

**Consolidated Financial Results for the Fiscal Year Ended December 31, 2025**  
**(Under Japanese GAAP)**

Company name:	Nippon Denko Co., Ltd.	
Listing:	Tokyo Stock Exchange	
Securities code:	5563	
URL:	<a href="https://www.nippondenko.co.jp/en/">https://www.nippondenko.co.jp/en/</a>	
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Scheduled date of annual general meeting of shareholders:	March 27, 2026	
Scheduled date to commence dividend payments:	March 30, 2026	
Scheduled date to file annual securities report:	March 26, 2026	
Preparation of supplementary material on financial results:	Yes	
Holding of financial results briefing:	Yes (for securities analysts)	

(Yen amounts are rounded down to millions, unless otherwise noted.)

**1. Consolidated financial results for the fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)**

**(1) Consolidated operating results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2025	77,277	(1.2)	5,161	(24.7)	2,703	(44.4)	1,418	(54.9)
December 31, 2024	78,235	(0.2)	6,856	46.0	4,859	100.8	3,144	(27.4)

Note: Comprehensive income

For the fiscal year ended December 31, 2025: ¥2,825 million [(21.3)%]

For the fiscal year ended December 31, 2024: ¥3,590 million [(29.8)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2025	10.70	-	2.0	2.8	6.7
December 31, 2024	22.91	-	4.3	4.8	8.8

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended December 31, 2025: ¥(1,392) million

For the fiscal year ended December 31, 2024: ¥(1,096) million

**(2) Consolidated financial position**

	Total assets		Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen		Millions of yen	%	Yen
December 31, 2025	93,414		71,025	76.0	569.17
December 31, 2024	102,200		73,677	72.1	536.65

Reference: Equity

As of December 31, 2025: ¥71,025 million

As of December 31, 2024: ¥73,677 million

**(3) Consolidated cash flows**

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2025	14,569	(5,583)	(8,914)	6,008
December 31, 2024	5,958	(4,848)	(3,058)	5,931

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended December 31, 2024	Yen -	Yen 4.00	Yen -	Yen 7.00	Yen 11.00	Millions of yen 1,510	% 48.0	% 2.1
Fiscal year ended December 31, 2025	-	5.00	-	7.00	12.00	1,560	112.1	2.2
Fiscal year ending December 31, 2026 (Forecast)	-	5.50	-	7.50	13.00		-	

Note: Breakdown of year-end dividends for the fiscal year ended December 31, 2025: Ordinary dividend of ¥6.00, commemorative dividend of ¥1.00 (100<sup>th</sup> anniversary commemorative dividend)

From the fiscal year ending December 31, 2026, the minimum annual dividend per share will be changed to ¥11 (previously ¥10). For details regarding dividends, please refer to "(3) Basic policy for profit distributions and dividends for current and next fiscal years" in "1. Overview of operating results, etc." on page 4 of the supplementary materials.

## 3. Forecast of consolidated financial results for the fiscal year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

	Net sales		Ordinary profit	
	Millions of yen	%	Millions of yen	%
Fiscal year ending December 31, 2026	75,000	(2.9)	6,000	121.9

Note: For details, please refer to "(1) Analysis of operating results (ii) Outlook for the next fiscal year" in "1. Overview of operating results, etc." on page 2 of the supplementary materials.

\* Notes

- (1) Significant changes in the scope of consolidation during the period: None
- (2) 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
- (3) Number of issued shares (common shares)

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

As of December 31, 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 December 31, 2025	12,597,919 shares
As of December 31, 2024	4,281 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2025	132,612,496 shares
Fiscal year ended December 31, 2024	137,261,175 shares

[Reference] Overview of non-consolidated financial results

**Non-consolidated financial results for the fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)**

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2025	74,910	3.5	4,696	(16.5)	4,098	(17.7)	2,975	(48.5)
December 31, 2024	72,398	4.0	5,625	54.0	4,980	41.3	5,773	(5.2)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
December 31, 2025	22.44	-
December 31, 2024	42.06	-

**(2) Non-consolidated financial position**

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2025	93,429	70,969	76.0	568.72
December 31, 2024	100,890	72,184	71.5	525.78

Reference: Equity

As of December 31, 2025: ¥70,969 million

As of December 31, 2024: ¥72,184 million

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

\* Proper use of earnings forecasts, and other special matters

The Forecast of Consolidated Financial Results for the Fiscal Year Ending December 2026 is calculated based on information available at the present time, and since it contains considerable uncertain elements, actual results may differ significantly from the forecast figures.

**Index**

1. Overview of operating results, etc. ....	2
(1) Analysis of operating results .....	2
(2) Analysis of financial position.....	3
(3) Basic policy for profit distributions and dividends for current and next fiscal years .....	4
2. Basic approach to selecting accounting standards .....	5
3. Consolidated financial statements.....	6
(1) Consolidated balance sheets.....	6
(2) Consolidated statements of income and consolidated statements of comprehensive income .....	8
Consolidated statements of income.....	8
Consolidated statements of comprehensive income.....	10
(3) Consolidated statements of changes in equity.....	11
(4) Consolidated statements of cash flows.....	13
(5) Notes relating to consolidated financial statements .....	14
(Note on premise of going concern).....	14
(Notes on the revision to the accounting policy) .....	14
(Notes of changes in accounting estimates).....	15
(Notes on segment information, etc.) .....	16
(Notes on per-share information).....	19
(Note on significant subsequent events).....	19
4. Supplementary information.....	20
(1) Consolidated financial results.....	20
(2) Business results by segment .....	20

## **1. Overview of operating results, etc.**

## **(1) Analysis of operating results**

### **(i) Overview of operating results for fiscal 2025**

During the fiscal year ended December 31, 2025 (January 1, 2025 to December 31, 2025), the global economy remained uncertain due to the economic slowdown in China and the impact of the U.S. administration's trade and commerce policies. In Japan, the yen has continued to be historically weak at around ¥150 per U.S. dollar while at the same time, the domestic manufacturing industry has been facing a tough business environment in which manufacturing costs rose due to the increasing labor costs resulting from labor shortages and ongoing increases in the prices of energy, food and other commodities.

In this business environment, while businesses other than Ferroalloys continued to expand steadily, both sales and profit decreased due to the negative inventory impacts resulting from the sharp fall in manganese ore market prices from July 2024, as well as a decrease in sales and production following periodic repairs in the Ferroalloys business, and other factors. As a result, net sales during the fiscal year under review were ¥77,277 million (-1.2% year-on-year) and ordinary profit stood at ¥2,703 million (-44.4% year-on-year), respectively. Profit attributable to owners of the parent was ¥1,418 million (-54.9% year-on-year).

Additionally, the underlying ordinary profit excluding the impact of inventory and one-time factors, on which we place priority as a management indicator, was ¥5.3 billion (¥5.2 billion in previous fiscal year).

Net sales and ordinary profit by segment are as follows.

For details regarding the overview of operating results of each segment, please refer to “4. Supplementary information” on page 20.

Segment	125th fiscal year (January 1, 2024 - December 31, 2024)				126th fiscal year (January 1, 2025 - December 31, 2025)				Percentage of change	
	Net sales		Ordinary profit		Net sales		Ordinary profit		Net sales	Ordinary profit
	Amount	Compo- sition	Amount	Compo- sition	Amount	Compo- sition	Amount	Compo- sition		
Ferroalloys business	51,756	66.2	1,085	22.3	48,440	62.7	(2,127)	(78.7)	(6.4)	-
Functional Materials business	13,979	17.9	1,656	34.1	14,819	19.2	1,923	71.2	6.0	16.1
Incineration Ash Recycling business	7,744	9.9	1,412	29.1	8,886	11.5	2,074	76.7	14.7	46.9
Aqua Solutions business	1,570	2.0	115	2.4	1,656	2.1	105	3.9	5.5	(8.2)
Electric Power business	1,409	1.8	394	8.1	1,405	1.8	409	15.2	(0.3)	3.8
Other	1,775	2.3	195	4.0	2,069	2.7	316	11.7	16.6	62.5
Total	78,235	100.0	4,859	100.0	77,277	100.0	2,703	100.0	(1.2)	(44.4)

## **(ii) Outlook for the next fiscal year**

Regarding the outlook for the next fiscal year, Nippon Denko Co., Ltd. (the “Company” or “we”) expects increased profits thanks to the increased incineration ash collection volume, the thorough implementation of cost-minimization measures and the end of inventory adjustments in the Ferroalloys business, and other factors. On the other hand, considering the uncertain outlook for battery materials (cathode materials for lithium-ion batteries and metal hydride alloys), the Company makes the following assumptions.

The assumed exchange rate, which is a premise of the outlook for the next fiscal year, is ¥150/US\$.

## Full-year

Net sales ￥75,000 million (-2.9% year-on-year)

Ordinary profit ￥6,000 million (+121.9% year-on-year)

## (2) Analysis of financial position

### (i) Assets, liabilities and net assets

#### (Assets)

The total assets at the end of the fiscal year under review decreased by ¥8,786 million from the end of the previous fiscal year to ¥93,414 million. Current assets decreased by ¥9,551 million from the end of the previous fiscal year to ¥44,419 million due to a decrease in inventories following an inventory reduction, and other factors. Non-current assets increased by ¥765 million from the end of the previous fiscal year to ¥48,994 million due to an increase in investment securities, while long-term loans receivable decreased.

#### (Liabilities)

The total liabilities at the end of the fiscal year under review decreased by ¥6,134 million from the end of the previous fiscal year to ¥22,388 million due to a decrease in notes and accounts payable-trade, long-term borrowings, etc. 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 ¥3,250 million to ¥13,826 million.

#### (Net assets)

The total net assets at the end of the fiscal year under review decreased by ¥2,652 million from the end of the previous fiscal year to ¥71,025 million. This was primarily attributable to an increase in treasury shares.

### (ii) Cash flows

#### (Cash flows from operating activities)

Net cash provided by operating activities was ¥14,569 million (net cash of ¥5,958 million was provided in the previous fiscal year). Major factors for an increase were a decrease in inventories amounting to ¥7,840 million and depreciation amounting to ¥3,665 million. The major factors for a decrease were a decrease in trade payables amounting to ¥2,350 million and income taxes paid amounting to ¥1,103 million.

#### (Cash flows from investing activities)

Net cash used in investing activities was ¥5,583 million (net cash of ¥4,848 million was used in the previous fiscal year). The major factor was purchase of property, plant and equipment and intangible assets amounting to ¥4,828 million.

#### (Cash flows from financing activities)

Net cash outflow from financing activities was ¥8,914 million (net cash outflow was ¥3,058 million in the previous fiscal year). The major factor for an increase was proceeds from long-term borrowings amounting to ¥1,000 million. The major factors for a decrease were purchase of treasury shares amounting to ¥4,031 million and repayment of long-term borrowings amounting to ¥3,564 million.

As a result, cash and cash equivalents increased by ¥76 million from the end of the previous fiscal year to ¥6,008 million.

#### Cash flow-related indicators

	FY2022	FY2023	FY2024	FY2025
Equity-to-asset ratio (%)	65.9	70.9	72.1	76.0
Equity-to-asset ratio on mark-to-market basis (%)	46.9	37.6	38.3	47.8
Interest-bearing debt to cash flow ratio (years)	3.4	2.1	2.9	0.9
Interest coverage ratio (times)	12.8	16.0	10.0	25.2

Notes:

Equity-to-asset ratio: Equity/Total assets

Equity-to-asset ratio on mark-to-market basis: Total market capitalization/Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt/Cash flows

Interest coverage ratio: Cash flows/Interest paid

\*The above indicators are calculated based on consolidated financial figures.

\*Total market capitalization is calculated based on the number of issued shares (excluding treasury shares).

\*Cash flows here is “cash flows from operating activities.”

\*Interest-bearing debt is all debt subject to interest payments within liabilities shown on the consolidated balance sheet.

### (3) Basic policy for profit distributions and dividends for current and next fiscal years

The Company's shareholder returns policy is the following three items.

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

\* Underlying profit:

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

As announced at the second-quarter financial results on August 5, 2025, we plan to propose a year-end dividend of ¥7 per share, ordinary dividend of ¥6 and 100<sup>th</sup> anniversary commemorative dividend of ¥1, for the fiscal year ended December 31, 2025 (interim dividend: ¥5) at the Annual General Meeting of Shareholders to be held on March 27, 2026.

In addition, as for dividends of surplus for the next fiscal year, we plan to pay annual dividends of ¥13 per share (interim dividend of ¥5.5 and year-end dividend of ¥7.5) based on our shareholder returns policy.

The Company will change the minimum annual dividend per share from current ¥10 to ¥11 from the fiscal year ending December 31, 2026. This is due to a decrease in the effective total number of outstanding shares following the repurchase of treasury shares, which was conducted during the period from August 6, 2025 to October 27, 2025.

## **2. Basic approach to selecting accounting standards**

The Nippon Denko group intends to prepare consolidated financial statements based on Japanese GAAP for the time being, taking into account the period comparability of consolidated financial statements and comparability between companies.

With regard to the adoption of IFRS, we will respond appropriately, taking into account various circumstances in Japan and overseas.

### 3. Consolidated financial statements

#### (1) Consolidated balance sheets

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	5,947	6,024
Notes and accounts receivable - trade	11,661	10,864
Merchandise and finished goods	21,032	15,351
Work in process	319	231
Raw materials and supplies	12,629	10,558
Other	2,380	1,389
<b>Total current assets</b>	<b>53,971</b>	<b>44,419</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	19,135	19,910
Accumulated depreciation	(12,179)	(12,517)
Buildings and structures, net	6,955	7,393
Machinery, equipment and vehicles	44,872	46,576
Accumulated depreciation	(33,865)	(36,102)
Machinery, equipment and vehicles, net	11,007	10,474
Land	5,329	5,329
Leased assets	4,141	4,144
Accumulated depreciation	(1,162)	(1,336)
Leased assets, net	2,978	2,808
Construction in progress	415	691
Other	1,673	1,812
Accumulated depreciation	(1,160)	(1,251)
Other, net	512	560
<b>Total property, plant and equipment</b>	<b>27,199</b>	<b>27,257</b>
<b>Intangible assets</b>	<b>543</b>	<b>812</b>
<b>Investments and other assets</b>		
Investment securities	12,255	19,154
Long-term loans receivable	5,367	-
Retirement benefit asset	1,267	1,147
Deferred tax assets	1,327	339
Other	268	282
<b>Total investments and other assets</b>	<b>20,485</b>	<b>20,924</b>
<b>Total non-current assets</b>	<b>48,228</b>	<b>48,994</b>
<b>Total assets</b>	<b>102,200</b>	<b>93,414</b>

	As of December 31, 2024	As of December 31, 2025
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	5,787	3,436
Short-term borrowings	4,000	3,500
Current portion of long-term borrowings	3,564	2,100
Lease liabilities	170	183
Income taxes payable	814	394
Provision for bonuses	268	269
Provision for bonuses for directors (and other officers)	40	39
Notes payable - facilities	1	1
Other	4,170	4,055
<b>Total current liabilities</b>	<b>18,817</b>	<b>13,981</b>
<b>Non-current liabilities</b>		
Long-term borrowings	5,498	4,378
Lease liabilities	3,843	3,663
Other	363	364
<b>Total non-current liabilities</b>	<b>9,705</b>	<b>8,407</b>
<b>Total liabilities</b>	<b>28,522</b>	<b>22,388</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	11,108	11,120
Capital surplus	17,462	17,484
Retained earnings	40,457	40,228
Treasury shares	(1)	(3,865)
<b>Total shareholders' equity</b>	<b>69,027</b>	<b>64,967</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,620	2,909
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	1,660	1,839
Remeasurements of defined benefit plans	1,369	1,308
<b>Total accumulated other comprehensive income</b>	<b>4,650</b>	<b>6,057</b>
<b>Total net assets</b>	<b>73,677</b>	<b>71,025</b>
<b>Total liabilities and net assets</b>	<b>102,200</b>	<b>93,414</b>

**(2) Consolidated statements of income and consolidated statements of comprehensive income  
(Consolidated statements of income)**

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Net sales	78,235	77,277
Cost of sales	64,626	64,789
Gross profit	13,608	12,487
Selling, general and administrative expenses		
Packing and transportation costs	1,814	1,886
Other selling expenses	163	157
Salaries and allowances	1,460	1,611
Provision for bonuses	106	102
Provision for bonuses for directors (and other officers)	40	39
Retirement benefit expenses	71	50
Research and development expenses	588	683
Other	2,506	2,795
Total selling, general and administrative expenses	6,751	7,326
Operating profit	6,856	5,161
Non-operating income		
Interest income	224	53
Dividend income	134	155
Dividend income of insurance	57	57
Gain on sale of goods	187	84
Other	134	84
Total non-operating income	738	436
Non-operating expenses		
Interest expenses	592	575
Share of loss of entities accounted for using equity method	1,096	1,392
Loss on retirement of non-current assets	546	458
Commission expenses	166	297
Other	333	171
Total non-operating expenses	2,735	2,894
Ordinary profit	4,859	2,703

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Extraordinary losses		
Loss on disaster	112	-
Environmental expenses	-	180
Other	-	7
Total extraordinary losses	112	187
Profit before income taxes	4,747	2,515
Income taxes - current	785	729
Income taxes - deferred	816	367
Total income taxes	1,602	1,097
Profit	3,144	1,418
Profit attributable to owners of parent	3,144	1,418

**(Consolidated statements of comprehensive income)**

(Millions of yen)

	<b>Fiscal year ended December 31, 2024</b>	<b>Fiscal year ended December 31, 2025</b>
Profit	3,144	1,418
Other comprehensive income		
Valuation difference on available-for-sale securities	132	1,288
Deferred gains or losses on hedges	(0)	(0)
Remeasurements of defined benefit plans, net of tax	477	(60)
Share of other comprehensive income of entities accounted for using equity method	(164)	179
Total other comprehensive income	<hr/> 445	<hr/> 1,407
Comprehensive income	3,590	2,825
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,590	2,825

### (3) Consolidated statements of changes in equity

Fiscal year ended December 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,096	17,450	38,685	(0)	67,231
Changes during period					
Issuance of new shares	11	11			23
Dividends of surplus			(1,372)		(1,372)
Profit attributable to owners of parent			3,144		3,144
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		0	0
Net changes in items other than shareholders' equity					
Total changes during period	11	11	1,772	(0)	1,795
Balance at end of period	11,108	17,462	40,457	(1)	69,027

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,488	0	1,824	891	4,204	71,436
Changes during period						
Issuance of new shares						23
Dividends of surplus						(1,372)
Profit attributable to owners of parent						3,144
Purchase of treasury shares						(0)
Disposal of treasury shares						0
Net changes in items other than shareholders' equity	132	(0)	(164)	477	445	445
Total changes during period	132	(0)	(164)	477	445	2,241
Balance at end of period	1,620	0	1,660	1,369	4,650	73,677

**Fiscal year ended December 31, 2025**

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,108	17,462	40,457	(1)	69,027
Changes during period					
Issuance of new shares	12	12			24
Dividends of surplus			(1,647)		(1,647)
Profit attributable to owners of parent			1,418		1,418
Purchase of treasury shares				(4,000)	(4,000)
Disposal of treasury shares		10		135	145
Net changes in items other than shareholders' equity					
Total changes during period	12	22	(229)	(3,864)	(4,059)
Balance at end of period	11,120	17,484	40,228	(3,865)	64,967

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,620	0	1,660	1,369	4,650	73,677
Changes during period						
Issuance of new shares						24
Dividends of surplus						(1,647)
Profit attributable to owners of parent						1,418
Purchase of treasury shares						(4,000)
Disposal of treasury shares						145
Net changes in items other than shareholders' equity	1,288	(0)	179	(60)	1,407	1,407
Total changes during period	1,288	(0)	179	(60)	1,407	(2,652)
Balance at end of period	2,909	-	1,839	1,308	6,057	71,025

#### (4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,747	2,515
Depreciation	3,245	3,665
Decrease (increase) in retirement benefit asset	145	57
Increase (decrease) in provision for bonuses	46	0
Increase (decrease) in provision for bonuses for directors (and other officers)	16	(0)
Interest and dividend income	(359)	(208)
Interest expenses	592	575
Foreign exchange losses (gains)	1	5
Share of loss (profit) of entities accounted for using equity method	1,096	1,392
Environmental expenses	-	180
Loss on retirement of non-current assets	546	458
Loss on disaster	112	-
Decrease (increase) in trade receivables	(688)	797
Decrease (increase) in inventories	(3,360)	7,840
Decrease (increase) in advance payments to suppliers	(27)	(45)
Decrease (increase) in accounts receivable - other	(169)	74
Increase (decrease) in trade payables	1,556	(2,350)
Increase (decrease) in deposits received	(55)	15
Increase (decrease) in accounts payable - other	291	(562)
Increase (decrease) in accrued expenses	(203)	(150)
Increase (decrease) in accrued consumption taxes	(1,435)	1,369
Other, net	133	87
<b>Subtotal</b>	<b>6,233</b>	<b>15,716</b>
Interest and dividends received	134	538
Interest paid	(594)	(576)
Income taxes refund (paid)	257	(1,103)
Payments associated with disaster loss	(72)	(5)
<b>Net cash provided by (used in) operating activities</b>	<b>5,958</b>	<b>14,569</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(4,299)	(4,828)
Proceeds from sale of property, plant and equipment	14	1
Purchase of investment securities	(110)	(361)
Other, net	(453)	(394)
<b>Net cash provided by (used in) investing activities</b>	<b>(4,848)</b>	<b>(5,583)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	2,000	(500)
Proceeds from long-term borrowings	-	1,000
Repayments of long-term borrowings	(3,528)	(3,564)
Purchase of treasury shares	(0)	(4,031)
Dividends paid	(1,372)	(1,647)
Other, net	(157)	(170)
<b>Net cash provided by (used in) financing activities</b>	<b>(3,058)</b>	<b>(8,914)</b>
Effect of exchange rate change on cash and cash equivalents	29	5
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,919)</b>	<b>76</b>
Cash and cash equivalents at beginning of period	7,851	5,931
<b>Cash and cash equivalents at end of period</b>	<b>5,931</b>	<b>6,008</b>

## **(5) Notes relating to consolidated financial statements**

(Note on premise of going concern)

Not applicable

(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 ended 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 fiscal year ended December 31, 2025 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 consolidated fiscal year ended December 31, 2025. Said revision to the accounting policy has been applied retroactively, so the 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 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, 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 fiscal year ended December 31, 2025 decreased by ¥169 million, respectively.

(Notes on segment information, etc.)

## 1. Description of reportable segments

The Company's reportable segments have separate financial information available from constituent units of the Company and are subject to regular review by the Board of Directors to make decisions on management resource allocation and assess performance.

The Company has business divisions, etc. by product and service at its head office, and each business division, etc. formulates comprehensive strategies for products and services handled in Japan and overseas, and develops business activities.

Therefore, the Company consists of segments by product and service based on business divisions, etc., and has five reportable segments of "Ferroalloys business," "Functional Materials business," "Incineration Ash Recycling business," "Aqua Solutions business," and "Electric Power business".

The main products and services in each reportable segment are as follows.

Reportable segments	Overview
Ferroalloys business	Manufacture and sale of ferromanganese, silicomanganese, ferrosilicon, sale of ferrochromium, ferrovanadium and other special metal products, warehousing, port cargo handling and on-site work contracts, manganese mine interests, etc.
Functional Materials business	Manufacture and sale of zirconium oxide, boron oxide, ferroboron, metal hydride alloys, cathode material for lithium-ion batteries, manganese inorganic chemical products, etc.
Incineration Ash Recycling business	Melting and solidification of incineration ash by electric furnaces, etc.
Aqua Solutions business	Wastewater treatment equipment: Manufacture and sale of the ion exchange towers (boron recovery, recovery of heavy metals such as nickel) Pure water production system: Manufacture and sale of the ion-exchange resin tower and reverse osmosis (RO) membrane system
Electric Power business	Electric power supply
Other	Manufacture and sale of analytical and measurement equipment for steel, such as samplers Processing and sales of plastics

## 2. Method for calculating amounts of net sales, profit (loss), assets, liabilities, and other items by reportable segment

The accounting method for reported business segments is the same as the accounting method employed to prepare consolidated financial statements. Profit of reportable segments is ordinary profit. Internal revenue and transfers between segments are based on prevailing market prices.

3. Information on the amount of sales, profits or losses, assets, liabilities, and other items for each reported segment, as well as information on the breakdown of earnings

The previous fiscal year (January 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable segments						Other (Note) 1	Total	Adjustment amount (Note) 2	Amount recorded in consolidated financial statements (Note)3
	Ferroalloys business	Functional Materials business	Incineration Ash Recycling business	Aqua Solutions business	Electric Power business	Total				
Net sales										
Revenue from contracts with customers	51,756	13,979	7,744	1,570	1,409	76,459	1,775	78,235	-	78,235
Net sales from external customers	51,756	13,979	7,744	1,570	1,409	76,459	1,775	78,235	-	78,235
Intersegment sales or transfers	75	-	4	-	-	80	16	96	(96)	-
Total	51,831	13,979	7,749	1,570	1,409	76,539	1,791	78,331	(96)	78,235
Segment profit or loss	1,085	1,656	1,412	115	394	4,664	195	4,859	-	4,859
Segment Assets	58,655	17,255	7,840	1,557	4,871	90,179	2,154	92,333	9,866	102,200
Other items										
Depreciation	799	1,029	928	127	217	3,103	33	3,136	109	3,245
Interest income	224	0	0	0	0	224	0	224	-	224
Interest expenses	173	27	6	5	379	592	0	592	-	592
Share of loss of entities accounted for using equity method	(1,096)	-	-	-	-	(1,096)	-	(1,096)	-	(1,096)
Investments in entities accounted for using equity method	8,487	-	-	-	-	8,487	-	8,487	-	8,487
Increase in property, plant and equipment and intangible assets	1,178	987	866	268	204	3,505	23	3,528	322	3,851

Notes: 1. The “Other” classification is business segments that are not included in reportable segments, and is mainly sales of other subsidiary businesses.

2. Adjustments are as follows.

(1) Adjustments to segment assets were ¥9,866 million, including company-wide assets of ¥10,824 million, which are not allocated to each reportable segment, and elimination of internal transactions between segments of ¥ (957) million. The main items of company-wide assets are surplus assets under management (cash and deposits) and long-term investment funds (investment securities, etc.) and deferred tax assets.

(2) Adjustments to depreciation totaling ¥109 million are depreciation related to company-wide assets.

(3) The ¥322 million adjustments to increase in property, plant and equipment and intangible assets represent an increase in company-wide property, plant and equipment and intangible assets.

3. The total of segment profit matches ordinary profit or loss in the consolidated statement of income.

	Reportable segments						Other (Note) 1	Total	Adjustment amount (Note) 2	Amount recorded in consolidated financial statements (Note)3
	Ferroalloys business	Functional Materials business	Incineration Ash Recycling business	Aqua Solutions business	Electric Power business	Total				
Net sales										
Revenue from contracts with customers	48,440	14,819	8,886	1,656	1,405	75,208	2,069	77,277	-	77,277
Net sales from external customers	48,440	14,819	8,886	1,656	1,405	75,208	2,069	77,277	-	77,277
Intersegment sales or transfers	92	-	-	-	-	92	22	114	(114)	-
Total	48,533	14,819	8,886	1,656	1,405	75,301	2,091	77,392	(114)	77,277
Segment profit or loss	(2,127)	1,923	2,074	105	409	2,386	316	2,703	-	2,703
Segment Assets	50,076	17,087	7,937	1,580	4,699	81,381	2,668	84,049	9,364	93,414
Other items										
Depreciation	897	1,302	934	138	218	3,492	30	3,522	142	3,665
Interest income	53	0	0	0	0	53	0	53	-	53
Interest expenses	154	31	16	5	367	574	0	575	-	575
Share of loss of entities accounted for using equity method	(1,392)	-	-	-	-	(1,392)	-	(1,392)	-	(1,392)
Investments in entities accounted for using equity method	13,129	-	-	-	-	13,129	-	13,129	-	13,129
Increase in property, plant and equipment and intangible assets	1,346	1,095	1,025	120	36	3,624	20	3,645	441	4,086

Notes: 1. The “Other” classification is business segments that are not included in reportable segments, and is mainly sales of other subsidiary businesses.

2. Adjustments are as follows.

- (1) Adjustments to segment assets were ¥9,364 million, including company-wide assets of ¥10,481 million, which are not allocated to each reportable segment, and elimination of internal transactions between segments of ¥(1,117) million. The main items of company-wide assets are surplus assets under management (cash and deposits) and long-term investment funds (investment securities, etc.) and deferred tax assets.
- (2) Adjustments to depreciation totaling ¥142 million are depreciation related to company-wide assets.
- (3) The ¥441 million adjustments to increase in property, plant and equipment and intangible assets represent an increase in company-wide property, plant and equipment and intangible assets.

3. The total of segment profit matches ordinary profit or loss in the consolidated statement of income.

(Notes on per-share information)

(Yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Net assets per share	536.65	569.17
Basic earnings per share	22.91	10.70

(Note) 1. Diluted earnings per share is not stated because there are no dilutive shares.

(Note) 2. The basis for calculating net assets per share is as follows.

	As of December 31, 2024	As of December 31, 2025
Total net assets (million yen)	73,677	71,025
Amount deducted from the total amount of net assets (million yen)	—	—
Net assets at the end of the period pertaining to common shares (million yen)	73,677	71,025
Number of common shares at the end of the period used to calculate net assets per share (shares)	137,291,191	124,788,553

(Note) 3. The basis for calculating basic earnings per share is as follows.

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Profit attributable to owners of parent (million yen)	3,144	1,418
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent pertaining to common shares (million yen)	3,144	1,418
Average number of common shares outstanding during the period (shares)	137,261,175	132,612,496

(Note on significant subsequent events)

Not applicable

## 4. Supplementary information

### (1) Consolidated financial results

(Billions of yen/Rounded to the nearest 100 million of yen)

	FY2024	FY2025			YoY	FY2025	FY2026
	Full Year	1 Half	2 Half	Full Year	Full Year	Projection	Projection
Net sales	78.2	38.1	39.2	77.3	-1.0	78.2	75.0
Ordinary profit	4.9	1.2	1.5	2.7	-2.2	3.0	6.0
Underlying Ordinary Profit*	5.2	2.2	3.1	5.3	0.1	5.0	6.0
Profit attributable to owners of parent	3.1	0.5	0.9	1.4	-1.7	1.6	-
Earnings per share (yen)	22.9	3.4	7.3	10.7	-12.2	11.7	-

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

During the fiscal year under review, while ordinary profit in businesses other than Ferroalloys continued to expand steadily, that in the Ferroalloys business decreased due to negative inventory impact and other factors.

The underlying ordinary profit excluding inventory impact remained almost at the same level as in the previous fiscal year at ¥5.3 billion.

For the fiscal year ending December 31, 2026, despite an increase in profit thanks to the increased incineration ash collection volume, the thorough implementation of cost-minimization measures in the Ferroalloys business, and other initiatives, we assume that the underlying ordinary profit is expected be ¥6.0 billion, taking into account the uncertain future outlook for battery materials (cathode materials for lithium-ion batteries and metal hydride alloys).

### (2) Business results by segment

(Billions of yen/Rounded to the nearest 100 million of yen)

	FY2024	FY2025			YoY	FY2025	FY2026
	Full Year	1 Half	2 Half	Full Year	Full Year	Projection	Projection
Net sales							
Ferroalloys	51.8	24.5	23.9	48.4	-3.3	49.5	-
Functional Materials	14.0	7.3	7.5	14.8	0.8	14.8	-
Incineration Ash Recycling	7.7	3.9	5.0	8.9	1.1	8.7	-
Aqua Solutions	1.6	0.8	0.8	1.7	0.1	1.7	-
Electric Power	1.4	0.7	0.7	1.4	0.0	1.4	-
Other	1.8	0.9	1.2	2.1	0.3	2.1	-
Total	78.2	38.1	39.2	77.3	-1.0	78.2	75.0

(Billions of yen/Rounded to the nearest 100 million of yen)

	FY2024	FY2025			YoY	FY2025	FY2026
	Full Year	1 Half	2 Half	Full Year	Full Year	Projection	Projection
Ordinary profit							
Ferroalloys	1.1	(0.8)	(1.3)	(2.1)	-3.2	(1.5)	-
	Domestic	2.2	(0.5)	(0.2)	(0.7)	(0.7)	-
Overseas	(1.1)	(0.3)	(1.1)	(1.4)	-0.3	(0.8)	-
Functional Materials	1.7	1.0	0.9	1.9	0.3	2.2	-
Incineration Ash Recycling	1.4	0.6	1.4	2.1	0.7	1.7	-
Aqua Solutions	0.1	0.0	0.1	0.1	0.0	0.1	-
Electric Power	0.4	0.2	0.2	0.4	0.0	0.3	-
Other	0.2	0.1	0.2	0.3	0.1	0.2	-
Total	4.9	1.2	1.5	2.7	-2.2	3.0	6.0

(Billions of yen/Rounded to the nearest 100 million of yen)

	FY2024	FY2025			YoY	FY2025	FY2026
	Full Year	1 Half	2 Half	Full Year	Full Year	Projection	Projection
Underlying ordinary profit							
Ferroalloys	1.1	0.2	0.0	0.2	-0.9	0.5	-
	Domestic	1.7	0.4	0.8	1.2	1.3	-
Overseas	(0.6)	(0.2)	(0.8)	(1.0)	-0.4	(0.8)	-
Functional Materials	2.0	1.0	1.2	2.2	0.2	2.2	-
Incineration Ash Recycling	1.4	0.6	1.5	2.1	0.7	1.7	-
Aqua Solutions	0.1	0.0	0.1	0.1	0.0	0.1	-
Electric Power	0.4	0.2	0.2	0.4	0.0	0.3	-
Other	0.2	0.1	0.2	0.3	0.1	0.2	-
Total	5.2	2.2	3.1	5.3	0.1	5.0	6.0

### (Ferroalloys Business)

During the fiscal year under review, the underlying ordinary profit in the domestic Ferroalloys business decreased by ¥0.5 billion year-on-year to ¥1.2 billion due to a decrease in production volume following periodic repairs etc., although increased costs were offset by improved profitability.

In the overseas Ferroalloys business, the underlying ordinary loss increased by ¥0.4 billion year-on-year to ¥1.0 billion due to deterioration in product market prices of ferrosilicon, etc.

### (Functional Materials Business)

During 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. However, the demand for ferroboron remained strong and its sales volume increased.

As a result, the underlying ordinary profit increased by ¥0.2 billion year-on-year to ¥2.2 billion.

### (Incineration Ash Recycling Business)

During the fiscal year under review, both sales and profit increased year-on-year thanks to the increased volume of incineration ash collected and treated, and the continuing high and stable precious metal market prices related to molten metals.

As a result, the underlying ordinary profit increased by ¥0.7 billion year-on-year to ¥2.1 billion.

### (Aqua Solutions Business)

During the fiscal year under review, sales of the pure water production system for boiler power generation maintenance increased, and sales of wastewater treatment equipment were also solid.

As a result, the underlying ordinary profit remained almost unchanged year-on-year at ¥0.1 billion.

### (Electric Power Business)

During the fiscal year under review, hydroelectric power plants operated stably as a power sales business utilizing Feed-in Tariff (FIT) system for renewable energy.

As a result, the underlying ordinary profit remained almost unchanged year-on-year at ¥0.4 billion.

#### <Reference Indicators>

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

	Q1	Q2	Q3	Q4	Full Year
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	1,187	1,175

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

	Q1	Q2	Q3	Q4	Full Year
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	1,133	1,235

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

	Q1	Q2	Q3	Q4	Full Year
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	4.5	4.5

##### Exchange rate (Yen/\$ US)

	Q1	Q2	Q3	Q4	Full Year
FY2023	132	137	145	148	141
FY2024	149	156	149	153	151
FY2025	153	145	148	154	150