



FY2023 March The 2Q Summary of Accounting Statements [Japanese Standards] (consolidated)

November 11, 2022

Listed company name Tamagawa Holdings Co., Ltd. Exchange Tokyo
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 Quarterly report to be submitted : November. 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.: 2Q (from Apr 1, 2022 to September 30, 2022)

(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	%
FY2023 Mar. 2Q	1,075	△63.0	△383	—	△364	—	△335	—
FY2022 Mar. 2Q	2,907	28.9	189	235.1	161	603.1	120	275.6

(Note) Comprehensive profit: FY2023 Mar. 2Q △313mil.yen (—%) FY2022 Mar. 2Q 126mil.yen 352.9%

	Quarterly net profit per share	Quarterly net profit per share after issuable share adjustment
FY2023 Mar. 2Q	yen △56.59	yen —
FY2022 Mar. 2Q	21.02	20.45

(2) Consolidated financial status

	Gross asset	Net asset	Own capital ratio
FY2023 Mar. 2Q	mil.yen 8,165	mil.yen 5,187	% 63.4
FY2022 Mar.	8,359	5,442	65.0

(Reference) Own capital: FY2023 Mar. 2Q 5,177mil.yen FY2022 Mar. 2Q 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 September. 30, 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	%	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	0.5 ~12.7

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

※ 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)	FY2023 Mar. 2Q	6,073,900shares	FY2022 Mar. 2Q	5,927,900shares
② Number of term-end own shares	FY2023 Mar. 2Q	61,484shares	FY2022 Mar. 2Q	61,484shares
③ Average number of midterm shares (quarterly accumulation)	FY2023 Mar. 2Q	5,935,028shares	FY2022 Mar. 2Q	5,735,739shares

* 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 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 year.

(1) Financial status and situation of the management result

Although restriction of economic activities has been eased during Covid-19 epidemic, the Japanese economics in the current second quarter consolidated accumulative period continues to shift with more confusing and uncertain situation towards the future due to the impact of the global economics given by trend and such perspective of the issues between US and China, and uncertainty in the policies, global shortage of semiconductors, rising oil prices, etc. as well as the worsened situation between Russia and Ukraine, deficit trade balance due to weak yen, and higher commodity prices which were added this year.

Under such economic circumstances, for the electronic and communication device business, in addition to sales expansion business mainly in the 5G related market and civil services/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 (inside 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, terahertz products, etc. necessary for wireless transmission of data of large volumes, and we are proactively working such as "Beyond 5G / 6G Industrial-Academic Cooperation Research," etc.

In the mobile communication field, since the communication common carriers' infrastructure investment was controlled, the demand for the existing products is decreasing. Therefore, we will aim for and work on sales expansion of infrastructure sharing related devices in the perspective of increasing demand for infrastructure sharing as a method to expand infrastructure by reducing investment.

In regard to proposals for new clients related to mobile communication facilities for overseas, since various restrictions due to Covid-19 have been gradually terminated, we have started proposal activities to new clients on a remote basis and face-to-face basis.

Demands for the optical transmission device, digital signal processor, etc. are increasing as business-use wireless, disaster measures and surveillance system in the public filed. We will work on further sales expansion. Additionally, we will work on securing long-term and stable order receipt by joining the national project as "National Resilience" from the development stage.

In addition, by enhancing proposals of self-developed products along with promotion of active business domain expansion through marketing the 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 worked on development of small wind power plants by leveraging the fund from the plant sellout until the previous period, co-financing from banks, and fund such as sustainable loan, etc. In current second quarter consolidated accumulative period, 17 small wind power plants were newly interconnected in Hokkaido and Akita Prefectures. We have also decided to newly develop 15 small wind power plants in the good-wind condition area(s) in Hokkaido with the sustainable loan, etc.

In order for the stakeholders surrounding us to secure the precise profit structure and growth, we are foreseeing the earliest introduction of IFRS (International Financial Reporting Standards), aiming to build the unique business model in the renewable energy business as a domestic company focusing on owning small wind power plants from this period and expecting to launch various mechanism and structure reformations including the organizations of the same business. Simultaneously, we will contribute to continuous reduction of greenhouse gas by easing the business risk and accelerating development of new renewable energy sources with development of small wind power plants of which unit is small size and risk dispersion and securement of profitability and mobility.

In addition, as the measure after the next period, we will also join the medium and large-sized projects of the large wind power plant (1.984MW), etc. in Nemuro City, Hokkaido and will also join the small waterpower plant project in Flores Island, Nusa Tenggara, Indonesia to launch diversification of power source for the future.

As the result of the above, the amount of orders received in the current second quarter consolidated accumulative period was 1,971 mil. yen (43.0% decrease compared with the same period of the previous year), and the sales amount was 1,075 mil. yen (63.0% decrease compared with the same period of the previous year). In terms of profit and loss, operating loss was recorded as 383 mil. yen (the operating profit of the same period of the previous year: 189 mil. yen), ordinary loss was recorded as 364 mil. yen because of the currency gain 57 mil. yen due to rapidly falling yen (the ordinary profit of the same period of the previous year: 161 mil. yen), and due to 45 mil. yen of profit from sellout of the fixed asset recoded as the special profit, the quarterly net loss belonging to the parent company shareholders was 335

mil. yen (the quarterly net profit belonging to the parent company shareholders of the same period of the previous year: 120 mil. yen).

In the electronic / communication device business, we will promote our sales expansion activities mainly in the existing markets since the demand is stably increasing and is expected to transit steadily also from now on. Furthermore, we will also proactively expand the business domain by entering a new market. We are also receiving 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. However, on the other hand, we cannot avoid the effect of global difficulty in procurement of electronic components, which has been the factor to inhibit the business performance such as postponed sales from the plan of the beginning of the period. We will continue to focus on the measures to resolve difficulty in procurement of components.

Our group is proactively considering development of the general environmental business in addition to the renewable energy business not only as domestic expansion but also overseas expansion mainly in Southeast Asia, and will actively conduct investment activities for expansion of the business operation. Our group will further work on CO2 reduction and the measures for global warming with all the Group employees and will proactively disclose information to the stakeholders surrounding us for ESG management and will take a positive challenge to achieve SDGs goals.

Management result by segments is as follows.

a. Electronic / communication device business

For electronic / communication device business, we could not avoid the impact despite the measures taken for the latest difficulty in procurement of electronic components, etc., and due to delayed sales affected by delayed delivery of some components, we could not reach the plan of the beginning of the period, resulting in the amount of orders received of 1,858 mil. yen (18.8% decrease compared with the same period of the previous year), the sales amount of 963 mil. yen (41.8% decrease compared with the same period of the previous year), and segment loss of 104 mil. yen (segment profit of the same period of the previous year: 268 mil. yen).

b. Renewable energy system sales business

The small wind power plants and low-voltage solar power plants in Hokkaido we own in current second quarter consolidated accumulative period have sold power in a good state. However, the sales and segment profit have decreased as a return action of selling Hokkaido Noboribetsu City Solar Power Plant in the previous period (June 2021).

As a result of the above, the amount of orders received was 112 mil. yen (90.3% decrease compared with the same period of the previous year), sales amount was 112 mil. yen (91.0% decrease compared to the same period of the previous year), and segment loss was 34 mil. yen (segment profit of the same period of the previous year: 125 mil. yen).

2.Consolidated financial statements and Notes

(1)Consolidated balance sheet

(In thousand yen)

	FY 2022 (consolidated) (As of March 31,2022)	2Q FY 2023 (consolidated) (As of September 30,2022)
Assets		
Current Assets		
Cash and deposits	2,060,604	1,243,594
Notes and accounts receivable - trade	2,205,186	1,028,973
Merchandise and finished goods	781,903	1,421,179
Goods and products	1,077,617	1,584,322
Work in proces	482,925	662,843
Raw materials and supplies	57,205	80,188
Advance payments - trade	172,694	331,200
Other	△27,692	△29,533
Allowance for doubtful accounts	6,810,444	6,322,768
Non-current assets		
Property, plant and equipment		
Buildings and structures	527,933	540,474
Accumulated depreciation	△379,316	△393,830
Buildings and structures, net	148,617	146,644
Machinery, equipment and vehicles	386,774	386,774
Accumulated depreciation	△189,356	△197,483
Machinery and equipment, net	197,417	189,291
Tools, furniture and fixtures	936,939	1,019,269
Accumulated depreciation	△766,358	△813,042
Tools, furniture and fixtures, net	170,580	206,227
Land	315,686	315,686
Construction in progress	0	4,299
Total property, plant and equipment	832,302	862,149
Intangible assets		
Goodwill	5,539	5,402
Software	57,316	57,045
Other	0	0
Total intangible assets	62,856	62,447
Investments and other assets		
Investment securities	186,910	359,697
Long-term loans receivable	187,457	203,867
Deferred tax assets	108,460	111,769
Other	139,124	221,656
Allowance for doubtful accounts	621,953	896,991
Total non-current assets	1,517,112	1,821,588
Deferred assets		
Share issuance cost	29,985	20,010
Development expenses	12	—
Business commencement expenses	1,843	1,200
Total deferred assets	31,841	21,210
Total assets	8,359,398	8,165,567

(In thousand yen)

	FY 2022 (consolidated) (As of March 31,2022)	2Q FY 2023 (consolidated) (As of September 30,2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	700,884	616,187
Short-term loans payable	146,655	133,846
Current portion of long-term loans payable	267,873	237,682
Lease obligations	4,965	4,783
Accounts payable - other	211,349	78,061
Income taxes payable	67,927	12,082
Advances received	42,782	30,324
Provision for bonuses	36,709	17,141
Provision for product warranties	100,980	11,039
Other	55,986	48,552
Total current liabilities	150,038	57,009
Non-current liabilities	1,786,153	1,246,712
Fixed liabilities		
corporate bond	100,000	100,000
Long-term loans payable	584,527	1,189,146
Lease obligations	14,302	11,239
Retirement benefit liability	255,023	262,990
Asset retirement obligations	15,243	13,083
Other	161,634	154,835
Total non-current liabilities	1,130,731	1,731,295
Total liabilities	2,916,884	2,978,008
Net assets		
Shareholders' equity		
Capital stock	2,485,241	2,535,100
Capital surplus	1,683,419	1,692,213
Retained earnings	1,273,405	937,537
Treasury shares	△61,373	△61,373
Total shareholders' equity	5,380,693	5,103,477
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,354	△44,498
Foreign currency translation adjustment	36,285	118,398
Accumulated other comprehensive income	51,639	73,899
Share acquisition rights	10,180	10,180
Total net assets	5,442,513	5,187,558
Total liabilities and net assets	8,359,398	8,165,567

(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 2022 (consolidated) (As of September 30,2021)	2Q FY 2023 (consolidated) (As of September 30,2022)
Net Sales	2,907,778	1,075,761
Cost of sales	2,079,365	793,721
Gross profit	828,413	282,039
Selling, general and administrative expenses	638,441	665,444
Operating profit (loss (△))	189,972	△383,404
Non-operating income		
Interest income	1,546	2,514
Dividend income	258	290
Insurance income	3,369	4,440
Gain on forgiveness of debts	—	57,591
Other	8,280	5,638
Total non-operating income	13,455	70,475
Non-operating expenses		
Interest expenses	16,227	12,984
Foreign exchange losses	3,457	—
Share of loss of entities accounted for using equity method	1,976	2,140
Other	11,063	10,387
Total non-operating expenses	—	18,900
Interest expenses	9,314	7,032
Foreign exchange losses	42,039	51,443
Ordinary profit (loss (△))	161,387	△364,372
special profit		
Gain on sale of fixed assets	—	45,000
Total extraordinary profit	—	45,000
Extraordinary loss		
office relocation costs	—	8,139
Total extraordinary loss	—	8,139
Profit (loss (△)) before income taxes	161,387	△327,512
Income taxes - current	11,900	7,385
Income taxes - deferred	28,909	970
Total income taxes	40,810	8,356
Profit (loss (△))	120,577	△335,868
Profit (loss (△)) attributable to non-controlling interests	120,577	△335,868

Quarterly consolidated statements of comprehensive income

Consolidated first quarter period

(In thousand yen)

	2Q FY 2022 (consolidated) (As of September 30,2021)	2Q FY 2023 (consolidated) (As of September 30,2022)
Profit (loss (△))	120, 577	△335, 868
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	397	△59, 852
Foreign currency translation adjustment	5, 059	82, 113
Total other comprehensive income	5, 457	22, 260
Comprehensive income	126, 034	△313, 608
(breakdown)		
Comprehensive income attributable to owners of parent	126, 034	△313, 608

Notes for the quarterly consolidated financial statements

(Notes for precondition of continuing company): NA

I . 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

(Note) 1. Adjustment amount of segment profit △204,194 thousand yen is △204,194 thousand yen of the cost of group management division which is not distributed to the business segment.

2. Segment profit matches the operating profit in the quarterly consolidate profit and loss statement.

II. Current 2Q consolidated cumulative period (from April 1, 2022 to September 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
	Electronic / communication device business	Renewable energy business	Total		
Sales amount					
Mobile communication infrastructure	331,487	—	331,487	—	331,487
Government office	202,933	—	202,933	—	202,933
Public project	229,580	—	229,580	—	229,580
FA・Measurement・Other	199,030	—	199,030	—	199,030
Solar power plant	—	80,593	80,593	—	80,593
Wind power plant	—	26,599	26,599	—	26,599
Revenue from Contracts with Customers	963,032	107,193	1,070,226	—	1,070,226
Other profit	—	5,535	5,535	—	5,535
Sales amount to external clients	963,032	112,728	1,075,761	—	1,075,761
Between segments	—	—	—	—	—
Internal sales or transfer amount					
Total	963,032	112,728	1,075,761	—	1,075,761
Segment profit	△106,331	△34,881	△141,213	△242,191	△383,404

(Note) 1. Adjustment amount of segment loss (△) △242,192 thousand yen is △242,192 thousand yen of the cost of group management division which is not distributed to the business segment.

2. Segment loss (△) matches the operating loss in the quarterly consolidate profit and loss statement.

(Profit understanding related)

Information on dissolved the profit arising from the agreement with clients shall be as described in “Notes (segment information, etc.).”