



FY Mar. 2020 Summary of Accounting Statements [Japanese Standards] (consolidated)

May 20, 2020

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 26, 2020 Dividends payment to be started: June 29, 2020
 Securities report to be submitted: June 26, 2020
 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. 2020 (from Apr 1, 2019 to Mar 31, 2020)

(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. 2020	6,332	64.9	805	426.0	672	—	439	241.8
FY Mar. 2019	3,841	18.0	153	187.7	△79	—	128	—

(Note) Comprehensive profit FY Mar. 2020 429 mil. yen (225.5 %) FY Mar. 2019 131 mil. 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. 2020	96.42	84.09	11.7	7.1	12.7
FY Mar. 2019	29.58	29.35	3.9	△0.8	4.0

(Reference) Investment profit on equity method FY Mar. 2020 12 mil. yen FY Mar. 2019 △12 mil. yen

(2) Consolidated financial status

	Gross asset		Net asset		Capital ratio	Net asset per share
	mil. yen	mil. yen	mil. yen	mil. yen	%	yen
FY Mar. 2020	9,423	4,156	4,156	4,156	44.1	830.77
FY Mar. 2019	9,572	3,368	3,368	3,368	35.1	762.11

(Reference) Own capital FY Mar. 2020 4,154 mil. yen FY Mar. 2019 3,364 mil. yen

(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. 2020	1,499	132	△688	1,964
FY Mar. 2019	499	928	△2,123	1,026

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. 2019	—	0.00	—	0.50	0.50	22	16.90	0.67
FY Mar. 2020	—	0.00	—	7.00	7.00	35	6.91	0.88
FY Mar. 2021 (forecast)	—	0.00	—	5.00 ~30.00	—		—	

(Note) 1. Capital surplus is included in the dividend resource of FY Mar. 2019 and FY Mar. 2020.

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

2. Dividend tendency is not stated in the dividend forecast for FY Mar. 2021 because it is disclosed in the range form.

3. Consolidated performance forecast of FY Mar. 2021 (from Apr 1, 2020 to Mar 31, 2021)

(% 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	6,937	9.5	850	5.5	713	6.0	499	13.6	109.54

*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

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|---|------|
| 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. 2020	5,062,000	shares	FY Mar. 2019	4,476,100	shares
FY Mar. 2020	61,454	shares	FY Mar. 2019	61,454	shares
FY Mar. 2020	4,557,326	shares	FY Mar. 2019	4,325,626	shares

(Reference) Outline of individual performance

Individual performance of FY Mar. 2020 (Apr. 1, 2019 ~ Mar. 31, 2020)

(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. 2020	181	△1.3	△123	-	△115	-	△104	-
FY Mar. 2019	183	△10.1	△84	-	△69	-	△79	-
	Current net profit per share		Current net profit per share after dilutive share adjustment					
	yen		yen					
FY Mar. 2020	△22.94							
FY Mar. 2019	△18.40							

(2) Individual financial status

	Gross asset		Net asset		Capital ratio		Net asset per share	
	mil. yen		mil. yen		%		yen	
FY Mar. 2020	3,974		2,874		72.3		574.37	
FY Mar. 2019	3,428		2,623		76.4		593.33	

(Reference) Own capital FY Mar. 2020 2,872 mil. yen FY Mar. 2019 2,619 mil. yen

* 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.

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 2020 is as follows.

Record date	Term-end	Total
Dividend per share	7.00 yen	7.00 yen
Total dividend amount	35 mil. yen	35 mil. yen

(Note) Net asset reduction rate: 0.012

(1) Overview of management result of the current term

Matters herein concerning the future were determined by our group (our company our consolidated subsidiary) 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 situation due to the impacts on the global economics given by trend of the trading issues and future of Chinese economics, and uncertainty in the policies.

Under such economic circumstances, for the electronic and communication device business, in addition to sales expansion business mainly in the 5G 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 used for 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.

Among those, we have achieved great success with positive approach for further new markets such that we solely won a bid in the general bid over "manufacturing of the low-power high-frequency circuit for linear accelerator and beam monitor circuit system of the next-generation radiant light facility" which was publicly notified by the "National Institute for Quantum and Radiological Science and Technology" as announced on March 12, 2020.

In the mobile communication field, demands for high-frequency components are increasing including the 5G related market.

In addition, inquiry cases from new clients related to mobile communication facilities for overseas are gradually increasing.

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 equipment of the 5G related market.

Order receipt condition in general electronic and communication device business is increasing compared to the previous term, 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 promoted development and sales of the solar power plants and small wind power plants in the renewable energy system sales business. In addition, for renewable energy system sale business, we have completed sale of the high-voltage solar power plants which was in delay due to bad weather conditions. 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, the already-operating solar power plants have been selling power at a good rate. Nagasaki Prefecture, Goto-City, Kojindake Solar Power Plant has completed its extension with solar panels of approximately 500kW in March 2020, started power selling from the extended area at 36 yen of fixed purchase price, and the power generation volume is expanded to 5,847kW. In addition, by generally judging that we can plan to invest for the next business expansion, we sold out Shimonoseki Toyoura-cho Solar Power Plant in September 2019 and Chiba Prefecture, Tateyama Plant on March 25, 2020. Our group is actively reviewing the general renewable energy and environmental businesses which will become our next pillar for expansion of operations of such businesses.

As the result of the above, the amount of orders received in the current consolidated accounting year was 4,494mil. yen (30.3% increase compared with the same term of the previous year), and the sales amount was 6,332 mil. yen (64.9% increase compared with the same term of the previous year). In terms of profit and loss, operating profit was 805 mil. yen (426.0% increase compared with the same term of the previous year), ordinary profit was 672 mil. yen (ordinary loss of the same term of the previous year: 79 mil. yen), and the current net profit belonging to the parent company shareholders was 439 mil. yen due to recording of 74 mil. yen of impairment loss (241.8% increase compared with the same term of the previous year).

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, in addition to development / sales of solar power plants, we are actively engaged in development of small wind power plants. 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.

a. Electronic / communication device business

Thanks to focus on expansion of order receipt in the mobile communication filed and civil service and public related field, the amount of orders received was 4,334 mil. yen (35.6% increase compared with the same term of the previous year), sales amount was 3,417 mil. yen (19.7% increase compared with the same term of the previous year), and segment profit was 348 mil. yen (57.1% increase compared with the same term of the previous year).

b. Renewable energy system sales business

Although we are focusing on lot selling of mainly solar power plants, due to decrease of demand for cases of solar power generation according to reduction of the fixed purchase price and amended FIT law, the amount of orders received was 159 mil. yen (37.0% decrease compared with the same term of the previous year), sales amount was 97 mil. yen (120.0% increase compared to the same term of the previous year), and segment loss was 27 mil. yen (segment loss of the same term of the previous year: 83 mil. yen).

c. Renewable energy plant business

The already-operating solar power plants in Noboribetsu City and the mega solar power plants in Goto City, Nagasaki Pref. and the solar sharing plants in Shimada City, Shizuoka Pref. have been selling power at a good rate. In addition, since we sold out Shimonoseki Toyoura-cho Solar Plant in September 2019 and Chiba Prefecture Tateyama power plant in March 2020 by generally judging that we can plan to invest for the next business expansion, the sales amount was 2,091 mil. yen (239.7% increase compared with the same term of the previous year) and segment profit was 698 mil. yen (294.1% increase compared with the same term of the previous year).

Consolidated financial statements and Notes

Consolidated balance sheet

(In thousand yen)

	FY2018(consolidated) (As of March 31,2019)	FY2019(consolidated) (As of March 31,2020)
Assets		
Current assets		
Cash and deposits	1,026,668	2,215,666
Notes and accounts receivable - trade	1,535,070	1,391,469
Merchandise and finished goods	1,616,585	2,889,509
Work in process	878,670	778,562
Raw materials and supplies	185,023	231,870
Advance payments - trade	75,543	105,709
Other	324,495	166,749
Allowance for doubtful accounts	△14,392	△17,632
Total current assets	5,627,664	7,761,905
Non-current assets		
Property, plant and equipment		
Buildings and structures	512,094	514,488
Accumulated depreciation	△331,934	△346,363
Buildings and structures, net	180,160	168,125
Machinery, equipment and vehicles	2,575,930	368,769
Accumulated depreciation	△237,289	△135,540
Machinery, equipment and vehicles, net	2,338,641	233,229
Tools, furniture and fixtures	795,941	824,843
Accumulated depreciation	△643,663	△687,178
Tools, furniture and fixtures, net	152,277	137,665
Land	387,466	272,573
Construction in progress	17,540	-
Total property, plant and equipment	3,076,086	811,592
Intangible assets		
Goodwill	39,614	39,039
Software	48,205	51,809
Other	0	0
Total intangible assets	87,820	90,848
Investments and other assets		
Investment securities	22,152	51,164
Long-term loans receivable	45,761	55,725
Deferred tax assets	187,140	181,357
Other	506,398	458,529
Allowance for doubtful accounts	△8,700	△8,700
Total investments and other assets	752,754	738,077
Total non-current assets	3,916,660	1,640,518
Deferred assets		
Share issuance cost	4,909	2,935
Development expenses	100	71
Business commencement expenses	23,335	17,749
Total deferred assets	28,345	20,755
Total assets	9,572,670	9,423,180

(In thousand yen)

	FY2018(consolidated) (As of March 31,2019)	FY2019(consolidated) (As of March 31,2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	503,108	400,496
Short-term loans payable	50,000	74,980
Current portion of long-term loans payable	464,982	315,775
Lease obligations	179,152	172,964
Accounts payable - other	151,932	176,095
Income taxes payable	59,636	96,648
Advances received	444,000	322,665
Provision for bonuses	114,905	119,402
Provision for product warranties	14,257	22,878
Other	213,953	259,627
Total current liabilities	2,195,928	1,961,534
Non-current liabilities		
Long-term loans payable	231,415	368,911
Lease obligations	3,132,673	2,289,987
Deferred tax liabilities	2,501	331
Net defined benefit liability	187,940	207,112
Asset retirement obligations	35,193	15,155
Long-term accounts payable - other	416,612	358,483
Other	1,882	64,805
Total non-current liabilities	4,008,218	3,304,788
Total liabilities	6,204,146	5,266,322
Net assets		
Shareholders' equity		
Capital stock	1,770,627	1,961,823
Capital surplus	1,065,912	1,235,035
Retained earnings	595,043	1,034,475
Treasury shares	△61,313	△61,313
Total shareholders' equity	3,370,270	4,170,020
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△724	△3,962
Foreign currency translation adjustment	△5,085	△11,724
Accumulated other comprehensive income	△5,810	△15,687
Share acquisition rights	4,064	2,524
Total net assets	3,368,524	4,156,857
Total liabilities and net assets	9,572,670	9,423,180

Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(In thousand yen)

	FY2018 (From April 1, 2018 to March 31, 2019)	FY2019 (From April 1, 2019 to March 31, 2020)
Net sales	3,841,699	6,332,983
Cost of sales	2,603,190	4,350,804
Gross profit	1,238,509	1,982,179
Selling, general and administrative expenses	1,085,341	1,176,522
Operating profit	153,167	805,656
Non-operating income		
Interest income	6,799	3,226
Dividend income	807	324
Insurance income	3,185	23,908
Share of profit of entities accounted for using equity method	-	12,472
Gain on forgiveness of debts	-	7,787
Other	11,203	6,164
Total non-operating income	21,996	53,884
Non-operating expenses		
Interest expenses	232,766	172,830
Foreign exchange losses	824	3,413
Share of loss of entities accounted for using equity method	12,632	-
Other	8,321	10,344
Total non-operating expenses	254,545	186,587
Ordinary profit (loss) (△)	△79,380	672,952
Extraordinary income		
Gain on sales of non-current assets	239,380	-
Gain on sales of investment securities	-	14,754
Total extraordinary income	239,380	14,754
Extraordinary losses		
Loss on sales of non-current assets	-	42,622
Loss on retirement of non-current assets	424	19,447
Impairment loss	8,567	74,026
Total extraordinary losses	8,992	136,097
Profit before income taxes	151,006	551,609
Income taxes - current	74,387	108,764
Income taxes - deferred	△51,944	3,413
Total income taxes	22,443	112,178
Profit (loss) (△)	128,563	439,431
Profit (loss) attributable to non-controlling interests	-	-
Profit (loss) attributable to owners of parent (△)	128,563	439,431

Consolidated statement of comprehensive income

(In thousand yen)

	FY2018 (From April 1,2018 to March 31,2019)	FY2019 (From April 1,2019 to March 31,2020)
Profit (loss) (△)	128,563	439,431
Other comprehensive income		
Valuation difference on available-for-sale securities	△4,268	△3,237
Foreign currency translation adjustment	7,688	△6,639
Total other comprehensive income	3,420	△9,877
Comprehensive income	131,983	429,554
(detail)		
Comprehensive income attributable to owners of parent	131,983	429,554
Comprehensive income attributable to non-controlling interests	-	-

Information regarding net sales, income or loss, assets, liabilities, and other items for each reportable segment.
 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) Adjusted amount △162,117,000 yen of segment profit or loss (△) is the adjusted amount of 6,961,000 yen of unrealized profit, etc., the adjusted amount of dividends from the consolidated subsidiary of △70,000,000 yen, cancellation and deletion between segments of △6,000,000 yen and profit and loss of the group administration division not allocated in the business segment of △93,079,000 yen.

(2) Adjusted amount of segment asset 198,540,000 yen is the asset of the group administration division not allocated in the business segment of 202,199,000 yen and cancellation and deletion between segments, etc. of △3,658,000 yen.

2. Segment profit or loss (△) is adjusted with operating profit in the consolidated financial statements.

FY2019 (April 1, 2019 -March 31, 2020)

(In thousand yen)

	Reportable Segment			Total	Adjustment amount (Note1)	Value presented in consolidated financial statements
	Electronic/ Communi-cation Device Business	Renewable Energy System Sales Business	Renewable energy plant business			
Net Sales						
Sales to external customers	3,417,475	823,672	2,091,835	6,332,983	—	6,332,983
Internal sales or Transfers between segments	—	43,510	—	43,510	△43,510	—
Total	3,417,475	867,182	2,091,835	6,376,493	△43,510	6,332,983
Segment income(loss)	348,307	△27,325	698,447	1,019,429	△213,773	805,656
Segment assets	3,893,845	3,220,644	1,663,635	8,778,125	645,054	9,423,180
Other items						
Depreciation	121,897	4,888	325,981	452,767	△2,887	449,880
Equity in profit of affiliates	—	—	12,472	12,472	—	12,472
Impairment Loss	—	—	53,889	53,889	20,137	74,026
Investment for affiliated company accounted for by the equity-method	—	—	85,160	85,160	—	85,160
Increase in property, plant and equipment and intangible assets	86,781	—	1,000	87,781	—	87,781

(Note)1. (1) Adjusted amount △213,773,000 yen of segment profit or loss (△) is the adjusted amount of 4,809,000 yen of unrealized profit, etc., the adjusted amount of dividends from the consolidated subsidiary of △70,000,000 yen and profit and loss of the group administration division not allocated in the business segment of △148,582,000 yen.

(2) Adjusted amount of segment asset 645,054,000 yen is the asset of the group administration division not allocated in the business segment.

2. Segment profit or loss (△) is adjusted with operating profit in the consolidated financial statements.