

**Consolidated Financial Results
for the Fiscal Year 2020
Ended March 31, 2021
[Japanese GAAP]**



May 11, 2021

Company name: JAMCO Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Stock Exchange Code: 7408
 URL: <https://www.jamco.co.jp/>
 Representative: Harutoshi Okita, President & CEO
 Contact: Kentaro Goto, Director & Managing Executive Officer
 Phone: +81-42-503-9145
 Scheduled date of general meeting of shareholders held: June 25, 2021
 The start date of payout of dividend: —
 Submission date of securities report scheduled: June 25, 2021
 Availability of supplementary briefing material on financial results: Yes
 Schedule of financial results briefing session: Yes (for institutional investors)

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

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

(1) Consolidated Operating Results (%: Changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the year ended March 31, 2021	50,058	(45.3)	(10,902)	-	(11,756)	-	(13,585)	-
March 31, 2020	91,535	8.9	1,807	(58.2)	1,178	(64.2)	605	(68.3)

(Note) Comprehensive income: Year ended March 31, 2021: ¥(13,064) million [-%]

Year ended March 31, 2020: ¥219 million [(89.4)%]

	Net income per share	Diluted net income per share	Rate of return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
For the year ended March 31, 2021	(506.46)	-	(59.0)	(10.6)	(21.8)
March 31, 2020	22.58	-	2.0	1.1	2.0

(Reference) Equity in earnings (losses) of affiliates: Year ended March 31, 2021: ¥ 52 million

Year ended March 31, 2020: ¥(11) million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	101,236	16,517	16.0	604.60
As of March 31, 2020	120,184	30,373	24.8	1,112.58

(Reference) Equity: As of March 31, 2021: ¥16,218 million

As of March 31, 2020: ¥29,844 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
For the year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2021	(11,615)	(1,104)	9,581	3,946
March 31, 2020	(11,285)	(2,570)	16,953	7,167

2. Dividend distribution

	Dividend distribution per share					Total dividends	Dividend payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year 2019	-	0.00	-	20.00	20.00	536	88.6	1.8
Fiscal year 2020	-	0.00	-	0.00	0.00	0	0.0	0.0
Fiscal year 2021 (Planned)	-	0.00	-	0.00	0.00		0.0	

3. Consolidated Financial Results Forecast for the Fiscal Year 2021 (from April 1, 2021 to March 31, 2022)

(%: indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company		Net income per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	43,500	(13.1)	(3,980)	-	(4,360)	-	(3,120)	-	(116.31)

* Notes:

(1) Changes in significant subsidiaries during the fiscal year 2020 (Changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) 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

(3) Number of common shares issued

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

As of March 31, 2021: 26,863,974 shares

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

2) Number of treasury stock:

As of March 31, 2021: 38,964 shares

As of March 31, 2020: 38,932 shares

3) Average number of common shares outstanding:

For the year ended March 31, 2021: 26,825,040 shares

For the year ended March 31, 2020: 26,825,073 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year 2020 (April 1, 2020 to March 31, 2021)

(1) Non-consolidated Operating Results

(%: Changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the year ended								
March 31, 2021	46,724	(44.1)	(9,446)	-	(10,009)	-	(11,582)	-
March 31, 2020	83,528	9.3	1,707	(45.0)	1,580	(37.7)	1,039	(48.9)

	Net income per share		Diluted net income per share	
	Yen		Yen	
For the year ended				
March 31, 2021	(431.76)		-	
March 31, 2020	38.73		-	

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	92,594	17,623	19.0	656.99
As of March 31, 2020	106,949	29,690	27.8	1,106.82

(Reference) Equity: As of March 31, 2021: ¥17,623 million

As of March 31, 2020: ¥29,690 million

***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 consolidated financial results are outside the scope of audit 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 forward-looking 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. For the conditions that form the premises of the forecasts, please refer to “Future Outlook” on page 5 of the Attachment.

The Company intends to hold a briefing session for institutional investors on May 25, 2021. The materials distributed at the briefing session are scheduled to be posted on the Company’s corporate website.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for the Fiscal Year Under Review

During FY 2020, economies around the world were severely impacted by restrictions on movement of people and sluggish economic activities due to the global spread of COVID-19. Although COVID-19 vaccination has started, there is no sign of an end to the infection and economic recovery remains challenging. Under these circumstances, the dollar-yen exchange rate moved in the direction of yen appreciation within the range of ¥110 to ¥102 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 demand for domestic flights is slowly recovering along with the resumption of economic activities with various COVID-19 countermeasures taken by airlines, demand for international flights continues to face a challenging situation. 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 enhancing the efficiency of its management by reducing workforce and cost, limiting investment, reorganizing production bases, and reducing inventory, 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 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 and secondment to companies outside the Group.

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 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. However, inquiries and orders from airlines have increased from January onward with the expectation that the spread of COVID-19 will subside, as the effectiveness of vaccination has been confirmed.

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 FY 2020, the Company posted net sales of ¥50,058 million (down ¥41,477 million compared to the previous fiscal year), operating loss of ¥10,902 million (an operating income of ¥1,807 million in the previous fiscal year), ordinary loss of ¥11,756 million (an ordinary income of ¥1,178 million in the previous fiscal year), and net loss attributable to shareholders of parent company of ¥13,585 million (a net income attributable to shareholders of parent company of ¥605 million in the previous fiscal year).

Provision for loss on construction contracts of ¥4,102 million for construction to be completed in or after the next fiscal year was recognized at the end of FY 2020. The impact of this provision for loss on construction contracts on income (loss) for the quarterly fourth quarter of FY 2020 was a decrease of ¥778 million in cost of sales (provision for loss on construction contracts as of December 31, 2020 was ¥4,881 million) and, for FY 2020, an increase of ¥494 million in cost of sales (provision for loss on construction contracts at the end of

FY2019 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 ¥6,801 million (a decrease of ¥1,835 million compared to the previous fiscal year), due mainly to decreases in personnel expenses, warranty expenses, experimentation and research expenses, and sales commissions.

In terms of non-operating income (expenses), an expense of ¥853 million was reported due mainly to an increase in foreign exchange losses resulting from the appreciation of the yen in the foreign exchange market from the end of the previous fiscal year (an expense of ¥629 million in the previous fiscal year).

As for extraordinary income (loss), in the aircraft interiors business, the aircraft seat business, and the aircraft maintenance business, compensation for damages of ¥2,612 million was recognized as a result of multiple discussions based on indemnification clauses under contracts with customers. In addition, provision for product warranties of ¥1,166 million was recognized in the aircraft interiors business as expenses related to repairs and replacements of some products. Furthermore, in relation to COVID-19, although subsidy income, such as subsidies for employment adjustment due to the temporary leave of employees, of ¥1,094 million was recognized, a loss of ¥1,771 million related to COVID-19 was recognized which consists of running costs including fixed costs resulting from the temporary leave of employees. Moreover, due mainly to recognizing extra retirement payments of ¥461 million for employees who retired in connection with the consolidation of production bases in order to optimize the scale of business due to sluggish air transportation demand resulting from the spread of COVID-19, a loss of ¥4,980 million was reported (a loss of ¥279 million in the previous fiscal year).

Total income taxes amounted to ¥(3,188) million (¥265 million in the previous fiscal year), as a result of carefully considering the recoverability of deferred tax assets in light of future outlook.

Business performance by segment is as follows.

[Aircraft Interiors Business]

In the aircraft interiors business, net sales decreased from 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 ¥31,108 million (down ¥29,970 million compared to the previous fiscal year) and ordinary loss of ¥8,073 million (ordinary income of ¥3,107 million in the previous fiscal year).

[Aircraft Seat Business]

In the aircraft seat business, net sales decreased from the previous fiscal year due to shipments of some programs being postponed to the next fiscal year 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.

As a result, the aircraft seat business posted net sales of ¥8,090 million (down ¥7,903 million compared to the previous fiscal year) and ordinary loss of ¥3,593 million (ordinary loss of ¥2,499 million in the previous fiscal year).

[Aircraft Components Business]

In the aircraft components business, net sales decreased from 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 ¥4,330 million (down ¥2,002 million compared to the previous fiscal year) and ordinary loss of ¥394 million (ordinary income of ¥6 million in the previous fiscal year).

[Aircraft Maintenance Business]

In the aircraft maintenance business, net sales decreased from the previous fiscal year due to the postponement of shipments of some programs to the next fiscal year in aircraft maintenance, 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, ordinary income decreased from the previous fiscal year due mainly to the decrease in net sales.

As a result, the aircraft maintenance business posted net sales of ¥6,528 million (down ¥1,600 million compared to the previous fiscal year) and ordinary income of ¥304 million (down ¥263 million compared to 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 previous fiscal year) and ordinary income of ¥0 million (ordinary loss of ¥4 million in the previous fiscal year).

(2) Overview of Financial Position for the Fiscal Year Under Review

Total assets as of March 31, 2021 amounted to ¥101,236 million, down ¥18,947 million from the end of the previous fiscal year. Of such, total current assets decreased by ¥20,799 million from the end of the previous fiscal year, due mainly to a decrease in notes and accounts receivable – trade (down ¥10,806 million compared to the end of the previous fiscal year), a decrease in work in process (down ¥4,448 million compared to the end of the previous fiscal year), and a decrease in cash and deposits (down ¥3,415 million compared to the end of the previous fiscal year). Total non-current assets increased by ¥1,851 million from the end of the previous fiscal year due to an increase in investments and other assets (up ¥3,142 million compared to the end of the previous fiscal year), despite a decrease in property, plant and equipment (down ¥983 million compared to the end of the previous fiscal year) and a decrease in intangible assets (down ¥306 million compared to the end of the previous fiscal year) as a result of relatively limited investment for the FY 2020.

Total liabilities amounted to ¥84,719 million, down ¥5,091 million from the end of the previous fiscal year. This was attributable primarily to a decrease in notes and accounts payable – trade (down ¥7,667 million compared to the end of the previous fiscal year), a decrease in electronically recorded obligations – operating (down ¥6,068 million compared to the end of the previous fiscal year), a decrease in advances received (down ¥3,127 million compared to the end of the previous fiscal year), and a decrease in accrued expense–salary (down ¥1,366 million compared to the end of the previous fiscal year), which offset the increase in short-term loans payable (up ¥11,731 million compared to the end of the previous fiscal year).

Total net assets amounted to ¥16,517 million, down ¥13,856 million from the end of the previous fiscal year. This was due primarily to a decrease in retained earnings (down ¥14,122 million compared to the end of the previous fiscal year) as a result of reporting a net loss attributable to shareholders of parent company and cash dividend payment. As a result, the equity ratio stood at 16.0%.

(3) Overview of Cash Flows for the Fiscal Year Under Review

Cash and cash equivalents as of March 31, 2021 decreased by ¥3,220 million compared to the end of the previous fiscal year, as a result of the cash flows described below.

(Cash flows from operating activities)

During FY 2020, net cash used in operating activities increased by ¥329 million compared to the previous fiscal year, to a cash outflow of ¥11,615 million. This was due mainly to a decrease in income before taxes, despite an increase from collecting notes and accounts receivable – trade.

(Cash flows from investing activities)

During FY 2020, net cash used in investing activities decreased by ¥1,466 million compared to the previous fiscal year, to a cash outflow of ¥1,104 million. This was due mainly to a decrease in purchase of property, plant and equipment.

(Cash flows from financing activities)

During FY 2020, net cash provided by financing activities decreased by ¥7,372 million compared to the previous fiscal year, to a cash inflow of ¥9,581 million.

(4) Future Outlook

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. Although the steep decline in demand for air transportation has forced aircraft manufacturers to substantially reduce production, the Company estimates demand for air transportation will recover from FY2021 gradually because of the COVID-19 vaccination.

Under these circumstances, the Group will promote 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 establish a solid business structure and improve profitability by working to reduce cost and limit investment, under the assumption that the current harsh business environment will continue through FY 2021

In light of these circumstances, our outlook of consolidated operating results for FY 2021 calls for net sales of ¥43,500 million, operating loss of ¥3,980 million, ordinary loss of ¥4,360 million, and net loss attributable to shareholders of parent company of ¥3,120 million. The exchange rate assumed for the outlook is ¥103 to US\$1.

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.

(5) Significant Events Regarding Going Concern Assumption

The Group has suffered a significant impact from the spread of COVID-19, including a drop in net sales. Under such an unprecedented situation, the Group has carried out an urgent review of the production plan and reorganized production bases in response to the sudden drop in air transportation demand and is making efforts to reduce costs through reductions in the workforce and limiting investment while striving to enhance the efficiency of its management by reducing inventories. The Group has also flexibly responded to the sudden drop in workload through measures such as temporary leave of employees and secondment to companies outside the Group.

In addition, by enhancing the relationships of close coordination with partner financial institutions including the main bank, the Group has secured their ongoing support such as increases in borrowing limits and continuation of loans. As the Group has no issues with financing for the immediate future, it has determined that there are no material uncertainties regarding going concern assumption.

2. Basic Approach to the Selection of Accounting Standards

Taking into consideration the comparability of consolidated financial statements by term and the comparability between companies, the Group's policy is to prepare consolidated financial statements based on Japanese GAAP.

The Group plans to carefully consider the adoption of IFRS (International Financial Reporting Standards), taking into account the circumstances in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	8,690,990	5,275,305
Notes and accounts receivable - trade	31,898,770	21,092,693
Merchandise and finished goods	1,422,398	657,983
Work in process	30,328,978	25,880,634
Raw materials and supplies	20,500,595	20,869,999
Consumption taxes receivable	520,946	262,304
Other	4,378,388	3,005,708
Allowance for doubtful accounts	(8,504)	(111,660)
Total current assets	97,732,564	76,932,968
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,283,085	19,381,099
Accumulated depreciation	(12,519,980)	(12,991,292)
Buildings and structures, net	6,763,105	6,389,807
Machinery, equipment and vehicles	10,358,913	10,243,111
Accumulated depreciation	(8,367,749)	(8,370,600)
Machinery, equipment and vehicles, net	1,991,164	1,872,511
Land	3,440,275	3,417,211
Leased assets	1,060,811	1,097,980
Accumulated depreciation	(454,797)	(606,365)
Leased assets, net	606,013	491,615
Construction in progress	130,138	158,261
Other	7,991,862	7,846,307
Accumulated depreciation	(7,156,519)	(7,393,410)
Other, net	835,343	452,896
Total property, plant and equipment	13,766,040	12,782,303
Intangible assets		
Software	1,245,678	1,126,256
Leased assets	605,706	509,997
Other	147,736	56,111
Total intangible assets	1,999,120	1,692,365
Investments and other assets		
Investment securities	453,439	580,714
Long-term prepaid expenses	45,798	33,324
Guarantee deposits	85,597	81,015
Deferred tax assets	6,063,002	9,103,337
Other	38,982	30,839
Total investments and other assets	6,686,819	9,829,231
Total non-current assets	22,451,980	24,303,899
Total assets	120,184,545	101,236,868

(Thousand yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,394,529	3,726,562
Electronically recorded obligations - operating	9,551,128	3,482,624
Short-term loans payable	36,386,966	48,118,560
Current portion of long-term loans payable	1,200,000	1,000,000
Lease obligations	380,126	297,701
Accrued expenses	1,306,804	888,178
Income taxes payable	302,208	54,034
Accrued consumption taxes	155,762	47,132
Advances received	8,644,784	5,516,822
Accrued expense-salary	1,642,946	276,135
Provision for loss on construction contracts	3,607,749	4,102,485
Other	2,376,776	3,862,881
Total current liabilities	76,949,782	71,373,119
Non-current liabilities		
Long-term loans payable	3,500,000	3,000,000
Lease obligations	794,172	614,000
Liability for employee retirement benefits	7,282,672	6,919,824
Long-term accounts payable - other	253,902	173,788
Provision for loss on compensation	987,196	1,452,434
Provision for product warranties	-	1,166,789
Deferred tax liabilities	43,320	19,431
Total non-current liabilities	12,861,263	13,346,268
Total liabilities	89,811,045	84,719,388
Net assets		
Shareholders' equity		
Capital stock	5,359,893	5,359,893
Capital surplus	4,309,484	4,318,925
Retained earnings	20,483,085	6,360,683
Treasury stock	(31,175)	(31,205)
Total shareholders' equity	30,121,288	16,008,296
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	104,663	156,385
Foreign currency translation adjustment	(41,674)	17,776
Accumulated adjustment for employee retirement benefits	(339,306)	36,052
Total accumulated other comprehensive income	(276,318)	210,214
Non-controlling interests	528,529	298,969
Total net assets	30,373,500	16,517,480
Total liabilities and net assets	120,184,545	101,236,868

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Thousand yen)

	FY 2019 (From April 1, 2019 to March 31, 2020)	FY 2020 (From April 1, 2020 to March 31, 2021)
Net sales	91,535,360	50,058,297
Cost of sales	81,090,903	54,159,277
Gross profit (loss)	10,444,456	(4,100,980)
Selling, general and administrative expenses	8,636,882	6,801,402
Operating income (loss)	1,807,573	(10,902,382)
Non-operating income		
Interest income	47,071	12,064
Dividend income	5,300	1,949
Share of gain of entities accounted for using equity method	-	52,019
Insurance income	52,110	87,090
Subsidy income	195,413	87,356
Other	84,886	109,781
Total non-operating income	384,782	350,263
Non-operating expenses		
Interest expenses	421,684	394,100
Foreign exchange losses	111,896	486,877
Share of loss of entities accounted for using equity method	11,396	-
Loss on transfer of accounts receivable	126,958	20,481
Compensation expenses	266,108	131,954
Other	76,242	170,550
Total non-operating expenses	1,014,287	1,203,965
Ordinary income (loss)	1,178,069	(11,756,084)
Extraordinary income		
Gain on sales of non-current assets	-	14,454
Insurance income	60,000	-
Subsidy income	-	1,094,284
Total extraordinary income	60,000	1,108,738
Extraordinary loss		
Loss on disposal of non-current assets	67,165	44,501
Impairment loss	15,125	32,551
Loss on disaster	13,306	-
Loss related to quality	244,243	-
Loss related to COVID-19	-	1,771,431
Extra retirement payments	-	461,668
Provision for product warranties	-	1,166,789
Compensation for damage	-	2,612,737
Total extraordinary loss	339,841	6,089,679
Income (loss) before taxes	898,227	(16,737,025)
Income taxes – current	360,986	22,324
Income taxes – deferred	(95,911)	(3,210,667)
Total income taxes	265,075	(3,188,343)
Net income (loss)	633,152	(13,548,682)
Net income attributable to non-controlling interests	27,319	37,218
Net income (loss) attributable to shareholders of parent company	605,832	(13,585,900)

Consolidated Statements of Comprehensive Income

(Thousand yen)

	FY 2019 (From April 1, 2019 to March 31, 2020)	FY 2020 (From April 1, 2020 to March 31, 2021)
Net income (loss)	633,152	(13,548,682)
Other comprehensive income		
Valuation difference on available-for-sale securities	(61,344)	51,721
Deferred gains or losses on hedges	(50,597)	-
Foreign currency translation adjustment	(179,580)	56,848
Adjustment for employee retirement benefits	(122,215)	375,359
Total other comprehensive income	(413,738)	483,929
Comprehensive income	219,414	(13,064,752)
Comprehensive income attributable to		
Comprehensive income attributable to shareholders of parent company	208,155	(13,099,368)
Comprehensive income attributable to non-controlling interests	11,258	34,615

(3) Consolidated Statements of Changes in Equity
For fiscal year 2019 (from April 1, 2019 to March 31, 2020)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	5,359,893	4,309,484	20,413,755	(30,968)	30,052,165
Changes in items during period					
Dividends of surplus			(536,502)		(536,502)
Net income (loss) attributable to shareholders of parent company			605,832		605,832
Purchase of treasury stock				(207)	(207)
Change in ownership interest of parent due to transactions with non-controlling interests					
Tax effect adjustment regarding changes in equity					
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	69,329	(207)	69,122
Balance at the end of period	5,359,893	4,309,484	20,483,085	(31,175)	30,121,288

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Accumulated adjustment for employee retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of period	166,007	50,597	121,844	(217,091)	121,358	541,951	30,715,475
Changes in items during period							
Dividends of surplus							(536,502)
Net income (loss) attributable to shareholders of parent company							605,832
Purchase of treasury stock							(207)
Change in ownership interest of parent due to transactions with non-controlling interests							-
Tax effect adjustment regarding changes in equity							-
Net changes of items other than shareholders' equity	(61,344)	(50,597)	(163,519)	(122,215)	(397,676)	(13,422)	(411,098)
Total changes of items during period	(61,344)	(50,597)	(163,519)	(122,215)	(397,676)	(13,422)	(341,975)
Balance at the end of period	104,663	-	(41,674)	(339,306)	(276,318)	528,529	30,373,500

For fiscal year 2020 (from April 1, 2020 to March 31, 2021)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	5,359,893	4,309,484	20,483,085	(31,175)	30,121,288
Changes in items during period					
Dividends of surplus			(536,500)		(536,500)
Net income (loss) attributable to shareholders of parent company			(13,585,900)		(13,585,900)
Purchase of treasury stock				(30)	(30)
Change in ownership interest of parent due to transactions with non-controlling interests		(8,474)			(8,474)
Tax effect adjustment regarding changes in equity		17,915			17,915
Net changes of items other than shareholders' equity					
Total changes of items during period	-	9,440	(14,122,401)	(30)	(14,112,991)
Balance at the end of period	5,359,893	4,318,925	6,360,683	(31,205)	16,008,296

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Accumulated adjustment for employee retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of period	104,663	-	(41,674)	(339,306)	(276,318)	528,529	30,373,500
Changes in items during period							
Dividends of surplus							(536,500)
Net income (loss) attributable to shareholders of parent company							(13,585,900)
Purchase of treasury stock							(30)
Change in ownership interest of parent due to transactions with non-controlling interests							(8,474)
Tax effect adjustment regarding changes in equity							17,915
Net changes of items other than shareholders' equity	51,721	-	59,451	375,359	486,532	(229,560)	256,971
Total changes of items during period	51,721	-	59,451	375,359	486,532	(229,560)	(13,856,019)
Balance at the end of period	156,385	-	17,776	36,052	210,214	298,969	16,517,480

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	FY 2019 (From April 1, 2019 to March 31, 2020)	FY 2020 (From April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Income (loss) before taxes	898,227	(16,737,025)
Depreciation	2,821,169	2,468,082
Impairment loss	15,125	32,551
Increase (decrease) in allowance for doubtful accounts	5,170	102,365
Increase (decrease) in accrued expense-salary	(53,699)	(1,366,811)
Increase (decrease) in provision for loss on construction contracts	(173,441)	494,736
Increase (decrease) in liability for employee retirement benefits	(32,182)	96,469
Increase (decrease) in provision for loss on compensation	65,654	465,238
Increase (decrease) in provision for product warranties	-	1,166,789
Increase (decrease) in provision for loss related to quality	(67,817)	-
Interest and dividend income	(52,371)	(14,014)
Interest expenses	421,684	394,100
Foreign exchange losses (gains)	(148,061)	201,494
Share of loss (profit) of entities accounted for using equity method	11,396	(52,019)
Loss (gain) on disposal of non-current assets	67,165	30,046
Loss related to COVID-19	-	1,771,431
Extra retirement payments	-	461,668
Subsidy income	-	(1,094,284)
Other non-operating expenses (income)	128,340	38,757
Decrease (increase) in notes and accounts receivable - trade	(9,428,402)	10,821,328
Decrease (increase) in inventories	(3,657,149)	4,953,045
Increase (decrease) in notes and accounts payable - trade	3,270,353	(13,742,501)
Decrease (increase) in advances paid	(287,682)	(442,301)
Increase (decrease) in advances received	(2,260,409)	(3,114,553)
Other	(961,384)	2,034,065
Subtotal	(9,418,313)	(11,031,338)
Interest and dividend income received	52,372	14,014
Interest expenses paid	(421,005)	(397,159)
Income taxes paid	(1,498,599)	(200,527)
Net cash provided by (used in) operating activities	(11,285,545)	(11,615,010)

(Thousand yen)

	FY 2019 (From April 1, 2019 to March 31, 2020)	FY 2020 (From April 1, 2020 to March 31, 2021)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,080,690)	(1,038,912)
Proceeds from sales of property, plant and equipment	6,358	62,991
Purchase of investment securities	(952)	(706)
Collection of loans receivable	2,427	1,166
Decrease (increase) in time deposits	217,480	212,120
Other payments	(724,160)	(352,883)
Other proceeds	8,681	11,607
Net cash provided by (used in) investing activities	(2,570,856)	(1,104,616)
Cash flows from financing activities		
Increase in short-term loans payable	80,002,386	57,480,864
Decrease in short-term loans payable	(60,860,423)	(45,978,836)
Proceeds from long-term loans payable	1,000,000	500,000
Repayments of long-term loans payable	(2,300,000)	(1,200,000)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(248,070)
Repayments of lease obligations	(327,624)	(408,648)
Purchase of treasury stock	(207)	(30)
Cash dividends paid	(535,919)	(539,209)
Cash dividends paid to non-controlling interests	(24,680)	(24,580)
Net cash provided by (used in) financing activities	16,953,530	9,581,488
Effect of exchange rate changes on cash and cash equivalents	24,071	(82,567)
Net increase (decrease) in cash and cash equivalents	3,121,200	(3,220,705)
Cash and cash equivalents, beginning of period	4,046,170	7,167,370
Cash and cash equivalents, end of period	7,167,370	3,946,665

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Additional information)

The accounting estimation related to the COVID-19 pandemic

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.

In making accounting estimates, the Group has formulated its sales plan with the assumption that air passenger demand will recover to levels before the COVID-19 pandemic in or around 2024. As for income, the Group has made accounting estimates based on the expectation that its income will recover to the level of FY 2019, which was before the COVID-19 pandemic, in FY 2022 due in part to the effects of optimizing the scale of business. Because estimates on the spread and the timing of the end of COVID-19 contain uncertainties, actual results may differ from these assumptions.

(Consolidated Statements of Income)

Subsidy income

¥1,094,284 thousand in subsidy income, such as subsidies for employment adjustment due to the temporary leave of employees, has been recognized under extraordinary income.

Loss related to COVID-19

¥1,771,431 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.

Extra retirement payments

¥461,668 thousand in extra retirement payments for employees who retired in connection with the consolidation of overseas production bases in order to optimize the scale of business due to sluggish passenger demand resulting from the spread of COVID-19 has been recognized under extraordinary loss.

Provision for product warranties

¥1,166,789 thousand in provision for product warranties has been recognized under extraordinary loss as expenses related to repairs and replacements of some products.

Compensation for damage

¥2,612,737 thousand in compensation for damage has been recognized under extraordinary loss as a result of multiple discussions based on indemnification clauses under contracts with customers.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

Reportable segments of the Group are determined from those which can provide separate financial information, and are regularly reviewed by the Board of Directors to determine the allocation of management resources and to evaluate achievements among the constituent units of the Group.

The Group is composed of a single group and three divisions (Aircraft Interiors and Seat Manufacturing Division, Aircraft Components Manufacturing Division and Aircraft Maintenance Group), each of which conducts business activities by developing independent management strategies for products and services it handles. The Group consists of segments organized by product and service based on divisions, and the reportable segments comprise “Aircraft Interiors Business,” “Aircraft Seat Business,” “Aircraft Components Business” and “Aircraft Maintenance Business.”

“Aircraft Interiors Business” mainly engages in the manufacturing and sales of products including galleys and lavatories for passenger aircraft. “Aircraft Seat Business” primarily engages in manufacturing and sales of products including passenger aircraft seats. “Aircraft Components Business” engages in manufacturing and sales primarily of heat exchangers, aircraft equipment including aircraft engine parts, and CFRP structure parts. “Aircraft Maintenance Business” conducts operations such as maintenance and alteration of regional jets, medium- and small-sized aircraft and helicopters, as well as repairs of equipment for these aircraft.

2. Method of calculating net sales, income (loss), assets, liabilities and others by reportable segment

The accounting method used for reportable business segments is a method that is in compliance with the accounting principles and procedures adopted for the preparation of consolidated financial statements. Reportable segment income figures are based on ordinary income. Inter-segment net sales and transfers are based on market prices.

3. Information on net sales, income (loss), assets, liabilities and others by reportable segment

For fiscal year 2019 (from April 1, 2019 to March 31, 2020)

(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	61,078,579	15,994,367	6,333,087	8,129,269	91,535,304	56	91,535,360
Inter-segment net sales or transfers	478,062	196,273	28,636	41,761	744,733	109,492	854,226
Total	61,556,642	16,190,640	6,361,723	8,171,031	92,280,038	109,548	92,389,586
Segment income (loss)	3,107,854	(2,499,623)	6,623	567,616	1,182,471	(4,402)	1,178,069
Segment assets	79,648,928	20,453,910	10,360,913	9,683,719	120,147,471	37,074	120,184,545
Other items							
Depreciation	1,823,373	235,737	438,488	323,569	2,821,169	-	2,821,169
Interest income	44,986	970	598	515	47,071	-	47,071
Interest expenses	262,123	102,336	31,202	26,021	421,684	-	421,684
Share of profit (loss) of entities accounted for using equity method	-	-	-	(11,396)	(11,396)	-	(11,396)
Increase in property, plant and equipment, intangible assets and long-term prepaid expenses	1,715,880	62,513	389,361	219,299	2,387,054	-	2,387,054

(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.

For fiscal year 2020 (from April 1, 2020 to March 31, 2021)

(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	31,108,073	8,090,920	4,330,379	6,528,918	50,058,292	5	50,058,297
Inter-segment net sales or transfers	475,708	201,209	2,448	13,413	692,778	107,175	799,954
Total	31,583,782	8,292,129	4,332,827	6,542,331	50,751,070	107,181	50,858,251
Segment income (loss)	(8,073,893)	(3,593,268)	(394,159)	304,307	(11,757,013)	929	(11,756,084)
Segment assets	66,892,026	14,862,708	8,851,291	10,592,118	101,198,145	38,722	101,236,868
Other items							
Depreciation	1,605,734	110,177	419,697	332,472	2,468,082	-	2,468,082
Interest income	11,642	179	120	122	12,064	-	12,064
Interest expenses	250,243	92,378	25,143	26,335	394,100	-	394,100
Share of profit (loss) of entities accounted for using equity method	-	-	-	52,019	52,019	-	52,019
Increase in property, plant and equipment, intangible assets and long-term prepaid expenses	582,284	10,126	238,440	259,858	1,090,710	-	1,090,710

(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.

4. Differences between the total amount of reportable segments and the amounts in the Consolidated Financial Statements and the major details of such differences
(Matters relating to adjustment of differences)

(Thousand yen)

Net sales	Fiscal year 2019	Fiscal year 2020
Reportable segments total	92,280,038	50,751,070
Net sales of Others	109,548	107,181
Eliminations of inter-segment transactions	(854,226)	(799,954)
Net sales in the Consolidated Financial Statements	91,535,360	50,058,297

(Thousand yen)

Income (Loss)	Fiscal year 2019	Fiscal year 2020
Reportable segments total	1,182,471	(11,757,013)
Income (Loss) of Others	(4,402)	929
Ordinary income (loss) in the Consolidated Financial Statements	1,178,069	(11,756,084)

(Thousand yen)

Assets	Fiscal year 2019	Fiscal year 2020
Reportable segments total	120,147,471	101,198,145
Assets of Others	37,074	38,722
Total assets in the Consolidated Financial Statements	120,184,545	101,236,868

(Thousand yen)

Other items	Reportable segments total		Others		Adjustments		Amounts in the Consolidated Financial Statements	
	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020
Depreciation	2,821,169	2,468,082	-	-	-	-	2,821,169	2,468,082
Increase in property, plant and equipment, intangible assets, and long-term prepaid expenses	2,387,054	1,090,710	-	-	-	-	2,387,054	1,090,710

[Related information]

For fiscal year 2019 (from April 1, 2019 to March 31, 2020)

1. Information by product and service

This is omitted as similar information is disclosed in segment information.

2. Information by geographical area

(1) Net sales

(Thousand yen)

Japan	North America		Asia & Oceania		Europe	Total
		U.S.		Singapore		
21,963,709	39,906,292	39,151,817	15,307,167	7,888,193	14,358,190	91,535,360

(Note) Net sales are classified by country or area based on the locations of customers.

(2) Property, plant and equipment

(Thousand yen)

Japan	North America	Asia & Oceania	Europe	Total
10,685,644	2,217,399	862,995	-	13,766,040

3. Information by major customers

(Thousand yen)

Name of customer	Net sales	Related segment
MITSUBISHI INTERNATIONAL CORP.	35,420,279	Aircraft interiors business
ITOCHU Singapore Pte, Ltd.	5,701,707	Aircraft interiors business, Aircraft seat business

For fiscal year 2020 (from April 1, 2020 to March 31, 2021)

1. Information by product and service

This is omitted as similar information is disclosed in segment information.

2. Information by geographical area

(1) Net sales

(Thousand yen)

Japan	North America		Asia & Oceania		Europe	Total
		U.S.		Singapore		
13,305,131	18,190,328	18,026,798	10,554,269	7,708,937	8,008,567	50,058,297

(Note) Net sales are classified by country or area based on the locations of customers.

(2) Property, plant and equipment

(Thousand yen)

Japan	North America	Asia & Oceania	Europe	Total
9,913,451	2,172,680	696,171	-	12,782,303

3. Information by major customers

(Thousand yen)

Name of customer	Net sales	Related segment
MITSUBISHI INTERNATIONAL CORP.	16,291,120	Aircraft interiors business
ITOCHU Singapore Pte, Ltd.	7,011,973	Aircraft interiors business, Aircraft seat business

[Information on impairment loss on non-current assets by reportable segment]

For fiscal year 2019 (from April 1, 2019 to March 31, 2020)

(Thousand yen)

	Reportable segment					Others	Total
	Aircraft Interiors Business	Aircraft Seat Business	Aircraft Components Business	Aircraft Maintenance Business	Total		
Impairment loss	-	-	-	15,125	15,125	-	15,125

For fiscal year 2020 (from April 1, 2020 to March 31, 2021)

(Thousand yen)

	Reportable segment					Others	Total
	Aircraft Interiors Business	Aircraft Seat Business	Aircraft Components Business	Aircraft Maintenance Business	Total		
Impairment loss	-	-	16,754	15,797	32,551	-	32,551

[Information on amortization and unamortized balance of goodwill by reportable segment]

For fiscal year 2019 (from April 1, 2019 to March 31, 2020)

There is no relevant information.

For fiscal year 2020 (from April 1, 2020 to March 31, 2021)

There is no relevant information.

[Information on gain on bargain purchase by reportable segment]

For fiscal year 2019 (from April 1, 2019 to March 31, 2020)

There is no relevant information.

For fiscal year 2020 (from April 1, 2020 to March 31, 2021)

There is no relevant information.

(Per share information)

	Fiscal year 2019 (from April 1, 2019 to March 31, 2020)	Fiscal year 2020 (from April 1, 2020 to March 31, 2021)
Net assets per share	1,112.58 yen	604.60 yen
Net income (loss) per share	22.58 yen	(506.46) yen
Diluted net income (loss) per share	Not presented because there are no latent shares.	Not presented because there are no latent shares.

(Notes) 1. The basis for calculating net income per share is as shown below.

	Fiscal year 2019 (from April 1, 2019 to March 31, 2020)	Fiscal year 2020 (from April 1, 2020 to March 31, 2021)
Net income (loss) attributable to shareholders of parent company (thousand yen)	605,832	(13,585,900)
Amount not attributable to common shareholders (thousand yen)	-	-
Net income (loss) attributable to shareholders of parent company related to common shares (thousand yen)	605,832	(13,585,900)
Average number of common shares (thousand shares)	26,825	26,825

2. The basis for calculating net assets per share is as shown below.

	Fiscal year 2019 (as of March 31, 2020)	Fiscal year 2020 (as of March 31, 2021)
Total net assets (thousand yen)	30,373,500	16,517,480
Amount deducted from total net assets (thousand yen)	528,529	298,969
[including non-controlling interests (thousand yen)]	[528,529]	[298,969]
Year-end net assets related to common shares (thousand yen)	29,844,970	16,218,511
Number of common shares at year-end used to calculate net assets per share (thousand shares)	26,825	26,825

(Significant subsequent events)

There is no relevant information.