

# **Fiscal 2021 First Half Supplementary Information**

**November 12, 2021**

**DOWA HOLDINGS CO.,LTD.**

# Operating Results

## ■ Consolidated Income Statements

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

	FY2020 H1	FY2021 H1				Year on Year	
	Results	Forecasts on Aug. 6 *	Results	Changes			
Net Sales	252.4	397.1	423.2	26.1	7%	170.7	68%
Operating Income	12.6	33.8	37.9	4.1	12%	25.3	201%
Ordinary Income	9.3	38.6	47.4	8.8	23%	38.1	409%
Profit attributable to owners of parent	1.6	25.0	32.5	7.5	30%	30.9	1917%

\* FY2021 H1 Forecasts announced on Aug. 6 did not include the results and forecasts of Fujita Kanko Inc., an equity method affiliate.

## ■ Exchange Rate and Metal Prices

	FY2020			FY2021		
	1Q averages	2Q averages	H1 averages	1Q averages	2Q averages	H1 averages
Exchange Rate: (¥/\$)	107.6	106.2	106.9	109.5	110.1	109.8
Copper: (\$/t)	5,341	6,521	5,931	9,711	9,372	9,541
Zinc: (\$/t)	1,959	2,340	2,150	2,916	2,991	2,954
Indium: (\$/kg)	146	148	147	198	209	204

# Business Environment (FY2021 2Q)

- **Waste treatment- and recycling-related business**
  - Orders for waste treatment in Japan were firm.
  - In Southeast Asia, orders for waste treatment rose in Thailand and Singapore.
  - The treatment volume for the recycling of consumer electronics increased from a year ago.
- **Automobile-related market**
  - The effect of a decrease in automobile production volume due to the global shortage of semiconductors on the Company was minor. 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 firm.
  - 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
Environmental Management & Recycling	Waste treatment volume in Japan	100	96	102	92	102	103
	Recycling materials collection volume (for Kosaka smelting & refining)	100	93	84	82	103	86
	Net sales of waste treatment in the South East Asia Business	100	85	81	94	94	99
Nonferrous Metals	Copper production volume (Total of 2 smelters, Kosaka and Onahama)	100	90	98	90	85	87
	Zinc production volume	100	72	111	102	106	79
Electronic Materials	LED sales volume	100	105	98	98	93	154
	Silver powder sales volume	100	114	112	112	96	123
Metal Processing	Copper alloy strips sales volume	100	116	155	155	152	152
Heat Treatment	Net sales in the Heat Treatment Processing Business	100	152	190	199	190	194
	Net sales in the Industrial Furnaces Business	100	131	82	170	80	115

# Year-on-Year Comparison by Segment (FY2021 H1)

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

	FY2020 H1 Results			FY2021 H1 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	56.5	3.6	3.4	66.0	6.6	6.5	9.5	2.9	3.0	<ul style="list-style-type: none"> <li>- Rise in unit prices for the waste treatment</li> <li>- Increase in orders in Southeast Asia</li> <li>- Profit contribution from new business</li> </ul>
Nonferrous Metals	124.0	7.7	8.6	231.8	23.1	27.1	107.8	15.4	18.5	<ul style="list-style-type: none"> <li>- Rise in metal prices</li> <li>- Increase in volume of PGM recovered</li> <li>- Improvement in equity method income or loss</li> </ul>
Electronic Materials	62.3	0.9	1.6	96.1	3.0	3.6	33.8	2.1	2.0	<ul style="list-style-type: none"> <li>- Commencement of mass production of Short-Wavelength-Infrared LEDs</li> <li>- Increase in sales of Silver powder</li> </ul>
Metal Processing	31.0	0.5	0.6	53.7	3.7	3.9	22.6	3.1	3.2	<ul style="list-style-type: none"> <li>- Recovery in demand for automobile-related products and services</li> </ul>
Heat Treatment	9.7	(0.7)	(0.7)	12.4	0.9	1.1	2.7	1.6	1.8	<ul style="list-style-type: none"> <li>- Recovery in demand for automobile-related products and services</li> </ul>
Other/ Eliminations	(31.2)	0.3	(4.3)	(37.0)	0.4	5.0	(5.7)	0.0	9.3	<ul style="list-style-type: none"> <li>- Increase in profit of Fujita Kanko Inc., an equity method affiliate</li> </ul>
Total	252.4	12.6	9.3	423.2	37.9	47.4	170.7	25.3	38.1	

# Factor Analysis of Ordinary Income

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

FY2021.2Q – FY2020.2Q	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Other/ Eliminations	Total
Effect of various initiatives, increase/decrease in sales, etc.	3.7	4.9	2.4	3.2	1.5	0.0	16.1
Of the above, free metal income difference (difference in volume)	—	1.5	—	—	—	—	1.5
Free metal income difference (difference in metal prices)	—	9.0	—	—	—	—	9.0
Difference in foreign currency-based income due to exchange rate	—	0.2	0.1	—	—	—	0.4
Purchasing conditions of raw material (difference in base conditions)	—	0.7	—	—	—	—	0.7
Difference between the market value and book value at sale, and between market value and valuation prices at end of period	—	0.3	—	—	—	—	0.3
Electricity charges, etc.	—	0.0	—	—	—	—	0.0
Depreciation in manufacturing cost	(0.8)	0.0	(0.5)	(0.1)	0.0	0.0	(1.4)
Increase/decrease in operating income	2.9	15.4	2.1	3.1	1.6	0.0	25.3
Effect of non-operating income/expenses							
- Equity method income or loss	0.2	3.9	0.0	0.0	—	9.1	13.4
- Others	(0.0)	(0.8)	(0.1)	0.1	0.2	0.0	(0.6)
Increase/decrease in ordinary income	3.0	18.5	2.0	3.2	1.8	9.3	38.1

# Changes From Forecasts on Aug 6 by Segment (FY2021 H1)

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

	FY2021 H1 Forecasts announced on Aug. 6			FY2021 H1 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	65.7	6.0	5.8	66.0	6.6	6.5	0.3	0.6	0.7	- Increase in treatment volume and rise in unit prices for the waste treatment - Increase in recycling volume of consumer electronics
Nonferrous Metals	206.0	20.3	24.5	231.8	23.1	27.1	25.8	2.8	2.6	- Rise in metal prices - Increase in volume of PGM recovered
Electronic Materials	92.0	2.7	3.3	96.1	3.0	3.6	4.1	0.3	0.3	- Increase in sales of Silver powder
Metal Processing	56.3	3.6	3.9	53.7	3.7	3.9	(2.5)	0.1	0.0	-
Heat Treatment	12.1	0.9	0.9	12.4	0.9	1.1	0.3	0.0	0.2	-
Other/ Eliminations	(35.0)	0.3	0.2	(37.0)	0.4	5.0	(2.0)	0.1	4.8	- Fujita Kanko Inc., which was not included in FY2021 H1 forecasts, posted a profit
Total	397.1	33.8	38.6	423.2	37.9	47.4	26.1	4.1	8.8	

# Consolidated Balance Sheets

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

	Mar. 31, 2021	Sep. 30, 2021	Changes		Mar. 31, 2021	Sep. 30, 2021	Changes
Current Assets	326.9	353.1	26.1	Current Liabilities	226.8	203.0	(23.8)
				Noncurrent Liabilities	94.8	106.3	11.5
Noncurrent Assets	271.4	266.4	(5.0)	Equity	265.7	297.8	32.1
				Non-Controlling Interests	11.0	12.3	1.3
Total Assets	598.4	619.5	21.1	Total Liabilities and Net Assets	598.4	619.5	21.1
				Interest-bearing debt	153.9	159.2	5.3
				Equity ratio (%)	44.4	48.1	3.7

- ✓ Total assets at the end of the first half of the current fiscal year increased by 21.1 billion yen from the end of the previous fiscal year to 619.5 billion yen as a result of an increase in inventories and notes and accounts receivable due to metal prices rising as well as increase in cash and deposits.
- ✓ The equity ratio at the end of the first half of the current fiscal year increased by 3.7 points from the end of the previous fiscal year to 48.1%.



# Consolidated Statements of Cash Flows

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

	FY2020 H1	FY2021 H1	Changes
<b>Cash Flows from Operating Activities</b>	<b>23.3</b>	<b>15.7</b>	<b>(7.5)</b>
Profit before income taxes	8.7	48.3	39.5
Depreciation and amortization	9.4	10.8	1.4
Income taxes (paid) refund	(8.2)	(10.7)	(2.4)
Inventories	(23.6)	(3.7)	19.8
Other, net	37.0	(28.9)	(65.9)
<b>Cash Flows from Investing Activities</b>	<b>(16.8)</b>	<b>2.9</b>	<b>19.8</b>
Acquisition of property, plant and equipment	(16.0)	(15.7)	0.2
Other investments	(0.8)	18.7	19.5
<b>Cash Flows from Financing Activities</b>	<b>(0.4)</b>	<b>(3.5)</b>	<b>(3.1)</b>
<b>Total</b>	<b>6.0</b>	<b>15.1</b>	<b>9.1</b>

# FY2021 Full Year Forecasts

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

	FY2020 Results (A)	FY2021 Forecasts				Changes (C) - (A)	
		Announced on Aug 6. (B)	Announced on Nov. 12 (C)	Changes (C) - (B)			
Net Sales	588.0	780.0	840.0	60.0	8%	251.9	43%
Operating Income	37.4	58.0	61.0	3.0	5%	23.5	63%
Ordinary Income	37.2	66.0	70.0	4.0	6%	32.8	88%
Profit attributable to owners of parent	21.8	42.0	44.0	2.0	5%	22.1	102%

In the business environment in H2, orders and sales of major products and services will continue to be firm. In the foreign exchange market and metal prices, the both will remain at the same level as at the end of 2Q.

Taking into accounts the H1 results and above-mentioned H2 business environment, the Company has revised upward its FY2021 full year forecasts, as it is expected to exceed the previous forecasts announced on August 6, 2021.

Regarding Fujita Kanko Inc., an equity method affiliate, the company has not been announced their FY2021 forecasts, therefore this forecasts does not include their results and forecasts for FY2021.

# Changes From Forecasts on Aug 6 by Segment (FY2021 Full Year)

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

	FY2021 Forecasts announced on Aug. 6			FY2021 Forecasts announced on Nov. 12			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	133.2	10.7	10.8	128.0	11.0	11.0	(5.2)	0.3	0.2	-
Nonferrous Metals	409.0	31.7	38.5	450.0	34.0	42.0	41.0	2.3	3.5	- Rise in metal prices - Increase in volume of PGM recovered
Electronic Materials	175.0	5.3	6.3	191.0	5.5	6.4	16.0	0.2	0.1	-
Metal Processing	102.3	6.7	7.1	112.0	6.7	7.3	9.7	0.0	0.2	-
Heat Treatment	28.1	2.8	2.8	28.0	2.8	2.8	(0.1)	0.0	0.0	-
Other/ Eliminations	(67.6)	0.8	0.5	(69.0)	1.0	0.5	(1.4)	0.2	0.0	-
Total	780.0	58.0	66.0	840.0	61.0	70.0	60.0	3.0	4.0	

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

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

	FY2020 Results			FY2021 Forecasts announced on Nov. 12			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	128.0	11.0	11.0	10.3	2.5	2.3	- Increase in treatment volume for the waste treatment - Increase in orders in Southeast Asia - Profit contribution from new business
Nonferrous Metals	282.0	20.3	25.9	450.0	34.0	42.0	167.9	13.6	16.0	- Rise in metal prices - Increase in volume of PGM recovered
Electronic Materials	151.2	2.4	3.6	191.0	5.5	6.4	39.7	3.0	2.7	- Commencement of mass production of Short-Wavelength-Infrared LEDs - Increase in sales of Silver powder
Metal Processing	77.8	4.3	4.6	112.0	6.7	7.3	34.1	2.3	2.6	- Recovery in demand for automobile-related products and services
Heat Treatment	23.1	0.7	0.8	28.0	2.8	2.8	4.8	2.0	1.9	- Recovery in demand for automobile-related products and services
Other/ Eliminations	(63.9)	1.0	(6.5)	(69.0)	1.0	0.5	(5.0)	(0.0)	7.0	- Forecasts does not include the results and forecasts of Fujita Kanko Inc.
Total	588.0	37.4	37.2	840.0	61.0	70.0	251.9	23.5	32.8	

# Assumptions and Sensitivities (FY2021 H2)

Sensitivity (Operating Income / H2)			Million yen
	Assumptions	Fluctuation	Sensitivity
Exchange rate	110.0 ¥ / \$	±1 ¥ / \$	<b>320</b>
Copper	9,300 \$ / t	±100 \$ / t	<b>20</b>
Zinc	3,000 \$ / t	±100 \$ / t	<b>220</b>
Indium	230 \$ / kg	±10 \$ / kg	<b>20</b>

\* Exchange rate sensitivity; Nonferrous Metals 270 million yen and Electronic Materials 50 million yen.

## Exchange Rate and Metal Prices

	FY2020			FY2021				Ref. Oct. 2021 averages
	H1 averages	H2 averages	Full year averages	H1 assumptions	H1 averages	H2 assumptions	Full year averages	
Exchange rate: (¥/\$)	106.9	105.2	106.1	109.7	109.8	110.0	109.9	113.1
Copper: (\$/t)	5,931	7,826	6,879	9,355	9,541	9,300	9,421	9,779
Zinc: (\$/t)	2,150	2,689	2,419	2,858	2,954	3,000	2,977	3,370
Indium: (\$/kg)	147	185	166	194	204	230	217	258

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.)

	FY2018			FY2019			FY2020			FY2021 H1			FY2021 Full Year		
	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	Capital investment & loan	R&D investment	Total
Environmental Management & Recycling	6.6	0.3	7.0	20.6	0.3	21.0	18.1	0.4	18.5	4.6	0.2	4.9	11.0	0.5	11.5
Nonferrous Metals	26.4	1.3	27.7	7.4	0.9	8.3	7.1	0.6	7.7	3.8	0.4	4.3	11.4	1.4	12.8
Electronic Materials	3.8	3.9	7.7	2.8	4.3	7.2	5.9	4.2	10.2	2.9	2.0	4.9	7.5	4.5	12.1
Metal Processing	5.9	0.7	6.7	6.2	0.6	6.8	3.7	0.7	4.5	2.1	0.3	2.5	4.3	0.7	5.1
Heat Treatment	5.4	0.2	5.6	4.3	0.1	4.5	1.6	0.2	1.8	0.7	0.1	0.9	2.1	0.2	2.3
Companywide, Other	1.0	(0.1)	0.8	1.1	(0.1)	1.0	2.6	0.0	2.5	0.7	0.1	0.8	1.3	0.2	1.5
Total	49.3	6.3	55.7	42.6	6.3	49.0	39.2	6.3	45.5	15.1	3.3	18.5	37.9	7.7	45.6

## (Ref.) Depreciation Expenses

\* R&D investment in Nonferrous Metals segment includes investment in mining development.

	FY2018	FY2019	FY2020	FY2021 H1	FY2021 Full Year
Environmental Management & Recycling	5.3	5.4	5.8	3.4	7.7
Nonferrous Metals	4.1	4.2	4.4	2.1	5.0
Electronic Materials	2.8	3.1	2.9	1.8	4.7
Metal Processing	2.7	3.0	3.2	1.5	3.6
Heat Treatment	2.3	2.5	2.6	1.2	2.5
Companywide, Other	1.1	0.8	0.8	0.3	1.0
Total	18.6	19.2	20.0	10.6	24.8

### ■ Major capital investment projects in FY2021

Environmental Management & Recycling:

Construct an incinerator in Indonesia

Nonferrous Metals:

Maintenance of smelting facilities

Electronics Materials:

Build facilities for mass production of Short-Wavelength Infrared LEDs

Metal Processing:

Enhance the Copper alloy strips manufacturing facilities

# 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	-	-	-
	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	-	-	-
	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	-	-	-
	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	-	-	-
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	-	-	-
	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	-	-	-
	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	-	-	-
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	-	-	-
	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	-	-	-
	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	-	-	-
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	-	-	-
	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	-	-	-
	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	-	-	-
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	-	-	-
	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	-	-	-
	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	-	-	-
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	-	-	-
	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	-	-	-
	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	-	-	-
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)	-	-	-
	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	-	-	-
	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)	-	-	-

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

# 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.