

Notice of Dissolution and Liquidation of Consolidated Subsidiary

DOWA HOLDINGS CO., LTD. (hereinafter, the “Company”) hereby announces that KEY METAL REFINING, LLC (Headquarters: New Jersey State in the United States, hereinafter, the “KMR”), a consolidated subsidiary of the Company, has decided today to carry out dissolution and liquidation by way of a petition for bankruptcy pursuant to Chapter 7, Title 11 of the United States Code. Details are as follows.

1. Reason for petition

KMR, a company engaging in the collection and sales of spent automobile catalyts, became insolvent due to significant losses that it posted in the fiscal year ended December 31, 2018. The company has decided to file a petition for bankruptcy procedures with a local court, mainly because it has a shortage of funds and does not expect that the losses will be eliminated going forward.

2. Means of petition

A petition to start taking bankruptcy procedures according to Chapter 7, Title 11 of the United States Code.

3. Total amount of liabilities

20,400 thousand U.S. dollars

4. Profile of subsidiary

(1) Name	KEY METAL REFINING, LLC	
(2) Address	5400 Delaware Ave, Hainesport, NJ, 08036	
(3) Representative	John Bruno	
(4) Business	Spent automobile catalyts collecting and sales	
(5) Capital	388 thousand U.S. dollars	
(6) Founded	December 9, 2016	
(7) Major shareholders and equity ownership	DOWA METALS & MINING AMERICA, INC. 51.0% John Bruno 49.0%	
(8) Relationships between the listed company and the company in question	Capital relationship	DOWA METALS & MINING AMERICA, INC. (New York State in the United States), which is a consolidated subsidiary of the Company, owns 51.0% of shares of KMR.

	Personnel relationship	One part-time officer and two employees are personnel dispatched to KMR from the Company.
	Business relationship	The Company holds loans and advances for KMR.
	Applicability to related parties	KMR is a consolidated subsidiary of the Company.

(9) Operating performance and financial conditions for the last three years (Unit: Thousand U.S. dollars)

Fiscal year	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Equity	388	4,657	(18,555)
Total Assets	4,815	8,896	3,805
Net Sales	597	64,969	100,045
Operating Income (Loss)	(156)	4,305	(20,774)
Ordinary Income (Loss)	(164)	4,268	(20,843)
Net Income (Loss) Attributable to Owners of the Parent	-	2,177	(18,752)

5. Schedule

Bankruptcy procedures will be taken in accordance with local laws from July 2019 and KMR will be liquidated upon the completion of the procedure.

6. Future outlook

DOWA METALS & MINING AMERICA, INC., a consolidated subsidiary of the Company, will continue to undertake the business of collecting and selling spent automobile catalysts in the United States.

7. Impact on financial results

With losses arising from this matter already reflected in the consolidated results for the fiscal year ended March 31, 2019, the Company expects that the impact on its consolidated financial results for the fiscal year ending March 31, 2020 will be immaterial. If revisions to the results forecasts need to be made, it will make announcements promptly.