

April 1, 2022 through September 30, 2022

# Interim Business Report 2022

November 24, 2022

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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 ]

	FY21/1H (Actual)	FY22/1H (Actual)	Compared to Previous FY (Change)
<b>Net Sales</b>	18,477	17,042	(1,435)
<b>Gross Profit</b>	3,139	4,075	935
<b>Selling, General and Administrative Expenses</b>	3,651	3,793	142
<b>Operating Income</b>	(511)	281	793
<b>Non-Operating Income and Expenses</b>	(175)	73	249
<b>Ordinary Income</b>	(687)	354	1,042
<b>Extraordinary loss</b>	300	37	(262)
<b>Income Before Taxes</b>	(387)	392	779
<b>Net Income Attributable to Shareholders of Parent Company</b>	(47)	655	702
<b>Net Income Per Share (Yen)</b>	(1.76)	24.42	—
<b>Exchange Rate (Yen/US\$)</b>	109.16	131.50	—

## Compared to Previous FY (+¥1,040 million)

	FY21/1H	Gross Profit	Selling, General and Administrative Expenses	Non-Operating Income and Expenses	FY22/1H
					[100 Millions of Yen]
					3.5
			-1.4	+2.4	
		+9.3			
	-6.8				
FY21/1H Ordinary Income (Actual)		Increase in Gross Profit +9.3 Increase in Gross Profit	Increase in selling, general and administrative expenses	Improving Non-Operating Income and Expenses	FY22/1H Ordinary Income (Actual)
		+7.9 Increase in Operating Income			
		+10.4 Increase in Ordinary Income			

### Point

#### Gross Profit (+¥930 million)

- Increased due to increased sales of spare parts to airlines as the number of aircraft in operation grew and the effect of cost reduction measures by improving operational efficiency.

#### Selling, General and Administrative Expenses (-¥140 million)

- Increase in labor costs (-¥210 million)
- Increase in sales commission (-¥140 million)
- Decrease in R&D costs (+¥270 million)
- Others (-¥60 million)

#### Non-Operating Income and Expenses (+¥240 million)

- Improving of foreign exchange gains and losses (+¥510 million)
- Increase in interest expenses (-¥240 million)
- Others (-¥30million)

# Net Sales and Ordinary Income by Segment—①



[ Million Yen ]

	Net Sales			Ordinary Income		
	FY21/1H (Actual)	FY22/1H (Actual)	Change	FY21/1H (Actual)	FY22/1H (Actual)	Change
<b>Aircraft Interiors</b>	11,890	10,809	(1,080)	851	2,098	1,246
<b>Aircraft Seat</b>	913	461	(452)	(1,390)	(1,696)	(306)
<b>Aircraft Components</b>	1,943	2,164	220	(247)	(101)	145
<b>Aircraft Maintenance</b>	3,730	3,606	(123)	113	52	(60)
<b>Others</b>	0	1	1	(14)	2	17
<b>Total</b>	<b>18,477</b>	<b>17,042</b>	<b>(1,435)</b>	<b>(687)</b>	<b>354</b>	<b>1,042</b>

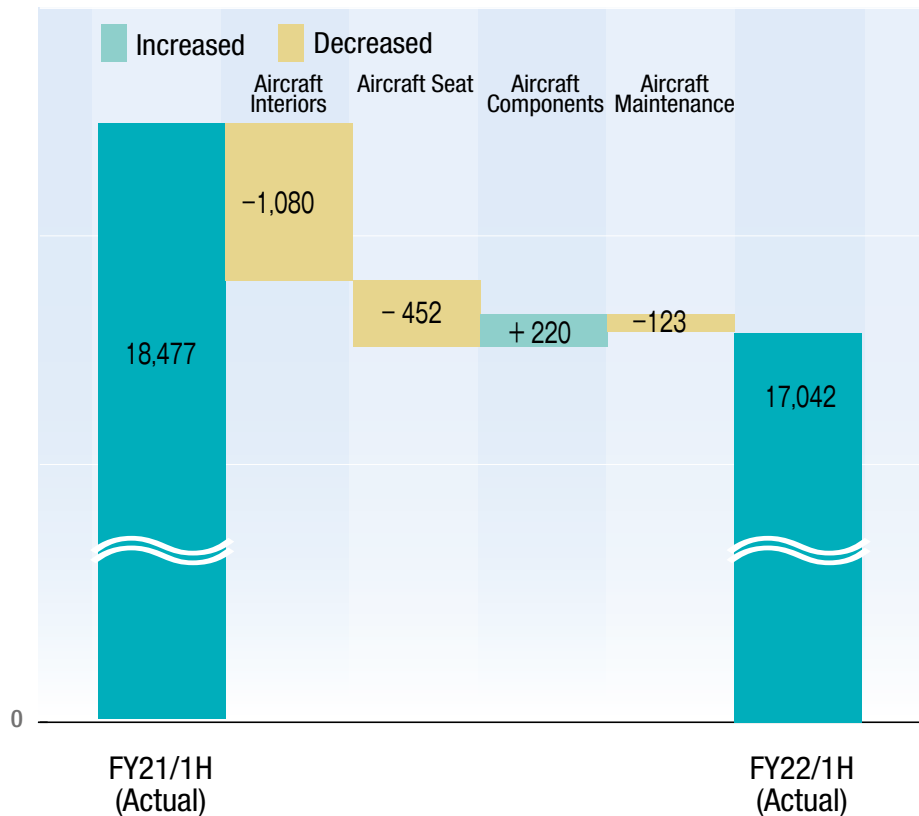
(Note) "Others" include amounts for Orange JAMCO Corporation.

# Net Sales and Ordinary Income by Segment – ②



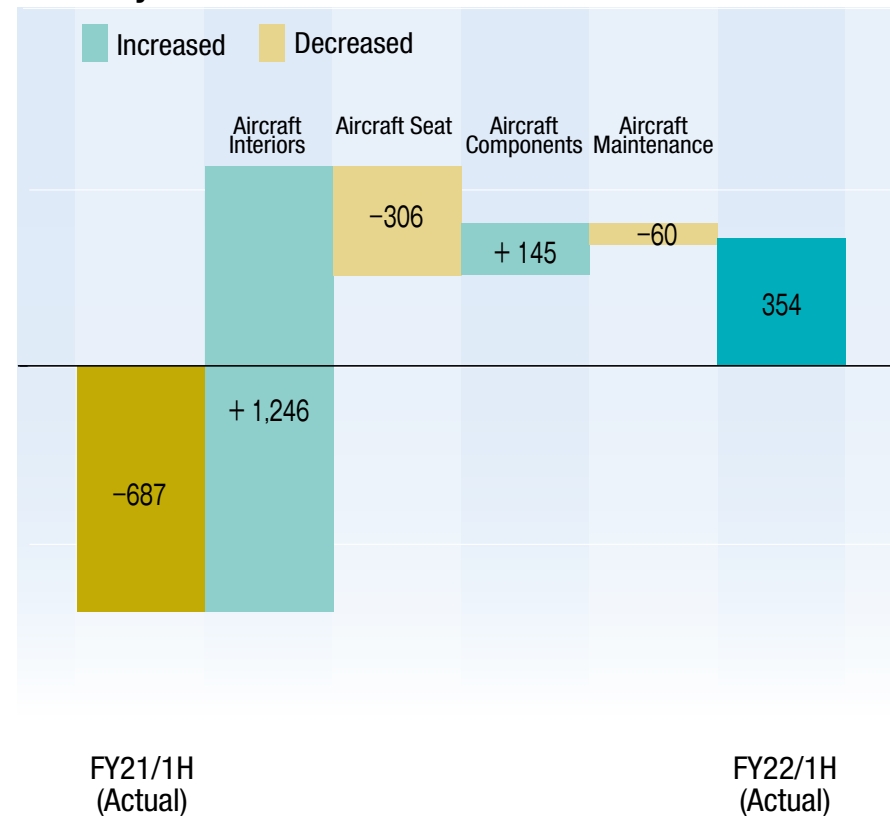
## Net sales

[ Million Yen ]



## Ordinary Income

[ Million Yen ]



### Point

- Net sales for the aircraft interiors business fell due to the absence of additional sales resulting from specification change requests from customers that were recorded in the cumulative first quarter of FY 2021, and a drop in shipments of galleys and lavatories along with cutbacks in production of the Boeing 787 aircraft
- Net sales for the aircraft seat business fell 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
- 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 decreased due to the reaction to the concentration of construction to be completed for some programs in the same period of the previous fiscal year in aircraft maintenance

### Point

- Ordinary Income for the aircraft interiors business increased thanks to increased sales of spare parts to airlines as the number of aircraft in operation grew, improvement in operational efficiency, and foreign exchange gains resulting from the depreciation of the yen
- Ordinary loss for the aircraft seat business was posted due mainly to the increase in dollar-denominated costs caused by the depreciation of the yen
- Ordinary loss for the aircraft components business improved with the increase in net sales
- Ordinary income for the aircraft maintenance business decreased due to a decrease in net sales

# Consolidated Balance Sheets

[ Million Yen ]

Items of an Account	End of FY21 (As of March 31, 2022)	End of FY22/1H (As of September 30, 2022)	Change
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Deposits	9,276	11,099	1,823
Notes and Accounts Receivable - Trade, and Contract Assets	19,199	14,889	(4,309)
Inventories	40,746	49,002	8,256
Other Current Assets	2,049	2,167	118
<b>Total Current Assets</b>	<b>71,271</b>	<b>77,159</b>	<b>5,887</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	12,425	12,690	264
Intangible Assets	1,282	1,464	181
Investments and Other Assets	8,671	9,136	464
<b>Total Non-Current Assets</b>	<b>22,379</b>	<b>23,291</b>	<b>911</b>
<b>Total Assets</b>	<b>93,651</b>	<b>100,450</b>	<b>6,799</b>

Items of an Account	End of FY21 (As of March 31, 2022)	End of FY22/1H (As of September 30, 2022)	Change
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Notes and Accounts Payable - Trade	4,248	4,797	548
Electronically Recorded Obligations - Operating	2,665	2,234	(430)
Short-Term Loans Payable	48,156	53,973	5,817
Current Portion of Long-Term Loans Payable	960	1,360	400
Advances Received	6,241	6,688	446
Provision for Loss on Construction Contracts	3,828	3,833	4
Other Current Liabilities	4,807	4,864	56
<b>Total Current Liabilities</b>	<b>70,908</b>	<b>77,752</b>	<b>6,843</b>
<b>Non-Current Liabilities</b>			
Long-Term Loans Payable	2,310	1,280	(1,030)
Other Non-Current Liabilities	9,337	9,389	51
<b>Total Non-Current Liabilities</b>	<b>11,647</b>	<b>10,669</b>	<b>(978)</b>
<b>Total Liabilities</b>	<b>82,556</b>	<b>88,421</b>	<b>5,865</b>
<b>NET ASSETS</b>			
<b>Total Net Assets</b>	<b>11,095</b>	<b>12,028</b>	<b>933</b>
<b>Total Liabilities and Net Assets</b>	<b>93,651</b>	<b>100,450</b>	<b>6,799</b>

### Point

- Notes and accounts receivable - trade, and contract assets decrease due to the collection of accounts receivable-trade
- Inventories increased due to the postponement of the delivery schedule

- Equity ratio 11.5% → 11.6%

# Consolidated Statements of Cash Flows



[ Million Yen ]

	FY21/1H	FY22/1H
Cash flows from operating activities	6,545	(1,097)
Cash flows from investing activities	(113)	(673)
Free cash flows	6,432	(1,771)
Cash flows from financing activities	(2,290)	2,525
Net increase (decrease) in cash and cash equivalents	4,207	1,476
Cash and cash equivalents, end of period	8,154	9,651

### Point

■ Net Cash provided by operating activities due mainly to the increase of inventories.

[ 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	15,186	762	438	130	3,683	187	0	213	376	380	209	60
Operating income	822	(132)	64	2	(483)	(7)	(38)	(23)	(19)	28	4	2
Ordinary income	1,125	(128)	66	2	(646)	8	(41)	(26)	(20)	28	5	2
Net income	1,349	(91)	55	(11)	(547)	7	(38)	(29)	(14)	18	2	1

(Note1) Ordinary loss was posted for Niigata JAMCO Corporation, JAMCO AMERICA, INC., and JAMCO PHILIPPINES, INC. due to impact along with cutbacks in production of the Boeing 787 aircraft

(Note2) JAMCO Singapore is in liquidation proceedings



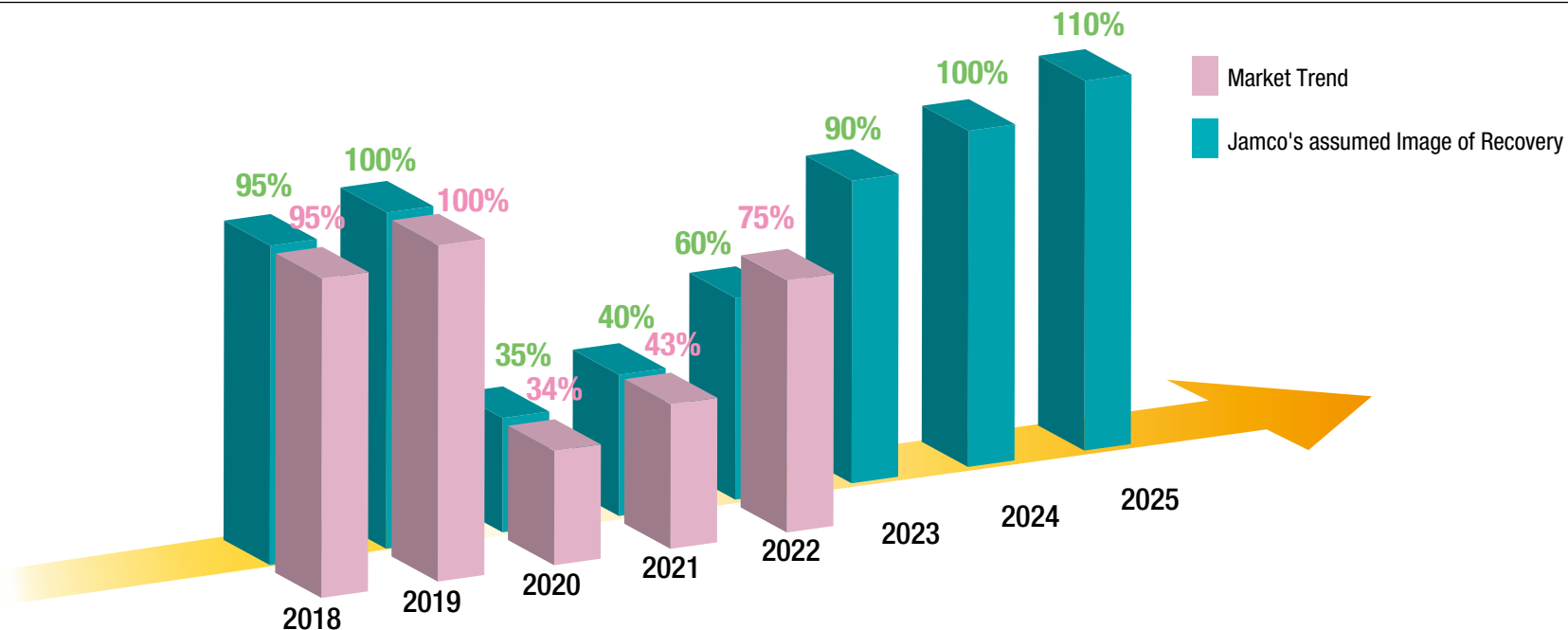
### ● Flight demand in FY 2022 is on a track to recovery

- Strong recovery of global flight demand (RPK\* has recovered to 75% of the pre-COVID-19 level as of September).
- Asian countries except China have eased entry restrictions one after another.
- Airlines in each country resumed and increased international flights.
- Demand for spare parts increased as the number of aircraft in operation grew.
- Product shipments for the Boeing 787 aircraft resumed in August.

\*Revenue Passenger Kilometers is total distance flown with paid passengers on board

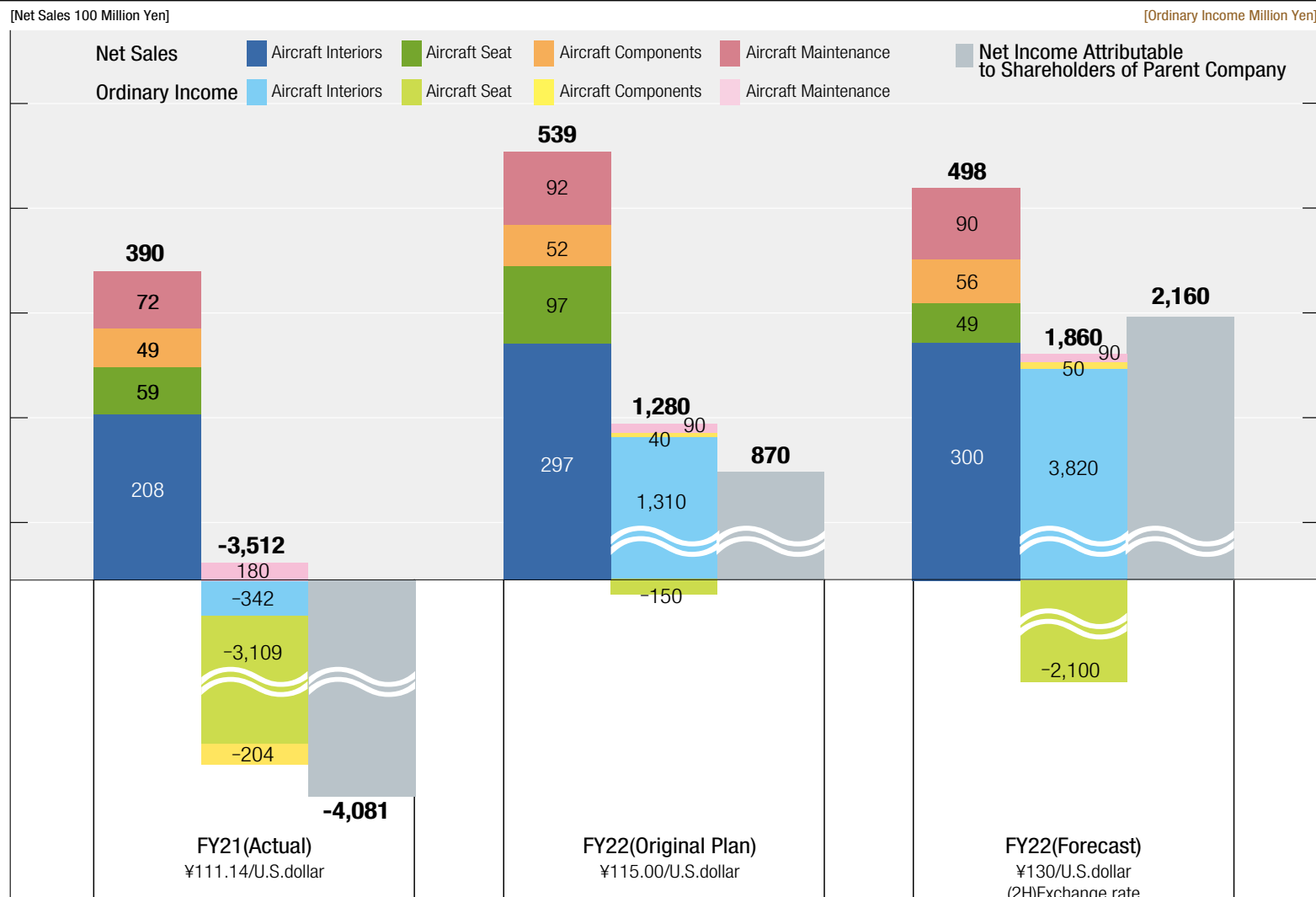
### Image of outlook of air passenger demand

The data are expressed as relative values, with FY2019 being 100 percent



(Estimated by the Company on IATA projection)

# Forecast for FY2022



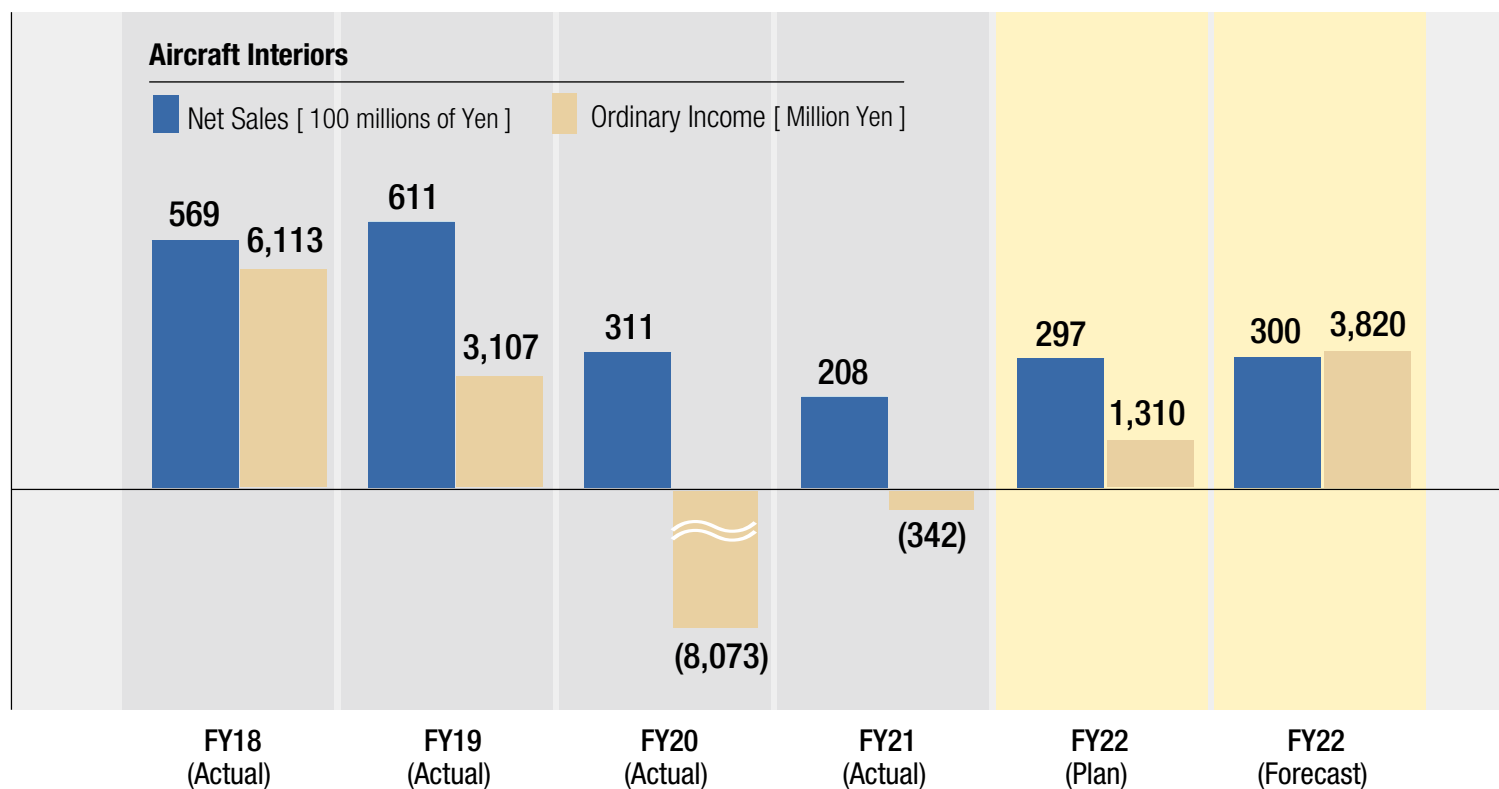
### Point

- Approximately ¥446 million of gain on transfer of non-current assets is included in extraordinary income in the quarterly third quarter of FY 2022.
- The exchange rate assumed for the consolidated financial results forecast for the full year after the quarterly third quarter of FY 2022 has been changed from ¥115 per US\$1 to ¥130 per US\$1.

## Future Outlook by Segment (Aircraft Interiors)

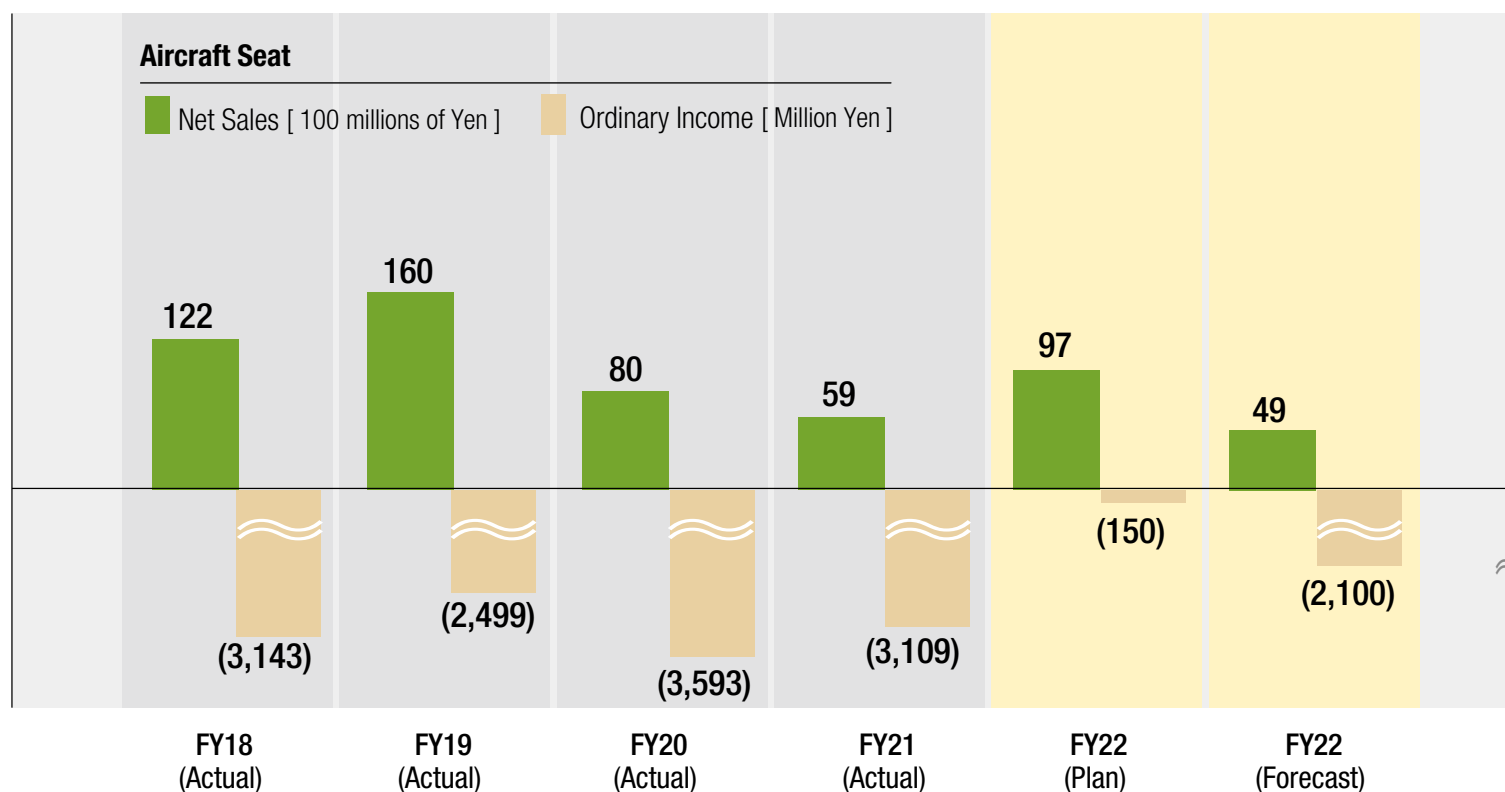


- Shipments, which had been temporarily suspended along with cutbacks in production of the Boeing 787 aircraft, resumed in August.
- Income increased due to growth in sales of spare parts and progress in collecting development costs for some programs, as well as the effect of the depreciation of the yen.

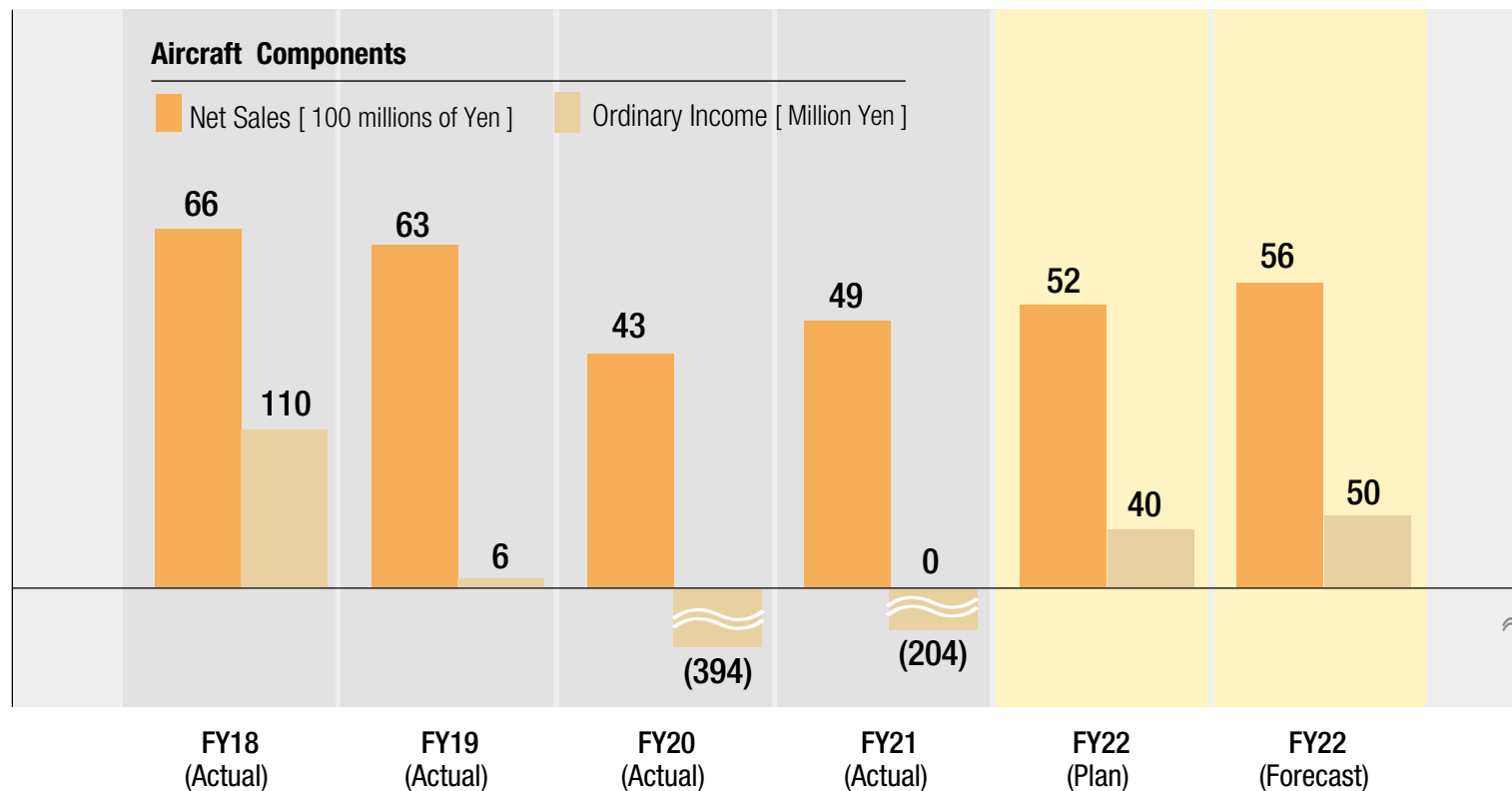


## Future Outlook by Segment (Aircraft Seat)

- Net sales decreased compared to the original plan due to cutbacks in production of the Boeing 787 aircraft and postponed shipments of the Venture business class seat for cabin modification programs to the following quarter or later.
- Gross profit is forecasted to move into the black, but ordinary loss worsened due to the increase in dollar-denominated costs.

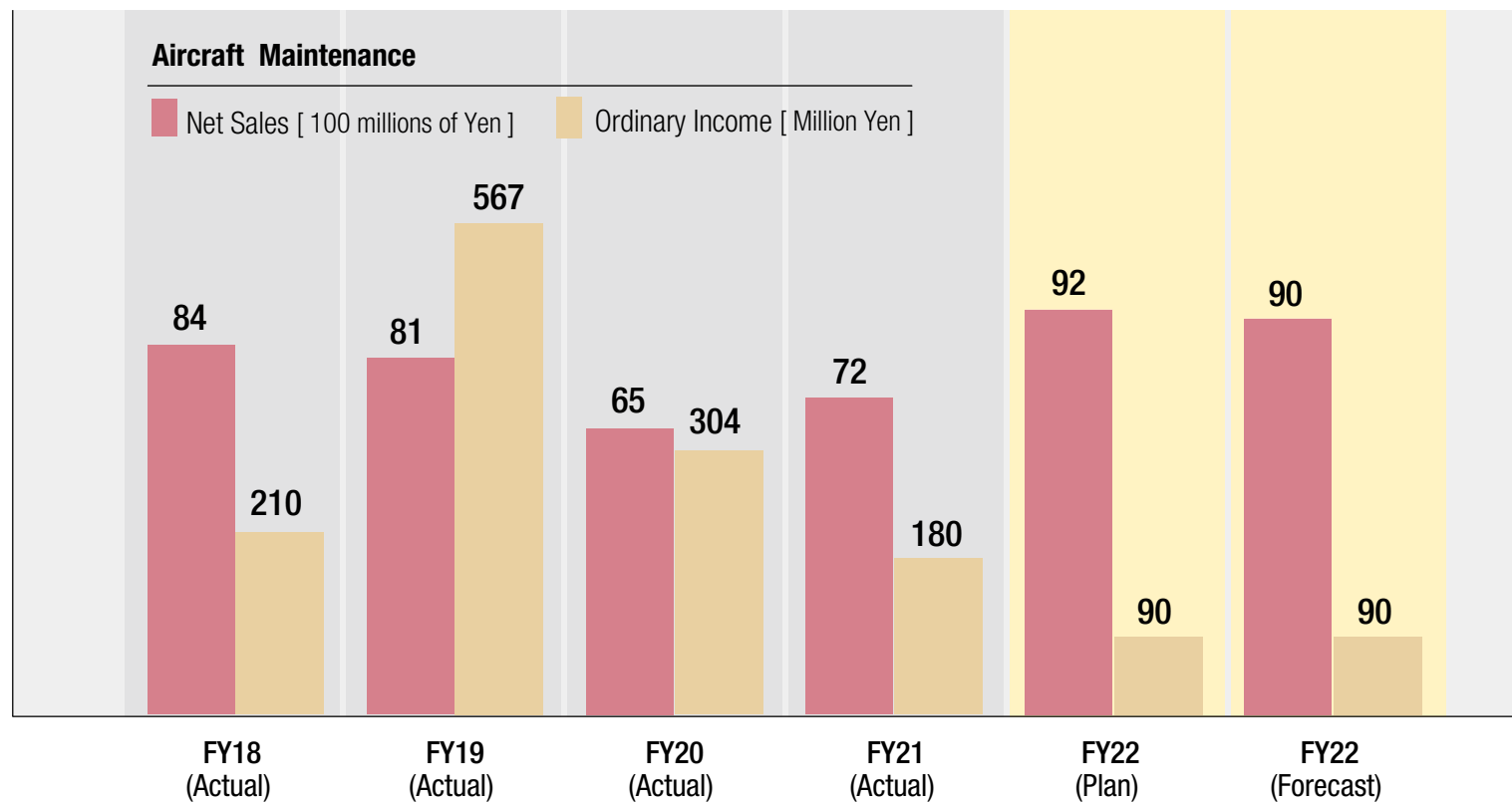


- Shipments of CFRP structure parts for commercial aircraft products increased.
- Initiatives were taken to improve profitability such as streamlining the production process.



## Future Outlook by Segment (Aircraft Maintenance)

- Parts maintenance such as aircraft wheel maintenances rebounded in the second half due to the recovery in the number of aircraft in operation.
- Ordinary income plans to achieve the original plan.



## ■ 787 Production Status

- As of the end of September 2022, 413 aircraft are on order.
- Deliveries resume in August.
- Production rate is 5 to 6 per month in 2023 and plan to increase rate to 10 per month in 2025 and 2026.

## ■ 777-9 Development Status

- Commercial flights scheduled to begin in 2025.
- As of the end of September 2022, 341 aircraft are on order, including 777. Plan to produce 4 per month in 2025 and 2026.

## ■ 737MAX Production Status

- As of the end of September 2022, 3,511 aircraft are on order.
- Production rate is 33 per month in 2023 and plan to increase rate to 50 per month in 2025 and 2026.

## ■ A350XWB Production Status

- As of the end of September 2022, 418 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 September 2022, 211 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 September 2022, 6,115 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. 2022~Sep. 2022)

	Orders	Deliveries	Order backlog
<b>Total</b>	432	327	4,355
<b>747</b>	0	3	3
<b>777</b>	21	18	314
<b>787</b>	11	9	413
<b>767</b>	27	21	114
<b>737</b>	373	276	3,511

(Note 1)    colored models indicate wide-body aircraft

(Note 2) Orders indicate net orders

Source: Boeing Home Page



(Jan. 2022~Sep. 2022)

	Orders	Deliveries	Order backlog
<b>Total</b>	647	437	7,290
<b>A380</b>	0	0	0
<b>A350</b>	4	42	418
<b>A330/A340</b>	(78)	21	211
<b>A320 family</b>	616	340	6,115
<b>A220 family</b>	105	34	546

(Note 1)    colored models indicate wide-body aircraft

(Note 2) Orders indicate net orders

Source: Airbus Home Page

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