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Consolidated Financial Results for the Year Ended March 31, 2022 [Japanese GAAP]

May 13, 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

Executive Officer and Corporate Strategy Dept. General Manager

Phone: 03-6847-1106

Scheduled date of Annual General Meeting of Shareholders: June 24, 2022

Scheduled date of commencing dividend payments: June 03, 2022

Scheduled date of filing annual securities report: June 24, 2022

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 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	%
Fiscal year ended March 31, 2022	831,794	41.5	63,824	70.4	76,073	104.5	51,012	133.7
March 31, 2021	588,003	21.2	37,454	44.3	37,200	28.3	21,824	25.5

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥ 60,210 million [138.1%]
Fiscal year ended March 31, 2021: ¥ 25,293 million [38.2%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	857.32	-	17.6	12.1	7.7
March 31, 2021	368.45	-	8.5	6.7	6.4

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2022: ¥ 8,864 million
Fiscal year ended March 31, 2021: ¥ (4,815) million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity to asset ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	657,283	328,574	47.7	5,267.94
March 31, 2021	598,471	276,715	44.4	4,465.44

(Reference) Equity: As of March 31, 2022: ¥ 313,455 million
As of March 31, 2021: ¥ 265,704 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	59,911	(11,339)	(31,190)	35,740
March 31, 2021	(3,088)	(22,943)	11,585	17,320

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	-	-	-	95.00	95.00	5,709	25.8	2.2
March 31, 2022	-	-	-	130.00	130.00	7,813	15.2	2.7
Fiscal year ending March 31, 2023 (Forecast)	-	-	-	105.00	105.00		17.4	

(Note) Breakdown of year-end dividends for the fiscal year ended March 31, 2021:

Ordinary dividends: ¥ 95.00

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

Ordinary dividends: ¥ 100.00 Special dividends: ¥ 30.00

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
Six months ended September 30, 2022	437,000	3.2	23,200	(38.9)	25,000	(47.3)	16,600	(49.1)	278.98
Full year	900,000	8.2	50,000	(21.7)	55,000	(27.7)	36,000	(29.4)	605.02

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

March 31, 2022: 61,989,206 shares

March 31, 2021: 61,989,206 shares

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

March 31, 2022: 2,486,779 shares

March 31, 2021: 2,486,815 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2022: 59,502,451 shares

Fiscal Year ended March 31, 2021: 59,233,220 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 31, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	21,246	40.8	12,564	77.6	12,396	75.5	12,130	-
March 31, 2021	15,084	2.0	7,074	8.6	7,061	18.6	684	(89.9)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	201.84	-
March 31, 2021	11.40	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity to asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2022	327,843	120,418	36.7	2,003.64
March 31, 2021	293,779	113,470	38.6	1,888.01

(Reference) Equity: As of March 31, 2022: ¥ 120,418 million
As of March 31, 2021: ¥ 113,470 million

Consolidated Financial Statements

Consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of March 31,2022
Assets		
Current assets		
Cash and deposits	18,277	36,847
Notes and accounts receivable - trade	84,132	-
Notes and accounts receivable - trade, and contract assets	-	99,013
Merchandise and finished goods	44,908	54,026
Work in process	6,925	8,693
Raw materials and supplies	153,394	167,290
Other	19,588	17,353
Allowance for doubtful accounts	(227)	(183)
Total current assets	326,999	383,041
Non-current assets		
Property, plant and equipment		
Buildings and structures	142,800	155,787
Accumulated depreciation	(80,712)	(85,933)
Buildings and structures, net	62,087	69,854
Machinery, equipment and vehicles	271,782	283,894
Accumulated depreciation	(226,021)	(235,688)
Machinery, equipment and vehicles, net	45,760	48,206
Land	27,776	27,890
Construction in progress	21,147	18,509
Other	19,197	20,110
Accumulated depreciation	(15,402)	(16,226)
Other, net	3,794	3,883
Total property, plant and equipment	160,567	168,344
Intangible assets		
Goodwill	3,591	3,156
Other	4,402	6,309
Total intangible assets	7,994	9,466
Investments and other assets		
Investment securities	64,883	79,705
Long-term loans receivable	27,802	3,500
Deferred tax assets	7,461	9,403
Other	2,855	3,915
Allowance for doubtful accounts	(93)	(93)
Total investments and other assets	102,909	96,431
Total non-current assets	271,471	274,241
Total assets	598,471	657,283

(Million yen)

	As of March 31,2021	As of March 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	55,337	63,265
Short-term borrowings	53,114	27,916
Commercial papers	35,000	33,000
Income taxes payable	6,179	12,767
Accrued consumption taxes	3,094	4,249
Provisions		
Provision for bonuses	4,244	5,200
Provision for bonuses for directors (and other officers)	212	346
Total provisions	4,457	5,547
Borrowing precious metals	38,180	39,872
Other	31,529	41,648
Total current liabilities	226,894	228,267
Non-current liabilities		
Bonds payable	20,000	30,000
Long-term borrowings	45,837	40,708
Deferred tax liabilities	2,334	2,337
Provisions		
Provision for retirement benefits for directors (and other officers)	739	618
Other provisions	361	333
Total provisions	1,101	952
Retirement benefit liability	19,546	20,489
Other	6,041	5,952
Total non-current liabilities	94,861	100,441
Total liabilities	321,755	328,708
Net assets		
Shareholders' equity		
Share capital	36,437	36,437
Capital surplus	26,473	25,870
Retained earnings	201,290	246,360
Treasury shares	(5,064)	(5,064)
Total shareholders' equity	259,136	303,604
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,569	11,662
Deferred gains or losses on hedges	(2,196)	(5,547)
Foreign currency translation adjustment	(1,643)	3,788
Remeasurements of defined benefit plans	(161)	(52)
Total accumulated other comprehensive income	6,567	9,851
Non-controlling interests	11,010	15,119
Total net assets	276,715	328,574
Total liabilities and net assets	598,471	657,283

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Net sales	588,003	831,794
Cost of sales	512,155	725,368
Gross profit	75,848	106,425
Selling, general and administrative expenses		
Freight and incidental costs	3,926	4,853
Sales commission	462	440
Remuneration for directors (and other officers)	1,385	1,371
Salaries and allowances	8,650	9,121
Welfare expenses	2,615	2,835
Provision for bonuses	1,120	1,657
Retirement benefit expenses	878	801
Provision for retirement benefits for directors (and other officers)	171	131
Rent expenses	1,200	1,309
Taxes and dues	1,685	1,972
Travel and transportation expenses	669	714
Depreciation	1,268	1,335
Development and research expenses	6,177	7,035
Amortization of goodwill	475	503
Other	7,706	8,518
Total selling, general and administrative expenses	38,393	42,601
Operating profit	37,454	63,824
Non-operating income		
Interest income	1,255	439
Dividend income	478	726
Share of profit of entities accounted for using equity method	-	8,864
Foreign exchange gains	1,133	361
Commission income	998	172
Royalty income	1,036	1,669
Onerous sample cost income	975	874
Other	1,440	1,786
Total non-operating income	7,318	14,894
Non-operating expenses		
Interest expenses	910	664
Share of loss of entities accounted for using equity method	4,815	-
Environmental expenses	760	871
Other	1,086	1,109
Total non-operating expenses	7,573	2,645
Ordinary profit	37,200	76,073

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Extraordinary income		
Gain on sale of investment securities	5,029	1,473
Cancellation fee income	-	1,269
Subsidy income	172	157
Gain on sale of non-current assets	202	80
Insurance claim income	38	-
Other	14	90
Total extraordinary income	5,458	3,071
Extraordinary losses		
Loss on retirement of non-current assets	1,202	986
Impairment losses	2,252	644
Loss on valuation of investment securities	198	253
Other	144	169
Total extraordinary losses	3,797	2,054
Profit before income taxes	38,860	77,090
Income taxes - current	14,525	21,091
Income taxes - deferred	(889)	(831)
Total income taxes	13,636	20,259
Profit	25,224	56,831
Profit attributable to non-controlling interests	3,399	5,818
Profit attributable to owners of parent	21,824	51,012

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Profit	25,224	56,831
Other comprehensive income		
Valuation difference on available-for-sale securities	5,807	1,092
Deferred gains or losses on hedges	(4,179)	(3,525)
Foreign currency translation adjustment	(102)	3,697
Remeasurements of defined benefit plans, net of tax	(89)	129
Share of other comprehensive income of entities accounted for using equity method	(1,366)	1,985
Total other comprehensive income	68	3,379
Comprehensive income	25,293	60,210
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,927	54,296
Comprehensive income attributable to non-controlling interests	3,366	5,914

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31,2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	36,437	25,928	184,927	(5,711)	241,582
Changes during period					
Dividends of surplus	-	-	(5,409)	-	(5,409)
Profit attributable to owners of parent	-	-	21,824	-	21,824
Purchase of treasury shares	-	-	-	(1)	(1)
Disposal of treasury shares	-	544	-	648	1,192
Change in scope of consolidation	-	-	(51)	-	(51)
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	-	544	16,363	646	17,554
Balance at end of period	36,437	26,473	201,290	(5,064)	259,136

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	5,226	2,285	(875)	(172)	6,464	10,194	258,241
Changes during period							
Dividends of surplus	-	-	-	-	-	-	(5,409)
Profit attributable to owners of parent	-	-	-	-	-	-	21,824
Purchase of treasury shares	-	-	-	-	-	-	(1)
Disposal of treasury shares	-	-	-	-	-	-	1,192
Change in scope of consolidation	-	-	-	-	-	-	(51)
Net changes in items other than shareholders' equity	5,342	(4,482)	(767)	10	102	816	919
Total changes during period	5,342	(4,482)	(767)	10	102	816	18,473
Balance at end of period	10,569	(2,196)	(1,643)	(161)	6,567	11,010	276,715

For the fiscal year ended March 31,2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	36,437	26,473	201,290	(5,064)	259,136
Cumulative effects of changes in accounting policies	-	-	(233)	-	(233)
Restated balance	36,437	26,473	201,057	(5,064)	258,903
Changes during period					
Dividends of surplus	-	-	(5,709)	-	(5,709)
Profit attributable to owners of parent	-	-	51,012	-	51,012
Purchase of treasury shares	-	-	-	(1)	(1)
Disposal of treasury shares	-	-	-	0	0
Change in the parent's ownership interest due to transactions with noncontrolling interests	-	(602)	-	-	(602)
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	-	(602)	45,303	(0)	44,700
Balance at end of period	36,437	25,870	246,360	(5,064)	303,604

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	10,569	(2,196)	(1,643)	(161)	6,567	11,010	276,715
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	(233)
Restated balance	10,569	(2,196)	(1,643)	(161)	6,567	11,010	276,481
Changes during period							
Dividends of surplus	-	-	-	-	-	-	(5,709)
Profit attributable to owners of parent	-	-	-	-	-	-	51,012
Purchase of treasury shares	-	-	-	-	-	-	(1)
Disposal of treasury shares	-	-	-	-	-	-	0
Change in the parent's ownership interest due to transactions with noncontrolling interests	-	-	-	-	-	-	(602)
Net changes in items other than shareholders' equity	1,092	(3,350)	5,431	109	3,283	4,108	7,392
Total changes during period	1,092	(3,350)	5,431	109	3,283	4,108	52,092
Balance at end of period	11,662	(5,547)	3,788	(52)	9,851	15,119	328,574

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from operating activities		
Profit before income taxes	38,860	77,090
Depreciation	20,050	22,582
Impairment losses	2,252	644
Amortization of goodwill	475	503
Increase (decrease) in allowance for doubtful accounts	(120)	(60)
Increase (decrease) in other provisions	162	935
Increase (decrease) in retirement benefit liability	879	923
Interest and dividend income	(1,733)	(1,165)
Interest expenses	910	664
Foreign exchange losses (gains)	(789)	(626)
Share of loss (profit) of entities accounted for using equity method	4,815	(8,864)
Loss (gain) on sale of non-current assets	(202)	(80)
Loss on retirement of non-current assets	1,202	986
Loss (gain) on sale of investment securities	(5,029)	(1,473)
Decrease (increase) in trade receivables	(9,152)	(15,412)
Decrease (increase) in inventories	(89,511)	(22,977)
Increase (decrease) in trade payables	20,690	6,440
Increase (decrease) in accrued consumption taxes	(331)	1,149
Decrease (increase) in borrowing precious metals	24,809	1,691
Other, net	1,207	7,754
Subtotal	9,445	70,706
Interest and dividends received	2,970	4,961
Interest paid	(1,008)	(716)
Income taxes refund (paid)	(14,496)	(15,040)
Net cash provided by (used in) operating activities	(3,088)	59,911
Cash flows from investing activities		
Purchase of property, plant and equipment	(33,487)	(28,949)
Proceeds from sale of property, plant and equipment	565	642
Purchase of intangible assets	(1,535)	(2,830)
Purchase of investment securities	(6)	(103)
Proceeds from sale of investment securities	954	1,552
Purchase of shares of subsidiaries and associates	(700)	(81)
Proceeds from sale of shares of subsidiaries and associates	7,754	-
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	13
Subsidies received	687	848
Loan advances	(4,086)	(278)
Proceeds from collection of loans receivable	7,334	18,142
Other, net	(424)	(296)
Net cash provided by (used in) investing activities	(22,943)	(11,339)

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,440	(21,427)
Net increase (decrease) in commercial papers	11,000	(2,000)
Proceeds from long-term borrowings	10,180	26,724
Repayments of long-term borrowings	(6,797)	(35,927)
Proceeds from issuance of bonds	-	9,953
Repayments of lease liabilities	(275)	(362)
Purchase of treasury shares	(1)	(1)
Dividends paid	(5,407)	(5,709)
Dividends paid to non-controlling interests	(2,554)	(2,439)
Net cash provided by (used in) financing activities	11,585	(31,190)
Effect of exchange rate change on cash and cash equivalents	55	1,038
Net increase (decrease) in cash and cash equivalents	(14,390)	18,419
Cash and cash equivalents at beginning of period	30,232	17,320
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	1,479	-
Cash and cash equivalents at end of period	17,320	35,740

Segment Information

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

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

For the Fiscal Year Ended March 31, 2021 (From April 01, 2020 to March 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) Outside customers	69,353	268,000	147,489	77,799	23,027	585,670	2,333	588,003	-	588,003
(2) Intersegment	48,252	14,063	3,750	20	152	66,239	10,719	76,959	(76,959)	-
Total	117,606	282,064	151,240	77,819	23,179	651,910	13,053	664,963	(76,959)	588,003
Segment profit (loss) (note 2)	8,668	25,940	3,699	4,637	820	43,766	774	44,541	(7,340)	37,200
Segment Assets	124,663	286,553	77,078	83,273	43,997	615,568	11,264	626,832	(28,361)	598,471
Other items										
Depreciation	5,819	4,470	2,969	3,287	2,674	19,222	266	19,488	561	20,050
Amortization of goodwill	348	-	-	-	127	475	-	475	-	475
Investments in affiliates accounted for by equity method	3,369	16,557	530	390	-	20,847	-	20,847	9,177	30,025
Increase in property, plant and equipment and intangible assets	18,129	5,389	5,913	3,644	1,603	34,680	1,052	35,732	1,605	37,338

For the Fiscal Year Ended March 31, 2022 (From April 01, 2021 to March 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) Outside customers	83,151	434,240	171,266	111,889	28,976	829,524	2,269	831,794	-	831,794
(2) Intersegment	51,893	21,378	4,065	57	17	77,413	11,618	89,032	(89,032)	-
Total	135,045	455,619	175,331	111,947	28,994	906,938	13,888	920,826	(89,032)	831,794
Segment profit (loss) (note 2)	13,663	42,774	6,574	6,817	3,010	72,841	560	73,401	2,671	76,073
Segment Assets	133,880	304,154	92,678	98,294	45,974	674,982	11,848	686,830	(29,547)	657,283
Other items										
Depreciation	7,340	4,654	3,947	3,352	2,471	21,766	306	22,072	509	22,582
Amortization of goodwill	348	20	-	-	134	503	-	503	-	503
Investments in affiliates accounted for by equity method	3,327	25,713	623	389	-	30,054	-	30,054	13,978	44,033
Increase in property, plant and equipment and intangible assets	10,255	9,068	3,965	4,746	1,545	29,580	881	30,462	2,083	32,546

(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.