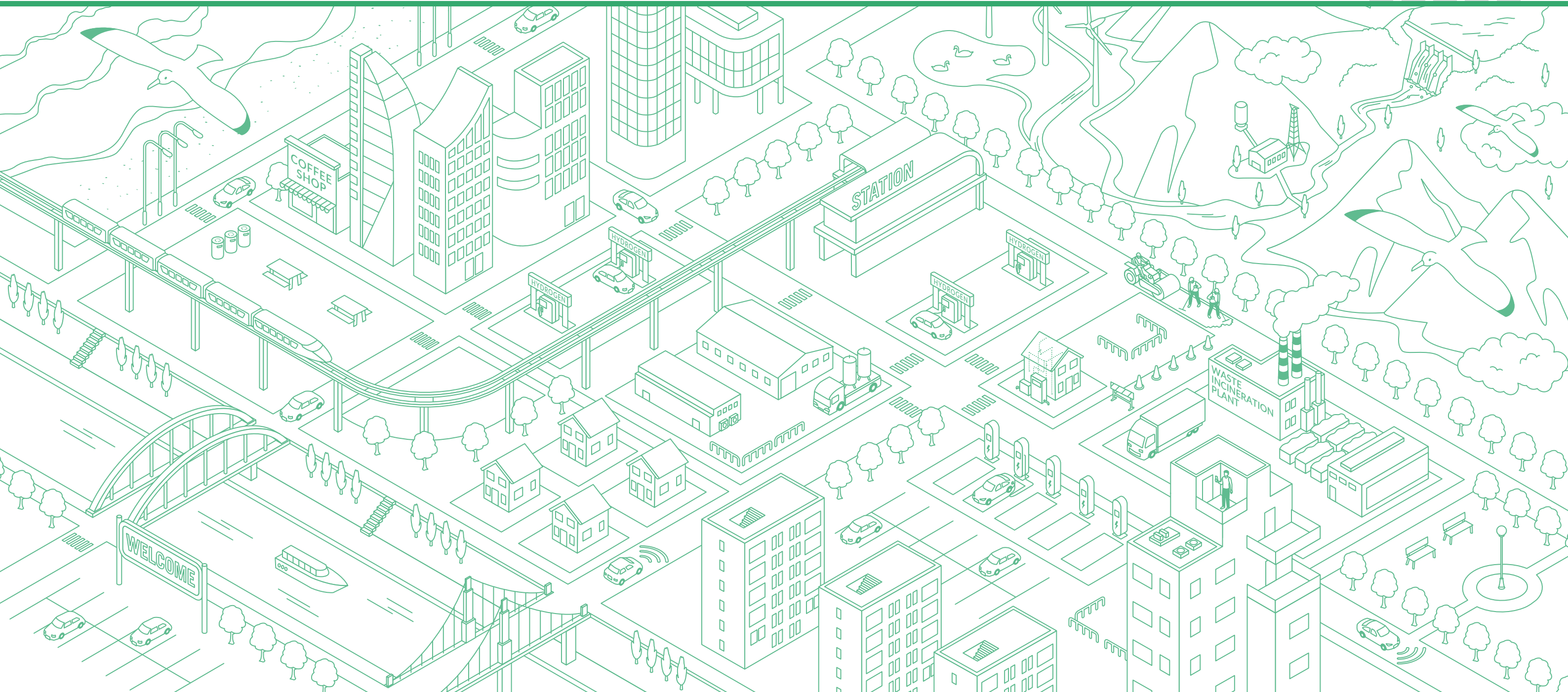


Integrated
Report
2026



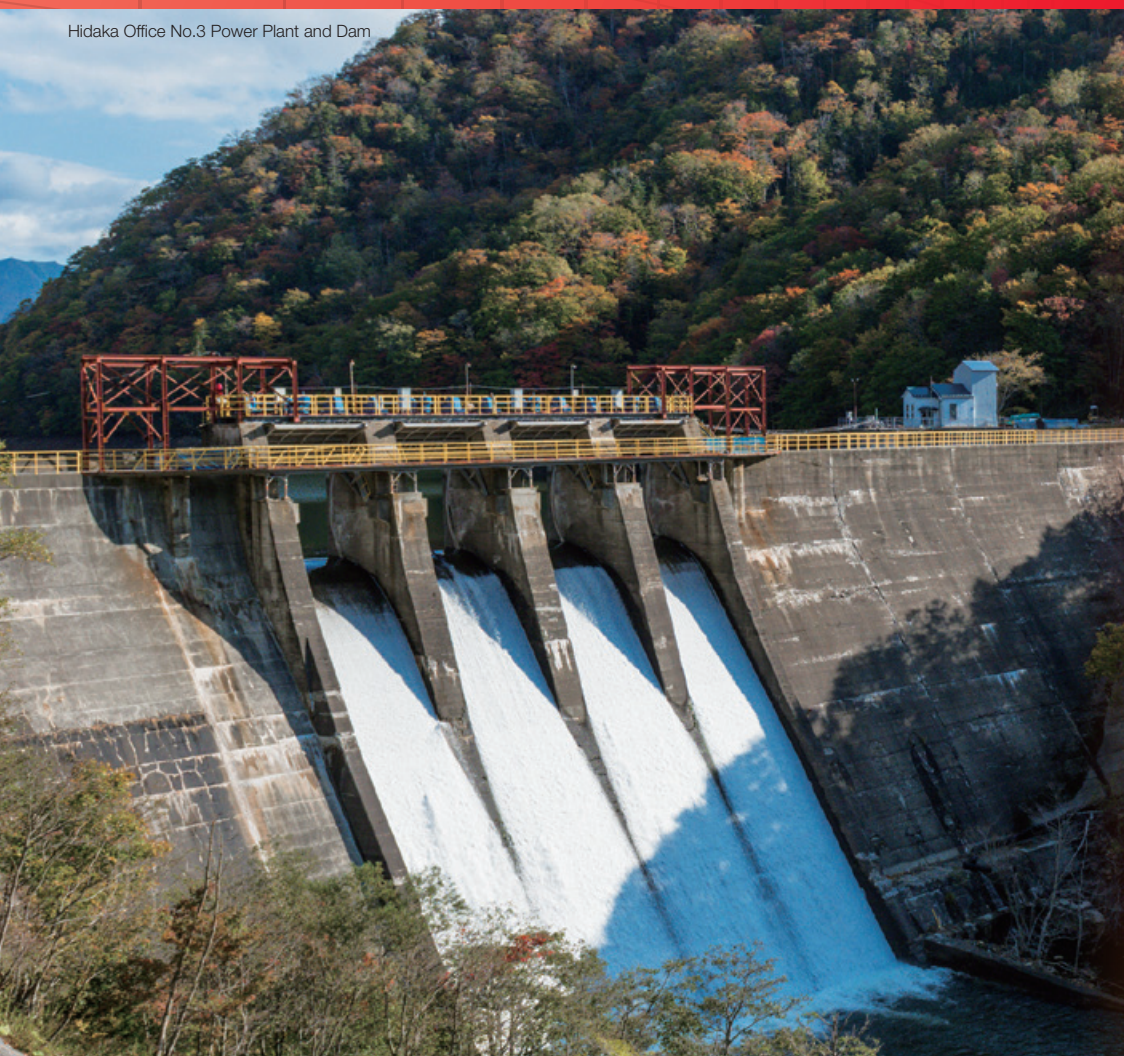


Creating an Exciting Future through Materials and Environment

Kashima Plant incineration ash melting furnace

Build the Future

Hidaka Office No.3 Power Plant and Dam



“Management Philosophy”

Helping Create an Affluent Future through
Sustainable Growth by Developing and Providing
Distinctive Products, Technologies, and Services

Our Ideal State in 2030

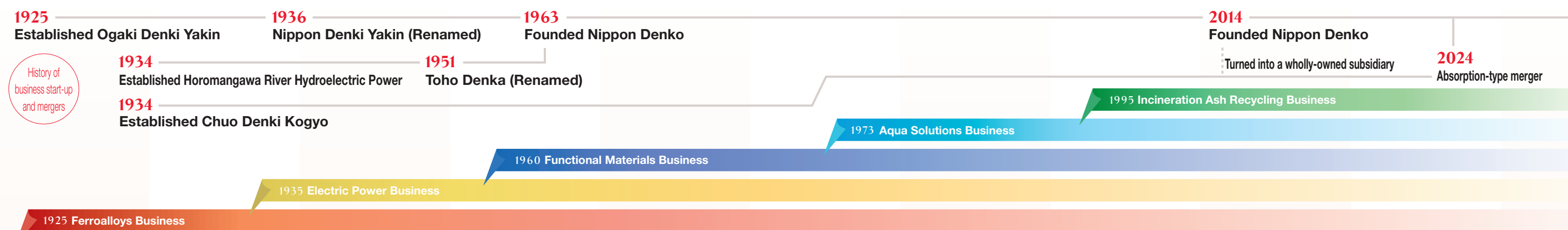
A Company on a Constant Quest for a Better
Future by Supporting People’s Lives
through “Materials” and the “Environment”



Tapping of molten ferroalloy at the Tokushima Plant

Our 100 Years of History

The Nippon Denko Group (hereinafter referred to as the "Group", "Company" or "we") has been helping create an affluent future through sustainable growth by developing and providing various distinctive products, technologies, and services since we started our business. At present, the Company works to solve social issues through materials (Ferroalloys and Functional Materials businesses) and environment (Incineration Ash Recycling, Aqua Solutions, and Electric Power businesses).



1925
Started the Production of Ferroalloys

Having seamlessly engaged in the manufacturing and sale of manganese ferroalloys ever since the establishment of Ogaki Denki Yakin Kogyosho, we currently offer reliable high-quality products as a top supplier in Japan.



High-carbon ferromanganese

1927

Started the manufacturing of the first Japan-produced ferromolybdenum and metal silicon.

1932

Started the manufacturing of ferrochrome at Daimon Branch Plant (current the Toyama Plant).



Daimon Branch Plant

1933

Renamed from Ogaki Denki Yakin Kogyosho to Denki Yakin Industry

1934

Established Horomangawa River Hydroelectric Power

1935
From Hydropower Plant Operation to Electric Power Business

Completed Power Plant No. 1 of Horomangawa River Hydroelectric Power Co., Ltd. (output of 850 kW) and launched hydroelectric power business in the Horomangawa River system.

1935

Started the manufacturing of the first Japan-produced ferrovanadium.

1936

Started the manufacturing of high-carbon ferrochrome at the Kuriyama Plant (current Kuriyama Kosan Co., Ltd.).
Corporate name changed from Denki Yakin Industry Co., Ltd. to Nippon Denki Yakin Co., Ltd.

1938

Corporate name changed from Horomangawa River Hydroelectric Power Co., Ltd. to Hokkai Denki Kogyo Co., Ltd.

1940

Completed Horomangawa River Power Plant No. 2 (output of 4000 kW) and the Hidaka Plant (current Hidaka Office), and started the manufacturing of ferrosilicon the following year.

1951

Constructed the Hiwada Plant (current the Koriyama Plant) and started the manufacturing of ferrosilicon and metal silicon.
Corporate name changed from Hokkai Denki Kogyo Co., Ltd. to Toho Denka Co., Ltd.

1960
From Electric Furnace Operating Technology to Functional Materials Business

Started the manufacturing of ferroboron through a thermite reaction at the Kanazawa Plant (closed in 1973).

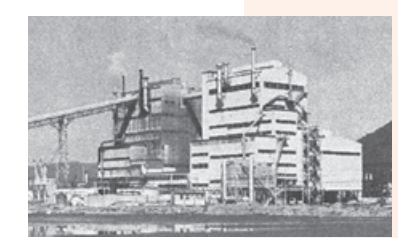
1963
Founded Nippon Denko Co., Ltd.

Merger between Nippon Denki Yakin Co., Ltd. and Toho Denka Co., Ltd.



1970

Arranged a full-fledged operation system for ferroalloys.



Tokushima Plant

1973
From Factory Wastewater Treatment to the Aqua Solutions Business

Commercialization of know-how for treating plant wastewater by removing harmful substances to contribute to the reuse of water resources and environment conservation.



Wastewater treatment equipment

1984

First in the world to start commercial production of ferroboron using an electric furnace.

1986

First in Japan to start the manufacturing of boron oxide.

1989

Started manufacturing of zirconium oxide.

1992

Started full-scale shipment of metal hydride alloys.

1995
From Electric Furnace-Based Waste Treatment to Incineration Ash Recycling Business

Started the recycling of incineration ash, utilizing the surplus capacity of electric furnaces for manufacturing ferroalloys.



Molten metal

ECOLAROCK

2012
Expanded the Overseas Ferroalloys Business

Joined a ferroalloy production project in Malaysia, investing in Pertama Ferroalloys in September.



Pertama Ferroalloys Sdn. Bhd.

2013

Acquired manganese mining interests in the Republic of South Africa.



Kudumane Manganese Resources

2021

Boosted the production capacity of zirconium oxide by 50% and production capacity of boron oxide by 40%.

2022

Completed the incineration ash melting furnace No. 4.



2024

Merger with Chuo Denki Kogyo to enhance initiatives in the Incineration Ash Recycling business.

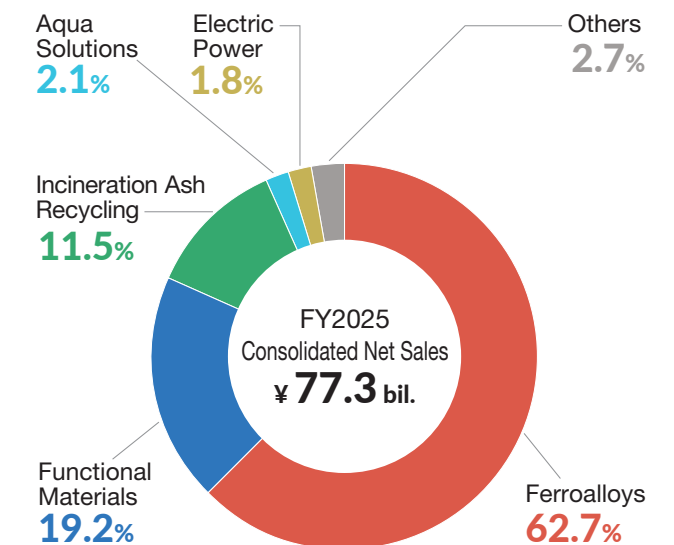
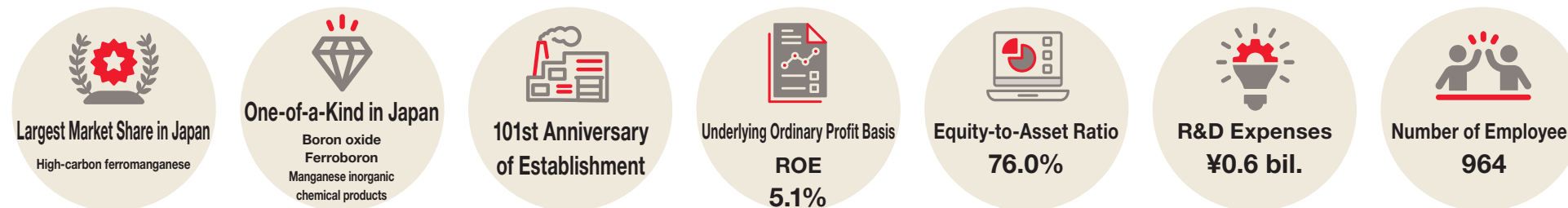
2025

Celebration of the 100th anniversary.



Nippon Denko Today

The Group traces its origins to producing ferroalloys to add to iron to achieve the desired properties, and we have applied the basis of our original business, electric furnaces and metallurgical technology, in a wide range of fields.



Businesses

Ferroalloys



Top domestic manganese ferroalloy supplier. Consistent supply of high-quality ferroalloys with outstanding global competitiveness.

Functional Materials



Distinctive material lineup, such as domestically produced "One-of-a-kind" products in the Japanese market.

Incineration Ash Recycling



Perfect recycling. Contributing to a recycling-oriented society by recovering resources from incineration ash.

Aqua Solutions

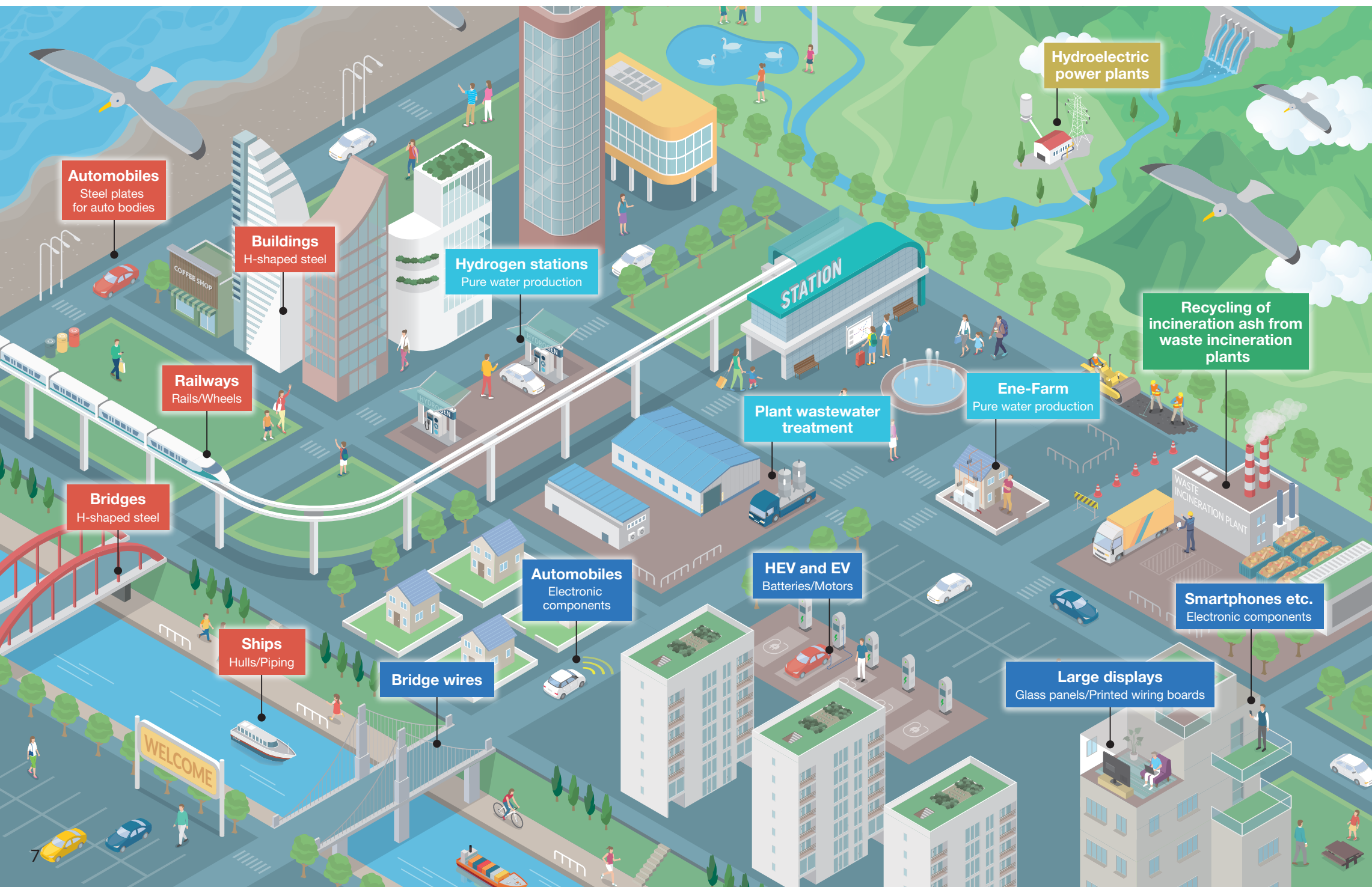


Wastewater treatment equipment and a pure water production system based on ion-exchange resins.

Electric Power



Stable sale of electricity by utilizing renewable energy Feed-In Tariff system (FIT). The largest dam in the private sector.



Key Points of the Integrated Report 2026

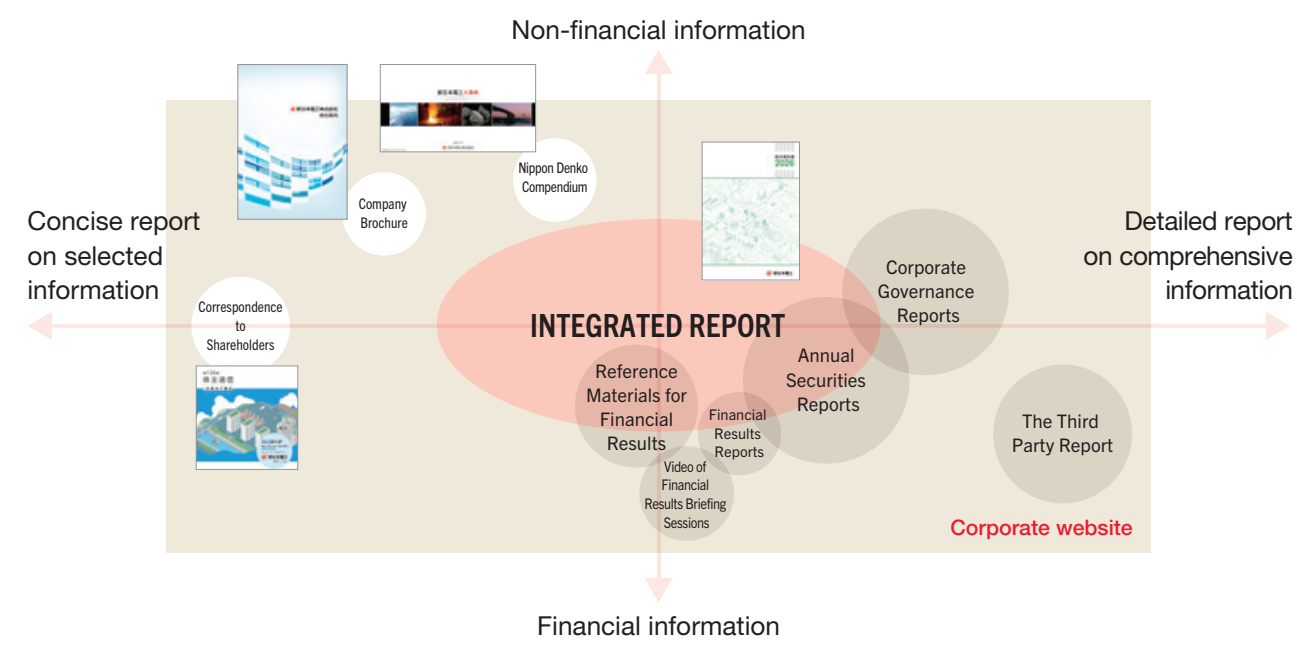
Nippon Denko Co., Ltd. publishes this integrated report to integrate financial information and non-financial information to provide various stakeholders including shareholders and investors with an understanding of our corporate activities aimed at solving social issues and enhancing our corporate value. We hope to use this report to facilitate communication with our stakeholders, and we will continue to further enhance the content in the future.

Key Points of the Integrated Report 2026

Point 1 Growth Strategy	We balance “the resolution of social issues” with “the enhancement of corporate value” to achieve “Our Ideal State in 2030”. This report explains the strategy of the Company that is proceeding to a new growth phase by establishing a resilient portfolio amid the business environment with growing uncertainties.
Point 2 Enhanced Corporate Governance	The Company shifted to the company with an Audit and Supervisory Committee in 2024. We have enhanced corporate governance through streamlining of decision making and business execution processes by transferring decision-making authority for the execution of important operations from the Board of Directors to Directors, strengthening of the supervisory functions of the Board of Directors, and other effective measures. At the roundtable discussion of the Audit and Supervisory Committee members, four outside directors discussed changes arising out of these initiatives from their respective viewpoints.
Point 3 Financial Strategy	We drastically changed the shareholder return policy in 2024 as we strive for proactive shareholder returns. We are endeavoring to improve capital efficiency based on the four basic policies of our financial strategy, that is, “Improvement of the efficiency of inventories,” “Enhancement of non-current assets,” “Optimization of financing leverage,” and “Proactive shareholder returns,” with the aim of improving ROE. In this report, we explain the financial targets that support the Company’s growth story and the current situation.

Communication Tools

In order to satisfy the interest of stakeholders, we make efforts to provide corporate information from financial and non-financial aspects by utilizing a variety of information disclosure tools. As shown in the chart below, the “integrated report” is positioned at the core of such disclosure tools, and introduces medium/long-term growth stories of the Group.



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Introduction



Message from the President & CEO



Roundtable Discussion among the Audit and Supervisory Committee Members



Human Capital Management



Organizations Covered Nippon Denko Co., Ltd. and Nippon Denko Group companies

Period Covered January 1, 2025 to December 31, 2025 (includes some information from outside this period)

Publication Date July 2026

Disclaimer Regarding Forward-Looking Statements

The purpose of this report is to provide information and not solicit the purchase or sale of company shares. In addition, the forward-looking statements in this report were created based on currently available information, the accuracy of such information is not guaranteed and is subject to uncertain factors, and actual performance may differ from forecasts. The Group shall not be liable for any loss or damage resulting from the use of this report.

Message from the President & CEO



Moving into a New Growth Phase through Underlying Profit-based Management.

Paving the Way for the Next 100 Years with “Materials” and “Environment”

President & CEO Yasushi Aoki

Key Points of the Message

1

Stable management through a resilient business portfolio

2

Measures to boost net income

3

Expanding non-current assets that generate profits through strategic investments

4

Fostering employees' positive outlook through revitalization of the employees' shareholding association

Maintained Underlying Profit Unchanged from the Previous Year Despite an Uncertain Environment

In the fiscal year ended December 2025, ordinary profit on an accounting basis declined due to inventory and other factors, but underlying ordinary profit excluding inventory impact and one-time factors remained almost unchanged from the previous fiscal year. Since fiscal 2021, the Company has maintained a profit level of over 5 billion yen for five consecutive years, demonstrating stable earnings.

Regarding the business environment, the economy was affected by the US trade policies and the future outlook became more uncertain in 2025. The market conditions for ferroalloys, including our mainstay product high-carbon ferromanganese, remained sluggish due to the weakening of supply and demand in the steel and ferroalloys industries. In particular, the market prices of ferrosilicon manufactured by Pertama Ferroalloys declined significantly. In addition, negative trends surrounding EVs have persisted over the past two years, causing the EV-related market to become bearish.

In this challenging business environment, the Incineration

Ash Recycling business and the Functional Materials business supported the Company's overall performance. In the Incineration Ash Recycling business, profit increased by approximately 0.7 billion yen, thanks to the price pass-through of augmented costs in selling prices, an increase in the volume of incineration ash collected in response to growing demand for recovery of resources, and rising market prices of molten metals, which are specifically precious metals recovered as byproducts. In the Functional Materials business as well, despite weakening demand for EVs, we increased profit by approximately 0.2 billion yen by optimizing selling prices.

In this way, we were able to demonstrate the resilience of our underlying profit base by leveraging other business segments to compensate for the drastic changes in the external environment. We believe this is the result of consistently implementing our basic policies of continuing stable operations and pursuing appropriate prices.

Aiming for Steady Growth while Bracing for Market Uncertainty

We anticipate that the business environment will remain challenging in the fiscal year ending December 2026. In particular, despite adjustments to the supply and demand balance, such as the implementation of safeguard measures in Europe, the recent recovery of ferroalloy market prices is limited due to the continuous weakening of supply and demand for steel products in the ferroalloys market. Additionally, in the EV-related business, the discontinuation of contract manufacturing of battery materials will lead to some changes in our earnings structure.

Under these circumstances, we believe our true value is being closely examined. Amid geopolitical risks and a growing need for supply chain stabilization, our role as a company with several domestically produced one-of-a-kind products in the Japanese market is becoming increasingly important.

In the Ferroalloys business, while supply and demand are weakening, we will maintain production levels according to demand while pursuing strict cost reductions through our practical capacities. Our fundamental approach is to steadily raise net income.

The Incineration Ash Recycling business is a key growth driver, and we are committed to further strengthening our

roles and responsibilities in this area to meet the social demand for building a recycling-oriented society. At the Kashima Plant, we have decided to invest a total of 12 billion yen (of which approximately 3 billion yen will come from government subsidies) in the shared equipment of the incineration ash melting furnaces No. 5 and No. 6. Currently, our service area is gradually expanding beyond the Tokyo metropolitan area, and we now have approximately 100 contracts. Over the past five years, the number of municipalities under contract has increased by about 20%. Moving forward, we will accelerate our expansion into the Kyushu, Chugoku, and Shikoku regions, utilizing the Kyushu Office established in April 2026.

In the Functional Materials business, we will set prices that match the added value we provide and work to build a sustainable profit structure. In the Aqua Solutions business, we will steadily build a foundation for sustainable growth by strengthening our expansion into new areas: new products for PFAS removal and the recovery of valuable metals, which we are advancing through collaboration with a venture company. Through these initiatives, we expect to achieve an underlying ordinary profit of approximately 6 billion yen in fiscal 2026.

Message from the President & CEO

Accelerating Efforts to Strengthen Our Profit Structure and Growth Investments as We Move toward Our Ideal State in 2030

Our Ideal State in 2030 is “A company on a constant quest for a better future by supporting people’s lives with ‘materials’ and ‘environment.’” To achieve this, we aim to balance the resolution of social issues with the enhancement of corporate value, while targeting net sales of at least 110 billion yen and an ordinary profit of at least 13 billion yen. As an intermediate target, we set a goal of achieving approximately 10 billion yen in ordinary profit by fiscal 2027 in our 9th Medium-Term Business Plan. Currently, our businesses other than Ferroalloys are growing steadily, and the plan is on track as a whole. Regarding the Ferroalloys business, while profitability remains insufficient due to the external environment mentioned earlier, we are steadily improving capital efficiency by brushing up our productivity to minimize costs and reduce inventory.

To achieve Our Ideal State, we have set four key targets: “Growth strategy,” “To improve and stabilize profitability,” “Financial strategy,” and “Sustainability-related measures.” As part of our growth strategy, we plan to strategically invest 45 to

50 billion yen by fiscal 2030, and we have already finalized investment decisions for approximately half of that amount, primarily focused on the addition of incineration ash melting furnaces. To improve and stabilize profitability, we aim to achieve an ROE of 10% or higher by strategically increasing our profit-generating non-current assets while optimizing the use of equity capital, achieving a fundamental improvement in capital efficiency. For our financial strategy, we will advance financial leverage and enhance shareholder returns in parallel, in order to increase our stock price. We view sustainability-related measures as an essential foundation for bolstering the sustainability of our businesses.

Building on the manufacturing technology we have developed through the production of ferroalloys, we will cultivate new businesses that meet critical social demand. We believe this two-pronged strategy is the path to achieving our targets of 10 billion yen and then 13 billion yen.

Strengthening the Foundation for Medium/Long-term Growth Based on the Three Pillars of GX, DX, and Human Capital

To support our medium/long-term growth, we have established three pillars: GX, DX, and Human Capital. Regarding GX, we aim to reduce CO₂ emissions by 45% or more between fiscal 2015 and fiscal 2030, and achieve carbon neutrality by fiscal 2050. Currently, while focusing on energy-saving measures, we are advancing drastic measures, which include expanding the use of wooden cokes as a reducing agent for manganese ore and installing gas-engine equipment. The installation of gas-engine equipment is expected to improve power generation efficiency, and we plan to install one unit and then add more units step-by-step.

For DX, we are implementing measures across three key areas—“Production DX,” “Operation DX,” and “Business DX”—based on the roadmap formulated in fiscal 2023. Now that the revamp of our core systems and infrastructure upgrades related to DX have largely been completed, a bottom-up dynamic is emerging, with improvement proposals naturally arising from the on-site employees. Going forward, we will accelerate company-wide transformation by integrating these efforts with top-down initiatives.

We view human capital as a fundamental management foundation like GX and DX. Following the principle that “personnel is irreplaceable assets for a company,” we are

committed to developing and securing talented individuals who would contribute to solving social issues. As part of these efforts, we have adopted a support system for scholarship refunds and are working to create an environment where employees can work for a long period of time with peace of mind. We are also working to raise our corporate brand awareness and strengthen our recruitment capabilities through naming rights agreements with Tokushima University and the National Institute of Technology, Ibaraki College, as well as public relations activities such as radio and television commercials.

At the same time, we are committed to improving employees’ engagement so that every employee can work with high motivation and perform to their full capability. In addition to implementing wage increases based on government subsidies, we adopted a transfer-restricted stock incentive plan to revitalize our employees’ shareholding association, commemorating our 100th anniversary. Currently, approximately 75% of our employees participate in the association, and an expectation in our future potential is spreading throughout the Company. When stock prices and dividends rise, these gains are reflected in our employees’ personal assets, allowing them to see the direct results of their contributions to the Company’s

growth. As this mindset has spread, the vitality of the entire organization is becoming stronger than ever. We have also acquired a “Platinum Kurumin” certification as an excellent company in terms of work-life balance initiatives. Moving

forward, we will continue to build a company where everyone can take pride in their work by further enhancing our personnel systems.

Looking Ahead to the Next 100 Years, We Aim to Enhance Corporate Value through Dialogue and Growth.

Dialogue with stakeholders is one of the key factors in enhancing corporate value. Given that individual shareholders account for over 40% of our shareholders, we have been working to promote understanding through various channels, including the publication of transcripts from our financial results briefing sessions and third-party reports, as well as briefings and events specifically designed for individual shareholders and investors. Survey results following briefings sessions show that approximately half of the participants expressed an intention to purchase additional shares, indicating that we are surely deepening an understanding of shareholders and investors on our growth story.

From a perspective of capital policy, we repurchased treasury shares equivalent to approximately 10% of our outstanding shares in fiscal 2025. By optimizing inventory management of ferroalloys and manganese ore, we generated approximately 4 billion yen in cash. We are using these funds to repurchase

treasury shares in order to improve the efficiency of our equity capital. We plan to retire the repurchased treasury shares in the future. In addition, considering the reduction of shares eligible for dividends, we have raised the minimum annual dividend from 10 yen to 11 yen. This reflects our commitment to strengthening shareholder returns, and we will continue to engage in management with a particular focus on cost of capital.

In October 2025, Nippon Denko commemorated its 100th anniversary. The message featured in the commemorative TV commercial—“Creating an Exciting Future Through Materials and Environment”—embodies our determination to remain “a company on a constant quest” for the next 100 years. With an emphasis on materials and environment, we strive to balance our contribution to industrial society with the enhancement of our corporate value, while working together with our stakeholders to build a better future.

**We Are Gaining Deeper Understanding
of Our Growth Strategy.
Becoming a Company that Sparks
Shared Excitement with Investors and
Employees.**



Special Dialogue

Roundtable Discussion among the Audit and Supervisory Committee Members



Outside Director
Hokuto Nakano

Outside Director as Audit &
Supervisory Committee Member
Kento Ono

Outside Director as Audit &
Supervisory Committee Member
Masahiro Tani

Outside Director as Audit &
Supervisory Committee Member
Aogi Suemura

In 2024, the Company shifted from a company with a board of company auditors into a company with an Audit and Supervisory Committee.

How has the effectiveness of our corporate governance changed over the two years since the transformation?

Mr. Nakano, who is one of the outside directors and served as an Audit and Supervisory Committee member until last year, and the three incumbent Audit and Supervisory Committee members discuss the actual situation, current issues on our governance, and how they should respond from their respective perspectives.

Nakano: As a person who worked for banks, one of my roles is to bring the perspective on what the financial market and investors think for the Company into discussion. Initially, the Company seemingly lacked a sense of urgency regarding the low Price Book-value Ratio (PBR), but now, I sense that its corporate culture is changing to the one where the Company as a whole is conscious of the share price. I believed that one of my important obligations is to support this transformation as an Audit and Supervisory Committee member.

Ono: I currently serve as a regular Audit and Supervisory Committee member and the chair of the Committee. What I attach weight to is to have high-quality communication with the parties in charge of business execution while ensuring our independence. For this, it is essential to understand the on-site employees and the actual products and services, and I grasp the actual situation by attending key meetings and conducting on-site visits and share what I have gained with the part-time committee members. I also believe that it is important to check whether each decision made contributes to the enhancement of the corporate value from a third-party perspective.

Tani: What I keep in mind is to provide supplementary perspectives for discussion in terms of on-site management, organization's operations, procurement, and risks. While I sometimes suggest frameworks with the aim of increasing the decision-making accuracy, I respect the autonomy of the parties in charge of business execution and only give advice that helps expand their options. I have been focusing on assessing the appropriateness of capital allocation and medium- and long-term strategies from a third-party point of view since

the shift, and will contribute to enhancing the corporate value while playing the role as the one who supports the Company as necessary.

Suemura: I have been engaged mainly in accounting audits of companies as a certified public accountant for over 30 years. While Audit and Supervisory Committee members have two primary duties, which are to supervise business administration and to participate in the decision-making process, I feel a strong sense of responsibility for ensuring governance as an independent third party at the Company. I understand that one of the key roles of Audit and Supervisory Committee members is to make judgment while maintaining the objectivity and transparency that can contribute to the interests of diverse stakeholders.

The Shift to a Company with an Audit and Supervisory Committee and Changes Over the Past Two Years —

Nakano: I do not see dramatic changes in the separation of the executive function and the supervisory function, but I think that the parties in charge of business execution are making steady progress in the decision-making process and business operations, as demonstrated by such facts as a decreasing number of agenda items brought before the Board of Directors. In addition, as Mr. Itami, who retired after serving as both an auditor and an Audit and Supervisory Committee member, said, one of the positive changes is that it has become easier to express our opinions since we began to participate in important meetings as Outside Director and an Audit & Supervisory Committee member. Personally, the biggest change is

Expanded committee meeting
participation and deepened
understanding of on-site operations.



Roundtable Discussion among the Audit and Supervisory Committee Members

that I have gained more opportunities to interact with the Company. I have broadened my understanding of the employees as I've gained an increasing number of opportunities to attend committee meetings and conduct on-site audits. I believe it meaningful that I have filled the gap in my understanding of the actual situation, which tends to be limited for outside directors.

Ono: I think that decisions are now made more speedily as agenda items brought before the Board of Directors are selected in order of priority and authority has been delegated to the parties in charge of business execution. The title of director has allowed the Audit and Supervisory Committee members to be involved in the decision-making process more deeply at an earlier stage. Our role is how the Company can balance offence in terms of pursuing growth and defense in terms of realizing governance. Meaningful dialogues on these matters can be held more smoothly now than before, which I consider a big step forward.

Tani: I understand that the aim of the shift is to make the decision-making process speedier through the delegation of authority and allocate the time saved to more important discussions. In fact, the number of reports submitted at meetings of the Board of Directors has dropped and the quality of discussion has been improved. In particular, a process in which policies are discussed in talkfests that involve the officers and then the Board of Directors makes decisions has been established, and in-depth discussions on such matters as capital cost and medium- and long-term strategies have been held while incorporating outside directors' perspectives. The establishment of this cycle has made it possible to make high-quality decisions.

Suemura: I can feel the significance of this shift as a

person who has engaged with the Company since the time of a company with a board of company auditors. As the number of outside directors has increased, information sharing and risk awareness have been standardized among the committee members, which consequently has fostered more in-depth opinions at such occasions as meetings of the Board of Directors and talkfests involving the officers and clearly enhanced the quality of discussion. I can say with confidence that the establishment of an environment where the outside directors can hold discussion based on sufficient information is a significant change for boosting the effectiveness of governance. In addition, the process of determining executive remuneration has become more transparent and improved considerably in a short period of time.

Issues Related to the Effectiveness of the Board of Directors and the Enhancement of Corporate Value —

Nakano: When it comes to the effectiveness of the Board of Directors, I see issues lie in the level of diversity of opinions. As is common to many Japanese companies, most of opinions are still made by the president and outside directors, and inside directors have fewer opportunities to give their opinions beyond their respective responsibilities. I will have the Company encourage the inside directors, who have a profound understanding of the Company's actual situation, to proactively voice their opinions from a broader perspective beyond their respective divisions. Furthermore, I think that the business that currently drives the enhancement of the Company's

The Three Defense Lines Related to Risks Must Be Made to Work Autonomously.



corporate value is the Incineration Ash Recycling business. Through repeated discussion on the importance of effective use of surplus funds and risk taking, we are steadily seeing results and certain achievements in the form of stock price increase. At present, investment has been made in this business on a full scale, which has become the focal point of the discussion on capital allocation.

On the other hand, however, the Company has not made full use of its strengths such as funds, human capital, and technology. It is vital to encourage the employees throughout the Company to become increasingly aware of the importance of risk taking by building up successful achievements like the Incineration Ash Recycling business. I believe that corporate value will rise to even a higher level as their awareness is heightened more.

Ono: I would like to aim for further improvement in the development of a system for increasing the effectiveness of governance. In internal control, especially, it is essential that each of the three lines, which are the first line that is the on-site autonomous control, the second line that is the management by the corporate department, and the third line that is the internal audit department, function properly. In the past six months, we have been discussing how to organize the assignment of roles and an ideal form of cooperation while having discussion repeatedly with the persons in charge so that the roles of the Audit and Supervisory Committee and those of the parties executing internal control do not overlap. What is important for enhancing corporate value is to have both governance and growth strategies work properly. While insufficient governance would degrade corporate value, excessive risk avoidance could lead into a loss of growth

opportunities. It is one of my responsibilities to develop an environment where decisions are made based on appropriate risk management and risk taking in cooperation with the outside directors other than those who are the Audit and Supervisory Committee members. In addition, it is crucial to develop human resources from a medium/long-term perspective because it takes time to see results in the manufacturing industry. I would like to contribute to a sustainable enhancement of corporate value through the development of an environment that allows personnel who bears the future of the Company to take on challenges on their own initiative.

Tani: A foundation that enables the Company to balance agility and discipline is being formed, so the Company can relatively easily avoid a risk of being too cautious to get opportunities and a situation where they continue policies without giving sufficient consideration once started. One of the key issues in the future is to sophisticate risk management. The Company needs to redefine the roles assigned to the three defense lines (on-site operations, the corporate department, and the audit) and establish a more sophisticated system in which each line can function more autonomously. At the same time, it is crucial that the scope of internal control be expanded to cover compliance risks as a whole, and that the Audit and Supervisory Committee examine the Company from a much broader perspective.

Furthermore, discussion is being held while keeping capital efficiency, such as business evaluation based on ROIC, in mind. The parties in charge of business execution and the parties supervising the execution need to mutually enhance the quality of discussion and repeatedly engage in more constructive dialogue.



Discussion about Offense and Defense Can Be Held More Smoothly.

Roundtable Discussion among the Audit and Supervisory Committee Members



Monitoring the Directors as the Agent for Stakeholders

Regarding dialogue with investors, we value feedback given on a quarterly basis through IR activities. We will accurately grasp what the market values and what it considers to be issues and reflect such points in discussion at meetings of the Board of Directors.

Suemura: I believe that companies should sophisticate their governance on a continuous basis as the times change. It is also important to tackle common issues among listed companies, such as an increase in the number of outside directors in accordance with the revision to the rules of the Tokyo Stock Exchange and the securing of the transparency and fairness of company's decision-making processes. In addition, it is essential to continuously check whether meeting bodies including the Internal Control Committee and the Sustainability Committee function effectively.

One of the roles of outside directors is to monitor directors. This includes not only risk management, but also confirmation that medium-term business plans and various policies are executed with feasibility from a third-party perspective. As the agent for stakeholders, we must exert our discipline to support the parties in charge of business execution. Currently, the committee members begin to share risk awareness, which indicates that a system for detecting signs of misconduct at an early stage is being developed. I expect that a basis for long-term corporate value will be formed by tackling material issues before they arise and maintaining a healthy sense of urgency.

Points to Improve in the Coming Two Years and the Future Outlook—

Nakano: The primary focus should be given to the drastic change in unprofitable businesses and the concentration of resources on growing businesses. Of them, as a pillar that supports the future of the Company, one of the biggest subjects is how much the Company can expand the significantly growing Incineration Ash Recycling business. In addition, I would like to focus on creating next revenue pillars by making the most of the Company's abundant funds and talented personnel.

From the perspective on the effectiveness of governance, the Company has been making steady progress with the development of frameworks and systems. Based on this progress, it is important to shift the focus onto the offense area and enhance the capability to execute growth strategies. There is still room for enhancing the capability to generate revenue, so it is necessary to continue investing in new business opportunities while utilizing the resources that the Company possesses. I would like to contribute to enhancing the corporate value by encouraging the employees to change their mindset through these initiatives.

Ono: It is possible for the Company to instill the messages of the management into mid-level employees and on-site workers and move the organization speedily because the number of employees is about 1,000 and therefore the Company is blessed with agility. I believe that it is vital to further improve swiftness and the execution capability in order to aim for further growth in the next two years.

Particularly, there is an urgent need to deal with

technological innovation including DX. The Company needs to keep abreast of DX swiftly because there is still some room for improvement. The Company will be able to further streamline on-site operations and branch out into new fields more easily by sorting out necessary domains to allocate resources. While the parties in charge of business execution have the role in disseminating messages to stakeholders, the Audit and Supervisory Committee members can help the management proceed with the transformation transparently and reasonably. I would like to help the Company realize such changes by leveraging the advantage of its company scale.

Tani: I think that there are three major points for further improvement. The first point is to visualize a value creation story and establish theories. It is necessary to comprehensively organize social impact and indicators such as ROIC and clearly show the path to the creation of the Company's value in order to balance the resolutions of social issues with the generation of economic value.

The second point is to organize the views on risk taking. It is crucial to share the criteria for risk taking across the organization and develop a corporate culture that encourages employees to take on challenges while maintaining the strength of prudence.

The third point is to deepen the involvement by utilizing the opportunities to interact with the on-site employees. I would like to balance the supervisory function and the involvement as a partner and contribute to enhancing corporate value through reality-based discussion with on-site experience leveraged and constructive dialogue with the parties in charge of business execution.

Suemura: Optimization of the business portfolio is one of the issues we must tackle in order to achieve sustainable growth of this Company. My most important mission for the next two years is to find the optimal solution to formulating the best portfolio to invest limited management resources in cooperation with the parties in charge of business execution. Furthermore, it is required to continue sophisticating the governance and establish a stronger internal control system.

At the same time, we must sharpen our sensitivity to changes in the external environment. I think that the number of listed companies in Japan will possibly decrease through restructuring. It is expected that the Japanese government and the Tokyo Stock Exchange will accelerate system reform. Amid these changes, I hope the Company will move forward with a close eye on its position without being excessively swayed by the external environment.

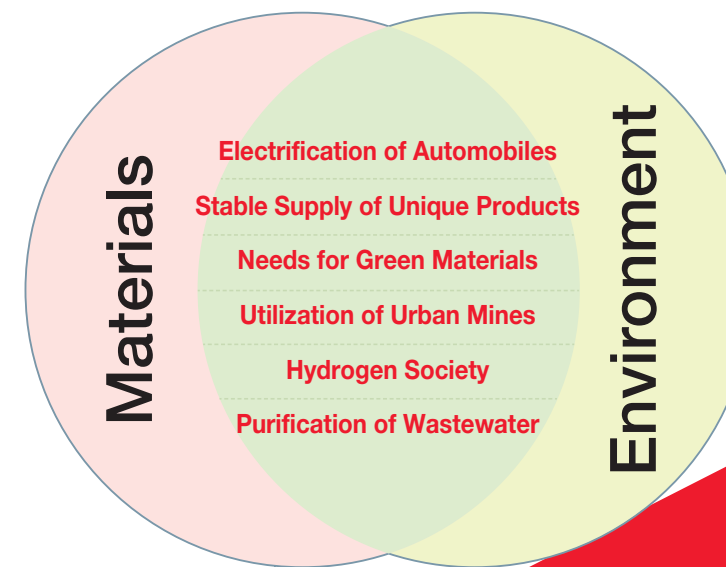
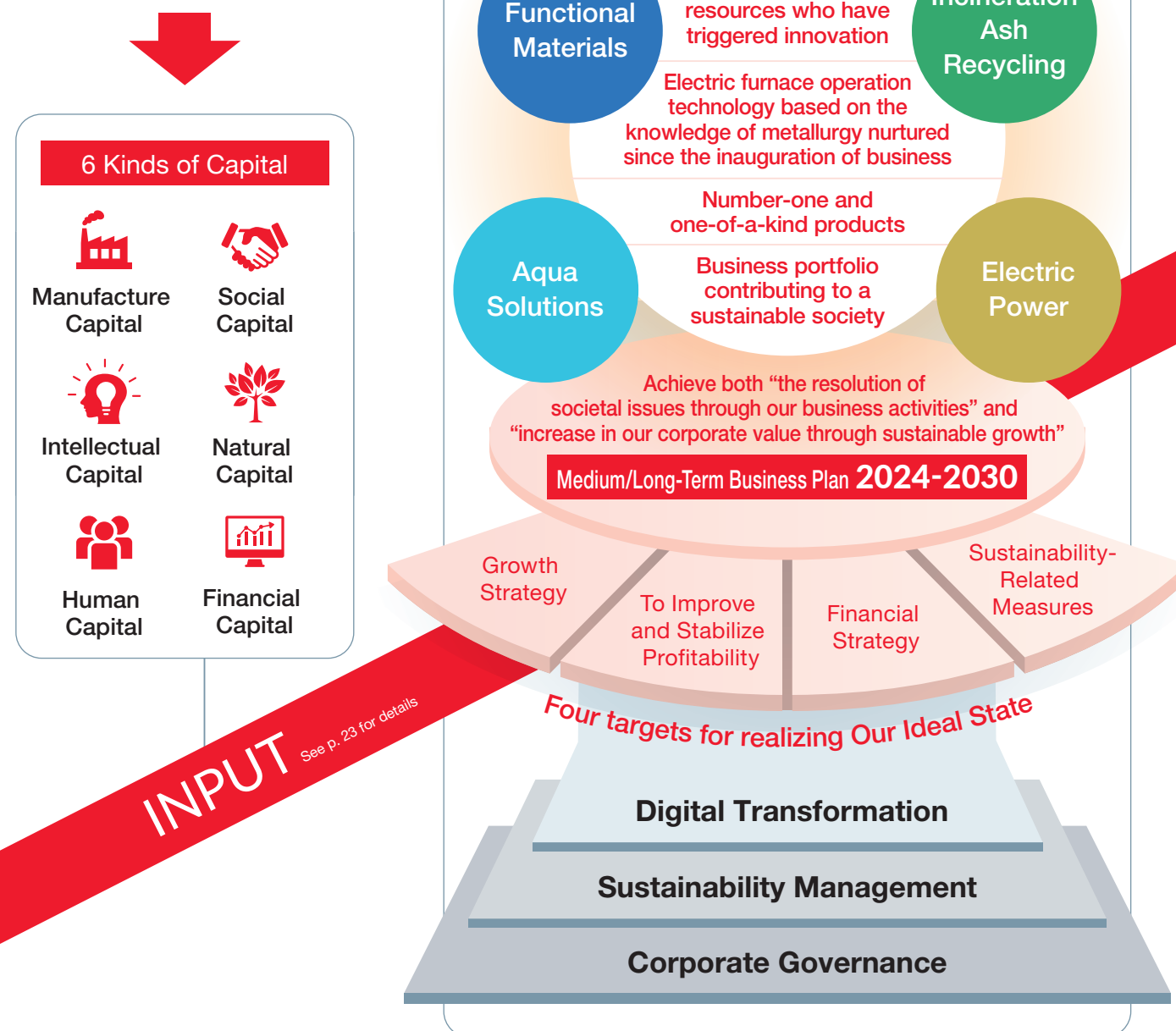


Value Creation Process

Ever since the establishment, the Group has forged ahead with the evolution and development of our businesses in response to changes in the external environment, offering value to the society. We keep contributing to solving social issues based on the keywords of “materials” and “environment”, and improving our corporate value to offer value to our stakeholders.

External Environment

- Development of the industry and technologies based on digital evolution, including AI
- Shift to a low-carbon / decarbonized society
- Increase of geopolitical risks
- Decreasing and aging population in Japan



Our Ideal State in 2030

A Company on a Constant Quest for a Better Future by Supporting People's Lives through “Materials” and the “Environment”

OUTPUT

Management Indicators in the Medium Long-Term Business Plan

FY2025 Results	FY2027 Target	FY2030 Target
Net Sales		
¥77.3 bil.	Approx. ¥95 bil.	¥110 bil. or larger
Underlying Ordinary Profit		
¥5.3 bil.	¥10 bil.	¥13 bil. or larger
Underlying Ordinary Profit Basis ROE		
5.1%	10%	10% or higher

Solution to Social Issues

- Carbon neutrality
- Advancement of mobility fields
- Strong supply chain
- Circular economy
- Affluent water environment

Enhancement of Corporate Value

- Management that is conscious of cost of capital and stock price
- Business growth by providing solutions to social issues

Providing Value to Stakeholders



Management Capital

We enhance six kinds of capital to create value. We will keep providing further value to the society by enhancing these kinds of capital, which are the input in the value creation process.



Tokushima Plant



Manganese ore



Manufacture Capital

Strengths and Characteristics

- The equipment for manufacturing ferroalloys, which is our original business, is highly competitive even in global terms. We boast the largest market share in Japan for high-carbon ferromanganese produced with this equipment.
- Regarding functional materials, we offer a number of one-of-a-kind products, manufactured by no other company in Japan.
- Our Incineration Ash Recycling business, which has been rapidly growing in recent years, boasts the largest treatment capacity in Japan among private enterprises.

Results for FY2025

Capital investment	4.1 bil. yen
Number of operational bases (Japan)	6 bases
(Overseas)	2 bases

Initiatives for Further Reinforcement

- In the Incineration Ash Recycling business, we decided to additionally build Electric Furnace No. 5. By fiscal 2030, we plan to enhance our production capacity by operating a total of 7 furnaces.



Intellectual Capital

- Technologies for the operation of electric furnaces based on expertise on metallurgy, which has been fostered for 100 years since the establishment.
- We cultivate technologies for smelting and refining metal and manufacturing chemicals to develop highly distinctive new products and technologies.

R&D expenses	0.6 bil. yen
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- In the 9th Medium-Term Business Plan (FY2024-FY2027), we forecast R&D expenses of 3.2 billion yen, up 1.5 times from the 8th Medium-Term Business Plan.
- We will arrange a system for the visualization and analysis of data from production to shipment by promoting Production DX to work toward streamlining of operations and enhancement of quality control.



Human Capital

- We will arrange a system for facilitating diverse work styles to promote DE&I and well-being.
- Education and training are based on on-the-job training (OJT), and we strive to produce added value by offering education and training as well as opportunities for growth.

Number of employees in the Group	964
Expenses for education and training	64.48 mil. yen

- We will arrange a working environment that emphasizes DE&I, respect for human rights, diverse work styles and well-being to improve employees' engagement.
- We will enhance our popularity by strengthening PR activities and improve our recruitment capabilities by adopting various personnel systems.
- We have adopted a restricted stock incentive plan for the employees' shareholding association as a measure for enriching the welfare of employees with the aim of promoting their engagement.



Social Capital

- We have built relationships of trust with our business partners by providing high-quality products. Regarding raw materials that need to be imported, we have evaluated the risks in each producing area and built a robust supply chain.
- In the R&D domain, we accelerate the development of high value-added products by enhancing the cooperation with universities and external institutions.
- We reinforce the relationship of trust with our stakeholders by enriching information disclosure.

Joint research with external institutions	9 projects
Financial results briefing session	3 sessions
Briefing session for individual shareholders	1 session

- In addition to further enhancement of the cooperation with universities and external institutions, we will explore the opportunities for collaboration with start-up companies through investment in venture capital.
- We reflect the voices of our shareholders and investors in information disclosure, striving for a deeper level of communication.



Natural Capital

- We manufacture products from substances that exist in the natural world, with manganese ore being a prime example. These substances are not likely to be depleted soon.
- Incineration ash recycling, wastewater treatment and hydroelectric power businesses are planet-positive businesses that reduce the burden on the natural environment.

Treatment volume of incineration ash	101,000 tons
Volume of hydroelectric power sold	58,560 MWh

- In order to achieve carbon neutrality by 2050, we will utilize wood coke and gas-engine power generation equipment, etc., to reduce CO₂ emissions.
- In the Incineration Ash Recycling business, we plan to boost the annual treatment capacity to 220,000 tons by 2030.



Financial Capital

- The profit and loss in the Ferroalloys business have been stable owing to initiatives during the period of the 8th Medium-Term Business Plan. We pursue both high-level growth through proactive investment activities and return to shareholders under the new financial strategy upheld in the 9th Medium-Term Business Plan.

Net D/E ratio	0.11
Inventory turnover period	5.6 months
Fixed ratio	69 %
Total assets	93.4 bil. yen

- We strive for "reinforcing non-current assets as a source of profits," "financial leverage in an appropriate range," "proactive shareholder returns" and "improving the efficiency of inventories" as stated in the financial strategy of the Medium/Long-Term Business Plan.

Progress of the Medium-Term Business Plan



Jiro Kobayashi
Director and Senior Managing Executive Officer

- Growth strategy toward the realization of “Our Ideal State in 2030”
- Business portfolio that is not easily impacted by the market situation of ferroalloys
- Endeavor to create new businesses

In 2025, which is the second year of the 9th Medium-Term Business Plan, the Functional Materials business and the Incineration Ash Recycling business increased revenues, amid the tough business environment of the ferroalloys market, and underlying consolidated ordinary profit was 5.3 billion yen, almost unchanged from the previous fiscal year. We are steadily implementing the strategies formulated in the 9th Medium-Term Business Plan in which we increase profits in businesses other than the Ferroalloys business facing significant market impact and reinforce and stabilize our management base.

Regarding the business environment surrounding the Company, uncertainties are growing, due to the decrease of crude steel production in Japan, the slowdown of the EV market, Trump's tariffs, the instability of the Middle East situation, etc. However, the Company maintains a stable

earning structure amid the harsh business environment thanks to our resilient business portfolio. In particular, the needs for incineration ash recycling are expected to grow constantly as it is becoming increasingly difficult for final disposal sites and cement factories to accept incineration ash, so the Company decided to invest a total of about 12 billion yen to reinforce the incineration ash melting furnace at the Kashima Plant. As a positive factor for business expansion, value of molten metal extracted from incineration ash is rising. In the Aqua Solutions business, too, we are promoting the PFAS removal business because the substance is becoming a social issue.

We will make company-wide efforts to realize “Our Ideal State in 2030” by utilizing the technologies and business foundation we have developed so far and responding flexibly to changes in the business environment.

Our Ideal State in 2030

A company on a constant quest for a better future by supporting people's lives through “materials” and “environment”

Providing value to diverse stakeholders

To achieve both “Solving Social Issues” & “Enhancing Corporate Value”

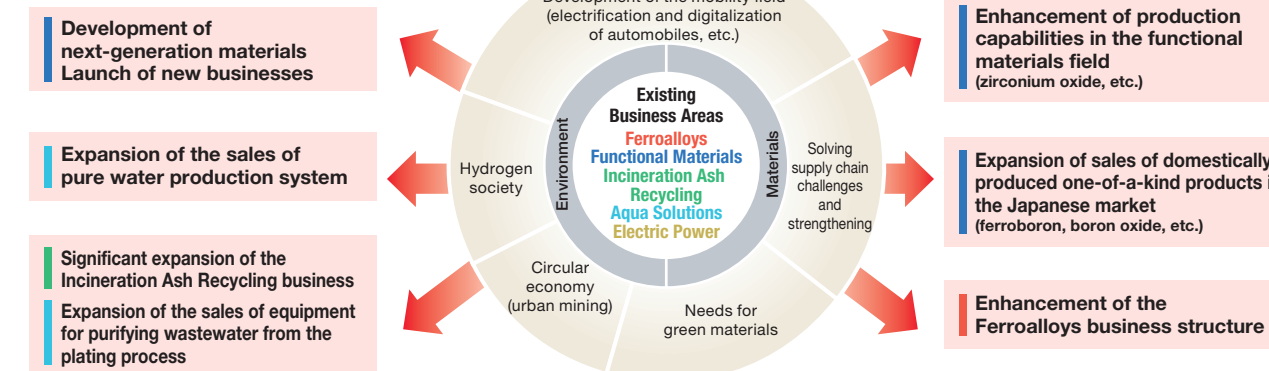
Growth Strategy

- To solve social issues by providing products, technologies and services
- To address social issues in the course of conducting business activities
- To enhance the corporate foundation for sustainable growth

Numerical Targets for FY2030

Net Sales	Ordinary Profit	ROE
¥110 bil. or larger	¥13 bil. or larger	10% or higher

Growth Strategy



Progress of Initiatives for Our Growth Strategy

Fortification of the Ferroalloys business

While the supply chain for our domestic businesses is experiencing growing geopolitical risks, we have enhanced the resilience of our businesses by diversifying suppliers of materials and resources and continued high and stable production, thus maintaining and improving superior cost competitiveness on a global scale. In the overseas business, we continue some initiatives, such as the dispatch of our engineers to Pertama Ferroalloys Sdn. Bhd. (an equity-method affiliate), which produces green ferroalloys by using hydroelectric power, and the invitation of local employees to the Tokushima Plant for training.

Sales promotion of one-of-a-kind products in Japan

As the outlook for the global economy has become more uncertain, the weak demand for EV products is affecting the demand for electronic components and battery materials. On the other hand, the market of AI-related parts is growing rapidly. The worsening geopolitical risks due to the trade friction between the U.S. and China fostered the momentum for redeveloping supply chains, so we are promoting our one-of-a-kind products produced in Japan, to meet the demand for ex-China products.

Increase of incineration ash melting furnaces

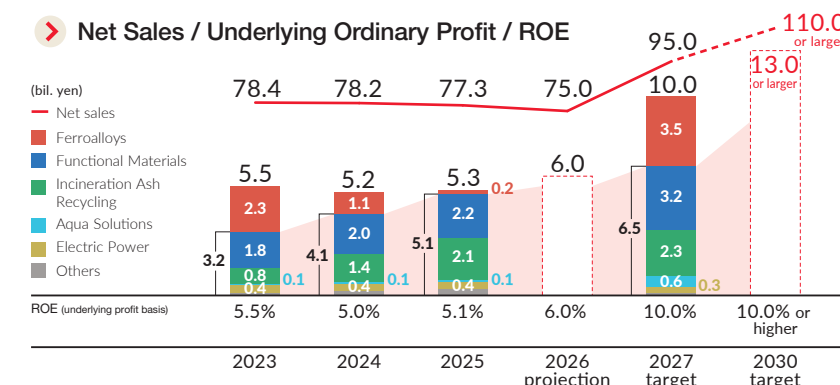
We have decided to invest in the common equipment and facilities of Incineration Ash Melting Furnaces No. 5 and No. 6, in order to meet the needs for recycling of incineration ash instead of landfill disposal and contribute to the realization of a recycling-oriented society promoted by the government. With the aim of starting operation in December 2027, we are approaching local governments more actively to collect a larger amount of incineration ash, proactively responding to needs for long-term contracts with municipalities, and preparing for securing staff and so on. As a measure for collecting a larger amount of incineration ash, we established the Kyushu Office in April 2026 to enhance sales activities in the Kyushu area, where the needs for recycling incineration ash are growing.

Release of new products and collaboration with a start-up firm

In collaboration with Galdieria, Co., Ltd., a start-up firm in which we invested in February 2025, we try to collect precious metals from low-concentration factory wastewater discharged in the plating industry, etc. and aim to commercialize the business. By combining the wastewater treatment technology and expertise in precious metal recovery of the Company and the adsorbents developed by Galdieria, we try to adsorb and collect palladium that is difficult to recover using existing technologies from low-concentration wastewater, and engage in development with an eye to the collection of other precious metals. In addition, we developed a portable adsorption tower specifically designed for PFAS removal by utilizing our wastewater treatment technology. In December 2025, a customer adopted one unit, and started its operation.

Performance

As shown in the right figure, the underlying ordinary profit of businesses other than the Ferroalloys business has been increasing steadily to achieve the goal in fiscal 2027. The growth of the Functional Materials business slowed down amid the sudden change in the business environment of battery materials. Meanwhile, the Incineration Ash Recycling business expanded more rapidly than planned. Like this, we have experienced unexpected outcomes in some of our businesses, but our business portfolio is becoming less susceptible to the ferroalloys market conditions as a result. In the mainstay Ferroalloys business, we secured revenue backed by the effects of the price formula in Japan despite the harsh environment due to the market slowdown, and are also reducing costs outside Japan.



Financial Strategy



Yasuhide Miyake
Director and Executive Officer

- Pursue both strategic investments and shareholder return for the realization of “Our Ideal State in 2030”
- Decision to invest in incineration ash melting furnaces and acquisition of treasury shares

In order to realize “Our Ideal State in 2030”, our financial strategy is focused on implementing concrete measures for returning profit to shareholders more actively while expanding strategic investment, which is indispensable for corporate growth.

For achieving our financial strategy, we will strive to optimize current assets, such as inventories and cash on hand and in banks, while non-current assets will increase through the strategic investment. Then we utilize external liabilities actively, because it became possible to change financial leverage, in the wake of the stabilization of revenue through the structural reform of the Ferroalloys business (change in the pricing scheme and consolidation of manufacturing bases) in accordance with the 8th Medium-Term Business Plan (2021-2023).

In FY2025, we made the utmost effort to streamline

inventories, reducing them by about 8 billion yen from the end of the previous fiscal year. We also allocated part of cash generated through the reduction of inventories to the acquisition of treasury shares, and virtually decreased outstanding shares by around 10% to improve profit per share, and raised the lower limit of the dividend from 10 yen per share to 11 yen per share to enrich the return to shareholders.

Alongside to these measures, we announced in November 2025 that we planned to invest approximately 12 billion yen for new melting furnace in the Incineration Ash Recycling business as part of our growth strategy. By conducting such strategic investments, we will secure profit growth, improve financial leverage by actively utilizing external liabilities. Furthermore, we aim to enhance our corporate value and achieve a PBR of 1 or higher while expanding profit.

Shareholder Return

We have defined the active shareholder return policy stated on the right based on stable dividends that are not affected by inventory impact or other factors. Under this policy, which was formulated in August 2024, we expanded shareholder return by raising the dividend payout ratio from 10% to 40%. Besides, we use underlying profit, which excludes inventory impact and extraordinary gains/losses, which are short-term earnings fluctuation factors, as a standard for the dividend payout ratio, and stably pay dividends to shareholders while specifying the lower limit of the dividend amount.

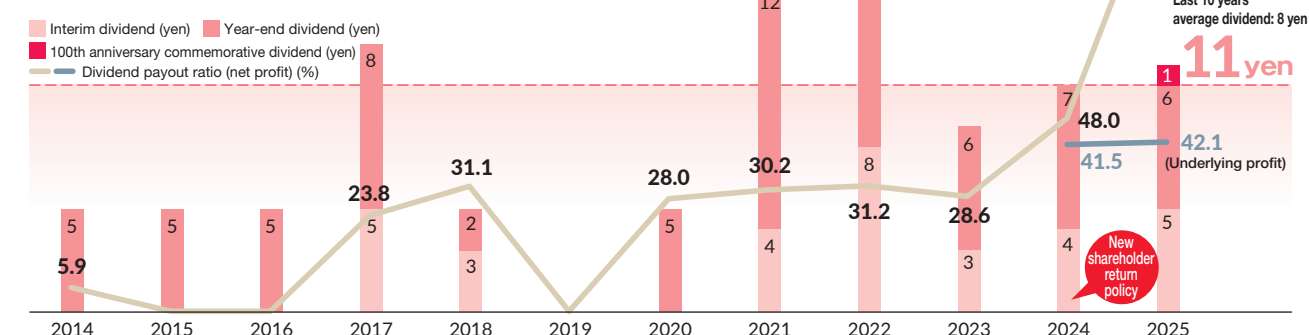
In addition, we acquired treasury shares worth 4 billion yen, which accounts for approximately 10% of the outstanding shares, by using cash generated through the reduction of inventories, etc. in FY2025, and strove to virtually decrease

the number of outstanding shares and expand profit per share. Accordingly, we increased the minimum dividend per share to 11 yen starting from FY2026. We aim to expand shareholder return further by continuing strategic investments for growth, reviewing and revising our business portfolio and other measures to earn stable profits.

- Payout ratio of approximately 40% based on underlying profit
- Minimum dividend per share: ¥11
- Acquisition of treasury shares is positioned to supplement dividends

Variations in dividends

We added 1 yen per share as 100th anniversary commemorative dividend in FY2025.



Progress of the Medium-Term Business Plan (2024-2027)

Reinforcing non-current assets as a source of profits

While reducing inventories by inventory reduction and optimization, we are fortifying non-current assets, which become a source of profits in the manufacturing industry through active strategic investment. In November 2025, we announced a plan of investing 12 billion yen in equipment in order to build an additional incineration ash melting furnace as a large-scale strategic investment. In December 2027, when new equipment will start operation, the KPI for the fixed ratio is expected to increase to 90%. We will continue investment in fields where our profit is expected to grow, while assessing its effect on our business.

Optimization of net D/E ratio

Setting the target net D/E ratio in 2030 at 0.30-0.45, we aim to achieve active capital investment and shareholder return by revising our financial leverage. In 2025, we allocated the funds from our ample free cash flow (generated through the reduction of inventories, etc. before the full-scale strategic investment) to shareholder return and the partial repayment of interest-bearing debt for reducing financial expenses, so the KPI is as low as 0.11, but it is expected to rise to 0.30, which is the minimum target, in December 2027, as the investment in the incineration ash melting furnace will become full-scale.

Shortening of inventory turnover period

We aim to increase capital efficiency by enhancing the management of inventories. In 2025, we were able to shorten the inventory turnover period to 5.6 months by reducing inventories. We will strive to reduce and optimize inventories by utilizing digital technologies and so on, and the inventory turnover period is expected to decrease to 5.0 months in December 2027.

Fixed ratio

2024	65.5%
2025	69.0%

Net D/E ratio

2025	0.11
Target	0.30-0.45

Inventory turnover period

2024	6.1 months
2025	5.6 months

To reinforce non-current assets as a source of profits

To strengthen non-current assets through proactive strategic investment

Appropriate financial leverage

Net D/E ratio
Approx. 0.30 to 0.45

To proactively return profit to shareholders

High level of shareholder returns based on stable and high revenue

To boost the efficiency of inventories

To improve the efficiency of inventories and reduce the effects of inventory through DX

BS as of the end of December FY2025

Total assets **¥93.4 bil.**
Net D/E Ratio 0.11

Current assets **48%**
Non-current assets **52%**

Liabilities **24%**
Net assets **76%**

Projection of BS at the end of FY2030

Total assets: Approx. **¥150 bil.**
Net D/E Ratio 0.30 to 0.45

Expand by 1.5 times through proactive strategic investments

Current assets Approx. **40%**
Non-current assets Approx. **60%**

Liabilities Approx. **40%**
Net assets Approx. **60%**

Research and Development / Intellectual Property



- R&D for solving social issues
- Core technologies for smelting and refining metal and manufacturing chemical products
- Proactive investments in R&D

Tsutomu Kishikawa
Director and Managing Executive Officer

The Group defines “Our Ideal State in 2030” as a company on a constant quest for a better future by supporting people’s lives with “materials” and “environment.” We consider R&D and intellectual property strategies, which would help us attain our goals, as some of the most important issues in business administration. In particular, we will concentrate on the reduction of environmental impact for carbon neutrality, etc. and the development of new technologies for enriching everyday lives of people, and help solve social issues through the creation and management of intellectual property that supports the above-mentioned activities.

For R&D, we actively allocate resources to the development of highly unique new products and technologies by sophisticating

our core technologies for smelting and refining metal, nurtured through the manufacturing of ferroalloys, and manufacturing a wide array of chemicals. In fields where element technologies we do not possess and fundamental research are required, we promote open innovation and cement cooperation with universities and research institutions. Furthermore, we take full advantage of intellectual property, such as patents and know-how, in business activities, while considering them as important management resources for earning revenues sustainably.

We will keep accelerating technological innovation through cutting-edge R&D and intellectual property strategies, and pave the way for a sustainable future. Then, we will grow together with society, and keep creating new value.

R&D Activities for Meeting Social Needs and Supporting Sustainable Development and Growth

R&D policy

The Group strives to develop new products on the strength of technology for smelting and refining metal and manufacturing chemical products in addition to researching environmental technologies that promote environmental conservation and resource recycling.

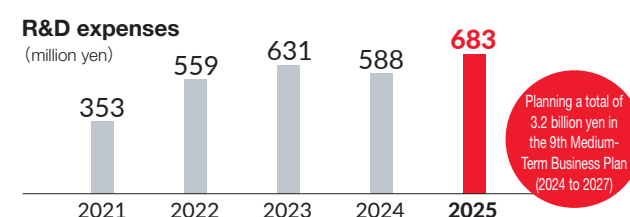
R&D structure

The Group has established a system that enables the effective and swift creation of new technologies and products through collaboration among the “Product and Technology Development Department,” and “Ferroalloy and Carbon Neutrality (CN) Development Department” which conduct research and development; the “Research Planning Department,” which anticipates customers’ needs and identifies research topics; and the each business division, which brings development results to production. We also engage in activities for creating new business in cooperation with customers, universities, research institutes, and venture firms.

R&D strategy

We continuously invest resources in 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)
- Development of a carbon-neutral process



Measures in the Medium- to Long-term Business Strategy

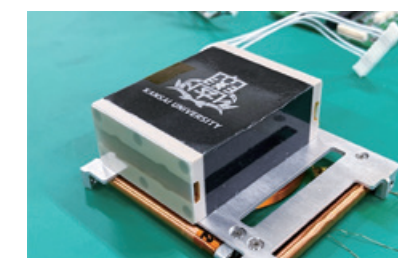
The themes of the medium- to long-term business strategy until 2030 are “To strengthen the development of new products” and “To explore business opportunities.” By continuously allocating resources to the development of new products utilizing our proprietary technologies, we aim to create new products and businesses that would help solve social issues. In the period of the 9th Medium-Term Business Plan (2024-2027), we plan to spend around 3.2 billion yen for R&D, while focusing on high-performance zirconium oxide for meeting the needs for the miniaturization of MLCC, materials for next-generation secondary batteries, and new adsorbents in the Aqua Solutions business. We are also considering M&A and cooperation with other companies.

Development of High Value-Added Product

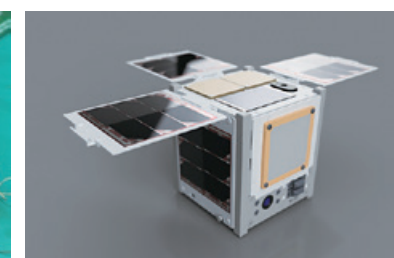
> Vanadium dioxide latent heat storage material

We confirmed the device temperature-stabilizing effect of a vanadium dioxide solid-solid phase change material (SSPCM) jointly developed with Associate Professor 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. We 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. This is the world’s first successful space demonstration of the device temperature stabilization effect with the vanadium dioxide SSPCM.

The market for CubeSats is growing rapidly, and commercial use is expanding in a wide range of fields, particularly in satellite communications, earth observation, and space technology verification. With the success of this demonstration experiment, we aim to pave the way for new possibilities for the use of the vanadium dioxide SSPCM in space.



Battery temperature-stabilizing device



Demonstration satellite

Intellectual Property Activities Leading to the Improvement of Our Corporate Value

Intellectual property policy

The Group treats intellectual property such as patents, trademarks, copyrights and know-how as a vital management resources. Focusing mainly on ensuring competitive advantages, we enhance initiatives for effective utilization of such intellectual property by collaborating with other companies and providing licenses, which will directly lead to the improvement of business revenues and corporate value. Moreover, we do not overlook any acts violating our intellectual property rights, and appropriately address such acts. Furthermore, we respect the intellectual property rights of other parties and take care so as not to violate any effective intellectual property rights of other parties.

Intellectual property control structure

At the Group, business divisions and the R&D Department work together to engage in concrete intellectual property activities based on the trinity of strategies for management, R&D and intellectual property. Moreover, the Production Engineering Department proactively manages cross-departmental intellectual property activities, etc. from a company-wide viewpoint. Furthermore, we work toward improving the awareness and skills of all employees with regard to intellectual property through continuous control of information and training on intellectual property.

Intellectual property strategy

As the Group offers diverse products and services from ferroalloys to functional materials, etc., the strategy significantly emphasizes the refinement of individual intellectual property for each product, taking into account the substantial differences in the environment for each product. Concretely, business divisions and the R&D Department work together as one to accurately recognize the environment of the market, technologies and intellectual property while clarifying the business objective. Based on these results, we decide on measures concerning intellectual property, and clearly stipulate and implement them as the strategy for intellectual property.

Ferroalloys

For the stable supply of ferroalloys, which are indispensable for high-grade steel products

In the Ferroalloys business, we have been manufacturing ferroalloys with electric furnaces for 100 years, and have secured a position as the top supplier of manganese ferroalloys in Japan, which is based on enriched equipment and advanced technologies we have developed through many years of operation. In general, manganese ore accounts for the largest portion of costs for high-carbon ferromanganese. The Tokushima Plant has a private berth where ocean liners can be moored, so that we can directly import manganese ore at a competitive price.

In addition, the continuation of highly stable operation is the source of our cost competitiveness. As the quality of manganese ore has been degrading in recent years, we sophisticate the technologies for using such ore and improve facility utilization rates.

Furthermore, we promote the development of technologies for reducing CO₂ emissions while considering the shift to a decarbonized society as a growth opportunity. In Japan, we are proceeding with tests for switching reducing agents from coal cokes to wood cokes. Outside Japan, we dispatched our engineers to Pertama Ferroalloys Sdn. Bhd., which manufactures green ferroalloys with hydroelectric power generation in Malaysia, and are developing technologies for carbon neutrality inside and outside Japan.

Yoshihiro Miyauchi
Executive Officer



Domestic Strength

- Top domestic supplier of manganese ferroalloys
- Competitiveness of the Tokushima Plant, which boasts high utilization rate, high efficiency, and globally high productivity
- Stable earning power based on the price formula

Overseas Strength

- Environmentally friendly green ferroalloys (utilization of electric power generated by hydroelectric power plants)

Business Models and Characteristics

Manufacturing and sale of ferroalloys

High-carbon ferromanganese, which is our core product, is an additive used for improving steel's properties, such as strength, toughness, heat resistance, and anti-corrosiveness. We import manganese ores as raw materials mainly from South Africa, and reduce them with an electric furnace, to produce high-carbon ferromanganese. We sell it to steelmakers, mainly Nippon Steel Corporation.



High-carbon ferromanganese

Product types

Tokushima plant

High-carbon ferromanganese (production amount: 180,000 tons/year)

Low-carbon ferromanganese

Pertama Ferroalloys

Silicomanganese / Ferrosilicon

Kudumane manganese mining

Manganese ore



Tokushima plant

Business opportunity

- Demand for green ferroalloys

Risks

- Risk of changes in market prices of raw materials and products
➔ Reduce the risk through a price formula in Japan
- Possibility of introducing carbon tax
➔ Focus on carbon neutrality

Market Environment

Japan

In the Japanese market, the steel demand for the manufacturing, civil engineering, and construction industries is projected to decline due to the shrinkage and aging of the Japanese population. However, the demand for manganese ferroalloys, which are indispensable for high-grade steel, is expected to remain steady.

Overseas

The overseas market is forecast to grow in Asia, including India. Pertama Ferroalloys has a factory in Malaysia, adjoining the growing markets.

Recent Initiatives

In Japan

Sustainable procurement

Manganese ore, which is suited for ferroalloy production in the Group, is primarily mined in South Africa and Australia. While geopolitical risks are heightening in the supply chain, we are making efforts to maintain our system for stable procurement. In detail, we diversify routes for procuring resources and raw materials, regularly review country-specific risks, specify appropriate inventory for each production area and brand, and manage them. The maintenance of appropriate inventory contributes to cost reduction in terms of resource control. In addition, the Tokushima Plant has a private berth where ocean liners can be moored, so it is possible to procure materials at internationally competitive prices by utilizing this infrastructure.

Maintenance or improvement of cost competitiveness

While procurable materials are limited, we will proceed with the development of technologies for highly stable operation and strive to manufacture products stably. The continuation of highly stable production leads to not only the maintenance or improvement of cost competitiveness of our high-carbon ferromanganese, but also the rise in reliability of stable supply to our customers.

Development of a carbon-free ferroalloy manufacturing process

High-carbon ferromanganese is produced through the reduction reaction for removing oxygen from manganese ore. The use of coal coke is the best way to induce the reduction reaction, but it produces CO₂ emissions inevitably. We set a goal of achieving carbon neutrality by 2050. So, we focus on wood coke, which does not emit CO₂ virtually, as an alternate to coal coke, and put energy into R&D for reducing CO₂ emissions by selecting the best brand, conducting tests with actual equipment, etc.

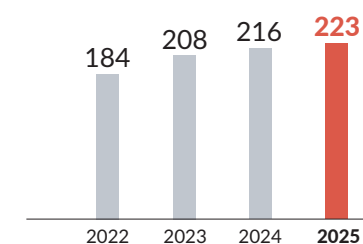
This research was adopted in the "Program to Develop and Promote the Commercialization of Energy Conservation Technologies to Realize a Decarbonized Society" by New Energy and Industrial Technology Development Organization (NEDO), and we entered the commercialization phase (until 2030) in April 2026.

Overseas

Reinforcement of the production system

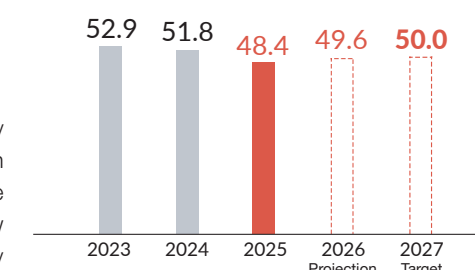
We have dispatched our engineers to the Pertama Ferroalloys in Malaysia and worked on cost reduction in order to realize stable production at the site. Moreover, we have been regularly inviting employees from Malaysia to the Tokushima Plant for training at a world-class plant for ferroalloys since 2023.

Production volume of Pertama Ferroalloys (silicomanganese, ferrosilicon/ thousand tons)

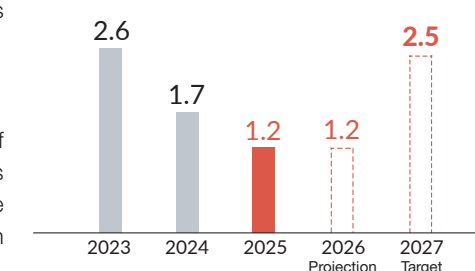


Training of employees of Pertama Ferroalloys at the Tokushima Plant

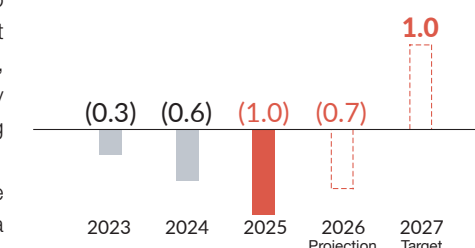
Net sales (bil. yen)



[Japan] Underlying ordinary profit* (bil. yen)



[Overseas] Underlying ordinary profit* (bil. yen)



*Ordinary profit excluding the impact of inventory and one-time factors



Functional Materials



Keiichi Nakazato
Executive Officer

Development of the mobility field

Stable supply of one-of-a-kind products

In the Functional Materials business, we have a lineup of high-performance, high-grade, and distinctive products (such as zirconium oxide, boron oxide, manganese inorganic chemical products, automotive battery materials, and ferroboron) based on our accumulated metallurgical and powder technologies. These products contribute to the development of the mobility field (electrification of automobiles), which is essential for building a sustainable society, and to the promotion of a digitalized society.

We still experience much uncertainty over the U.S. trade policy, the Middle East situation, etc., but the demand for semiconductors, magnets, etc. is growing due to the expansion of AI data centers and the electrification of automobiles, so the demand for our functional materials is increasing steadily. By stably supplying domestically produced one-of-a-kind products, which constitute our forte, we hope to help solve problems with the supply chain such as reduction of geopolitical risks.

Strengths

- Metallurgical and powder technologies leading the industry over long years
- Credibility stemming from continuous provision of high-performance and high-grade products
- Lineup including a number of unique original products

Business Models and Characteristics

We manufacture products tailored to customer needs from various raw materials. We strive to ensure a stable supply as some of our products are one-of-a-kind in Japan.

Zirconium oxide

Zirconium oxide is highly regarded for its ultra-fine particles and high purity, and is primarily used as a material for communication devices such as smartphones, as well as for multilayer ceramic capacitors (MLCCs) for automobiles.

Ferroboron

Ferroboron is used as a material for neodymium magnets in the motors of HEVs and EVs as well as in steel products such as bridge wires, bolts and nuts.



Domestically produced one-of-a-kind product in the Japanese market



Zirconium oxide

Boron oxide



Domestically produced one-of-a-kind product in the Japanese market

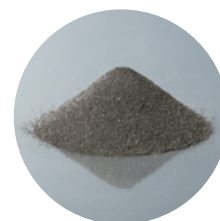
Boron oxide is characterized by its high quality and high purity with very few impurities and is used as a material for glass substrates for large displays such as LCD and OLED and glass fiber for electronic substrates for 5G communication.

Manganese inorganic chemical products

We produce a wide variety of manganese inorganic chemical products and possess the technology to refine manganese ore to achieve high purity. They are used as cathode materials for lithium-ion batteries and as additives for MLCCs.



Domestically produced one-of-a-kind product in the Japanese market



Metal hydride alloys

Metal hydride alloys



One of the largest suppliers in Japan

Metal hydride alloys are used as anode materials for nickel-hydrogen batteries for HEVs and are used in cars manufactured by Toyota Motor Corporation, etc.

Cathode materials for lithium-ion batteries

OEM from Sumitomo Metal Mining Co., Ltd.



Cathode materials for lithium-ion batteries

Business opportunities

- Progress of electrification of automobiles
- Expansion of the market for semiconductor electronic components, including AI

Risk

- Fluctuations in the raw material prices and procurement

Market Environment

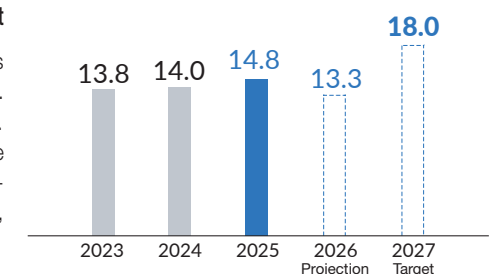
Purpose	Product	Market
Electronic components for semiconductor	Zirconium oxide	Increase in parts related to AI (data centers, etc.) Progress in the electrification of automobiles
	Manganese inorganic chemical products	
Electrification of automobiles	Ferroboron	Increase in demand for neodymium magnets for automotive motors
Glass panels Glass fiber	Boron oxide	Increase in parts related to AI (data centers, etc.) Demand for displays is flat
Automotive battery	Metal hydride alloys	Shift from nickel hydrogen batteries to lithium-ion batteries is progressing
	Cathode materials for lithium-ion batteries	Demand for products for EVs is weak and the pace of market growth will slow down. However, demand is expected to keep growing due to the increasing electrification of automobiles.

Recent Initiatives

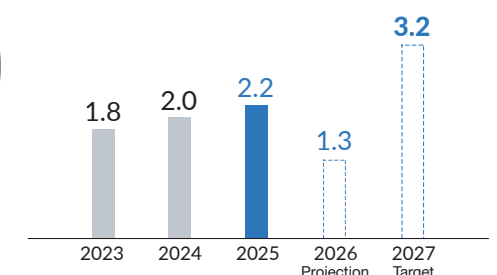
Expansion of sales of domestically produced one-of-a-kind products in the Japanese market

While geopolitical risks are heightening due to the U.S.-China trade friction, etc., there is a growing trend of reshoring procurement to the Japanese market to avoid such risks. The markets of AI-related components, etc. have been expanding rapidly in recent years. Under these circumstances, we are expanding the sales of one-of-a-kind products we manufacture in the Japanese market for the purpose of meeting the demands for ex-China and in growing markets. In addition, while labor and other costs are skyrocketing, we are revising prices to match the added value of respective products.

Net sales (bil. yen)



Underlying ordinary profit* (bil. yen)



*Ordinary profit excluding the impact of inventory and one-time factors

Development of new products

Through the development of advanced communication technology, there is a demand for high-performance, high-quality zirconium oxide products that contribute to the high functionality and miniaturization of electronic components. Moreover, features of battery materials need to be improved amid the growth in demand for a broad variety of secondary batteries in addition to the electrification of automobiles. We engage in R&D for new products that would contribute to the further evolution of electronic components, the higher capacity and lifespan extension of secondary batteries, etc.

Diversification of raw material suppliers to mitigate geopolitical risks

In parallel with the augmentation of geopolitical risks, the importance of redevelopment and fortification of the supply chain is increasing. In our Functional Materials business for which raw material suppliers are limited, we identify respective risks, diversify suppliers, and optimize inventories.



Incineration Ash Recycling

Contributing to a recycling-oriented society

In the Incineration Ash Recycling business, we have over 30 years of history as one of the leading private companies. We have helped municipalities extend the lifespans of landfill sites as it is now difficult to construct new ones, and provided society with ECOLAROCK, whose quality is comparable to natural crushed stone, as a civil engineering material, and molten metal as a raw material for base metal such as gold, silver, and copper, thus contributing to environmental conservation and recycling of resources in Japan.

At present, the Ministry of the Environment aims to expand the scale of the recycling economy-related market from the current 50 trillion yen to 80 trillion yen by 2030 for realizing a recycling-oriented society and then a sustainable society while conserving the environment in accordance with the "5th Fundamental Plan for Establishing a Sound Material-Cycle Society: Pursuing a Recycling Economy as a National Strategy."

In order to cooperate with the national policies and cope with the future shortage of landfill sites at municipalities, we decided to add common equipment and facilities for the incineration ash melting furnaces No. 5 and No. 6 and the incineration ash melting furnace No. 5 at the end of November last year. Following with this decision, construction work is progressing steadily with the aim of starting operation at the end of 2027. In addition, as part of our preparations to expand this business, we opened the Kyushu Office in April, 2026 to strengthen our sales capabilities in the Kyushu region, and we are progressively implementing measures to increase the volume of incineration ash collected.

By expanding the Incineration Ash Recycling business, we

Hayato Matsuda
Executive Officer

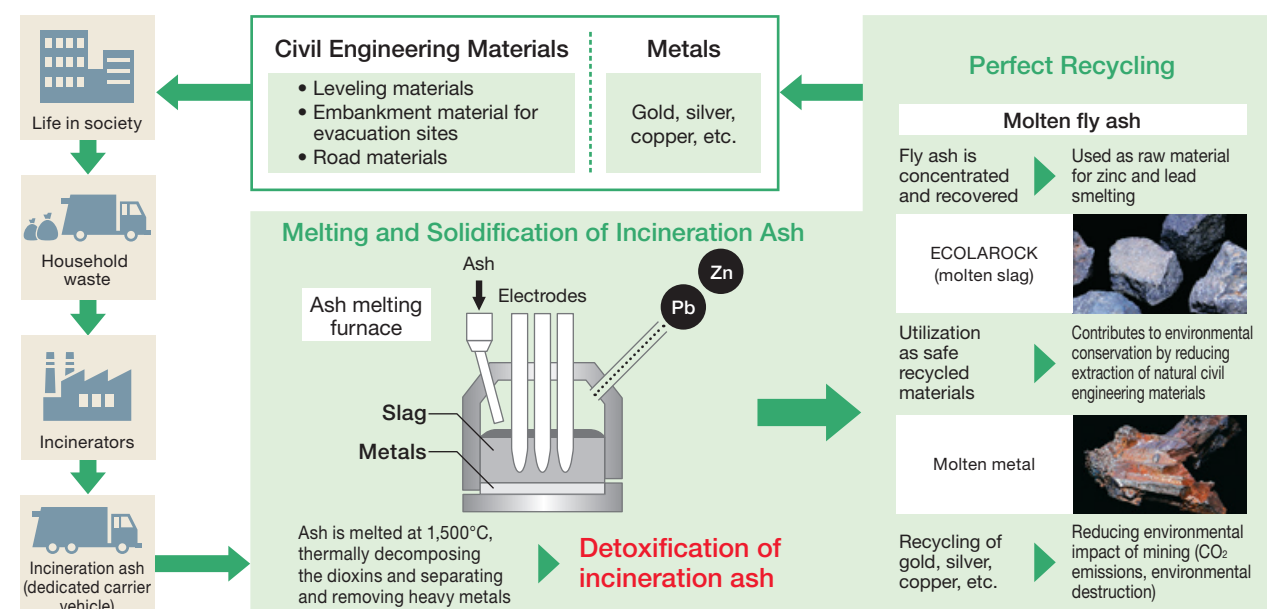
hope to play a part in the realization of a sustainable society and the development of an environment where Japanese future generations live a life with peace of mind through the formation of a recycling-oriented society.

Strength

- Possessing the largest melting and solidification capacity in Japan (130,000 tons/year)
- First private company in Japan to commercialize the incineration ash recycling by making use of the electric furnace operation technology cultivated in the Ferroalloys business
- Perfect recycling of incineration ash

Business Models and Characteristics

We accept incineration ash which is often disposed of in landfill sites for a fee from municipalities, and melt and solidify incineration ash, thereby rendering it harmless and recyclable. The molten slag produced by melting is commercialized as ECOLAROCK and reused as civil engineering materials. In addition, molten metal containing valuable metals such as gold, silver, and copper is collected and recycled as resources. Through our activities, we not only contribute to the environmental conservation by reducing the extraction of natural civil engineering materials, the reduction of environmental impact through mining, and the recycling of incineration ash from urban mines, but also realize perfect recycling by rendering the whole amount of industrial waste produced during the process (molten fly ash) into resources.



Business opportunities

- Elevation of environmental awareness
- Changes in waste-related laws and regulations

Risks

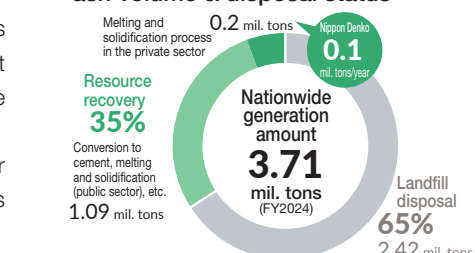
- Worsening financial situation at municipalities
- Changes in waste-related laws and regulations

Market Environment

According to a study by the Ministry of the Environment, about 3.71 million tons of incineration ash are produced annually in Japan, and 65% is disposed of at landfills. Furthermore, the current remaining life of landfill sites nationwide at the end of FY2024 is estimated to be 24.9 years in this study.

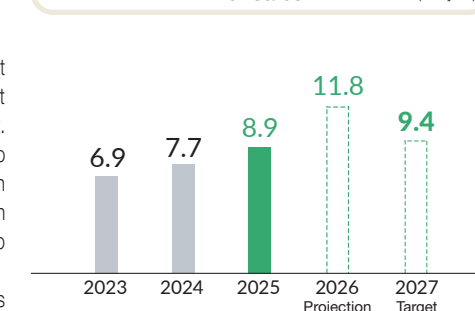
Meanwhile, the securing of new landfill sites is becoming increasingly difficult for municipalities, leading to a rise in needs for incineration ash recycling. Given this situation, the Incineration Ash Recycling business is expected to grow.

Nationwide general waste incineration ash volume & disposal status

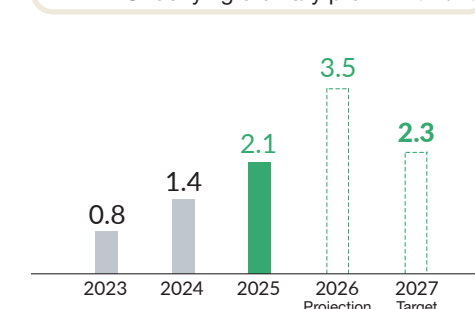


Source: Survey Results of Actual General Waste Disposal by the Ministry of the Environment

Net sales (bil. yen)



Underlying ordinary profit* (bil. yen)



*Ordinary profit excluding the impact of inventory and one-time factors

Recent Initiatives

Capacity enhancement (decision to construct the melting furnace No. 5)

We view the decline in remaining capacity at incineration ash landfill sites and the decrease in domestic cement production—which has led to reduced capacity and restrictions on incineration ash acceptance by cement companies—as an opportunity to increase demand for incineration ash melting and solidification treatment. Against this backdrop, we plan to gradually expand our facilities from the current four-furnace operation to seven furnaces (scheduled to begin operation in 2030). In November 2025, we decided to add common equipment and facilities for the incineration ash melting furnaces No. 5 and No. 6 and the incineration ash melting furnace No. 5, and plan to start operation in December 2027, increasing the treatment capacity to 160,000 tons. We will decide to construct the incineration ash melting furnace No. 6 at an appropriate time. This capital investment for business growth became subject to 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."

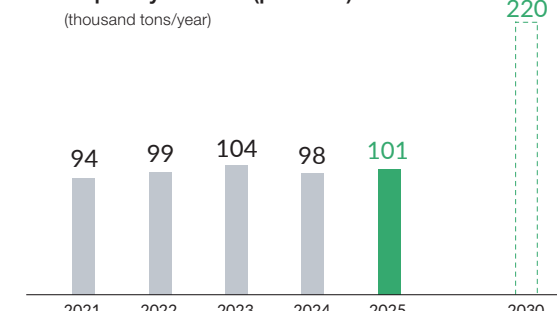


Incineration ash melting furnace facility

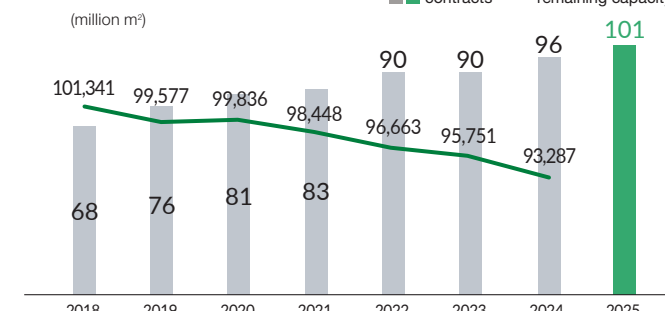
Measures for increasing the volume of incineration ash collected (The Kyushu Office was newly established.)

In response to the growing demand for melting and solidification treatment of incineration ash, we are leveraging our strengths—including Japan's largest incineration ash treatment capacity and our capacity expansion plans—to ensure the continued, long-term, and stable processing for our existing customers. At the same time, we are strengthening our sales efforts targeting municipalities outside the Kanto region—which has been our conventional main market—to increase the volume of incineration ash collected. In April 2026, the Kyushu Office was newly established to enhance marketing activities in the Kyushu region to increase the collection volume. In addition, we actively engage in long-term contract for DBO with municipalities.

Trends in treatment volume and treatment capacity in 2030 (planned)



Nationwide remaining capacity of landfill sites and the number of contracts



Aqua Solutions



Contributing to the development of a recycling-oriented and hydrogen-based society

Taketoshi Oka
Executive Officer

In the Aqua Solutions business, we contribute to the realization of a recycling-oriented society and a hydrogen society with the wastewater treatment equipment and the pure water production system.

Since the start of business of treating wastewater containing chromium in 1973, we have enriched the lineup of our services, including the adsorption and collection of boron, nickel, and fluorine, meeting the needs of a broad range of clients. In addition, the pure water production system is utilized in a wide range of fields, including hydrogen production, biomass power generation, and general industries.

Last year, we started two new initiatives with the aim of expanding our business domain.

One initiative is to collect precious metals from effluents in cooperation with Galdieria, Co., Ltd., in which we invested, and the other is to remove per- and poly-fluoroalkyl substances (PFAS), on which environmental regulations are being tightened.

Both are businesses that help solve social issues, including the expansion of demand for resource recycling and the removal of harmful substances.

By utilizing our technologies and know-how we have nurtured for many years, we will meet social needs, expand our business domain, and actively offer high value-added services to customers further.

Strength

- No need for maintenance work and various chemicals at the customer's side with our mobile equipment
- Stable and high quality based on advanced ion exchange resin regeneration technology developed over 50 years
- Rental (subscription model) service, which is easy to adopt at affordable initial costs
- Recycling the adsorbed and collected materials into raw materials for our products

Business Models and Characteristics

This is a business model in which we rent (subscription model) or sell the wastewater treatment equipment and pure water production system.

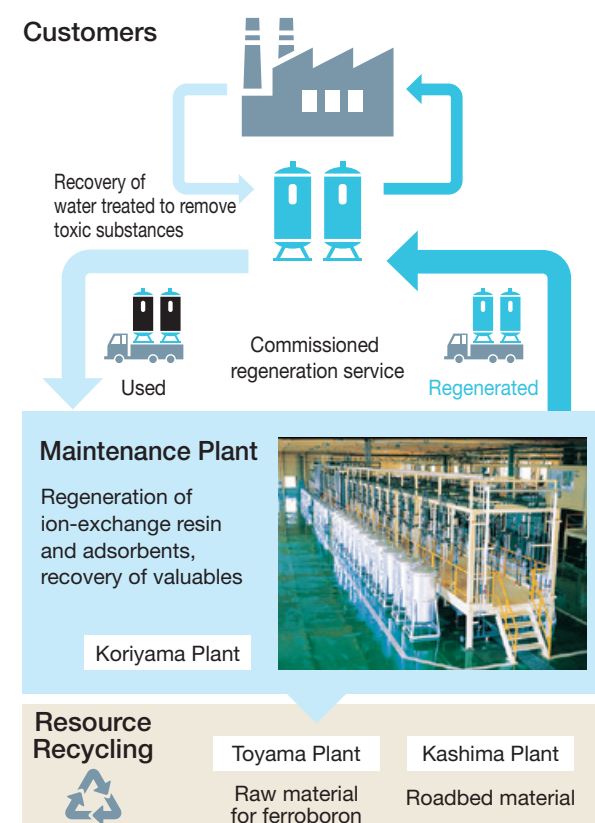
Used ion exchange resin is regenerated at our maintenance plants and then reused. In addition, heavy metals adsorbed during this process are recycled at the Toyama Plant and the Kashima Plant.

Wastewater treatment equipment

Our equipment recovers metals and impurities contained in industrial wastewater from the manufacturing industry such as plating, painting, and automotive ones, and recycles it into deionized water and pure water. The recovered boron is recycled as a boron product (ferroboron), and the recovered nickel is recycled as a raw material for nickel alloys.

Pure water production system

Our system is used to produce hydrogen and is used in approximately 60% of on-site hydrogen stations in Japan. In addition, high-purity water can be easily produced from tap water for use in surface treatment washing and in boilers and air conditioning at biomass power plants. Demand for high-purity water (for cleaning, blending, and inspection) is increasing along with the sophisticated performance of industrial products, and it is also used for the maintenance of biomass power plants and other industrial purposes.



Business opportunities

- Increasing environmental awareness through the development of the circular economy and SDGs
- Stricter wastewater regulations
- Evolution into a hydrogen-based society

Risks

- Shrinkage of the plating market
- Rises in prices of materials and equipment and logistics costs

Market Environment

Wastewater treatment equipment

While the number of components has been reduced due to advances in the electrification of automobiles and the demand for plating is also shrinking, demand for boron removal from wastewater has increased.

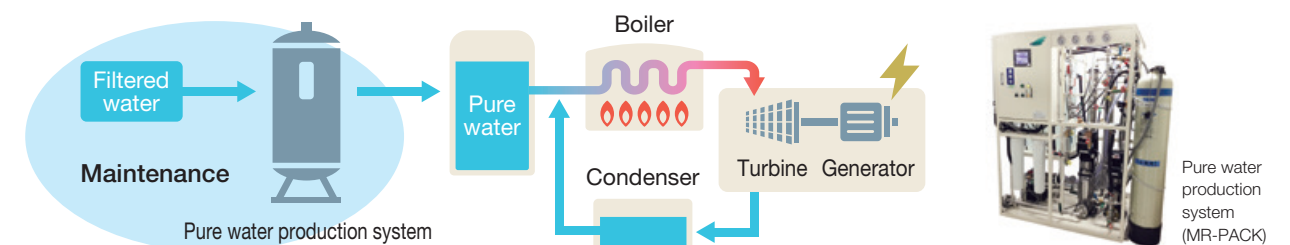
Demand for wastewater treatment is also predicted to rise due to increased environmental awareness and stricter wastewater regulations.

Pure water production system

In the hydrogen-related market, demand for pure water is expected to rise due to the increased use of hydrogen stations and for industrial applications.

In other areas as well, there is an increase in demand for pure water for test runs and maintenance of boiler power generation.

Biomass power generation (maintenance)



Recent Initiatives

Adsorption and recovery of palladium from wastewater

In February 2025, we invested 0.2 billion yen in Galdieria Co., Ltd., a start-up company aiming for resource recycling with microalgae, and started collaboration. By combining our water treatment technology and expertise in metal collection and the adsorbent developed by Galdieria, Co., Ltd., we will engage in a project of adsorbing and collecting palladium, which is difficult to collect with existing technologies, from low-concentration wastewater, and proceed with development with an eye to the collection of precious metals other than palladium.

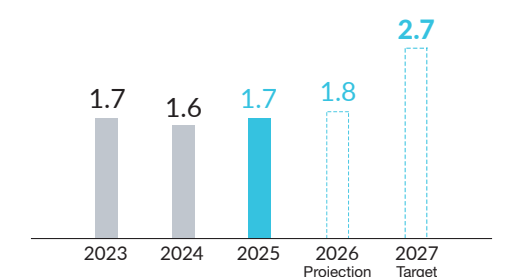
Release of the new product "PFAS adsorption tower"

Utilizing our technology for wastewater treatment equipment, we developed a portable adsorption tower specializing in the removal of PFAS. In December 2025, it was adopted by a customer, and its operation started. Since PFAS is difficult to decompose and easy to accumulate, there is concern over its effects on health, so regulations on it are being discussed and tightened around the world. It is forecast that the necessity to take measures for wastewater treatment at facilities and for industrial use will grow in Japan. The treatment of the adsorbed PFAS is currently outsourced, but we will proceed with the development of new technologies for treating it in house.

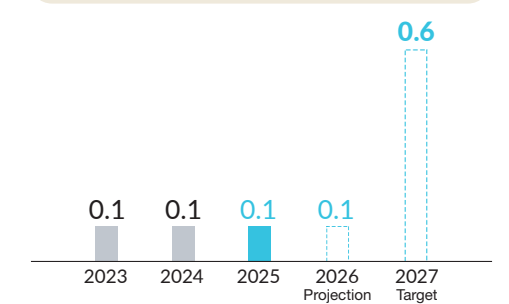


PFAS adsorption tower

Net sales (bil. yen)



Underlying ordinary profit* (bil. yen)



*Ordinary profit excluding the impact of inventory and one-time factors

Electric Power

Promoting carbon neutrality

The Electric Power business serves as a stable earning structure through the Feed-in Tariff (FIT) system for renewable energy, and at the same time, it is a key pillar of our sustainability management. By stably generating clean, green electric power, we keep providing solid environmental value to society.

Solar power and hydropower are both renewable energy, but solar power output varies significantly according to weather and hours of the day. However, hydroelectric power generation has a robust advantage as a baseload power source for supplying a certain amount of electric power day and night for a long period of time.

Furthermore, this business not only directly contributes to the reduction of greenhouse gas emissions for coping with climate change, but also to the conservation and utilization of abundant water resources in each region through appropriate maintenance and management around facilities. We will make continuous efforts to improve our corporate value for the development and future of local communities, while coexisting with the blessings of nature, responding to climate change, and achieving a high degree of sustainability of water resources.

Tsutomu Kishikawa
Director and Managing
Executive Officer



Strength

- **Stable earning structure through the Feed-in Tariff (FIT) system for renewable energy**
- **Green electricity produced through hydroelectric power generation that does not emit CO₂ (annual output: approx. 56,000 MWh)**

Business Models and Characteristics

We have two FIT-certified hydroelectric power plants that are now in operation on the Horomangawa river system in the Hidaka region of Hokkaido.



No. 3 Power Plant Dam



No. 3 Power Plant Weir

Risk

- Changes in power generation amount due to weather conditions (Over the past five years, there have been no changes that would affect business performance.)

Market Environment

Through the FIT system, the Company has secured revenue that will be stable until 2037.

Recent Initiatives

Promoting DX for stable operation

As the working population decreases nationwide, securing human resources, particularly in rural areas, is important for maintaining stable operations. It is also important to visualize the implicit expertise of veterans and create instruction manuals so that operation is possible without relying on specific workers' skills. We promote digital transformation (DX) for solving these issues.

Installation of maintenance support equipment

A remote operation system is installed in our power generation equipment. Moreover, we have decided to adopt maintenance support equipment for the purposes of saving labor and streamlining operations further. We plan to start operation in May 2027. This equipment has some functions, including the one to detect errors when there are abnormal figures by digitalizing information on multiple measurement devices of the power generation system.

With the introduction of the equipment, less experienced employees enable to notice and deal with errors swiftly. It also automates the acquisition of data from measurement devices and streamlines the recording process at the time of maintenance inspection. By allocating secured time to tasks that require manpower, it becomes possible to detect small abnormalities early. Detecting abnormalities swiftly and conducting repair in advance makes it possible to prevent serious events that would hinder operation.

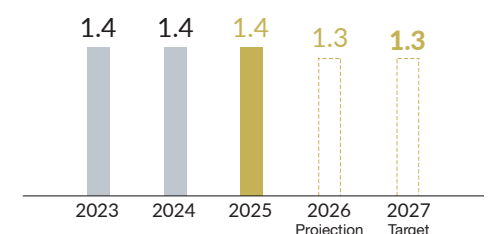


Monitor of the maintenance support system

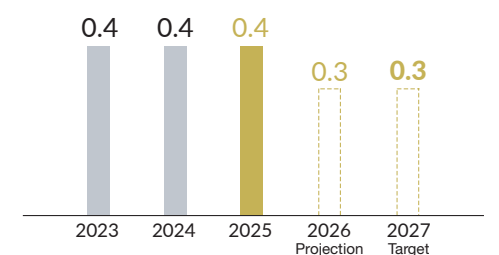
Utilization of underwater drones

In 2025, the Company introduced underwater drones to inspect the parts which are impossible check physically such as the condition of damage on the dam lake side, concrete spalling, and the repaired section in the water. The water level of the dam had to be reduced when inspecting deeper regions. However, the use of underwater drones makes it possible to check underwater images on land, which has not been possible in the past.

Net sales (bil. yen)



Underlying ordinary profit* (bil. yen)



*Ordinary profit excluding the impact of inventory and one-time factors



Underwater drone

Promoting carbon neutrality

In the Electric Power business, which supplies green power through hydroelectric power generation, stable operation itself contributes to carbon neutrality. Furthermore, the Koriyama Plant, which serves as the base of the Aqua Solutions business, uses a non-fossil certificate with tracking of the Hidaka Office, ensuring that all electricity utilized at the plant is carbon-free.

Sustainability

Sustainability Management Policy

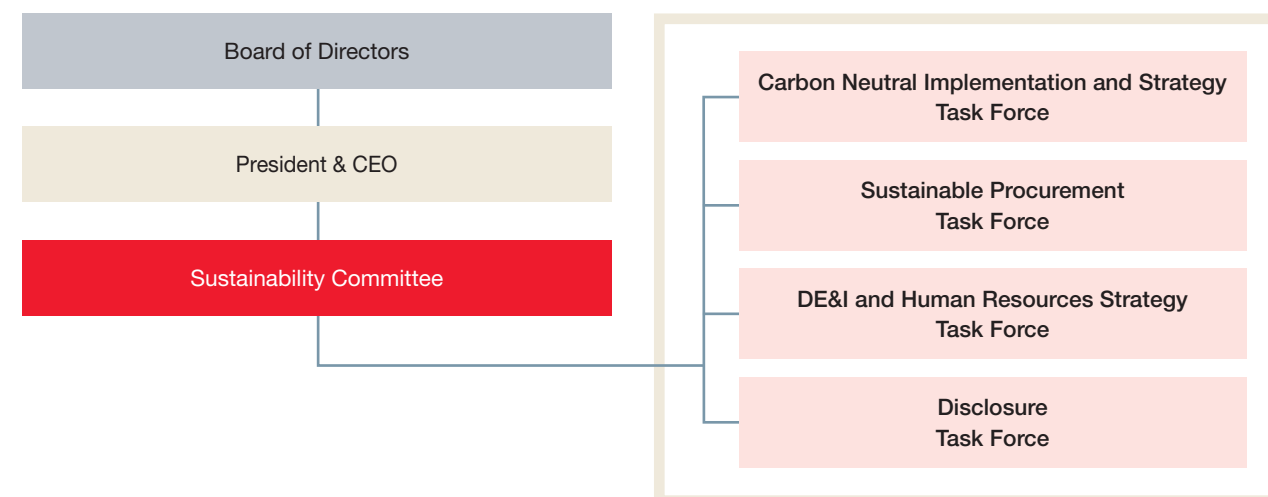
Our management philosophy is to help create an affluent future through sustainable growth by developing and providing distinctive products, technologies, and services. Under this philosophy, we consider sustainability to be a key management strategy for achieving the dual aims of “contributing to solving social issues through our business activities” and “increasing our corporate value through sustainable growth.” Specifically, we are committed to promoting sustainability in the context of the five material issues listed on the right.

- Tackle challenges to achieve carbon-neutrality in 2050, aiming at the conservation of a sustainable global environment and realization of a decarbonized society
- Provide products, technologies, and services that contribute to decarbonization and circular economy while creating new business opportunities to contribute to the realization of a sustainable society
- Create values through management focusing on human capital, such as DE&I, and human resource development
- Implement fair and equitable purchasing, ensuring the suppliers' commitment for human rights, environmental protection, etc.
- Increase corporate value over the medium- to long-term through constructive communication with the stakeholders

Sustainability Committee

The Group is committed to sustainability-oriented management in order to solve social issues and enhance corporate value in a sustainable manner. In 2022, we established the Sustainability Committee, which is chaired by the President and CEO. The Committee comprises the various task forces for resolving issues. The committee is tasked with drafting and evaluating policies and the necessary strategies for sustainability-oriented management as part of our management strategy, as well as promoting measures for sustainability by reporting its findings to the Board of Directors at least once every six months. The Board of Directors supervises and guides initiatives for sustainability, while receiving reports from the Sustainability Committee and giving suggestions.

Sustainability Committee Structure



Activities of the Sustainability Committee

➤ Frequency: 4 times/year

➤ Main activities and agendas

- Achieving carbon neutrality
- Confirming the soundness of the supply chain
- Confirming the robustness of the supply chain
- Initiatives for human resource development and succession planning
- Initiatives for improving recruitment capabilities
- Initiatives to improve employees' engagement
- Information disclosure to shareholders and investors
- Information disclosure related to climate change

Materiality

Under the sustainability promotion system, we clarified long-term key issues (materiality) that could impact our corporate value and the course of our management over the long term and identified key opportunities and critical risks.

➤ Identified materiality

- Achieving carbon neutrality by 2050
- Providing products, technologies, and services that contribute to a sustainable society
- Management focused on DE&I and human capital
- Fair and equitable purchasing considering human rights and the environment
- Constructive communication with stakeholders

See p. 43 for details.

Process for identifying materiality

- STEP1** List the impacts of environmental changes on our businesses, reflecting on our management philosophy
- Organize environmental changes closely related to the long-term direction of our business and clarify the material issues for the Group to tackle to realize our management philosophy
- STEP2** Consult guidelines and other resources to create exhaustive lists of material issues to accompany those from Step 1
- Guidelines for reference : Sustainable development goals (SDGs), GRI Standards
- STEP3** Discussion and approval by management
- Discuss the lists from Step 2 at the Sustainability Committee to identify material issues

Materiality

Materiality	Risk
Achieving carbon neutrality by 2050 - Conduct initiatives to achieve carbon neutrality (reducing CO₂ emissions) - Promote energy-saving - Use renewable energy - Use carbon offsets flexibly	- Increased costs due to the introduction of carbon pricing, etc. - Increased production costs due to the introduction of decarbonization technology - Increased cost of procuring low-carbon raw materials and fuels
Providing products, technologies, and services that contribute to a sustainable society - Contribute to society-wide CO₂ reduction through business activities - Expand eco-friendly products - Create new businesses toward creating a sustainable society - Promote research and development to advance our technical capacity and enhance our ability to meet needs	- Geopolitical risks in raw material procurement (impediments to dependable supply) - Obsolescence of existing technologies - Competitive deficits due to delays in accommodating a circular economy
Management focused on DE&I and human capital - Hire and cultivate human resources, ensuring consistency between medium- to long-term management strategy and human resources strategy - Provide environments in which a wide variety of people can adapt and find their own ways to work with peace of mind - Conduct business management with respect for everyone's human rights	- Reduced production capacity due to turnover and lack of successors - Lowered social reputation due to delays in accepting diversity - Lost opportunities due to work-related accidents - Diminished trust from stakeholders due to a lack of consideration for human rights
Fair and equitable purchasing considering human rights and the environment - Raw material procurement with consideration for human rights and the environment - Efforts toward sustainable, dependable procurement	- Difficulties in procurement (due to delays in response to social/environmental issues) - Rising commodity prices - Incidents in supply chains caused by lack of consideration for society and the environment - Supply chain interruptions and surging raw material prices caused by abnormal/unseasonable weather
Constructive communication with stakeholders - Enhance information pertaining to business policies, business strategies, sustainability, compliance, etc. - Improve corporate value through proactive disclosures - Disclosures to a broad range of stakeholders	Reduced corporate value due to insufficient quality or quantity of disclosures

Opportunity	Key Activity	Related Pages
- Improvement of business viability through evaluation of corporate initiatives and response to changes in market values - Promote research and development for decarbonization - Conduct activities to improve production efficiency - Environmental contribution activities for carbon offsets	- Research on new reduction technologies for ferroalloy production - Utilization of wood cokes in ferroalloy production - Installation of gas-engine power generation equipment	p.53-54
- Respond to increased environmental focus in purchasing behavior - Respond to increased need for recycling technology - Respond to expanding demand for materials that help save energy - Respond to expanding demand for relevant materials due to electrification of automobiles - Provision of products, technologies, and services that contribute to a decarbonized society	- Allocate resources optimally for creating new businesses - Stable operations and production - Quality inspections - Invest in research and development proactively - Consider collaboration through M&As and with other companies, universities, and research institutions	p.29-40 p.55-56
- Strategic hiring of human resources the Group needs - Cultivation of human resources capable of adapting to changes in the business environment - Improvement of retention rates and employees' will to contribute by taking the initiative to exhibit their skills - Improvement of corporate value by securing diversity and fostering inclusion in human resources	- Strategically sustain and strengthen the hiring of new graduates and mid-career transferees - Improve employee engagement - Establish systems and environments that encourage diverse human resources to succeed - Efforts to encourage more active participation by women - Rigorous occupational safety and health - Establish trust-based relationships between labor and management - Promote awareness of human rights	p.45-50
- Strengthen supply chains - Increase in opportunities for fair and equitable trade - Increased demand for eco-friendly products based on awareness of green procurement - Formation of new markets - Stronger partnerships with dependable suppliers	- Request cooperation from suppliers regarding our procurement policy - Evaluate and select suppliers - Evaluate procured materials (raw/finished materials)	p.57
- Improvement of stakeholder trust through the enriched disclosure materials and enhanced transparency of disclosures - Improvement of corporate value through appropriate disclosures and dialogue - Increase in foreign investors through extensive of English language disclosures	- Briefing sessions for shareholders and investors - A plant tour for shareholders	p.57-58

Human Capital Management



Basic Policy

In an environment where the working population continues to decline, the Group considers that securing human resources to support its medium/long-term business strategy and increasing the value of each employee are the urgent issues to be addressed as our management challenges. We will strengthen recruitment activities while enriching our recruitment methods and tools. At the same time, we increase engagement by promoting DE&I by creating a system which enables diverse work styles. In order to realize "Our Ideal State in 2030", we will promote initiatives to strengthen the foundation of human capital management, which is a core element of enhancing corporate value through sustainable growth.

Human Resources Strategy

Our objectives are to secure human resources who can realize our medium/long-term business strategy and business sustainability and to develop human resources capable of creating added value. Therefore, we continue to invest in developing work environments with emphasis on sustainability including DE&I, respect for human rights, diverse work styles, and well-being as well as in human resources, to improve employees' engagement. By establishing this strategy as part of our corporate culture, we aim to realize our medium/long-term business strategy.

Initiatives on human resource strategy

Talent acquisition

- Initiatives to improve corporate brand recognition
- Introduction of a support system for scholarship refunds
- Introduction of a referral hiring system
- Improvement of working conditions including compensation
- Strengthening the brand for recruitment

Creating human added value

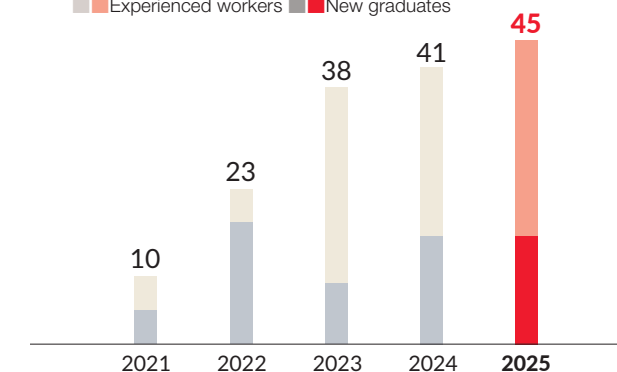
- Development and training
- Study program at educational institutions in Japan
- DC&M activities
- Dialogue between managers and the President & CEO

Strengthening the foundation of human capital management

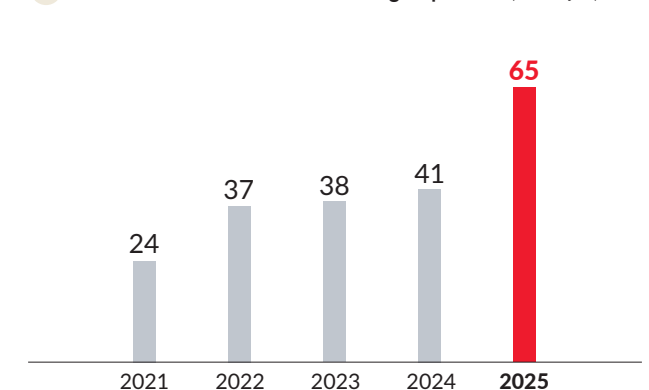
- Well-being management
- Improving engagement
- Empowering diversity and career support

Trends in the number of hires (employees)

■ Experienced workers ■ New graduates



Trends in education and training expenses (million yen)



Attractive organization and climate where each person can exert his/her abilities to a sufficient degree

We believe that if personnel in our diverse business operations learn things, accumulate experience, hone their knowledge and skills, and grow by themselves, corporate value will improve and this will lead to our further progress in the future. Under this belief, we implement various measures while considering the enhancement of human capital through the securing, retention, and training of personnel as an important issue.

In terms of recruitment, we work on publicity activities, including radio and TV commercials amid a decrease in the labor population, and acquired naming rights at universities and colleges of technology, to promote corporate brand name and business activities in regions where our offices are located. We also introduced a support system for scholarship refunds, to improve our capability of recruiting new graduates and retaining personnel, and actively recruit mid-career workers, to enrich the base of human resources.

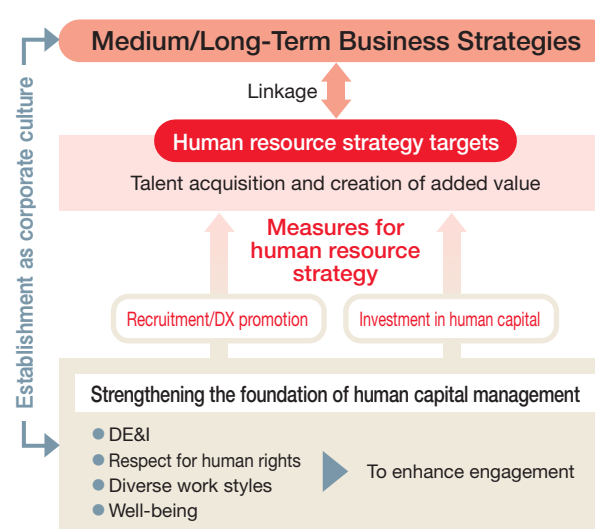
In terms of personnel development, we conduct level-based training, mainly through on-the-job training, and support the acquisition of abilities and qualifications required in each workplace, and also develop workers with specialized skills, including experts in DX. Furthermore, we develop a system for supporting self-development, to facilitate the self-sustaining growth of each employee.

In addition, in order to develop a working environment where employees can work with peace of mind for a long period of time, we enrich systems for supporting employees in childcare, nursing care and work, and maintaining mental and physical health, grasp issues through engagement surveys, stress

checks, etc., and pursue improvement while holding dialogues with employees many times.

We will continue investment in personnel, including the improvement in treatment for employees and the enrichment of employee benefits, and promote human capital management for developing "personnel" who produce corporate value.

Conceptual diagram of our human resource strategy



Talent Acquisition

Securing skilled human resources is essential for the Group's business growth amid a declining working population. While improving recruitment capabilities by increasing salaries and the recognition of the Company, expanding recruitment methods, and reviewing the personnel system, we are actively engaging in recruitment activities to secure and retain excellent human resources.

Initiatives to improve corporate brand recognition

Corporate brand recognition is increasingly important for receiving applications from job seekers and having them accept job offers. Accordingly, we actively implement various measures for improving corporate brand recognition, as our BtoB business is not familiar to the general public.

Acquisition of naming rights of school facilities

We concluded a naming rights agreement with national universities and national colleges of technology around our plants. Then, we named a library in Tokushima University "Nippon Denko Learning Commons," a plaza in National Institute of Technology, Ibaraki College "Nippon Denko eng Creation Square," and a cafeteria in the college "Nippon Denko Atsumaru Shokudo." We engage in measures for improving corporate brand recognition by approaching not only students and faculty members, but also local residents and visitors to school facilities.



Tokushima University



National Institute of Technology, Ibaraki College

Introduction of a support system for scholarship refunds

For the purposes of enhancing recruitment and stabilizing employment of career-track employees, we established a support system for scholarship refunds. Employees who have joined our company in April 2026 or later are eligible, and we offer up to 3.6 million yen to each career-track employee in the technical field and up to 2.4 million yen to each career-track employee in the clerical field. By supporting employees in scholarship refund, we have established an environment where employees can work with peace of mind for a long period of time. We will continue the development of systems that would help retain employees.

Introduction of a referral hiring system

In April 2025, we introduced a referral hiring system to recruit reliable talent through employee referrals and improve recruitment performance. We expect that this system will not only enhance our recruitment capability, but also raise the retention rate.

Improvement of working conditions including compensation

We believe that it is important to improve working conditions of employees in order to realize a virtuous cycle of securing human resources, investing in human capital, and achieving business growth. Through spring labor offensive, we realized a base pay increase for five consecutive years until 2026.

Strengthening the brand for recruitment

Considering that our website, which provides the first contact point with job seekers, needs to have a sufficient volume of information and be easy to use, we established a special website for recruitment in the technical, clerical, and research positions in December 2024. In 2025, we created a website for recruiting skilled workers who engage in factory operation, facility management, etc. and are making efforts to create the website for recruitment more detailed by linking it with our leaflet for hiring factory workers.

Creating Human Added Value

Recognizing human resources as the source of our competitiveness, we will create added value by providing education and training through mainly on-the-job training and growth opportunities.

Training for development

Level-based training

We conduct a variety of level-based training to develop human resources who will be responsible for the management of the company. Young employees are encouraged to develop the basic knowledge required of working adults, while mid-level employees are encouraged to develop their abilities necessary for cultivating subordinates and achieving organizational and team goals through leadership and management training. We encourage employees to develop themselves through a variety of training programs. Managers regularly undergo training sessions to learn the roles and attitudes appropriate for their respective positions, including training for newly appointed managers and for candidates for general managers. The Company is also working to develop candidates for the senior management who will promote sustainable management in response to changes in the environment. Through such training that involves young employees to managers and senior management, we aim to foster human resources who can put the management philosophy into practice and develop them as integral human resources of the corporate culture.



Training session

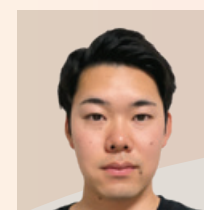
Active participation of women (training for female leaders)

In 2016, we established a Committee for the Promotion of the Active Participation by Women. Since then, we have continued to improve our in-house systems, provide training, and raise awareness through in-house public relations. Currently, we have set a target of increasing the ratio of female managers to 2% by 2027 in order to reflect diverse opinions in management. In 2024, we provided training for female leaders who were the candidates for the management. Currently, the ratio of female managers is 1.6%.

Study program at educational institutions in Japan (study at a junior college of industrial technology)

We have established a study program at educational institutions in Japan with the aim of developing human resources useful for the Company's operations.

Comments from a User



Daiki Kobayashi
Equipment Section
Myoko Plant

I feel that this system has a large number of benefits. There are several reasons, and the greatest merit is that employees can have learning opportunities after experiencing work in society. Employees can clarify what they want to learn through such experience, so they can work on learning activities more proactively.

In addition, employees can receive various stimuli, for example, the interaction with people dispatched from other companies and living in a new environment, unlike those they received during work, and spend time while learning a lot.

Since we'll have more free time than when we were working, I think we'll be able to not only study but also gain various experiences for our personal growth.

Thanks to this system, I myself can try to obtain various qualifications. I hope to obtain a great deal of knowledge and experience in two years, and contribute to corporate growth and my own growth.

DC&M activities

Maintaining and improving practical capacities is essential to the sustainable growth of a company. Therefore, we have formulated an education and training plan to acquire skills and techniques related to manufacturing and equipment, and competence evaluations are conducted upon completion. Furthermore, with the goal of achieving "continuous improvement" and creating an "autonomous and strong workplace" that promotes growth, we are developing DC&M (Denko Circle & Management) activities on a company-wide scale, which are small-group initiatives with increased active management involvement.

Dialogues between managers and the President & CEO

Since 2024, we have been holding a dialogue between the President & CEO and all managers twice a year, in spring and fall. In 2025, managers prepared reports in advance on the theme of "issues to address for realizing 'Our Ideal State' and questions to the President & CEO," attended the dialogue with the President & CEO, and exchanged opinions in each group. In April 2026, we set up a camp in which all executives had discussions based on the reports submitted by managers, for the purpose of brushing up our organizational competitiveness to realize "Our Ideal State in 2030". In parallel with these efforts, we are promoting information sharing and active communication through dialogue at each workplace and level.

Strengthening the Foundation of Human Capital Management

Well-being management

Flexible work style

The Company is promoting a flexible work style with no restrictions on time and place. For clerical staff, we have adopted a flex-time work system and a telecommuting system. We have also established a career return system that allows employees who have left the Company due to childbirth, childcare, nursing care, or relocation of their spouses to re-join the Company.

- Telecommuting system
- Flex-time work system
- Career return system

Balancing work with childcare and nursing care

Following the “Kurumin” certification in 2019 and 2021, we have improved the support both for work and childcare further. Our childcare leave program exceeds legal standard, and our childcare leave is partly paid continually. We have also provided explanations about this system to not only employees, but also their superiors, to deepen their understanding of childcare leave and shortened working hour systems. Through these efforts, we are fostering an environment for facilitating the use of these systems. In addition, employees are required to take 6 or more days of annual paid leave every year, which exceeds legal standard, to promote the use of annual paid leave. The annual paid leave utilization rate in 2025 was 78.6%. Furthermore, we are making efforts to reduce overtime hours by specifying overtime-free days, and set a day for a leave to participate in children’s school events, in order to improve the work-life balance of each employee.

In addition, we continued training for deepening the understanding of diversity and workstyles, to enhance each employee’s awareness and foster a workplace climate for mutual support. Through the repetition of such initiatives, our support for work-life balance advanced further from the time of acquisition of the “Kurumin” certification, and we obtained the “Platinum Kurumin” certification in February 2026. We will make efforts to balance work and childcare further.

- System for taking paid leave on a half-day basis and mandatory use of six days per year
- Childcare leave program that goes beyond the legal requirements (partially paid)
- Shortened working hours for childcare (until the end of the third year of elementary school) and work restrictions (overtime, late at night, etc.)
- Allowances for babysitting fees
- Special leave for caring for a child (paid, up to 10 days)
- Special leave for attending children’s school events (paid, up to 3rd grade)
- Nursing care leave program (period of nursing-care leave: 1 year) and leave for nursing (paid, up to 10 days)



Mental and physical health care

We provide allowances for medical checkups and follow up on the results so that employees can work in good physical and mental health and maximize their performance.

- Subsidizing the cost of complete physical examinations in addition to health checkups
- Full subsidies for specific health checkups that lead to early treatment of female-specific cancer diseases
- Full subsidies for the cost of influenza vaccinations
- Implementing a stress check (establishment of a system to promptly conduct interviews with an industrial physician when it is determined that the worker is overworked)
- Establishing an external consultation service consisting of a group of specialists as a stress reduction measure
- Allowing employees suffering from mental illness to see an industrial physician during a leave of absence or when returning to work
- Adopting a trial work system for employees returning to work after a leave of absence

Improving engagement

Engagement survey

The improvement in employees’ willingness to contribute to the Company and affection is closely related to the retention of personnel and the vitalization of the organization. Since 2023, we have held an engagement survey regularly, to visualize issues. In 2025, the scores of all major items for female employees improved significantly compared with the results in the previous year. In addition, we held group interviews between the employees in the ferroalloy manufacturing section at the Tokushima Plant, who support the front line of on-site work, and the Personnel Department of the head office, to listen to their respective thoughts, questions, etc. and grasp problems. We will continue surveys to identify problems and deal with them, and improve employees’ engagement.

Introduction of a restricted stock (RS) incentive plan for the employees’ shareholding association

Commemorating the 100th anniversary of inauguration of business, we adopted an incentive system that creates opportunities to obtain restricted stocks (RS) via the employees’ shareholding association.

One of the objectives of this plan is to help employees accumulate their assets as a measure for enriching the welfare of our employees and subsidiaries.

In addition, by providing employees with incentives for improving corporate value sustainably, we aim to share value further with shareholders. The improvement in corporate value motivates employees to work, and we aim to grow our company further through group-wide efforts.

Empowering diversity and career support

Active participation by people with disabilities

We recognize that the employment of people with disabilities is an important social issue; therefore we strive to promote employment and develop a comfortable working environment. In addition, the Group cooperates with support facilities for people with disabilities and outsources production tasks that can be conducted inside the facilities to those who have difficulty in working outside, thus providing opportunities for occupational training and actual work.

Such outsourcing is also indispensable in the Group’s production system, so we will maintain the cooperative relationship.

Percentage of employees
with disabilities in 2025
1.85 %

CSR “Career Education”

Kamisu Daini Junior High School company visit learning program

We received a request from Kamisu Daini Junior High School in Kamisu City, Ibaraki Prefecture, to arrange a visit as part of their “career education” program, and we welcomed the students for a company visit. We will keep supporting career education, so that students are motivated to think about their future jobs by getting to know our businesses and the rewarding and intriguing aspects of work, and so as to offer practical learning opportunities including contribution to local communities through business activities.



Respect for Human Rights

We recognize that compliance with laws and regulations and respect for human rights are not only social responsibilities companies must fulfill, but also essential ethical standards in realizing our management philosophy. Based on this belief, we have formulated the “Nippon Denko Group’ Basic Policy on Human Rights.” By creating an open workplace that respects human rights, we aim to be a company in which each employee, regardless of gender, nationality, or educational background, can make the most of his or her individuality and strengths and diverse human resources maximize their various attractions.

Nippon Denko Group’ Basic Policy on Human Rights

- | | | |
|-------------------------------|--|------------------------------|
| 1. Respecting human rights | 4. Prohibiting forced and child labor | 7. Education and training |
| 2. Eliminating discrimination | 5. Ensuring occupational safety and health | 8. Disclosure of information |
| 3. Prohibiting harassment | 6. Relief efforts | |

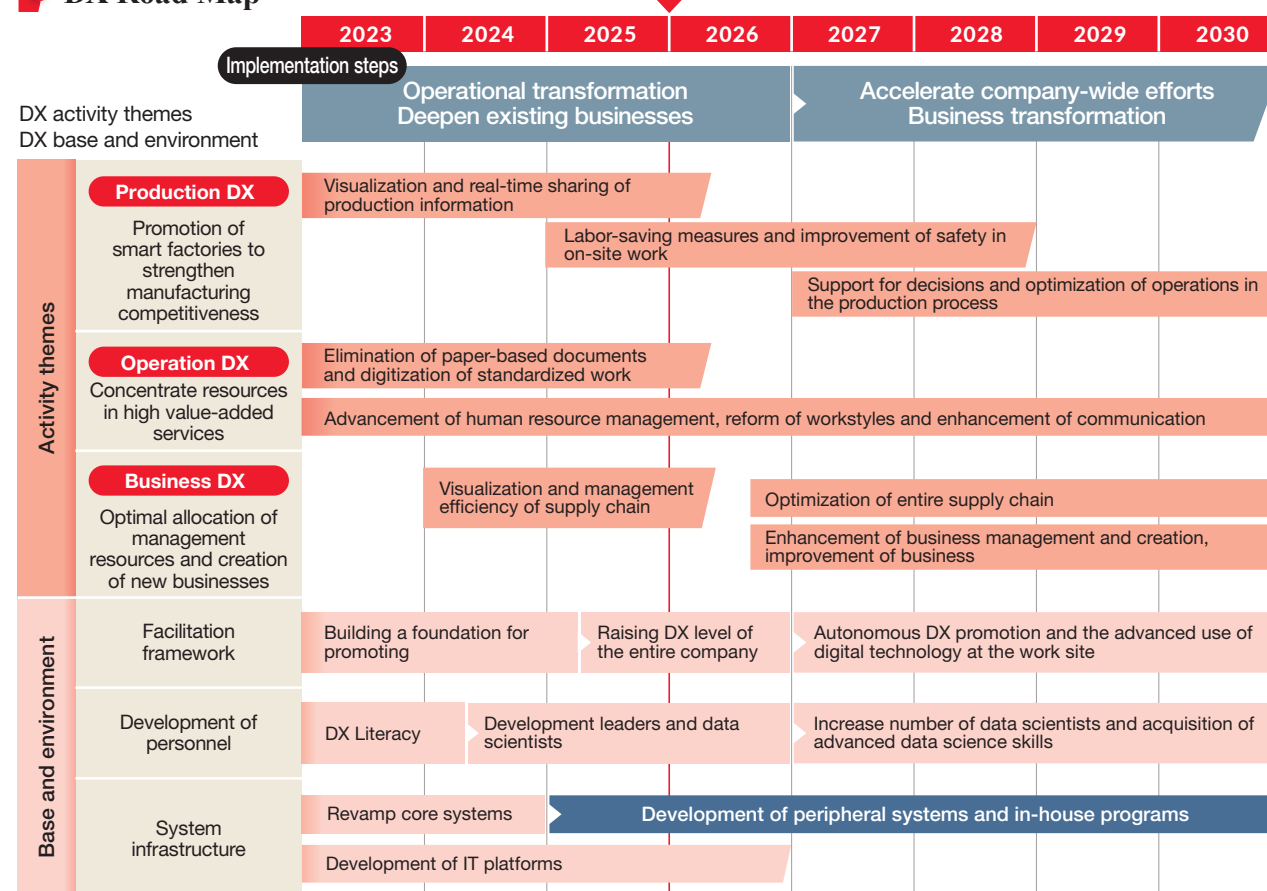
Digital Transformation (DX) Strategy

DX
Vision

Realizing optimal manufacturing and creation of new value
through digital transformation and self-innovation

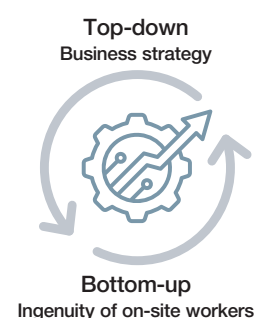
The Group has classified the areas in which DX Vision will be realized into the three categories of “Production,” “Operation,” and “Business” and we will create new value in each of these areas. Production DX targets plants and strengthens manufacturing competitiveness through the introduction of smart factories. Operation DX targets back-office operations and focuses resources on high value-added services by improving operational efficiency. Business DX promotes the optimal allocation of management resources and creation of new businesses for business growth. We are also building a foundation for DX promotion by developing a system to improve productivity and quality of work, as well as a promotion system to autonomously realize DX while developing workers with specialized skills.

DX Road Map



DX Promotion Policy

We are strengthening company-wide DX promotion with both top-down and bottom-up approaches in anticipation of the transition to the data utilization phase. While standardizing common business processes directly linked with business strategies to achieve optimization company-wide, we solve issues through on-site activities and share successful cases by utilizing low-code and no-code tools at all workplaces. Furthermore, the DX Promotion Committee, chaired by the President & CEO, monitors progress, return on investment, etc. across all divisions.



DX Initiatives

Adoption of a smart factory

Considering “the enhancement of manufacturing competitiveness by adopting smart factories” as the core of Production DX, we have implemented our measures stepwise in a planned manner. In Phase 1, we developed an IoT base and digitalized documents mainly for the purposes of visualizing production data and enhancing traceability. Through this, data that used to be stored separately in paper and individual systems have been organized and integrated, making it possible to grasp the production status. In parallel, the concrete on-site improvements, including the sophistication of quality control and labor saving, are starting to produce good results steadily.

Through the initiatives in Phase 1, the possibility of improvement through data utilization has become clear. In Phase 2, we will take full-scale measures for improving operations and sophisticating production plans based on data, facility maintenance, and labor-saving by making the most of the base we have developed so far. Based on the strategies of each business division and the themes derived from on-site issues, we aim to realize group-wide optimization and improve competitiveness sustainably by promoting DX with top-down and bottom-up approaches.



Scene of manufacturing at the Koriyama Plant

Security measures

We are continuously strengthening information security, as the securing of safety of the information base, which supports our business activities, is an important issue. As preventive measures against cyberattacks, we adopted multi-factor authentication for firewalls, and established a system in which an expert company monitors PCs, etc. 24 hours a day, 365 days a year. In addition, we hold training for dealing with targeted email attacks and security seminars for all employees, to improve their literacy. We also implemented some post-invasion measures just in case cyberattacks should occur, including the shift to the cloud. Going forward, we will tighten security further, while discussing the adoption of the “zero-trust” model in which every access will be constantly checked. In detail, we plan to upgrade the network system in order to prevent the spread of viruses among our bases. In addition, we will visualize our factory network, and separate the network for control and that for operations. Furthermore, we will start the fortification of backup of major servers stepwise. While implementing these preventive measures and post-invasion measures, we will develop a more robust security base.

Revamp of our core system

We have revamped our core system, which has been operated internally since the 1990s. By adopting the latest web technologies while passing down our unique operational expertise, which has been nurtured for many years, we have established a robust business base for the next generation. This revamp made it possible to prevent the system from becoming a black box, eliminate work exclusive to the skills of specific individuals, and rationalize maintenance costs. In addition, through the shift to an intuitive user interface and the enrichment of information volume on a screen, the speed of employees' operations improved, realizing utter streamlining of operational efficiency. Furthermore, by accelerating conversion of documents into PDF files, we reduce environmental impact and promote the use of more digital data in the Company.

In-house DX lectures

As part of DX promotion, the outside director Tani, who engaged in DX promotion at Ajinomoto Co., Inc., gave an in-house lecture, which many employees in various sections attended. At the lecture, he talked in detail about the essence: “DX is not a mere introduction of digital technology, but a transformation of an organizational structure itself with a clear purpose.” We realized again that it is important to foster a self-sustaining climate by repeating the process of making the wisdom mined in each worksite into the competitiveness of the entire organization with digital technologies and small successful experience without overly fearing failure.



Scene of an in-house DX lecture

Response to Climate Change

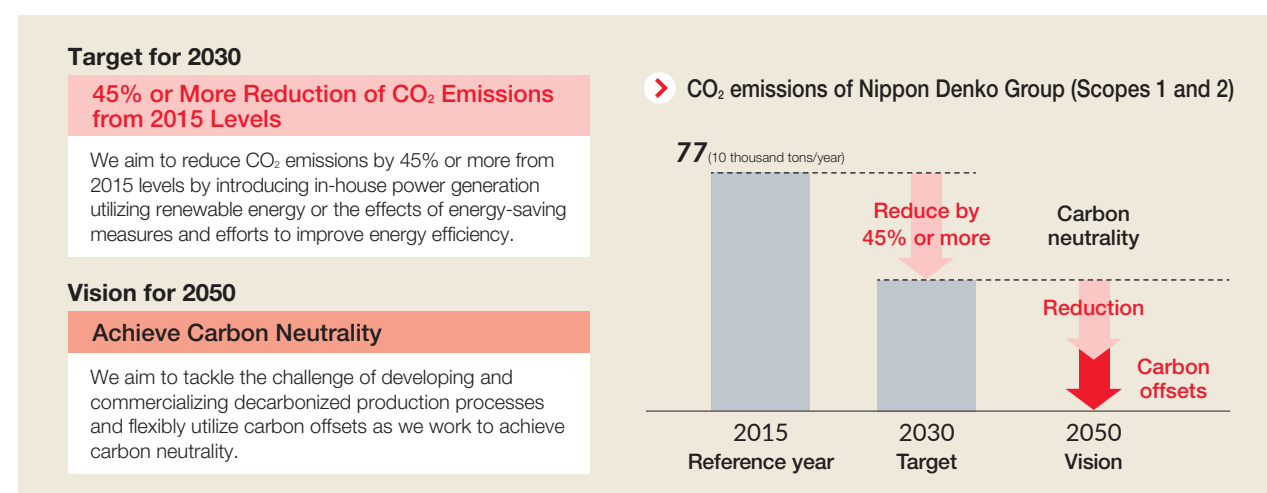
Initiatives to achieve carbon neutrality

The Group recognizes global climate change as a major threat to the survival of humanity, and thus views bold efforts to achieve carbon neutrality by 2050 to maintain a sustainable global environment and realize decarbonization as a key challenge of sustainability management.

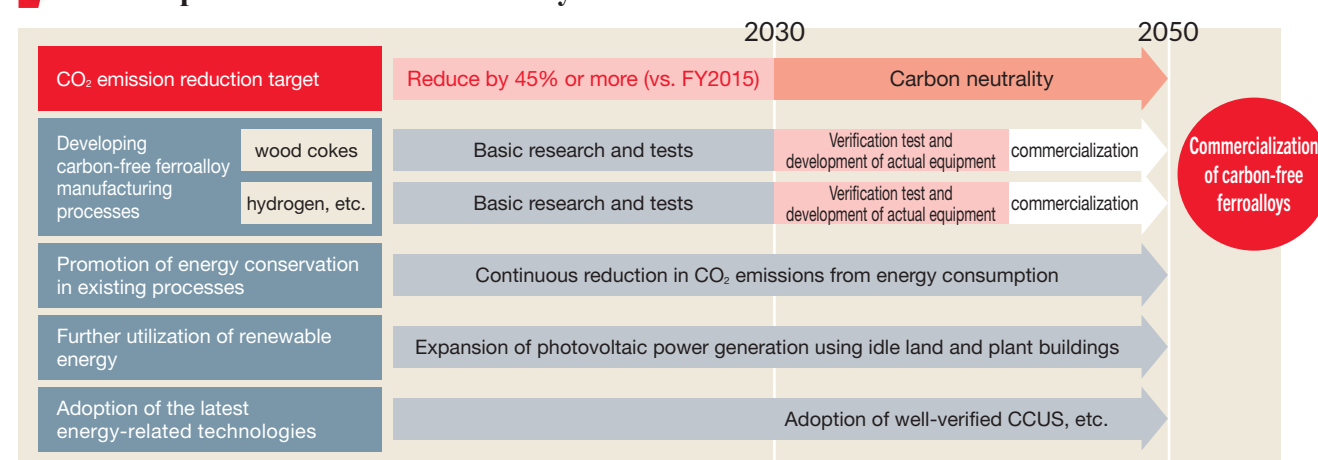
To tackle this key challenge, in 2022, we formulated policy for achieving carbon neutrality by 2050, and are moving forward with business, and R&D to reduce CO₂ emissions.

CO₂ Emissions Reduction Scenario

The Group has up until now engaged in proactive energy-saving activities, transitioned to higher energy efficiency, and made other efforts to reduce CO₂ emissions, and has launched initiatives to achieve the target of reducing emissions by 45% and more from 2015 levels by 2030 in an effort to achieve carbon neutrality by 2050.



Roadmap Toward Carbon Neutrality



Pick Up

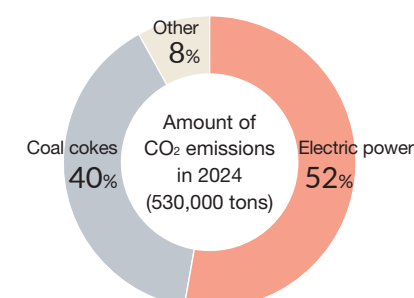
Establishment of the Ferroalloy and Carbon Neutrality (CN) Development Department

In order to promote initiatives for carbon neutrality, we established the Ferroalloy and Carbon Neutrality (CN) Development Section in our research laboratory on April 1, 2026. We will accelerate green transformation (GX) by converting a section in the product/technology development department into a department.

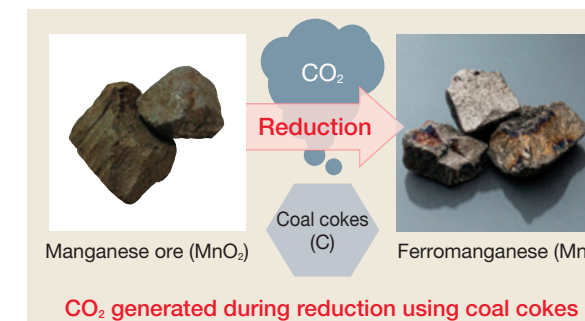
Efforts to Reduce CO₂ Emissions

The Group produces ferroalloys—namely ferromanganese, one of its main products—by using a reduction reaction that removes oxygen from naturally occurring manganese ore. This reduction reaction inevitably produces CO₂ emissions because coal cokes is currently the optimal reduction agent for the process. The Group will continue transitioning to higher efficiency electricity and gas and converting to green energy in addition to tackling the challenge to develop and commercialize an innovative manufacturing process for reducing CO₂ emissions in the process of manufacturing ferroalloys.

CO₂ emissions ratio of the Group by energy source



Reduction reaction used in ferroalloy production



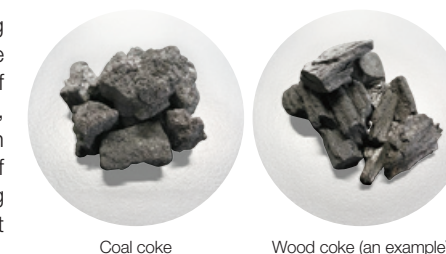
Initiatives

Research into the innovative high-carbon ferromanganese reduction technologies

We proposed “The Technology Development for Decarbonization and Energy Conservation in the Ferromanganese Production Process” to the incubation R&D phase of the “Program to Develop and Promote the Commercialization of Energy Conservation Technologies to Realize a Decarbonized Society,” which is publicly solicited by New Energy and Industrial Technology Development Organization (NEDO), and our proposal was adopted in June 2024. Thanks to the outcomes of the R&D, our project passed the Stage-Gate screening of NEDO, and progressed to the commercialization phase (until FY2030) in April 2026. In this phase, we will proceed with the development of technologies for addressing major issues related to the adoption of new processes, and aim to realize both decarbonization and energy saving in the reduction reaction process of ferroalloy production.

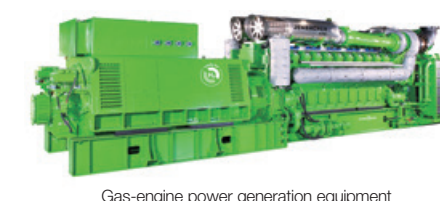
Utilization of recyclable reducing agents (wood coke)

We are planning to replace about 20% of coal cokes used for manufacturing ferroalloys with wood cokes by 2030. We have so far proceeded with the development of technologies for utilizing wood cokes, including the evaluation of wood cokes in several production areas in terms of quality and costs, fundamental research in a laboratory based on collaborative research with external research institutes, and trial production with an actual electric furnace of the Tokushima Plant. At present, we are selecting suppliers and discussing measures for equipment, including safety and environmental aspects for constant use, while testing wood cokes with actual equipment.



Installation of gas-engine power generation equipment at the Tokushima Plant

We have decided to install the gas-engine power generation equipment at the Tokushima Plant as part of our CO₂ emissions reduction measures. It utilizes by-product gases generated during the production of ferroalloys at electric furnaces, and is expected to reduce CO₂ emissions by 3,000 tons per year. The installation will begin in 2026, with the operation scheduled to start in April 2029. The investment is expected to be approximately 1.7 billion yen, and we plan to utilize subsidy amounting to approximately 0.6 billion yen from the “Energy Efficiency Investment Promotion & Demand Structure Transformation Support Program” by the Ministry of Economy, Trade and Industry. We are also planning to install more equipment in the future so as to further promote the reduction of CO₂ emissions.



CDP Score: “B” rating for climate change in 2025

CDP is a UK charity-controlled non-governmental organization (NGO) that operates a global information disclosure system to help investors, companies, nations, regions, and cities manage their own environmental impact. For the second consecutive fiscal year, we have received a “B” rating for climate change.

Safety / Environment / Disaster Prevention / Product Quality

Safety and Health

The Group is augmenting its occupational safety and health management system and engaging in activities to ensure the safety and health of its employees under the safety and health basic policy.

Creating a Safe and Secure Workplace

We believe that it is important to predict and mitigate risks when preventing work-related accidents, and consider “reliably predicting hazards” and “identifying and addressing risks” as important measures for safety activities. In 2025, in order to create a safer and more secure working environment, the plants and head office worked together to thoroughly implement hazard prediction when work content changes, identify potential risks on site, and revise work standards. As a result, the number of lost-time or worse injuries decreased from five in 2024 to two, but it did not reach the goal of zero.

Target Number of lost-time or worse injuries 0

Hazard prediction for each step

To achieve zero lost-time or worse injuries, we have been utilizing a new method called “hazard prediction for each step” since 2026. This approach differs from the conventional method, where intensive measures are implemented on work steps while categorizing them according to their risks. Instead, we take measures against all risks identified in each step of the manufacturing process. With this approach, we will endeavor to prevent “accidents that could have been avoided with a little more care,” which have been a prevalent trend for recent years.

Video-based work standards

As for challenges such as securing on-site training periods and passing on the work knowledge and skills, we are sharing the video-based work standards, which were introduced on a trial basis at the Toyama Plant, with the other plants. As video-based work standards contain more information than written manuals, even detailed tasks that were difficult to explain can be easily conveyed, improving learning efficiency. Furthermore, we have established a system that allows employees to receive training regardless of time or location by using their mobile device, which is especially beneficial for younger employees with less experience, as they can receive the same training repeatedly. This system is expected to accelerate their acquisition of accurate work skills.

The Group will steadily implement these measures and actively promote initiatives to ensure the safety of the employees.



Acquiring Certification from Third-Party Organizations

The Group uses its ISO 45001 management system to create a structure for eliminating work-related accidents and other forms of risk with the aim of creating work environments where employees can work with a sense of safety and security. We obtained the certification for the Myoko Plant in August 2023 and for the Toyama Plant in April 2024 for a total of 4 plants including the already certified the Tokushima Plant and the Kashima Plant. We will make continuous efforts to get the certification for all of our six plants.



Creating Comfortable Workplaces and Promoting Physical and Mental Health

The Group promotes new 5S training and makes other efforts to ensure and maintain comfortable work environments, and steadily implements measures to improve facilities with the aim of preventing occupational diseases. We also promote employee health care through measures such as coordinating with industrial physicians to accommodate work style reform, conducting stress checks and promoting measures for mental health, and raising awareness about the many ways to prevent lifestyle-related illnesses, lower back pain syndrome, and the loss of physical capacity.

Environment

The Group is undertaking activities to contribute to the development of a sustainable society by striving for regional environmental conservation through proper responses to environmental risks under our Basic Environmental Policy and in compliance with laws and regulations.

Environmental Risk Management

The Group uses its ISO 14001 Management System to undertake proper responses to environmental risks in addition to continuously promoting environmental conservation activities. Regarding the air, water, land, waste disposal, and other relevant matters, we conduct environmental impact assessments tailored to the materials we handle, our facilities, and more, and undertake necessary and proper measures to reduce environmental impact.

Environmental education

The Group makes efforts to enhance education and training to prevent accidents, for example by regularly providing our employees with education and practical training on environmental management. We aim to decrease the number of environmental incidents to zero through these initiatives.

Target Number of environmental incidents: 0

Disaster Prevention

The Group has established systems for disaster prevention management and disaster response and banded together to engage in other disaster prevention activities to enhance each and every employee's capacity for disaster prevention with the aim of eliminating disaster response incidents.

Disaster Risk Prevention Activities

The Group has established manuals and conducts drills for responding to typhoons, earthquakes, tsunami, and other natural disasters, and also takes steps to reduce risk in responding to fires, explosions, and other plant disasters, specifically by conducting risk assessments in each location to identify disaster risks, deploying technical and organizational measures to reduce the risks and managing any residual risks, and conducting various drills (e.g. general disaster prevention drills, first-response drills for fires).

Target Number of disaster response incidents: 0

Product Quality

Under our Basic Quality Policy, the Group promotes activities to improve quality and enhance trust with the aim of providing products and services that satisfy customers.

Basic Policy

- Comply with laws and regulations
- Consistently provide products and services satisfying each customers' requirements
- Reduce risks of improper cases regarding quality assurance
- Continuously improve quality management systems

Quality Management

The Group has established a quality management system based on ISO 9001, and all employees involved in manufacturing and services work together to promote its implementation. By utilizing this system and appropriately managing the entire process of providing products and services to our customers, we aim to continuously deliver high-quality value.

Quality management activities are led by the product quality assurance departments at each plant, which promotes autonomous operations. When issues arise, we work closely with our head-office divisions to ensure a swift and appropriate response. We also implement a continuous training program to ensure that all employees are familiar with the importance of complying with quality standards and basic rules. Furthermore, we identify and correct quality risks through internal quality audits and quality patrols, thereby raising employee's awareness of quality and working to prevent quality issues before they occur.

In addition, we are actively addressing issues such as standardization, systematization, and automation. This allows us to improve the reliability of testing and inspection related to product shipment and strengthen our system for providing peace of mind and trust to our customers.

Stakeholders Engagement

The Company has defined “constructive communication with stakeholders” as one of our materialities and aim to improve our corporate value by disclosing more information.

	Approach	Means of Communication
Shareholders and Investors	The Company discloses important information for investment decisions in a timely and appropriate manner, and promote understanding of the Group through various engagement activities. We disclose the reference material of a financial results briefing session, which is held twice a year, and upload related videos and transcripts onto the website. In 2025, we held our first company information session for individual investors and Kashima Plant tour for individual shareholders. We will continue to organize information sessions and other events for individual investors, providing them with opportunities to deepen their understanding of our businesses.	- Financial results briefing session (February and August) 1-on-1 meetings (23 times in fiscal 2025) - Briefing for individual shareholders (held on October 9) - Plant tour for shareholders for individual investors (held on November 11) - Start of the IR email distribution service
Employees	Human resources are the source of our competitiveness and we promote initiatives in human capital management. Please refer to p. 45 for more details on the basic policy on human capital management.	- Engagement survey - Enhancement the human resources system - Enhancement of education and training - Dialogue with labor unions
Business Partners	The Group promotes collaboration, coexistence, and mutual prosperity throughout its supply chains based on the “Partnership-Building Declaration,” and engages in fair and equitable trade based on its management philosophy. Additionally, based on our basic policy for procurement, we work with our suppliers to engage in procurement activities that account for compliance, reducing environmental impact, respecting human rights, labor standards, and other social responsibilities, and to promote efforts to combat climate change and other environmental issues, respect human rights, and resolve other social issues. Basic Policy for Sustainable Procurement - Rigorous compliance - Consideration for reducing the environmental impact of procurement activities - Respecting human rights, consideration for work environments - Providing opportunities for competition through fair and equitable trade - Ensuring the safety and competitiveness of our products and services - Responsible mineral procurement - Establishing trust-based relationships Please visit our website for further details. https://www.nippondenko.co.jp/en/sustainability/society/	
Local Communities	For the Company, which has plants and offices at six locations in Japan, communication with local communities is extremely important for smooth business operations. Furthermore, given the declining birth rate and aging population, which are leading to a decrease in the younger generation, it is important for the Company, which provides products and services to businesses, to increase its presence in each region in order to secure human resources. With the aim of enhancing our regional presence, we will strive to engage in communication with local communities more actively than ever.	- Participation in local events - Measures to raise awareness in areas where we operate our plant - Club partner of the Kashima Antlers FC - Silver sponsor of the Ibaraki Robots - Naming rights (Tokushima University and National Institute of Technology, Ibaraki College)

(Specific examples)

Shareholders and Investors

Information session for individual investors

On October 2, 2025, we participated for the first time in a joint information session for individual investors hosted by Nomura Investor Relations Co., Ltd. In front of approximately 180 investors, President & CEO Aoki explained the Company’s overview and growth strategy, followed by a Q&A session. We attracted plenty of attention for the Incineration Ash Recycling business, and we received questions regarding barriers to entry by competitors and future growth prospects. We acknowledge that our businesses are unfamiliar to the general public, and it is difficult to understand the whole picture as we operate five different businesses. However, through a survey conducted later, including viewers of the archived video and others, we learned that approximately 90% understood the content of the session, and many indicated that they would like to consider investing. The materials from the session are available on the “To Individual Investors” page of our website.



Scene from the information session for individual investors

Kashima Plant tour

On November 11, 2025, we held our first plant tour for shareholders, inviting a total of 20 people, composed of shareholders and their families, to the Kashima Plant, which is the base for the Incineration Ash Recycling business. After Plant Manager Hirata gave an overview of the Kashima Plant and the Incineration Ash Recycling business, they observed the melting furnaces in person. During the tour, we received a wide range of questions about the expansion of the collection areas for incineration ash, the cost structure, the proportion of products made from recycled incineration ash, and so on. In the post-tour survey, we received positive feedback, indicating that observing the facility on site helped them better understand the business, and that they were able to feel potential for the business.



Observing the incineration ash melting furnaces

Local Community

Naming rights of school facilities

With the aim of improving corporate brand recognition, we acquired naming rights for facilities at Tokushima University and National Institute of Technology, Ibaraki College. This is our first time implementing such a measure. We lent our company name to places where many students gather and interact, such as a library in Tokushima University and a plaza and a cafeteria in National Institute of Technology, Ibaraki College, as nickname. This was first implemented as part of our efforts to secure talent. We strive to improve corporate brand recognition in the areas where the Tokushima Plant and the Kashima Plant are located, and to become a company that is rooted in and loved by local communities.



Ceremony at National Institute of Technology, Ibaraki College

Sponsored game for the Kashima Antlers and invitation event for high school students

We have been supporting the Kashima Antlers as a club partner since 2023. Following our sponsorship in 2025, we sponsored a match on March 22, 2026, during the 8th round of Regional Round East of Meiji Yasuda J1 100 Year Vision League. On the day of the event, we decorated the stadium and President & CEO Aoki participated in a kick-off ceremony to promote the Company’s name and logo, and many Antlers supporters visited our event booth. Furthermore, in order to raise corporate brand recognition in recruitment activities, we are continuing the program where we invite ten high school students to every Kashima Antlers home game also in this season. This project has also been well-received, and we have received applications from many high school students.



Nippon Denko event booth on the day of the sponsored game

Corporate Governance

Executive Management (as of April 1, 2026)

Directors



Yasushi Aoki
President & CEO

Apr. 1983 Joined Nippon Steel Corporation (the former company of the current Nippon Steel Corporation before business integrations; English name remains the same)

Apr. 2007 Head of Bangkok Representative Office

Jun. 2009 Seconded to Nippon Steel (Thailand) Co., Ltd.

Apr. 2011 Head of Raw Materials Division-I of Nippon Steel Corporation (the former company of the current Nippon Steel Corporation before business integrations; English name remains the same)

Apr. 2015 Executive Officer and Head of Raw Materials Division-II of Nippon Steel & Sumitomo Metal Corporation (currently Nippon Steel Corporation)

Apr. 2018 Managing Executive Officer, Raw materials

Mar. 2020 Director and Executive Vice President of the Company

Jan. 2021 President & CEO (current position)



Jiro Kobayashi
Director
Senior Managing Executive Officer
In charge of matters relating to corporate planning and overseas business management, and President & CEO's special assignment

Apr. 1988 Joined Nippon Steel Corporation (the former company of the current Nippon Steel Corporation before business integrations; English name remains the same)

Apr. 2013 Head of European Office of Nippon Steel & Sumitomo Metal Corporation (currently Nippon Steel Corporation)

May 2017 General Manager of Corporate Planning Department

Apr. 2019 Executive Counselor and Head of Raw Materials Division-II of Nippon Steel Corporation

Apr. 2023 Executive Officer and in charge of raw materials, machinery and materials; Head of Raw Materials Division-II

Mar. 2024 Director and Senior Managing Executive Officer; in charge of matters relating to corporate planning and overseas business management of the Company

Jan. 2025 Director and Senior Managing Executive Officer; in charge of matters relating to corporate planning and overseas business management; President & CEO's special assignment (current position)



Masakazu Tsumoda
Director
Managing Executive Officer
In charge of matters relating to personnel, human resources development, general affairs, and internal control

Apr. 1986 Joined the Company

Mar. 2010 General Manager of Secretary and Human Resources Department

Mar. 2015 Associate Director appointed as General Manager of Human Resources Department

Jan. 2018 Executive Officer appointed as General Manager of Environment System Business Department

Jan. 2020 Executive Officer appointed as General Manager of Human Resources Development & Personnel Recruitment Center

Jan. 2024 Managing Executive Officer and in charge of matters relating to personnel, general affairs, and internal control; appointed as General Manager of Human Resources Development & Personnel Recruitment Center

Mar. 2024 Director and Managing Executive Officer; in charge of matters relating to personnel, general affairs, and internal control; appointed as General Manager of Human Resources Development & Personnel Recruitment Center

Jan. 2026 Director and Managing Executive Officer and in charge of matters relating personnel, human resources development, general affairs, and internal control (current position)



Tsutomu Kishikawa
Director
Managing Executive Officer
In charge of matters relating to production engineering, capital investment planning, safety and environment, research and development, information system, and the Electric Power business

Apr. 1985 Joined Japan Metals & Chemicals Co., Ltd.

Jan. 1998 Seconded to Hunan JMC Co., Ltd. as General Manager of Technology and Quality Assurance Department

Jul. 2003 Head of Takaoka Plant, Battery Materials Department of the Company

Jan. 2019 Associate Director and Head of Toyama Plant

Jan. 2021 Associate Director appointed as General Manager of Production Engineering Department

Jan. 2022 Executive Officer appointed as General Manager of Production Engineering Department

Jan. 2024 Managing Executive Officer and in charge of matters relating to the Electric Power business; appointed as General Manager of Production Engineering Department

Jan. 2025 Managing Executive Officer and in charge of matters relating to production engineering, capital investment planning, safety and environment, research and development, information system, and the Electric Power business

Mar. 2025 Director and Managing Executive Officer and in charge of matters relating to production engineering, capital investment planning, safety and environment, research and development, information system, and the Electric Power business (current position)



Yasuhide Miyake
Director
Executive Officer
In charge of matters relating to accounting; appointed as General Manager of Corporate Planning Department
Assists Senior Managing Executive Officer Kobayashi with overseas business management
Assists Managing Executive Officer Tsumoda with general affairs

Apr. 1991 Joined Nisshin Steel Co., Ltd. (currently Nippon Steel Corporation)

Apr. 2016 Head of Accounting & Finance Division

Apr. 2020 Head of Accounting & Finance Division of Nippon Steel Corporation

Apr. 2022 Head of Accounting & Finance Division and Deputy Head of General Administration Division and Human Resources Division

Apr. 2023 Executive Officer of the Company

Jan. 2024 Executive Officer and in charge of matters relating to accounting and overseas business management; appointed as General Manager of Corporate Planning Department

Mar. 2024 Director and Executive Officer; in charge of matters relating to accounting; appointed as General Manager of Corporate Planning Department (current position)

Outside Directors



Hokuto Nakano
Outside Director
(Independent Officer)

Apr. 1983 Joined The Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.)

Apr. 2002 Senior Vice President of Europe Treasury Department of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)

Apr. 2010 Executive Officer and General Manager of Forex Division

Jul. 2013 Division of Mizuho Bank, Ltd.

Oct. 2015 Managing Executive Officer and Head of East Asia of Mizuho Financial Group, Inc.

Apr. 2016 Managing Executive Officer and Joint Head of Global Markets Division of Mizuho Securities Co., Ltd.

Mar. 2018 Director of ASICS Corporation

Mar. 2020 Managing Executive Officer

Mar. 2021 Outside Director of the Company (current position)

Jun. 2021 Outside Member of the Board of Penta-Ocean Construction Co., Ltd. (current position)

Mar. 2024 Outside Director [Audit & Supervisory Committee Member] of the Company



Kiyoshi Mori
Outside Director
(Independent Officer)

Apr. 1984 Joined MITSUI & CO., LTD.

Jul. 2007 Vice President, Inner Mongolia Erdos Electric Power & Metallurgy Co., Ltd.

Oct. 2011 General Manager, Ferro-Alloys Dept., MITSUI & CO., LTD.

Apr. 2012 General Manager, Chinese Business Dept., MITSUI & CO., LTD.

Mar. 2014 Director & President, MITSUI & CO. (GUANGDONG) LTD.

Apr. 2017 President & CEO, Mitsui Bussan Metals Co., Ltd.

Apr. 2019 Officer MITSUI & CO., LTD.

Jun. 2021 Director of SHIKOKU KASEI HOLDINGS CORPORATION (current position)

Apr. 2024 Director of Asahi Seiren Co., Ltd. (current position)

Mar. 2026 Outside Director of the Company (current position)

Directors who belong to the Audit and Supervisory Committee



Kentaro Ono
Outside Director as Audit & Supervisory Committee Member (Independent Officer)

Apr. 1988 Joined Nippon Steel Corporation (the former company of the current Nippon Steel Corporation before business integrations; English name remains the same)

Oct. 2012 General Manager of Group Companies Planning Division of Nippon Steel & Sumitomo Metal Corporation (currently Nippon Steel Corporation)

Apr. 2016 General Manager of General Administration Division, Muroran Works

Apr. 2019 Executive Officer of Osaka Steel Co., Ltd.

Jun. 2019 Director; in charge of matters relating to corporate planning, accounting & finance, general administration, and group companies planning

Jun. 2021 Director and Executive Officer; in charge of matters relating to corporate planning, accounting & finance, general administration, and human resources of NIPPON STEEL LOGISTICS CO., LTD.

Apr. 2022 Director and Managing Executive Officer; in charge of matters relating to corporate planning, accounting & finance, general administration, and human resources

Mar. 2025 Outside Director [Full-Time Audit & Supervisory Committee Member] of the Company (current position)



Masahiro Tani
Outside Director as Audit & Supervisory Committee Member (Independent Officer)

Apr. 1985 Joined Ajinomoto Co., Inc.

Jul. 2006 General Manager of Mojokerto Factory of P.T. Ajinomoto Indonesia

Jul. 2008 Vice President

Jul. 2012 General Manager of Kyushu Plant of Ajinomoto Co., Inc.

Jun. 2013 Corporate Executive Officer and General Manager of Kyushu Plant

Jun. 2015 Corporate Executive Officer and General Manager of Food Production & Technology Administration Center

Jun. 2017 Corporate Executive Officer and General Manager of Group Procurement Center

Jul. 2020 Corporate Executive Officer and General Manager of Digital Transformation Department

Jun. 2021 Advisor

Mar. 2022 Outside Director of the Company

Mar. 2024 Outside Director [Audit & Supervisory Committee Member] (current position)



Aogi Suemura
Outside Director as Audit & Supervisory Committee Member (Independent Officer)

Oct. 1992 Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC)

Apr. 1996 Registered as certified public accountant

Aug. 1999 Joined GOLDCREST Co., Ltd.

Jan. 2002 Joined Sumitomo Shoji Financial Management Co., Ltd.

Nov. 2004 Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC)

Jun. 2008 Partner

Jan. 2022 Established Aogi Suemura Certified Public Accountant Firm (current position)

Jun. 2022 Outside Director [Audit & Supervisory Committee Member] of RIKEN TECHNOS CORPORATION (current position)

Mar. 2023 Outside Audit & Supervisory Board Member of the Company

Mar. 2024 Outside Director [Audit & Supervisory Committee Member] (current position)

Jun. 2024 Outside Director [Audit & Supervisory Committee Member] of Nomura Real Estate Holdings, Inc.

Skills Matrix

Field									
	Independent officer	Corporate planning Business strategy	Finance/Accounting Banking/Economics	Personnel/Labor Human resources development	Governance/Risk management Legal/Compliance	Production/Technology R&D	Sales/Purchasing Marketing	Global	Environment Sustainability
Yasushi Aoki		●		●			●	●	●
Jiro Kobayashi		●					●	●	
Masakazu Tsumoda				●	●		●		
Tsutomu Kishikawa						●		●	●
Yasuhide Miyake		●	●						●
Hokuto Nakano	●		●				●	●	
Kiyoshi Mori	●	●			●		●	●	●
Kentaro Ono	●	●	●	●	●				
Masahiro Tani	●			●		●		●	
Aogi Suemura	●		●	●	●				

Managing Executive Officers

Kiyoaki Nishio Appointed as the Head of the Tokushima Plant

Keiichi Nakazato In charge of matters relating to the Functional Materials business and the Incineration Ash Recycling business

Executive Officers

Toru Tanaka Appointed as the General Manager of the General Affairs Department Assists Managing Executive Officer Tsumoda with Personnel

Taketoshi Oka In charge of matters relating to the Aqua Solutions business and the Osaka Office

Yoshihiro Miyauchi In charge of matters relating to the Ferroalloys business Assists Senior Managing Executive Officer Kobayashi with overseas business management

Hayato Matsuda Appointed as the General Manager of the Incineration Ash Recycling Sales Department

Atsushi Hirata Appointed as the Head of the Kashima Plant

So Ohta Appointed as the Head of R&D Assists Managing Executive Officer Nakazato with the Functional Materials business

▶ Training for Directors

The Company holds training about necessary items for fulfilling the roles, responsibilities, and duties of inside and outside Directors. For Outside Directors, the Company explains the management philosophy, business activities, etc. of the Company when they are appointed, and makes efforts to deepen their understanding of the Company's business even after the appointment. The Board of Directors confirms whether these measures are appropriately taken through the Directors' evaluation of the effectiveness of the Board of Directors.

▶ Sharing of Information with Outside Directors

So that Outside Directors of the Company can polish their information gathering skills with no effect on their independence, the Audit and Supervisory Committee shall allow them to attend regular meetings of the Audit and Supervisory Committee, meetings with the President & CEO, etc. when necessary, while a Director who is a standing member of the Audit and Supervisory Committee makes efforts to share necessary information he has obtained, to ensure the cooperation with Outside Directors.

▶ Remuneration

➤ Remuneration determination policy

As a basic policy, remuneration for Directors (excluding Directors who belong to the Audit and Supervisory Committee) shall be an appropriate level based on the position in charge and performance of the Company. In detail, the remuneration for Executive Directors shall consist of three components: fixed monetary remuneration, performance-linked monetary remuneration and stock remuneration. For Outside Directors, who have the supervising function, the Company pays only fixed monetary remuneration, while considering their duties.

Fixed monetary remuneration shall be paid on a monthly basis, and its amount shall be determined in accordance with the Company's standards, which stipulate that remuneration shall be paid while considering the positions and managerial tasks of the Directors, corporate business performance, and so on.

Performance-linked monetary remuneration is paid while considering the business performance in the previous fiscal year, etc. The total amount shall be determined with reference to consolidated underlying ordinary profit (consolidated ordinary profit excluding the impact of inventory and one-time factors), which was set as an indicator that accurately shows the Company's business performance as well as the results of its business activities, allocated according to the positions of the Directors, and paid in a specified period every year.

Non-monetary remuneration shall be the shares of the Company (with restrictions on transfer) for giving an incentive to improve the corporate value of the Company sustainably and sharing value with shareholders further, and its amount shall be determined in accordance with the Company's standards, which stipulate that the number of shares of the Company to be given shall be determined while considering the positions and managerial tasks of the Directors, corporate performance, and so on, and provided in a specified period every year.

Regarding the composition of remuneration for the Executive Directors, fixed monetary remuneration is mainly paid, while performance-linked monetary remuneration and nonmonetary remunerations are added with appropriate ratios while considering their business types and categories.

For Directors who belong to the Audit and Supervisory Committee, the Company shall pay only fixed monetary remuneration while considering their duties.

Regarding monetary remuneration and stock remuneration, the total amount was determined at the 124th Annual General Meeting of Shareholders held on March 28, 2024.

➤ Procedure for determining remuneration

Monetary remuneration and non-monetary remuneration of Directors (excluding Directors who belong to the Audit and Supervisory Committee) shall be determined by the Board of Directors including independent Directors based on the aforementioned policies. Review body for matters related to remuneration Nippon Denko established the "Executive Personnel and Remuneration Meeting," in which Outside Directors constitute the majority, and said meeting discusses the appropriateness of the amount of remuneration for each position and each person, with reference to external data, and considers revising the remuneration levels, calculation methods, etc. according to changes in the business environment as appropriate. The Board of Directors shall revise the executive remuneration standards appropriately based on the results of the review by the Executive Personnel and Remuneration Meeting.

▶ The Board of Directors' Policy and Procedures for Nominating Candidate Directors, Appointing and Dismissing Senior Management

➤ Nomination, selection and dismissal policy

When **appointing senior management and nominating candidate directors** of the Company, the Board of Directors conducts deliberations and makes decisions while taking into account the details of the Nippon Denko Group's businesses, issues to be addressed, and the experience, knowledge, etc. of each person, to realize optimal scale and composition for the consolidated management of the Company from the viewpoint of improvement in medium/long-term corporate value. The Board of Directors of the Company is composed of Directors who had worked for the Company and possess specialized capabilities and knowledge for each business of the Company and Outside Directors who possess the experience and knowledge of diverse businesses, expertise, insight, and a neutral, objective perspective, so as to realize diversity and a good balance. We think that the current scale is appropriate for making decisions swiftly in

response to changes in the business environment and developing an effective corporate governance system.

The nomination of candidate directors and appointment of directors at executive posts shall be determined by the Board of Directors, while comprehensively considering abilities, qualities, leadership, past business performance, etc.

The nomination of candidate directors who belong to the Audit and Supervisory Committee shall be determined by the Board of Directors while comprehensively considering fairness, universality, independence, the composition of the Audit and Supervisory Committee after appointment, etc. in addition to the above-mentioned items after obtaining the consent of the Audit and Supervisory Committee.

The appointment of executive officers (excluding directors at executive posts) shall be determined by the President & CEO who was authorized by the Board of Directors in accordance with the Regulations for Executive Officers, while comprehensively considering abilities, qualities, leadership, past business performance, etc., and the results shall be reported to the Board of Directors.

Internal regulations stipulate the requirements for **dismissing senior management**. When a senior management member satisfies said requirements, he/she will be dismissed through a resolution of the Board of Directors.

As an **organization for broadly discussing items regarding personnel affairs of the senior management and Directors**, the Company established the Executive Personnel and Remuneration Meeting, which is composed of independent Outside Directors and the President & CEO. Said meeting shall be chaired by the President & CEO, who collects appropriate opinions from independent Outside Directors when necessary.

▶ Internal Control

➤ Internal control system

We established a Corporate Conduct Charter and Employee Conduct Guidelines to establish corporate ethics, to comply with domestic and overseas laws and their spirit and to gain trust as a good corporate citizen. We established a permanent Internal Control Committee, and in addition to promoting compliance activities throughout the company, we created a whistleblower line and are working on early detection and correction when illegal acts are found.

As part of our risk management system, the permanent Internal Control Committee is responsible for managing and mitigating management risks, and for various risks that may arise in overall business activities, we share information with the Audit & Supervisory Board and submit risk analysis and countermeasure studies as well as reports and written opinions to the Board of Directors regularly or as needed. In the unlikely event of a business crisis that could result in significant losses, we will immediately set up a Crisis Management Headquarters and put in place procedures to promptly take the necessary actions to minimize damage and impact.

➤ Autonomous internal control activities

We identify two agendas for developing internal controls as a foundation for value creation:

- 1 Establish an infrastructure to promote fair, transparent, and legal business activities
- 2 Establish an infrastructure where employees can work with peace of mind in accordance with the rules

To achieve these, we promote autonomous internal control activities. Autonomous internal control is the concept of building one's own internal control system tailored to one's business type, and the person most familiar with the business performs checks.

Generally, deficiencies and errors are identified and corrected through audits conducted by specialized departments. However, in the Nippon Denko Group, rather than following instructions from the management department, we proactively engage in activities as follows.

By continuing these activities, we will build a sound corporate foundation and maintain a company free of misconduct and scandals.

PDCA report	Internal control managers at the Company and group companies establish annual internal control plans for their respective organizations and implement continuous improvement through annual PDCA cycles.
Self-assessment of internal control	We perform voluntary inspections annually using checklists reflecting the latest risks. The Internal Control Department will confirm the results of the assessment during the on-site audit.
Similar risk inspection	Four times a year, we inspect for similar risks using case studies of accidents and incidents that occurred at other companies. We utilize this to prevent occurrence by sharing reference material and reviewing them together.
Employee awareness survey	We conduct an employee awareness survey once a year. By listening to the honest opinions of our employees, we are able to identify risks early and confirm the effectiveness of company measures.
Field-specific training	Vocational organizations regularly conduct field-specific training. Repeated training in various fields helps employees accumulate knowledge and enhance their awareness of compliance.

▶ Policy on Cross-Shareholdings

Nippon Denko holds cross-shareholdings (all shares other than the Company's shares) for the purpose of improving corporate value of the Company over the medium/long-term by maintaining and strengthening business relationships, maintaining and developing partnerships, and ensuring smooth execution of business activities. Regarding the cross-shareholdings, the Board of Directors evaluates the performance and financial strength of the investee company as well as their significance of shareholding regularly on an annual basis and examines the appropriateness of shareholding including its reduction.

Financial and Non-Financial Highlights

Financial

		2015	2016	2017	2018
Net sales	Millions of yen	82,902	58,486	71,346	73,944
Underlying ordinary profit	Billions of yen	—	—	—	—
Inventory impact etc.	Billions of yen	—	—	—	—
Ordinary profit	Millions of yen	211	1,614	9,239	1,947
Profit attributable to owners of parent	Millions of yen	(14,181)	(116)	7,988	2,352
Capital investment	Millions of yen	2,861	3,729	7,715	7,356
Depreciation	Millions of yen	3,297	1,538	1,433	1,721
R&D expenses	Millions of yen	523	438	413	452
Total assets	Millions of yen	92,827	84,563	98,447	99,786
Equity-to-asset ratio	%	68.5	72.4	71.8	69.2
Net D/E ratio	Times	0.00	(0.21)	(0.05)	0.06
Fixed ratio	%	46.3	46.4	52.6	58.1
Inventory turnover period	Month	4.3	5.1	4.7	5.3
Dividends per share	Yen	5	5	13	5
Return on equity (ROE)	%	(20.0)	(0.2)	12.1	3.4
Underlying ordinary profit basis ROE	%	—	—	—	—

(Changes in 11 Years)

	2019	2020	2021	2022	2023	2024	2025
	70,477	54,004	65,978	79,341	78,390	78,235	77,277
	—	—	5.2	5.6	5.5	5.2	5.3
	—	—	1.7	4.8	(3.1)	(0.3)	(2.6)
	(6,426)	3,063	6,870	10,367	2,420	4,859	2,703
	(14,240)	2,615	7,768	7,949	4,330	3,144	1,418
	6,902	3,205	3,716	5,555	3,826	3,851	4,086
	2,437	1,824	2,124	2,463	2,945	3,245	3,665
	423	345	353	559	631	588	683
	85,224	86,171	95,888	104,943	100,750	102,200	93,414
	63.6	65.4	67.0	65.9	70.9	72.1	76.0
	0.20	0.17	0.12	0.18	0.15	0.15	0.11
	65.6	67.8	66.0	69.4	68.8	65.5	69.0
	4.8	6.4	5.3	5.4	5.8	6.1	5.6
	0	5	16	17	9	11	12
	(23.1)	4.7	12.9	11.9	6.2	4.3	2.0
	—	—	6.0	5.9	5.5	5.0	5.1

Non-Financial Indicators

		2015	2016	2017	2018
Number of employees (consolidated)	People	1,039	953	957	994
Number of female employees (consolidated)	People	70	82	90	123
Number of employees (non-consolidated)	People	455	475	480	722
Average years of service (non-consolidated)	Years	15.7	15.3	18.1	13.5
Percentage of employees with disabilities (non-consolidated)	%	—	—	0.7	1.5
Rate of paid holidays taken (non-consolidated)	%	58.3	60.0	63.9	66.6
Percentage of childcare leave taken (consolidated)	%	—	—	—	—

	2019	2020	2021	2022	2023	2024	2025
	977	976	943	950	937	950	964
	127	133	129	129	132	135	135
	783	767	740	616	625	783	799
	13.4	14.7	15.1	15.4	16.3	16.5	16.6
	2.0	2.1	2.5	2.5	2.2	2.1	1.9
	66.9	62.0	71.8	74.5	76.0	75.6	78.6
	92.3	92.6	90.9	82.4	90.5	90.9	88.8

Company Overview

Company profile (as of December 31, 2025)

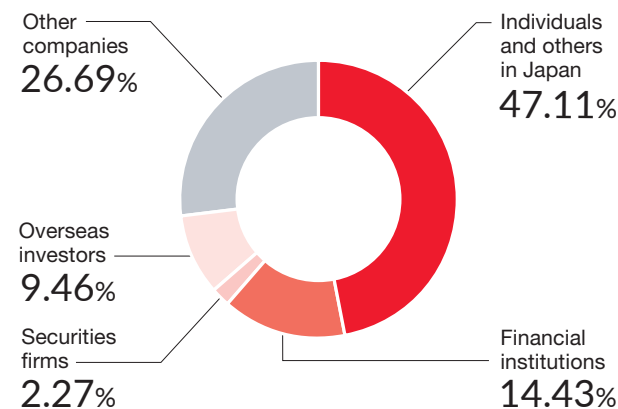
Name	Nippon Denko Co., Ltd.
Incorporated	Founded in October 1925
Head office	4th Floor, Tokyo Tatemono Yaesu Building, 1-4-16, Yaesu, Chuo-ku, Tokyo, 103-8282, Japan TEL: +81-3-6860-6800 (main) FAX: +81-3-6860-6832

Number of employees	964
Capital	11,120 million yen
Lines of business	● Ferroalloys ● Functional Materials ● Incineration Ash Recycling ● Aqua Solutions ● Electric Power

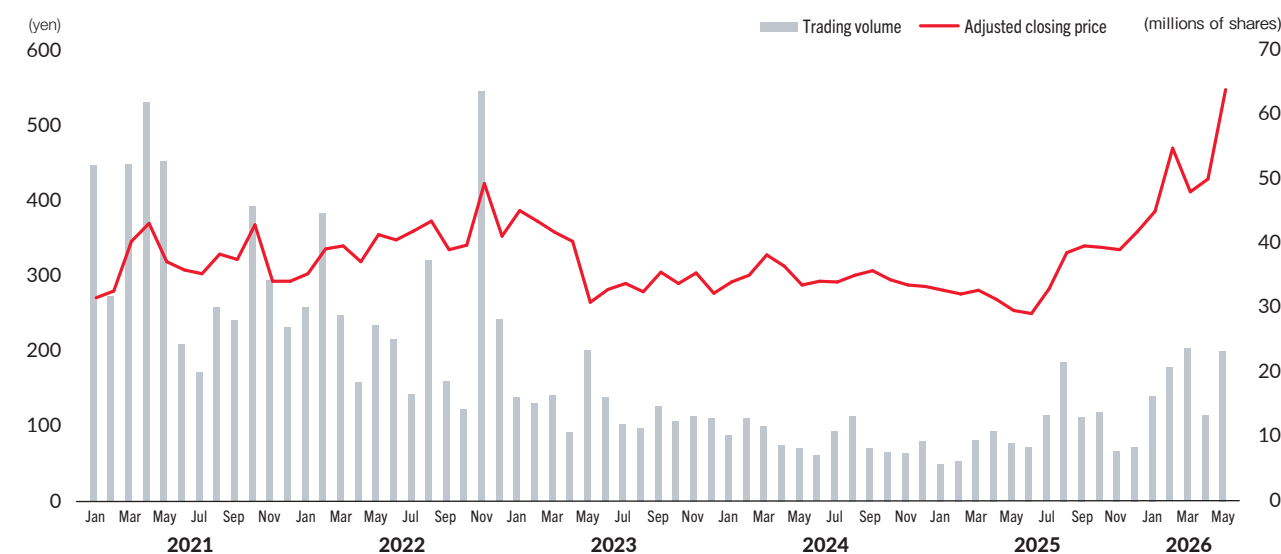
Matters related to company shares (as of December 31, 2025)

Total number of shares authorized to be issued	300,000,000 shares
Total number of issued shares	137,386,472 shares
Number of shareholders	32,580

Composition of shareholders (as of December 31, 2025)



Variations in share price and trading volume



Locations



Myoko Plant

Main production items

Metal hydride alloys
Cathode materials for lithium-ion batteries
Manganese inorganic chemical products



Toyama Plant (Imizu area)

Main production items

Boron oxide
Ferroboron



Toyama Plant (Takaoka area)

Main production items

Cathode materials for lithium-ion batteries



Tokushima Plant

Main production items

High-carbon ferromanganese
Low-carbon ferromanganese



Research Laboratory

Main production items

Zirconium oxide
Boron oxide



Kashima Plant

Line of business

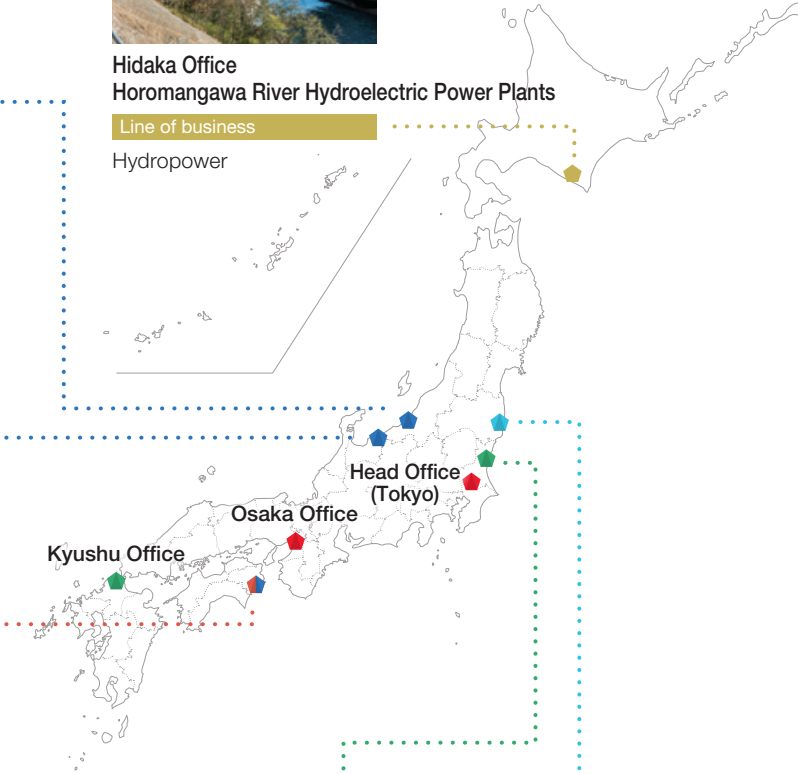
Incineration Ash Recycling



Koriyama Plant

Main production items

Wastewater treatment equipment
Pure water production system



Group companies

Subsidiary Companies	Lines of Business
Riken Kogyo Co., Ltd.	Temperature and component measurement, electrical instrumentation, control and related operations of blast furnaces, converter furnaces and electric furnaces
Denko Kosan Co., Ltd.	Transportation, warehousing, and sale of materials for steelmaking
Kuriyama Kosan Co., Ltd.	Production and sale of polyethylene pipes, bags, nets, sheets, and PVC pipes
Nichiden Tokushima Co., Ltd.	In-plant and transport services, ship agency services, and sale of fuels
Chuden Kosan Co., Ltd.	Collection and haulage of industrial waste, industrial waste subject to special control and general waste General motor truck transport (Kanjishin No. 2397) and warehousing (Kanunso No. 342)
Group Affiliates	Lines of Business
Pertama Ferroalloys Sdn. Bhd.	Production and sale of ferroalloys
Kudumane Investment Holding Ltd.	Ownership of manganese mine interests