

**Consolidated Financial Results for the Nine Months Ended September 30, 2025
(Under Japanese GAAP)**

Company name:	Nippon Denko Co., Ltd.	
Listing:	Tokyo Stock Exchange	
Securities code:	5563	
URL:	https://www.nippondenko.co.jp/en/	
Representative:	Yasushi Aoki, President & CEO	
Inquiries:	Toru Tanaka, Executive Officer and General Manager of General Affairs Department	
Telephone:	+81-3-6860-6800	
Scheduled date to commence dividend payments:	-	
Preparation of supplementary material on financial results:	Yes (Supplementary explanatory materials are bound in this financial statement.)	
Holding of financial results briefing:	None (Yen amounts are rounded down to millions, unless otherwise noted.)	

1. Consolidated financial results for the nine months ended September 30, 2025 (from January 1, 2025 to September 30, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2025	57,864	2.5	3,159	(13.6)	1,368	(43.9)	439	(71.5)
September 30, 2024	56,476	(3.9)	3,658	38.1	2,437	112.9	1,539	107.1
Note: Comprehensive income		For the nine months ended September 30, 2025:		¥1,234 million	[(46.1)%]		For the nine months ended September 30, 2024:	
				¥2,291 million	[106.0%]			
	Basic earnings per share		Diluted earnings per share					
Nine months ended		Yen			Yen			
September 30, 2025		3.25			-			
September 30, 2024		11.21			-			

(2) Consolidated financial position

	Total assets		Net assets		Equity-to-asset ratio	
As of		Millions of yen		Millions of yen		%
September 30, 2025		94,102		69,829		74.2
December 31, 2024		102,200		73,677		72.1

Reference: Equity

As of September 30, 2025: ¥69,829 million
As of December 31, 2024: ¥73,677 million

2. Cash dividends

	Annual dividends per share					
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total	
Fiscal year ended December 31, 2024	Yen	Yen	Yen	Yen	Yen	Yen
	-	4.00	-	7.00		11.00
Fiscal year ending December 31, 2025	-	5.00	-			
Fiscal year ending December 31, 2025 (Forecast)				7.00		12.00

Note: Revisions to the forecast of cash dividends most recently announced: None

Details of year-end dividends for the fiscal year ending December 2025:

Ordinary dividends: ¥6.00; Commemorative dividends: ¥1.00 (100th Anniversary Commemorative Dividend)

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%		Yen
Fiscal year ending December 31, 2025	78,200	-	3,000	(38.3)	1,600	(49.1)		11.65

Note: Revisions to the earnings forecasts most recently announced: None

* Notes

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: Yes
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2025	137,386,472 shares
As of December 31, 2024	137,295,472 shares

- (ii) Number of treasury shares at the end of the period

As of September 30, 2025	11,471,889 shares
As of December 31, 2024	4,281 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2025	135,289,820 shares
Nine months ended September 30, 2024	137,251,087 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

The consolidated earnings forecasts for the fiscal year ending December 31, 2025 are calculated based on the information available at the present time and contain many uncertainties, so actual results may differ from the forecasts. Matters related to the consolidated earnings forecasts for the fiscal year ending December 31, 2025 are described in the attached document on page 11 of "3. Supplementary explanatory materials."

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1. Overview of operating results, etc.

(1) Overview of operating results for FY2025 Q3

For an overview of the Group's operating results, etc., please refer to the attached document on page 11, "3. Supplementary explanatory materials."

(2) Overview of financial position for FY2025 Q3

(Assets)

The total assets at the end of the third quarter of the fiscal year ending December 31, 2025 decreased by ¥8,097 million from the end of the previous fiscal year to ¥94,102 million. Current assets decreased by ¥8,097 million from the end of the previous fiscal year to ¥45,873 million due to decreases in inventories resulting from inventory reduction measures and other factors. Non-current assets remained almost flat at ¥48,229 million.

(Liabilities)

The total liabilities at the end of the third quarter of the fiscal year ending December 31, 2025 decreased by ¥4,249 million from the end of the previous fiscal year to ¥24,273 million due to decreases in notes and accounts payable-trade, current portion of long-term borrowings and other factors, despite an increase in short-term borrowings and others. Interest-bearing debt (short-term borrowings, current portion of long-term borrowings, lease liabilities (current liabilities), long-term borrowings, and lease liabilities (non-current liabilities)) decreased by ¥1,727 million to ¥15,348 million.

(Net assets)

The total net assets at the end of the third quarter of the fiscal year ending December 31, 2025 decreased by ¥3,848 million from the end of the previous fiscal year to ¥69,829 million.

(3) Future outlook

There are no changes to the earnings forecast of the consolidated financial results for the fiscal year ending December 31, 2025 disclosed on August 5, 2025 in the "Consolidated Financial Results for the Six Months Ended June 30, 2025 (Under Japanese GAAP)."

For an overview of our future outlook, please refer to the attached document on page 11, "3. Supplementary explanatory materials."

2. Quarterly consolidated financial statements and primary notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of December 31, 2024	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	5,947	6,133
Notes and accounts receivable - trade	11,661	10,849
Merchandise and finished goods	21,032	15,123
Work in process	319	287
Raw materials and supplies	12,629	11,239
Other	2,380	2,240
Total current assets	53,971	45,873
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,955	7,261
Machinery, equipment and vehicles, net	11,007	10,867
Land	5,329	5,329
Leased assets, net	2,978	2,851
Construction in progress	415	589
Other, net	512	564
Total property, plant and equipment	27,199	27,464
Intangible assets	543	796
Investments and other assets		
Investment securities	12,255	12,509
Long-term loans receivable	5,367	5,273
Retirement benefit asset	1,267	1,091
Deferred tax assets	1,327	825
Other	268	269
Total investments and other assets	20,485	19,968
Total non-current assets	48,228	48,229
Total assets	102,200	94,102

	As of December 31, 2024	As of September 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,787	3,389
Short-term borrowings	4,000	5,000
Current portion of long-term borrowings	3,564	2,100
Lease liabilities	170	180
Income taxes payable	814	253
Provision for bonuses	268	741
Provision for bonuses for directors (and other officers)	40	28
Notes payable - facilities	1	6
Other	4,170	4,143
Total current liabilities	18,817	15,842
Non-current liabilities		
Long-term borrowings	5,498	4,336
Lease liabilities	3,843	3,731
Other	363	362
Total non-current liabilities	9,705	8,431
Total liabilities	28,522	24,273
Net assets		
Shareholders' equity		
Share capital	11,108	11,120
Capital surplus	17,462	17,474
Retained earnings	40,457	39,248
Treasury shares	(1)	(3,460)
Total shareholders' equity	69,027	64,383
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,620	2,509
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	1,660	1,669
Remeasurements of defined benefit plans	1,369	1,266
Total accumulated other comprehensive income	4,650	5,445
Total net assets	73,677	69,829
Total liabilities and net assets	102,200	94,102

(2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)
Quarterly consolidated statement of income

(Millions of yen)

	Nine months ended September 30, 2024	Nine months ended September 30, 2025
Net sales	56,476	57,864
Cost of sales	47,838	49,290
Gross profit	8,638	8,574
Selling, general and administrative expenses	4,979	5,414
Operating profit	3,658	3,159
Non-operating income		
Interest income	168	53
Dividend income	67	86
Gain on sale of goods	177	84
Other	124	130
Total non-operating income	538	354
Non-operating expenses		
Interest expenses	444	435
Share of loss of entities accounted for using equity method	748	1,036
Loss on retirement of non-current assets	402	335
Other	163	338
Total non-operating expenses	1,758	2,145
Ordinary profit	2,437	1,368
Extraordinary losses		
Loss on disaster	80	-
Environmental expenses	-	180
Other	-	7
Total extraordinary losses	80	187
Profit before income taxes	2,357	1,180
Income taxes - current	439	655
Income taxes - deferred	378	85
Total income taxes	818	740
Profit	1,539	439
Profit attributable to owners of parent	1,539	439

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Nine months ended September 30, 2024	Nine months ended September 30, 2025
Profit	1,539	439
Other comprehensive income		
Valuation difference on available-for-sale securities	(18)	888
Deferred gains or losses on hedges	(0)	(0)
Remeasurements of defined benefit plans, net of tax	(61)	(102)
Share of other comprehensive income of entities accounted for using equity method	832	9
Total other comprehensive income	<u>752</u>	<u>794</u>
Comprehensive income	2,291	1,234
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,291	1,234

(3) Notes relating to quarterly consolidated financial statements

(Notes on the revision to the accounting policy)

(Application of the “Accounting Standard for Current Income Taxes,” etc.)

The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27; October 28, 2022; hereinafter referred to as “the accounting standard revised in 2022”), etc. have been applied since the beginning of the consolidated fiscal year ending December 31, 2025.

Previously, the legally calculated amount of the current income taxes imposed on income, etc. (hereinafter referred to as “income taxes”) was posted as profit or loss, but we have decided to post the income taxes on income as profit or loss, shareholders’ equity, or other comprehensive income according to transactions, etc. Regarding the income taxes posted as accumulated other comprehensive income, we have decided to post the tax amount as profit or loss when transactions, etc. that have led to the imposing of said income taxes are posted as profit or loss. If the transactions, etc. subject to taxation are related to not only profit or loss, but also shareholders’ equity or other comprehensive income, and it is difficult to calculate the amount of income taxes imposed on shareholders’ equity or other comprehensive income, said tax amount will be posted as profit or loss.

The revision to the classification of income taxes for posting (taxation on other comprehensive income) follows the transitional handling specified in the proviso to Section 20-3 of the accounting standard revised in 2022 and the transitional handling specified in the proviso to Section 65-2-(2) of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28; October 28, 2022; hereinafter referred to as “the implementation guidance revised in 2022”). Said revision to the accounting policy will not produce any effects on the quarterly consolidated financial statements.

Regarding the amendment related to the revision to the handling in consolidated financial statements in the case where profit or loss from sale of shares of subsidiaries between consolidated group companies is deferred for tax reasons, the implementation guidance revised in 2022 has been applied since the beginning of the first quarter of the consolidated fiscal year ending December 31, 2025. Said revision to the accounting policy has been applied retroactively, so the cumulative third quarter and consolidated financial statements for the previous fiscal year have been revised in accordance with the new policy. Said revision to the accounting policy will not produce any effects on the cumulative third quarter and consolidated financial statements for the previous fiscal year.

(Notes on changes in accounting estimates)

(Change in useful life)

Due to the partial termination of an OEM contract for the manufacturing of cathode materials for lithium-ion batteries at the Toyama Plant (Takaoka area) in March 2026 in the third quarter of the fiscal year ending December 31, 2025, the useful life of the OEM equipment, which is not expected to be used after the contract is terminated, has been shortened to the estimated remaining usage period and changed prospectively.

Consequently, compared with conventional methods, each of gross profit, operating profit, ordinary profit, and profit before income taxes for the cumulative third quarter of the fiscal year ending December 31, 2025 decreased by ¥67 million, respectively.

(Notes on segment information, etc.)

I. The nine months of the previous fiscal year (January 1, 2024 to September 30, 2024)

1. Information on sales and the amount of profit or loss for each reported segment, as well as information on the breakdown of revenues

(Millions of yen)

	Reportable segments						Other (Note) 1	Total	Reconciling items	Quarterly Consolidated Statements of Income (Note)2
	Ferroalloys business	Functional Materials business	Incineration Ash Recycling business	Aqua Solutions business	Electric Power business	Total				
Net Sales										
Revenue generated from customer contracts	37,183	9,863	5,844	1,171	1,064	55,126	1,349	56,476	-	56,476
Net sales from external customers	37,183	9,863	5,844	1,171	1,064	55,126	1,349	56,476	-	56,476
Transactions with other segments	53	-	4	-	-	58	14	73	(73)	-
Total	37,237	9,863	5,849	1,171	1,064	55,185	1,364	56,550	(73)	56,476
Segment Profit	30	727	1,149	69	277	2,255	182	2,437	-	2,437

Notes:

1. The “Other” category refers to business segments that are not included in the reporting segments, and are primarily other subsidiary businesses.
2. The sum of segment profits is consistent with ordinary income in the third quarter consolidated statements of income.

2. Information on impairment losses or goodwill on fixed assets by reporting segment

Not applicable.

II. The nine months of the current fiscal year (January 1, 2025 to September 30, 2025)

1. Information on sales and the amount of profit or loss for each reported segment, as well as information on the breakdown of revenues

(Millions of yen)

	Reportable segments						Other (Note) 1	Total	Reconciling items	Quarterly Consolidated Statements of Income (Note)2
	Ferroalloys business	Functional Materials business	Incineration Ash Recycling business	Aqua Solutions business	Electric Power business	Total				
Net Sales Revenue generated from customer contracts	36,527	10,924	6,581	1,227	1,007	56,268	1,596	57,864	-	57,864
Net sales from external customers Transactions with other segments	36,527	10,924	6,581	1,227	1,007	56,268	1,596	57,864	-	57,864
Total	36,596	10,924	6,581	1,227	1,007	56,336	1,611	57,948	(83)	57,864
Segment Profit or Loss	(1,883)	1,102	1,517	59	267	1,063	305	1,368	-	1,368

Notes:

1. The “Other” category refers to business segments that are not included in the reporting segments, and are primarily other subsidiary businesses.
2. The sum of segment profits or losses (loss) is consistent with ordinary income in the third quarter consolidated statements of income.

2. Information on impairment losses or goodwill on fixed assets by reporting segment

Not applicable

(Note on significant change in the amount of shareholders' equity)
Not applicable

(Note on premise of going concern)
Not applicable

(Notes on consolidated statements of cash flows)

No quarterly consolidated statement of cash flows for the cumulative third quarter of the fiscal year ending December 31, 2025 has been prepared. The depreciation during the corresponding quarter (including amortization for intangible assets excluding goodwill) is as follows.

	For the nine months ended September 30, 2024 (From January 1, 2024 to September 30, 2024)	For the nine months ended September 30, 2025 (From January 1, 2025 to September 30, 2025)
Depreciation	¥2,387 million	¥2,644 million

3. Supplementary explanatory materials

(1) Consolidated financial results

	FY2024		(Billions of yen/Rounded to the nearest 100 million of yen)	
	Cumulative 3Q	Full Year	Cumulative 3Q	Full Year
Net sales	56.5	78.2	57.9	78.2
Ordinary profit	2.4	4.9	1.4	3.0
Underlying Ordinary Profit*	3.2	5.2	3.2	5.0
Profit attributable to owners of parent	1.5	3.1	0.4	1.6
Earnings per share (yen)	11.2	22.9	3.3	11.7

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

During the cumulative third quarter of the fiscal year under review, the Ferroalloys business was negatively impacted by the inventories due to the decline in manganese ore market prices that had soared last year and other factors, resulting in a ¥1.1 billion year-on-year decrease in ordinary profit to ¥1.4 billion. The underlying ordinary profit (excluding the impact of inventory and one-time factors) in the Ferroalloys business decreased year-on-year due to the decreased production arising from periodic repairs, increased costs, and other factors. On the other hand, increase in the sales volume in the Functional Materials business thanks to the end of inventory adjustments by our customers and rising precious metal market prices and other factors in the Incineration Ash Recycling business contributed to an increase in the underlying ordinary profit. As a result, the underlying ordinary profit remained almost at the same level year-on-year at ¥3.2 billion.

For the fiscal year ending December 31, 2025, ordinary profit is expected to decrease by ¥1.9 billion year-on-year to ¥3.0 billion and the underlying ordinary profit to remain almost unchanged year-on-year at ¥5.0 billion for the aforementioned reasons, respectively.

(2) Business results by segment

Net sales	FY2024		(Billions of yen/Rounded to the nearest 100 million of yen)	
	Cumulative 3Q	Full Year	Cumulative 3Q	Full Year
Ferroalloys	37.2	51.8	36.5	49.5
Functional Materials	9.9	14.0	10.9	14.8
Incineration Ash Recycling	5.8	7.7	6.6	8.7
Aqua Solutions	1.2	1.6	1.2	1.7
Electric Power	1.1	1.4	1.0	1.4
Other	1.3	1.8	1.6	2.1
Total	56.5	78.2	57.9	78.2

Ordinary profit	FY2024		(Billions of yen/Rounded to the nearest 100 million of yen)	
	Cumulative 3Q	Full Year	Cumulative 3Q	Full Year
Ferroalloys	0.0	1.1	(1.9)	(1.5)
Domestic	0.8	2.2	(0.8)	(0.7)
Overseas	(0.7)	(1.1)	(1.0)	(0.8)
Functional Materials	0.7	1.7	1.1	2.2
Incineration Ash Recycling	1.1	1.4	1.5	1.7
Aqua Solutions	0.1	0.1	0.1	0.1
Electric Power	0.3	0.4	0.3	0.3
Other	0.2	0.2	0.3	0.2
Total	2.4	4.9	1.4	3.0

Underlying ordinary profit	FY2024		(Billions of yen/Rounded to the nearest 100 million of yen)	
	Cumulative 3Q	Full Year	Cumulative 3Q	Full Year
Ferroalloys	0.6	1.1	(0.2)	0.5
Domestic	0.9	1.7	0.5	1.3
Overseas	(0.3)	(0.6)	(0.7)	(0.8)
Functional Materials	1.0	2.0	1.2	2.2
Incineration Ash Recycling	1.1	1.4	1.5	1.7
Aqua Solutions	0.1	0.1	0.1	0.1
Electric Power	0.3	0.4	0.3	0.3
Other	0.2	0.2	0.3	0.2
Total	3.2	5.2	3.2	5.0

(Ferroalloys business)

During the cumulative third quarter of the fiscal year under review, in the domestic Ferroalloys business, the underlying ordinary profit decreased by ¥0.4 billion year-on-year to ¥0.5 billion due to the decreased production arising from periodic repairs, increased costs, and other factors.

For the fiscal year ending December 31, 2025, we expect that the underlying ordinary profit in the domestic Ferroalloys business to decrease by ¥0.4 billion year-on-year to ¥1.3 billion for the aforementioned reasons.

In the overseas Ferroalloys business, the underlying ordinary loss increased by ¥0.4 billion year-on-year to ¥0.7 billion due to the continued low product market prices and weather-related mining operation difficulties.

For the fiscal year ending December 31, 2025, we assume that the underlying ordinary loss is expected to increase by ¥0.2 billion year-on-year to ¥0.8 billion.

(Functional Materials business)

During the cumulative third quarter of the fiscal year under review, the sales volume of zirconium oxide and boron oxide for the electronic components increased year-on-year thanks to the end of inventory adjustments by our customers. In terms of in-vehicle battery materials, the sales volume of cathode materials for lithium-ion batteries decreased year-on-year due to equipment repairs, while that of metal hydride alloys increased. The sales volume of manganese inorganic chemical products decreased in some products due to sluggish demand from large customers. Meanwhile, the demand for ferroboron remained strong. As a result, the underlying ordinary profit increased by ¥0.2 billion year-on-year to ¥1.2 billion.

For the fiscal year ending December 31, 2025, we assume that the underlying ordinary profit is expected to increase by ¥0.2 billion year-on-year to ¥2.2 billion.

(Incineration Ash Recycling business)

During the cumulative third quarter of the fiscal year under review, the underlying ordinary profit increased by ¥0.4 billion year-on-year to ¥1.5 billion as we implemented the profitability improvement measures and high and stable market prices of molten metals continued, although there was the cost increase due to rising commodity prices, etc.

For the fiscal year ending December 31, 2025, we assume that the underlying ordinary profit is expected to increase by ¥0.3 billion year-on-year to ¥1.7 billion for the aforementioned reasons.

(Aqua Solutions business)

During the cumulative third quarter of the fiscal year under review, the underlying ordinary profit remained almost unchanged year-on-year at ¥0.1 billion as the orders for the wastewater treatment equipment and the pure water production system remained flat year-on-year.

For the fiscal year ending December 31, 2025, we assume that the underlying ordinary profit will remain almost flat year-on-year at ¥0.1 billion.

(Electric Power business)

During the cumulative third quarter of the fiscal year under review, two hydroelectric power plants operated stably as part of the Feed-in Tariff (FIT) system for renewable energy. As a result of favorable weather conditions, the underlying ordinary profit remained almost unchanged year-on-year at ¥0.3 billion.

For the fiscal year ending December 31, 2025, we assume that the underlying ordinary profit will remain almost flat year-on-year.

<Reference indicators>

EU High-carbon ferromanganese market (Source: Fastmarkets) (\$/t)

	1Q	2Q	3Q	4Q	Average
FY2023	1,264	1,153	1,009	1,026	1,113
FY2024	1,153	1,348	1,341	1,068	1,227
FY2025	1,151	1,202	1,159		

US High-carbon ferromanganese market (Source: METALS WEEK) (\$/t)

	1Q	2Q	3Q	4Q	Average
FY2023	1,438	1,425	1,292	1,179	1,333
FY2024	1,217	1,423	1,567	1,369	1,394
FY2025	1,189	1,332	1,285		

Manganese ore market (Source: Fastmarkets) (\$/Mn %)

	1Q	2Q	3Q	4Q	Average
FY2023	5.6	4.8	4.4	4.2	4.8
FY2024	4.3	6.7	7.1	4.1	5.6
FY2025	4.6	4.5	4.2		

Exchange rate (\$/¥)

	1Q	2Q	3Q	4Q	Average
FY2024	149	156	149	153	151
FY2025	153	145	148		