

FY2024 March The 2Q Summary of Accounting Statements
[Japanese Standards] (consolidated)

November 10, 2023

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 : November 10, 2023 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 July 1, 2023 to September 30, 2023)

(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	%
FY2024 Mar. 2Q	1,451	34.9	△268	—	△270	—	△385	—
FY2023 Mar. 2Q	1,075	△63.0	△383	—	△364	—	△335	—

(Note) Comprehensive profit: FY2024 Mar. 2Q △309 mil.yen (—%) FY2023 Mar.1Q △313 mil.yen mil.yen (—%)

	Quarterly net profit per share		Quarterly net profit per share after issuable share adjustment	
	yen	yen	yen	yen
FY2024 Mar. 2Q	△62.66	—	—	—
FY2023 Mar. 2Q	△56.59	—	—	—

(2) Consolidated financial status

	Gross asset		Net asset		Own capital ratio	
	mil.yen	%	mil.yen	%	mil.yen	%
FY2024 Mar. 2Q	9,260	—	4,861	—	52.4	—
FY2023 Mar. 2Q	8,636	—	5,002	—	57.8	—

(Reference)Own capital: FY2024 Mar. 2Q 4,850 mil.yen FY2023 Mar. 2Q 4,988 mil.yen

2. Status of dividends

	Annual dividends						
	End 1Q		End 2Q		End 3Q	Term end	Total
	yen	yen	yen	yen	yen	yen	yen
FY2023 Mar.	—	0.00	—	—	5.00	5.00	5.00
FY2024 Mar.	—	0.00	—	—	—	—	—
FY2024 Mar. (forecast)	—	—	—	—	0.00	0.00	0.00

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

3. Consolidated performance forecast of FY 2024 Mar. (from July 1, 2023 to September. 30, 2024)

(% 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	mil.yen
Full business year	6,035	83.2	66	—	7	—	4	—	0.85	—

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

(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. None

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)

FY2024 Mar. 2Q

6,364,600shares

FY2023 Mar.

6,073,900 shares

② Number of term-end own shares

FY2024 Mar. 2Q

61,508shares

FY2023 Mar.

61,508 shares

③ Average number of midterm shares
(quarterly accumulation)

FY2024 Mar. 2Q

6,152,954shares

FY2023 Mar.

5,935,028 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

1. Qualitative information concerning the current quarterly financial statement

(1) Explanation on the management result

After Covid-19 was redefined as Category V Infectious Disease, there has been mild recovery in the domestic economy in the current second quarterly consolidated accumulative period, where recovery of sales has progressed in the industries of eating-out, leisure, accommodation, department stores. Furthermore after June, rising wages, etc. promoted consumption activities and normalization of economic activities has been accelerated. On the other hand, due to progress of weak yen and sharp gain of commodities prices which are simultaneously occurring, the economic status continuously transits under the uncertain conditions.

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, 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. We are also proactively working on the semiconductor manufacturing facility market, 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 are aiming for and working 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 are working on proposal activities to new clients on a remote basis and face-to-face basis.

In the public agency and public related market, the preharvest period of businesses has ended and this term is the preparation period of new business. Along with a drastic increase of the national budget, we have experienced continuous closing of received orders of large projects since the second half of last year. Additionally, probability of order receipt of the current inquiries is also high although we will mainly work on development and design in this fiscal year, which may limit contribution to sales amount of the current period, and we expect that those large and repeated projects will stably and continuously contribute to the performance after the following fiscal year.

Besides, we have won new businesses of drone monitoring device and private satellite project, etc.

Finally in the FA and measurement field, we received an order from a new client at the beginning of the term for the semiconductor reliability test equipment. Since the semiconductor industry will be our country's policy and investment to advanced process will be more and more expanded hereafter, we will work on sales expansion to the semiconductor facility market with our high frequency technology which is essential to semiconductors for communication.

By enhancing proposals of self-developed products along with active promotion of the business domain expansion, we will continue the activities for profit expansion in order to establish the stable business base as the entire electronics and communication device industry.

In the renewable energy business, we have continuously worked on acceleration of development of small wind power plants. In the current period, since there has been a global delay of procurement of the equipment in a number of industries, we increased the number of units for development by taking the measures such as advance procurement of the equipment, etc. In addition, as a result of diversification of fund procurement, 7 units of small wind power plants were newly interconnected in this first quarterly consolidated accumulative period by executing multiple project finances including sustainable loan, etc. We also sold 4 units of small wind power plants.

今We are also aiming to establish a new profit base by accelerating the approach to increase the number of the developed units as well as promoting increase of the possessed units to secure stable profit by power selling. On the other hand, since inquiries are increasing for purchase of the small power wind plants by social demand for spreading of renewable energy, we will consider sellout depending on the market environment.

In order for the stakeholders surrounding us to secure the precise profit structure and growth, we are 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.

Tokyo Stock Exchange opened the carbon credit market on October 11, 2022 in view of contribution to carbon pricing as a stock exchange in Japan with the result of verification experiment in 2022 to achieve the decarbonated society. We will focus on it since establishment of a new “emission right trading” market is considered to contribute to further expansion of renewable energy market.

As the result of the above, the amount of orders received in this second quarterly consolidated accumulative period was 2,093 mil. yen (6.2% increase compared with the same period of the previous year), and the sales amount was 1,451 mil. yen (34.9% increase compared with the same period of the previous year). In terms of profit and loss, operating loss was recorded as 268 mil. yen (the operating loss of the same period of the previous year: 383 mil. yen), ordinary loss was recorded as 270 mil. yen (the ordinary loss of the same period of the previous year: 364 mil. yen) and the quarterly net loss belonging to the parent company shareholders was 385 mil. yen (the quarterly's net loss belonging to the parent company shareholders of the same period of the previous year: 335 mil. yen) due to recording of 95 mil. yen of valuation loss of investment securities.

In the electronic / communication device business, we will focus on acquirement of new businesses by setting our sales expansion activities of the mobile communication field (infrastructure sharing) public agency / public related market which is expected to continue to transit steadily and where the demand is stably increasing as the center. Furthermore, we will also proactively expand the business domain as well as continuing the activities for profit expansion in order to establish the stable business base as the entire electronic and communication device business by enhancement of proposals for self-developed products.

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 results by segments are as follows.

a. Electronic and communication device business

For electronic and communication device business, the order receipt from the public agencies and public related continued to transit at a good rate and the amount of received order was 1,755 mil. yen (5.6% decrease compared with the same period of the previous year).

In terms of the sales amount, although we took measures for difficulty of the latest procurement of electronic parts, etc., we could not avoid the impact where the sales concentrates in the second period compared to the plan of beginning of the term, which was 1,147 mil. yen (19.2% increase compared with the same period of the previous year). The segment loss was 43 mil. yen (segment loss was 106 mil. yen in the same period of the previous year).

In addition, the remaining received order was 3,687 mil. yen (48.1% increase compared with the same period of the previous year) and the cause of increase of it is that the agreed delivery dates have been extended due to the globally extended delivery dates of semiconductors and non-iron metal materials. Similarly, the inventory assets (parts and materials, products in process and product inventory) increased by 36% compared to the same period of the previous year due to the extended agreed delivery dates.

b. Renewable energy system sales business

For renewable energy business, we have worked on development of small wind power plants by leveraging development fund of small wind power plants and collaborative loan and sustainable loan fund from banks. In addition, the small wind power plants and low-voltage solar power plants we possess in Hokkaido and Tohoku are selling power at a good rate.

In this second quarterly consolidated accumulative period, we newly interconnected 7 units of small wind power plants. Additionally, since 4 small wind power plants could be sold, the sales amount increased compared to the same period of the previous year. Furthermore, since the small wind power plants and low-voltage solar power plants we possess are selling power at a good rate, the segment profit also increased.

As a result of the above, the amount of orders received was 338 mil. yen (200.0% increase compared with the same period of the previous year), sales amount was 303 mil. yen (168.9% increase compared to the same period of the previous year), and segment loss was 14 mil. yen (segment loss of the same period of the previous year: 34 mil. yen).

2.Consolidated financial statements and Notes

(1)Consolidated balance sheet

(In thousand yen)

	FY 2023 (consolidated) (As of March 31,2023)	2Q FY 2024 (consolidated) (As of June 30,2023)
Assets		
Current Assets		
Cash and deposits	1,055,068	1,130,218
Notes and accounts receivable - trade	1,371,660	1,068,968
Merchandise and finished goods	2,208,403	2,431,799
Goods and products	999,891	1,763,702
Work in proces	843,908	872,266
Raw materials and supplies	83,993	81,742
Advance payments - trade	353,946	287,660
Other	△28,607	△29,925
Allowance for doubtful accounts	6,888,266	7,606,432
Non-current assets		
Property, plant and equipment		
Buildings and structures	553,616	563,546
Accumulated depreciation	△399,192	△414,085
Buildings and structures, net	154,423	149,461
Machinery, equipment and vehicles	418,077	432,721
Accumulated depreciation	△207,331	△221,021
Machinery and equipment, net	210,745	211,699
Tools, furniture and fixtures	1,088,975	1,119,689
Accumulated depreciation	△863,189	△916,033
Tools, furniture and fixtures, net	225,785	203,655
Land	298,130	298,130
Construction in progress	0	14,051
Total property, plant and equipment	889,085	876,997
Intangible assets		
Goodwill	5,539	5,402
Software	51,519	44,979
Other	0	0
Total intangible assets	57,059	50,381
Investments and other assets		
Investment securities	356,541	293,475
Long-term loans receivable	50,000	50,000
Deferred tax assets	109,069	92,539
Other	283,615	285,070
Allowance for doubtful accounts	799,226	721,085
Total non-current assets	1,745,371	1,648,464
Deferred assets		
Stock issuance cost	1,984	5,073
opening expenses	671	716
Total deferred assets	2,656	5,790
Total assets	8,636,293	9,260,687

(In thousand yen)

	FY 2023 (consolidated) (As of March 31,2023)	2Q FY 2024 (consolidated) (As of June 30,2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	591, 995	455, 421
short-term borrowing	270, 332	454, 612
Short-term loans payable	100, 000	100, 000
Current portion of long-term loans payable	279, 298	375, 034
Lease obligations	4, 822	4, 860
Accounts payable - other	90, 575	129, 939
Income taxes payable	21, 275	12, 476
Advances received	67, 510	20, 071
Provision for bonuses	23, 009	18, 431
Provision for product warranties	47, 981	40, 272
Other	48, 386	48, 002
Total current liabilities	72, 257	62, 294
Accounts payable - other	1, 617, 444	1, 721, 418
Non-current liabilities		
Long-term loans payable	1, 566, 520	2, 217, 195
Lease obligations	8, 810	6, 447
Retirement benefit liability	277, 579	279, 986
Asset retirement obligations	13, 127	13, 127
Other	150, 664	161, 023
Total non-current liabilities	2, 016, 703	2, 677, 780
Total liabilities	3, 634, 147	4, 399, 198
Net assets		
Shareholders' equity		
Capital stock	2, 535, 100	2, 635, 889
Capital surplus	1, 692, 213	1, 762, 940
Retained earnings	790, 618	405, 023
Treasury shares	△61, 394	△61, 394
Total shareholders' equity	4, 956, 537	4, 742, 458
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△45, 035	△25, 200
Foreign currency translation adjustment	77, 159	132, 977
Accumulated other comprehensive income	32, 124	107, 777
Share acquisition rights	11, 767	9, 528
Non-controlling interests	1, 716	1, 724
Total net assets	5, 002, 146	4, 861, 488
Total liabilities and net assets	8, 636, 293	9, 260, 687

(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 2023 (consolidated) (As of March 31,2023)	2Q FY 2024 (consolidated) (As of September 30,2023)
Net Sales	1, 075, 761	1, 451, 046
Cost of sales	793, 721	1, 071, 245
Gross profit	282, 039	379, 801
Selling, general and administrative expenses	665, 444	648, 574
Operating profit (loss (△))	△383, 404	△268, 773
Non-operating income		
Interest income	2, 514	728
Dividend income	290	246
Insurance income	4, 440	712
Gain on forgiveness of debts	57, 591	11, 523
Other	5, 638	12, 484
Total non-operating income	70, 475	25, 695
Non-operating expenses		
Interest expenses	12, 984	15, 810
Equity in losses of affiliates	2, 140	—
Amortization of stock issuance expenses	10, 387	1, 311
Non-operating payment fee	18, 900	—
Share of loss of entities accounted for using equity method	5, 811	8, 243
Other	1, 220	1, 813
Total non-operating expenses	51, 443	27, 178
Ordinary profit (loss (△))	△364, 372	△270, 257
special profit		
Gain on sale of fixed assets	45, 000	—
Total extraordinary profit	—	90
Gain on sale of fixed assets	45, 000	90
Extraordinary loss		
Loss on disposal of fixed assets	0	1, 821
office relocation costs	—	95, 104
Total extraordinary loss	8, 139	—
Loss on disposal of fixed assets	8, 139	96, 925
Profit (loss (△)) before income taxes	△327, 512	△367, 092
Income taxes - current	7, 385	2, 115
Income taxes - deferred	970	16, 378
Total income taxes	8, 356	18, 494
Profit (loss (△))	△335, 868	△385, 586
Quarterly net income attributable to non-controlling interests	—	8
Profit (loss (△)) attributable to non-controlling interests	△335, 868	△385, 594

Quarterly consolidated statements of comprehensive income

Consolidated first quarter period

(In thousand yen)

	FY 2023 (consolidated) (As of March 31,2023)	2Q FY 2024 (consolidated) (As of September 30,2023)
Profit (loss (△))	△335,868	△385,586
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△59,852	19,834
Foreign currency translation adjustment	82,113	55,817
Total other comprehensive income	22,260	75,652
Comprehensive income	△313,608	△309,933
(breakdown)		
Comprehensive income attributable to owners of parent	△313,608	△309,941
Quarterly comprehensive income attributable to non-controlling interests	—	8

(3) Notes for the quarterly consolidated financial statements

(Notes for precondition of continuing company): NA

I . Current 2Q consolidated cumulative period (from July 1, 2023 to September 30, 2023)

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 communications 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. (1) Adjustment amount of segment loss (△) △242,191 thousand yen is the fee △242,191 thousand yen of the group management department which is not distributed to the business segment.

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

II . Current 2Q consolidated cumulative period (from July 1, 2023 to September 30, 2023)

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 communications infrastructure	468,782	—	468,782	—	468,782
Government office	180,367	—	180,367	—	180,367
Public project	282,968	—	282,968	—	282,968
FA・Measurement・Other	215,764	—	215,764	—	215,764
Solar power plant	—	83,991	83,991	—	83,991
Wind power plant	—	213,098	213,098	—	213,098
Revenue from Contracts with Customers	1,147,882	297,090	1,444,973	—	1,444,973
Other profit	—	6,073	6,073	—	6,073
Sales amount to external clients	1,147,882	303,163	1,451,046	—	1,451,046
Between segments	—	—	—	—	—
Internal sales or transfer amount	—	—	—	—	—
Total	1,147,882	303,163	1,451,046	—	1,451,046
Segment profit	△43,872	△14,237	△58,110	△210,663	△268,773

- (Note) 1. (1) Adjustment amount of segment profit or loss (Δ) $\Delta 210,663$ thousand yen is the fee $\Delta 210,663$ thousand yen of the group management department which is not distributed to the business segment.
2. Segment profit or loss (Δ) matches the operating loss in the quarterly consolidated profit and loss statement.

(Profit recognition related)

Information which dissolves the profit arising from the agreement with the clients is as described in "Note (segment information, etc.)."