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## Consolidated Financial Results for the Nine Months Ended December 31, 2022 [Japanese GAAP]

February 10, 2023

Company name: DOWA HOLDINGS CO., LTD.

Stock exchange listing: Tokyo

Code number: 5714

URL: <https://www.dowa.co.jp/>

Representative: SEKIGUCHI Akira

President and Representative Director

Contact: HOSONO Hiroyuki

Director and Corporate Strategy Dept. General Manager

Phone: 03-6847-1106

Scheduled date of filing quarterly securities report: February 13, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

### 1. Consolidated Financial Results for the Nine Months Ended December 31, 2022 (April 01, 2022 to December 31, 2022)

#### (1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2022	592,933	(3.1)	36,716	(29.8)	45,353	(29.7)	27,271	(38.2)
December 31, 2021	611,932	51.6	52,271	120.2	64,494	197.2	44,103	420.5

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥ 50,109 million [ (2.7)%]  
 Nine months ended December 31, 2021: ¥ 51,505 million [ 436.6%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2022	458.25	-
December 31, 2021	741.21	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity to asset ratio
As of	Million yen	Million yen	%
December 31, 2022	669,839	366,029	52.5
March 31, 2022	657,283	328,574	47.7

(Reference) Equity: As of December 31, 2022: ¥ 351,433 million  
 As of March 31, 2022: ¥ 313,455 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	-	-	130.00	130.00
Fiscal year ending March 31, 2023	-	-	-		
Fiscal year ending March 31, 2023 (Forecast)				105.00	105.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of year-end dividends for the fiscal year ended March 31, 2022:

Ordinary dividends: ¥ 100.00 Special dividends: ¥ 30.00

(Note) Breakdown of year-end dividends for the fiscal year ending March 31, 2023(Forecast):

Ordinary dividends: ¥ 105.00

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023(April 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	785,000	(5.6)	47,000	(26.4)	57,000	(25.1)	35,000	(31.4)	588.11

(Note) Revision to the financial results forecast announced most recently: No

\* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2022

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name: )

Exclusion: - (Company name: )

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2022: 61,989,206 shares

March 31, 2022: 61,989,206 shares

2) Total number of treasury shares at the end of the period:

December 31, 2022: 2,469,685 shares

March 31, 2022: 2,486,779 shares

3) Average number of shares during the period:

Nine months ended December 31, 2022: 59,512,680 shares

Nine months ended December 31, 2021: 59,502,454 shares

Quarterly Consolidated Financial Statements  
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of December 31,2022
<b>Assets</b>		
Current assets		
Cash and deposits	36,847	30,914
Notes and accounts receivable - trade, and contract assets	99,013	92,624
Merchandise and finished goods	54,026	54,351
Work in process	8,693	11,424
Raw materials and supplies	167,290	166,955
Other	17,353	30,237
Allowance for doubtful accounts	(183)	(211)
Total current assets	383,041	386,295
Non-current assets		
Property, plant and equipment		
Buildings and structures	155,787	163,106
Accumulated depreciation	(85,933)	(90,759)
Buildings and structures, net	69,854	72,346
Machinery, equipment and vehicles	283,894	296,740
Accumulated depreciation	(235,688)	(244,510)
Machinery, equipment and vehicles, net	48,206	52,230
Land	27,890	28,268
Construction in progress	18,509	17,509
Other	20,110	21,599
Accumulated depreciation	(16,226)	(17,295)
Other, net	3,883	4,304
Total property, plant and equipment	168,344	174,659
Intangible assets		
Goodwill	3,156	2,780
Other	6,309	8,156
Total intangible assets	9,466	10,936
Investments and other assets		
Investment securities	79,705	84,181
Long-term loans receivable	3,500	3,500
Deferred tax assets	9,403	6,280
Other	3,915	4,075
Allowance for doubtful accounts	(93)	(89)
Total investments and other assets	96,431	97,948
Total non-current assets	274,241	283,544
Total assets	657,283	669,839

(Million yen)

	As of March 31,2022	As of December 31,2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	63,265	54,999
Short-term borrowings	27,916	32,323
Commercial papers	33,000	45,000
Current portion of bonds payable	-	10,000
Income taxes payable	12,767	2,312
Accrued consumption taxes	4,249	2,253
Provisions		
Provision for bonuses	5,200	2,962
Provision for bonuses for directors (and other officers)	346	262
Total provisions	5,547	3,225
Borrowing precious metals	39,872	31,802
Other	41,648	34,650
Total current liabilities	228,267	216,567
Non-current liabilities		
Bonds payable	30,000	20,000
Long-term borrowings	40,708	35,570
Deferred tax liabilities	2,337	3,081
Provisions		
Provision for retirement benefits for directors (and other officers)	618	501
Other provisions	333	276
Total provisions	952	777
Retirement benefit liability	20,489	21,668
Other	5,952	6,145
Total non-current liabilities	100,441	87,243
Total liabilities	328,708	303,810
Net assets		
Shareholders' equity		
Share capital	36,437	36,437
Capital surplus	25,870	25,302
Retained earnings	246,360	265,734
Treasury shares	(5,064)	(5,036)
Total shareholders' equity	303,604	322,437
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,662	13,606
Deferred gains or losses on hedges	(5,547)	235
Foreign currency translation adjustment	3,788	15,165
Remeasurements of defined benefit plans	(52)	(11)
Total accumulated other comprehensive income	9,851	28,996
Non-controlling interests	15,119	14,595
Total net assets	328,574	366,029
Total liabilities and net assets	657,283	669,839

Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income (For the nine months)

(Million yen)

	For the nine months ended December 31,2021	For the nine months ended December 31,2022
Net sales	611,932	592,933
Cost of sales	528,567	521,577
Gross profit	83,365	71,355
Selling, general and administrative expenses		
Freight and incidental costs	3,641	3,611
Sales commission	330	311
Remuneration for directors (and other officers)	1,024	1,044
Salaries and allowances	7,195	7,660
Welfare expenses	2,014	2,053
Provision for bonuses	587	705
Retirement benefit expenses	596	562
Provision for retirement benefits for directors (and other officers)	99	78
Rent expenses	957	1,086
Taxes and dues	1,241	1,540
Travel and transportation expenses	519	812
Depreciation	959	1,118
Development and research expenses	5,385	6,399
Amortization of goodwill	382	375
Other	6,157	7,278
Total selling, general and administrative expenses	31,093	34,638
Operating profit	52,271	36,716
Non-operating income		
Interest income	361	485
Dividend income	700	1,042
Share of profit of entities accounted for using equity method	9,149	3,702
Foreign exchange gains	393	1,013
Commission income	172	948
Royalty income	1,615	1,474
Onerous sample cost income	652	744
Other	1,186	1,315
Total non-operating income	14,231	10,726
Non-operating expenses		
Interest expenses	533	391
Environmental expenses	695	912
Other	780	784
Total non-operating expenses	2,008	2,089
Ordinary profit	64,494	45,353

(Million yen)

	For the nine months ended December 31,2021	For the nine months ended December 31,2022
<b>Extraordinary income</b>		
Gain on sale of investment securities	1,275	425
Gain on sale of non-current assets	32	24
Cancellation fee income	1,269	-
Other	187	126
Total extraordinary income	2,765	577
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	678	967
Loss on valuation of investment securities	-	260
Other	125	60
Total extraordinary losses	803	1,288
Profit before income taxes	66,456	44,642
Income taxes	17,794	13,829
Profit	48,662	30,813
Profit attributable to non-controlling interests	4,558	3,541
Profit attributable to owners of parent	44,103	27,271

Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Million yen)

	For the nine months ended December 31,2021	For the nine months ended December 31,2022
Profit	48,662	30,813
Other comprehensive income		
Valuation difference on available-for-sale securities	470	2,057
Deferred gains or losses on hedges	(363)	5,610
Foreign currency translation adjustment	1,493	5,383
Remeasurements of defined benefit plans, net of tax	239	(21)
Share of other comprehensive income of entities accounted for using equity method	1,002	6,266
Total other comprehensive income	2,843	19,296
Comprehensive income	51,505	50,109
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	46,902	46,417
Comprehensive income attributable to non-controlling interests	4,602	3,692

## Segment information

Segment information by business type as of December 31, 2021 and 2022 is summarized as follows :

(Amounts of less than one million yen are rounded down.)

For the Nine Months Ended December 31, 2021 (From April 01, 2021 to December 31, 2021)

(Million yen)

	Reporting Segments						Others	Total	Eliminations & Company- wide	Consolidated
	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Sub Total				
Net sales										
(1) Sales to external customers	61,336	313,582	133,437	82,429	19,499	610,285	1,646	611,932	-	611,932
(2) Intersegment sales or transfers	37,893	15,907	2,917	51	2	56,772	8,307	65,080	(65,080)	-
Total	99,229	329,489	136,355	82,481	19,502	667,058	9,954	677,012	(65,080)	611,932
Segment profit (Note 2)	10,832	35,955	5,210	5,645	1,856	59,500	371	59,871	4,622	64,494

For the Nine Months Ended December 31, 2022 (From April 01, 2022 to December 31, 2022)

(Million yen)

	Reporting Segments						Others	Total	Eliminations & Company- wide	Consolidated
	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Sub Total				
Net sales										
(1) Sales to external customers	64,754	312,600	105,050	87,690	20,996	591,091	1,841	592,933	-	592,933
(2) Intersegment sales or transfers	45,551	17,062	3,264	77	42	65,998	8,366	74,365	(74,365)	-
Total	110,305	329,662	108,314	87,768	21,039	657,090	10,208	667,298	(74,365)	592,933
Segment profit (loss) (Note 2)	9,433	26,114	4,625	4,592	1,220	45,986	(28)	45,957	(604)	45,353

(Note 1) The classification of businesses for the segment information by business type is based on the classification adopted by the internal management system.

- (1) Environmental Management & Recycling : Waste treatment, controlled landfilling, soil remediation, metal recycling, household appliances recycling, automobile recycling, consulting on environmental matters, and logistics
- (2) Nonferrous Metals : Production and sale of gold, silver, copper, zinc alloy, lead, platinum, palladium, indium, gallium, germanium, tin, antimony, nickel, bismuth, tellurium, sulfuric acid, and other metals
- (3) Electronic Materials : Production and sale of high-purity gallium, indium, compound semiconductor wafers, LEDs, Silver powder, Copper powder, Silver oxide powder, Metal powder, Carrier powder, and Ferrite powder
- (4) Metal Processing : Production and sale of copper, brass, copper alloy strips, nickel alloy strips, reflow tin plated stripes, brass rods, forged brass products, electroplating, and metal-ceramics substrates
- (5) Heat Treatment : Heat treatment, Surface treatment, design, manufacture, marketing, and maintenance of industrial furnaces and ancillary equipment
- (6) Others : Plant construction, real estate rental business and others

(Note 2) Segment profit (loss) is based on ordinary profit.