Financial Review

Financial Performance

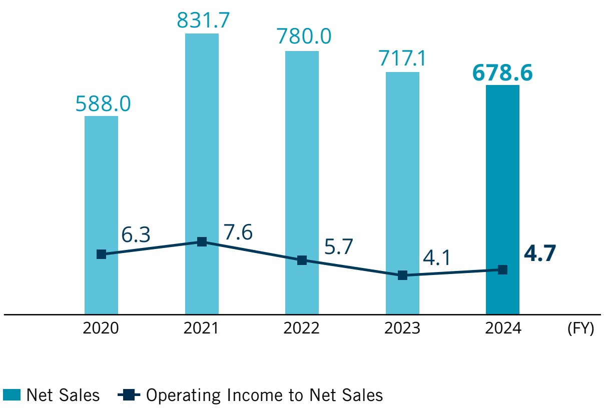
In fiscal 2024, our Group's business situation saw a decrease in orders for automotive-related products and services due to low automobile production. Sales of information and communication-related products were steady. Additionally, adjustments in sales of new energy-related products have been made continuously since the second quarter. Orders for environmental and recycling-related services were solid for waste treatment. In terms of market conditions, the dollar was stronger against the yen on average compared to the previous fiscal year. The average prices of gold, silver, copper, and zinc also increased. Energy costs such as electricity decreased compared to the previous fiscal year.

Under these circumstances, the Company remains committed to enhancing corporate value and contributing to the realization of a sustainable world by focusing on the evolution of the recycling-oriented business model and the strengthening of sustainability management as the basic strategies of our Medium-term Plan 2024. We steadily advanced various measures to further strengthen our five core businesses and solidify our management foundation.

As a result of these measures, consolidated net sales decreased 5.4% to ¥678,672 million, consolidated operating income increased 7.4% to ¥32,226 million, and consolidated ordinary income decreased 2.6% to ¥43,598 million. Additionally, net income attributable to owners of parent decreased 2.6% to ¥27,128 million.

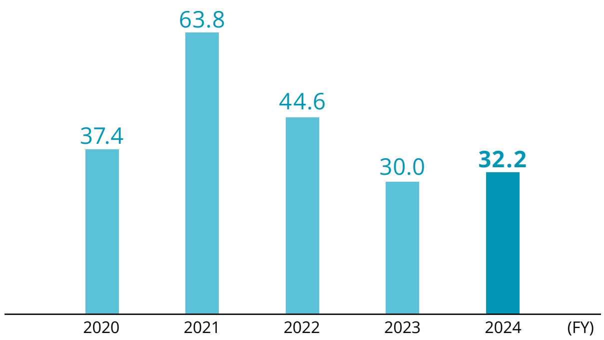
Net Sales / Operating Income to Net Sales

(Billions of yen / %)



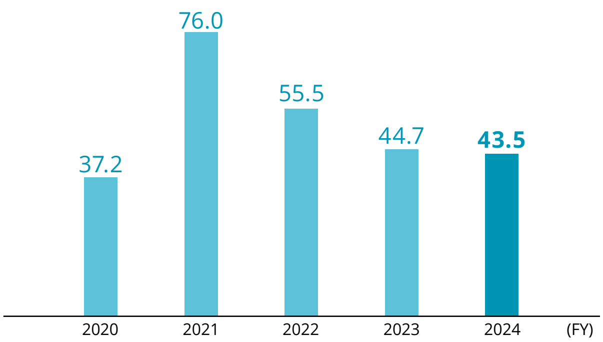
Operating Income

(Billions of yen)



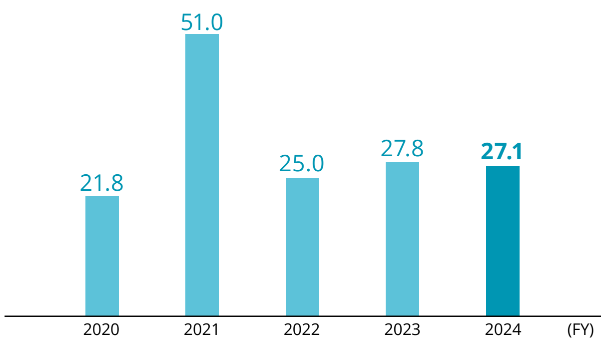
Ordinary Income

(Billions of yen)



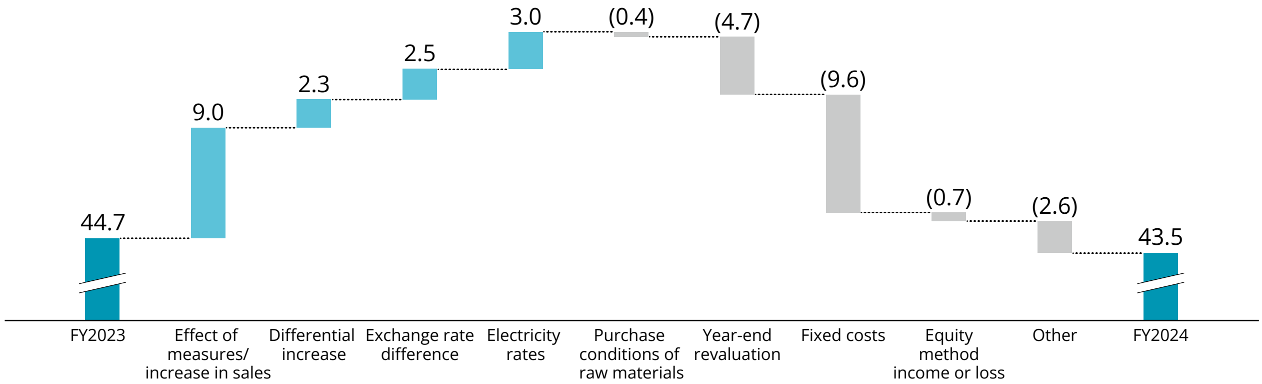
Net Income Attributable to Owners of Parent

(Billions of yen)



Factor Analysis of Ordinary Income

(Billions of yen)



Results by Segment

(Billions of yen)

	FY2023			FY2024			YoY Changes		
	Net Sales	Operating Income	Ordinary Income	**Net Sales**	**Operating Income**	**Ordinary Income**	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	150.3	10.5	11.1	**180.1**	**13.9**	**14.9**	29.7	3.3	3.7
Nonferrous Metals	317.8	8.9	18.2	**266.3**	**10.5**	**17.1**	(51.4)	1.6	(1.0)
Electronic Materials	183.1	1.6	3.5	**164.8**	**(0.5)**	**0.3**	(18.3)	(2.2)	(3.1)
Metal Processing	116.4	4.9	5.1	**128.7**	**5.2**	**5.9**	12.3	0.3	0.7
Heat Treatment	32.2	2.4	3.2	**33.7**	**2.1**	**2.1**	1.5	(0.3)	(1.0)
Others / Elimination	(82.8)	1.5	3.4	**(95.2)**	**0.9**	**3.0**	(12.3)	(0.5)	(0.4)
Total	717.1	30.0	44.7	**678.6**	**32.2**	**43.5**	(38.5)	2.2	(1.1)

Foreign-Exchange Rate and Metal Prices

	FY2023*	**FY2024***
Exchange rate: (¥/$)	144.6	**152.6**
Copper: ($/t)	8,362	**9,370**
Zinc: ($/t)	2,479	**2,874**
Indium: ($/kg)	227	**347**

* Figures are the average for the fiscal year.

Analysis of Financial Position

Assets

Total assets at the end of fiscal 2024 increased by ¥40,766 million from the end of the previous fiscal year, to ¥673,537 million. Current assets increased by ¥25,187 million and non-current assets increased by ¥15,578 million.

The increase in current assets was mainly due to an increase in inventories of ¥53,437 million, an increase in notes and accounts receivable-trade, and contract assets of ¥6,695 million, and a decrease in cash and deposits of ¥31,488 million.

The increase in non-current assets was mainly due to an increase in property, plant, and equipment of ¥14,516 million, and an increase in deferred tax assets of ¥1,912 million.

Liabilities

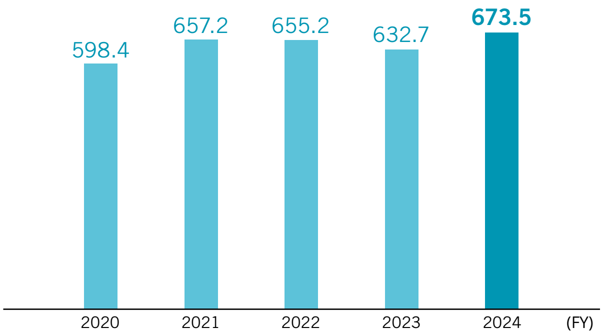
Liabilities increased by ¥13,520 million compared to the end of the previous fiscal year. This was mainly due to an increase in commercial paper of ¥20,000 million, an increase in borrowed bullion of ¥14,666 million, a decrease in corporate bonds redeemable within one year of ¥10,000 million, and a decrease in long-term borrowings of ¥8,247 million.

Equity

In terms of total equity, shareholders' equity increased by ¥18,402 million and net income attributable to owners of parent increased by ¥27,128 million due to factors such as dividends paid. In addition, due to factors such as an increase in foreign currency translation adjustments, total accumulated other comprehensive income increased by ¥7,008 million, and total net assets increased by ¥27,245 million compared to the end of the previous fiscal year. As a result, the equity ratio was 59.15%.

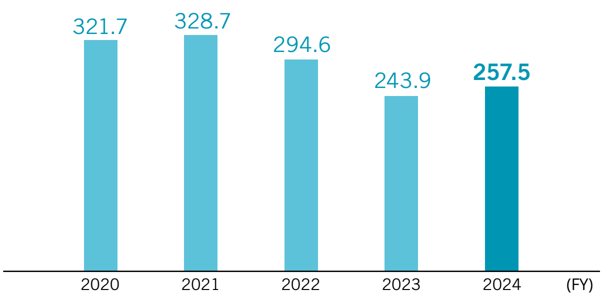
Total Assets

(Billions of yen)



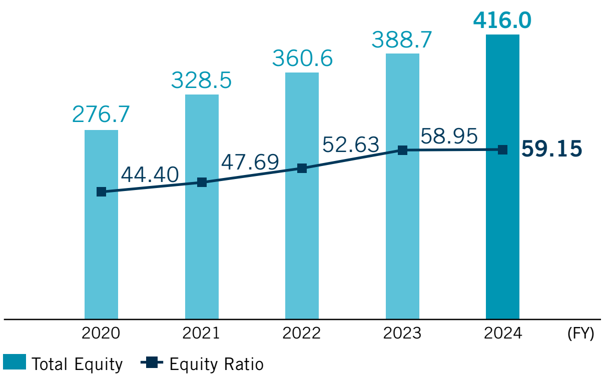
Liabilities

(Billions of yen)



Total Equity / Equity Ratio

(Billions of yen / %)



Analysis of Cash Flows

Consolidated cash and cash equivalents (hereinafter, “net cash”) at the end of fiscal 2024 amounted to ¥41,249 million, down ¥31,800 million compared with the previous fiscal year-end.

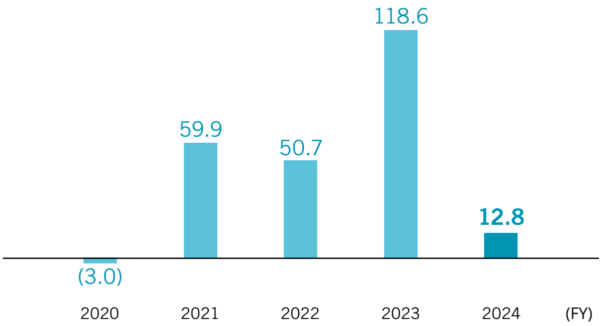
Net cash provided by operating activities came to ¥12,827 million, up ¥105,802 million compared with the previous fiscal year. This was mainly attributable to profit before income taxes of ¥38,604 million, an increase in inventories of ¥52,658 million, and depreciation expenses of ¥28,787 million.

Net cash used in investing activities was ¥41,418 million (an increase of ¥15,156 million from the previous fiscal year). This was mainly due to expenditures of ¥45,855 million for the acquisition of property, plant, and equipment, proceeds of ¥4,847 million from capital reduction of affiliated companies, and ¥3,138 million from the sale of investment securities.

Net cash used in financing activities was ¥4,120 million (an increase of ¥55,084 million from the previous fiscal year). This was mainly due to an increase in interest-bearing liabilities of ¥14,736 million, expenditures for the redemption of bonds of ¥10,000 million, and dividend payments of ¥7,976 million.

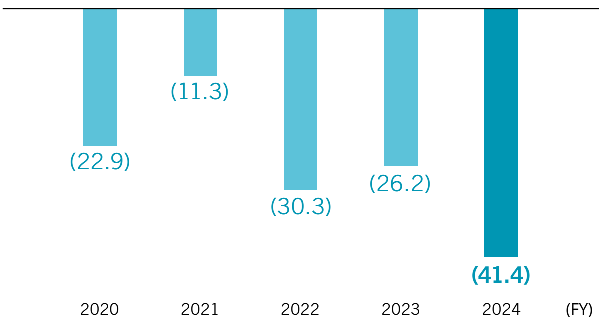
Cash Flows from Operating Activities

(Billions of yen)



Cash Flows from Investing Activities

(Billions of yen)



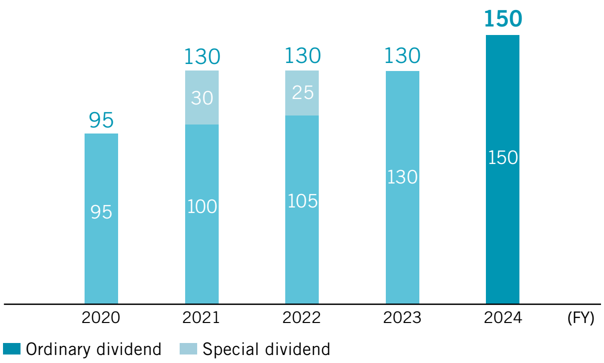
Basic Dividend Policy and Dividends Paid for the Fiscal Year Under Review

The Company aims to enhance its corporate value through the implementation of Medium-term Plan 2024, and the payment of dividends for shareholders has been designated as one of our most critical management issues.

We have set the annual dividend for fiscal 2024 at ¥150 per share, based on this policy, which is premised on stable dividends and increased shareholder returns.

Cash Dividends

(Yen)



Consolidated Performance Trends

(For the years ended March 31)	2014	2015	2016	2017
Financial Performance				
Net Sales	¥464,219	¥406,598	¥410,503	¥ 454,754
Cost of Sales	391,509	337,314	341,177	387,831
Selling, General, and Administrative Expenses	33,616	34,216	35,335	35,975
Operating Income	39,094	35,067	33,990	30,948
Operating Income by Segment				
Environmental Management & Recycling (%)	18.80	18.01	19.50	16.06
Nonferrous Metals (%)	34.69	38.00	29.58	29.74
Electronic Materials (%)	22.55	22.89	19.36	18.17
Metal Processing (%)	14.85	14.01	20.49	23.54
Heat Treatment (%)	6.02	3.86	7.00	8.47
Others and Elimination (%)	3.09	3.24	4.06	4.01
Ordinary Income	¥ 42,037	¥ 35,056	¥ 36,504	¥ 36,355
EBITDA*1	54,667	50,212	49,786	48,160
Net Income Attributable to Owners of Parent	26,543	21,826	26,169	24,693
Capital Expenditures	17,247	22,936	26,526	24,608
Depreciation	15,572	15,145	15,796	17,212
R&D Expenses	5,320	5,594	5,670	5,380
Exchange Rate and Metal Prices				
Copper (Price Quoted, Average)	¥765,775	¥675,483	¥603,917	¥ 756,683
Zinc (Price Quoted, Average)	285,983	269,383	305,633	386,733
U.S. Dollar (Average)	109.93	120.14	108.38	110.85
Financial Position				
Equity	¥195,649	¥203,370	¥227,821	¥ 247,762
Non-Controlling Interests	8,528	8,449	8,518	8,946
Total Assets*2	379,193	364,420	404,604	456,530
Interest-Bearing Debt	86,668	81,135	79,883	109,827
Per Share*3 (Yen)				
Basic Net Income	¥ 89.69	¥ 73.75	¥ 88.43	¥ 417.21
Fully Diluted Equity	632.30	658.66	741.06	4,035.06
Cash Dividends	18.00	18.00	18.00	90.00
Cash Flows				
Cash Flows from Operating Activities	¥ 38,345	¥ 45,751	¥ 29,389	¥ 11,125
Cash Flows from Investing Activities	(20,321)	(23,486)	(25,954)	(34,010)
Cash Flows from Financing Activities	(16,905)	(11,159)	(7,155)	24,087
Free Cash Flow	18,024	22,265	3,434	(22,884)
Cash and Cash Equivalents at End of Year	8,044	18,902	15,126	16,472
Ratios				
Return on Assets (ROA)*4 (%)	11.39	9.43	9.49	8.44
Return on Equity (ROE)*5 (%)	15.37	11.43	12.64	10.78
Operating Income to Net Sales (%)	8.42	8.62	8.28	6.81
Equity Ratio*6 (%)	49.35	53.49	54.20	52.31
Operating Income Growth (%)	22.96	(10.30)	(3.07)	(8.95)
Interest Coverage (Times)	34.23	39.04	43.12	55.47
Debt / Equity Ratio*6 (Times)	0.46	0.42	0.36	0.46
Debt / Capacity Ratio (Times)	1.06	1.00	0.83	1.05
Return on Invested Capital (ROIC)*6 (%)	9.12	8.68	8.19	6.41

*1. EBITDA is calculated by adding operating income and depreciation.
*2. Changes put forth in the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, issued February 16, 2018) have been applied to the consolidated financial results for the fiscal year under review. These amendments have been retroactively applied to the consolidated financial results for fiscal 2017, and the amount of total assets has been adjusted accordingly.
*3. On October 1, 2017, the Company conducted a 5-for-1 reverse stock split.

(Millions of yen)

Medium-term Plan 2020				Medium-term Plan 2024		
2018	2019	2020	2021	2022	2023	2024
¥ 452,928	¥ 485,130	¥ 588,003	¥ 831,794	¥ 780,060	¥ 717,194	**¥ 678,672**
396,495	421,630	512,155	725,368	689,241	635,748	**592,043**
37,761	37,544	38,393	42,601	46,208	51,443	**54,403**
18,671	25,955	37,454	63,824	44,610	30,003	**32,226**
30.46	27.76	22.58	19.85	24.95	35.12	**43.16**
3.17	38.54	54.31	56.67	51.06	29.80	**32.77**
11.66	4.09	6.60	8.23	6.66	5.51	**(1.84)**
33.74	19.71	11.72	9.97	11.90	16.47	**16.41**
13.05	4.63	1.97	4.13	3.31	8.09	**6.54**
7.92	5.27	2.82	1.15	2.12	5.00	**2.93**
¥ 24,309	¥ 28,996	¥ 37,200	¥ 76,073	¥ 55,501	¥ 44,745	**¥ 43,598**
37,300	45,244	57,505	86,407	68,566	55,302	**61,013**
14,986	17,395	21,824	51,012	25,041	27,853	**27,128**
24,087	37,723	37,338	32,546	34,153	39,805	**46,719**
18,628	19,288	20,050	22,582	23,955	25,298	**28,787**
5,888	6,076	6,177	7,035	8,569	10,493	**8,967**
¥ 746,608	¥ 681,592	¥ 769,500	¥1,136,175	¥1,209,150	¥1,261,692	**¥1,478,383**
353,725	313,308	309,400	419,725	503,817	417,900	**498,017**
110.91	108.74	106.06	112.38	135.47	144.62	**152.58**
¥ 246,158	¥ 258,241	¥ 276,715	¥ 328,574	¥ 360,603	¥ 388,790	**¥ 416,035**
8,944	10,194	11,010	15,119	15,710	15,800	**17,634**
494,683	512,495	598,471	657,283	655,282	632,770	**673,537**
135,241	134,086	153,951	131,625	124,768	75,911	**81,266**
¥ 253.22	¥ 293.92	¥ 368.45	¥ 857.32	¥ 420.76	¥ 467.90	**¥ 455.60**
4,008.03	4,191.09	4,465.44	5,267.94	5,794.63	6,264.96	**6,690.29**
90.00	90.00	95.00	130.00	130.00	130.00	**150.00**
¥ 37,555	¥ 55,113	¥ (3,088)	¥ 59,911	¥ 50,725	¥ 118,630	**¥ 12,827**
(51,025)	(37,812)	(22,943)	(11,339)	(30,343)	(26,261)	**(41,418)**
15,944	(6,569)	11,585	(31,190)	(19,758)	(59,204)	**(4,120)**
(13,470)	17,301	(26,032)	48,571	20,382	92,369	**(28,590)**
19,002	30,232	17,320	35,740	37,760	73,049	**41,249**
5.11	5.76	6.70	12.12	8.46	6.94	**6.67**
6.30	7.17	8.50	17.62	7.61	7.76	**7.03**
4.12	5.35	6.37	7.67	5.72	4.18	**4.74**
47.95	48.40	44.40	47.69	52.63	58.95	**59.15**
(39.67)	39.01	44.31	70.40	(30.10)	(32.74)	**7.40**
20.71	21.69	43.03	97.83	88.46	65.36	**41.28**
0.57	0.54	0.58	0.42	0.36	0.20	**0.20**
1.29	1.26	1.50	0.97	0.97	0.47	**0.59**
3.22	4.41	5.79	10.57	6.10	4.51	**4.88**

*4. Ordinary income divided by the average of total assets at the beginning and end of the fiscal year.
*5. Net income attributable to owners of parent divided by the average of shareholders' equity (the amounts after deducting non-controlling interest amounts from equity amounts) at the beginning and end of the fiscal year.
*6. The ratios have been calculated using shareholders' equity (the amounts after deducting non-controlling interest amounts from equity amounts).

Consolidated Balance Sheet

DOWA HOLDINGS CO., LTD. and Its Consolidated Subsidiaries
For the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
Assets	**2024**	2023	**2024**
Current Assets:			
Cash and time deposits (Notes 4, 7 and 17)	**¥ 43,577**	¥ 75,066	**$ 291,450**
Notes and accounts receivable: (Note 17)			
Trade	**91,141**	84,390	**609,561**
Nonconsolidated subsidiary and associates	**1,792**	1,191	**11,987**
Others	**3,334**	4,825	**22,300**
Subtotal	**96,268**	90,407	**643,848**
Inventories: (Notes 7 and 13)			
Merchandise and finished products	**54,539**	43,551	**364,767**
Work in process	**11,863**	9,625	**79,347**
Raw materials and supplies	**146,536**	106,326	**980,047**
Subtotal	**212,940**	159,502	**1,424,161**
Other current assets	**14,531**	17,046	**97,185**
Allowance for doubtful accounts	**(278)**	(171)	**(1,859)**
Total current assets	**367,039**	341,851	**2,454,785**
Property, Plant, and Equipment: (Notes 6 and 7)			
Land	**28,442**	28,316	**190,227**
Buildings and structures	**193,562**	179,299	**1,294,561**
Accumulated depreciation	**(107,734)**	(99,613)	**(720,537)**
Buildings and structures, net	**85,828**	79,685	**574,024**
Machinery and equipment	**331,145**	305,856	**2,214,727**
Accumulated depreciation	**(268,862)**	(254,932)	**(1,798,173)**
Machinery and equipment, net	**62,283**	50,924	**416,553**
Construction in progress	**26,336**	30,296	**176,142**
Others	**25,093**	23,045	**167,824**
Accumulated depreciation	**(19,347)**	(18,147)	**(129,398)**
Others, net	**5,745**	4,897	**38,425**
Net property, plant, and equipment	**208,636**	194,120	**1,395,373**
Investments and Other Assets:			
Investments in securities (Notes 5, 7 and 17)	**33,309**	34,805	**222,779**
Investments in and advances to nonconsolidated subsidiary and associates (Notes 5, 7 and 17)	**43,399**	41,338	**290,255**
Deferred tax assets (Note 11)	**7,865**	5,953	**52,606**
Goodwill	**1,706**	2,223	**11,415**
Other assets	**11,675**	12,565	**78,089**
Allowance for doubtful accounts	**(96)**	(88)	**(643)**
Total investments and other assets	**97,861**	96,798	**654,503**
Total assets	**¥ 673,537**	¥ 632,770	**$ 4,504,662**

*The accompanying notes are an integral part of these consolidated financial statements.

Liabilities and Equity	Millions of yen 2024	Millions of yen 2023	Thousands of U.S. dollars (Note 1) 2024
Current Liabilities:			
Short-term borrowings (Notes 7 and 17)	**¥ 21,576**	¥ 14,086	**$ 144,302**
Commercial paper (Notes 7 and 17)	**29,000**	9,000	**193,953**
Current maturities of long-term debt (Notes 7 and 17)	**8,839**	22,825	**59,117**
Notes and accounts payable: (Note 17)			
Trade	**48,796**	50,514	**326,354**
Nonconsolidated subsidiary and associates	**303**	1,151	**2,028**
Others	**8,609**	8,233	**57,580**
Subtotal	**57,709**	59,899	**385,963**
Accrued expenses	**8,857**	9,014	**59,241**
Accrued income taxes	**7,141**	7,644	**47,760**
Accrued bonuses	**5,458**	5,126	**36,505**
Accrued bonuses for directors (and other officers)	**354**	373	**2,368**
Borrowing precious metals	**51,594**	36,927	**345,064**
Other current liabilities	**11,128**	13,185	**74,425**
Total current liabilities	**201,658**	178,084	**1,348,704**
Long-term Liabilities:			
Long-term debt (Notes 7 and 17)	**25,148**	33,400	**168,196**
Liability for employees' retirement benefits (Note 8)	**21,844**	22,549	**146,096**
Retirement allowance for directors and Audit & Supervisory Board members	**374**	442	**2,501**
Deferred tax liabilities (Note 11)	**3,132**	4,021	**20,952**
Other long-term liabilities	**5,342**	5,481	**35,733**
Total long-term liabilities	**55,842**	65,895	**373,481**
Total liabilities	**257,501**	243,980	**1,722,185**
Contingent Liabilities (Note 9)			
Equity: (Note 10)			
Common stock:			
Authorized: 200,000 thousand shares in 2024 and 2023			
Issued: 61,989 thousand shares in 2024 and 2023	**36,437**	36,437	**243,695**
Capital surplus	**23,855**	24,784	**159,544**
Retained earnings	**301,998**	282,688	**2,019,789**
Treasury stock, at cost (2,439 thousand shares in 2024 and 2,453 thousand shares in 2023)	**(4,988)**	(5,010)	**(33,362)**
Accumulated Other Comprehensive Income:			
Unrealized gain (loss) on available-for-sale securities (Note 5)	**16,902**	17,368	**113,045**
Deferred gain (loss) on derivatives under hedge accounting (Note 18)	**(985)**	(1,201)	**(6,590)**
Foreign currency translation adjustments	**23,381**	17,405	**156,374**
Defined retirement benefit plans (Note 8)	**1,800**	517	**12,043**
Total	**398,401**	372,990	**2,664,539**
Noncontrolling interests	**17,634**	15,800	**117,937**
Total equity	**416,035**	388,790	**2,782,477**
Total liabilities and equity	**¥ 673,537**	¥ 632,770	**$ 4,504,662**

Consolidated Statement of Income

DOWA HOLDINGS CO., LTD. and Its Consolidated Subsidiaries
For the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	**2024**
Net Sale (Note 12)	**¥ 678,672**	¥717,194	**$ 4,539,007**
Cost of Sales (Note 13)	**592,043**	635,748	**3,959,626**
Gross profit (loss)	**86,629**	81,446	**579,381**
Selling, General, and Administrative Expenses (Notes 8 and 14)	**54,403**	51,443	**363,850**
Operating income (loss)	**32,226**	30,003	**215,530**
Other Income (Expenses):			
Interest and dividend income	**1,378**	1,651	**9,221**
Interest expense	**(813)**	(484)	**(5,443)**
Gain (loss) on sales and disposals of property, plant and equipment, net	**(997)**	(1,425)	**(6,671)**
Foreign exchange gain (loss)	**(128)**	1,051	**(859)**
Share of profit (loss) of entities accounted for using equity method	**9,028**	9,773	**60,383**
Royalty income	**1,297**	1,622	**8,679**
Gain (loss) on sales of investments in securities, net (Note 5)	**2,918**	6,537	**19,522**
Environmental expenses	**(1,419)**	(1,526)	**(9,490)**
Loss on impairments (Note 6)	**(4,592)**	(1,792)	**(30,716)**
Loss on business restructuring (Note 15)	**(2,071)**	(4,812)	**(13,856)**
Other, net	**1,778**	3,169	**11,892**
Other Income (Expenses)-Net	**6,378**	13,765	**42,661**
Income (loss) before income taxes	**38,604**	43,768	**258,192**
Income Taxes: (Note 11)			
Current	**13,022**	14,740	**87,095**
Deferred	**(2,457)**	(506)	**(16,434)**
Total income taxes	**10,565**	14,234	**70,661**
Net Income (loss)	**28,039**	29,534	**187,531**
Net Income (Loss) Attributable to Noncontrolling Interests	**911**	1,680	**6,096**
Net income (loss) attributable to owners of the parent	**¥ 27,128**	¥ 27,853	**$ 181,434**

Per Share: (Note 2(20))	Yen		U.S. dollars (Note 1)
Basic net income	**¥ 455.60**	¥ 467.90	**$ 3.04**
Cash dividends	**150.00**	130.00	**1.00**

*The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

DOWA HOLDINGS CO., LTD. and Its Consolidated Subsidiaries
For the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	**2024**
Net Income (loss)	**¥ 28,039**	¥ 29,534	**$ 187,531**
Other comprehensive income: (Note 19)			
Unrealized gain (loss) on available-for-sale securities	**(501)**	3,370	**(3,354)**
Deferred gain (loss) on derivatives under hedge accounting	**209**	(629)	**1,401**
Foreign currency translation adjustments	**2,927**	5,165	**19,582**
Defined retirement benefit plans	**1,265**	(251)	**8,466**
Share of other comprehensive income of entities accounted for using the equity method	**2,952**	1,716	**19,745**
Total other comprehensive income	**6,854**	9,370	**45,842**
Comprehensive income	**¥ 34,894**	¥ 38,904	**$ 233,373**
Total comprehensive income attributable to:			
Owners of the parent	**¥ 34,136**	¥ 37,135	**$ 228,309**
Noncontrolling interests	**757**	1,769	**5,064**

*The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

DOWA HOLDINGS CO., LTD. and Its Consolidated Subsidiaries
For the years ended March 31, 2025 and 2024

	Thousands	Millions of yen			
		Shareholders' Equity			
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock, at Cost
Balance, March 31, 2023	**59,519**	**¥ 36,437**	**¥ 25,180**	**¥ 263,503**	**¥ (5,037)**
Cash dividends paid	—	—	—	(7,815)	—
Net Income (loss) attributable to owners of the parent	—	—	—	27,853	—
Purchases of treasury stock	(0)	—	—	—	(0)
Disposal of treasury stock	16	—	47	—	27
Change of scope of consolidation	—	—	—	(853)	—
Change in the parent's ownership interest due to transactions with noncontrolling interests	—	—	(443)	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—
Balance, March 31, 2024	**59,535**	**¥ 36,437**	**¥ 24,784**	**¥ 282,688**	**¥ (5,010)**
Cash dividends paid	**—**	**—**	**—**	**(7,817)**	**—**
Net Income (loss) attributable to owners of the parent	**—**	**—**	**—**	**27,128**	**—**
Purchases of treasury stock	**(0)**	**—**	**—**	**—**	**(0)**
Disposal of treasury stock	**13**	**—**	**53**	**—**	**21**
Change in the parent's ownership interest due to transactions with noncontrolling interests	**—**	**—**	**(1,201)**	**—**	**—**
Deferred tax adjustment due to change in equity	**—**	**—**	**218**	**—**	**—**
Net changes of items other than shareholders' equity	**—**	**—**	**—**	**—**	**—**
Balance, March 31, 2025	**59,549**	**¥ 36,437**	**¥ 23,855**	**¥ 301,998**	**¥ (4,988)**

	Thousands	Thousands of U.S. dollars (Note 1)			
		Shareholders' Equity			
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock, at Cost
Balance, April 1, 2024	**59,535**	**$ 243,695**	**$ 165,762**	**$ 1,890,638**	**$ (33,507)**
Cash dividends paid	**—**	**—**	**—**	**(52,283)**	**—**
Net Income (loss) attributable to owners of the parent	**—**	**—**	**—**	**181,434**	**—**
Purchases of treasury stock	**(0)**	**—**	**—**	**—**	**(0)**
Disposal of treasury stock	**13**	**—**	**354**	**—**	**145**
Change in the parent's ownership interest due to transactions with noncontrolling interests	—	**—**	**(8,033)**	**—**	**—**
Deferred tax adjustment due to change in equity	**—**	**—**	**1,461**	**—**	**—**
Net changes of items other than shareholders' equity	**—**	**—**	**—**	**—**	**—**
Balance, March 31, 2025	**59,549**	**$ 243,695**	**$ 159,544**	**$ 2,019,789**	**$ (33,362)**

*The accompanying notes are an integral part of these consolidated financial statements.

	Millions of yen						
	Accumulated Other Comprehensive Income						
	Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
Balance, March 31, 2023	**¥ 14,017**	**¥ (587)**	**¥10,644**	**¥ 734**	**¥ 344,893**	**¥15,710**	**¥ 360,603**
Cash dividends paid	―	―	―	―	(7,815)	―	(7,815)
Net Income (loss) attributable to owners of the parent	―	―	―	―	27,853	―	27,853
Purchases of treasury stock	―	―	―	―	(0)	―	(0)
Disposal of treasury stock	―	―	―	―	75	―	75
Change of scope of consolidation	―	―	―	―	(853)	―	(853)
Change in the parent's ownership interest due to transactions with noncontrolling interests	―	―	―	―	(443)	―	(443)
Net changes of items other than shareholders' equity	3,351	(613)	6,761	(217)	9,281	89	9,371
Balance, March 31, 2024	**¥ 17,368**	**¥ (1,201)**	**¥17,405**	**¥ 517**	**¥ 372,990**	**¥15,800**	**¥ 388,790**
Cash dividends paid	―	―	―	―	**(7,817)**	―	**(7,817)**
Net Income (loss) attributable to owners of the parent	―	―	―	―	**27,128**	―	**27,128**
Purchases of treasury stock	―	―	―	―	**(0)**	―	**(0)**
Disposal of treasury stock	―	―	―	―	**74**	―	**74**
Change in the parent's ownership interest due to transactions with noncontrolling interests	―	―	―	―	**(1,201)**	―	**(1,201)**
Deferred tax adjustment due to change in equity	―	―	―	―	**218**	―	**218**
Net changes of items other than shareholders' equity	**(466)**	**216**	**5,975**	**1,283**	**7,008**	**1,833**	**8,842**
Balance, March 31, 2025	**¥ 16,902**	**¥ (985)**	**¥23,381**	**¥ 1,800**	**¥ 398,401**	**¥17,634**	**¥ 416,035**

	Thousands of U.S. dollars (Note 1)						
	Accumulated Other Comprehensive Income						
	Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
Balance, April 1, 2024	**$ 116,165**	**$ (8,037)**	**$ 116,410**	**$ 3,460**	**$ 2,494,586**	**$ 105,672**	**$ 2,600,258**
Cash dividends paid	―	―	―	―	**(52,283)**	―	**(52,283)**
Net Income (loss) attributable to owners of the parent	―	―	―	―	**181,434**	―	**181,434**
Purchases of treasury stock	―	―	―	―	**(0)**	―	**(0)**
Disposal of treasury stock	―	―	―	―	**500**	―	**500**
Change in the parent's ownership interest due to transactions with noncontrolling interests	―	―	―	―	**(8,033)**	―	**(8,033)**
Deferred tax adjustment due to change in equity	―	―	―	―	**1,461**	―	**1,461**
Net changes of items other than shareholders' equity	**(3,119)**	**1,446**	**39,964**	**8,582**	**46,874**	**12,264**	**59,139**
Balance, March 31, 2025	**$ 113,045**	**$ (6,590)**	**$ 156,374**	**$ 12,043**	**$ 2,664,539**	**$ 117,937**	**$ 2,782,477**

Consolidated Statement of Cash Flows

DOWA HOLDINGS CO., LTD. and Its Consolidated Subsidiaries
For the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	**2024**
Cash Flows from Operating Activities:			
Income (loss) before income taxes	**¥ 38,604**	¥ 43,768	**$ 258,192**
Adjustments for:			
Income taxes (paid) refund	**(11,201)**	(7,035)	**(74,917)**
Depreciation and amortization	**29,296**	25,802	**195,936**
Loss (gain) on sales and disposals of property, plant, and equipment, net	**997**	1,425	**6,671**
Share of (profit) loss of entities accounted for using the equity method	**(9,028)**	(9,773)	**(60,383)**
Loss (gain) on sales of investment securities, net (Note 5)	**(2,918)**	(6,537)	**(19,522)**
Loss on impairments (Note 6)	**4,592**	1,792	**30,716**
Loss on business restructuring (Note 15)	**2,071**	4,812	**13,856**
Changes in assets and liabilities			
Decrease (increase) in notes and accounts receivable	**(5,347)**	4,952	**(35,765)**
Decrease (increase) in inventories	**(52,658)**	61,899	**(352,182)**
Increase (decrease) in notes and accounts payable	**(3,615)**	(1,302)	**(24,181)**
Increase (decrease) in allowance for doubtful accounts	**97**	(40)	**654**
Increase (decrease) in net defined benefit liability	**1,056**	1,071	**7,062**
Decrease (increase) in interest and dividend receivables	**5,069**	3,461	**33,905**
Increase (decrease) in interest payable	**(91)**	93	**(613)**
Increase (decrease) in borrowing precious metals	**14,666**	5,376	**98,089**
Other, net	**1,237**	(11,137)	**8,273**
Net cash provided by (used in) operating activities	**12,827**	118,630	**85,791**
Cash Flows from Investing Activities:			
Acquisition of property, plant, and equipment	**(45,855)**	(36,443)	**(306,682)**
Proceeds from sales of property, plant, and equipment	**425**	296	**2,843**
Acquisition of intangible fixed assets	**(1,322)**	(1,914)	**(8,847)**
Acquisition of investments in securities	**(6)**	(6)	**(44)**
Proceeds from sales of investments in securities (Note 5)	**3,138**	7,620	**20,988**
Proceeds from reduction of capital of an associate	**4,847**	5,022	**32,418**
Payments for business restructuring with sale of equity of subsidiaries	**(1,597)**	—	**(10,682)**
Proceeds from subsidies	**192**	491	**1,284**
Payments for loans	**(2)**	(3)	**(14)**
Proceeds from collection of loans	**0**	0	**5**
Other, net	**(1,237)**	(1,324)	**(8,276)**
Net cash provided by (used in) investing activities	**(41,418)**	(26,261)	**(277,007)**

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	**2024**
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term loans payable	**6,999**	(4,697)	**46,815**
Net increase (decrease) in commercial papers	**20,000**	(26,000)	**133,761**
Proceeds from long-term debt	**176**	174	**1,180**
Repayment of long-term debt	**(12,439)**	(8,269)	**(83,198)**
Proceeds from issuance of bonds	**(10,000)**	(10,000)	**(66,880)**
Dividends paid	**(7,815)**	(7,811)	**(52,267)**
Dividends paid to noncontrolling interests	**(161)**	(168)	**(1,077)**
Repayment of lease obligations	**(544)**	(469)	**(3,640)**
Proceeds from share issuance to noncontrolling interests	**96**	—	**645**
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	**(432)**	(1,961)	**(2,892)**
Proceeds from sale of treasury shares	**—**	0	**—**
Purchases of treasury stock	**(0)**	(0)	**(0)**
Net cash provided by (used in) financing activities	**(4,120)**	(59,204)	**(27,555)**
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	**910**	867	**6,088**
Net Increase (Decrease) in Cash and Cash Equivalents	**(31,800)**	34,032	**(212,682)**
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	**—**	1,256	**—**
Cash and Cash Equivalents at Beginning of Year	**73,049**	37,760	**488,559**
Cash and Cash Equivalents at End of Year (Note 4)	**¥ 41,249**	¥ 73,049	**$ 275,877**

*The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

DOWA HOLDINGS CO., LTD. and Its Consolidated Subsidiaries
For the years ended March 31, 2025 and 2024

1. Basis of Presentation of the Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of IFRS Accounting Standards.

Japanese yen figures less than a million yen are rounded down to the nearest million yen, except for per share data.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2023 consolidated financial statements to conform to the classifications used in 2024.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which DOWA HOLDINGS CO., LTD. (the “Company”) is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥149.52 to U.S. $1, the approximate rate of exchange at March 31, 2025. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

The fiscal year ended March 31, 2025, is written "2024" and the fiscal year ended March 31, 2024, is written "2023."

2. Summary of Significant Accounting Policies

(1) Consolidation

The consolidated financial statements as of March 31, 2025 (fiscal 2024), include the accounts of the Company and its 88 (89 in 2023) significant subsidiaries (together, the “Group”).

Under the control and influence concepts, those significant companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in 12 (12 in 2023) associated companies are accounted for by the equity method.

Investments in the remaining nonconsolidated subsidiary and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is amortized on a straight-line basis within 20 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

(a) Changes in Consolidated Subsidiaries and Associates

(2024)

In the consolidated financial statements for the year ended March 31, 2025 (fiscal 2024), CONSTANTINE MINING LLC., which was previously classified as a consolidated subsidiary, has been removed from the scope of consolidation as a result of a transfer of its interest.

(2023)

The consolidated financial statements for the year ended March 31, 2024 (fiscal 2023), now include PT DOWA ECO SYSTEM INDONESIA, DOWA METALTECH (NANTONG) CO., LTD. and 4 more companies because they became material subsidiaries. Furthermore, NPGM USA INC. was newly established during this consolidated fiscal year and has been included in the scope of consolidation. Moreover, ZINC EXCEL CO., LTD. and DOWA PRECISION (THAILAND) CO., LTD., which were previously classified as consolidated subsidiaries, have been extinguished and removed from the scope of consolidation as a result of an absorption-type merger with DOWA METALS & MINING CO., LTD. and DOWA METALTECH (THAILAND) CO., LTD., respectively, both of which remain as consolidated subsidiaries. Additionally, MODERN ASIA ENVIRONMENTAL LTD., DOWA HOLDINGS (THAILAND) CO., LTD. and AUTO RECYCLE

AKITA CO., LTD., which were previously classified as consolidated subsidiaries, were then excluded from consolidation owing to their liquidation.

(b) Accounting Period of Foreign Subsidiaries

In preparing the consolidated financial statements for the year ended March 31, 2025, the Company used financial statements with an account closing date of December 31, 2024, for 24 foreign subsidiaries, including PT Prasadha Pamunah Limbah Industri.; Dowa Environmental Management Co., Ltd.; Dowa Advanced Materials (Shanghai) Co., Ltd.; and other companies and used financial statements with an account closing date of February 28, 2025, for DOWA INTERNATIONAL CORPORATION. Material transactions that occurred between each closing date and March 31, 2025, were adjusted in the consolidated financial statements, as necessary.

(c) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

Under Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either IFRS Accounting Standards or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification—"FASB ASC") tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; and (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign associate elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

(2) Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificates of deposit, commercial paper and bond funds, all of which mature or become due within three months of the date of acquisition.

(3) Inventories

Inventories are stated at the lower of cost or net selling value. The costs of the primary finished products such as gold, silver, copper, zinc, lead, platinum, palladium, rhodium, cadmium, and other metals, and imported raw materials are determined by the first-in, first-out method. The costs of other finished products and other raw materials are determined by the moving-average method or the specific identification method, etc.

(4) Property, Plant and Equipment

Property, plant and equipment, including significant renewals and additions, are stated at cost. Repairs and maintenance expenses are charged to current income. Depreciation is mainly computed by the declining-balance method based on the estimated useful lives of the respective assets.

The Company and domestic consolidated subsidiaries have computed the depreciation for buildings (excluding leasehold improvements and building improvements) acquired on or after April 1, 1998, as well as for building improvements and structures acquired on or after April 1, 2016, by the straight-line method, while the straight-line method is applied to all property, plant and equipment of consolidated foreign subsidiaries.

Depreciation of the landfill and mining land are computed using the production method.

(5) Long-lived Assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable.

An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group.

The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(6) Investment Securities

Investment securities held by the Group are classified into two categories.

Available-for-sale securities with market prices are stated at fair value. Unrealized gains and losses on these securities are stated, net of applicable taxes, as "unrealized gain (loss) on available-for-sale securities" on the consolidated balance sheet. The fair value is determined based on the market price of closing date.

Available-for-sale securities without market prices are stated at cost by using the moving-average method.

In cases where the fair value of equity securities issued by nonconsolidated subsidiary and associates, or available-for-sale securities, has declined significantly and such impairment is deemed other than temporary, those securities are written down to the fair value and the resulting losses are included in net profit or loss for the period.

(7) Allowance for Doubtful Accounts

The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

(8) Accrued Bonuses

Accrued bonuses to employees are provided for at the estimated amounts, which the Group is obliged to pay to employees after the year-end.

(9) Accrued Directors' Bonuses

Accrued bonuses to directors, including bonuses for the portion corresponding to the corporate performance-based remuneration system, are provided for at the estimated amounts, which the Group is obliged to pay to directors after the year-end.

(10) Retirement and Pension Plans

The Group has unfunded retirement benefit plans for employees.

The Company accounts for the liability for retirement benefits based on the projected benefit obligations at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses are amortized on a straight-line basis over five years within the average remaining service period. Past service costs are amortized on a straight-line basis over five years within the average remaining service period.

(11) Retirement Allowances for Directors and Audit & Supervisory Board Members

Retirement allowance for directors and Audit & Supervisory Board members of some of the Company's subsidiaries are recorded as a liability at the amount that would be required if all directors and Audit & Supervisory Board members retired at each balance sheet date.

(12) Allowance for Environmental Measures

The Group adopted the Act Concerning Special Measures against PCB Waste (Act No. 65 of June 22, 2001) and recorded the estimated cost for the disposal of polychlorinated biphenyl waste. Those amounts are included in other long-term liabilities in the consolidated balance sheet.

(13) Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

(14) Group Tax Sharing System

The Group files a tax return under the group tax sharing system.

(15) Revenue Recognition

The Group recognizes revenue using the following five-step approach.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The primary performance obligations of main businesses involving revenue generated through contracts between customers and either the Company or its consolidated subsidiaries are described below, as are the points in time when those performance obligations are considered satisfied (and when revenue is recognized).

(a) Environmental Management & Recycling Business

The Environmental Management & Recycling Business engages in waste treatment, soil remediation, resource recycling, and other businesses.

The main performance obligations of the waste treatment and soil remediation businesses are the disposal and detoxification of customer's waste and contaminated soil in accordance with the contract with the customer. The period between the receipt of the customer's waste and the completion of treatment is very short. Therefore, performance obligations are satisfied primarily at the time of completion of treatment and revenue is recognized at that time. As the payment from the customer is usually received within about one year of the completion, the transaction prices do not include any material financial factors.

The main performance obligation of the resource recycling business is to deliver the goods in accordance with the contract with the customer. Performance obligations are satisfied when control of the goods is transferred to the customer upon delivery and revenue is recognized at that time. However, for some domestic transactions, revenue is recognized upon shipment of the goods. As the payment from the customer is usually received within about one year of the completion, the transaction prices do not include any material financial factors.

(b) Nonferrous Metals Business

The Nonferrous Metals Business engages in the production and sale of gold, silver, copper, lead, zinc, zinc alloy, indium, platinum, palladium, rhodium, tin, antimony, sulfuric acid, and other metals. The main performance obligation of the Nonferrous Metals Business is to deliver the goods in accordance with the contract with the customer. Performance obligations are satisfied when control of the goods is transferred to the customer upon delivery and revenue is recognized at that time. However, for some domestic transactions, revenue is recognized upon shipment of the goods. As the payment from the customer is usually received within about one year of the completion, the transaction prices do not include any material financial factors.

(c) Electronic Materials Business

The Electronic Materials Business engages in the production and sale of high-purity metals, compound semiconductor wafers, LEDs, conductive materials, battery materials, magnetic materials, reduced iron powder, and other materials. The main performance obligation of the Electronic Materials Business is to deliver the goods in accordance with the contract with the customer. Performance obligations are satisfied when control of the goods is transferred to the customer upon delivery and revenue is recognized at that time. However, for some domestic transactions, revenue is recognized upon shipment of the goods. As the payment from the customer is usually received within about one year of the completion, the transaction prices do not include any material financial factors.

(d) Metal Processing Business

The Metal Processing Business engages in copper rolled products, electroplating, metal-ceramics substrates, and other businesses.

The copper rolled products and metal-ceramics substrates businesses are to produce and sell copper, brass, and copper alloy plates and strips, brass alloy rods, metal-ceramics substrates, and other materials. The main performance obligations of these businesses are to deliver the goods in accordance with the contract with the customer. Performance obligations are satisfied when control of the goods is transferred to the customer upon delivery and revenue is recognized at that time. However, for some domestic transactions, revenue is recognized upon shipment of the goods. As the payment from the customer is usually received within about one year of the completion, the transaction prices do not include any material financial factors.

The electroplating business provides services such as plating. The main performance obligations of this business are to perform plating based on contracts with customers and then deliver the finished product to the customer. Given the short turnaround between receiving the customer’s goods and delivery to the customer after completing plating, the typical point at which the performance obligations are satisfied is at the time of delivery of the products after the plating process is completed. However, for some domestic transactions, revenue is recognized upon shipment of the goods. As the payment from the customer is usually received within about one year of the completion, the transaction prices do not include any material financial factors.

(e) Heat Treatment Business

The Heat Treatment Business engages in heat treatment processing and industrial furnace business.

The heat treatment processing business is to provide services including heat and surface treatments for automobile parts and other metal materials. The main performance obligation of the heat treatment processing business is to provide heat treatment services on the customer’s goods and then deliver the goods in accordance with the contract with the customer. Since the period of the receipt of the customer's goods, the completion of heat treatment services and delivery to the customer is very short, performance obligations are satisfied when control of the goods is transferred to the customer upon delivery and revenue is recognized at that time. As the payment from the customer is usually received within about one year of the completion, the transaction prices do not include any material financial factors.

The industrial furnaces business engages in the production and sale of heat treatment processing facilities, such as industrial furnaces and their ancillary equipment. The main performance obligations of the industrial furnaces business are to produce industrial furnaces and other products in accordance with the customer’s specifications, to deliver the product to the designated location, to assemble, install, and configure the product, and to receive the acceptance of the customer’s inspection in accordance with the contract with the customer. Since such transactions in the industrial furnaces business do not fulfill the requirements of Paragraph 38 of the ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," revised on March 31, 2020, it is determined that control over products is transferred to the customer on the completion of the acceptance inspection.

Therefore, performance obligations are satisfied at the time of completing the acceptance inspection and revenue is recognized at that time. As the payment from the customer is usually received within about one year of the completion, the transaction prices do not include any material financial factors.

(f) Others

The main performance obligation of other businesses, including the contract for construction such as plant construction, civil engineering and construction work is to complete such construction projects on the customer’s land in accordance with the contract with the customer. These contract's performance obligations are satisfied over time since the customer gains control of the assets during the progress of such constructions. The progress of fulfillment of this performance obligation is estimated based on the ratio of the construction cost incurred by the end of the fiscal year to the estimated total cost, and as such, is considered a reasonable indicator of the degree of fulfillment of the performance obligation. Therefore, revenue is recognized over time based on such progress. If the conditions of these contracts do not meet the requirements of Paragraph 38 of the “Accounting Standard for Revenue Recognition,” it is determined that control over assets is transferred to the customer, and revenue is recognized upon completion of the construction project. Furthermore, if the contract is for a construction project whose period is very short, the alternative treatment is applied, and then revenue is recognized upon completion of the project. The payment from the customer is usually received over the timing of the progress of performance obligations in accordance with the contract.

(16) Research and Development

Research and development costs are charged to income as incurred.

(17) Leases

Finance lease transactions are capitalized to recognize lease assets and lease obligations in the consolidated balance sheet.

(18) Foreign Currency Translations and Consolidated Foreign Currency Financial Statements

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates as of the balance sheet date and foreign exchange gains and losses from translation are recognized in the consolidated statement of income. Assets and liabilities of foreign subsidiaries are converted into Japanese yen at the spot exchange rates prevailing on the balance sheet date of the foreign subsidiaries. Revenues and expenses of foreign subsidiaries are converted into Japanese yen at the average exchange rate for the accounting period of foreign subsidiaries. Translation differences are included as noncontrolling interests and foreign currency translation adjustments in equity.

(19) Derivatives and Hedging Activities

The Group uses derivative financial instruments to manage its exposures to fluctuations in nonferrous metal, foreign exchange, and interest rates.

Nonferrous metal forward contracts, foreign exchange forward contracts, and interest rate swaps are utilized by the Group to reduce risks of fluctuation in nonferrous metal rates, foreign currency exchange, and interest rates. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows:

a) All derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income.

b) For derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Foreign exchange forward contracts employed to hedge foreign exchange exposures for export sales and import purchases are measured at fair value and the unrealized gains or losses are mainly recognized in income. Forward contracts applied for forecasted (or committed) transactions are also measured at fair value, but the unrealized gains or losses are deferred until the underlying transactions are completed.

Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense.

(20) Per Share Information

Basic net income per share is based on the weighted-average number of shares of common stock of the Company issued and outstanding during the respective year.

Diluted earnings per share are not presented since there are no potential shares.

(21) Accounting Changes

Application of Accounting Standard for Current Income Taxes, etc.

Effective April 1, 2024,the Group adopted ASBJ statement No.27."Accounting Standard for Current Income Taxes", issued on October 28, 2022. There is no impact on the accompanying consolidated financial statements.

(22) New Accounting Pronouncements

On September 13, 2024, the ASBJ issued the ASBJ Statement No. 34, "Accounting Standard for Leases" and the ASBJ Guidance No. 33, "Implementation Guidance on Accounting Standard for Leases" along with revised versions of related Accounting Standards, Implementation Guidance, Practical Solutions and Transferred Guidance.

Similar to IFRS Accounting Standards, the issued standards and revisions establish the treatment of recording assets and liabilities for all leases of the lessee. The Group expects to apply the accounting standard and guidance for annual periods beginning on or after April 1, 2027, and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

3. Significant Accounting Estimate

Investments in Los Gatos Mine in Mexico

DOWA Metals & Mining Co., Ltd., (hereinafter “DMM”), an operating company in the Group’s Nonferrous Metals Business, has invested in MINERA PLATA REAL, S. DE R. L. DE C. V. and OPERACIONES SAN JOSÉ DE PLATA, S. DE R. L. DE C. V. (hereinafter collectively referred to as “MPRs”), which are the operating companies of the Los Gatos Mine in the State of Chihuahua, Mexico. At the end of the consolidated fiscal year, DMM owns 30% of shares issued by MPRs. The book value of the investments to these companies was ¥18,645 million (U.S. $124,699 thousand) as a result of the equity method applied by the Group, and these investments are recorded in the account of “Investments in and advances to nonconsolidated subsidiary and associates”.

The material components, which consist of these investments, are the long-lived assets including property, plant and equipment and other long-term assets, used in the mining and ore sorting activities operated by MPRs. Estimates of the total future cash flows generated from the operations of Los Gatos Mine will have a significant impact on the valuation of these long-lived assets recorded in the financial statements of MPRs, which are the basic information used by the Group for applying their equity method on these investments.

These estimates are calculated using a complex calculation model considering various assumptions, such as forecasts of the future market prices of metals, metal concentrate grades, and operational costs. As these assumptions, forecasts of the future market prices of metal are based on results for the current fiscal year, and metal concentrate grades and operational costs are estimated based on the latest plans of MPRs considering mining and ore sorting activities conducted during the current fiscal year.

In the current consolidated fiscal year, no impairment losses were recorded on these long-lived assets included in the financial statements of MPRs, which are the basic information used by the Group for applying their equity method on these investments.

4. Consolidated Statement of Cash Flows

Cash and cash equivalents at March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Cash and time deposits	**¥ 43,577**	¥ 75,066	**$ 291,450**
Time deposits with deposit terms of over three months	**(1,676)**	(1,559)	**(11,209)**
Restricted deposits	**(652)**	(456)	**(4,363)**
Cash and cash equivalents	**¥ 41,249**	¥ 73,049	**$ 275,877**

5. Investment

Investment securities as of March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Investments in securities			
Available-for-sale securities other than equity instruments without market prices	**¥ 31,031**	¥ 32,519	**$ 207,543**
Unlisted securities	**2,278**	2,286	**15,235**
Subtotal	**33,309**	34,805	**222,779**
Investments in and advances to nonconsolidated subsidiary and associates			
Investments in securities	**43,399**	41,338	**290,255**
Subtotal	**43,399**	41,338	**290,255**
Total	**¥ 76,709**	¥ 76,144	**$ 513,035**

(Note) Certain reclassifications have been made in 2023 to conform to the classifications used in 2024.

The net unrealized gains on the available-for-sale securities other than equity instruments without market prices as of March 31, 2025 and 2024, were ¥23,522 million (U.S. $157,320 thousand) and ¥24,809 million, respectively.

The information for available-for-sale securities which were sold during the years ended March 31, 2025 and 2024, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Proceeds from sales	**¥3,138**	¥7,620	**$ 20,988**
Gain on sales	**2,918**	6,537	**19,522**
Loss on sales	**—**	1,593	**—**

6. Long-lived Assets

(2024)

The carrying amounts of the relevant assets were written down to the recoverable amount for the year ended March 31, 2025. The recoverable amount is measured mainly by value in use, which is discounted future cash flows at a rate of 8.2% to 21.0%. For asset groups with negative undiscounted future cash flows, the recoverable amount is valued at zero.

Purpose	Location	Type	Millions of yen	Thousands of U.S. dollars
The waste treatment business assets	Odate city, Akita prefecture, etc.	Machinery, etc.	**¥ 1,868**	**$ 12,499**
The advanced fine materials business assets	Okayama city, Okayama prefecture	Machinery, etc.	**1,017**	**6,803**
The electronic material business assets	Okayama city, Okayama prefecture	Machinery, etc.	**531**	**3,556**
The semiconductor business assets	Akita city, Akita prefecture	Machinery, etc.	**460**	**3,080**
The brass alloy rods production facilities assets	Asahi city, Chiba prefecture	Machinery, etc.	**275**	**1,839**
The electroplating business assets	Guanajuato, Mexico	Machinery, etc.	**178**	**1,195**
The recycling business assets	Jiangsu, China	Machinery, etc.	**178**	**1,190**
The platinum group metals smelting business assets	New Jersey, U.S.A.	Buildings, etc.	**80**	**535**
The idle asset group	Odate city, Akita prefecture, etc.	Land, etc.	**2**	**15**
Total			**¥ 4,592**	**$ 30,716**

(2023)

The carrying amounts of the relevant assets were written down to the recoverable amount for the year ended March 31, 2024. The recoverable amount is measured mainly by value in use, which is discounted future cash flows at a rate of 15.0%. For asset groups with negative undiscounted future cash flows, the recoverable amount is valued at zero.

Purpose	Location	Type	Millions of yen
Processing of copper strip products business assets	Jiangsu, China	Machinery, etc.	¥ 1,084
The waste treatment business assets	Yangon, Myanmar	Buildings, etc.	270
The waste treatment business land	Samut Prakan, Thailand	Land	157
Assets for research and development	Togane city, Chiba prefecture	Construction in progress, etc.	141
The brass alloy rods production facilities assets	Asahi city, Chiba prefecture	Machinery, etc.	125
The idle asset group	Odate city, Akita prefecture, etc.	Land, etc.	14
Total			¥ 1,792

7. Short-term Borrowings and Long-term Debt

Short-term borrowings from banks and other financial institutions were represented by short-term borrowings bearing interest at 0.45% to 8.60% (an approximate average rate of 1.99%) per annum at March 31, 2025, and 0.24% to 8.20% (an approximate average rate of 2.95%) per annum at March 31, 2024.

Commercial paper was represented by commercial paper bearing interest at an approximate average rate of 0.58% per annum at March 31, 2025, and an approximate average rate of 0.079% per annum at March 31, 2024.

It is customary in Japan for short-term borrowings to be rolled over each year.

At March 31, 2025 and 2024, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
0.003% to 10.40% loans, principally from banks and due between 2025 and 2033:			
Collateralized	**¥ 453**	¥ 182	**$ 3,032**
Unsecured	**20,237**	32,641	**135,347**
0.11% straight bonds due 2024	**—**	10,000	**—**
0.10% straight bonds due 2026	**10,000**	10,000	**66,880**
Lease obligations	**3,297**	3,401	**22,053**
Total	**33,988**	56,225	**227,314**
Long-term debt, bonds, and lease obligations (due within one year)	**8,839**	22,825	**59,117**
Long-term debt, bonds, and lease obligations (due after one year)	**¥25,148**	¥33,400	**$ 168,196**

At March 31, 2025 and 2024, the following assets were pledged as collateral for short-term borrowings and the long-term debt of the Group, and as a deposit of deferred payment of import consumption tax, etc.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Cash and time deposits	**¥ 4**	¥ 4	**$ 26**
Inventories	**264**	—	**1,765**
Property, plant, and equipment, less accumulated depreciation, and land	**844**	230	**5,648**
Investments in and advances to associates	**12,295**	10,122	**82,230**
Investments in securities	**13,567**	14,567	**90,739**
Total	**¥26,974**	¥24,923	**$ 180,410**

Annual maturities of long-term debt, bonds, and lease obligations as of March 31, 2025, for the next five years and thereafter were as follows:

	Millions of yen	Thousands of U.S. dollars
2025	**¥ 8,839**	**$ 59,117**
2026	**16,555**	**110,722**
2027	**4,576**	**30,606**
2028	**1,914**	**12,801**
2029 and thereafter	**2,103**	**14,065**
Total	**¥33,988**	**$ 227,314**

8. Retirement and Pension Plans

The Group has adopted lump-sum benefit plans as their defined benefit pension plans and the Company and certain consolidated subsidiaries have adopted contributory defined benefit pension plans. In addition, certain consolidated subsidiaries have adopted the Smaller Enterprise Retirement Allowance Mutual Aid (SERAMA) Scheme. Moreover, the payment of a premium severance amount that falls outside the scope of retirement benefit obligations based on computations that comply with accounting standards for retirement benefits may arise at the time of an employee's retirement.

Further, the lump-sum benefit plans adopted by certain consolidated subsidiaries calculate the liabilities for employees' retirement benefits and retirement benefit expenses using the simplified method.

Defined benefit plans excluding plans applying the simplified method

(1) The changes in defined benefit obligations relating to defined benefit plans in the consolidated fiscal years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Balance at beginning of year	**¥ 15,405**	¥ 14,302	**$ 103,033**
Service cost	**877**	995	**5,869**
Interest expense	**177**	164	**1,189**
Actuarial (gains) losses	**(2,058)**	152	**(13,768)**
Benefits paid	**(263)**	(277)	**(1,762)**
Past service cost	**—**	—	**—**
Other	**60**	67	**402**
Balance at end of year	**¥ 14,198**	¥ 15,405	**$ 94,963**

(2) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2025 and 2024, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Funded defined benefit obligation	**¥ —**	¥ —	**$ —**
Plan assets	**—**	—	**—**
	—	—	**—**
Unfunded defined benefit obligation	**14,198**	15,405	**94,963**
Net liability arising from defined benefit obligation	**¥ 14,198**	¥ 15,405	**$ 94,963**

(3) The components of net periodic benefit costs for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Service cost	**¥ 877**	¥ 995	**$ 5,869**
Interest expense	**177**	164	**1,189**
Recognized actuarial (gains) losses	**(264)**	(314)	**(1,769)**
Amortization of past service cost	**54**	54	**366**
Other	**(3)**	0	**(20)**
Net periodic benefit costs	**¥ 842**	¥ 901	**$ 5,635**

(4) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Past service cost	**¥ 54**	¥ 54	**$ 366**
Actuarial (gains) losses	**1,786**	(426)	**11,945**
Total	**¥1,840**	¥ (371)	**$ 12,312**

(5) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Unrecognized past service cost	**¥ 54**	¥ 109	**$ 366**
Unrecognized actuarial (gains) losses	**(2,748)**	(961)	**(18,379)**
Total	**¥ (2,693)**	¥ (852)	**$ (18,012)**

(6) Matters concerning the assumptions for the main actuarial calculations related to defined benefit plans as of March 31, 2025 and 2024, were as follows:

	2024	2023
Discount rate	**1.85 %**	0.82 %

The Company used the index of salary increases by age at March 31, 2025 and 2024, as the expected rate of future salary increases.

Defined benefit plans applying the simplified method

(7) The changes in defined benefit obligations related to defined benefit plans to which the simplified method is applied in the consolidated fiscal years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Balance at beginning of year	**¥ 7,144**	¥ 6,672	**$ 47,781**
Retirement benefit expenses	**740**	730	**4,954**
Benefits paid	**(224)**	(243)	**(1,502)**
Other	**(15)**	(15)	**(101)**
Balance at end of year	**¥ 7,645**	¥ 7,144	**$ 51,132**

(8) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets that apply the simplified method as of March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Funded defined benefit obligation	**¥ —**	¥ —	**$ —**
Plan assets	**—**	—	**—**
	—	—	**—**
Unfunded defined benefit obligation	**7,645**	7,144	**51,132**
Net liability arising from defined benefit obligation	**¥ 7,645**	¥ 7,144	**$ 51,132**

(9) The retirement benefit costs related to defined benefit plans calculated by the simplified method in the consolidated fiscal years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Retirement benefit costs calculated by the simplified method	**¥ 740**	¥ 730	**$ 4,954**

Defined contribution plans

(10) The required contributions to defined contribution plans of the Group in the consolidated fiscal years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Required contributions to defined contribution plans	**¥ 632**	¥ 614	**$ 4,230**

9. Contingent Liabilities

At March 31, 2025 and 2024, the Group guaranteed loans incurred by associates in the amount of ¥288 million (U.S. $1,926 thousand) and ¥498 million, respectively.

10. Equity

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation.

The Company meets all the above criteria and accordingly, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve, and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock.

Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

11. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in the normal effective statutory tax rate of approximately 31.3% for the years ended March 31, 2025 and 2024.

(1) The tax effects of significant temporary differences and net operating loss carry forwards which resulted in deferred tax assets and liabilities at March 31, 2025 and 2024, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Deferred tax assets			
Reserve for employees' retirement benefits	**¥ 6,432**	¥ 6,497	**$ 43,019**
Loss on impairments of property, plant and equipment	**5,131**	3,954	**34,317**
Unrealized earnings	**3,625**	2,903	**24,247**
Loss on devaluation of inventories	**2,955**	2,378	**19,766**
Loss on devaluation of investment securities	**1,893**	1,719	**12,663**
Accrued bonus	**1,675**	1,538	**11,205**
Loss on business restructuring	**1,402**	1,456	**9,377**
Net operating loss carry forwards (*2)	**1,048**	1,455	**7,010**
Excess depreciation	**732**	511	**4,901**
Accrued enterprise tax	**580**	527	**3,881**
Deferred losses on derivatives under hedge accounting	**449**	552	**3,009**
Reserve for directors' and Audit & Supervisory Board members' retirement benefits	**117**	135	**785**
Loss on disposal of property, plant and equipment	**108**	112	**726**
Allowance for doubtful accounts	**26**	21	**179**
Foreign tax credit	**9**	70	**66**
Others	**4,346**	3,795	**29,070**
Total	**30,536**	27,630	**204,229**
Less valuation allowance for net operating loss carry forwards (*2)	**(980)**	(993)	**(6,558)**
Less valuation allowance for temporary differences	**(9,775)**	(9,767)	**(65,379)**
Total valuation allowance (*1)	**(10,756)**	(10,761)	**(71,938)**
Total deferred tax assets	**19,780**	16,868	**132,290**
Deferred tax liabilities			
Unrealized gain on available-for-sale securities	**(6,899)**	(7,684)	**(46,143)**
Retained earnings of associated companies	**(5,436)**	(4,541)	**(36,359)**
Unrealized gain on land	**(734)**	(713)	**(4,911)**
Reserve for overseas investment loss	**(31)**	(41)	**(212)**
Enterprise tax receivable	**(23)**	(10)	**(155)**
Others	**(1,922)**	(1,944)	**(12,854)**
Total deferred tax liabilities	**(15,047)**	(14,936)	**(100,637)**
Net deferred tax assets	**¥ 4,732**	¥ 1,932	**$ 31,653**

(*1) The valuation allowances were no significant changes.

(*2) The expiration of net operating loss carry forwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2025 and 2024, were as follows:

Millions of yen

March 31, 2025	1 year or less	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Deferred tax assets relating to net operating loss carry forwards (a)	**10**	**34**	**—**	**38**	**48**	**916**	**1,048**
Less valuation allowances for net operating loss carry forwards	**(10)**	**(21)**	**—**	**(38)**	**(48)**	**(861)**	**(980)**
Net deferred tax assets relating to net operating loss carry forwards	**0**	**12**	**—**	**—**	**—**	**54**	**(b) 67**

Thousands of U.S. Dollars

March 31, 2025	1 year or less	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Deferred tax assets relating to net operating loss carry forwards (a)	**70**	**227**	**—**	**255**	**327**	**6,128**	**7,010**
Less valuation allowances for net operating loss carry forwards	**(69)**	**(142)**	**—**	**(255)**	**(327)**	**(5,762)**	**(6,558)**
Net deferred tax assets relating to net operating loss carry forwards	**0**	**84**	**—**	**—**	**—**	**365**	**(b) 451**

Millions of yen

March 31, 2024	1 year or less	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Deferred tax assets relating to net operating loss carry forwards (a)	11	14	36	—	38	1,354	1,455
Less valuation allowances for net operating loss carry forwards	(10)	(14)	(36)	—	(38)	(893)	(993)
Net deferred tax assets relating to net operating loss carry forwards	0	—	—	—	0	460	(b) 461

(a) Net operating loss carry forwards were calculated using the statutory tax rate.

(b) Out of net operating loss carry forward as of March 31, 2025 and 2024 of ¥1,048 million (U.S. $7,010 thousand) and ¥1,455 million which were calculated using the statutory tax rate, deferred tax assets of ¥67 million (U.S. $451 thousand) and ¥461 million were recognized, because utilization of such assets is supported by probable future taxable net income.

(2) A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2025 is as follows:

	2024	2023
Normal effective statutory tax rate	**31.3 %**	― %
Equity in earnings of associates	**(8.3)**	―
Tax credits	**(2.8)**	―
Nontaxable items, including dividend income	**(0.1)**	―
Valuation allowance	**4.6**	―
Retained earnings of associated companies	**2.2**	―
Foreign source taxes	**0.8**	―
Nondeductible items, including entertainment expenses	**0.6**	―
Inhabitants' tax	**0.3**	―
Others	**(1.3)**	―
Actual effective tax rate	**27.4 %**	― %

(Note) For the year ended March 31, 2024, the difference between the normal effective statutory tax rate and the actual effective tax rate, after the application of deferred tax accounting, was less than 5% of the normal effective statutory tax rate. Accordingly, disclosure of the reconciliation has been omitted.

(3) New tax reform laws in Japan have changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2026, to approximately 31.4%. The effect of this change was a decrease in deferred tax assets, net of deferred tax liabilities, by ¥22 million (U.S. $148 thousand), and in accumulated other comprehensive income for unrealized gain on available-for-sale securities by ¥197 million (U.S. $1,322 thousand) in the consolidated balance sheet as of March 31, 2025. Additionally, income taxes-deferred decreased by ¥175 million (U.S. $1,174 thousand) in the consolidated statement of income for the year then ended.

12. Revenue / Net Sales

(1) Disaggregation of Revenue

Revenues from contracts with customers on a disaggregated basis for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen							
	Reportable segment							
2024	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Total	Others (*4)	Total
Waste treatment, etc. (*1)	¥ 63,406	¥ —	¥ —	¥ —	¥ —	¥ 63,406	¥ —	¥ 63,406
Recycle	108,810	—	—	—	—	108,810	—	108,810
Gold, silver, copper, etc. (*2)	—	97,740	—	—	—	97,740	—	97,740
Platinum group	—	77,583	—	—	—	77,583	—	77,583
Zinc, Indium	—	91,031	—	—	—	91,031	—	91,031
Semiconductors, Electronic Materials	—	—	155,724	—	—	155,724	—	155,724
Copper rolled products, Electroplating etc. (*3)	—	—	—	128,798	—	128,798	—	128,798
Heat Treatment Processing, Industrial Furnaces	—	—	—	—	33,780	33,780	—	33,780
Others	7,924	—	9,137	—	—	17,061	19,067	36,129
Revenues from contracts with customers	¥ 180,142	¥ 266,355	¥ 164,861	¥ 128,798	¥ 33,780	¥ 773,938	¥ 19,067	¥ 793,005
Intersegment sales or transfers	(80,044)	(12,259)	(6,478)	(81)	(16)	(98,880)	(15,453)	(114,333)
Sales to external customers	¥ 100,098	¥ 254,096	¥ 158,382	¥ 128,717	¥ 33,763	¥ 675,058	¥ 3,614	¥ 678,672

	Thousands of U.S. dollars							
	Reportable segment							
2024	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Total	Others (*4)	Total
Waste treatment, etc. (*1)	$ 424,069	$ —	$ —	$ —	$ —	$ 424,069	$ —	$ 424,069
Recycle	727,734	—	—	—	—	727,734	—	727,734
Gold, silver, copper, etc. (*2)	—	653,694	—	—	—	653,694	—	653,694
Platinum group	—	518,883	—	—	—	518,883	—	518,883
Zinc, Indium	—	608,827	—	—	—	608,827	—	608,827
Semiconductors, Electronic Materials	—	—	1,041,493	—	—	1,041,493	—	1,041,493
Copper rolled products, Electroplating etc.(*3)	—	—	—	861,415	—	861,415	—	861,415
Heat Treatment Processing, Industrial Furnaces	—	—	—	—	225,925	225,925	—	225,925
Others	52,999	—	61,110	—	—	114,109	127,524	241,634
Revenues from contracts with customers	$ 1,204,803	$ 1,781,405	$ 1,102,603	$ 861,415	$ 225,925	$ 5,176,153	$ 127,524	$ 5,303,678
Intersegment sales or transfers	(535,341)	(81,993)	(43,329)	(543)	(110)	(661,317)	(103,352)	(764,670)
Sales to external customers	$ 669,462	$ 1,699,411	$ 1,059,274	$ 860,871	$ 225,815	$ 4,514,836	$ 24,171	$ 4,539,007

2023	Millions of yen: Reportable segment: Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Total	Others (*4)	Total
Waste treatment, etc. (*1)	¥ 56,729	¥ —	¥ —	¥ —	¥ —	¥ 56,729	¥ —	¥ 56,729
Recycle	85,883	—	—	—	—	85,883	—	85,883
Gold, silver, copper, etc. (*2)	—	122,222	—	—	—	122,222	—	122,222
Platinum group	—	117,774	—	—	—	117,774	—	117,774
Zinc, Indium	—	77,850	—	—	—	77,850	—	77,850
Semiconductors, Electronic Materials	—	—	174,527	—	—	174,527	—	174,527
Copper rolled products, Electroplating etc.(*3)	—	—	—	116,447	—	116,447	—	116,447
Heat Treatment Processing, Industrial Furnaces	—	—	—	—	32,227	32,227	—	32,227
Others	7,776	—	8,647	—	—	16,424	14,549	30,974
Revenues from contracts with customers	¥ 150,389	¥ 317,848	¥ 183,174	¥ 116,447	¥ 32,227	¥ 800,087	¥ 14,549	¥ 814,637
Intersegment sales or transfers	(61,351)	(19,195)	(5,109)	(99)	(26)	(85,782)	(11,660)	(97,442)
Sales to external customers	¥ 89,038	¥ 298,653	¥ 178,064	¥ 116,348	¥ 32,200	¥ 714,305	¥ 2,889	¥ 717,194

(*1) This includes waste treatment and soil remediation in the domestic market, and Southeast Asia business.

(*2) This includes gold, silver, copper, lead, tin, antimony, and other materials.

(*3) This includes copper rolled products, electroplating, and metal-ceramics substrates.

(*4) Others primarily include plant construction, civil engineering and construction work, engineering, office administration services, technological development support, sales administration, marketing, and other operations.

(2) Contract Balances

Receivables from contracts with customers, contract assets, and contract liabilities at the beginning and end of the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen: 2024: Balance at beginning of year	Millions of yen: 2024: Balance at end of year	Millions of yen: 2023: Balance at beginning of year	Millions of yen: 2023: Balance at end of year	Thousands of U.S. dollars: 2024: Balance at beginning of year	Thousands of U.S. dollars: 2024: Balance at end of year
Receivables from contracts with customers	**¥ 85,250**	**¥ 91,422**	¥ 89,487	¥ 85,250	**$ 570,164**	**$ 611,437**
Contract assets	**328**	**852**	39	328	**2,195**	**5,698**
Contract liabilities	**6,285**	**3,831**	16,830	6,285	**42,040**	**25,623**

(*1) Contract assets are primarily recognized by the revenue recognition of construction contracts of which performance obligations are fulfilled over time. Contract assets are classified into receivables from contracts with customers when a consolidated subsidiary's right to compensation becomes unconditional. Contract assets are included in the consolidated balance sheet under notes and accounts receivable.

(*2) Contract liabilities primarily occur in contracts in the Nonferrous Metals business and the Electronic Materials business, which involve advance payments received from customers which are netted with receivables when the revenue is recognized. Contract liabilities are included in the consolidated balance sheet in "Other current liabilities" under "Current Liabilities".

(*3) The contract liabilities amount to ¥6,285 million (U.S. $42,040 thousand) and ¥16,830 million which were included in such balances at the beginning of the fiscal year and related revenue was recognized for the years ended March 31, 2025 and 2024, respectively.

13. Loss on Devaluation of Inventories

The Group recorded the following loss on devaluation of inventories held for ordinary sales purposes due to impairments reflecting a drop in profitability for the years ended March 31, 2025 and 2024:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Cost of sales	**¥ 5,866**	¥ 2,739	**$ 39,238**

14. Research and Development Costs

Research and development costs charged to income for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Research and development costs	**¥ 6,884**	¥ 6,791	**$ 46,043**
Exploration costs of new ore deposits, etc.	**2,082**	3,702	**13,928**
Total	**¥ 8,967**	¥10,493	**$ 59,972**

15. Loss on business restructuring

(2024)

DOWA Metals & Mining Co., Ltd., (hereinafter "DMM") a consolidated subsidiary of the Company, has been advancing the Palmer (Zinc-Copper) Exploration project in Alaska, U.S.A., through its subsidiaries DMM Palmer Co., Ltd., DOWA METALS & MINING ALASKA LTD. (hereinafter "DMM Alaska") and CONSTANTINE MINING LLC. However, after considering the optimization of its business portfolio in mine development, the Company decided to transfer its interest in CONSTANTINE MINING LLC. from DMM Alaska to a joint venture partner in November 2024.

As a result of this transfer, the Company has recognized a loss on business restructuring totaled ¥2,071 million (U.S. $13,856 thousand). This consists of a loss of ¥554 million (U.S. $3,711 thousand) from the transfer of interest and an expenditure of ¥1,516 million (U.S. $10,145 thousand), which represents compensation for the joint venture partner assuming the potential liabilities related to the project.

(2023)

DMM, a consolidated subsidiary of the Company, reviewed its investment in the Gibraltar Copper Mine in Canada as part of its interests to concentrate its management resources on the metal recycling business. Following this review, in March 2024, DMM transferred its shares in CARIBOO COPPER CORP., (hereinafter "CCC") an associate accounted for using the equity method. Loss on business restructuring totaled ¥4,812 million and consists of a loss of ¥1,593 million from the share transfer and a loss of ¥3,218 million due to changes in the terms of long-term loans receivable to CCC, including an extension of the loans receivable date.

16. Leases

The minimum rental commitments under noncancelable operating leases due at March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Operating leases (lessee)			
Within one year	**¥ 145**	¥ 190	**$ 975**
Over one year	**280**	232	**1,873**
Total	**¥ 425**	¥ 423	**$ 2,849**

17. Financial Instruments

(1) Status of Financial Instruments

(a) Policy for financial instruments

The Group is supposed to manage its funds using short-term deposits and bond repurchase agreements.

Financial instruments used for financing are mainly bank loans and other instruments, including corporate bonds and electronic commercial paper, based on the Group's policy of diversifying financing methods, sources, and maturities, etc.

Derivatives are used to avoid the market fluctuation risks of interest on borrowings and the sale and purchase prices of inventories, etc., only within the range of the hedged items, and the Group's policy is to not use derivatives for speculative purposes.

(b) Nature, extent of risks, and risk management for financial instruments

Notes and accounts receivable, and contract assets, which are operating receivables, are exposed to customer credit risk. The Group manages the credit risk of receivables by monitoring the payment terms and balances for each customer.

Listed securities, which are among the equity instruments in investments in securities, are exposed to the risk of market price fluctuations. The Group has a system to periodically monitor and assess the fair values of listed securities, even though, the securities are held neither for pure investment purposes nor short-term trading purposes.

Payment terms of notes and accounts payable, which are operating debt, are mostly less than one year.

Borrowings are exposed to liquidity risk and interest rate fluctuation risk. In order to mitigate these risks, the Group uses multiple financial institutions and staggers the redemption dates of loans. With regard to a portion of long-term debt, the Group is supposed to use interest rate swaps as hedging instruments to avoid fluctuation risks of interest rates. The Group periodically compiles cash flow plans and performance, and the status of financing is reported at the management meeting monthly.

In addition to interest rate swaps, the Group enters into derivative financial instruments, namely foreign exchange forward contracts and nonferrous metal forward contracts. The former is used to avoid risks of foreign exchange fluctuations associated with the sale of finished products and purchases of inventories (mainly imported raw materials), which are denominated in foreign currencies. The latter is used to avoid fluctuation risks in market prices for raw materials and finished goods that are influenced by nonferrous metal market prices.

Monthly meetings are held regarding derivative transactions, with the attendance of directors who are in charge of hedge transactions and the head of each business division. At the meetings, the implementation policies for hedge transactions are determined, the execution of derivative transactions is managed and reported, and hedge effectiveness is evaluated. In accordance with the policies, each derivative transaction is executed based on internal guidelines, which regulate the credit limit amount and procedures of transactions and reporting. Evaluation of hedge effectiveness is omitted for interest rate swaps as the swaps qualify for hedge accounting and meet specific matching criteria for interest rate swaps. The Group has a policy to diversify transactions through multiple counterparties with high credit standings in order to mitigate credit risk.

(c) Supplementary explanation to fair values of financial instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. Since variable factors are incorporated into calculations of the fair value of financial instruments, and the results of valuation may differ depending on prerequisites. The contract or notional amounts of derivatives which are shown in Note 18. Derivatives do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

(2) Fair Value of Financial Instruments

The table below shows the amounts of financial instruments recorded in the consolidated balance sheet and their fair values. Descriptions are omitted for cash and time deposits, notes and accounts receivable, contract assets, notes and accounts payable, short-term borrowings, and commercial paper because these items consist of cash and items that are settled in a short period of time. Therefore, their carrying amounts approximate fair value.

	Millions of yen			Thousands of U.S. dollars		
2024	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Investments in securities (*2)	**¥ 45,612**	**¥ 67,993**	**¥ 22,380**	**$ 305,058**	**$ 454,743**	**$ 149,684**
Total assets	**¥ 45,612**	**¥ 67,993**	**¥ 22,380**	**$ 305,058**	**$ 454,743**	**$ 149,684**
Long-term debt (including repayments due within one year) (*3)	**30,690**	**29,429**	**(1,261)**	**205,260**	**196,825**	**(8,435)**
Total liabilities	**¥ 30,690**	**¥ 29,429**	**¥ (1,261)**	**$ 205,260**	**$ 196,825**	**$ (8,435)**
Derivatives (*4)	**¥ (2,035)**	**¥ (2,035)**	**¥ —**	**$ (13,611)**	**$ (13,611)**	**$ —**

	Millions of yen		
2023	Carrying amount	Fair value	Difference
Investments in securities (*2)	¥ 44,522	¥ 60,707	¥ 16,184
Total assets	¥ 44,522	¥ 60,707	¥ 16,184
Long-term debt (including repayments due within one year) (*3)	52,824	52,504	(319)
Total liabilities	¥ 52,824	¥ 52,504	¥ (319)
Derivatives (*4)	¥ (3,226)	¥ (3,226)	¥ —

(*1) Equity instruments without market prices are not included in Assets Investments in securities. The amounts of such financial instruments recorded in the consolidated balance sheet are as follows.

	Millions of yen		Thousands of U.S. dollars
Classification	**2024**	2023	**2024**
Unlisted securities and others (carrying amount)	**¥ 31,096**	¥ 31,621	**$ 207,976**

(*2) Assets : Investments in securities as of March 31, 2025 and 2024, stated above, are obtained by equity instruments without market prices of ¥31,096 million (U.S. $207,976 thousand) and ¥31,621 million, respectively, from the sum of investments in securities of ¥33,309 million (U.S. $222,779 thousand) and ¥34,805 million, respectively, and investments in and advances to nonconsolidated subsidiary and associates of ¥43,399 million (U.S. $290,255 thousand) and ¥41,338 million, respectively, presented in the consolidated balance sheet.

(*3) Liabilities : Long-term debt as of March 31, 2025 and 2024, stated above, is obtained by subtracting lease obligations of ¥3,297 million (U.S. $22,053 thousand) and ¥3,401 million, respectively, from the sum of current maturities of long-term debt of ¥8,839 million (U.S. $59,117 thousand) and ¥22,825 million, respectively, and long-term debt of ¥25,148 million (U.S. $168,196 thousand) and ¥33,400 million, respectively, presented in the consolidated balance sheet.

(*4) Derivative transactions stated above are stated net of assets and liabilities.

Maturity analysis for financial assets with contractual maturities

	Millions of yen			
2024	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and time deposits (Time deposits)	**¥ 2,176**	**¥ —**	**¥ —**	**¥ —**
Notes and accounts receivable (Trade, and contract assets)	**92,274**	**—**	**—**	**—**
Total	**¥ 94,450**	**¥ —**	**¥ —**	**¥ —**

	Thousands of U.S. dollars			
2024	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and time deposits (Time deposits)	**$ 14,554**	**$ —**	**$ —**	**$ —**
Notes and accounts receivable (Trade, and contract assets)	**617,136**	**—**	**—**	**—**
Total	**$ 631,690**	**$ —**	**$ —**	**$ —**

	Millions of yen			
2023	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and time deposits (Time deposits)	¥ 2,431	¥ —	¥ —	¥ —
Notes and accounts receivable (Trade, and contract assets)	85,579	—	—	—
Total	¥ 88,010	¥ —	¥ —	¥ —

(3) Financial Instruments Categorized by Fair Value Hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements:

Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Fair values measured by using unobservable inputs for the assets or liabilities.

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is categorized at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(a) The financial assets and liabilities measured at the fair values in the consolidated balance sheet

	Millions of yen							
2024	Level 1		Level 2		Level 3		Total	
Investments in securities	**¥**	**31,031**	**¥**	**—**	**¥**	**—**	**¥**	**31,031**
Total assets	**¥**	**31,031**	**¥**	**—**	**¥**	**—**	**¥**	**31,031**
Derivatives (*1,2)	**¥**	**—**	**¥**	**(2,035)**	**¥**	**—**	**¥**	**(2,035)**
Currency-related transactions		**—**		**(221)**		**—**		**(221)**
Commodity-related transactions		**—**		**(1,813)**		**—**		**(1,813)**

	Thousands of U.S. dollars							
2024	Level 1		Level 2		Level 3		Total	
Investments in securities	**$**	**207,543**	**$**	**—**	**$**	**—**	**$**	**207,543**
Total assets	**$**	**207,543**	**$**	**—**	**$**	**—**	**$**	**207,543**
Derivatives (*1,2)	**$**	**—**	**$**	**(13,611)**	**$**	**—**	**$**	**(13,611)**
Currency-related transactions		**—**		**(1,484)**		**—**		**(1,484)**
Commodity-related transactions		**—**		**(12,127)**		**—**		**(12,127)**

	Millions of yen							
2023	Level 1		Level 2		Level 3		Total	
Investments in securities	¥	32,519	¥	—	¥	—	¥	32,519
Total assets	¥	32,519	¥	—	¥	—	¥	32,519
Derivatives (*1,2)	¥	—	¥	(3,226)	¥	—	¥	(3,226)
Currency-related transactions		—		(1,182)		—		(1,182)
Commodity-related transactions		—		(2,044)		—		(2,044)

(*1) Derivative transactions recorded in assets and liabilities are displayed collectively. Net credits and debts arising from derivative transactions are displayed as net values. Items for which totals are negative are shown in parentheses.

(*2) Under derivative transactions, a loss of ¥990 million (U.S. $6,624 thousand) and ¥1,201 million for transactions to which hedge accounting was applied was recorded on the consolidated balance sheet for the years ended March 31, 2025 and 2024, respectively.

(b) The financial assets and liabilities not measured at the fair values in the consolidated balance sheet

	Millions of yen							
2024	Level 1		Level 2		Level 3		Total	
Investments in securities	**¥**	**36,961**	**¥**	**—**	**¥**	**—**	**¥**	**36,961**
Total assets	**¥**	**36,961**	**¥**	**—**	**¥**	**—**	**¥**	**36,961**
Long-term debt (including repayments due within one year)	**¥**	**—**	**¥**	**29,429**	**¥**	**—**	**¥**	**29,429**
Total liabilities	**¥**	**—**	**¥**	**29,429**	**¥**	**—**	**¥**	**29,429**

	Thousands of U.S. dollars							
2024	Level 1		Level 2		Level 3		Total	
Investments in securities	**$**	**247,199**	**$**	**—**	**$**	**—**	**$**	**247,199**
Total assets	**$**	**247,199**	**$**	**—**	**$**	**—**	**$**	**247,199**
Long-term debt (including repayments due within one year)	**$**	**—**	**$**	**196,825**	**$**	**—**	**$**	**196,825**
Total liabilities	**$**	**—**	**$**	**196,825**	**$**	**—**	**$**	**196,825**

	Millions of yen							
2023	Level 1		Level 2		Level 3		Total	
Investments in securities	¥	28,188	¥	—	¥	—	¥	28,188
Total assets	¥	28,188	¥	—	¥	—	¥	28,188
Long-term debt (including repayments due within one year)	¥	—	¥	52,504	¥	—	¥	52,504
Total liabilities	¥	—	¥	52,504	¥	—	¥	52,504

(Note) The following is a description of valuation methodologies and inputs used for measurement of the fair value of assets and liabilities:

Investments in securities

Investment in securities that are listed as equity instruments are valued using quoted market prices. Since listed equity instruments are traded in active markets, their fair value is classified as Level 1.

Derivatives

Derivatives are calculated based on fair value obtained from financial institutions, and their fair value is classified as Level 2.

Long-term debt (including repayments due within one year)

The fair value of long-term debt is calculated using the discounted cash flow method, which is based on the present value of the total principal and interest discounted using an assumed interest rate on equivalent new borrowings. Long-term debt with variable interest rates qualifies for special treatment under hedge accounting. The fair value of these accounts is calculated by discounting the total of the interest and principal, including the relevant interest rate swap, by an interest rate reasonably estimated assuming similar borrowings are taken out. Therefore, their fair value is classified as Level 2.

18. Derivatives

(1) Derivative Transactions to which Hedge Accounting is Not Applied

Currency-related transactions (2024)

	Millions of yen				Thousands of U.S. dollars			
Type	Contract amount	Over 1 year	Fair value	Unrealized gains/losses	Contract amount	Over 1 year	Fair value	Unrealized gains/losses
Forward Exchange Contract Transactions								
Selling								
U.S. dollars	**¥ 15,343**	**¥ —**	**¥ (281)**	**¥ (281)**	**$102,620**	**$ —**	**$ (1,881)**	**$ (1,881)**
Euro	**430**	**—**	**(5)**	**(5)**	**2,878**	**—**	**(38)**	**(38)**
Thai baht	**3,320**	**—**	**49**	**49**	**22,204**	**—**	**330**	**330**
Total	**—**	**—**	**—**	**¥ (237)**	**—**	**—**	**—**	**$ (1,589)**

Commodity-related transactions (2024)

	Millions of yen				Thousands of U.S. dollars			
Type	Contract amount	Over 1 year	Fair value	Unrealized gains/losses	Contract amount	Over 1 year	Fair value	Unrealized gains/losses
Nonferrous Metal Forward Contracts								
Selling								
Gold	**¥ 4,585**	**¥ —**	**¥ (338)**	**¥ (338)**	**$ 30,668**	**$ —**	**$ (2,264)**	**$ (2,264)**
Silver	**7,332**	**—**	**(484)**	**(484)**	**49,042**	**—**	**(3,240)**	**(3,240)**
Zinc	**483**	**—**	**7**	**7**	**3,236**	**—**	**51**	**51**
Copper	**6,659**	**—**	**(155)**	**(155)**	**44,538**	**—**	**(1,040)**	**(1,040)**
Lead	**0**	**—**	**0**	**0**	**6**	**—**	**0**	**0**
Nickel	**128**	**—**	**1**	**1**	**858**	**—**	**9**	**9**
Palladium	**2,052**	**—**	**(0)**	**(0)**	**13,725**	**—**	**(4)**	**(4)**
Platinum	**189**	**—**	**(11)**	**(11)**	**1,267**	**—**	**(75)**	**(75)**
Total	**—**	**—**	**—**	**¥ (981)**	**—**	**—**	**—**	**$ (6,564)**

Currency-related transactions (2023)

	Millions of yen			
Type	Contract amount	Over 1 year	Fair value	Unrealized gains/losses
Forward Exchange Contract Transactions				
Selling				
U.S. dollars	¥ 12,100	¥ —	¥ (684)	¥ (684)
Euro	255	—	(11)	(11)
Thai baht	2,093	—	(31)	(31)
Total	—	—	—	¥ (728)

Commodity-related transactions (2023)

	Millions of yen			
Type	Contract amount	Over 1 year	Fair value	Unrealized gains/losses
Nonferrous Metal Forward Contracts				
Selling				
Gold	¥ 2,649	¥ —	¥ (212)	¥ (212)
Silver	5,658	—	(417)	(417)
Zinc	988	—	8	8
Copper	3,953	—	(258)	(258)
Nickel	177	—	(3)	(3)
Palladium	1,429	—	(58)	(58)
Total	—	—	—	¥ (942)

(2) Derivative Transactions to which Hedge Accounting is Applied

Currency-related transactions (2024)

			Millions of yen			Thousands of U.S. dollars		
Treatment	Type	Hedged item	Contract amount	Over 1 year	Fair value	Contract amount	Over 1 year	Fair value
Standard treatment	Forward exchange contract transactions	Accounts receivable Inventory						
	Selling							
	U.S. dollars		¥ 16,471	¥ —	¥ 15	$ 110,165	$ —	$ 106
	Thai baht		64	—	(0)	433	—	(2)
Currency swaps under designated hedge accounting	Forward exchange contract transactions	Accounts receivable						
	Selling							
	U.S. dollars		¥ 2,648	¥ —	(*1)	$ 17,716	$ —	(*1)
Total			—	—	—	—	—	—

Commodity-related transactions (2024)

			Millions of yen			Thousands of U.S. dollars		
Treatment	Type	Hedged item	Contract amount	Over 1 year	Fair value	Contract amount	Over 1 year	Fair value
Standard treatment	Nonferrous Metal Forward Contracts	Inventory						
	Selling							
	Gold		¥ 14,244	¥ —	¥ (1,270)	$ 95,265	$ —	$ (8,494)
	Silver		6,530	—	(388)	43,677	—	(2,595)
	Zinc		24,938	—	909	166,787	—	6,082
	Copper		2,579	—	(74)	17,254	—	(496)
	Lead		247	—	0	1,652	—	6
	Buying							
	Silver		¥ 207	¥ —	¥ 3	$ 1,388	$ —	$ 25
	Zinc		395	—	(13)	2,645	—	(89)
Total			—	—	—	—	—	—

Currency-related transactions (2023)

			Millions of yen		
Treatment	Type	Hedged item	Contract amount	Over 1 year	Fair value
Standard treatment	Forward exchange contract transactions	Accounts receivable Inventory			
	Selling				
	U.S. dollars		¥ 11,498	¥ —	¥ (453)
Currency swaps under designated hedge accounting	Forward exchange contract transactions	Accounts receivable			
	Selling				
	U.S. dollars		¥ 2,591	¥ —	(*1)
Total			—	—	—

Commodity-related transactions (2023)

			Millions of yen		
Treatment	Type	Hedged item	Contract amount	Over 1 year	Fair value
Standard treatment	Nonferrous Metal Forward Contracts	Inventory			
	Selling				
	Gold		¥ 4,847	¥ —	¥ (467)
	Silver		2,920	—	(231)
	Zinc		16,320	—	(250)
	Copper		1,618	—	(117)
	Lead		121	—	2
	Buying				
	Silver		¥ 356	¥ —	¥ (9)
	Zinc		171	—	(27)
Total			—	—	—

(*1) The fair values of currency swaps under designated hedge accounting are included in the fair values of accounts receivable because they are accounted for as an integral part of accounts receivable, which are hedged items.

19. Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Unrealized gain (loss) on available-for-sale securities:			
Gain (loss) arising during the year	**¥ 1,632**	¥ 11,729	**$ 10,916**
Reclassification adjustments to profit or loss	**(2,918)**	(6,357)	**(19,522)**
Amount before income taxes	**(1,286)**	5,371	**(8,605)**
Income tax effect	**785**	(2,001)	**5,251**
Total	**¥ (501)**	¥ 3,370	**$ (3,354)**
Deferred gain (loss) on derivatives under hedge accounting:			
Gain (loss) arising during the year	**¥ (9,654)**	¥ (4,682)	**$ (64,568)**
Reclassification adjustments to profit or loss	**9,966**	3,775	**66,654**
Adjustment for cost of asset acquisition	**—**	—	**—**
Amount before income taxes	**311**	(906)	**2,085**
Income tax effect	**(102)**	277	**(684)**
Total	**¥ 209**	¥ (629)	**$ 1,401**
Foreign currency translation adjustments:			
Adjustments arising during the year	**¥ 2,452**	¥ 5,643	**$ 16,403**
Reclassification adjustments to profit or loss	**475**	(477)	**3,179**
Amount before income taxes	**2,927**	5,165	**19,582**
Income tax effect	**—**	—	**—**
Total	**¥ 2,927**	¥ 5,165	**$ 19,582**
Defined retirement benefit plan:			
Adjustments arising during the year	**¥ 2,058**	¥ (150)	**$ 13,766**
Reclassification adjustments to profit or loss	**(217)**	(220)	**(1,453)**
Amount before income taxes	**1,840**	(371)	**12,312**
Income tax effect	**(575)**	119	**(3,846)**
Total	**¥ 1,265**	¥ (251)	**$ 8,466**
Share of other comprehensive income of entities accounted for using the equity method:			
Gain (loss) arising during the year	**¥ 2,955**	¥ 1,664	**$ 19,763**
Reclassification adjustments to profit or loss	**(2)**	51	**(17)**
Total	**¥ 2,952**	¥ 1,716	**$ 19,745**
Total other comprehensive income	**¥ 6,854**	¥ 9,370	**$ 45,842**

20. Subsequent Event

The following appropriation of retained earnings at March 31, 2025, was approved at the Board of Directors' meeting held on May 20, 2025:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥150 (U.S. $1.00) per share	**¥ 9,022**	**$ 60,340**

21. Segment Information

(1) Outline of reportable segments

The Company’s reportable segments are the components of the Group about which separate financial information is available. These segments are subject to periodic examinations to enable the Company’s Board of Directors to decide how to allocate resources and assess performance.

The Company’s operations are classified into five product and service segments based on its operating companies. Each segment’s businesses are as follows:

In the Environmental Management & Recycling segment, the Group conducts waste treatment, soil remediation, resource recycling, logistics, and other operations.

In the Nonferrous Metals segment, the Group produces and sells gold, silver, copper, lead, zinc, zinc alloys, indium, platinum, palladium, rhodium, tin, antimony, sulfuric acid, and other materials.

In the Electronic Materials segment, the Group produces and sells high-purity metal materials, compound semiconductor wafers, LEDs, conductive materials, battery materials, magnetic materials, reduced iron powder, and other materials.

In the Metal Processing Business engages in the production and sale of copper, brass, and copper alloy plates and strips, brass alloy rods, metal-ceramics substrates other materials, and plating.

In the Heat Treatment segment, the Group provides heat and surface treatment of metallic materials, such as automobile components, and manufactures, sells, and provides maintenance of industrial furnaces and ancillary equipment.

(2) Method for calculating sales, income (loss), assets, liabilities, and other items by reportable segment

The accounting treatment and methods for the reportable segments are largely consistent with Note 1. Basis of Presentation of the Consolidated Financial Statements and Note 2. Summary of Significant Accounting Policies.

Segment income is reconciled to ordinary income. Ordinary income is calculated by adding share of profit (loss) of entities accounted for using equity method, interest and dividend income, royalty income, etc., and deducting interest expense, environmental expenses, etc. from operating profit (loss).

(3) Information on sales, income (loss), assets, liabilities, and other items by reportable segment

Segment information as of March 31, 2025 and 2024, are summarized as follows:

Millions of yen

	Reportable segment									
2024	Environmen-tal Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Total	Others (*1)	Total	Reconcili-ations (*2)	Consolidated
Net sales										
Sales to external customers	**¥ 100,098**	**¥ 254,096**	**¥ 158,382**	**¥ 128,717**	**¥ 33,763**	**¥ 675,058**	**¥ 3,614**	**¥ 678,672**	**¥ —**	**¥ 678,672**
Intersegment sales or transfers	**80,044**	**12,259**	**6,478**	**81**	**16**	**98,880**	**15,453**	**114,333**	**(114,333)**	**—**
Total	**¥ 180,142**	**¥ 266,355**	**¥ 164,861**	**¥ 128,798**	**¥ 33,780**	**¥ 773,938**	**¥ 19,067**	**¥ 793,005**	**¥ (114,333)**	**¥ 678,672**
Segment income (*3)	**¥ 14,967**	**¥ 17,142**	**¥ 310**	**¥ 5,939**	**¥ 2,194**	**¥ 40,554**	**¥ 897**	**¥ 41,452**	**¥ 2,146**	**¥ 43,598**
Segment assets	**144,991**	**253,467**	**97,889**	**120,206**	**48,316**	**664,870**	**13,597**	**678,467**	**(4,930)**	**673,537**
Other items:										
Depreciation	**8,228**	**7,479**	**4,090**	**4,500**	**2,428**	**26,727**	**487**	**27,215**	**1,571**	**28,787**
Amortization of goodwill	**348**	**—**	**—**	**—**	**160**	**509**	**—**	**509**	**—**	**509**
Investment in associates accounted for by the equity method	**2,530**	**25,042**	**694**	**356**	**—**	**28,623**	**—**	**28,623**	**14,711**	**43,334**
Increase in property, plant, and equipment and intangible fixed assets	**¥ 12,449**	**¥ 18,001**	**¥ 3,930**	**¥ 5,682**	**¥ 1,848**	**¥ 41,911**	**¥ 898**	**¥ 42,810**	**¥ 3,909**	**¥ 46,719**

Thousands of U.S. dollars

	Reportable segment									
2024	Environmen-tal Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Total	Others (*1)	Total	Reconcili-ations (*2)	Consolidated
Net sales										
Sales to external customers	**$ 669,462**	**$ 1,699,411**	**$ 1,059,274**	**$ 860,871**	**$ 225,815**	**$ 4,514,836**	**$ 24,171**	**$ 4,539,007**	**$ —**	**$ 4,539,007**
Intersegment sales or transfers	**535,341**	**81,993**	**43,329**	**543**	**110**	**661,317**	**103,352**	**764,670**	**(764,670)**	**—**
Total	**$ 1,204,803**	**$ 1,781,405**	**$ 1,102,603**	**$ 861,415**	**$ 225,925**	**$ 5,176,153**	**$127,524**	**$ 5,303,678**	**$ (764,670)**	**$ 4,539,007**
Segment income (*3)	**$ 100,105**	**$ 114,647**	**$ 2,076**	**$ 39,725**	**$ 14,677**	**$ 271,232**	**$ 6,002**	**$ 277,234**	**$ 14,356**	**$ 291,590**
Segment assets	**969,710**	**1,695,205**	**654,688**	**803,950**	**323,142**	**4,446,696**	**90,939**	**4,537,636**	**(32,973)**	**4,504,662**
Other items:										
Depreciation	**55,034**	**50,022**	**27,356**	**30,098**	**16,243**	**178,755**	**3,262**	**182,017**	**10,512**	**192,530**
Amortization of goodwill	**2,332**	**—**	**—**	**—**	**1,073**	**3,405**	**—**	**3,405**	**—**	**3,405**
Investment in associates accounted for by the equity method	**16,921**	**167,483**	**4,646**	**2,383**	**—**	**191,435**	**—**	**191,435**	**98,391**	**289,826**
Increase in property, plant, and equipment and intangible fixed assets	**$ 83,265**	**$ 120,393**	**$ 26,285**	**$ 38,001**	**$ 12,360**	**$ 280,307**	**$ 6,011**	**$ 286,318**	**$ 26,143**	**$ 312,462**

	Millions of yen									
	Reportable segment									
2023	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Total	Others (*1)	Total	Reconciliations (*2)	Consolidated
Net sales										
Sales to external customers	¥ 89,038	¥ 298,653	¥ 178,064	¥ 116,348	¥ 32,200	¥ 714,305	¥ 2,889	¥ 717,194	¥ —	¥ 717,194
Intersegment sales or transfers	61,351	19,195	5,109	99	26	85,782	11,660	97,442	(97,442)	—
Total	¥ 150,389	¥ 317,848	¥ 183,174	¥ 116,447	¥ 32,227	¥ 800,087	¥ 14,549	¥ 814,637	¥ (97,442)	¥ 717,194
Segment income (*3)	¥ 11,181	¥ 18,202	¥ 3,508	¥ 5,187	¥ 3,218	¥ 41,297	¥ 559	¥ 41,857	¥ 2,887	¥ 44,745
Segment assets	136,606	210,095	95,351	108,280	48,181	598,514	12,284	610,799	21,971	632,770
Other items:										
Depreciation	7,699	6,156	3,824	3,619	2,443	23,743	469	24,212	1,086	25,298
Amortization of goodwill	348	—	—	—	155	503	—	503	—	503
Investment in associates accounted for by the equity method	3,014	25,102	689	332	—	29,138	—	29,138	12,136	41,274
Increase in property, plant, and equipment and intangible fixed assets	¥ 9,827	¥ 13,156	¥ 5,695	¥ 6,451	¥ 1,833	¥ 36,965	¥ 506	¥ 37,471	¥ 2,334	¥ 39,805

(*1) The Others segment comprises business operations that are not included in the reportable segments. These operations primarily comprise intergroup transactions, including real estate leasing, plant construction, civil engineering and construction work, office administration services, technological development support, and other operations.

(*2) Reconciliations for the fiscal years ended March 31, 2025 and 2024, were as follows:

(1) The reconciliations to segment income of ¥2,146 million (U.S. $14,356 thousand) and ¥2,887 million include non-operating income and expenses not allocated to any reportable segment (dividends, share of profit (loss) of entities accounted for using equity method, interest expense, etc.) of ¥3,137 million (U.S. $20,986 thousand) and ¥2,801 million, respectively, and eliminations for intersegment unrealized earning of ¥673 million (U.S. $4,501 thousand) and ¥214 million, respectively.

(2) The reconciliations to segment assets of ¥4,930 million (U.S. $32,973 thousand) and ¥21,971 million include corporate assets of ¥75,713 million (U.S. $506,379 thousand) and ¥107,761 million that are not allocated to any reportable segment, respectively, and intersegment eliminations of ¥80,644 million (U.S. $539,352 thousand) and ¥85,790 million, respectively. The main components of corporate assets are surplus working capital (cash and deposits), long-term investments (investments in securities), and assets of the administrative department.

(*3) Segment income is reconciled with ordinary income.

Related Information

1. Information by geographic region (2024)

(1) Net sales

Millions of yen

Japan	North and Central America	Europe	China	Asia (excluding Japan and China)	Other	Total
¥ 435,430	**¥ 8,165**	**¥ 35,043**	**¥ 124,571**	**¥ 75,375**	**¥ 86**	**¥ 678,672**

Thousands of U.S. dollars

Japan	North and Central America	Europe	China	Asia (excluding Japan and China)	Other	Total
$2,912,185	**$ 54,612**	**$ 234,374**	**$ 833,140**	**$ 504,114**	**$ 579**	**$4,539,007**

(2) Net property, plant, and equipment

Millions of yen

Japan	North and Central America	Europe	China	Asia (excluding Japan and China)	Other	Total
¥ 158,453	**¥ 14,031**	**¥ 316**	**¥ 3,523**	**¥ 32,311**	**¥ —**	**¥ 208,636**

Thousands of U.S. dollars

Japan	North and Central America	Europe	China	Asia (excluding Japan and China)	Other	Total
$1,059,750	**$ 93,843**	**$ 2,115**	**$ 23,563**	**$ 216,099**	**$ —**	**$1,395,373**

2. Information by major customer (2024)

Name of corporate customer	Net sales	Name of involved segment
TANAKA KIKINZOKU KOGYO K.K.	**¥89,765 million (U.S. $600,355 thousand)**	**Mainly the Nonferrous Metals segment**

3. Information on impairment losses on fixed assets by reportable segment (2024)

Millions of yen

	Reportable segment									
2024	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Total	Others	Total	Eliminations	Consolidated
Impairment losses on fixed assets	**¥ 2,047**	**¥ 80**	**¥ 2,009**	**¥ 456**	**¥ —**	**¥ 4,593**	**¥ —**	**¥ 4,593**	**¥ (0)**	**¥ 4,592**

Thousands of U.S. dollars

	Reportable segment									
2024	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Total	Others	Total	Eliminations	Consolidated
Impairment losses on fixed assets	**$ 13,690**	**$ 535**	**$ 13,440**	**$ 3,052**	**$ —**	**$ 30,718**	**$ —**	**$ 30,718**	**$ (2)**	**$ 30,716**

4. Unamortized balance of goodwill by reportable segment (2024)

2024	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Total	Others	Total	Eliminations	Consolidated
	Millions of yen									
	Reportable segment									
Unamortized balance at fiscal year end	**¥ 1,394**	**¥ —**	**¥ —**	**¥ —**	**¥ 311**	**¥ 1,706**	**¥ —**	**¥ 1,706**	**¥ —**	**¥ 1,706**

2024	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Total	Others	Total	Eliminations	Consolidated
	Thousands of U.S. dollars									
	Reportable segment									
Unamortized balance at fiscal year end	**$ 9,329**	**$ —**	**$ —**	**$ —**	**$ 2,086**	**$ 11,415**	**$ —**	**$ 11,415**	**$ —**	**$ 11,415**

1. Information by geographic region (2023)

(1) Net sales

Japan	North and Central America	Europe	China	Asia (excluding Japan and China)	Other	Total
Millions of yen						
¥ 441,797	¥ 7,627	¥ 55,168	¥ 139,795	¥ 72,763	¥ 41	¥ 717,194

(2) Net property, plant, and equipment

Japan	North and Central America	Europe	China	Asia (excluding Japan and China)	Other	Total
Millions of yen						
¥ 150,497	¥ 10,369	¥ 373	¥ 3,435	¥ 29,444	¥ —	¥ 194,120

2. Information by major customer (2023)

Name of corporate customer	Net sales	Name of involved segment
TANAKA KIKINZOKU KOGYO K.K.	¥92,782 million	Mainly the Nonferrous Metals segment

3. Information on impairment losses on fixed assets by reportable segment (2023)

2023	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Total	Others	Total	Eliminations	Consolidated
	Millions of yen									
	Reportable segment									
Impairment losses on fixed assets	¥ 427	¥ —	¥ —	¥ 1,211	¥ 141	¥ 1,780	¥ —	¥ 1,780	¥ 12	¥ 1,792

4. Unamortized balance of goodwill by reportable segment (2023)

2023	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Total	Others	Total	Eliminations	Consolidated
	Millions of yen									
	Reportable segment									
Unamortized balance at fiscal year end	¥ 1,743	¥ —	¥ —	¥ —	¥ 480	¥ 2,223	¥ —	¥ 2,223	¥ —	¥ 2,223

Deloitte.

Deloitte Touche Tohmatsu LLC
Marunouchi Nijubashi Building
3-2-3 Marunouchi
Chiyoda-ku, Tokyo 100-8360
Japan

Tel: +81 (3) 6213 1000
Fax: +81 (3) 6213 1005
www.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of DOWA HOLDINGS CO., LTD.:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of DOWA HOLDINGS CO., LTD. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments in the Los Gatos Mine

Key Audit Matter Description

As stated in Note 3. "Significant Accounting Estimate" to the consolidated financial statements, DOWA Metals & Mining Co., Ltd. (hereinafter "DMM"), an operating company in the Group's Nonferrous Metals business has invested in MINERA PLATA REAL, S. DE R. L. DE C. V. and OPERACIONES SAN JOSE DE PLATA, S. DE R. L. DE C. V. (hereinafter collectively referred to as "MPRs"), which are the operating companies of the Los Gatos Mine in the State of Chihuahua, Mexico. As of the year-end, DMM owns 30% of shares issued by MPRs. The book value of the investments in MPRs was ¥18,645 million as a result of the equity method applied by the Group, and these investments are recorded in the account of "Investments in and advances to nonconsolidated subsidiaries and associates." The ratio of the amount of these accounts to the amount of total assets was 2.7%.

The material components, which consist of these investments, are the long-lived assets including property, plant and equipment and other long-term assets, used in the mining and ore sorting activities operated by MPRs. Estimates of the total future cash flows generated from the operations of Los Gatos Mine will have a significant impact on the valuation of these long-lived assets recorded in the financial statements of MPRs, which are the basic information used by the Group for applying their equity method on these investments.

The total amount of future cash flows is calculated using a complex calculation model considering various assumptions, such as forecasts of the future market prices of metals, metal concentrate grades, and operational costs.

In the current year, no impairment losses were recorded on these long-lived assets included in the financial statements of MPRs, which are the basic information used by the Group for applying their equity method on these investments.

The Los Gatos Mine is a significant project in the Group's strategies for securing a long-term and stable supply of raw materials for the Group's producing processes, and the amount of such investments is material. Furthermore, these assumptions described above that are used in the calculation for the future cash flows are affected by management's judgment regarding the external environments and future operating condition involving high uncertainties and therefore, a comprehensive consideration is required. Due to the factors described above, we have determined the valuation of investments in the Los Gatos Mine to be a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to testing the valuation of investments in the Los Gatos Mine included the following, among others:

- We obtained sufficient understanding on the Group's controls over the valuation of investments in the Los Gatos Mine and tested the design and operating effectiveness of such controls.

- We communicated with the auditor of MPRs and confirmed whether any material matters exist such as indications of impairment in long-lived assets relating to Los Gatos Mine that would significantly impact the valuation of the Group's investments and loans receivable.

- With the assistance of our valuation specialists, we evaluated the reasonableness of the calculation model for the future cash flows.

- Among the various assumptions for management's estimation regarding the future cash flows, we evaluated the reasonableness of management's estimations of the future market prices of metals by comparing them with future forecast data of market participants that we obtained independently. We also evaluated the reasonableness of management's estimations regarding the metal concentrate grade and operating costs by comparing them with actual performance results.

- Based on these estimations of future cash flows, we evaluated whether the Group properly valued the long-lived assets in the financial statements of MPRs which are the basic information used by the Group for applying their equity method.

Hedge accounting for derivative transactions

Key Audit Matter Description

As stated in Note 18. "Derivatives" to the consolidated financial statements, the Group entered into nonferrous metal forward contracts (both of transactions for which hedge accounting is not applied and for which hedge accounting is applied), which amounted to 69,972 million yen in selling and 603 million yen in buying as of March 31, 2025. Furthermore, the Group entered into foreign exchange forward contracts (both of transactions to which hedge accounting is not applied and those to which hedge accounting is applied), which amounted to 34,464 million yen in selling of U.S. dollars, 430 million yen in selling of Euro and 3,384 million yen in selling of Thai Baht. The Group accounted for the valuation losses on these derivatives, which were qualified for hedge accounting, as Deferred loss on derivatives under hedge accounting, a component of equity, which totaled 985 million yen, net of tax effects.

As the Group has material amounts of metal inventories (both of raw materials and finished goods), and these inventories are exposed to fluctuations in the market prices of nonferrous metal and foreign exchange rates, they utilize nonferrous metal forward contracts and foreign exchange forward contracts for the purposes of managing the exposure to variability in market prices of nonferrous metals and foreign exchange rates for the period from the timing of purchasing the raw material to the timing of selling the finished goods.

As stated in Note 2 (19). "Summary of Significant Accounting Policies—Derivatives and Hedging Activities" and Note 17. "Financial Instruments" to the consolidated financial statements, the Group tests whether the derivatives are in compliance with the Group's implementation policies for hedge transactions prior to entering into hedging transactions. Also, the Group determines the hedging instruments, hedged items, and the methods of assessing hedge effectiveness as part of their prospective testing. Furthermore, as part of their retrospective testing, the Group conducts an effectiveness assessment at the monthly meeting to monitor the hedging transactions ("hedge meeting").

As described above, the amount of fair value may be material for such derivatives for the purpose of managing the exposure to variability in market prices of the Group's Nonferrous Metals business inventories. In addition, the determination of the hedge accounting qualification requires expertise, and if the hedge accounting is not qualified, the gains or losses of the market value must be recorded in the consolidated statement of income, which may have a significant impact on the consolidated financial statements. Due to the factors described above, we have determined the hedge accounting for the derivative transactions to be a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the hedge accounting for the derivative transactions included the following, among others:

- We obtained sufficient understanding on the Group's controls over the derivative transactions and tested the design and operating effectiveness of such controls.

- We performed confirmation procedures with all parties related to the derivative transactions to confirm the completeness of the Group's derivative ledgers, which covers all of the derivative transactions.

- We tested the accuracy of the unrealized gains or losses amount of the derivative transactions recorded in the Group's ledger by reconciling the amount of market value with the related information publicly available and recalculating these amounts.

- In evaluating the Group's prospective testing, we gained an understanding of the Group's hedging policies and determined whether there is no material change in the Group's policies during the year by inquiring of the Group's management and inspecting the Group's policy regarding the derivative transactions. Furthermore, we confirmed that the key terms of the hedging instruments and the hedged items in the contracts are identical and ensured that the hedging instruments are highly effective to the hedged items at the inception of the hedging transaction.

- At the Group's year end closing, in evaluating the Group's retrospective testing executed, we read the minutes of the Group's hedge meetings and re-performed testing the effectiveness, confirming that the derivative transactions which didn't meet the hedge requirements were appropriately recognized in profit or loss.

- Based on our audit procedures results related to the Group's prospective testing and retrospective testing, we evaluated whether the Group recorded deferred gain or loss on derivatives under hedge accounting as a component of equity for derivatives that were qualified for hedge accounting, taking into account their tax effects.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the DOWA REPORT 2025, but does not include the consolidated financial statements and our auditor's report thereon. DOWA REPORT 2025 is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2025, which were charged by us and our network firms to DOWA HOLDINGS CO., LTD. and its subsidiaries were ¥242 million and ¥28 million, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partner do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC
July 31, 2025