

Consolidated Financial Results
for the First Quarter of the Fiscal Year 2022
Ending March 31, 2023
[Japanese GAAP]



August 5, 2022

Company name: JAMCO Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Stock Exchange Code: 7408
 URL: <https://www.jamco.co.jp/>
 Representative: Toshiyuki Abe, President & CEO
 Contact: Kentaro Goto, Managing Executive Officer
 Phone: +81-42-503-9145
 The date of filing quarterly securities report: August 8, 2022
 The start date of payout of dividend: —
 Availability of supplementary briefing material on quarterly financial results: None
 Schedule of quarterly financial results briefing session: None

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

1. Consolidated Operating Results for the First Quarter of the Fiscal Year 2022 (from April 1, 2022 to June 30, 2022)

(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 first quarter of								
Fiscal year 2022	7,111	(32.5)	120	-	211	-	375	-
Fiscal year 2021	10,542	(15.5)	(113)	-	(223)	-	(1)	-

(Note) Comprehensive income: The first quarter of fiscal year 2022: ¥586 million [-%]
 The first quarter of fiscal year 2021: ¥16 million [-%]

	Net income per share	Diluted net income per share
	Yen	Yen
For the first quarter of		
Fiscal year 2022	14.00	-
Fiscal year 2021	(0.07)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2022	96,555	11,681	11.7
As of March 31, 2022	93,651	11,095	11.5

(Reference) Equity: As of June 30, 2022: ¥11,313 million
 As of March 31, 2022: ¥10,763 million

2. Dividend distribution

	Dividend distribution per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year 2021	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00
Fiscal year 2022	-				
Fiscal year 2022 (Planned)		0.00	-	0.00	0.00

(Note) Revision to the plan of dividend distribution announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year 2022 (from April 1, 2022 to March 31, 2023)

(%: Changes from the previous fiscal year)

	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
	53,900	37.9	2,080	-	1,280	-	870	-	32.43

(Note) Revision to the forecast of consolidated financial results announced most recently: None

* Notes:

(1) Changes in significant subsidiaries during this quarter of the fiscal year 2022: 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 June 30, 2022: 26,863,974 shares

As of March 31, 2022: 26,863,974 shares

2) Number of treasury stock:

As of June 30, 2022: 38,964 shares

As of March 31, 2022: 38,964 shares

3) Average number of common shares outstanding:

1st quarter of FY 2022: 26,825,010 shares

1st quarter of FY 2021: 26,825,010 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.

Table of Contents

1. Qualitative Information on Quarterly Financial Results for the Period under Review	2
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position	4
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information .	4
2. Quarterly Consolidated Financial Statements and Primary Notes	5
(1) Quarterly Consolidated Balance Sheets	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
Quarterly Consolidated Statements of Income.....	7
Quarterly Consolidated Statements of Comprehensive Income.....	8
(3) Notes to Quarterly Consolidated Financial Statements	9
(Notes on going concern assumption)	9
(Notes in the case of significant changes in shareholders' equity).....	9
(Segment information, etc.).....	9
3. Others	11
Significant Events Regarding Going Concern Assumption.....	11

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

(1) Explanation of Operating Results

During the first quarter of FY 2022, while the global economy showed signs of recovery from the effects of the COVID-19 pandemic, the situation remained uncertain due to concerns about the emergence of new virus variants leading to new outbreaks in some regions, the prolonged crisis in Ukraine, soaring crude oil prices, and rising raw material prices. Under these circumstances, the dollar-yen exchange rate moved within the range of ¥122 to ¥136 per US\$1.

In the air transportation industry, in addition to recovery in domestic flight demand, a gradual recovery is seen in demand for international flights mainly in Europe and North America as countries ease or do away with entry restrictions, and some airlines have begun to return out-of-service aircraft to service and order new aircraft in anticipation of the post-COVID-19 era. Aircraft manufacturers, as well, are starting to see increased orders for some models, chiefly smaller aircraft, with the recovery of air passenger demand.

As air passenger demand shows signs of gradual recovery in these ways, the Group has sought to achieve readiness for the rebound in demand by transferring back employees seconded to companies outside the Group and beginning to recruit new graduates for the current fiscal year. In the production process, we continued activities to improve operational efficiency in preparation for further demand rebound, initiated plans to expand the capacity and functions of a factory in the Philippines, and to strengthen our supply chain both in Japan and overseas. In addition, we actively worked on sustainability initiatives.

In the aircraft interiors business, the recovery in airline passenger demand has led to an increase in demand for maintenance parts and cabin modification in order to utilize aircraft owned by airlines, and we strengthened efforts toward a stronger production organization to meet the demand. To ease the anxiety of passengers onboard, we carried out product development for ensuring a clean and hygienic cabin and conducted research and proposals with a view to expanding into galleys, lavatories, and seats.

In the aircraft seat business, we devoted efforts to readying versions of the highly profitable Venture business class seat for additional aircraft types, as well as to the development of the next generation Quest for Elegance business class seat.

In the aircraft components business, we took initiatives to improve productivity, and continued with development of lightweight aircraft components using thermoplastic CFRP and expansion in application of CFRP components into fields other than the aircraft sector.

In the aircraft maintenance business, we aimed to strengthen 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 for government and municipal offices.

As a result, on a consolidated basis, during the first quarter of FY 2022, the Company posted net sales of ¥7,111 million (down ¥3,430 million compared to the same period of the previous fiscal year), operating income of ¥120 million (an operating loss of ¥113 million in the same period of the previous fiscal year), ordinary income of ¥211 million (an ordinary loss of ¥223 million in the same period of the previous fiscal year), and net income attributable to shareholders of parent company of ¥375 million (a net loss attributable to shareholders of parent company of ¥1 million in the same period of the previous fiscal year).

Provision for loss on construction contracts of ¥3,698 million for construction to be completed in or after the quarterly second quarter of FY 2022 was recognized as of June 30, 2022. The impact of this provision for loss on construction contracts on income (loss) for the cumulative first quarter of FY 2022 was a decrease of ¥130 million in cost of sales (provision for loss on construction contracts as of March 31, 2022 was ¥3,828 million).

For the entire Group, selling, general and administrative expenses, non-operating income (expenses), and extraordinary income (loss) are as follows:

Selling, general and administrative expenses were ¥1,895 million (an increase of ¥129 million compared to the same period of the previous fiscal year), due mainly to increases in personnel expenses, sales commissions, and warranty expenses.

The result for non-operating income (expenses) was a gain of ¥91 million (a loss of ¥110 million in the same period of the previous fiscal year), due to factors such as an increase in foreign exchange gains as the yen value dropped on the foreign exchange market from the end of the previous fiscal year and a decrease in compensation expenses, despite an increase in interest expenses mainly reflecting higher U.S. interest rates.

The result for extraordinary income (loss) was a gain of ¥64 million (a gain of ¥12 million in the same period of the previous fiscal year). The main extraordinary loss was a COVID-19-related loss of ¥45 million consisting of running costs including fixed costs resulting from the temporary leave of employees, and extraordinary income consisted mainly of subsidy income of ¥111 million including subsidies for employment adjustment.

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 due to the absence of additional sales resulting from specification change requests from customers that were recorded in the same period of the previous fiscal year, and a drop in shipments of galleys and lavatories along with cutbacks in production of the Boeing 787 aircraft. On the other hand, despite the decrease in net sales, ordinary income increased thanks to improvement in operational efficiency, foreign exchange gains resulting from the depreciation of the yen, and increased sales of spare parts to airlines as the number of aircraft in operation grew.

As a result, the aircraft interiors business posted net sales of ¥4,535 million (down ¥3,248 million compared to the same period of the previous fiscal year) and ordinary income of ¥1,098 million (up ¥619 million compared to 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, as shipments of the Venture business class seat were postponed to the following quarter or later, along with cutbacks in production of the Boeing 787 aircraft. Meanwhile, an ordinary loss was posted due mainly to the decrease in net sales.

As a result, the aircraft seat business posted net sales of ¥141 million (down ¥423 million compared to the same period of the previous fiscal year) and an ordinary loss of ¥719 million (ordinary loss of ¥721 million in the same period of the previous fiscal year).

[Aircraft Components Business]

In the aircraft components business, net sales increased from the same period of the previous fiscal year due to an increase in shipments of CFRP structure parts and aircraft engine parts for commercial aircraft products. Meanwhile, despite the increase in net sales, an ordinary loss was posted due to factors such as higher selling, general and administrative expenses.

As a result, the aircraft components business posted net sales of ¥954 million (up ¥195 million compared to the same period of the previous fiscal year) and an ordinary loss of ¥90 million (ordinary loss of ¥106 million in the same period of the previous fiscal year).

[Aircraft Maintenance Business]

In the aircraft maintenance business, net sales increased from the same period of the previous fiscal year with the increase in orders for parts maintenance. Meanwhile, despite the increase in net sales, an ordinary loss was posted due to factors such as higher selling, general and administrative expenses.

As a result, the aircraft maintenance business posted net sales of ¥1,479 million (up ¥45 million compared to the same period of the previous fiscal year) and an ordinary loss of ¥77 million (ordinary income of ¥135 million in the same period of the previous fiscal year).

[Others]

The Others segment includes the businesses of consolidated subsidiary Orange JAMCO Corporation. The focus is on inter-segment transactions, including assistance work in the aircraft interiors business.

As a result, the Others segment posted net sales of ¥0 million (¥0 million in the same period of the previous fiscal year) and ordinary income of ¥0 million (ordinary loss of ¥10 million in the same period of the previous fiscal year).

(2) Explanation of Financial Position

(Assets, Liabilities, and Equity)

Total assets as of June 30, 2022 amounted to ¥96,555 million, up ¥2,904 million from the end of the previous fiscal year. Of this amount, total current assets increased by ¥2,362 million from the end of the previous fiscal year, as despite the decline in notes and accounts receivable - trade, and contract assets by ¥4,643 million, work in process increased by ¥3,671 million, and raw materials and supplies increased by ¥1,871 million from the end of the previous fiscal year. Total non-current assets also increased by ¥541 million from the end of the previous fiscal year, as property, plant and equipment increased by ¥205 million and intangible assets increased by ¥57 million from the end of the previous fiscal year. Total liabilities amounted to ¥84,873 million, up ¥2,317 million from the end of the previous fiscal year. The main factor was a rise in short-term loans payable by ¥1,316 million from the end of the previous fiscal year.

Total net assets amounted to ¥11,681 million, up ¥586 million from the end of the previous fiscal year. The main factor was an increase in retained earnings resulting from net income attributable to shareholders of parent company. As a result, the equity ratio stood at 11.7%.

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

Profits for the cumulative first quarter of FY 2022 exceeded the consolidated financial results forecast announced on May 11, 2022. This was due to the increase in sales of spare parts in the aircraft interiors business as the number of aircraft in operation grew and the weaker-than-expected yen in the foreign exchange market.

The consolidated financial results forecast for FY 2022 remains unchanged as the Group assumes that it will continue to see the spread of COVID-19 (and its virus variants) and the uncertain business environment for the time being.

The exchange rate assumed for the consolidated financial results forecast remains unchanged at ¥115 per US\$1 at this time.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	9,276,034	10,100,721
Notes and accounts receivable - trade, and contract assets	19,199,303	14,555,332
Merchandise and finished goods	2,431,164	2,570,703
Work in process	20,162,684	23,833,863
Raw materials and supplies	18,152,211	20,024,064
Other	2,169,978	2,682,997
Allowance for doubtful accounts	(120,235)	(133,794)
Total current assets	71,271,141	73,633,888
Non-current assets		
Property, plant and equipment	12,425,792	12,631,248
Intangible assets	1,282,559	1,340,342
Investments and other assets	8,671,614	8,950,236
Total non-current assets	22,379,965	22,921,826
Total assets	93,651,107	96,555,715
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,248,801	4,754,956
Electronically recorded obligations - operating	2,665,270	2,428,682
Short-term loans payable	48,156,430	49,472,590
Current portion of long-term loans payable	960,000	1,960,000
Income taxes payable	117,705	190,749
Advances received	6,241,231	6,559,473
Accrued expense-salary	852,915	1,351,209
Provision for loss on construction contracts	3,828,854	3,698,085
Other	3,836,978	3,756,407
Total current liabilities	70,908,187	74,172,153
Non-current liabilities		
Long-term loans payable	2,310,000	1,310,000
Liability for employee retirement benefits	6,540,444	6,545,336
Provision for loss on compensation	912,645	1,019,111
Provision for product warranties	1,166,789	1,166,789
Other	717,953	660,591
Total non-current liabilities	11,647,831	10,701,829
Total liabilities	82,556,019	84,873,982

(Thousand yen)

	As of March 31, 2022	As of June 30, 2022
Net assets		
Shareholders' equity		
Capital stock	5,359,893	5,359,893
Capital surplus	4,318,925	4,318,925
Retained earnings	645,664	1,021,301
Treasury stock	(31,205)	(31,205)
Total shareholders' equity	10,293,277	10,668,914
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	169,773	174,103
Foreign currency translation adjustment	198,082	374,439
Accumulated adjustment for employee retirement benefits	102,624	95,915
Total accumulated other comprehensive income	470,480	644,458
Non-controlling interests	331,330	368,360
Total net assets	11,095,088	11,681,733
Total liabilities and net assets	93,651,107	96,555,715

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

(Thousand yen)

	The first quarter of FY 2021	The first quarter of FY 2022
Net sales	10,542,386	7,111,476
Cost of sales	8,889,522	5,095,759
Gross profit	1,652,864	2,015,717
Selling, general and administrative expenses	1,765,872	1,895,680
Operating income (loss)	(113,008)	120,036
Non-operating income		
Interest income	2,525	3,501
Dividend income	1,140	1,728
Foreign exchange gains	76,213	297,418
Share of profit of entities accounted for using equity method	7,478	-
Insurance income	28,191	7,932
Subsidy income	7,636	13,512
Other	39,486	6,423
Total non-operating income	162,673	330,516
Non-operating expenses		
Interest expenses	107,491	205,401
Share of loss of entities accounted for using equity method	-	18,050
Compensation expenses	151,409	4,112
Other	14,579	11,258
Total non-operating expenses	273,480	238,822
Ordinary income (loss)	(223,815)	211,730
Extraordinary income		
Subsidy income	286,284	111,628
Reversal of extra retirement payments	1,444	-
Total extraordinary income	287,729	111,628
Extraordinary loss		
Loss on disposal of non-current assets	11,980	1,720
Loss related to COVID-19	157,452	45,724
Extra retirement payments	6,099	-
Loss on liquidation of business	99,294	-
Total extraordinary loss	274,827	47,445
Income (loss) before taxes	(210,913)	275,913
Income taxes – current	41,106	150,546
Income taxes – refund	(51,840)	-
Income taxes – deferred	(197,608)	(249,617)
Total income taxes	(208,342)	(99,071)
Net income (loss)	(2,571)	374,985
Net income (loss) attributable to non-controlling interests	(601)	(651)
Net income (loss) attributable to shareholders of parent company	(1,970)	375,636

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

(Thousand yen)

	The first quarter of FY 2021	The first quarter of FY 2022
Net income (loss)	(2,571)	374,985
Other comprehensive income		
Valuation difference on available-for-sale securities	15,338	4,329
Deferred gains or losses on hedges	105	-
Foreign currency translation adjustment	(3,146)	214,039
Adjustment for employee retirement benefits	6,673	(6,709)
Total other comprehensive income	18,971	211,659
Comprehensive income	16,399	586,645
Comprehensive income attributable to shareholders of parent company	17,272	549,614
Comprehensive income attributable to non-controlling interests	(873)	37,030

(3) 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.

(Segment information, etc.)

[Segment information]

I. For the first quarter of FY 2021

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	7,784,458	564,614	759,326	1,433,987	10,542,386	-	10,542,386
Inter-segment net sales or transfers	102,269	-	241	3,356	105,867	16,106	121,974
Total	7,886,727	564,614	759,568	1,437,344	10,648,254	16,106	10,664,361
Segment income (loss)	479,409	(721,672)	(106,556)	135,729	(213,090)	(10,725)	(223,815)

(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 cleaning and assistance work in the Company's facilities, 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	(213,090)
Income of Others	(10,725)
Ordinary income in the Quarterly Consolidated Statement of Income	(223,815)

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

There is no relevant information.

II. For the first quarter of FY 2022

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	4,535,826	141,306	954,592	1,479,148	7,110,874	602	7,111,476
Inter-segment net sales or transfers	82,055	-	733	15,217	98,006	30,426	128,433
Total	4,617,882	141,306	955,325	1,494,365	7,208,880	31,029	7,239,910
Segment income (loss)	1,098,854	(719,663)	(90,395)	(77,841)	210,954	776	211,730

(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 cleaning and assistance work in the Company's facilities, 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	210,954
Income of Others	776
Ordinary income in the Quarterly Consolidated Statement of Income	211,730

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

There is no relevant information.

3. Others

Significant Events Regarding Going Concern Assumption

The Group has suffered a significant impact from the COVID-19 pandemic, as aircraft manufacturers have had to make production cutbacks or reschedule production, resulting in a major drop in shipments of interior products, seats and other products, in addition to a decline in cabin modification products for airlines with the decrease in flights. In FY 2020, we posted an operating loss, net loss attributable to shareholders of parent company, and minus cash flows from operating activities; while in FY 2021, we continued to post an operating loss and net loss attributable to shareholders of parent company, so that we recognize the existence of events or circumstances raising material uncertainties regarding going concern assumption.

The Group has responded to this situation by revising production plans, reorganizing production bases, reducing fixed costs including by temporary leave of employees and secondment to companies outside the Group, limiting investment, and striving to enhance the efficiency of management by reducing inventories.

Moreover, with the increase in operating aircraft in and after FY 2021, inquiries and orders from airlines have increased for spare parts, cabin modification products, and seats, in signs that demand has bottomed out. As for coming travel demand, based on demand forecasts by the International Air Transport Association, the Group has determined that such demand will gradually recover, resulting in increased orders and shipments of our products on the way to a performance recovery.

In addition to the above, the Group, through recovery of accounts receivable - trade and other factors, was able to achieve a plus cash flow from operating activities in the previous fiscal year, and therefore determines that there are no material uncertainties regarding going concern assumption.