

The 3Q Summary of Accounting Statements
FY2022 March [Japanese Standards] (consolidated)



February

Listed company name Tamagawa Holdings Co., Ltd. Exchange Tokyo
Code No. 6838 URL https://www.tmex.co.jp
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Quarterly report to be submitted : February. 14, 2022 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. : 3Q (from April 1, 2021 to December 31, 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. 3Q	4,151	25.3	231	57.3	196	113.6	139	100.8
FY2022 Mar. 3Q	3,314	△8.8	147	△62.4	92	△66.9	69	△67.8

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

	Quarterly net profit per share	Quarterly net profit per share after issuable share adjustment
FY2022 Mar. 3Q	24.24 yen	23.29 yen
FY2021 Mar. 3Q	13.00 yen	12.24 yen

(2). Consolidated financial status

	Gross asset	Net asset	Own capital ratio
FY2022 Mar. 3Q	7,944 yen	5,375 yen	67.5 %
FY2021 Mar.	8,386 yen	5,162 yen	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.	— yen	0.00 yen	— yen	— yen	— yen
FY2022 Mar. (forecast)	— yen	— yen	— yen	5.00 yen ~30.00 yen	5.00 yen ~30.00 yen

(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	%	yen
通期	6,845	1.5	327	54.6	297	144.4	208	130.5	38.40

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

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 by our group as of the final day of the current consolidated accounting quarter period.

(1) Financial status and condition of the management result

The Japanese economics in the current third quarter consolidated accumulative period continues to shift with uncertain situation due to the effect of Covid-19 epidemic, the impacts on the global economics given by trend and perspective of the issues between US and China, and uncertainty in the policies, global semiconductor shortage, rise of oil price, etc. In particular, while the epidemic of Covid-19 remains to give a great impact, and while the enforcement of the fourth "declaration of state of emergency" by the Japanese Government on July 12 grossly restricts visits to the clients and face-to-face negotiations, 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 facial 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 in 2020, 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 was stably increasing mainly including 5G related market, but now in the third quarter, due to an increase of users switching to bargain-basement rate plans of which number exceeded our assumption, the communication companies have announced their income and profit reductions, assumingly resulting in control of investment to infrastructure sharing. We will aim for and engage in expansion of share in infrastructure sharing.

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 sold the Hokkaido Noboribetsu Plant in June 2021. Additionally, since we sold the wind power plants to the fund investing to renewable energy generation facilities in November 2021, the sales amount exceeded that in the same term of the previous year. We will continue to enhance development of small wind power plants by leveraging the fund from the sold mega solar power plants we had owned. 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 third quarter consolidated accumulative term was 4,640 mil. yen (44.2% increase compared with the same term of the previous year), and the sales amount was 4,151 mil. yen (25.3% increase compared with the same term of the previous year). In terms of profit and loss, operating profit was recorded as 231 mil. yen (57.3% increase compared with the same term of the previous year), ordinary profit was recorded as 196 mil. yen (113.6% increase compared with the same term of the previous year), and the quarterly net profit belonging to the parent company shareholders was 139 mil. yen (100.8% increase compared with the same term of the previous year).

In the electronic/ communication device business, as the demand is stably increasing and we have positioned the public related market which is expected to continuously transit steadily in the center of our sales expansion activities, we will focus on exploration of new customers. 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 third 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 3,110 mil. yen (11.7% 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 made at the beginning of the period due to extension of production by delay of delivery of some components, resulting in 2,519 mil. yen (8.9% decrease compared to the same period of the previous year) and the segment profit resulted in 368 mil. yen (5.1% decrease 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 was interconnected before the end of December in Hokkaido have been selling power in a good state. Due to sellout of Hokkaido Noboribetsu City Solar Power Plant, and sellout of the small wind power plants to the fund investing to renewable energy generation plants, both the sales amount and segment profit have increased, and the amount of orders received was 1,530 mil. yen (253.2% increase compared with the same term of the previous year), sales amount was 1,631 mil. yen (197.5% increase compared to the same term of the previous year), and segment loss was 158 mil. yen (231.8% increase 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 December 30,2022)
Assets		
Assets		
Cash and deposits	2, 448, 235	2, 069, 137
Notes and accounts receivable - trade	—	1, 540, 176
Merchandise and finished goods	1, 637, 354	—
Goods and products	1, 222, 818	769, 411
Work in proces	899, 716	1, 180, 746
Raw materials and supplies	265, 471	415, 916
Advance payments - trade	43, 925	56, 380
Other	230, 822	232, 626
Allowance for doubtful accounts	△17, 632	△17, 632
Total current assets	6, 730, 711	6, 246, 762
Non-current assets		
Property, plant and equipment		
Buildings and structures	518, 809	522, 435
Accumulated depreciation	△361, 412	△374, 012
Buildings and structures, net	157, 397	148, 423
Machinery, equipment and vehicles	377, 226	386, 774
Accumulated depreciation	△163, 902	△182, 321
Machinery, equipment and vehicles, net	213, 323	204, 453
Tools, furniture and fixtures	888, 541	936, 464
Accumulated depreciation	△737, 400	△763, 710
Tools, furniture and fixtures, net	151, 141	172, 754
Land	272, 573	316, 976
Construction in progress	0	0
Total property, plant and equipment	794, 435	842, 607
Intangible assets		
Goodwill	38, 437	13, 170
Software	53, 098	50, 914
Other	0	0
Total intangible assets	91, 535	64, 085
Investments and other assets		
Investment securities	256, 621	260, 257
Long-term loans receivable	136, 462	187, 457
Deferred tax assets	198, 395	156, 924
Other	132, 883	148, 638
Allowance for doubtful accounts	△8, 700	—
Total investments and other assets	715, 661	753, 277
Total non-current assets	1, 601, 633	1, 659, 970
Deferred assets		
Share issuance cost	49, 498	35, 144
Development expenses	41	19
Business commencement expenses	5, 045	2, 165
Total deferred assets	54, 585	37, 329
Total assets	8, 386, 929	7, 944, 062

(In thousand yen)

	FY 2020 (consolidated) (As of March 31,2021)	2Q FY 2021 (consolidated) (As of December 30,2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	492,050	741,519
Short-term loans payable	29,190	58,825
Current portion of long-term loans payable	318,388	316,608
Lease obligations	30,941	5,174
Accounts payable - other	241,010	84,668
Income taxes payable	60,113	40,494
Advances received	70,801	137,736
Provision for bonuses	115,726	52,155
Provision for product warranties	24,229	62,670
Other	396,566	164,142
Total current liabilities	1,779,018	1,663,997
Non-current liabilities		
Long-term loans payable	100,000	100,000
Lease obligations	475,187	361,944
Deferred tax liabilities	404,706	15,598
Net defined benefit liability	4,454	191
Asset retirement obligations	237,301	246,599
Long-term accounts payable - other	15,199	15,199
Other	208,138	164,977
Total non-current liabilities	1,444,988	904,510
Total liabilities	3,224,006	2,568,507
Net assets		
Shareholders' equity		
Capital stock	2,423,857	2,472,030
Capital surplus	1,662,065	1,670,208
Retained earnings	1,124,707	1,264,476
Treasury shares	△61,373	△61,373
Total shareholders' equity	5,149,257	5,345,342
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,847	9,413
Foreign currency translation adjustment	△5,408	10,487
Accumulated other comprehensive income	2,438	19,901
Share acquisition rights	11,227	10,310
Total net assets	5,162,922	5,375,554
Total liabilities and net assets	8,386,929	7,944,062

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

Consolidated statements of income Consolidates third quarter period

(In thousand yen)

	FY 2020 (consolidated) (As of March 31,2021)	3Q FY 2021 (consolidated) (As of December 30,2022)
Net Sales	3,314,399	4,151,290
Cost of sales	2,297,530	2,998,409
Gross profit	1,016,869	1,152,881
Selling, general and administrative expenses	869,595	921,259
Operating profit (loss (△))	147,274	231,621
Non-operating income		
Interest income	359	2,437
Dividend income	589	305
Insurance income	44,481	8,767
Gain on forgiveness of debts	12,104	—
Other	6,480	10,029
Total non-operating income	64,015	21,539
Non-operating expenses		
Interest expenses	99,906	20,018
Foreign exchange losses	1,292	5,667
Share of loss of entities accounted for using equity method	3,230	2,584
Other	7,868	16,408
Total non-operating expenses	6,989	11,951
Interest expenses	119,286	56,631
Ordinary Profit	92,003	196,529
Extraordinary income		
Gain on valuation of investment securities	5,716	—
Total extraordinary income	5,716	—
Extraordinary losses		
Loss on retirement of non-current assets	11	—
Loss on sale of investments in securities	369	—
Total extraordinary losses	381	—
Income before tax adjustment	97,338	196,529
Income taxes - current	25,986	20,164
Income taxes - deferred	1,750	36,596
Total income taxes	27,737	56,760
Profit	69,600	139,768
Profit attributable to owners of parent	69,600	139,768

Quarterly consolidated statements of comprehensive income

Consolidated third quarter period

(In thousand yen)

	FY 2020 (consolidated) (As of March 31,2021)	3Q FY 2021 (consolidated) (As of December 30,2022)
Net Profit for the Quarter	69,600	139,768
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,466	1,566
Foreign currency translation adjustment	△12,841	15,896
Total other comprehensive income	△4,375	17,463
Comprehensive income	65,225	157,231
(breakdown)		
Comprehensive income attributable to owners of parent	65,225	157,231

(Segment information, etc.)

【Segment information】

I Previous third quarter consolidated accumulative period (From April 1, 2020 through December 31, 2020)

1. Information on sales amount and profit or loss amount per report segment

(Unit: thousand yen)

	Report segment			Adjustment amount (Note) 1	Amount recorded in the quarterly consolidated profit and loss statement (Note) 2
	Electronic/communication device business	Renewable energy business	Total		
Sales amount					
Sales amount to external clients	2,766,003	548,396	3,314,399	—	3,314,399
Internal sales amount or transfer amount between segments	—	—	—	—	—
Total	2,766,003	548,396	3,314,399	—	3,314,399
Segment profit	388,571	47,652	436,224	△288,950	147,274

(Note)1. Adjustment amount of segment profit △288,950,000 yen is the profit and loss of the group management division of △288,950,000 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 third quarter consolidated accumulative period (From April 1, 2021 through December 31, 2021)

1. Information on sales amount and profit or loss amount per report segment and profit dissolution information

(Unit: thousand yen)

	Report segment			Adjustment amount (Note) 1	Amount recorded in the quarterly consolidated profit and loss statement (Note) 2
	Renewable energy business	Total	Total		
Sales amount					
Mobile communication infrastructure	905,866	—	905,866	—	905,866
Public offices	598,900	—	598,900	—	598,900
Public projects	550,376	—	550,376	—	550,376
FA/ measurement, etc.	464,741	—	464,741	—	464,741
Solar power plants	—	1,114,398	1,114,398	—	1,114,398
Wind power plants	—	510,572	510,572	—	510,572
Profit arising from contracts with clients	2,519,884	1,624,970	4,144,854	—	4,144,854
Other profits	—	6,435	6,435	—	6,435
Sales amount to external clients	2,519,884	1,631,406	4,151,290	—	4,151,290
Internal sales amount or transfer amount between segments	—	—	—	—	—
Total	2,519,884	1,631,406	4,151,290	—	4,151,290
Segment profit	368,912	158,096	527,008	△295,387	231,621

(Note)1. Adjustment amount of segment profit △295,387,000 yen is the profit and loss of the group management division of △295,387,000 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.