

Consolidated Financial Results
for the Second Quarter of the Fiscal Year 2020
Ending March 31, 2021
[Japanese GAAP]



November 6, 2020

Company name: JAMCO Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Stock Exchange Code: 7408
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 The date of filing quarterly securities report: November 9, 2020
 The start date of payout of dividend: —
 Availability of supplementary briefing material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: Yes (for institutional investors)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Operating Results for the Second Quarter of the Fiscal Year 2020 (from April 1, 2020 to September 30, 2020)

(1) Consolidated Operating Results (%: Changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the second quarter of								
Fiscal year 2020	25,860	(36.2)	(4,591)	-	(5,409)	-	(4,294)	-
Fiscal year 2019	40,554	0.5	784	(63.6)	384	(84.0)	73	(94.9)

(Note) Comprehensive income: The second quarter of fiscal year 2020: ¥(4,396) million [-%]
 The second quarter of fiscal year 2019: ¥(108) million [-%]

	Net income per share	Diluted net income per share
	Yen	Yen
For the second quarter of		
Fiscal year 2020	(160.10)	-
Fiscal year 2019	2.73	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2020	112,931	25,433	22.1
As of March 31, 2020	120,184	30,373	24.8

(Reference) Equity: As of September 30, 2020: ¥24,981 million
 As of March 31, 2020: ¥29,844 million

2. Dividend distribution

	Dividend distribution per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year 2019	-	0.00	-	20.00	20.00
Fiscal year 2020	-	0.00			
Fiscal year 2020 (Planned)			-	0.00	0.00

(Note) Revision to the plan of dividend distribution announced most recently: Yes

For details, please refer to “Notice of the Full Year Consolidated Financial Results Forecast and Plan of Dividend Distribution (No Dividend)” announced today.

3. Consolidated Financial Results Forecast for the Fiscal Year 2020 (from April 1, 2020 to March 31, 2021)

(%: Changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	58,400	(36.2)	(10,200)	-	(11,100)	-	(8,800)	-	(328.05)

(Note) Revision to the forecast of consolidated financial results announced most recently: Yes

For details, please refer to “Notice of the Full Year Consolidated Financial Results Forecast and Plan of Dividend Distribution (No Dividend)” announced today.

* Notes:

(1) Changes in significant subsidiaries during this quarter of the fiscal year 2020: None

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Number of common shares issued

1) Number of common shares outstanding (including the number of treasury stock):

As of September 30, 2020: 26,863,974 shares

As of March 31, 2020: 26,863,974 shares

2) Number of treasury stock:

As of September 30, 2020: 38,932 shares

As of March 31, 2020: 38,932 shares

3) Average number of common shares outstanding:

2nd quarter of FY 2020: 26,825,042 shares

2nd quarter of FY 2019: 26,825,099 shares

***Notes:**

- *1. This document is an English translation of a statement written initially in Japanese. The Japanese original document should be considered as the primary version.
- *2. These quarterly financial results are outside the scope of quarterly review by certified public accountants or audit firms.

*3. Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other statements herein are based on information currently available to the Company and certain premises that the Company deems to be reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors.

The Company intends to hold a briefing session for institutional investors on November 24, 2020. The materials distributed at the briefing session are scheduled to be posted on the Company's corporate website.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

During the second quarter of FY 2020, economies around the world were severely impacted as corporate activities were drastically restricted due to the global spread of COVID-19. Although the number of people with serious condition and deaths has been under control due to the subsequent expansion of medical and testing systems, mainly in developed countries, the movement of people has been slow globally and economic recovery remains challenging. Under these circumstances, the dollar-yen exchange rate moved within the range of ¥104 to ¥109 per US\$1.

In the air transportation industry, the business environment has deteriorated significantly due to unprecedented flight reductions and cancellations as a result of the global COVID-19 pandemic, and airlines have been forced to reduce their workforce drastically. While flights are slowly resuming along with the resumption of economic activities with various COVID-19 countermeasures taken by airlines, the situation remains challenging. As for aircraft manufacturers too, both Boeing and Airbus are substantially reducing production due to the sharp decline in demand for air transportation.

Under this situation, in which the end of the infection remains unclear, the Group has promoted business process reforms and measures to enhance the efficiency of its production system on a company-wide level in preparation for a future recovery in demand for air transportation, aiming to improve quality and profitability, while striving to reduce cost through reduction in workforce, limiting investment, and working to reorganize production bases, under the assumption that the current harsh business environment will continue for some time. In addition, we thoroughly enforced COVID-19 countermeasures, while working to reduce physical contact between our employees by adopting remote work, shift work and the dispersion of work areas at the workplace, and flexibly responded to the sudden drop in workload through measures such as temporary leave of employees.

In the aircraft interiors business and the aircraft seat business, we carried out an urgent review of the production plan and reorganized production bases, in response to the sudden drop in air transportation demand. We also worked to develop products to ensure a clean and hygienic cabin in order to relieve the anxiety felt by passengers onboard.

The amount of orders received decreased significantly compared to the same period of the previous fiscal year due to drastic production cuts by aircraft manufacturers as a result of a sharp drop in air transportation demand and partial postponement and cancellation of orders from airlines.

In the aircraft components business, we took initiatives to improve productivity, while proceeding with in-house production of interiors-related and other parts by applying the processing technologies we have accumulated over the years. We are also proceeding with the development of lightweight aircraft components using thermoplastic CFRP.

In the aircraft maintenance business, we aimed to establish a business base capable of generating stable profits by continuing with initiatives to ensure flight safety and enhance quality, while also endeavoring to acquire orders for aircraft maintenance for airlines and government and municipal offices.

As a result, on a consolidated basis, during the second quarter of FY 2020, the Company posted net sales of ¥25,860 million (down ¥14,694 million compared to the same period of the previous fiscal year), operating loss of ¥4,591 million (an operating income of ¥784 million in the same period of the previous fiscal year), ordinary loss of ¥5,409 million (an ordinary income of ¥384 million in the same period of the previous fiscal year), and net loss attributable to shareholders of parent company of ¥4,294 million (a net income attributable to shareholders of parent company of ¥73 million in the same period of the previous fiscal year).

Provision for loss on construction contracts of ¥4,728 million for construction to be completed in or after the quarterly third quarter of FY 2020 was recognized as of September 30, 2020. The impact of this provision for loss on construction contracts on income (loss) for the quarterly second quarter of FY 2020 was an increase of ¥921 million in cost of sales (provision for loss on construction contracts as of June 30, 2020 was ¥3,806 million) and, for the cumulative second quarter of FY 2020, an increase of ¥1,120 million in cost of sales (provision for loss on construction contracts at the end of the previous fiscal year was ¥3,607 million).

Selling, general and administrative expenses, non-operating income (expenses), and extraordinary income (loss) are as follows:

Selling, general and administrative expenses were ¥3,326 million (a decrease of ¥551 million compared to the same period of the previous fiscal year), due mainly to decreases in warranty expenses, experimentation and research expenses, personnel expenses, and sales commissions.

In terms of non-operating income (expenses), an expense of ¥818 million was reported due mainly to a deterioration in foreign exchange gains (losses) resulting from the appreciation of the yen in the foreign exchange market from the end of the previous fiscal year and an increase in compensation expenses (an expense of ¥400 million in the same period of the previous fiscal year).

As for extraordinary income (loss), although subsidy income, such as subsidies for employment adjustment due to the temporary leave of employees, of ¥418 million was recognized, a loss of ¥640 million was reported due mainly to recognizing loss of ¥1,033 million related to COVID-19, which consists of running costs including fixed costs resulting from the temporary leave of employees (a loss of ¥256 million in the same period of the previous fiscal year).

Business performance by segment is as follows.

[Aircraft Interiors Business]

In the aircraft interiors business, net sales decreased from the same period of the previous fiscal year, as sales of cabin retrofit kits and spare parts for airlines decreased due to a decrease in aircraft operations, in addition to a decrease in shipments of galleys and lavatories, as a result of aircraft manufacturers being forced to reduce production and change production schedules due to the impact of the spread of COVID-19. Meanwhile, an ordinary loss was reported due mainly to the decrease in net sales.

As a result, the aircraft interiors business posted net sales of ¥17,928 million (down ¥9,138 million compared to the same period of the previous fiscal year) and ordinary loss of ¥3,455 million (ordinary income of ¥955 million in the same period of the previous fiscal year).

[Aircraft Seat Business]

In the aircraft seat business, net sales decreased from the same period of the previous fiscal year due to changes to the delivery dates and some cancellations by customers as a result of the impact of the spread of COVID-19. Meanwhile, an ordinary loss was reported due mainly to a decrease in net sales and an increase in costs, including an increase in provision for loss on construction contracts for custom-made products.

As a result, the aircraft seat business posted net sales of ¥3,652 million (down ¥3,585 million compared to the same period of the previous fiscal year) and ordinary loss of ¥1,791 million (ordinary loss of ¥728 million in the same period of the previous fiscal year).

[Aircraft Components Business]

In the aircraft components business, despite robust shipments of heat exchangers and other equipment mainly related to defense contracts, net sales decreased from the same period of the previous fiscal year, due to a decrease in shipments of CFRP structure parts and aircraft engine parts for commercial aircraft products, resulting from aircraft manufacturers being forced to reduce production and change production schedules as a result of the impact of the spread of COVID-19. Meanwhile, an ordinary loss was reported due mainly to the decrease in net sales.

As a result, the aircraft components business posted net sales of ¥1,731 million (down ¥927 million compared to the same period of the previous fiscal year) and ordinary loss of ¥102 million (ordinary loss of ¥124 million in the same period of the previous fiscal year).

[Aircraft Maintenance Business]

In the aircraft maintenance business, net sales decreased from the same period of the previous fiscal year reflecting a decline in the number of shipments of some programs compared to the favorable increase in aircraft maintenance during the same period of the previous fiscal year, as well as a decrease in orders received from airlines for wheels, brakes, and other items in equipment maintenance due to the impact of the spread of COVID-19. Meanwhile, an ordinary loss was reported due mainly to the decrease in net sales.

As a result, the aircraft maintenance business posted net sales of ¥2,547 million (down ¥1,042 million compared to the same period of the previous fiscal year) and ordinary loss of ¥60 million (ordinary income of ¥283 million in the same period of the previous fiscal year).

[Others]

The Others segment includes the businesses of the consolidated subsidiary Orange JAMCO Corporation, and we were able to make steady progress mainly in inter-segment transactions, including assistance work in the aircraft interiors business.

As a result, the Others segment posted net sales of ¥0 million (down ¥0 million compared to the same period of the previous fiscal year) and ordinary income of ¥0 million (ordinary loss of ¥1 million in the same period of the previous fiscal year).

(2) Explanation of Financial Position

[Assets, liabilities and net assets]

Total assets as of September 30, 2020 amounted to ¥112,931 million, down ¥7,253 million from the end of the previous fiscal year. Of such, total current assets decreased by ¥8,281 million from the end of the previous fiscal year, due mainly to a decrease in notes and accounts receivable – trade (down ¥10,045 million compared to the end of the previous fiscal year), and a decrease in cash and deposits (down ¥1,551 million compared to the end of the previous fiscal year), despite an increase in raw materials and supplies (up ¥3,609 million compared to the end of the previous fiscal year). Total non-current assets increased by ¥1,028 million from the end of the previous fiscal year due to an increase in investments and other assets (up ¥1,693 million compared to the end of the previous fiscal year), despite a decrease in property, plant and equipment (down ¥557 million compared to the end of the previous fiscal year) and a decrease in intangible assets (down ¥107 million compared to the end of the previous fiscal year) as a result of relatively limited investment for the second quarter of FY 2020.

Total liabilities amounted to ¥87,497 million, down ¥2,313 million from the end of the previous fiscal year. This was attributable primarily to a decrease in notes and accounts payable – trade (down ¥4,557 million compared to the end of the previous fiscal year), a decrease in electronically recorded obligations – operating (down ¥2,715 million compared to the end of the previous fiscal year), a decrease in advances received (down ¥1,611 million compared to the end of the previous fiscal year), and a decrease in accrued expense–salary (down ¥585 million compared to the end of the previous fiscal year), which offset the increase in short-term loans payable (up ¥7,600 million compared to the end of the previous fiscal year).

Total net assets amounted to ¥25,433 million, down ¥4,939 million from the end of the previous fiscal year. This was due primarily to a decrease in retained earnings (down ¥4,831 million compared to the end of the previous fiscal year) as a result of reporting a net loss attributable to shareholders of parent company, cash dividend payment, and other factors. As a result, the equity ratio stood at 22.1%.

[Cash flows]

During the second quarter of FY 2020, cash and cash equivalents on a consolidated basis amounted to a cash outflow of ¥1,456 million, as a result of the cash flows described below.

(Cash flows from operating activities)

During the second quarter of FY 2020, net cash used in operating activities amounted to a cash outflow of ¥7,809 million. This was due to recognizing loss before taxes, a decrease in notes and accounts payable – trade, and an increase in inventories, despite a decrease in notes and accounts receivable – trade.

(Cash flows from investing activities)

During the second quarter of FY 2020, net cash used in investing activities amounted to a cash outflow of ¥728 million due mainly to outflows from the purchase of property, plant and equipment.

(Cash flows from financing activities)

During the second quarter of FY 2020, net cash provided by financing activities amounted to a cash inflow of ¥7,219 million. This was due mainly to loans payable from financial institutions.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Although the consolidated financial results forecast for FY 2020 had not been determined due to the difficulty in rationally estimating the impact of the spread of COVID-19, we have decided to announce the consolidated financial results forecast for FY 2020 today, based on recent economic trends and information and forecasts currently available.

It remains unclear when COVID-19 will come to an end at this time. In the air transportation industry in which the Group is involved, following the sharp decline in passenger demand mainly as a result of the spread of COVID-19, the global business environment for airlines has deteriorated significantly. Also, the steep decline in demand for air transportation has forced aircraft manufacturers to substantially reduce production.

Under these circumstances, the Group has promoted business process reforms and measures to enhance the efficiency of its production system on a company-wide level in preparation for a future recovery in demand for

air transportation, aiming to improve quality and profitability, while striving to reduce cost through reduction in workforce, limiting investment, and working to reorganize production bases, under the assumption that the current harsh business environment will continue for some time.

We are also working to develop products for COVID-19 countermeasures, including hands-free door handles for lavatories that allow users to return to their seats while keeping their washed hands clean, so that passengers can use them safely.

The exchange rate assumed for the abovementioned consolidated financial results forecast is ¥105 per US\$1.

The abovementioned consolidated financial results forecast for FY 2020 has been based on currently available information, and actual results may differ from the forecast due to various factors in the future.

The Company's basic policy for dividends to shareholders is to provide stable and continuous returns to shareholders by striving for efficient management and improving profits, and to determine the amount of dividends with a target consolidated payout ratio of 20-30% as for the immediate future. However, the Group's results have deteriorated significantly due to the spread of COVID-19, and we regret to inform shareholders that we will not pay any dividends for this fiscal year. We would like to express our sincere apologies and ask our shareholders for their continued support as we will try to resume dividend payments as soon as practically possible.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	8,690,990	7,139,360
Notes and accounts receivable - trade	31,898,770	21,853,345
Merchandise and finished goods	1,422,398	3,261,687
Work in process	30,328,978	29,247,214
Raw materials and supplies	20,500,595	24,110,008
Other	4,899,335	3,878,661
Allowance for doubtful accounts	(8,504)	(39,107)
Total current assets	97,732,564	89,451,169
Non-current assets		
Property, plant and equipment	13,766,040	13,208,243
Intangible assets	1,999,120	1,891,695
Investments and other assets	6,686,819	8,380,402
Total non-current assets	22,451,980	23,480,341
Total assets	120,184,545	112,931,510
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,394,529	6,837,090
Electronically recorded obligations - operating	9,551,128	6,835,172
Short-term loans payable	36,386,966	43,987,817
Current portion of long-term loans payable	1,200,000	1,700,000
Income taxes payable	302,208	72,848
Advances received	8,644,784	7,033,170
Accrued expense-salary	1,642,946	1,057,651
Provision for loss on construction contracts	3,607,749	4,728,140
Other	4,219,469	2,991,266
Total current liabilities	76,949,782	75,243,157
Non-current liabilities		
Long-term loans payable	3,500,000	3,000,000
Liability for employee retirement benefits	7,282,672	7,354,428
Provision for loss on compensation	987,196	976,910
Other	1,091,394	923,342
Total non-current liabilities	12,861,263	12,254,681
Total liabilities	89,811,045	87,497,838

(Thousand yen)

	As of March 31, 2020	As of September 30, 2020
Net assets		
Shareholders' equity		
Capital stock	5,359,893	5,359,893
Capital surplus	4,309,484	4,327,400
Retained earnings	20,483,085	15,651,868
Treasury stock	(31,175)	(31,175)
Total shareholders' equity	30,121,288	25,307,987
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	104,663	113,899
Foreign currency translation adjustment	(41,674)	(128,669)
Accumulated adjustment for employee retirement benefits	(339,306)	(311,858)
Total accumulated other comprehensive income	(276,318)	(326,628)
Non-controlling interests	528,529	452,312
Total net assets	30,373,500	25,433,672
Total liabilities and net assets	120,184,545	112,931,510

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Second Quarter of the Fiscal Year (from April 1 to September 30)

(Thousand yen)

	The second quarter of FY 2019	The second quarter of FY 2020
Net sales	40,554,735	25,860,226
Cost of sales	35,891,354	27,124,700
Gross profit (loss)	4,663,381	(1,264,473)
Selling, general and administrative expenses	3,878,864	3,326,898
Operating income (loss)	784,516	(4,591,371)
Non-operating income		
Interest income	24,545	8,834
Dividend income	4,182	1,049
Share of profit of entities accounted for using equity method	2,868	7,934
Insurance income	27,398	66,622
Subsidy income	67,940	20,785
Other	29,705	46,243
Total non-operating income	156,640	151,470
Non-operating expenses		
Interest expenses	206,447	209,378
Foreign exchange losses	193,256	466,185
Compensation expenses	56,950	215,494
Other	100,423	78,789
Total non-operating expenses	557,077	969,848
Ordinary income (loss)	384,080	(5,409,749)
Extraordinary income		
Subsidy income	-	418,023
Total extraordinary income	-	418,023
Extraordinary loss		
Loss on disposal of non-current assets	13,329	25,245
Loss on disaster	12,440	-
Loss related to quality	230,663	-
Loss related to COVID-19	-	1,033,493
Total extraordinary loss	256,433	1,058,739
Income (loss) before taxes	127,646	(6,050,464)
Income taxes – current	63,893	5,255
Income taxes – deferred	(42,870)	(1,723,667)
Total income taxes	21,022	(1,718,412)
Net income (loss)	106,623	(4,332,052)
Net income (loss) attributable to non-controlling shareholders	33,386	(37,336)
Net income (loss) attributable to shareholders of parent company	73,236	(4,294,715)

Quarterly Consolidated Statements of Comprehensive Income
 Second Quarter of the Fiscal Year (from April 1 to September 30)

(Thousand yen)

	The second quarter of FY 2019	The second quarter of FY 2020
Net income (loss)	106,623	(4,332,052)
Other comprehensive income		
Valuation difference on available-for-sale securities	(32,985)	9,236
Deferred gains or losses on hedges	(4,471)	-
Foreign currency translation adjustment	(192,645)	(101,293)
Adjustment for employee retirement benefits	15,268	27,448
Total other comprehensive income	(214,834)	(64,609)
Comprehensive income	(108,210)	(4,396,661)
Comprehensive income attributable to		
Comprehensive income attributable to shareholders of parent company	(122,162)	(4,345,026)
Comprehensive income attributable to non-controlling interests	13,952	(51,635)

(3) Quarterly Consolidated Statements of Cash Flows
Second Quarter of the Fiscal Year (from April 1 to September 30)

(Thousand yen)

	The second quarter of FY 2019	The second quarter of FY 2020
Cash flows from operating activities		
Income (loss) before taxes	127,646	(6,050,464)
Depreciation	1,307,280	1,205,160
Increase (decrease) in liability for employee retirement benefits	(39,790)	32,336
Increase (decrease) in provisions	18,362	555,891
Interest and dividend income	(28,728)	(9,883)
Interest expenses	206,447	209,378
Foreign exchange losses (gains)	(112,159)	(118,505)
Share of loss (profit) of entities accounted for using equity method	(2,868)	(7,934)
Loss related to COVID-19	-	1,033,493
Subsidy income	-	(418,023)
Decrease (increase) in notes and accounts receivable - trade	(2,796,311)	9,956,648
Decrease (increase) in inventories	(5,097,796)	(4,495,480)
Increase (decrease) in notes and accounts payable - trade	1,318,418	(7,244,681)
Increase (decrease) in advances received	(423,239)	(1,504,024)
Decrease/increase in consumption taxes receivable/payable	(33,962)	(336,274)
Other	(993,167)	(283,154)
Subtotal	(6,549,868)	(7,475,519)
Interest and dividend income received	28,728	9,883
Interest expenses paid	(210,244)	(192,171)
Income taxes paid	(1,301,621)	(151,407)
Net cash provided by (used in) operating activities	(8,033,004)	(7,809,214)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,019,545)	(544,865)
Proceeds from sales of property, plant and equipment	3,315	780
Purchase of investment securities	(498)	(405)
Collection of loans receivable	1,220	1,078
Decrease (increase) in time deposits	108,630	53,460
Other	(319,942)	(238,054)
Net cash provided by (used in) investing activities	(1,226,820)	(728,006)
Cash flows from financing activities		
Increase in short-term loans payable	35,921,928	31,624,614
Decrease in short-term loans payable	(27,402,716)	(23,647,007)
Proceeds from long-term loans payable	400,000	-
Repayments of long-term loans payable	(700,000)	-
Repayments of lease obligations	(151,635)	(194,742)
Purchase of treasury stock	(207)	-
Cash dividends paid	(535,658)	(538,877)
Cash dividends paid to non-controlling shareholders	(24,680)	(24,580)
Net cash provided by (used in) financing activities	7,507,030	7,219,405
Effect of exchange rate changes on cash and cash equivalents	(40,468)	(138,630)
Net increase (decrease) in cash and cash equivalents	(1,793,263)	(1,456,445)
Cash and cash equivalents, beginning of period	4,046,170	7,167,370
Cash and cash equivalents, end of period	2,252,906	5,710,925

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in the case of significant changes in shareholders' equity)

There is no relevant information.

(Additional information)

The second quarter of FY 2020 (from April 1, 2020 to September 30, 2020)
<p>The Group makes accounting estimates for items including impairment loss on non-current assets and recoverability of deferred tax assets, based on information available at the time of preparation of the quarterly consolidated financial statements.</p> <p>We have revised our assumptions, including the timing of the end of COVID-19, that were included in “(Additional information) Accounting estimates of the impact of the spread of COVID-19” in our securities report for the previous fiscal year, taking into account the current status of the spread of COVID-19 through the second quarter of FY 2020.</p> <p>As a result, decline in passenger demand due to the impact of the spread of COVID-19 is expected to continue for a certain period in FY 2020, after which demand is expected to recover gradually.</p> <p>Although the effect and degree of impact of the spread of COVID-19 on the Group's business will vary by business and region, we make accounting estimates based on certain assumptions over multiple years.</p>

(Quarterly Consolidated Statements of Income)

¥418,023 thousand in subsidy income, such as subsidies for employment adjustment due to the temporary leave of employees, has been recognized under extraordinary income.

Additionally, ¥1,033,493 thousand in loss related to COVID-19 has been recognized under extraordinary loss for running costs including fixed costs resulting from the temporary leave of employees, as operations significantly declined due to the global spread of COVID-19 and a declaration of a state of emergency issued by the government.

(Segment information, etc.)

[Segment information]

I. For the second quarter of FY 2019

1. Information on net sales and income (loss) by reportable segment

(Thousand yen)

	Reportable segment					Others (Note)	Total
	Aircraft Interiors Business	Aircraft Seat Business	Aircraft Components Business	Aircraft Maintenance Business	Total		
Net sales							
Net sales to outside customers	27,066,707	7,238,872	2,658,885	3,590,240	40,554,706	29	40,554,735
Inter-segment net sales or transfers	279,727	85,959	24,222	38,509	428,419	54,791	483,210
Total	27,346,434	7,324,832	2,683,108	3,628,750	40,983,126	54,820	41,037,946
Segment income (loss)	955,121	(728,197)	(124,659)	283,616	385,881	(1,801)	384,080

(Note) The Others segment includes the businesses of affiliate Orange JAMCO Corporation. Orange JAMCO Corporation is a special-purpose subsidiary, dedicated to promoting the employment of people with disabilities and provides assistance work in the Company's factories, which is one of the corporate social responsibilities.

2. Differences between the total amount of income (loss) of reportable segments and the amounts in the Quarterly Consolidated Statement of Income and the major details of such differences

(Matters relating to adjustment of differences)

(Thousand yen)

Income	Amount
Reportable segments total	385,881
Income of Others	(1,801)
Ordinary income in the Quarterly Consolidated Statement of Income	384,080

3. Information on impairment loss on non-current assets and goodwill by reportable segment

There is no relevant information.

II. For the second quarter of FY 2020

1. Information on net sales and income (loss) by reportable segment

(Thousand yen)

	Reportable segment					Others (Note)	Total
	Aircraft Interiors Business	Aircraft Seat Business	Aircraft Components Business	Aircraft Maintenance Business	Total		
Net sales							
Net sales to outside customers	17,928,421	3,652,993	1,731,255	2,547,555	25,860,226	-	25,860,226
Inter-segment net sales or transfers	209,067	72,874	1,146	10,629	293,719	54,212	347,932
Total	18,137,489	3,725,868	1,732,402	2,558,185	26,153,945	54,212	26,208,158
Segment income (loss)	(3,455,749)	(1,791,572)	(102,585)	(60,814)	(5,410,721)	972	(5,409,749)

(Note) The Others segment includes the businesses of affiliate Orange JAMCO Corporation. Orange JAMCO Corporation is a special-purpose subsidiary, dedicated to promoting the employment of people with disabilities and provides assistance work in the Company's factories, which is one of the corporate social responsibilities.

2. Differences between the total amount of income (loss) of reportable segments and the amounts in the Quarterly Consolidated Statement of Income and the major details of such differences
(Matters relating to adjustment of differences)

(Thousand yen)

Income	Amount
Reportable segments total	(5,410,721)
Income of Others	972
Ordinary income in the Quarterly Consolidated Statement of Income	(5,409,749)

3. Information on impairment loss on non-current assets and goodwill by reportable segment
There is no relevant information.