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Consolidated Financial Results for the Three Months Ended June 30, 2021 [Japanese GAAP]

August 06, 2021

Company name: DOWA HOLDINGS CO., LTD.
Stock exchange listing: Tokyo, Nagoya, Sapporo, Fukuoka
Code number: 5714

URL: <https://www.dowa.co.jp/>

Representative: SEKIGUCHI Akira

President and Representative Director

Contact: HOSONO Hiroyuki

Executive Officer and Corporate Strategy Dept. General Manager

Phone: 03-6847-1106

Scheduled date of filing quarterly securities report: August 11, 2021

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Three Months Ended June 30, 2021 (April 01, 2021 to June 30, 2021)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2021	207,920	80.2	19,678	299.2	28,222	736.7	19,946	-
June 30, 2020	115,411	(0.7)	4,929	(28.5)	3,372	(56.0)	189	(96.1)

(Note) Comprehensive income: Three months ended June 30, 2021: ¥ 24,987 million [-%]
Three months ended June 30, 2020: ¥ (4,163) million [-%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2021	335.22	-
June 30, 2020	3.20	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity to asset ratio
As of	Million yen	Million yen	%
June 30, 2021	645,658	293,333	43.8
March 31, 2021	598,471	276,715	44.4

(Reference) Equity: As of June 30, 2021: ¥ 282,621 million
As of March 31, 2021: ¥ 265,704 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	-	-	-	95.00	95.00
Fiscal year ending March 31, 2022	-				
Fiscal year ending March 31, 2022 (Forecast)		-	-	95.00	95.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022(April 01, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended September 30, 2021	397,100	57.3	33,800	167.8	38,600	313.8	25,000	-	420.15
Full year	780,000	32.7	58,000	54.9	66,000	77.4	42,000	92.4	705.85

(Note) Revision to the financial results forecast announced most recently: Yes

For more details of the consolidated forecasts for the current fiscal year, please refer to the "Notice of Revisions of Financial Forecasts" announced today.

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2021

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2021: 61,989,206 shares

March 31, 2021: 61,989,206 shares

2) Total number of treasury shares at the end of the period:

June 30, 2021: 2,486,826 shares

March 31, 2021: 2,486,815 shares

3) Average number of shares during the period:

Three months ended June 30, 2021: 59,502,387 shares

Three months ended June 30, 2020: 59,184,432 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of June 30,2021
Assets		
Current assets		
Cash and deposits	18,277	27,568
Notes and accounts receivable - trade	84,132	-
Notes and accounts receivable - trade, and contract assets	-	92,304
Merchandise and finished goods	44,908	48,603
Work in process	6,925	8,568
Raw materials and supplies	153,394	171,262
Other	19,588	19,078
Allowance for doubtful accounts	(227)	(236)
Total current assets	326,999	367,148
Non-current assets		
Property, plant and equipment		
Buildings and structures	142,800	150,703
Accumulated depreciation	(80,712)	(82,168)
Buildings and structures, net	62,087	68,534
Machinery, equipment and vehicles	271,782	276,851
Accumulated depreciation	(226,021)	(229,004)
Machinery, equipment and vehicles, net	45,760	47,846
Land	27,776	27,882
Construction in progress	21,147	15,362
Other	19,197	19,551
Accumulated depreciation	(15,402)	(15,703)
Other, net	3,794	3,847
Total property, plant and equipment	160,567	163,473
Intangible assets		
Goodwill	3,591	3,461
Other	4,402	4,534
Total intangible assets	7,994	7,995
Investments and other assets		
Investment securities	64,883	71,598
Long-term loans receivable	27,802	26,062
Deferred tax assets	7,461	6,582
Other	2,855	2,889
Allowance for doubtful accounts	(93)	(93)
Total investments and other assets	102,909	107,040
Total non-current assets	271,471	278,510
Total assets	598,471	645,658

(Million yen)

	As of March 31,2021	As of June 30,2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	55,337	55,282
Short-term borrowings	53,114	71,593
Commercial papers	35,000	45,000
Income taxes payable	6,179	2,659
Accrued consumption taxes	3,094	2,434
Provisions		
Provision for bonuses	4,244	2,210
Provision for bonuses for directors (and other officers)	212	-
Total provisions	4,457	2,210
Borrowing precious metals	38,180	36,023
Other	31,529	37,103
Total current liabilities	226,894	252,305
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	45,837	50,327
Deferred tax liabilities	2,334	2,523
Provisions		
Provision for retirement benefits for directors (and other officers)	739	585
Other provisions	361	359
Total provisions	1,101	945
Retirement benefit liability	19,546	19,580
Other	6,041	6,642
Total non-current liabilities	94,861	100,019
Total liabilities	321,755	352,325
Net assets		
Shareholders' equity		
Share capital	36,437	36,437
Capital surplus	26,473	26,247
Retained earnings	201,290	215,294
Treasury shares	(5,064)	(5,064)
Total shareholders' equity	259,136	272,914
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,569	10,528
Deferred gains or losses on hedges	(2,196)	(672)
Foreign currency translation adjustment	(1,643)	(187)
Remeasurements of defined benefit plans	(161)	39
Total accumulated other comprehensive income	6,567	9,707
Non-controlling interests	11,010	10,711
Total net assets	276,715	293,333
Total liabilities and net assets	598,471	645,658

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the three months)

(Million yen)

	For the three months ended June 30,2020	For the three months ended June 30,2021
Net sales	115,411	207,920
Cost of sales	101,000	177,881
Gross profit	14,410	30,038
Selling, general and administrative expenses		
Freight and incidental costs	885	1,201
Sales commission	107	110
Remuneration for directors (and other officers)	358	329
Salaries and allowances	1,887	1,921
Welfare expenses	663	686
Provision for bonuses	648	853
Retirement benefit expenses	263	200
Provision for retirement benefits for directors (and other officers)	41	37
Rent expenses	293	309
Taxes and dues	411	458
Travel and transportation expenses	170	162
Depreciation	295	310
Development and research expenses	1,497	1,683
Amortization of goodwill	118	120
Other	1,837	1,974
Total selling, general and administrative expenses	9,481	10,360
Operating profit	4,929	19,678
Non-operating income		
Interest income	416	216
Dividend income	258	292
Share of profit of entities accounted for using equity method	-	7,738
Foreign exchange gains	115	-
Commission income	507	172
Royalty income	151	249
Onerous sample cost income	299	210
Other	279	366
Total non-operating income	2,027	9,246
Non-operating expenses		
Interest expenses	297	201
Foreign exchange losses	-	83
Share of loss of entities accounted for using equity method	2,909	-
Environmental expenses	188	213
Other	188	205
Total non-operating expenses	3,584	703
Ordinary profit	3,372	28,222

(Million yen)

	For the three months ended June 30,2020	For the three months ended June 30,2021
Extraordinary income		
Subsidy income	15	95
Gain on sale of non-current assets	17	17
Compensation income	16	-
Other	10	7
Total extraordinary income	60	120
Extraordinary losses		
Loss on retirement of non-current assets	121	179
Loss on disaster	0	60
Other	26	1
Total extraordinary losses	147	242
Profit before income taxes	3,286	28,100
Income taxes	2,383	6,279
Profit	902	21,821
Profit attributable to non-controlling interests	713	1,874
Profit attributable to owners of parent	189	19,946

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Million yen)

	For the three months ended June 30,2020	For the three months ended June 30,2021
Profit	902	21,821
Other comprehensive income		
Valuation difference on available-for-sale securities	1,173	170
Deferred gains or losses on hedges	(3,427)	1,678
Foreign currency translation adjustment	(2,248)	708
Remeasurements of defined benefit plans, net of tax	71	231
Share of other comprehensive income of entities accounted for using equity method	(634)	377
Total other comprehensive income	(5,065)	3,166
Comprehensive income	(4,163)	24,987
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(4,780)	23,086
Comprehensive income attributable to non-controlling interests	617	1,901

Segment Information

Segment information by business type as of June 30, 2020 and 2021 is summarized as follows :

(Amounts of less than one million yen are rounded down.)

For the Fiscal Year Ended June 30, 2020 (From April 01, 2020 to June 30, 2020)

(Million 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	16,071	57,325	22,787	14,918	3,909	115,012	398	115,411	—	115,411
(2) Intersegment	11,725	3,165	1,025	9	51	15,978	2,257	18,236	(18,236)	—
Total	27,797	60,491	23,813	14,927	3,961	130,991	2,655	133,647	(18,236)	115,411
Segment profit (loss) (note 2)	2,181	3,389	1,023	(397)	(1,055)	5,140	77	5,218	(1,845)	3,372

For the Fiscal Year Ended June 30, 2021 (From April 01, 2021 to June 30, 2021)

(Million 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	19,922	112,771	42,841	26,407	5,879	207,822	98	207,920	—	207,920
(2) Intersegment	13,880	5,440	1,071	11	0	20,404	3,881	24,286	(24,286)	—
Total	33,803	118,211	43,912	26,419	5,880	228,226	3,980	232,206	(24,286)	207,920
Segment profit (loss) (note 2)	3,011	14,713	1,323	2,297	428	21,775	298	22,073	6,148	28,222

(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 powder, Copper powder, Silver oxide powder, Metal powder, Carrier powder, and Ferrite powder
- (4) Metal Processing : Production and sale of copper, brass, copper alloy strips, nickel alloy strips, reflow tin plated stripes, brass rods, forged brass products, electroplating, and metal-ceramics substrates
- (5) Heat Treatment : Heat treatment, Surface treatment, design, manufacture, marketing, and maintenance of industrial furnaces and ancillary equipment
- (6) Others : Plant construction, real estate rental business and others

(Note 2) Segment profit (loss) is based on ordinary profit.