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To Our Shareholders

The **83**rd Term

April 1, 2022 

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 March 31, 2023

# Business Report

Stock Code: 7408





Representative Director,  
President & CEO Toshiyuki Abe

## Greetings

In FY 2022, air passenger demand began to recover and our efforts to achieve sustainable growth and increase our medium- and long-term corporate value began to bear fruit. As a result, we achieved profitability for the first time since FY 2019. This was the result of the support of our shareholders and of all our stakeholders, and we would like to take this opportunity to express our gratitude.

In FY 2023, we will carry out business process reforms to enhance the efficiency of our production system, improve quality, and grow profitability.

We appreciate our shareholders and their continued support.

### Corporate Philosophy

#### JAMCO, a Technology-Oriented Company with Samurai Values:

- Rising to the eternal challenge of realizing our aspirations.
- Bringing joy and satisfaction to our customers and employees.
- Striving for coexistence with nature, contributing to a prosperous and progressive society.

# The JAMCO Commitment

## Results for FY 2022

During FY 2022, the global economy showed signs of recovery from the effects of the COVID-19 pandemic, yet the situation remained uncertain due to concerns about a recession resulting from global inflation, including soaring energy prices and rising raw material prices caused by the prolonged crisis in Ukraine. The yen trended steadily downward against the dollar. In the air transportation industry, domestic flight demand rebounded and demand for international flights increased as countries do away with entry restrictions, Major airlines have restarted operating out-of-service aircraft and placing large orders for new aircraft. Aircraft manufacturers have responded by increasing production of aircraft. As air passenger demand showed recovery in these ways, the Group began to transfer back employees seconded to companies outside the Group and resumed recruiting new graduates. While continuing activities to improve operational efficiency, we expanded the production capacity and functions of factories in Japan and overseas and strengthened our global supply chain in preparation for further demand rebound. In addition, we made multi-faceted efforts for ESG/SDGs. In the aircraft interiors business, the recovery in airline passenger demand has led to an increase in demand for maintenance parts and cabin modification of aircraft; we strengthened

efforts toward a stronger production organization to meet the demand. To ease passenger anxiety, we carried out product development for ensuring a clean and hygienic cabin including galleys, lavatories, and seats. In the aircraft seat business, we devoted efforts to new versions of the highly profitable Venture business class seat for additional aircraft types as well as to 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 (carbon-fiber reinforced plastic) as well as CFRP components for non-aircraft sectors. In the aircraft maintenance business, we continued with initiatives to ensure flight safety and enhance quality while also working to increase sales to both airlines and for government offices in order to strengthen the business and generate stable profits.

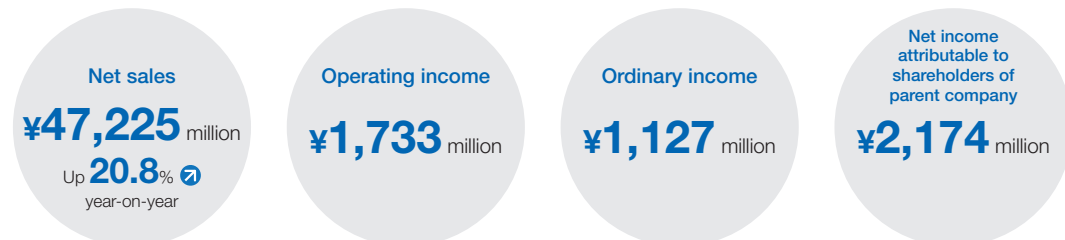
As a result, on a consolidated basis during FY 2022, the Company posted net sales of ¥47,225 million (up ¥8,146 million compared to the previous fiscal year), operating income of ¥1,733 million (an operating loss of ¥3,174 million in the previous fiscal year), ordinary income of ¥1,127 million (an ordinary loss of ¥3,512 million in the previous fiscal year), and net income attributable to shareholders of parent company of ¥2,174 million (a net loss attributable to shareholders of parent company

of ¥4,081 million in the previous fiscal year). Provision for loss on construction contracts of ¥4,280 million for construction to be completed in or after the next fiscal year was recognized at the end of FY 2022. The impact of this provision for loss on construction contracts on income (loss) for the fourth quarter of FY 2022 was a decrease of ¥134 million in cost of sales (provision for loss on construction contracts as of December 31, 2022 was ¥4,414 million) and, for FY 2022, an increase of ¥451 million in cost of sales (provision for loss on construction contracts at the end of the previous fiscal year was ¥3,828 million). For the entire Group, selling, general and administrative expenses, non-operating income (expenses), extraordinary income (loss), and income taxes - deferred are as follows:

Despite a decrease in testing and research expenses, etc., selling, general and administrative expenses were ¥8,339 million (an increase of ¥805 million compared to the previous fiscal year), due mainly to increases in sales commissions and personnel expenses. The result for

non-operating income (expenses) was a loss of ¥606 million (a loss of ¥337 million in the previous fiscal year), due to factors such as an increase in interest expense, mainly reflecting higher U.S. dollar interest rates, despite an increase in foreign exchange gains as the yen value dropped on the foreign exchange market from the end of the previous fiscal year. The result for extraordinary income (loss) was a gain of ¥467 million (a gain of ¥530 million in the previous fiscal year), which consisted mainly of a ¥463 million gain on transfer from sales of non-current assets held by JAMCO SINGAPORE PTE LTD., the Company's consolidated subsidiary. Income taxes - deferred amounted to ¥(1,186) million (¥1,070 million in the previous fiscal year), after derecognition of deferred tax assets as a result of carefully considering their recoverability.

Consolidated Financial Highlights for FY 2022



Future Outlook

In the air transportation industry in which the Group is involved, in addition to a recovery in domestic flight demand, international flights are increasing as countries do away with entry restrictions. As the number of existing aircraft in operation increases, the production of new medium- to largescale aircraft is also expected to recover steadily. The increase in operating aircraft has restored demand for spare parts to pre-pandemic levels. We will therefore strengthen our spare parts supply capability to ensure capturing income. To be ready for the resumption of new aircraft production, we continue to carry out business process reforms to enhance the efficiency of our production system on a company-wide level, aiming to improve quality and profitability. We also continue with cost-cutting measures and building an even more solid business structure for further improvement of profitability. In light of these circumstances, the outlook for consolidated operating results in FY 2023 is

for net sales of ¥71,800 million, operating income of ¥5,000 million, ordinary income of ¥3,200 million, and net income attributable to shareholders of parent company of ¥2,280 million. The exchange rate assumed for the outlook is ¥130 to US\$1. The Company's basic policy for dividends to shareholders is to provide stable and continuous returns to shareholders through efficient management and improving profits, with a target consolidated payout ratio of 20-30%; on the other hand, the Group's results have been impacted significantly by COVID-19 and strengthening our business fundamentals is the priority issue for now. We comprehensively considered these factors and our current and forecasted financial results in determining to pay dividends of ¥15 per share for FY 2023 (resumption of dividend payments).

FY 2023 Consolidated Financial Results Forecasts



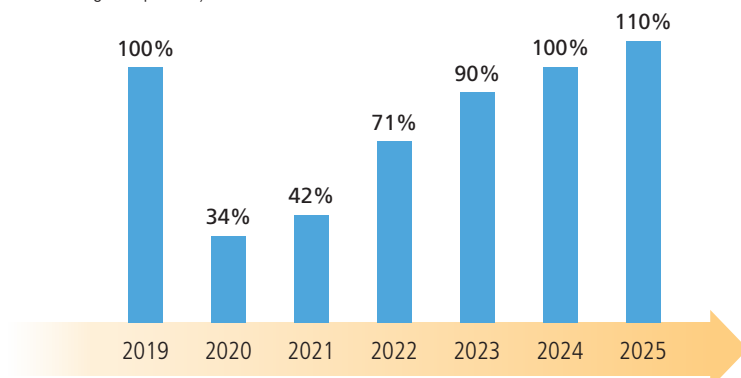
## Assumptions for the FY 2023 Medium-Term Management Plan

### ■ Estimation of air passenger demand is made based on IATA (International Air Transport Association) projections.

- Demand in FY 2023 will be around 90% of that of FY 2019.
- Demand will recover to pre-COVID-19 levels in around 2024.

### ■ Production of new aircraft by aircraft manufacturers will gradually increase from FY 2023.

Outlook for air passenger demand (The data are expressed as relative values, with FY 2019 being 100 percent)

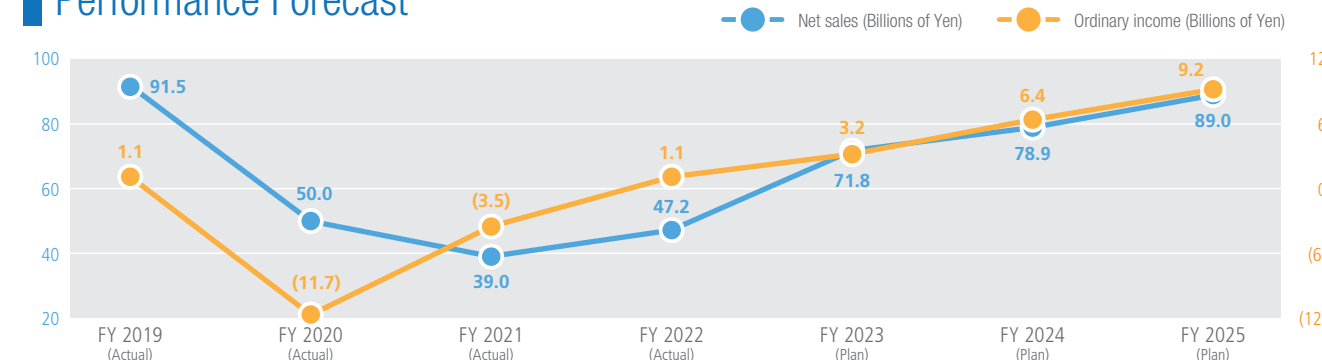


(Estimated by the Company based on IATA projection)

## Business Environment

- The air transportation industry expects the steady recovery from the impact of COVID-19 to continue in FY 2023 and forecasts recovery to pre-pandemic levels in 2024. However, due to concerns about a recession resulting from the situation in Ukraine, soaring prices and personnel expenses, and rapid monetary tightening, we need to keep a close watch on the situation.
- Air passenger demand is projected to grow at an annual average of 3.8% through 2041. During the same period, 41,170 new aircraft will be produced (including 30,880 single-aisle aircraft and 7,230 wide-body aircraft) and the number of aircraft in operation is projected to increase by approximately 80% from 25,900 in 2019 to 47,080. Stable growth is therefore anticipated in the future (according to a survey by Boeing).
- The supply chain in the aviation industry was significantly disrupted as a result of a rapid reduction of demand due to COVID-19, which led to a shortage of human resources during the market recovery.
- Important indicators include not only corporate financial information, but also disclosure of ESG information. Accordingly, initiatives for ESG/SDGs need to be further strengthened.
- The U.S. dollar exchange rate showed high volatility in FY 2022, soaring to the ¥150 to ¥130 level per US\$1 in a short period of time, requiring attention on exchange rates in FY 2023 as well.
- The business environment is rapidly changing, so in order to overcome unforeseeable situations, both flexible corporate reform and mindset reform are required.

## Performance Forecast



## FY 2023 Medium-Term Management Plan

	FY 2022 (Actual)	FY 2023 (Plan)	FY 2024 (Plan)	FY 2025 (Plan)
Net sales	47,225	71,800	78,900	89,000
Selling, general and administrative expenses	8,339	9,730	11,000	11,730
Operating income	1,733	5,000	8,150	11,010
Non-operating loss	(606)	(1,800)	(1,740)	(1,740)
Ordinary income	1,127	3,200	6,410	9,270
Extraordinary income (loss)	467	0	0	0
Income before taxes	1,594	3,190	6,410	9,270
Net income attributable to shareholders of parent company	2,174	2,280	4,610	6,640
Consolidated total assets	100,794	100,840	102,070	106,860
Cash flows from operating activities	87	3,950	8,770	6,690

(Millions of Yen)

\* The Medium-Term Management Plan was formulated based on an exchange rate of ¥130 per US\$1.

## Medium-Term Management Index

Profitability indicator	Consolidated ordinary income ratio of <b>7%</b> or more	Safety indicator	Equity ratio of <b>30%</b> or more
Efficiency indicator	Consolidated ROA of <b>7%</b> or more	Dividend policy	Consolidated dividend payout ratio of <b>20-30%</b>

The JAMCO Group considers sustainability activities to be an important issue for realizing its Corporate Philosophy and partakes in such activities under the following basic policy.

### Basic Policy on Sustainability

The JAMCO Group strives for coexistence with nature, pursuing people's satisfaction and a prosperous society through business activities and contributing to society's sustainable development.

- To take on various concerns such as global environmental issues that the global community faces
- To recognize global warming as an urgent issue and engage in every possible measure to reduce the environmental impact
- To seize changes in the business environment as new growth opportunities, and aim for the creation of a sustainable society and improved corporate value through the provision of safer and more reliable products and services

In FY 2022, the JAMCO Group launched its sustainability transformation program, which constitutes one of the strategic pillars of JAMCO Vision 2030. The JAMCO Group has strengthened its efforts to tackle ESG and SDGs issues and has carried out the following measures for achieving carbon neutrality, with top priority on climate change as an urgent issue.

Calculating Group-wide GHG emissions

P.8

Responding to CDP Climate Change Questionnaire

P.9

Taking measures to satisfy the TCFD recommendations

P.9

Selecting important issues (materiality) regarding sustainability



## We have calculated our Group-wide greenhouse gas (GHG) emissions!

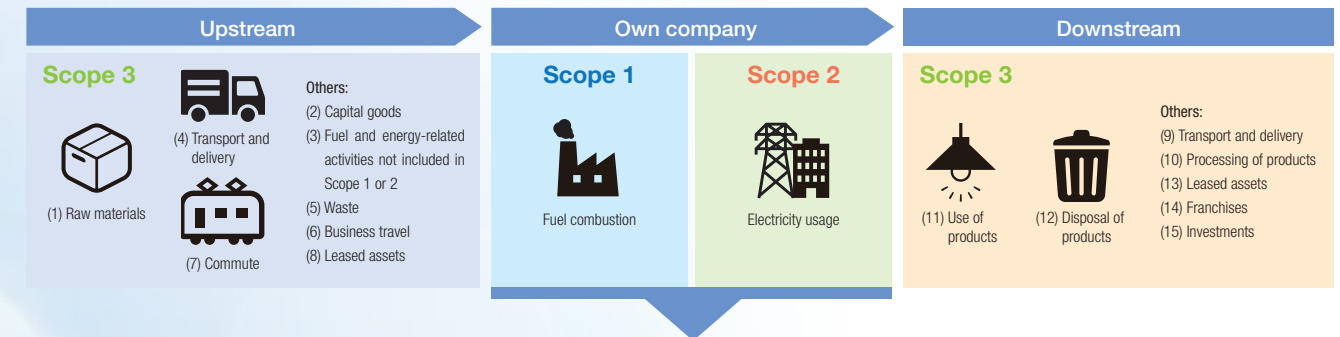
Climate change triggered by global warming is causing all kinds of damage around the world. The rise in calls for global measures to combat climate change and other trends are urging stakeholders such as business partners and stock markets to demand listed companies, in particular, to disclose their GHG emissions.

GHG emissions are calculated not simply for a company's own business operations, but for its entire supply chain. Using the concept of "scope," GHG emissions are calculated and classified into three different scopes.

In FY 2022, the JAMCO Group identified its Group-wide Scope 1 and Scope 2 emissions. The Group will analyze the results to prepare for its formulation of CO<sub>2</sub> emissions

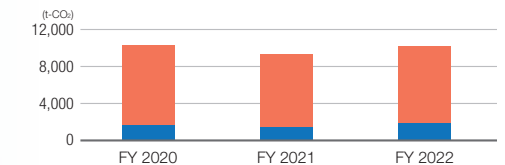
reduction measures and strategies for decarbonized management. We will also respond to new business opportunities emerging from the transition to a decarbonized society, and strive to create high added value by innovating our business model.

- **Scope 1:** Direct emissions from own company (for example, from burning fuel)
- **Scope 2:** Indirect emissions from own company (for example, using electricity, heat, or steam provided by another company)
- **Scope 3:** Indirect emissions other than Scope 1 and 2 emissions (emissions by other parties involved in the company's own business activities). Scope 3 is further broken down into 15 categories (numbered (1) to (15)).



JAMCO Group GHG emissions results (Scope 1 and Scope 2)

	(t-CO <sub>2</sub> )		
	FY 2020	FY 2021	FY 2022
<b>Scope 1</b>	1,718	1,515	1,947
<b>Scope 2 (Market standards)</b>	8,608	7,909	8,337
<b>Total</b>	10,326	9,424	10,284



JAMCO received B- rating on CDP's 2022 Climate Change List!

CDP is a nonprofit organization that was established in London in 2000 (former name: Carbon Disclosure Project). CDP currently provides a global information disclosure system for companies and local governments in the areas of climate change, water security, and deforestation risk/commodity. Each year, it sends out a questionnaire to companies and other organizations and, in principle, the responses are publicly disclosed. The gathered information is utilized by all kinds of stakeholders including investors, companies and governments around the world.

CDP scores companies on an eight-point scale, from the highest A to the lowest D-. In July 2021, JAMCO submitted its response to the CDP questionnaire for the first time and, based on the report submitted in July 2022, CDP gave JAMCO a B- rating.



Note: The average score for participating companies around the world is C.

JAMCO has published its climate change initiatives (disclosure in line with TCFD recommendations)!

TCFD is an abbreviation for Task Force on Climate-related Financial Disclosures, which was established by the Financial Stability Board (FSB) in December 2015 to consider disclosure of climate-related information and responses of financial institutions to climate change. In June 2017, the TCFD proposed a framework for information disclosure widely adoptable across sectors to ensure the consistency of information that could be useful in evaluating climate change-related risks and opportunities of companies. The TCFD recommendations

are structured around four thematic areas of disclosure that represent core elements: governance, strategy, risk management, and metrics and targets to enable users to comprehensively understand the impact of climate change on organizations.

As of April 2023, around 4,500 companies and organizations in Japan have pledged their support for the TCFD recommendations, and JAMCO pledged its support in November 2022. We will continue to strive for enriched climate-related disclosure in accordance with the TCFD framework.

For details on our initiatives to combat climate change, please access JAMCO's website by scanning the QR code on the right, and select "Sustainability Activities."

<https://www.jamco.co.jp/ja/csr.html> (in Japanese)



\* The QR Code is a registered trademark of DENSO WAVE INCORPORATED.

Communication with Stakeholders

Gave a presentation on our sustainability activities at a symposium organized by Boeing

On February 7, 2023, JAMCO took part in a symposium organized by Boeing and gave a presentation regarding its sustainability activities. The symposium, held in Nagoya, Aichi, was attended by roughly 100 people from 30 commercial aircraft suppliers invited by Boeing. The symposium was themed "A Sustainable Aerospace Industry" and four companies, including JAMCO, gave presentations. Our presentation featured JAMCO Vision 2030 and our Basic Policy on Sustainability along with specific initiatives such as using far-ultraviolet light in lavatories, hands-free lavatory doors (aircraft cabin restroom doors that can be opened without touching them), and our CONTRAIL Project (\*), and was well received by Boeing.

\* A collaborative research project between industry, academia, and government involving atmospheric observations to clarify the atmospheric mechanisms that cause climate change (National Institute for Environmental Studies, Japan; Meteorological Research Institute, Japan Meteorological Agency; Japan Airlines Co., Ltd.; JAL Foundation; and JAMCO)



Our presentation

Formulation of a multi-stakeholder policy

On April 14, 2023, we announced our Multi-stakeholder Policy.

One of the goals of our management philosophy is to bring joy and satisfaction to our customers and employees. Valuing the relationships of trust that we forge not only with our shareholders, but with all of our stakeholders such as our employees, business partners, customers, and communities, we work to contribute to the creation of a prosperous and progressive society. We have also made a Declaration to Build Partnerships in an aim to co-exist and prosper alongside our business partners.

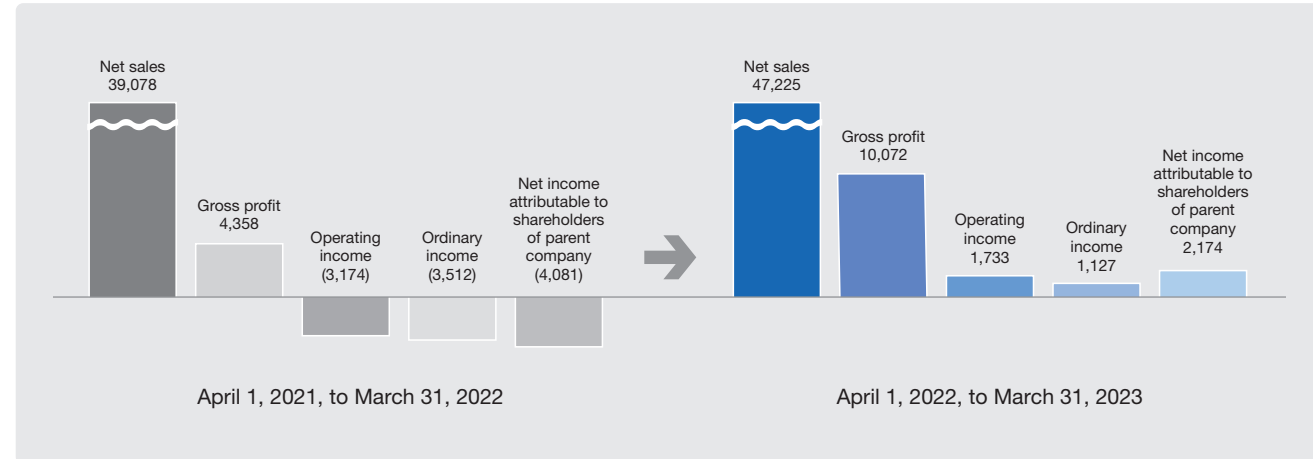
For details of the policy, please access JAMCO's website by scanning the QR code on the right, and select "CSR News."

[https://www.jamco.co.jp/ja/news/csr\\_news/csr\\_news6008944257231283846.html](https://www.jamco.co.jp/ja/news/csr_news/csr_news6008944257231283846.html) (in Japanese)



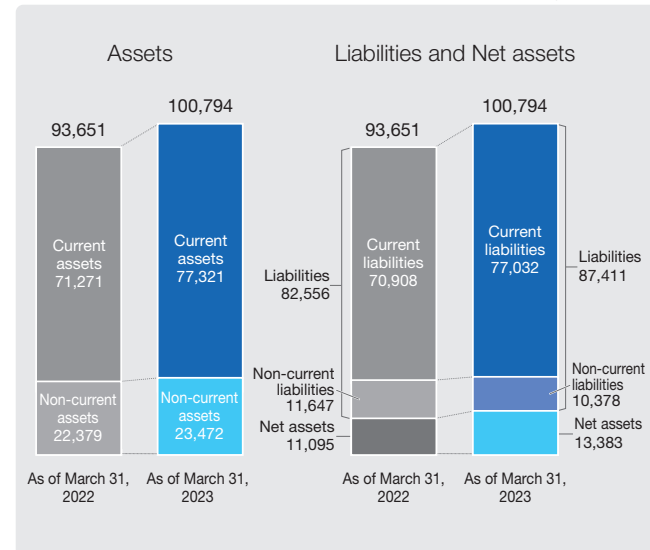
Consolidated Statements of Income (Summary)

(Millions of Yen)



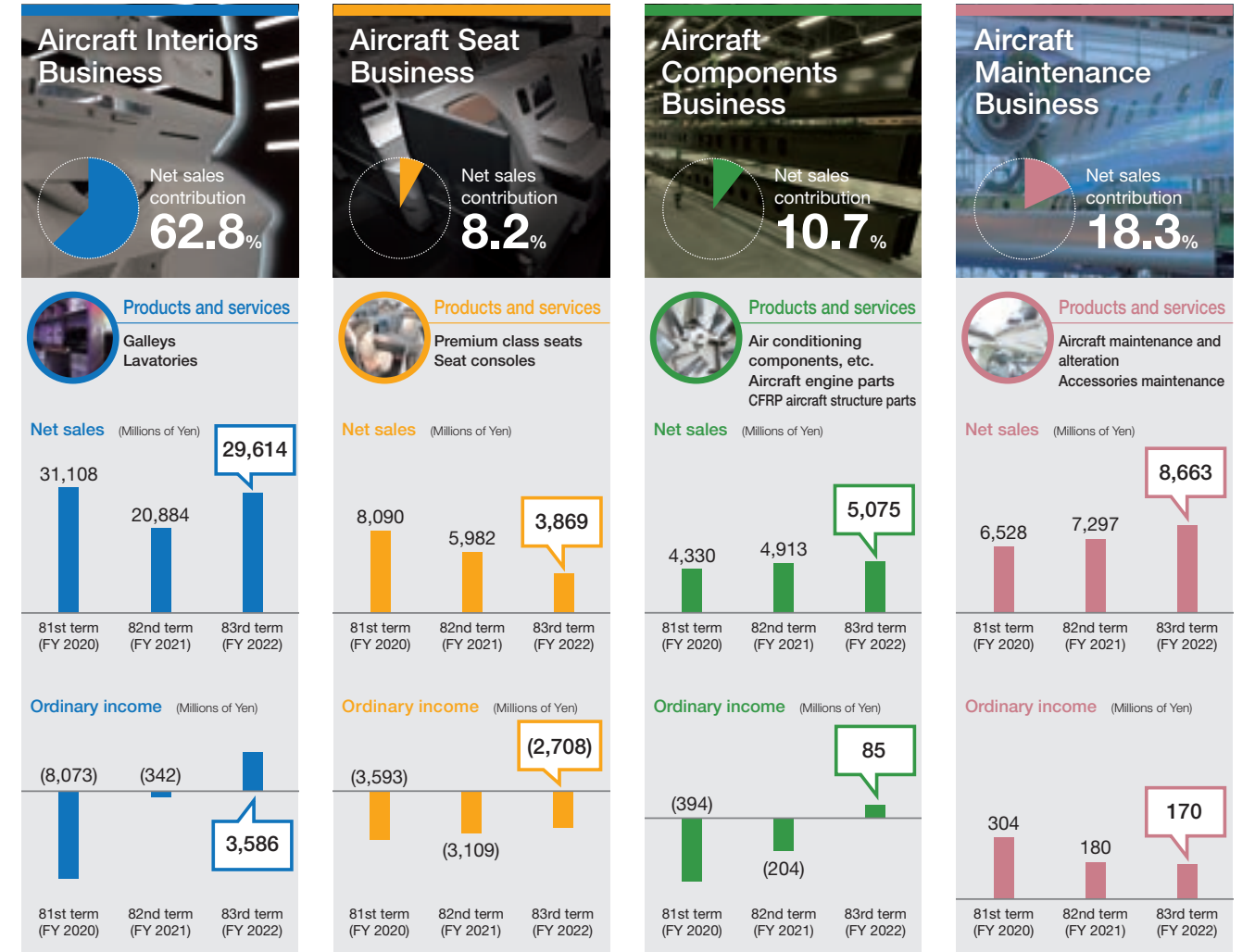
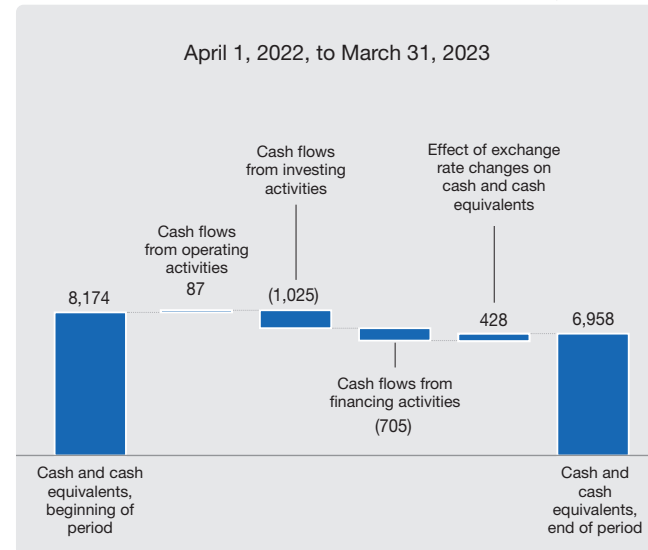
Consolidated Balance Sheets (Summary)

(Millions of Yen)



Consolidated Statements of Cash Flows (Summary)

(Millions of Yen)



For details, please access JAMCO's website by scanning the QR code on the right, and select "IR Library."

<https://www.jamco.co.jp/en/ir/materials.html>



Corporate Data

✈ Corporate Data (As of March 31, 2023)

Corporate Name	JAMCO Corporation
Registered Office	6-11-25, Osawa, Mitaka-shi, Tokyo, Japan
Head Office	1-100, Takamatsu-cho, Tachikawa-shi, Tokyo, Japan
Date Established	March 15, 1949
Date Founded	September 1, 1955
Principal Business Activities	<ul style="list-style-type: none"> <li>● Aircraft Interiors Business Manufacturing galleys, lavatories and various galley insert products, etc.</li> <li>● Aircraft Seat Business Manufacturing aircraft seats and seat consoles</li> <li>● Aircraft Components Business Manufacturing heat exchangers, CFRP aircraft structure parts and commercial aircraft engine parts</li> <li>● Aircraft Maintenance Business Maintenance and alteration of aircraft, cabins and onboard accessories</li> </ul>
Capital Stock	¥5,359,893,000
Number of Employees	Consolidated: 2,579 Non-consolidated: 1,106

✈ Directors and Executive Officers (As of June 28, 2023)

Representative Director, President & CEO	Toshiyuki Abe	Executive Vice President	Koichi Tsunematsu
Representative Director, Executive Vice President	Takashi Yonekura	Managing Executive Officer	Tsutomu Tadokoro
Director, Executive Vice President	Toshikazu Kimura	Managing Executive Officer	Kentaro Goto
Outside Director	Yu Takahashi	Managing Executive Officer	Hiroshi Uchijo
Outside Director	Shigeru Harada	Managing Executive Officer	Yukio Kamiyama
Outside Director*	Shinichi Suzuki	Executive Officer	Akihiro Waki
Outside Director*	Juichi Watanabe	Executive Officer	Yukihiro Kimoto
Outside Director*	Yuki Tsuru	Executive Officer	Fumihiko Kamata
Audit & Supervisory Board Member	Noboru Kaburaki	Executive Officer	Shinichi Nonome
Audit & Supervisory Board Member	Toshihisa Kasuya	Executive Officer	Koichi Oi
Outside Audit & Supervisory Board Member*	Hitoshi Takahashi	Executive Officer	Yoshihiro Hano
Outside Audit & Supervisory Board Member*	Takayuki Ikenoue	Executive Officer	Natsuki Segawa

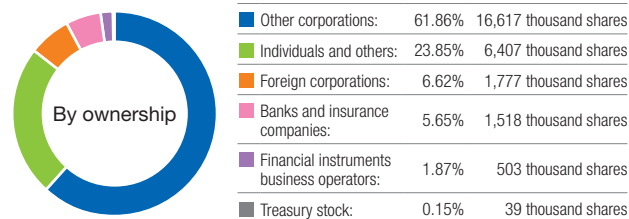
An asterisk (\*) indicates independent officers stipulated by the Tokyo Stock Exchange.

Share Data (As of March 31, 2023)

✈ Number of Shares, Number of Shareholders and Listed Stock Exchange

Authorized	80,000,000 shares
Issued	26,863,974 shares
Shareholders	6,608
Listed Stock Exchange	Tokyo Stock Exchange, Prime Market (Code: 7408)

✈ Distribution of Shareholders



✈ List of Major Shareholders (Top 10)

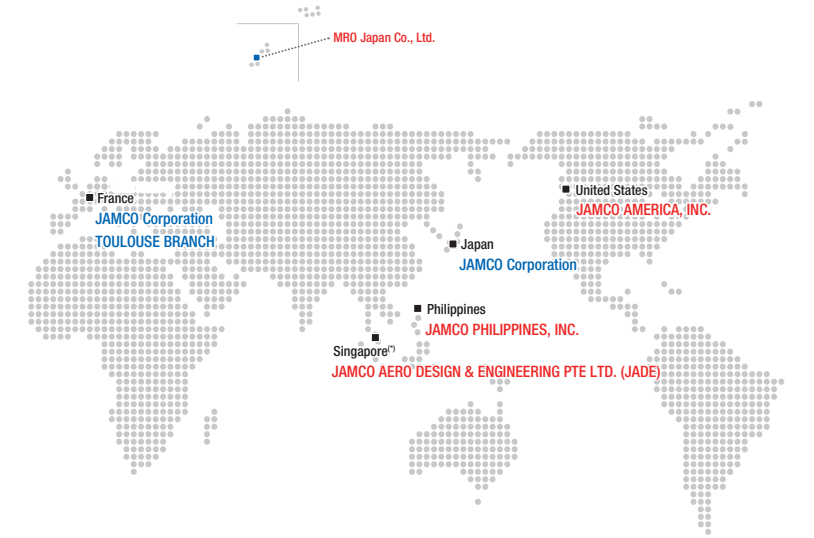
Name of Shareholder	Shares Held (Thousands)	Ratio of Shareholding (%)
ITOCHU Corporation	8,956	33.38
ANA HOLDINGS INC.	5,373	20.03
Showa Aircraft Industry Co., Ltd.	2,003	7.46
The Master Trust Bank of Japan, Ltd. (Trust Account)	924	3.44
Custody Bank of Japan, Ltd. (Trust Account)	431	1.60
JAMCO Employees' Stock Holding Association	431	1.60
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	312	1.16
INTERACTIVE BROKERS LLC	301	1.12
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)	116	0.43
Nomura Securities Co., Ltd.	110	0.41

Note: The percentage of shares is calculated after deducting treasury stock (39,089 shares).

Business Locations (As of June 28, 2023)

✈ List of Offices, Facilities, Subsidiaries and Affiliates

Head Office	Tachikawa-shi, Tokyo, Japan
Aircraft Interiors Group	Tachikawa-shi, Tokyo, Japan
■ Material Distribution Center	Tainai-shi, Niigata, Japan
■ Niigata Branch	Murakami-shi, Niigata, Japan
Aircraft Components Manufacturing Group	Chofu-shi, Tokyo, Japan
Aircraft Maintenance Group	
■ Marketing & Sales Department	Shinjuku-ku, Tokyo, Japan
■ Aircraft Maintenance Center Itami Branch	Iwanuma-shi, Miyagi, Japan
■ Aircraft Maintenance Center Narita Branch	Toyonaka-shi, Osaka, Japan
■ Accessories Maintenance Center	Narita-shi, Chiba, Japan
	Mitaka-shi, Tokyo, Japan
	Higashimatsuyama-shi, Saitama, Japan



\* JAMCO SINGAPORE PTE LTD. was dissolved in January 2021, and its liquidation is underway.

Shareholder Memo

Fiscal year	April 1 through March 31 of the following year
Record date for year-end dividends	March 31
Record date for interim dividends	September 30

Annual general meeting of shareholders	Every June
Administrator of shareholder registry Account management institution of the special account	Mitsubishi UFJ Trust and Banking Corporation

Contact of the above institution  
 Stock Transfer Agency Division, Mitsubishi UFJ Trust and Banking Corporation, 1-1 Nikko-cho, Fuchu-shi, Tokyo, Japan Tel. 0120-232-711 (toll-free in Japan)  
 Mailing address: Stock Transfer Agency Division, Mitsubishi UFJ Trust and Banking Corporation, P.O. Box 29, Shin-Tokyo Post Office, 137-8081 Japan

The public notices of the Company shall be published via electronic media.  
 URL for public notices:  
<https://www.pronexus.co.jp/koukoku/7408/7408.html>  
 (However, where publication via electronic media is impossible due to an accident or other unavoidable circumstances, the Company's public notices shall be published in the Nikkei.)  
 Information on the Non-consolidated and Consolidated Financial Statements is available on the Company's corporate site (<https://www.jamco.co.jp/>).

Precautions

- With the introduction of electronic share certificates, various procedures, including changes in addresses of shareholders and purchase requests, are in principle performed by account management institutions (securities companies, etc.) where shareholders have established accounts. Please contact the securities companies, etc. where you have accounts. Such procedures may not be handled by the administrator of the share registry (Mitsubishi UFJ Trust and Banking Corporation).
- With regard to various procedures concerning shares recorded in the special account, please contact Mitsubishi UFJ Trust and Banking Corporation, the account management institution. Such procedures are also handled at each branch office of Mitsubishi UFJ Trust and Banking Corporation in Japan.
- As for dividends receivable, please contact the main and branch offices of Mitsubishi UFJ Trust and Banking Corporation.



# Expanding the Use of Digital Data

Virtual reality (VR) technology is gaining wider adoption, and the manufacturing industry is no exception. We also use our proprietary digital data in a variety of settings, such as design, development, and proposals to customers.

In the past, we explained our products to our customers using full-sized mockups. Mockups cannot flexibly accommodate changes in specifications, limiting where they can be installed or how they can be transported in many cases. We have now begun using VR to present overviews of our products. Using VR goggles, customers can virtually experience walking through the aircraft cabins with JAMCO seats and other products. The VR makes it easier for customers to understand the ambience of high added value that we offer. Digital data can be revised whenever necessary. Our product specifications and designs can be updated in line with customer requests or remodeling, enabling swift proposals of new concepts. In the future, we plan to create in our office a dedicated showroom where customers can experience our products using VR. Furthermore, we plan to provide VR product presentations using digital data by holding online meetings on the metaverse (virtual space) with customers at remote locations.



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