



Stock Code: 7408

To Our Shareholders

The 85th Term Interim Business Report

Message from the President



**Koichi
Tsunematsu**

Representative Director,
President & CEO

We would like to express our appreciation for your continued support and patronage.



Results for the Second Cumulative Quarter of FY 2024

During the second cumulative quarter of FY 2024, while the global economy continued to be on a recovery track, the future outlook remained uncertain due to factors such as the risk of economic downturn in China and growing tension around the world, as high interest rates continued despite rate cuts in parts of Europe and the Americas due to concerns about an economic downturn. Under these circumstances, the dollar-yen exchange rate moved within the range of ¥161 to ¥140 per US\$1. The yen appreciated rapidly

during the latter half of the period due to the effects of a rate hike by the Bank of Japan's monetary policy, despite having depreciated in the first half.

In the air transportation industry, air passenger demand recovered from the decline caused by the COVID-19 pandemic for international flights in addition to domestic flights, and demand is expected to continue to show steady growth going forward. On the other hand, the global supply chain which was damaged by a sharp decline in demand during the COVID-19 pandemic is still on the way to recovery, confronted with the major challenges of difficulty in supplying materials and parts as well as securing personnel for the industry as a whole. In addition, cost control is further growing in importance as a measure to deal with the surge in administrative expenses and parts costs resulting from inflation.

Under these circumstances, JAMCO Corporation and its subsidiaries (collectively, the "Group") worked to enhance the capability to respond to demand in coping with a rapid recovery of air passenger demand while making an effort to "improve profitability and strengthen business fundamentals based on selection and concentration" with a view to achieving a recovery of the business fundamentals which was damaged by the COVID-19 pandemic.

In the aircraft interiors business, we worked on strengthening our capacity to increase production in response to increased production by aircraft manufacturers and increased demand for spare parts from airlines. We also pressed ahead with strengthening the capability to respond to demand and the supply

chain, enhancing quality, and optimizing domestic manufacturing bases.

In the aircraft seat business, we temporarily suspended accepting orders involving development of the aircraft seat business in line with our “selection and concentration” strategy because of the rapid expansion of demand in the aircraft interiors business, and concentrated our development personnel and production capacity in the Company’s mainstay aircraft interiors business.

In the aircraft components business, we took initiatives to improve yield and the production process in preparation for increased production of CFRP structure parts and expansion of defense projects.

In the aircraft maintenance business, we continued with initiatives to ensure flight safety and improve quality, while also endeavoring to automate wheel maintenance and expand defense projects.

As a result, on a consolidated basis, during the second cumulative quarter of FY 2024, the Company posted net sales of ¥36,486 million (up ¥9,243 million compared to the same period of the previous fiscal year), operating income of ¥2,023 million (up ¥1,243 million compared to the same period of the previous fiscal year), ordinary income of ¥1,112 million (up ¥648 million compared to the same period of the previous fiscal year), and net income attributable to shareholders of parent company of ¥931 million (down ¥28 million compared to the same period of the previous fiscal year).

Provision for loss on construction contracts of ¥5,620 million for construction to be completed in or after the third quarter of FY 2024 was recognized as of September 30, 2024. The impact of this provision for loss on construction contracts on income (loss) was an increase of ¥428 million in cost of sales for the second quarter of FY 2024 (provision for loss on construction contracts as of June 30, 2024 was ¥5,191 million), and, for the second cumulative quarter of FY 2024, an increase of ¥410 million in cost of sales (provision for loss on construction contracts as of March 31, 2024 was ¥5,209 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 ¥5,441 million (an increase of ¥974 million compared to the same period of the previous fiscal year), due mainly to increases in warranty repair costs, personnel expenses, sales commissions and outsourcing costs.

The result for non-operating income (expenses) was a loss of ¥911 million (a loss of ¥317 million in the same period of the previous fiscal year), due to factors such as an increase in dollar-denominated interest expenses reflecting a weaker yen and a decrease in foreign exchange gains.

The result for extraordinary income (loss) was income of ¥14 million (a loss of ¥12 million in the same period of the previous fiscal year) as a result of recognizing gain on sales of investment securities of ¥221 million due to the sale of a portion of investment securities while recognizing an increase in employee retirement benefit obligations of ¥195 million as retirement benefit expenses as a result of changing the accounting method for retirement benefit obligations at consolidated subsidiaries that integrated management from the simplified method to the principle method.

Future Outlook

With regard to the results during the second cumulative quarter of FY 2024, sales of spare parts to airlines in the aircraft interiors business were strong. However, due to delayed shipments of some materials and parts, as well as production schedule delays for the Boeing 777 and delays in production increase plan for the Boeing 787 caused by quality issues and a strike at Boeing, net sales are trending lower than the full-year consolidated financial results forecast announced on May 10, 2024. On the other hand, although net sales to Boeing decreased, profits and losses are progressing as planned, supported by the yen trending weaker in the foreign exchange market than expected and strong sales of spare parts to airlines.

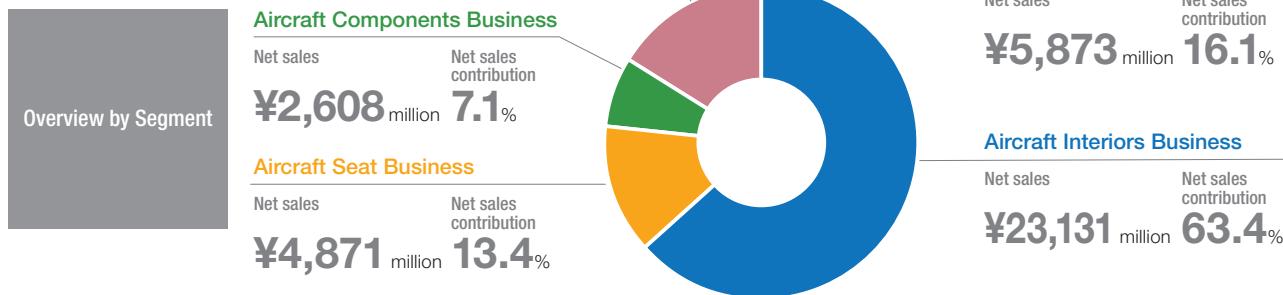
Currently, there are concerns about delays in the schedule for new aircraft production due to ongoing uncertainties, including the impact of the strike at Boeing. However, the full-year consolidated financial results forecast announced on May 10, 2024 remains unchanged, as demand for modifications of existing aircrafts for airlines and spare parts sales remains strong, and we plan to ship highly profitable products in the second half of the year.

We are evaluating the impact of the Boeing strike

and other situations, and if we determine that a revision to our financial results forecast is necessary, we will promptly disclose the update. The exchange rate assumed for the consolidated financial results forecast remains unchanged at ¥140 per US\$1.

As we planned initially, we will forgo paying interim dividends. Based on comprehensive consideration of such factors as our financial results forecast and finances, we plan to pay year-end dividends of ¥25 per share for FY 2024 (resumption of dividend payments).

Interim Consolidated Financial Highlights for FY 2024	Net sales ¥36,486 million	Operating income ¥2,023 million	Ordinary income ¥1,112 million	Net income attributable to shareholders of parent company ¥931 million
	Up 33.9% year-on-year ↗			



FY 2024 Consolidated Financial Results Forecasts	Net sales ¥86,900 million	Operating income ¥7,810 million	Ordinary income ¥5,280 million	Net income attributable to shareholders of parent company ¥3,490 million
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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>



Exhibited at the International Home Care and Rehabilitation Exhibition

From October 2 to October 4, 2024, we exhibited our Metamorphic Lavatory, a joint research project with the Japan Aerospace Exploration Agency (JAXA), at the 51st International Home Care and Rehabilitation Exhibition.

This was the first exhibition featuring a full-scale mockup since the concept's announcement in January.



The **Metamorphic Lavatory** is a lavatory concept that combines two adjacent lavatory units and a connecting cross aisle (aisle in the aircraft that connects the left and right doors), resulting in the creation of an unprecedented, spacious environment. This design empowers passengers with reduced mobility requiring total assistance to use the lavatory with the same ease as an accessible lavatory on the ground.

Introduction of next-generation biodiesel fuel

In July 2024, as part of our efforts toward decarbonization, we fueled our aircraft maintenance vehicles with biodiesel fuel ("SUSTEO 20," developed by Euglena). This was our first attempt, and we will continue to engage in environmentally friendly initiatives.



Information on various websites

Sustainability



Financial results briefing materials



YouTube



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