

Consolidated Financial Summary
for the year ended March 31, 2020 (Unaudited)

(Japan Basis)



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 general meeting of stockholders: June 24, 2020
 Scheduled date of submission of securities report: Between the middle and end of July 2020
 Scheduled date of commencement of dividend payments: June 25, 2020

1. Consolidated business results for the year ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(Amounts less than one million yen, except for per share amounts, are omitted.)

(1) Consolidated financial results

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	
Year ended March 31, 2020	485,130	7.1	25,955	39.0	28,996	19.3	17,395	16.1	
Year ended March 31, 2019	452,928	(0.4)	18,671	(39.7)	24,309	(33.1)	14,986	(39.3)	
(Note) Comprehensive income:	Year ended March 31, 2020		18,307 million yen		264.4 %		Year ended March 31, 2019		5,023 million yen (80.3) %

	Net income per share	Net income per share (fully diluted)	Net Income on Shareholder's equity	Return on Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
Year ended March 31, 2020	293.92	—	7.2	5.8	5.4
Year ended March 31, 2019	253.22	—	6.3	5.1	4.1

(Reference) Gain on investment securities: Year ended March 31, 2020 605 million yen Year ended March 31, 2019 2,470 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2020	512,495	258,241	48.4	4,191.09
As of March 31, 2019	494,683	246,158	48.0	4,008.03
(Reference) Shareholders' equity:	As of March 31, 2020 248,047 million yen		As of March 31, 2019 237,214 million yen	

(3) Consolidated Statements of Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Year ended March 31, 2020	55,113	(37,812)	(6,569)	30,232
Year ended March 31, 2019	37,555	(51,025)	15,944	19,002

2. Dividends

(Record date)	Dividends per share					Total Amount (Annual)	Dividend pay out (Consolidated)	Dividend Rate (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
Fiscal year ended March 31, 2019	—	—	—	90.00	90.00	5,409	35.5	2.2
Fiscal year ended March 31, 2020	—	—	—	90.00	90.00	5,409	30.6	2.2
Fiscal year ending March 31, 2021 (forecast)	—	—	—	—	—	—	—	—

(Note) 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)

The Company has decided not to forecast the financial results for the fiscal year ending March 31, 2021 yet because making reasonable calculations is difficult at this time due to the Novel coronavirus. If it is prepared to disclose, the Company will make an announcement promptly.

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 current fiscal year (March 31, 2020)
Assets		
Current assets		
Cash and deposits	20,118	31,730
Notes and accounts receivable - trade	84,399	75,130
Merchandise and finished goods	29,461	29,416
Work in process	5,769	5,679
Raw materials and supplies	84,696	80,207
Other	13,708	20,330
Allowance for doubtful accounts	(147)	(352)
Total current assets	238,007	242,143
Non-current assets		
Property, plant and equipment		
Buildings and structures	126,589	132,996
Accumulated depreciation	(71,514)	(75,975)
Buildings and structures, net	55,074	57,021
Machinery, equipment and vehicles	250,856	261,306
Accumulated depreciation	(208,408)	(218,562)
Machinery, equipment and vehicles, net	42,448	42,744
Land	24,977	27,883
Construction in progress	8,183	21,688
Other	17,459	18,829
Accumulated depreciation	(13,778)	(14,830)
Other, net	3,681	3,999
Total property, plant and equipment	134,365	153,336
Intangible assets		
Goodwill	4,620	4,037
Other	3,094	3,464
Total intangible assets	7,714	7,502
Investments and other assets		
Investment securities	68,158	65,031
Long-term loans receivable	33,098	33,628
Deferred tax assets	7,689	6,883
Other	5,741	4,070
Allowance for doubtful accounts	(91)	(100)
Total investments and other assets	114,595	109,513
Total non-current assets	256,675	270,352
Total assets	494,683	512,495

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 current fiscal year (March 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	43,449	34,480
Short-term borrowings	36,885	40,105
Commercial papers	29,000	24,000
Current portion of bonds payable	10,000	—
Income taxes payable	2,135	6,224
Accrued consumption taxes	996	3,425
Provisions		
Provision for bonuses	4,110	3,945
Provision for bonuses for directors (and other officers)	249	191
Total provisions	4,359	4,136
Other	36,629	44,413
Total current liabilities	163,456	156,786
Non-current liabilities		
Bonds payable	10,000	20,000
Long-term borrowings	49,355	49,981
Deferred tax liabilities	2,064	2,158
Provisions		
Provision for retirement benefits for directors (and other officers)	621	730
Other provisions	414	377
Total provisions	1,035	1,107
Retirement benefit liability	17,967	18,548
Other	4,644	5,673
Total non-current liabilities	85,067	97,467
Total liabilities	248,524	254,254
Net assets		
Shareholders' equity		
Share capital	36,437	36,437
Capital surplus	26,044	25,928
Retained earnings	173,624	184,927
Treasury shares	(5,710)	(5,711)
Total shareholders' equity	230,395	241,582
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,992	5,226
Deferred gains or losses on hedges	(2,787)	2,285
Foreign currency translation adjustment	(27)	(875)
Remeasurements of defined benefit plans	(360)	(172)
Total accumulated other comprehensive income	6,818	6,464
Non-controlling interests	8,944	10,194
Total net assets	246,158	258,241
Total liabilities and net assets	494,683	512,495

Note: Amounts less than one million yen are omitted.

(2) Consolidated Statements of Income (Unaudited)

(Millions of Yen)

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Net sales	452,928	485,130
Cost of sales	396,495	421,630
Gross profit	56,432	63,499
Selling, general and administrative expenses		
Freight and incidental costs	4,519	4,099
Sales commission	530	491
Remuneration for directors (and other officers)	1,478	1,456
Salaries and allowances	6,919	6,883
Welfare expenses	2,137	2,187
Provision for bonuses	919	916
Retirement benefit expenses	684	714
Provision for retirement benefits for directors (and other officers)	190	178
Rent expenses	914	975
Taxes and dues	1,419	1,490
Travel and transportation expenses	1,623	1,532
Depreciation	1,503	1,223
Development and research expenses	5,888	6,076
Amortization of goodwill	509	485
Other	8,520	8,832
Total selling, general and administrative expenses	37,761	37,544
Operating profit	18,671	25,955
Non-operating income		
Interest income	1,370	1,931
Dividend income	834	820
Share of profit of entities accounted for using equity method	2,470	605
Commission income	583	838
Royalty income	1,154	790
Onerous sample cost income	776	1,243
Other	1,232	951
Total non-operating income	8,422	7,181
Non-operating expenses		
Interest expenses	1,008	1,323
Foreign exchange losses	27	986
Commission expenses	238	—
Environmental expenses	522	535
Other	988	1,293
Total non-operating expenses	2,784	4,139
Ordinary profit	24,309	28,996

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Extraordinary income		
Gain on sales of investment securities	158	1,554
Insurance claim income	170	235
Gain on sales of non-current assets	184	131
Subsidy income	247	—
Reversal of foreign currency translation adjustment	227	—
Other	79	117
Total extraordinary income	1,067	2,039
Extraordinary losses		
Impairment loss	212	1,181
Loss on retirement of non-current assets	1,032	816
Loss on disaster	184	107
Settlement package	206	—
Other	243	168
Total extraordinary losses	1,877	2,274
Profit before income taxes	23,499	28,762
Income taxes - current	7,148	9,857
Income taxes - deferred	1,240	223
Total income taxes	8,389	10,081
Profit	15,110	18,680
Profit attributable to non-controlling interests	123	1,284
Profit attributable to owners of parent	14,986	17,395

Note: Amounts less than one million yen are omitted.

(3) Consolidated Statement of Comprehensive Income (Unaudited)

(Millions of Yen)

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Profit	15,110	18,680
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,872)	(5,127)
Deferred gains or losses on hedges	(4,016)	5,069
Foreign currency translation adjustment	(1,672)	(880)
Remeasurements of defined benefit plans, net of tax	307	169
Share of other comprehensive income of entities accounted for using equity method	(833)	396
Total other comprehensive income	(10,086)	(372)
Comprehensive income	5,023	18,307
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,969	17,042
Comprehensive income attributable to non-controlling interests	54	1,265

Note: Amounts less than one million yen are omitted.

(4) Consolidated Statements of Changes in Equity (Unaudited)

Previous fiscal year (From April 1, 2018 to March 31, 2019)

(Millions of Yen)

	shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	36,437	26,222	165,029	(5,708)	221,980
Changes of items during period					
Dividends of surplus	—	—	(5,409)	—	(5,409)
Profit attributable to owners of parent	—	—	14,986	—	14,986
Purchase of treasury shares	—	—	—	(1)	(1)
Change of scope of consolidation	—	—	(982)	—	(982)
Change in the parent's ownership interest due to transactions with noncontrolling interests	—	(178)	—	—	(178)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during period	—	(178)	8,594	(1)	8,415
Balance at end of current period	36,437	26,044	173,624	(5,710)	230,395

	Valuation and translation adjustments				Valuation and translation adjustments	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans			
Balance at beginning of current period	14,164	1,199	2,124	(653)	16,835	8,946	247,762
Changes of items during period							
Dividends of surplus	—	—	—	—	—	—	(5,409)
Profit attributable to owners of parent	—	—	—	—	—	—	14,986
Purchase of treasury shares	—	—	—	—	—	—	(1)
Change of scope of consolidation	—	—	—	—	—	—	(982)
Change in the parent's ownership interest due to transactions with noncontrolling interests	—	—	—	—	—	—	(178)
Net changes of items other than shareholders' equity	(4,171)	(3,986)	(2,151)	293	(10,016)	(2)	(10,019)
Total changes of items during period	(4,171)	(3,986)	(2,151)	293	(10,016)	(2)	(1,603)
Balance at end of current period	9,992	(2,787)	(27)	(360)	6,818	8,944	246,158

Note: Amounts less than one million yen are omitted.

Current fiscal year (From April 1, 2019 to March 31, 2020)

(Millions of Yen)

	shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	36,437	26,044	173,624	(5,710)	230,395
Changes of items during period					
Dividends of surplus	—	—	(5,409)	—	(5,409)
Profit attributable to owners of parent	—	—	17,395	—	17,395
Purchase of treasury shares	—	—	—	(1)	(1)
Change of scope of consolidation	—	—	(683)	—	(683)
Change in the parent's ownership interest due to transactions with noncontrolling interests	—	(115)	—	—	(115)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during period	—	(115)	11,303	(1)	11,186
Balance at end of current period	36,437	25,928	184,927	(5,711)	241,582

	Valuation and translation adjustments					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Valuation and translation adjustments		
Balance at beginning of current period	9,992	(2,787)	(27)	(360)	6,818	8,944	246,158
Changes of items during period							
Dividends of surplus	—	—	—	—	—	—	(5,409)
Profit attributable to owners of parent	—	—	—	—	—	—	17,395
Purchase of treasury shares	—	—	—	—	—	—	(1)
Change of scope of consolidation	—	—	—	—	—	—	(683)
Change in the parent's ownership interest due to transactions with noncontrolling interests	—	—	—	—	—	—	(115)
Net changes of items other than shareholders' equity	(4,766)	5,072	(848)	187	(353)	1,249	896
Total changes of items during period	(4,766)	5,072	(848)	187	(353)	1,249	12,082
Balance at end of current period	5,226	2,285	(875)	(172)	6,464	10,194	258,241

Note: Amounts less than one million yen are omitted.

(5) Consolidated Statements of Cash Flows (Unaudited)

(Millions of Yen)

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Profit before income taxes	23,499	28,762
Depreciation	18,628	19,288
Impairment loss	212	1,181
Amortization of goodwill	509	485
Increase (decrease) in allowance for doubtful accounts	(42)	207
Increase (decrease) in other provisions	(63)	(249)
Increase (decrease) in retirement benefit liability	722	624
Interest and dividend income	(2,204)	(2,752)
Interest expenses	1,008	1,323
Foreign exchange losses (gains)	(688)	457
Share of loss (profit) of entities accounted for using equity method	(2,470)	(605)
Loss (gain) on sales of non-current assets	(184)	(131)
Loss on retirement of non-current assets	1,032	821
Loss (gain) on sales of investment securities	(158)	(1,554)
Decrease (increase) in trade receivables	2,435	8,553
Decrease (increase) in inventories	(13,471)	4,361
Increase (decrease) in trade payables	5,883	(7,473)
Increase (decrease) in accrued consumption taxes	(514)	2,412
Other, net	7,018	77
Subtotal	41,152	55,789
Interest and dividends received	5,171	6,115
Interest paid	(864)	(1,348)
Income taxes (paid) refund	(7,904)	(5,443)
Net cash provided by (used in) operating activities	37,555	55,113

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Cash flows from investing activities		
Purchase of property, plant and equipment	(23,395)	(35,241)
Proceeds from sales of property, plant and equipment	338	605
Purchase of intangible assets	(288)	(885)
Purchase of investment securities	(1,835)	(8)
Proceeds from sales of investment securities	39	2,554
Purchase of shares of subsidiaries and associates	(2,798)	(4,705)
Proceeds from sales of shares of subsidiaries and associates	196	—
Subsidies received	882	6,484
Loan advances	(23,818)	(8,120)
Collection of loans receivable	590	2,134
Other, net	(936)	(630)
Net cash provided by (used in) investing activities	(51,025)	(37,812)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(8,858)	4,661
Net increase (decrease) in commercial papers	4,000	(5,000)
Proceeds from long-term borrowings	23,601	9,840
Repayments of long-term borrowings	(6,811)	(10,262)
Proceeds from issuance of bonds	10,000	9,953
Redemption of bonds	—	(10,000)
Repayments of lease obligations	(343)	(183)
Purchase of treasury shares	(1)	(1)
Dividends paid	(5,408)	(5,408)
Dividends paid to non-controlling interests	(232)	(168)
Other, net	(0)	0
Net cash provided by (used in) financing activities	15,944	(6,569)
Effect of exchange rate change on cash and cash equivalents	(58)	114
Net increase (decrease) in cash and cash equivalents	2,416	10,846
Cash and cash equivalents at beginning of period	16,472	19,002
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	112	383
Cash and cash equivalents at end of period	19,002	30,232

Note: Amounts less than one million yen are omitted.

5. Segment Information

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

For the year ended March 31, 2019 (From April 1, 2018 to March 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	65,014	201,838	62,689	91,981	29,702	451,227	1,700	452,928	-	452,928
(2) Intersegment	39,421	19,830	2,294	88	36	61,671	9,928	71,599	(71,599)	-
Total	104,436	221,668	64,984	92,069	29,739	512,899	11,628	524,528	(71,599)	452,928
Segment income (note 2)	6,271	4,624	3,142	6,448	2,572	23,059	846	23,905	403	24,309
Segment Assets	99,501	204,200	58,748	78,747	47,088	488,286	9,387	497,674	(2,991)	494,683
Other items										
Depreciation	5,356	4,115	2,898	2,751	2,333	17,455	232	17,687	941	18,628
Amortization of goodwill	348	19	-	-	141	509	-	509	-	509
Investments in affiliates accounted for by equity method	3,352	13,210	326	383	-	17,272	-	17,272	15,321	32,594
Increase in property, plant and equipment and intangible assets	6,647	3,407	3,825	4,295	4,870	23,046	186	23,232	854	24,087

For the year ended March 31, 2020 (From April 1, 2019 to March 31, 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	67,548	209,955	95,551	82,300	27,992	483,346	1,783	485,130	-	485,130
(2) Intersegment	44,573	17,335	2,674	48	3	64,635	10,272	74,907	(74,907)	-
Total	112,121	227,290	98,226	82,348	27,995	547,982	12,055	560,037	(74,907)	485,130
Segment income (note 2)	6,905	12,204	2,403	5,199	1,256	27,969	825	28,794	202	28,996
Segment Assets	121,889	208,915	64,324	77,905	45,717	518,752	10,024	528,777	(16,281)	512,495
Other items										
Depreciation	5,493	4,216	3,162	3,064	2,535	18,473	241	18,714	574	19,288
Amortization of goodwill	348	-	-	-	136	485	-	485	-	485
Investments in affiliates accounted for by equity method	3,278	15,510	427	387	-	19,604	-	19,604	15,553	35,157
Increase in property, plant and equipment and intangible assets	16,987	6,915	2,844	5,464	4,339	36,551	384	36,935	788	37,723

(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.