



FINANCIAL REPORT

April 2021 - March 2022



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 & Air." 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 local communities by constantly returning a fair profit earned through business activities.

2. Medium-long term business strategy of the company

Amano launched the 8th 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 for further growth 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 division

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 with other companies outside our 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 activities that leverage the strength of direct sales and support. Under our medium-to long-term strategies based on market and competitive analysis, our 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 bills related to the "work style reform" were enacted in April

2019 and applied to smaller businesses in April 2020. In addition to the need for proper understanding for working hours to correct long working hours, demand continues for employment systems to improve and rebuild legitimate working hour management becoming a corporate responsibilities with change in working styles due to the introduction of equal pay for equal work, side jobs and dual employment, and teleworking, etc. which expanded rapidly with the COVID-19 pandemic. 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, 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 in the small-to-medium sized enterprise (SME) market. 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, and accounting software as well as consulting services by collaborating with CREO CO., LTD., and using "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 in line with the penetration of new work styles such as teleworking, etc. In addition, we will strengthen our business development efforts around attendance management in such industries as healthcare, construction, and transportation, etc. to which the bills related to the "work style reform" will be applied from 2024 onwards, following the expiration of the grace period and we will actively promote the expansion of the "e-AMANO" cloud service to offer the electronic processing of various personnel affairs notifications and shift scheduling. 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 has not yet seen full-scale recovery in the parking lot market, although parking lot utilization rates are recovering from the sharp decline caused by the COVID-19 pandemic. Even in such a situation, new demand continues to arise from the spread of cashless payment and ticketless operation. 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. Moreover, we can also expect new demand to be generated from the scheduled issuance of new banknotes (Bank of Japan notes) and the 2025 Japan International Exposition (Expo 2025 Osaka, Kansai).

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, etc. In addition, we will continue to strengthen proposals in the consigned parking lot management service 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, etc. in order to expand our business.

The Environmental Systems has seen businesses start to resume their capital investment as the Chinese economy is recovering, but there is uncertainty currently in the outlook for corporate appetite for capital investment due to the shortages of parts and materials and rising geopolitical risks.

Given this market environment, we will aim to increase the quantity of sales of standard equipment in Japan 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, and growth strategy areas. 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 and combining our technologies with those of other companies. With the rising demand to create a hygienic and safe environment, we will work to expand the sales of industrial air purifiers to new customers, such as companies in the medical field, various service providers, and retailers.

In the Clean Systems, 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 and reduce the burden of these workers has been increasing. At the same time, the need to maintain building aesthetics at a low cost and the demand for cleaning work automation using robot technology have also been increasing. Furthermore, new demand is expanding with the rising consciousness for cleanliness under the COVID-19 pandemic and the need for a cleaning style that is friendly to the global environment.

In response to these market conditions, in coordination with Preferred Robotics Inc. to which we contributed capital in November 2021, we will enhance the product lineup to target the expansion of the robotic cleaning market, enhance various services using communication functions, and work to expand the factory market by introducing cleaning devices. We will also strengthen recurring revenues by 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 consigned janitorial management services that make full use of cleaning robots, aesthetic maintenance, and improving public health management by using electrolyzed 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 enhancing the functionality and expanding the sales of new cloud-based systems in the market to achieve sales recovery. 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 enhancing cloud-based products. In the Clean Systems, we will further expand the business of the wooden floor sanding machine division of Amano Pioneer Eclipse Corp., while developing new niche areas and sales channels. In the Environmental Systems, Amano Time & Ecology de Mexico S.A. de C.V. will proceed with acquiring new customers and expanding orders received in the North American market, including Mexico.

3. European market

In the Information Systems, we will further enhance our customer base by promoting Horoquartz'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 through M&A. In the Parking Systems, we will strive to expand operations by promoting system equipment sales and developing a consigned parking lot management service business.

4. Asian market

In the Asian region, we will aim to expand Parking Systems operations by strengthening services in the consigned parking lot management service 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, while also making proposals to local companies. We will 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 ¥130,000 million or higher in net sales and ¥16,500 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 earnings plan for the FY2022 (year ending March 31, 2023), which marks the final year of the 8th Medium-Term Business Plan, has been revised based on the assumption that Amano and our group companies in and out of Japan will remain affected by the COVID-19 pandemic. In the original plan, we expected the COVID-19 pandemic to have ended. However, in reality, COVID-19 has lingered throughout the world. In addition, procurement issues for parts and materials, such as semiconductors, etc. still remain due to supply chain disruptions.
- (ii) For unconsolidated Amano, the Information Systems is expected to remain on a growth trend, particularly in the area of software, supported by the government-driven work style reform initiatives, with the movement to reform work styles spreading to the public market and industries such as hospitals, construction, and transportation, etc. Meanwhile, the Parking Systems will start growing again as the investment appetite of parking lot owners is expected to recover. The Environmental Systems is expected to keep improving due to strong orders for machine tools and resumption of equipment investment in the car industry, etc. In addition, the Clean Systems is expected to achieve growth in net sales, particularly for robots, due to the increasing demand with the rising consciousness for cleanliness under the COVID-19 pandemic.
- (iii) Consigned parking lot management services of the Parking Systems both in Japan and abroad are expected to drive consolidated growth in FY2022.
- (iv) Amano McGann Inc., in North America will launch a new product on the market in the first half of FY2022, and they are expected to improve their profitability drastically from the second half of FY2022.

Please note that the numerical targets for more one-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 ended March 2022) (Results)		FY 2022 (year ending March 2023) (Original)		FFY 2022 (year ending March 2023) (Revised)	
	Amount	YoY (%)	Amount	YoY (%)	Amount	YoY (%)	Amount	YoY (%)
Net sales	113,598	(14.6)	118,429	4.3	140,000	18.2	130,000	9.8
Operating profit	9,934	(38.6)	12,893	29.8	18,500	43.5	16,500	28.0
Operating profit ratio (%)	8.7%	–	10.9%	–	13.2%	–	12.7%	–
Ordinary profit	11,017	(34.7)	13,919	26.3	19,500	40.1	17,200	23.6
Net income attributable to owners of the parent company	7,248	(31.4)	9,733	34.3	13,000	33.6	11,500	18.1

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 ¥50 per share, and the annual per-share dividend for this fiscal year will be ¥75 (including ¥25 per share paid as the interim dividend), an increase of ¥10 from the annual per-share dividend of ¥65 for the previous fiscal year.

In addition, Amano celebrated the 90th anniversary in November 2021. We would like to express our sincere gratitude to our shareholders and all other concerned parties for their support, and we would like to pay a commemorative dividend of ¥20 in order to repay the support we have received so far. As a result, the annual dividend per share will increase by ¥30 to ¥95.

On the other hands, the Board of Directors approved a resolution regarding the acquisition of treasury stock on April 26, 2022. The detail of this matter is available for inspection on the Amano's website.

(https://www.amano.co.jp/English/ir/dl/news/2022/20220426_2.pdf)

As a result, the consolidated payout ratio will be 72.5%, the net asset dividend rate will be 6.2%, and the total return ratio will be 98.2%.

With regard to the dividend for the next fiscal year ending March 31, 2023, 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 ¥100 (with an interim dividend of ¥30 and a year-end dividend of ¥70).

Retained earnings will be earmarked to fund effective investment aimed at the fundamental enhancement of the 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, etc.



Hiroyuki Tsuda

Hiroyuki TSUDA
President
Representative Director

Business Performance

General Business Results

Business Results in the Year Ended March 31, 2022

General Business Results for This Fiscal Year

During the consolidated fiscal year under review, the effect of COVID-19 continues, but the world economy showed some signs of recovery triggered by the continuous recovery trend in the Chinese economy and the resumption of economic activities with the COVID-19 vaccination proceeding forward in various countries. However, it seems that the future outlook for the Japanese economy continues to be uncertain due to the global shortage of materials including semiconductors caused by the supply chain disruptions, and concerns about resurgence of COVID-19 in Japan and abroad, and impact of tensions between Russia and Ukraine, etc.

Amid this business environment, we the Amano Group set forth the management concept of "The 3rd Stage Towards a 100-year Company-Establishing a solid business foundation that leads to sustainable growth" in our 8th Medium-term Business Plan launched in April 2020,

in which we will promote strategic investments into growth drivers in order to respond to digital transformation (DX), and we shall establish unrivaled competitive advantage by raising the synergistic effects of the strengths of each of our business divisions.

As a result, during the fiscal year under review, Amano recorded net sales of ¥118,429 million, up by 4.3% year-on-year. Operating profit increased by 29.8% to ¥12,893 million, ordinary profit went up by 26.3% to ¥13,919 million, and net income attributable to owners of the parent company increased by 34.3% to ¥9,733 million, resulting in increases in both sales and profit.

(Main factors behind the business results)

(i) At non-consolidated Amano, although the tailwind of "work style reform" continues, net sales decreased due to the reissuance of a national emergency declaration. Sales of the Information Systems decreased due to the continuation of the negative trend in hardware, although demand for software remained strong. In addition, although the Parking Systems began to recover in

the second half year of this fiscal year, its sales declined due to the strong restraint on investment by major parking lot management firms and owners of parking lots until the first half year of this fiscal year. On the other hand, the Environmental Systems remained firm with the recovery in the Chinese economy.

(ii) In domestic group companies, consigned parking lot management service business was recovering smoothly. In addition, T&A cloud services continued to grow.

(iii) In overseas markets, although Amano McGann, Inc. decreased their sales, sales in North America increased mainly because Amano Pioneer Eclipse Corporation in North America grew. In addition, sales increased in Europe and Asia by double digits. Especially, Horoquartz, S.A. in France continued to grow their business results by mainly cloud services, whose sales exceeded even that as of previous fiscal year ended March 31, 2020, which was before the COVID-19 spreading.

Sales by business division

(Unit: Millions of yen)

Category	FY2020		FY2021		Change	
	(April 1, 2020–March 31, 2021)		(April 1, 2021–March 31, 2022)		Amount	%
	Amount	Ratio (%)	Amount	Ratio (%)		
Time Information System business:						
Information Systems	27,878	24.6	28,808	24.3	929	3.3
Time Management Products	2,856	2.5	2,700	2.3	(156)	(5.5)
Parking Systems	53,854	47.4	55,581	46.9	1,726	3.2
Subtotal	84,590	74.5	87,090	73.5	2,499	3.0
Environment System business:						
Environmental Systems	18,664	16.4	19,977	16.9	1,313	7.0
Clean Systems	10,343	9.1	11,361	9.6	1,017	9.8
Subtotal	29,007	25.5	31,339	26.5	2,331	8.0
Total	113,598	100.0	118,429	100.0	4,830	4.3

Time Information System business

- Information Systems:
Time & Attendance (T&A), Human Resources (HR) systems, Payroll information systems, access control, and digital time stamps
- Time Management Products:
PC-linked time recorders, online time recorders, and time stamps
- Parking Systems:
Parking lot management systems, bicycle parking lot management systems, and consigned parking lot management service

The sales in this business totaled ¥87,090 million, up by ¥2,499 million (up 3.0%) year-on-year. The following is a breakdown of sales by business division.

Information Systems

¥28,808 million (up 3.3% year-on-year)

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

In response to these market conditions, we, 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 increased by ¥241 million (2.7%),

hardware sales decreased by ¥522 million (16.7%), and sales generated by maintenance contracts and supplies services increased by ¥41 million (0.9%) year-on-year. Software sales increased because the orders for "TimePro-VG," a piece of software for medium-sized and large businesses, remained strong and "TimePro-NX," which is for small to medium-sized businesses was also recovering in the second half of the current term. The decrease in hardware sales was due to the effect of repeated declarations of a state of emergency. 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 increased by ¥1,151 million (11.2%). While the sales of Accu-Time Systems, Inc. in North America decreased, the sales of Horoquartz S.A. in Europe increased because their highly profitable cloud services continued to perform strongly.

Time Management Products

¥2,700 million (down 5.5% year-on-year)

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

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

Overall domestic sales for the current term decreased by ¥166 mil-

lion (6.8%) year-on-year as the sales of both standard and PC-linked time recorders declined.

Overall overseas sales increased by ¥31 million (6.0%) as sales in North America increased, although sales in Europe and Asia fell.

Parking Systems

¥55,581 million (up 3.2% 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, we further strengthened our cooperation with major parking lot management firms and, at the same time, concentrated on offering various services to small to medium-sized parking lot management firms through our parking lot data centers. We have also worked to improve the functionality and usability of our system equipment by strengthening proposals for our vehicle number-based ticketless system and made efforts to expand into the markets, such as bicycle parking systems, security-gate systems, and toll road systems, as well as strengthening proposals for improving parking lot management efficiency and making new proposals for enhancing parking lot services to users.

Domestic sales for the current term were as follows. For Amano, on an unconsolidated basis, domestic parking equipment sales decreased by ¥419 million (3.0%) mainly due to the decrease in projects for management firms although orders received are recovering, while sales generated by maintenance contracts and

supplies services increased by ¥177 million (2.1%). Sales increased in the consigned parking lot management service business operated by Amano Management Service because it is on a recovery trend. As a result of the continued investment by them, the number of parking spaces under management increased by 25,000 (4.9%) from the end of the previous fiscal year.

Overall overseas sales increased by ¥1,725 million (8.4%) due to the decrease in the sales of Amano McGann, Inc. in North America and the increase in sales of the consigned parking lot management service business in Korea and Hong Kong in Asia.

Environment System business

- Environmental Systems:
Standard dust collectors, mist collectors, large dust collectors, pneumatic conveyors, deodorizing equipment, and industrial air purifiers
- Clean Systems:
Industrial vacuum cleaners, automatic floor scrubbers, robotic floor scrubbers, wooden floor sanding machines, consigned janitorial management services, and electrolyzed water generators

The sales in this business totaled ¥31,339 million, up by ¥2,331 million (up 8.0%) year-on-year. The following is a breakdown of sales by business division.

Environmental Systems ¥19,977 million (up 7.0% year-on-year)

Although this business was facing stagnating demand for capital investment, the situation seems improving with the Chinese economic recovery.

In this market environment, our domestic strategy focused on capitalizing the demand for our standard equipment by strengthening proposals, mainly targeting companies related to machine tools, electronic

parts, and automobiles, which continue to invest in the development of next-generation automobiles, while seeking to win additional orders from customers in the pharmaceutical, foods, and cosmetics markets, whose demand was relatively stable. Meanwhile, we enhanced cooperation with our overseas Group companies, and reinforced their platforms for engineering, sales and services. Furthermore, we endeavored to achieve greater cost competitiveness by expanding their local procurement, while observing the investment trend of Japanese companies operating overseas.

During the current term for Amano, on an unconsolidated basis, domestic sales of standard equipment increased by ¥942 million (15.0%) with the recovery of machine tool orders market, sales of large dust collectors decreased by ¥653 million (11.7%) with the decrease of orders and sales generated by maintenance contracts and supplies services increased by ¥330 million (8.8%) year-on-year.

Overall overseas sales increased by ¥745 million (26.8%) as sales in Asia increased, supported by the economic recovery in China.

Clean Systems ¥11,361 million (up 9.8% year-on-year)

In the Clean System, while the trend of companies trying to reduce cleaning costs continued domestically amid a shortage of sanitary workers in the building maintenance industry as well as an expansion of demand for cleanliness under the COVID-19 pandemic, need for further proposals that lead to higher cleaning efficiency and improved quality have been increasing.

In response to these market conditions, we proposed the automation of cleaning work using automatic floor scrubbers "EGrobo" and promoted robotic floor scrubbers "EG series" which feature improved

safety and usability, as well as proposed improving public health management by using electrolyzed water generators.

During the current term for Amano, on an unconsolidated basis, overall domestic sales of cleaning equipment increased by ¥19 million (1.0%) led by the increase in the sales of automatic floor scrubbers, and domestic sales generated by maintenance contracts and supplies services decreased by ¥72 million (3.2%) year-on-year.

Overall overseas sales increased by ¥1,121 million (21.1%) as Amano Pioneer Eclipse Corporation in North America achieved the increase in sales by increasing the sales of wooden floor sanding machines.

General Financial Condition for This Fiscal Year

(i) Assets, liabilities, and net assets

Total assets amounted to ¥159,342 million (up ¥8,783 million from the previous consolidated fiscal year-end).

- Current assets: an increase of ¥6,936 million due to an increase in cash and bank deposits and raw materials and supplies, etc.
- Fixed assets: an increase of ¥1,846 million due to an increase in investment securities and lease assets, etc.

Total liabilities amounted to ¥43,071 million (up ¥4,097 million from the previous consolidated fiscal year-end).

- Current liabilities: an increase of ¥4,015 million due to an increase in accrued income taxes, etc.
- Long-term liabilities: an increase of ¥81 million due to an increase in lease obligations, etc.

Net assets amounted to ¥116,271 million (up ¥4,686 million from the previous consolidated fiscal year-

end).

- Shareholders' equity: an increase of ¥2,392 million due to posting of net income attributable to owners of the parent company, etc.
- Accumulated other comprehensive income: an increase of ¥2,274 million due to increases in foreign currency translation adjustments, etc.

Summary of Cash Flows for This Fiscal Year

Consolidated cash and cash equivalents increased by ¥3,385 million from the previous fiscal year-end to a total of ¥55,931 million as of March 31, 2022. 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 ¥19,200 million (an increase in income of ¥3,604 million year-on-year).

- Main income factors:
Posting of income before income taxes amounting to ¥14,253 million and posting of depreciation and amortization amounting to ¥8,070 million.
- Main expenditure factors:
Posting of income taxes paid amounting to ¥2,938 million.

Net cash used in investing activities totaled -¥5,891 million (a decrease in cash outflow of ¥463 million year-on-year).

- Main income factors:
Posting of proceeds from withdrawal of time deposits amounting to ¥2,428 million.
- Main expenditure factors:
Posting of increase in time deposits amounting to ¥2,962 million and posting of payment for acquisition of investment securities amounting to ¥2,110 million.
Posting of payment for purchase

of tangible fixed assets amounting to ¥1,951 million and posting of payment for acquisition of intangible fixed assets amounting to ¥1,597 million.

Net cash used in financing activities amounted to -¥10,870 million (an increase in cash outflow of ¥2,235 million year-on-year).

- Main income factors:
Posting of proceeds from sale and leaseback amounting to ¥1,312 million.
- Main expenditure factors:
Posting of dividends paid amounting to ¥5,234 million and posting of repayments of lease obligations amounting to ¥4,606 million.
Posting of payment for acquisition of treasury stock amounting to ¥2,154 million.

Future Outlook

In the next fiscal year ending March 31, 2023, the effect of COVID-19 continues, but the world economy shows some signs of recovery triggered by the continuous recovery in the Chinese economy and the resumption of economic activities associated with the COVID-19 vaccination proceeding forward in various countries, etc. However, it seems that the future outlook for the Japanese economy continues to be uncertain due to the global shortage of materials including semiconductors caused by the supply chain disruptions, the continuation of various social and economic restrictions to cope with the worldwide resurgence of COVID-19, and successive price hikes against the backdrop of the tensions in Russia-Ukraine, etc.

Amid this business environment, Amano 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 man-

agement 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.

For the next fiscal year ending March 31, 2023, we forecast net sales at ¥130,000 million, operating profit at ¥16,500 million, ordinary profit at ¥17,200 million and net income attributable to parent company shareholders at ¥11,500 million. For details, please refer to [2] Numerical targets indicated on page 4, in "Business Policies." Furthermore, this forecast assumes the currency exchange rates of ¥120 to the US dollar and ¥130 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, 2022).

(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, 2022, the Time Information System business accounted for 73.5% of total sales, and the Environment System business accounted for 26.5%. Before the deduction of unallocated expenses, the Time Information System business contributed 75.2% to operating profit, while the Environment System business contributed 24.8%. In terms of weighted average sales over the last five years, the Time Information System business accounted for 74.0% of total sales and 73.1% 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 control 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, 2018	As of Mar. 31, 2019	As of Mar. 31, 2020	As of Mar. 31, 2021	As of Mar. 31, 2022
Equity ratio (%)	72.3	71.8	70.5	73.6	72.5
Fair value equity ratio (%)	150.1	132.5	116.1	134.0	102.4
Ratio of cash flow to interest-bearing liabilities (%)	11.2	14.0	27.1	43.5	38.1
Interest coverage ratio	483.5	539.4	227.9	101.9	139.1

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).

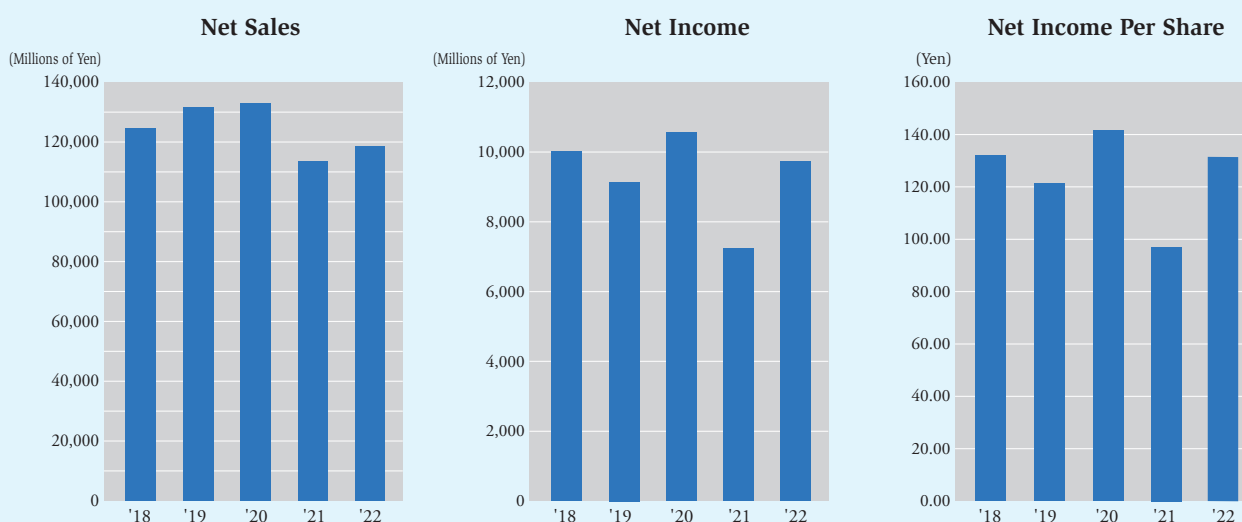
* The term "cash flow from operating activities" refers to cash flow from operating activities posted under the consolidated statements of cash flows. The term "interest-bearing liabilities" refers to those liabilities stated in the consolidated balance sheets on which interest is paid. Interest payments 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, 2022

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)
	2022	2021	2022
For the years ended March 31:			
Net sales	¥118,429	¥113,598	\$970,733
Net income.....	9,733	7,248	79,787
Per share data (Yen and U.S. Dollars):			
Net income per share (Basic)	¥131.49	¥97.08	\$1.078
Cash dividends per common share.....	95.00	65.00	0.779
At March 31:			
Total assets.....	¥159,342	¥150,559	\$1,306,090
Working capital	70,711	67,790	579,606
Total net assets.....	116,271	111,585	953,048
Sales by product:			
Information Systems	¥28,808	¥27,878	\$236,135
Time Management Products	2,700	2,856	22,131
Parking Systems	55,581	53,854	455,587
Environmental Systems	19,977	18,664	163,753
Clean Systems	11,361	10,343	93,127

Note: U.S. dollar amounts have been translated at the rate of ¥122 = US \$1, the rate prevailing on March 31, 2022.
 - See Note 4 to the Consolidated Financial Statements.



Consolidated Balance Sheet

As at March 31, 2022

ASSETS	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Current assets:			
Cash and bank deposits (Notes 6, 18 and 20)	¥60,337	¥56,432	\$494,574
Notes and accounts receivable (Notes 20)	–	27,175	–
Notes, accounts receivable and contract assets (Notes 7 and 20)	27,995	–	229,474
Marketable securities (Notes 18 and 20)	3,219	2,556	26,387
Merchandise and finished goods	3,687	3,883	30,222
Work in process	559	540	4,583
Raw materials and supplies	5,741	4,429	47,063
Other current assets	4,464	3,981	36,595
Less allowance for doubtful accounts	(468)	(399)	(3,837)
Total current assets	105,537	98,600	865,059
Non-Current assets:			
Tangible fixed assets:			
Buildings and structures	28,591	29,029	234,357
Less accumulated depreciation	(19,697)	(19,451)	(161,453)
Buildings and structures (net)	8,894	9,578	72,904
Machinery, equipment and vehicles	7,355	7,241	60,288
Less accumulated depreciation	(6,629)	(6,343)	(54,341)
Machinery, equipment and vehicles (net)	725	898	5,947
Tool, furniture and fixtures	15,755	15,712	129,147
Less accumulated depreciation	(13,717)	(13,413)	(112,438)
Tool, furniture and fixtures (net)	2,038	2,298	16,709
Land	5,818	5,896	47,689
Leased assets (Note 19)	15,041	12,639	123,287
Less accumulated depreciation	(7,035)	(5,956)	(57,668)
Leased assets (net)	8,005	6,683	65,620
Construction in progress	298	237	2,445
Total tangible fixed assets	25,780	25,592	211,313
Intangible fixed assets:			
Goodwill	1,417	1,612	11,618
Software	2,980	3,760	24,430
Software in progress	1,110	922	9,101
Other intangible fixed assets	1,740	1,811	14,270
Total intangible fixed assets	7,249	8,107	59,418
Investments and other assets:			
Investments in securities (Notes 5 and 20)	14,694	12,250	120,443
Claims Provable in Rehabilitation from Bankruptcy ...	522	576	4,283
Leasehold and guarantee deposits	1,547	1,724	12,685
Retirement benefit assets	128	122	1,052
Deferred tax assets (Note 22)	2,505	2,403	20,536
Other assets	1,911	1,770	15,670
Less allowance for doubtful accounts	(533)	(589)	(4,371)
Total investments and other assets	20,776	18,259	170,299
Total non-current assets	53,805	51,959	441,030
Total assets	¥159,342	¥150,559	\$1,306,090

LIABILITIES AND NET ASSETS	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Current liabilities:			
Trade notes and accounts payable (Note 20)	¥5,605	¥5,371	\$45,947
Electronically recorded monetary claims (Note 20)	5,667	5,073	46,453
Short-term bank loans	367	520	3,012
Lease obligations (Notes 19 and 20)	3,610	2,843	29,593
Accrued income taxes	3,426	1,445	28,089
Accrued bonuses for employees	2,569	2,379	21,063
Accrued bonuses for directors	128	90	1,049
Other current liabilities	13,450	13,086	110,248
Total current liabilities	34,825	30,809	285,453
Long-term liabilities:			
Lease obligations (Notes 19 and 20)	4,994	4,856	40,939
Liability for retirement benefits (Note 21)	2,377	2,308	19,485
Deferred tax liabilities (Note 22)	12	128	103
Provision for stock benefit	293	245	2,402
Provision for directors' stock benefit	203	186	1,666
Asset retirement obligations	33	33	278
Other long-term liabilities	331	405	2,715
Total long-term liabilities	8,245	8,164	67,589
Total liabilities	43,071	38,974	353,042
Net assets (Notes 16 and 17):			
Shareholders' equity:			
Common stock	18,239	18,239	149,505
Capital surplus	19,293	19,293	158,140
Retained earnings	86,244	81,749	706,921
Treasury stock	(6,546)	(4,443)	(53,658)
	117,230	114,838	960,908
Accumulated other comprehensive income:			
Net unrealized gains (losses) on other securities	2,088	1,875	17,120
Foreign currency translation adjustments	(3,250)	(5,242)	(26,641)
Retirement benefits liability adjustments	(549)	(620)	(4,507)
	(1,711)	(3,986)	(14,028)
Non-controlling interests in consolidated subsidiaries	752	733	6,168
Total net assets.....	116,271	111,585	953,048
Total liabilities and net assets	¥159,342	¥150,559	\$1,306,090

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, 2022

Consolidated Statement of Income

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Net sales	¥118,429	¥113,598	\$970,733
Cost of sales (Note 10)	64,876	63,761	531,777
Gross profit	53,552	49,837	438,957
Selling, general and administrative expenses (Notes 9 and 10)	40,659	39,902	333,275
Operating income	12,893	9,934	105,682
Other income (expenses):			
Interest and dividend income	411	415	3,375
Interest expense	(138)	(153)	(1,131)
Equity in earnings of affiliates	228	250	1,869
Foreign exchange gain (loss)	108	(13)	885
Gain on sale of fixed assets (Note 11)	412	21	3,380
Loss on disposal of fixed assets (Note 12)	(49)	(45)	(402)
Loss on sale of fixed assets (Note 13)	(5)	-	(44)
Impairment loss on fixed assets (Note 14)	-	(1,121)	-
Other, net	392	499	3,216
Income before income taxes and non-controlling interests	14,253	9,788	116,830
Income taxes (Note 22):			
Current	4,745	2,366	38,896
Deferred	(271)	117	(2,222)
Income before non-controlling interests	9,778	7,305	80,155
Non-controlling interests in net income of consolidated subsidiaries ...	(45)	(56)	(369)
Net income	¥9,733	¥7,248	\$79,787

Consolidated Statement of Comprehensive Income

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Income before non-controlling interests	¥9,778	¥7,305	\$80,155
Other comprehensive income (loss) (Note 15):			
Net unrealized gains (losses) on other securities	212	851	1,745
Translation adjustments	1,990	(504)	16,313
Retirement benefits liability adjustments	70	440	578
Share of other comprehensive income (loss) of companies accounted for by the equity method	0	0	1
Total other comprehensive income (loss)	2,273	788	18,637
Comprehensive income	¥12,052	¥8,093	\$98,792
Total comprehensive income attributable to:			
Shareholders of the Company	¥12,008	¥8,078	\$98,434
Non-controlling interests	¥43	¥14	\$358

The accompanying notes are an integral part of these statements.

Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2022

Millions of Yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2021	¥18,239	¥19,293	¥81,749	(¥4,443)	¥114,838
Cumulative effect of change in accounting principle			(4)		(4)
Restated balance at April 1, 2021	18,239	19,293	81,744	(4,443)	114,833
Changes during the year					
Dividends from surplus			(5,234)		(5,234)
Net income			9,733		9,733
Purchase of treasury stock				(2,154)	(2,154)
Disposal of treasury stock				52	52
Net changes in items other than shareholders' equity					
Total changes during the year	-	-	4,499	(2,102)	2,397
Balance at March 31, 2022	¥18,239	¥19,293	¥86,244	(¥6,546)	¥117,230

	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, 2021	¥1,875	(¥5,242)	(¥620)	(¥3,986)	¥733	¥111,585
Cumulative effect of change in accounting principle						(4)
Restated balance at April 1, 2021	1,875	(5,242)	(620)	(3,986)	733	111,581
Changes during the year						
Dividends from surplus						(5,234)
Net income						9,733
Purchase of treasury stock						(2,154)
Disposal of treasury stock						52
Net changes in items other than shareholders' equity	212	1,991	70	2,274	18	2,293
Total changes during the year	212	1,991	70	2,274	18	4,690
Balance at March 31, 2022	¥2,088	(¥3,250)	(¥549)	(¥1,711)	¥752	¥116,271

Thousands of U.S. dollars (Note 4)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2021	\$149,505	\$158,140	\$670,075	(\$36,425)	\$941,296
Cumulative effect of change in accounting principle			(36)		(36)
Restated balance at April 1, 2021	149,505	158,140	670,039	(36,425)	941,260
Changes during the year					
Dividends from surplus			(42,905)		(42,905)
Net income			79,787		79,787
Purchase of treasury stock				(17,663)	(17,663)
Disposal of treasury stock				429	429
Net changes in items other than shareholders' equity					
Total changes during the year	-	-	36,881	(17,233)	19,648
Balance at March 31, 2022	\$149,505	\$158,140	\$706,921	(\$53,658)	\$960,908

	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, 2021	\$15,377	(\$42,967)	(\$5,085)	(\$32,676)	\$6,015	\$914,635
Cumulative effect of change in accounting principle						(36)
Restated balance at April 1, 2021	15,377	(42,967)	(5,085)	(32,676)	6,015	914,599
Changes during the year						
Dividends from surplus						(42,905)
Net income						79,787
Purchase of treasury stock						(17,663)
Disposal of treasury stock						429
Net changes in items other than shareholders' equity	1,744	16,326	578	18,647	153	18,800
Total changes during the year	1,744	16,326	578	18,647	153	38,448
Balance at March 31, 2022	\$17,120	(\$26,641)	(\$4,507)	(\$14,028)	\$6,168	\$953,048

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)
Disposal 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)
Disposal 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

The accompanying notes are an integral part of these statements.

Consolidated Statement of Cash Flows

For the year ended March 31, 2022

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Cash Flows from Operating Activities:			
Income before income taxes and non-controlling interests	¥14,253	¥9,788	\$116,830
Depreciation and amortization	8,070	8,398	66,154
Amortization of goodwill	351	358	2,880
Impairment loss on fixed assets	-	1,121	-
Increase (decrease) in liability for retirement benefits	148	207	1,221
Increase (decrease) in allowance for doubtful accounts	(28)	7	(236)
Interest and dividend income	(411)	(415)	(3,375)
Equity in earnings of affiliates	(228)	(250)	(1,869)
Interest expenses	138	153	1,131
Foreign currency translation (gain) loss	(114)	(46)	(939)
(Gain) loss on sale of fixed assets	(406)	(21)	(3,335)
Loss on disposal of fixed assets	49	45	402
(Increase) decrease in trade notes and accounts receivable	-	4,065	-
(Increase) decrease in trade notes, accounts receivable and contract assets	(274)	-	(2,248)
(Increase) decrease in inventories	(645)	646	(5,289)
Increase (decrease) in trade notes and accounts payable	672	(2,572)	5,511
Others	66	(1,265)	548
Subtotal	21,641	20,219	177,386
Interest and dividends received	524	475	4,296
Interest paid	(137)	(153)	(1,131)
Payment for extra retirement payments	-	(11)	-
Income taxes paid	(2,938)	(5,800)	(24,087)
Income taxes refunded	111	865	918
Net cash provided by operating activities	19,200	15,596	157,381
Cash Flows from Investing Activities:			
Payment for purchase of marketable securities	(3,850)	(3,350)	(31,557)
Proceeds from redemption of marketable securities	3,450	2,500	28,279
Payment for purchase of property, plant and equipment	(1,951)	(2,395)	(15,995)
Proceeds from sale of property, plant and equipment	771	44	6,326
Payment for acquisition of intangible assets	(1,597)	(1,686)	(13,091)
Payment for acquisition of investments in securities	(2,110)	(2,038)	(17,302)
Proceeds from sale of investments in securities	-	3	-
Increase in time deposits	(2,962)	(3,994)	(24,285)
Decrease in time deposits	2,428	4,649	19,907
Payment for business acquisition	(200)	-	(1,639)
Others	129	(86)	1,065
Net cash used in investing activities	(5,891)	(6,355)	(48,293)
Cash Flows from Financing Activities:			
Proceeds from short-term bank loans	358	489	2,939
Repayment of short-term bank loans	(519)	(641)	(4,261)
Payment for acquisition of treasury stock	(2,154)	(246)	(17,663)
Repayments of finance lease obligations	(4,606)	(3,718)	(37,759)
Proceeds from sale and leaseback	1,312	1,249	10,754
Dividends paid	(5,234)	(5,703)	(42,905)
Dividends paid to minority interests	(25)	(63)	(205)
Net cash used in financing activities	(10,870)	(8,634)	(89,100)
Effect of exchange rate changes on cash and cash equivalents	947	(194)	7,764
Net increase (decrease) in cash and cash equivalents	3,385	411	27,752
Cash and cash equivalents at beginning of year	52,546	52,134	430,706
Cash and cash equivalents at end of year (Note 18)	¥55,931	¥52,546	\$458,457

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, 2022. 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 us-

ing their financial statements as of their respective fiscal year end, which falls on December 31, 2021 and necessary adjustments are made to their financial statements to reflect any significant transactions from January 1 to March 31, 2022. All significant intercompany balances and transactions have been eliminated in consolidation.

(2) Accounting for Investments in Unconsolidated Subsidiaries and Affiliates

- Amano Software Engineering (Shanghai) Co. Ltd.

- Mobile Parking Ltd.

- Amano Parking Europe, N.V.

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.

Names of major affiliated companies that do not apply the equity method are listed below:

- Preferred Robotics Inc.

Preferred Robotics Inc. has been excluded from the scope of equity method because their net income or loss (as calculated by the equity method) and retained earnings (as calculated by the equity method) have a minimal effect on the consolidated financial statements and they are not significant as a whole.

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 categories;

Trading securities, which are held for the purpose of generating profits on short-term differences in prices, are stated at their fair values, with changes in fair values included in net profit or loss for the period in which they arise. Additionally, securities held in trusts for trading purposes are accounted for in the same manner as trading securities. Held-to-maturity debt securities, that the Company and its subsidiaries have intent to hold to maturity, are stated at their costs after accounting for any premium or discount on acquisition, which are amortized over the period to maturity.

Investments of the Company in equity securities issued by unconsolidated subsidiaries and affiliates are accounted for by the equity method. Exceptionally, investments in certain unconsolidated subsidiaries and affiliates are stated at cost because the effect of application of the equity method would be immaterial. Other securities for which market quotations are available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate item in the net assets section at a

net-of-tax amount. Other securities for which market quotations are unavailable are stated at cost, except as stated in the paragraph below.

In cases where the fair value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliates, or other securities had declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are included in net profit or loss for the period.

(7) Foreign Currency Translation

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

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

Foreign currency denominated statements of overseas consolidated subsidiaries have been translated into Japanese yen using the method prescribed by the Business Accounting Deliberation Council of Japan.

All the balance sheet accounts of foreign subsidiaries and affiliates are translated at the foreign exchange rates prevailing at the respective balance sheet dates except for common stock and capital surplus. On the other hand, all the profit and loss accounts are translated at the average foreign exchange rates for the respective periods. Differences arising from translation are presented as "Foreign currency translation adjustments"

and "Non-controlling interests in consolidated subsidiaries" in the accompanying consolidated financial statements.

(9) Income Taxes

The Company recognizes the tax effect of temporary differences between the carrying amounts and the tax basis of assets and liabilities. The provision for income taxes is computed based on the pretax income 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 num-

bers 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) Recognition criteria for significant revenue and expenses

Amano Group recognizes revenue based on the following five-step approach:
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

Major businesses of Amano Group companies are the manufacturing and sales of Information Systems, Time Management Products, Parking Systems, Environmental Systems, and Clean Systems. See "Segment Information 1. Outline of Reporting Segments" for details.

Amano Group normally recognizes revenue for the sales of these products upon the completion of acceptance inspection by the customer, because Amano Group has determined that the customer gains control over the product and our performance obligation is satisfied upon the completion of the customer's acceptance inspection. For some non-installed products and domestic sales of supplies, etc., if the period from shipment to acceptance inspection by the customer is normal, revenue is recognized at the

time of shipment. Revenue is measured at the price promised to the customer in the contract, after deducting any trade discounts and/or returns, etc.

Amano Group may provide the customer with maintenance and other services related to these products. In this case, revenue for such services is recognized over the contract period as the performance obligations for such services are satisfied basically over the passage of time. Revenue for construction contracts for certain Parking systems and Environmental systems is recognized based on the percentage of completion pertaining to the satisfaction of performance obligation because Amano Group has determined that the performance obligation is satisfied over a certain period. For constructions whose construction period is extremely short, revenue is recognized when the installation that fully satisfies the performance obligation is completed. The percentage of completion pertaining to the satisfaction of performance obligation is estimated based on the percentage of actual cost to estimated total cost (input method) if the result of performance obligation can be reasonably measured.

(19) Change of Accounting Policy

(Application of "Accounting Standard for Revenue Recognition")

Amano Group has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related guidance from beginning of this consolidated fiscal year.

Amano Group now recognizes revenue as the amount expected to be received in exchange for promised goods or services when control of said goods or services is transferred to the customer. With regard to construction contracts, in the past, "Percent-of-Completion Method" was applied to construction work for which the certainty of the progress

was recognized, and the "Completed-contract Method" was applied to other construction work. By applying the revenue recognition accounting standard, for construction works for which performance obligations are fulfilled over a certain period of time, the level of progress is now estimated. Provided that the result of the performance obligation can be reasonably measured, the level of progress is estimated based on the ratio of Actual Cost against Total Estimated Cost (accounting input method). As for construction with a very short construction period, revenue is recognized upon completely satisfying the performance obligations.

For the application of the revenue recognition accounting standard, Amano Group has followed the transitional treatment prescribed in Article 84 proviso of the standard.

Accordingly, the cumulative effect of retroactively applying the prescribed in Article 84 proviso of the standard. Accordingly, the cumulative effect of retroactively applying the subtracted from retained earnings at the beginning of the fiscal year. However, for the contracts for which almost all revenues have been recognized under the previous accounting method before the beginning of this consolidated fiscal year, the method stipulated in Article 86 of the Revenue Recognition Accounting Standard is not applied retroactively. In addition, in accordance to Provision (1) stipulated in Section 86 of the Accounting Standard for Revenue Recognition, the accounts have been processed reflecting all contract modifications on all contracts made prior to the beginning of this consolidated fiscal year, and the cumulative impact amount was either added to or subtracted from retained earnings at the beginning of this consolidated fiscal year. The impact of this change on the

beginning balance of retained earnings, profit & loss for the consolidated fiscal, segment information, etc. and per share information was insignificant.

Due to the application of revenue recognition accounting standards, "Notes and accounts receivable-trade", which was indicated in "Current assets" in the previous year's consolidated balance sheet, is now indicated in "Notes and accounts receivable-trade and contract assets" from this consolidated fiscal year. In addition, the "(increase) decrease in trade notes and accounts receivables" which was indicated in the "cash flow from operating activities" of the consolidated cash flow statement for the previous consolidated fiscal year, is now included in the "(increase) decrease in trade notes and accounts receivables and contract assets" from the consolidated fiscal year. Furthermore, in accordance with the transitional treatment stipulated in Article 89-2 of the Accounting Standard for Revenue Recognition, the previous consolidated fiscal year has not been reclassified using the new presentation method.

(Application of "Accounting Standard for Fair Value Measurement")

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as "Fair Value Measurement Accounting Standard"), etc. has been applied from the beginning of this consolidated fiscal year and in accordance with the transitional treatment stipulated in Paragraph 19 of the Standard and "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019) and Paragraph 44-2. shall be applied prospectively. Moreover, there is no impact on the consolidated financial state-

ments.

(20) Accounting standard issued but not yet effective

"Lease"

Overseas subsidiary applying US GAAP
The ASU "Lease" (ASU No.2016-02), issued on February 25, 2016.

(1) Overview

This accounting standard requires that a lessee's lease, in principle, recognize assets and liabilities for all leases.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard from the beginning of the fiscal year ending March 31, 2023.

(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.

(21) Additional Information

(Directors' Compensation BIP Trust and Employee Stock Ownership Plan (J-ES-OP)) 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, 2022 are ¥993 million and 400,519 shares, respectively. (The status of COVID-19 initiatives and the estimated accounting impact)

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 as well as workplace vaccination in limited areas.

Overseas group companies respond in accordance with instructions given, such as a curfew, by the local authorities of the countries or the states where they are located, and they generally work from home where a curfew is imposed. As for our factory operations, domestic factories are now operating normally. Our U.S. factories are currently operating normally depending on enforcements issued by their local authorities. We, the Amano Group

companies makes accounting estimates for impairment loss on fixed assets and deferred tax assets recoverability based on information available at the time of preparing the consolidated quarterly financial statements. Although the impact and severity of COVID-19 on our group will differ depending on the business, it is assumed that the impact would still remain in FY2022, with the gradual recovery after the first half of the last fiscal year ending March 2021, but in which we had not a significant impact on the estimated accounting.

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 ¥ 122 = US\$1, the approximate effective rate of exchange prevailing on March 31, 2022. 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, 2022 and 2021 is as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Investments in equity securities	¥4,316	¥2,184	\$35,377
Others	53	53	434

6. Assets Pledged as Collateral and Obligations Secured by Collateral

As at March 31, 2022 and 2021, the following assets were pledged as collateral:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Cash and bank deposits	-	¥67	-

7. Notes and Accounts Receivable

Of the notes receivable, accounts receivable and contract assets, the amounts of receivables and contract assets arising from the contract with the customer are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Trade notes receivable	¥2,335	-	\$19,139
Accounts receivable	¥24,902	-	204,115
Contract assets	¥757	-	6,205

8. Other current liabilities

Of the others, the amount of contract liability is as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
(1) Contract liability	¥4,540	-	\$37,213

9. Selling, General and Administrative Expenses

Selling, general and administrative expenses during the years ended March 31, 2022 and 2021 principally include:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Employees' bonuses	¥1,788	¥1,601	\$14,656
Directors' bonuses	128	90	1,049
Retirement benefits	1,123	1,142	9,205
Salaries and allowances	18,737	18,249	153,582
Allowance for doubtful accounts	85	157	697
Allowance for Provision for stock benefit	70	55	574
Allowance for Provision for directors' stock benefit	38	34	311

10. Research and Development Costs

Research and development costs included in selling, general and administrative expenses and manufacturing cost for the years ended March 31, 2022 and 2021 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Research and development costs	¥2,015	¥1,793	\$16,516

11. Gain on sale of fixed assets

Details of Gain on sale of fixed assets for the years ended March 31, 2022 and 2021 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Buildings and structures	¥260	¥3	\$2,139
Machinery and equipment	11	6	94
Tools, Furniture and Fixtures	2	11	19
Land	137	-	1,128
Total	¥412	¥21	\$3,380

12. Loss on disposal of fixed assets

Details of Loss on disposal of fixed assets for the years ended March 31, 2022 and 2021 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Buildings and structures	¥15	¥4	\$128
Machinery and equipment	7	2	64
Tools, Furniture and Fixtures	11	31	94
Leased Assets	13	7	114
Total	¥49	¥45	\$402

13. Loss on sale of fixed assets

Details of Loss on sale of fixed assets for the years ended March 31, 2022 and 2021 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Buildings and structures	¥3	-	\$25
Machinery and equipment	0	-	0
Land	1	-	8
Total	¥5	-	\$41

14. Impairment Loss on Fixed Assets

No impairment loss on fixed assets was recorded for the year ended March 31, 2022.

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	\$8,689
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.

15. 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, 2022 and 2021:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Net unrealized gains (losses) on other securities:			
Amount arising during the year	¥305	¥1,225	\$2,500
Reclassification adjustments	-	-	-
Amount before tax effect	305	1,225	2,500
Tax effect	(93)	(374)	(762)
Net unrealized gains (losses) on other securities	212	851	1,745
Translation adjustments:			
Amount arising during the year	1,990	(504)	16,313
Reclassification adjustments	-	-	-
Amount before tax effect	1,990	(504)	16,313
Tax effect	-	-	-
Translation adjustments	1,990	(504)	16,313
Retirement benefits liability adjustments:			
Amount arising during the year	(154)	349	(1,262)
Reclassification adjustments	244	288	2,000
Amount before tax effect	90	638	738
Tax effect	(20)	(198)	(164)
Retirement benefits liability adjustments	70	440	578
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)	¥2,273	¥788	\$18,637

16. Changes in Shareholders' Equity

Changes in "Shares issued and outstanding" and "Shares of treasury stock" during the period from April 1, 2021 to March 31, 2022 are as follows:

(1) Shares issued and outstanding

Share type	As of April 1, 2021	Increase	Decrease	As of March 31, 2022
Common stock (shares)	76,657,829	–	–	76,657,829

(2) Shares of treasury stock

Share type	As of April 1, 2021	Increase	Decrease	As of March 31, 2022
Common stock (shares)	2,033,401	751,305	20,795	2,763,911

(Reason for change)

The increase in the number of shares is due to the purchases of 1,305 shares less than one unit.

Purchase of treasury stock of 750,000 shares as determined by the Board of Directors' resolution on April 26, 2021.

The decrease in the number of shares is due to delivery of 9,295 shares by Directors' Compensation BIP Trust.

The decrease in the number of shares is due to benefit of 11,500 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, 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).

17. Dividends

Information on dividends for the fiscal year ended March 31, 2022 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 29, 2021	Common stock	¥3,377	\$27,681	¥45	\$0.369	March 31, 2021	June 30, 2021
Board of directors meeting, October 28, 2021	Common stock	¥1,857	\$15,224	¥25	\$0.205	September 30, 2021	December 2, 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).

"Total dividend" as determined by the Board of Directors' resolution on October 28, 2021 includes ¥ 6 million for dividends on the Company's shares owned by Directors' Compensation BIP Trust and ¥ 3 million for dividends on our shares owned by Employee Stock Ownership Plan (J-ESOP).

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

Resolution	Share type	Dividend funding	Total dividend (Millions of Yen)	Total dividend (Thousands of U.S. dollars)	Dividend per share (Yen)	Dividend per share (U.S. dollars)	Date of record	Effective date
Ordinary general meeting of shareholders, June 29, 2022	Common stock	Retained earnings	¥5,200	\$42,628	¥70	\$0.574	March 31, 2022	June 30, 2022

(NOTES)

"Total dividend" as determined by the Ordinary general meeting of shareholders' resolution on June 29, 2022 includes ¥ 18 million for dividends on the Company's shares owned by Directors' Compensation BIP Trust and ¥ 9 million for dividends on our shares owned by Employee Stock Ownership Plan (J-ESOP).

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)	Dividend per share (Yen)	Date of record	Effective date
Ordinary general meeting of shareholders, June 29, 2021	Common stock	Retained earnings	¥3,377	¥45	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).

18. Cash and Cash Equivalents

Reconciliations of cash and cash equivalents to the amounts shown in the consolidated balance sheet as at March 31, 2022 and 2021 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Cash and bank deposits	¥60,337	¥56,432	\$494,574
Marketable securities	3,219	2,556	26,387
Sub total	63,557	58,989	520,960
Time deposits due over three months	(5,275)	(4,593)	(43,241)
Marketable securities due over three months	(2,350)	(1,850)	(19,262)
Cash and cash equivalents	¥55,931	¥52,546	\$458,457

(Supplemental disclosure of non-cash transactions)

The significant non-cash transactions for the years ended March 31, 2022 and 2021 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Leased assets	¥4,699	¥4,123	\$38,516
Lease obligations	5,180	4,525	42,459

19. Lease Commitments

(1) Lessees' accounting

Minimum future lease payments under operating leases subsequent to March 31, 2022 and 2021 for non-cancelable operating leases are summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Due within 1 year	¥66	¥69	\$541
Due over 1 year	125	191	1,025
Total.....	¥191	¥261	\$1,566

(2) Lessors' accounting

Minimum future lease income under operating leases subsequent to March 31, 2022 and 2021 for non-cancelable operating leases is summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Due within 1 year	¥101	¥101	\$828
Due over 1 year	199	300	1,631
Total.....	¥300	¥401	\$2,459

20. Financial Instruments

1. 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 policie

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.

2. Estimated fair value of financial instruments

Differences between carrying value and estimated fair value as of March 31, 2022 and 2021 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)		
	2022			2022		
	Carrying value	Estimated fair value	Difference in amounts	Carrying value	Estimated fair value	Difference in amounts
Marketable securities and investments in securities						
① Held-to-maturity	4,934	4,937	¥3	40,443	40,467	\$25
② Subsidiaries and affiliates	2,261	2,287	25	18,533	18,746	205
③ Other securities	8,339	8,339	-	68,352	68,352	-
Total (Assets)	¥15,535	¥15,565	¥29	\$127,336	\$127,582	\$238

	Millions of Yen		
	2021		
	Carrying value	Estimated fair value	Difference in amounts
Marketable securities and investments in securities			
① Held-to-maturity	4,434	4,457	¥23
② Subsidiaries and affiliates	2,134	3,732	1,597
③ Other securities	7,866	7,866	-
Total (Assets)	¥14,435	¥16,056	¥1,621

(NOTES)

"Cash and bank deposits," "Notes and accounts receivable," "Trade notes and accounts payable," and "Electronically recorded monetary claims" are omitted as they are cash and their fair value is close to the book value since these items are settled in a short period of time.

Financial instruments whose fair values are difficult to estimate are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Unlisted securities (Carrying value)	¥2,377	¥372	\$19,484

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.

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

	Millions of Yen			
	2022			
	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	¥60,337	-	-	-
Notes and accounts receivable	27,237	-	-	-
Marketable securities and investments in securities:				
Held-to-maturity securities.....	2,350	409	¥2,174	-
Total	¥89,925	¥409	¥2,174	-

	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	-

	Thousands of U.S.dollars (Note 4)			
	2022			
	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	\$494,574	-	-	-
Notes and accounts receivable	223,261	-	-	-
Marketable securities and investments in securities:				
Held-to-maturity securities.....	19,262	\$3,352	\$17,820	-
Total	\$737,090	\$3,352	\$17,820	-

(*2) 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					
	2022					
	Due within 1 year	The 2 years	The 3 years	The 4 years	The 5 years	Thereafter
Long-term loans payable.....	-	-	-	-	-	-
Lease obligations	¥3,610	¥2,216	¥1,265	¥704	¥387	¥420
Total	¥3,610	¥2,216	¥1,265	¥704	¥387	¥420

	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

	Thousands of U.S.dollars (Note 4)					
	2022					
	Due within 1 year	The 2 years	The 3 years	The 4 years	The 5 years	Thereafter
Long-term loans payable.....	-	-	-	-	-	-
Lease obligations	\$29,593	\$18,165	\$10,374	\$5,775	\$3,178	\$3,447
Total	\$29,593	\$18,165	\$10,374	\$5,775	\$3,178	\$3,447

3. Matters concerning the breakdown of financial products by fair value level

The fair value of financial instruments is classified into the following three levels according to the observability and importance of the input related to the calculation of the fair value.

Level 1: quoted prices in active markets for identical assets or liabilities that are observable by the entity at the measurement date are used

Level 2: inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly are used

Level 3: Unobservable inputs are used

If the inputs used to measure fair value are categorised into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement (based on the application of judgement).

(1) Financial instruments recorded on the consolidated balance sheet at fair value are as follows:

2022				
Fair values (Millions of Yen)				
	Level 1	Level 2	Level 3	Total
Marketable securities and investments in securities:				
Other securities	¥7,470	¥869	-	¥8,339
Total	¥7,470	¥869	-	¥8,339

Thousands of U.S. dollars (Note 4)				
2022				
	Level 1	Level 2	Level 3	Total
Marketable securities and investments in securities:				
Other securities	\$61,230	\$7,123	-	\$68,352
Total	\$61,230	\$7,123	-	\$68,352

(2) Financial instruments that are not recorded on the consolidated balance sheet at fair value are as follows:

2022				
Fair values (Millions of Yen)				
	Level 1	Level 2	Level 3	Total
Marketable securities and investments in securities:				
Held-to-maturity	-	¥4,937	-	¥4,937
Subsidiaries and affiliates	¥2,287	-	-	2,287
Total	¥2,287	¥4,937	-	¥7,225

Thousands of U.S. dollars (Note 4)				
2022				
	Level 1	Level 2	Level 3	Total
Marketable securities and investments in securities:				
Held-to-maturity	-	\$40,467	-	\$40,467
Subsidiaries and affiliates	\$18,746	-	-	\$18,746
Total	\$18,746	\$40,467	-	\$59,221

(NOTES)

Explanation of the valuation technique used to calculate the fair value and the inputs related to the measurement of the fair value.

Marketable securities and investments in securities:

The fair value of listed stocks is evaluated using the price of the exchange. Listed stocks are traded in active markets and are therefore classified as Level 1 fair value.

Bonds and investment trusts are classified as Level 2 since they are evaluated using the prices offered by the financial institutions.

Since certificates of deposit are short-term, their fair value is almost equal to their book value, so they are classified as Level 2 although they are based on the book value.

Marketable securities

1. Held-to-maturity securities as at March 31, 2022 and 2021 are as follows:

	Millions of Yen			Thousands of U.S.dollars (Note 4)		
	2022			2022		
	Carrying value	Fair value	Unrealized gains (losses)	Carrying value	Fair value	Unrealized gains (losses)
Held-to-maturity securities with fair value exceeding carrying value ...	¥1,326	¥1,333	¥7	\$10,869	\$10,926	\$57
Held-to-maturity securities with fair value not exceeding carrying value ...	3,608	3,604	(3)	29,574	29,541	(25)
Total	¥4,934	¥4,937	¥3	\$40,443	\$40,467	\$25
	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			
Held-to-maturity securities with fair value not exceeding carrying value ...	¥2,150	¥2,150	(¥0)			
Total	¥4,434	¥4,457	¥23			

2. Other securities as at March 31, 2022 and 2021 are as follows:

	Millions of Yen			Thousands of U.S.dollars (Note 4)		
	2022			2022		
	Carrying value	Acquisition cost	Unrealized gains (losses)	Carrying value	Acquisition cost	Unrealized gains (losses)
Other securities with carrying value exceeding acquisition cost						
Stocks	¥5,724	¥2,492	¥3,232	\$46,918	\$20,426	\$26,492
Other	705	697	7	5,779	5,713	57
Subtotal.....	6,430	3,190	3,239	52,705	26,148	26,549
Other securities with carrying value not exceeding acquisition cost						
Stocks	1,745	1,976	(230)	14,303	16,197	(1,885)
Other	163	163	-	1,336	1,336	-
Subtotal.....	1,909	2,140	(230)	15,648	17,541	(1,885)
Total	¥8,339	¥5,330	¥3,009	\$68,352	\$43,689	\$24,664
	Millions of Yen			Thousands of U.S.dollars (Note 4)		
	2021			2021		
	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			
Other	706	699	7			
Subtotal.....	7,013	4,202	2,810			
Other securities with carrying value not exceeding acquisition cost						
Stocks	853	959	(106)			
Other	-	-	-			
Subtotal.....	853	959	(106)			
Total	¥7,866	¥5,162	¥2,704			

21. 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, 2022 and 2021 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Balance at the beginning of the year	¥13,890	¥13,739	\$113,852
Service cost	1,026	999	8,410
Interest cost	70	68	574
Actuarial loss	(166)	(38)	(1,361)
Retirement benefits paid	(781)	(879)	(6,402)
Prior service cost	(2)	-	(16)
Other	18	(0)	148
Balance at the end of the year	¥14,055	¥13,890	\$115,205

The changes in plan assets for the years ended March 31, 2022 and 2021 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Balance at the beginning of the year	¥11,783	¥11,201	\$96,582
Expected return on plan assets	285	278	2,336
Actuarial loss	(314)	309	(2,574)
Contributions by the Company	744	774	6,098
Retirement benefits paid	(620)	(789)	(5,082)
Other	13	7	107
Balance at the end of the year	¥11,892	¥11,783	\$97,475

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2022 and 2021 for the Company's and the consolidated subsidiaries' defined benefits plans:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Funded retirement benefit obligation.....	¥13,971	¥13,811	\$114,516
Plan assets at fair value	(11,892)	(11,783)	(97,475)
	2,079	2,028	17,041
Unfunded retirement benefit obligation	84	78	689
Net liability for retirement benefits in the balance sheet ...	2,163	2,107	17,730
Liability for retirement benefits	2,163	2,107	17,730
Asset for retirement benefits.....	-	-	-
Net liability for retirement benefits in the balance sheet ...	¥2,163	¥2,107	\$17,730

The components of retirement benefit expense for the years ended March 31, 2022 and 2021 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Service cost	¥1,026	¥999	\$8,410
Interest cost	70	68	574
Expected return on plan assets	(285)	(278)	(2,336)
Amortization of actuarial loss	239	290	1,959
Amortization of prior service cost	(2)	-	(16)
Retirement benefit expense	¥1,048	¥1,080	\$8,590

The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2022 and 2021 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Prior service cost	-	-	-
Actuarial loss (gain)	89	638	730
Total	¥89	¥638	\$730

The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2022 and 2021 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Unrecognized prior service cost	-	-	-
Unrecognized actuarial loss	(796)	(885)	(6,525)
Total	(¥796)	(¥885)	(\$6,525)

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	
	2022	2021
General accounts	14%	13%
Bonds.....	51%	53%
Stocks	16%	15%
Other	19%	19%
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.

	2022	2021
Discount rate.....	0.8%	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, 2022 and 2021 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Balance at the beginning of the year	¥79	¥102	\$648
Retirement benefit expense	41	30	336
Retirement benefits paid	(10)	(29)	(82)
Contributions to plans	(25)	(24)	(205)
Other	0	(0)	0
Balance at the end of the year	¥85	¥79	\$697

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2022 and 2021 for the Company's and the consolidated subsidiaries' defined benefits plans:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Funded retirement benefit obligation	¥311	¥284	\$2,549
Plan assets at fair value	(386)	(356)	(3,164)
	(75)	(71)	(615)
Unfunded retirement benefit obligation	161	150	1,320
Net liability for retirement benefits in the balance sheet ...	85	79	697
Liability for retirement benefits	213	201	1,746
Asset for retirement benefits	(128)	(122)	(1,049)
Net liability for retirement benefits in the balance sheet ...	¥85	¥79	\$697

Retirement benefit expenses calculated using the simplified method for the years ended March 31, 2022 and 2021 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Retirement benefit expenses	¥41	¥30	\$336

Contributions to defined contribution plans of the Company and its consolidated subsidiaries for the years ended March 31, 2022 and 2021 are as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Contributions to defined contribution plans	¥567	¥582	\$4,648

22. Income Taxes

Deferred tax assets and liabilities (both current and non-current) as at March 31, 2022 and 2021 consisted of the following elements:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Deferred tax assets:			
Accrued enterprise tax	¥181	¥115	\$1,484
Accrued employees' bonuses	797	772	6,533
Net liability for retirement benefits	702	673	5,754
Loss carried forward(* 2)	1,662	1,103	13,623
Loss on write-down of investments in securities	230	240	1,885
Surplus on allowance for doubtful accounts	143	155	1,172
Unrealized gains	527	523	4,320
Others	2,094	1,860	17,164
Subtotal deferred tax assets	¥6,339	¥5,444	\$51,959
Less: valuation allowance for tax loss carryforwards(* 2)	(1,529)	(981)	(12,533)
Less: valuation allowance for deductible temporary difference	(1,304)	(1,278)	(10,689)
Subtotal valuation allowance(* 1)	(2,834)	(2,259)	(23,230)
Total deferred tax assets	¥3,505	¥3,185	\$28,730
Deferred tax liabilities:			
Unrealized loss on other securities	(843)	(760)	(6,910)
Others	(168)	(149)	(1,377)
Total deferred tax liabilities	(1,012)	(909)	(8,295)
Net deferred tax assets	¥2,492	¥2,275	\$20,426

(NOTES)

(* 1): Valuation allowance increased by ¥ 574 million. The main reason is that valuation allowance due to an increase in carried forward loss of a consolidated subsidiary in North America increased by ¥ 536 million.

(* 2): A breakdown of net operating loss carryforwards and valuation allowance by expiry date as of March 31, 2022 is as follows:

	Millions of Yen						Total
	2022						
	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) ...	-	-	-	-	-	¥1,662	¥1,662
Valuation allowance	-	-	-	-	-	(1,529)	(1,529)
Deferred tax assets	-	-	-	-	-	¥132	¥132
							(b)

	Thousands of U.S. dollars (Note 4)						Total
	2022						
	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) ...	-	-	-	-	-	\$13,623	\$13,623
Valuation allowance	-	-	-	-	-	(12,533)	(12,533)
Deferred tax assets	-	-	-	-	-	\$1,082	\$1,082
							(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 ¥ 1,662 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							
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	Total
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)							
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	Total
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.

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

	2022	2021
Effective statutory tax rate	-	30.6%
Adjustments:		
Entertainment and other nondeductible expenses	-	0.8
Dividends and other nontaxable income	-	(4.5)
Inhabitant tax on per capita levy	-	0.9
Nondeductible amortization of goodwill	-	0.8
Eliminated dividend received from subsidiaries.....	-	4.3
Effect of North Americas CARES Act.....	-	(4.7)
Tax credit for research and development expenses	-	(0.3)
Valuation allowance	-	(1.4)
Difference of foreign subsidiaries' taxation rates	-	0.1
Equity in earnings of affiliates	-	(0.8)
Others	-	(0.4)
Actual tax rate	-	25.4%

(NOTES)

Notes are omitted as the difference between the normal effective statutory tax rates and the actual effective tax rates in the current fiscal year is five one-hundredths or less of the normal effective statutory tax rates.

23. Revenue Recognition

1 Disaggregated information for revenue generated from contracts with customers.

	Millions of Yen		
	2022		
	Reportable segments		
	Time information system business	Environment system business	Total
Information Systems	¥28,808	–	¥28,808
Time Management Products	2,700	–	2,700
Parking Systems	55,581	–	55,581
Environmental Systems	–	19,977	19,977
Clean Systems	–	11,361	11,361
Revenue generated from contracts with customers	87,090	31,339	118,429
Other revenue	–	–	–
Sales to third parties	87,090	31,339	118,429

	Thousands of U.S. dollars (Note 4)		
	2022		
	Reportable segments		
	Time information system business	Environment system business	Total
Information Systems	\$236,135	–	\$236,135
Time Management Products	22,131	–	22,131
Parking Systems	455,587	–	455,587
Environmental Systems	–	163,753	163,753
Clean Systems	–	93,127	93,127
Revenue generated from contracts with customers	713,853	256,880	970,733
Other revenue	–	–	–
Sales to third parties	713,853	256,880	970,733

2 Basis for understanding the revenue generated from contracts with customers.

The information that is the basis for understanding the revenue generated from contracts with customers is described in the "3. Summary of Significant Accounting Policies (18) Recognition criteria for significant revenues and expenses" in "Notes to Consolidated Financial Statements.,.

3 Information about the relationship between the fulfillment of performance obligations based on the contract with customer and cash flow generated from contract, and the amount and timing of revenue expected to be recognized from the contract with the customer existing at the end of the current consolidated fiscal year after the next consolidated fiscal year.

(1) Balance of contract assets and contract liabilities, etc.

	Millions of Yen	Thousands of U.S. dollars (Note 4)
	2022	2022
Receivables generated from contracts with customers (Balance at the beginning of the year)	¥26,407	\$216,451
Receivables generated from contracts with customers (Balance at the end of the year).....	27,237	223,254
Contract assets (Balance at the beginning of the year)	768	6,295
Contract assets (Balance at the end of the year).....	757	6,205
Contract liability (Balance at the beginning of the year)	3,902	31,984
Contract liability (Balance at the end of the year)	4,540	37,213

On the consolidated balance sheet, contract assets are recorded in "Notes receivable, accounts receivable and contract assets", and contract liabilities are recorded in "Other current liabilities".

Contract assets are unbilled accounts receivable related to revenue recognized based on progress measurement in construction contracts for some Parking systems and Environmental systems, and are transferred to trade receivables at the time of customer acceptance. Consideration for these performance obligations is generally received within one year after the performance obligation is satisfied, according to separately determined payment conditions, and does not include any significant financing components.

In addition, there are no significant financial factors in the receivables arising from contracts with Group customers.

Contract liabilities are primarily customer advance payments in contracts that continue to provide services. Of the outstanding contract liabilities at the beginning of the period, the amount of revenue recognized in the current consolidated fiscal year is 2,973 million yen. Also, the amount of revenue recognized from performance obligations that have been satisfied(or partially satisfied) in previous periods, are immaterial.

(2) Transaction price allocated to residual performance obligations

As of March 31, 2022, the total transaction price allocated to the remaining performance obligations is 1,019 million yen. The remaining performance obligation is related to construction contracts for some Parking systems and Environmental systems, and is expected to be recognized as revenue typically within two years depending on the progress of construction.

The Group applies practical expedients, and the above amounts do not include transaction prices related to unsatisfied performance obligations with an initially expected remaining period of one year or less.

Also, there are no significant amounts not included in the transaction price in the consideration arising from the contract with the customer.

24. 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				
	2022				
	Reportable segments			Adjustments/ Eliminations	Consolidated
Time information system business	Environment system business	Total			
Net sales:					
Sales to third parties	¥87,090	¥31,339	¥118,429	-	¥118,429
Intersegment sales and transfers	-	-	-	-	-
Total	87,090	31,339	118,429	-	118,429
Segment profit or loss	12,569	4,136	16,706	(¥3,813)	12,893
Segment assets	70,331	29,704	100,036	59,306	159,342
Depreciation and amortization	6,879	644	7,523	547	8,070
Impairment loss for fixed assets	-	-	-	-	-
Investment in equity-method affiliates.....	2,261	-	2,261	-	2,261
Increase in tangible and intangible fixed assets ...	6,940	334	7,274	259	7,534

	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
Impairment loss for fixed assets	1,121	-	1,121	-	1,121
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

	Thousands of U.S. dollars (Note 4)				
	2022				
	Reportable segments			Adjustments/ Eliminations	Consolidated
Time information system business	Environment system business	Total			
Net sales:					
Sales to third parties	\$713,853	\$256,880	\$970,733	-	\$970,733
Intersegment sales and transfers	-	-	-	-	-
Total	713,853	256,880	970,733	-	970,733
Segment profit or loss	103,033	33,907	136,940	(\$31,258)	105,682
Segment assets	576,489	243,482	819,972	486,118	1,306,090
Depreciation and amortization	56,387	5,283	61,670	4,484	66,154
Investment in equity-method affiliates.....	18,540	-	18,540	-	18,540
Increase in tangible and intangible fixed assets ...	56,889	2,739	59,628	2,127	61,755

(2) Related Information

Geographic Segments

Information by geographic region for the years ended March 31, 2022 and 2021 is summarized as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Net sales:			
Japan	¥74,104	¥74,061	\$607,410
North America	14,155	13,615	116,026
Others	30,170	25,921	247,296
Total	¥118,429	¥113,598	\$970,733
	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Tangible fixed assets:			
Japan	¥17,474	¥18,045	\$143,231
Others	8,305	7,546	68,081
Total	¥25,780	¥25,592	\$211,313

(3) Information on "Impairment loss of fixed assets" by reportable segments for the years ended March 31, 2022 and 2021 is summarized as follows:

	Millions of Yen				
	2022				
	Reportable segments		Total	Eliminations/ Corporate	Total
Time information system business	Environment system business				
Impairment loss	-	-	-	-	-
	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

(4) Information on both "amortization of goodwill" and "unamortized balance" by reportable segments as at and for the years ended March 31, 2022 and 2021 is summarized as follows:

	Millions of Yen				
	2022				
	Reportable segments		Total	Eliminations/ Corporate	Total
Time information system business	Environment system business				
Amortization of goodwill	¥336	¥14	¥351	-	¥351
Unamortized balance	¥1,417	-	¥1,417	-	¥1,417
	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
	Thousands of U.S. dollars (Note 4)				
	2022				
	Reportable segments		Total	Eliminations/ Corporate	Total
Time information system business	Environment system business				
Amortization of goodwill	\$2,760	\$119	\$2,880	-	\$2,880
Unamortized balance	\$11,617	-	\$11,617	-	\$11,617

25. Per Share Data

Net assets and net income per share as at and for the years ended March 31, 2022 and 2021 are as follows:

(1) Net assets per share

	Yen		U.S.dollars (Note 4)
	2022	2021	2022
Net assets per share	¥1,563.31	¥1,485.46	\$12.814

The basis for these calculations is as follows:

	Millions of Yen		Thousands of U.S.dollars (Note 4)
	2022	2021	2022
Total net assets in consolidated balance sheet ...	¥116,271	¥111,585	\$953,048
Amount to be deducted from total net assets.....	752	733	6,168
(Out of the above non-controlling interest portion) ...	(752)	(733)	(6,168)
Net assets relating to common stock	115,519	110,851	946,877

	Shares	
	2022	2021
Number of shares of common stock used to compute net assets per share	73,893,918	74,624,428

(2) Net income per share

	Yen		U.S.dollars (Note 4)
	2022	2021	2022
Net income per share	¥131.49	¥97.08	\$1.078

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)
	2022	2021	2022
Net income in the consolidated statement of income ...	¥9,733	¥7,248	\$79,787
Net income relating to common stock.....	9,733	7,248	79,787

	Shares	
	2022	2021
Average number of shares of common stock outstanding during the year ...	74,027,602	74,660,620

- (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 385,352 shares for the previous fiscal year and 412,477 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 421,314 shares for the previous fiscal year and 400,519 shares for the current fiscal year.

26. Significant Subsequent Events

On April 26, 2022, 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) Details of the acquisition

Class of shares to be acquired	:Common stock of the Company
Total number of shares to be acquired	:Up to 1,000,000 shares (upper limit) :[Representing 1.35% of the Total number of shares issued (excluding treasury stock)]
Total acquisition cost	:Up to 2,500,000,000 yen (upper limit) :[Up to 20,492 Thousands of U.S. dollars (Note 4)]
Acquisition period	:From April 27, 2022 to August 31, 2022

Corporate Data

Domestic Operations

HEAD OFFICE

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

FACILITIES

SAGAMIHARA Factory
HOSOE Factory

SALES OFFICES

71 Sales Offices Located in major cities,
including

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

DOMESTIC SUBSIDIARIES

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

Board of Directors

Chairman & Representative Director

Izumi NAKAJIMA

President & Representative Director

Hiroyuki TSUDA

Director & Managing Operating Officer

Kunihiro IHARA

Manabu YAMAZAKI

Director & Operating Officer

Fujinori TAZO

Yoshihiko HATA

(Outside) Director

Kiyoshi KAWASHIMA

Michinobu OMORI

Sumie WATANABE

(Full-time) Audit & Supervisory Board Member

Masahiko MORITA

Yasuhiro SASAYA

(Outside) Audit & Supervisory Board Member

Hanae NAKAYA

Naofumi NAGAKAWA

Managing Operating Officer

Susumu IKOMA

Operating Officer

Myeong-Jin JEON

Toshiyuki NISHIKIORI

Hideo HONDA

Kouji AKIYAMA

Takeya HAYASHITANI

Takatoshi TAKAHASHI

Tetsuji ISHIKAWA

Yasuo FUJII

Masashi NABESHIMA

Tatsuo MAEKAWA

Tomonori KITAMI

Overseas Operations

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



 **AMANO Corporation**

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