

Consolidated Financial Summary for the Nine Months
Ended December 31, 2020 (Unaudited)

(Japan Basis)



February 9, 2021

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: SEKIGUCHI Akira, President and Representative Director

Scheduled date of filing quarterly securities report: February 10, 2021

Scheduled date of commencement of dividend payments: —

1. Consolidated business results for the nine months ended December 31, 2020 (April 1, 2020 – December 31, 2020)

(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, 2020	403,593	14.4	23,735	34.8	21,698	6.2	8,473	(37.2)
Nine months ended December 31, 2019	352,747	4.9	17,601	37.8	20,438	20.6	13,487	26.2
(Note) Comprehensive income:	Nine months ended December 31, 2020		9,598 million yen (38.8) %		Nine months ended December 31, 2019		15,688 million yen 297.5 %	

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Nine months ended December 31, 2020	143.17	—
Nine months ended December 31, 2019	227.88	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of December 31, 2020	562,945	259,831	44.3
As of March 31, 2020	512,495	258,241	48.4

(Reference) Shareholders' equity: As of December 31, 2020 249,277 million yen As of March 31, 2020 248,047 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, 2020	—	—	—	90.00	90.00
Fiscal year ending March 31, 2021	—	—	—	—	—
Fiscal year ending March 31, 2021 (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, 2021 (April 1, 2020 – March 31, 2021)

(%: 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	563,600	16.2	31,300	20.6	29,000	0.0	12,000 (31.0)	202.76

(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, 2020)	As of end of third quarter (December 31, 2020)
Assets		
Current assets		
Cash and deposits	31,730	27,407
Notes and accounts receivable - trade	75,130	74,693
Merchandise and finished goods	29,416	34,124
Work in process	5,679	8,024
Raw materials and supplies	80,207	134,360
Other	20,330	16,450
Allowance for doubtful accounts	(352)	(167)
Total current assets	242,143	294,893
Non-current assets		
Property, plant and equipment		
Buildings and structures	132,996	139,061
Accumulated depreciation	(75,975)	(78,443)
Buildings and structures, net	57,021	60,618
Machinery, equipment and vehicles	261,306	266,705
Accumulated depreciation	(218,562)	(222,363)
Machinery, equipment and vehicles, net	42,744	44,342
Land	27,883	27,815
Construction in progress	21,688	20,237
Other	18,829	19,443
Accumulated depreciation	(14,830)	(15,498)
Other, net	3,999	3,945
Total property, plant and equipment	153,336	156,958
Intangible assets		
Goodwill	4,037	3,657
Other	3,464	3,529
Total intangible assets	7,502	7,187
Investments and other assets		
Investment securities	65,031	62,233
Long-term loans receivable	33,628	32,279
Deferred tax assets	6,883	6,516
Other	4,070	2,974
Allowance for doubtful accounts	(100)	(98)
Total investments and other assets	109,513	103,905
Total non-current assets	270,352	268,051
Total assets	512,495	562,945

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	As of end of previous fiscal year (March 31, 2020)	As of end of third quarter (December 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	34,480	51,063
Short-term borrowings	40,105	67,336
Commercial papers	24,000	35,000
Income taxes payable	6,224	2,670
Accrued consumption taxes	3,425	2,307
Provisions		
Provision for bonuses	3,945	2,212
Provision for bonuses for directors (and other officers)	191	148
Total provisions	4,136	2,361
Other	44,413	56,415
Total current liabilities	156,786	217,154
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	49,981	37,906
Deferred tax liabilities	2,158	2,216
Provisions		
Provision for retirement benefits for directors (and other officers)	730	753
Other provisions	377	360
Total provisions	1,107	1,114
Retirement benefit liability	18,548	19,068
Other	5,673	5,654
Total non-current liabilities	97,467	85,959
Total liabilities	254,254	303,114
Net assets		
Shareholders' equity		
Share capital	36,437	36,437
Capital surplus	25,928	25,928
Retained earnings	184,927	187,939
Treasury shares	(5,711)	(5,712)
Total shareholders' equity	241,582	244,593
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,226	8,197
Deferred gains or losses on hedges	2,285	(472)
Foreign currency translation adjustment	(875)	(3,052)
Remeasurements of defined benefit plans	(172)	11
Total accumulated other comprehensive income	6,464	4,683
Non-controlling interests	10,194	10,553
Total net assets	258,241	259,831
Total liabilities and net assets	512,495	562,945

Note: Amounts less than one million yen are omitted.

(2) Consolidated Statements of Income (Unaudited)

(Millions of Yen)

	Nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)	Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Net sales	352,747	403,593
Cost of sales	307,258	351,723
Gross profit	45,488	51,870
Selling, general and administrative expenses		
Freight and incidental costs	3,051	2,826
Sales commission	365	344
Remuneration for directors (and other officers)	1,095	1,040
Salaries and allowances	5,383	6,769
Welfare expenses	1,658	1,915
Provision for bonuses	470	560
Retirement benefit expenses	567	713
Provision for retirement benefits for directors (and other officers)	135	129
Rent expenses	732	891
Taxes and dues	1,023	1,145
Travel and transportation expenses	1,207	508
Depreciation	836	924
Development and research expenses	4,571	4,501
Amortization of goodwill	364	356
Other	6,423	5,507
Total selling, general and administrative expenses	27,887	28,135
Operating profit	17,601	23,735
Non-operating income		
Interest income	1,495	996
Dividend income	801	462
Share of profit of entities accounted for using equity method	131	—
Commission income	666	943
Royalty income	789	1,031
Onerous sample cost income	868	790
Other	616	1,026
Total non-operating income	5,370	5,251
Non-operating expenses		
Interest expenses	1,014	699
Foreign exchange losses	471	190
Share of loss of entities accounted for using equity method	—	5,091
Environmental expenses	438	672
Other	609	632
Total non-operating expenses	2,533	7,287
Ordinary profit	20,438	21,698

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)	Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Extraordinary income		
Gain on sales of non-current assets	124	86
Subsidy income	—	51
Insurance claim income	239	42
Compensation income	—	17
Gain on sales of investment securities	1,554	—
Other	41	0
Total extraordinary income	1,960	197
Extraordinary losses		
Loss on retirement of non-current assets	502	883
Loss on valuation of investment securities	—	198
Impairment loss	3	25
Other	224	87
Total extraordinary losses	729	1,194
Profit before income taxes	21,668	20,701
Income taxes	7,051	9,261
Profit	14,616	11,440
Profit attributable to non-controlling interests	1,129	2,966
Profit attributable to owners of parent	13,487	8,473

Note: Amounts less than one million yen are omitted.

(3) Consolidated Statement of Comprehensive Income (Unaudited)

(Millions of Yen)

	Nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)	Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Profit	14,616	11,440
Other comprehensive income		
Valuation difference on available-for-sale securities	78	3,320
Deferred gains or losses on hedges	1,407	(2,740)
Foreign currency translation adjustment	(354)	(1,742)
Remeasurements of defined benefit plans, net of tax	133	169
Share of other comprehensive income of entities accounted for using equity method	(192)	(848)
Total other comprehensive income	1,071	(1,842)
Comprehensive income	15,688	9,598
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,574	6,692
Comprehensive income attributable to non-controlling interests	1,113	2,905

Note: Amounts less than one million yen are omitted.

5. Segment Information

Segment information by business type as of December 31, 2019 and 2020 is summarized as follows :
(Amounts less than one million yen are omitted.)

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	Electronic 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 (loss) (note 2)	5,033	8,254	1,880	3,737	942	19,847	545	20,392	46	20,438

For the year ended December 31, 2020 (From April 1, 2020 to December 31, 2020)

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	49,218	183,451	100,943	53,140	15,452	402,207	1,386	403,593	—	403,593
(2) Intersegment	36,434	9,908	2,668	18	121	49,151	7,585	56,737	(56,737)	—
Total	85,652	193,360	103,612	53,159	15,574	451,358	8,971	460,330	(56,737)	403,593
Segment income (loss) (note 2)	5,850	15,944	2,615	2,862	(239)	27,034	338	27,372	(5,674)	21,698

(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 income (loss) is based on ordinary income.