



Unraveling the mechanism of atmospheric changes that cause global warming!?

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To Our Shareholders

The April 1, 2021

April 1, 2021

September 30, 2021

The nd Term

Interim Business Report



Harutoshi Okita

Representative Director, President & CEO

Greeting

Let me begin by offering my sincere best wishes for those who have been affected by COVID-19, and their families.

I would also like to express my deep gratitude to the healthcare workers and others who are making every effort, every day, to combat the pandemic.

Results for the First Half of Fiscal Year 2021

During the first half of FY 2021, some parts of the world economy remained in a challenging situation amid the global spread of COVID-19. However, as the promotion of COVID-19 vaccination and other countermeasures were effective in reducing the spread of COVID-19, economies showed signs of recovery. The dollar-yen exchange rate moved within the range of ¥107 to ¥111 per US\$1.

In the air transportation industry, while demand for domestic flights is recovering with

COVID-19 vaccination ramping up, demand for international flights continues to face a challenging situation. Airlines are carrying on efforts to reduce costs, though some began ordering aircraft and increasing staff size in anticipation of a recovery in demand for air transportation. Aircraft manufacturers saw a rise in orders for certain models against the backdrop of a gradual recovery in air transportation demand, especially for domestic flights.

Because the end of the COVID-19 pandemic remains uncertain, the Group is promoting business process reforms and measures to enhance the efficiency of its production system on a company-wide level in preparation for a future recovery in demand for air transportation. The aim is to improve quality and profitability by reducing cost, limiting investment, and reducing inventory, under the assumption that the current harsh business environment will continue for some time. In addition, we thoroughly enforce COVID-19

Corporate Philosophy

The JAMCO Commitment

JAMCO, a Technology-Oriented Company with Samurai Values

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

countermeasures including working to reduce physical contact between employees through remote work, shift work, and the dispersion of work areas at the workplace, and flexibly responded to the drop in workload through measures such as temporary leave of employees and secondment to companies outside the Group.

In the aircraft interiors business and the aircraft seat business, we have redoubled our efforts to enhance the efficiency of the production system and reduce the cost of sales. In the aircraft interiors business, we also are working to develop products to ensure a clean and hygienic cabin in order to relieve the anxiety felt by passengers onboard. In the aircraft seat business, we are focusing on deploying our highly profitable Venture business class seats to additional aircraft models to acquire more orders.

The amount of orders received, which had been stagnant due to a sharp drop in air transportation demand caused by the COVID-19 pandemic, increased compared to the same period of the previous fiscal year. This was because, as the effectiveness of vaccination was confirmed, the expectation grew that the spread of COVID-19 would subside.

In the aircraft components business, we are taking initiatives to improve productivity and proceeding with the development of lightweight aircraft components using thermoplastic carbon-fiber reinforced plastic (CFRP).

In the aircraft maintenance business, we are aiming to establish a business base capable of generating stable profits by continuing with initiatives to ensure flight safety and enhanced quality, while also endeavoring to acquire orders for aircraft maintenance for airlines and government and municipal offices.

As a result, on a consolidated basis, during the first half of FY 2021, the Company posted net sales of ¥18,477 million (down ¥7,382 million compared to the same period of the previous fiscal year), operating loss of ¥5,11 million (an operating loss of ¥4,591 million in the same period of the previous fiscal year), ordinary loss of ¥687 million (an ordinary loss of ¥5,409 million in the same period of the previous fiscal year), and net loss attributable to shareholders of parent company of ¥4,294 million in the same period of the previous fiscal year).

Provision for loss on construction contracts of ¥3,720 million for construction to be completed in or after the second half of FY 2021 was recognized as of September 30, 2021. The impact of this provision for loss on construction contracts on income (loss) for the second quarter of FY 2021 was

a decrease of ¥865 million in cost of sales (provision for loss on construction contracts as of June 30, 2021, was ¥4,586 million) and, for the first half of FY 2021, an increase of ¥124 million in cost of sales (provision for loss on construction contracts as of April 1, 2021, was ¥3,596 million).

Selling, general and administrative expenses were ¥3,651 million (an increase of ¥324 million compared to the same period of the previous fiscal year). This was attributable mainly to an increase in research and development expenses stemming primarily from the development of the Venture business class seat for additional aircraft models, which more than offset decreases in personnel expenses, warranty expenses, and sales commissions.

In terms of non-operating income (expenses), an expense of ¥175 million was reported due mainly to an increase in interest expenses, despite a rise in foreign exchange gains resulting from the depreciation of the yen in the foreign exchange market from the end of the previous fiscal year (an expense of ¥818 million in the same period of the previous fiscal year).

As for extraordinary income (loss), income of ¥300 million was reported (a loss of ¥640 million in the same period of the previous fiscal year), owing principally to ¥511 million recognized in subsidy income

under extraordinary income, such as goverment subsidies of employment expenses, and ¥137 million recognized in reversal of provision for loss on compensation. This more than offset ¥213 million recognized in loss related to COVID-19 under extraordinary loss, which consisted of running costs including fixed costs resulting from the temporary leave of employees, and ¥99 million recognized in loss on liquidation of business under extraordinary loss, which comprised restoration and other costs associated with the reorganization of production bases.

Outlook for the Fiscal Year

The Group's operating results for the first half of FY 2021 increased in terms of income compared to the consolidated financial results forecast announced on May 11, 2021. This was due to additional sales involving changes in customer specifications in the aircraft interiors business in the first half of FY 2021 and the depreciation of the yen in the foreign exchange market.

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. We expect net sales of ¥43,500 million, an operating loss of ¥3,980 million, an ordinary loss of ¥4,360 million, and net loss attributable to shareholders of parent company of ¥3,120 million.

The exchange rate assumed for the consolidated financial results forecast remains unchanged from ¥103 per US\$1 at this time.

I regret to inform you that, as initially planned, no dividends will be paid for the current fiscal year, including interim dividends. I would like to request the understanding of shareholders in this matter as we intend to reinstate dividends as early as possible.



Business Class Seats

Ventuce

A premium class seat that captures the latest design trends—offering direct aisle access, a comfortable full-flat bed, ample storage, as well as the latest amenities and entertainment features.

Featuring a lightweight design with fewer parts, Venture delivers comfortable air travel to customers on board.

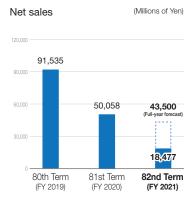
Characteristics

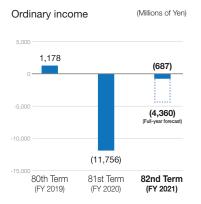
- Aesthetics: Modern and refined
- Comfort: Direct aisle access, full flat
- Patented backshell
- Less maintenance: Single actuator and no airbag
- Sustainability: Fewer parts and less weight

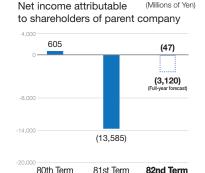
Financial Highlights

For details, please access JAMCO's website by scanning the QR code on the right, https://www.jamco.co.jp/en/ir/materials.html and select "IR Library."



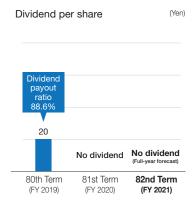




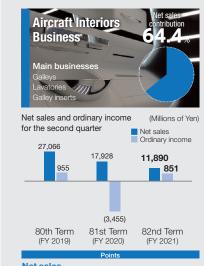


(FY 2020)

(FY 2021)



Business Performance by Segment



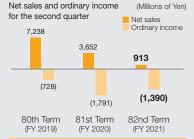
Net sales

· Shipments of galleys and lavatories decreased as aircraft manufacturers further reduced production and changed production schedules

Ordinary income

• Efforts to reduce cost of sales bore fruit. Additional sales resulted from specification change requests from customers in certain programs and foreign exchange gains were recorded





Net sales

 Net sales declined due mainly to postponement of delivery dates by customers

Ordinary loss

- An ordinary loss was reported due mainly to the decrease in net sales
- Ordinary loss contracted as efforts to reduce cost of sales yielded positive results and the shipments of unprofitable custom-made products declined



(FY 2019)



Net sales

- Postponement of shipments of heat exchangers and other equipment to the third quarter of FY 2021
- Shipments of CFRP structure parts and aircraft engine parts for commercial aircraft products increased

Ordinary loss

. Shipments of profitable products decreased, despite the increase in net sales





 The number of completed construction contracts rose for certain programs in aircraft maintenance

Ordinary income

 An ordinary income was reported due mainly to the increase in net sales

Establishment of the Sustainability Promotion Board

At the regular meeting of the Board of Directors held in August 2021, JAMCO approved the establishment of the Sustainability Promotion Board (SPB) and commenced its activities.

Purpose of establishment

Driven by the Corporate Philosophy of "Striving for coexistence with nature, contributing to a prosperous and progressive society," JAMCO's basic management policy is to contribute to society through its business.

In addition to addressing environmental challenges, such as becoming carbon neutral by 2050, the SPB promotes the sustainability initiatives of the JAMCO Group from a medium- to long-term perspective with an eye to Environmental, Social, and Governance (ESG) and Sustainable Development Goals (SDGs).

Composition and functions

Chaired by the Executive Vice President, the SPB comprises the Executive Officers in charge of Corporate Administration & Human Resource, Corporate Planning, Finance & Accounting, and Aircraft Interiors and Components Group, and has a working group as a subordinate organization to formulate concrete measures. The SPB will make reports and recommendations to the Board of Officers and the Board of Directors about the formulation of important policies, the identification of key issues, and concrete measures relating to sustainability that may affect our management vision and strategy. It will also monitor the effectiveness of the activities of the existing CSR Promotion Committee and Global Environmental Committee.

Message from the Chairman

Executive Vice President Toshiyuki Abe

In light of the impact of our business activities on the global environment, we have also started to take necessary measures, primarily those to address climate change, in order to contribute to the achievement of Sustainable Development Goals (SDGs) adopted by the United Nations.

Specifically, we established the Sustainability Promotion Board (SPB) as a management policy advisory body under the direct control of the President. The working group under the SPB will proceed with practical and concrete ESG and SDGs initiatives, with an eye to realizing carbon neutral by 2050. It will also connect the opportunities generated by these initiatives to the creation of businesses, so as to realize a comfortable and sustainable society as a corporate group generating value through the aerospace industry.

We will continue to address sustainability as part of our management policy as well as our corporate philosophy of "rising to the eternal challenge to realize our aspirations, bringing joy and satisfaction to our customers and employees, and striving for coexistence with nature, contributing to a prosperous and progressive society."





CONTRAIL Project



What is the CONTRAIL*1 Project?

CONTRAIL is a collaborative atmospheric observation project between industry, academia and government*2 that aims to unravel the mechanism of atmospheric changes that cause global warming. Atmospheric observation devices are installed on passenger aircraft to sample and monitor the upper atmosphere and analyze the atmospheres of countries around the world. The information analyzed as part of this project is provided to researchers around the world for the benefit of research on global warming.



- *1 Comprehensive Observation Network for Trace Gases by Airliner
- *2 National Institute for Environmental Studies, Meteorological Research Institute, Japan Airlines Co., Ltd., JAL Foundation and JAMCO

JAMCO's role in the CONTRAIL Project

JAMCO joined this project in 2003, and has since worked to develop and improve atmospheric observation devices, Automatic Air Sampling Equipment (ASE) and Continuous CO₂ Measuring Equipment (CME). Passenger aircraft (Boeing 747 and Boeing 777) are equipped with these two types of atmospheric observation device, enabling the sampling of atmospheric observation data on a global scale.



New ASF

Automatic Air Sampling Equipment (ASE)

ASE is equipment that samples the atmosphere of the sky in 12 bottles according to a pre-set program. After an atmospheric sample has been taken, the ASE is removed from the aircraft and analyzed by the National Institute for Environmental Studies.

Continuous CO₂ Measuring Equipment (CME)

CME is equipment specialized in measuring CO_2 concentrations. It features the ability to continuously measure and record CO_2 concentrations with high precision during the ascent, cruise, and descent of a passenger aircraft. It differs from ASE in that it can measure and record CO_2 concentration instantaneously by comparing baseline CO_2 data with the sampled atmosphere.

Current status of development

Under the CONTRAIL Project, JAMCO is currently preparing to equip newer Boeing 787 models with atmospheric observation devices as the Boeing 777s on which the devices were previously installed are being retired.

JAMCO is working on the development and verification of the atmospheric observation devices to be installed in Boeing 787s so that they can be authorized by Boeing.

We will continue to contribute to climate change countermeasures through the CONTRAIL Project.



Members of the Development section, Accessories Maintenance Center, Aircraft Maintenance Group, JAMCO

J-LEAD (JAMCO Lean Enterprise Accelerated Development)

Company-wide Operational Process Reform Projects

About the Company-wide Operational Process Reform Projects

In FY 2020, amid dramatic changes in the business environment, all of JAMCO's employees came together as one to enhance the processes and systems that support our businesses. In FY 2021, as J-LEAD+, we are continuing our efforts in quality assurance process reform, operational process reform, and DX strategy activities.



Report of results by project

Below is an overview of the activities of the operational reform projects undertaken in FY 2020.

Quality assurance process reform

In order to further strengthen quality assurance, in FY 2020, we studied the use of a cutting-edge inspection system and further improved our quality awareness. Based on our activities in FY 2020, we will trial new inspection processes, confirm results, and put them into actual operation in FY 2021.

Accounting and finance process reform

By revising our accounting and finance-related processes, we were able to reduce the time required for and improve the accuracy of those processes, enabling rapid decision-making. In addition, we have incorporated the goal of raising the equity ratio to 30% or higher as a safety indicator in our medium-term management indicators, making it a benchmark for strengthening our management base going forward.

HR strategy

In anticipation of a new growth period, we are focusing on implementing measures to strengthen human resource development, and have built a career development program and also visualized our education system. Through these efforts, we have established, introduced, and started the operation of new systems, including a career rotation system, succession plans, and a new employee support system.

Operational process reform

We strengthened control of capacity and cost and confirmed the results. We are examining cross-functional challenges and measures across various departments of planning, design and development, material supply and outsourcing, and manufacturing sites to promote front loading and other new measures. Front loading involves identifying and addressing as many problems and risks as possible in the initial stages of product development in order to minimize the occurrence of problems in the later stages and realize efficient production.

IT/DX strategy

In terms of short-term measures, we coordinated IT-related measures for each J-LEAD project and promoted system development. In terms of medium- to long-term measures, we examined our DX strategy, completed the formulation of a basic policy and a roadmap for its realization, and from FY 2021, we have been advancing activities in collaboration with the operational process reform project in the form of the DX strategy promotion project.

Simultaneous Online Streaming of the 81st Annual General Meeting of Shareholders

Received Special Award and Honorable Mention from the Japan Aeronautical Engineers' Association

Progress on Initiatives to Prevent the Recurrence of Inappropriate Quality Issues In holding an annual general meeting of shareholders during the COVID-19 pandemic, we asked our shareholders to exercise their voting rights in advance in writing or via the internet, and refrain from coming to the venue on the day of the meeting. This year, however, for the first time the annual general meeting was streamed live online for our shareholders.

Please check the link on the right to view a video of the day's event.

In June 2021, JAMCO received the Commendation Council Committee Chair Special Award (collaborative team with All Nippon Airways Co., Ltd.) for Companies and Organizations in the Research & Development category, and Niigata JAMCO Corporation received the Honorable Mention for Companies and Organizations in the Business Improvement category.

The Special Award highly evaluated the commercialization of a hands-free kit in a short time period in cooperation with an airline, while the Honorable Mention praised productivity improvements using a system to visualize the supply status of parts.

On November 12, 2019, in the Submission of Improvement Measures in Response to the Business Improvement Advisory Regarding JAMCO's Aircraft Interiors Business, we announced the results of a factual investigation and analysis of causes by a third-party special investigative committee, as well as measures to prevent recurrence.

While continuing to place the highest priority on "safety and quality first," we shall accept the facts that have come to light and





https://v.srdb.jp/7408/ 2021soukai vod/





Commendation Council Committee Chair Special Award

Honorable Mention

continue to push forward with radical reforms to prevent recurrence, never allowing ourselves to forget these issues.



The General Safety Promotion Department's air safety initiatives

In June, the General Safety Promotion Department, which was established in the head office in January 2021, consolidated our safety management system, including our Group companies. Under this system, we conducted the JAMCO Group's first company-wide safety management review, integrating the safety management reviews that had until then been conducted by individual departments, thus shifting to a system that allows us to manage safety and improve issues from a company-wide perspective.

In addition, we started a safety caravan in which we visit JAMCO Group bases, give safety lectures and engage in direct dialogue with employees at the bases. We will make repeated visits to the business bases and provide a step-by-step lecture on our ideal vision and specific actions towards its realization, starting with the definition of air safety and a review of past problems.

Through these activities, the General Safety Promotion Department will continue to work to enhance the culture of safety in the JAMCO Group.



Corporate Data

Corporate Data (As of September 30, 2021)

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	Aircraft Interiors Business Manufacturing galleys, lavatories and various galley insert products Aircraft Seat Business Manufacturing aircraft seats and seat consoles Aircraft Components Business Manufacturing heat exchangers, CFRP aircraft structure parts and commercial aircraft engine parts Aircraft Maintenance Business Maintenance and alteration of aircraft, cabins and onboard accessories
Capital	¥5,359,893,000
Number of Employees	Consolidated: 2,573 Non-consolidated: 1,188

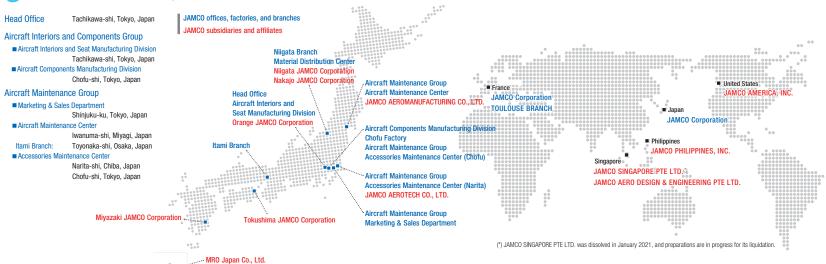
Directors and Executive Officers (As of September 30, 2021)

Representative Director, President & CEO	Harutoshi Okita	Outside Audit & Supervisory Board Member*	Hitoshi Takahashi
Representative Director & EVP	Takashi Yonekura	Outside Audit & Supervisory	Koichiro Watanabe
Director & Senior Managing Executive Officer	Toshikazu Kimura	Board Member* Executive Vice President	Toshiyuki Abe
Director & Senior Managing	Tsutomu Tadokoro	Managing Executive Officer	Masamichi Kato
Executive Officer	Toutoma Tadonoro	Managing Executive Officer	Kazuyoshi Ichihara
Director & Managing Executive Officer	Kentaro Goto	Executive Officer	Hiroshi Uchijo
Director & Managing Executive Officer	Tankihina Manusa	Executive Officer	Akihiro Waki
	Toshihisa Kasuya	Executive Officer	Yukio Kamiyama
Outside Director	Natsuki Segawa	Executive Officer	Keiji Ozawa
Outside Director	Kohei Tsuji	Executive Officer	Takeshi Momozono
Outside Director*	Shinichi Suzuki	Executive Officer	Yukihiro Kimoto
Outside Director*	Juichi Watanabe	Executive Officer	Ushio Itakura
Audit & Supervisory Board Member	Noriyoshi Isogami	Executive Officer	Saburo Koide
Audit & Supervisory Board	Noboru Kaburaki		

Asterisk (*) indicates independent officers stipulated by the Tokyo Stock Exchange.

Business Locations (As of September 30, 2021)

List of Offices / Facilities, Subsidiaries and Affiliates



Share Data (As of September 30, 2021)

Number of Shares, Number of Shareholders and Listed Stock Exchange

Authorized	80,000,000 shares
Issued	26,863,974 shares
Shareholders	6,767
Listed Stock Exchange	Tokyo Stock Exchange, First Section (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)	1,183	4.41
JAMCO Employees' Stock Holding Association	432	1.61
Mizuho Bank, Ltd.	200	0.74
MUFG Bank, Ltd.	200	0.74
Tokio Marine & Nichido Fire Insurance Co., Ltd.	143	0.53
Custody Bank of Japan, Ltd. (Trust Account)	124	0.46
Resona Bank, Limited	123	0.45

Note: The percentage of shares is calculated after deducting treasury stock (38,964 shares).

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, JapanTel. 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
Method of public notices	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/).



^{1.} With the introduction of electronic share certificates, various procedures, including changes in addresses of shareholders and purchase request, are in principle performed by account management institutions (securities companies, etc.) where shareholders have established accounts.

2. 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.

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).

^{3.} As for dividends receivable, please contact the main and branch offices of Mitsubishi UFJ Trust and Banking Corporation.



Aircraft Components Manufacturing Division

Inside Chofu Factory

The Chofu Factory meets customer demand by producing a variety of aerospace equipment and products including heat exchangers that form the core of air conditioning systems installed in aircrafts, chassis for electronic equipment, aerospace development devices and components, and composite materials. Heat exchangers, which are Chofu factory's major products, have an extremely complicated structure. We carry out sophisticated and specialized procedures with experience and skill, including soldering using vacuum furnaces and dip furnaces, precise welding and processing, and non-destructive inspections.

Main products



Heat exchanger (fin type)

*Heat exchangers are devices that efficiently transfer heat from high-temperature fluids to low-temperature fluids.



Heat exchanger (tube type)



Chassis for electronic equipment

Jameo Jameo

Chofu Factory—the place of JAMCO's founding—

JAMCO was founded in September 1955 as C. Itoh Aircraft Maintenance and Engineering Co., Ltd., and commenced business as an aircraft maintenance and repair company in its hangar at Chofu Airport. A new machinery factory and office buildings were completed in March 1958.

Basic information

Address : 6-11-25, Osawa, Mitaka-shi, Tokyo, Japan

Established: March 1958

Main manufacturing process for heat exchangers





1 Assembling core parts

The core parts of heat exchangers are assembled by carefully stacking components, such as fins, one by one. All fins are manufactured in Chofu Factory.



2 Soldering

The assembled core parts are heat treated in a vacuum furnace for six to eight hours, and then soldered.



3 Welding

Skilled workers precisely weld core parts and other parts to assemble heat exchangers.



4 Non-destructive inspections/ completion inspections

Internally accredited inspectors carry out non-destructive inspections and completion inspections of assembled heat exchangers before they are shipped.



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