

Fiscal 2022 Third Quarter Supplementary Information

February 10, 2023

DOWA HOLDINGS CO.,LTD.

Operating Results

■ Consolidated Income Statements

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

	FY2021		FY2022		Changes			
	3Q Results	Full Year Results	3Q Results	Full Year Forecasts	3Q		Full Year	
Net Sales	611.9	831.7	592.9	785.0	(18.9)	(3%)	(46.7)	(6%)
Operating Income	52.2	63.8	36.7	47.0	(15.5)	(30%)	(16.8)	(26%)
Ordinary Income	64.4	76.0	45.3	57.0	(19.1)	(30%)	(19.0)	(25%)
Profit attributable to owners of parent	44.1	51.0	27.2	35.0	(16.8)	(38%)	(16.0)	(31%)

■ Exchange Rate and Metal Prices

	FY2021			FY2022			
	H1 averages	3Q averages	1Q-3Q averages	H1 averages	3Q averages	1Q-3Q averages	4Q assumptions
Exchange Rate: (¥/\$)	109.8	113.7	111.1	134.0	141.6	136.5	145.0
Copper: (\$/t)	9,541	9,698	9,593	8,634	8,006	8,425	7,500
Zinc: (\$/t)	2,954	3,365	3,091	3,597	3,004	3,399	2,900
Indium: (\$/kg)	204	260	222	235	204	224	210

Business Environment (FY2022 3Q)

Waste treatment- and recycling-related business

- Orders for waste treatment in Japan were firm.
- Collection volume of raw materials for recycling was firm.
- The treatment volume for the recycling of consumer electronics decrease compared to the same period of the previous year.

Automobile-related market

- 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 for solar panels remained weak 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 market.

Exchange rates and Metal prices

- Compared to the same period of the previous year, the average exchange rate of the yen significantly weakened against the U.S. dollar.
- The average price of zinc increased, while the average prices of copper and precious metals decreased.

Energy and Material cost

- The cost of electricity, fuel and the other materials increased from the 2Q, on account of global rising in the energy cost or various materials costs.

Trends in Major Products

Indexes (100 for FY2021 1Q)

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

Year-on-Year Comparison by Segment (FY2022 3Q)

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

	FY2021 3Q Results			FY2022 3Q Results			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	99.2	10.3	10.8	110.3	8.9	9.4	11.0	(1.4)	(1.3)
Nonferrous Metals	329.4	29.9	35.9	329.6	18.3	26.1	0.1	(11.6)	(9.8)
Electronic Materials	136.3	4.2	5.2	108.3	3.5	4.6	(28.0)	(0.7)	(0.5)
Metal Processing	82.4	5.3	5.6	87.7	4.3	4.5	5.2	(0.9)	(1.0)
Heat Treatment	19.5	1.6	1.8	21.0	0.8	1.2	1.5	(0.7)	(0.6)
Other/ Eliminations	(55.1)	0.5	4.9	(64.1)	0.6	(0.6)	(9.0)	0.0	(5.6)
Total	611.9	52.2	64.4	592.9	36.7	45.3	(18.9)	(15.5)	(19.1)

Factor Analysis of Ordinary Income

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

FY2022.3Q – FY2021.3Q	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Other/ Eliminations	Total
Effect of various initiatives, increase/ decrease in sales, etc.	0.7	(5.8)	(2.4)	(0.5)	0.0	0.0	(8.0)
Of the above, free metal income difference (difference in volume)	—	(3.9)	—	—	—	—	(3.9)
Free metal income difference (difference in metal prices)	—	(1.6)	—	—	—	—	(1.6)
Difference in foreign currency-based income due to exchange rate	—	6.5	2.3	—	—	—	8.8
Purchasing conditions of raw material (difference in base conditions)	—	(1.2)	—	—	—	—	(1.2)
Difference between the market value and book value at sale, and between market value and valuation prices at end of period	—	(1.7)	—	0.1	—	—	(1.6)
Electricity charges	—	(4.9)	—	—	—	—	(4.9)
Manufacturing cost (depreciation, etc.), selling, general and administrative expenses, development and research expenses	(2.2)	(2.8)	(0.5)	(0.5)	(0.8)	0.0	(6.9)
Increase/decrease in operating income	(1.4)	(11.6)	(0.7)	(0.9)	(0.7)	0.0	(15.5)
Effect of non-operating income/expenses							
- Equity method income or loss	(0.3)	0.7	(0.0)	(0.0)	—	(5.6)	(5.4)
- Others	0.4	1.1	0.2	(0.0)	0.1	(0.0)	1.8
Increase/decrease in ordinary income	(1.3)	(9.8)	(0.5)	(1.0)	(0.6)	(5.6)	(19.1)

FY2021 Full Year Forecasts

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

	FY2021 Results	FY2022 Forecasts	Changes	
Net Sales	831.7	785.0	(46.7)	(6%)
Operating Income	63.8	47.0	(16.8)	(26%)
Ordinary Income	76.0	57.0	(19.0)	(25%)
Profit attributable to owners of parent	51.0	35.0	(16.0)	(31%)

The business prospects are expected to keep steady in line with the forecasts announced on November 11, 2022, therefore the full year forecasts remains unchanged.

Year-on-Year Comparison by Segment (Full Year)

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

	FY2021 Results			FY2022 Forecasts announced on Nov. 11, 2022			Changes		
	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	144.5	9.6	10.4	9.4	(3.0)	(3.2)
Nonferrous Metals	455.6	36.1	42.7	452.0	25.1	33.7	(3.6)	(11.0)	(9.0)
Electronic Materials	175.3	5.2	6.5	118.5	3.9	5.7	(56.8)	(1.3)	(0.8)
Metal Processing	111.9	6.3	6.8	116.0	5.4	5.9	4.0	(0.9)	(0.9)
Heat Treatment	28.9	2.6	3.0	31.0	2.0	2.3	2.0	(0.6)	(0.7)
Other/ Eliminations	(75.1)	0.7	3.2	(77.0)	1.0	(1.0)	(1.8)	0.2	(4.2)
Total	831.7	63.8	76.0	785.0	47.0	57.0	(46.7)	(16.8)	(19.0)

Assumptions and Sensitivities (FY2022 4Q)

Sensitivity (Operating Income / 4Q)			Million yen
	Assumptions	Fluctuation	Sensitivity
Exchange rate	145.0 ¥ / \$	±1 ¥ / \$	160
Copper	7,500 \$ / t	±100 \$ / t	10
Zinc	2,900 \$ / t	±100 \$ / t	120
Indium	210 \$ / kg	±10 \$ / kg	10

* Exchange rate sensitivity; Nonferrous Metals 130 million yen and Electronic Materials 30 million yen.

Exchange Rate and Metal Prices

	FY2021			FY2022			Ref. Jan. 2023 averages
	1Q-3Q averages	4Q averages	Full year averages	1Q-3Q averages	4Q assumptions	Full year averages	
Exchange rate: (¥/\$)	111.1	116.2	112.4	136.5	145.0	138.6	130.3
Copper: (\$/t)	9,593	9,985	9,691	8,425	7,500	8,194	9,000
Zinc: (\$/t)	3,091	3,743	3,254	3,399	2,900	3,274	3,289
Indium: (\$/kg)	222	247	229	224	210	221	206

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.

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	-	-
	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	-	-
	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	-	-
	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	-	-
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	-	-
	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	-	-
	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	-	-
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	-	-
	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	-	-
	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	-	-
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	-	-
	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	-	-
	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	-	-
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	-	-
	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	-	-
	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	-	-
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	-	-
	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	-	-
	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	-	-
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)	-	-
	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	-	-
	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	-	-

■ 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	-	-
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	-	-
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	-	-
Indium: (\$/kg)	146	148	174	197	166	198	209	260	247	229	240	230	204	-	-

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* 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.