

# **Fiscal 2022 First Quarter Supplementary Information**

**August 10, 2022**

**DOWA HOLDINGS CO.,LTD.**

# Operating Results

## ■ Consolidated Income Statements

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

	FY2021		FY2022		Changes			
	1Q Results	Full Year Results	1Q Results	Full Year Forecasts	1Q		Full Year	
Net Sales	207.9	831.7	209.9	846.0	2.0	1%	14.2	2%
Operating Income	19.6	63.8	19.3	58.5	(0.3)	(2%)	(5.3)	(8%)
Ordinary Income	28.2	76.0	23.2	68.0	(4.9)	(17%)	(8.0)	(11%)
Profit attributable to owners of parent	19.9	51.0	13.0	43.0	(6.8)	(35%)	(8.0)	(16%)

\* Regarding the FY2022 Full Year Forecasts, the Company announced "Notice of Revisions of Financial Forecasts" today.

## ■ Exchange Rate and Metal Prices

	FY2021		FY2022			
	1Q averages	Full year averages	1Q assumptions	1Q averages	2Q-4Q assumptions	Full year averages
Exchange Rate: (¥/\$)	109.5	112.4	120.0	129.6	137.0	135.1
Copper: (\$/t)	9,711	9,691	10,000	9,526	7,500	8,007
Zinc: (\$/t)	2,916	3,254	3,800	3,925	3,000	3,231
Indium: (\$/kg)	198	229	240	240	235	236

# Business Environment (FY2022.1Q)

- **Waste treatment- and recycling-related business**
  - Orders for waste treatment in Japan were firm.
  - Collection volume of raw materials for recycling and treatment volume for the recycling of consumer electronics decreased compared to the same period of the previous year.
- **Automobile-related market**
  - Demand for automobile-related products and services was on the decline due to low automobile production.
- **New forms of energy- and electronic components-related business**
  - New forms of energy: Sales of Silver powder for solar panels have been in the correction phase.
  - Electronic components:  
Demand for short-wavelength-infrared LEDs and PDs for wearable devices increased.  
Sales of Copper rolled products for the Fifth Generation Mobile Communications (5G) increased.
- **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.

# Trends in Major Products

Indexes (100 for FY2021 1Q)

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

# Year-on-Year Comparison by Segment

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

	FY2021 1Q Results			FY2022 1Q Results			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	33.8	3.1	3.0	36.5	3.1	3.4	2.6	0.0	0.4
Nonferrous Metals	118.2	12.8	14.7	115.0	11.2	14.3	(3.1)	(1.5)	(0.3)
Electronic Materials	43.9	1.0	1.3	45.0	1.8	2.5	1.1	0.8	1.1
Metal Processing	26.4	2.1	2.2	29.5	2.5	2.7	3.1	0.3	0.4
Heat Treatment	5.8	0.3	0.4	6.2	0.1	0.3	0.3	(0.2)	(0.1)
Other/ Eliminations	(20.3)	0.1	6.4	(22.4)	0.3	(0.0)	(2.1)	0.1	(6.5)
Total	207.9	19.6	28.2	209.9	19.3	23.2	2.0	(0.3)	(4.9)

# Factor Analysis of Ordinary Income

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

FY2022.1Q – FY2021.1Q	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Other/ Eliminations	Total
Effect of various initiatives, increase/ decrease in sales, etc.	0.3	1.4	0.3	0.1	0.0	0.1	2.3
Of the above, free metal income difference (difference in volume)	—	1.1	—	—	—	—	1.1
Free metal income difference (difference in metal prices)	—	(1.9)	—	—	—	—	(1.9)
Difference in foreign currency-based income due to exchange rate	—	2.2	0.7	—	—	—	3.0
Purchasing conditions of raw material (difference in base conditions)	—	(0.9)	—	—	—	—	(0.9)
Difference between the market value and book value at sale, and between market value and valuation prices at end of period	—	(0.5)	—	0.4	—	—	(0.1)
Electricity charges	—	(1.2)	—	—	—	—	(1.2)
Manufacturing cost (depreciation, etc.), selling, general and administrative expenses, development and research expenses	(0.3)	(0.6)	(0.2)	(0.1)	(0.2)	0.0	(1.5)
Increase/decrease in operating income	0.0	(1.5)	0.8	0.3	(0.2)	0.2	(0.3)
Effect of non-operating income/expenses							
- Equity method income or loss	(0.2)	0.3	0.0	(0.0)	—	(6.7)	(6.6)
- Others	0.5	0.8	0.3	0.1	0.1	0.0	2.0
Increase/decrease in ordinary income	0.4	(0.3)	1.1	0.4	(0.1)	(6.5)	(4.9)

# FY2022 Full Year Forecasts

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

	FY2021 Results (A)	FY2022 Forecasts			Changes (C) - (A)
		Announced on May 13 (B)	Announced on Aug. 10 (C)	Changes (C) - (B)	
Net Sales	831.7	900.0	846.0	(54.0) (6%)	14.2 2%
Operating Income	63.8	50.0	58.5	8.5 17%	△ 5.3 (8%)
Ordinary Income	76.0	55.0	68.0	13.0 24%	△ 8.0 (11%)
Profit attributable to owners of parent	51.0	36.0	43.0	7.0 19%	△ 8.0 (16%)

Regarding the business environment from the second quarter of FY2022, demand for main products and services is expected to be in line with the previous forecast. However, demand for certain automobile-related products and services is expected to decline. In addition, the Company has reviewed the outlook for costs, such as prices for raw materials and energy, and the assumptions for foreign exchange rates and metal prices, taking the recent situation into account.

As a result, the full year consolidated financial forecast for FY2022 is expected to exceed the previous forecasts for operating profit, ordinary profit and profit attributable to owners of parent, mainly in the Nonferrous Metals segment.

# FY2022 Full Year Forecasts by Segment (H1,H2)

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

	FY2022 H1 Forecasts			FY2022 H2 Forecasts			FY2022 Full Year Forecasts		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	70.5	5.5	6.0	66.0	5.4	5.5	136.5	10.9	11.5
Nonferrous Metals	226.0	17.0	22.6	248.5	12.6	15.4	474.5	29.6	38.0
Electronic Materials	74.5	3.5	4.4	85.5	3.5	4.1	160.0	7.0	8.5
Metal Processing	60.0	3.8	4.1	59.0	3.6	3.7	119.0	7.4	7.8
Heat Treatment	13.5	0.3	0.7	17.0	2.0	2.0	30.5	2.3	2.7
Other/ Eliminations	(39.5)	0.9	(0.3)	(35.0)	0.4	(0.2)	(74.5)	1.3	(0.5)
Total	405.0	31.0	37.5	441.0	27.5	30.5	846.0	58.5	68.0



# FY2022 Full Year Forecasts by Segment (Year-on-Year Comparison)

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

	FY2021 Results			FY2022 Forecasts announced on Aug. 10			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	136.5	10.9	11.5	1.4	(1.7)	(2.1)
Nonferrous Metals	455.6	36.1	42.7	474.5	29.6	38.0	18.8	(6.5)	(4.7)
Electronic Materials	175.3	5.2	6.5	160.0	7.0	8.5	(15.3)	1.7	1.9
Metal Processing	111.9	6.3	6.8	119.0	7.4	7.8	7.0	1.0	0.9
Heat Treatment	28.9	2.6	3.0	30.5	2.3	2.7	1.5	(0.3)	(0.3)
Other/ Eliminations	(75.1)	0.7	3.2	(74.5)	1.3	(0.5)	0.6	0.5	(3.7)
Total	831.7	63.8	76.0	846.0	58.5	68.0	14.2	(5.3)	(8.0)

# FY2022 Full Year Forecasts by Segment (Changes From Previous Forecasts)

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

	FY2022 Forecasts announced on May 13			FY2022 Forecasts announced on Aug. 10			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	133.0	10.5	10.5	136.5	10.9	11.5	3.5	0.4	1.0
Nonferrous Metals	500.0	24.4	30.4	474.5	29.6	38.0	(25.5)	5.2	7.6
Electronic Materials	188.0	5.0	6.0	160.0	7.0	8.5	(28.0)	2.0	2.5
Metal Processing	117.0	6.7	7.0	119.0	7.4	7.8	2.0	0.7	0.8
Heat Treatment	31.0	2.8	2.8	30.5	2.3	2.7	(0.5)	(0.5)	(0.1)
Other/ Eliminations	(69.0)	0.6	(1.7)	(74.5)	1.3	(0.5)	(5.5)	0.7	1.2
Total	900.0	50.0	55.0	846.0	58.5	68.0	(54.0)	8.5	13.0

# Assumptions and Sensitivities

Sensitivity (Operating Income / 2Q-4Q)			Million yen
	Assumptions	Fluctuation	Sensitivity
Exchange rate	137.0 ¥ / \$	±1 ¥ / \$	<b>520</b>
Copper	7,500 \$ / t	±100 \$ / t	<b>30</b>
Zinc	3,000 \$ / t	±100 \$ / t	<b>330</b>
Indium	235 \$ / kg	±10 \$ / kg	<b>40</b>

\* Exchange rate sensitivity; Nonferrous Metals 410 million yen and Electronic Materials 110 million yen.

## Exchange Rate and Metal Prices

	FY2021		FY2022				Ref. Jul. 2022 averages
	1Q averages	Full year averages	1Q assumptions	1Q averages	2Q-4Q assumptions	Full year averages	
Exchange rate: (¥/\$)	109.5	112.4	120.0	129.6	137.0	135.1	136.8
Copper: (\$/t)	9,711	9,691	10,000	9,526	7,500	8,007	7,530
Zinc: (\$/t)	2,916	3,254	3,800	3,925	3,000	3,231	3,097
Indium: (\$/kg)	198	229	240	240	235	236	236

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	-	-	-	-
	Operating Income	4.9	7.6	11.1	13.7	37.4	19.6	18.2	14.3	11.5	63.8	19.3	-	-	-	-
	Ordinary Income	3.3	5.9	12.3	15.5	37.2	28.2	19.2	17.0	11.5	76.0	23.2	-	-	-	-
	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	-	-	-	-
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	-	-	-	-
	Operating Income	1.8	1.8	2.2	2.5	8.4	3.1	3.5	3.7	2.2	12.6	3.1	-	-	-	-
	Ordinary Income	2.1	1.2	2.4	2.8	8.6	3.0	3.5	4.2	2.8	13.6	3.4	-	-	-	-
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	-	-	-	-
	Operating Income	3.4	4.2	5.1	7.4	20.3	12.8	10.3	6.8	6.1	36.1	11.2	-	-	-	-
	Ordinary Income	3.3	5.2	7.3	9.9	25.9	14.7	12.4	8.8	6.8	42.7	14.3	-	-	-	-
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	-	-	-	-
	Operating Income	0.6	0.2	0.7	0.7	2.4	1.0	2.0	1.1	0.9	5.2	1.8	-	-	-	-
	Ordinary Income	1.0	0.6	0.9	1.0	3.6	1.3	2.3	1.5	1.3	6.5	2.5	-	-	-	-
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	-	-	-	-
	Operating Income	(0.4)	1.0	2.1	1.6	4.3	2.1	1.5	1.6	0.9	6.3	2.5	-	-	-	-
	Ordinary Income	(0.3)	1.0	2.1	1.7	4.6	2.2	1.6	1.7	1.1	6.8	2.7	-	-	-	-
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	-	-	-	-
	Operating Income	(0.9)	0.2	0.6	0.8	0.7	0.3	0.5	0.6	0.9	2.6	0.1	-	-	-	-
	Ordinary Income	(1.0)	0.3	0.5	1.0	0.8	0.4	0.6	0.7	1.1	3.0	0.3	-	-	-	-
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)	-	-	-	-
	Operating Income	0.2	0.0	0.2	0.4	1.0	0.1	0.2	0.1	0.1	0.7	0.3	-	-	-	-
	Ordinary Income	(1.7)	(2.5)	(1.0)	(1.2)	(6.5)	6.4	(1.3)	0.0	(1.7)	3.2	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	-	-	-	-
Copper: (\$/t)	5,341	6,521	7,174	8,479	6,879	9,711	9,372	9,698	9,985	9,691	9,526	-	-	-	-
Zinc: (\$/t)	1,959	2,340	2,631	2,748	2,419	2,916	2,991	3,365	3,743	3,254	3,925	-	-	-	-
Indium: (\$/kg)	146	148	174	197	166	198	209	260	247	229	240	-	-	-	-

# DOWA

\* Forward-looking statements made in this document, such as business forecasts, 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.