

# **Fiscal 2022 Supplementary Information**

**May 12, 2023**

**DOWA HOLDINGS CO.,LTD.**

# Operating Results

## ■ Consolidated Income Statements

Billion yen (Amounts less than 100 million yen are omitted.)

	FY2021			FY2022			Changes		
	H1	H2	Full Year	H1	H2	Full Year	H1	H2	Full Year
Net Sales	423.2	408.5	831.7	401.8	378.2	780.0	(21.4)	(30.2)	(51.7)
Operating Income	37.9	25.8	63.8	30.0	14.5	44.6	(7.9)	(11.2)	(19.2)
Ordinary Income	47.4	28.6	76.0	36.9	18.5	55.5	(10.5)	(10.0)	(20.5)
Profit attributable to owners of parent	32.5	18.4	51.0	22.7	2.3	25.0	(9.8)	(16.1)	(25.9)

## ■ Exchange Rate and Metal Prices

	FY2021			FY2022		
	H1 averages	H2 averages	Full year averages	H1 averages	H2 averages	Full year averages
Exchange Rate: (¥/\$)	109.8	115.0	112.4	134.0	137.0	135.5
Copper: (\$/t)	9,541	9,842	9,691	8,634	8,468	8,551
Zinc: (\$/t)	2,954	3,554	3,254	3,597	3,067	3,332
Indium: (\$/kg)	204	254	229	235	206	221

# Business Environment (FY2022)

Waste treatment- and recycling-related business

- Orders for waste treatment in Japan were firm.
- Collection volume of raw materials for recycling was increased.
- The treatment volume for the recycling of consumer electronics decrease.

Automobile-related business

- Demand for certain automobile-related products and services have been in the correction phase due to low automobile production.

New forms of energy-related business

- Sales of Silver powder were sluggish due to the change in the competitive environment caused by the progress of generalization of solar panels.

Electronic components-related business

- Sales of Copper rolled products for information/communication-related products decreased due to the slowdown of China economy.

Exchange rates and Metal prices

- Compared to the previous year, the average exchange rate of the yen significantly weakened against the U.S. dollar.
- The average price of copper, silver and PGMs decreased.

Energy and Material cost

- The cost of electricity, fuel and the other materials was much higher than the previous year, on account of global rising in the energy prices and various materials s prices.

# Trends in Major Products

Indexes (100 for FY2021 1Q)

		FY2021				FY2022			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Environmental Management & Recycling	Waste treatment volume in Japan	100	101	105	94	105	92	101	94
	Recycling materials collection volume (for Kosaka smelting & refining)	100	83	86	88	91	97	101	93
	Net sales of waste treatment in the Southeast Asia Business	100	106	110	125	100	104	117	121
Nonferrous Metals	Copper production volume (Total of 2 smelters, Kosaka and Onahama)	100	102	94	112	123	109	109	134
	Zinc production volume	100	74	102	99	100	71	106	101
Electronic Materials	LEDs sales volume	100	166	156	133	223	171	152	100
	Silver powder sales volume	100	128	99	101	93	64	64	57
Metal Processing	Copper alloy strips sales volume	100	100	103	96	98	93	96	89
Heat Treatment	Net sales in the Heat Treatment Processing Business	100	102	103	109	103	107	116	113
	Net sales in the Industrial Furnaces Business	100	144	178	338	119	167	196	295

# Year-on-Year Comparison by Segment

Billion yen (Amounts less than 100 million yen are omitted.)

	FY2021 Results			FY2022 Results			Changes			Details of Changes to Ordinary Income
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	
Environmental Management & Recycling	135.0	12.6	13.6	148.0	11.1	11.9	12.9	(1.5)	(1.6)	- Rise in fuel and chemical costs - Increase in depreciation and labor costs
Nonferrous Metals	455.6	36.1	42.7	433.6	22.7	33.1	(21.9)	(13.3)	(9.6)	- Decrease in the volume of PGM recovered - Decrease in income due to lower metal prices - Profit contribution from a weak yen - Increase in electricity cost and loss from the lower of cost or market
Electronic Materials	175.3	5.2	6.5	138.2	2.9	4.5	(37.1)	(2.2)	(2.0)	- Increase in sales of Short-Wavelength-Infrared LEDs and Photo diodes (PDs) - Decrease in sales of Silver powder and Metal powder - Profit increase due to yen depreciation
Metal Processing	111.9	6.3	6.8	116.1	5.3	5.5	4.2	(1.0)	(1.3)	- Decrease in sales of automobile-related products and services - Decrease in sales of information/communication-related products - Rise in electricity and fuel costs
Heat Treatment	28.9	2.6	3.0	30.1	1.4	1.8	1.1	(1.1)	(1.1)	- Rise in electricity and fuel costs
Other/ Eliminations	(75.1)	0.7	3.2	(86.1)	0.9	(1.5)	(11.0)	0.2	(4.8)	- Decrease in profit of Fujita Kanko Inc., an equity method affiliate
Total	831.7	63.8	76.0	780.0	44.6	55.5	(51.7)	(19.2)	(20.5)	

# Factor Analysis of Ordinary Income

Billion yen (Amounts less than 100 million yen are omitted.)

FY2022 – FY2021	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Other/ Eliminations	Total
Effect of various initiatives, increase/ decrease in sales, etc.	1.1	(3.0)	(4.2)	(0.9)	(0.1)	0.0	(7.2)
Of the above, free metal income difference (difference in volume)	—	(1.7)	—	—	—	—	(1.7)
Free metal income difference (difference in metal prices)	—	(4.5)	—	—	—	—	(4.5)
Difference in foreign currency-based income due to exchange rate	—	8.3	2.6	—	—	—	11.0
Purchasing conditions of raw material (difference in base conditions)	—	(0.6)	—	—	—	—	(0.6)
Difference between the market value and book value at sale, and between market value and valuation prices at end of period	—	(2.7)	—	0.3	—	—	(2.3)
Electricity charges	—	(7.3)	—	—	—	—	(7.3)
Manufacturing cost (depreciation, etc.), selling, general and administrative expenses, development and research expenses	(2.7)	(3.5)	(0.6)	(0.4)	(1.0)	0.2	(8.1)
Increase/decrease in operating income	(1.5)	(13.3)	(2.2)	(1.0)	(1.1)	0.2	(19.2)
Effect of non-operating income/expenses							
- Equity method income or loss	(0.1)	1.5	(0.0)	(0.0)	—	(4.9)	(3.6)
- Others	(0.0)	2.1	0.3	(0.1)	0.0	(0.0)	2.2
Increase/decrease in ordinary income	(1.6)	(9.6)	(2.0)	(1.3)	(1.1)	(4.8)	(20.5)

# Changes From Forecasts on Nov 11 by Segment

Billion yen (Amounts less than 100 million yen are omitted.)

	FY2022 Forecasts announced on Nov. 11			FY2022 Results			Changes			Details of Changes to Ordinary Income
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	
Environmental Management & Recycling	144.5	9.6	10.4	148.0	11.1	11.9	3.5	1.5	1.5	- Increase in orders for PCB waste treatment and sales of scraps from home appliances - increase in orders for soil remediation services - Increase in orders in Southeast Asia business
Nonferrous Metals	452.0	25.1	33.7	433.6	22.7	33.1	(18.3)	(2.3)	(0.5)	- Decrease in volume of PGM recovered - Increase in loss from the lower of cost or market - Improvement in equity method income
Electronic Materials	118.5	3.9	5.7	138.2	2.9	4.5	19.7	(0.9)	(1.1)	- Sales reduction in Short-Wavelength-Infrared LEDs and PDs.
Metal Processing	116.0	5.4	5.9	116.1	5.3	5.5	0.1	(0.0)	(0.3)	-
Heat Treatment	31.0	2.0	2.3	30.1	1.4	1.8	(0.8)	(0.5)	(0.4)	- Decrease in demand for automobile-related products and services
Other/ Eliminations	(77.0)	1.0	(1.0)	(86.1)	0.9	(1.5)	(9.1)	(0.0)	(0.5)	- Increase in equity in loss of affiliates
Total	785.0	47.0	57.0	780.0	44.6	55.5	(4.9)	(2.3)	(1.4)	

# Consolidated Balance Sheets

Billion yen (Amounts less than 100 million yen are omitted.)

	Mar. 31, 2022	Mar. 31, 2023	Changes		Mar. 31, 2022	Mar. 31, 2023	Changes
Current Assets	383.0	379.0	(4.0)	Current Liabilities	228.2	209.1	(19.1)
				Noncurrent Liabilities	100.4	85.5	(14.9)
Noncurrent Assets	274.2	276.2	2.0	Equity	313.4	344.8	31.4
				Non-Controlling Interests	15.1	15.7	0.5
<b>Total Assets</b>	<b>657.2</b>	<b>655.2</b>	<b>(2.0)</b>	<b>Total Liabilities and Net Assets</b>	<b>657.2</b>	<b>655.2</b>	<b>(2.0)</b>
				Interest-bearing debt	131.6	124.7	(6.8)
				Equity ratio (%)	47.7	52.6	4.9
				ROA (%)	12.1	8.5	(3.6)
				ROE (%)	17.6	7.6	(10.0)

- ✓ Total assets at the end of FY2022 decreased by 2.0 billion yen from the end of the previous fiscal year to 655.2 billion yen as a result of a decrease in inventories and trade receivables, despite an increase in fixed assets resulting from capital investment, mainly in the Nonferrous Metals segment.
- ✓ The equity ratio at the end of FY2022 increased by 4.9 points from the end of the previous fiscal year to 52.6%.



# Consolidated Statements of Cash Flows

Billion yen (Amounts less than 100 million yen are omitted.)

	FY2021	FY2022	Changes
<b>Cash Flows from Operating Activities</b>	<b>59.9</b>	<b>50.7</b>	<b>(9.1)</b>
Profit before income taxes	77.0	45.9	(31.1)
Depreciation and amortization	22.5	23.9	1.3
Income taxes (paid) refund	(15.0)	(31.3)	(16.3)
Inventories	(22.9)	10.0	33.0
Other, net	(1.7)	2.1	3.9
<b>Cash Flows from Investing Activities</b>	<b>(11.3)</b>	<b>(30.3)</b>	<b>(19.0)</b>
Acquisition of property, plant and equipment	(31.7)	(33.0)	(1.2)
Other investments	20.4	2.7	(17.7)
<b>Cash Flows from Financing Activities</b>	<b>(31.1)</b>	<b>(19.7)</b>	<b>11.4</b>
<b>Total</b>	<b>17.3</b>	<b>0.6</b>	<b>(16.7)</b>

# FY2023 Full Year Forecasts

Billion yen (Amounts less than 100 million yen are omitted.)

	FY2022 Results	FY2023 Forecasts	Changes	
Net Sales	780.0	680.0	(100.0)	(13%)
Operating Income	44.6	23.0	(21.6)	(48%)
Ordinary Income	55.5	30.0	(25.5)	(46%)
Profit attributable to owners of parent	25.0	20.0	(5.0)	(20%)

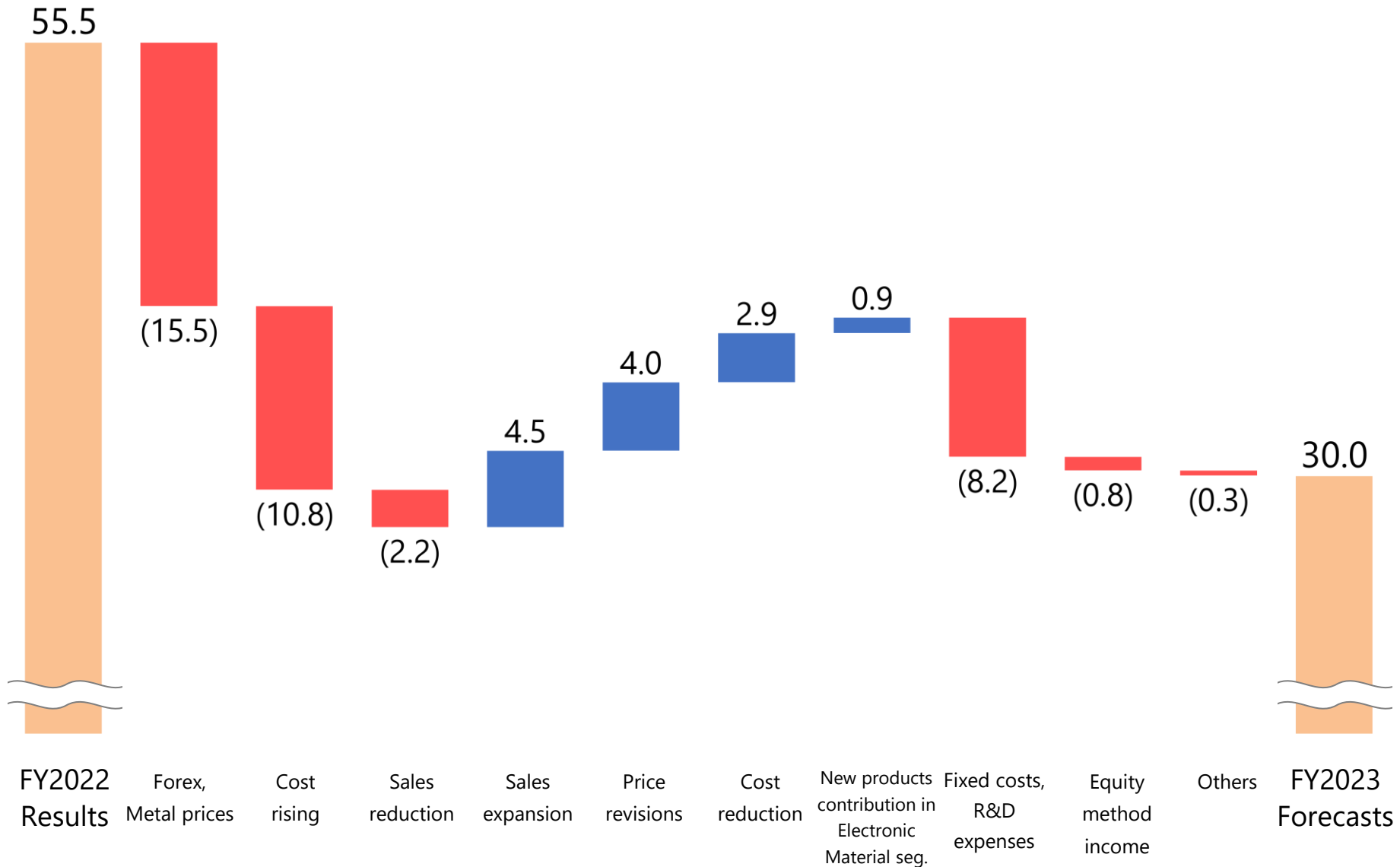
Regarding the forecasts for FY2023, the yen assume to be appreciated, and metal prices will decline then the previous fiscal year. Also, demand trends for major products, the demand for automotive-related products and services and information/telecommunication-related products are expected to recover from the second half of the year. Further, sales of new energy-related products are expected to remain sluggish, while environment- and recycling-related services are expected to remain firm.

On the cost front, further increases in electricity, fuel, and other material costs in response to soaring global energy prices and rising material prices.

As a result of these factors, the Company forecasts both sales and profits to decrease in FY2023 compared to the previous fiscal year.

# Factor Analysis of Ordinary Income

Billion yen



# FY2023 Full Year Forecasts by Segment

Billion yen (Amounts less than 100 million yen are omitted.)

	FY2022 Results			FY2023 Forecasts			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	148.0	11.1	11.9	143.4	9.9	10.0	(4.6)	(1.2)	(1.9)
Nonferrous Metals	433.6	22.7	33.1	342.5	4.5	10.0	(91.1)	(18.2)	(23.1)
Electronic Materials	138.2	2.9	4.5	120.9	0.8	2.3	(17.3)	(2.1)	(2.2)
Metal Processing	116.1	5.3	5.5	114.8	4.4	4.5	(1.3)	(0.9)	(1.0)
Heat Treatment	30.1	1.4	1.8	33.2	2.8	3.0	3.0	1.3	1.1
Other/ Eliminations	(86.1)	0.9	(1.5)	(74.8)	0.6	0.2	11.3	(0.3)	1.7
Total	780.0	44.6	55.5	680.0	23.0	30.0	(100.0)	(21.6)	(25.5)

# Assumptions and Sensitivities (FY2023)

Sensitivity (Operating Income / FY2023)			Million yen
	Assumptions	Fluctuation	Sensitivity
Exchange rate	132.0 ¥ / \$	±1 ¥ / \$	<b>610</b>
Copper	8,500 \$ / t	±100 \$ / t	<b>50</b>
Zinc	2,800 \$ / t	±100 \$ / t	<b>470</b>
Indium	200 \$ / kg	±10 \$ / kg	<b>60</b>

\* Exchange rate sensitivity; Nonferrous Metals 500 million yen and Electronic Materials 110 million yen.

## Exchange Rate and Metal Prices

	FY2022			FY2023			Ref. Apr. 2023 averages
	H1 averages	H2 averages	Full year averages	H1 assumptions	H2 assumptions	Full year averages	
Exchange rate: (¥/\$)	134.0	137.0	135.5	132.0	132.0	132.0	133.4
Copper: (\$/t)	8,634	8,468	8,551	8,500	8,500	8,500	8,814
Zinc: (\$/t)	3,597	3,067	3,332	2,800	2,800	2,800	2,773
Indium: (\$/kg)	235	206	221	200	200	200	204

Sensitivity is based on assumptions that the Company assumes to be reasonable at the time of publication. Actual effects may differ materially due to a variety of factors.

# Investments

Billion yen (Amounts less than 100 million yen are omitted.)

	FY2020			FY2021			FY2022			FY2023 Forecasts		
	Capital investment & loan	R&D investment	Total	Capital investment & loan	R&D investment	Total	Capital investment & loan	R&D investment	Total	Capital investment & loan	R&D investment	Total
Environmental Management & Recycling	18.1	0.4	18.5	10.2	0.4	10.7	8.0	0.5	8.5	11.5	0.7	12.2
Nonferrous Metals	7.1	0.6	7.7	9.1	1.3	10.4	10.9	2.1	13.1	14.3	3.6	17.9
Electronic Materials	5.9	4.2	10.2	3.9	4.1	8.1	4.4	4.6	9.1	6.5	5.2	11.8
Metal Processing	3.7	0.7	4.5	4.7	0.7	5.4	5.4	0.7	6.1	6.5	0.8	7.3
Heat Treatment	1.6	0.2	1.8	1.5	0.2	1.8	1.5	0.2	1.8	3.1	0.3	3.5
Companywide, Other	2.6	0.0	2.5	2.9	0.0	3.0	3.7	0.1	3.8	0.9	0.3	1.3
Total	39.2	6.3	45.5	32.6	7.0	39.6	34.1	8.5	42.7	43.0	11.2	54.3

\* R&D investment in Nonferrous Metals seg. includes investment in mining development.

## (Ref.) Depreciation Expenses

	FY2020	FY2021	FY2022	FY2023 Forecasts
Environmental Management & Recycling	5.8	7.3	7.8	8.2
Nonferrous Metals	4.4	4.6	5.7	6.1
Electronic Materials	2.9	3.9	3.5	4.4
Metal Processing	3.2	3.3	3.3	4.2
Heat Treatment	2.6	2.4	2.4	2.5
Companywide, Other	0.8	0.8	0.9	1.7
Total	20.0	22.5	23.9	27.3

### ■ Major capital investment projects in FY2023

#### Environmental Management & Recycling:

Improvement of incineration facilities, Expansion of Landfill site

#### Nonferrous Metals:

Infrastructure investment, Equipment expansion of raw material pre-treatment facilities in PGMs business

#### Electronics Materials:

Equipment expansion of semiconductor materials manufacturing facilities

#### Metal Processing:

Equipment expansion of copper alloy strips manufacturing facilities

#### Companywide, Other:

Improvement of data utilization infrastructure

# Ref. Historical Data

## ■ Consolidated financial data

Billion yen (Amounts less than 100 million yen are omitted.)

		FY2020					FY2021					FY2022				
		1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Total	Net Sales	115.4	137.0	151.1	184.4	588.0	207.9	215.3	188.6	219.8	831.7	209.9	191.8	191.1	187.1	780.0
	Operating Income	4.9	7.6	11.1	13.7	37.4	19.6	18.2	14.3	11.5	63.8	19.3	10.7	6.6	7.8	44.6
	Ordinary Income	3.3	5.9	12.3	15.5	37.2	28.2	19.2	17.0	11.5	76.0	23.2	13.6	8.4	10.1	55.5
	Profit attributable to owners of parent	0.1	1.4	6.8	13.3	21.8	19.9	12.6	11.5	6.9	51.0	13.0	9.6	4.5	(2.2)	25.0
Environmental Management & Recycling	Net Sales	27.7	28.7	29.0	31.9	117.6	33.8	32.2	33.1	35.8	135.0	36.5	35.0	38.7	37.7	148.0
	Operating Income	1.8	1.8	2.2	2.5	8.4	3.1	3.5	3.7	2.2	12.6	3.1	2.0	3.6	2.2	11.1
	Ordinary Income	2.1	1.2	2.4	2.8	8.6	3.0	3.5	4.2	2.8	13.6	3.4	2.3	3.5	2.5	11.9
Nonferrous Metals	Net Sales	60.4	63.5	69.3	88.7	282.0	118.2	113.6	97.6	126.1	455.6	115.0	109.5	105.0	104.0	433.6
	Operating Income	3.4	4.2	5.1	7.4	20.3	12.8	10.3	6.8	6.1	36.1	11.2	6.5	0.5	4.4	22.7
	Ordinary Income	3.3	5.2	7.3	9.9	25.9	14.7	12.4	8.8	6.8	42.7	14.3	9.2	2.5	6.9	33.1
Electronic Materials	Net Sales	23.8	38.5	41.2	47.6	151.2	43.9	52.2	40.1	38.9	175.3	45.0	30.5	32.6	29.9	138.2
	Operating Income	0.6	0.2	0.7	0.7	2.4	1.0	2.0	1.1	0.9	5.2	1.8	0.9	0.7	(0.5)	2.9
	Ordinary Income	1.0	0.6	0.9	1.0	3.6	1.3	2.3	1.5	1.3	6.5	2.5	1.3	0.7	0.0	4.5
Metal Processing	Net Sales	14.9	16.1	22.0	24.6	77.8	26.4	27.2	28.7	29.4	111.9	29.5	29.0	29.1	28.3	116.1
	Operating Income	(0.4)	1.0	2.1	1.6	4.3	2.1	1.5	1.6	0.9	6.3	2.5	0.7	1.1	0.9	5.3
	Ordinary Income	(0.3)	1.0	2.1	1.7	4.6	2.2	1.6	1.7	1.1	6.8	2.7	0.7	1.0	0.9	5.5
Heat Treatment	Net Sales	3.9	5.7	5.8	7.6	23.1	5.8	6.5	7.0	9.4	28.9	6.2	7.0	7.7	9.0	30.1
	Operating Income	(0.9)	0.2	0.6	0.8	0.7	0.3	0.5	0.6	0.9	2.6	0.1	0.3	0.4	0.5	1.4
	Ordinary Income	(1.0)	0.3	0.5	1.0	0.8	0.4	0.6	0.7	1.1	3.0	0.3	0.4	0.4	0.6	1.8
Other/ Eliminations	Net Sales	(15.5)	(15.6)	(16.4)	(16.1)	(63.9)	(20.3)	(16.7)	(18.1)	(20.0)	(75.1)	(22.4)	(19.3)	(22.3)	(21.9)	(86.1)
	Operating Income	0.2	0.0	0.2	0.4	1.0	0.1	0.2	0.1	0.1	0.7	0.3	0.0	0.1	0.2	0.9
	Ordinary Income	(1.7)	(2.5)	(1.0)	(1.2)	(6.5)	6.4	(1.3)	0.0	(1.7)	3.2	0.0	(0.5)	0.0	(0.9)	(1.5)

## ■ Exchange Rate and Metal Prices

	FY2020 (averages)					FY2021 (averages)					FY2022 (averages)				
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Exchange Rate: (¥/\$)	107.6	106.2	104.5	105.9	106.1	109.5	110.1	113.7	116.2	112.4	129.6	138.4	141.6	132.3	135.5
Copper: (\$/t)	5,341	6,521	7,174	8,479	6,879	9,711	9,372	9,698	9,985	9,691	9,526	7,742	8,006	8,930	8,551
Zinc: (\$/t)	1,959	2,340	2,631	2,748	2,419	2,916	2,991	3,365	3,743	3,254	3,925	3,269	3,004	3,130	3,332
Indium: (\$/kg)	146	148	174	197	166	198	209	260	247	229	240	230	204	209	221

# DOWA

\* Forward-looking statements made in this document, such as business forecast, are based on the information available at this time and on certain premises that the Company assumes to be reasonable. Actual performance may differ materially from such forecasts due to a variety of factors.