



FY2020 March The 1Q Summary of Accounting Statements [Japanese Standards] (consolidated)

August 14, 2019

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 : August. 14, 2019 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 2020 Mar.: 1Q (from Apr 1, 2019 to June 30, 2019)

(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	%
FY2020 Mar. 1Q	715	△4.8	△63	—	△117	—	△115	—
FY2019 Mar. 1Q	751	11.4	△18	—	△80	—	△77	—

(Note) Comprehensive profit: FY2020 Mar. 1Q △125mil.yen(—%) FY2019 Mar.1Q △74mil.yen(—%)

	Quarterly net profit per share	Quarterly net profit per share after issuable share adjustment
FY2020 Mar. 1Q	yen △26.07	yen —
FY2019 Mar. 1Q	yen △17.81	yen —

(2) Consolidated financial status

	Gross asset	Net asset	Own capital ratio
FY2020 Mar. 1Q	mil.yen 9,430	mil.yen 3,222	% 34.1
FY2019 Mar.	yen 9,572	yen 3,368	% 35.2

(Reference) Own capital: FY2020 Mar. 1Q 3,217mil yen FY2019 Mar. 3,364mil. yen

2. Status of dividends

	Annual dividends				
	End 1Q	End 2Q	End 3Q	Term end	Total
FY2019 Mar.	yen —	yen 0.00	yen —	yen 5.00	yen 5.00
FY2020 Mar.	yen —	yen —	yen —	yen —	yen —
FY2020 Mar. (forecast)	yen —	yen 0.00	yen —	yen 5.00 ~30.00	yen 5.00 ~30.00

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

3. Consolidated performance forecast of 2020 Mar. (from Apr 1, 2019 to Mar. 31, 2020)

(% 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	5,699	48.4	524	242.2	372	—	319	148.7	yen 73.58

(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. : None

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)

② Number of term-end own shares

③ Average number of midterm shares
(quarterly accumulation)

FY2020 Mar. 1Q	4,477,100 shares	FY2019 Mar.	4,476,100 shares
FY2020 Mar. 1Q	61,454 shares	FY2019 Mar.	61,454 shares
FY2020 Mar. 1Q	4,414,722 shares	FY2019 Mar. 1Q	4,343,145 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 Annex 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 quarterly financial statement

(1) Explanation on management result

Matters herein concerning the future were determined by our group as of the final day of the current consolidated accounting year.

While the Japanese economics in the current first quarter consolidated cumulative accounting year continues to be in the mild turnaround such as recovery of individual consumption and facility investment thanks to continuous improvement in the corporate performance and employment situation, it continued to shift with uncertain situation due to the impacts on the global economics given by trend of the trading issues and future of Chinese economics, and uncertainty in the policies.

Under such economic circumstances, for the electronic and communication device business, in addition to sales expansion business mainly in the 5G mobile phone equipment related market and public related market, we have also focused on 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 of various business-use wireless, digital signal processor, etc. indispensable for high-speed signal processing, millimeter wave band products, etc. necessary for wireless transmission of data of large volumes.

In the mobile communication field, inquiries of high-frequency components are increasing for the 5G mobile communication system which will start its commercial services in 2020.

In addition, inquiry cases from new clients related to mobile communication facilities for overseas are gradually increasing.

Demands for the optical transmission device, digital signal processor, etc. are increasing for disaster measures, business-use wireless and surveillance system in the public filed, and therefore we will work on further demand expansion in the public filed as well as positively working on self-developed products including product development for the 5G mobile communication related market.

Order receipt condition in general electronic and communication device business is improving, and we will continue to promote expansion of our group’s business field and also continue the activities for profit expansion by proposal and enhancement of self-development products.

We have promoted development and sales of the photovoltaic power plants and small wind power plants in the renewable energy system sales business. We will continue the development / sales activities of photovoltaic power plants, small wind power plants, etc. for profit expansion.

In the renewable power plant business, each of the already-operating photovoltaic power plants has been selling power at a good rate. Our group is actively reviewing the general renewable energy and environmental businesses which will become our next pillar for expansion of operations of such businesses.

As the result of the above, the amount of orders received in the current first quarter consolidated cumulative period was 1,239 mil. yen (47.9% increase compared with the same term of the previous year), and the sales amount was 715 mil. yen (4.8% decrease compared with the same term of the previous year). In terms of profit and loss, operating loss was 63 mil. yen (operating loss of same term of the previous year: 18 mil. yen), ordinary loss was 117 mil. yen (ordinary loss of the same term of the previous year: 80 mil. yen), and the quarterly net loss belonging to the parent company shareholders was 115 mil. yen (quarterly net loss belonging to the parent company shareholders of the same term of the previous year: 77 mil. yen).

For the electronic and communication device business, in addition to sales expansion activities mainly in the public related market, we are focusing on exploration of new clients. Especially in the civil service field, the demands are stably increasing and it is expected to shift steadily hereafter. We will continue to promote expansion of our group’s business fields and also continue the activities for profit expansion by enhancement of proposal of self-developed products.

For the renewable energy plant business, in addition to development / sales of photovoltaic power plants, we are actively engaged in development of small wind power plants. We will continuously endeavor not only to reduce CO2, but also to contribute to the community and society and to introduce, spread and promote renewable energy by taking advantage of characteristics of the community, and accelerating development of community-based renewable energy.

Management result status by business type segments is as follows.

a. Electronic / communication device business

Thanks to focus on expansion of order receipt in the mobile communication field and civil service and public related field, the amount of orders received was 1,208 mil. yen (49.3% increase compared with the same term of the previous year), sales amount was 476 mil. yen (4.3% increase compared with the same term of the previous year), and segment loss was 40 mil. yen (segment loss of the same term of the previous year: 36 mil. yen).

b. Renewable energy system sales business

As the result that lot selling of mainly photovoltaic power plants has been focused on, the amount of orders received was 30 mil. yen (6.7% increase compared with the same term of the previous year), sales amount was 68 mil. yen (33.2% decrease compared with the same term of the previous year), and segment loss was 42 mil. yen (segment loss of the same term of the previous year: 16 mil. yen).

c. Renewable energy plant business

Each of the already-operating photovoltaic power plants in Shimonoseki City and Tateyama City, and the mega solar power plants in Goto City, Nagasaki Pref. and the solar sharing plants in Shimada City, Shizuoka Pref. have been selling power at a good rate. In addition, while power selling at the mega solar power plant in Noboribetsu City, Hokkaido started on November, 2018, the photovoltaic power plant in Kasumigaura City was sold in December 2018 and photovoltaic power plant in Sodegaura City was sold in March 2019, the sales amount was 168 mil. yen (11.5% decrease compared with the same term of the previous year) and segment profit was 72 mil. yen (6.6% decrease compared with the same term of the previous year).

(2) Explanation on financial status

① Analysis of financial status

(Gross assets)

Gross assets in the end of the current first quarter consolidated accounting period resulted in 9,430 mil. yen, decreasing by 142 mil. yen compared to the end of the previous consolidated accounting year.

This is mainly because cash and deposit decreased due to payment of outstanding corporate tax, etc. and outstanding consumption tax included in others of current liabilities.

(Liabilities)

Liabilities in the end of the current first quarter consolidated accounting period resulted in 6,208 mil. yen, increasing by 4 mil. yen compared to the end of the previous consolidated accounting year.

This is mainly because of decrease of outstanding corporate tax, etc. and outstanding consumption tax included in others of current liabilities, and increase of short-term loan.

(Net assets)

Net assets in the end of the current first quarter consolidated accounting period resulted in 3,222 mil. yen, decreasing by 146 mil. yen compared to the end of the previous consolidated accounting year.

This is mainly because of dividend payment and record of the quarterly loss belonging to the parent company shareholders.

② Business and financial issues to be addressed

There are no material matters in the business and financial issues to be addressed among those arising in the current first quarter consolidated accounting period.

③ Research and development activities

Amount of research and development activities of the entire group in the current first quarter consolidated accounting period is 51 mil. yen.

There is no material change in the status of our group's research and development activities in the current first quarter

consolidated accounting period.

- (3) Explanation on the future forecast information including the consolidated performance expectation information
No change in the performance forecast announced on May 20, 2019 for performance forecast.

2.Consolidated financial statements and Notes

(1)Consolidated balance sheet

(In thousand yen)

	FY 2018 (consolidated) (As of March 31,2019)	1Q FY 2019 (consolidated) (As of June 30,2019)
Assets		
Current Assets		
Cash and deposits	1,026,668	981,662
Notes and accounts receivable - trade	1,535,070	1,388,667
Merchandise and finished goods	1,616,585	1,649,631
Work in process	878,670	1,093,860
Raw materials and supplies	185,023	233,962
Advance payments - trade	75,543	78,158
Other	324,495	119,118
Allowance for doubtful accounts	△14,392	△14,392
Total current assets	5,627,664	5,530,668
Non-current assets		
Property, plant and equipment		
Buildings and structures	512,094	511,874
Accumulated depreciation	△331,934	△335,237
Buildings and structures, net	180,160	176,636
Machinery, equipment and vehicles	2,575,930	2,576,822
Accumulated depreciation	△237,289	△277,482
Machinery, equipment and vehicles, net	2,338,641	2,299,340
Tools, furniture and fixtures	795,941	805,861
Tools, furniture and fixtures	△643,663	△657,503
Accumulated depreciation	152,277	148,357
Land	387,466	387,466
Construction in progress	17,540	17,540
Total property, plant and equipment	3,076,086	3,029,341
Intangible assets		
Goodwill	39,614	39,470
Software	48,205	57,495
Other	0	0
Total intangible assets	87,820	96,966
Investments and other assets		
Investment securities	22,152	19,374
Long-term loans receivable	45,761	37,649
Deferred tax assets	187,140	193,095
Other	506,398	505,635
Allowance for doubtful accounts	△8,700	△8,700
Total investments and other assets	752,754	747,055
Total non-current assets	3,916,660	3,873,363
Deferred assets		
Share issuance cost	4,909	4,356
Development expenses	100	93
Business commencement expenses	23,335	21,938
Total deferred assets	28,345	26,388
Total assets	9,572,670	9,430,420

(In thousand yen)

	FY 2018 (consolidated) (As of March 31,2019)	1Q FY 2019 (consolidated) (As of June 30,2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	503,108	525,529
Short-term loans payable	50,000	350,000
Current portion of long-term loans payable	464,982	399,205
Lease obligations	179,152	193,918
Accounts payable - other	151,932	260,481
Income taxes payable	59,636	8,637
Advances received	444,000	446,839
Provision for bonuses	114,905	41,160
Provision for product warranties	14,257	14,278
Other	213,953	76,798
Total current liabilities	2,195,928	2,316,848
Non-current liabilities		
Long-term loans payable	231,415	159,463
Lease obligations	3,132,673	3,085,798
Deferred tax liabilities	2,501	2,472
Net defined benefit liability	187,940	194,290
Asset retirement obligations	35,193	35,236
Long-term accounts payable - other	416,612	412,424
Other	1,882	1,855
Total non-current liabilities	4,008,218	3,891,542
Total liabilities	6,204,146	6,208,390
Net assets		
Shareholders equity		
Capital stock	1,770,627	1,771,108
Capital surplus	1,065,912	1,044,320
Retained earnings	595,043	479,920
Treasury shares	△61,313	△61,313
Total shareholders equity	3,370,270	3,234,035
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△724	△3,288
Foreign currency translation adjustment	△5,085	△12,896
Accumulated other comprehensive income	△5,810	△16,185
Share acquisition rights	4,064	4,179
Total net assets	3,368,524	3,222,029
Total liabilities and net assets	9,572,670	9,430,420

(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)

	1Q FY 2018 (from April 1, 2018 to June 30, 2018)	1Q FY 2019 (from April 1, 2019 to June 30, 2019)
Net Sales	751,367	715,114
Cost of sales	511,483	470,768
Gross profit	239,883	244,345
Selling, general and administrative expenses	258,462	307,805
Operating loss (△)	△18,578	△63,459
Non-operating income		
Interest income	2,097	1,097
Dividend income	242	6
Exchange gain	1,932	-
Other	2,560	1,210
Total non-operating income	6,832	2,313
Non-operating expenses		
Interest expenses	57,976	43,228
Foreign exchange losses	-	1,121
Share of loss of entities accounted for using equity method	8,968	9,576
Other	1,729	2,352
Total non-operating expenses	68,674	56,279
Ordinary loss (△)	△80,420	△117,425
Extraordinary losses		
Other	0	-
Total extraordinary losses	0	-
Loss before income taxes (△)	△80,420	△117,425
Income taxes - current	3,627	3,467
Income taxes - deferred	△6,673	△5,769
Total income taxes	△3,046	△2,302
Loss (△)	△77,373	△115,123
Loss attributable to non-controlling interests (△)	-	-
Loss attributable to owners of parent (△)	△77,373	△115,123

Quarterly consolidated statements of comprehensive income
 Consolidated first quarter period

(In thousand yen)

	1Q FY 2018 (from April 1, 2018 to June 30, 2018)	1Q FY 2019 (from April 1, 2019 to June 30, 2019)
Loss (△)	△77,373	△115,123
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△2,482	△2,564
Foreign currency translation adjustment	5,787	△7,810
Total other comprehensive income	3,304	△10,375
Comprehensive income	△74,068	△125,498
(breakdown)		
Comprehensive income attributable to owners of parent	△74,068	△125,498
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes for the quarterly consolidated financial statements

(Notes for precondition of continuing company): NA

(Shareholders' capital related)

I. Previous 1Q consolidated cumulative period (from April 1, 2018 to June 30, 2018): Matters on dividends

Amount of dividends payment

Resolution	Type of share	Dividend resource	Total amount of dividends (thousand yen)	Dividend amount per share (yen)	Record date	Effective date
May 11, 2018 Board of directors	Ordinary shares	Earned surplus	21,715	0.50	March 31, 2018	June 29, 2018

II. 1Q consolidated cumulative period (from April 1, 2019 to June 30, 2019): Matters on dividends: Matters on dividends

Amount of dividends payment

Resolution	Type of share	Dividend resource	Total amount of dividends (thousand yen)	Dividend amount per share (yen)	Record date	Effective date
May 17, 2019 Board of directors	Ordinary shares	Earned surplus	22,073	5.00	March 31, 2019	June 28, 2019

(Notes when there is drastic change in shareholders' capital amount) :NA

(Segment information, etc.)

【Segment information】

I. Previous 1Q consolidated cumulative period (from April 1, 2018 to June 30, 2018)

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 system sales business	Renewable energy generation business	Total		
Sales amount						
Sales amount to external clients	457,200	102,704	189,998	749,903	1,464	751,367
Internal sales amount or transfer amount between segments	—	71	—	71	△71	—
Total	457,200	102,775	189,998	749,974	1,392	751,367
Segment profit or loss (△)	△36,973	△16,052	77,221	24,194	△42,773	△18,578

(Note)

1. Adjusted amount of segment profit or loss (△) △42,773 thousand yen is adjusted amount of unrealized profit, etc. 1,557 thousand yen, adjusted amount of dividends from the consolidated subsidiary △17,500 thousand yen and profit and loss of group management division not distributed to business segment △26,831 thousand yen.

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

II. Current 1Q consolidated cumulative period (from April 1, 2019 to June 30, 2019)

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 system sales business	Renewable energy generation business	Total		
Sales amount						
Sales amount to external clients	476,936	68,559	168,154	713,650	1,464	715,114
Internal sales amount or transfer amount between segments	—	—	—	—	—	—
Total	476,936	68,559	168,154	713,650	1,464	715,114
Segment profit or loss (△)	△40,920	△42,981	72,157	△11,744	△51,715	△63,459

(Note)

1. Adjusted amount of segment profit or loss (△) △51,715 thousand yen is adjusted amount of unrealized profit, etc. 1,591 thousand yen, adjusted amount of dividends from the consolidated subsidiary △17,500 thousand yen and profit and loss of group management division not distributed to business segment △35,807 thousand yen.

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