

FY2021 Financial Results Summary JAMCO Vision 2030 and FY2022 Plan

May 25, 2022

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JAMCO CORPORATION

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- All statements in this document that are not historical facts are forward-looking and reflect the views and assumptions of management based on the information available at the time of publication. These statements contain various elements of risk and uncertainty regarding economic trends, exchange rates, market demand, tax and other systems. It should be noted that actual performance may differ from these forecasts.
- Monetary amounts have been calculated and rounded down to the nearest indicated unit, while ratios are calculated and rounded off to the nearest decimal place.
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Consolidated Statements of Income



[Million Yen]

	FY20 (Actual)	FY21 (Plan)	FY21 (Actual)	Compared to Previous FY (Change)	Compared to Plan (Change)
Net Sales	50,058	40,000	39,078	(10,979)	(921)
Gross Profit	(4,100)	4,400	4,358	8,459	(41)
Selling, General and Administrative Expenses	6,801	7,700	7,533	732	(166)
Operating Income	(10,902)	(3,300)	(3,174)	7,727	125
Non-Operating Income and Expenses	(853)	(200)	(337)	516	(137)
Ordinary Income	(11,756)	(3,500)	(3,512)	8,244	(12)
Extraordinary loss	(4,980)	300	530	5,511	230
Income Before Taxes	(16,737)	(3,200)	(2,981)	13,755	218
Net Income Attributable to Shareholders of Parent Company	(13,585)	(2,400)	(4,081)	9,504	(1,681)
Net Income Per Share (Yen)	(506.46)	(89.47)	(152.15)	—	—
Exchange Rate (Yen/US\$)	106.64	110.00	111.14	—	—

(Note1) "Plan" refers to the earnings forecast at the time of business result announcement on February 9, 2022.

(Note2) Net income attributable to shareholders of parent company for FY2021 fell short of the plan as we recorded income taxes – deferred of ¥1,070 million by reducing deferred tax assets. As stated in the "Notice on a Reduction of Deferred Tax Assets and Revisions to Financial Results Forecast," which we announced on April 28, 2022, the reduction of deferred tax assets came after we carefully reviewed the recoverability of those assets.

Compared to Previous FY (+¥8,240 million)

	FY20 (Actual)	Change of Gross Profit	Selling, General and Administrative Expenses	Non-Operating Income and Expenses	FY21 (Actual)	
					-35.1	[100 Millions of Yen]
	-117.5	+ 84.5	-7.3	+ 5.1		
Legend						
Increased						
Decreased						
	FY20 Ordinary Income (Actual)	Increase in Gross Profit	Increase in selling general and administrative expenses	Improving Non-Operating Expenses	FY21 Ordinary Income (Actual)	
		+ 84.5 Change of Gross Profit				
		+ 77.2 Change of Operating Income				
		+ 82.4 Change of Ordinary Income				

Point

Gross Profit

Although shipment of our products decreased due to the sharp decline in demand for air transportation caused by the spread of COVID-19, gross profit was posted due to the effects of cost-cutting measures and the impact of additional sales from customer specification changes in some programs.

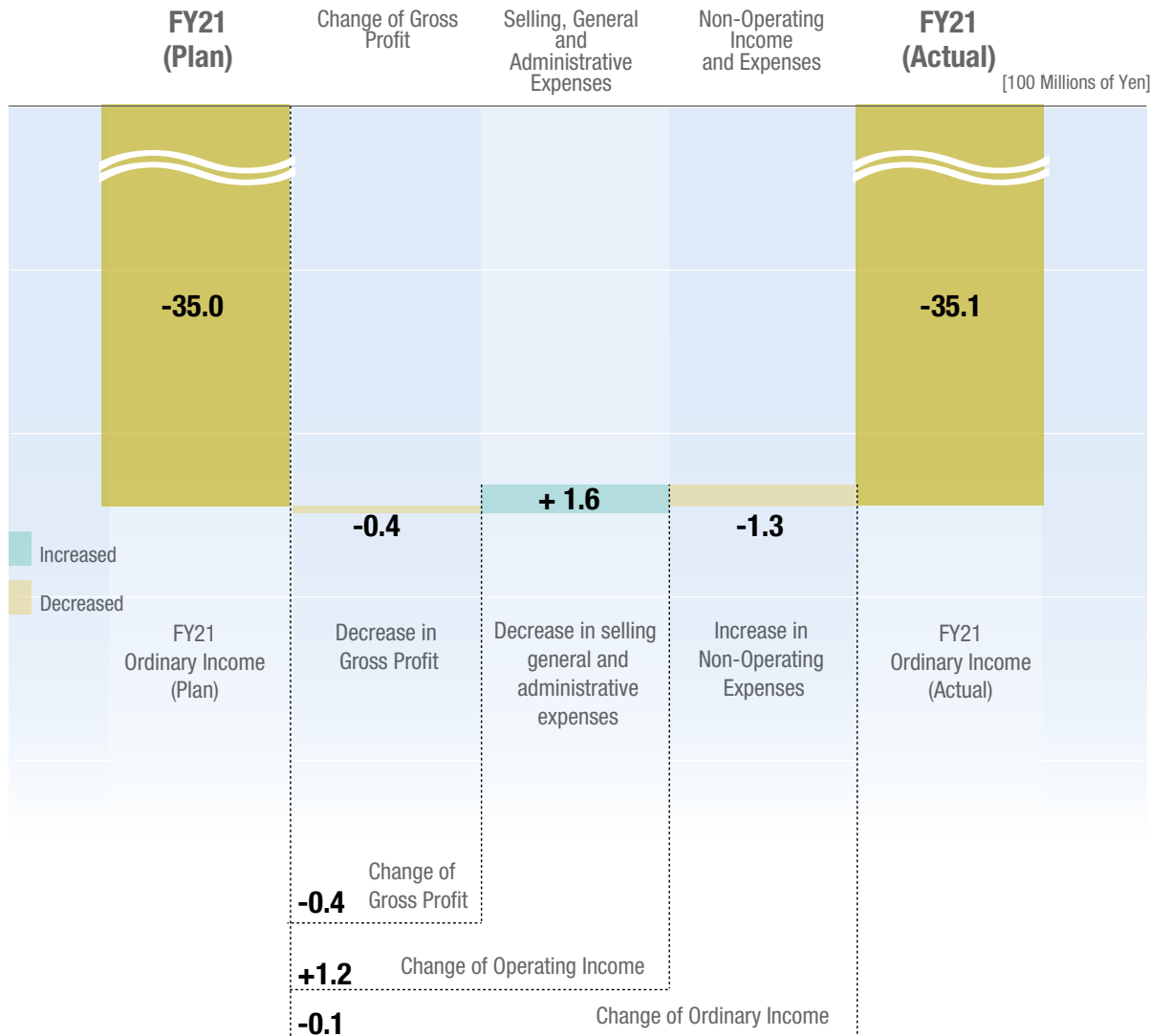
Selling, General and Administrative Expenses

- Increase in R&D costs (-¥500 million)
- Increase in sales commission (-¥90 million)
- Others (-¥140 million)

Non-Operating Income and Expenses

- Improving of foreign exchange gains and losses (+¥720 million)
- Increase in interest expenses (-¥170 million)
- Others (-¥40million)

Compared to Plan (-¥10 million)



Point

- Gross Profit**
 - Shipments of some galleys and lavatories were postponed to the next fiscal year due to cutbacks in production by aircraft manufacturers, resulting in a decrease in net sales and a decrease in gross profit.
- Selling, General and Administrative Expenses**
 - Increase in R&D costs (-¥260 million)
 - Decrease in warranty repair costs (+¥210 million)
 - Others (+¥210 million)
- Non-Operating Income and Expenses**
 - Increase in interest expenses and others (-¥130 million)

Net Sales and Ordinary Income by Segment ① (Compared to Previous FY / Compared to Plan)

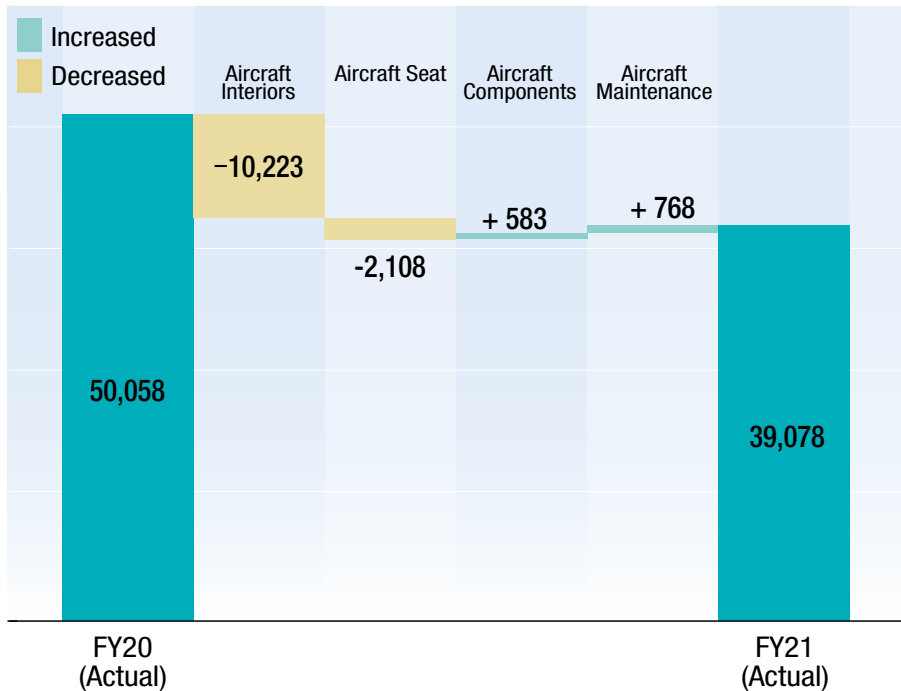
[Million Yen]

	Net Sales					Ordinary Income				
	FY20 (Actual)	FY21 (Plan)	FY21 (Actual)	Compared to Previous FY (Change)	Compared to Plan (Change)	FY20 (Actual)	FY21 (Plan)	FY21 (Actual)	Compared to Previous FY (Change)	Compared to Plan (Change)
Aircraft Interiors	31,108	22,244	20,884	(10,223)	(1,359)	(8,073)	(441)	(342)	7,731	98
Aircraft Seat	8,090	5,556	5,982	(2,108)	426	(3,593)	(2,939)	(3,109)	483	(170)
Aircraft Components	4,330	4,900	4,913	583	13	(394)	(140)	(204)	189	(64)
Aircraft Maintenance	6,528	7,300	7,297	768	(2)	304	40	180	(124)	140
Others	0	0	0	0	0	0	(20)	(35)	(36)	(15)
Total	50,058	40,000	39,078	(10,979)	(921)	(11,756)	(3,500)	(3,512)	8,244	(12)

(Note)"Others" include amounts for Orange JAMCO Corporation.

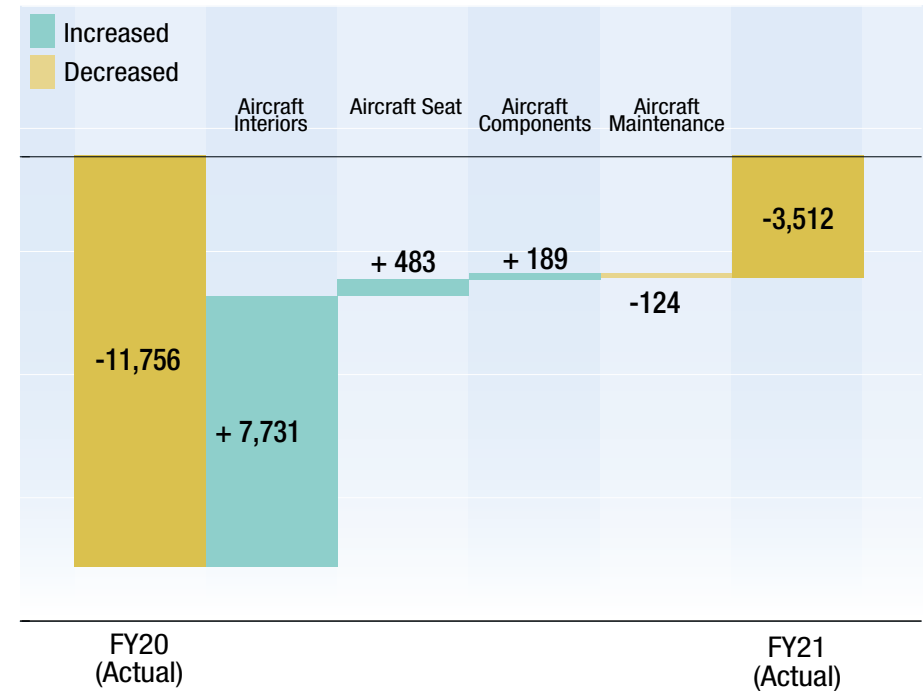
Net sales

[Million Yen]



Ordinary Income

[Million Yen]



Point

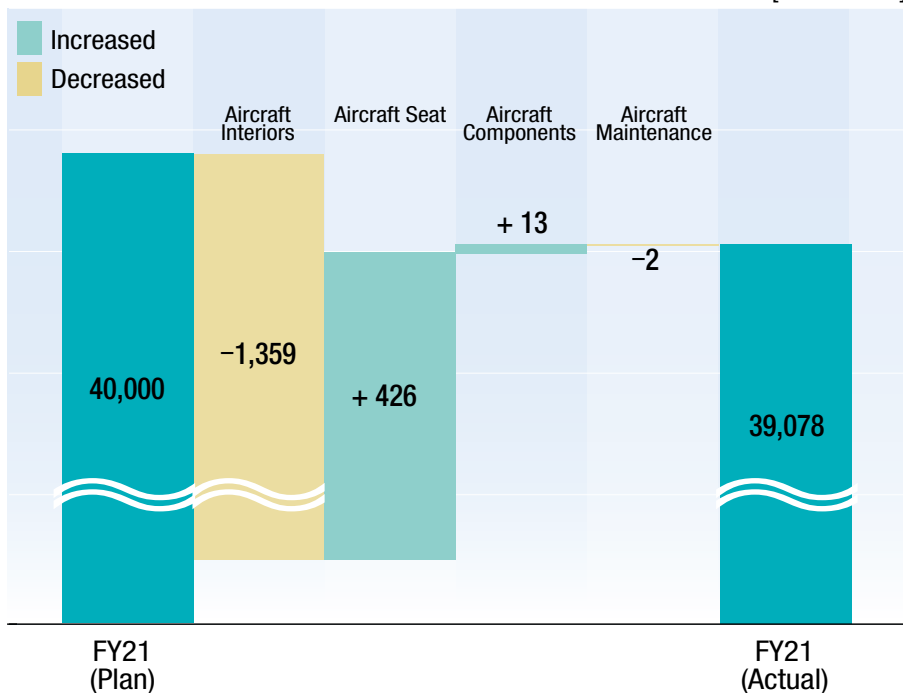
- Net sales for the aircraft interiors business fell due to a drop in shipments of galleys and lavatories, as aircraft manufacturers were forced to change production schedules due to the impact of the spread of COVID-19, along with cutbacks in production of the Boeing 787 aircraft.
- Net sales for the aircraft seat business fell due to shipments of "Venture" business class seat were postponed to the next fiscal year, due to delivery schedule changes by customers responding to the impact of COVID-19, along with cutbacks in production of the Boeing 787 aircraft.
- Net sales for the aircraft components business rose due in part to an increase in shipments of CFRP structure parts and aircraft engine parts for commercial aircraft products.
- Net sales for the aircraft maintenance business rose due to an increase in the number of completed construction contracts.

Point

- Ordinary loss for the aircraft interiors business improved as the effects of cost-cutting measures, the impact of additional sales from customer specification changes in some programs, foreign exchange gains, and increased sales of spare parts to airlines as the number of aircraft in operation grew.
- Ordinary loss for the aircraft seat business improved as the efforts to reduce cost of sales yielded positive results and the shipments of unprofitable customer-made products declined.
- Ordinary loss for the aircraft components business improved due to higher net sales and initiatives taken to improve profitability, although selling, general and administrative expenses increased.
- Ordinary income for the aircraft maintenance business fell due to higher selling, general and administrative expenses.

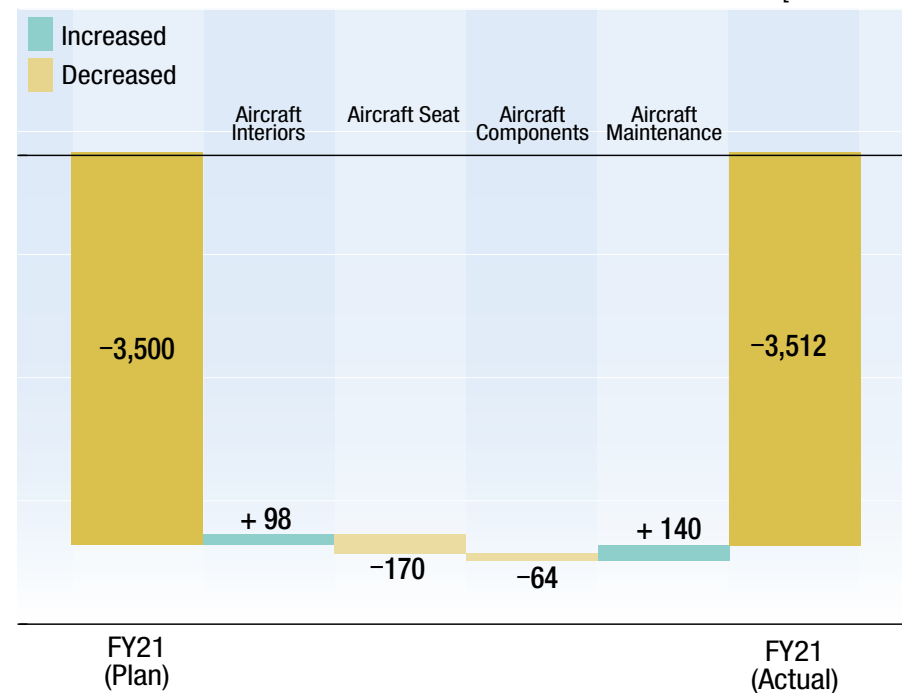
Net sales

[Million Yen]



Ordinary Income

[Million Yen]



Point

- Net sales for the aircraft interiors business fell due to cutbacks in production by aircraft manufacturers.
- Net sales for the aircraft seat business increased due to earlier shipments for some programs.

Point

- Ordinary loss for the aircraft interiors business decreased due to an increase in foreign exchange gains resulting from the depreciation of the yen.
- Ordinary loss for the aircraft seat business increased due to transient loss related to cancellation of some programs.

Consolidated Balance Sheets



[Million Yen]

Items of an Account	End of FY20 (As of March 31, 2021)	End of FY21 (As of March 31, 2022)	Change
ASSETS			
Current Assets			
Cash and Deposits	5,275	9,276	4,000
Trade receivables and contract asset	21,092	19,199	(1,893)
Inventories	47,408	40,746	(6,662)
Other Current Assets	3,156	2,049	(1,106)
Total Current Assets	76,932	71,271	(5,661)
Non-Current Assets			
Property, Plant and Equipment	12,782	12,425	(356)
Intangible Assets	1,692	1,282	(409)
Investments and Other Assets	9,829	8,671	(1,157)
Total Non-Current Assets	24,303	22,379	(1,923)
Total Assets	101,236	93,651	(7,585)

Point

- Trade receivables and contract asset, decrease due to a decline of net sales and the collection of accounts receivable-trade.
- Inventories decreased due to revision of order plans.

Items of an Account	End of FY20 (As of March 31, 2021)	End of FY21 (As of March 31, 2022)	Change
LIABILITIES			
Current Liabilities			
Notes and Accounts Payable - Trade	3,726	4,248	522
Electronically Recorded Obligations - Operating	3,482	2,665	(817)
Short-Term Loans Payable	48,118	48,156	37
Current Portion of Long-Term Loans Payable	1,000	960	(40)
Advances Received	5,516	6,241	724
Provision for Loss on Construction Contracts	4,102	3,828	(273)
Other Current Liabilities	5,426	4,807	(618)
Total Current Liabilities	71,373	70,908	(464)
Non-Current Liabilities			
Long-Term Loans Payable	3,000	2,310	(690)
Other Non-Current Liabilities	10,346	9,337	(1,008)
Total Non-Current Liabilities	13,346	11,647	(1,698)
Total Liabilities	84,719	82,556	(2,163)
NET ASSETS			
Total Net Assets	16,517	11,095	(5,422)
Total Liabilities and Net Assets	101,236	93,651	(7,585)

Point

- Equity ratio 16.0% → 11.5%

(Note)The Group has applied the "Accounting Standards for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020) since the beginning of fiscal year FY2021.

[Million Yen]

	FY20	FY21
Cash flows from operating activities	(11,615)	6,801
Cash flows from investing activities	(1,104)	(646)
Free cash flows	(12,719)	6,155
Cash flows from financing activities	9,581	(2,570)
Cash and cash equivalents, end of period	3,946	8,174

Point

■ Net Cash provided by operating activities due mainly to the collection of accounts receivable-trade.

[Million Yen]

	JAMCO	Niigata JAMCO	Miyazaki JAMCO	Nakajo JAMCO	JAMCO AMERICA, INC.	JAMCO AERO DESIGN & ENGINEERING PTE LTD.	JAMCO SINGAPORE PTE LTD.	JAMCO PHILIPPINES, INC.	JAMCO AERO MANUFACTURING CO., LTD.	Tokushima JAMCO	JAMCO AEROTECH CO., LTD.	Orange JAMCO
Net sales	36,592	1,532	901	433	5,989	540	0	386	795	750	372	74
Operating income	(1,845)	(418)	2	(38)	(1,009)	(42)	(125)	50	(56)	37	16	(20)
Ordinary income	(2,099)	(399)	(5)	(42)	(1,141)	(35)	(131)	44	(57)	38	16	(19)
Net income	(5,413)	(234)	(2)	(59)	(1,147)	15	(124)	36	(37)	23	6	(13)

(Note1) JAMCO America saw net sales decrease due to cutbacks in production of the Boeing 787 aircraft and reduced deferred tax assets based on the future outlook.

(Note2) JAMCO Singapore was liquidated on January 31, 2021 as the prospects for its future stable production were uncertain.

JAMCO Vision 2030

*Toward a comfortable
and sustainable future using technology and quality*

Creating value through the aerospace industry, the JAMCO Group will continue to contribute to promote a comfortable and more sustainable society by further expanding into new business areas while evolving the expertise and quality we have cultivated in the aviation industry along with leading-edge technologies and innovation.

JX2022

Solving fundamental issues

2022

2023

2024

JX2025

Starting reforms

2026

2027

JX2028

Expanding reforms

2028

2029

2030

Based on JAMCO Vision 2030, we will implement JX2022 to transform the business model while achieving “growth” and “evolution.”

Reform the business process and improve technical expertise and quality

- Strengthen the control function to improve quality at a company-wide level
- Enhance efficiency by reforming the business process
- Improve profitability of the existing businesses
- Renew the core system for production management
- Promote digitalization to create smart factories

Expand business domains through cutting-edge technology and innovation, becoming a value-creating corporate group

- Establish a system to promote innovation activities that are not tied to divisions
- Foster human resources that promote reforms: Start strategic DX human resource development program
- Attempts to start new business: Dispatch engineers to SkyDrive Inc. , a developer of “flying vehicles” and other attempts
- Enter markets outside the aviation industry: Utilization of CFRP in the construction industry

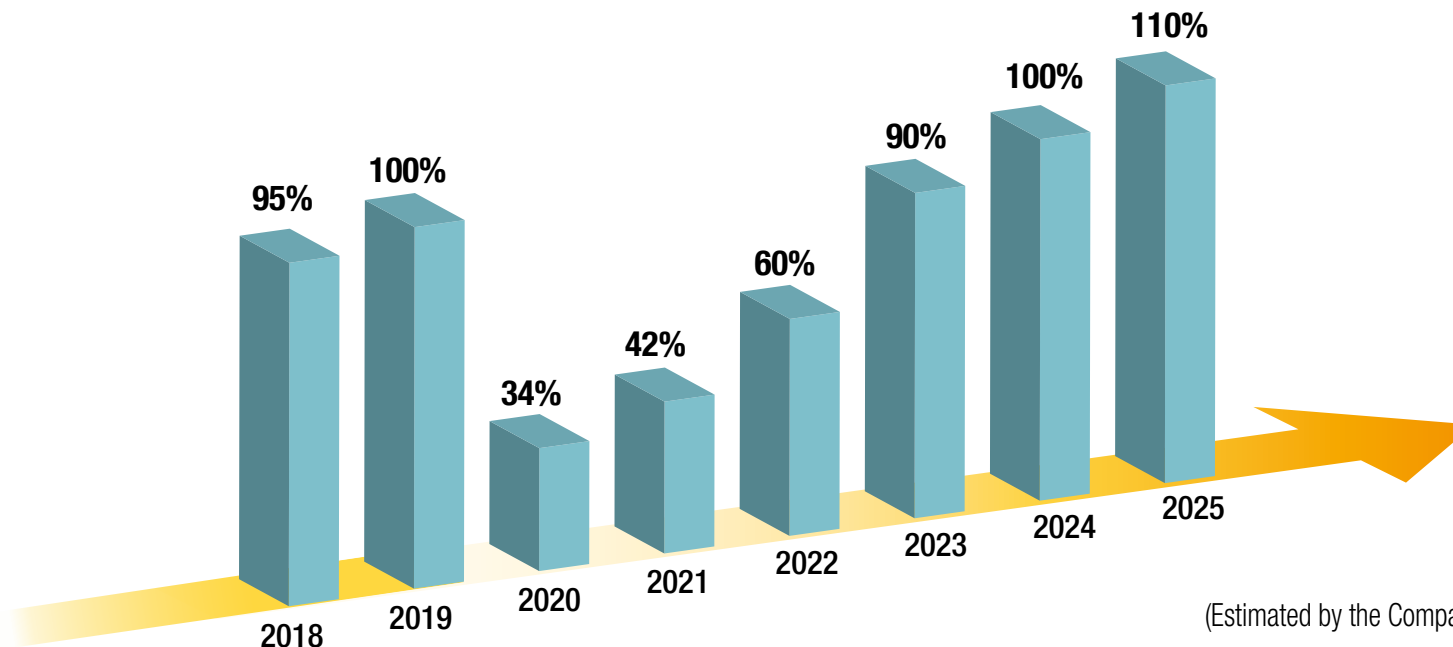
Contribute to a comfortable and sustainable society

- Reduce CO2 emissions
- Undertake research on sustainable materials derived from plants

※ JX:JAMCO Transformation

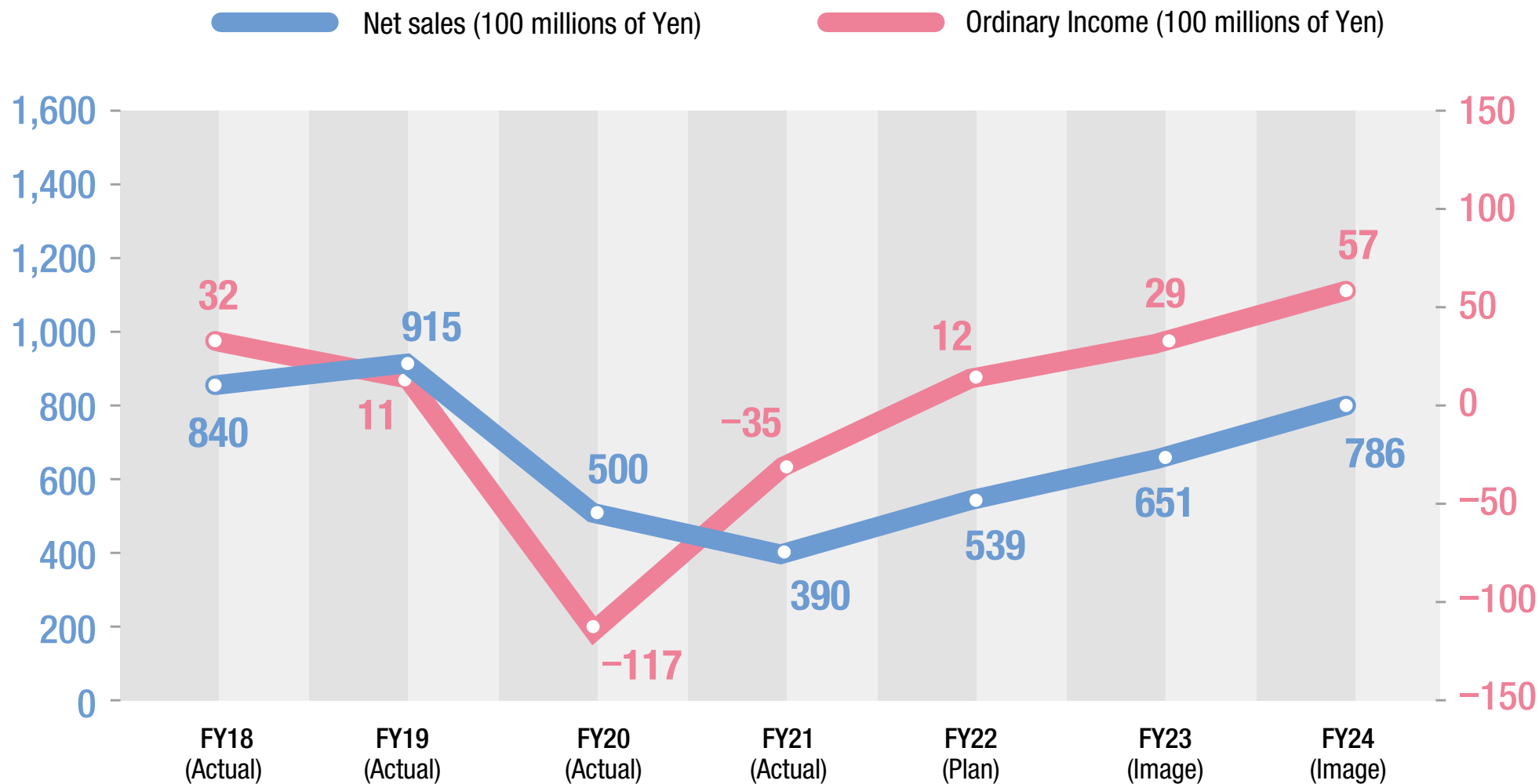
- **Estimation of air passenger demand is made based on IATA (International Air Transport Association) projections**
 - Demand in FY2022 will be around 60% of that of FY2019.
 - Demand will recover to pre-COVID-19 levels in around 2024.
- **Production of new aircraft by aircraft manufacturers will remain flat in FY2022. Production will gradually increase after FY2023.**
- **Airlines' demand for spare parts and cabin modification products is on a recovery trend.**

Image of outlook of air passenger demand (The data are expressed as relative values, with FY2019 being 100 percent)



[Million Yen]

	FY21 (Actual)	FY22 (Plan)	FY23 (Image)	FY24 (Image)
Net Sales	39,078	53,900	65,100	78,600
Gross Profit	4,358	10,550	—	—
Selling, General and Administrative Expenses	7,533	8,470	—	—
Operating Income	(3,174)	2,080	3,840	6,620
Non-Operating Income and Expenses	(337)	(800)	—	—
Ordinary Income	(3,512)	1,280	2,950	5,710
Extraordinary Loss	530	(10)	—	—
Income Before Taxes	(2,981)	1,270	—	—
Net Income Attributable to Shareholders of Parent Company	(4,081)	870	2,100	4,030
Exchange Rate (Yen/US\$)	(111.14)	115	110	110
Total Assets	93,651	94,900	98,500	97,800
Cash flows from operating activities	6,801	(1,200)	3,000	8,200



**We will turn ordinary income into positive in FY2022 due to the effect of cost reductions and recovery in demand.
Implement measures to prepare for further market recovery in and after FY2023.**

● **Signs of recovery in demand for air transportation**

- Orders of spare parts recovered as expected by air passenger demand.
- Orders of cabin modification products and seats are increasing steadily as well.
- Received orders of ¥46.7 billion in FY2021, up 98% compared to the previous fiscal year.

● **Measures to restore the capabilities for demand response.**

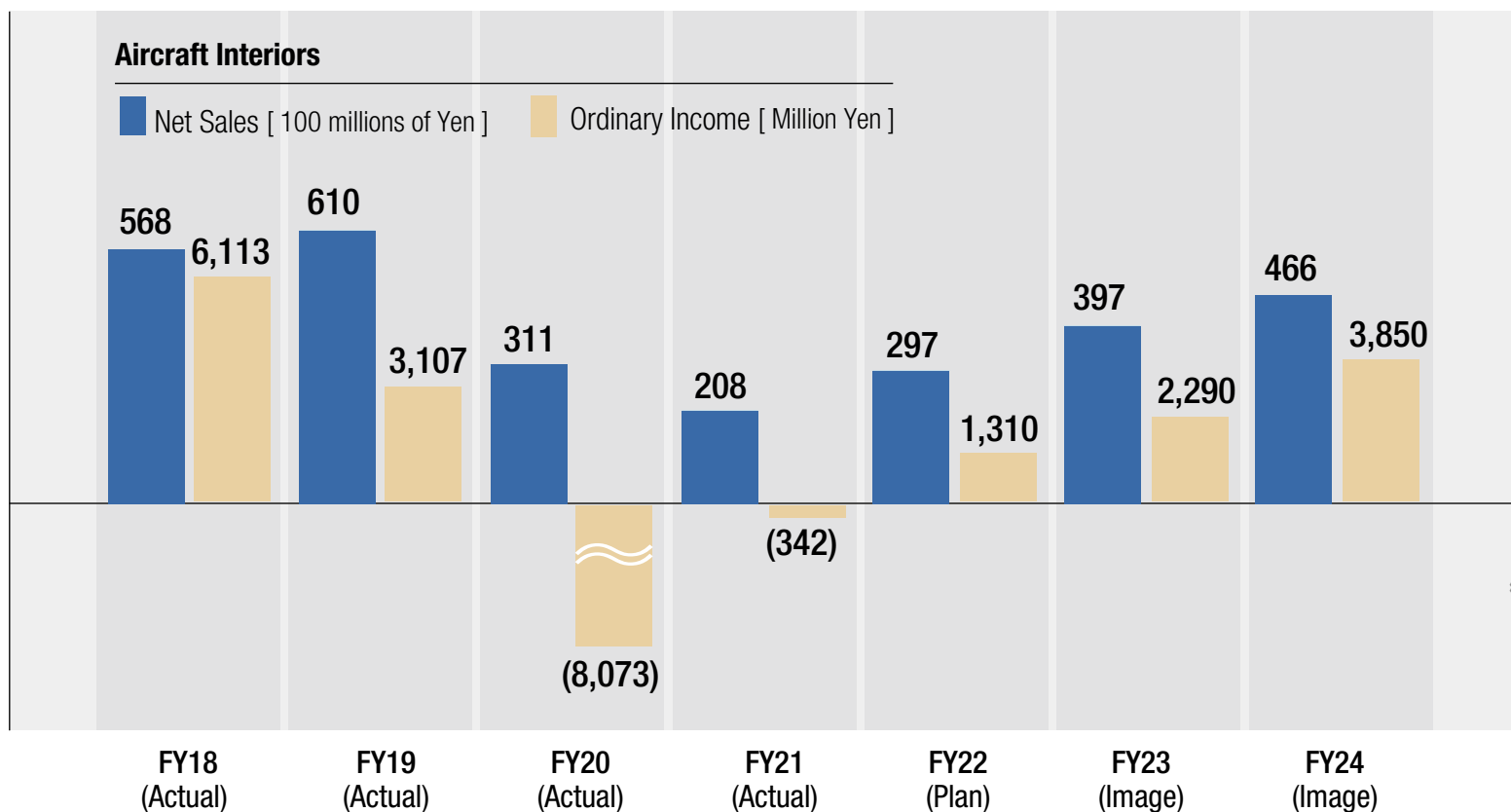
- Initiatives to strengthen the supply chain.
- Start a project to expand the capacity and functions of the factory of JAMCO PHILIPPINES, INC .
- Resume recruitment of new graduates and return of employees seconded to companies outside the Group.
- Increase R&D expenses for new product development after cutting them in the past years.
- Renew the production management system (ERP).
- Enhance the efficiency of spare parts operations by introducing RPA.

● **Initiatives for sustainability**

- Formulate a basic sustainability policy and promote ESG / SDGs activities.

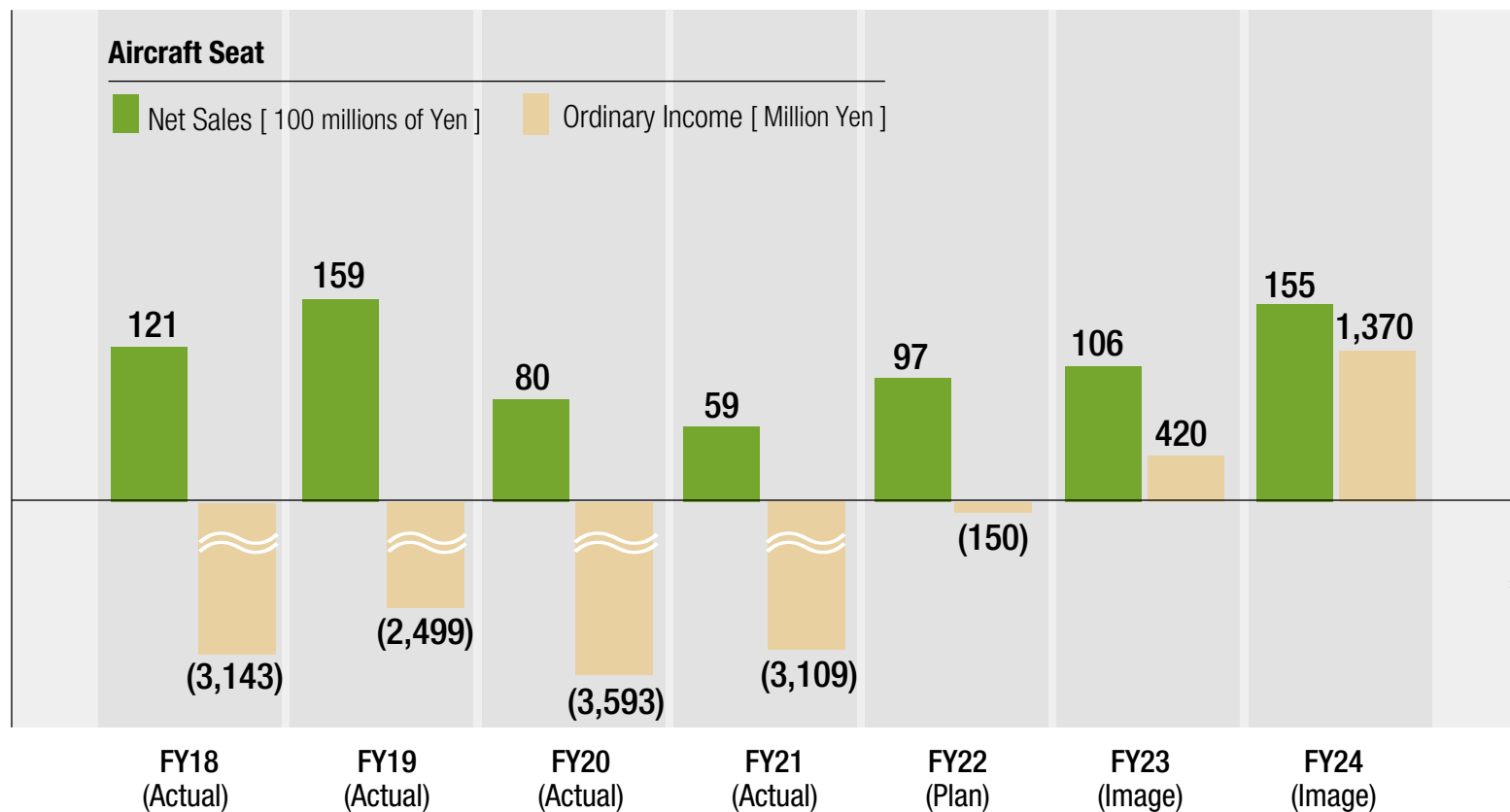
Increased operation of existing aircraft will make sales and profits recover.

- Production of new aircraft by aircraft manufacturers will remain flat in FY2022. Production will gradually increase after FY2023
- Operation of existing aircraft is on a recovery trend. Demand for spare parts and cabin modification products will recover steadily.



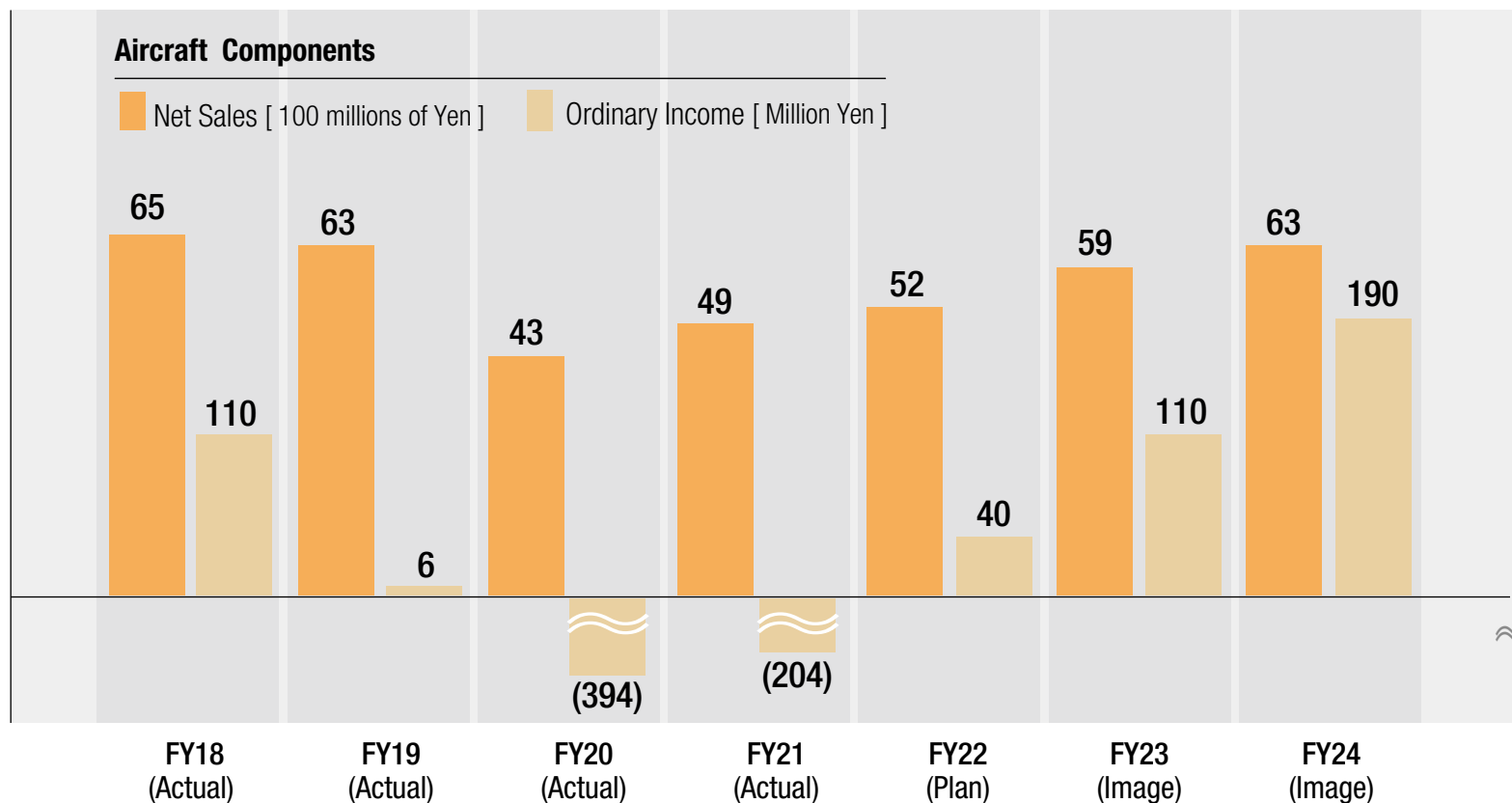
Steadily make “Venture” profitable by expanding sales

- We expect ordinary income to turn into positive in FY2023 due to the impact of changes in the production schedule of new aircraft.
- We will aim to acquire more orders by deploying "Venture" in other aircraft models and by introducing the next generation of business class seats to the market.



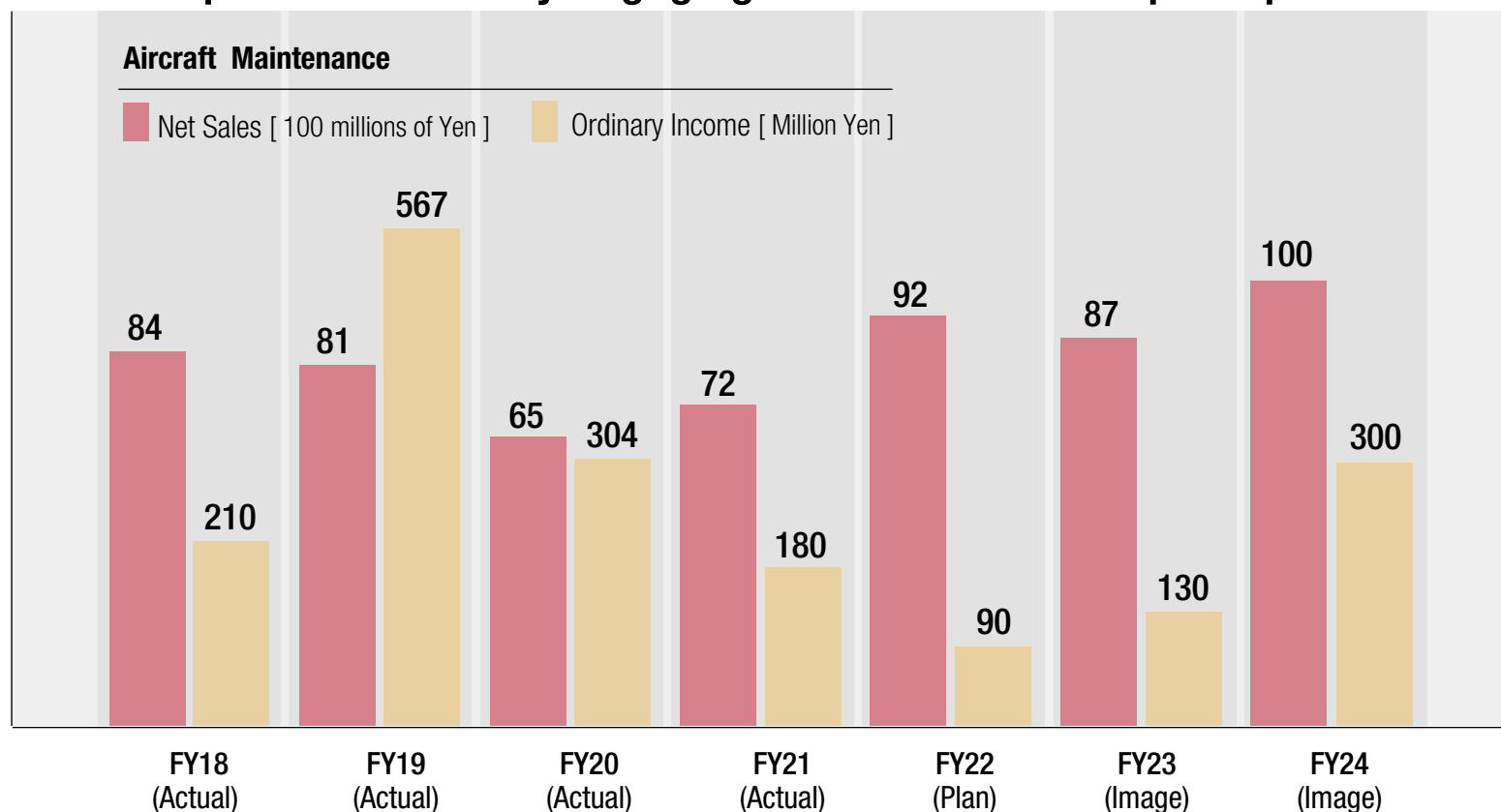
Streamline operations further to improve profitability

- Initiatives to improve profitability by reviewing manufacturing processes and production bases.
- A sales increase in structure parts is expected due to a gradual increase in the production rate of the Airbus aircraft.



Stable business structure with a balance between public and private sector demand

- Recovery of airline operation is expected to increase net sales in FY2022.
- In or after FY2023, parts maintenance for airlines will recover to the level before the COVID-19 pandemic.
- Secure a stable profit structure by engaging in businesses to capture public sector demand.



Profitability indicator:

Consolidated ordinary income ratio of 7% or more.

Efficiency indicator:

Consolidated ROA of 7% or more.

Safety indicator:

Equity ratio of 30% or more.

Dividend policy:

Consolidated dividend payout ratio of 20-30% will be set as a guideline.

(While giving priority to strengthening our business fundamentals, we will strive to resume dividend payments as soon as possible.)

Develop hygienic products

- Touchless Lavatory
- Sterilization by UV (deep ultraviolet)
- Research on antibacterial coating for cabin



Personalized Sound Zone

- The PSZ technology creates limited sound zones around passengers' heads, allowing them to hear sound without using headphones
- We are working with NTT sonority, Inc . to develop aircraft seats using the PSZ technology
- Eliminate the need to distribute, collect and disinfect headphones
- Help to reduce plastic waste and garbage

Use of CFRP components for construction materials

- CFRP components manufactured with our ADP method has been adopted for the vibration-proof and sound-insulating structure "T-Silent ® CFRP Frame" independently developed by TAISEI CORPORATION .
- Improved workability: A reduction in weight eliminates the need for heavy machinery and shortens construction period.



CFRP manufactured with the ADP method



A vibration-proof and sound-insulating structure frame using CFRP



Next business seats "Quest for Elegance"

- Expand the product lineup by developing staggered-type business class seats
- iF DESIGN AWARD2022 Awarded(Professional Concept)



■ 787 Production Status

- As of the end of March 2022, 405 aircraft are on order
- After resuming delivery, planning to increase production gradually to five aircraft per month.

■ 777-9 Development Status

- Postponed commercial flights to 2025 from the former schedule of late 2023
- As of the end of March 2022, 191 aircraft are on order.
- 777/777-9 combined production rate: 2 per month.

■ 737MAX Production Status

- As of the end of March 2022, 3,365 aircraft are on order.
- Plan to gradually increase production rate.
(31 per month in early 2022)

■ A350XWB Production Status

- As of the end of March 2022, 440 aircraft are on order.
- Plan to increase production rate from 5 to 6 per month in early 2023.

■ A330neo Production Status

- As of the end of March 2022, 224 aircraft are on order.
- Plan to increase production rate from 2 to 3 per month by the end of 2022.

■ A320 Family neo Production Status

- As of the end of March 2022, 5,821 aircraft are on order.
- Plan to gradually increase production rate to 65 per month by summer of 2023.

Source: Boeing Home Page and Airbus Home Page

(Jan. 2021~Dec. 2021)

	Orders	Deliveries	Order backlog
Total	535	340	4,250
747	5	7	6
777-9	0	0	191
777	103	24	120
787	(33)	14	411
767	65	32	108
737	395	263	3,414

(Note 1) colored models indicate wide-body aircraft

(Note 2) Orders indicate net orders

Source: Boeing Home Page

(Jan. 2021~Dec. 2021)

	Orders	Deliveries	Order backlog
Total	507	611	7,080
A380	0	5	0
A350	2	55	456
A330/A340	30	18	310
A320 family	437	483	5,839
A220 family	38	50	475

(Note 1) colored models indicate wide-body aircraft

(Note 2) Orders indicate net orders

Source: Airbus Home Page

技術を翼に世界の空へ

 **Jamco**
ALWAYS FLY TOGETHER



Always Fly Together