

April 1, 2021 through September 30, 2021

Interim Business Report 2021

November 24, 2021

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- 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 Statement of Income



[Million Yen]

	FY20/1H (Actual)	FY21/1H (Actual)	Compared to Previous FY (Change)
Net Sales	25,860	18,477	(7,382)
Gross Profit	(1,264)	3,139	4,404
Selling, General and Administrative Expenses	3,326	3,651	324
Operating Income	(4,591)	(511)	4,079
Non-Operating Income and Expenses	(818)	(175)	642
Ordinary Income	(5,409)	(687)	4,722
Extraordinary loss	(640)	300	940
Income Before Taxes	(6,050)	(387)	5,663
Net Income Attributable to Shareholders of Parent Company	(4,294)	(47)	4,247
Net Income Per Share (Yen)	(160.10)	(1.76)	—
Exchange Rate (Yen/US\$)	107.52	109.16	—

Net Sales and Ordinary Income by Segment—①



[Million Yen]

	Net Sales			Ordinary Income		
	FY20/1H (Actual)	FY21/1H (Actual)	Change	FY20/1H (Actual)	FY21/1H (Actual)	Change
Aircraft Interiors	17,928	11,890	(6,038)	(3,455)	851	4,306
Aircraft Seat	3,652	913	(2,739)	(1,791)	(1,390)	401
Aircraft Components	1,731	1,943	212	(102)	(247)	(144)
Aircraft Maintenance	2,547	3,730	1,182	(60)	113	174
Others	0	0	0	0	(14)	(15)
Total	25,860	18,477	(7,382)	(5,409)	(687)	4,722

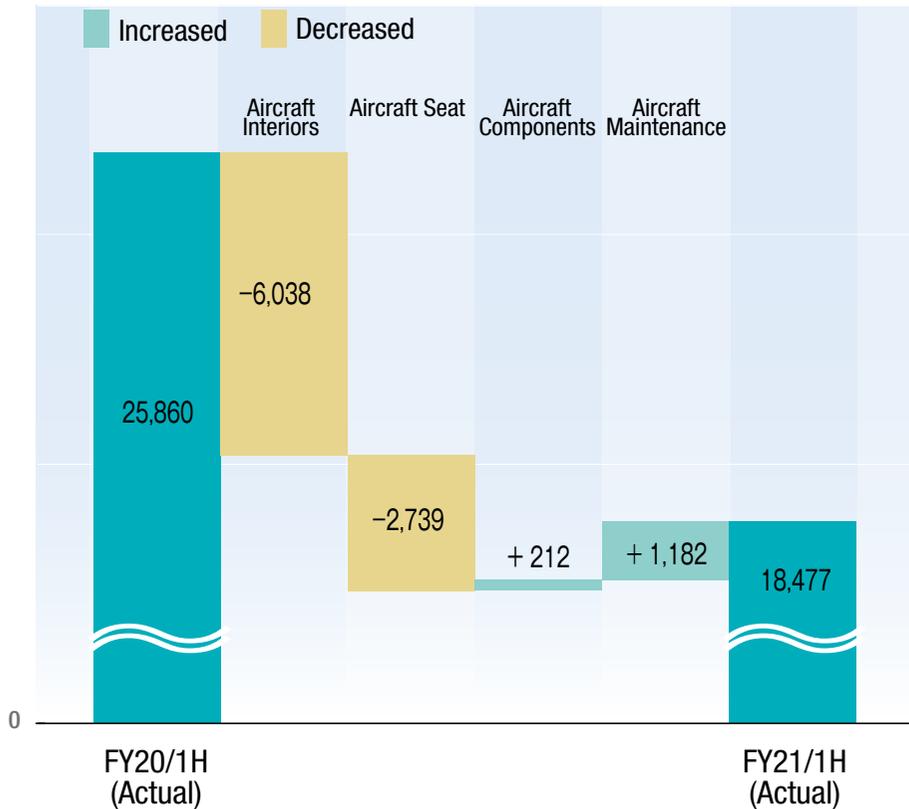
(Note) "Others" include amounts for Orange JAMCO Corporation.

Net Sales and Ordinary Income by Segment – ②



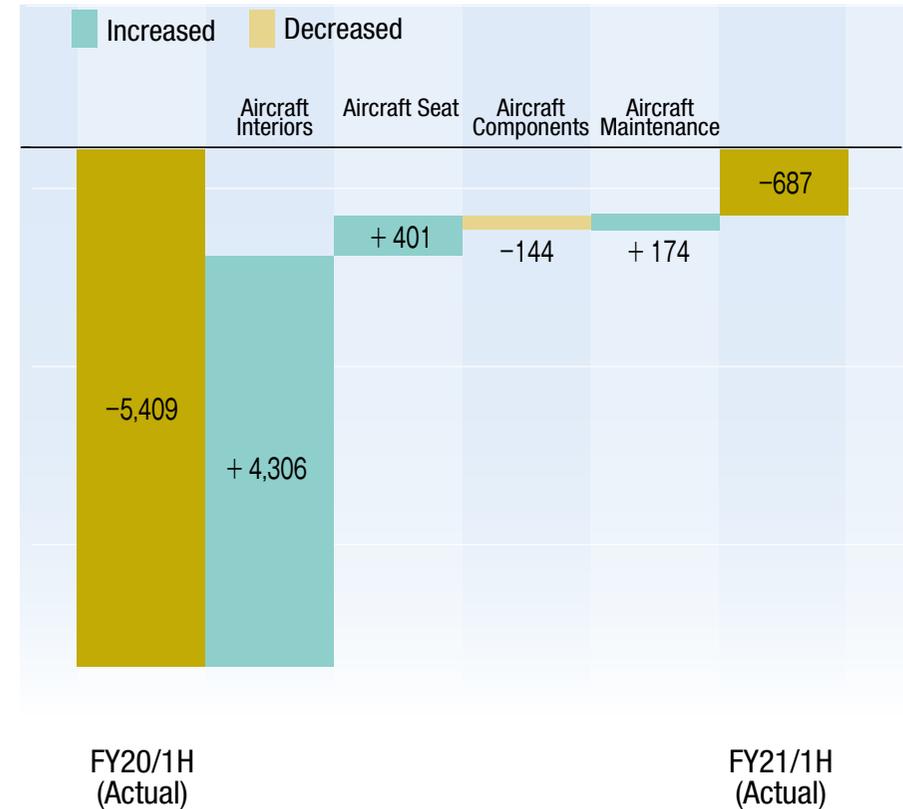
Net sales

[Million Yen]



Ordinary Income

[Million Yen]



Point

- Net sales for the aircraft interiors business fell due to shipments of galleys and lavatories decreased as a result of aircraft manufacturers being forced to further reduce production and change production schedules due mainly to the impact of the spread of COVID-19.
- Net sales for the aircraft seat business fell due to changes to the delivery dates made by customers mainly as a result of the impact of the spread of COVID-19.
- 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 income for the aircraft interiors business improved due to the efforts to reduce cost of sales bore fruit, additional sales resulted from specification change requests from customers to aircraft interiors in certain programs, and foreign exchange gains were recorded.
- Ordinary loss for the aircraft seat business improved as the efforts to reduce cost of sales yielded positive results and the shipments of unprofitable custom-made products declined.
- Ordinary loss for the aircraft components business worsen due to a decrease in the shipments of profitable products.
- Ordinary income for the aircraft maintenance business rose due to the increase in net sales.

Consolidated Balance Sheets

[Million Yen]

Items of an Account	End of FY20 (As of March 31, 2021)	End of FY21/1H (As of September 30, 2021)	Change
ASSETS			
Current Assets			
Cash and Deposits	5,275	9,273	3,998
Notes and Accounts Receivable - Trade	21,092	18,038	(3,054)
Inventories	47,408	41,750	(5,658)
Other Current Assets	3,156	2,783	(372)
Total Current Assets	76,932	71,845	(5,087)
Non-Current Assets			
Property, Plant and Equipment	12,782	12,484	(298)
Intangible Assets	1,692	1,440	(251)
Investments and Other Assets	9,829	10,128	299
Total Non-Current Assets	24,303	24,053	(250)
Total Assets	101,236	95,899	(5,337)

Items of an Account	End of FY20 (As of March 31, 2021)	End of FY21/1H (As of September 30, 2021)	Change
LIABILITIES			
Current Liabilities			
Notes and Accounts Payable - Trade	3,726	4,061	335
Electronically Recorded Obligations - Operating	3,482	2,481	(1,000)
Short-Term Loans Payable	48,118	46,869	(1,248)
Current Portion of Long-Term Loans Payable	1,000	660	(340)
Advances Received	5,516	5,390	(126)
Provision for Loss on Construction Contracts	4,102	3,720	(381)
Other Current Liabilities	5,426	5,390	(35)
Total Current Liabilities	71,373	68,575	(2,798)
Non-Current Liabilities			
Long-Term Loans Payable	3,000	2,640	(360)
Other Non-Current Liabilities	10,346	9,759	(587)
Total Non-Current Liabilities	13,346	12,399	(947)
Total Liabilities	84,719	80,974	(3,745)
NET ASSETS			
Total Net Assets	16,517	14,925	(1,592)
Total Liabilities and Net Assets	101,236	95,899	(5,337)

Point

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

- Equity ratio 16.0% → 15.2%

- Net assets fell due primarily to a decrease in retained earnings as a result of the application of the Revenue Recognition Accounting Standard, etc.

Consolidated Statements of Cash Flows



[Million Yen]

	FY20/1H	FY21/1H
Cash flows from operating activities	(7,809)	6,545
Cash flows from investing activities	(728)	(113)
Free cash flows	(8,537)	6,432
Cash flows from financing activities	7,219	(2,290)
Net increase (decrease) in cash and cash equivalents	(1,456)	4,207
Cash and cash equivalents, end of period	5,710	8,154

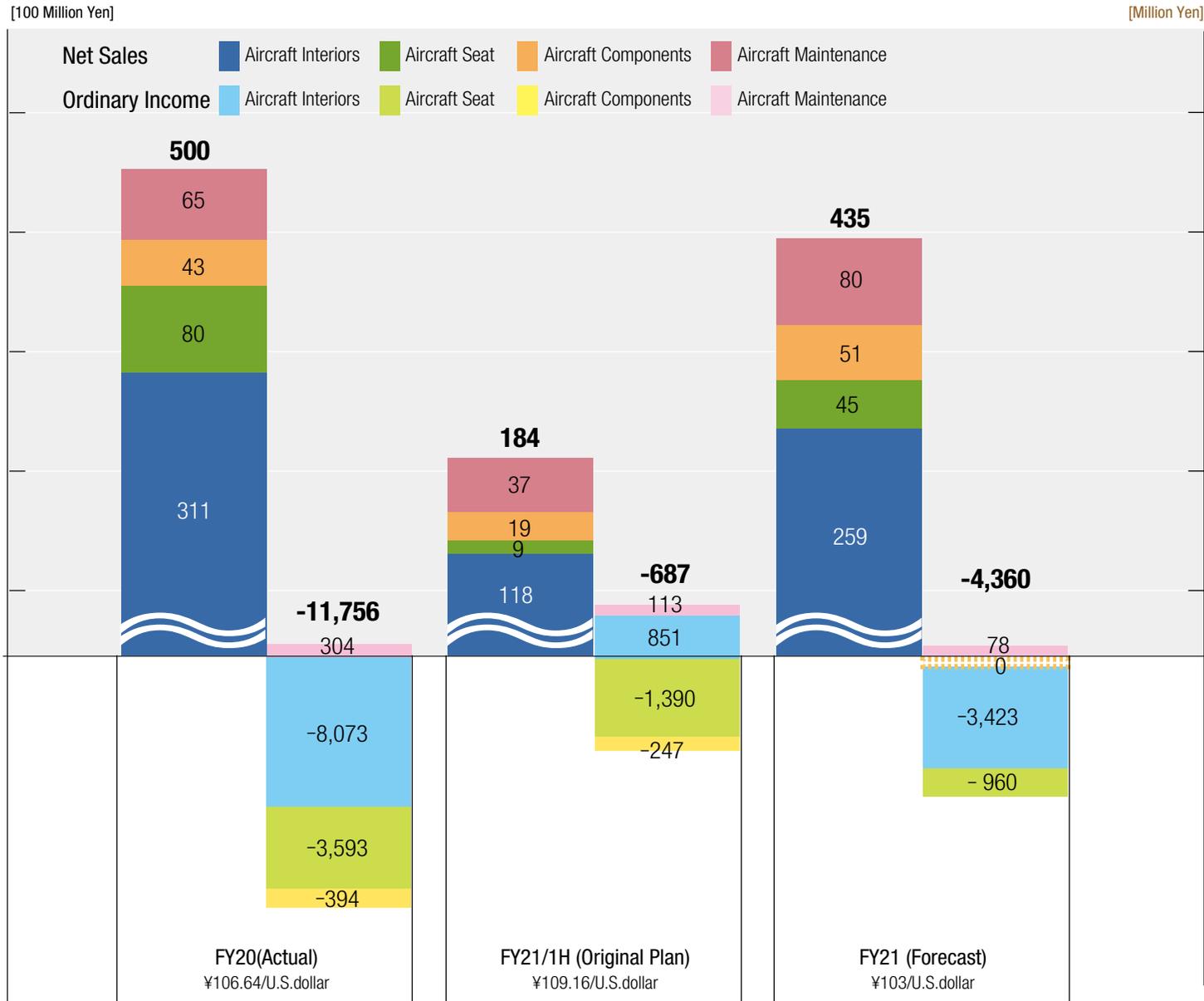
Point

■ 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	17,272	679	380	226	2,382	256	0	196	331	379	197	32
Operating income	254	(285)	(64)	(54)	(492)	(21)	(62)	18	(74)	41	19	(14)
Ordinary income	170	(277)	(69)	(55)	(549)	(17)	(65)	15	(74)	41	19	(13)
Net income	298	(224)	(49)	(47)	(161)	7	(61)	11	(49)	26	11	(9)

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



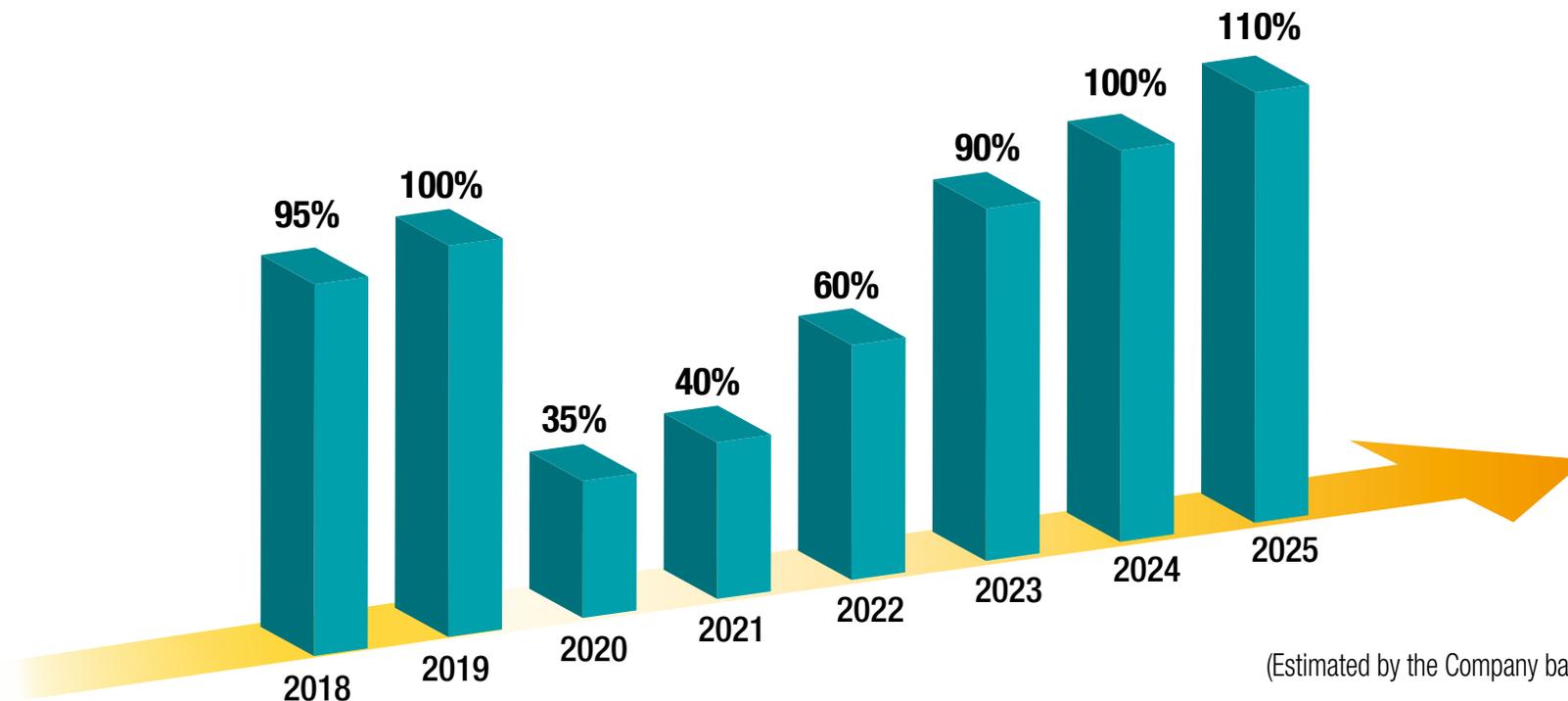
Outlook for FY21

The consolidated financial results forecast for FY 2021 remains unchanged as the Group assumes that the uncertain business environment will continue for the time being due to the spread of COVID-19 (and its variants) and the announcements of production adjustments by some aircraft manufacturers.

● **On the whole, the current market environment remains in line with the initial forecast.**

- Demand for passenger flights in FY2021 remains around 40% of the pre-COVID-19 level.
- Demand for domestic flights in North America and Europe has recovered to around 70–80% of the pre-COVID-19 level. For international flights, many countries are easing entry restrictions.
- Demand for spare parts recovered. Inquiries for cabin retrofit interiors and retrofit kits are gradually recovering.
- Production of new aircraft by aircraft manufacturers remains flat.

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



(Estimated by the Company based on IATA projection)

- **Effects of optimized business scale:**

- Optimization of business scale, such as reduction of workforce, is in progress as planned. (In 1H, cost reduction effects of around ¥3.6 billion compared to the same period of the previous fiscal year)

- **Profitability improvement:**

- While production adjustments by some aircraft manufacturers result in a postponement of shipments of some programs to the next fiscal year in aircraft seat, profit improved for aircraft interiors due to improvements in cost of sales and additional sales resulting from specification change requests from customers.

- **Signs of recovery in demand for air transportation:**

- Orders of spare parts have recovered to around 40% of the pre-COVID-19 level. (Up about 90% compared to the same period of the previous fiscal year)
- From January onward, acquired new orders amounting to over ¥20.0 billion from airlines, in addition to long-term contracts with aircraft manufacturers. Inquiries are also increasing.

- **Recovery of our capabilities for demand response:**

- Employees seconded to entities outside the Group will return in phases.
- Facilities and personnel will be reinforced in line with market recovery.

■ 787 Production Status

- As of the end of September 2021, 1,006 aircraft have been delivered
- As of the end of September 2021, 413 aircraft are on order
- 787 production rate reduced from 6 to 5 per month in 2021 (14 per month before COVID-19)

■ 777-9 Development Status

- Commercial flights will start in late 2023 (Unveiled at the Dubai Airshow)
- As of the end of September 2021, 191 aircraft are on order
- 777/777-9 combined production rate: 2 per month (5 per month before COVID-19)

■ 737MAX Production Status

- As of the end of September 2021, 10,644 aircraft have been delivered
- As of the end of September 2021, 3,334 aircraft are on order
- Plan to gradually increase production rate (31 per month in early 2022)

■ A350XWB Production Status

- As of the end of September 2021, 442 aircraft have been delivered
- As of the end of September 2021, 471 aircraft are on order
- Plan to increase production rate from 5 to 6 per month toward early 2023 (10 per month before COVID-19)

■ A330neo Production Status

- As of the end of September 2021, 70 aircraft have been delivered
- As of the end of September 2021, 296 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 2021, 1,963 aircraft have been delivered
- As of the end of September 2021, 5,657 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~Sep. 2021)

	Orders	Deliveries	Order backlog
Total	349	241	4,163
747	5	4	9
777-9	0	0	191
777	98	20	119
787	(31)	14	413
767	46	24	97
737	231	179	3,334

(Note 1) colored models indicate wide-body aircraft

(Note 2) Orders indicate net orders

Source: Boeing Home Page

(Jan. 2021~Sep. 2021)

	Orders	Deliveries	Order backlog
Total	133	424	6,893
A380	0	2	3
A350	(2)	36	471
A330/A340	9	11	296
A320 family	113	341	5,657
A220 family	13	34	466

(Note 1) colored models indicate wide-body aircraft

(Note 2) Orders indicate net orders

Source: Airbus Home Page

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Always Fly Together