

Fiscal 2020 Supplementary Information

May 14, 2021

DOWA HOLDINGS CO.,LTD.

Operating Results

■ Consolidated Income Statements

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

	FY2019			FY2020			Changes		
	H1	H2	Full Year	H1	H2	Full Year	H1	H2	Full Year
Net Sales	230.7	254.3	485.1	252.4	335.5	588.0	21.6	81.1	102.8
Operating Income	11.0	14.8	25.9	12.6	24.8	37.4	1.5	9.9	11.4
Ordinary Income	12.4	16.5	28.9	9.3	27.8	37.2	(3.1)	11.3	8.2
Profit attributable to owners of parent	7.9	9.4	17.3	1.6	20.2	21.8	(6.3)	10.7	4.4

■ Exchange Rate and Metal Prices

	FY2019			FY2020		
	H1 averages	H2 averages	Full year averages	H1 averages	H2 averages	Full year averages
Exchange Rate: (¥/\$)	108.6	108.8	108.7	106.9	105.2	106.1
Copper: (\$/t)	5,956	5,763	5,860	5,931	7,826	6,879
Zinc: (\$/t)	2,554	2,256	2,405	2,150	2,689	2,419
Indium: (\$/kg)	164	149	156	147	185	166

Business Environment (FY2020)

➤ Waste treatment- and recycling-related business

Orders for waste treatment in Japan were firm.

Orders for waste treatment declined from the year-ago levels in Indonesia and Thailand.

➤ Automobile-related market

Sales began to recover in the second quarter of FY2020, and the recovery continued after the third quarter.

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

New forms of energy: The firm performance continued.

Electronic components: Demand for the Fifth Generation Mobile Communications (5G) increased.

➤ Exchange rates and Metal prices

Compared to the previous fiscal year, the average exchange rate was an appreciation of the yen against the dollar and the average prices of precious metals and base metals, such as Zinc and Copper, have risen.

Trends in Major Products

Indexes (100 for FY2019 1Q)

		FY2019				FY2020			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Environmental Management & Recycling	Waste treatment volume in Japan	100	89	94	90	92	88	94	85
	Recycling materials collection volume (for Kosaka smelting & refining)	100	106	107	101	107	100	91	88
	Net sales of waste treatment in the South East Asia Business	100	97	98	110	102	86	83	96
Nonferrous Metals	Copper production volume (Total of 2 smelters, Kosaka and Onahama)	100	94	90	110	100	90	98	90
	Zinc production volume	100	69	93	90	89	64	99	91
Electronic Materials	LEDs sales volume	100	122	106	110	124	130	122	121
	Silver powder sales volume	100	116	123	127	107	122	120	120
Metal Processing	Copper alloy strips sales volume	100	103	104	96	71	82	111	110
Heat Treatment	Net sales in the Heat Treatment Processing Business	100	102	104	99	56	85	107	112
	Net sales in the Industrial Furnaces Business	100	117	102	110	64	83	52	108

Year-on-Year Comparison by Segment

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

	FY2019 Results			FY2020 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	112.1	7.2	6.9	117.6	8.4	8.6	5.4	1.2	1.7	<ul style="list-style-type: none"> - Rise in unit prices for the waste treatment - Increase in the recycling volume of consumer electronics - Decrease in orders in Southeast Asia
Nonferrous Metals	227.2	10.0	12.2	282.0	20.3	25.9	54.7	10.3	13.7	<ul style="list-style-type: none"> - Rise in precious metal prices - Improvement of purchase conditions for raw materials - Increase in the volume of PGM recovered
Electronic Materials	98.2	1.0	2.4	151.2	2.4	3.6	53.0	1.4	1.2	<ul style="list-style-type: none"> - Growth in sales of LEDs and Silver powder - Decline in sales of Magnetic powder
Metal Processing	82.3	5.1	5.1	77.8	4.3	4.6	(4.5)	(0.7)	(0.5)	<ul style="list-style-type: none"> - Fall in demand for automobile-related products and services
Heat Treatment	27.9	1.2	1.2	23.1	0.7	0.8	(4.8)	(0.4)	(0.4)	<ul style="list-style-type: none"> - Fall in demand for automobile-related products and services
Other/ Eliminations	(62.8)	1.3	1.0	(63.9)	1.0	(6.5)	(1.0)	(0.3)	(7.5)	<ul style="list-style-type: none"> - Deterioration of the business performance of equity method affiliates
Total	485.1	25.9	28.9	588.0	37.4	37.2	102.8	11.4	8.2	

Factor Analysis of Ordinary Income

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

FY2020 – FY2019	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	1.3	1.2	(0.5)	(0.3)	(0.3)	2.9
Of the above, free metal income difference (difference in volume)	—	(0.2)	—	—	—	—	(0.2)
Free metal income difference (difference in metal prices)	—	8.6	—	—	—	—	8.6
Difference in foreign currency-based income due to exchange rate	—	(0.8)	0.0	—	—	—	(0.8)
Purchasing conditions of raw material (difference in base conditions)	—	2.2	—	—	—	—	2.2
Difference between the market value and book value at sale, and between market value and valuation prices at end of period	—	(2.0)	—	—	—	—	(2.0)
Electricity charges, etc.	—	1.2	—	—	—	—	1.2
Depreciation in manufacturing cost	(0.3)	(0.2)	0.1	(0.2)	(0.1)	0.0	(0.7)
Increase/decrease in operating income	1.2	10.3	1.4	(0.7)	(0.4)	(0.3)	11.4
Effect of non-operating income/expenses							
- Equity method income or loss	0.1	1.4	0.0	0.0	—	(7.0)	(5.4)
- Others	0.3	1.9	(0.1)	0.1	0.0	(0.2)	2.1
Increase/decrease in ordinary income	1.7	13.7	1.2	(0.5)	(0.4)	(7.5)	8.2

Changes From Previous Forecasts by Segment

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

	FY2020 Forecasts announced on Mar 22			FY2020 Results			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	116.6	8.0	8.1	117.6	8.4	8.6	1.0	0.4	0.5
Nonferrous Metals	278.5	20.4	24.8	282.0	20.3	25.9	3.5	(0.0)	1.1
Electronic Materials	150.2	2.5	3.6	151.2	2.4	3.6	1.0	(0.0)	0.0
Metal Processing	77.3	4.2	4.4	77.8	4.3	4.6	0.5	0.1	0.2
Heat Treatment	23.7	1.0	0.8	23.1	0.7	0.8	(0.5)	(0.2)	0.0
Other/ Eliminations	(63.5)	1.0	(6.7)	(63.9)	1.0	(6.5)	(0.4)	0.0	0.1
Total	582.8	37.1	35.0	588.0	37.4	37.2	5.2	0.3	2.2

Consolidated Balance Sheets

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

	Mar. 31, 2020	Mar. 31, 2021	Changes		Mar. 31, 2020	Mar. 31, 2021	Changes
Current Assets	242.1	326.9	84.8	Current Liabilities	156.7	226.8	70.1
				Noncurrent Liabilities	97.4	94.8	(2.6)
Noncurrent Assets	270.3	271.4	1.1	Equity	248.0	265.7	17.6
				Non-Controlling Interests	10.1	11.0	0.8
Total Assets	512.4	598.4	85.9	Total Liabilities and Net Assets	512.4	598.4	85.9
				Interest-bearing debt	134.0	153.9	19.8
				Equity ratio (%)	48.4	44.4	(4.0)
				ROA (%)	5.8	6.7	0.9
				ROE (%)	7.2	8.5	1.3

- As a result of inventories increment due to metal prices rising, current assets increased. Then total assets at the end of the current fiscal year increased by 85.9 billion yen from the end of the same period of the previous year to 598.4 billion yen.
- Due to the above demand for funds, interest-bearing debt at the end of the current fiscal year increased to 153.9 billion yen.
- Both ROA and ROE increased from the end of the previous fiscal year due to the year-on-year increase in profits.

Consolidated Statements of Cash Flows

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

	FY2019	FY2020	Changes
Cash Flows from Operating Activities	55.1	(3.0)	(58.2)
Profit before income taxes	28.7	38.8	10.0
Depreciation and amortization	19.7	20.5	0.7
Income taxes (paid) refund	(5.4)	(14.4)	(9.0)
Inventories	4.3	(89.5)	(93.8)
Other, net	7.6	41.5	33.8
Cash Flows from Investing Activities	(37.8)	(22.9)	14.8
Acquisition of property, plant and equipment	(36.1)	(35.0)	1.1
Other investments	(1.6)	12.0	13.7
Cash Flows from Financing Activities	(6.5)	11.5	18.1
Total	10.7	(14.4)	(25.1)

FY2021 Full Year Forecasts

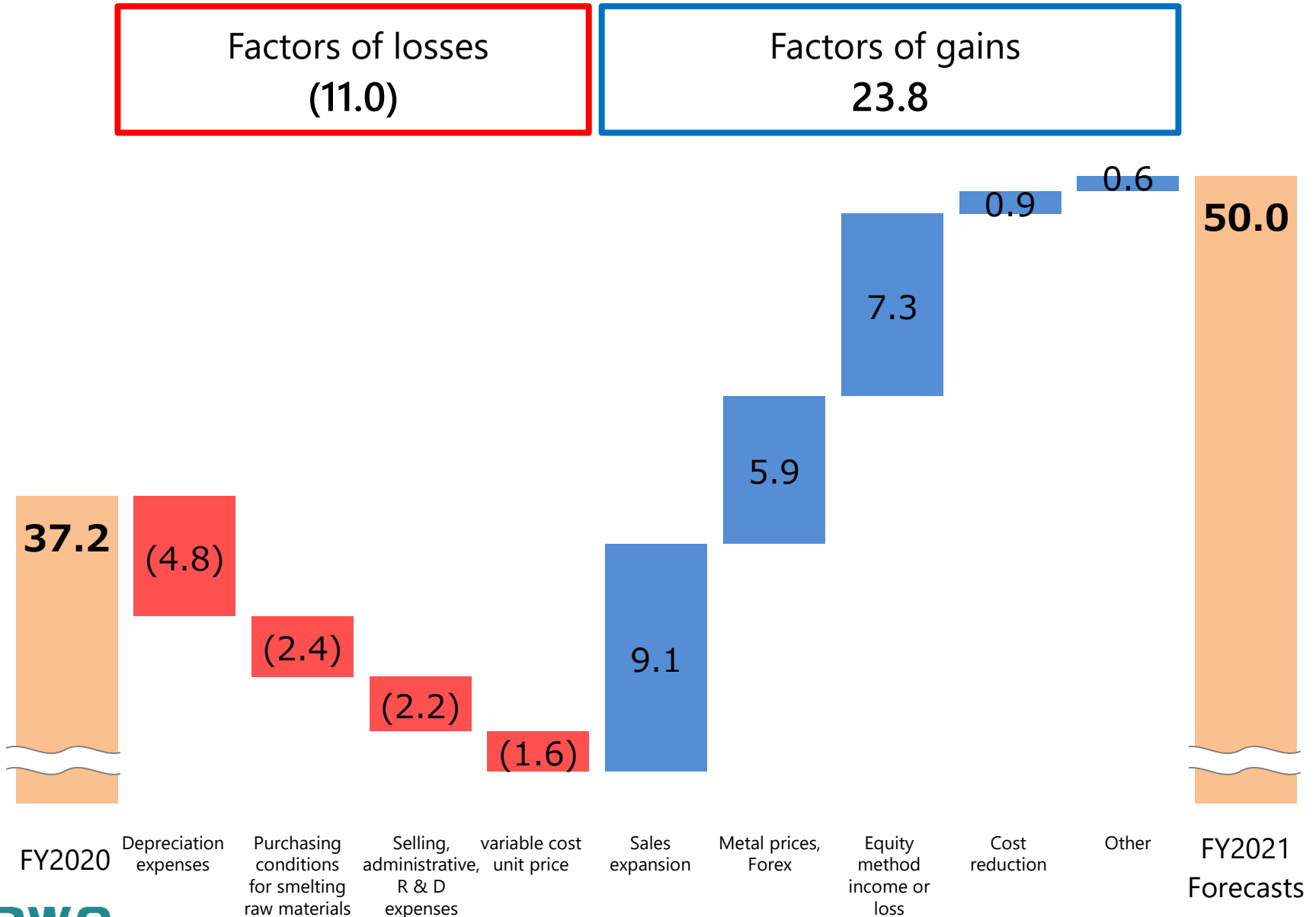
Billion yen (Amounts less than 100 million yen are omitted.)

	FY2020 Results	FY2021 Forecasts	Changes	
Net Sales	588.0	640.0	51.9	9%
Operating Income	37.4	44.0	6.5	17%
Ordinary Income	37.2	50.0	12.8	34%
Profit attributable to owners of parent	21.8	30.0	8.1	37%

- We plan to increase sales and profits year-on-year in consideration of the recovery in demand for automobile-related products and services that were affected by the COVID-19 pandemic, and strong nonferrous metals market environment.
- Regarding Fujita Kanko Inc., an equity method affiliate, the company has not been announced their earnings forecasts for the fiscal year ending December 2021, therefore this forecasts does not include the earnings of Fujita Kanko Inc.

Factor Analysis of Ordinary Income

Billion yen



Year-on-Year Comparison by Segment

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

	FY2020 Results			FY2021 Forecasts			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	129.0	8.0	8.2	11.3	(0.4)	(0.4)
Nonferrous Metals	282.0	20.3	25.9	308.5	22.7	28.2	26.4	2.3	2.2
Electronic Materials	151.2	2.4	3.6	152.5	4.3	5.1	1.2	1.8	1.4
Metal Processing	77.8	4.3	4.6	83.4	5.5	5.6	5.5	1.1	0.9
Heat Treatment	23.1	0.7	0.8	28.2	2.5	2.3	5.0	1.7	1.4
Other/ Eliminations	(63.9)	1.0	(6.5)	(61.6)	1.0	0.6	2.3	(0.0)	7.1
Total	588.0	37.4	37.2	640.0	44.0	50.0	51.9	6.5	12.8

Assumptions and Sensitivities (FY2021)

Sensitivity (Operating Income / FY2021)			Million yen
	Assumptions	Fluctuation	Sensitivity
Exchange rate	108.0 円 / \$	±1 円 / \$	600
Copper	8,500 \$ / t	±100 \$ / t	40
Zinc	2,500 \$ / t	±100 \$ / t	420
Indium	180 \$ / 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. Apr. 2021 averages
	H1 averages	H2 averages	Full year averages	H1 assumptions	H2 assumptions	Full year averages	
Exchange rate: (¥/\$)	106.9	105.2	106.1	108.0	108.0	108.0	109.1
Copper: (\$/t)	5,931	7,826	6,879	8,500	8,500	8,500	9,336
Zinc: (\$/t)	2,150	2,689	2,419	2,500	2,500	2,500	2,827
Indium: (\$/kg)	147	185	166	180	180	180	201

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 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	6.6	0.3	7.0	20.6	0.3	21.0	18.1	0.4	18.5	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	11.4	1.4	12.8
Electronics Materials	3.8	3.9	7.7	2.8	4.3	7.2	5.9	4.2	10.2	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	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	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	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	37.9	7.7	45.6

(Ref.) Depreciation Expenses

	FY2018	FY2019	FY2020	FY2021 Forecasts
Environmental Management & Recycling	5.3	5.4	5.8	7.7
Nonferrous Metals	4.1	4.2	4.4	5.0
Electronics Materials	2.8	3.1	2.9	4.7
Metal Processing	2.7	3.0	3.2	3.6
Heat Treatment	2.3	2.5	2.6	2.5
Companywide, Other	1.1	0.8	0.8	1.0
Total	18.6	19.2	20.0	24.8

■ Major capital investment projects in fiscal 2021

Environmental Management & Recycling:
Construction of an incinerator in Indonesia

Nonferrous Metals:
Maintenance of smelting facilities

Electronics Materials:
Construct facilities for mass production of Short-Wavelength Infrared LEDs.

Metal Processing:
Equipment expansion of Copper alloy strips manufacturing facilities

Ref. Historical Data

■ Consolidated financial data

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

		FY2018					FY2019					FY2020				
		1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Total	Net Sales	115.1	106.6	114.5	116.5	452.9	116.2	114.5	121.9	132.3	485.1	115.4	137.0	151.1	184.4	588.0
	Operating Income	6.9	2.4	3.4	5.9	18.6	6.8	4.1	6.5	8.3	25.9	4.9	7.6	11.1	13.7	37.4
	Ordinary Income	8.5	4.2	4.0	7.3	24.3	7.6	4.7	7.9	8.5	28.9	3.3	5.9	12.3	15.5	37.2
	Profit attributable to owners of parent	6.0	2.8	1.7	4.2	14.9	4.8	3.0	5.5	3.9	17.3	0.1	1.4	6.8	13.3	21.8
Environmental Management & Recycling	Net Sales	26.3	24.8	25.2	27.8	104.4	25.8	27.6	28.2	30.3	112.1	27.7	28.7	29.0	31.9	117.6
	Operating Income	1.7	1.0	1.6	1.2	5.6	1.8	1.5	1.6	2.1	7.2	1.8	1.8	2.2	2.5	8.4
	Ordinary Income	1.9	1.3	1.6	1.3	6.2	1.5	1.5	1.8	1.8	6.9	2.1	1.2	2.4	2.8	8.6
Nonferrous Metals	Net Sales	58.7	50.6	54.8	57.5	221.6	58.1	49.7	56.8	62.6	227.2	60.4	63.5	69.3	88.7	282.0
	Operating Income	1.6	(1.4)	(1.6)	2.0	0.5	2.7	0.6	2.6	3.9	10.0	3.4	4.2	5.1	7.4	20.3
	Ordinary Income	2.8	(0.1)	(1.1)	3.1	4.6	3.5	1.1	3.5	3.9	12.2	3.3	5.2	7.3	9.9	25.9
Electronic Materials	Net Sales	17.7	15.5	17.0	14.6	64.9	19.3	24.4	26.9	27.5	98.2	23.8	38.5	41.2	47.6	151.2
	Operating Income	1.1	0.4	0.3	0.2	2.1	0.2	0.3	0.2	0.1	1.0	0.6	0.2	0.7	0.7	2.4
	Ordinary Income	1.3	0.7	0.4	0.4	3.1	0.5	0.6	0.6	0.5	2.4	1.0	0.6	0.9	1.0	3.6
Metal Processing	Net Sales	23.0	22.9	23.3	22.6	92.0	21.1	20.3	20.3	20.4	82.3	14.9	16.1	22.0	24.6	77.8
	Operating Income	1.6	1.4	1.9	1.2	6.2	1.5	0.9	1.2	1.4	5.1	(0.4)	1.0	2.1	1.6	4.3
	Ordinary Income	1.7	1.4	1.9	1.2	6.4	1.5	0.9	1.2	1.4	5.1	(0.3)	1.0	2.1	1.7	4.6
Heat Treatment	Net Sales	6.3	7.2	7.9	8.0	29.7	6.7	7.2	6.9	7.0	27.9	3.9	5.7	5.8	7.6	23.1
	Operating Income	0.4	0.7	0.7	0.4	2.4	0.2	0.3	0.3	0.2	1.2	(0.9)	0.2	0.6	0.8	0.7
	Ordinary Income	0.5	0.7	0.8	0.4	2.5	0.2	0.3	0.3	0.3	1.2	(1.0)	0.3	0.5	1.0	0.8
Other/ Eliminations	Net Sales	(17.1)	(14.5)	(13.9)	(14.2)	(59.9)	(15.0)	(14.8)	(17.4)	(15.5)	(62.8)	(15.5)	(15.6)	(16.4)	(16.1)	(63.9)
	Operating Income	0.2	0.1	0.3	0.6	1.4	0.2	0.2	0.3	0.5	1.3	0.2	0.0	0.2	0.4	1.0
	Ordinary Income	0.1	0.0	0.3	0.7	1.2	0.1	0.1	0.3	0.4	1.0	(1.7)	(2.5)	(1.0)	(1.2)	(6.5)

■ Exchange Rate and Metal Prices

	FY2018 (averages)					FY2019 (averages)					FY2020 (averages)				
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Exchange Rate: (¥/\$)	109.1	111.5	112.9	110.2	110.9	109.9	107.4	108.8	108.9	108.7	107.6	106.2	104.5	105.9	106.1
Copper: (\$/t)	6,872	6,103	6,168	6,220	6,341	6,114	5,798	5,888	5,638	5,860	5,341	6,521	7,174	8,479	6,879
Zinc: (\$/t)	3,114	2,534	2,630	2,704	2,746	2,763	2,345	2,384	2,128	2,405	1,959	2,340	2,631	2,748	2,419
Indium: (\$/kg)	307	266	233	210	254	173	155	150	148	156	146	148	174	197	166

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.