

Consolidated Financial Summary for the Nine Months
Ended December 31, 2018 (Unaudited)

(Japan Basis)



February 08 2019

Company name: Dowa Holdings Co., Ltd. URL: <http://www.dowa.co.jp/>
Exchange: First Section of Tokyo Stock Exchange, First Section of Nagoya Stock Exchange,
 Fukuoka Stock Exchange, and Sapporo Securities Exchange
Stock code: 5714
Representative: Akira Sekiguchi, President and Representative Director

Scheduled date of filing quarterly securities report: February 13, 2019
 Scheduled date of commencement of dividend payments: —

1. Consolidated business results for the nine months ended December 31, 2018 (April 1, 2018 – December 31, 2018)

(Amounts less than one million yen, except for per share amounts, are omitted.)

(1) Consolidated financial results

(%: Change from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Nine months ended December 31, 2018	336,363	△0.7	12,771	△45.2	16,946	△38.9	10,687	△44.4
Nine months ended December 31, 2017	338,630	17.7	23,285	12.6	27,716	21.9	19,224	18.0
(Note) Comprehensive income:	Nine months ended December 31, 2018		3,946 million yen △82.0 %		Nine months ended December 31, 2017		21,968 million yen 50.8 %	

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Nine months ended December 31, 2018	180.58	—
Nine months ended December 31, 2017	324.81	—

(Note) We consolidated common shares at the ratio of five shares to one share on October 1, 2017. The figures for the net income per share are amounts on the assumption that we consolidate common shares on the beginning of previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of December 31, 2018	480,103	245,097	49.2
As of March 31, 2018	456,530	247,762	52.3

(Reference) Shareholders' equity: As of December 31, 2018 236,328 million yen As of March 31, 2018 238,815 million yen

(Note) We apply ASBJ Statement No. 28, "Partial Amendments to Accounting Standard for Tax Effect Accounting" from FY2018. This accounting standard is retroactively applied to the amount of the consolidated financial position as of March 31, 2018.

2. Dividends

(Record date)	Annual Dividends				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	—	—	—	90.00	90.00
Fiscal year ending March 31, 2019	—	—	—	—	—
Fiscal year ending March 31, 2019 (forecast)	—	—	—	90.00	90.00

(Note) Revisions of expected dividends in the current period: None

3. Forecast consolidated results for the fiscal year ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(%: Change from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	Yen
Full year	450,000	△1.0	20,000	△35.4	25,000	△31.2	16,500	△33.2
								278.79

(Note) Revisions of estimated consolidated results in the current period: Yes

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets (Unaudited)

(Millions of Yen)

	As of end of previous fiscal year (March 31, 2018)	As of end of third quarter (December 31, 2018)
Assets		
Current assets		
Cash and deposits	16,935	21,506
Notes and accounts receivable - trade	87,615	80,436
Merchandise and finished goods	27,550	24,053
Work in process	5,663	7,797
Raw materials and supplies	73,127	84,452
Other	17,634	15,353
Allowance for doubtful accounts	(191)	(151)
Total current assets	228,334	233,448
Non-current assets		
Property, plant and equipment		
Buildings and structures	119,288	124,256
Accumulated depreciation	(70,028)	(71,151)
Buildings and structures, net	49,260	53,105
Machinery, equipment and vehicles	242,390	249,198
Accumulated depreciation	(204,016)	(208,241)
Machinery, equipment and vehicles, net	38,373	40,956
Land	24,638	24,925
Construction in progress	8,491	9,863
Other	16,602	17,217
Accumulated depreciation	(13,041)	(13,653)
Other, net	3,560	3,563
Total property, plant and equipment	124,324	132,413
Intangible assets		
Goodwill	5,250	4,728
Other	3,759	3,228
Total intangible assets	9,010	7,957
Investments and other assets		
Investment securities	75,067	67,658
Long-term loans receivable	9,908	25,558
Deferred tax assets	6,430	7,339
Other	3,554	5,813
Allowance for doubtful accounts	(100)	(85)
Total investments and other assets	94,860	106,283
Total non-current assets	228,196	246,654
Total assets	456,530	480,103

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	As of end of previous fiscal year (March 31, 2018)	As of end of third quarter (December 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	37,338	36,731
Short-term loans payable	44,402	36,083
Commercial papers	25,000	35,000
Current portion of bonds	—	10,000
Income taxes payable	2,680	1,173
Accrued consumption taxes	1,446	904
Provision		
Provision for bonuses	4,050	2,103
Provision for directors' bonuses	232	168
Total provisions	4,282	2,272
Other	27,649	34,690
Total current liabilities	142,800	156,856
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	30,424	42,781
Deferred tax liabilities	2,666	2,236
Provision		
Provision for directors' retirement benefits	719	621
Other provision	446	426
Total provisions	1,166	1,048
Net defined benefit liability	17,411	18,001
Other	4,298	4,081
Total non-current liabilities	65,967	78,149
Total liabilities	208,767	235,006
Net assets		
Shareholders' equity		
Capital stock	36,437	36,437
Capital surplus	26,222	26,044
Retained earnings	165,029	169,325
Treasury shares	(5,708)	(5,709)
Total shareholders' equity	221,980	226,097
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,164	10,057
Deferred gains or losses on hedges	1,199	(236)
Foreign currency translation adjustment	2,124	919
Remeasurements of defined benefit plans	(653)	(509)
Total accumulated other comprehensive income	16,835	10,230
Non-controlling interests	8,946	8,768
Total net assets	247,762	245,097
Total liabilities and net assets	456,530	480,103

Note: Amounts less than one million yen are omitted.

(2) Consolidated Statements of Income (Unaudited)

(Millions of Yen)

	Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)	Nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)
Net sales	338,630	336,363
Cost of sales	288,746	295,341
Gross profit	49,884	41,021
Selling, general and administrative expenses		
Freightage related expenses	3,118	3,453
Sales commission	414	396
Directors' compensations	1,076	1,102
Salaries and allowances	5,295	5,438
Welfare expenses	1,572	1,591
Provision for bonuses	446	449
Retirement benefit expenses	407	484
Provision for directors' retirement benefits	140	143
Rent expenses	665	688
Taxes and dues	1,066	1,040
Traveling and transportation expenses	1,222	1,225
Depreciation	1,037	1,112
Development and research expenses	4,030	4,524
Amortization of goodwill	396	387
Other	5,707	6,209
Total selling, general and administrative expenses	26,599	28,249
Operating profit	23,285	12,771
Non-operating income		
Interest income	273	875
Dividend income	678	815
Share of profit of entities accounted for using equity method	2,324	1,322
Foreign exchange gains	264	—
Commission fee	—	582
Royalty income	1,049	1,121
Other	1,288	1,425
Total non-operating income	5,878	6,141
Non-operating expenses		
Interest expenses	411	648
Foreign exchange losses	—	0
Commission fee	—	238
Environmental expenses	390	407
Other	645	671
Total non-operating expenses	1,447	1,966
Ordinary profit	27,716	16,946

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)	Nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)
Extraordinary income		
Subsidy income	42	161
Gain on sales of non-current assets	—	136
Gain on sales of investment securities	95	127
Insurance income	123	90
Other	41	16
Total extraordinary income	302	532
Extraordinary losses		
Loss on retirement of non-current assets	417	666
Settlement package	—	203
Impairment loss	270	116
Other	233	166
Total extraordinary losses	921	1,154
Profit before income taxes	27,098	16,325
Income taxes - current	6,393	4,946
Income taxes - deferred	1,186	746
Total income taxes	7,579	5,693
Profit	19,518	10,632
Profit (loss) attributable to non-controlling interests	294	-55
Profit attributable to owners of parent	19,224	10,687

Note: Amounts less than one million yen are omitted.

(3) Consolidated Statement of Comprehensive Income (Unaudited)

(Millions of Yen)

	Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)	Nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)
Profit	19,518	10,632
Other comprehensive income		
Valuation difference on available-for-sale securities	2,846	(3,872)
Deferred gains or losses on hedges	(1,114)	(1,474)
Foreign currency translation adjustment	(92)	(1,562)
Remeasurements of defined benefit plans, net of tax	77	127
Share of other comprehensive income of entities accounted for using equity method	731	95
Total other comprehensive income	2,449	(6,685)
Comprehensive income	21,968	3,946
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,771	4,082
Comprehensive income attributable to non-controlling interests	196	(136)

Note: Amounts less than one million yen are omitted.

5. Segment Information

Segment information by business type as of December 31, 2017 and 2018 is summarized as follows :
(Amounts less than one million yen are omitted.)

For the year ended December 31, 2017(From April 1, 2017 to December 31, 2017)

Millions of Yen

	Reporting Segments						Others	Total	Eliminations & Company- wide	Consolidated
	Environmental Management & recycling	Nonferrous Metals	Electronics Materials	Metal Processing	Heat Treatment	Sub Total				
Net sales										
(1) Outside customers	44,401	145,392	59,984	66,647	19,871	336,298	2,332	338,630	-	338,630
(2) Intersegment	29,076	15,214	1,778	100	0	46,169	6,637	52,807	(52,807)	-
Total	73,477	160,607	61,763	66,747	19,871	382,468	8,969	391,437	(52,807)	338,630
Segment income (note 2)	4,578	10,080	5,036	5,488	1,660	26,843	477	27,321	395	27,716

For the year ended December 31, 2018(From April 1, 2018 to December 31, 2018)

Millions of Yen

	Reporting Segments						Others	Total	Eliminations & Company- wide	Consolidated
	Environmental Management & recycling	Nonferrous Metals	Electronics Materials	Metal Processing	Heat Treatment	Sub Total				
Net sales										
(1) Outside customers	47,021	148,999	48,610	69,322	21,653	335,608	754	336,363	-	336,363
(2) Intersegment	29,547	15,137	1,707	62	-	46,455	7,165	53,620	(53,620)	-
Total	76,569	164,137	50,318	69,385	21,654	382,064	7,920	389,984	(53,620)	336,363
Segment income (note 2)	4,930	1,522	2,677	5,172	2,106	16,408	447	16,856	90	16,946

(Note 1) The classification of businesses for the segment information by business type is based on the classification adopted by the internal management system.

- (1) Environmental Management & Recycling : Waste treatment, controlled landfilling, soil remediation, metal recycling, household appliances recycling, automobile recycling, consulting on environmental matters, and logistics
- (2) Nonferrous Metals : Production and sale of gold, silver, copper, zinc alloy, lead, platinum, palladium, indium, gallium, germanium, tin, antimony, nickel, bismuth, tellurium, sulfuric acid, and other metals
- (3) Electronics Materials : Production and sale of high-purity gallium, indium, compound semiconductor wafers, LEDs, silver powders, copper powders, silver oxide powders, metal powders, carrier powders, and ferrite powders
- (4) Metal Processing : Production and sale of copper, brass, copper alloy strips, nickel alloy strips, reflow tin plated stripes, brass rods, forged brass products, electroplated products, and metal-ceramic substrates
- (5) Heat Treatment : Various types of heat treatment, various types of surface treatment, design, manufacture, marketing, and maintenance of various types of industrial furnaces and ancillary equipment
- (6) Others : Construction, rental business and others

(Note 2) Segment income is based on ordinary income.