

Consolidated Financial Summary for the Nine Months  
Ended December 31, 2019 (Unaudited)

(Japan Basis)



February 12, 2020

**Company name:** DOWA HOLDINGS CO., LTD. URL: <https://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, 2020

Scheduled date of commencement of dividend payments: —

1. Consolidated business results for the nine months ended December 31, 2019 (April 1, 2019 – December 31, 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	%
Nine months ended December 31, 2019	352,747	4.9	17,601	37.8	20,438	20.6	13,487	26.2
Nine months ended December 31, 2018	336,363	(0.7)	12,771	(45.2)	16,946	(38.9)	10,687	(44.4)
(Note) Comprehensive income:	Nine months ended December 31, 2019		15,688 million yen 297.5 %		Nine months ended December 31, 2018		3,946 million yen (82.0) %	

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Nine months ended December 31, 2019	227.88	—
Nine months ended December 31, 2018	180.58	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of December 31, 2019	511,797	255,645	48.0
As of March 31, 2019	494,683	246,158	48.0

(Reference) Shareholders' equity: As of December 31, 2019 245,579 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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	—	—	—	90.00	90.00
Fiscal year ended March 31, 2020	—	—	—	—	—
Fiscal year ended 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)

	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

#### 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 third quarter (December 31, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	20,118	24,409
Notes and accounts receivable - trade	84,399	77,885
Merchandise and finished goods	29,461	30,131
Work in process	5,769	7,120
Raw materials and supplies	84,696	86,592
Other	13,708	14,878
Allowance for doubtful accounts	(147)	(139)
Total current assets	238,007	240,878
Non-current assets		
Property, plant and equipment		
Buildings and structures	126,589	130,888
Accumulated depreciation	(71,514)	(74,423)
Buildings and structures, net	55,074	56,464
Machinery, equipment and vehicles	250,856	258,762
Accumulated depreciation	(208,408)	(215,327)
Machinery, equipment and vehicles, net	42,448	43,434
Land	24,977	27,997
Construction in progress	8,183	19,627
Other	17,459	18,360
Accumulated depreciation	(13,778)	(14,608)
Other, net	3,681	3,752
Total property, plant and equipment	134,365	151,277
Intangible assets		
Goodwill	4,620	4,208
Other	3,094	3,137
Total intangible assets	7,714	7,345
Investments and other assets		
Investment securities	68,158	67,653
Long-term loans receivable	33,098	34,102
Deferred tax assets	7,689	6,926
Other	5,741	3,705
Allowance for doubtful accounts	(91)	(91)
Total investments and other assets	114,595	112,296
Total non-current assets	256,675	270,918
Total assets	494,683	511,797

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 third quarter (December 31, 2019)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	43,449	34,412
Short-term borrowings	36,885	40,361
Commercial papers	29,000	27,000
Current portion of bonds	10,000	—
Income taxes payable	2,135	3,756
Accrued consumption taxes	996	2,320
Provisions		
Provision for bonuses	4,110	2,077
Provision for bonuses for directors (and other officers)	249	134
Total provisions	4,359	2,211
Other	36,629	45,965
Total current liabilities	163,456	156,026
Non-current liabilities		
Bonds payable	10,000	20,000
Long-term borrowings	49,355	52,698
Deferred tax liabilities	2,064	2,246
Provisions		
Provision for retirement benefits for directors (and other officers)	621	701
Other provisions	414	384
Total provisions	1,035	1,085
Retirement benefit liability	17,967	18,588
Other	4,644	5,507
Total non-current liabilities	85,067	100,125
Total liabilities	248,524	256,151
Net assets		
Shareholders' equity		
Share capital	36,437	36,437
Capital surplus	26,044	25,928
Retained earnings	173,624	181,018
Treasury shares	(5,710)	(5,710)
Total shareholders' equity	230,395	237,673
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,992	10,062
Deferred gains or losses on hedges	(2,787)	(1,384)
Foreign currency translation adjustment	(27)	(553)
Remeasurements of defined benefit plans	(360)	(219)
Total accumulated other comprehensive income	6,818	7,905
Non-controlling interests	8,944	10,065
Total net assets	246,158	255,645
Total liabilities and net assets	494,683	511,797

Note: Amounts less than one million yen are omitted.

**(2) Consolidated Statements of Income (Unaudited)**

(Millions of Yen)

	Nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)	Nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)
Net sales	336,363	352,747
Cost of sales	295,341	307,258
Gross profit	41,021	45,488
Selling, general and administrative expenses		
Freight and incidental costs	3,453	3,051
Sales commission	396	365
Remuneration for directors (and other officers)	1,102	1,095
Salaries and allowances	5,438	5,383
Welfare expenses	1,591	1,658
Provision for bonuses	449	470
Retirement benefit expenses	484	567
Provision for retirement benefits for directors (and other officers)	143	135
Rent expenses	688	732
Taxes and dues	1,040	1,023
Travel and transportation expenses	1,225	1,207
Depreciation	1,112	836
Development and research expenses	4,524	4,571
Amortization of goodwill	387	364
Other	6,209	6,423
Total selling, general and administrative expenses	28,249	27,887
Operating profit	12,771	17,601
Non-operating income		
Interest income	875	1,495
Dividend income	815	801
Share of profit of entities accounted for using equity method	1,322	131
Commission income	582	666
Royalty income	1,121	789
Other	1,425	1,485
Total non-operating income	6,141	5,370
Non-operating expenses		
Interest expenses	648	1,014
Foreign exchange losses	0	471
Commission expenses	238	—
Environmental expenses	407	438
Other	671	609
Total non-operating expenses	1,966	2,533
Ordinary profit	16,946	20,438

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)	Nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)
Extraordinary income		
Gain on sales of investment securities	127	1,554
Insurance claim income	90	239
Gain on sales of non-current assets	136	124
Subsidy income	161	—
Other	16	41
Total extraordinary income	532	1,960
Extraordinary losses		
Loss on retirement of non-current assets	666	502
Loss on disaster	—	141
Impairment loss	116	3
Settlement package	203	—
Other	166	83
Total extraordinary losses	1,154	729
Profit before income taxes	16,325	21,668
Income taxes	5,693	7,051
Profit	10,632	14,616
Profit (loss) attributable to non-controlling interests	(55)	1,129
Profit attributable to owners of parent	10,687	13,487

Note: Amounts less than one million yen are omitted.

**(3) Consolidated Statement of Comprehensive Income (Unaudited)**

(Millions of Yen)

	Nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)	Nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)
Profit	10,632	14,616
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,872)	78
Deferred gains or losses on hedges	(1,474)	1,407
Foreign currency translation adjustment	(1,562)	(354)
Remeasurements of defined benefit plans, net of tax	127	133
Share of other comprehensive income of entities accounted for using equity method	95	(192)
Total other comprehensive income	(6,685)	1,071
Comprehensive income	3,946	15,688
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,082	14,574
Comprehensive income attributable to non-controlling interests	(136)	1,113

Note: Amounts less than one million yen are omitted.

## 5. Segment Information

Segment information by business type as of December 31, 2018 and 2019 is summarized as follows :  
(Amounts less than one million yen are omitted.)

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	0	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

For the year ended December 31, 2019 (From April 1, 2019 to December 31, 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	49,198	150,953	68,798	61,811	20,991	351,753	994	352,747	-	352,747
(2) Intersegment	32,594	13,713	1,922	40	1	48,272	7,578	55,850	( 55,850)	-
Total	81,792	164,667	70,720	61,851	20,992	400,025	8,572	408,598	( 55,850)	352,747
Segment income (note 2)	5,033	8,254	1,880	3,737	942	19,847	545	20,392	46	20,438

(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.