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Tamagawa Holdings Group Announces Current Status of Planned Geothermal Power Plant Operations

As announced by Tamagawa Holdings in the release dated December 26, 2014, entitled “Tamagawa Holdings Announces Inception of New Business Operations (Geothermal Power Business) and Issuance of Series-6 Stock Warrants for Private Placement (with Exercise Price Reset Option),” Tamagawa Holdings has been making full-scale preparations for the establishment of new business operations in geothermal power generation. While procedures and construction work have been advanced with a view to an early start of power sales, Tamagawa Holdings has with respect to its two geothermal power plant facilities received an official communication from Kyushu Electric Power Co., Inc. dated September 30, 2015, concerning the approval and the timing of the power feed-in connection, with details as follows.

1. Timing of the power feed-in connection

Around April 2016

2. Outline of the geothermal power operations

- (i) Unlike solar energy power generation, geothermal energy power generation can continue at a stable level around the clock and throughout the year irrespective of weather, season, or time of day.
- (ii) For the above reason, the electric power generation capacity of a 125-kW (approx.) geothermal power plant equals that of a 1-MW solar energy power plant.
- (iii) Since the footprint area of the power generation equipment can be relatively small, cost effective acquisition of the energy source is feasible.
- (iv) Under the fixed-rate price system, a fixed-rate feed-in price for geothermal electric power of 40 yen/kWh (before tax; less than 15,000 kW) is ensured also for the current fiscal year.

3. Outline of the subject geothermal power plant

(1) Installation site	Beppu City, Oita Prefecture
(2) Power output	Approximately 250 kW Note: One 125-kW power plant (approx.) corresponds to the output capacity of a 1-MW solar energy power plant. Two plants correspond to a total of approximately 2 MW.
(3) Fixed-rate price	40 yen/kWh (fixed for 15 years)
(4) Income from electric power sales (estimate)	Approximately 80 million yen annually
(5) Expected power output (estimate)	Approximately 2,200,000 kWh annually
(6) Power sales start date (prospective)	Around April 2016

4. Outlook

Full-scale power sales at the subject geothermal power plant are expected to commence in the next fiscal year. Effects on financial results for the current fiscal year are negligible. Projections for financial results will be announced promptly when data for the calculation of projections become available.

Supplementary information:

Prospective construction site held by Tamagawa Holdings

