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FY2025/Q1 Financial Results Presentation

Aug 14, 2025



The plans presented in this document are based on information currently available to the Company and on certain assumptions deemed reasonable

FY2025 Q1 Financial Results – Summary(1/2)

FY2025 Q1 Financial Results

- **FY2025(From 2025/4 to 2026/3) Q1 results- Revenue 27.3 billion yen, EBITDA -0.5 billion yen, Net income -1.1 billion yen**
- Coupled with decline in revenue due to reorganization and the withdrawal of major businesses, net income declined relative to FY2024 Q1 figures due to decreased lead price, a stronger yen, harsh TC/RC conditions, and costs related to residual operations to close the zinc smelting business.
- **Adjusted EBITDA, that excluded the impact on fluctuation of metal prices, exchange rates, and one-off costs, was 1.1 billion yen.**
- **We aim for revenue growth from FY2025 Q2 onward through the Business Revitalization Plan, such as by ramping-up rare metal production.**
- Maintain FY2025 earnings outlook from the May 2025 announcement
- (Change of disclosure segments) The zinc smelting business is now a part of the newly organized metal recycling business, while the mineral resources business has been abolished given that the withdrawal from the business was completed.

FY2025 Q1 Financial Results – Summary(2/2)

Progress of Business Revitalization Plan

- **Completed withdrawal of mineral resources business** in FY2025 Q1 by transferring the company's holding of Abra mine's shares to the new shareholder in June 2025. The completion of the residual operation of the zinc smelting business and reorganization to a metal recycling business is progressing in line with the Business Revitalization Plan. **Competed the voluntary early retirement program and finalized the labor-management agreement in July 2025**
- Completed the formulation of the Business Revitalization Plan during the “100-day” period starting in April 2025, and will proceed to realize the outcomes of each initiatives.

Conforming to the Criteria for Continued Listing

- Announced “Plan for Conforming to the Criteria for Continued Listing on the Prime Market” on June 27, 2025
- Undertake a variety of measures to maximize the Company's enterprise value and equity value. While we continue to prioritize remaining listed on the Prime Market, we are simultaneously considering and implementing all possible measures to avoid delisting.

Agenda

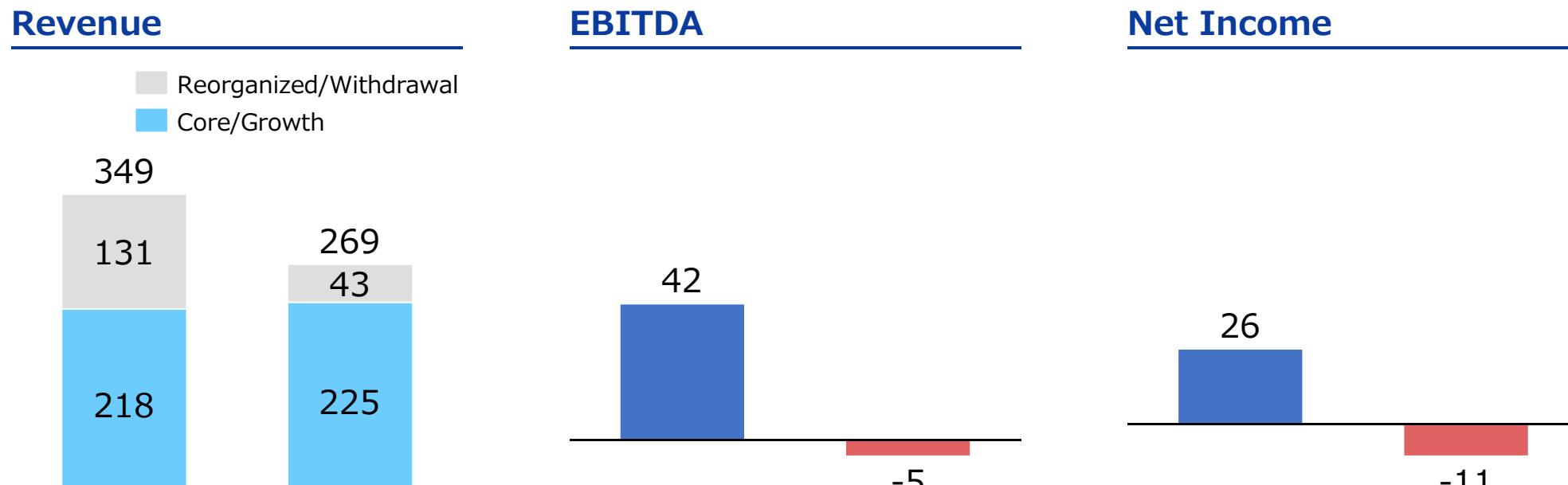
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FY2025* Q1(2025/6) Financial Results

Although revenue in core and growth businesses increased, overall revenue declined due to reorganization and withdrawal of major two businesses. EBITDA and net income declined mainly due to decreased lead price, a stronger yen and harsh TC/RC conditions, and costs relating to residual operations to close the zinc smelting business.

(100million yen)



(vs FY2024 Q1)

- Revenue declined due to reorganization of the zinc smelting business and withdrawal of the mineral resources business

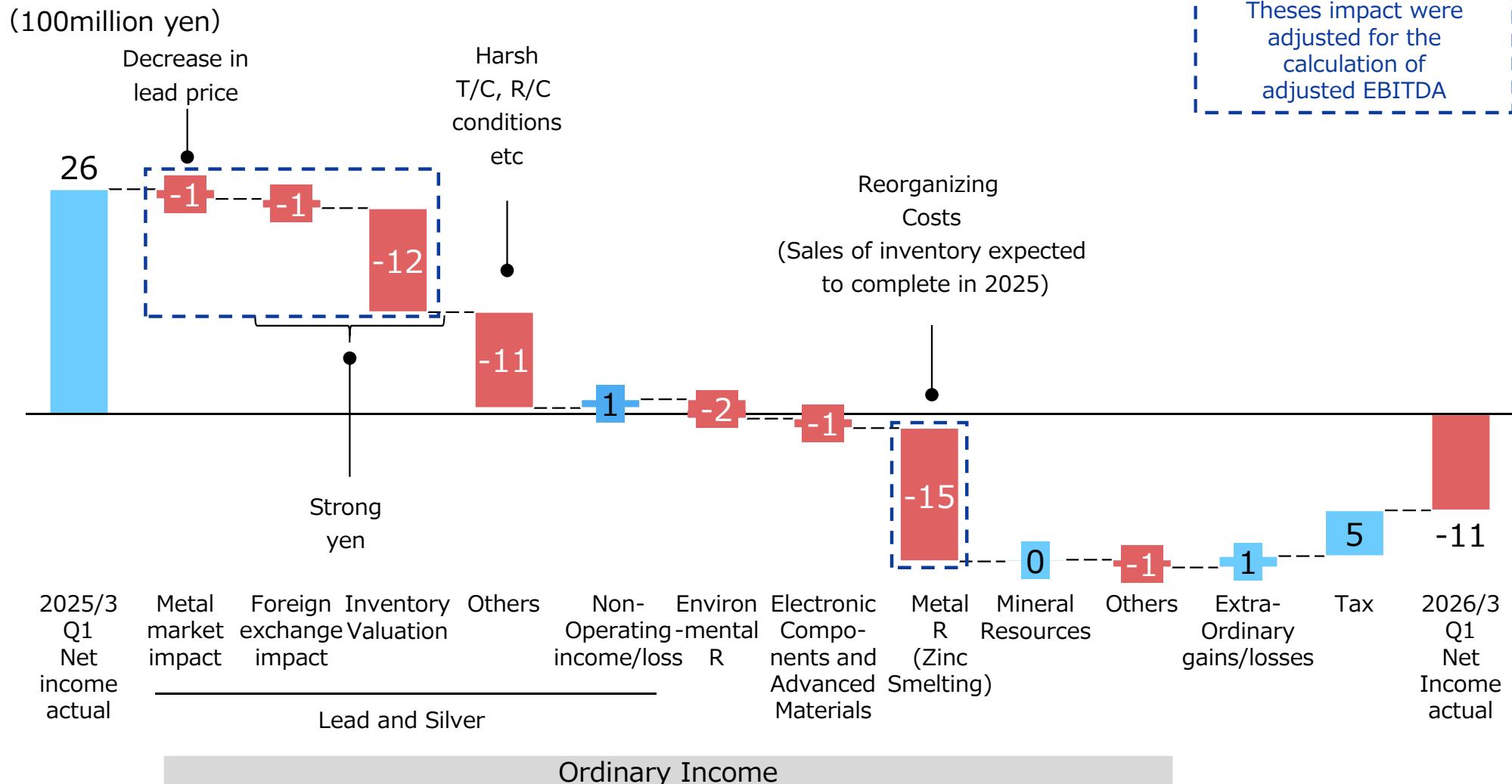
* From 2025/4 to 2026/3

(vs FY2024 Q1) Key factors

- (Lead and silver smelting) Decreased lead price, a stronger yen, and harsh TC/RC conditions impacted EBITDA and net income.
- (Zinc smelting (Metal recycling)) Costs relating to residual operation to close the business and sales of residual inventories impacted EBITDA and income (Sales of inventories are expected to complete in 2025)

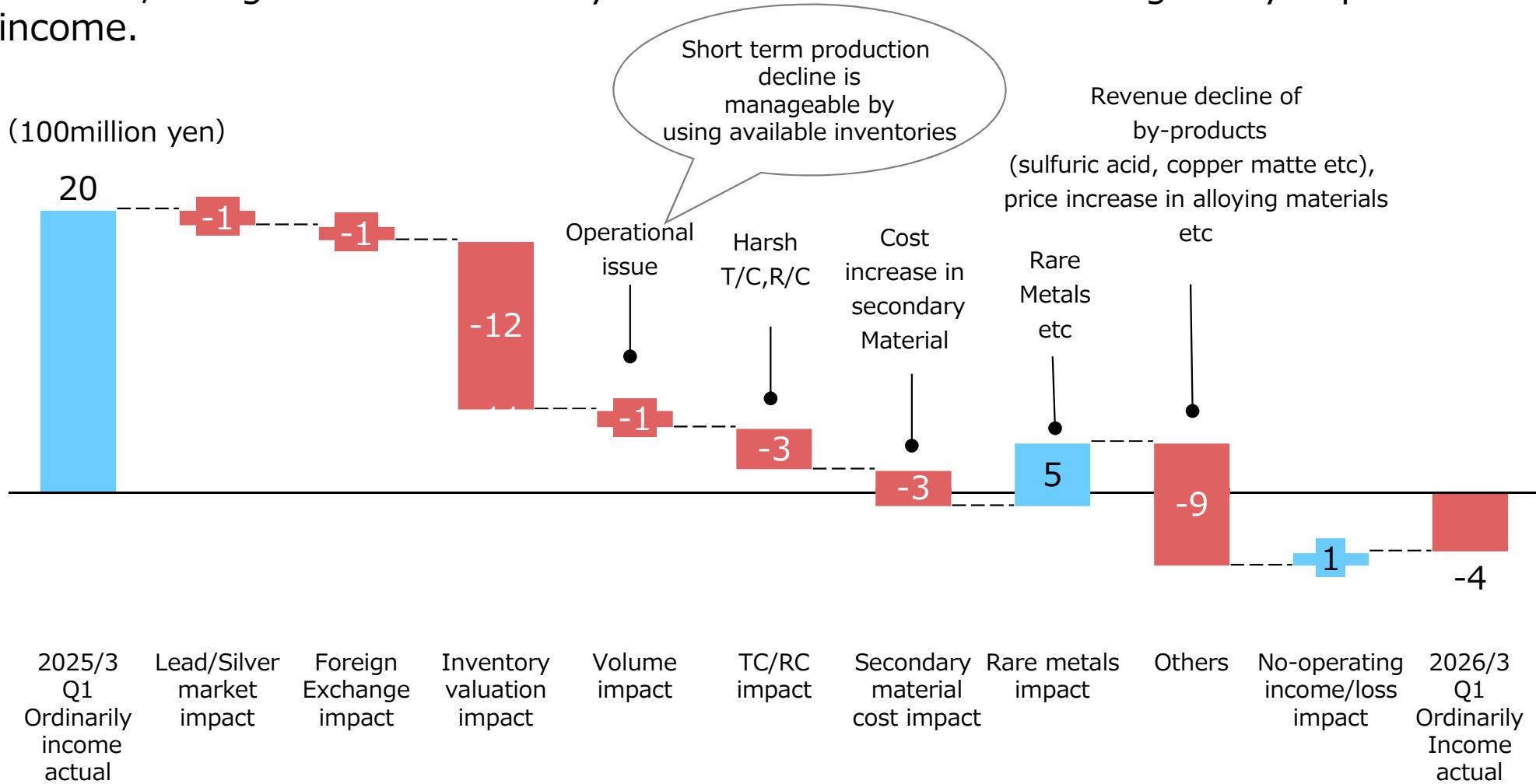
Key Factors Behind the change from FY2024 Q1 to Fy2025 Q1

Net income declined mainly due to decreased lead price, a stronger yen and harsh TC/RC conditions, and costs relating to residual operations to close the zinc smelting business.



Details of Factors behind the change in the lead and silver smelting business

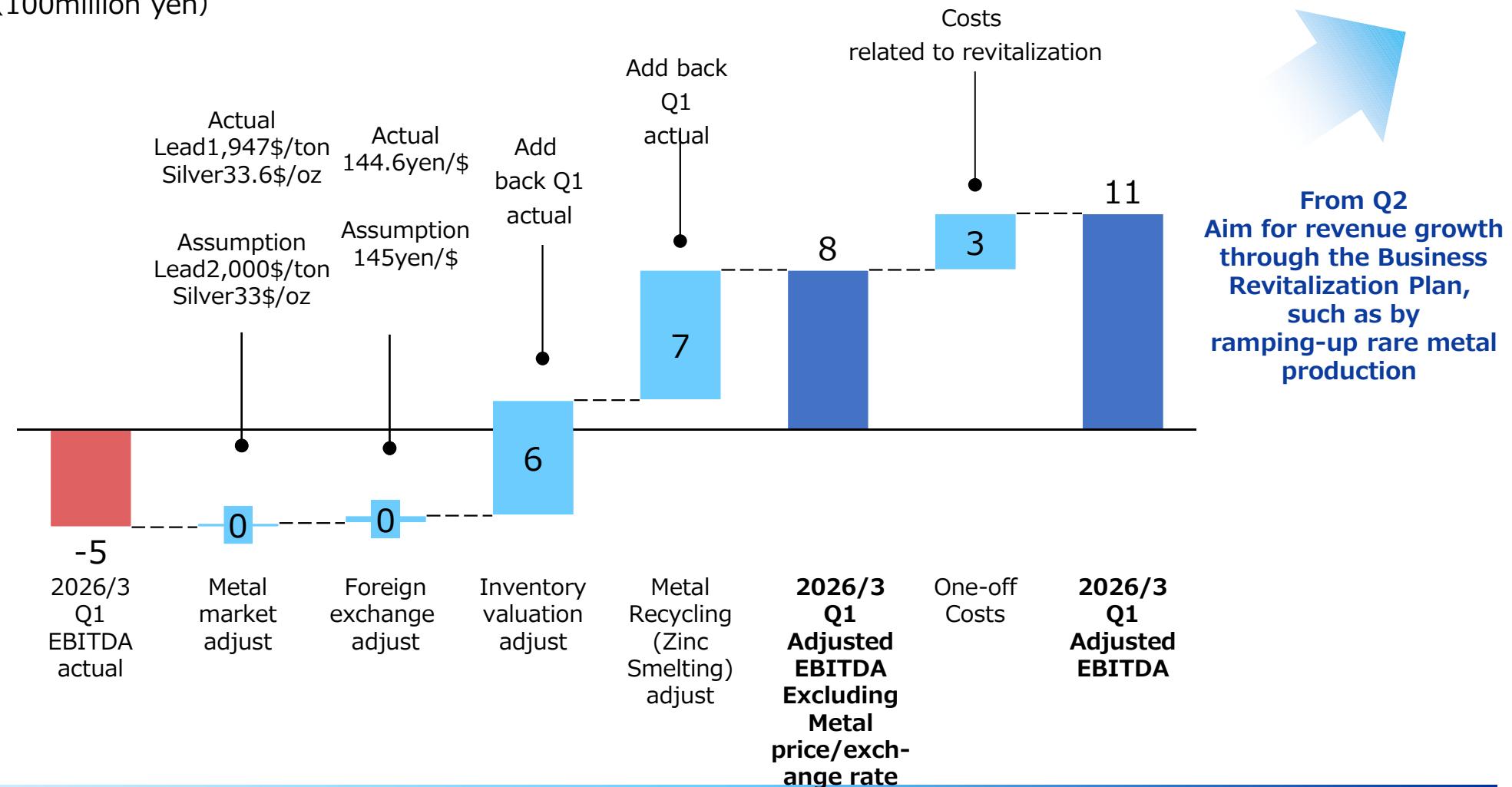
Ordinary income of the lead and silver smelting business declined due to decreased lead price, a stronger yen, harsh TC/RC conditions and decline in production. In addition, rising costs of secondary material and other factors negatively impacted the income.



Adjusted EBITDA (EBITDA excluding impact on fluctuation of metal price/exchange rate, and one-off costs)

Adjusted EBITDA based on FY2025 Q1 actual, that excluded below factors, was ¥1.1 billion. We aim for revenue growth from FY2025 Q2 onwards through the Business Revitalization Plan, such as by ramping-up rare metal production.

(100million yen)

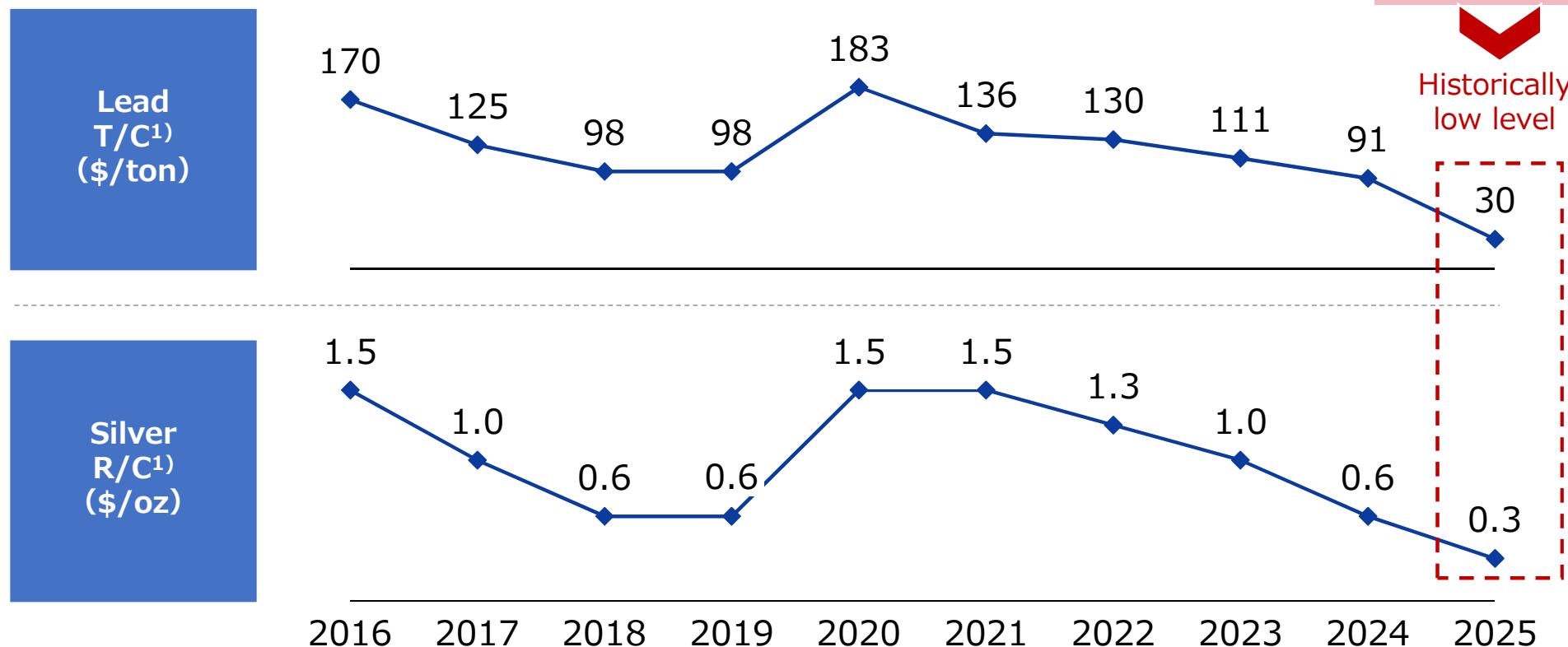


T/C,R/C trend

The benchmark level of lead T/C and silver R/C, representing the processing fees paid by mining companies to smelters, have reached historically low levels in 2025.

Lead T/C and Silver R/C benchmarks are determined annually through negotiations between major mining companies and major smelters. Over the long term, they follow a certain cyclical trend and are not within our control.

Increase global demand caused by strong demand in China

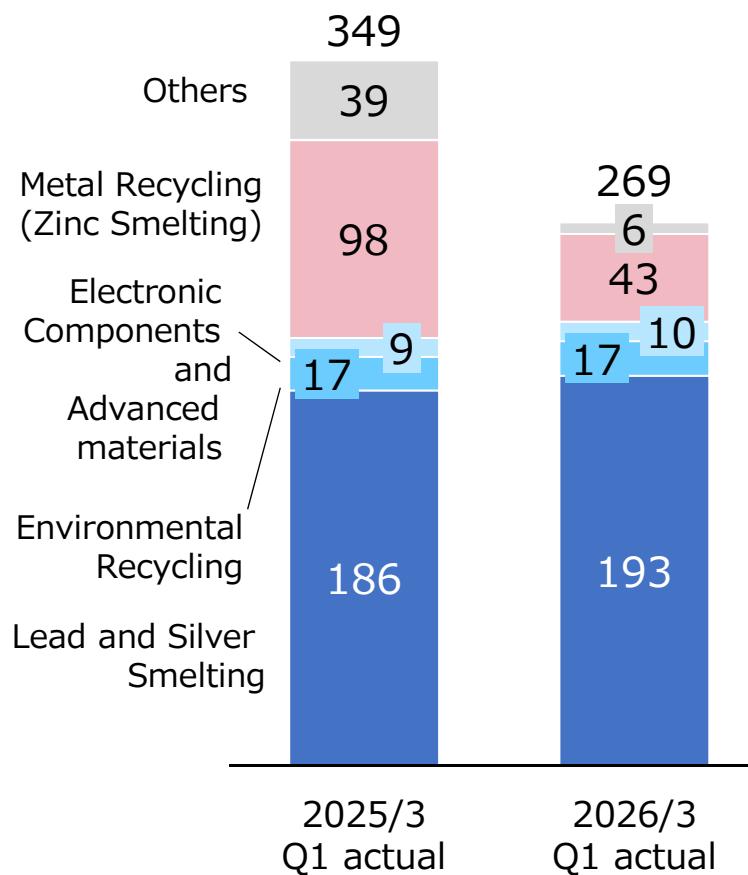


1) Cannington Pb Conc Annual Benchmark term (High Ag BM)

Segment-based results

The lead and silver business, which accounts majority of core and growth business saw an increase in revenue, but declined in income. The metal recycling also declined due to inventory sales, impacted by costs related to residual operations.

Revenue (100million yen)



Ordinary income

Lead and Silver Smelting

- Negative impact by metal price, exchange rate, inventory valuation

20

-4

Electronic Components and Advanced Materials

2

1

Environmental Recycling

5

2

Metal Recycling (Zinc Smelting)

- Costs related to residual operation

9

-7

2025/3 Q1 actual

2026/3 Q1 actual

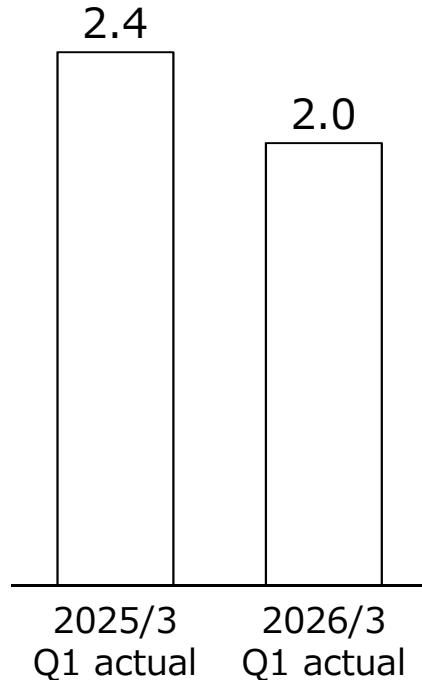
Production Volume and Resource Prices: Lead

FY2025 Q1 lead production declined compared to FY2024 Q1. Resources price decreased, and yen was stronger compared to FY2024 Q1.

Production

(10,000 tons)

- Q1 production declined due to operational issues.
- Recovery in process



Resource Prices (FY2024–FY2025 Q1:Average During the Period)

LME Lead Price (USD-based)

(\$/ton)



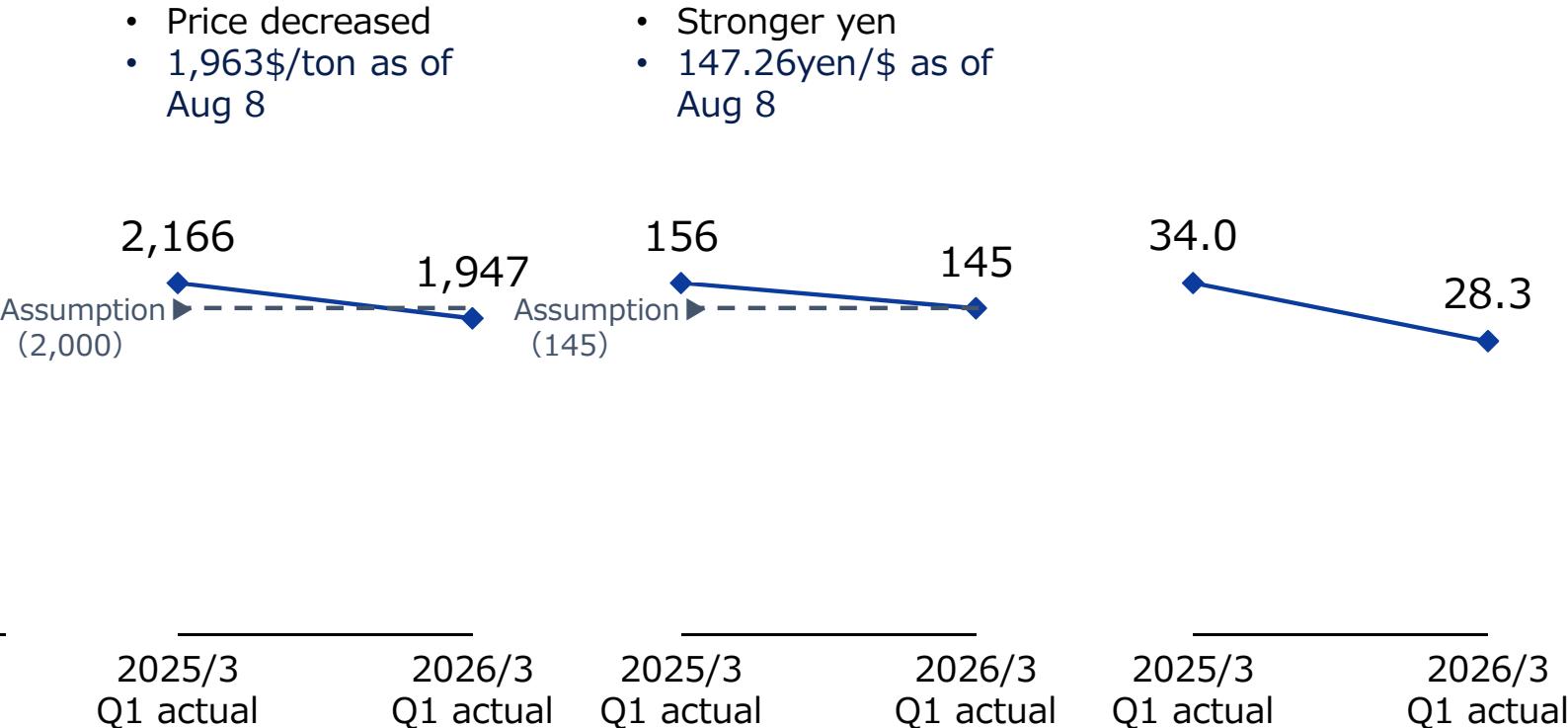
Exchange rate

(yen/\$)



LME Lead Price (yen-based)

(10,000 yen/ton)



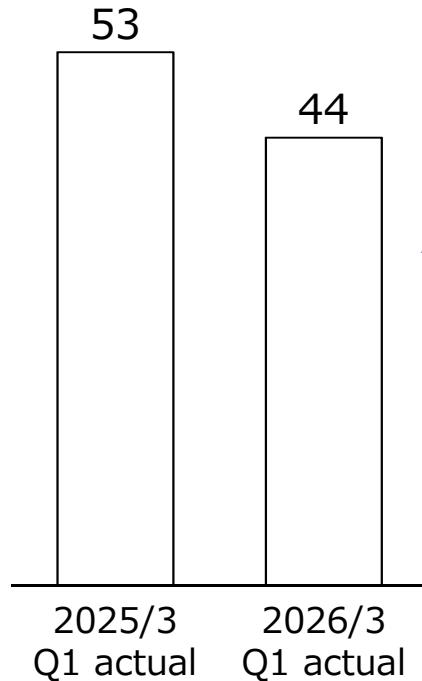
Production Volume and Resource Prices: Silver

FY2025 Q1 lead production declined compared to FY2024 Q1. Despite a strong yen, yen-based silver price increased due to increase in LBMA Silver price.

Production

(ton)

- Decline in production due to facility construction



Resource Prices (FY2024–FY2025 Q1:Average During the Period)

LBMA Silver price (USD-based)

(\$/oz)

- Price increased
- 38\$/oz as of Aug 8

×

Exchange rate

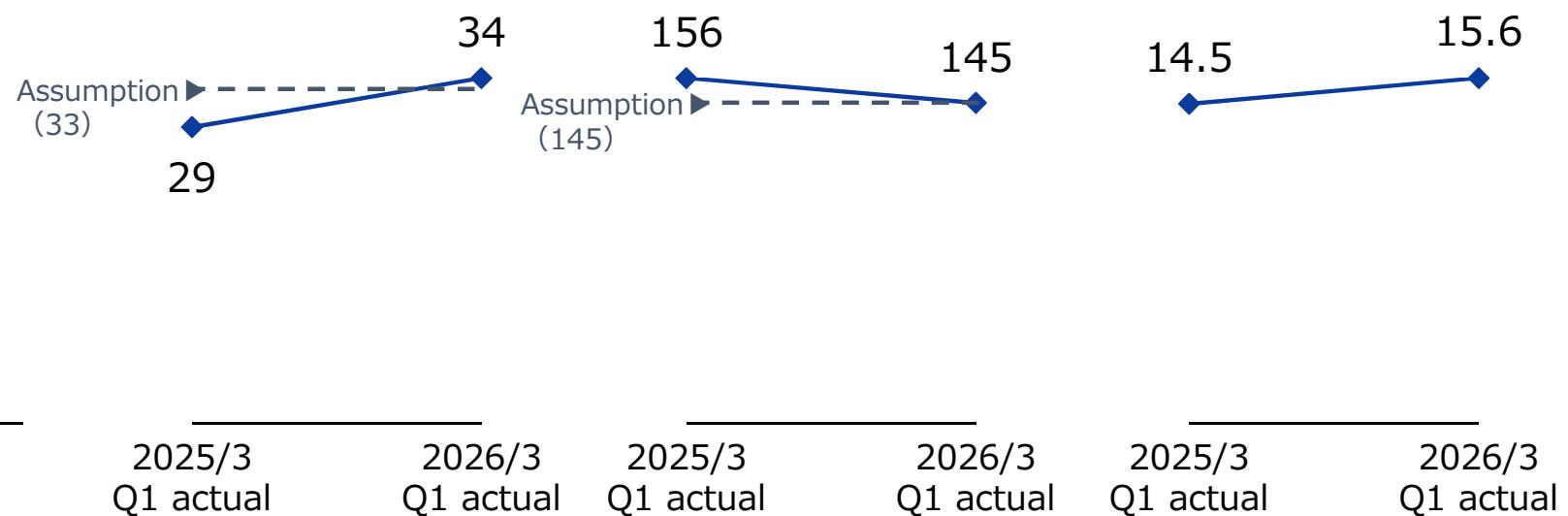
(yen/\$)

LBMA Silver price (yen-based)

(10,000 yen/kg)

=

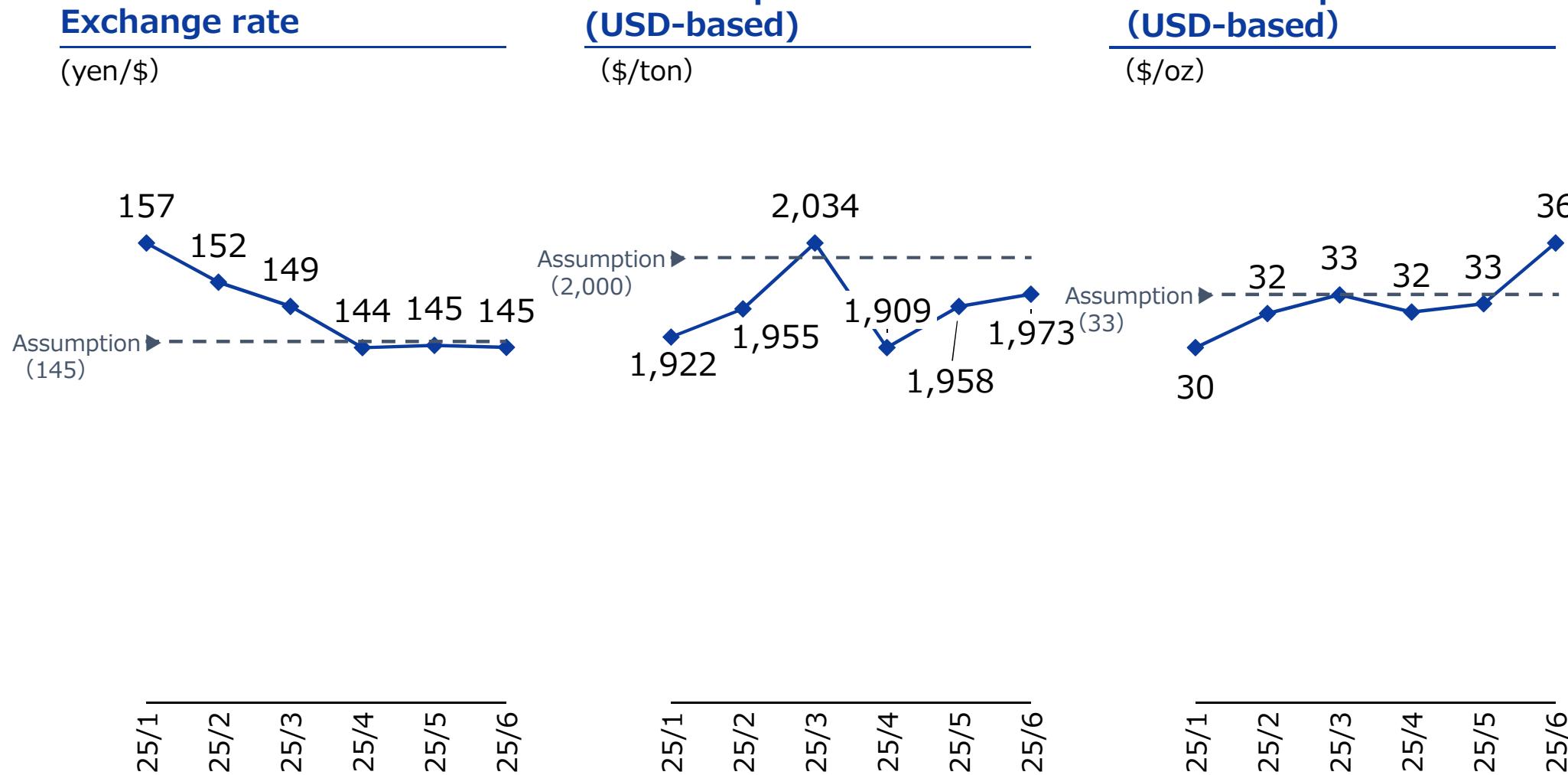
- Stronger yen
- 147.26yen/\$ as of Aug 8



Details about lead price, silver price and exchange rate

The exchange rate moved in a stronger yen range, hovering around the mid-144 level. While lead price remained below \$2,000 range since the beginning of FY2025, silver showed an upward trend.

※ monthly average



The surge of rare metal prices (Critical Minerals¹⁾)

The price of rare metals (such as bismuth and antimony), produced as by-products of lead and silver smelting, have surged due to China's export restrictions. A ramp-up in production of such rare metals is planned as part of the Business Revitalization Plan.

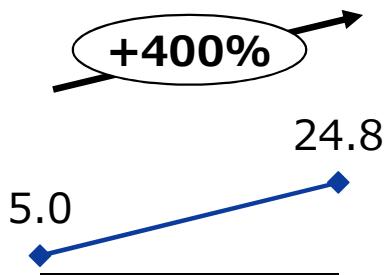
Product overview

- Purpose of use - Lead replacement, Low melting alloy (Fire sprinkler etc) etc
- Announcement of export restriction from China – Aug 2024

Bismuth

Market trend

(\$/pound)



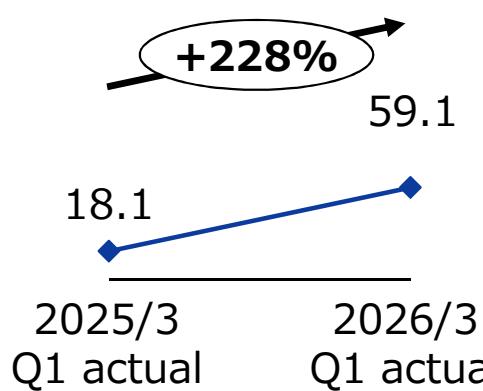
+400%

Aim for revenue growth, such as by ramping-up rare metal production

- Purpose of use (semiconductor, material of lead battery etc)
- Announcement of export restriction from China – Feb 2025

Antimony

(K\$/ton)

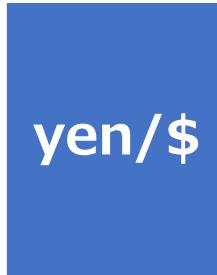


+228%

1) Covered by National Stockpile System for Rare Metals and Other Strategic Materials (JOGMEC)

Assumptions and Sensitivities for Exchange Rates and Resource Prices

The assumptions for market conditions and exchange rates, as well as their projected impact on earnings for the FY2025 forecast, are as follows, and are unchanged from May 15, 2025 previous presentation.

	<u>2026/3 Forecast</u>	<u>Sensitivities</u>
	2,000 \$/ton	For every \$100/ton increase, ordinary income is expected to increase by 160 million yen.
	33 \$/oz	For every \$1/ounce increase, ordinary income is expected to increase by 50 million yen.
	145 yen/\$	For every 1 yen depreciation against the U.S. dollar, ordinary income is expected to increase by 80 million yen.

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Background of Business Revitalization

The Company's financial position deteriorated significantly due to losses in structurally weak zinc smelting and the mineral resources businesses. In FY2024, we secured funding and formed strategic partnerships, marking the beginning of our business revitalization.

Deterioration in Performance and Financial Position

(2024/3 Actual)

Ordinary Loss:
10.7 billion yen

Net Loss:
46.4 billion yen

Equity Ratio:
35.3% to 2.5%

The zinc smelting and the mineral resources businesses, which are structurally high-cost and highly sensitive to market fluctuations, experienced a significant decline in profitability, resulting in substantial losses.

This led to conditions that raised substantial doubt about the Company's ability to continue as a going concern.

Financing and Strategic Partnerships

(Sponsors)

**ADVANTAGE
PARTNERS**

 **辰巳商会**
TATSUMI SHOKAI CO.,LTD.

 **HANWA**

In December 2024, the Company announced capital investments from funds serviced by Advantage Partners and Tatsumi Shokai, along with a business alliance with Hanwa.

The business revitalization plan was disclosed under the support of these three partners.

Business Revitalization Initiatives

Core and Growth Businesses

Lead and Silver Smelting Business, Environmental Recycling Business, etc.

Reorganized and Withdrawn Businesses

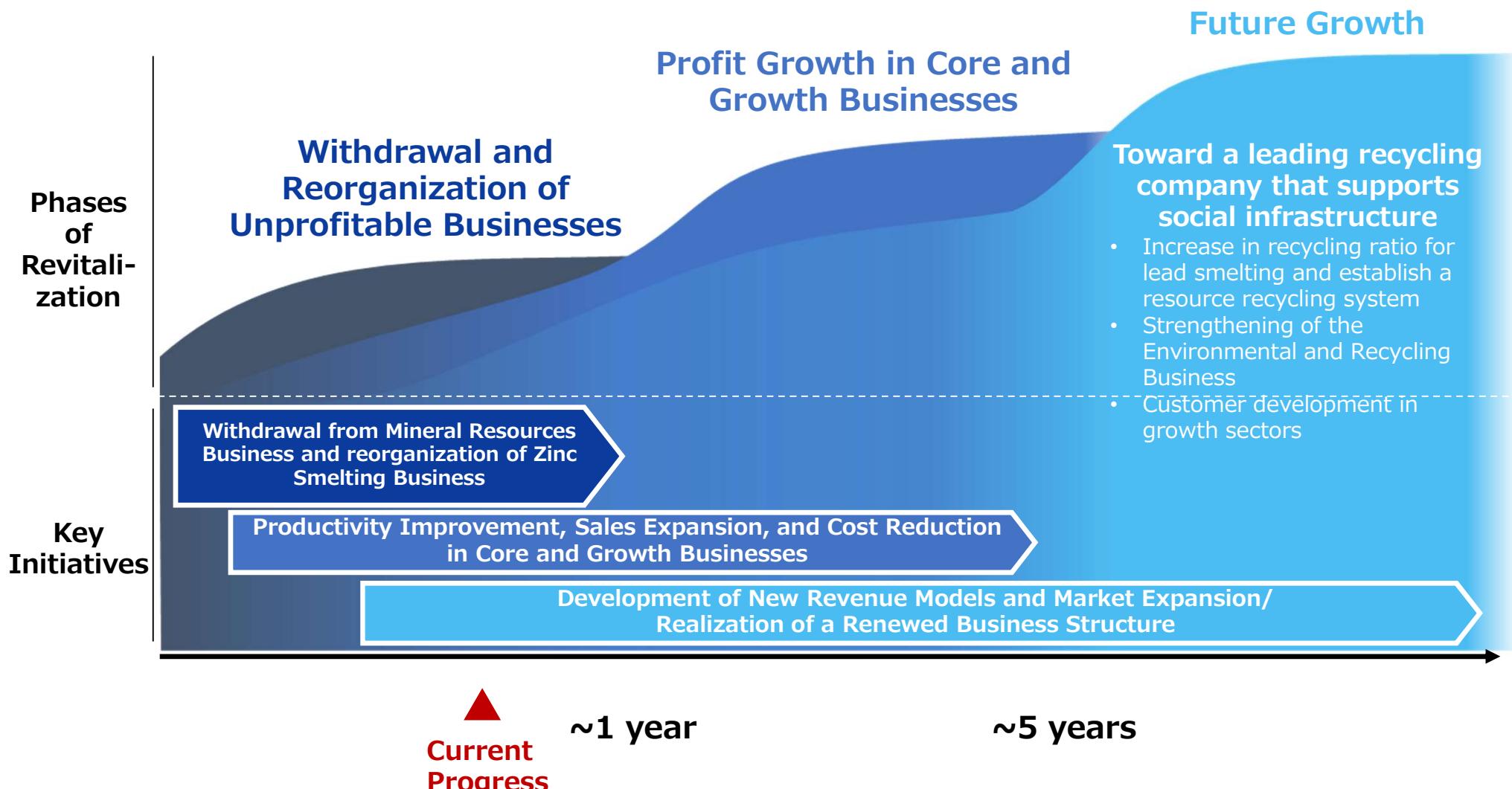
Zinc Smelting Business (reorganization), Mineral Resources Business (Withdrawal), etc.

The five-year period beginning in 2025 has been designated as the business revitalization phase.

During this period, we will restructure our management foundation by withdrawing from or reorganizing unprofitable businesses and strengthening our core and growth businesses.

Overview of the Business Revitalization Plan

The withdrawal and reorganization of unprofitable businesses are expected to be completed within approximately one year and are currently progressing as planned. Over the course of five years, we aim to complete the rebuilding of our management foundation and become a leading recycling company that supports social infrastructure.



Initiatives under the Business Revitalization Plan –Withdrawal and Reorganization

Withdrawal and Reorganization businesses are progressing in line with the revitalization plan. Completed withdrawal of mineral resource business in FY2025 Q1.

FY2025 Q1

Mineral Resources (Withdrawal)

Zinc Smelting (Reorganized into Metal Recycling)

- ✓ Abra Mine - Following the approval of rehabilitation plan at the creditor's meeting in May 2025, the Company's shares were transferred to the new shareholder in June 2025, **thereby completed the withdrawal of the business**

- ✓ **Completed voluntary early retirement program and finalized labor-management agreement in July 2025**

Key initiatives

- ✓ Endeavor Mine - Working toward the recovery of environmental bonds submitted to authorities, by July 2026.
- ✓ Planning to **complete the product shipment in 2025**
- ✓ Completion of residual operations related to the decommissioned smelting facilities **expected within the fiscal year.**
- ✓ **Formulating plans for new facility installations** to reorganize into a metal recycling business.

Initiatives under the Business Revitalization Plan – Core and Growth

We are positioning the Lead and Silver Smelting Business at main core of our operations, aiming to increase production, improve recycling ratios, and enhance profitability. In addition, we are working to expand the Environmental Recycling Business and other businesses.

Business



Lead and Silver Smelting

Characteristics

- **No. 1 share of the domestic market for lead smelting (40% of metal production)**, which is expected to grow for industrial applications in addition to robust demand for lead-acid battery applications

Key initiatives

- **Expand lead production** and improve profit.
- Increase the recovery and sales of precious metals such as gold and silver, as well as **increase rare metals production and sales, such as bismuth, which are contained in lead ore and recycled materials.**
- Enhance collaboration with lead battery users, manufacturers, and collection companies to raise the lead recycling ratio and **establish a closed-loop lead recycling system.**



Environ-mental Recycling

- **Collect industrial waste and manufacture zinc oxide**, used in tires, through a proprietary production process.

- **Expanding zinc oxide production** by strengthening the collection of dust.
- Entering the lithium-ion battery recycling business as a new initiative.



Electronic Components and Advanced Materials

- Sendust Coils
- Electrolytic iron used in aircraft, where we hold the No.1 global market share (80%)

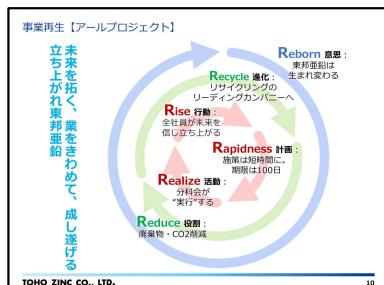
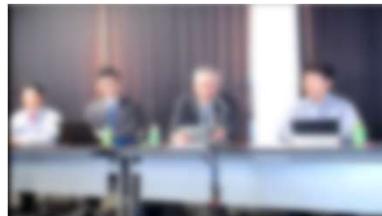
- Expansion of Sales Channels and Applications for Existing Products
- Development of New Products in Advanced Materials (Electrolytic Iron)

Company-wide actions to launch the Business Revitalization Plan

To launch of the Business Revitalization Plan, the Company organized a company-wide event, bringing all employees together to work toward improving profitability.

Kick-off for “100-day” (April)

- Held the company-wide kick-off event for the first time since the establishment



Workshop

- Held a workshop designed to draw out improvement initiatives for operations and work process from employees



Kick-off after “100-day” (July)

- Held the company-wide kick off event to execute and realize the outcome of initiatives.



Key factors of achieving the Business Revitalization Plan

While market conditions, exchange rates, T/C and R/C conditions, and operational factors remain key causes of volatility, the effect of Business Revitalization Plan are also expected to be realized. We aim to both optimize the short-term profit-structure and achieve medium term business revitalization.

Key factors	Short term impact (1 to 2 years)		Medium term impact (Business Revitalization period)		In the short term, the focus will shift toward increasing revenue from rare metals rather than from lead and silver. In the mid to long term, achieving Business Revitalization Plan remains high.
	Metal price/Foreign exchange	T/C, R/C	Operational issues	Rare metals (Critical minerals)	
Lead and silver	~ Unpredictable with certain cyclical trend	~	Historically low level in 2025 <small>(vs Previous term)</small>	The impact is assumed to be limited as the price is cyclical over a multi-year period	In the short term, the focus will shift toward increasing revenue from rare metals rather than from lead and silver. In the mid to long term, achieving Business Revitalization Plan remains high.
		~	Recovery in process (Impact is limited in the short term) <small>(Prolonged case)</small>	- Promote investment in facilities to improve operational productivity	
		↗ Increase in revenue		↗ Price fluctuation is unpredictable but aim to achieve best revenue-mix, including rare metals	
Rare metals (Critical minerals)		↗ Strengthen revenue base by ramping-up production		↗ Same as above	In the short term, the focus will shift toward increasing revenue from rare metals rather than from lead and silver. In the mid to long term, achieving Business Revitalization Plan remains high.
	↗ Company-wide initiatives			↗ Same as left	
Business revitalization initiatives					

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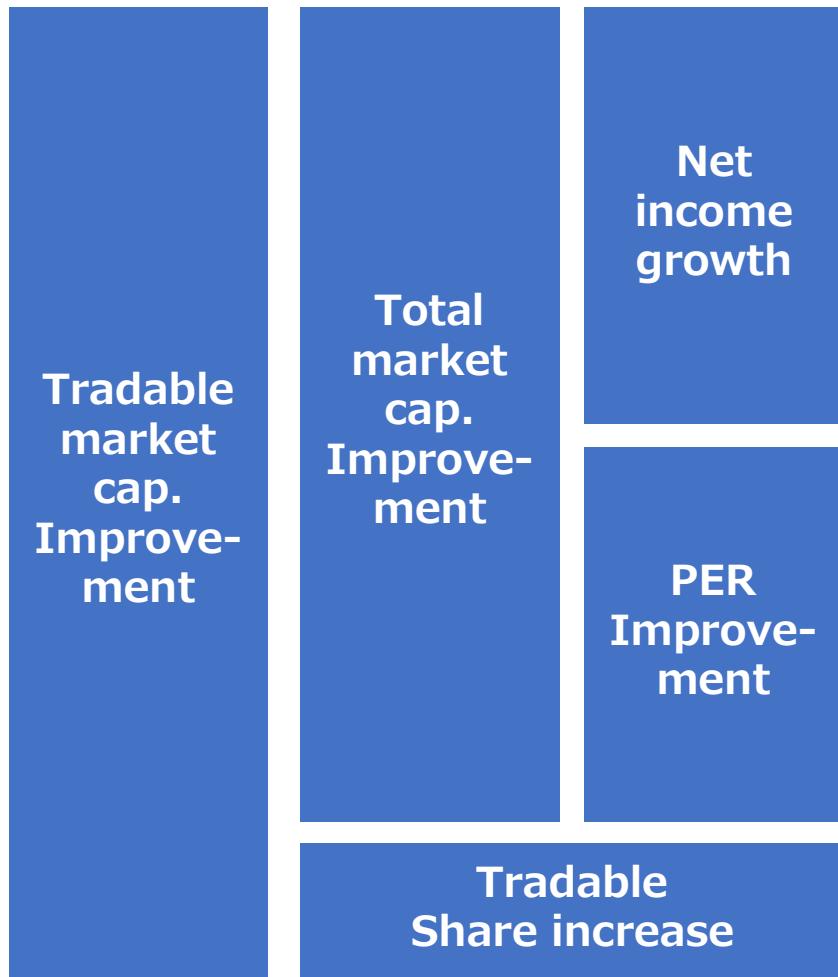
The Company's conformity to the criteria for continued listing and plan period

As of March 31, 2025, The Company did not conform to the criterion for tradable share market capitalization for continued listing on the TSE Prime Market. The Company undertakes a variety of measures to satisfy the criterion by March 31, 2026.

The Company's status (As of March 31, 2025)	No. of Shareholders	No. of Tradable Shares	Tradable Share Market Capitalization	Tradable Share Ratio
12,584 shareholders	108,309 units	¥6.2bn	79.7%	
Criterion for continued listing	800 shareholders or more	20,000 units or more	¥10bn or more	35% or more
Status of conformance	Conforming	Conforming	Non-conforming	Conforming

The Company's policy to conform to criteria for continued listing

To achieve over ¥10 bn of Tradable Market Cap, the Company focus on maximizing net income through the execution of the Business Revitalization Plan. The Company also aim to improve PER and tradable shares increase by advocating our business growth potential, by way of enhancing the disclosure content and opportunities for dialogue with shareholders and investors. While the Company is continuing to prioritize to remain listed on the Prime Market, the Company also consider and implement all possible measures without delay to avoid delisting.



Execution of Business Revitalization Plan

- Completion of on withdrawal and reorganization of unprofitable businesses (mineral resources and zinc smelting)
- Profit growth in core and growth businesses (lead and silver smelting, environmental recycling, electronic components and advanced materials)
- Reduction of expense through a thorough review

Enhancement in IR activities and information disclosure

- Enhancement of IR material and press release contents
- Enhancement of opportunities for dialogue with shareholders and investors: Holding IR meeting, individual investors meeting
- Strengthening initiatives and communication regarding our sustainability activities.

Strengthening IR Structure

- Assigning IR personnel to implement the above measures and expand the investor base.

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FY2025 Q1 and FY2024 Q1 actual

		FY2024 Q1 Actual	FY2025 Q1 Actual	Difference	Difference (%)
Market					
Lead	US\$/t	2,166.3	1,946.8	(219.5)	(10%)
Silver	US\$/oz	28.9	33.6	4.8	17%
yen/US\$		155.9	144.6	(11.3)	(7%)
Production Volume of Key Products in the Smelting Business					
Lead products	1,000 t	23.7	19.7	(4.0)	(17%)
Electrolytic Silver	t	53.0	44.5	(8.5)	(16%)
Profit and Loss					
Revenue	100 million yen	348.9	268.7	(80.2)	
Operating Income	100 million yen	35.4	(8.5)	(43.9)	
EBITDA	100 million yen	42.3	(5.1)	(47.4)	
Ordinary income	100 million yen	33.1	(10.8)	(43.9)	
Smelting	100 million yen	20.2	(4.2)	(24.4)	
Inventory valuation	100 million yen	6.1	(6.0)	(12.1)	
Others	100 million yen	14.1	1.8	(12.3)	
Environment and Recycling	100 million yen	4.6	2.4	(2.2)	
Electronic Components and Advanced Materials	100 million yen	1.8	0.7	(1.1)	
Metal Recycling	100 million yen	8.7	(6.8)	(15.5)	
Mineral Resources	100 million yen	(0.2)	0.0	0.2	
Others	100 million yen	0.7	1.3	0.6	
Adjustment	100 million yen	(2.7)	(4.1)	(1.5)	
Net income/loss	100 million yen	26.2	(11.1)	(37.3)	

