

Fiscal 2023 Supplementary Information

May 10, 2024

DOWA HOLDINGS CO.,LTD.

Operating Results

■ Consolidated Income Statements

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

	FY2022			FY2023			Changes		
	H1	H2	Full Year	H1	H2	Full Year	H1	H2	Full Year
Net Sales	401.8	378.2	780.0	370.7	346.4	717.1	(31.0)	(31.7)	(62.8)
Operating Income	30.0	14.5	44.6	14.2	15.7	30.0	(15.7)	1.1	(14.6)
Ordinary Income	36.9	18.5	55.5	21.8	22.9	44.7	(15.1)	4.3	(10.7)
Profit attributable to owners of parent	22.7	2.3	25.0	13.1	14.6	27.8	(9.5)	12.3	2.8

■ Exchange Rate and Metal Prices

	FY2022			FY2023		
	H1 averages	H2 averages	Full year averages	H1 averages	H2 averages	Full year averages
Exchange Rate: (¥/\$)	134.0	137.0	135.5	141.0	148.3	144.6
Copper: (\$/t)	8,634	8,468	8,551	8,417	8,306	8,362
Zinc: (\$/t)	3,597	3,067	3,332	2,484	2,474	2,479
Indium: (\$/kg)	235	206	221	219	234	227

Business Environment (FY2023)

Waste treatment- and recycling-related business

- Orders for waste treatment and recycling in Japan were firm.
- Orders for waste treatment in Southeast Asia were sluggish.

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 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 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	4Q
Environmental Management & Recycling	Waste treatment volume in Japan	100	88	96	89	102	95	93	96
	Recycling materials collection volume (for Kosaka smelting & refining)	100	106	111	102	112	103	114	96
	Net sales of waste treatment in the Southeast Asia Business	100	103	116	120	104	93	102	113
Nonferrous Metals	Copper production volume (Total of 2 smelters, Kosaka and Onahama)	100	89	88	108	90	7	11	12
	Zinc production volume	100	71	106	101	96	55	102	98
Electronic Materials	LEDs sales volume	100	77	68	45	55	67	54	63
	Silver powder sales volume	100	70	70	62	73	86	110	88
Metal Processing	Copper rolled products sales volume	100	96	98	91	84	93	102	94
Heat Treatment	Net sales in the Heat Treatment Processing Business	100	104	113	110	111	121	125	119
	Net sales in the Industrial Furnaces Business	100	140	164	247	100	156	151	226

Year-on-Year Comparison by Segment (FY2023)

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

	FY2022 Results			FY2023 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	148.0	11.1	11.9	150.3	10.5	11.1	2.3	(0.5)	(0.8)	- Increase in the volume and rise in the unit price for waste treatment in Japan - Decrease in orders for waste treatment in Southeast Asia
Nonferrous Metals	433.6	22.7	33.1	317.8	8.9	18.2	(115.8)	(13.8)	(14.9)	- Decrease in income due to lower metal prices - Increase in electricity costs - Decrease losses incurred write-down of book value of zinc inventories
Electronic Materials	138.2	2.9	4.5	183.1	1.6	3.5	44.9	(1.3)	(1.0)	- Decrease in sales of Short-Wavelength-Infrared LEDs and Photo diodes (PD) - Decrease in sales of Magnetic powder - Increase in sales of Silver powder - Profit contribution from a weak yen
Metal Processing	116.1	5.3	5.5	116.4	4.9	5.1	0.2	(0.3)	(0.3)	- Decrease in sales of information/communication-related products - Loss on valuation of derivatives
Heat Treatment	30.1	1.4	1.8	32.2	2.4	3.2	2.1	0.9	1.3	- Increase in demand for automobile-related products and services - Receive lump-sum income for cost increase
Other/ Eliminations	(86.1)	0.9	(1.5)	(82.8)	1.5	3.4	3.2	0.5	5.0	- Increase in profit of Fujita Kanko Inc., an equity method affiliate
Total	780.0	44.6	55.5	717.1	30.0	44.7	(62.8)	(14.6)	(10.7)	

Factor Analysis of Ordinary Income

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

FY2023 – FY2022	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	(2.8)	(1.6)	0.7	1.8	0.2	(0.0)
Of the above, free metal income difference (difference in volume)	—	(3.8)	—	—	—	—	(3.8)
Free metal income difference (difference in metal prices)	—	(12.0)	—	—	—	—	(12.0)
Difference in foreign currency-based income due to exchange rate	—	2.6	0.9	—	—	—	3.5
Purchasing conditions of raw material (difference in base conditions)	—	1.7	—	—	—	—	1.7
Difference between the market value and book value at sale, and between market value and valuation prices at end of period	—	4.1	—	(0.2)	—	—	3.9
Electricity charges	—	(3.8)	—	—	—	—	(3.8)
Manufacturing cost (depreciation, etc.), selling, general and administrative expenses, development and research expenses	(2.2)	(3.6)	(0.5)	(0.8)	(0.8)	0.2	(7.8)
Increase/decrease in operating income	(0.5)	(13.8)	(1.3)	(0.3)	0.9	0.5	(14.6)
Effect of non-operating income/expenses							
- Equity method income or loss	(0.5)	0.4	(0.0)	0.0	—	4.6	4.5
- Others	0.3	(1.5)	0.3	(0.0)	0.3	(0.1)	(0.7)
Increase/decrease in ordinary income	(0.8)	(14.9)	(1.0)	(0.3)	1.3	5.0	(10.7)

Changes From Forecasts on Nov. 10, 2023 by Segment

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

	FY2023 Forecasts announced on Nov. 10, 2023			FY2023 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	147.0	9.8	10.5	150.3	10.5	11.1	3.3	0.7	0.6	- Increase in sales of scrap metals
Nonferrous Metals	317.0	4.9	11.8	317.8	8.9	18.2	0.8	4.0	6.4	- Decrease losses incurred write-down of book value of zinc inventories - Increase in income due to a weak yen and higher metal prices - Increase in equity method income
Electronic Materials	170.0	0.6	2.7	183.1	1.6	3.5	13.1	1.0	0.8	- Increase in sales of Silver powder - Profit contribution from a weak yen
Metal Processing	116.0	4.5	4.9	116.4	4.9	5.1	0.4	0.4	0.2	- Increase in sales of information/ communication-related products
Heat Treatment	33.0	2.3	2.9	32.2	2.4	3.2	(0.7)	0.1	0.3	- Receive lump-sum income for cost increase - Recognize foreign exchange gain
Other/ Eliminations	(78.0)	0.9	2.2	(82.8)	1.5	3.4	(4.8)	0.6	1.2	- Increase in profit of Fujita Kanko Inc., an equity method affiliate
Total	705.0	23.0	35.0	717.1	30.0	44.7	12.1	7.0	9.7	

Changes From Forecasts on Apr. 25, 2024 by Segment

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

	FY2023 Forecasts announced on Apr. 25, 2024			FY2023 Results			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	150.0	10.5	11.0	150.3	10.5	11.1	0.3	0.0	0.1
Nonferrous Metals	315.0	8.9	18.0	317.8	8.9	18.2	2.8	0.0	0.2
Electronic Materials	183.0	1.6	3.5	183.1	1.6	3.5	0.1	0.0	0.0
Metal Processing	116.0	4.9	5.1	116.4	4.9	5.1	0.4	0.0	0.0
Heat Treatment	32.0	2.4	3.2	32.2	2.4	3.2	0.2	0.0	0.0
Other/ Eliminations	(81.0)	1.7	3.2	(82.8)	1.5	3.4	(1.8)	(0.1)	0.2
Total	715.0	30.0	44.0	717.1	30.0	44.7	2.1	0.0	0.7

Consolidated Balance Sheets

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

	Mar. 31, 2023	Mar. 31, 2024	Changes		Mar. 31, 2023	Mar. 31, 2024	Changes
Current Assets	379.0	341.8	(37.1)	Current Liabilities	209.1	178.0	(31.0)
				Noncurrent Liabilities	85.5	65.8	(19.6)
Noncurrent Assets	276.2	290.9	14.6	Equity	344.8	372.9	28.0
				Non-Controlling Interests	15.7	15.8	0.0
Total Assets	655.2	632.7	(22.5)	Total Liabilities and Net Assets	655.2	632.7	(22.5)
				Interest-bearing debt	124.8	75.9	(48.8)
				Equity ratio (%)	52.6	58.9	6.3
				ROA (%)	8.5	6.9	(1.6)
				ROE (%)	7.6	7.8	0.2

- ✓ Total assets at the end of FY2023 decreased by 22.5 billion yen from the end of the previous fiscal year to 632.7 billion yen due to a decrease in inventories and trade receivables resulting from lower metal prices and termination of tolling contract with Onahama Smelting and Refining Co., Ltd., despite an increase in fixed assets resulting from capital investment.

Consolidated Statements of Cash Flows

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

	FY2022	FY2023	Changes
Cash Flows from Operating Activities	50.7	118.6	67.9
Profit before income taxes	45.9	43.7	(2.1)
Depreciation and amortization	23.9	25.2	1.3
Income taxes (paid) refund	(31.3)	(7.0)	24.3
Inventories	10.0	61.8	51.8
Other, net	2.1	(5.3)	(7.4)
Cash Flows from Investing Activities	(30.3)	(26.2)	4.0
Acquisition of property, plant and equipment	(33.0)	(38.3)	(5.2)
Other investments	2.7	12.0	9.3
Cash Flows from Financing Activities	(19.7)	(59.2)	(39.4)
Total	0.6	33.1	32.5

FY2024 Full Year Forecasts

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

	FY2023 Results	FY2024 Forecasts	Changes	
Net Sales	717.1	747.0	29.8	4%
Operating Income	30.0	30.5	0.4	2%
Ordinary Income	44.7	40.0	(4.7)	(11%)
Profit attributable to owners of parent	27.8	27.0	(0.8)	(3%)

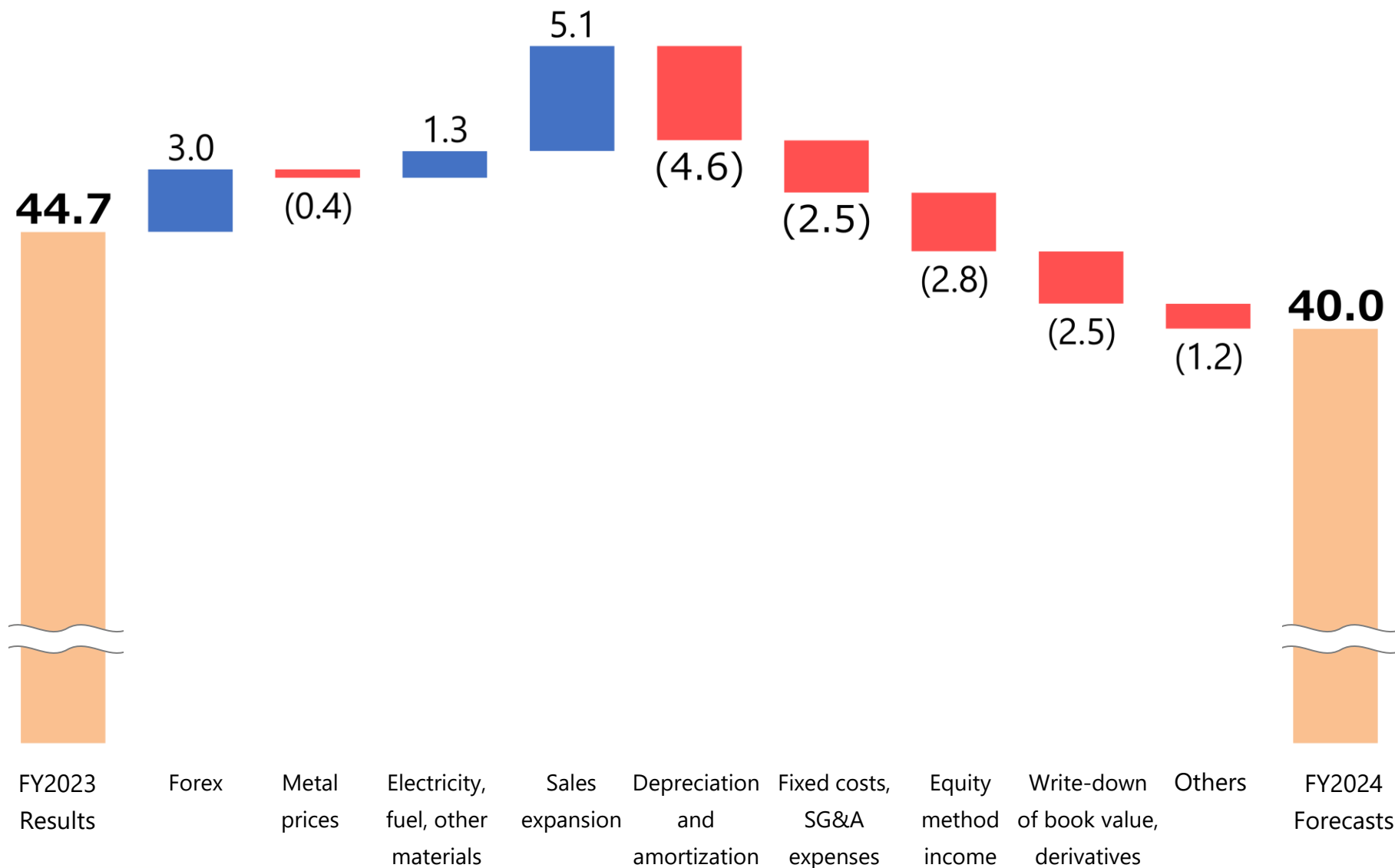
Regarding the forecasts for FY2024, the sales of automotive-related products and services are expected to remain firm, while sales of information/communication-related products are expected to recover from the second half of the year. In addition, the sales of new forms energy-related products and orders for waste treatment- and recycling-related business are expected to remain firm. In the foreign exchange market and metal prices, both will remain at the same level as at the end of FY2023.

On the cost front, increases in electricity, fuel and other material costs are expected to be slow down. On the other hand, depreciation and amortization expenses are expected to increase due to continued upfront investment for future growth.

In addition, the equity method income of overseas zinc mine operating companies is expected to decrease.

Factor Analysis of Ordinary Income

Billion yen



FY2024 Full Year Forecasts by Segment

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

	FY2023 Results			FY2024 Forecasts			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	150.3	10.5	11.1	163.4	11.4	12.0	13.0	0.8	0.8
Nonferrous Metals	317.8	8.9	18.2	295.6	8.4	14.0	(22.2)	(0.5)	(4.2)
Electronic Materials	183.1	1.6	3.5	212.7	2.8	4.0	29.5	1.1	0.4
Metal Processing	116.4	4.9	5.1	120.1	4.4	4.5	3.6	(0.5)	(0.6)
Heat Treatment	32.2	2.4	3.2	35.4	2.9	3.1	3.1	0.4	(0.1)
Other/ Eliminations	(82.8)	1.5	3.4	(80.2)	0.6	2.4	2.6	(0.9)	(1.0)
Total	717.1	30.0	44.7	747.0	30.5	40.0	29.8	0.4	(4.7)

Assumptions and Sensitivities (FY2024)

Sensitivity (Operating Income / FY2024)			Million yen
	Assumptions	Fluctuation	Sensitivity
Exchange rate	150.0 ¥ / \$	±1 ¥ / \$	490
Copper	9,000 \$ / t	±100 \$ / t	30
Zinc	2,500 \$ / t	±100 \$ / t	470
Indium	220 \$ / kg	±10 \$ / kg	60

* Exchange rate sensitivity; Nonferrous Metals 380 million yen and Electronic Materials 110 million yen.

Exchange Rate and Metal Prices

	FY2023			FY2024			Ref. Apr. 2024 averages
	H1 averages	H2 averages	Full year averages	H1 assumptions	H2 assumptions	Full year assumptions	
Exchange rate: (¥/\$)	141.0	148.3	144.6	150.0	150.0	150.0	153.5
Copper: (\$/t)	8,417	8,306	8,362	9,000	9,000	9,000	9,482
Zinc: (\$/t)	2,484	2,474	2,479	2,500	2,500	2,500	2,731
Indium: (\$/kg)	219	234	227	220	220	220	247

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.)

	FY2021			FY2022			FY2023			FY2024 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	10.2	0.4	10.7	8.0	0.5	8.5	9.8	0.5	10.3	15.3	0.7	16.0
Nonferrous Metals	9.1	1.3	10.4	10.9	2.1	13.1	13.1	3.9	17.0	19.3	2.3	21.7
Electronic Materials	3.9	4.1	8.1	4.4	4.6	9.1	5.6	4.7	10.4	4.6	5.3	10.0
Metal Processing	4.7	0.7	5.4	5.4	0.7	6.1	6.4	0.7	7.1	5.4	0.8	6.3
Heat Treatment	1.5	0.2	1.8	1.5	0.2	1.8	1.8	0.3	2.1	1.5	0.3	1.9
Companywide, Other	2.9	0.0	3.0	3.7	0.1	3.8	2.8	0.1	2.9	4.0	0.3	4.3
Total	32.6	7.0	39.6	34.1	8.5	42.7	39.8	10.4	50.2	50.4	10.0	60.5

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

(Ref.) Depreciation Expenses

	FY2021	FY2022	FY2023	FY2024 Forecasts
Environmental Management & Recycling	7.3	7.8	7.6	8.3
Nonferrous Metals	4.6	5.7	6.1	8.1
Electronic Materials	3.9	3.5	3.8	4.6
Metal Processing	3.3	3.3	3.6	4.9
Heat Treatment	2.4	2.4	2.4	2.5
Companywide, Other	0.8	0.9	1.5	2.2
Total	22.5	23.9	25.2	30.9

■ Major capital investment projects in FY2024

Environmental Management & Recycling:

Expansion of Landfill site, Construction of a recycling business base in the Kyushu region (the Kumamoto New Plant)

Nonferrous Metals:

Construction of a sampling facility for PGM raw materials in North America, Renewal of smelting facilities

Companywide, Other:

Maintenance of infrastructure facilities (Hydroelectric power plant)

Ref. Historical 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	165.5	717.1
	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	7.3	30.0
	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	11.6	44.7
	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	3.8	27.8
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	38.7	150.3
	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	2.0	10.5
	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	2.3	11.1
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	62.5	317.8
	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	2.4	8.9
	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	4.8	18.2
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	44.4	183.1
	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	0.4	1.6
	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	0.9	3.5
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	30.4	116.4
	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	0.9	4.9
	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	1.0	5.1
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	9.1	32.2
	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	0.8	2.4
	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	1.1	3.2
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)	(19.8)	(82.8)
	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	0.6	1.5
	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	1.3	3.4

■ 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	148.6	144.6
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	8,444	8,362
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	2,449	2,479
Indium: (\$/kg)	198	209	260	247	229	240	230	204	209	221	197	241	235	234	227

A Recycling-Oriented World

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.