

Consolidated Financial Summary for the Nine Months
Ended December 31, 2017 (Unaudited)

(Japan Basis)



February 09 2018

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: Masao Yamada, President and Representative Director

Scheduled date of submission: February 13, 2018
Scheduled date of commencement of dividend payments: —

1. Consolidated business results for the nine months ended December 31, 2017 (April 1, 2017 – December 31, 2017)

(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, 2017	338,630	17.7	23,285	12.6	27,716	21.9	19,224	18.0				
Nine months ended December 31, 2016	287,697	(7.4)	20,683	(26.4)	22,734	(19.5)	16,297	(4.1)				
(Notes) Comprehensive income:	Nine months ended December 31, 2017		21,968 million yen		50.8 %		Nine months ended December 31, 2016		14,568 million yen		(4.1) %	

	Net income per share		Net income per share (fully diluted)	
	Yen		Yen	
Nine months ended December 31, 2017	324.81		—	
Nine months ended December 31, 2016	275.36		—	

We consolidated common shares at the ratio of five shares to one share on October 1, 2017. The figures for the net income per share are amounts on the assumption that we consolidate common shares on the beginning of previous fiscal year.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio			
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%		
As of December 31, 2017	448,678		244,176	52.5				
As of March 31, 2017	404,604		227,821	54.2				
(Reference) Shareholders' equity:	As of December 31, 2017		235,467 million yen		As of March 31, 2017		219,303 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, 2017	Yen —	Yen —	Yen —	Yen 18.00	Yen 18.00
Fiscal year ending March 31, 2018	—	—	—	—	—
Fiscal year ending March 31, 2018 (forecast)	—	—	—	90.00	90.00

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

Since we consolidated common shares at the ratio of five shares to one share on October 1, 2017, the year-end dividend per share for the fiscal year ending March 31, 2018 (forecast) is considered the effect of the share consolidation. The year-end dividend per share for the fiscal year ending March 31, 2018 (forecast) without considering the share consolidation is 18 yen.

3. Forecast consolidated results for the fiscal year ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(%: 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	434,000	5.7	34,000	0.0	36,500	(0.0)	26,000	(0.6)	439.29	

(Note) Revisions of estimated consolidated results in the current period: None

Net income per share for the fiscal year ending March 31, 2018 (full year) is considered the effect of the above share consolidation. Net income per share for the fiscal year ending March 31, 2018 (full year) without considering the share consolidation is 87.86 yen.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets (Unaudited)

(Millions of Yen)

	As of end of previous fiscal year (March 31, 2017)	As of end of third quarter (December 31, 2017)
Assets		
Current assets		
Cash and deposits	15,589	13,783
Notes and accounts receivable - trade	80,169	88,504
Merchandise and finished goods	23,336	25,664
Work in process	4,799	6,870
Raw materials and supplies	53,664	76,085
Deferred tax assets	3,953	3,346
Other	13,419	14,239
Allowance for doubtful accounts	(109)	(213)
Total current assets	194,824	228,279
Non-current assets		
Property, plant and equipment		
Buildings and structures	115,930	117,997
Accumulated depreciation	(67,380)	(69,305)
Buildings and structures, net	48,549	48,692
Machinery, equipment and vehicles	233,452	239,840
Accumulated depreciation	(198,085)	(203,229)
Machinery, equipment and vehicles, net	35,367	36,610
Land	23,483	24,722
Construction in progress	7,615	9,298
Other	15,657	16,306
Accumulated depreciation	(12,120)	(12,851)
Other, net	3,536	3,454
Total property, plant and equipment	118,553	122,778
Intangible assets		
Goodwill	5,706	5,488
Other	4,243	3,895
Total intangible assets	9,950	9,383
Investments and other assets		
Investment securities	71,940	78,745
Long-term loans receivable	2,494	2,857
Deferred tax assets	3,723	3,739
Other	3,215	2,990
Allowance for doubtful accounts	(98)	(97)
Total investments and other assets	81,275	88,236
Total non-current assets	209,780	220,398
Total assets	404,604	448,678

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	As of end of previous fiscal year (March 31, 2017)	As of end of third quarter (December 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	34,268	37,555
Short-term loans payable	38,956	38,704
Commercial papers	12,000	25,000
Income taxes payable	5,871	1,443
Accrued consumption taxes	1,816	1,288
Provision		
Provision for bonuses	3,777	2,050
Provision for directors' bonuses	208	155
Total provisions	3,985	2,205
Other	24,215	33,511
Total current liabilities	121,114	139,708
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	18,926	26,727
Deferred tax liabilities	3,293	4,385
Provision		
Provision for directors' retirement benefits	753	694
Other provision	523	461
Total provisions	1,277	1,155
Net defined benefit liability	16,428	17,103
Other	5,741	5,422
Total non-current liabilities	55,667	64,793
Total liabilities	176,782	204,502
Net assets		
Shareholders' equity		
Capital stock	36,437	36,437
Capital surplus	26,350	26,222
Retained earnings	145,809	159,560
Treasury shares	(5,703)	(5,708)
Total shareholders' equity	202,894	216,511
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,466	17,310
Deferred gains or losses on hedges	139	(1,035)
Foreign currency translation adjustment	2,516	3,293
Remeasurements of defined benefit plans	(713)	(612)
Total accumulated other comprehensive income	16,408	18,956
Non-controlling interests	8,518	8,708
Total net assets	227,821	244,176
Total liabilities and net assets	404,604	448,678

Note: Amounts less than one million yen are omitted.

(2) Consolidated Statements of Income (Unaudited)

(Millions of Yen)

	Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)	Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)
Net sales	287,697	338,630
Cost of sales	241,209	288,746
Gross profit	46,487	49,884
Selling, general and administrative expenses		
Freightage related expenses	3,068	3,118
Sales commission	430	414
Directors' compensations	1,089	1,076
Salaries and allowances	4,994	5,295
Welfare expenses	1,453	1,572
Provision for bonuses	455	446
Retirement benefit expenses	508	407
Provision for directors' retirement benefits	145	140
Rent expenses	614	665
Taxes and dues	989	1,066
Traveling and transportation expenses	1,125	1,222
Depreciation	935	1,037
Development and research expenses	4,253	4,030
Amortization of goodwill	375	396
Other	5,364	5,707
Total selling, general and administrative expenses	25,804	26,599
Operating profit	20,683	23,285
Non-operating income		
Interest income	197	273
Dividend income	543	678
Share of profit of entities accounted for using equity method	772	2,324
Foreign exchange gains	—	264
Royalty income	1,043	1,049
Other	1,148	1,288
Total non-operating income	3,705	5,878
Non-operating expenses		
Interest expenses	560	411
Foreign exchange losses	181	—
Environmental expenses	376	390
Other	536	645
Total non-operating expenses	1,654	1,447
Ordinary profit	22,734	27,716

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)	Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)
Extraordinary income		
Insurance income	1	123
Gain on sales of investment securities	405	95
Subsidy income	15	42
Gain on sales of non-current assets	56	—
Other	7	41
Total extraordinary income	487	302
Extraordinary losses		
Loss on retirement of non-current assets	527	417
Impairment loss	182	270
Loss on disaster	—	152
Loss on sales of investment securities	22	—
Loss on sales of non-current assets	7	—
Other	37	80
Total extraordinary losses	778	921
Profit before income taxes	22,443	27,098
Income taxes - current	5,215	6,393
Income taxes - deferred	843	1,186
Total income taxes	6,058	7,579
Profit	16,384	19,518
Profit attributable to non-controlling interests	87	294
Profit attributable to owners of parent	16,297	19,224

Note: Amounts less than one million yen are omitted.

(3) Consolidated Statement of Comprehensive Income (Unaudited)

(Millions of Yen)

	Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)	Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)
Profit	16,384	19,518
Other comprehensive income		
Valuation difference on available-for-sale securities	2,739	2,846
Deferred gains or losses on hedges	(851)	(1,114)
Foreign currency translation adjustment	(1,817)	(92)
Remeasurements of defined benefit plans, net of tax	250	77
Share of other comprehensive income of entities accounted for using equity method	(2,138)	731
Total other comprehensive income	(1,816)	2,449
Comprehensive income	14,568	21,968
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,606	21,771
Comprehensive income attributable to non-controlling	(38)	196

Note: Amounts less than one million yen are omitted.

5. Segment Information

Segment information by business type as of December 31, 2016 and 2017 is summarized as follows :
(Amounts less than one million yen are omitted.)

For the year ended December 31, 2016(From April 1, 2016 to December 31, 2016)

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	40,667	131,944	42,367	53,993	17,856	286,828	869	287,697	-	287,697
(2) Intersegment	28,139	14,857	1,817	11	0	44,825	7,507	52,333	(52,333)	-
Total	68,806	146,801	44,185	54,004	17,856	331,654	8,376	340,031	(52,333)	287,697
Segment income (note 2)	4,559	4,608	4,333	4,962	1,347	19,811	607	20,419	263	20,683

For the year ended December 31, 2017(From April 1, 2017 to December 31, 2017)

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	44,401	145,392	59,984	66,647	19,871	336,298	2,332	338,630	-	338,630
(2) Intersegment	29,076	15,214	1,778	100	0	46,169	6,637	52,807	(52,807)	-
Total	73,477	160,607	61,763	66,747	19,871	382,468	8,969	391,437	(52,807)	338,630
Segment income (note 2)	3,908	7,164	4,533	5,244	1,698	22,549	452	23,002	282	23,285

(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 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 operating income.