

Consolidated Financial Summary for the Six Months
Ended September 30, 2019 (Unaudited)

(Japan Basis)



November 12 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: November 13, 2019

Scheduled date of commencement of dividend payments: —

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

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	%
Six months ended September 30, 2019	230,782	4.0	11,078	18.3	12,453	(3.1)	7,924	(10.9)
Six months ended September 30, 2018	221,828	1.2	9,367	(36.2)	12,848	(25.6)	8,889	(24.2)

(Note) Comprehensive income: Six months ended September 30, 2019 9,525 million yen 112.7 % Six months ended September 30, 2018 4,477 million yen (62.4) %

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Six months ended September 30, 2019	133.89	—
Six months ended September 30, 2018	150.20	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of September 30, 2019	498,212	249,483	48.2
As of March 31, 2019	494,683	246,158	48.0

(Reference) Shareholders' equity: As of September 30, 2019 240,014 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	—	—	—	90.00	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
Full year	480,000	6.0	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

* Regarding the full-year forecasts for the fiscal year ending March 2020 (April 1, 2019 – March 31, 2020), the previous forecast was revised on November 6, 2019, taking into account the business results of the first half and the latest business environments. For more details, please refer to "Notice of Revisions of Financial Forecasts" announced on the day.

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 second quarter (September 30, 2019)
Assets		
Current assets		
Cash and deposits	20,118	26,727
Notes and accounts receivable - trade	84,399	75,429
Merchandise and finished goods	29,461	28,608
Work in process	5,769	6,381
Raw materials and supplies	84,696	80,539
Other	13,708	15,654
Allowance for doubtful accounts	(147)	(143)
Total current assets	238,007	233,197
Non-current assets		
Property, plant and equipment		
Buildings and structures	126,589	129,122
Accumulated depreciation	(71,514)	(73,472)
Buildings and structures, net	55,074	55,650
Machinery, equipment and vehicles	250,856	254,919
Accumulated depreciation	(208,408)	(213,030)
Machinery, equipment and vehicles, net	42,448	41,888
Land	24,977	28,155
Construction in progress	8,183	16,245
Other	17,459	18,146
Accumulated depreciation	(13,778)	(14,377)
Other, net	3,681	3,769
Total property, plant and equipment	134,365	145,710
Intangible assets		
Goodwill	4,620	4,329
Other	3,094	3,076
Total intangible assets	7,714	7,405
Investments and other assets		
Investment securities	68,158	68,584
Long-term loans receivable	33,098	32,990
Deferred tax assets	7,689	6,759
Other	5,741	3,656
Allowance for doubtful accounts	(91)	(91)
Total investments and other assets	114,595	111,899
Total non-current assets	256,675	265,015
Total assets	494,683	498,212

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 second quarter (September 30, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	43,449	36,584
Short-term borrowings	36,885	38,845
Commercial papers	29,000	27,000
Current portion of bonds	10,000	10,000
Income taxes payable	2,135	2,371
Accrued consumption taxes	996	1,078
Provisions		
Provision for bonuses	4,110	3,890
Provision for bonuses for directors (and other officers)	249	69
Total provisions	4,359	3,960
Other	36,629	31,212
Total current liabilities	163,456	151,052
Non-current liabilities		
Bonds payable	10,000	20,000
Long-term borrowings	49,355	50,464
Deferred tax liabilities	2,064	2,299
Provisions		
Provision for retirement benefits for directors (and other officers)	621	661
Other provisions	414	385
Total provisions	1,035	1,046
Retirement benefit liability	17,967	18,412
Other	4,644	5,453
Total non-current liabilities	85,067	97,677
Total liabilities	248,524	248,729
Net assets		
Shareholders' equity		
Share capital	36,437	36,437
Capital surplus	26,044	25,928
Retained earnings	173,624	175,455
Treasury shares	(5,710)	(5,710)
Total shareholders' equity	230,395	232,111
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,992	9,024
Deferred gains or losses on hedges	(2,787)	(178)
Foreign currency translation adjustment	(27)	(678)
Remeasurements of defined benefit plans	(360)	(264)
Total accumulated other comprehensive income	6,818	7,902
Non-controlling interests	8,944	9,469
Total net assets	246,158	249,483
Total liabilities and net assets	494,683	498,212

Note: Amounts less than one million yen are omitted.

(2) Consolidated Statements of Income (Unaudited)

(Millions of Yen)

	Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)	Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)
Net sales	221,828	230,782
Cost of sales	193,447	201,270
Gross profit	28,380	29,512
Selling, general and administrative expenses		
Freight and incidental costs	2,280	2,000
Sales commission	265	245
Remuneration for directors (and other officers)	732	724
Salaries and allowances	2,988	3,046
Welfare expenses	1,084	1,112
Provision for bonuses	975	834
Retirement benefit expenses	302	386
Provision for retirement benefits for directors (and other officers)	95	90
Rent expenses	450	481
Taxes and dues	735	691
Travel and transportation expenses	834	816
Depreciation	732	559
Development and research expenses	3,087	2,940
Amortization of goodwill	258	243
Other	4,188	4,261
Total selling, general and administrative expenses	19,012	18,433
Operating profit	9,367	11,078
Non-operating income		
Interest income	469	991
Dividend income	438	498
Share of profit of entities accounted for using equity method	1,512	5
Foreign exchange gains	563	—
Commission income	475	324
Royalty income	441	486
Other	926	977
Total non-operating income	4,826	3,284
Non-operating expenses		
Interest expenses	371	679
Foreign exchange losses	—	496
Commission expenses	238	—
Environmental expenses	266	317
Other	469	417
Total non-operating expenses	1,345	1,910
Ordinary profit	12,848	12,453

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)	Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)
Extraordinary income		
Insurance claim income	90	230
Gain on sales of non-current assets	—	105
Gain on sales of investment securities	127	38
Subsidy income	145	—
Other	53	32
Total extraordinary income	416	408
Extraordinary losses		
Loss on retirement of non-current assets	329	368
Impairment loss	31	3
Settlement package	142	—
Other	101	45
Total extraordinary losses	604	417
Profit before income taxes	12,660	12,444
Income taxes	3,995	3,996
Profit	8,665	8,447
Profit (loss) attributable to non-controlling interests	(224)	523
Profit attributable to owners of parent	8,889	7,924

Note: Amounts less than one million yen are omitted.

(3) Consolidated Statement of Comprehensive Income (Unaudited)

(Millions of Yen)

	Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)	Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)
Profit	8,665	8,447
Other comprehensive income		
Valuation difference on available-for-sale securities	(589)	(929)
Deferred gains or losses on hedges	(1,805)	2,614
Foreign currency translation adjustment	(1,418)	(475)
Remeasurements of defined benefit plans, net of tax	57	90
Share of other comprehensive income of entities accounted for using equity method	(431)	(221)
Total other comprehensive income	(4,187)	1,078
Comprehensive income	4,477	9,525
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,774	9,008
Comprehensive income attributable to non-controlling interests	(296)	517

Note: Amounts less than one million yen are omitted.

(5) Consolidated Statements of Cash Flows (Unaudited)

(Millions of Yen)

	Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)	Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)
Cash flows from operating activities		
Profit before income taxes	12,660	12,444
Depreciation	8,755	9,055
Impairment loss	31	3
Amortization of goodwill	258	243
Increase (decrease) in allowance for doubtful accounts	(8)	(4)
Increase (decrease) in other provisions	(423)	(382)
Increase (decrease) in retirement benefit liability	449	444
Interest and dividend income	(907)	(1,490)
Interest expenses	371	679
Foreign exchange losses (gains)	(671)	326
Share of loss (profit) of entities accounted for using equity method	(1,512)	(5)
Loss (gain) on sales of non-current assets	—	(105)
Loss on retirement of non-current assets	329	368
Loss (gain) on sales of investment securities	(127)	(38)
Decrease (increase) in trade receivables	5,993	8,309
Decrease (increase) in inventories	(7,457)	3,935
Increase (decrease) in trade payables	(3,517)	(6,482)
Increase (decrease) in accrued consumption taxes	(716)	64
Other, net	5,197	(5,286)
Subtotal	18,706	22,078
Interest and dividends received	2,464	3,722
Interest paid	(378)	(669)
Income taxes (paid) refund	(5,326)	(3,237)
Net cash provided by (used in) operating activities	15,465	21,895

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)	Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,083)	(14,985)
Proceeds from sales of property, plant and equipment	115	450
Purchase of intangible assets	(69)	(317)
Purchase of investment securities	(1,834)	(4)
Proceeds from sales of investment securities	0	50
Purchase of shares of subsidiaries and associates	(1,170)	(936)
Proceeds from sales of shares of subsidiaries and associates	196	—
Proceeds from subsidy	382	111
Loan advances	(8,128)	(7,875)
Collection of loans receivable	275	1,929
Other, net	(228)	(219)
Net cash provided by (used in) investing activities	(21,543)	(21,796)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(7,310)	2,695
Net increase (decrease) in commercial papers	7,000	(2,000)
Proceeds from long-term borrowings	7,546	5,416
Repayments of long-term borrowings	(3,414)	(4,332)
Proceeds from issuance of bonds	9,947	9,953
Repayments of lease obligations	(246)	(94)
Purchase of treasury shares	(0)	(0)
Dividends paid	(5,406)	(5,406)
Dividends paid to non-controlling interests	(218)	(146)
Net cash provided by (used in) financing activities	7,897	6,085
Effect of exchange rate change on cash and cash equivalents	(15)	124
Net increase (decrease) in cash and cash equivalents	1,803	6,308
Cash and cash equivalents at beginning of period	16,472	19,002
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	112	383
Cash and cash equivalents at end of period	18,389	25,694

Note: Amounts less than one million yen are omitted.

5. Segment Information

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

For the year ended September 30, 2018 (From April 1, 2018 to September 30, 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	30,880	98,662	32,182	45,970	13,658	221,353	474	221,828	-	221,828
(2) Intersegment	20,394	10,669	1,120	41	-	32,225	4,218	36,444	(36,444)	-
Total	51,274	109,331	33,302	46,011	13,658	253,579	4,693	258,273	(36,444)	221,828
Segment income (note 2)	3,230	2,710	2,181	3,215	1,279	12,618	205	12,824	24	12,848

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

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	32,726	99,188	42,614	41,468	14,023	230,020	762	230,782	-	230,782
(2) Intersegment	20,791	8,620	1,171	32	0	30,617	4,994	35,611	(35,611)	-
Total	53,517	107,808	43,785	41,501	14,024	260,637	5,756	266,394	(35,611)	230,782
Segment income (note 2)	3,192	4,682	1,226	2,514	559	12,175	330	12,506	(52)	12,453

(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.