



FINANCIAL REPORT

April 2020 - March 2021



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 8th 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, Amano 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 companies 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, Amano 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 8th 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. Under our medium- to long-term strategies based on market and competitive analyses, the Group will aim to establish an unparalleled competitive advantage in each business by building a sales capability that fits the market trend to reinforce the relationship with existing customers and to expand transactions with new customers.

In the Information Systems, the enactment of the bills related to the Work Style Reform in April 2019 was followed by the start of their application to small and medium-sized businesses in April 2020. 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, which grew sharply under the COVID-19 pandemic, etc., thus creating a constant demand for time & attendance management systems to upgrade or rebuild their working hour management systems and ensure legal compliance. Demand for cloud services is also expected to increase as the need for various administrative procedures to become available electronically grows, in addition to the need to track employees' work status due to an increase in the number of people working from outside the office.

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, 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 aim for continued expansion by improving the functions of our cloud-based time & attendance management systems, which can be customized to reflect each company's work rules, in response to the strong demand for cloud services that has arisen as new work styles such as remote working become firmly embedded in the workplace. 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 promote the expansion of "e-AMANO" cloud service to offer the electronic processing of various notifications and declarations for employees from hiring through retirement. In this way, we will maintain and expand our customer base with our one-stop services encompassing hardware, software, services, and cloud to further expand our business portfolio.

The Parking Systems continues to benefit from new demand arising from the spread of cashless payment and ticketless operation, even though parking lot utilization rates have not fully recovered due to the effect of unstable economic conditions, and the conditions of the parking lot market remain challenging. In addition, there are rising needs to offer solutions to reduce parking lot management costs, ensure safety and security, heighten environmental considerations, and improve user convenience, as well as to offer cloud-based services and provide operational solutions based on ETC technology amid the trend of digital transformation.

Given these changes in the market environment, we will further strengthen partnerships with major parking lot management companies and provide various services through our parking lot data center for small and medium-sized parking lot management companies 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 by utilizing the data center service 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 had faced weak corporate appetite for capital investment both in Japan and overseas following the deterioration in business sentiment, but businesses started to resume their investment as the Chinese economy began recovering.

Given this market environment, in Japan we will aim to increase the quantity of sales of standard equipment by rolling out new products and applying existing products to new areas, and expand business domains including the pharmaceutical, food, and cosmetics markets, which

are less affected by business sentiments. 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. With the rising demand to create a hygienic and safe environment, we will work to expand the sales of high-performance air purifiers to new customers, such as companies in the medical field, various service providers, and retailers.

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 the 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. Furthermore, we expect that the demand will continue to expand with the rising consciousness for cleanliness due to the spread of COVID-19.

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 the order intake for supplies, which will maintain and expand our customer base. We will also promote comprehensive proposals for commissioned cleaning services that make full use of cleaning robots, aesthetic maintenance, and improved hygiene management through the use of electrolytic water generators.

2. North American market

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

3. European market

In the Information Systems, we will further enhance our customer base by promoting Horo-quartz's workforce management and access control businesses as well as by expanding cloud services. At the same time, we will aim to expand this business into new countries other than France. In the Parking Systems, 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, 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 present three-year Medium-term Business Plan has come into effect from April 2020 until March 2023, in which we are aiming to achieve ¥140,000 million or higher in net sales and ¥18,500 million or higher in operating profit in the FY 2022, the last fiscal year of the plan.

(Major assumptions of the numerical targets)

- (i) The results for the FY2021 (year ending March 31, 2022), which marks the second year of the 8th Medium-term Business Plan, has been revised on the assumption that Amano and our Group companies in and out of Japan remain deeply affected by the COVID-19 pandemic. At the original planning, we expected less slight influence by the COVID-19 pandemic than the previous year, however, we are assuming that full normalization will take time as the COVID-19 has been still spreading throughout the world.
- (ii) For unconsolidated ACJ, despite some fluctuations in net sales, the Information Systems is expected to remain on a growth trend tail winded by the Government driven Work Style Reform initiatives. Moreover, the Environmental Systems is expected to keep improving due to Chinese economy recovery and resumption of equipment investment in the car industry. In addition, the Clean Systems is anticipated to increase in net sales due to the high demand with enhancing sanitary awareness. On the other hand, the Parking Systems will remain struggling because parking lot owners have less motivation to invest their equipment, and return to a growth path in the FY 2022, the last fiscal year of the 8th Medium-term Business Plan.
- (iii) Parking management services of the Parking Systems is expected to get out of the severe situation in the FY2020 and recover both in Japan and abroad, and thus firmly positioned as the driver of consolidated growth again in the FY 2022.
- (iv) Amano McGann Inc., in North America, which has suffered from legacy issues, will launch a new product on the market in the middle of this fiscal year, and the company is expected to improve their profitability from the second half of the FY2021.

Please note that the numerical targets for more two-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 appropriately according to the future changes in the business environment, at which time, we hope to have a better outlook for the pandemic and the economic recovery trends of each country.

Numerical targets

(Millions of yen)

	FY 2020 (year ended March 2021) (Results)		FY 2021 (year ending March 2022) (Original)		FY 2021 (year ending March 2022) (Revised)		FY 2022 (year ending March 2023)	
	Amount	YoY (%)	Amount	YoY (%)	Amount	YoY (%)	Amount	YoY (%)
Net sales	113,598	(14.6)	125,000	10.0	120,000	5.6	140,000	16.7
Operating profit	9,934	(38.6)	14,000	40.9	12,500	25.8	18,500	48.0
Operating profit ratio (%)	8.7%	–	11.2%	–	10.4%	–	13.2%	–
Ordinary profit	11,017	(34.7)	15,000	36.2	13,500	22.5	19,500	44.4
Net income attributable to owners of the parent company	7,248	(31.4)	10,000	38.0	9,000	24.2	13,000	44.4

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

Amano places great importance on our policy of paying dividends to shareholders. Our fundamental policy to return profits to shareholders is to make appropriate performance-based distributions and to buy back shares, as it deems necessary. We aim 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 ¥45 per share, and the annual per-share dividend for this fiscal year will be ¥65 (including ¥20 per share paid as the interim dividend), a decrease of ¥19 from the annual per-share dividend of ¥84 for the previous fiscal year.

In addition, we resolved to buy back our issued shares by the Board of Directors of our company on April 26, 2021. The detail of this matter is available for inspection on the website of our company.

(https://www.amano.co.jp/English/ir/dl/news/2021/20210426_2.pdf)

As a result, the consolidated payout ratio will be 67.3%, the net asset dividend rate will be 4.4%, and the total return ratio will be 98.3%.

With regard to the dividend for the next fiscal year ending March 31, 2022, 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 ¥70 (with an interim dividend of ¥25 and a year-end dividend of ¥45).

Retained earnings will be earmarked to fund effective investment aimed at the fundamental enhancement of the Company's capacity to conduct our 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.



Hiroyuki Tsuda

Hiroyuki TSUDA
President
Representative Director

Business Performance

General Business Results

Business Results in the Year Ended March 31, 2021

General Business Results for This Fiscal Year

During the consolidated fiscal year under review, the effect of COVID-19 continues, but the Japanese economy showed some signs of recovery triggered by the recovery in the Chinese economy and the resumption of economic activities in Japan. However, it seems that the future outlook for the Japanese economy continues to be uncertain due to the global shortage of semiconductors, the prolonged U.S.-China trade friction, and the continuation of various social and economic restrictions to cope with the worldwide resurgence of COVID-19.

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

During the fiscal year under review, Amano recorded sales of ¥113,598 million, down by 14.6% year-on-year. Operating profit decreased by 38.6% to ¥9,934 million, ordinary profit went down by 34.7% to ¥11,017 million, and net income attributable to owners of the parent company decreased by 31.4% to ¥7,248 million, resulting in decreases in both sales and profit.

(Main factors behind the business results)

- (i) At non-consolidated Amano, "Work Style Reform" continues to tailwind the business, and since the cancellation of the state of emergency declaration in May 2020, business conditions are on a recovering trend. However, sales were down year-on-year as business is yet to recover to last year's level mainly due to the effect of the re-declaration of the state of emergency in January 2021. Amid such circumstances, the Environmental Systems showed a slight improvement where the rate of sales decline eased as the Chinese economy began to recover, and the Clean Systems is also on a recovering trend as demand for cleanliness expands.
- (ii) At domestic group companies, the parking management service business remained weak with people being told to refrain from

going out, which reduced the number of people moving by car. On the other hand, T&A cloud services remained firm, driven by the strong interest from customers.

- (iii) In overseas markets, although Amano McGann in North America made progress in reducing their fixed expenses, due to the COVID-19 curfew and protest demonstrations across the United States, sales revenue decreased significantly, widening the deficit. Sales in Asia and Europe also declined due to government-imposed curfews and other restraints on business activities. However, in Europe, the sales decline rate improved due to the strong T&A cloud service business.
- (iv) In terms of extraordinary losses, an impairment loss of ¥1,121 million was posted due to the poor operating results of Amano McGann, Inc. in North America and the relocation (switching to leasing) of the head office of Accu-Time Systems, Inc. in North America.
- (v) Furthermore, the net income attributable to owners of the parent company includes the federal tax refunds in the United States.

Sales by business division

(Unit: Millions of yen)

Category	FY2019		FY2020		Change	
	(April 1, 2019–March 31, 2020)		(April 1, 2020–March 31, 2021)			
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	%
Time Information System business:						
Information Systems	31,110	23.4	27,878	24.6	(3,231)	(10.4)
Time Management Products	3,475	2.6	2,856	2.5	(618)	(17.8)
Parking Systems	65,429	49.2	53,854	47.4	(11,575)	(17.7)
Subtotal	100,016	75.2	84,590	74.5	(15,425)	(15.4)
Environment System business:						
Environmental Systems	22,432	16.8	18,664	16.4	(3,768)	(16.8)
Clean Systems	10,635	8.0	10,343	9.1	(291)	(2.7)
Subtotal	33,068	24.8	29,007	25.5	(4,060)	(12.3)
Total	133,084	100.0	113,598	100.0	(19,485)	(14.6)

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

The sales in this business totaled ¥84,590 million, down by ¥15,425 million (down 15.4%) year-on-year. The following is a breakdown of sales by business division.

Information Systems

¥27,878 million (down 10.4% year-on-year)

In this business, against the backdrop of the enactment of the bills related to the "Work Style Reform" in April 2019, the Japanese market is focused on the labor management efforts of companies to embrace digitalization and network technologies in order to improve productivity, make full use of diverse human resources, and expand teleworking under the COVID-19 pandemic, while responding to new statutory requirements, such as complying with the upper limit on working hours.

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 our "3-in-1" proposal, comprising time & attendance (T&A), payroll, and human-resource management, thus striving to bolster our activities to provide total solutions from system ownership to system use.

Domestic sales for the current term were as follows. For Amano, on an unconsolidated basis, software sales decreased by ¥1,201 million (11.8%), hardware sales decreased by ¥1,206

million (27.8%), and sales generated by maintenance contracts and supplies services decreased by ¥220 million (4.7%) year-on-year. Software sales decreased because the sales of "TimePro-VG," a piece of software for medium-sized and large businesses, have not yet recovered to the level of the previous year, even though they have been on a recovering trend since the cancellation of the state of emergency declaration in 2020; and orders for "TimePro-NX" for small to medium-sized businesses remained weak due to the continuation of unfavorable business conditions for corporate customers. The decrease in hardware sales was due to the effect of restrictions imposed on equipment installation work during the declaration of the state of emergency in 2020, which could not be offset by the orders received in the second half of the current term. The cloud services developed by Amano Business Solutions Corporation continued to perform strongly, supported mainly by an increase in the number of users due to teleworking.

Overall overseas sales decreased by ¥562 million (down 5.2% 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, even though they achieved growth in highly profitable cloud services.

Time Management Products

¥2,856 million (down 17.8% 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 the 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 expand-

ing its customer base through the promotion of "User-club," a fee-based service for members. The Company has also proposed a new usage method by launching compact time recorders equipped with Wi-Fi functions as a standard feature and accommodating cloud connectivity.

Overall domestic sales for the current term decreased by ¥567 million (18.9%) year-on-year as the sales of both standard time recorders and time recorders equipped with aggregation software compatible with PCs declined.

Overall overseas sales decreased by ¥141 million (down 21.6% year-on-year) as sales in North America, Europe, and Asia fell.

Parking Systems

¥53,854 million (down 17.7% year-on-year)

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

In response to these market conditions, the Company further strengthened our cooperation with major parking lot management firms and, at the same time, concentrated on offering various services to small to medium-sized parking lot management firms through our parking lot data centers. The Company has also worked to improve the functionality and usability of our system equipment by expanding the proposals for our vehicle number-based ticketless system; made efforts to expand into new markets, such as bicycle parking systems, security-gate systems and toll road systems; strength-

ened proposals for improving parking lot management efficiency; and made new proposals for enhancing parking lot services to users.

Domestic sales for the current term were as follows. For Amano, on an unconsolidated basis, domestic parking equipment sales decreased by ¥5,811 million (29.6%) mainly due to the effect of the increase in projects for management firms, while sales generated by maintenance contracts and supplies services also decreased by ¥1,193 million (12.2%). Sales decreased in the commissioned parking lot management business operated by Amano Management Service with a decline in parking lot occupancy rates because people were told to refrain from going out following the declaration of the state of emergency in April 2020. However, the Company continue to invest in this business in anticipation of future business expansion and achieved an increase in the number of parking spaces under management by 24,000 (4.9%) from the end of the previous fiscal year.

Overall overseas sales decreased by ¥3,701 million (down 15.2% year-on-year) due to a decrease in the sales of Amano McGann, Inc. in North America as well as mixed results in Asia, including an increase in sales in Hong Kong and a decrease in the sales of the commissioned parking lot management business in South Korea and Malaysia mainly due to the effect of restrictions on going out.

Environment System business

- Environmental Systems:

Standard dust collectors, large dust collection systems, pneumatic powder conveyance systems, high-temperature hazardous-gas removal systems, deodorization systems, and high-performance air purifier

- Clean Systems:

Cleaning equipment, dry-care cleaning systems, cleaning man-

agement services, and electrolytic water generators

The sales in this business totaled ¥29,007 million, down by ¥4,060 million (down 12.3%) year-on-year. The following is a breakdown of sales by business division.

Environmental Systems

¥18,664 million (down 16.8% year-on-year)

This business had faced weak demand for capital investment due to the outbreak of COVID-19, but our business environment has started to show some signs of improvement supported by the recovery in the Chinese economy.

In this market environment, the Company's domestic strategy focused on capitalizing the demand for our standard equipment by strengthening proposals, mainly targeting companies related to machine tools and electronic parts, as well as automobile manufacturers, which continue to invest in the development of next-generation automobiles, while seeking to win additional orders from customers in the pharmaceutical, foods, and cosmetics markets where demand is relatively stable. Meanwhile, the Company enhanced cooperation with our overseas Group companies, reinforced our 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 ¥1,410 million (18.3%), even though demand for high-performance air purifiers was strong, while sales of large-scale systems decreased by ¥388 million (6.5%) and sales generated by maintenance contracts and supplies services decreased by ¥438 million (10.5%)

year-on-year.

Overall overseas sales decreased by ¥1,608 million (down 36.7% year-on-year), as sales in Asia fell, particularly in China and Thailand

Clean Systems

¥10,343 million (down 2.7% year-on-year)

In the 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 as well as rising hygiene consciousness under the COVID-19 pandemic, the need for proposals that lead to higher cleaning efficiency, improved quality, and the effective use of cleaning robots has been increasing more than ever.

In response to these market conditions, we proposed the automation of cleaning work using the cleaning robot "EGrobo" and promoted the new automatic floor scrubber "EG series," which feature improved safety and usability. In addition, our efforts included proposals to improve hygiene management through the use of electrolytic water generators (*).

For this fiscal year, overall domestic sales of cleaning equipment decreased by ¥159 million (7.4%) and domestic sales generated by maintenance contracts and supplies services decreased by ¥178 million (7.3%) year-on-year despite an increase in demand for electrolytic water generators while the sales of other equipment were weak.

Overall overseas sales increased by ¥85 million (up 1.6% year-on-year) as Amano Pioneer Eclipse Corporation in North America, which launched a sanitizer for preventing COVID-19 infection, achieved an increase in sales by capturing the demand for cleaning

(*)When water with a small amount of salt is electrolyzed it generates (i) [hypochlorous acid water

(acidic electrolyzed water)] and (ii) [alkaline electrolyzed water].

(i) has an excellent bactericidal effect, and (ii) is an effective detergent to remove lipids and proteins.

For more details on our electrolyzed water generators, please refer to our website (Japanese language).

(<https://www.amano.co.jp/Clean/products/denkai.html>)

General Financial Condition for This Fiscal Year

(i) Assets, liabilities, and net assets

Total assets amounted to ¥150,559 million (down ¥3,717 million from the previous consolidated fiscal year-end).

- Current assets: a decrease of ¥1,858 million due to a decrease in notes and accounts receivable-trade, etc.
- Fixed assets: a decrease of ¥1,858 million due to a decrease in long-term deposits and software, etc.

Total liabilities amounted to ¥38,974 million (down ¥5,824 million from the previous consolidated fiscal year-end).

- Current liabilities: a decrease of ¥5,854 million due to a decrease in accrued income taxes and electronically recorded obligations, etc.
- Long-term liabilities: an increase of ¥30 million due to an increase in lease obligations, etc.

Net assets amounted to ¥111,585 million (up ¥2,106 million from the previous consolidated fiscal year-end).

- Shareholders' equity: an increase of ¥1,325 million due to posting of net income attributable to owners of the parent company, etc.
- Accumulated other comprehensive income: an increase of ¥830

million due to increases in net unrealized gains(losses) on available-for-sale securities, etc.

Summary of Cash Flows for This Fiscal Year

Consolidated cash and cash equivalents increased by ¥411 million from the previous fiscal year-end to a total of ¥52,546 million as of March 31, 2021. 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 ¥15,596 million (a decrease in income of ¥7,614 million year-on-year).

- Main income factors:
Posting of income before income taxes amounting to ¥9,788 million and posting of depreciation and amortization amounting to ¥8,398 million.
Posting of a decrease in trade notes and accounts receivable amounting to ¥4,065 million.
- Main expenditure factors:
Posting of income taxes paid amounting to ¥5,800 million and posting of a decrease in trade payables amounting to ¥2,572 million.

Net cash used in investing activities totaled -¥6,355 million (an increase in cash outflow of ¥649 million year-on-year).

- Main income factors:
Posting of proceeds from withdrawal of time deposits amounting to ¥4,649 million and posting of proceeds from redemption of securities amounting to ¥2,500 million.
- Main expenditure factors:
Posting of increase in time deposits amounting to ¥3,994 million and posting of payment for purchase of tangible fixed assets amounting to ¥2,395 million.
Posting of payment for acquisition

of investment securities amounting to ¥2,038 million and posting of payment for acquisition of intangible fixed assets amounting to ¥1,686 million.

Net cash used in financing activities amounted to -¥8,634 million (an increase in cash outflow of ¥893 million year-on-year).

- Main income factors:
Posting of proceeds from sale and leaseback amounting to ¥1,249 million.
- Main expenditure factors:
Posting of dividends paid amounting to ¥5,703 million and posting of repayments of lease obligations amounting to ¥3,718 million.

Future Outlook

In the next fiscal year ending March 31, 2022, the global economy will remain uncertain due to the worldwide shortage of semiconductors and the impact of the US-China trade war amid COVID-19 pandemic. In this situation, the global economy is likely to recover slightly because of Chinese economy recovery and domestic economic activity resumption.

Amid this business environment, Amano Corporation and our Group companies have set "The 3rd Stage Towards a 100-year Company-Establishing a solid business foundation that leads to sustainable growth" as our management concept and work to address key issues in the 8th 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, 2022, we forecast net sales at ¥120,000 million, operating profit at ¥12,500 million, ordinary profit at ¥13,500 million and net income attributable to parent company shareholders at ¥9,000 million. For details, please refer to [2] Nu-

merical targets indicated on page 4, in "Business Policies." Furthermore, this forecast assumes the currency exchange rates of ¥105 to the US dollar and ¥125 to the euro.

Although we have reflected the effects of COVID-19 in our full-year forecast above as much as possible, we intend to disclose them 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 our company.

(<https://www.amano.co.jp/English/corp/governance.html>)

Forward-looking statements are current as of the date of release of these financial results (April 26, 2021).

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

The Amano Group uses the unique technologies and know-how we have 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 our business globally.

In the year ended March 31, 2021, the Time Information System business accounted for 74.5% of total sales, and the Environment System business accounted for 25.5%. Before the deduction of unallocated expenses, the Time Information System business contributed 70.5% to operating profit, while the Environment System business contributed 29.5%. In terms of weighted average sales over the last five years, the Time Information System business accounted for 73.8% of total sales and 72.3% of operating profit.

One future risk factor is that if market expansion is forecasted 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 our business performance.

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

(ii) Fluctuations in exchange rates

Our group engages in business activities on a global scale and has production and sales bases overseas. In view of this, our 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, our 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 our group's business performance due to factors such as loss of confidence.

As precautionary measures against such a risk, our 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. Our company received the Privacy-Mark 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 our 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, our group may sustain damage to human lives or our 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, our group may temporarily lose the ability to continue to perform our operating activities.

As precautionary measures against such risks, our group has put in place measures to ascertain and ensure the safety of employees by introducing an emergency contact network and safety confirmation systems. In addition, our group is moving our 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 con-

trol headquarter in the event of an emergency.

(v) Overseas business development

Our group has been developing our 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, or pandemic, etc. in countries or regions where our group conducts business, which may adversely impact our group's business performance.

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

(vi) Accounting estimate assumption change

Our group makes estimates regarding impairment accounting for fixed assets and deferred tax assets recoverability at the time of preparing the consolidated financial statements. These estimates are based on certain assumptions about the future. If the assumptions differ significantly due to the occurrence of unexpected events such as natural disasters that may have a significant impact on domestic and overseas economic activities and an outbreak of an infectious disease, it may affect our business performance.

In order to be ready for these risks, our group strives to calculate a reasonable amount based on available information at the time of accounting estimation.

Reference: Trend of cash flow indicators

	As of Mar. 31, 2017	As of Mar. 31, 2018	As of Mar. 31, 2019	As of Mar. 31, 2020	As of Mar. 31, 2021
Equity ratio (%)	71.8	72.3	71.8	70.5	73.6
Fair value equity ratio (%)	122.6	150.1	132.5	116.1	134.0
Ratio of cash flow to interest-bearing liabilities (%)	16.0	11.2	14.0	27.1	43.5
Interest coverage ratio	447.8	483.5	539.4	227.9	101.9

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).

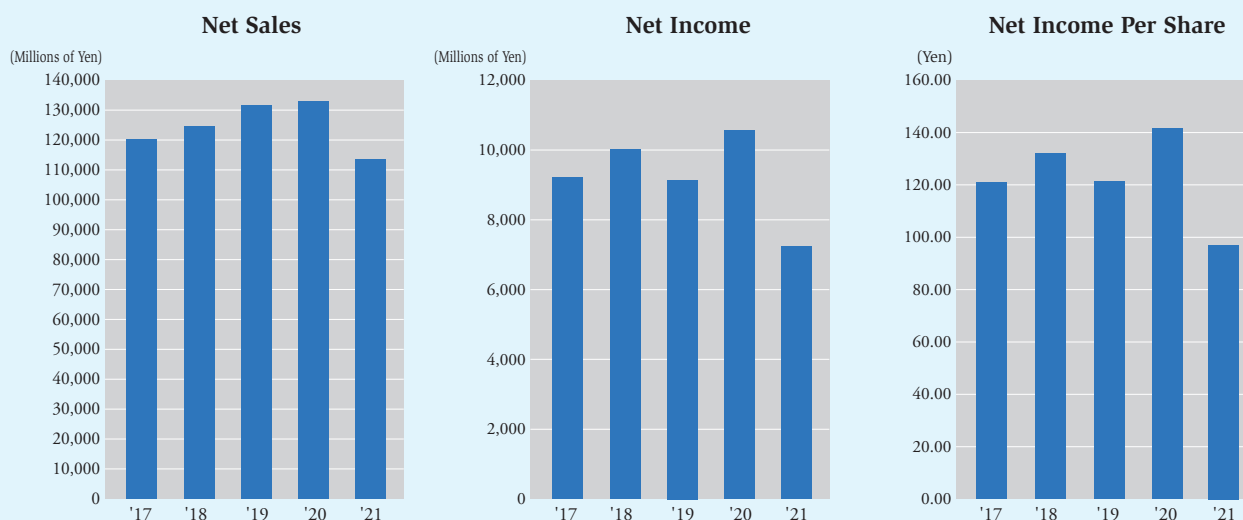
* The term "cash flow from operating activities" refers to cash flow from operating activities posted under the consolidated statements of cash flows. The term "interest-bearing liabilities" refers to those liabilities stated in the consolidated balance sheets on which interest is paid. Interest payments equate with the interest paid recorded in the consolidated statements of cash flows.

AMANO Corporation and Subsidiaries
Financial Highlights
 For the year ended March 31, 2021

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)
	2021	2020	2021
For the years ended March 31:			
Net sales	¥113,598	¥133,084	\$1,023,410
Net income.....	7,248	10,567	65,299
Per share data (Yen and U.S. Dollars):			
Net income per share (Basic).....	¥97.08	¥141.40	\$0.875
Cash dividends per common share.....	65.00	84.00	0.586
At March 31:			
Total assets.....	¥150,559	¥154,276	\$1,356,392
Working capital	67,790	63,794	610,727
Total net assets.....	111,585	109,478	1,005,274
Sales by product:			
Time information systems	¥27,878	¥31,110	\$251,161
Time management equipment	2,856	3,475	25,738
Parking systems	53,854	65,429	485,179
Environmental systems	18,664	22,432	168,144
Cleaning systems	10,343	10,635	93,188

Note: U.S. dollar amounts have been translated at the rate of ¥111 = US \$1, the rate prevailing on March 31, 2021.
 - See Note 4 to the Consolidated Financial Statements.



Consolidated Balance Sheet

As at March 31, 2021

ASSETS	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Current assets:			
Cash and bank deposits (Notes 6, 16 and 18)	¥56,432	¥54,973	\$508,403
Marketable securities (Notes 16 and 18)	2,556	1,743	23,034
Notes and accounts receivable:			
Trade (Notes 18)	27,175	31,392	244,822
Less allowance for doubtful accounts	(399)	(321)	(3,599)
	26,775	31,071	241,224
Inventories:			
Merchandise and finished goods	3,883	4,282	34,986
Work in process	540	622	4,872
Raw materials and supplies	4,429	4,796	39,902
Other current assets	3,981	2,968	35,871
Total current assets	98,600	100,458	888,291
Property, plant and equipment, at cost:			
Buildings and structures	29,029	28,977	261,528
Machinery and equipment	22,953	22,235	206,788
Leased assets (Note 17)	12,639	10,800	113,872
	64,622	62,013	582,187
Less accumulated depreciation	(45,164)	(42,313)	(406,891)
	19,457	19,700	175,297
Land	5,896	5,922	53,124
Construction in progress	237	446	2,144
Total property, plant and equipment	25,592	26,069	230,564
Intangible fixed assets :			
Goodwill	1,612	1,918	14,524
Software	3,760	4,752	33,877
Software in progress	922	1,118	8,315
Other intangible fixed assets	1,811	3,150	16,321
Total intangible fixed assets	8,107	10,939	73,037
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates (Notes 5 and 18)	2,237	2,078	20,161
Investments in securities (Note 18)	10,066	6,803	90,692
Leasehold and guarantee deposits	1,724	1,550	15,538
Deferred tax assets (Note 20)	2,403	3,086	21,652
Other assets	2,415	3,952	21,763
Less allowance for doubtful accounts	(589)	(662)	(5,307)
Total investments and other assets	18,259	16,809	164,499
Total assets	¥150,559	¥154,276	\$1,356,392

LIABILITIES AND NET ASSETS	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Current liabilities:			
Trade notes and accounts payable (Note 18)	¥5,371	¥6,210	\$48,389
Electronically recorded monetary claims (Note 18)	5,073	6,845	45,709
Short-term bank loans	520	678	4,690
Lease obligations (Notes 17 and 18)	2,843	2,641	25,616
Accrued bonuses for employees	2,379	2,842	21,435
Accrued bonuses for directors	90	130	811
Accrued income taxes	1,445	3,711	13,019
Other current liabilities	13,086	13,604	117,894
Total current liabilities	30,809	36,664	277,564
Long-term liabilities:			
Liability for retirement benefits (Note 19).....	2,308	2,736	20,800
Long-term accounts payable	-	0	-
Lease obligations (Notes 17 and 18)	4,856	4,495	43,753
Deferred tax liabilities (Note 20)	128	136	1,154
Asset retirement obligations	33	32	300
Other long-term liabilities	837	732	7,547
Total long-term liabilities	8,164	8,134	73,554
Total liabilities	38,974	44,798	351,118
Net assets (Notes 14 and 15):			
Shareholders' equity:			
Common stock			
Authorized - 185,476,000 shares			
Issued:			
March 31, 2021 and 2020 - 76,657,829 shares			
in 2021 and 2020	18,239	18,239	164,321
Capital surplus	19,293	19,293	173,812
Retained earnings	81,749	80,204	736,479
Treasury stock at cost, 2,033,401 shares in 2021 and 1,925,901 shares in 2020	(4,443)	(4,224)	(40,034)
	114,838	113,512	1,034,577
Accumulated other comprehensive income:			
Net unrealized gains (losses) on other securities	1,875	1,025	16,901
Foreign currency translation adjustments	(5,242)	(4,781)	(47,225)
Retirement benefits liability adjustments	(620)	(1,061)	(5,589)
	(3,986)	(4,817)	(35,914)
Non-controlling interests in consolidated subsidiaries	733	783	6,611
Total net assets.....	111,585	109,478	1,005,274
Total liabilities and net assets	¥150,559	¥154,276	\$1,356,392

The accompanying notes are an integral part of these statements.

Consolidated Statement of Income, and Consolidated Statement of Comprehensive Income

For the year ended March 31, 2021

Consolidated Statement of Income

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Net sales	¥113,598	¥133,084	\$1,023,410
Cost of sales (Note 8)	63,761	73,362	574,427
Gross profit	49,837	59,721	448,982
Selling, general and administrative expenses (Notes 7 and 8)	39,902	43,552	359,482
Operating income	9,934	16,168	89,501
Other income (expenses):			
Interest and dividend income	415	385	3,747
Interest expense	(153)	(102)	(1,383)
Equity in earnings of affiliates	250	198	2,255
Foreign exchange gain (loss)	(13)	(93)	(119)
Gain on sale of fixed assets (Note 9)	21	5	198
Loss on disposal of fixed assets (Note 10)	(45)	(39)	(408)
Loss on sale of fixed assets (Note 11)	-	(194)	-
Impairment loss on fixed assets (Note 12)	(1,121)	(198)	(10,102)
Other, net	499	151	4,500
Income before income taxes and non-controlling interests	9,788	16,282	88,188
Income taxes (Note 20):			
Current	2,366	5,790	21,318
Deferred	117	(241)	1,058
Income before non-controlling interests	7,305	10,732	65,812
Non-controlling interests in net income of consolidated subsidiaries	(56)	(165)	(513)
Net income.....	¥7,248	¥10,567	\$65,299

Consolidated Statement of Comprehensive Income

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Income before non-controlling interests	¥7,305	¥10,732	\$65,812
Other comprehensive income (loss) (Note 13):			
Net unrealized gains (losses) on other securities	851	(894)	7,672
Translation adjustments	(504)	(548)	(4,542)
Retirement benefits liability adjustments	440	(112)	3,972
Share of other comprehensive income (loss) of companies accounted for by the equity method	0	0	1
Total other comprehensive income (loss)	788	(1,554)	7,103
Comprehensive income	¥8,093	¥9,177	\$72,915
Total comprehensive income attributable to:			
Shareholders of the Company	¥8,078	¥8,966	\$72,783
Non-controlling interests	¥14	¥210	\$132

The accompanying notes are an integral part of these statements.

Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2021

Millions of Yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2020	¥18,239	¥19,293	¥80,204	(¥4,224)	¥113,512
Cumulative effect of change in accounting principle			0		0
Restated balance at April 1, 2020	18,239	19,293	80,204	(4,224)	113,512
Changes during the year					
Dividends from surplus			(5,703)		(5,703)
Net income			7,248		7,248
Purchase of treasury stock				(246)	(246)
Retirement of treasury stock				26	26
Net changes in items other than shareholders' equity					
Total changes during the year	-	-	1,544	(219)	1,325
Balance at March 31, 2021	¥18,239	¥19,293	¥81,749	(¥4,443)	¥114,838

	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, 2020	¥1,025	(¥4,781)	(¥1,061)	(¥4,817)	¥783	¥109,478
Cumulative effect of change in accounting principle						0
Restated balance at April 1, 2020	1,025	(4,781)	(1,061)	(4,817)	783	109,478
Changes during the year						
Dividends from surplus						(5,703)
Net income						7,248
Purchase of treasury stock						(246)
Retirement of treasury stock						26
Net changes in items other than shareholders' equity	850	(460)	440	830	(49)	781
Total changes during the year	850	(460)	440	830	(49)	2,106
Balance at March 31, 2021	¥1,875	(¥5,242)	(¥620)	(¥3,986)	¥733	¥111,585

Thousands of U.S. dollars (Note 4)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2020	\$164,321	\$173,812	\$722,563	(\$38,058)	\$1,022,637
Cumulative effect of change in accounting principle			0		0
Restated balance at April 1, 2020	164,321	173,812	722,563	(38,058)	1,022,637
Changes during the year					
Dividends from surplus			(51,383)		(51,383)
Net income			65,299		65,299
Purchase of treasury stock				(2,216)	(2,216)
Retirement of treasury stock				240	240
Net changes in items other than shareholders' equity					
Total changes during the year	-	-	13,916	(1,976)	11,940
Balance at March 31, 2021	\$164,321	\$173,812	\$736,479	(\$40,034)	\$1,034,577

	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, 2020	\$9,236	(\$43,073)	(\$9,560)	(\$43,398)	\$7,055	\$986,295
Cumulative effect of change in accounting principle						0
Restated balance at April 1, 2020	9,236	(43,073)	(9,560)	(43,398)	7,055	986,294
Changes during the year						
Dividends from surplus						(51,383)
Net income						65,299
Purchase of treasury stock						(2,216)
Retirement of treasury stock						240
Net changes in items other than shareholders' equity	7,665	(4,152)	3,972	7,484	(444)	7,040
Total changes during the year	7,665	(4,152)	3,972	7,484	(444)	18,980
Balance at March 31, 2021	\$16,901	(\$47,225)	(\$5,589)	(\$35,914)	\$6,611	\$1,005,274

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)
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

The accompanying notes are an integral part of these statements.

Consolidated Statement of Cash Flows

For the year ended March 31, 2021

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Cash Flows from Operating Activities:			
Income before income taxes and non-controlling interests	¥9,788	¥16,282	\$88,188
Depreciation and amortization	8,398	7,310	75,659
Amortization of goodwill.....	358	547	3,229
Impairment loss on fixed assets.....	1,121	198	10,102
Increase (decrease) in liability for retirement benefits	207	114	1,865
Increase (decrease) in allowance for doubtful accounts	7	13	67
Interest and dividend income	(415)	(385)	(3,747)
Equity in earnings of affiliates	(250)	(198)	(2,255)
Interest expenses	153	102	1,383
Foreign currency translation (gain) loss.....	(46)	39	(416)
(Gain) loss on sale of fixed assets.....	(21)	189	(198)
Loss on disposal of fixed assets	45	39	408
(Increase) decrease in trade notes and accounts receivable...	4,065	3,727	36,625
(Increase) decrease in inventories.....	646	387	5,824
Increase (decrease) in trade notes and accounts payable	(2,572)	(1,148)	(23,174)
Others	(1,265)	532	(11,401)
Subtotal.....	20,219	27,751	182,160
Interest and dividends received	475	456	4,283
Interest paid	(153)	(101)	(1,379)
Payment for extra retirement payments	(11)	(29)	(102)
Income taxes paid.....	(5,800)	(5,114)	(52,253)
Income taxes refunded.....	865	249	7,799
Net cash provided by operating activities	15,596	23,211	140,507
Cash Flows from Investing Activities:			
Payment for purchase of marketable securities	(3,350)	(2,000)	(30,180)
Proceeds from redemption of marketable securities	2,500	2,000	22,523
Payment for purchase of property, plant and equipment	(2,395)	(3,135)	(21,579)
Proceeds from sale of property, plant and equipment	44	52	401
Payment for acquisition of intangible assets	(1,686)	(2,033)	(15,197)
Payment for acquisition of investments in securities	(2,038)	(56)	(18,368)
Proceeds from sale of investments in securities	3	-	32
Increase in time deposits	(3,994)	(4,090)	(35,988)
Decrease in time deposits	4,649	3,720	41,884
Payment for business acquisition	-	-	-
Others	(86)	(163)	(783)
Net cash used in investing activities	(6,355)	(5,706)	(57,256)
Cash Flows from Financing Activities:			
Proceeds from short-term bank loans	489	716	4,411
Repayment of short-term bank loans	(641)	(491)	(5,780)
Payment for acquisition of treasury stock	(246)	(3)	(2,216)
Repayments of finance lease obligations	(3,718)	(2,891)	(33,504)
Proceeds from sale and leaseback	1,249	1,215	11,258
Dividends paid	(5,703)	(6,228)	(51,383)
Dividends paid to minority interests	(63)	(58)	(576)
Net cash used in financing activities	(8,634)	(7,741)	(77,791)
Effect of exchange rate changes on cash and cash equivalents.....	(194)	(115)	(1,756)
Net increase (decrease) in cash and cash equivalents	411	9,647	3,705
Cash and cash equivalents at beginning of year	52,134	42,487	469,684
Cash and cash equivalents at end of year (Note 16).....	¥52,546	¥52,134	\$473,388

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, 2021. 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. 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, 2020 and necessary adjustments are made to their financial statements to reflect any significant transactions from January 1 to March 31, 2021. 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 straight-line 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. For some of its subsidiaries which prepare the financial statements based on IFRS, 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 cat-

egories;

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 transac-

tion 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 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) 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.

(21) 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 medium to 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, 2021 are ¥1,045 million and 421,314 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 subsidiaries have adopted flexible work such as telework (work from home) and staggered working hours.

Overseas subsidiaries take measures in accordance with instructions such as curfew 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 factories are operating normally.

On the other hand, U.S. factories are operated in accordance with the en-

forcements where they are located, and at the present, we are continuing normal production or production with the minimum number of personnel. The Company and its subsidiaries 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 still large in fiscal year ending March 2022, with the gradual recovery after the first half of the last fiscal year ending March 2021, in which we had a significant impact.

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 ¥ 111 = US\$1, the approximate effective rate of exchange prevailing on March 31, 2021. 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, 2021 and 2020 is as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Investments in equity securities	¥2,184	¥2,024	\$19,676
Others.....	53	53	477

6. Assets Pledged as Collateral and Obligations Secured by Collateral

As at March 31, 2021 and 2020, the following assets were pledged as collateral:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Cash and bank deposits	¥67	¥8	\$604

7. Selling, General and Administrative Expenses

Selling, general and administrative expenses during the years ended March 31, 2021 and 2020 principally include:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Employees' bonuses	¥1,601	¥2,055	\$14,423
Directors' bonuses	90	130	811
Retirement benefits	1,142	1,098	10,288
Salaries and allowances	18,249	19,053	164,405
Allowance for doubtful accounts	157	253	1,414
Allowance for Provision for stock benefit	55	85	495
Allowance for Provision for directors' stock benefit ...	34	85	306

8. Research and Development Costs

Research and development costs included in selling, general and administrative expenses and manufacturing cost for the years ended March 31, 2021 and 2020 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Research and development costs	¥1,793	¥1,788	\$16,153

9. Gain on sale of fixed assets

Details of Gain on sale of fixed assets for the years ended March 31, 2021 and 2020 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Buildings and structures	¥3	¥0	\$29
Machinery and equipment.....	6	4	62
Tools, Furniture and Fixtures	11	0	106
Total.....	¥21	¥5	\$198

10. Loss on disposal of fixed assets

Details of Loss on disposal of fixed assets for the years ended March 31, 2021 and 2020 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Buildings and structures	¥4	¥13	\$37
Machinery and equipment	2	1	22
Tools, Furniture and Fixtures	31	13	280
Leased Assets	7	10	67
Software	-	0	-
Total	¥45	¥39	\$408

11. Loss on sale of fixed assets

Details of Loss on sale of fixed assets for the years ended March 31, 2021 and 2020 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Buildings and structures	-	¥12	-
Machinery and equipment	-	0	-
Tools, Furniture and Fixtures	-	0	-
Land	-	182	-
Total	-	¥194	-

12. Impairment Loss on Fixed Assets

Impairment loss on fixed assets for the year ended March 31, 2021 is as follows:

Location	Purpose of use	Category	Millions of Yen	Thousands of U.S. dollars (Note 4)
			2021	2021
Amano McGann, Inc. (U.S.A.)	Business use	Software Other intangible fixed assets	¥1,060	\$9,550
Amano Accu-Time Systems, Inc. (U.S.A.)	Head office	Buildings and structures Machinery and equipment Land	¥61	\$550

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 Amano McGann, Inc.'s groups of assets were reduced to the recoverable amounts, and the reductions were recognized as impairment losses.

Due to decision of sale of fixed assets, the book values of Amano Accu-Time Systems, Inc.'s groups of assets were reduced to the recoverable amounts, and the reductions were recognized as impairment losses.

Calculation of Recoverable Amount:

As to Amano McGann, Inc., the recoverable amount for said assets were reasonably estimated based on the value in use, which were determined to be zero as no future cash flow is expected.

As to Amano Accu-Time Systems, Inc., the recoverable amount for said assets were reasonably estimated based on the net selling price, which were measured by the estimated selling price.

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.

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, 2021 and 2020:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Net unrealized gains (losses) on other securities:			
Amount arising during the year	¥1,225	(¥1,285)	\$11,036
Reclassification adjustments	-	(5)	-
Amount before tax effect	1,225	(1,290)	11,036
Tax effect	(374)	395	(3,369)
Net unrealized gains (losses) on other securities	851	(894)	7,672
Translation adjustments:			
Amount arising during the year	(504)	(548)	(4,542)
Reclassification adjustments	-	-	-
Amount before tax effect	(504)	(548)	(4,542)
Tax effect	-	-	-
Translation adjustments	(504)	(548)	(4,542)
Retirement benefits liability adjustments:			
Amount arising during the year	349	(365)	3,144
Reclassification adjustments	288	207	2,595
Amount before tax effect	638	(158)	5,748
Tax effect	(198)	45	(1,784)
Retirement benefits liability adjustments	440	(112)	3,972
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	1
Total other comprehensive income (loss)	¥788	(¥1,554)	\$7,103

14. Changes in Shareholders' Equity

Changes in "Shares issued and outstanding" and "Shares of treasury stock" during the period from April 1, 2020 to March 31, 2021 are as follows:

(1) Shares issued and outstanding

Share type	As of April 1, 2020	Increase	Decrease	As of March 31, 2021
Common stock (shares)	76,657,829	–	–	76,657,829

(2) Shares of treasury stock

Share type	As of April 1, 2020	Increase	Decrease	As of March 31, 2021
Common stock (shares)	1,925,901	118,186	10,686	2,033,401

(Reason for change)

The increase in the number of shares is due to the purchases of 486 shares less than one unit.

The increase in the number of shares is due to acquisitions of 117,700 shares by Directors' Compensation BIP Trust.

The decrease in the number of shares is due to delivery of 10,586 shares by Directors' Compensation BIP Trust.

The decrease in the number of shares is due to benefit of 100 shares by Employee Stock Ownership Plan (J-ESOP).

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.

15. Dividends

Information on dividends for the fiscal year ended March 31, 2021 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 26, 2020	Common stock	¥4,202	\$37,861	¥56	\$0.505	March 31, 2020	June 29, 2020
Board of directors meeting, October 28, 2020	Common stock	¥1,500	\$13,522	¥20	\$0.180	September 30, 2020	December 2, 2020

(NOTES)

"Total dividend" as determined by the Ordinary general meeting of shareholders' resolution on June 26, 2020 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, 2020 includes ¥ 5 million for dividends on the Company's shares owned by Directors' Compensation BIP Trust and ¥ 2 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 29, 2021	Common stock	Retained earnings	¥3,377	\$30,423	¥45	\$0.405	March 31, 2021	June 30, 2021

(NOTES)

"Total dividend" as determined by the Ordinary general meeting of shareholders' resolution on June 29, 2021 includes ¥ 12 million for dividends on the Company's shares owned by Directors' Compensation BIP Trust and ¥ 6 million for dividends on our shares owned by Employee Stock Ownership Plan (J-ESOP).

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	¥19,276	¥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 26, 2020 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, 2021 and 2020 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Cash and bank deposits	¥56,432	¥54,973	\$508,403
Marketable securities	2,556	1,743	23,034
Sub total	58,989	56,717	531,437
Time deposits due over three months	(4,593)	(3,582)	(41,382)
Marketable securities due over three months	(1,850)	(1,000)	(16,667)
Cash and cash equivalents	¥52,546	¥52,134	\$473,388

(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)
	2021	2020	2021
Leased assets	¥4,123	¥3,613	\$37,144
Lease obligations	4,525	4,331	40,766

17. Lease Commitments

(1) Lessees' accounting

Minimum future lease payments under operating leases subsequent to March 31, 2021 and 2020 for non-cancelable operating leases are summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Due within 1 year	¥69	¥69	\$622
Due over 1 year	191	261	1,721
Total	¥261	¥331	\$2,351

(2) Lessors' accounting

Minimum future lease income under operating leases subsequent to March 31, 2021 and 2020 for non-cancelable operating leases is summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Due within 1 year	¥101	¥101	\$910
Due over 1 year	300	401	2,703
Total	¥401	¥502	\$3,613

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, 2021 and 2020 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)		
	2021			2021		
	Carrying value	Estimated fair value	Difference in amounts	Carrying value	Estimated fair value	Difference in amounts
(1) Cash and bank deposits	¥56,432	¥56,432	-	\$508,403	\$508,403	-
(2) Notes and accounts receivable	27,175	27,175	-	244,822	244,822	-
(3) Marketable securities and investments in securities						
① Held-to-maturity	4,434	4,457	¥23	39,946	40,153	\$207
② Subsidiaries and affiliates	2,134	3,732	1,597	19,225	33,622	14,387
③ Other securities	7,866	7,866	-	70,865	70,865	-
Total (Assets)	¥98,043	¥94,609	¥1,621	\$883,270	\$852,333	\$14,604
(4) Trade notes and accounts payable	¥5,371	¥5,371	-	\$48,389	\$48,389	-
(5) Electronically recorded monetary claims ...	5,073	5,073	-	45,709	45,709	-
Total (Liabilities)	¥10,444	¥10,444	-	\$94,090	\$94,090	-

	Millions of Yen		
	2020		
	Carrying value	Estimated fair value	Difference in amounts
(1) Cash and bank deposits	¥54,973	¥54,973	-
(2) Notes and accounts receivable	31,392	31,392	-
(3) Marketable securities and investments in securities			
① Held-to-maturity	1,651	1,646	(¥5)
② Subsidiaries and affiliates	1,976	2,682	705
③ Other securities	6,673	6,673	-
Total (Assets)	¥96,667	¥97,368	¥700
(4) Trade notes and accounts payable	¥6,210	¥6,210	-
(5) Electronically recorded monetary claims ...	6,845	6,845	-
Total (Liabilities)	¥13,056	¥13,056	-

(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, 2021 and 2020.

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)
	2021	2020	2021
Unlisted securities (Carrying value)	¥372	¥271	\$3,351

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			
	2021			
	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	¥56,432	-	-	-
Notes and accounts receivable	27,175	-	-	-
Marketable securities and investments in securities:				
Held-to-maturity securities	1,850	409	¥2,174	-
Total	¥85,457	¥409	¥2,174	-

	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	-

	Thousands of U.S.dollars (Note 4)			
	2021			
	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	\$508,403	-	-	-
Notes and accounts receivable	244,822	-	-	-
Marketable securities and investments in securities:				
Held-to-maturity securities	16,667	\$3,685	\$19,586	-
Total	\$769,883	\$3,685	\$19,586	-

(*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					
		2021					
		Due within 1 year	The 2 years	The 3 years	The 4 years	The 5 years	Thereafter
Long-term loans payable.....		-	-	-	-	-	-
Lease obligations		¥2,843	¥2,459	¥959	¥537	¥439	¥461
Total		¥2,843	¥2,459	¥959	¥537	¥439	¥461

		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

		Thousands of U.S.dollars (Note 4)					
		2021					
		Due within 1 year	The 2 years	The 3 years	The 4 years	The 5 years	Thereafter
Long-term loans payable.....		-	-	-	-	-	-
Lease obligations		\$25,616	\$22,154	\$8,643	\$4,839	\$3,958	\$4,159
Total		\$25,616	\$22,154	\$8,643	\$4,839	\$3,958	\$4,159

(*5) Held-to-maturity and other securities with readily determinable fair value as at March 31, 2021 and 2020 are as follows:

		Millions of Yen			Thousands of U.S.dollars (Note 4)		
		2021			2021		
		Carrying value	Fair value	Unrealized gains (losses)	Carrying value	Fair value	Unrealized gains (losses)
Held-to-maturity securities with fair value exceeding carrying value ...		¥2,283	¥2,307	¥23	\$20,568	\$20,784	\$207
Held-to-maturity securities with fair value not exceeding carrying value ...		2,150	2,150	(0)	19,369	19,369	(0)
Total		¥4,434	¥4,457	¥23	\$39,946	\$40,153	\$207

		Carrying value	Acquisition cost	Unrealized gains (losses)	Carrying value	Acquisition cost	Unrealized gains (losses)
Other securities with carrying value exceeding acquisition cost							
Stocks		¥6,306	¥3,503	¥2,803	\$56,811	\$31,559	\$25,252
Other		706	699	7	6,360	6,297	63
Subtotal.....		7,013	4,202	2,810	63,180	37,856	25,315
Other securities with carrying value not exceeding acquisition cost							
Stocks		853	959	(106)	7,685	8,640	(955)
Other		-	-	-	-	-	-
Subtotal.....		853	959	(106)	7,685	8,640	(955)
Total		¥7,866	¥5,162	¥2,704	\$70,865	\$46,505	\$24,360

		Millions of Yen		
		2020		
		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)
Total		¥1,651	¥1,646	(¥5)

		Carrying value	Acquisition cost	Unrealized gains (losses)
Other securities with carrying value exceeding acquisition cost				
Stocks		¥4,200	¥2,229	¥1,971
Other		743	738	5
Subtotal.....		4,944	2,967	1,976
Other securities with carrying value not exceeding acquisition cost				
Stocks		1,729	2,227	(498)
Other		-	-	-
Subtotal.....		1,729	2,227	(498)
Total		¥6,673	¥5,195	¥1,478

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, 2021 and 2020 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Balance at the beginning of the year	¥13,739	¥13,458	\$123,775
Service cost	999	990	9,000
Interest cost	68	52	613
Actuarial loss	(38)	(16)	(342)
Retirement benefits paid	(879)	(705)	(7,919)
Prior service cost	-	-	-
Other	(0)	(39)	(0)
Balance at the end of the year	¥13,890	¥13,739	\$125,135

The changes in plan assets for the years ended March 31, 2021 and 2020 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Balance at the beginning of the year	¥11,201	¥11,168	\$100,910
Expected return on plan assets	278	276	2,505
Actuarial loss	309	(382)	2,784
Contributions by the Company	774	738	6,973
Retirement benefits paid	(789)	(583)	(7,108)
Other	7	(16)	63
Balance at the end of the year	¥11,783	¥11,201	\$106,153

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2021 and 2020 for the Company's and the consolidated subsidiaries' defined benefits plans:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Funded retirement benefit obligation.....	¥13,811	¥13,656	\$124,423
Plan assets at fair value	(11,783)	(11,201)	(106,153)
	2,028	2,454	18,270
Unfunded retirement benefit obligation	78	83	703
Net liability for retirement benefits in the balance sheet ...	2,107	2,537	18,982
Liability for retirement benefits	2,107	2,537	18,982
Asset for retirement benefits.....	-	-	-
Net liability for retirement benefits in the balance sheet ...	¥2,107	¥2,537	\$18,982

The components of retirement benefit expense for the years ended March 31, 2021 and 2020 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Service cost	¥999	¥990	\$9,000
Interest cost	68	52	613
Expected return on plan assets	(278)	(276)	(2,505)
Amortization of actuarial loss	290	207	2,613
Amortization of prior service cost	-	-	-
Retirement benefit expense	¥1,080	¥973	\$9,730

The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2021 and 2020 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Prior service cost	-	-	-
Actuarial loss (gain)	638	(158)	5,748
Total	¥638	(¥158)	\$5,748

The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2021 and 2020 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Unrecognized prior service cost	-	-	-
Unrecognized actuarial loss	(885)	(1,524)	(7,973)
Total	(¥885)	(¥1,524)	(\$7,973)

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2021 and 2020 is as follows:

	Millions of Yen	
	2021	2020
General accounts	13%	13%
Bonds	53%	55%
Stocks	15%	11%
Other	19%	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.

	2021	2019
Discount rate	0.7%	0.7%
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, 2021 and 2020 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Balance at the beginning of the year	¥102	¥85	\$919
Retirement benefit expense	30	55	270
Retirement benefits paid	(29)	(15)	(261)
Contributions to plans	(24)	(23)	(216)
Other	(0)	(0)	(0)
Balance at the end of the year	¥79	¥102	\$712

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2021 and 2020 for the Company's and the consolidated subsidiaries' defined benefits plans:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Funded retirement benefit obligation	¥284	¥265	\$2,559
Plan assets at fair value	(356)	(312)	(3,207)
	(71)	(47)	(640)
Unfunded retirement benefit obligation	150	149	1,351
Net liability for retirement benefits in the balance sheet ...	79	102	712
Liability for retirement benefits	201	198	1,811
Asset for retirement benefits	(122)	(96)	(1,099)
Net liability for retirement benefits in the balance sheet ...	¥79	¥102	\$712

Retirement benefit expenses calculated using the simplified method for the years ended March 31, 2021 and 2020 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Retirement benefit expenses	¥30	¥55	\$270

Contributions to defined contribution plans of the Company and its consolidated subsidiaries for the years ended March 31, 2021 and 2020 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Contributions to defined contribution plans	¥582	¥582	\$5,243

20. Income Taxes

Deferred tax assets and liabilities (both current and non-current) as at March 31, 2021 and 2020 consisted of the following elements:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Deferred tax assets:			
Accrued enterprise tax	¥115	¥198	\$1,036
Accrued employees' bonuses	772	873	6,955
Net liability for retirement benefits	673	808	6,063
Loss carried forward (* 2).....	1,103	1,525	9,937
Loss on write-down of investments in securities	240	326	2,162
Surplus on allowance for doubtful accounts	155	172	1,396
Unrealized gains	523	535	4,712
Others	1,860	1,387	16,757
Subtotal deferred tax assets	¥5,444	¥5,826	\$49,045
Less: valuation allowance for tax loss carryforwards(* 2)	(981)	(1,392)	(8,838)
Less: valuation allowance for deductible temporary difference.....	(1,278)	(891)	(11,514)
Subtotal valuation allowance(* 1)	(2,259)	(2,284)	(20,351)
Total deferred tax assets	¥3,185	¥3,542	\$28,694
Deferred tax liabilities:			
Unrealized loss on other securities	(760)	(438)	(6,847)
Others	(149)	(155)	(1,342)
Total deferred tax liabilities	(909)	(593)	(8,189)
Net deferred tax assets	¥2,275	¥2,949	\$20,495

(NOTES)

(* 1): Valuation allowance decreased by ¥ 24 million. While valuation allowance of a consolidated subsidiary in Europe increased by ¥ 18 million, valuation allowance of a consolidated subsidiary in North America decreased by ¥ 43 million.

(* 2): A breakdown of net operating loss carryforwards and valuation allowance by expiry date as of March 31, 2021 is as follows:

	Millions of Yen						Total
	2021						
	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	
Net operating loss carryforwards (a) ...	-	-	-	-	-	¥1,103	¥1,103
Valuation allowance	-	-	-	-	-	(981)	(981)
Deferred tax assets	-	-	-	-	-	¥121	¥121
							(b)

	Thousands of U.S. dollars (Note 4)						Total
	2021						
	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	
Net operating loss carryforwards (a) ...	-	-	-	-	-	\$9,937	\$9,937
Valuation allowance	-	-	-	-	-	(8,838)	(8,838)
Deferred tax assets	-	-	-	-	-	\$1,090	\$1,090
							(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 ¥ 121 million are related to tax loss carryforwards of ¥ 1,103 million. The tax loss carryforwards for which the Company recognized deferred tax assets are determined to be recoverable by expected future taxable income.

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:

	2021	2020
Effective statutory tax rate	30.6%	30.6%
Adjustments:		
Entertainment and other nondeductible expenses	0.8	0.6
Dividends and other nontaxable income	(4.5)	(2.7)
Inhabitant tax on per capita levy	0.9	0.6
Nondeductible amortization of goodwill	0.8	0.7
Eliminated dividend received from subsidiaries.....	4.3	3.2
Realization of tax benefits on operating losses	-	(0.7)
Tax credit for research and development expenses	(4.7)	-
Valuation allowance	(0.3)	(0.2)
Deferred tax assets reduced by change of taxation rates	(1.4)	2.6
Difference of foreign subsidiaries' taxation rates	0.1	(0.7)
Equity in earnings of affiliates	(0.8)	(0.4)
Others	(0.4)	0.5
Actual tax rate	25.4%	34.1%

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				
	2021				
	Reportable segments			Adjustments/ Eliminations	Consolidated
Time information system business	Environment system business	Total			
Net sales:					
Sales to third parties	¥84,590	¥29,007	¥113,598	-	¥113,598
Intersegment sales and transfers	-	-	-	-	-
Total	84,590	29,007	113,598	-	113,598
Segment profit or loss	9,654	4,033	13,687	(¥3,753)	9,934
Segment assets	65,616	25,657	91,273	59,285	150,559
Depreciation and amortization	7,229	588	7,817	580	8,398
Investment in equity-method affiliates.....	2,134	-	2,134	-	2,134
Increase in tangible and intangible fixed assets ...	6,297	498	6,796	201	6,997

	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

	Thousands of U.S. dollars (Note 4)				
	2021				
	Reportable segments			Adjustments/ Eliminations	Consolidated
Time information system business	Environment system business	Total			
Net sales:					
Sales to third parties	\$762,078	\$261,332	\$1,023,410	-	\$1,023,410
Intersegment sales and transfers	-	-	-	-	-
Total	762,078	261,332	1,023,410	-	1,023,410
Segment profit or loss	86,975	36,338	123,313	(\$33,812)	89,501
Segment assets	591,140	231,144	822,284	534,108	1,356,392
Depreciation and amortization	65,131	5,301	70,432	5,227	75,659
Investment in equity-method affiliates.....	19,228	-	19,228	-	19,228
Increase in tangible and intangible fixed assets ...	56,738	4,491	61,229	1,814	63,043

(2) Related Information

Geographic Segments

Information by geographic region for the years ended March 31, 2021 and 2020 is summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Net sales:			
Japan	¥74,061	¥87,307	\$667,222
North America	13,615	16,120	122,663
Others	25,921	29,656	233,524
Total	¥113,598	¥133,084	\$1,023,410
	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Tangible fixed assets:			
Japan	¥18,045	¥18,713	\$162,573
Others	7,546	7,356	67,990
Total	¥25,592	¥26,069	\$230,564

(3) Information on both "amortization of goodwill" and "unamortized balance" by reportable segments as at and for the years ended March 31, 2021 and 2020 is summarized as follows:

	Millions of Yen				
	2021				
	Reportable segments		Total	Eliminations/ Corporate	Total
Time information system business	Environment system business				
Amortization of goodwill	¥300	57	¥358	-	¥358
Unamortized balance	¥1,598	14	¥1,612	-	¥1,612
	Millions of Yen				
	2020				
	Reportable segments		Total	Eliminations/ Corporate	Total
	Time information system business	Environment system business			
Amortization of goodwill	¥487	59	¥547	-	¥547
Unamortized balance	¥1,843	74	¥1,918	-	¥1,918
	Thousands of U.S.dollars (Note 4)				
	2021				
	Reportable segments		Total	Eliminations/ Corporate	Total
	Time information system business	Environment system business			
Amortization of goodwill	\$2,707	521	\$3,229	-	\$3,229
Unamortized balance	\$14,397	126	\$14,524	-	\$14,524

(4) Information on "Impairment loss of fixed assets" by reportable segments for the years ended March 31, 2021 and 2020 is summarized as follows

	Millions of Yen				
	2021				
	Reportable segments		Total	Eliminations/ Corporate	Total
Time information system business	Environment system business				
Impairment loss	¥1,121	-	¥1,121	-	¥1,121
	Thousands of U.S. dollars (Note 4)				
	2021				
	Reportable segments		Total	Eliminations/ Corporate	Total
	Time information system business	Environment system business			
Impairment loss	\$10,101	-	\$10,101	-	\$10,101

22. Per Share Data

Net assets and net income per share as at and for the years ended March 31, 2021 and 2020 are as follows:

(1) Net assets per share

	Yen		U.S.dollars (Note 4)
	2021	2020	2021
Net assets per share	¥1,485.46	¥1,454.47	\$13.383
The basis for these calculations is as follows:			
	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2021	2020	2021
Total net assets in consolidated balance sheet ...	¥111,585	¥109,478	\$1,005,274
Amount to be deducted from total net assets ...	733	783	6,611
(Out of the above non-controlling interest portion) ...	(733)	(783)	(6,611)
Net assets relating to common stock	110,851	108,695	998,658
	Shares		
	2021	2020	
Number of shares of common stock used to compute net assets per share	74,624,428	74,731,928	

(2) Net income per share

	Yen		U.S.dollars (Note 4)
	2021	2020	2021
Net income per share	¥97.08	¥141.40	\$0.875

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)
	2021	2020	2021
Net income in the consolidated statement of income ...	¥7,248	¥10,567	\$65,299
Net income relating to common stock	7,248	10,567	65,299
	Shares		
	2021	2020	
Average number of shares of common stock outstanding during the year ...	74,660,620	74,732,535	

- (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 treasury 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 the previous fiscal year and 385,352 shares for 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 the previous fiscal year and 421,314 shares for the current fiscal year.

23. Significant Subsequent Events

On April 26, 2021, the Board of Directors of the Company approved the resolution to acquire treasury stock pursuant to the provisions of Article 156 of the Companies Act as applied by replacing certain terms under the provisions of Article 165, Paragraph 3 of the same Act.

(1) Reasons for acquisition of treasury stock

While strengthening shareholder returns, treasury stock is acquired in order to flexibly carry out its capital management strategies and to improve capital efficiency in response to changes in the business environment.

(2) Reasons for acquisition of treasury stock

Class of shares to be acquired	:Common stock of the Company
Total number of shares to be acquired	:Up to 750,000 shares (upper limit) :[Representing 1.00% of the Total number of shares issued (excluding treasury stock)]
Total acquisition cost	:Up to 2,250,000,000 yen (upper limit) :[Up to 20,270 Thousands of U.S. dollars (Note 4)]
Acquisition period	:From April 27, 2021 to September 30, 2021

Corporate Data

Domestic Operations

HEAD OFFICE

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

FACILITIES

SAGAMIHARA Factory
HOSOE Factory

SALES OFFICES

72 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 & Managing Operating Officers

Kunihiro IHARA

Manabu YAMAZAKI

Director & Operating Officers

Kirihito NINOMIYA

Fujinori TAZO

(Outside) Directors

Kiyoshi KAWASHIMA

Michinobu OMORI

Sumie WATANABE

(Full-time) Audit & Supervisory Board Members

Masahiko MORITA

Yasuhiro SASAYA

(Outside) Audit & Supervisory Board Members

Hanae NAKAYA

Naofumi NAGAKAWA

Managing Operating Officer

Susumu IKOMA

Operating Officers

Myeong-Jin JEON

Yoshihiko HATA

Hiroyuki KOBARI

Toshiyuki NISHIKIORI

Hideo HONDA

Kouji AKIYAMA

Takeya HAYASHITANI

Takatoshi TAKAHASHI

Tetsuji ISHIKAWA

Yasuo FUJII

Masashi NABESHIMA

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 MOROCCO, 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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