefits in the balance sheet	2,537	2,289	23,275
Liability for retirement benefits	2,537	2,289	23,275
Asset for retirement benefits	–	–	–
Net liability for retirement benefits in the balance sheet	¥2,537	¥2,289	$23,275

The components of retirement benefit expense for the years ended March 31, 2020 and 2019 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	2020
Service cost	¥990	¥937	$9,083
Interest cost	52	58	477
Expected return on plan assets	(276)	(264)	(2,532)
Amortization of actuarial loss	207	289	1,899
Amortization of prior service cost	–	(3)	–
Retirement benefit expense	¥973	¥1,017	$8,927

The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2020 and 2019 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	2020
Prior service cost	–	(¥3)	–
Actuarial loss (gain)	(158)	(41)	(1,450)
Total	(¥158)	(¥44)	($1,450)

The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2020 and 2019 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	2020
Unrecognized prior service cost	–	–	–
Unrecognized actuarial loss	(1,524)	(1,366)	(13,982)
Total	(¥1,524)	(¥1,366)	($13,982)

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2020 and 2019 is as follows:

	Millions of Yen	
	2020	2019
General accounts	13%	12%
Bonds	55%	54%
Stocks	11%	13%
Other	21%	21%
Total	100%	100%

The expected return on plan assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The assumptions used in accounting for the above plans were as follows:*
*They are calculated by the weighted average method.

	2020	2019
Discount rate	0.7%	0.6%
Expected long-term rate of return on plan assets	2.5%	2.5%
Expected rates of salary increases	5.0%	5.0%

For defined benefit plans to which the simplified method is applied, the changes in the retirement benefit obligation for the years ended March 31, 2020 and 2019 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Balance at the beginning of the year	**¥85**	¥84	**$780**
Retirement benefit expense	**55**	45	**505**
Retirement benefits paid	**(15)**	(19)	**(138)**
Contributions to plans	**(23)**	(24)	**(211)**
Other	**(0)**	(0)	**(0)**
Balance at the end of the year	**¥102**	¥85	**$936**

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2020 and 2019 for the Company's and the consolidated subsidiaries' defined benefits plans:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Funded retirement benefit obligation	**¥265**	¥247	**$2,431**
Plan assets at fair value	**(312)**	(296)	**(2,862)**
	(47)	(48)	**(431)**
Unfunded retirement benefit obligation	**149**	134	**1,367**
Net liability for retirement benefits in the balance sheet	**102**	85	**936**
Liability for retirement benefits	**198**	188	**1,817**
Asset for retirement benefits	**(96)**	(102)	**(881)**
Net liability for retirement benefits in the balance sheet	**¥102**	¥85	**$936**

Retirement benefit expenses calculated using the simplified method for the years ended March 31, 2020 and 2019 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Retirement benefit expenses	**¥55**	¥45	**$505**

Contributions to defined contribution plans of the Company and its consolidated subsidiaries for the years ended March 31, 2020 and 2019 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Contributions to defined contribution plans	**¥582**	¥581	**$5,339**

20. Income Taxes

Deferred tax assets and liabilities (both current and non-current) as at March 31, 2020 and 2019 consisted of the following elements:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Deferred tax assets:			
Accrued enterprise tax	**¥198**	¥177	**$1,817**
Accrued employees' bonuses	**873**	840	**8,009**
Net liability for retirement benefits	**808**	734	**7,413**
Loss carried forward (* 2)	**1,525**	1,306	**13,991**
Loss on write-down of investments in securities	**326**	228	**2,991**
Surplus on allowance for doubtful accounts	**172**	136	**1,578**
Unrealized gains	**535**	555	**4,908**
Others	**1,387**	1,246	**12,725**
Subtotal deferred tax assets	**¥5,826**	¥5,225	**$53,450**
Less: valuation allowance for tax loss carryforwards(* 2)	**(1,392)**	(1,185)	**(12,771)**
Less: valuation allowance for deductible temporary difference	**(891)**	(856)	**(8,174)**
Subtotal valuation allowance(* 1)	**(2,284)**	(2,041)	**(20,954)**
Total deferred tax assets	**¥3,542**	¥3,184	**$32,495**
Deferred tax liabilities:			
Reserve for advanced depreciation of building	**–**	–	**–**
Unrealized loss on other securities	**(438)**	(769)	**(4,018)**
Others	**(155)**	(137)	**(1,422)**
Total deferred tax liabilities	**(593)**	(907)	**(5,440)**
Net deferred tax assets	**¥2,949**	¥2,276	**$27,055**

(NOTES)
(* 1): Valuation allowance increased by ¥ 242 million. While valuation allowance of a consolidated subsidiary in Europe decreased by ¥ 38 million, valuation allowance of a consolidated subsidiary in North America increased by ¥ 280 million.
(* 2): A breakdown of net operating loss carryforwards and valuation allowance by expiry date as of March 31, 2020 is as follows:

	Millions of Yen						
	2020						
	Due in 1 Year or Less	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years	Total
Net operating loss carryforwards (a)	–	–	–	–	–	**¥1,525**	**¥1,525**
Valuation allowance	–	–	–	–	–	**(1,392)**	**(1,392)**
Deferred tax assets	–	–	–	–	–	**¥132**	**¥132**
							(b)

	Thousands of U.S. dollars (Note 4)						
	2020						
	Due in One Year or Less	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years	Total
Net operating loss carryforwards (a)	–	–	–	–	–	**$13,991**	**$13,991**
Valuation allowance	–	–	–	–	–	**(12,771)**	**(12,771)**
Deferred tax assets	–	–	–	–	–	**$1,211**	**$1,211**
							(b)

(a): The amount is determined by multiplying the corresponding net operating loss carryforwards by the effective statutory tax rate.
(b): Deferred tax assets of ¥ 132 million are related to tax loss carryforwards of ¥ 1,525 million. The tax loss carryforwards for which the Company recognized deferred tax assets are determined to be recoverable by expected future taxable income.

Reconciliation of the effective statutory tax rate and the actual tax rate is shown below:

	2020	2019
Effective statutory tax rate	**30.6%**	30.6%
Adjustments:		
Entertainment and other nondeductible expenses	**0.6**	0.7
Dividends and other nontaxable income	**(2.7)**	(2.7)
Inhabitant tax on per capita levy	**0.6**	0.6
Nondeductible amortization of goodwill	**0.7**	0.7
Eliminated dividend received from subsidiaries	**3.2**	3.1
Realization of tax benefits on operating losses	**(0.7)**	(0.8)
Tax credit for research and development expenses	**(0.2)**	(0.3)
Valuation allowance	**2.6**	5.9
Deferred tax assets reduced by change of taxation rates	**–**	–
Difference of foreign subsidiaries' taxation rates	**(0.7)**	(0.3)
Equity in earnings of affiliates	**(0.4)**	(0.4)
Others	**0.5**	0.3
Actual tax rate	**34.1%**	37.4%

21. Segment Information

The reportable segments of the Company are components for which discrete financial information is available and whose operating results are regularly reviewed by the Executive Committee to make decisions about resource allocation and to assess performance.

The reportable segments are as follows:

1. Time information system business
2. Environment system business

(1) Sales, profits or losses, assets and other items by reportable segments

	Millions of Yen				
	2020				
	Reportable segments			Adjustments/ Eliminations	Consolidated
	Time information system business	Environment system business	Total		
Net sales:					
Sales to third parties	**¥100,016**	**¥33,068**	**¥133,084**	**–**	**¥133,084**
Intersegment sales and transfers	**–**	**–**	**–**	**–**	**–**
Total	**100,016**	**33,068**	**133,084**	**–**	**133,084**
Segment profit or loss	**15,658**	**4,756**	**20,415**	**(¥4,246)**	**16,168**
Segment assets	**70,853**	**24,939**	**95,792**	**58,484**	**154,276**
Depreciation and amortization	**6,103**	**578**	**6,681**	**628**	**7,310**
Investment in equity-method affiliates	**1,976**	**–**	**1,976**	**–**	**1,976**
Increase in tangible and intangible fixed assets	**6,851**	**416**	**7,267**	**953**	**8,221**

	Millions of Yen				
	2019				
	Reportable segments			Adjustments/ Eliminations	Consolidated
	Time information system business	Environment system business	Total		
Net sales:					
Sales to third parties	¥96,665	¥35,047	¥131,713	–	¥131,713
Intersegment sales and transfers	–	–	–	–	–
Total	96,665	35,047	131,713	–	131,713
Segment profit or loss	13,590	5,621	19,211	(¥4,049)	15,161
Segment assets	71,224	29,277	100,501	47,107	147,609
Depreciation and amortization	4,706	565	5,271	577	5,849
Investment in equity-method affiliates	1,843	–	1,843	–	1,843
Increase in tangible and intangible fixed assets	4,020	513	4,534	547	5,081

	Thousands of U.S. dollars (Note 4)				
	2020				
	Reportable segments			Adjustments/ Eliminations	Consolidated
	Time information system business	Environment system business	Total		
Net sales:					
Sales to third parties	**$917,579**	**$303,379**	**$1,220,958**	**–**	**$1,220,958**
Intersegment sales and transfers	**–**	**–**	**–**	**–**	**–**
Total	**917,579**	**303,379**	**1,220,958**	**–**	**1,220,958**
Segment profit or loss	**143,656**	**43,641**	**187,297**	**($38,959)**	**148,339**
Segment assets	**650,028**	**228,801**	**878,828**	**536,557**	**1,415,385**
Depreciation and amortization	**55,996**	**5,304**	**61,300**	**5,770**	**67,070**
Investment in equity-method affiliates	**18,132**	**–**	**18,132**	**–**	**18,132**
Increase in tangible and intangible fixed assets	**62,855**	**3,823**	**66,679**	**8,744**	**75,422**

(2) Related Information

Geographic Segments

Information by geographic region for the years ended March 31, 2020 and 2019 is summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
Net sales:	**2020**	2019	**2020**
Japan	**¥87,307**	¥86,425	**$800,984**
North America	**16,120**	16,895	**147,895**
Others	**29,656**	28,392	**272,078**
Total	**¥133,084**	¥131,713	**$1,220,958**

	Millions of Yen		Thousands of U.S.dollars (Note 4)
Tangible fixed assets:	**2020**	2019	**2020**
Japan	**¥18,713**	¥18,765	**$171,680**
Others	**7,356**	3,345	**67,489**
Total	**¥26,069**	¥22,111	**$239,170**

(3) Information on both "amortization of goodwill" and "unamortized balance" by reportable segments as at and for the years ended March 31, 2020 and 2019 is summarized as follows:

	Millions of Yen				
	2020				
	Reportable segments			**Eliminations/ Corporate**	**Total**
	Time information system business	**Environment system business**	**Total**		
Amortization of goodwill	**¥487**	**59**	**¥574**	**–**	**¥547**
Unamortized balance	**¥1,843**	**74**	**¥1,918**	**–**	**¥1,918**

	Millions of Yen				
	2019				
	Reportable segments			Eliminations/ Corporate	Total
	Time information system business	Environment system business	Total		
Amortization of goodwill	¥485	60	¥545	–	¥545
Unamortized balance	¥2,598	135	¥2,734	–	¥2,734

	Thousands of U.S.dollars (Note 4)				
	2020				
	Reportable segments			**Eliminations/ Corporate**	**Total**
	Time information system business	**Environment system business**	**Total**		
Amortization of goodwill	**$4,474**	**545**	**$5,019**	**–**	**$5,019**
Unamortized balance	**$16,913**	**683**	**$17,597**	**–**	**$17,597**

(4) Information on "Impairment loss of fixed assets" by reportable segments for the years ended March 31, 2020 and 2019 is summarized as follows:

	Millions of Yen				
	2020				
	Reportable segments			**Eliminations/ Corporate**	**Total**
	Time information system business	**Environment system business**	**Total**		
Impairment loss	**¥198**	**–**	**¥198**	**–**	**¥198**

	Thousands of U.S. dollars (Note 4)				
	Reportable segments			**Eliminations/ Corporate**	**Total**
	Time information system business	**Environment system business**	**Total**		
Impairment loss	**$1,816**	**–**	**$1,816**	**–**	**$1,816**

22. Per Share Data

Net assets and net income per share as at and for the years ended March 31, 2020 and 2019 are as follows:

(1) Net assets per share

	Yen		U.S.dollars (Note 4)
	2020	2019	**2020**
Net assets per share	**¥1,454.47**	¥1,417.86	**$13.344**

The basis for these calculations is as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Total net assets in consolidated balance sheet	**¥109,478**	¥106,592	**$1,004,392**
Amount to be deducted from total net assets	**783**	630	**7,185**
(Out of the above non-controlling interest portion)	**(783)**	(630)	**(7,185)**
Net assets relating to common stock	**108,695**	105,961	**997,202**

	Shares	
	2020	2019
Number of shares of common stock used to compute net assets per share	**74,731,928**	74,733,204

(2) Net income per share

	Yen		U.S.dollars (Note 4)
	2020	2019	**2020**
Net income per share	**¥141.40**	¥121.17	**$1.297**

Notes: Diluted net income per share is omitted as there were no potential shares with dilutive effect.

The basis for these calculations is as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2020	2019	**2020**
Net income in the consolidated statement of income	**¥10,567**	¥9,142	**$96,945**
Net income relating to common stock	**10,567**	9,142	**96,945**

	Shares	
	2020	2019
Average number of shares of common stock outstanding during the year	**74,732,535**	75,452,437

(3) Shares remaining in trust of the Director's Compensation BIP Trust and the Employee Stock Ownership Plan (J-ESOP) recognized in shareholders' equity as treasury stock are included in treasury stock to be deducted in the calculation of the average number of shares outstanding over the period to calculate net income per share and also included in treasuring stock to be deducted in the calculation of the number of shares of treasury stock at the end of the period to calculate net assets per share. The average number of shares of such treasury stock outstanding over the period that was deducted to calculate net income per share was 314,300 shares for both the previous fiscal year and the current fiscal year. The number of shares of treasury stock at the end of the period that was deducted to calculate net assets per share was 314,300 shares for both the previous fiscal year and the current fiscal year.

Corporate Data

Domestic Operations

HEAD OFFICE

275 Mamedocho, Kohoku-ku, Yokohama, Kanagawa, JAPAN 222-8558

FACILITIES

SAGAMIHARA Factory
HOSOE Factory

SALES OFFICES

71 Sales Offices Located in major cities, including

SAPPORO Office, SENDAI Office
OMIYA Office, TOKYO Office
NAGANO Office, NIIGATA Office
YOKOHAMA Office, HAMAMATSU Office
NAGOYA Office, KANAZAWA Office
KYOTO Office, OSAKA Office
OKAYAMA Office, HIROSHIMA Office
TAKAMATSU Office, FUKUOKA Office

DOMESTIC SUBSIDIARIES

AMANO MANAGEMENT SERVICE CORPORATION
AMANO MAINTENANCE ENGINEERING CORPORATION
AMANO BUSINESS SOLUTIONS CORPORATION
AMANO SECURE JAPAN CORPORATION
ENVIRONMENTAL TECHNOLOGY CO., LTD.
AMANO MUSASHI ELECTRIC CORPORATION
AMANO AGENCY CORPORATION

Board of Directors

Chairman & Representative Director

Izumi NAKAJIMA

President & Representative Director

Hiroyuki TSUDA

Director & Operating Officer

Kunihiro IHARA
Manabu YAMAZAKI
Kirihito NINOMIYA
Fujinori TAZO

(Outside) Directorr

Isao KISHI
Kiyoshi KAWASHIMA
Michinobu OMORI

(Full-time) Audit & Supervisory Board Member

Masahiko MORITA
Yasuhiro SASAYA

(Outside) Audit & Supervisory Board Member

Takehide ITONAGA
Hanae NAKAYA

Managing Operating Officer

Takeshi AKAGI
Minoru YONEZAWA

Operating Officers

Susumu IKOMA
Myeong-Jin JEON
Tetsuhiro KONDO
Sachio OTAKA
Yoshihiko HATA
Hiroyuki KOBARI
Hideo HONDA
Kouji AKIYAMA
Takeya HAYASHITANI
Takatoshi TAKAHASHI
Tetsuji ISHIKAWA

Overseas Operations

1. AMANO USA HOLDINGS,INC.
2. AMANO CINCINNATI,INC.
3. AMANO CINCINNATI,INC. OHIO FACTORY
4. AMANO McGANN CANADA INC.
5. AMANO PIONEER ECLIPSE CORPORATION
6. AMANO McGANN, INC.
7. ACCU-TIME SYSTEMS, INC.
8. AMANO TIME&ECOLOGY DE MEXICO S.A. DE C.V.
9. ACCU-TECH SYSTEMS, Ltd.
10. AMANO EUROPE HOLDINGS, N.V.
11. AMANO EUROPE, N.V.
12. AMANO TIME&PARKING SPAIN S.A.
13. HOROQUARTZ, S.A.
14. HOROQUARTZ MAROC, S.A.
15. AMANO KOREA CORPORATION
16. AMANO INTERNATIONAL TRADING(SHANGHAI)CO.,LTD.
17. AMANO SOFTWARE ENGINEERING (SHANGHAI)CO.,LTD.
18. AMANO PARKING SERVICE LTD.
19. AMANO MALAYSIA SDN.BHD.
20. AMANO TIME&AIR SINGAPORE PTE.LTD.
21. PT.AMANO INDONESIA
22. AMANO THAI INTERNATIONAL CO.,LTD.
23. AMANO VIETNAM CO.,LTD.

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