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## Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]

November 11, 2022

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: November 11, 2022

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 Six Months Ended September 30, 2022 (April 01, 2022 to September 30, 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	%
Six months ended September 30, 2022	401,826	(5.1)	30,044	(20.9)	36,939	(22.2)	22,736	(30.3)
September 30, 2021	423,263	67.6	37,969	200.9	47,456	408.7	32,597	-

(Note) Comprehensive income: Six months ended September 30, 2022: ¥ 39,561 million [ (5.4) %]  
Six months ended September 30, 2021: ¥ 41,800 million [ -%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	382.06		-	
September 30, 2021	547.84		-	

#### (2) Consolidated Financial Position

	Total assets		Net assets		Equity to asset ratio	
	Million yen		Million yen		%	
As of September 30, 2022	661,541		355,561		51.7	
March 31, 2022	657,283		328,574		47.7	

(Reference) Equity: As of September 30, 2022: ¥ 341,905 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)	588.14

(Note) Revision to the financial results forecast announced most recently: Yes

For more details of the consolidated forecasts for the current fiscal year, please refer to the "Notice of Revisions of Financial Forecasts" announced today.

\* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 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):

September 30, 2022: 61,989,206 shares

March 31, 2022: 61,989,206 shares

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

September 30, 2022: 2,469,685 shares

March 31, 2022: 2,486,779 shares

3) Average number of shares during the period:

Six months ended September 30, 2022: 59,509,748 shares

Six months ended September 30, 2021: 59,502,412 shares

Quarterly Consolidated Financial Statements  
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of September 30,2022
<b>Assets</b>		
Current assets		
Cash and deposits	36,847	45,936
Notes and accounts receivable - trade, and contract assets	99,013	88,996
Merchandise and finished goods	54,026	52,641
Work in process	8,693	10,755
Raw materials and supplies	167,290	157,800
Other	17,353	23,136
Allowance for doubtful accounts	(183)	(207)
Total current assets	383,041	379,059
Non-current assets		
Property, plant and equipment		
Buildings and structures	155,787	160,850
Accumulated depreciation	(85,933)	(89,602)
Buildings and structures, net	69,854	71,248
Machinery, equipment and vehicles	283,894	295,918
Accumulated depreciation	(235,688)	(242,183)
Machinery, equipment and vehicles, net	48,206	53,735
Land	27,890	28,459
Construction in progress	18,509	17,584
Other	20,110	21,257
Accumulated depreciation	(16,226)	(17,148)
Other, net	3,883	4,109
Total property, plant and equipment	168,344	175,136
Intangible assets		
Goodwill	3,156	2,973
Other	6,309	7,501
Total intangible assets	9,466	10,474
Investments and other assets		
Investment securities	79,705	81,573
Long-term loans receivable	3,500	3,783
Deferred tax assets	9,403	7,719
Other	3,915	3,889
Allowance for doubtful accounts	(93)	(93)
Total investments and other assets	96,431	96,871
Total non-current assets	274,241	282,481
Total assets	657,283	661,541

(Million yen)

	As of March 31,2022	As of September 30,2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	63,265	52,785
Short-term borrowings	27,916	30,153
Commercial papers	33,000	45,000
Current portion of bonds payable	-	10,000
Income taxes payable	12,767	3,980
Accrued consumption taxes	4,249	1,692
Provisions		
Provision for bonuses	5,200	5,221
Provision for bonuses for directors (and other officers)	346	131
Total provisions	5,547	5,353
Borrowing precious metals	39,872	38,475
Other	41,648	30,503
Total current liabilities	228,267	217,943
Non-current liabilities		
Bonds payable	30,000	20,000
Long-term borrowings	40,708	36,847
Deferred tax liabilities	2,337	2,788
Provisions		
Provision for retirement benefits for directors (and other officers)	618	492
Other provisions	333	329
Total provisions	952	822
Retirement benefit liability	20,489	21,399
Other	5,952	6,179
Total non-current liabilities	100,441	88,036
Total liabilities	328,708	305,979
Net assets		
Shareholders' equity		
Share capital	36,437	36,437
Capital surplus	25,870	25,302
Retained earnings	246,360	261,276
Treasury shares	(5,064)	(5,036)
Total shareholders' equity	303,604	317,979
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,662	11,322
Deferred gains or losses on hedges	(5,547)	(1,633)
Foreign currency translation adjustment	3,788	14,245
Remeasurements of defined benefit plans	(52)	(8)
Total accumulated other comprehensive income	9,851	23,925
Non-controlling interests	15,119	13,656
Total net assets	328,574	355,561
Total liabilities and net assets	657,283	661,541

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

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Net sales	423,263	401,826
Cost of sales	364,748	349,190
Gross profit	58,514	52,635
Selling, general and administrative expenses		
Freight and incidental costs	2,356	2,357
Sales commission	220	206
Remuneration for directors (and other officers)	675	692
Salaries and allowances	3,809	4,097
Welfare expenses	1,363	1,344
Provision for bonuses	1,496	1,493
Retirement benefit expenses	395	392
Provision for retirement benefits for directors (and other officers)	68	54
Rent expenses	629	727
Taxes and dues	845	1,052
Travel and transportation expenses	336	510
Depreciation	633	725
Development and research expenses	3,380	3,901
Amortization of goodwill	260	250
Other	4,072	4,784
Total selling, general and administrative expenses	20,545	22,591
Operating profit	37,969	30,044
Non-operating income		
Interest income	306	252
Dividend income	314	569
Share of profit of entities accounted for using equity method	8,317	2,715
Foreign exchange gains	128	1,494
Commission income	172	948
Royalty income	431	858
Onerous sample cost income	423	526
Other	792	827
Total non-operating income	10,888	8,192
Non-operating expenses		
Interest expenses	398	269
Environmental expenses	463	498
Other	538	530
Total non-operating expenses	1,400	1,297
Ordinary profit	47,456	36,939

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Extraordinary income		
Insurance claim income	-	66
Gain on sale of non-current assets	20	18
Cancellation fee income	1,269	-
Other	128	14
Total extraordinary income	1,418	99
Extraordinary losses		
Loss on retirement of non-current assets	419	541
Other	136	51
Total extraordinary losses	555	593
Profit before income taxes	48,319	36,445
Income taxes	12,376	11,119
Profit	35,943	25,326
Profit attributable to non-controlling interests	3,345	2,589
Profit attributable to owners of parent	32,597	22,736

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

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Profit	35,943	25,326
Other comprehensive income		
Valuation difference on available-for-sale securities	2,457	(205)
Deferred gains or losses on hedges	2,059	3,758
Foreign currency translation adjustment	558	6,026
Remeasurements of defined benefit plans, net of tax	238	(16)
Share of other comprehensive income of entities accounted for using equity method	543	4,672
Total other comprehensive income	5,857	14,235
Comprehensive income	41,800	39,561
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	38,427	36,811
Comprehensive income attributable to non-controlling interests	3,373	2,749

## Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	48,319	36,445
Depreciation	10,622	11,112
Amortization of goodwill	260	250
Increase (decrease) in allowance for doubtful accounts	3	(1)
Increase (decrease) in other provisions	(66)	(332)
Increase (decrease) in retirement benefit liability	262	791
Interest and dividend income	(621)	(821)
Interest expenses	398	269
Foreign exchange losses (gains)	365	(879)
Share of loss (profit) of entities accounted for using equity method	(8,317)	(2,715)
Loss (gain) on sale of non-current assets	(20)	(16)
Loss on retirement of non-current assets	419	541
Decrease (increase) in trade receivables	(5,599)	11,575
Decrease (increase) in inventories	(3,736)	9,665
Increase (decrease) in trade payables	(8,880)	(11,928)
Increase (decrease) in accrued consumption taxes	(833)	(2,575)
Decrease (increase) in borrowing precious metals	(14,236)	(1,397)
Other, net	6,058	(9,618)
Subtotal	24,397	40,363
Interest and dividends received	2,570	6,035
Interest paid	(429)	(271)
Income taxes refund (paid)	(10,774)	(19,994)
Net cash provided by (used in) operating activities	15,764	26,132
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(15,101)	(14,404)
Proceeds from sale of property, plant and equipment	231	43
Purchase of intangible assets	(575)	(1,643)
Purchase of investment securities	(5)	(151)
Purchase of shares of subsidiaries and associates	(81)	-
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	13	-
Subsidies received	639	46
Loan advances	(278)	(260)
Proceeds from collection of loans receivable	18,142	278
Other, net	5	10
Net cash provided by (used in) investing activities	2,991	(16,080)



(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(10,435)	2,576
Net increase (decrease) in commercial papers	10,000	12,000
Proceeds from long-term borrowings	26,100	148
Repayments of long-term borrowings	(30,896)	(4,770)
Proceeds from issuance of bonds	9,953	-
Repayments of lease liabilities	(171)	(193)
Purchase of treasury shares	(0)	(0)
Dividends paid	(5,705)	(7,806)
Dividends paid to non-controlling interests	(2,426)	(4,826)
Net cash provided by (used in) financing activities	(3,581)	(2,871)
Effect of exchange rate change on cash and cash equivalents	84	1,838
Net increase (decrease) in cash and cash equivalents	15,258	9,018
Cash and cash equivalents at beginning of period	17,320	35,740
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	63
Cash and cash equivalents at end of period	32,578	44,822

## Segment Information

Segment information by business type as of September 30, 2021 and 2022 is summarized as follows :

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

For the Six Months Ended September 30, 2021 (From April 01, 2021 to September 30, 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	40,354	221,521	94,170	53,689	12,441	422,177	1,085	423,263	-	423,263
(2) Intersegment sales or transfers	25,742	10,339	1,993	26	1	38,102	5,868	43,970	(43,970)	-
Total	66,097	231,860	96,163	53,715	12,442	460,279	6,954	467,233	(43,970)	423,263
Segment profit (Note 2)	6,536	27,131	3,683	3,925	1,118	42,394	329	42,724	4,732	47,456

For the Six Months Ended September 30, 2022 (From April 01, 2022 to September 30, 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	41,856	213,590	73,467	58,508	13,297	400,720	1,105	401,826	-	401,826
(2) Intersegment sales or transfers	29,654	11,047	2,161	64	1	42,929	5,492	48,422	(48,422)	-
Total	71,510	224,637	75,629	58,572	13,299	443,650	6,598	450,248	(48,422)	401,826
Segment profit (loss) (Note 2)	5,835	23,577	3,874	3,495	790	37,573	(86)	37,487	(547)	36,939

(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.