

Fiscal 2021 Third Quarter Supplementary Information

February 14, 2022

DOWA HOLDINGS CO.,LTD.

Operating Results

■ Consolidated Income Statements

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

	FY2020		FY2021		Changes			
	3Q Results	Full Year Results	3Q Results	Full Year Forecasts *	3Q		Full Year	
Net Sales	403.5	588.0	611.9	840.0	208.3	52%	251.9	43%
Operating Income	23.7	37.4	52.2	61.0	28.5	120%	23.5	63%
Ordinary Income	21.6	37.2	64.4	72.5	42.7	197%	35.3	95%
Profit attributable to owners of parent	8.4	21.8	44.1	46.5	35.6	421%	24.6	113%

* The Company has revised the full year forecasts for FY2021 from the forecasts announced on November 12, 2021.

■ Exchange Rate and Metal Prices

	FY2020			FY2021			
	H1 averages	3Q averages	1Q-3Q averages	H1 averages	3Q averages	1Q-3Q averages	4Q assumptions
Exchange Rate: (¥/\$)	106.9	104.5	106.1	109.8	113.7	111.1	110.0
Copper: (\$/t)	5,931	7,174	6,345	9,541	9,698	9,593	9,300
Zinc: (\$/t)	2,150	2,631	2,310	2,954	3,365	3,091	3,000
Indium: (\$/kg)	147	174	156	204	260	222	230

Business Environment (FY2021 3Q)

➤ 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 increased year on year.

➤ Automobile-related market

- The effect of a decrease in automobile production volume due to the global shortage of semiconductors 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 was in the correction phase temporarily in 3Q.
- Electronic components: 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 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
Environmental Management & Recycling	Waste treatment volume in Japan	100	96	102	92	102	103	107
	Recycling materials collection volume (for Kosaka smelting & refining)	100	93	84	82	103	86	89
	Net sales of waste treatment in the Southeast Asia Business	100	85	81	94	94	99	103
Nonferrous Metals	Copper production volume (Total of 2 smelters, Kosaka and Onahama)	100	90	98	90	85	87	80
	Zinc production volume	100	72	111	102	106	79	108
Electronic Materials	LEDs sales volume	100	105	98	98	93	154	146
	Silver powder sales volume	100	114	112	112	96	123	95
Metal Processing	Copper alloy strips sales volume	100	116	155	155	152	152	157
Heat Treatment	Net sales in the Heat Treatment Processing Business	100	152	190	199	190	194	196
	Net sales in the Industrial Furnaces Business	100	131	82	170	80	115	142

Year-on-Year Comparison by Segment (FY2021 3Q)

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

	FY2020 3Q Results			FY2021 3Q Results			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	85.6	5.9	5.8	99.2	10.3	10.8	13.5	4.4	4.9
Nonferrous Metals	193.3	12.8	15.9	329.4	29.9	35.9	136.1	17.0	20.0
Electronic Materials	103.6	1.7	2.6	136.3	4.2	5.2	32.7	2.5	2.5
Metal Processing	53.1	2.7	2.8	82.4	5.3	5.6	29.3	2.6	2.7
Heat Treatment	15.5	(0.0)	(0.2)	19.5	1.6	1.8	3.9	1.7	2.0
Other/ Eliminations	(47.7)	0.5	(5.3)	(55.1)	0.5	4.9	(7.3)	0.0	10.3
Total	403.5	23.7	21.6	611.9	52.2	64.4	208.3	28.5	42.7

Factor Analysis of Ordinary Income

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

FY2021.3Q – FY2020.3Q	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Other/ Eliminations	Total
Effect of various initiatives, increase/decrease in sales, etc.	5.5	8.2	2.8	2.7	1.5	0.0	20.9
Of the above, free metal income difference (difference in volume)	—	3.4	—	—	—	—	3.4
Free metal income difference (difference in metal prices)	—	9.2	—	—	—	—	9.2
Difference in foreign currency-based income due to exchange rate	—	1.5	0.5	—	—	—	2.1
Purchasing conditions of raw material (difference in base conditions)	—	(0.3)	—	—	—	—	(0.3)
Difference between the market value and book value at sale, and between market value and valuation prices at end of period	—	(1.1)	—	—	—	—	(1.1)
Electricity charges, etc.	—	(0.4)	—	—	—	—	(0.4)
Depreciation in manufacturing cost	(1.0)	(0.0)	(0.8)	(0.0)	0.1	0.0	(1.7)
Increase/decrease in operating income	4.4	17.0	2.5	2.6	1.7	0.0	28.5
Effect of non-operating income/expenses							
- Equity method income or loss	0.3	3.7	0.0	0.0	—	10.0	14.2
- Others	0.1	(0.7)	(0.0)	0.1	0.3	0.2	0.0
Increase/decrease in ordinary income	4.9	20.0	2.5	2.7	2.0	10.3	42.7

FY2021 Full Year Forecasts

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

	FY2020 Results (A)	FY2021 Forecasts				Changes (C) - (A)	
		Announced on Nov. 12 (B)	Announced on Feb. 14 (C)	Changes (C) - (B)			
Net Sales	588.0	840.0	840.0	0.0	0%	251.9	43%
Operating Income	37.4	61.0	61.0	0.0	0%	23.5	63%
Ordinary Income	37.2	70.0	72.5	2.5	4%	35.3	95%
Profit attributable to owners of parent	21.8	44.0	46.5	2.5	6%	24.6	113%

The Company has revised its full-year consolidated financial forecasts for FY2021, as Fujita Kanko Inc., an affiliate accounted for by the equity method, has announced their financial results for the fiscal year ended December 31, 2021, which were not included in the forecasts the Company announced on November 12, 2021.

Furthermore, the business performance of the main segments of the Company is currently within the range expected in the forecasts announced on November 12, 2021.

Changes From Forecasts on Nov 12 by Segment

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

	FY2021 Forecasts announced on Nov. 12			FY2021 Forecasts announced on Feb. 14			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	128.0	11.0	11.0	0.0	0.0	0.0	-
Nonferrous Metals	450.0	34.0	42.0	450.0	34.0	42.0	0.0	0.0	0.0	-
Electronic Materials	191.0	5.5	6.4	191.0	5.5	6.4	0.0	0.0	0.0	-
Metal Processing	112.0	6.7	7.3	112.0	6.7	7.3	0.0	0.0	0.0	-
Heat Treatment	28.0	2.8	2.8	28.0	2.8	2.8	0.0	0.0	0.0	-
Other/ Eliminations	(69.0)	1.0	0.5	(69.0)	1.0	3.0	0.0	0.0	2.5	- Reflected the FY2021 financial results of Fujita Kanko Inc.
Total	840.0	61.0	70.0	840.0	61.0	72.5	0.0	0.0	2.5	

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

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

	FY2020 Results			FY2021 Forecasts announced on Feb. 14			Changes		
	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	128.0	11.0	11.0	10.3	2.5	2.3
Nonferrous Metals	282.0	20.3	25.9	450.0	34.0	42.0	167.9	13.6	16.0
Electronic Materials	151.2	2.4	3.6	191.0	5.5	6.4	39.7	3.0	2.7
Metal Processing	77.8	4.3	4.6	112.0	6.7	7.3	34.1	2.3	2.6
Heat Treatment	23.1	0.7	0.8	28.0	2.8	2.8	4.8	2.0	1.9
Other/ Eliminations	(63.9)	1.0	(6.5)	(69.0)	1.0	3.0	(5.0)	(0.0)	9.5
Total	588.0	37.4	37.2	840.0	61.0	72.5	251.9	23.5	35.3

Assumptions and Sensitivities (FY2021 4Q)

Sensitivity (Operating Income / 4Q)			Million yen
	Assumptions	Fluctuation	Sensitivity
Exchange rate	110.0 ¥ / \$	±1 ¥ / \$	160
Copper	9,300 \$ / t	±100 \$ / t	10
Zinc	3,000 \$ / t	±100 \$ / t	110
Indium	230 \$ / kg	±10 \$ / kg	10

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

Exchange Rate and Metal Prices

	FY2020			FY2021			Ref. Jan. 2022 averages
	1Q-3Q averages	4Q averages	Full year averages	1Q-3Q averages	4Q assumptions	Full year averages	
Exchange rate: (¥/\$)	106.1	105.9	106.1	111.1	110.0	110.8	114.8
Copper: (\$/t)	6,345	8,479	6,879	9,593	9,300	9,520	9,776
Zinc: (\$/t)	2,310	2,748	2,419	3,091	3,000	3,068	3,610
Indium: (\$/kg)	156	197	166	222	230	224	252

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.

Revisions of Dividends Forecasts

■ Dividends per share

	FY2020	FY2021	Changes
Ordinary dividends	95 yen	100 yen	+5 yen
Special dividends	-	30 yen	+30 yen
Annual dividends	95 yen	130 yen	+35 yen

The Company has decided to upwardly revise the ordinary dividends for FY2021, to 100 yen per share, which increased 5 yen from FY2020 taking into consideration business performance, future business development, and strengthening of financial constitution. In addition, the Company has decided to add special dividends of 30 yen per share, as the business performance is expected to reach a record high.

As these results, the total annual dividends per share for FY2021 is planned to be 130 yen (ordinary dividends 100 yen + special dividends 30 yen).

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

■ 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	-	-
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	-	-
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	-	-
Indium: (\$/kg)	173	155	150	148	156	146	148	174	197	166	198	209	260	-	-

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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.