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Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

May 10, 2024

Company name: DOWA HOLDINGS CO., LTD.

Stock exchange listing: Tokyo

Code number: 5714

URL: <https://hd.dowa.co.jp/>

Representative: SEKIGUCHI Akira

President and Representative Director

Contact: HOSONO Hiroyuki

Director and Corporate Strategy Dept. General Manager

Phone: +81-3-6847-1106

Scheduled date of Annual General Meeting of Shareholders: June 25, 2024

Scheduled date of commencing dividend payments: June 14, 2024

Scheduled date of filing annual securities report: June 25, 2024

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	717,194	(8.1)	30,003	(32.7)	44,745	(19.4)	27,853	11.2
March 31, 2023	780,060	(6.2)	44,610	(30.1)	55,501	(27.0)	25,041	(50.9)

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 38,904 million [(12.6) %]
Fiscal year ended March 31, 2023: ¥ 44,506 million [(26.1) %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	467.90	-	7.8	6.9	4.2
March 31, 2023	420.76	-	7.6	8.5	5.7

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ 9,773 million
Fiscal year ended March 31, 2023: ¥ 5,209 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity to asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	632,770	388,790	58.9	6,264.96
March 31, 2023	655,282	360,603	52.6	5,794.63

(Reference) Equity: As of March 31, 2024: ¥ 372,990 million
As of March 31, 2023: ¥ 344,893 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	118,630	(26,261)	(59,204)	73,049
March 31, 2023	50,725	(30,343)	(19,758)	37,760

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2023	-	-	-	130.00	130.00	7,815	30.9	2.4
March 31, 2024	-	-	-	130.00	130.00	7,817	27.8	2.2
Fiscal year ending March 31, 2025 (Forecast)	-	-	-	130.00	130.00		28.7	

(Note) Breakdown of year-end dividends for the fiscal year ended March 31, 2023:

Ordinary dividends: ¥ 105.00 Special dividends: ¥ 25.00

(Note) Breakdown of year-end dividends for the fiscal year ended March 31, 2024:

Ordinary dividends: ¥ 130.00

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	357,000	(3.7)	17,300	21.3	22,000	0.8	15,200	15.3	255.31
Full year	747,000	4.2	30,500	1.7	40,000	(10.6)	27,000	(3.1)	453.51

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)
 Exclusion: - (Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2024: 61,989,206 shares

March 31, 2023: 61,989,206 shares

2) Number of treasury shares at the end of the period:

March 31, 2024: 2,453,211 shares

March 31, 2023: 2,469,762 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 59,529,646 shares

Fiscal Year ended March 31, 2023: 59,514,247 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	25,639	(23.3)	13,968	(40.7)	14,088	(36.2)	13,514	(37.2)
March 31, 2023	33,416	57.3	23,546	87.4	22,069	78.0	21,535	77.5

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	224.76	-
March 31, 2023	358.26	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity to asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	289,557	146,619	50.6	2,438.21
March 31, 2023	322,108	135,289	42.0	2,250.43

(Reference) Equity: As of March 31, 2024: ¥ 146,619 million
As of March 31, 2023: ¥ 135,289 million

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	38,818	75,066
Notes and accounts receivable - trade, and contract assets	89,527	85,579
Merchandise and finished goods	64,236	43,551
Work in process	9,494	9,625
Raw materials and supplies	146,916	106,326
Other	30,234	21,875
Allowance for doubtful accounts	(192)	(171)
Total current assets	379,033	341,851
Non-current assets		
Property, plant and equipment		
Buildings and structures	164,835	179,299
Accumulated depreciation	(92,519)	(99,613)
Buildings and structures, net	72,315	79,685
Machinery, equipment and vehicles	296,412	305,856
Accumulated depreciation	(245,147)	(254,932)
Machinery, equipment and vehicles, net	51,264	50,924
Land	25,979	28,316
Construction in progress	19,327	30,296
Other	21,111	23,045
Accumulated depreciation	(16,776)	(18,147)
Other, net	4,334	4,897
Total property, plant and equipment	173,222	194,120
Intangible assets		
Goodwill	2,667	2,223
Other	8,481	7,993
Total intangible assets	11,149	10,216
Investments and other assets		
Investment securities	78,794	76,144
Deferred tax assets	6,456	5,953
Other	6,714	4,571
Allowance for doubtful accounts	(88)	(88)
Total investments and other assets	91,876	86,582
Total non-current assets	276,248	290,919
Total assets	655,282	632,770

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	52,042	51,665
Short-term borrowings	26,951	26,383
Commercial papers	35,000	9,000
Current portion of bonds payable	10,000	10,000
Income taxes payable	5,457	7,644
Accrued consumption taxes	2,368	2,349
Provisions		
Provision for bonuses	5,544	5,126
Provision for bonuses for directors (and other officers)	405	373
Total provisions	5,949	5,499
Borrowing precious metals	31,551	36,927
Other	39,839	28,613
Total current liabilities	209,160	178,084
Non-current liabilities		
Bonds payable	20,000	10,000
Long-term borrowings	32,816	20,527
Deferred tax liabilities	3,524	4,021
Provisions		
Provision for retirement benefits for directors (and other officers)	511	442
Other provisions	260	122
Total provisions	771	564
Retirement benefit liability	20,974	22,549
Other	7,430	8,231
Total non-current liabilities	85,517	65,895
Total liabilities	294,678	243,980
Net assets		
Shareholders' equity		
Share capital	36,437	36,437
Capital surplus	25,180	24,784
Retained earnings	263,503	282,688
Treasury shares	(5,037)	(5,010)
Total shareholders' equity	320,084	338,900
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,017	17,368
Deferred gains or losses on hedges	(587)	(1,201)
Foreign currency translation adjustment	10,644	17,405
Remeasurements of defined benefit plans	734	517
Total accumulated other comprehensive income	24,808	34,090
Non-controlling interests	15,710	15,800
Total net assets	360,603	388,790
Total liabilities and net assets	655,282	632,770

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	780,060	717,194
Cost of sales	689,241	635,748
Gross profit	90,819	81,446
Selling, general and administrative expenses	46,208	51,443
Operating profit	44,610	30,003
Non-operating income		
Interest income	643	498
Dividend income	1,072	1,152
Share of profit of entities accounted for using equity method	5,209	9,773
Foreign exchange gains	1,316	1,051
Commission income	948	-
Royalty income	1,537	1,622
Onerous sample cost income	1,204	1,622
Other	1,849	2,181
Total non-operating income	13,782	17,902
Non-operating expenses		
Interest expenses	523	484
Environmental expenses	1,209	1,526
Other	1,158	1,149
Total non-operating expenses	2,890	3,159
Ordinary profit	55,501	44,745
Extraordinary income		
Gain on sale of investment securities	455	6,537
Gain on sale of non-current assets	79	37
Other	124	1,063
Total extraordinary income	659	7,639
Extraordinary losses		
Loss on liquidation of business	-	4,812
Impairment losses	5,826	1,792
Loss on retirement of non-current assets	2,158	1,447
Other	2,246	563
Total extraordinary losses	10,230	8,616
Profit before income taxes	45,930	43,768
Income taxes - current	15,595	14,740
Income taxes - deferred	820	(506)
Total income taxes	16,416	14,234
Profit	29,513	29,534
Profit attributable to non-controlling interests	4,472	1,680
Profit attributable to owners of parent	25,041	27,853

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	29,513	29,534
Other comprehensive income		
Valuation difference on available-for-sale securities	2,439	3,370
Deferred gains or losses on hedges	4,829	(629)
Foreign currency translation adjustment	3,141	5,165
Remeasurements of defined benefit plans, net of tax	880	(251)
Share of other comprehensive income of entities accounted for using equity method	3,702	1,716
Total other comprehensive income	14,992	9,370
Comprehensive income	44,506	38,904
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	39,999	37,135
Comprehensive income attributable to non-controlling interests	4,507	1,769

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	36,437	25,870	246,360	(5,064)	303,604
Changes during period					
Dividends of surplus	-	-	(7,813)	-	(7,813)
Profit attributable to owners of parent	-	-	25,041	-	25,041
Purchase of treasury shares	-	-	-	(0)	(0)
Disposal of treasury shares	-	46	-	28	74
Change in scope of consolidation	-	-	(85)	-	(85)
Change in the parent's ownership interest due to transactions with noncontrolling interests	-	(737)	-	-	(737)
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	-	(690)	17,143	27	16,480
Balance at end of period	36,437	25,180	263,503	(5,037)	320,084

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	11,662	(5,547)	3,788	(52)	9,851	15,119	328,574
Changes during period							
Dividends of surplus	-	-	-	-	-	-	(7,813)
Profit attributable to owners of parent	-	-	-	-	-	-	25,041
Purchase of treasury shares	-	-	-	-	-	-	(0)
Disposal of treasury shares	-	-	-	-	-	-	74
Change in scope of consolidation	-	-	-	-	-	-	(85)
Change in the parent's ownership interest due to transactions with noncontrolling interests	-	-	-	-	-	-	(737)
Net changes in items other than shareholders' equity	2,355	4,959	6,856	786	14,957	590	15,548
Total changes during period	2,355	4,959	6,856	786	14,957	590	32,028
Balance at end of period	14,017	(587)	10,644	734	24,808	15,710	360,603

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	36,437	25,180	263,503	(5,037)	320,084
Changes during period					
Dividends of surplus	-	-	(7,815)	-	(7,815)
Profit attributable to owners of parent	-	-	27,853	-	27,853
Purchase of treasury shares	-	-	-	(0)	(0)
Disposal of treasury shares	-	47	-	27	75
Change in scope of consolidation	-	-	(853)	-	(853)
Change in the parent's ownership interest due to transactions with noncontrolling interests	-	(443)	-	-	(443)
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	-	(395)	19,184	27	18,815
Balance at end of period	36,437	24,784	282,688	(5,010)	338,900

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	14,017	(587)	10,644	734	24,808	15,710	360,603
Changes during period							
Dividends of surplus	-	-	-	-	-	-	(7,815)
Profit attributable to owners of parent	-	-	-	-	-	-	27,853
Purchase of treasury shares	-	-	-	-	-	-	(0)
Disposal of treasury shares	-	-	-	-	-	-	75
Change in scope of consolidation	-	-	-	-	-	-	(853)
Change in the parent's ownership interest due to transactions with noncontrolling interests	-	-	-	-	-	-	(443)
Net changes in items other than shareholders' equity	3,351	(613)	6,761	(217)	9,281	89	9,371
Total changes during period	3,351	(613)	6,761	(217)	9,281	89	28,187
Balance at end of period	17,368	(1,201)	17,405	517	34,090	15,800	388,790

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	45,930	43,768
Depreciation	23,955	25,298
Impairment losses	5,826	1,792
Amortization of goodwill	498	503
Increase (decrease) in allowance for doubtful accounts	(7)	(40)
Increase (decrease) in other provisions	219	(707)
Increase (decrease) in retirement benefit liability	1,747	1,071
Interest and dividend income	(1,716)	(1,651)
Interest expenses	523	484
Foreign exchange losses (gains)	(554)	(1,259)
Share of loss (profit) of entities accounted for using equity method	(5,209)	(9,773)
Loss (gain) on sale of non-current assets	(72)	(21)
Loss on retirement of non-current assets	2,158	1,447
Loss on liquidation of business	-	4,812
Loss (gain) on sale of investment securities	1,342	(6,537)
Decrease (increase) in trade receivables	10,440	4,952
Decrease (increase) in inventories	10,061	61,899
Increase (decrease) in trade payables	(12,302)	(1,302)
Increase (decrease) in accrued consumption taxes	(1,891)	(51)
Decrease (increase) in borrowing precious metals	(8,320)	5,376
Other, net	401	(9,119)
Subtotal	73,031	120,943
Interest and dividends received	9,601	5,113
Interest paid	(528)	(391)
Income taxes refund (paid)	(31,378)	(7,035)
Net cash provided by (used in) operating activities	50,725	118,630
Cash flows from investing activities		
Purchase of property, plant and equipment	(29,694)	(36,443)
Proceeds from sale of property, plant and equipment	124	296
Purchase of intangible assets	(3,382)	(1,914)
Purchase of investment securities	(192)	(6)
Proceeds from sale of investment securities	3,537	7,620
Subsidies received	179	491
Loan advances	(259)	(3)
Proceeds from collection of loans receivable	278	0
Income by reduction of capital of subsidiaries and affiliates	-	5,022
Other, net	(934)	(1,324)
Net cash provided by (used in) investing activities	(30,343)	(26,261)

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,754	(4,697)
Net increase (decrease) in commercial papers	2,000	(26,000)
Proceeds from long-term borrowings	356	174
Repayments of long-term borrowings	(11,046)	(8,269)
Repayments of lease liabilities	(368)	(469)
Redemption of bonds	-	(10,000)
Proceeds from share issuance to non-controlling shareholders	204	-
Proceeds from sale of treasury shares	-	0
Purchase of treasury shares	(0)	(0)
Dividends paid	(7,809)	(7,811)
Dividends paid to non-controlling interests	(4,850)	(168)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(1,961)
Net cash provided by (used in) financing activities	(19,758)	(59,204)
Effect of exchange rate change on cash and cash equivalents	1,333	867
Net increase (decrease) in cash and cash equivalents	1,956	34,032
Cash and cash equivalents at beginning of period	35,740	37,760
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	63	1,256
Cash and cash equivalents at end of period	37,760	73,049

Segment Information

Segment information by business type as of March 31, 2023 and 2024 is summarized as follows :

(Amounts of less than one million yen are rounded down.)

For the fiscal year ended March 31, 2023 (From April 01, 2022 to March 31, 2023)

(Millions of yen)

	Reporting Segments						Others	Total	Eliminations & Company- wide	Consolidated
	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Sub Total				
Net sales										
(1) Outside customers	87,868	409,627	133,908	116,055	30,064	777,524	2,536	780,060	-	780,060
(2) Intersegment	60,137	24,054	4,317	111	58	88,680	11,962	100,642	(100,642)	-
Total	148,006	433,682	138,225	116,166	30,123	866,204	14,498	880,703	(100,642)	780,060
Segment profit (loss) (Note 2)	11,990	33,112	4,562	5,514	1,896	57,076	68	57,145	(1,643)	55,501
Segment Assets	132,797	291,080	85,730	103,373	46,013	658,996	12,142	671,138	(15,856)	655,282
Other items										
Depreciation	7,893	5,779	3,552	3,336	2,452	23,014	446	23,461	494	23,955
Amortization of goodwill	348	-	-	-	149	498	-	498	-	498
Investments in affiliates accounted for by equity method	3,442	26,878	716	315	-	31,353	-	31,353	9,612	40,965
Increase in property, plant and equipment and intangible assets	8,029	10,993	4,467	5,405	1,521	30,417	346	30,763	3,389	34,153

For the fiscal year ended March 31, 2024 (From April 01, 2023 to March 31, 2024)

(Millions of yen)

	Reporting Segments						Others	Total	Eliminations & Company- wide	Consolidated
	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Sub Total				
Net sales										
(1) Outside customers	89,038	298,653	178,064	116,348	32,200	714,305	2,889	717,194	-	717,194
(2) Intersegment	61,351	19,195	5,109	99	26	85,782	11,660	97,442	(97,442)	-
Total	150,389	317,848	183,174	116,447	32,227	800,087	14,549	814,637	(97,442)	717,194
Segment profit (loss) (Note 2)	11,181	18,202	3,508	5,187	3,218	41,297	559	41,857	2,887	44,745
Segment Assets	136,606	210,095	95,351	108,280	48,181	598,514	12,284	610,799	21,971	632,770
Other items										
Depreciation	7,699	6,156	3,824	3,619	2,443	23,743	469	24,212	1,086	25,298
Amortization of goodwill	348	-	-	-	155	503	-	503	-	503
Investments in affiliates accounted for by equity method	3,014	25,102	689	332	-	29,138	-	29,138	12,136	41,274
Increase in property, plant and equipment and intangible assets	9,827	13,156	5,695	6,451	1,833	36,965	506	37,471	2,334	39,805

(Note 1) The classification of businesses for the segment information by business type is based on the classification adopted by the internal management system.

- (1) Environmental Management & Recycling : Waste treatment, controlled landfilling, soil remediation, metal recycling, household appliances recycling, automobile recycling, consulting on environmental matters, and logistics
- (2) Nonferrous Metals : Production and sale of gold, silver, copper, zinc alloy, lead, platinum, palladium, indium, gallium, germanium, tin, antimony, nickel, bismuth, tellurium, sulfuric acid, and other metals
- (3) Electronic Materials : Production and sale of high-purity gallium, indium, compound semiconductor wafers, LEDs, Silver powder, Copper powder, Silver oxide powder, Metal powder, Carrier powder, and Ferrite powder
- (4) Metal Processing : Production and sale of copper, brass, copper alloy strips, nickel alloy strips, reflow tin plated stripes, brass rods, forged brass products, electroplating, and metal-ceramics substrates
- (5) Heat Treatment : Heat treatment, Surface treatment, design, manufacture, marketing, and maintenance of industrial furnaces and ancillary equipment
- (6) Others : Plant construction, real estate rental business and others

(Note 2) Segment profit (loss) is based on ordinary profit.