

Consolidated Financial Summary for the Three Months
Ended June 30, 2020 (Unaudited)

(Japan Basis)



August 7, 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: August 11, 2020

Scheduled date of commencement of dividend payments: —

1. Consolidated business results for the three months ended June 30, 2020 (April 1, 2020 – June 30, 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	%		
Three months ended June 30, 2020	115,411	(0.7)	4,929	(28.5)	3,372	(56.0)	189	(96.1)		
Three months ended June 30, 2019	116,234	0.9	6,897	(0.2)	7,661	(10.9)	4,852	(19.4)		
(Note) Comprehensive income:	Three months ended June 30, 2020		(4,163) million yen		— %		Three months ended June 30, 2019		7,269 million yen	138.1 %

	Net income per share	
	Yen	Yen
Three months ended June 30, 2020	3.20	—
Three months ended June 30, 2019	82.00	—

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
As of June 30, 2020	494,066	—	248,470	—	48.1	—
As of March 31, 2020	512,495	—	258,241	—	48.4	—

(Reference) Shareholders' equity: As of June 30, 2020 237,805 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
Fiscal year ended March 31, 2020	—	—	—	90.00	90.00
Fiscal year ending March 31, 2021	—	—	—	—	—
Fiscal year ending March 31, 2021 (forecast)	—	—	—	—	—

(Note) Revisions of expected dividends in the current period: None

The Company has decided not to forecast dividends for the fiscal year ending March 31, 2021 at this time. It will make an announcement promptly when it is prepared to disclose the expected dividend amounts.

3. Forecast consolidated results for the fiscal year ending March 31, 2021 (April 1, 2020 – March 31, 2021)

	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	Yen
First half	227,500	(1.4)	6,600	(40.4)	3,400	(72.7)	(1,000)	—	—	(16.90)
Full year	—	—	—	—	—	—	—	—	—	—

(Note) Revisions of estimated consolidated results in the current period: Yes

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

With respect to full-year forecasts for the current fiscal year, the Company has determined that it is unable to make the forecasts given the continuation of the COVID-19 pandemic. The Company will make an announcement promptly as soon as it is able to prepare the forecasts.

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 first quarter (June 30, 2020)
Assets		
Current assets		
Cash and deposits	31,730	44,161
Notes and accounts receivable - trade	75,130	58,738
Merchandise and finished goods	29,416	32,640
Work in process	5,679	6,407
Raw materials and supplies	80,207	70,163
Other	20,330	16,586
Allowance for doubtful accounts	(352)	(160)
Total current assets	242,143	228,538
Non-current assets		
Property, plant and equipment		
Buildings and structures	132,996	133,651
Accumulated depreciation	(75,975)	(76,260)
Buildings and structures, net	57,021	57,391
Machinery, equipment and vehicles	261,306	260,275
Accumulated depreciation	(218,562)	(219,046)
Machinery, equipment and vehicles, net	42,744	41,228
Land	27,883	27,920
Construction in progress	21,688	23,265
Other	18,829	18,861
Accumulated depreciation	(14,830)	(14,945)
Other, net	3,999	3,916
Total property, plant and equipment	153,336	153,721
Intangible assets		
Goodwill	4,037	3,906
Other	3,464	3,314
Total intangible assets	7,502	7,221
Investments and other assets		
Investment securities	65,031	60,447
Long-term loans receivable	33,628	33,402
Deferred tax assets	6,883	7,495
Other	4,070	3,339
Allowance for doubtful accounts	(100)	(100)
Total investments and other assets	109,513	104,585
Total non-current assets	270,352	265,528
Total assets	512,495	494,066

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 first quarter (June 30, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	34,480	29,249
Short-term borrowings	40,105	42,442
Commercial papers	24,000	31,000
Income taxes payable	6,224	1,096
Accrued consumption taxes	3,425	1,647
Provisions		
Provision for bonuses	3,945	2,043
Provision for bonuses for directors (and other officers)	191	—
Total provisions	4,136	2,043
Other	44,413	44,564
Total current liabilities	156,786	152,045
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	49,981	46,255
Deferred tax liabilities	2,158	1,977
Provisions		
Provision for retirement benefits for directors (and other officers)	730	678
Other provisions	377	377
Total provisions	1,107	1,055
Retirement benefit liability	18,548	18,735
Other	5,673	5,527
Total non-current liabilities	97,467	93,550
Total liabilities	254,254	245,596
Net assets		
Shareholders' equity		
Share capital	36,437	36,437
Capital surplus	25,928	25,928
Retained earnings	184,927	179,655
Treasury shares	(5,711)	(5,711)
Total shareholders' equity	241,582	236,310
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,226	5,992
Deferred gains or losses on hedges	2,285	(1,132)
Foreign currency translation adjustment	(875)	(3,268)
Remeasurements of defined benefit plans	(172)	(96)
Total accumulated other comprehensive income	6,464	1,495
Non-controlling interests	10,194	10,665
Total net assets	258,241	248,470
Total liabilities and net assets	512,495	494,066

Note: Amounts less than one million yen are omitted.

(2) Consolidated Statements of Income (Unaudited)

(Millions of Yen)

	Three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)	Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)
Net sales	116,234	115,411
Cost of sales	100,164	101,000
Gross profit	16,069	14,410
Selling, general and administrative expenses		
Freight and incidental costs	1,061	885
Sales commission	123	107
Remuneration for directors (and other officers)	356	358
Salaries and allowances	1,540	1,887
Welfare expenses	531	663
Provision for bonuses	381	648
Retirement benefit expenses	187	263
Provision for retirement benefits for directors (and other officers)	44	41
Rent expenses	241	293
Taxes and dues	380	411
Travel and transportation expenses	405	170
Depreciation	279	295
Development and research expenses	1,395	1,497
Amortization of goodwill	122	118
Other	2,119	1,837
Total selling, general and administrative expenses	9,172	9,481
Operating profit	6,897	4,929
Non-operating income		
Interest income	503	416
Dividend income	405	258
Foreign exchange gains	—	115
Commission income	196	507
Royalty income	250	151
Other	495	578
Total non-operating income	1,852	2,027
Non-operating expenses		
Interest expenses	362	297
Foreign exchange losses	289	—
Share of loss of entities accounted for using equity method	97	2,909
Environmental expenses	140	188
Other	199	188
Total non-operating expenses	1,088	3,584
Ordinary profit	7,661	3,372

Note: Amounts less than one million yen are omitted.

	(Millions of Yen)	
	Three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)	Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)
Extraordinary income		
Gain on sales of non-current assets	98	17
Compensation income	—	16
Subsidy income	—	15
Insurance claim income	232	—
Other	28	10
Total extraordinary income	358	60
Extraordinary losses		
Loss on retirement of non-current assets	126	121
Other	6	26
Total extraordinary losses	132	147
Profit before income taxes	7,887	3,286
Income taxes	2,763	2,383
Profit	5,124	902
Profit attributable to non-controlling interests	271	713
Profit attributable to owners of parent	4,852	189

Note: Amounts less than one million yen are omitted.

(3) Consolidated Statement of Comprehensive Income (Unaudited)

(Millions of Yen)

	Three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)	Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)
Profit	5,124	902
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,429)	1,173
Deferred gains or losses on hedges	3,490	(3,427)
Foreign currency translation adjustment	(106)	(2,248)
Remeasurements of defined benefit plans, net of tax	41	71
Share of other comprehensive income of entities accounted for using equity method	148	(634)
Total other comprehensive income	2,144	(5,065)
Comprehensive income	7,269	(4,163)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,005	(4,780)
Comprehensive income attributable to non-controlling interests	264	617

Note: Amounts less than one million yen are omitted.

5. Segment Information

Segment information by business type as of June 30, 2019 and 2020 is summarized as follows :
(Amounts less than one million yen are omitted.)

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	Electronics 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 (loss) (note 2)	1,594	3,576	551	1,560	209	7,492	137	7,629	32	7,661

For the year ended June 30, 2020 (From April 1, 2020 to June 30, 2020)

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	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 income (loss) (note 2)	2,181	3,389	1,023	(397)	(1,055)	5,140	77	5,218	(1,845)	3,372

(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 (loss) is based on ordinary income.