

**Fiscal Year Ended December 2025**

# **Consolidated Financial Report**

**February 12, 2026**



TSE Prime Market  
5563

## FY2025 Actual

- Underlying ordinary profit : **¥5.3 billion** ( + ¥0.1 billion YoY. Maintained ¥5.0 billion scale since FY2021)
- Ordinary profit (accounting basis) : **¥2.7 billion**, due to negative inventory impact (-¥2.2 billion YoY)

## FY2026 Projection

- Underlying ordinary profit : **¥6.0 billion (projection)**
- Ordinary profit (accounting basis) : **¥6.0 billion (projection) (assuming zero inventory impact)**

## Progress of the Medium-Term Business Plan (FY2024 - FY2027)

- Steady expansion of underlying ordinary profit in businesses other than the ferroalloys.
- Steadily implementing measures, including investment in the **new incineration ash melting furnace (No. 5)**.

## Shareholder Returns

- FY2025 : Completed repurchase of treasury shares amounting to **¥4.0 billion**.  
Annual dividend : **¥12.0**  
(incl. 100<sup>th</sup> anniversary commemorative dividend of **¥1.0**, interim dividend of ¥5.0, + **year-end dividend of ¥7.0**)
- FY2026 : Projected annual dividend of **¥13.0**. Increased the minimum dividend per share to **¥11.0**.

# INDEX

**1**

**Business Overview**

**2**

**FY2025 Financial Results**

**3**

**FY2026 Earnings Projection**

**4**

**Progress of the Medium-Term  
Business Plan**

**5**

**Shareholder Return**

**6**

**Appendix**

# INDEX

**1**

**Business Overview**

2

FY2025 Financial Results

3

FY2026 Earnings Projection

4

Progress of the Medium-Term  
Business Plan

5

Shareholder Return

6

Appendix

# 1-1. Business Overview

Our Group aims to be a company on a constant quest for a better future by supporting people's lives through "Materials" and "Environment"

Materials

## Ferroalloys

Facility: Tokushima Plant  
Pertama Ferroalloys Sdn. Bhd. (overseas affiliates)

- **Top domestic manganese ferroalloy supplier.** Consistent supply of high-quality ferroalloys with outstanding global competitiveness
- Green ferroalloy production using hydroelectric power (overseas affiliates)

<b>Main Products</b>	High-carbon ferromanganese / SLP ferromanganese / Silicomanganese / Ferrosilicon
<b>Main Applications</b>	Additives for steel to improve its hardness, tensile strength, and other properties Desulfurization and deoxidation agent in steel



High-carbon ferromanganese

## Functional Materials

Facility: Toyama Plant (Imizu and Takaoka areas)  
Myoko Plant / Tokushima Plant

- Providing materials for advanced components supporting a decarbonization and digitalization society
- Distinctive material lineup, such as "No.1" and **domestically produced "One-of-a-kind" products** in the Japanese market

<b>Main Products</b>	Zirconium oxide / Boron oxide / Ferroboron / Metal hydride alloys / Cathode materials for lithium-ion batteries/ Manganese inorganic chemical products
<b>Main Applications</b>	Ceramic capacitors / Glass substrates for displays / Neodymium magnets / Anode materials for HVs' nickel-hydride batteries / Cathode materials for EVs' lithium-ion batteries / Additives for electronic components, etc.



Zirconium oxide

Environment

## Incineration Ash Recycling

Facility: Kashima Plant

- Contributing to a recycling-oriented society by recovering resources from incineration ash
  - To increase the capacity of landfill sites by collecting and treating incineration ash
  - To extract metals containing valuable metals from incineration ash
  - To recycle incineration ash as engineering and construction materials

<b>Main Services &amp; Products</b>	Collection and treatment of incineration ash Metals containing valuable metals ECOLAROCK (engineering and construction materials)
<b>Main Applications</b>	Precious and nonferrous metals for industrial purposes Construction materials such as roadbed materials



Metals containing valuable metals

## Aqua Solutions

Facility: Koriyama Plant

- Contribute to the realization of circular economy and carbon-neutral society through our wastewater purification and pure water production technology and services

<b>Main Products</b>	Wastewater treatment equipment Pure water production system
<b>Main Applications</b>	Treatment of industrial wastewater Production of pure water for hydrogen stations, etc.



Pure water production system

## Electric Power

Facility: Hidaka Office

- Stable sale of electricity by utilizing renewable energy Feed-In Tariff system (FIT)
- Stable supply of green electricity through the largest private-sector owned dams
- Introducing the environmental advantages of green electricity



Horomangawa river Hydroelectric power plants

# INDEX

1

Business Overview

2

**FY2025 Financial Results**

3

FY2026 Earnings Projection

4

Progress of the Medium-Term  
Business Plan

5

Shareholder Return

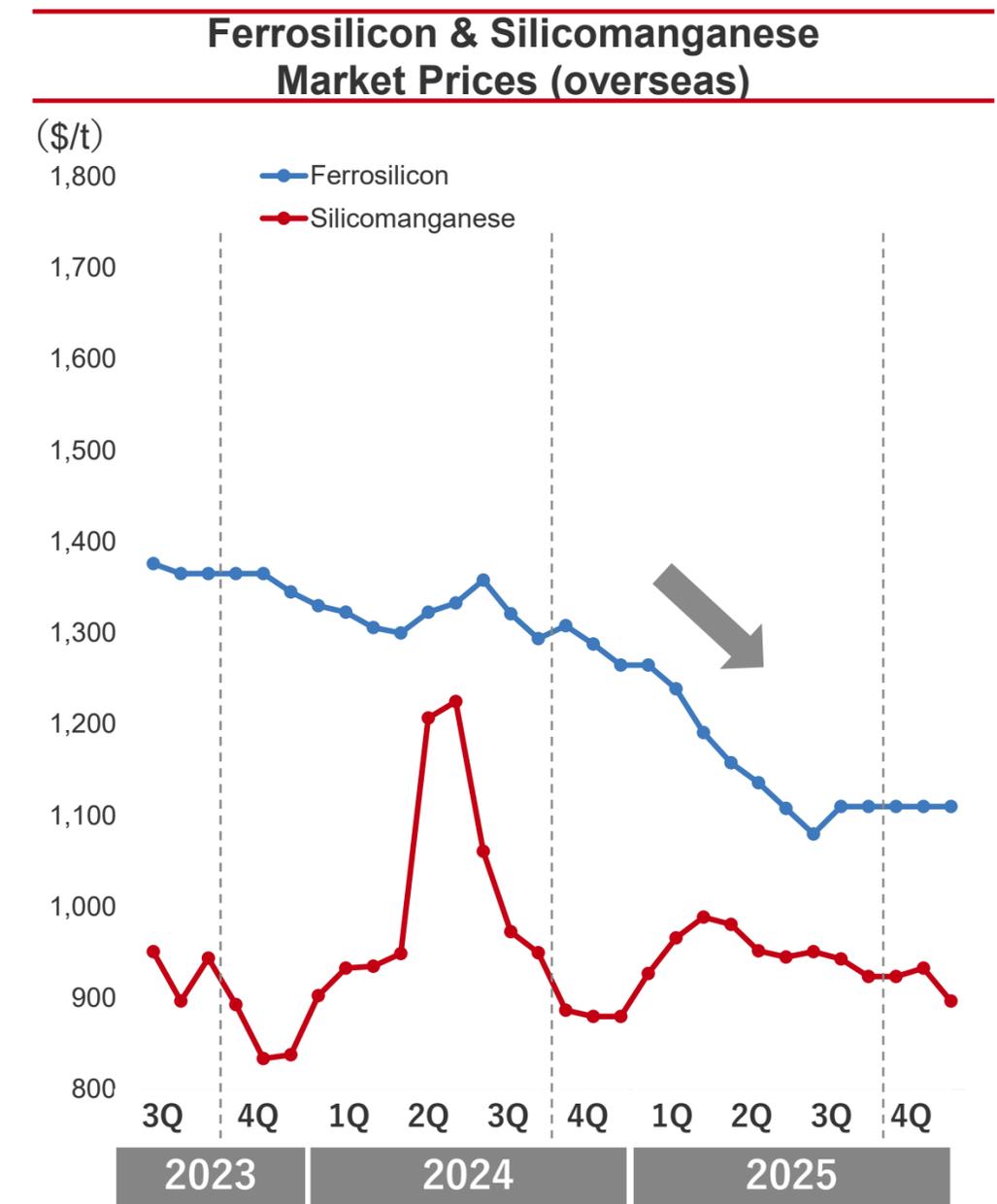
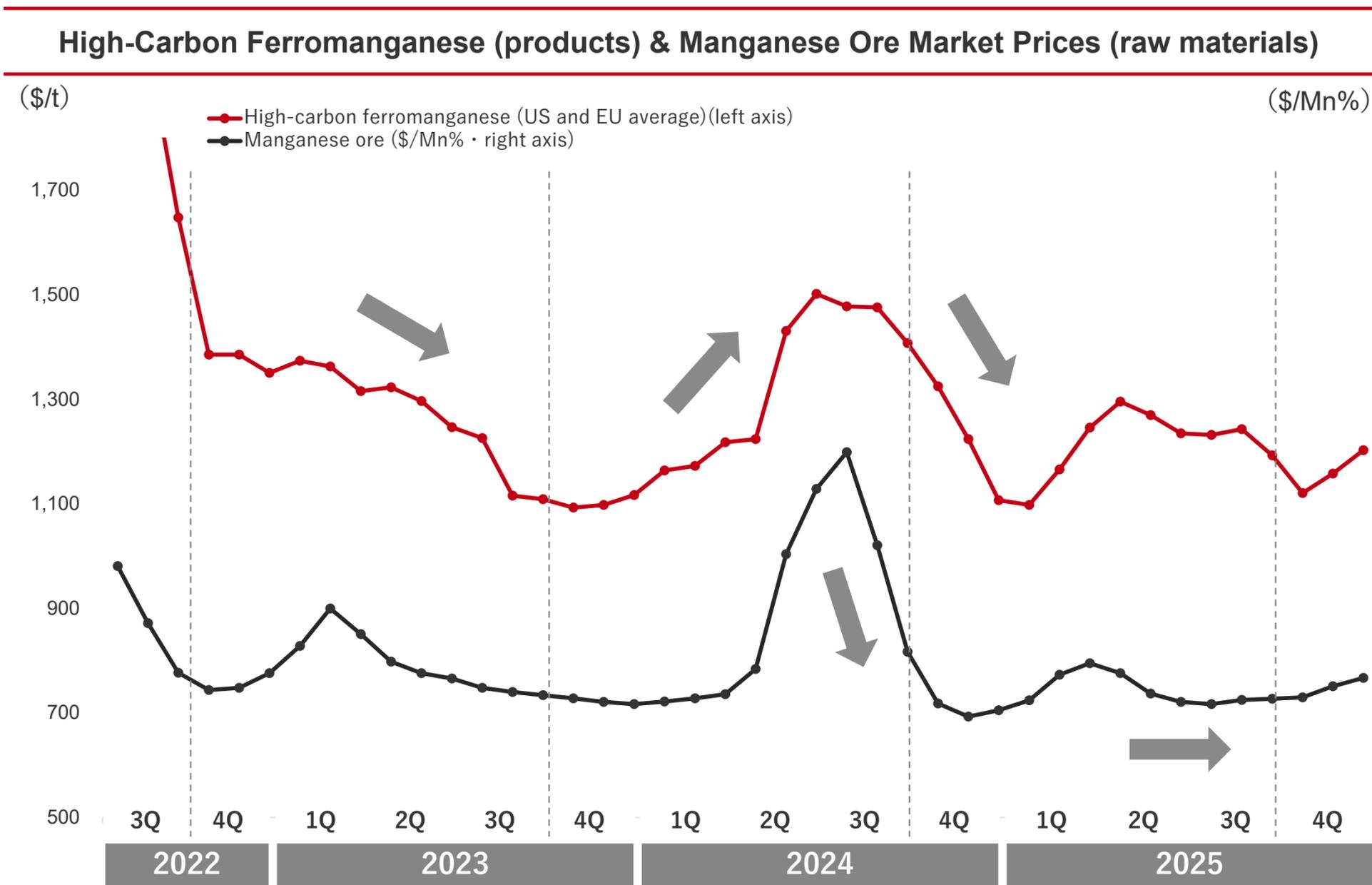
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Appendix

# 2-1. Ferroalloys / Manganese Ore Market Trend (FY2025 Actual)

FY2025 Results

- High-carbon ferromanganese market prices remained almost unchanged YoY. On the other hand, ferrosilicon market price fell sharply.
- The manganese ore market prices fell sharply from mid-2024, but showed a stable trend in FY2025.



Source: High-carbon ferromanganese (Fastmarkets, METALS WEEK) Manganese ore (Fastmarkets) Ferrosilicon (CRU) Silicomanganese (CRU)

## 2-2. FY2025 Financial Results

FY2025  
Results

- Ordinary profit (accounting basis) in the Incineration Ash Recycling business and the Functional Materials business increased, while that of the Ferroalloys business decreased due to the negative impact of inventories, and other factors. As a result, ordinary profit (accounting basis) decreased by ¥2.2 billion YoY to **¥2.7 billion**.
- The underlying ordinary profit excluding inventory impact remained almost at the same level YoY at **¥5.3 billion**.

(bil. yen)

	FY2024	FY2025		YoY
		Projection (Announced on Aug. 5, 2025)	Actual	
Net Sales	78.2	78.2	<b>77.3</b>	<b>-1.0</b>
Ordinary Profit	4.9	3.0	<b>2.7</b>	<b>-2.2</b>
Inventory Impact etc.	(0.3)	(2.0)	<b>(2.6)</b>	<b>-2.3</b>
Underlying Ordinary Profit*	5.2	5.0	<b>5.3</b>	<b>+0.1</b>
Profit Attributable to Owners of Parent	3.1	1.6	<b>1.4</b>	<b>-1.7</b>

\*Ordinary profit excluding inventory impact and one-time factors

Adopted in 2023 as one of the management indicators to accurately grasp our inherent performance.

A common indicator for calculating the dividend payout ratio as well as compensation and bonuses for directors and employees.

## 2-3. FY2025 Financial Results by Segments (Underlying Profit Basis)

FY2025  
Results

- Underlying ordinary profit remained on par with that in the previous fiscal year, as increased profits in the Function Materials business and the Incineration Ash Recycling business compensated for decreased profits in the Ferroalloys business. (domestic: decreased production arising from periodic repairs / overseas: due to margin decline arising from the continued low product market prices)

(bil. yen)

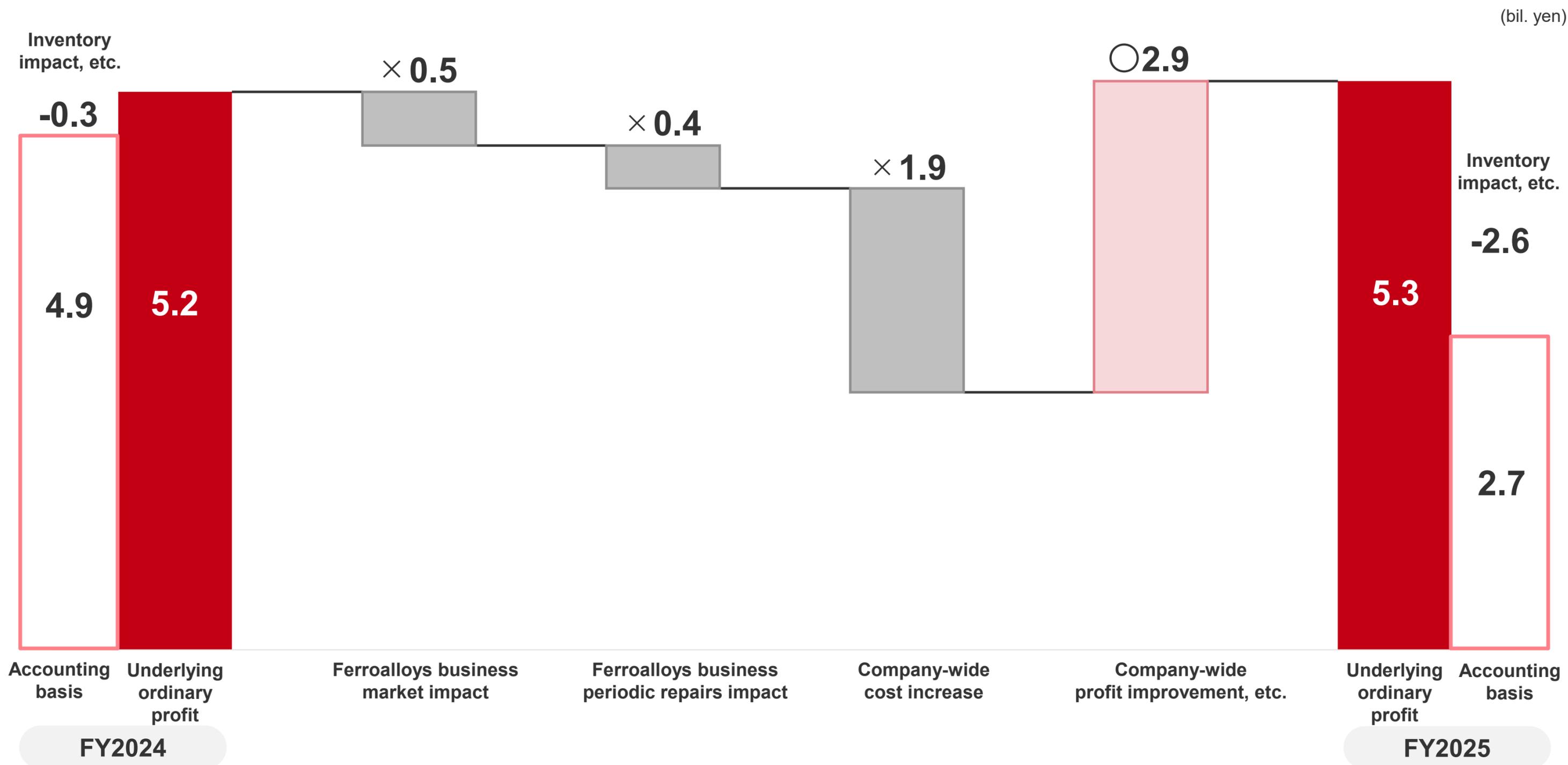
		FY2024		FY2025		YoY	
		Net Sales	Underlying Ordinary Profit*	Net Sales	Underlying Ordinary Profit*	Net Sales	Underlying Ordinary Profit*
Ferroalloys		51.8	1.1	<b>48.4</b>	<b>0.2</b>	-3.3	-0.9
	Domestic	51.8	1.7	<b>48.4</b>	<b>1.2</b>	-3.3	-0.5
	Overseas	—	(0.6)	—	<b>(1.0)</b>	—	-0.4
Functional Materials		14.0	2.0	<b>14.8</b>	<b>2.2</b>	+0.8	+0.2
Incineration Ash Recycling		7.7	1.4	<b>8.9</b>	<b>2.1</b>	+1.1	+0.7
Aqua Solutions		1.6	0.1	<b>1.7</b>	<b>0.1</b>	+0.1	0.0
Electric Power		1.4	0.4	<b>1.4</b>	<b>0.4</b>	0.0	0.0
Others		1.8	0.2	<b>2.1</b>	<b>0.3</b>	+0.3	+0.1
<b>Total</b>		78.2	5.2	<b>77.3</b>	<b>5.3</b>	-1.0	+0.1

\* Ordinary profit excluding inventory impact and one-time factors

# 2-4. FY2025 Profit and Loss Analysis (Underlying Ordinary Profit Basis)

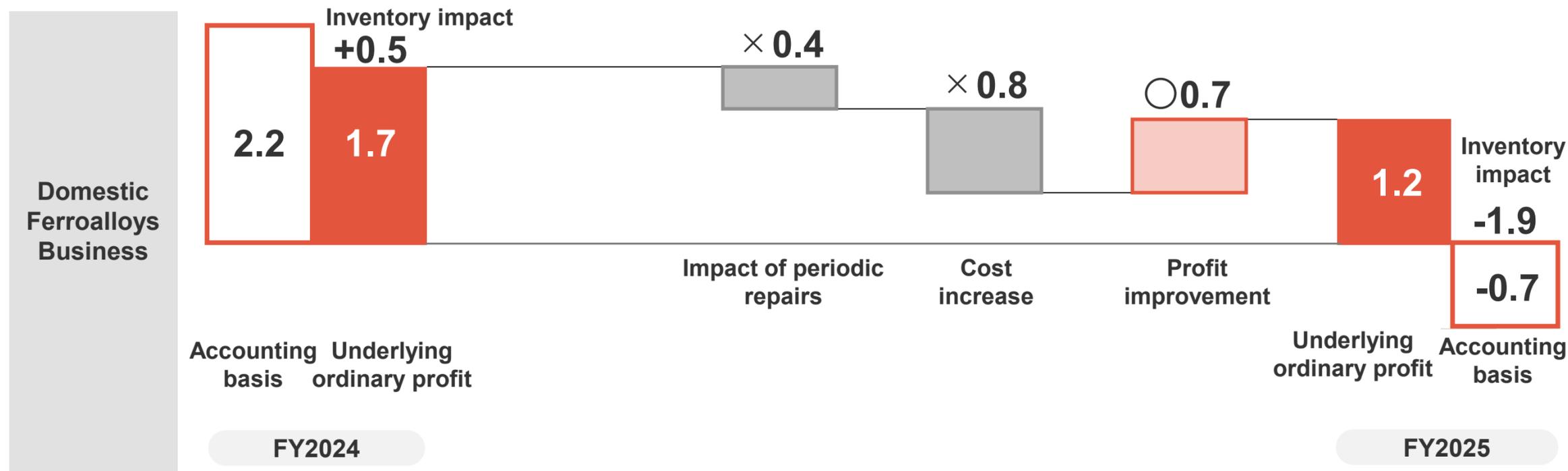
FY2025 Results

## Underlying Ordinary Profit Variance Analysis

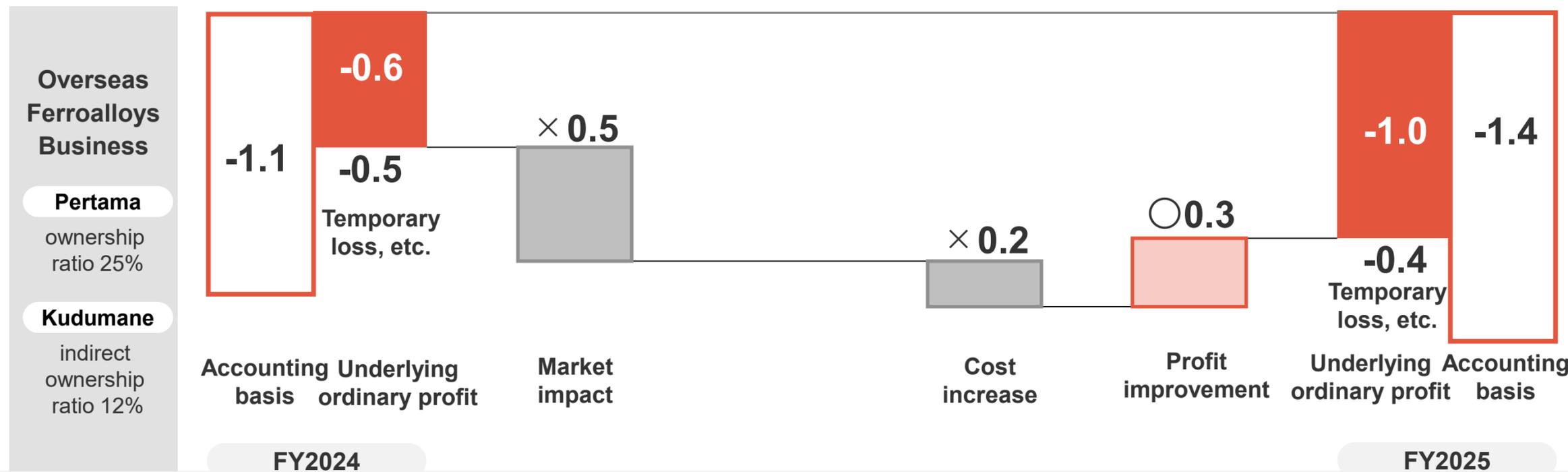


# 2-5. FY2025 Profit and Loss Analysis (Underlying Ordinary Profit Basis)

## Underlying Ordinary Profit Variance Analysis



- Decreased production arising from periodic repairs.
- Increased costs were offset by improved profitability.
- Maintained stable underlying ordinary profit through partial revisions to the price formula, etc.



- Offset cost increase through stable production and procurement of inexpensive raw materials.
- Underlying ordinary profit decreased due to decline in product market prices for ferrosilicon, etc.

# 2-6. FY2025 Profit and Loss Analysis (Underlying Ordinary Profit Basis)

## Underlying Ordinary Profit Variance Analysis



## BS (consolidated)

- Reduced total assets by inventory reduction and repurchase of treasury shares. (Inventories decreased significantly due to inventory reduction efforts and delayed raw material deliveries.)
- Fixed assets will increase due to investment in EM5 starting in FY2026.

(bil. yen)

	FY2024	FY2025
Total current assets	54.0	44.4
(incl. Cash and deposits)	5.9	6.0
(incl. Inventories)	34.0	26.1
Total non-current assets	48.2	49.0
(incl. Tangible and intangible assets)	27.7	28.1
Total assets	102.2	93.4
Total liabilities	28.5	22.4
(incl. Interest-bearing debt)	17.1	13.8
Total net assets	73.7	71.0
Total liabilities and net assets	102.2	93.4
Net D/E ratio	0.15	0.11
Inventory turnover period (month)	6.0	5.6
Fixed ratio (%)	65.5	69.0

## CF (consolidated)

- Operating cash flows increased YoY to ¥14.6 billion due to inventory reduction efforts.
- Conducted repurchase of treasury shares amounting to ¥4.0 billion while utilizing generated FCF.

(bil. yen)

	FY2024	FY2025
Cash flows from operating activities	6.0	14.6
(incl. Ordinary profit)	4.9	2.7
(incl. Depreciation)	3.2	3.7
(incl. Share of profit of entities accounted for using equity method)	1.1	1.4
(incl. Changes in working capital)	(2.7)	6.3
Cash flows from investing activities	(4.8)	(5.6)
Free cash flows (FCF)	1.1	9.0
Cash flows from financing activities	(3.1)	(8.9)
(incl. Changes in interest-bearing debt)	(1.5)	(3.1)
(incl. Dividend)	(1.4)	(1.6)
(incl. Acquisition of treasury shares)	0.0	(4.0)
Cash and cash equivalents at end of period	5.9	6.0

# INDEX

1

Business Overview

2

FY2025 Financial Results

3

**FY2026 Earnings Projection**

4

Progress of the Medium-Term  
Business Plan

5

Shareholder Return

6

Appendix

## External Environment

Continued easing of supply/demand for steel products  
Safeguard measures on ferroalloys implemented in the EU  
(November 2025)

Intensifying competition in the battery market due to the  
sluggish adoption of EVs

The rise in geopolitical risks

Growing demand for solutions to social issues, including  
measures for climate change and building a circular economy

## Business Environment in FY2026

Elimination of inventory impact  
Impacts by safeguard measures are uncertain on the  
Ferroalloys market prices

Discontinuation of OEM for a part of cathode battery materials  
(end of March 2026)

Ex-China due to U.S.-China trade friction

Expansion of demand for incineration ash recycling

## Materials

### Ferroalloys Business

- **Strengthen competitiveness:**
  - Pursue high and stable production
  - Pursue cost minimum operations
  - Further inventory reduction and optimization
  - Promote GX initiatives

### Functional Materials Business

- Set a price that matches the added value of a product
- Promote structural reforms to address the uncertain outlook for automotive battery materials (discontinuation of OEM for certain products)
- Capture demand for ex-China and expand sales in growing fields
- Diversify raw material suppliers to mitigate geopolitical risks
- Cost reduction using recycled materials

## Environment

### Incineration Ash Recycling Business

- Establish a structure for the operation of Incineration Ash Melting Furnace No. 5 in 2027
- Promote measures in anticipation of expanded investment in the Melting Furnace No. 6 and next furnaces
- Increase the incineration ash collection volume (nationwide)
- Improve the efficiency of molten metal extraction

### Aqua Solutions Business

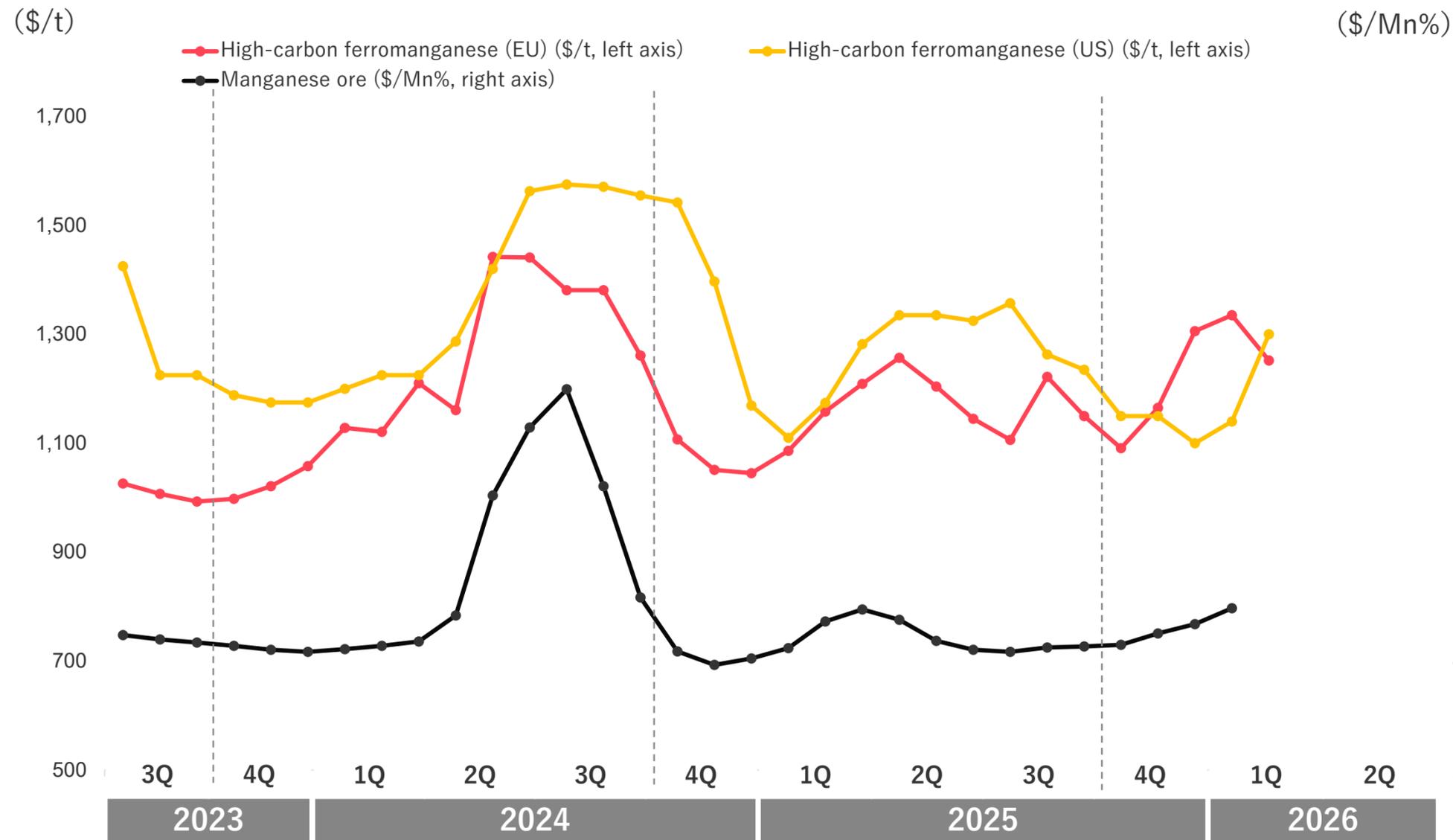
- Expand business domains through strengthened efforts to foray into new fields:
  - Establish our proprietary business model for PFAS removal
  - Recover precious metals including palladium, etc., from wastewater using algae

# 3-3. Ferroalloys / Manganese Ore Market Trend

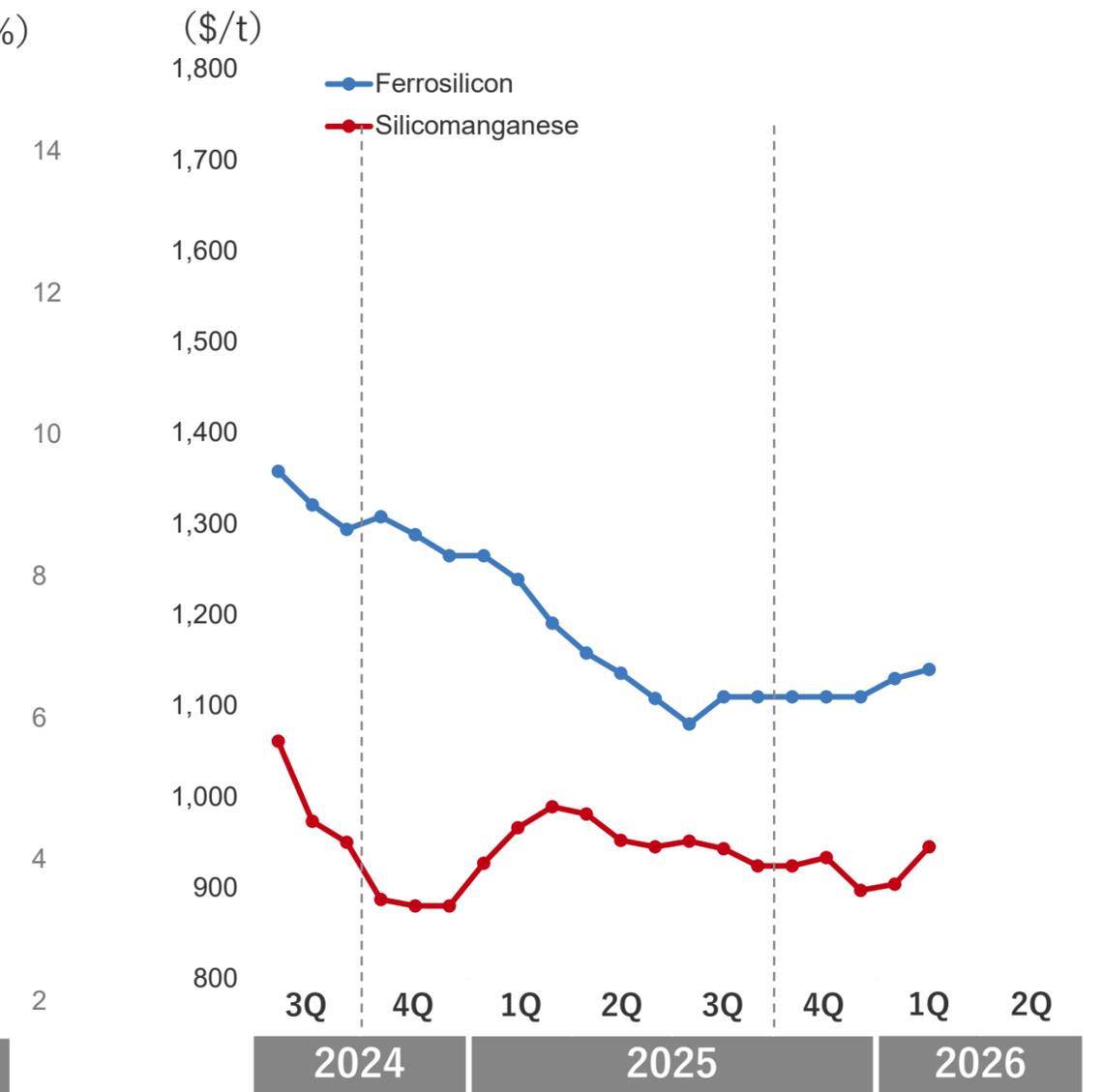
FY2026  
Projection

- The EU implemented safeguard measures in Nov. 2025 → European Ferroalloys market prices rose temporarily.
- The outlook for ferroalloys market prices remains uncertain.

High-Carbon Ferromanganese (product) & Manganese Ore Market Prices (raw material)



Ferrosilicon & Silicomanganese Market Prices (overseas)

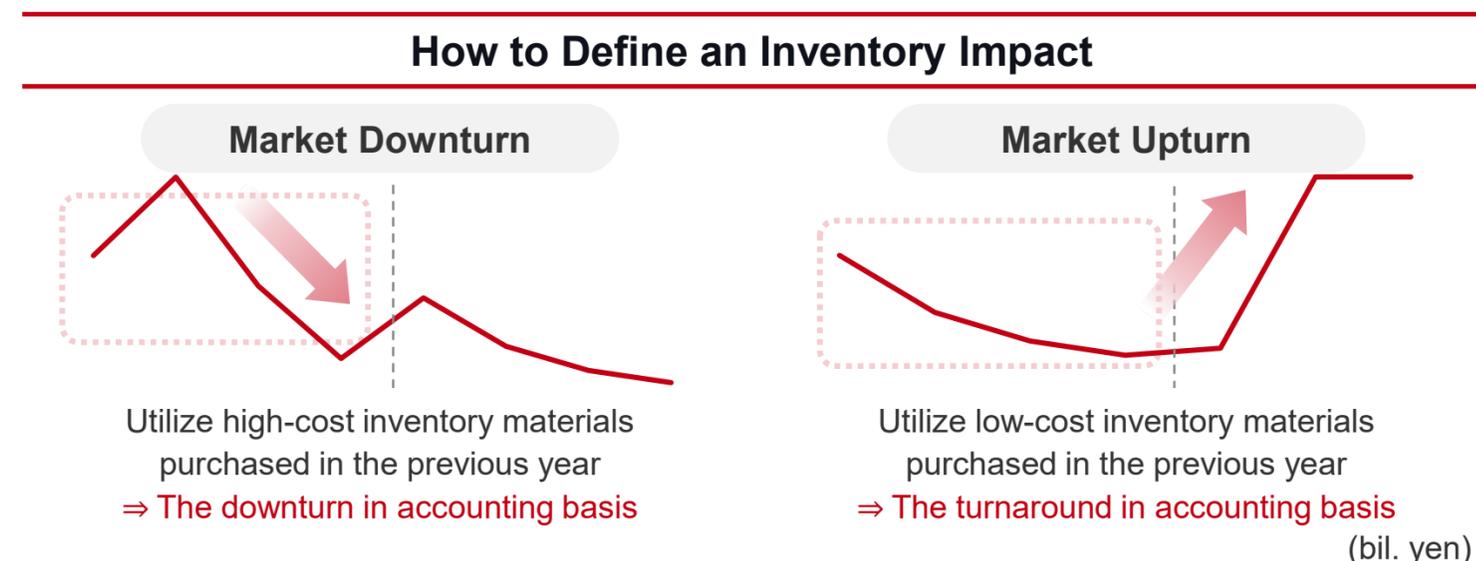


\*Source : High-carbon ferromanganese (Fastmarkets, METALS WEEK) Manganese ore (Fastmarkets) Ferrosilicon (CRU) Silicomanganes (CRU)

# 3-4. FY2026 Earnings Projection

FY2026  
Projection

- Underlying ordinary profit: expected to be **¥6.0 billion**.
  - + Increase of the volume of incineration ash collected
  - + Thorough implementation of cost minimum operations in the Ferroalloys business
  - Consideration of uncertain outlook for battery materials and other factors
- Ordinary profit (accounting basis): expected to **increase YoY** as the inventory impact arising from the market downturn in raw material market prices since the second half of FY2024 disappears.



	FY2025	FY2026	YoY
Net Sales	77.3	<b>75.0</b>	-2.3
Ordinary Profit	2.7	<b>6.0</b>	+3.3
Inventory Impact etc.	(2.6)	<b>0.0</b>	+2.6
Underlying Ordinary Profit*1	5.3	<b>6.0</b>	+0.7
Profit Attributable to Owners of Parent	1.4	—	—
Underlying Profit*2	3.7	<b>4.2</b>	+0.5
FX (¥/\$US)	150	<b>150</b>	—

\*1 Ordinary profit excluding inventory impact and one-time factors

\*2 Underlying ordinary profit (ordinary profit excluding the impact of inventory and one-time factors) × 0.7 (income taxes, etc.)

# INDEX

1

Business Overview

2

FY2025 Financial Results

3

FY2026 Earnings Projection

4

**Progress of the Medium-Term  
Business Plan**

5

Shareholder Return

6

Appendix

# 4-1. “Our Ideal State” in 2030 and the “9th Medium-Term Business Plan”

- “Our Ideal State” in 2030  
Net sales of **¥110 billion** or larger, underlying ordinary profit of **¥13 billion** or larger, and ROE of **10%** or higher.

## Four Targets

### Growth Strategy

**Proactively investing in growing field**

**¥45 billion to ¥50 billion**

(FY2021 to FY2023 : ¥6.0 billion)

### To Improve and Stabilize Profitability

**ROE of 10% or higher**

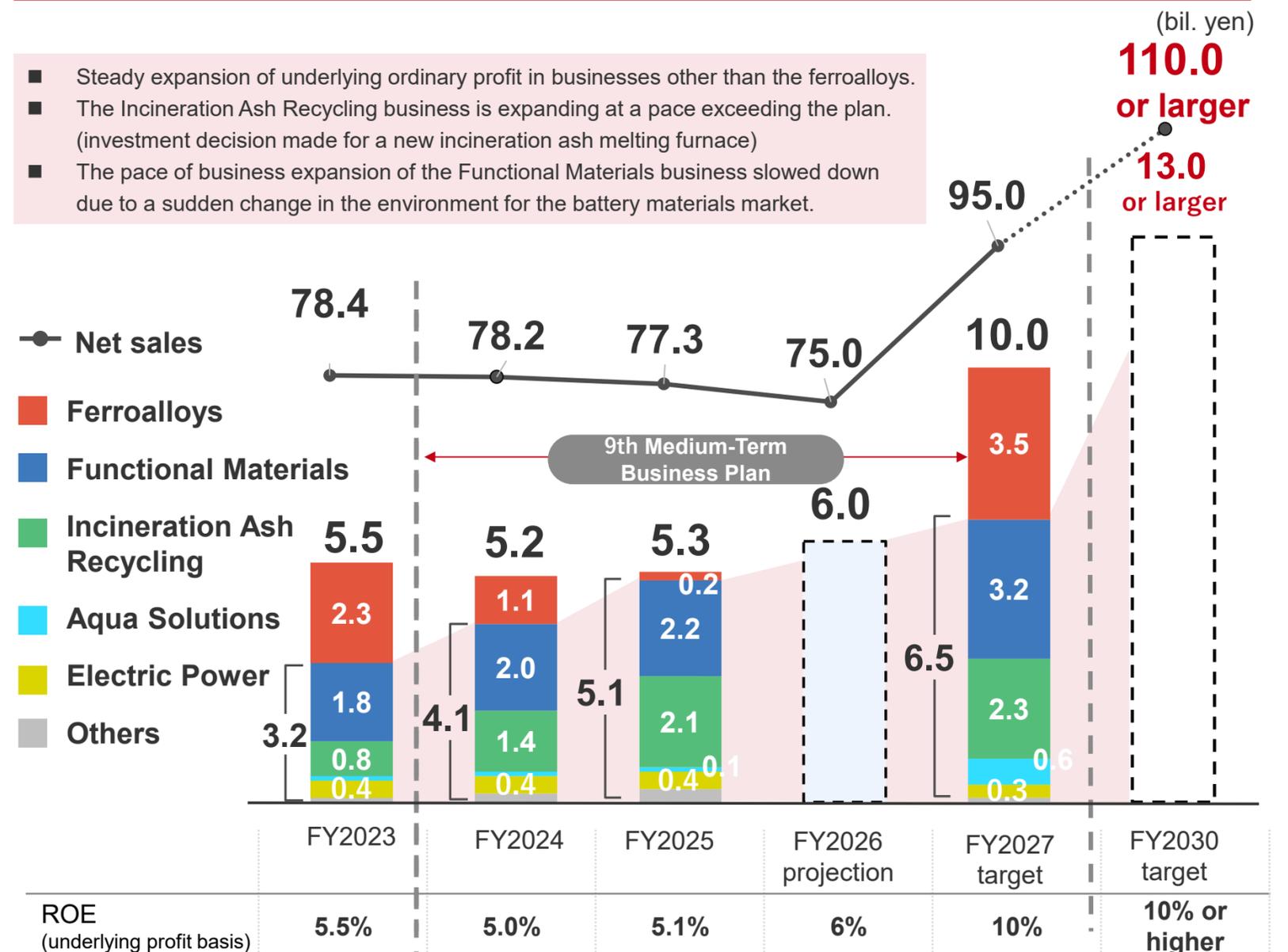
### Financial Strategy

- Proactive of shareholder returns
- Utilization of financial leverage (borrowing, etc.)

### Sustainability-Related Measures

- Carbon neutrality
- Investment in human capital

## Net Sales / Underlying Ordinary Profit / ROE



# 4-2. Growth Strategy : Incineration Ash Recycling Business (1)

- Large-scale investment of approximately **¥12.0 billion** in the new Melting Furnace No. 5, and **No. 5 and 6's common equipment and facilities**.
  - ➔ Selected for the Ministry of Economy, Trade and Industry's large-scale growth investment subsidy\* (**supporting business expansion that contributes to growth**)
  - \*Subsidy of approximately ¥10 billion (subsidy rate: 1/3)
- Focus on **nationwide expansion** of incineration ash collection and securing **long-term contracts**.

### Increased demand for resource recycling due to a decrease in the remaining capacity of landfill sites

- Increase of the volume of incineration ash collected from existing customers.
- Acquisition of new contracts outside the Kanto region.
- Ensure a stable volume of incineration ash collected over the long term by gaining long-term contracts for DBO\*.

\*Design / Build / Operate

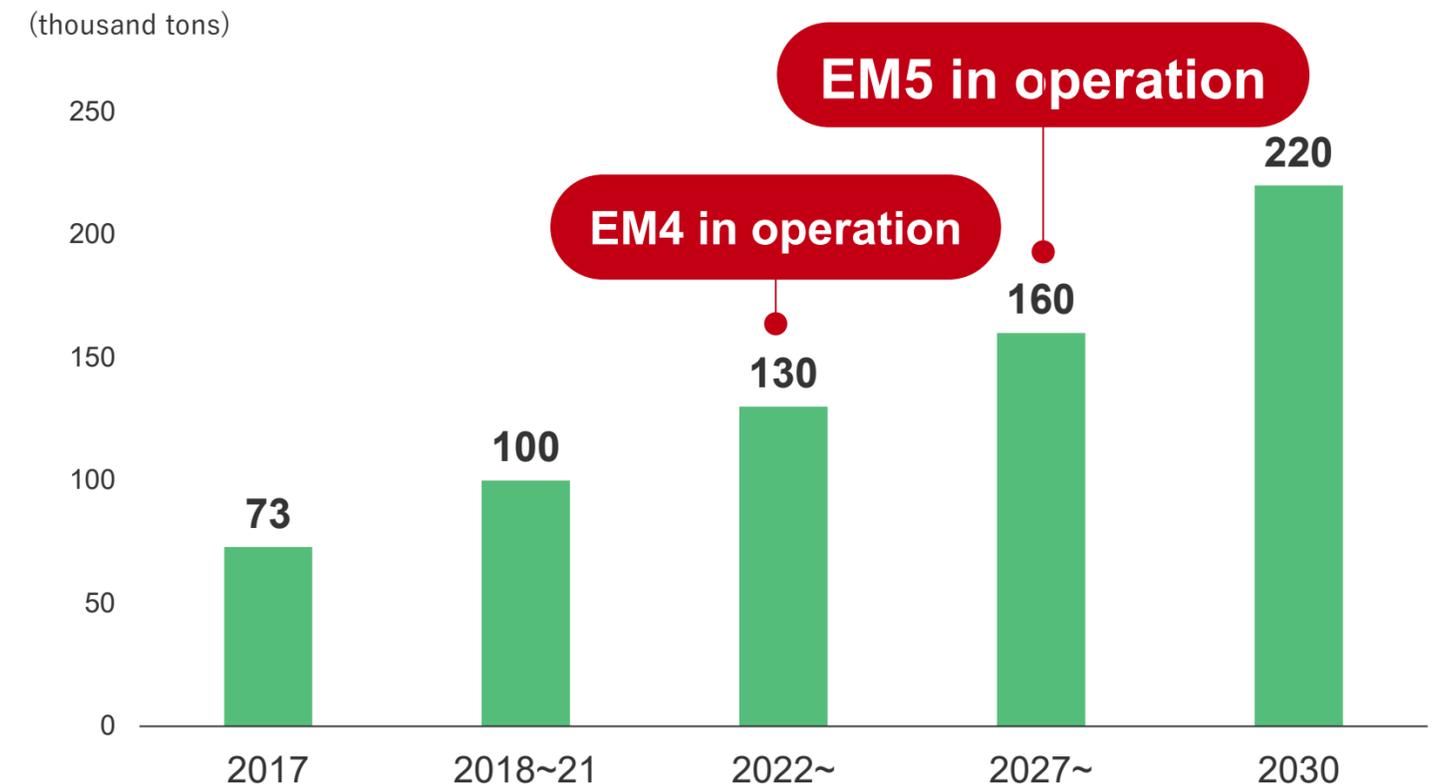
### Expanding the treatment capacity and the collection volume of incineration ash

- The addition of the Incineration Ash Melting Furnace No. 5. (start of operation scheduled in Dec. 2027)
- The installation of common equipment and facilities, and promotion of improvements at the Kashima Plant for the addition of the Incineration Ash Melting Furnace No. 6.
- **Establish a sales office in the Kyushu region** to expand collection volumes. (scheduled for April 2026)

Number of Contracts



Changes in Incineration Ash Treatment Capacity



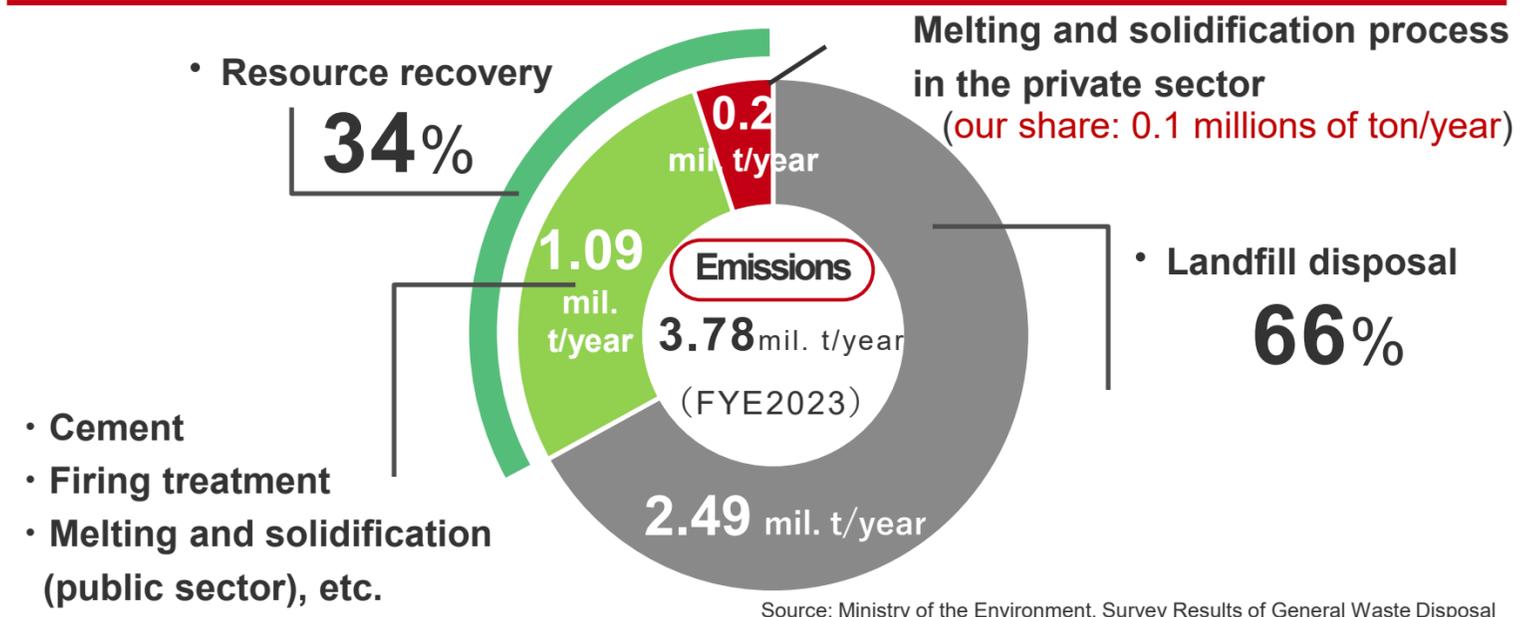
# 4-2. Growth Strategy : Incineration Ash Recycling Business (2)

- Increasing demand for recycling resources due to a decrease in remaining capacity of the landfill sites.

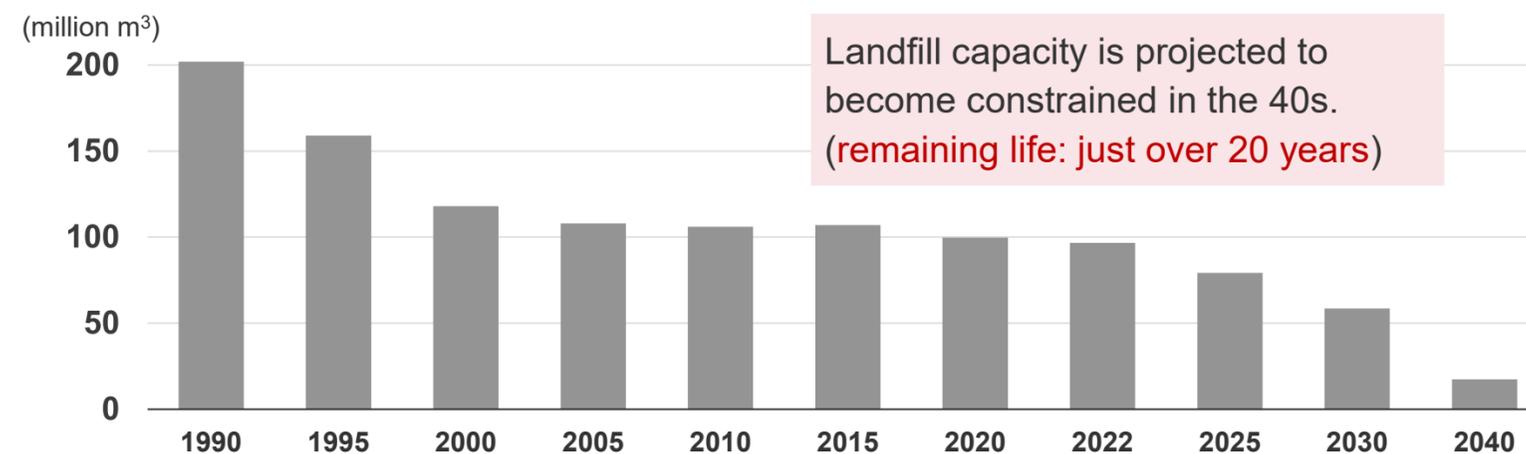
## Treatment Process for Incineration Ash from General Waste



## Nationwide General Waste Incineration Ash Generation Volume & Disposal Status



## Trend of Nationwide Remaining Capacity of Landfill Sites

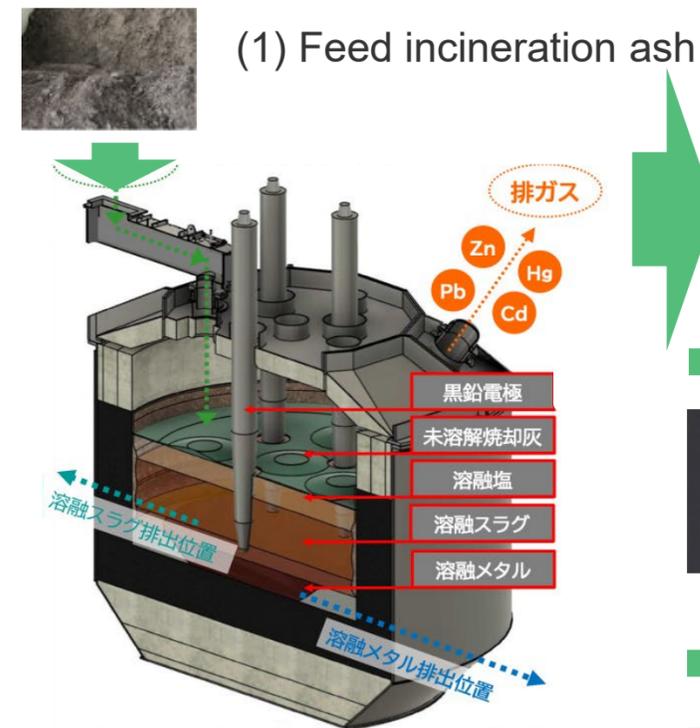


Ministry of the Environment — "Survey Results on Municipal Waste Management Practices"  
Nihon Keizai Shimbun — "Vision for 100 Million People" (Sept. 1, 2024)

# 4-2. Growth Strategy : Incineration Ash Recycling Business (3)

- Realizing perfect recycling through advanced electric furnace operation technology honed in ferroalloy production.

## Perfect Recycling Process



(3) Separate and recover incineration ash by specific gravity



### Molten metal (approx. 4%)



Contains precious metals (gold, silver, copper, platinum, etc.)

➔ Reused for industrial applications

### Molten slug (approx. 70%)



Building and civil engineering materials (ECOLAROCK)

➔ Alternative uses for natural crushed stone

### Molten fly ash (approx. 3%)



Contains nonferrous metals (zinc and lead)

➔ Reused for industrial applications

(2) Melting treatment in an ash melting furnace at temperatures above 1,500 °C

Detoxification

Separation/removal

Stabilization

## Our Competitive Advantages

- Realize incineration ash perfect recycling.
- Receive incineration ash from 101 municipalities and intermunicipal cooperatives nationwide.
- Detoxify dioxin at high temperatures. (1,500°C)
- Bottom ash and fly ash can be processed simultaneously.
- The largest treatment capacity held by a private enterprise, realizing a business model that is difficult for other competitors to enter.



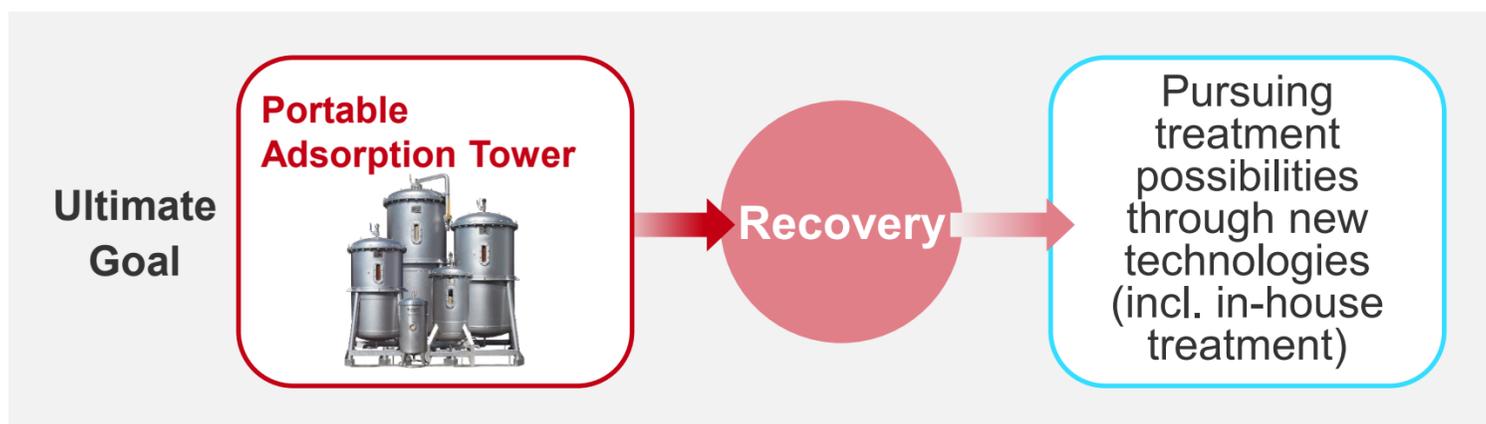
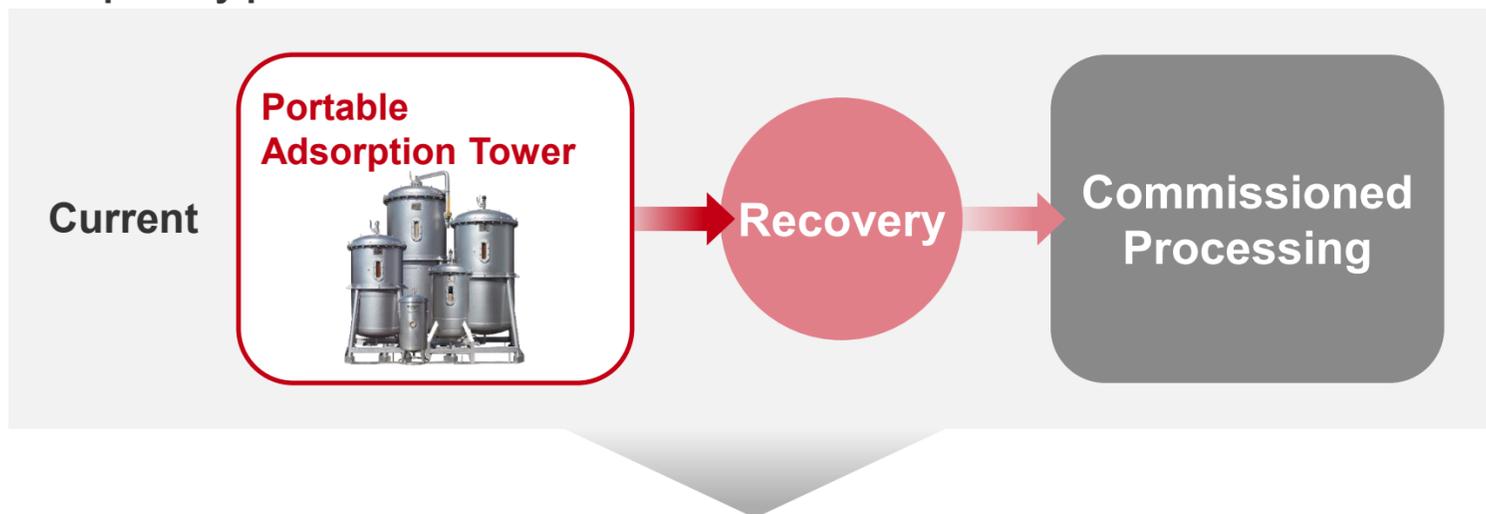
The Kashima Plant / Ash melting furnace facility

# 4-3. Growth Strategy : Aqua Solution Business

- Strengthening business to realize a circular economy : initiatives in new fields.
- Expanding business domains through strengthened efforts in new fields.

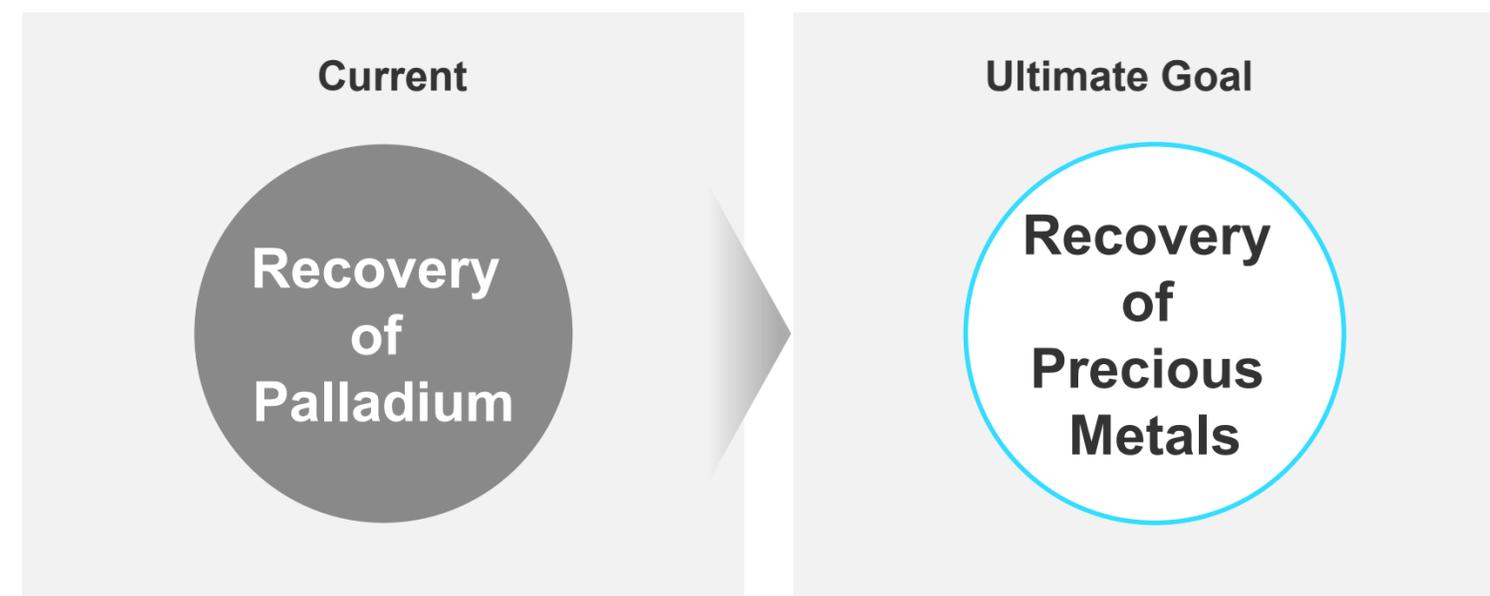
## PFAS Removal Initiatives

- Leveraging our wastewater treatment equipment technology, we developed a space-saving, **portable adsorption tower** specifically designed for PFAS removal. Adopted by private wastewater treatment facilities.



## Resource Recovery by Adsorbing and Recovering Palladium from Wastewater

- We invested ¥0.2 billion in Galdieria Co., Ltd., a start-up company aiming for resource recycling with microalgae. Collaboration began in 2025.
- Leveraging our wastewater treatment technology and expertise in precious metal recovery, we promote commercialization in collaboration with the precious metal adsorbent developed by Galdieria Co., Ltd.
- Tackling the adsorption and recovery of palladium from low-concentration wastewater that is difficult to recover using existing technologies, and seeking to establish a circular economy of urban mines.
- In the future, we will recover precious metals other than palladium.



# 4-4. Improvement of ROE through Financial Strategy (Projection for FY2027)

- Allocate the FCF generated by inventory reduction to shareholder return.
- Utilize external procurement for the expanding investment in growth strategies.

To realize “Our Ideal State” in 2030, we will advance ROE improvement through financial strategies (1) to (4).

Assets **¥100 bil.** → **¥110 bil.**

Liabilities / Net assets **¥100 bil.** → **¥110 bil.**

**Financial Strategy (1)**  
To improve the efficiency of inventories

Inventory turnover period (month)

End of Dec. 2023 End of Dec. 2027

**5.8** ▶ **5**

**Current assets**  
**¥50 bil.** → **Approx. ¥45 bil.**

Realize efficient fund allocation by reduction of cash and deposits and inventory.

**Liabilities**  
**¥30 bil.** → **Approx. ¥35 bil.**

(Net interest-bearing debt **¥11 bil.** → **¥22 bil.**)

- Net interest-bearing debt increased
- Control other liabilities through efficient fund allocation

**Financial Strategy (3)**  
Appropriate financial leverage

Target Net DE/Ratio  
**0.30~0.45**

Net D/E Ratio

End of Dec. 2023 End of Dec. 2027

**0.15** ▶ **0.3**

**Financial Strategy (2)**  
Expansion of fixed assets investments as a source of profits

Fixed ratio (%)

End of Dec. 2023 End of Dec. 2027

**68.8** ▶ **90**

**Non-current assets**  
**¥50 bil.** → **Approx. ¥65 bil.**

Expansion of investments in growth strategies.

- Investment in a new incineration ash melting furnace (**¥12 bil.**), etc.

**Net assets**  
**¥70 bil.** → **Approx. ¥75 bil.**

- In addition to dividends in line with the new dividend policy, we will implement proactive shareholder returns including repurchase of treasury shares.
- Net assets have relatively shrunk.
- Aiming for an ROE of 10% by expanding profits through growth investments and optimizing net assets.

**Financial Strategy (4)**  
Proactive shareholder returns

Underlying ROE (%)

End of Dec. 2023 End of Dec. 2027

**5.5** ▶ **10**

Underlying ordinary profit (bil.yen)

**5.5** ▶ **10.0**

**FY2023 Scale** → **FY2027 Outlook**

# 4-5. Progress of Growth Investment : GX

- To implement measures to achieve carbon neutrality and aim to reduce our CO2 emissions by 45% or more\* in FY2030. (Scopes 1 and 2, vs. FY2015)

## Activities Towards Carbon Neutrality

### ■ Decision to install gas-engine power generation equipment

- Decision made to introduce **gas-engine power generation equipment** for utilizing by-product gas from ferroalloy electric furnaces highly efficiently and achieving energy-saving.
- Features: **Capable of generating electricity using diverse fuels**, including low-calorific-value gases and non-natural gas sources such as renewable energy.
- CO2 emissions reduction target: 3,000 tons/year
- Installation location: Tokushima Plant
- Commencement of operation: Scheduled in April 2029
- Amount of capital investment: **Approximately ¥1.7 billion**  
→Adopted for the “Energy Efficiency Investment Promotion & Demand Structure Transformation Support Program” by Ministry of Economy, Trade and Industry. (Subsidy of approximately ¥0.6 billion)
- Considering further CO2 emission reductions **through expansion.**

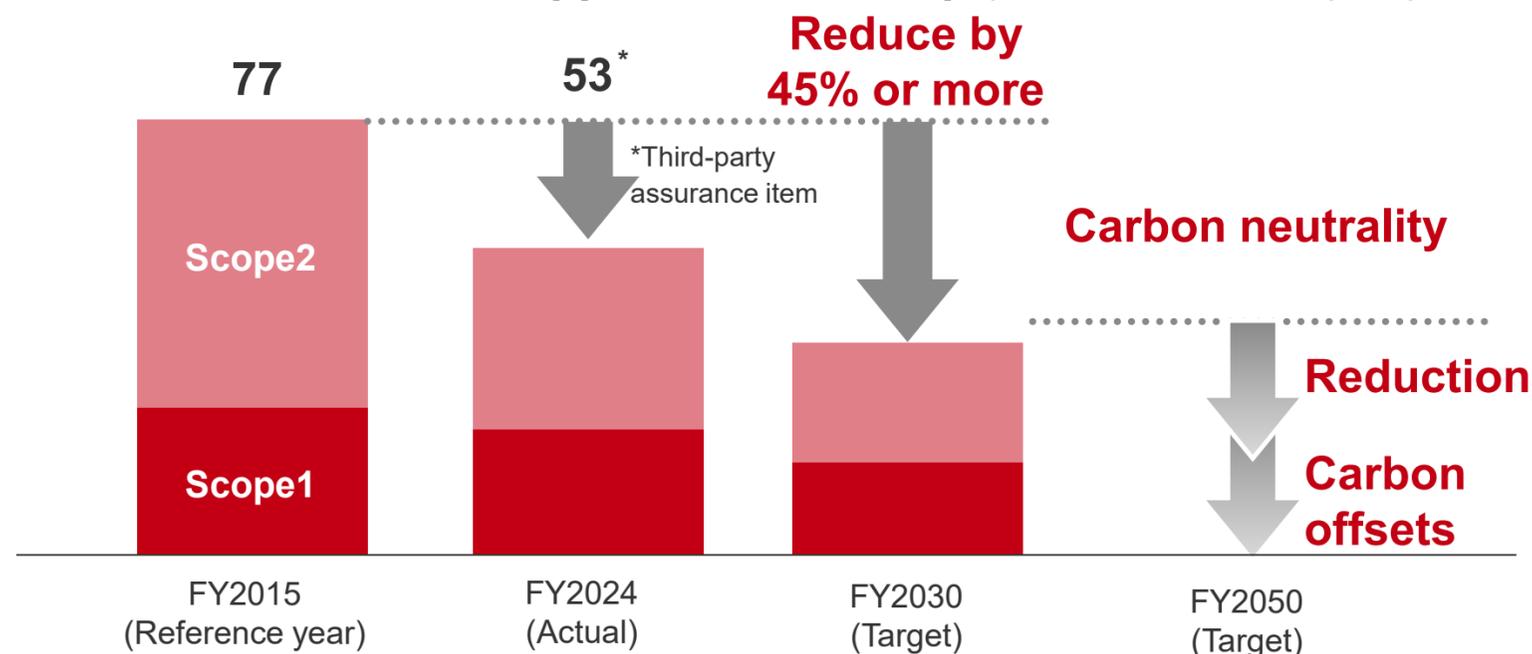


- Selection of suitable grades and implementation of testing with actual equipment for the application of **renewable wood cokes** in high-carbon ferromanganese production.

## CO2 Emission Reduction Target

FY2030 | **Reduce by 45% or more** (Scopes 1 and 2, vs. FY2015) | FY2050 | **Carbon neutrality**

### ■ CO2 Emissions of Nippon Denko Group (10 thousand tons/year)



#### Scope1

Direct emissions by Nippon Denko Group (mainly derived from the coal cokes reduction process in high-carbon ferromanganese manufacturing)  
**<Over 90% of Scope1 CO2 emissions derive from ferroalloy manufacturing>**

#### Scope2

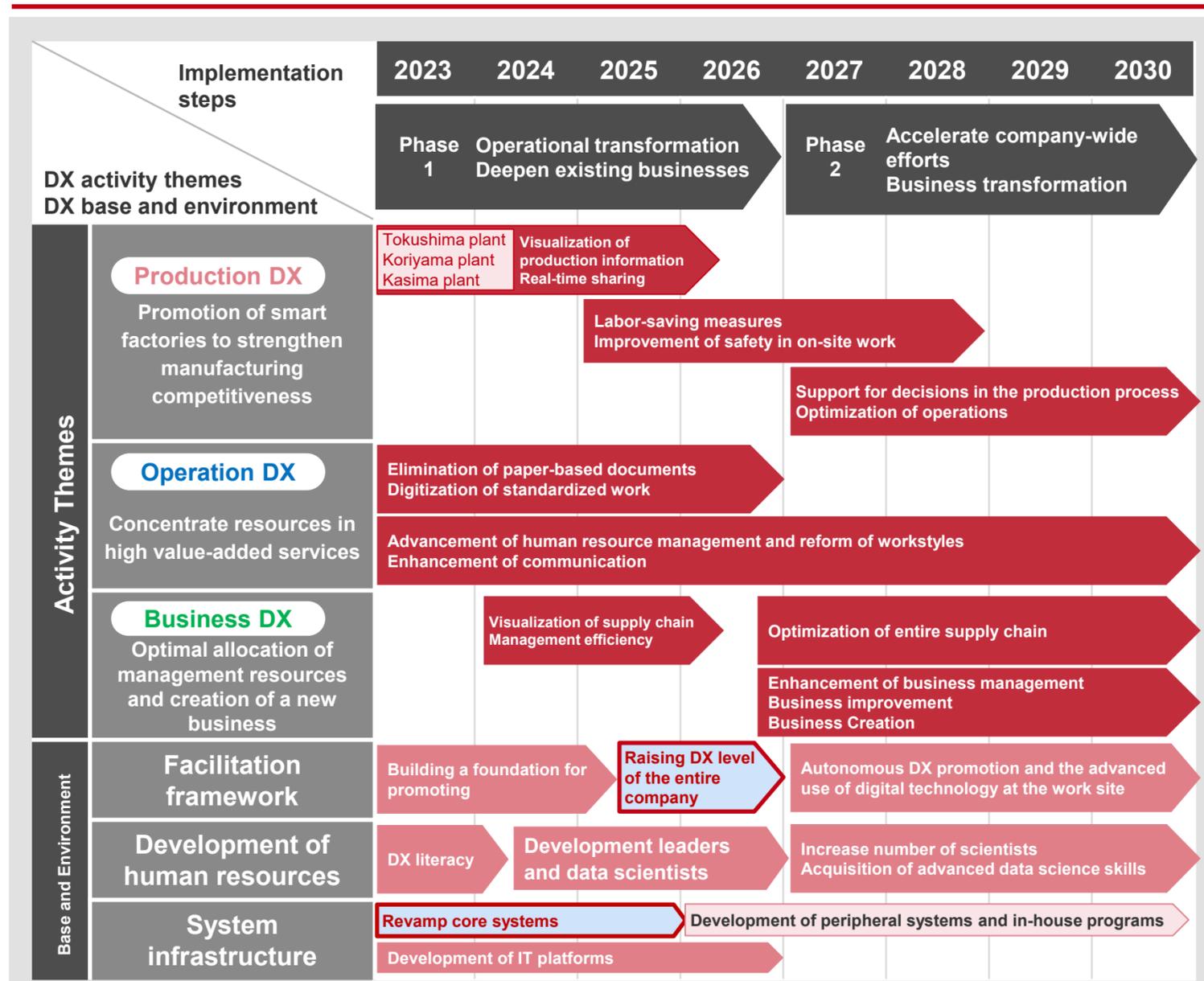
Indirect emissions from the use of electricity and heat supplied from external sources

# 4-6. Progress of Growth Investment : GX

## DX Vision

Realizing Optimal Manufacturing and Creation of New Value Through Digital Transformation and Self-innovation

## DX Roadmap



## Elevating the Company-wide DX Level

Strengthening company-wide DX promotion with both top-down and bottom-up approaches in anticipation of the transition to the data utilization phase.

- [Top-down approaches: Problem-solving directly linked to business strategies]
  - Prioritize solving problems in accordance with business division guidelines.
  - Standardize common business processes to achieve optimization company-wide.
- [Bottom-up approaches: Ingenuity led by on-site workers]
  - Promote DX across all workplaces by leveraging low-code and no-code tools.
  - On-site workers independently handle everything from defining challenges to verification and share successful examples among other members.
- [Promotion framework and progress tracking]
  - Established a new DX Promotion Committee chaired by the President. Monitor progress and return on investment (ROI), etc. across all business divisions.



## Core Business System

Revamped our core business system, which had been operated internally since the 1990s, using the latest web technologies while preserving our operational expertise.

- [Improved maintainability and elimination of work exclusive to the skills of specific individuals]
  - Prevent the system from becoming a black box and optimize maintenance costs.
- [Utter streamlining of operational efficiency]
  - Update into an intuitive UI and enhanced screen information to improve operational speed
- [Accelerating the shift to paperless operations]
  - By fully converting documents into PDF files, reduce environmental impact and promote the use of digital data.

# 4-7. Human Capital Management

- We are promoting various measures based on the human resources strategy linked to the medium-to long-term business strategy

## Key Activities

- Introduction of a support system for scholarship refunds (career-track employees)  
Amount: Technical positions: Up to ¥3.6 million  
Administrative positions: Up to ¥2.4 million

Strengthen recruitment

- Naming rights agreement  
Tokushima University (Josanjima Campus) : From October 2025  
Learning Commons, 1<sup>st</sup> Floor of the Main Library  
Nickname: Nippon Denko Learning Commons

Strengthen recruitment

- National Institute of Technology, Ibaraki College : From December 2025  
North Plaza of Building 7 and Student Cafeteria  
Nickname: Nippon Denko eng Creation Square  
Nickname: Nippon Denko Atsumaru Shokudo



- Achieving continuous wage increases  
→ Setting wage increase targets toward 2030

Enhance engagement

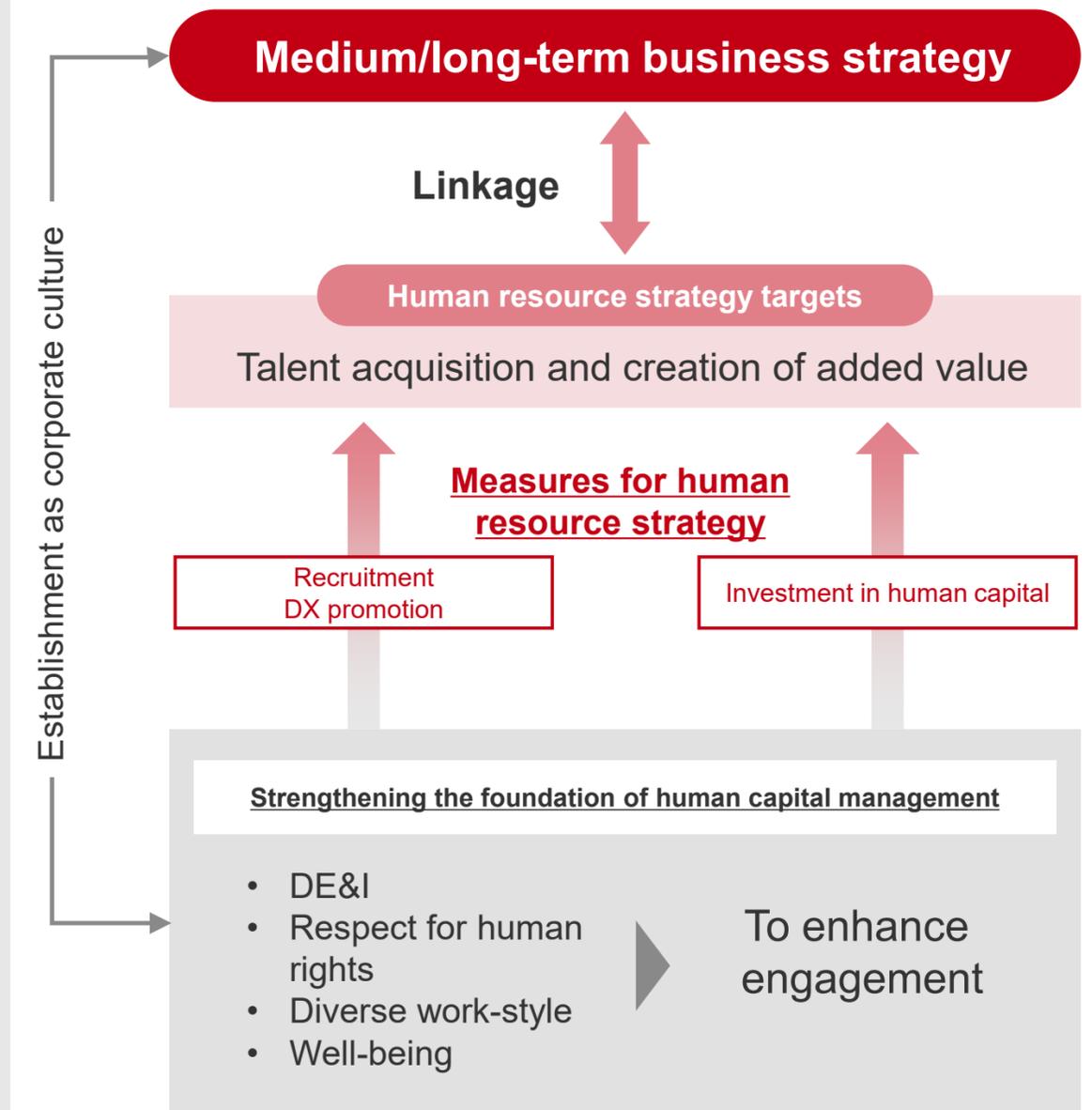
Investment in the expansion of an incineration ash melting furnace has been selected for the Ministry of Economy, Trade and Industry's "Large-Scale Growth Investment Subsidy for Labor-Saving Measures and Other Initiatives Aimed at Wage Increases for Small and Medium-Sized Enterprises" (see slide #20).

- Introduction of a restricted stock incentive plan for the employees' shareholding association  
As a measure to enhance employee benefits, the Company grants its common stock as restricted stock through the employees' shareholding association

Enhance engagement

- Employees' shareholding association enrollment rate: 75%

## Conceptual Diagram of Our Human Resource Strategy



# INDEX

1

Business Overview

2

FY2025 Financial Results

3

FY2026 Earnings Projection

4

Progress of the Medium-Term  
Business Plan

**5**

**Shareholder Return**

6

Appendix

# 5-1. FY2025 Shareholder Returns

- Repurchase of treasury shares: **¥4.0 billion** (13,034,700 shares: **approximately 10%** of the outstanding shares)
- Annual ordinary dividend: **¥11** (Interim dividend: ¥5; **Year-end dividend: ¥6**)
- 100th anniversary commemorative dividend: **Commemorative dividend of ¥1**

**Annual dividend : ¥12**



	FY2024	FY2025
Annual dividends per share (yen)	11 (interim ¥4)	12 (interim ¥5)
(Ordinary dividends)	11 (interim ¥4)	11 (interim ¥5)
(Commemorative dividends)	—	1
Total amount of dividends (bil. yen)	1.5	1.6
Total amount of share acquisition costs (bil. yen)	—	4.0
Payout ratio: Underlying profit (%)	41	42
Payout ratio: Net profit (%)	48	112

Dividend Policy	
Base profit	<b>Underlying profit</b>
Payout ratio	<b>Approx. 40%</b>
Minimum dividend per share	<b>¥10</b>

As for the year-end dividend of surplus for FY2025, we plan to propose ¥7 per share at the Annual General Meeting of Shareholders.

## 5-2. FY2026 Projection of Shareholder Returns

- The underlying ordinary profit for FY2026 is expected to reach **¥6.0 billion.**
- The repurchase of treasury shares reduces the effective number of outstanding shares.



**Annual dividend : Projected at ¥13**



**Increase the minimum annual dividend per share from ¥10 to ¥11**

	FY2025	FY2026
Annual dividends per share (yen)	12	<b>13</b>
(Ordinary dividends)	11	<b>13</b>
(Commemorative dividends)	1	—
Total amount of dividends (bil. yen)	1.6	1.6
Total amount of share acquisition costs (bil. yen)	4.0	—
Payout ratio: Underlying profit (%)	42	Approx. 40
Payout ratio: Net profit (%)	112	—

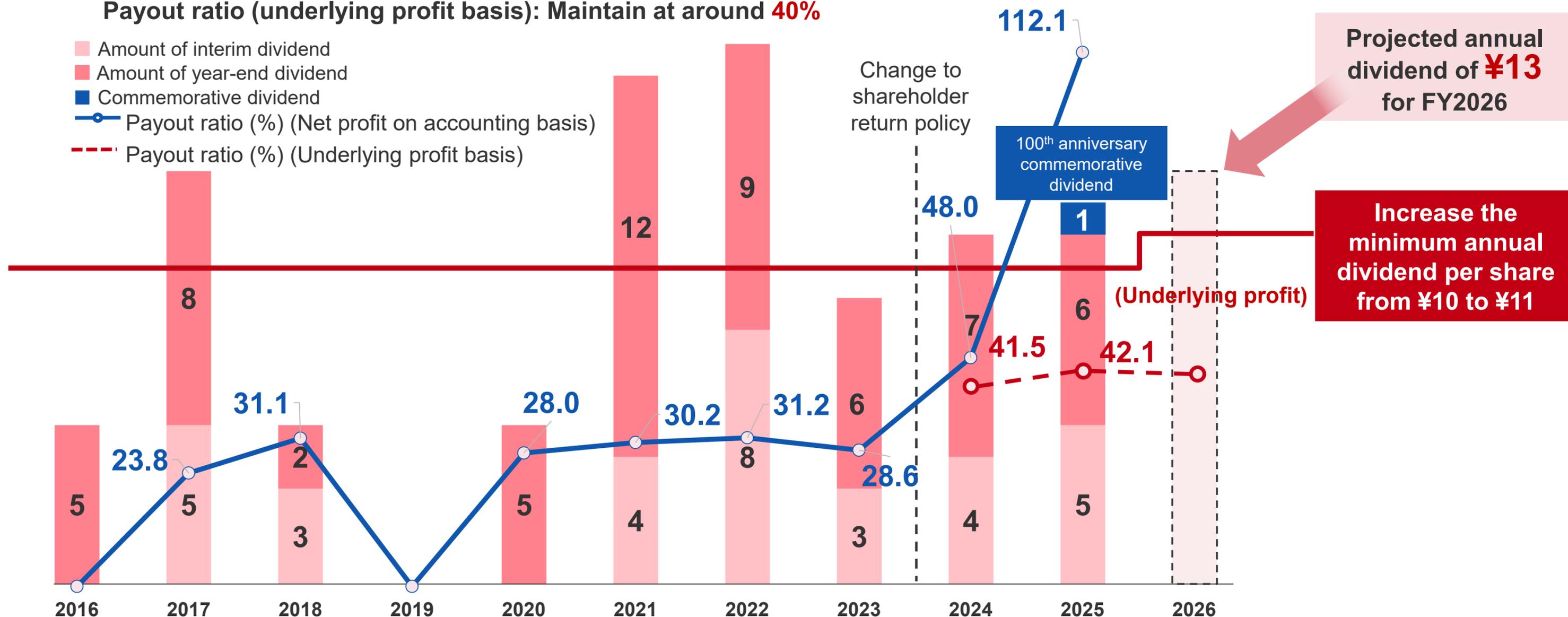
Dividend Policy	
Base profit	<b>Underlying profit</b>
Payout ratio	<b>Approx. 40%</b>
Minimum dividend per share	<b>¥11</b>

# 5-3. Shareholder Returns Variance

## Variations in Dividends

- Shareholder return policy was changed in FY2024.
  - Average dividend amount: **¥12** (FY2024 - FY2026)
  - (ref.) Average dividend between FY2016 - FY2023: ¥8.8
  - Payout ratio (underlying profit basis): Maintain at around **40%**

■ Amount of interim dividend  
■ Amount of year-end dividend  
■ Commemorative dividend  
—○— Payout ratio (%) (Net profit on accounting basis)  
- - -○- - - Payout ratio (%) (Underlying profit basis)



# INDEX

1

Business Overview

2

FY2025 Financial Results

3

FY2026 Earnings Projection

4

Progress of the Medium-Term  
Business Plan

5

Shareholder Return

6

**Appendix**

## Aiming to increase corporate value by creating new products and businesses that would help solve social issues

### Medium/Long-Term Business Strategy

- Continuously allocating resources to the development of new products utilizing our proprietary technologies.
  - High-performance zirconium oxide (response to needs for smaller MLCC)
  - Materials for next-generation secondary batteries
  - New adsorbents (inorganic adsorbents)
- R&D expenses (9th Medium-Term Business Plan)

**Total of about ¥3.2 billion (4 years: FY2024-FY2027)**

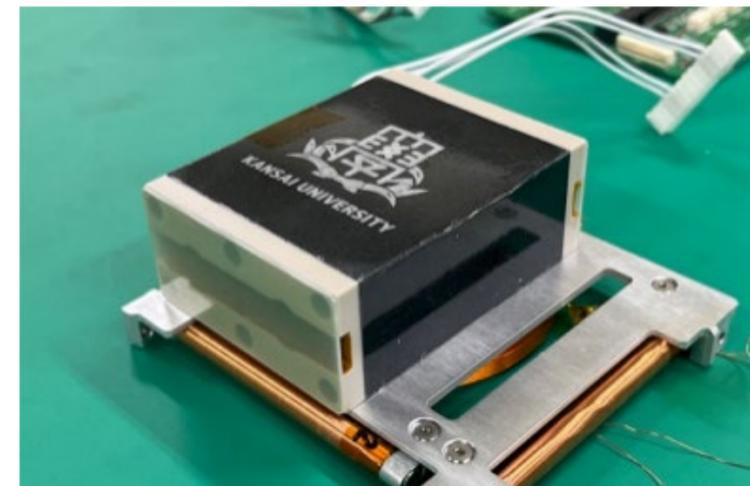
In addition, we consider M&A and collaboration with other companies.

### R&D in FY2026

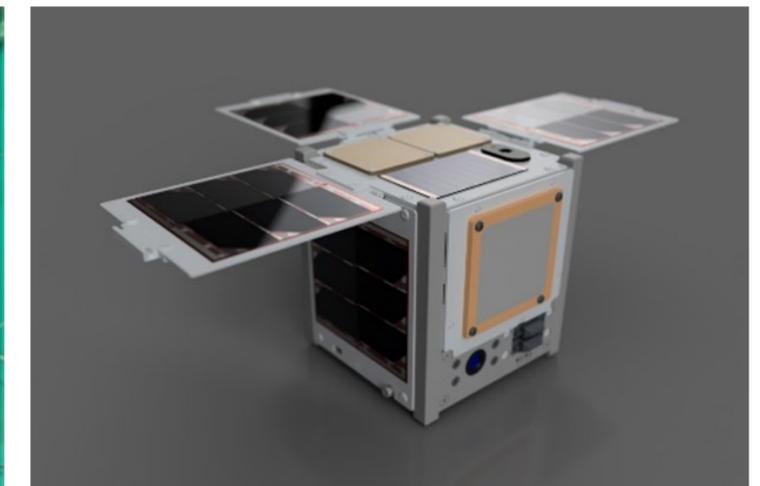
- Expand R&D to surely capture demand for high-performance products in line with the electrification of automobiles, the IT infrastructure development, and the acceleration of GX while deepening collaboration with universities and research institutes.
- Develop a flexible and effective intellectual property strategy that aligns with our medium- to long-term R&D strategy, promptly secure rights for newly created advanced technologies and promote the active use of intellectual property.

**World's first** space demonstration of a vanadium dioxide SSPCM-based device temperature-stabilizing effect

- Confirmed the device temperature-stabilizing effect of a vanadium dioxide solid-solid phase change material (SSPCM) jointly developed with Associate Professor Masaki R. Yamagata at Kansai University. A vanadium dioxide SSPCM-based battery temperature-stabilizing device for satellites was installed on the 1U-sized CubeSat "DENDEN-01" and successfully demonstrated its functionality in space.
- Confirmed that even in cold environments, the battery temperature does not fall below the designed minimum temperature and is maintained within the proper temperature range.

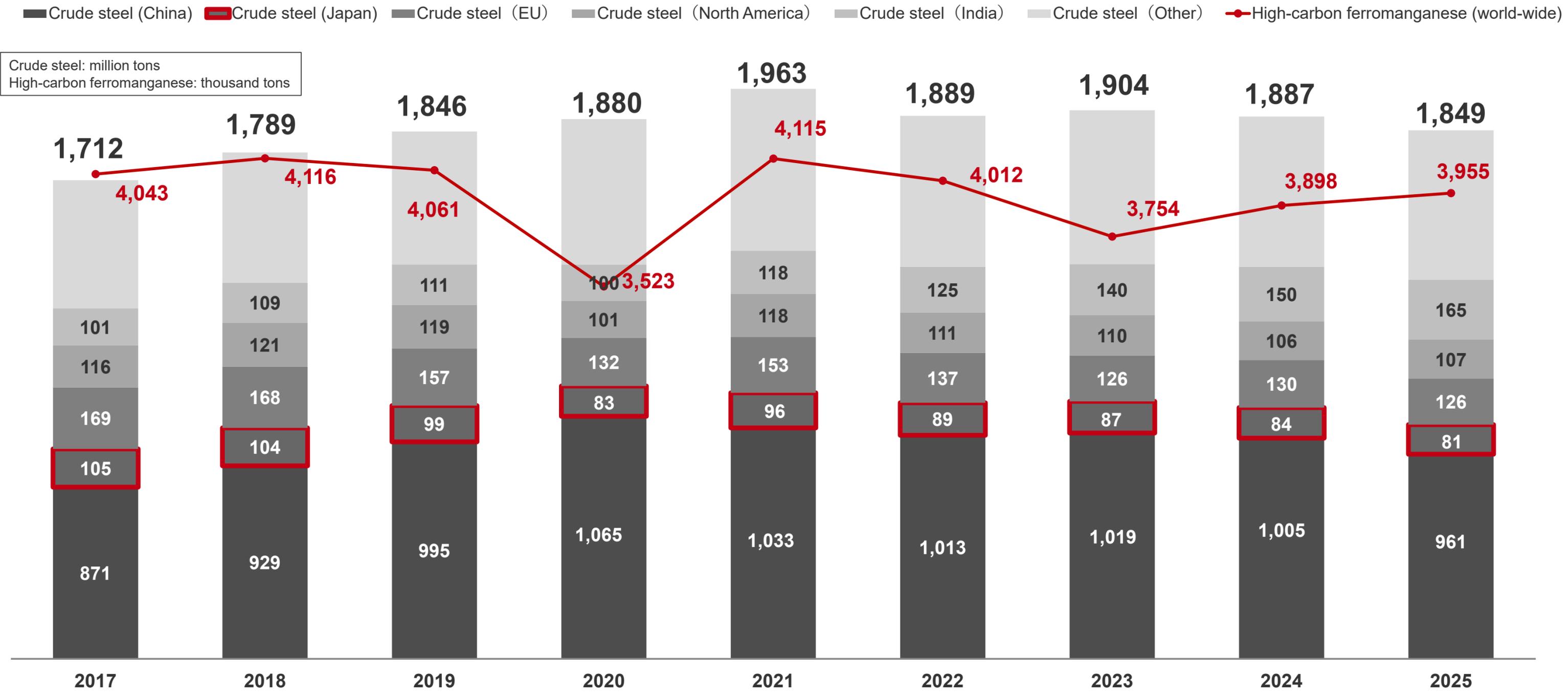


A device for stabilizing the power supply temperature



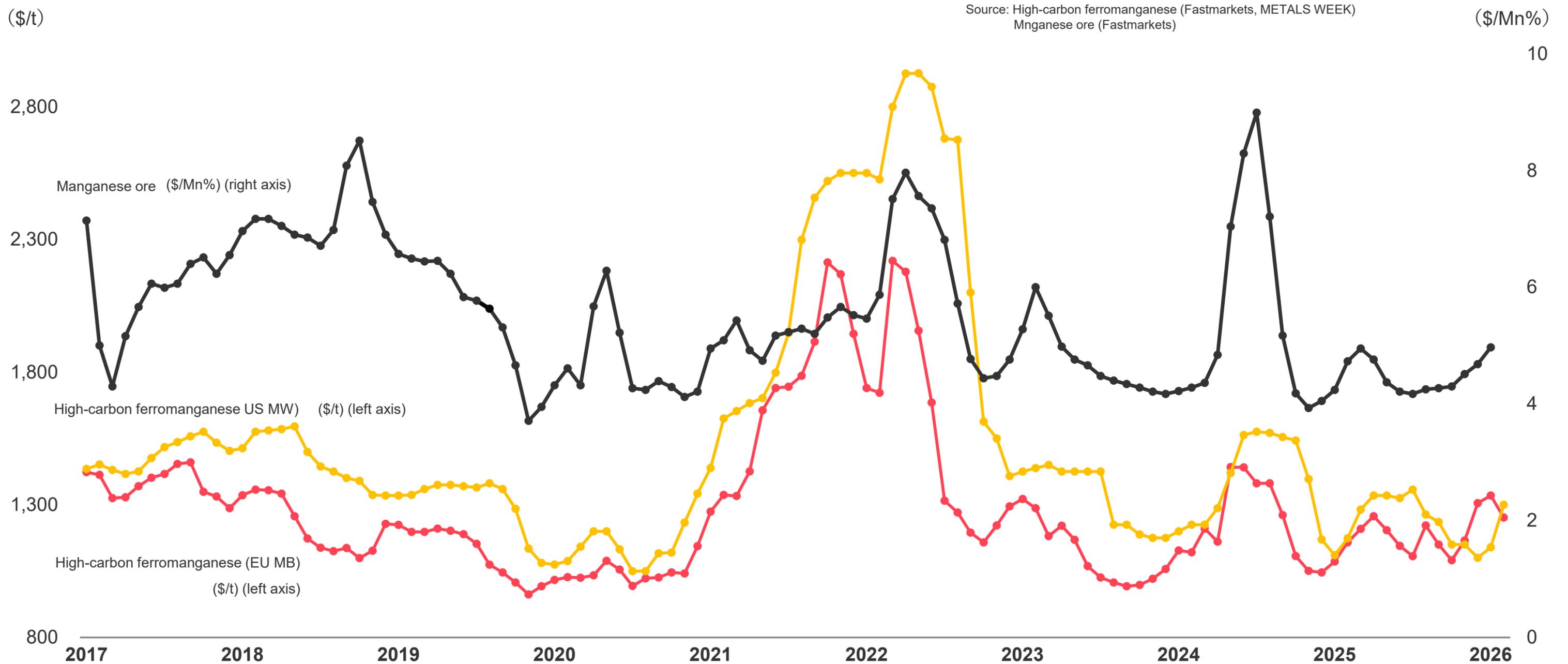
Demonstration satellite (provided by Kansai University)

# 6-2. Crude Steel & High-Carbon Ferromanganese Production Trend



# 6-3. High-carbon Ferromanganese / Manganese Ore Market Prices

## Market Trends



# 6-4. Management Indicators

	(mil. yen)							
	2018	2019	2020	2021	2022	2023	2024	2025
Net sales	73,944	70,477	54,004	65,978	79,341	78,390	78,235	<b>77,277</b>
Underlying ordinary profit (bil. yen)	–	–	–	5.2	5.6	5.5	5.2	<b>5.3</b>
Inventory impact etc. (bil. yen)	–	–	–	+1.7	+4.8	-3.1	-0.3	<b>-2.6</b>
Ordinary profit	1,947	(6,426)	3,063	6,870	10,367	2,420	4,859	<b>2,703</b>
Profit attributable to owners of parent	2,352	(14,240)	2,615	7,768	7,949	4,330	3,144	<b>1,418</b>
Capital Investment	7,356	6,902	3,205	3,716	5,555	3,826	3,851	<b>4,086</b>
Depreciation	1,721	2,437	1,824	2,124	2,463	2,945	3,245	<b>3,665</b>
R&D expenses	452	423	345	353	559	631	588	<b>683</b>
Total assets (end of FY)	99,786	85,224	86,171	95,888	104,943	100,750	102,200	<b>93,414</b>
Equity-to-asset ratio (end of FY) (%)	69.2	63.6	65.4	67.0	65.9	70.9	72.1	<b>76.0</b>
Net D/E ratio	0.06	0.20	0.17	0.12	0.18	0.15	0.15	<b>0.11</b>
Fixed ratio (%)	58.1	65.6	67.8	66.0	69.4	68.8	65.5	<b>69.0</b>
Inventory turnover period (month)	5.3	4.8	6.4	5.3	5.4	5.8	6.1	<b>5.6</b>
Dividends per share (yen)	5.00	0	5.00	16.00	17.00	9.00	11.00	<b>12</b>
Return on equity (ROE) (%)	3.4	-23.1	4.7	12.9	11.9	6.2	4.3	<b>2.0</b>
Underlying ordinary profit basis ROE (%)	–	–	–	6.0	5.9	5.5	5.0	<b>5.1</b>
Highest share price during the period (yen)	528	249	320	410	459	394	331	<b>368</b>
Lowest share price during the period (yen)	193	148	108	263	272	259	225	<b>228</b>

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