



The 2Q Summary of Accounting Statements
FY2022 March [Japanese Standards] (consolidated)

November 12, 2021

Listed company name Tamagawa Holdings Co., Ltd. Exchange Tokyo
Code No. 6838 URL https://www.tmex.co.jp
Representative (Title) President (Name) Toru Masuzawa
Contact person (Title) Director (Name) Keita Masuyama (TEL) 03-6435-6933
Quarterly report to be submitted : November 12, 2021 Dividends payment to be started : —
Preparation of supplementary explanation document for the quarterly accounting statement : No
Explanatory meeting for the quarterly accounting statement : No

(amount under mil yen rounded off)

1. Consolidated performance of FY 2022 Mar. : 2Q (from Apr 1, 2021 to September 30, 2021)

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

	Sales amount		Operating profit		Ordinary profit		Quarterly profit belonging to the parent company's shareholders	
	mil.yen	%	mil.yen	%	mil.yen	%	mil.yen	%
FY2022 Mar. 2Q	2,907	28.9	189	235.1	161	603.1	120	275.6
FY2022 Mar. 2Q	2,256	△8.6	56	△82.9	22	△90.6	32	△74.8

(Note) Comprehensive profit: FY2022 Mar. 2Q 126mil.e.yen (352.9%) FY2022 Mar. 2Q 27mil.e.yen (△76.3%)

	Quarterly net profit per share	Quarterly net profit per share after issuable share adjustment
FY2022 Mar. 2Q	21.02 yen	20.45 yen
FY2022 Mar. 2Q	6.08	5.81

1. Consolidated financial status

	Gross asset	Net asset	Own capital ratio
FY2022 Mar. 2Q	7,612 mil.yen	5,313 mil.yen	69.7%
FY2021 Mar.	8,386	5,162	61.4

(Reference) Own capital: FY2022 Mar. 2Q 5,302mil.yen FY2021 Mar. 5,151mil.yen

2. Status of dividends

	Annual dividends				
	End 1Q	End 2Q	End 3Q	Term end	Total
FY2021 Mar.	— yen	0.00 yen	— yen	7.00 yen	7.00 yen
FY2022 Mar.	—	0.00			
FY2022 Mar. (forecast)			—	5.00 ~30.00	5.00 ~30.00

(Note) Correction from the dividend forecast recently announced: None (Note)

3. Consolidated performance forecast of FY 2022 Mar. (from Apr 1, 2021 to Mar. 31, 2022)

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

	Sales amount		Operating profit		Ordinary profit		Current net profit belonging to the parent company's shareholders		Current net profit per share
	mil.yen	%	mil.yen	%	mil.yen	%	mil.yen	%	
Full business year	6,845	1.5	327	54.9	297	144.8	208	131.1	38.40 yen

(Note) Correction from the performance forecast recently announced: None (Note)

※ Notes

(1) Material transfer of subsidiary in the current quarter consolidated cumulative period: None

(Specified subsidiary transfer with change of the consolidated scope)

New —(company name) Excluded —(company name)

(2) Application of accounting process specific to preparation of the quarterly consolidated accounting: None

(3) Change of accounting policy, change of accounting estimate, redisplay of revision

- | | |
|---|------|
| ① Change of accounting policy for revision of accounting standard, etc. | Yes |
| ② Change of the accounting standard except for ① | None |
| ③ Change of the accounting estimate | None |
| ④ Redisplay of revision | None |

(4) Number of shares issued (ordinary shares)

① Number of term-end shares issued (including own shares)	FY2022 Mar. 2Q	5,835,900shares	FY2021 Mar.	5,780,000shares
② Number of term-end own shares	FY2022 Mar. 2Q	64,484shares	FY2021 Mar.	61,484shares
③ Average number of midterm shares (quarterly accumulation)	FY2022 Mar. 2Q	5,735,739shares	FY2022 Mar. 2Q	5,272,120shares

* The quarterly summary of accounting statement is not subject to quarterly review by the certified accountant or audit company.

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

Description concerning the future of performance forecast, etc. described in this document is based on the information currently obtained by us and the certain precondition judged as reasonable, and the actual performance, etc. may drastically vary due to various factors. Please see p.4 “Explanation on the Future Forecast Information of the Consolidated Performance Forecast, etc.” for assumption as the precondition of the performance forecast. and attention for usage of performance forecast.

1. Qualitative information concerning the current quarter financial results

(1) Overview of the management result

The matters concerning the future in the text have been determined as of the final day of the current consolidated accounting year.

The Japanese economics in the current first quarter consolidated accumulative period continues to shift with uncertain situation due to the effect of Covid-19 epidemic and the impacts on the global economics given by trend and perspective of the issues between US and China, and uncertainty in the policies. In particular, while the pandemic of Covid-19 remains to give a great impact, our group has engaged in both prevention of infection spread and sales activities by maintaining working from home and holding video conferences by restriction on non-essential outings and measures including temperature check and mask wearing, etc.

Under such economic circumstances, for the electronic and communication device business, in addition to sales expansion business mainly in the 5G related market which was launched for commercial operation and public related market, through the efforts according to transition of the time including innovation and enhancement of the website with the purpose of increase of new clients' inquiries as non-contact type sales due to Covid-19 epidemic, we have been also dedicated to 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 and terahertz band products, etc. necessary for wireless transmission of data of large volumes, where our active efforts have achieved great successes such as order receipt of "optic semiconductor reliability evaluation apparatus" used for research and development for the next-generation optical network construction and adoption of "academic-industrial cooperation research for Beyond 5G/6G."

In the mobile communication field, the demand for high frequency components is stably increasing mainly including 5G related market. We will further proceed with expansion of share in the accelerated mobile infrastructure sharing field and industrial-academic cooperation research for "Beyond 5G."

Proposals made remotely for new clients related to mobile communication facilities for overseas have been continued due to the impact of Covid-19, but there is no drastic progress.

Demands for the optical transmission device, digital signal processor, etc. are increasing as business-use wireless including "Optical DAS system for airport MCA" adopted by Kansai International Airport, disaster measures, and surveillance system in the public field. We will work on further demand expansion in this field. In addition, we have joined the national project as "National Resilience" from the development stage to secure long-term and stable order receipt.

In addition, by enhancing proposals of self-developed products along with promotion of active business domain expansion by introducing our self-developed technology for surveillance units targeting the Drone business market and joining the private satellite business, we will continue the activities for profit expansion in order to establish the stable business base.

In the renewable energy business, we did not sell any megasolar plants in the same term of the previous year, but in June 2021, we sold the Hokkaido Noboribetsu Plant we had owned. Additionally, we sold four wind power plants we had owned, of which development we have been focusing on since the previous term, resulting in the sales amount greatly exceeding that in the same term of the previous year. While we have sold all the mega solar power plants we had owned, the pillar of our future strategy is to enhance development of small wind power plants by leveraging the fund from selling. By enhancing development of small wind power plants which are small per unit, we will ensure risk dispersion and profitability and mobility and will contribute to continuous reduction of greenhouse gas by accelerating development of new renewable energy power source.

We are also proceeding with the project with the large wind power plant (1.984MW) in Nemuro City, Hokkaido and the small waterpower plant in Flores Island, Nusa Tenggara, Indonesia.

As the result of the above, the amount of orders received in the current first quarter consolidated accumulative term was 3,457 mil. yen (52.9% increase compared with the same term of the previous year), and the sales amount was 2,907 mil. yen (28.9% increase compared with the same term of the previous year). In terms of profit and loss, operating profit was recorded as 189 mil. yen (235.1% increase compared with the same term of the previous year), ordinary profit was recorded as 161 mil. yen (603.1% increase compared with the same term of the previous year), and due to resolution of future deductible amount at some consolidated subsidiaries. Therefore, the quarterly net profit belonging to the parent company shareholders was 120 mil. yen (275.6% increase compared with the same term of the previous year).

In the electronic/ communication device business, we are focusing on exploration of new customers in addition to sales expansion activities mainly in the public related market. Especially in the public field, the demand is stably increasing and is expected to transit steadily also from now on. Furthermore, by enhancing proposals of self-developed products along with promotion of active business domain expansion through participation in new markets, we will continue the activities for profit expansion in order to establish the stable business base as the entire electronic/ communication device business.

Our group is actively considering overseas development of the general environmental business as well as the renewable energy business mainly in Southeast Asia in addition to the domestic development, aiming for expansion of operation of the business. Our group will continue to engage in CO2 reduction and the measures for global warming and also for building of the business system responsive to the ESG management and social transformation through SDGs.

Management result status by business type segments is as follows.

We changed the business segments to be listed as the reported segment in the current first quarter consolidated accounting term, and the current comparison and analysis in the first quarter consolidated accumulative period are based on the categories after the change.

a. Electronic / communication device business

For electronic / communication device business, since advance ordering by the customers increased as the measures against delayed delivery due to the worldwide supply shortage of the semiconductors and non-iron metal materials, the amount of orders received was 1,289 mil. yen (17.8% increase compared with the same term of the previous year).

For the sales amount, however, the impact cannot be avoided despite measures against the recent shortage of the electronic components, and we could not achieve the plan for the first half period which was made at the beginning of the period due to extension of production by delay of delivery of some components, resulting in 1,654 mil. yen (11.0% decrease compared to the same period of the previous year). Nevertheless, as for profit, thanks to the favorable transition of proceeds of the low-cost-rate products and decrease of overtime work due to encouragement of work from home during the pandemic of Covid-19 and reduction of expenses such as travel and transportation costs, the segment profit resulted in 268 mil. yen (13.1% increase compared to the same period of the previous year).

b. Renewable energy system sales business

Various solar power plants including the solar sharing plant in operation in Shimada City, Shizuoka Pref. as well as Hokkaido Noboribetsu City Solar Power Plant sold in the first quarter end as well as 28 small wind power plants of which development started operation before the end of September in Hokkaido have been selling power in a good state. Due to sellout of Hokkaido Noboribetsu Power Plant, the sales and profit have greatly increased, and the amount of orders received was 1,167 mil. yen (267.9% increase compared with the same term of the previous year), sales amount was 1,252 mil. yen (216.0% increase compared to the same term of the previous year), and segment loss was 125 mil. yen (921.7% compared to the same period of the previous year).

2.Consolidated financial statements and Notes

(1)Consolidated balance sheet

(In thousand yen)

	FY 2020 (consolidated) (As of March 31,2021)	2Q FY 2021 (consolidated) (As of September 30,2022)
Assets		
Current Assets		
Cash and deposits	2, 448, 235	1, 982, 300
Notes and accounts receivable - trade	—	1, 509, 111
Merchandise and finished goods	1, 637, 354	—
Goods and products	1, 222, 818	972, 633
Work in proces	899, 716	954, 836
Raw materials and supplies	265, 471	298, 914
Advance payments - trade	43, 925	65, 462
Other	230, 822	182, 905
Allowance for doubtful accounts	△17, 632	△17, 632
Total current assets	6, 730, 711	5, 948, 531
Non-current assets		
Property, plant and equipment		
Buildings and structures	518, 809	520, 496
Accumulated depreciation	△361, 412	△369, 381
Buildings and structures, net	157, 397	151, 115
Machinery, equipment and vehicles	377, 226	385, 775
Accumulated depreciation	△163, 902	△175, 975
Machinery, equipment and vehicles, net	213, 323	209, 800
Tools, furniture and fixtures	888, 541	942, 549
Accumulated depreciation	△737, 400	△768, 893
Tools, furniture and fixtures, net	151, 141	173, 656
Land	272, 573	303, 976
Construction in progress	0	0
Total property, plant and equipment	794, 435	838, 548
Intangible assets		
Goodwill	38, 437	13, 352
Software	53, 098	53, 627
Other	0	0
Total intangible assets	91, 535	66, 979
Investments and other assets		
Investment securities	256, 621	260, 352
Long-term loans receivable	136, 462	136, 462
Deferred tax assets	198, 395	164, 988
Other	132, 883	153, 315
Allowance for doubtful accounts	△8, 700	—
Total investments and other assets	715, 661	715, 119
Total non-current assets	1, 601, 633	1, 620, 646
Deferred assets		
Share issuance cost	49, 498	40, 490
Development expenses	41	26
Business commencement expenses	5, 045	2, 486
Total deferred assets	54, 585	43, 003
Total assets	8, 386, 929	7, 612, 181

(In thousand yen)

	FY 2020 (consolidated) (As of March 31,2021)	2Q FY 2021 (consolidated) (As of September 30,2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	492,050	523,690
Short-term loans payable	29,190	59,623
Current portion of long-term loans payable	318,388	334,888
Lease obligations	30,941	5,387
Accounts payable - other	241,010	55,345
Income taxes payable	60,113	28,001
Advances received	70,801	55,154
Provision for bonuses	115,726	91,029
Provision for product warranties	24,229	68,345
Other	396,566	128,018
Total current liabilities	1,779,018	1,349,485
Non-current liabilities		
Long-term loans payable	100,000	100,000
Lease obligations	475,187	408,000
Deferred tax liabilities	404,706	16,693
Net defined benefit liability	4,454	168
Asset retirement obligations	237,301	242,636
Long-term accounts payable - other	15,199	15,199
Other	208,138	166,940
Total non-current liabilities	1,444,988	949,639
Total liabilities	3,224,006	2,299,124
Net assets		
Shareholders' equity		
Capital stock	2,423,857	2,456,302
Capital surplus	1,662,065	1,654,480
Retained earnings	1,124,707	1,245,285
Treasury shares	△61,373	△61,373
Total shareholders' equity	5,149,257	5,294,695
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,847	8,244
Foreign currency translation adjustment	△5,408	△349
Accumulated other comprehensive income	2,438	7,895
Share acquisition rights	11,227	10,465
Total net assets	5,162,922	5,313,057
Total liabilities and net assets	8,386,929	7,612,181

(2) Quarterly consolidated statements of income and Quarterly consolidated statements of comprehensive income
Quarterly

Consolidated statements of income Consolidates first quarter period

(In thousand yen)

	2Q FY 2020 (consolidated) (As of September 30,2021)	2Q FY 2021 (consolidated) (As of September 30,2022)
Net Sales	2, 256, 459	2, 907, 778
Cost of sales	1, 649, 551	2, 079, 365
Gross profit	606, 907	828, 413
Selling, general and administrative expenses	550, 209	638, 441
Operating profit (loss (△))	56, 698	189, 972
Non-operating income		
Interest income	5, 870	1, 546
Dividend income	536	258
Insurance income	25, 571	3, 369
Gain on forgiveness of debts	12, 104	—
Other	5, 136	8, 280
Total non-operating income	49, 219	13, 455
Non-operating expenses		
Interest expenses	71, 968	16, 227
Foreign exchange losses	1, 069	3, 457
Share of loss of entities accounted for using equity method	2, 416	1, 976
Other	2, 548	11, 063
Total non-operating expenses	4, 960	9, 314
Interest expenses	82, 964	42, 039
Ordinary profit (loss (△))	22, 953	161, 387
Profit (loss (△)) before income taxes	22, 953	161, 387
Income taxes - current	15, 117	11, 900
Income taxes - deferred	△24, 265	28, 909
Total income taxes	△9, 147	40, 810
Profit (loss (△))	32, 101	120, 577
Profit (loss (△)) attributable to non-controlling interests	32, 101	120, 577

Quarterly consolidated statements of comprehensive income

Consolidated Second quarter period

(In thousand yen)

	2Q FY 2020 (consolidated) (As of September 30,2021)	2Q FY 2021 (consolidated) (As of September 30,2022)
Profit (loss (△))	32,101	120,577
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,769	397
Foreign currency translation adjustment	△8,041	5,059
Total other comprehensive income	△4,272	5,457
Comprehensive income	27,829	126,034
(breakdown)		
Comprehensive income attributable to owners of parent	27,829	126,034

(Segment information, etc.)

【Segment information】

I. Previous 2Q consolidated cumulative period (from April 1, 2021 to September 30, 2021)

Information concerning the sales amount and the amount of profit or loss per report segment

(unit: thousand yen)

	Report segment			Adjusted amount (Note) 1	Amount recorded in quarterly consolidated profit and loss statement (Note) 2
Sales amount					
Sales amount to external clients	1,859,997	Electronic / communication device business	Renewable energy business	Total	2,256,459
Internal sales amount or transfer amount between segments	—	—	—	—	—
Total	1,859,997	396,462	2,256,459	—	2,256,459
Segment profit or loss (△)	237,686	12,275	249,961	△193,263	56,698

(Note)1. Adjustment amount of segment profit △193,263,000 yen is the profit and loss of the group management division of △193,263,000 yen which has not been distributed to the business segment.

2. The segment profit is consistent with the operating profit in the quarterly consolidated income statement.

II. Current 2Q consolidated cumulative period (from April 1, 2021 to September 30, 2021)

Information concerning the sales amount and the amount of profit or loss per report segment

(unit: thousand yen)

	Report segment			Adjusted amount (Note) 1	Amount recorded in quarterly consolidated profit and loss statement (Note) 2
	Electronic / communication device business	Renewable energy business	Total		
Sales amount					
Mobile communication infrastructure	547,867	—	547,867	—	547,867
Government office	410,437	—	410,437	—	410,437
Public project	354,170	—	354,170	—	354,170
FA · Measurement · Other	342,523	—	342,523	—	342,523
Solar power plant	—	1,051,182	1,051,182	—	1,051,182
Wind power plant	—	197,414	197,414	—	197,414
Revenue from Contracts with Customers	1,654,998	1,248,597	2,903,595	—	2,903,595
Other profit	—	4,182	4,182	—	4,182
Sales amount to external clients	1,654,998	1,252,780	2,907,778	—	2,907,778
Between segments					
Internal sales or transfer amount	—	—	—	—	—
Total	1,654,998	1,252,780	2,907,778	—	2,907,778

Segment profit	268,748	125,418	394,166	△204,194	189,972
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(Note)1. Adjustment amount of segment profit △204,194,000 yen is the profit and loss of the group management division of △204,194,000 yen which has not been distributed to the business segment.

2. The segment profit is consistent with the operating profit in the quarterly consolidated income statement.

2. Matters concerning the change in the reporting segment, etc.

“Renewable energy system sales business” and “renewable energy power plant business” of the former reporting segments have been combined and changed to the new title of “renewable energy business” since the first quarter consolidated accounting period.

Our group distinguished the “renewable energy system sales business” of which main businesses are lot sales of renewable energy power plants including solar power and sales of the power generating system, and “renewable energy power plant business” of which major business is power selling. However, due to the opportunity of sellout of the megasolar power plants in the previous consolidated accounting year and the first quarter accumulative accounting period, we changed our policy so that we can accelerate our efforts in the small wind power plants with high profitability and efficiency since the first quarter accumulative accounting period. We combined our former “renewable energy system sales business” and “renewable energy power plant business” in accordance with the management approach and the actual status of the businesses.

For the segment information of the second quarter accumulative accounting period of the previous year, the segment prepared by categorization after the change is listed.

(Concerning revenue recognition)

The information of dissolution of the revenue arising from the contract with the client is as listed in “Notes (segment information, etc.).”