

**Consolidated Financial Results
for the First Quarter of the Fiscal Year 2021
Ending March 31, 2022
[Japanese GAAP]**



August 6, 2021

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 Stock exchange listing: Tokyo Stock Exchange
 Stock Exchange Code: 7408
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 The start date of payout of dividend: —
 Availability of supplementary briefing material on quarterly financial results: None
 Schedule of quarterly financial results briefing session: None

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Operating Results for the First Quarter of the Fiscal Year 2021 (from April 1, 2021 to June 30, 2021)

(1) Consolidated Operating Results (%: Changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the first quarter of								
Fiscal year 2021	10,542	(15.5)	(113)	-	(223)	-	(1)	-
Fiscal year 2020	12,475	(33.5)	(2,099)	-	(2,433)	-	(1,831)	-

(Note) Comprehensive income: The first quarter of fiscal year 2021: ¥16 million [-%]
 The first quarter of fiscal year 2020: ¥(1,872) million [-%]

	Net income per share	Diluted net income per share
	Yen	Yen
For the first quarter of		
Fiscal year 2021	(0.07)	-
Fiscal year 2020	(68.29)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2021	95,460	14,900	15.3
As of March 31, 2021	101,236	16,517	16.0

(Reference) Equity: As of June 30, 2021: ¥14,602 million
 As of March 31, 2021: ¥16,218 million

2. Dividend distribution

	Dividend distribution per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year 2020	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00
Fiscal year 2021	-				
Fiscal year 2021 (Planned)		0.00	-	0.00	0.00

(Note) Revision to the plan of dividend distribution announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year 2021 (from April 1, 2021 to March 31, 2022)

(%: Changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company		Net income per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	43,500	(13.1)	(3,980)	-	(4,360)	-	(3,120)	-	(116.31)

(Note) Revision to the forecast of consolidated financial results announced most recently: None

* Notes:

(1) Changes in significant subsidiaries during this quarter of the fiscal year 2021: None

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Number of common shares issued

1) Number of common shares outstanding (including the number of treasury stock):

As of June 30, 2021: 26,863,974 shares

As of March 31, 2021: 26,863,974 shares

2) Number of treasury stock:

As of June 30, 2021: 38,964 shares

As of March 31, 2021: 38,964 shares

3) Average number of common shares outstanding:

1st quarter of FY 2021: 26,825,010 shares

1st quarter of FY 2020: 26,825,042 shares

***Notes:**

- *1. This document is an English translation of a statement written initially in Japanese. The Japanese original document should be considered as the primary version.
- *2. These quarterly financial results are outside the scope of quarterly review by certified public accountants or audit firms.

*3. Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other statements herein are based on information currently available to the Company and certain premises that the Company deems to be reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

During the first quarter of FY 2021, the world economy remained in a challenging situation due to restrictions on movement of people and other measures amid the global spread of COVID-19. With the progress of COVID-19 vaccination, however, economies in some countries 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 carried 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.

In the situation in which the end of the COVID-19 pandemic remained uncertain, the Group promoted 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, aiming to improve quality and profitability while enhancing the efficiency of its management by reducing cost, limiting investment, and reducing inventory, under the assumption that the current harsh business environment would continue for some time. In addition, we thoroughly enforced COVID-19 countermeasures while 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 redoubled our efforts to enhance the efficiency of the production system and reduce the cost of sales. In the aircraft interiors business, we also worked 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 focused on deploying our highly profitable Venture business class seats in other 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, recorded an increase compared to the same period of the previous fiscal year. This was because, as the effectiveness of vaccination was confirmed, orders from airlines increased with the expectation that the spread of COVID-19 would subside.

In the aircraft components business, we took initiatives to improve productivity, while proceeding with the development of lightweight aircraft components using thermoplastic CFRP.

In the aircraft maintenance business, we aimed to establish a business base capable of generating stable profits by continuing with initiatives to ensure flight safety and enhance 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 quarter of FY 2021, the Company posted net sales of ¥10,542 million (down ¥1,933 million compared to the same period of the previous fiscal year), operating loss of ¥113 million (an operating loss of ¥2,099 million in the same period of the previous fiscal year), ordinary loss of ¥223 million (an ordinary loss of ¥2,433 million in the same period of the previous fiscal year), and net loss attributable to shareholders of parent company of ¥1 million (a net loss attributable to shareholders of parent company of ¥1,831 million in the same period of the previous fiscal year).

Provision for loss on construction contracts of ¥4,586 million for construction to be completed in or after the quarterly second quarter of FY 2021 was recognized as of June 30, 2021. The impact of this provision for loss on construction contracts on income (loss) for the first quarter of FY 2021 was an increase of ¥990 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, non-operating income (expenses), and extraordinary income (loss) are as follows:

Selling, general and administrative expenses were ¥1,765 million (a decrease of ¥27 million compared to the same period of the previous fiscal year). This was attributable to decreases in personnel expenses, warranty expenses, sales commissions, and other items, which more than offset an increase in experimentation and research expenses stemming primarily from the development of the Venture business class seats for other aircraft models.

In terms of non-operating income (expenses), an expense of ¥110 million was reported due mainly to an increase in compensation 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 ¥333 million in the same period of the previous fiscal year).

As for extraordinary income (loss), an income of ¥12 million was reported (a loss of ¥315 million in the same period of the previous fiscal year), owing principally to ¥286 million recognized in subsidy income, such as subsidies for employment adjustment due to the temporary leave of employees. This more than offset ¥99 million recognized in loss on liquidation of business, which comprised restoration and other costs associated with the reorganization of production bases, and ¥157 million recognized in loss related to COVID-19, which consisted of running costs including fixed costs resulting from the temporary leave of employees.

Business performance by segment is as follows.

[Aircraft Interiors Business]

In the aircraft interiors business, net sales decreased from the same period of the previous fiscal year, largely because shipments of galleys and lavatories decreased as a result of aircraft manufacturers being forced to further reduce production and change production schedules due to the impact of the spread of COVID-19. Nevertheless, an ordinary income was reported primarily because the efforts to reduce cost of sales bore fruit and additional sales resulted from specification change requests from customers to aircraft interiors in certain programs.

As a result, the aircraft interiors business posted net sales of ¥7,784 million (down ¥849 million compared to the same period of the previous fiscal year) and ordinary income of ¥479 million (ordinary loss of ¥1,367 million in the same period of the previous fiscal year).

[Aircraft Seat Business]

In the aircraft seat business, net sales decreased from the same period of the previous fiscal year, chiefly on account of changes to the delivery dates made by customers as a result of the impact of the spread of COVID-19. However, whereas an ordinary loss was reported due mainly to the decrease in net sales, the loss contracted compared to the same period of the previous fiscal year as the efforts to reduce cost of sales yielded positive results and the shipments of unprofitable custom-made products declined.

As a result, the aircraft seat business posted net sales of ¥564 million (down ¥1,346 million compared to the same period of the previous fiscal year) and ordinary loss of ¥721 million (ordinary loss of ¥927 million in the same period of the previous fiscal year).

[Aircraft Components Business]

In the aircraft components business, net sales decreased from the same period of the previous fiscal year due in part to the postponement of shipments of heat exchangers and other equipment mainly related to defense contracts to the quarterly second quarter of FY 2021 or later. Meanwhile, an ordinary loss was reported due mainly to the decrease in net sales.

As a result, the aircraft components business posted net sales of ¥759 million (down ¥65 million compared to the same period of the previous fiscal year) and ordinary loss of ¥106 million (ordinary loss of ¥68 million in the same period of the previous fiscal year).

[Aircraft Maintenance Business]

In the aircraft maintenance business, net sales increased from the same period of the previous fiscal year as the number of completed construction contracts rose for certain programs in aircraft maintenance. Meanwhile, an ordinary income was reported due mainly to the increase in net sales.

As a result, the aircraft maintenance business posted net sales of ¥1,433 million (up ¥328 million compared to the same period of the previous fiscal year) and ordinary income of ¥135 million (ordinary loss of ¥69 million in the same period of the previous fiscal year).

[Others]

In the Others segment, which includes the businesses of the consolidated subsidiary Orange JAMCO Corporation and consists chiefly of inter-segment transactions, including assistance work in the aircraft interiors business, an ordinary loss was reported due mainly to a decline in workloads resulting from the closure of the production base in Tachikawa.

As a result, the Others segment posted net sales of ¥0 million (¥0 million in the same period of the previous fiscal year) and ordinary loss of ¥10 million (ordinary loss of ¥0 million in the same period of the previous fiscal year).

(2) Explanation of Financial Position

[Assets, liabilities and net assets]

Total assets as of June 30, 2021 amounted to ¥95,460 million, down ¥5,776 million from the end of the previous fiscal year. Of such, total current assets decreased by ¥5,582 million from the end of the previous fiscal year, due mainly to a decrease in work in process (down ¥5,871 million compared to the end of the previous fiscal year) and a decrease in raw materials and supplies (down ¥1,175 million compared to the end of the previous fiscal year), despite an increase in cash and deposits (up ¥1,228 million compared to the end of the previous fiscal year). Total non-current assets decreased by ¥194 million from the end of the previous fiscal year due to a decrease in property, plant and equipment (down ¥110 million compared to the end of the previous fiscal year) and a decrease in intangible assets (down ¥141 million compared to the end of the previous fiscal year) as a result of relatively limited investment for the quarterly first quarter of FY 2021. Total liabilities amounted to ¥80,559 million, down ¥4,159 million from the end of the previous fiscal year. This was attributable primarily to a decrease in short-term loans payable (down ¥2,113 million compared to the end of the previous fiscal year), a decrease in advances received (down ¥1,218 million compared to the end of the previous fiscal year), and a decrease in electronically recorded obligations – operating (down ¥1,182 million compared to the end of the previous fiscal year).

Total net assets amounted to ¥14,900 million, down ¥1,617 million from the end of the previous fiscal year. This was due primarily to a decrease in retained earnings as a result of the application of the Revenue Recognition Accounting Standard, etc. As a result, the equity ratio stood at 15.3%.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The Group's operating results for the first quarter of FY 2021 increased in terms of income compared to the consolidated financial results forecast announced on May 11, 2021. This was due to the concentration of additional sales involving changes in customer specifications in the aircraft interiors business in the quarterly first quarter 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.

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

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	5,275,305	6,503,703
Notes and accounts receivable - trade	21,092,693	-
Notes and accounts receivable - trade, and contract assets	-	20,691,972
Merchandise and finished goods	657,983	1,464,770
Work in process	25,880,634	20,009,265
Raw materials and supplies	20,869,999	19,694,076
Other	3,268,013	3,106,494
Allowance for doubtful accounts	(111,660)	(119,809)
Total current assets	76,932,968	71,350,473
Non-current assets		
Property, plant and equipment	12,782,303	12,671,678
Intangible assets	1,692,365	1,550,653
Investments and other assets	9,829,231	9,887,340
Total non-current assets	24,303,899	24,109,672
Total assets	101,236,868	95,460,145
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,726,562	3,729,636
Electronically recorded obligations - operating	3,482,624	2,300,234
Short-term loans payable	48,118,560	46,005,030
Current portion of long-term loans payable	1,000,000	1,000,000
Income taxes payable	54,034	67,154
Advances received	5,516,822	4,298,548
Accrued expense-salary	276,135	607,123
Provision for loss on construction contracts	4,102,485	4,586,054
Other	5,095,895	4,929,927
Total current liabilities	71,373,119	67,523,708
Non-current liabilities		
Long-term loans payable	3,000,000	3,000,000
Liability for employee retirement benefits	6,919,824	6,732,039
Provision for loss on compensation	1,452,434	1,231,774
Provision for product warranties	1,166,789	1,166,789
Other	807,220	905,605
Total non-current liabilities	13,346,268	13,036,208
Total liabilities	84,719,388	80,559,917

(Thousand yen)

	As of March 31, 2021	As of June 30, 2021
Net assets		
Shareholders' equity		
Capital stock	5,359,893	5,359,893
Capital surplus	4,318,925	4,318,925
Retained earnings	6,360,683	4,725,062
Treasury stock	(31,205)	(31,205)
Total shareholders' equity	16,008,296	14,372,675
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	156,385	171,723
Deferred gains or losses on hedges	-	105
Foreign currency translation adjustment	17,776	14,902
Accumulated adjustment for employee retirement benefits	36,052	42,726
Total accumulated other comprehensive income	210,214	229,457
Non-controlling interests	298,969	298,095
Total net assets	16,517,480	14,900,228
Total liabilities and net assets	101,236,868	95,460,145

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
First Quarter of the Fiscal Year (from April 1 to June 30)

(Thousand yen)

	The first quarter of FY 2020	The first quarter of FY 2021
Net sales	12,475,862	10,542,386
Cost of sales	12,781,694	8,889,522
Gross profit (loss)	(305,832)	1,652,864
Selling, general and administrative expenses	1,793,794	1,765,872
Operating income (loss)	(2,099,627)	(113,008)
Non-operating income		
Interest income	5,293	2,525
Dividend income	924	1,140
Foreign exchange gains	-	76,213
Share of profit of entities accounted for using equity method	-	7,478
Insurance income	6,275	28,191
Subsidy income	19,044	7,636
Other	16,373	39,486
Total non-operating income	47,911	162,673
Non-operating expenses		
Interest expenses	118,363	107,491
Foreign exchange losses	217,046	-
Share of loss of entities accounted for using equity method	2,803	-
Compensation expenses	19,787	151,409
Other	23,543	14,579
Total non-operating expenses	381,544	273,480
Ordinary income (loss)	(2,433,260)	(223,815)
Extraordinary income		
Subsidy income	16,953	286,284
Reversal of extra retirement payments	-	1,444
Total extraordinary income	16,953	287,729
Extraordinary loss		
Loss on disposal of non-current assets	25,072	11,980
Loss related to COVID-19	307,874	157,452
Extra retirement payments	-	6,099
Loss on liquidation of business	-	99,294
Total extraordinary loss	332,946	274,827
Income (loss) before taxes	(2,749,253)	(210,913)
Income taxes – current	24,291	41,106
Income taxes – refund	-	(51,840)
Income taxes – deferred	(920,038)	(197,608)
Total income taxes	(895,747)	(208,342)
Net income (loss)	(1,853,505)	(2,571)
Net income (loss) attributable to non-controlling interests	(21,704)	(601)
Net income (loss) attributable to shareholders of parent company	(1,831,801)	(1,970)

Quarterly Consolidated Statements of Comprehensive Income
 First Quarter of the Fiscal Year (from April 1 to June 30)

(Thousand yen)

	The first quarter of FY 2020	The first quarter of FY 2021
Net income (loss)	(1,853,505)	(2,571)
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,713)	15,338
Deferred gains or losses on hedges	-	105
Foreign currency translation adjustment	(30,206)	(3,146)
Adjustment for employee retirement benefits	13,724	6,673
Total other comprehensive income	(19,196)	18,971
Comprehensive income	(1,872,702)	16,399
Comprehensive income attributable to		
Comprehensive income attributable to shareholders of parent company	(1,845,954)	17,272
Comprehensive income attributable to non-controlling interests	(26,747)	(873)

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in the case of significant changes in shareholders' equity)

There is no relevant information.

(Changes in accounting policies)

The first quarter of FY 2021
(from April 1, 2021 to June 30, 2021)

The Group has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the “Revenue Recognition Accounting Standard”) since the beginning of the quarterly first quarter of FY 2021, and recognizes revenue in the amount expected to be received in exchange for promised goods or services at the time the control of those goods or services is transferred to customers. The main changes resulting from the application of the Revenue Recognition Accounting Standard are as follows:

- (1) Revenue from export transactions involving delivery of goods was previously recognized at the time of shipment; however, revenue is recognized at the time the burden of risk is transferred to customers, in accordance with trade terms defined mainly by Incoterms rules.
- (2) Revenue from sales related to design and development was previously recognized in proportion to the number of aircraft for which our products are adopted; however, revenue is recognized in a lump sum at the time of shipment of our products for the aircraft for which our products are adopted for the first time.

The Company has applied the Revenue Recognition Accounting Standard, etc. in accordance with the transitional treatment as provided for in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect of retroactively applying new accounting policies prior to the beginning of the quarterly first quarter of FY 2021 is added to or deducted from retained earnings at the beginning of the quarterly first quarter of FY 2021, and new accounting policies have been applied to the balance from the beginning of the said period.

As a result, for the first quarter of FY 2021, net sales decreased by ¥37,775 thousand, cost of sales decreased by ¥5,729 thousand, and operating loss, ordinary loss, and loss before taxes each increased by ¥32,046 thousand, compared with the previous method. Retained earnings at the beginning of the period decreased by ¥1,633,650 thousand.

As a result of the application of the Revenue Recognition Accounting Standard, etc., “notes and accounts receivable – trade,” stated under “current assets” in the consolidated balance sheets for the previous fiscal year, is included in “notes and accounts receivable – trade, and contract assets” from the quarterly first quarter of FY 2021. The Company has made no reclassification for the previous fiscal year by using the new presentation method in accordance with the transitional treatment as provided for in Paragraph 89-2 of the Revenue Recognition Accounting Standard. Furthermore, the Company does not state information on the breakdown of revenue generated from contracts with customers for the first quarter of FY 2020 in accordance with the transitional treatment as provided for in Paragraph 28-15 of the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12, March 31, 2020).

The first quarter of FY 2021
(from April 1, 2021 to June 30, 2021)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the “Fair Value Measurement Accounting Standard”), etc. since the

beginning of the quarterly first quarter of FY 2021, applying new accounting policies defined in the Fair Value Measurement Accounting Standard, etc. over the future in accordance with the transitional treatment as provided for in Paragraph 19 of the Fair Value Measurement Accounting Standard and in Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This application has no impact on the Company’s quarterly consolidated financial statements.

(Additional information)

The first quarter of FY 2021
(from April 1, 2021 to June 30, 2021)

The Group makes accounting estimates for items including impairment loss on non-current assets and recoverability of deferred tax assets, based on information available at the time of preparation of the quarterly consolidated financial statements.

In making accounting estimates, the Group has formulated its sales plan with the assumption that air passenger demand will recover to pre-COVID-19 levels in or around 2024. As for income, the Group has made accounting estimates based on the expectation that its income will recover to the level of FY 2019, before the COVID-19 pandemic, in FY 2022 due to various measures, including business process reforms.

There are no significant changes from the content of the accounting estimates related to the COVID-19 pandemic included in “Notes (Significant accounting estimates)” in our securities report for the previous fiscal year.

(Quarterly Consolidated Statements of Income)

Subsidy income

¥286,284 thousand in subsidy income, such as subsidies for employment adjustment due to the temporary leave of employees, has been recognized under extraordinary income.

Loss related to COVID-19

¥157,452 thousand in loss related to COVID-19 has been recognized under extraordinary loss for running costs, including fixed costs resulting from the temporary leave of employees, as operations significantly declined due to the global spread of COVID-19 and a declaration of a state of emergency issued by the government.

Loss on liquidation of business

¥99,294 thousand in loss on liquidation of business has been recognized under extraordinary loss for restoration costs involving reorganization of production bases.

(Segment information, etc.)

[Segment information]

I. For the first quarter of FY 2020

1. Information on net sales and income (loss) by reportable segment

(Thousand yen)

	Reportable segment					Others (Note)	Total
	Aircraft Interiors Business	Aircraft Seat Business	Aircraft Components Business	Aircraft Maintenance Business	Total		
Net sales							
Net sales to outside customers	8,633,879	1,911,519	824,935	1,105,527	12,475,862	-	12,475,862
Inter-segment net sales or transfers	98,580	29,478	41	7,194	135,294	27,262	162,557
Total	8,732,459	1,940,998	824,977	1,112,722	12,611,157	27,262	12,638,419
Segment income (loss)	(1,367,222)	(927,983)	(68,281)	(69,564)	(2,433,052)	(207)	(2,433,260)

(Note) The Others segment includes the businesses of affiliate Orange JAMCO Corporation. Orange JAMCO Corporation is a special-purpose subsidiary, dedicated to promoting the employment of people with disabilities and provides assistance work in the Company's factories, which is one of the corporate social responsibilities.

2. Differences between the total amount of income (loss) of reportable segments and the amounts in the Quarterly Consolidated Statement of Income and the major details of such differences

(Matters relating to adjustment of differences)

(Thousand yen)

Income	Amount
Reportable segments total	(2,433,052)
Income of Others	(207)
Ordinary income in the Quarterly Consolidated Statement of Income	(2,433,260)

3. Matters on impairment loss on non-current assets and goodwill by reportable segment

There is no relevant information.

II. For the first quarter of FY 2021

1. Information on net sales and income (loss) and information on breakdown of revenue by reportable segment

(Thousand yen)

	Reportable segment					Others (Note)	Total
	Aircraft Interiors Business	Aircraft Seat Business	Aircraft Components Business	Aircraft Maintenance Business	Total		
Net sales							
Revenue generated from contracts with customers	7,784,458	564,614	759,326	1,433,987	10,542,386	-	10,542,386
Net sales to outside customers	7,784,458	564,614	759,326	1,433,987	10,542,386	-	10,542,386
Inter-segment net sales or transfers	102,269	-	241	3,356	105,867	16,106	121,974
Total	7,886,727	564,614	759,568	1,437,344	10,648,254	16,106	10,664,361
Segment income (loss)	479,409	(721,672)	(106,556)	135,729	(213,090)	(10,725)	(223,815)

(Note) The Others segment includes the businesses of affiliate Orange JAMCO Corporation. Orange JAMCO Corporation is a special-purpose subsidiary, dedicated to promoting the employment of people with disabilities and provides cleaning and assistance work in the Company's facilities, which is one of the corporate social responsibilities.

2. Differences between the total amount of income (loss) of reportable segments and the amounts in the Quarterly Consolidated Statement of Income and the major details of such differences

(Matters relating to adjustment of differences)

(Thousand yen)

Income	Amount
Reportable segments total	(213,090)
Income of Others	(10,725)
Ordinary income in the Quarterly Consolidated Statement of Income	(223,815)

3. Matters on impairment loss on non-current assets and goodwill by reportable segment

There is no relevant information.

4. Changes in the measurement method for reportable segments

As stated in "Changes in accounting policies," the Company has applied the Revenue Recognition Accounting Standard, etc. since the beginning of the quarterly first quarter of FY 2021 and changed the accounting method for revenue recognition. The measurement method for the amounts of income (loss) by reportable segment has been changed accordingly.

As a result, net sales of aircraft interiors business increased by ¥24,595 thousand and segment income decreased by ¥45,193 thousand, and net sales of aircraft seat business decreased by ¥62,370 thousand, and segment loss decreased by ¥13,147 thousand for the first quarter of FY 2021, compared with the previous method.

3. Others

Significant Events Regarding Going Concern Assumption

The Group has suffered a significant impact from the spread of COVID-19, including a drop in sales of cabin retrofit interiors and spare parts for airlines due to a decrease in aircraft operations, in addition to a significant drop in shipments of interiors and seats following the reduced production and changes in production schedules by aircraft manufacturers. Operating loss, net loss attributable to shareholders of parent company, and negative cash flows from operating activities were recognized in the previous fiscal year, and in the first quarter of FY 2021, operating loss and net loss attributable to shareholders of parent company have been recognized. As a result, the Group understands that there are events or conditions that may cast significant doubt on going concern assumption.

Under such an unprecedented situation, the Group has carried out a review of the production plan, reorganized production bases, and is making efforts to reduce fixed costs through temporary leave of employees and secondment to companies outside the Group and limiting investment while striving to enhance the efficiency of its management by reducing inventories.

The Group has determined that passenger demand will recover in stages in the future, based on the demand forecast by the International Air Transport Association. Inquiries and orders for cabin retrofit interiors and seats from airlines are recovering. The Group expects that shipments of our products will increase with the recovery in passenger demand and the Group's operating results will recover.

In addition, by enhancing close coordination with partner financial institutions, including the main bank, the Group has secured ongoing support such as increases in borrowing limits and the continuation of loans. As the Group secured necessary financing limits, it has determined that there are no material uncertainties regarding going concern assumption.