

Business Performance

General Business Results

Business Results in the Year Ended March 31, 2023

General Business Results for This Fiscal Year

During the consolidated fiscal year under review, the world economy showed signs of recovery amid progress in balancing economic activities with measures to prevent infection by the COVID-19. However, it seems that the future outlook for the Japanese economy continues to be uncertain due to the concerns about a recession in Europe and the U.S., various price hikes against the backdrop of the global supply chain disruptions, the impact of the situation in Ukraine, and unstable currency fluctuations, etc.

Amid this business environment, we the Amano Group set forth the management concept of "The 3rd Stage Towards a 100-year Company-Establishing a solid business foundation that leads to sustainable growth" in our 8th Medium-Term Business Plan launched in April 2021, 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 ¥132,810 million, up by 12.1% year-on-year. Operating profit increased by 22.4% to ¥15,787 million, ordinary profit went up by 21.8% to ¥16,960 million, and net income attributable to owners of the parent company increased by 16.0% to ¥11,288 million, resulting in increases in both sales and profit.

(Main factors behind the business results)

(i) At non-consolidated Amano, sales of the Information Systems grew mainly in software, reflecting the continued strong investment in systems for DX initiatives and business efficiency improvement with the tailwind of "work style reform" continuing. Sales for the Environmental Systems continued to grow, especially for standard equipment. On the other hand, sales for the

Parking Systems increased due to continued recovery, but failed to make up for the first half downfall resulted in the plan not being achieved.

(ii) In domestic group companies, the consigned parking lot management service business performed well, approaching pre-COVID-19 results, and T&A cloud service for work management continued to grow due to an increase in inquiries from customers.

(iii) In overseas markets, sales increased in North America, Europe, and Asia partly due to the effect of yen depreciation. In particular, overall sales in Asia increased by double digits due to significant growth in the Parking Systems in Korea, Hong Kong, and Malaysia. In North America, although sales of parking systems increased due to the effect of launching a new product, earnings improvement was not achieved to continued investment in development and other factors.

The following is a breakdown of sales by business division.

Sales by business division

(Millions of yen)

| Category | FY2021 | | FY2022 | | Change | |
|--|--------------------------------|--------------|--------------------------------|--------------|---------------|-------------|
| | (April 1, 2021–March 31, 2022) | | (April 1, 2022–March 31, 2023) | | Amount | % |
| | Amount | Ratio (%) | Amount | Ratio (%) | | |
| Time Information System business: | | | | | | |
| Information Systems | 28,808 | 24.3 | 31,353 | 23.6 | 2,545 | 8.8 |
| Time Management Products | 2,700 | 2.3 | 2,841 | 2.1 | 141 | 5.2 |
| Parking Systems | 55,581 | 46.9 | 64,708 | 48.7 | 9,126 | 16.4 |
| Subtotal | 87,090 | 73.5 | 98,903 | 74.4 | 11,813 | 13.6 |
| Environment System business: | | | | | | |
| Environmental Systems | 19,977 | 16.9 | 20,838 | 15.7 | 860 | 4.3 |
| Clean Systems | 11,361 | 9.6 | 13,068 | 9.9 | 1,706 | 15.0 |
| Subtotal | 31,339 | 26.5 | 33,906 | 25.6 | 2,567 | 8.2 |
| Total | 118,429 | 100.0 | 132,810 | 100.0 | 14,381 | 12.1 |

Time Information System business

The sales in this business totaled ¥98,903 million, up by ¥11,813 million (up 13.6%) year-on-year. The following is a breakdown of sales by business division.

Information Systems

¥31,353 million (up 8.8% year-on-year)

Domestic sales for the current term were as follows. For Amano, on an unconsolidated basis, software sales increased by ¥641 million (6.9%) due to a recovery in orders for small to medium-sized businesses, hardware sales increased by ¥81 million (3.1%), and sales generated by maintenance contracts and supplies services increased by ¥72 million (1.6%) year-on-year. The cloud services developed by Amano Business Solutions Corporation continued to perform strongly.

Overall overseas sales increased by ¥1,664 million (14.6%), because sales for both Accu-Time Systems, Inc. in North America and Horoquartz S.A. in Europe increased.

Time Management Products

¥2,841 million (up 5.2% year-on-year)

During the current term for Amano, on an unconsolidated basis, the sales of standard time recorders increased, although sales of PC-linked time recorders decreased, while overall sales increased ¥19 million (0.9%) year-on-year partly due to an increase in exports.

Overall overseas sales increased by ¥195 million (35.7%), as sales in North America and Asia increased.

Parking Systems

¥64,708 million (up 16.4% year-on-year)

Domestic sales for the current term were as follows. For Amano, on an unconsolidated basis, domestic parking equipment sales increased by ¥377 million (2.8%) due to a recovery trend, while sales generated by maintenance contracts and supplies services increased by 937 million (10.7%). Sales continued to increase in the consigned parking lot management service business operated by Amano Management Service because it is on a recovery trend. As a result of the continued investment by them, the number of parking spaces under management increased by 34,500 (5.3%) from the end of the previous fiscal year.

Overall overseas sales increased by ¥7,186 million (32.2%) due to the increase in the sales of Amano McGann, Inc. in North America and the significant increase in sales of the consigned parking lot management service business in Korea, Hong Kong, and Malaysia in Asia.

Environment System business

The sales in this business totaled ¥33,906 million, up by ¥2,567 million (up 8.2%) year-on-year. The following is a breakdown of sales by business division.

Environmental Systems

¥20,838 million (up 4.3% year-on-year)

During the current term for Amano, on an unconsolidated basis, domestic sales of standard equipment increased by ¥271 million (3.8%), although the trend was slowdown.

On the other hand, sales of large dust collectors decreased by ¥50 million (1.0%) with the recovering signs of orders, while sales generated by maintenance contracts and supplies services increased by ¥409 million (10.1%) year-on-year.

Overall overseas sales increased by ¥282 million (8.0%) as sales in Asia increased due to a recovery in China.

Clean Systems

¥13,068 million (up 15.0% year-on-year)

During the current term for Amano, on an unconsolidated basis, overall domestic sales of cleaning equipment increased by ¥160 million (8.0%) led by due to the effect of the launch of the new robotic floor scrubber, and domestic sales generated by maintenance contracts and supplies services decreased by ¥40 million (1.8%) year-on-year.

Overall overseas sales increased by ¥1,610 million (25.0%) as Amano Pioneer Eclipse Corporation in North America achieved the increase in sales.

General Financial Condition for This Fiscal Year

(i) Assets, liabilities, and net assets

Total assets amounted to ¥171,250 million (up ¥11,907 million from the previous consolidated fiscal year-end).

- Current assets: an increase of ¥8,211 million due to increases in notes and accounts receivable-trade and contract assets and raw materials and supplies, etc.

- Fixed assets: an increase of ¥3,695 million due to an increase in lease assets, etc.

Total liabilities amounted to ¥49,612 million (up ¥6,541 million from the previous consolidated fiscal year-end).

- Current liabilities: an increase of ¥3,688 million due to an increase in electronically recorded obligations, etc.
- Long-term liabilities: an increase of ¥2,852 million due to an increase in lease obligations, etc.

Net assets amounted to ¥121,638 million (up ¥5,366 million from the previous consolidated fiscal year-end).

- Shareholders' equity: an increase of ¥1,415 million due to posting of net income attributable to owners of the parent company, etc.
- Accumulated other comprehensive income: an increase of ¥3,821 million due to increases in foreign currency translation adjustments, etc.

Summary of Cash Flows for This Fiscal Year

Consolidated cash and cash equivalents decreased by ¥847 million from the previous fiscal year-end to a total of ¥55,084 million as of March 31, 2023. 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 ¥18,951 million (a decrease in income of ¥249 million year-on-year).

- Main income factors:
Posting of income before income taxes amounting to ¥16,752 million and posting of depreciation and amortization amounting to ¥9,017 million.

- Main expenditure factors:
Posting of income taxes paid amounting to ¥5,670 million and posting of increase in inventories amounting to ¥2,617 million.
Posting of increase in trade notes and accounts receivable and contract assets amounting to ¥2,002 million..

Net cash used in investing activities totaled -¥7,376 million (an increase in cash outflow of ¥1,484 million year-on-year).

- Main income factors:
Posting of proceeds from withdrawal of time deposits amounting to ¥2,968 million.
- Main expenditure factors:
Posting of increase in time deposits amounting to ¥5,892 million and posting of payment for purchase of tangible fixed assets amounting to ¥2,795 million.
Posting of payment for acquisition of intangible fixed assets amounting to ¥1,577 million.

Net cash used in financing activities amounted to -¥13,950 million (an increase in cash outflow of ¥3,080 million year-on-year).

- Main income factors:
Posting of proceeds from sale and leaseback amounting to ¥1,730 million.
- Main expenditure factors:
Posting of dividends paid amounting to ¥7,399 million and posting of repayments of lease obligations

amounting to ¥5,607 million.
Posting of payment for acquisition of treasury stock amounting to ¥2,479 million.

Future Outlook

In the next fiscal year ending March 31, 2024, the world economy showed signs of recovery amid progress in balancing economic activities with measures to prevent infection by the COVID-19. However, it seems that the future outlook for the Japanese economy continues to be uncertain due to the growing concerns about a financial instability and a recession in Europe and the U.S., various price hikes against the backdrop of the global supply chain disruptions and the impact of the situation in Ukraine, etc., and unstable currency fluctuations, etc.

Amid this business environment, Amano and our group companies have set "The 4th Stage Towards a 100-year Company-Commitment to a Paradigm Shift Leading to Sustainable Management" as our management concept and work to address key issues in the 9th Medium-Term Business Plan.

The detail of this plan is available for inspection on the Amano's website.