

# **Fiscal 2021 Supplementary Information**

**May 13, 2022**

**DOWA HOLDINGS CO.,LTD.**

# Operating Results

## ■ Consolidated Income Statements

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

	FY2020			FY2021			Changes		
	H1	H2	Full Year	H1	H2	Full Year	H1	H2	Full Year
Net Sales	252.4	335.5	588.0	423.2	408.5	831.7	170.7	73.0	243.7
Operating Income	12.6	24.8	37.4	37.9	25.8	63.8	25.3	1.0	26.3
Ordinary Income	9.3	27.8	37.2	47.4	28.6	76.0	38.1	0.7	38.8
Profit attributable to owners of parent	1.6	20.2	21.8	32.5	18.4	51.0	30.9	(1.7)	29.1

## ■ Exchange Rate and Metal Prices

	FY2020			FY2021		
	H1 averages	H2 averages	Full year averages	H1 averages	H2 averages	Full year averages
Exchange Rate: (¥/\$)	106.9	105.2	106.1	109.8	115.0	112.4
Copper: (\$/t)	5,931	7,826	6,879	9,541	9,842	9,691
Zinc: (\$/t)	2,150	2,689	2,419	2,954	3,554	3,254
Indium: (\$/kg)	147	185	166	204	254	229

# Business Environment (FY2021)

## ➤ Waste treatment- and recycling-related business

- Orders for waste treatment in Japan were firm.
- In Southeast Asia, orders for waste treatment rose in Indonesia, Thailand and Singapore.
- The treatment volume for the recycling of consumer electronics was at a high level.

## ➤ Automobile-related market

- The effect of an instability in automobile production was minor. Therefore, sales of automobile-related products and services were firm.

## ➤ 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 temporarily since 3Q.
- Electronic components: Sales of Copper rolled products for the Fifth Generation Mobile Communications (5G) increased.

## ➤ Exchange rates and Metal prices

- Compared to the previous fiscal year, the average exchange rate of the yen weakened against the U.S. dollar.
- The average prices of precious metals and base metals increased.

# Trends in Major Products

Indexes (100 for FY2020 1Q)

		FY2020				FY2021			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Environmental Management & Recycling	Waste treatment volume in Japan	100	96	102	92	102	103	107	96
	Recycling materials collection volume (for Kosaka smelting & refining)	100	93	84	82	103	86	89	91
	Net sales of waste treatment in the Southeast Asia Business	100	85	81	94	94	99	103	117
Nonferrous Metals	Copper production volume (Total of 2 smelters, Kosaka and Onahama)	100	90	98	90	85	87	80	95
	Zinc production volume	100	72	111	102	106	79	108	105
Electronic Materials	LEDs sales volume	100	105	98	98	93	154	146	124
	Silver powder sales volume	100	114	112	112	96	123	95	97
Metal Processing	Copper alloy strips sales volume	100	116	155	155	152	152	157	146
Heat Treatment	Net sales in the Heat Treatment Processing Business	100	152	190	199	190	194	196	207
	Net sales in the Industrial Furnaces Business	100	131	82	170	80	115	142	270

# Year-on-Year Comparison by Segment

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

	FY2020 Results			FY2021 Results			Changes			Details of Changes to Ordinary Income
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	
Environmental Management & Recycling	117.6	8.4	8.6	135.0	12.6	13.6	17.4	4.2	4.9	<ul style="list-style-type: none"> <li>- Increase in the volume of waste treatment in Japan</li> <li>- Profit contribution from new business</li> <li>- Increase in orders in Southeast Asia</li> </ul>
Nonferrous Metals	282.0	20.3	25.9	455.6	36.1	42.7	173.5	15.8	16.8	<ul style="list-style-type: none"> <li>- Rise in metal prices</li> <li>- Increase in the volume of PGM recovered</li> <li>- Improvement in equity method income</li> </ul>
Electronic Materials	151.2	2.4	3.6	175.3	5.2	6.5	24.0	2.7	2.8	<ul style="list-style-type: none"> <li>- Commencement of mass production of Short-Wavelength-Infrared LEDs</li> <li>- Increase in sales of Ferrite powder and Carrier powder</li> </ul>
Metal Processing	77.8	4.3	4.6	111.9	6.3	6.8	34.1	1.9	2.1	<ul style="list-style-type: none"> <li>- Recovery in demand for automobile-related products and services</li> </ul>
Heat Treatment	23.1	0.7	0.8	28.9	2.6	3.0	5.8	1.8	2.1	<ul style="list-style-type: none"> <li>- Recovery in demand for automobile-related products and services</li> </ul>
Other/ Eliminations	(63.9)	1.0	(6.5)	(75.1)	0.7	3.2	(11.2)	(0.3)	9.7	<ul style="list-style-type: none"> <li>- Increase in profit of Fujita Kanko Inc., an equity method affiliate</li> </ul>
Total	588.0	37.4	37.2	831.7	63.8	76.0	243.7	26.3	38.8	

# Factor Analysis of Ordinary Income

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

FY2021 – FY2020	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Other/ Eliminations	Total
Effect of various initiatives, increase/ decrease in sales, etc.	5.7	9.5	3.0	2.0	1.6	(0.3)	21.7
Of the above, free metal income difference (difference in volume)	—	4.2	—	—	—	—	4.2
Free metal income difference (difference in metal prices)	—	7.9	—	—	—	—	7.9
Difference in foreign currency-based income due to exchange rate	—	2.7	0.7	—	—	—	3.4
Purchasing conditions of raw material (difference in base conditions)	—	(1.5)	—	—	—	—	(1.5)
Difference between the market value and book value at sale, and between market value and valuation prices at end of period	—	(1.3)	—	—	—	—	(1.3)
Electricity charges, etc.	—	(1.3)	—	—	—	—	(1.3)
Depreciation in manufacturing cost	(1.5)	(0.1)	(0.9)	(0.0)	0.2	0.0	(2.5)
Increase/decrease in operating income	4.2	15.8	2.7	1.9	1.8	(0.3)	26.3
Effect of non-operating income/expenses							
- Equity method income or loss	0.1	3.4	0.0	(0.0)	—	9.9	13.6
- Others	0.6	(2.4)	0.0	0.2	0.2	0.1	(1.1)
Increase/decrease in ordinary income	4.9	16.8	2.8	2.1	2.1	9.7	38.8

# Changes From Previous Forecasts by Segment

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

	FY2021 Forecasts announced on Feb 14			FY2021 Results			Changes			Details of Changes to Ordinary Income
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	
Environmental Management & Recycling	128.0	11.0	11.0	135.0	12.6	13.6	7.0	1.6	2.6	- Rise in unit prices for the waste treatment - Increase in sales of metal scraps
Nonferrous Metals	450.0	34.0	42.0	455.6	36.1	42.7	5.6	2.1	0.7	- Rise in metal prices - Increase in the volume of PGM recovered - Rise in electricity costs
Electronic Materials	191.0	5.5	6.4	175.3	5.2	6.5	(15.6)	(0.2)	0.1	-
Metal Processing	112.0	6.7	7.3	111.9	6.3	6.8	(0.0)	(0.3)	(0.4)	- Increase in the costs
Heat Treatment	28.0	2.8	2.8	28.9	2.6	3.0	0.9	(0.1)	0.2	-
Other/ Eliminations	(69.0)	1.0	3.0	(75.1)	0.7	3.2	(6.1)	(0.2)	0.2	-
Total	840.0	61.0	72.5	831.7	63.8	76.0	(8.2)	2.8	3.5	

# Consolidated Balance Sheets

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

	Mar. 31, 2021	Mar. 31, 2022	Changes		Mar. 31, 2021	Mar. 31, 2022	Changes
Current Assets	326.9	383.0	56.0	Current Liabilities	226.8	228.2	1.3
				Noncurrent Liabilities	94.8	100.4	5.5
Noncurrent Assets	271.4	274.2	2.7	Equity	265.7	313.4	47.7
				Non-Controlling Interests	11.0	15.1	4.1
<b>Total Assets</b>	<b>598.4</b>	<b>657.2</b>	<b>58.8</b>	<b>Total Liabilities and Net Assets</b>	<b>598.4</b>	<b>657.2</b>	<b>58.8</b>
				Interest-bearing debt	153.9	131.6	(22.3)
				Equity ratio (%)	44.4	47.7	3.3
				ROA (%)	6.7	12.1	5.4
				ROE (%)	8.5	17.6	9.1

- ✓ Total assets at the end of FY2021 increased by 58.8 billion yen from the end of the previous fiscal year to 657.2 billion yen as a result of an increase in cash and deposits, and in inventories and accounts receivable due to metal prices rising.
- ✓ The equity ratio at the end of FY2021 increased by 3.3 points from the end of the previous fiscal year to 47.7%.



# Consolidated Statements of Cash Flows

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

	FY2020	FY2021	Changes
<b>Cash Flows from Operating Activities</b>	<b>(3.0)</b>	<b>59.9</b>	<b>62.9</b>
Profit before income taxes	38.8	77.0	38.2
Depreciation and amortization	20.5	23.0	2.5
Income taxes (paid) refund	(14.4)	(15.0)	(0.5)
Inventories	(89.5)	(22.9)	66.5
Other, net	41.5	(2.2)	(43.7)
<b>Cash Flows from Investing Activities</b>	<b>(22.9)</b>	<b>(11.3)</b>	<b>11.6</b>
Acquisition of property, plant and equipment	(35.0)	(31.7)	3.2
Other investments	12.0	20.4	8.3
<b>Cash Flows from Financing Activities</b>	<b>11.5</b>	<b>(31.1)</b>	<b>(42.7)</b>
<b>Total</b>	<b>(14.4)</b>	<b>17.3</b>	<b>31.8</b>

# FY2022 Full Year Forecasts

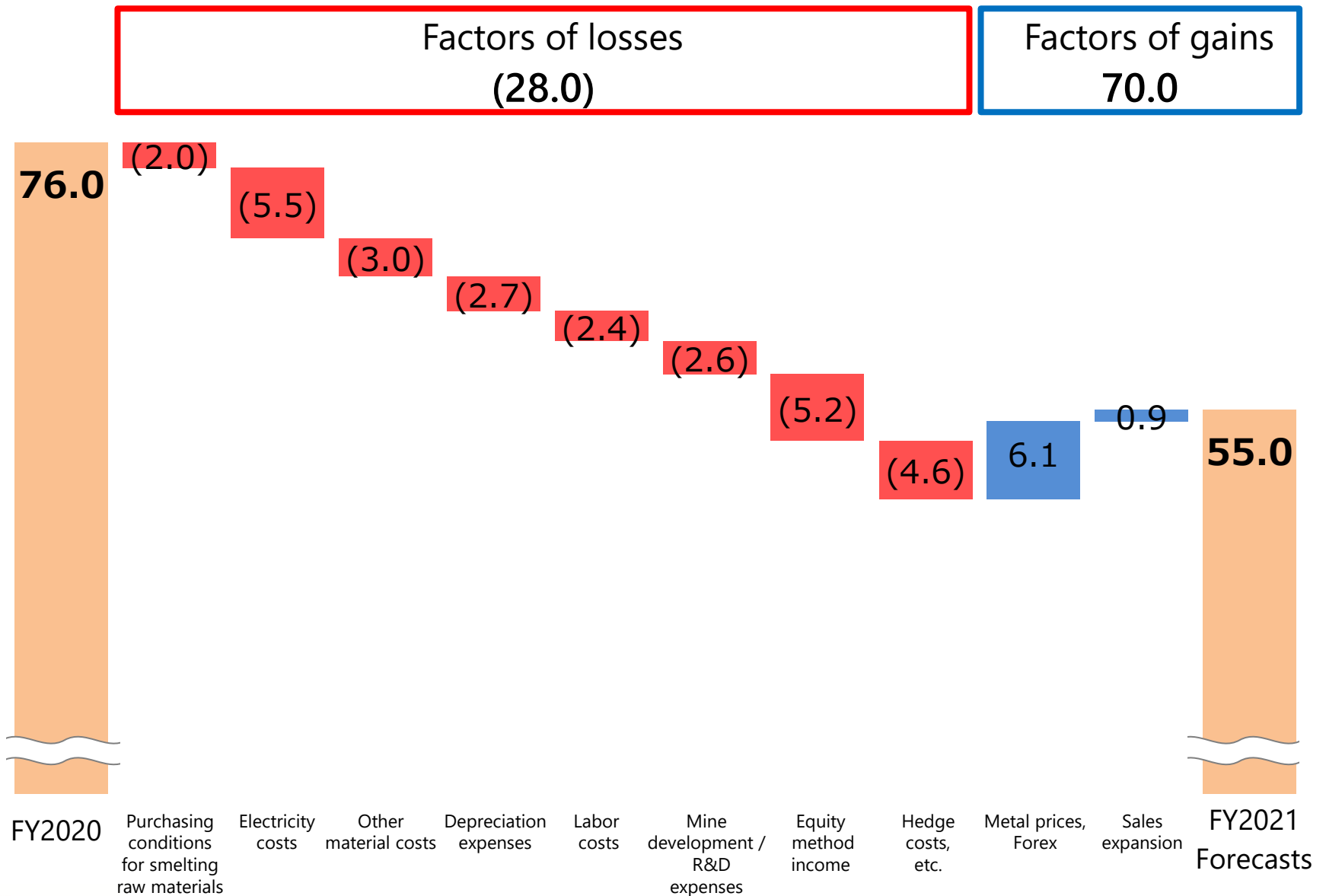
Billion yen (Amounts less than 100 million yen are omitted.)

	FY2021 Results	FY2022 Forecasts	Changes	
Net Sales	831.7	900.0	68.2	8%
Operating Income	63.8	50.0	(13.8)	(22%)
Ordinary Income	76.0	55.0	(21.0)	(28%)
Profit attributable to owners of parent	51.0	36.0	(15.0)	(29%)

- Demand for the main products and services and the market environment are expected to remain firm.
- We plan to increase sales and decrease profits year-on-year in consideration of the rise in energy costs, higher depreciation expenses due to continued investment for growth, and lower equity method income.

# Factor Analysis of Ordinary Income

Billion yen



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

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

	FY2021 Results			FY2022 Forecasts			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	133.0	10.5	10.5	(2.0)	(2.1)	(3.1)
Nonferrous Metals	455.6	36.1	42.7	500.0	24.4	30.4	44.3	(11.7)	(12.3)
Electronic Materials	175.3	5.2	6.5	188.0	5.0	6.0	12.6	(0.2)	(0.5)
Metal Processing	111.9	6.3	6.8	117.0	6.7	7.0	5.0	0.3	0.1
Heat Treatment	28.9	2.6	3.0	31.0	2.8	2.8	2.0	0.1	(0.2)
Other/ Eliminations	(75.1)	0.7	3.2	(69.0)	0.6	(1.7)	6.1	(0.1)	(4.9)
Total	831.7	63.8	76.0	900.0	50.0	55.0	68.2	(13.8)	(21.0)

# Assumptions and Sensitivities (FY2022)

Sensitivity (Operating Income / FY2022)			Million yen
	Assumptions	Fluctuation	Sensitivity
Exchange rate	120.0 ¥ / \$	±1 ¥ / \$	<b>680</b>
Copper	10,000 \$ / t	±100 \$ / t	<b>40</b>
Zinc	3,800 \$ / t	±100 \$ / t	<b>420</b>
Indium	240 \$ / kg	±10 \$ / kg	<b>50</b>

\* Exchange rate sensitivity; Nonferrous Metals 540 million yen and Electronic Materials 140 million yen.

## Exchange Rate and Metal Prices

	FY2021			FY2022			Ref. Apr. 2022 averages
	H1 averages	H2 averages	Full year averages	H1 assumptions	H2 assumptions	Full year averages	
Exchange rate: (¥/\$)	109.8	115.0	112.4	120.0	120.0	120.0	126.0
Copper: (\$/t)	9,541	9,842	9,691	10,000	10,000	10,000	10,183
Zinc: (\$/t)	2,954	3,554	3,254	3,800	3,800	3,800	4,371
Indium: (\$/kg)	204	254	229	240	240	240	248

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.

# Investments

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

	FY2019			FY2020			FY2021			FY2022 Forecasts		
	Capital investment & loan	R&D investment	Total	Capital investment & loan	R&D investment	Total	Capital investment & loan	R&D investment	Total	Capital investment & loan	R&D investment	Total
Environmental Management & Recycling	20.6	0.3	21.0	18.1	0.4	18.5	10.2	0.4	10.7	9.0	0.6	9.6
Nonferrous Metals	7.4	0.9	8.3	7.1	0.6	7.7	9.1	1.3	10.4	11.5	2.8	14.3
Electronic Materials	2.8	4.3	7.2	5.9	4.2	10.2	3.9	4.1	8.1	5.5	4.7	10.2
Metal Processing	6.2	0.6	6.8	3.7	0.7	4.5	4.7	0.7	5.4	5.4	0.8	6.2
Heat Treatment	4.3	0.1	4.5	1.6	0.2	1.8	1.5	0.2	1.8	1.2	0.3	1.5
Companywide, Other	1.1	(0.1)	1.0	2.6	0.0	2.5	2.9	0.0	3.0	3.6	0.3	3.9
Total	42.6	6.3	49.0	39.2	6.3	45.5	32.6	7.0	39.6	36.4	9.6	46.0

## (Ref.) Depreciation Expenses

	FY2019	FY2020	FY2021	FY2022 Forecasts
Environmental Management & Recycling	5.4	5.8	7.3	7.9
Nonferrous Metals	4.2	4.4	4.6	6.2
Electronic Materials	3.1	2.9	3.9	4.1
Metal Processing	3.0	3.2	3.3	3.4
Heat Treatment	2.5	2.6	2.4	2.3
Companywide, Other	0.8	0.8	0.8	1.1
Total	19.2	20.0	22.5	25.2

### ■ Major capital investment projects in FY 2022

Environmental Management & Recycling:  
Maintenance of incineration facilities

Nonferrous Metals:  
Infrastructure investment, Maintenance of smelting facilities

Electronics Materials:  
Equipment expansion of semiconductor and other production facilities

Metal Processing:  
Equipment expansion of Copper alloy strips manufacturing facilities

Companywide, Other:  
Improvement of data utilization infrastructure

# Ref. Historical Data

## ■ Consolidated financial data

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

		FY2019					FY2020					FY2021				
		1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Total	Net Sales	116.2	114.5	121.9	132.3	485.1	115.4	137.0	151.1	184.4	588.0	207.9	215.3	188.6	219.8	831.7
	Operating Income	6.8	4.1	6.5	8.3	25.9	4.9	7.6	11.1	13.7	37.4	19.6	18.2	14.3	11.5	63.8
	Ordinary Income	7.6	4.7	7.9	8.5	28.9	3.3	5.9	12.3	15.5	37.2	28.2	19.2	17.0	11.5	76.0
	Profit attributable to owners of parent	4.8	3.0	5.5	3.9	17.3	0.1	1.4	6.8	13.3	21.8	19.9	12.6	11.5	6.9	51.0
Environmental Management & Recycling	Net Sales	25.8	27.6	28.2	30.3	112.1	27.7	28.7	29.0	31.9	117.6	33.8	32.2	33.1	35.8	135.0
	Operating Income	1.8	1.5	1.6	2.1	7.2	1.8	1.8	2.2	2.5	8.4	3.1	3.5	3.7	2.2	12.6
	Ordinary Income	1.5	1.5	1.8	1.8	6.9	2.1	1.2	2.4	2.8	8.6	3.0	3.5	4.2	2.8	13.6
Nonferrous Metals	Net Sales	58.1	49.7	56.8	62.6	227.2	60.4	63.5	69.3	88.7	282.0	118.2	113.6	97.6	126.1	455.6
	Operating Income	2.7	0.6	2.6	3.9	10.0	3.4	4.2	5.1	7.4	20.3	12.8	10.3	6.8	6.1	36.1
	Ordinary Income	3.5	1.1	3.5	3.9	12.2	3.3	5.2	7.3	9.9	25.9	14.7	12.4	8.8	6.8	42.7
Electronic Materials	Net Sales	19.3	24.4	26.9	27.5	98.2	23.8	38.5	41.2	47.6	151.2	43.9	52.2	40.1	38.9	175.3
	Operating Income	0.2	0.3	0.2	0.1	1.0	0.6	0.2	0.7	0.7	2.4	1.0	2.0	1.1	0.9	5.2
	Ordinary Income	0.5	0.6	0.6	0.5	2.4	1.0	0.6	0.9	1.0	3.6	1.3	2.3	1.5	1.3	6.5
Metal Processing	Net Sales	21.1	20.3	20.3	20.4	82.3	14.9	16.1	22.0	24.6	77.8	26.4	27.2	28.7	29.4	111.9
	Operating Income	1.5	0.9	1.2	1.4	5.1	(0.4)	1.0	2.1	1.6	4.3	2.1	1.5	1.6	0.9	6.3
	Ordinary Income	1.5	0.9	1.2	1.4	5.1	(0.3)	1.0	2.1	1.7	4.6	2.2	1.6	1.7	1.1	6.8
Heat Treatment	Net Sales	6.7	7.2	6.9	7.0	27.9	3.9	5.7	5.8	7.6	23.1	5.8	6.5	7.0	9.4	28.9
	Operating Income	0.2	0.3	0.3	0.2	1.2	(0.9)	0.2	0.6	0.8	0.7	0.3	0.5	0.6	0.9	2.6
	Ordinary Income	0.2	0.3	0.3	0.3	1.2	(1.0)	0.3	0.5	1.0	0.8	0.4	0.6	0.7	1.1	3.0
Other/ Eliminations	Net Sales	(15.0)	(14.8)	(17.4)	(15.5)	(62.8)	(15.5)	(15.6)	(16.4)	(16.1)	(63.9)	(20.3)	(16.7)	(18.1)	(20.0)	(75.1)
	Operating Income	0.2	0.2	0.3	0.5	1.3	0.2	0.0	0.2	0.4	1.0	0.1	0.2	0.1	0.1	0.7
	Ordinary Income	0.1	0.1	0.3	0.4	1.0	(1.7)	(2.5)	(1.0)	(1.2)	(6.5)	6.4	(1.3)	0.0	(1.7)	3.2

## ■ Exchange Rate and Metal Prices

	FY2019 (averages)					FY2020 (averages)					FY2021 (averages)				
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Exchange Rate: (¥/\$)	109.9	107.4	108.8	108.9	108.7	107.6	106.2	104.5	105.9	106.1	109.5	110.1	113.7	116.2	112.4
Copper: (\$/t)	6,114	5,798	5,888	5,638	5,860	5,341	6,521	7,174	8,479	6,879	9,711	9,372	9,698	9,985	9,691
Zinc: (\$/t)	2,763	2,345	2,384	2,128	2,405	1,959	2,340	2,631	2,748	2,419	2,916	2,991	3,365	3,743	3,254
Indium: (\$/kg)	173	155	150	148	156	146	148	174	197	166	198	209	260	247	229

# DOWA

\* 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.