



FY Mar. 2019 Summary of Accounting Statements [Japanese Standards] (consolidated)

May 20, 2019

Listed company name Tamagawa Holdings Co., Ltd. Exchange Tokyo
 Code No. 6838 URL http://www.tmex.co.jp
 Representative (Title) President (Name) Toru Masuzawa
 Contact person (Title) Director (Name) Keita Masuyama (TEL) 03-6435-6933
 Ordinary shareholders' meeting to be held: June 27, 2019 Dividends payment to be started: June 28, 2019
 Securities report to be submitted: June 27, 2019

Preparation of supplementary explanation document for the accounting statement : Yes

Explanatory meeting for the accounting statement : Yes (For institutional investors / analysts)

(amount under mil. yen rounded off)

1. Consolidated performance of FY Mar. 2019 (from Apr 1, 2018 to Mar 31, 2019)

(1) Consolidated management result (% indication: change compared with the same quarter of the previous year)

	Sales amount		Operating profit		Ordinary profit		Current net profit attributable to the parent company's shareholders	
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%
FY Mar. 2019	3,841	18.0	153	187.7	△79	—	128	—
FY Mar. 2018	3,255	△26.7	53	△71.9	△63	—	△146	—

(Note) Comprehensive profit FY Mar. 2019 131 mil. yen (— %) FY Mar. 2018 △150mil. yen (— %)

	Current net profit per share	Current net profit per share after dilutive share adjustment	Current net profit ratio of own capital	Ordinary margin of gross asset	Operating margin of sales amount
	yen	yen	%	%	%
FY Mar. 2019	29.58	29.35	3.9	△0.8	4.0
FY Mar. 2018	△34.85	—	△4.5	△0.7	1.6

(Reference) Investment profit on equity method FY Mar. 2019 △12 mil. yen FY Mar. 2018 △5 mil. yen

We conducted reverse split with ratio of 1 share per 10 ordinary shares on October 1, 2018. Current net profit per share is calculated with assumption that the reverse split was conducted at the beginning of the previous accounting year.

(2) Consolidated financial status

	Gross asset	Net asset	Capital ratio	Net asset per share
	mil. yen	mil. yen	%	yen
FY Mar. 2019	9,572	3,368	35.1	762.11
FY Mar. 2018	11,178	3,210	28.7	738.90

(Reference) Own capital FY Mar. 2019 3,364 mil. yen FY Mar. 2018 3,209 mil. yen

We conducted reverse split with ratio of 1 share per 10 ordinary shares on October 1, 2018. Net asset per share is calculated with assumption that the reverse split was conducted at the beginning of the previous accounting year.

(3) Consolidated cashflow status

	Cashflow by sales activities	Cashflow by investment activities	Cashflow by financial activities	Term-end balance of cash and cash-equivalent
	mil. yen	mil. yen	mil. yen	mil. yen
FY Mar. 2019	499	928	△2,123	1,026
FY Mar. 2018	△534	△823	934	1,718

2. Status of dividend

	Annual dividend					Total dividend (Total)	Dividend tendency (Consolidated)	Net asset dividend rate (Consolidated)
	End 1Q	End 2Q	End 3Q	Term end	Total			
	yen	yen	yen	yen	yen	mil. yen	%	%
FY Mar. 2018	—	0.00	—	0.50	0.50	21	—	0.66
FY Mar. 2019	—	0.00	—	5.00	5.00	22	16.90	0.67
FY Mar. 2020 (forecast)	—	0.00	—	5.00 ~30.00	—		—	

(Note) 1. Capital surplus is included in the dividend resource of FY Mar. 2018 and FY Mar. 2019.

See "Breakdown of dividend with capital surplus as dividend" for detail.

2. Dividend tendency is not stated in the dividend forecast for FY Mar. 2020 because it is disclosed in the range form.

3. We conducted reverse split with ratio of 1 share per 10 ordinary shares on October 1, 2018. The amount of term-end dividends per share of FY Mar. 2020 (forecast) is listed in consideration of effect of such reverse split.

3. Consolidated performance forecast of FY Mar. 2020 (from Apr 1, 2019 to Mar 31, 2020)

(% indication: change compared with the same quarter of the previous year)

	Sales amount		Operating profit		Ordinary profit		Current net profit attributable to the parent company's shareholders		Current net profit per share
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%	yen
Full year	5,699	48.4	524	242.2	372	—	319	148.7	73.58

*Notes

(1) Material transfer of subsidiary during the term (Transfer of the specific subsidiary with change of scope of consolidation) : No

Number of new companies	—	(Company name)	Number of excluded companies	—	(Company name)
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(2) Change of accounting policy / change of accounting estimate / redisplay of correction

- | | |
|---|------|
| ① Change of accounting policy along with revision of the accounting standards, etc. | : No |
| ② Change of accounting policy other than ① | : No |
| ③ Change of accounting estimate | : No |
| ④ Redisplay of correction | : No |

(3) Number of shares issued (ordinary shares)

- ① Number of term-end shares issued (including own shares)
- ② Number of term-end own shares
- ③ Average number of midterm shares (quarterly accumulation)

FY Mar. 2019	4,476,100	shares	FY Mar. 2018	4,404,600	shares
FY Mar. 2019	61,454	shares	FY Mar. 2018	61,454	shares
FY Mar. 2019	4,345,626	shares	FY Mar. 2018	4,208,445	shares

We conducted reverse split with ratio of 1 share per 10 ordinary shares on October 1, 2018. Number of term-end shares, Number of term-end own shares and Average number of midterm shares are calculated with assumption that the reverse split was conducted at the beginning of the previous accounting year.

(Reference) Outline of individual performance

Individual performance of FY Mar. 2019 (Apr. 1, 2018 ~ Mar. 31, 2019)

(1) Individual management result

(% indication: change compared with the same quarter of the previous year)

	Sales amount		Operating profit		Ordinary profit		Current net profit	
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%
FY Mar. 2019	183	△10.1	△84	-	△69	-	△79	-
FY Mar. 2018	203	△37.3	△67	-	△71	-	△108	-
	Current net profit per share		Current net profit per share after dilutive share adjustment					
	yen		yen					
FY Mar. 2019	△18.40		-					
FY Mar. 2018	△25.70		-					

We conducted reverse split with ratio of 1 share per 10 ordinary shares on October 1, 2018. Current net profit per share is calculated with assumption that the reverse split was conducted at the beginning of the previous accounting year.

(2) Individual financial status

	Gross asset		Net asset		Capital ratio		Net asset per share	
	mil. yen	%	mil. yen	%	%		yen	
FY Mar. 2019	3,428		2,623		76.4		593.33	
FY Mar. 2018	3,855		2,681		69.5		617.22	

(Reference) Own capital FY Mar. 2019 2,619 mil. yen FY Mar. 2018 2,680 mil. yen

We conducted reverse split with ratio of 1 share per 10 ordinary shares on October 1, 2018. Net asset per share is calculated with assumption that the reverse split was conducted at the beginning of the previous accounting year.

* The summary of accounting statement is exempted from audit by certified public accountant or auditing firm.

* Explanation on appropriate use of the performance forecast and other special notes

The statement concerning the future such as performance forecast, etc. described herein is based on the information we have currently obtained and a certain precondition judged as reasonable, and the actual performance, etc. may be greatly different due to various factors. See the attached document p.5 "1. Outlook of management result, etc."

Breakdown of dividend with the capital surplus as capital resource

Breakdown of dividend with the capital surplus as capital resource among the dividend of FY March 2019 is as follows.

Record date	Term-end	Total
Dividend per share	5.00 yen	5.00 yen
Total dividend amount	22 mil. yen	22 mil. yen

(Note) Net asset reduction rate: 0.008

1. Overview of management result, etc.

(1) Overview of the current management result

Matters herein concerning the future were determined by our group (us and our consolidated subsidiaries) as of the final day of the current consolidated accounting year.

While the Japanese economics in the current consolidated accounting year continues to be in the mild turnaround such as recovery of individual consumption and facility investment thanks to continuous improvement in the corporate performance and employment situation, it continued to shift with uncertain future due to trade conflict arising from the trading policy of US and impact of series of natural disasters in various areas of Japan, etc.

Under such economic circumstances, for the electronic and communication device business, in addition to sales expansion business mainly in the fourth-generation mobile phone equipment related market and public related market, we have also focused on new markets and client exploration to acquire orders from new fields. We have also worked on enhancement of proposal of our self-developed products by continuously promoting “effort for high added-value products,” “expansion and exploration of business field” and “co-development with the company of business tie-up.”

As a result, newly explored clients and inquiries are increasing from new markets besides the existing analog high frequency products, including optics related products of various business-use wireless, digital signal processor, etc. indispensable for high-speed signal processing, millimeter wave band products, etc. necessary for wireless transmission of data of large volumes.

In the mobile communication field, while amount of facility investment of each carrier has been reduced year by year, demands in IBS (industrialized building system) is recovering. Additionally, mobile communication facility related field for overseas is acquiring more inquiries from new clients little by little.

Demands for the optical transmission device, digital signal processor, etc. are increasing for disaster measures, business-use wireless and surveillance system in the public filed, and therefore we will work on further demand expansion in the public filed as well as positively working on self-developed products including product development for the fifth-generation mobile communication related market.

Order receipt condition in general is improving, and we will continue to promote expansion of our group's business field and also continue the activities for profit expansion by proposal and enhancement of self-development products.

We have actively promoted development and sales of the photovoltaic power plants and small wind power plants especially among the renewable energy system sales business. Considerable amount of period is still required for completion of the certification procedures, but the procedures for the cases which filed application since last year have been completed and accordingly inquiries from new clients are increasing little by little. We will continue the development / sales activities of photovoltaic power plants, small wind power plants, etc. for profit expansion.

In the renewable power plant business, each of the already-operating photovoltaic power plants has been selling power at a good rate, and the mega solar power plant in Goto City, Nagasaki Pref. and the solar sharing plants in Shimada City, Shizuoka Pref., and the mega solar power plant in Noboribetsu City, Hokkaido are engaged in power selling more in full scale since the previous term. On the other hand, we assigned Kamo Power Plant in Kasumigaura City owned by our group as of December 3, 2018, and Sodegaura Hayashi Power Plant as of March 29, 2019.

As the result of the above, the amount of orders received in the current consolidated accounting year was 3,448 mil. yen (7.3% decrease compared with the same term of the previous year), and the sales amount was 3,841 mil. yen (18.0% increase compared with the same term of the previous year). In terms of profit and loss, operating income was 153 mil. yen (187.7% increase compared with the same term of the previous year), ordinary loss was 79 mil. yen (ordinary loss of the same term of the previous year: 63 mil. yen), and the current net profit belonging to the parent company shareholders was 128 mil. yen (quarterly net loss belonging to the parent company shareholders of the same term of the previous year: 146 mil. yen).

For the electronic and communication device business, in addition to sales expansion activities mainly in the public related market, we are focusing on exploration of new clients. Especially in the civil service field, the demands are stably increasing and it is expected to shift steadily hereafter. We will continue to promote expansion of our group's business fields and also continue the activities for profit expansion by enhancement of proposal of self-developed products.

For the renewable energy plant business, we entered into the memorandum on January 25, 2019 concerning business cooperation for wind power plant business with AURA-Green Energy who secures the power selling right of small wind power generation in Hokkaido and Aomori Pref. The details of this memorandum are that ①AURA-Green Energy shall assign the power selling right of wind power generation and the land to be used for the business to SPC organized or founded by us, ②both companies shall jointly invest to the investment portion of SPC, ③both companies shall aim for commencement of power selling at 150 wind power plants within three years since the conclusion date of the Memorandum, ④we shall issue share acquisition rights to the president of AURA-Green Energy, ⑤we shall be obligated to make effort for procurement by debt including loan, etc. of SPC. We consider that we can contribute to our group's future profit by processing construction of the small wind power plants under the Memorandum as much as possible.

Through these efforts, we will continuously endeavor not only to reduce CO₂, but also to contribute to the community and society and to introduce, spread and promote renewable energy by taking advantage of characteristics of the community, and accelerating development of community-based renewable energy

Management result status by business type segments is as follows.

Classification of the report segments was changed at the beginning of term of the current consolidated accounting year. The following is comparison of the value of the same term of the previous year with the value after changing to the segment classification after change.

a. Electronic / communication device business

As the result that expansion of order receipt in the mobile communication field, civil service and public related field has been focused on, and that improvement of operational efficiency has been promoted, the amount of orders received was 3,196 mil. yen (28.2% increase compared with the same term of the previous year), sales amount was 2,854 mil. yen (8.7% increase compared with the same term of the previous year), and segment loss was 221 mil. yen (1.5% decrease compared with the same term of the previous year).

b. Renewable energy system sales business

Although it requires a considerable amount of period for completion of certification procedures by the revised FIT Act, as the result that lot selling of photovoltaic power plant and others has been focused on, the amount of orders received was 252 mil. yen (79.4% decrease compared with the same term of the previous year), sales amount was 394 mil. yen (42.1% increase compared with the same term of the previous year), and segment loss was 83 mil. yen (segment loss of the same term of the previous year was 108 mil. yen).

c. Renewable energy plant business

Each of the already-operating photovoltaic power plants has been selling power at a good rate, and the mega solar power plant in Goto City, Nagasaki Pref. and the solar sharing plants in Shimada City, Shizuoka Pref. are engaged in power selling more in full scale since the current term. In addition, power selling at the mega solar power plant in Noboribetsu City, Hokkaido started on November 2, 2018. As a result, the sales amount was 615 mil. yen (78.2% increase compared with the same term of the previous year) and segment profit was 177 mil. yen (75.0% increase compared with the same term of the previous year).

Consolidated financial statements and Notes

Consolidated balance sheet

(In thousand yen)

	FY2017(consolidated) (As of March 31,2018)	FY2018(consolidated) (As of March 31,2019)
Assets		
Current assets		
Cash and deposits	1,718,000	1,026,668
Notes and accounts receivable - trade	1,377,764	1,535,070
Merchandise and finished goods	157,216	1,616,585
Work in process	176,416	878,670
Raw materials and supplies	135,063	185,023
Advance payments - trade	582,049	75,543
Other	525,287	324,495
Allowance for doubtful accounts	-	△14,392
Total current assets	4,671,798	5,627,664
Non-current assets		
Property, plant and equipment		
Buildings and structures	452,374	512,094
Accumulated depreciation	△322,700	△331,934
Buildings and structures, net	129,673	180,160
Machinery, equipment and vehicles	5,392,318	2,575,930
Accumulated depreciation	△375,919	△237,289
Machinery, equipment and vehicles, net	5,016,399	2,338,641
Tools, furniture and fixtures	665,628	795,941
Accumulated depreciation	△587,760	△643,663
Tools, furniture and fixtures, net	77,868	152,277
Land	382,049	387,466
Construction in progress	45,326	17,540
Total property, plant and equipment	5,651,317	3,076,086
Intangible assets		
Goodwill	207,554	39,614
Software	66,320	48,205
Other	0	0
Total intangible assets	273,875	87,820
Investments and other assets		
Investment securities	26,172	22,152
Long-term loans receivable	103,809	45,761
Deferred tax assets	132,765	187,140
Other	300,557	506,398
Allowance for doubtful accounts	△8,700	△8,700
Total investments and other assets	554,605	752,754
Total non-current assets	6,479,798	3,916,660
Deferred assets		
Share issuance cost	911	4,909
Development expenses	129	100
Business commencement expenses	26,108	23,335
Total deferred assets	27,149	28,345
Total assets	11,178,746	9,572,670

(In thousand yen)

	FY2017(consolidated) (As of March 31,2018)	FY2018(consolidated) (As of March 31,2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	411,372	503,108
Short-term loans payable	461,800	50,000
Current portion of long-term loans payable	733,551	464,982
Lease obligations	201,494	179,152
Accounts payable - other	164,435	151,932
Income taxes payable	13,437	59,636
Advances received	238,622	444,000
Provision for bonuses	66,637	114,905
Provision for product warranties	12,519	14,257
Other	86,269	213,953
Total current liabilities	2,390,139	2,195,928
Non-current liabilities		
Long-term loans payable	523,261	231,415
Lease obligations	3,625,902	3,132,673
Deferred tax liabilities	1,049	2,501
Net defined benefit liability	176,616	187,940
Asset retirement obligations	55,048	35,193
Long-term accounts payable - other	1,190,558	416,612
Other	6,013	1,882
Total non-current liabilities	5,578,449	4,008,218
Total liabilities	7,968,589	6,204,146
Net assets		
Shareholders' equity		
Capital stock	1,748,137	1,770,627
Capital surplus	1,065,087	1,065,912
Retained earnings	466,480	595,043
Treasury shares	△61,313	△61,313
Total shareholders' equity	3,218,392	3,370,270
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,543	△724
Foreign currency translation adjustment	△12,774	△5,085
Accumulated other comprehensive income	△9,230	△5,810
Share acquisition rights	994	4,064
Total net assets	3,210,156	3,368,524
Total liabilities and net assets	11,178,746	9,572,670

Consolidated statement of income and consolidated statement of comprehensive income
 Consolidated statement of income

(In thousand yen)

	FY2017 (From April 1, 2017 to December 31, 2018)	FY2018 (From April 1, 2018 to December 31, 2019)
Net sales	3,255,443	3,841,699
Cost of sales	2,236,505	2,603,190
Gross profit	1,018,937	1,238,509
Selling, general and administrative expenses	965,697	1,085,341
Operating profit	53,240	153,167
Non-operating income		
Interest income	8,792	6,799
Dividend income	1,142	807
Insurance income	2,764	3,185
Other	5,704	11,203
Total non-operating income	18,403	21,996
Non-operating expenses		
Interest expenses	112,471	232,766
Foreign exchange losses	9,423	824
Share of loss of entities accounted for using equity method	5,172	12,632
Other	8,328	8,321
Total non-operating expenses	135,396	254,545
Ordinary profit (loss) (△)	△63,752	△79,380
Extraordinary income		
Gain on sales of non-current assets	2,762	239,380
Other	22	—
Total extraordinary income	2,784	239,380
Extraordinary losses		
Loss on retirement of non-current assets	0	424
Impairment loss	110,006	8,567
Other	12	-
Total extraordinary losses	110,019	8,992
Profit (loss) before income taxes (△)	△170,986	151,006
Income taxes - current	11,570	74,387
Income taxes - deferred	△35,871	△51,944
Total income taxes	△24,300	22,443
Profit (loss) (△)	△146,686	128,563
Profit (loss) attributable to non-controlling interests	—	—
Profit (loss) attributable to owners of parent (△)	△146,686	128,563

Consolidated statement of comprehensive income

(In thousand yen)

	FY2017 (From April 1, 2017 to December 31, 2018)	FY2018 (From April 1, 2018 to December 31, 2019)
Profit (loss) (△)	△146,686	128,563
Other comprehensive income		
Valuation difference on available-for-sale securities	3,214	△4,268
Foreign currency translation adjustment	△7,168	7,688
Total other comprehensive income	△3,953	3,420
Comprehensive income	△150,639	131,983
(detail)		
Comprehensive income attributable to owners of parent	△150,639	131,983
Comprehensive income attributable to non-controlling interests	-	-

Information regarding net sales, income or loss, assets, liabilities, and other items for each reportable segment.
FY2017 (April 1, 2017 -March 31, 2018)

(In thousand yen)

	Reportable Segment			Total	Adjustment amount (Note1)	Value presented in consolidated financial statements
	Electronic/Communication Device Business	Renewable Energy System Sales Business	Renewable energy plant business			
Net Sales						
Sales to external customers	2,626,727	277,739	345,608	3,250,075	5,368	3,255,443
Internal sales or Transfers between segments	—	—	—	—	—	—
Total	2,626,727	277,739	345,608	3,250,075	5,368	3,255,443
Segment income(loss)	225,035	△108,389	101,262	217,908	△164,668	53,240
Segment assets	3,004,660	1,074,833	6,534,353	10,613,847	564,898	11,178,746
Other items						
Depreciation	85,407	6,879	147,876	240,163	3,192	243,356
Equity in loss of affiliates	—	—	△5,172	△5,172	—	△5,172
Impairment Loss	—	—	110,006	110,006	—	110,006
Investment for affiliated company accounted for by the equity-method	—	—	103,809	103,809	—	103,809
Increase in property, plant and equipment and intangible assets	80,481	2,012	4,362,450	4,444,944	7,783	4,452,727

(Note) 1. (1) Adjustment amount of △164,668 thousand yen of segment profit or loss (△) is 6,392 thousand yen of unrealized profit, etc., △97,000 thousand yen of adjustment amount of dividends from the consolidated subsidiaries and △74,060 thousand yen of profit and loss of Group Management Division not allocated to business segments.

(2) Adjustment amount of segment asset of 564,898 thousand yen is 578,009 thousand yen of Group Management Division asset not allocated to business segments and △13,111 thousand yen of transaction elimination, etc. between segments.

2. Adjustment is made with operating profit in the consolidated financial statement for segment profit or loss (△).

FY2018 (April 1, 2018 -March 31, 2019)

(In thousand yen)

	Reportable Segment			Total	Adjustment amount (Note1)	Value presented in consolidated financial statements
	Electronic/Communication Device Business	Renewable Energy System Sales Business	Renewable energy plant business			
Net Sales						
Sales to external customers	2,854,416	366,457	615,819	3,836,694	5,004	3,841,699
Internal sales or Transfers between segments	—	28,126	—	28,126	△28,126	—
Total	2,854,416	394,584	615,819	3,864,821	△23,121	3,841,699
Segment income(loss)	221,696	△83,624	177,213	315,285	△162,117	153,167
Segment assets	3,260,780	2,296,613	3,816,736	9,374,130	198,540	9,572,670
Other items						
Depreciation	106,563	5,001	309,451	421,016	1,994	423,010
Equity in loss of affiliates	—	—	△12,632	△12,632	—	△12,632
Impairment Loss	—	—	8,567	8,567	—	8,567
Investment for affiliated company accounted for by the equity-method	—	—	45,761	45,761	—	45,761
Increase in property, plant and equipment and intangible assets	241,946	—	193,484	435,431	—	435,431

(Note) 1. (1) Adjustment amount of △162,117 thousand yen of segment profit or loss (△) is 6,961 thousand yen of unrealized profit, etc., △70,000 thousand yen of adjustment amount of dividends from the consolidated subsidiaries, △6,000 thousand yen of transaction elimination, etc. between segments and △93,079 thousand yen of profit and loss of Group Management Division not allocated to business segments.

(2) Adjustment amount of segment asset of 198,540 thousand yen is 202,199 thousand yen of Group Management Division asset not allocated to business segments and △3,658 thousand yen of transaction elimination, etc. between segments.

2. Adjustment is made with operating profit in the consolidated financial statement for segment profit or loss (△).