



FY2023 March The 1Q Summary of Accounting Statements [Japanese Standards] (consolidated)

August 12, 2022

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) Finance & Accounting Manager (Name) Yasuhisa Masuda (TEL) 03-6435-6933
 Quarterly report to be submitted : August. 12, 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 2023 Mar.: 1Q (from Apr 1, 2022 to June 30, 2022)

(1) Consolidated management result (cumulative)

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

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

(1) Consolidated management result (cumulative)

(1) Consolidated management result (cumulative)

| | Sales amount | | Operating profit | | Ordinary profit | | Quarterly profit belonging to the parent company's shareholders | |
|----------------|--------------|-------|------------------|-------|-----------------|-------|---|-------|
| | mil.yen | % | mil.yen | % | mil.yen | % | mil.yen | % |
| FY2023 Mar. 1Q | 460 | △76.3 | △224 | — | △195 | — | △164 | — |
| FY2022 Mar. 1Q | 1,940 | 66.5 | 183 | 193.0 | 169 | 182.4 | 132 | 120.9 |

(Note) Comprehensive profit: FY2023 Mar. 1Q △122mil.yen (-%) FY2022 Mar. 1Q 133mil.yen (118.6%)

| | Quarterly net profit per share | Quarterly net profit per share after issuable share adjustment |
|----------------|--------------------------------|--|
| FY2023 Mar. 1Q | yen △27.99 | yen — |
| FY2022 Mar. 1Q | 23.14 | 22.33 |

(2) Consolidated financial status

| | Gross asset | Net asset | Own capital ratio |
|----------------|------------------|------------------|-------------------|
| FY2023 Mar. 1Q | mil.yen 8,166 | mil.yen 5,278 | % 64.5 |
| FY2022 Mar. | 8,359 | 5,442 | 65.0 |

(Reference) Own capital: FY2023 Mar. 1Q 5,268mil yen FY2022 Mar. 5,432mil yen

2. Status of dividends

| | Annual dividends | | | | |
|------------------------|------------------|-------------|----------|---------------|---------------|
| | End 1Q | End 2Q | End 3Q | Term end | Total |
| FY2022 Mar. | yen — | yen 0.00 | yen — | yen 7.00 | yen 7.00 |
| FY2023 Mar. | — | | | | |
| FY2023 Mar. (forecast) | | 0.00 | — | 5.00 ~30.0 | 5.00 ~30.0 |

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

3. Consolidated performance forecast of FY 2023 Mar. (from Apr 1, 2022 to Mar. 31, 2023)

(% 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 | 5,019 ~5,813 | △19.5 ~△6.8 | 65 ~166 | △82.7 ~△56.1 | 3 ~104 | △98.8 ~△68.4 | 2 ~73 | △98.2 ~△50.7 | yen 0.5 ~12.7 |

(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

(Note) For details, see attached document P8. Quarterly Consolidated Financial Statements and Main Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)".

(4) 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)

| | | | | | |
|----------------|-----------|--------|-------------|-----------|--------|
| FY2023 Mar. 1Q | 5,927,900 | shares | FY2022 Mar. | 5,927,900 | shares |
| FY2023 Mar. 1Q | 61,484 | shares | FY2022 Mar. | 61,484 | shares |
| FY2023 Mar. 1Q | 5,866,416 | shares | FY2022 Mar. | 5,728,470 | shares |

- * 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.3 "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 financial statement of the current quarter

(1) Explanation on the management result

Although the restriction on the economic activities was eased during the effect of Covid-19 pandemic, the Japanese economics in the accumulative period is shifting with further confusion and uncertain situation of the future due to the impacts on the global economics given by trend and perspective of the issues between US and China, uncertainty in the policies, global semiconductor shortage, rise of oil price, etc. with the addition of the worsened situation between Russia and Ukraine.

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 office and public service 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 (inside sales) due to Covid-19 pandemic, 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 been made such as "academic-industrial cooperation research for Beyond 5G/6G."

In the mobile communication field, since demands for the existing products is decreasing due to the impact of containment of infrastructure investment, an increase of demand for infrastructure sharing is expected as the means to expand the infrastructure by containing investment and we will aim for and engage in sales expansion of infrastructure sharing related devices.

Proposals made remotely and in person for new clients related to mobile communication facilities for overseas have been restarted thanks to the gradual deregulation of various regulations regarding Covid-19.

Demands for the optical transmission device, digital signal processor, etc. are increasing as business-use wireless, 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 have been working on development of small wind power plants by leveraging the capital including project finance by sellout of power plants and banks, co-financing, sustainable financing. In the current first quarter consolidated accumulative period, newly 6 units of small wind power plants were interconnected in Hokkaido and Akita Prefectures. Additionally, thanks to the sustainable loan, 15 units of small wind power plants will be newly developed in the areas with good wind condition in Hokkaido.

We will start reformation of various institutions and structures including organizations of the same business in aiming for building of the one and only business model in the renewable energy business as the domestic company mainly whose main business is owning of the small wind power plants since this term with the perspective of introduction of IFRS (International Financial Reporting Standards) at the earliest time to have our stakeholders guarantee elaborate profiting structure and growth. Simultaneously, we will aim to reduce business risk by securing risk dispersion, profitability and maneuverability with development of the small wind power plants, each of which is small in order to contribute to continuous reduction of greenhouse gas by accelerating development of new renewable energy power source.

As the measures for the terms after next term, we will also start diversification of power source for the future including participation in middle and large sized projects such as the project with the large wind power plant (1.984MW) in Nemuro City, Hokkaido and in the project of 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 period was 1,064 mil. yen (53.8% decrease compared with the same term of the previous year), and the sales amount was 460 mil. yen (76.3% decrease compared with the same term of the previous year). In terms of profit and loss, operating loss was recorded as 224 mil. yen (Operating profit of 183 mil. yen in the same term of the previous year), and since 48 mil. yen of the exchange profit due to an impact of rapidly weakened yen and 45 mil. yen of the profit from sellout of the fixed asset were recorded, ordinary loss was recorded as 195 mil. yen (Ordinary profit of 169 mil. yen in the same term of the previous year), and the net loss of the quarter belonging to the parent company shareholders was 164 mil. yen (Quarter net profit belonging to the parent company of 132 mil. yen in the same term of the previous year).

In the electronic/ communication device business, as the demand is stably increasing and is expected to continuously transit steadily, we will continue to promote the sales expansion activities in the existing market. Furthermore, we will promote active business domain expansion through participation in new markets. We have also started to receive orders in the new market and will continue the activities for profit expansion in order to establish the stable business base as the entire electronic/communication device business. On the other hand, due to the inevitable impact of

worldwide difficulty in procuring the electronic parts and postponed sales which had been expected in the beginning of the term, the business performance has been pushed down. We will continue to focus on resolution of difficulty in procuring the parts.

Our group will actively conduct investment activities is actively considering not only overseas development of the general environmental business but also 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 engage in CO2 reduction and the measures for global warming will all employees of the group more than ever, and will actively disclose the information of ESG management for our stakeholders and take on an active challenge for achievement of SDGs goals.

Management result by segments is as follows.

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 1,015 mil. yen (20.9% decrease compared with the same term of the previous year).

For the sales amount, however, the impact cannot be avoided despite measures against the recent difficulty in procuring the electronic components, and we could not achieve the plan made at the beginning of the period due to delay of sales by delay of delivery of some components, resulting in 410 mil. yen (49.8% decrease compared to the same period of the previous year) and the segment loss resulted in 93 mil. yen (134 mil. yen of segment profit in the same period of the previous year).

b. Renewable energy business

The small wind power plants and low-pressure solar power plants in Hokkaido in our possession in the current first quarter consolidated accumulative period are selling power in a good state. However, the sales amount and segment profit have been decreasing due to sellout of the solar power plants in Hokkaido Noboribetsu City Solar Power Plant in the previous term (June 2021). In the current consolidated accounting year, we are promoting development of small wind power plants in Hokkaido and Tohoku region by leveraging the fund including co-financing and sustainable loan.

As a result of the above, the amount of orders received resulted in 49 mil. yen (95.1% decrease compared with the previous term), the sales amount of 49 mil. yen (95.6% decrease compared with the previous term), , and segment loss of 23 mil. yen (148 mil. yen of segment profit in the same period of the previous year).

2.Consolidated financial statements and Notes

(1)Consolidated balance sheet

(In thousand yen)

| | FY 2022 (consolidated) (As of March 31,2022) | 1Q FY 2023 (consolidated) (As of June 30,2022) |
|--|---|---|
| Assets | | |
| Current Assets | | |
| Cash and deposits | 2,060,604 | 1,726,347 |
| Notes and accounts receivable - trade | 2,205,186 | 1,351,056 |
| Merchandise and finished goods | — | 40,000 |
| Goods and products | 781,903 | 1,132,182 |
| Work in proces | 1,077,617 | 1,395,534 |
| Raw materials and supplies | 482,925 | 539,705 |
| Advance payments - trade | 57,205 | 113,774 |
| Other | 172,694 | 308,080 |
| Allowance for doubtful accounts | △27,692 | △28,866 |
| Total current assets | 6,810,444 | 6,577,814 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 527,933 | 535,321 |
| Accumulated depreciation | △379,316 | △387,190 |
| Buildings and structures, net | 148,617 | 148,130 |
| Machinery, equipment and vehicles | 386,774 | 386,774 |
| Accumulated depreciation | △189,356 | △193,231 |
| Machinery and equipment, net | 197,417 | 193,543 |
| Tools, furniture and fixtures | 936,939 | 971,377 |
| Accumulated depreciation | △766,358 | △788,370 |
| Tools, furniture and fixtures, net | 170,580 | 183,007 |
| Land | 315,686 | 315,686 |
| Construction in progress | 0 | 3,627 |
| Total property, plant and equipment | 832,302 | 843,996 |
| Intangible assets | | |
| Goodwill | 5,539 | 5,470 |
| Software | 57,316 | 59,487 |
| Other | 0 | 0 |
| Total intangible assets | 62,856 | 64,958 |
| Investments and other assets | | |
| Investment securities | 186,910 | 200,366 |
| Long-term loans receivable | 187,457 | 203,867 |
| Deferred tax assets | 108,460 | 113,605 |
| Other | 139,124 | 134,969 |
| Allowance for doubtful accounts | 621,953 | 652,808 |
| Total investments and other assets | 1,517,112 | 1,561,763 |
| Total non-current assets | 1,601,633 | 5,539 |
| Deferred assets | | |
| Share issuance cost | 29,985 | 25,203 |
| Development expenses | 12 | — |
| Business commencement expenses | 1,843 | 1,521 |
| Total deferred assets | 31,841 | 26,725 |
| Total assets | 8,359,398 | 8,166,303 |

(In thousand yen)

| | FY 2022 (consolidated) (As of March 31,2022) | 1Q FY 2023 (consolidated) (As of June 30,2022) |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 700,884 | 579,197 |
| Short-term loans payable | 146,655 | 145,731 |
| Current portion of long-term loans payable | 267,873 | 220,295 |
| Lease obligations | 4,965 | 4,764 |
| Accounts payable - other | 211,349 | 200,847 |
| Income taxes payable | 67,927 | 9,746 |
| Advances received | 42,782 | 29,472 |
| Provision for bonuses | 36,709 | 24,450 |
| Provision for product warranties | 100,980 | 6,628 |
| Other | 55,986 | 52,071 |
| Total current liabilities | 150,038 | 55,590 |
| Non-current liabilities | 1,786,153 | 1,328,796 |
| Fixed liabilities | | |
| corporate bond | 100,000 | 100,000 |
| Long-term loans payable | 584,527 | 1,017,395 |
| Lease obligations | 14,302 | 12,439 |
| Retirement benefit liability | 255,023 | 257,422 |
| Asset retirement obligations | 15,243 | 13,083 |
| Other | 161,634 | 158,520 |
| Total non-current liabilities | 1,130,731 | 1,558,862 |
| Total liabilities | 2,916,884 | 2,887,658 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 2,485,241 | 2,485,241 |
| Capital surplus | 1,683,419 | 1,642,354 |
| Retained earnings | 1,273,405 | 1,109,202 |
| Treasury shares | △61,373 | △61,373 |
| Total shareholders' equity | 5,380,693 | 5,175,425 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 15,354 | 3,494 |
| Foreign currency translation adjustment | 36,285 | 89,544 |
| Accumulated other comprehensive income | 51,639 | 93,038 |
| Share acquisition rights | 10,180 | 10,180 |
| Total net assets | 5,442,513 | 5,278,645 |
| Total liabilities and net assets | 8,359,398 | 8,166,303 |

(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)

| | FY 2022 (consolidated) (As of March 31,2022) | 1Q FY 2023 (consolidated) (As of June 30,2022) |
|---|---|---|
| Net Sales | 1,940,650 | 460,050 |
| Cost of sales | 1,437,979 | 357,617 |
| Gross profit | 502,671 | 102,432 |
| Selling, general and administrative expenses | 318,735 | 326,656 |
| Operating profit (loss (△)) | 183,935 | △224,223 |
| Non-operating income | | |
| Interest income | 576 | 570 |
| Dividend income | 36 | 41 |
| Insurance income | 1,563 | 764 |
| Gain on forgiveness of debts | — | 48,387 |
| Other | 4,962 | 4,713 |
| Total non-operating income | 7,138 | 54,477 |
| Non-operating expenses | | |
| Interest expenses | 11,374 | 5,377 |
| Foreign exchange losses | 1,996 | — |
| Share of loss of entities accounted for using equity method | 938 | 969 |
| Other | 5,476 | 5,193 |
| Total non-operating expenses | — | 9,400 |
| Ordinary profit (loss (△)) | 169,443 | △195,100 |
| special profit | | |
| Gain on sale of fixed assets | — | 45,000 |
| Total extraordinary profit | — | 45,000 |
| Extraordinary loss | | |
| office relocation costs | — | 8,094 |
| Total extraordinary loss | — | 8,094 |
| Profit (loss (△)) before income taxes | 169,443 | △158,195 |
| Income taxes - current | 4,436 | 6,402 |
| Income taxes - deferred | 32,422 | △395 |
| Total income taxes | 36,858 | 6,007 |
| Profit (loss (△)) | 132,584 | △164,202 |
| Profit (loss (△)) attributable to non-controlling interests | 132,584 | △164,202 |

Quarterly consolidated statements of comprehensive income

Consolidated first quarter period

(In thousand yen)

| | FY 2022 (consolidated) (As of March 31,2022) | 1Q FY 2023 (consolidated) (As of June 30,2022) |
|---|---|---|
| Profit (loss (△)) | 132,584 | △164,202 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,075 | △11,860 |
| Foreign currency translation adjustment | △147 | 53,259 |
| Total other comprehensive income | 928 | 41,398 |
| Comprehensive income | 133,512 | △122,803 |
| (breakdown) | | |
| Comprehensive income attributable to owners of parent | 133,512 | △122,803 |

(3) Notes for the quarterly consolidated financial statements

(Notes for precondition of continuing company): NA

I . Current 1Q consolidated cumulative period (from April 1, 2021 to June 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 | 276,767 | — | 276,767 | — | 276,767 |
| Mobile communication infrastructure | 256,755 | — | 256,755 | — | 256,755 |
| Government office | 144,768 | — | 144,768 | — | 144,768 |
| Public project | 139,598 | — | 139,598 | — | 139,598 |
| FA・Measurement・ Other | — | 1,021,424 | 1,021,424 | — | 1,021,424 |
| Solar power plant | — | 99,302 | 99,302 | — | 99,302 |
| Wind power plant | 817,890 | 1,120,727 | 1,938,617 | — | 1,938,617 |
| Revenue from Contracts with Customers | — | 2,032 | 2,032 | — | 2,032 |
| Other profit | 817,890 | 1,122,760 | 1,940,650 | — | 1,940,650 |
| Sales amount to external clients | — | — | — | — | — |
| Between segments Internal sales or transfer amount | 817,890 | 1,122,760 | 1,940,650 | — | 1,940,650 |
| Total | 134,430 | 148,729 | 283,160 | △99,224 | 183,935 |
| Segment profit | 276,767 | — | 276,767 | — | 276,767 |

(Note) 1. Adjusted amount of segment profit △99,224 thousand yen is △99,224 thousand yen of the group management department cost which has not been distributed to the business segment.

2. Segment profit matches the operating profit in the quarter consolidated profit and loss statement.

II . Current 1Q consolidated cumulative period (from April 1, 2022 to June 30, 2022)

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 | 141,555 | — | 141,555 | — | 141,555 |
| Mobile communication infrastructure | 114,059 | — | 114,059 | — | 114,059 |
| Government office | 95,055 | — | 95,055 | — | 95,055 |
| Public project | 59,737 | — | 59,737 | — | 59,737 |
| FA ・ Measurement ・ Other | — | 26,495 | 26,495 | — | 26,495 |
| Solar power plant | — | 20,355 | 20,355 | — | 20,355 |
| Wind power plant | 410,408 | 46,850 | 457,259 | — | 457,259 |
| Revenue from Contracts with Customers | — | 2,790 | 2,790 | — | 2,790 |
| Other profit | 410,408 | 49,641 | 460,050 | — | 460,050 |
| Sales amount to external clients | — | — | — | — | — |
| Between segments Internal sales or transfer amount | 410,408 | 49,641 | 460,050 | — | 460,050 |
| Total | △93,995 | △23,623 | △117,619 | △106,604 | △224,223 |
| Segment profit | | | | | |

(Note) 1. Adjusted amount of segment loss △106,604 thousand yen is △106,604 thousand yen of the group management department cost which has not been distributed to the business segment.

2. Segment loss matches the operating loss in the quarter consolidated profit and loss statement.

(Profit acknowledgement related) Information dissolving the profits occurring from the agreement with client is as described in “Notes (segment information, etc.).”