

Consolidated Financial Results
for the Third Cumulative Quarter of the Fiscal Year 2023
Ending March 31, 2024
[Japanese GAAP]



February 9, 2024

Company name: JAMCO Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Stock Exchange Code: 7408
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 The date of filing quarterly securities report: February 13, 2024
 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 Third Cumulative Quarter of the Fiscal Year 2023 (from April 1, 2023 to December 31, 2023)

(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 third cumulative quarter of Fiscal year 2023	44,392	39.3	1,404	(11.0)	526	(60.4)	1,267	3.0
Fiscal year 2022	31,873	18.7	1,577	-	1,328	-	1,231	-

(Note) Comprehensive income: The third cumulative quarter of fiscal year 2023: ¥1,472 million [(0.8)%]
 The third cumulative quarter of fiscal year 2022: ¥1,484 million [-%]

	Net income per share	Diluted net income per share
	Yen	Yen
For the third cumulative quarter of Fiscal year 2023	47.25	-
Fiscal year 2022	45.90	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2023	102,964	14,492	14.0
As of March 31, 2023	100,794	13,383	12.9

(Reference) Equity: As of December 31, 2023: ¥14,466 million
 As of March 31, 2023: ¥13,019 million

2. Dividend distribution

	Dividend distribution per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year 2022	-	0.00	-	0.00	0.00
Fiscal year 2023	-	0.00	-		
Fiscal year 2023 (Planned)				15.00	15.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year 2023 (from April 1, 2023 to March 31, 2024)

(%: 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
	71,800	52.0	5,000	188.4	3,200	183.9	2,280	4.9	85.00

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

* Notes:

(1) Changes in significant subsidiaries during this cumulative quarter of the fiscal year 2023: 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: None

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 issued (including the number of treasury stock):

As of December 31, 2023: 26,863,974 shares

As of March 31, 2023: 26,863,974 shares

2) Number of treasury stock:

As of December 31, 2023: 24,852 shares

As of March 31, 2023: 39,089 shares

3) Average number of common shares outstanding:

3rd cumulative quarter of FY 2023: 26,833,427 shares

3rd cumulative quarter of FY 2022: 26,824,989 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 third cumulative quarter of FY 2023, the global economy remained on a recovery track thanks to the normalization of economic and social activities. Meanwhile, the situation remained uncertain due to volatile energy prices and rising raw material prices stemming from the prolonged situation in Ukraine, as well as the impacts of global monetary tightening and the economic slowdown in China. Under these circumstances, the dollar-yen exchange rate moved within the range of ¥131 to ¥151 per US\$1.

In the air transportation industry, air passenger demand recovered as the COVID-19 pandemic quietened, and some airlines have begun to place a large order of new aircraft. Following this move, aircraft manufacturers are working on increasing aircraft production. Meanwhile, there is a shortage of human resources in the operation of aircraft and airport facilities, as well as the entire supply chain for aircraft manufacturing. As such, there is an urgent need to secure human resources.

Under these circumstances, JAMCO Corporation and its subsidiaries (collectively, the “Group”) established task teams to drive the three pillars for realizing JAMCO Vision 2030 that clarifies the ideals of the JAMCO Group in 2030, namely, JX: JAMCO Transformation (business reform), SX: Sustainability Transformation, and HRX: Human Resource Transformation. By doing so, we strengthened the promotion framework to resolve the fundamental challenges that face the Company’s business.

In the aircraft interiors business, the recovery in airline passenger demand has led to increased production by aircraft manufacturers and increased demand for spare parts from airlines. In response to these trends, we worked on strengthening our capacity to increase production. In the production process, to utilize the management resources of the entire Group effectively and to reinforce our business foundation by improving efficiency and streamlining, we decided to integrate domestic subsidiaries and began preparations for the integration. We also worked on plans to expand the production capacity and functions of a factory in Philippines and strengthened our supply chain both in Japan and overseas.

In the aircraft seat business, the Venture business class seat, which we have been promoting for aircraft types other than Boeing 787, was adopted for the first time by KLM’s World Business Class in Boeing 777, and the aircraft with the Venture seat model is now in operation. In response to inflation in the U.S., we reduced costs through initiatives such as relocating some of our assembly operations to Mexico.

In the aircraft components business, we took initiatives to improve productivity, and continued with development of lightweight aircraft components using thermoplastic carbon-fiber reinforced plastics (CFRP) and expansion in application of CFRP components into fields other than the aircraft sector.

In the aircraft maintenance business, we aimed to strengthen the 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 for government and municipal offices. Further, we launched initiatives in new business fields such as supporting the operation of drones.

As a result, on a consolidated basis, during the third cumulative quarter of FY 2023, the Company posted net sales of ¥44,392 million (up ¥12,519 million compared to the same period of the previous fiscal year), operating income of ¥1,404 million (down ¥173 million compared to the same period of the previous fiscal year), ordinary income of ¥526 million (down ¥802 million compared to the same period of the previous fiscal year), and net income attributable to shareholders of parent company of ¥1,267 million (up ¥36 million compared to the same period of the previous fiscal year).

Provision for loss on construction contracts of ¥4,308 million for construction to be completed in or after the fourth quarter of FY 2023 was recognized as of December 31, 2023. The impact of this provision for loss on construction contracts on income (loss) was a decrease of ¥373 million in cost of sales for the third quarter of FY 2023 (provision for loss on construction contracts as of September 30, 2023 was ¥4,682 million) and an increase of ¥28 million in cost of sales for the third cumulative quarter of FY 2023 (provision for loss on construction contracts as of March 31, 2023 was ¥4,280 million).

For the entire Group, selling, general and administrative expenses, non-operating income (expenses), and income taxes - deferred are as follows:

Selling, general and administrative expenses were ¥6,903 million (an increase of ¥861 million compared to the same period of the previous fiscal year), due mainly to increases in personnel expenses, testing and research expenses, and sales commissions.

The result for non-operating income (expenses) was a loss of ¥877 million (a loss of ¥248 million in the same period of the previous fiscal year), due to factors such as a deterioration in foreign exchange losses (gains) and an increase in interest expenses mainly reflecting higher U.S. dollar interest rates.

Income taxes - deferred amounted to ¥(768) million (¥145 million in the same period of the previous fiscal year), after recognition of deferred tax assets as a result of carefully considering their recoverability.

Business performance by segment is as follows.

[Aircraft Interiors Business]

In the aircraft interiors business, net sales increased from the same period of the previous fiscal year due to resumption of shipments for Boeing 787 and the increased sales of spare parts to airlines as the number of aircraft in operation grew. Meanwhile, ordinary income increased mainly due to increased sales of spare parts with high profit margins, as well as the effect of a weaker yen on foreign currency-denominated net sales, despite the impact of higher costs.

As a result, the aircraft interiors business posted net sales of ¥28,109 million (up ¥7,852 million compared to the same period of the previous fiscal year) and ordinary income of ¥3,548 million (up ¥741 million compared to the same period of the previous fiscal year).

[Aircraft Seat Business]

In the aircraft seat business, net sales increased from the same period of the previous fiscal year, as shipments of the Venture business class seat for Boeing 777 started. On the other hand, an ordinary loss was posted due mainly to an increase in initial costs involved in adapting the seat for other aircraft types as well as the increase in dollar-denominated costs caused by the inflation in the U.S. and the depreciation of the yen.

As a result, the aircraft seat business posted net sales of ¥6,707 million (up ¥4,427 million compared to the same period of the previous fiscal year) and an ordinary loss of ¥2,912 million (ordinary loss of ¥1,537 million in the same period of the previous fiscal year).

[Aircraft Components Business]

In the aircraft components business, net sales increased from the same period of the previous fiscal year due to increased shipments of heat exchangers and other equipment. On the other hand, an ordinary loss was posted due mainly to the impact of higher costs.

As a result, the aircraft components business posted net sales of ¥3,808 million (up ¥698 million compared to the same period of the previous fiscal year) and an ordinary loss of ¥252 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 decreased from the same period of the previous fiscal year due to a reduction in shipments in parts maintenance. Meanwhile, ordinary income increased due to improved profitability as aircraft maintenance progressed steadily.

As a result, the aircraft maintenance business posted net sales of ¥5,766 million (down ¥458 million compared to the same period of the previous fiscal year) and an ordinary income of ¥146 million (up ¥18 million compared to the same period of the previous fiscal year).

[Others]

The Others segment includes the businesses of consolidated subsidiary Orange JAMCO Corporation. The focus is on inter-segment transactions, including cleaning and assistance work in the Company's facilities.

As a result, the Others segment posted net sales of ¥1 million (up ¥0 million compared to the same period of the previous fiscal year) and ordinary loss of ¥2 million (ordinary loss of ¥0 million in the same period of the previous fiscal year).

(2) Explanation of Financial Position

(Assets, Liabilities, and Equity)

Total assets as of December 31, 2023 amounted to ¥102,964 million, up ¥2,169 million from the end of the previous fiscal year. Of this amount, total current assets increased by ¥1,254 million from the end of the previous fiscal year, as work in process increased by ¥2,250 million, merchandise and finished goods increased by ¥1,018 million, and raw materials and supplies increased by ¥901 million, despite the decline in cash and deposits by ¥3,304 million from the end of the previous fiscal year. Total non-current assets increased by ¥915 million from the end of the previous fiscal year, as investments and other assets increased by ¥1,130 million, and intangible assets increased by ¥222 million from the end of the previous fiscal year. Total liabilities amounted to ¥88,471 million, up ¥1,060 million from the end of the previous fiscal year. The main factors were a rise in notes and accounts payable - trade of ¥1,637 million from the end of the previous fiscal year, and an increase in electronically recorded obligations - operating by ¥1,606 million from the end of the previous fiscal year, despite the decline in advances received by ¥1,517 million from the end of the previous fiscal year.

Total net assets amounted to ¥14,492 million, up ¥1,109 million from the end of the previous fiscal year. The main factor was an increase in retained earnings resulting from net income attributable to shareholders of parent company. As a result, the equity ratio stood at 14.0%.

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

The consolidated financial results forecast announced on May 12, 2023 remains unchanged.

The exchange rate assumed for the consolidated financial results forecast for the fourth quarter of FY 2023 is ¥140 per US\$1.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	8,334,303	5,029,657
Notes and accounts receivable - trade, and contract assets	17,615,106	17,569,558
Merchandise and finished goods	1,611,483	2,629,697
Work in process	26,231,269	28,481,859
Raw materials and supplies	20,890,021	21,791,606
Other	2,681,843	3,112,933
Allowance for doubtful accounts	(42,366)	(39,597)
Total current assets	77,321,661	78,575,715
Non-current assets		
Property, plant and equipment	11,590,565	11,153,304
Intangible assets	1,807,682	2,030,012
Investments and other assets	10,074,709	11,205,387
Total non-current assets	23,472,956	24,388,704
Total assets	100,794,618	102,964,419
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,719,765	6,357,690
Electronically recorded obligations - operating	2,997,441	4,603,818
Short-term loans payable	50,022,940	51,691,100
Current portion of long-term loans payable	1,060,000	60,000
Income taxes payable	700,808	74,951
Advances received	8,374,234	6,857,156
Accrued expense-salary	1,237,674	969,373
Provision for loss on construction contracts	4,280,336	4,308,965
Other	3,638,895	3,934,232
Total current liabilities	77,032,097	78,857,288
Non-current liabilities		
Long-term loans payable	1,250,000	1,220,000
Liability for employee retirement benefits	6,702,461	6,601,918
Provision for loss on compensation	972,797	773,562
Provision for product warranties	1,166,789	771,891
Other	286,896	247,028
Total non-current liabilities	10,378,944	9,614,401
Total liabilities	87,411,041	88,471,690

(Thousand yen)

	As of March 31, 2023	As of December 31, 2023
Net assets		
Shareholders' equity		
Capital stock	5,359,893	5,359,893
Capital surplus	4,318,925	4,328,358
Retained earnings	2,819,869	4,087,810
Treasury stock	(31,405)	(19,966)
Total shareholders' equity	12,467,283	13,756,096
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	176,474	169,929
Deferred gains or losses on hedges	-	33,674
Foreign currency translation adjustment	424,767	553,280
Accumulated adjustment for employee retirement benefits	(48,564)	(46,678)
Total accumulated other comprehensive income	552,677	710,205
Non-controlling interests	363,616	26,427
Total net assets	13,383,576	14,492,729
Total liabilities and net assets	100,794,618	102,964,419

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Third Cumulative Quarter of the Fiscal Year (from April 1 to December 31)

(Thousand yen)

	Third cumulative quarter of FY 2022	Third cumulative quarter of FY 2023
Net sales	31,873,038	44,392,984
Cost of sales	24,253,723	36,084,862
Gross profit	7,619,315	8,308,121
Selling, general and administrative expenses	6,041,967	6,903,876
Operating income	1,577,348	1,404,245
Non-operating income		
Interest income	29,717	51,246
Dividend income	3,664	4,220
Foreign exchange gains	704,078	257,991
Share of profit of entities accounted for using equity method	-	47,934
Insurance income	11,911	30,521
Subsidy income	53,750	78,212
Other	31,176	29,541
Total non-operating income	834,299	499,670
Non-operating expenses		
Interest expenses	827,556	1,190,365
Share of loss of entities accounted for using equity method	17,132	-
Loss on transfer of accounts receivable	122,756	145,377
Compensation expenses	9,550	13,744
Other	105,809	27,634
Total non-operating expenses	1,082,804	1,377,120
Ordinary income	1,328,842	526,794
Extraordinary income		
Gain on sales of non-current assets	461,890	2,642
Subsidy income	120,041	-
Gain on sales of investment securities	-	75,538
Total extraordinary income	581,931	78,181
Extraordinary loss		
Loss on disposal of non-current assets	6,086	14,474
Loss related to COVID-19	96,935	-
Total extraordinary loss	103,022	14,474
Income before taxes	1,807,751	590,501
Income taxes - current	400,519	86,928
Income taxes - deferred	145,375	(768,778)
Total income taxes	545,894	(681,850)
Net income	1,261,856	1,272,352
Net income attributable to non-controlling interests	30,677	4,410
Net income attributable to shareholders of parent company	1,231,178	1,267,941

Quarterly Consolidated Statements of Comprehensive Income
Third Cumulative Quarter of the Fiscal Year (from April 1 to December 31)

(Thousand yen)

	Third cumulative quarter of FY 2022	Third cumulative quarter of FY 2023
Net income	1,261,856	1,272,352
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,756)	(6,545)
Deferred gains or losses on hedges	31,348	33,674
Foreign currency translation adjustment	220,522	191,096
Adjustment for employee retirement benefits	(20,127)	1,886
Share of other comprehensive income of entities accounted for using equity method	-	(19,975)
Total other comprehensive income	222,987	200,136
Comprehensive income	1,484,844	1,472,489
Comprehensive income attributable to shareholders of parent company	1,426,193	1,425,469
Comprehensive income attributable to non-controlling interests	58,650	47,019

(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.

(Segment information, etc.)

[Segment information]

I. For the third cumulative quarter of FY 2022 (from April 1, 2022 to December 31, 2022)

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	20,256,837	2,279,785	3,109,531	6,225,083	31,871,237	1,800	31,873,038
Inter-segment net sales or transfers	293,838	-	2,887	27,889	324,615	89,067	413,682
Total	20,550,675	2,279,785	3,112,418	6,252,972	32,195,853	90,867	32,286,721
Segment income (loss)	2,807,530	(1,537,452)	(68,138)	127,406	1,329,346	(504)	1,328,842

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

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	1,329,346
Income of Others	(504)
Ordinary income in the Quarterly Consolidated Statement of Income	1,328,842

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

There is no relevant information.

II. For the third cumulative quarter of FY 2023 (from April 1, 2023 to December 31, 2023)

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	28,109,328	6,707,433	3,808,062	5,766,180	44,391,005	1,979	44,392,984
Inter-segment net sales or transfers	195,430	-	499	29,982	225,912	100,120	326,033
Total	28,304,759	6,707,433	3,808,561	5,796,163	44,616,918	102,099	44,719,017
Segment income (loss)	3,548,546	(2,912,935)	(252,395)	146,064	529,280	(2,485)	526,794

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

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	529,280
Income of Others	(2,485)
Ordinary income in the Quarterly Consolidated Statement of Income	526,794

3. Information on impairment loss on non-current assets and goodwill by reportable segment
There is no relevant information.