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## Tamagawa Holdings Announces Revision of Results Projections

Based on the latest trends in financial results, Tamagawa Holdings has revised as follows the consolidated results projections released on May 13, 2016.

### 1. Concerning the revision of consolidated results projections

Revision of consolidated results projections for the fiscal year to March 2017 (April 1, 2016 until March 31, 2017)

	Net Sale	Operating income	Ordinary income	Net income for the period attributable to shareholders of the parent company	Net income for the period per-share
Previous projections (A)	6,633	354	260	192	Yen 4.58
Revised projections (B)	4,424	133	51	12	0.30
Change in amount (B-A)	-2,209	-221	-209	-179	-
Rate of change	-33.3%	-62.5%	-80.3%	-93.4%	-
(Supplementary information: Actual results for the prior fiscal year) (Fiscal year to March 2016)	7,259	279	211	165	3.97

(Unit: Million yen)

#### Reason for the revision

As disclosed in the release dated as of this communication entitled "Tamagawa Holdings Announces Acquisition of Property, Plant, and Equipment (Large Scale Solar Energy Power Plant Facility) through an Installment Purchase Agreement," the solar energy power plant located at Kasumigaura city, Ibaraki prefecture, scheduled to initiate electric power sales in late March 2017 acquired by consolidated subsidiary GP Energy B LLC of Tamagawa Holdings (the "Power Plant") was initially projected to be sold by Tamagawa Energy Co., Ltd. to an external customer, with the proceeds and earnings from the sale to be recognized on accounts.

However, in the light of the recent changes in the business environment including regulatory changes concerning the power generation business using renewable energy, Tamagawa Holdings conducted a further internal in-depth review of the matter. As a result, it was judged that instead of seeking a one-time gain from the sale of the Power Plant, the acquisition of stable cash flows over the course of twenty years obtainable in the case of continued ownership will strengthen the earnings structure and the financial structure of Tamagawa Holdings Group. As a consequence, instead of the sale to an external buyer, it was decided to operate the Power Plant as a business owned

by Tamagawa Holdings Group.

Furthermore, in the market for solar energy power plants operated under the fixed-price purchase system, purchasing demand from power generation operators has remained robust. However, the revision of tax regulations and application regulations slated to take effect from April 2017 has connected to intense competition surrounding the acquisition of procurement sources eligible to connect to the power grid during March 2017. In addition to decreases in for-sale-projects and sales revenues envisioned at Renewable Energy System Sales Operations, further adverse effects came from a notice released by the Agency for Natural Resources and Energy on November 18, 2016, calling public attention to the transition to the new system, with the acceptance of applications for minor amendments by the Bureau of Economy, Trade and Industry necessary for the procurement and sale of solar energy power plants by March 2017 ending on January 20, 2017. As a result, for the acquisition of for-sale-projects the actual procurement activities and sales activities could not actually be implemented as envisioned. Due to the two reasons stated above, prospects are for sales, operating income, ordinary income, and net income for the period to miss initial projections.

Notably, net income for the period is subject to change due to the effects of estimates related to tax effect accounting. An announcement will be made promptly in case of new developments with significant effects on results.

Given these conditions, in order to revive order receipts and sales revenues at the Renewable Energy System Sales Operations, in addition to sales of solar energy power plant equipment, efforts will be made starting in the current fiscal year to strengthen sales frameworks for small-format wind power plants along with the promotion of rapid and aggressive marketing activities. These efforts are intended to focus on expanding the business field of the Renewable Energy System Sales Operations and to achieve a recovery of earning power beginning in the next fiscal year.

Tamagawa Holdings will persist in all-out efforts to increase enterprise value and to maximize earnings over the medium and long terms.

(Note) The projections stated above have been prepared based on currently available information. Actual results may differ from the stated projections due to future changes in various factors.

#### Supplementary information

##### Outline of the Power Plant re-purposed from a project-for-sale to a Company-owned operation.

(1) Location	Kamo, Kasumigaura city, Ibaragi prefecture
(2) Operator	GP Energy B LLC (a subsidiary of a fully-owned subsidiary of Tamagawa Holdings)
(3) Site area	Approximately 40,354 m <sup>2</sup>
(4) Electric power generating capacity	Approximately 2.4 Megawatt
(5) Electric power sales price (fixed for 20 years)	36 yen / kWh (tax excluded)
(6) Income from electric power sales (prospective)	105 million yen / year (approx.)
(7) Estimated electric power generation in the first fiscal year (projected)	Approximately 2,900,000 kWh
(8) Start date of electric power sales (prospective)	End of March 2017