

Fiscal 2023 Third Quarter Supplementary Information

February 9, 2024

DOWA HOLDINGS CO.,LTD.

Operating Results

■ Consolidated Income Statements

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

	FY2022		FY2023		Changes			
	3Q Results	Full Year Results	3Q Results	Full Year Forecasts	3Q		Full Year	
Net Sales	592.9	780.0	551.6	705.0	(41.2)	(7%)	(75.0)	(10%)
Operating Income	36.7	44.6	22.6	23.0	(14.0)	(38%)	(21.6)	(48%)
Ordinary Income	45.3	55.5	33.1	35.0	(12.2)	(27%)	(20.5)	(37%)
Profit attributable to owners of parent	27.2	25.0	24.0	23.0	(3.2)	(12%)	(2.0)	(8%)

* Full Year forecasts for FY2023 remain unchanged from those announced on Nov. 10, 2023.

■ Exchange Rate and Metal Prices

	FY2022			FY2023			
	H1 averages	3Q averages	1Q-3Q averages	H1 averages	3Q averages	1Q-3Q averages	4Q assumptions
Exchange Rate: (¥/\$)	134.0	141.6	136.5	141.0	147.9	143.3	146.0
Copper: (\$/t)	8,634	8,006	8,425	8,417	8,169	8,334	7,900
Zinc: (\$/t)	3,597	3,004	3,399	2,484	2,498	2,489	2,400
Indium: (\$/kg)	235	204	224	219	235	224	240

Business Environment (FY2023 3Q)

Waste treatment- and recycling-related business

- Orders for waste treatment in Japan were firm.
- Collection volume of raw materials for recycling was increased.
- The treatment volume for the recycling of consumer electronics was decreased.

Automobile-related market

- Orders for automobile-related products and services increased as automobile production was firm.

New forms of energy-related business

- Sales of Silver powder increased due to strong demand for solar panels.

Electronic components-related business

- Sales of Copper rolled products for information/communication-related products decreased due to the slowdown of China market.

Exchange rates and Metal prices

- Compared to the same period of the previous year, the average exchange rate of the yen weakened against the U.S. dollar.
- The average price of zinc and PGMs decreased.

Energy and Material cost

- Compared to the same period of the previous year, the cost of electricity has increased on account of rising in the energy prices.

Trends in Major Products

Indexes (100 for FY2022 1Q)

		FY2022				FY2023		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q
Environmental Management & Recycling	Waste treatment volume in Japan	100	88	96	89	102	95	93
	Recycling materials collection volume (for Kosaka smelting & refining)	100	106	111	102	112	103	114
	Net sales of waste treatment in the Southeast Asia Business	100	103	116	120	104	93	102
Nonferrous Metals	Copper production volume (Total of 2 smelters, Kosaka and Onahama)	100	89	88	108	90	7	11
	Zinc production volume	100	71	106	101	96	55	102
Electronic Materials	LEDs sales volume	100	77	68	45	55	67	54
	Silver powder sales volume	100	70	70	62	73	86	110
Metal Processing	Copper alloy strips sales volume	100	96	98	91	84	93	102
Heat Treatment	Net sales in the Heat Treatment Processing Business	100	104	113	110	111	121	125
	Net sales in the Industrial Furnaces Business	100	140	164	247	100	156	151

Year-on-Year Comparison by Segment (FY2023 3Q)

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

	FY2022 3Q Results			FY2023 3Q Results			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	110.3	8.9	9.4	111.5	8.4	8.8	1.2	(0.4)	(0.5)
Nonferrous Metals	329.6	18.3	26.1	255.2	6.5	13.3	(74.3)	(11.7)	(12.7)
Electronic Materials	108.3	3.5	4.6	138.7	1.1	2.5	30.3	(2.3)	(2.1)
Metal Processing	87.7	4.3	4.5	86.0	3.9	4.1	(1.7)	(0.4)	(0.4)
Heat Treatment	21.0	0.8	1.2	23.0	1.5	2.1	2.0	0.7	0.8
Other/ Eliminations	(64.1)	0.6	(0.6)	(62.9)	0.8	2.1	1.1	0.2	2.7
Total	592.9	36.7	45.3	551.6	22.6	33.1	(41.2)	(14.0)	(12.2)

Factor Analysis of Ordinary Income

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

FY2023.H3 – FY2022.H3	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Other/ Eliminations	Total
Effect of various initiatives, increase/ decrease in sales, etc.	1.0	(4.1)	(2.1)	0.1	1.4	(0.1)	(3.7)
Of the above, free metal income difference (difference in volume)	—	(0.4)	—	—	—	—	(0.4)
Free metal income difference (difference in metal prices)	—	(10.6)	—	—	—	—	(10.6)
Difference in foreign currency-based income due to exchange rate	—	1.8	0.5	—	—	—	2.3
Purchasing conditions of raw material (difference in base conditions)	—	1.3	—	—	—	—	1.3
Difference between the market value and book value at sale, and between market value and valuation prices at end of period	—	6.5	—	(0.2)	—	—	6.3
Electricity charges	—	(3.9)	—	—	—	—	(3.9)
Manufacturing cost (depreciation, etc.), selling, general and administrative expenses, development and research expenses	(1.5)	(2.7)	(0.6)	(0.3)	(0.6)	0.3	(5.7)
Increase/decrease in operating income	(0.4)	(11.7)	(2.3)	(0.4)	0.7	0.2	(14.0)
Effect of non-operating income/expenses							
- Equity method income or loss	(0.3)	0.1	(0.0)	0.0	—	2.5	2.3
- Others	0.2	(1.0)	0.3	(0.0)	0.1	(0.0)	(0.4)
Increase/decrease in ordinary income	(0.5)	(12.7)	(2.1)	(0.4)	0.8	2.7	(12.2)

FY2023 Full Year Forecasts

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

	FY2022 Results	FY2023 Forecasts	Changes	
Net Sales	780.0	705.0	(75.0)	(10%)
Operating Income	44.6	23.0	(21.6)	(48%)
Ordinary Income	55.5	35.0	(20.5)	(37%)
Profit attributable to owners of parent	25.0	23.0	(2.0)	(8%)

The business prospects are expected to keep steady in line with the forecasts announced on November 10, 2023, therefore the full year forecasts remains unchanged.

Year-on-Year Comparison by Segment (FY2023 Full Year)

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

	FY2022 Results			FY2023 Forecasts announced on Nov. 10, 2023			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	148.0	11.1	11.9	147.0	9.8	10.5	(1.0)	(1.3)	(1.4)
Nonferrous Metals	433.6	22.7	33.1	317.0	4.9	11.8	(116.6)	(17.8)	(21.3)
Electronic Materials	138.2	2.9	4.5	170.0	0.6	2.7	31.7	(2.3)	(1.8)
Metal Processing	116.1	5.3	5.5	116.0	4.5	4.9	(0.1)	(0.8)	(0.6)
Heat Treatment	30.1	1.4	1.8	33.0	2.3	2.9	2.8	0.8	1.0
Other/ Eliminations	(86.1)	0.9	(1.5)	(78.0)	0.9	2.2	8.1	(0.0)	3.7
Total	780.0	44.6	55.5	705.0	23.0	35.0	(75.0)	(21.6)	(20.5)

* Full Year forecasts for FY2023 remain unchanged from those announced on Nov. 10, 2023.

FY2023 Full Year Forecasts by Segment

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

	FY2023 H1 Results			FY2023 H2 Forecasts			FY2023 Forecasts		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	72.7	5.5	5.9	74.2	4.2	4.5	147.0	9.8	10.5
Nonferrous Metals	185.2	4.8	9.5	131.7	0.0	2.2	317.0	4.9	11.8
Electronic Materials	83.9	0.5	1.7	86.0	0.0	0.9	170.0	0.6	2.7
Metal Processing	55.0	1.9	2.1	60.9	2.5	2.7	116.0	4.5	4.9
Heat Treatment	14.8	0.8	1.3	18.1	1.4	1.5	33.0	2.3	2.9
Other/ Eliminations	(41.0)	0.4	1.1	(36.9)	0.4	1.0	(78.0)	0.9	2.2
Total	370.7	14.2	21.8	334.2	8.7	13.1	705.0	23.0	35.0

* H2 and Full Year forecasts for FY2023 remain unchanged from those announced on Nov. 10, 2023.

Assumptions and Sensitivities (FY2023 4Q)

Sensitivity (Operating Income / 4Q)			Million yen
	Assumptions	Fluctuation	Sensitivity
Exchange rate	146.0 ¥ / \$	±1 ¥ / \$	100
Copper	7,900 \$ / t	±100 \$ / t	10
Zinc	2,400 \$ / t	±100 \$ / t	130
Indium	240 \$ / kg	±10 \$ / kg	10

* Exchange rate sensitivity; Nonferrous Metals 80 million yen and Electronic Materials 20 million yen.

Exchange Rate and Metal Prices

	FY2022			FY2023			Ref. Jan. 2024 averages
	1Q-3Q averages	4Q averages	Full year averages	1Q-3Q averages	4Q assumptions	Full year averages	
Exchange rate: (¥/\$)	136.5	132.3	135.5	143.3	146.0	144.0	146.6
Copper: (\$/t)	8,425	8,930	8,551	8,334	7,900	8,226	8,344
Zinc: (\$/t)	3,399	3,130	3,332	2,489	2,400	2,467	2,521
Indium: (\$/kg)	224	209	221	224	240	228	230

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

	FY2022 ①	FY2023		
		Previous Forecasts (Announced on May 12, 2023) ②	Revised Forecasts ③	Changes (③ - ②)
Ordinary dividends	105 yen	110 yen	130 yen	+20 yen
Special dividends	25 yen	-	-	-
Annual dividends	130 yen	110 yen	130 yen	+20 yen

Based on the policy of stable dividends and increased shareholder returns, the Company has revised its annual dividends for the fiscal year ending March 31, 2024, to 130 yen per share, an increase of 20 yen from the dividends forecast announced on May 12, 2023 (110 yen per share), although the full year consolidated financial forecasts for the current fiscal year are expected to decrease from the previous fiscal year results.

Ref. Historical Data

Consolidated financial data

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

		FY2021					FY2022					FY2023				
		1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Total	Net Sales	207.9	215.3	188.6	219.8	831.7	209.9	191.8	191.1	187.1	780.0	190.9	179.7	180.9	-	-
	Operating Income	19.6	18.2	14.3	11.5	63.8	19.3	10.7	6.6	7.8	44.6	7.3	6.9	8.3	-	-
	Ordinary Income	28.2	19.2	17.0	11.5	76.0	23.2	13.6	8.4	10.1	55.5	12.6	9.2	11.3	-	-
	Profit attributable to owners of parent	19.9	12.6	11.5	6.9	51.0	13.0	9.6	4.5	(2.2)	25.0	7.8	5.3	10.8	-	-
Environmental Management & Recycling	Net Sales	33.8	32.2	33.1	35.8	135.0	36.5	35.0	38.7	37.7	148.0	37.1	35.5	38.8	-	-
	Operating Income	3.1	3.5	3.7	2.2	12.6	3.1	2.0	3.6	2.2	11.1	3.1	2.4	2.9	-	-
	Ordinary Income	3.0	3.5	4.2	2.8	13.6	3.4	2.3	3.5	2.5	11.9	3.5	2.3	2.9	-	-
Nonferrous Metals	Net Sales	118.2	113.6	97.6	126.1	455.6	115.0	109.5	105.0	104.0	433.6	103.3	81.8	70.0	-	-
	Operating Income	12.8	10.3	6.8	6.1	36.1	11.2	6.5	0.5	4.4	22.7	2.9	1.8	1.7	-	-
	Ordinary Income	14.7	12.4	8.8	6.8	42.7	14.3	9.2	2.5	6.9	33.1	6.4	3.0	3.8	-	-
Electronic Materials	Net Sales	43.9	52.2	40.1	38.9	175.3	45.0	30.5	32.6	29.9	138.2	38.4	45.5	54.7	-	-
	Operating Income	1.0	2.0	1.1	0.9	5.2	1.8	0.9	0.7	(0.5)	2.9	(0.0)	0.5	0.6	-	-
	Ordinary Income	1.3	2.3	1.5	1.3	6.5	2.5	1.3	0.7	(0.0)	4.5	0.7	1.0	0.7	-	-
Metal Processing	Net Sales	26.4	27.2	28.7	29.4	111.9	29.5	29.0	29.1	28.3	116.1	26.7	28.2	31.0	-	-
	Operating Income	2.1	1.5	1.6	0.9	6.3	2.5	0.7	1.1	0.9	5.3	0.8	1.1	2.0	-	-
	Ordinary Income	2.2	1.6	1.7	1.1	6.8	2.7	0.7	1.0	0.9	5.5	0.9	1.2	2.0	-	-
Heat Treatment	Net Sales	5.8	6.5	7.0	9.4	28.9	6.2	7.0	7.7	9.0	30.1	6.7	8.1	8.2	-	-
	Operating Income	0.3	0.5	0.6	0.9	2.6	0.1	0.3	0.4	0.5	1.4	0.1	0.6	0.7	-	-
	Ordinary Income	0.4	0.6	0.7	1.1	3.0	0.3	0.4	0.4	0.6	1.8	0.4	0.8	0.7	-	-
Other/ Eliminations	Net Sales	(20.3)	(16.7)	(18.1)	(20.0)	(75.1)	(22.4)	(19.3)	(22.3)	(21.9)	(86.1)	(21.4)	(19.6)	(21.9)	-	-
	Operating Income	0.1	0.2	0.1	0.1	0.7	0.3	0.0	0.1	0.2	0.9	0.2	0.2	0.4	-	-
	Ordinary Income	6.4	(1.3)	(0.0)	(1.7)	3.2	(0.0)	(0.5)	0.0	(0.9)	(1.5)	0.4	0.7	0.9	-	-
Exchange Rate and Metal Prices		FY2021 (averages)					FY2022 (averages)					FY2023 (averages)				
		1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Exchange Rate: (¥/\$)		109.5	110.1	113.7	116.2	112.4	129.6	138.4	141.6	132.3	135.5	137.4	144.6	147.9	-	-
Copper: (\$/t)		9,711	9,372	9,698	9,985	9,691	9,526	7,742	8,006	8,930	8,551	8,478	8,356	8,169	-	-
Zinc: (\$/t)		2,916	2,991	3,365	3,743	3,254	3,925	3,269	3,004	3,130	3,332	2,540	2,429	2,498	-	-
Indium: (\$/kg)		198	209	260	247	229	240	230	204	209	221	197	241	235	-	-

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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.