

Consolidated Financial Summary for the Three Months
Ended June 30, 2019 (Unaudited)

(Japan Basis)



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: August 09, 2019
 Scheduled date of commencement of dividend payments: —

1. Consolidated business results for the nine months ended June 30, 2019 (April 1, 2019 – June 30, 2019)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Three months ended June 30, 2019	116,234	0.9	6,897	(0.2)	7,661	(10.9)	4,852	(19.4)
Three months ended June 30, 2018	115,152	4.6	6,908	(16.1)	8,599	(5.3)	6,022	(2.4)
(Note) Comprehensive income:	Three months ended June 30, 2019		7,269 million yen 138.1 %		Three months ended June 30, 2018		3,053 million yen (47.8) %	

	Net income per share	Net income per share (fully diluted)
Three months ended June 30, 2019	Yen 82.00	Yen —
Three months ended June 30, 2018	101.76	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2019	484,580	247,227	49.1
As of March 31, 2019	494,683	246,158	48.0

(Reference) Shareholders' equity: As of June 30, 2019 238,011 million yen As of March 31, 2019 237,214 million yen

2. Dividends

(Record date)	Annual Dividends				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
Fiscal year ended March 31, 2019	Yen —	Yen —	Yen —	Yen 90.00	Yen 90.00
Fiscal year ending March 31, 2020	—	—	—	90.00	90.00
Fiscal year ending March 31, 2020 (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, 2020 (April 1, 2019 – March 31, 2020)

(%: 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
First half	217,000	(2.2)	8,500	(9.3)	10,800	(15.9)	7,500	(15.6)	126.72
Full year	455,000	0.5	24,500	31.2	30,000	23.4	20,000	33.5	337.92

(Note) Revisions of estimated consolidated results in the current period: None

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets (Unaudited)

(Millions of Yen)

	As of end of previous fiscal year (March 31, 2019)	As of end of first quarter (June 30, 2019)
Assets		
Current assets		
Cash and deposits	20,118	20,227
Notes and accounts receivable - trade	84,399	78,574
Merchandise and finished goods	29,461	30,700
Work in process	5,769	6,269
Raw materials and supplies	84,696	77,145
Other	13,708	15,326
Allowance for doubtful accounts	(147)	(143)
Total current assets	238,007	228,101
Non-current assets		
Property, plant and equipment		
Buildings and structures	126,589	128,800
Accumulated depreciation	(71,514)	(72,643)
Buildings and structures, net	55,074	56,157
Machinery, equipment and vehicles	250,856	252,431
Accumulated depreciation	(208,408)	(210,759)
Machinery, equipment and vehicles, net	42,448	41,672
Land	24,977	27,951
Construction in progress	8,183	13,504
Other	17,459	17,791
Accumulated depreciation	(13,778)	(14,110)
Other, net	3,681	3,681
Total property, plant and equipment	134,365	142,967
Intangible assets		
Goodwill	4,620	4,470
Other	3,094	3,079
Total intangible assets	7,714	7,550
Investments and other assets		
Investment securities	68,158	67,786
Long-term loans receivable	33,098	27,805
Deferred tax assets	7,689	6,729
Other	5,741	3,731
Allowance for doubtful accounts	(91)	(91)
Total investments and other assets	114,595	105,960
Total non-current assets	256,675	256,479
Total assets	494,683	484,580

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	As of end of previous fiscal year (March 31, 2019)	As of end of first quarter (June 30, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	43,449	33,846
Short-term loans payable	36,885	33,063
Commercial papers	29,000	35,000
Current portion of bonds	10,000	10,000
Income taxes payable	2,135	1,554
Accrued consumption taxes	996	1,101
Provision		
Provision for bonuses	4,110	1,933
Provision for bonuses for directors (and other officers)	249	—
Total provisions	4,359	1,933
Other	36,629	31,669
Total current liabilities	163,456	148,169
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	49,355	52,012
Deferred tax liabilities	2,064	2,306
Provision		
Provision for retirement benefits for directors (and other officers)	621	615
Other provision	414	414
Total provisions	1,035	1,030
Retirement benefit liability	17,967	18,163
Other	4,644	5,670
Total non-current liabilities	85,067	89,183
Total liabilities	248,524	237,352
Net assets		
Shareholders' equity		
Capital stock	36,437	36,437
Capital surplus	26,044	25,928
Retained earnings	173,624	172,384
Treasury shares	(5,710)	(5,710)
Total shareholders' equity	230,395	229,040
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,992	8,587
Deferred gains or losses on hedges	(2,787)	702
Foreign currency translation adjustment	(27)	(2)
Remeasurements of defined benefit plans	(360)	(315)
Total accumulated other comprehensive income	6,818	8,971
Non-controlling interests	8,944	9,215
Total net assets	246,158	247,227
Total liabilities and net assets	494,683	484,580

Note: Amounts less than one million yen are omitted.

(2) Consolidated Statements of Income (Unaudited)

(Millions of Yen)

	Three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)	Three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)
Net sales	115,152	116,234
Cost of sales	98,666	100,164
Gross profit	16,485	16,069
Selling, general and administrative expenses		
Freight and incidental costs	1,103	1,061
Sales commission	131	123
Remuneration for directors (and other officers)	362	356
Salaries and allowances	1,513	1,540
Welfare expenses	548	531
Provision for bonuses	494	381
Retirement benefit expenses	163	187
Provision for retirement benefits for directors (and other officers)	48	44
Rent expenses	230	241
Taxes and dues	397	380
Travel and transportation expenses	411	405
Depreciation	362	279
Development and research expenses	1,622	1,395
Amortization of goodwill	130	122
Other	2,053	2,119
Total selling, general and administrative expenses	9,577	9,172
Operating profit	6,908	6,897
Non-operating income		
Interest income	192	503
Dividend income	418	405
Share of profit of entities accounted for using equity method	612	—
Foreign exchange gains	238	—
Commission income	—	196
Royalty income	312	250
Other	444	495
Total non-operating income	2,218	1,852
Non-operating expenses		
Interest expenses	163	362
Foreign exchange losses	—	289
Share of loss of entities accounted for using equity method	—	97
Environmental expenses	129	140
Other	234	199
Total non-operating expenses	527	1,088
Ordinary profit	8,599	7,661

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)	Three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)
Extraordinary income		
Insurance claim income	90	232
Gain on sales of non-current assets	—	98
Subsidy income	139	—
Gain on sales of investment securities	127	—
Other	44	28
Total extraordinary income	401	358
Extraordinary losses		
Loss on retirement of non-current assets	101	126
Settlement package	135	—
Other	2	6
Total extraordinary losses	239	132
Profit before income taxes	8,761	7,887
Income taxes	2,573	2,763
Profit	6,187	5,124
Profit attributable to non-controlling interests	165	271
Profit attributable to owners of parent	6,022	4,852

Note: Amounts less than one million yen are omitted.

(3) Consolidated Statement of Comprehensive Income (Unaudited)

(Millions of Yen)

	Previous fiscal year (From April 1, 2018 to June 30, 2018)	Current fiscal year (From April 1, 2019 to June 30, 2019)
Profit	6,187	5,124
Other comprehensive income		
Valuation difference on available-for-sale securities	(231)	(1,429)
Deferred gains or losses on hedges	(1,197)	3,490
Foreign currency translation adjustment	(1,456)	(106)
Remeasurements of defined benefit plans, net of tax	51	41
Share of other comprehensive income of entities accounted for using equity method	(299)	148
Total other comprehensive income	(3,134)	2,144
Comprehensive income	3,053	7,269
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,929	7,005
Comprehensive income attributable to non-controlling interests	124	264

Note: Amounts less than one million yen are omitted.

5. Segment Information

Segment information by business type as of June 30, 2018 and 2019 is summarized as follows :
(Amounts less than one million yen are omitted.)

For the year ended June 30, 2018 (From April 1, 2018 to June 30, 2018)

Millions of Yen

	Reporting Segments						Others	Total	Eliminations & Company- wide	Consolidated
	Environmental Management & recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Sub Total				
Net sales										
(1) Outside customers	15,513	52,880	17,159	23,036	6,367	114,956	196	115,152	-	115,152
(2) Intersegment	10,861	5,849	640	20	-	17,371	2,091	19,462	(19,462)	-
Total	26,374	58,729	17,799	23,056	6,367	132,327	2,287	134,614	(19,462)	115,152
Segment income (note 2)	1,926	2,855	1,399	1,722	537	8,441	157	8,598	1	8,599

For the year ended June 30, 2019 (From April 1, 2019 to June 30, 2019)

Millions of Yen

	Reporting Segments						Others	Total	Eliminations & Company- wide	Consolidated
	Environmental Management & recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Sub Total				
Net sales										
(1) Outside customers	16,250	53,085	18,756	21,159	6,776	116,029	205	116,234	-	116,234
(2) Intersegment	9,635	5,018	546	21	0	15,223	2,143	17,366	(17,366)	-
Total	25,886	58,104	19,303	21,181	6,777	131,252	2,348	133,600	(17,366)	116,234
Segment income (note 2)	1,594	3,576	551	1,560	209	7,492	137	7,629	32	7,661

(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) Electronic 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.