

Fiscal 2021 First Quarter Supplementary Information

August 6, 2021

DOWA HOLDINGS CO.,LTD.

Operating Results

■ Consolidated Income Statements

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

	FY2020		FY2021		Changes			
	1Q Results	Full Year Results	1Q Results	Full Year Forecasts	1Q		Full Year	
Net Sales	115.4	588.0	207.9	780.0	92.5	80%	191.9	33%
Operating Income	4.9	37.4	19.6	58.0	14.7	299%	20.5	55%
Ordinary Income	3.3	37.2	28.2	66.0	24.8	737%	28.8	77%
Profit attributable to owners of parent	0.1	21.8	19.9	42.0	19.7	10453%	20.1	92%

* Regarding the FY2021 Full Year Forecasts, the Company announced "Notice of Revisions of Financial Forecasts" today.

■ Exchange Rate and Metal Prices

	FY2020		FY2021			
	1Q averages	Full year averages	1Q assumptions	1Q averages	2Q-4Q assumptions	Full year averages
Exchange Rate: (¥/\$)	107.6	106.1	108.0	109.5	110.0	109.9
Copper: (\$/t)	5,341	6,879	8,500	9,711	9,000	9,178
Zinc: (\$/t)	1,959	2,419	2,500	2,916	2,800	2,829
Indium: (\$/kg)	146	166	180	198	190	192

Business Environment (FY2021.1Q)

➤ Waste treatment- and recycling-related business

Orders for waste treatment in Japan were firm.

Collection volume of raw materials for recycling was on a par with the same period of the previous year.

Treatment volume increased for the recycling of consumer electronics.

➤ Automobile-related market

As automobile production volume has continued to recover since 2Q2020. Sales of automobile-related products and services will be strong.

➤ New forms of energy- and electronic components-related business

New forms of energy: Demand remains firm.

Electronic components: Demand 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 and the average price of precious metals and base metals such as zinc and copper increased.

Trends in Major Products

Indexes (100 for FY2020 1Q)

		FY2020				FY2021
		1Q	2Q	3Q	4Q	1Q
Environmental Management & Recycling	Waste treatment volume in Japan	100	96	102	92	102
	Recycling materials collection volume (for Kosaka smelting & refining)	100	93	84	82	103
	Net sales of waste treatment in the South East Asia Business	100	85	81	94	94
Nonferrous Metals	Copper production volume (Total of 2 smelters, Kosaka and Onahama)	100	90	98	90	85
	Zinc production volume	100	72	111	102	106
Electronic Materials	LEDs sales volume	100	105	98	98	93
	Silver powder sales volume	100	114	112	112	96
Metal Processing	Copper alloy strips sales volume	100	116	155	155	152
Heat Treatment	Net sales in the Heat Treatment Processing Business	100	152	190	199	190
	Net sales in the Industrial Furnaces Business	100	131	82	170	80

Year-on-Year Comparison by Segment

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

	FY2020 1Q Results			FY2021 1Q Results			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	27.7	1.8	2.1	33.8	3.1	3.0	6.0	1.2	0.8
Nonferrous Metals	60.4	3.4	3.3	118.2	12.8	14.7	57.7	9.3	11.3
Electronic Materials	23.8	0.6	1.0	43.9	1.0	1.3	20.0	0.3	0.3
Metal Processing	14.9	(0.4)	(0.3)	26.4	2.1	2.2	11.4	2.5	2.6
Heat Treatment	3.9	(0.9)	(1.0)	5.8	0.3	0.4	1.9	1.2	1.4
Other/ Eliminations	(15.5)	0.2	(1.7)	(20.3)	0.1	6.4	(4.7)	(0.0)	8.2
Total	115.4	4.9	3.3	207.9	19.6	28.2	92.5	14.7	24.8

Factor Analysis of Ordinary Income

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

FY2021.1Q – FY2020.1Q	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Other/ Eliminations	Total
Effect of various initiatives, increase/ decrease in sales, etc.	1.6	2.4	0.5	2.7	1.2	(0.1)	8.4
Of the above, free metal income difference (difference in volume)	—	0.7	—	—	—	—	0.7
Free metal income difference (difference in metal prices)	—	6.4	—	—	—	—	6.4
Difference in foreign currency-based income due to exchange rate	—	0.1	0.0	—	—	—	0.1
Purchasing conditions of raw material (difference in base conditions)	—	0.5	—	—	—	—	0.5
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.	—	0.1	—	—	—	—	0.1
Depreciation in manufacturing cost	(0.4)	0.0	(0.2)	(0.1)	0.1	0.0	(0.6)
Increase/decrease in operating income	1.2	9.3	0.3	2.5	1.2	(0.0)	14.7
Effect of non-operating income/expenses							
- Equity method income or loss	(0.1)	2.5	0.0	0.0	—	8.2	10.6
- Others	(0.3)	(0.6)	(0.1)	0.1	0.2	0.1	(0.5)
Increase/decrease in ordinary income	0.8	11.3	0.3	2.6	1.4	8.2	24.8

FY2021 Full Year Forecasts

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

	FY2020 Results (A)	FY2021 Forecasts				Changes (C-A)	
		Announced on May. 14 (B)	Announced on Aug. 6 (C)	Changes (C-B)			
Net Sales	588.0	640.0	780.0	140.0	22%	191.9	33%
Operating Income	37.4	44.0	58.0	14.0	32%	20.5	55%
Ordinary Income	37.2	50.0	66.0	16.0	32%	28.8	77%
Profit attributable to owners of parent	21.8	30.0	42.0	12.0	40%	20.1	92%

In the business environment in 2Q and beyond, orders and sales of major products will continue to be firm. In the foreign exchange market and metal prices, the exchange rate will continue to be at the level of 110 yen per U.S. dollar, and metal prices will continue to be strong, as in 1Q, exceeding the assumptions used in the previous forecast announced on May 14, 2021.

As a result, H1 and full year consolidated financial forecast for the FY2021 is expected to exceed the previous forecasts, mainly in the Nonferrous Metals segment.

Regarding Fujita Kanko Inc., an equity method affiliate, the company has not been announced their earnings forecasts for the fiscal year ending December 31, 2021, therefore this forecast does not include their 1Q results and the forecasts for the current fiscal year.

FY2021 Full Year Forecasts by Segment (H1,H2)

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

	FY2021 H1 Forecasts			FY2021 H2 Forecasts			FY2021 Full Year Forecasts		
	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	67.5	4.7	5.0	133.2	10.7	10.8
Nonferrous Metals	206.0	20.3	24.5	203.0	11.4	14.0	409.0	31.7	38.5
Electronic Materials	92.0	2.7	3.3	83.0	2.6	3.0	175.0	5.3	6.3
Metal Processing	56.3	3.6	3.9	46.0	3.1	3.2	102.3	6.7	7.1
Heat Treatment	12.1	0.9	0.9	16.0	1.9	1.9	28.1	2.8	2.8
Other/ Eliminations	(35.0)	0.3	0.2	(32.6)	0.5	0.3	(67.6)	0.8	0.5
Total	397.1	33.8	38.6	382.9	24.2	27.4	780.0	58.0	66.0

FY2021 Full Year Forecasts by Segment (Year-on-Year Comparison)

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

	FY2020 Results			FY2021 Forecasts announced on Aug. 8			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental & Recycling	117.6	8.4	8.6	133.2	10.7	10.8	15.5	2.2	2.1
Nonferrous Metals	282.0	20.3	25.9	409.0	31.7	38.5	126.9	11.3	12.5
Electronic Materials	151.2	2.4	3.6	175.0	5.3	6.3	23.7	2.8	2.6
Metal Processing	77.8	4.3	4.6	102.3	6.7	7.1	24.4	2.3	2.4
Heat Treatment	23.1	0.7	0.8	28.1	2.8	2.8	4.9	2.0	1.9
Other/ Eliminations	(63.9)	1.0	(6.5)	(67.6)	0.8	0.5	(3.6)	(0.2)	7.0
Total	588.0	37.4	37.2	780.0	58.0	66.0	191.9	20.5	28.8

FY2021 Full Year Forecasts by Segment (Changes From Previous Forecasts)

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

	FY2021 Forecasts announced on May. 14			FY2021 Forecasts announced on Aug. 8			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental & Recycling	129.0	8.0	8.2	133.2	10.7	10.8	4.2	2.7	2.6
Nonferrous Metals	308.5	22.7	28.2	409.0	31.7	38.5	100.5	9.0	10.3
Electronic Materials	152.5	4.3	5.1	175.0	5.3	6.3	22.5	1.0	1.2
Metal Processing	83.4	5.5	5.6	102.3	6.7	7.1	18.9	1.2	1.5
Heat Treatment	28.2	2.5	2.3	28.1	2.8	2.8	(0.1)	0.3	0.5
Other/ Eliminations	(61.6)	1.0	0.6	(67.6)	0.8	0.5	(6.0)	(0.2)	(0.1)
Total	640.0	44.0	50.0	780.0	58.0	66.0	140.0	14.0	16.0

Assumptions and Sensitivities

Sensitivity (Operating Income / FY2021)			Million yen
	Assumptions	Fluctuation	Sensitivity
Exchange rate	110.0 ¥ / \$	±1 ¥ / \$	600
Copper	9,000 \$ / t	±100 \$ / t	400
Zinc	2,800 \$ / t	±100 \$ / t	420
Indium	190 \$ / kg	±10 \$ / kg	60

* Exchange rate sensitivity; Nonferrous Metals 480 million yen and Electronic Materials 120 million yen.

Exchange Rate and Metal Prices

	FY2020		FY2021				Ref. Jul. 2021 averages
	1Q averages	Full year averages	1Q assumptions	1Q averages	2Q-4Q assumptions	Full year averages	
Exchange rate: (¥/\$)	107.6	106.1	108.0	109.5	110.0	109.9	110.3
Copper: (\$/t)	5,341	6,879	8,500	9,711	9,000	9,178	9,434
Zinc: (\$/t)	1,959	2,419	2,500	2,916	2,800	2,829	2,943
Indium: (\$/kg)	146	166	180	198	190	192	190

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.)

		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	-	-	-	-
	Operating Income	6.8	4.1	6.5	8.3	25.9	4.9	7.6	11.1	13.7	37.4	19.6	-	-	-	-
	Ordinary Income	7.6	4.7	7.9	8.5	28.9	3.3	5.9	12.3	15.5	37.2	28.2	-	-	-	-
	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	-	-	-	-
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	-	-	-	-
	Operating Income	1.8	1.5	1.6	2.1	7.2	1.8	1.8	2.2	2.5	8.4	3.1	-	-	-	-
	Ordinary Income	1.5	1.5	1.8	1.8	6.9	2.1	1.2	2.4	2.8	8.6	3.0	-	-	-	-
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	-	-	-	-
	Operating Income	2.7	0.6	2.6	3.9	10.0	3.4	4.2	5.1	7.4	20.3	12.8	-	-	-	-
	Ordinary Income	3.5	1.1	3.5	3.9	12.2	3.3	5.2	7.3	9.9	25.9	14.7	-	-	-	-
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	-	-	-	-
	Operating Income	0.2	0.3	0.2	0.1	1.0	0.6	0.2	0.7	0.7	2.4	1.0	-	-	-	-
	Ordinary Income	0.5	0.6	0.6	0.5	2.4	1.0	0.6	0.9	1.0	3.6	1.3	-	-	-	-
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	-	-	-	-
	Operating Income	1.5	0.9	1.2	1.4	5.1	(0.4)	1.0	2.1	1.6	4.3	2.1	-	-	-	-
	Ordinary Income	1.5	0.9	1.2	1.4	5.1	(0.3)	1.0	2.1	1.7	4.6	2.2	-	-	-	-
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	-	-	-	-
	Operating Income	0.2	0.3	0.3	0.2	1.2	(0.9)	0.2	0.6	0.8	0.7	0.3	-	-	-	-
	Ordinary Income	0.2	0.3	0.3	0.3	1.2	(1.0)	0.3	0.5	1.0	0.8	0.4	-	-	-	-
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)	-	-	-	-
	Operating Income	0.2	0.2	0.3	0.5	1.3	0.2	0.0	0.2	0.4	1.0	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	-	-	-	-

■ 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	-	-	-	-
Copper: (\$/t)	6,114	5,798	5,888	5,638	5,860	5,341	6,521	7,174	8,479	6,879	9,711	-	-	-	-
Zinc: (\$/t)	2,763	2,345	2,384	2,128	2,405	1,959	2,340	2,631	2,748	2,419	2,916	-	-	-	-
Indium: (\$/kg)	173	155	150	148	156	146	148	174	197	166	198	-	-	-	-

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* 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.