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May 12, 2026

Consolidated Financial Results for the Three Months Ended March 31, 2026 (Under Japanese GAAP)

Company name: Nippon Denko Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 5563
URL: https://www.nippondenko.co.jp/en/
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

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

1. Consolidated financial results for the three months ended March 31, 2026 (from January 1, 2026 to March 31, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	19,422	0.2	1,998	97.0	1,126	194.2	561	-
March 31, 2025	19,379	9.4	1,014	22.6	382	-	25	-

Note: Comprehensive income
For the three months ended March 31, 2026: ¥1,529 million [60.8%]
For the three months ended March 31, 2025: ¥951 million [-%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2026	4.50	-
March 31, 2025	0.18	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
March 31, 2026	98,480	71,681	72.8
December 31, 2025	93,414	71,025	76.0

Reference: Equity
As of March 31, 2026: ¥71,681 million
As of December 31, 2025: ¥71,025 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2025	-	5.00	-	7.00	12.00
Fiscal year ending December 31, 2026	-				
Fiscal year ending December 31, 2026 (Forecast)		5.50	-	7.50	13.00

Note: Revisions to the forecast of cash dividends most recently announced: None
Breakdown of year-end dividends for the fiscal year ended December 31, 2025: Ordinary dividend of ¥6,00, commemorative dividend of ¥1,00 (100th anniversary commemorative dividend)

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

(Percentages indicate year-on-year changes.)

	Net sales		Ordinary profit	
	Millions of yen	%	Millions of yen	%
Fiscal year ending December 31, 2026	80,000	3.5	7,000	158.9

Note: Revisions to the earnings forecasts most recently announced: Yes
For more information, please refer to “(1) Consolidated financial results” on page 10 of the supplementary materials.

*** 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: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(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 March 31, 2026	137,386,472 shares
As of December 31, 2025	137,386,472 shares

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

As of March 31, 2026	12,599,308 shares
As of December 31, 2025	12,597,919 shares

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

Three months ended March 31, 2026	124,787,503 shares
Three months ended March 31, 2025	137,290,589 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, 2026 are calculated based on the information available at the present time and contains many uncertainties, so actual results may differ from the forecasts.

Supplementary Materials

Index

1. Overview of operating results 2
2. Quarterly consolidated financial statements and primary notes 3
(1) Quarterly consolidated balance sheet 3
(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income 5
Quarterly consolidated statement of income 5
Quarterly consolidated statement of comprehensive income 6
(3) Notes relating to quarterly consolidated financial statements 7
(Notes on segment information, etc.) 7
(Notes on significant change in the amount of shareholders' equity) 9
(Notes on premise of going concern) 9
(Notes on consolidated statements of cash flows) 9
3. Supplementary information 10
(1) Consolidated financial results 10
(2) Business results by segment 10

1. Overview of operating results

(1) Overview of operating results

For an overview of our operating results, please refer to our consolidated financial report for the first quarter ending December 31, 2026, scheduled to be posted on TDnet and our website (https://www.nippondenko.co.jp/en/ir/library/), as well as “3. Supplementary information” on page 10 of the supplementary materials.

(2) Overview of financial position

(Assets)

The total assets at the end of the first quarter of the fiscal year ending December 31, 2026 increased by ¥5,066 million from the end of the previous fiscal year to ¥98,480 million. Current assets increased by ¥1,356 million from the end of the previous fiscal year to ¥45,775 million due to increases in inventories and other factors. Non-current assets increased by ¥3,710 million from the end of the previous fiscal year to ¥52,705 million as a result of increases in property, plant and equipment, etc.

(Liabilities)

The total liabilities at the end of the first quarter of the fiscal year ending December 31, 2026 increased by ¥4,410 million from the end of the previous fiscal year to ¥26,799 million due to increases in short-term borrowings and other factors. 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)) increased by ¥2,563 million to ¥16,389 million.

(Net assets)

The total net assets at the end of the first quarter of the fiscal year ending December 31, 2026, increased by ¥656 million from the end of the previous fiscal year to ¥71,681 million.

(3) Future outlook

Net sales are expected to exceed initial forecasts due to factors such as the market conditions for ferroalloys and fluctuations in exchange rates.

Ordinary profit is expected to decline in the Functional Materials business due to sluggish demand for battery materials. However, it is projected to exceed initial forecasts thanks to the increased volume of incineration ash treated, the high and stable molten metal market, and the anticipated inventory impact resulting from the rise in the manganese ore market prices.

2. Quarterly consolidated financial statements and primary notes
(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of December 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	6,024	6,557
Notes and accounts receivable - trade	10,864	10,250
Merchandise and finished goods	15,351	15,665
Work in process	231	222
Raw materials and supplies	10,558	11,608
Other	1,389	1,470
Total current assets	44,419	45,775
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,393	7,596
Machinery, equipment and vehicles, net	10,474	10,492
Land	5,329	5,329
Leased assets, net	2,808	2,790
Construction in progress	691	3,618
Other, net	560	579
Total property, plant and equipment	27,257	30,406
Intangible assets	812	804
Investments and other assets		
Investment securities	19,154	19,807
Retirement benefit asset	1,147	1,088
Deferred tax assets	339	313
Other	282	284
Total investments and other assets	20,924	21,493
Total non-current assets	48,994	52,705
Total assets	93,414	98,480

(Millions of yen)

	As of December 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,436	3,224
Short-term borrowings	3,500	6,000
Current portion of long-term borrowings	2,100	2,100
Lease liabilities	183	188
Income taxes payable	394	723
Provision for bonuses	269	730
Provision for bonuses for directors (and other officers)	39	-
Notes payable - facilities	1	0
Other	4,055	5,365
Total current liabilities	13,981	18,333
Non-current liabilities		
Long-term borrowings	4,378	4,419
Lease liabilities	3,663	3,682
Other	364	364
Total non-current liabilities	8,407	8,466
Total liabilities	22,388	26,799
Net assets		
Shareholders' equity		
Share capital	11,120	11,120
Capital surplus	17,484	17,484
Retained earnings	40,228	39,916
Treasury shares	(3,865)	(3,865)
Total shareholders' equity	64,967	64,655
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,909	3,153
Foreign currency translation adjustment	1,839	2,594
Remeasurements of defined benefit plans	1,308	1,277
Total accumulated other comprehensive income	6,057	7,026
Total net assets	71,025	71,681
Total liabilities and net assets	93,414	98,480

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

(Quarterly consolidated statement of income)

(Millions of yen)

	Three months ended March 31, 2025	Three months ended March 31, 2026
Net sales	19,379	19,422
Cost of sales	16,589	15,569
Gross profit	2,789	3,852
Selling, general and administrative expenses	1,775	1,853
Operating profit	1,014	1,998
Non-operating income		
Interest income	52	0
Dividend income of insurance	57	63
Other	40	14
Total non-operating income	150	79
Non-operating expenses		
Interest expenses	147	141
Share of loss of entities accounted for using equity method	377	525
Loss on retirement of non-current assets	131	162
Other	125	121
Total non-operating expenses	781	951
Ordinary profit	382	1,126
Extraordinary losses		
Environmental expenses	180	-
Other	6	-
Total extraordinary losses	186	-
Profit before income taxes	196	1,126
Income taxes - current	153	637
Income taxes - deferred	18	(71)
Total income taxes	171	565
Profit	25	561
Profit attributable to owners of parent	25	561

(Quarterly consolidated statement of comprehensive income)

(Millions of yen)

	Three months ended March 31, 2025	Three months ended March 31, 2026
Profit	25	561
Other comprehensive income		
Valuation difference on available-for-sale securities	270	244
Deferred gains or losses on hedges	(0)	-
Remeasurements of defined benefit plans, net of tax	(44)	(31)
Share of other comprehensive income of entities accounted for using equity method	700	755
Total other comprehensive income	926	968
Comprehensive income	951	1,529
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	951	1,529

(3) Notes relating to quarterly consolidated financial statements

(Notes on segment information, etc.)

I. For the three months of the previous fiscal year (January 1, 2025 to March 31, 2025)

1. Information on net sales and profit (loss) by reportable segment and breakdown information

(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	13,308	3,386	1,847	387	166	19,095	283	19,379	-	19,379
Net sales from external customers	13,308	3,386	1,847	387	166	19,095	283	19,379	-	19,379
Transactions with other segments	22	-	-	-	-	22	7	29	(29)	-
Total	13,330	3,386	1,847	387	166	19,118	290	19,408	(29)	19,379
Segment profit (loss)	(315)	485	304	3	(76)	401	(18)	382	-	382

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

2. The total segment profit or loss matches the ordinary profit in the first quarter consolidated statement of income.

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

Not applicable.

II. For the three months of the current fiscal year (January 1, 2026 to March 31, 2026)

1. Information on net sales and profit (loss) by reportable segment and breakdown information

(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	12,345	3,517	2,718	402	142	19,126	295	19,422	-	19,422
Net sales from external customers	12,345	3,517	2,718	402	142	19,126	295	19,422	-	19,422
Transactions with other segments	20	-	-	-	-	20	7	28	(28)	-
Total	12,365	3,517	2,718	402	142	19,147	303	19,450	(28)	19,422
Segment profit (loss)	(232)	554	889	33	(99)	1,145	(18)	1,126	-	1,126

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

2. The total segment profit or loss matches the ordinary profit in the first quarter consolidated statement of income.

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

Not applicable.

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

(Notes on premise of going concern)
Not applicable.

(Notes on consolidated statements of cash flows)
No quarterly consolidated statement of cash flows for the cumulative first quarter of the fiscal year under review has been prepared. The depreciation during the corresponding quarter (including amortization for intangible assets excluding goodwill) is as follows.

	For the three months ended March 31, 2025 (From January 1, 2025 to March 31, 2025)	For the three months ended March 31, 2026 (From January 1, 2026 to March 31, 2026)
Depreciation	¥830 million	¥1,002 million

3. Supplementary information

(1) Consolidated financial results

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

	FY2025		FY2026		YoY	
	1Q	Full Year	1Q	Full Year	1Q	Full Year
Net sales	19.4	77.3	19.4	80.0	0.0	2.7
Ordinary profit	0.4	2.7	1.1	7.0	0.7	4.3
Underlying ordinary profit*	0.5	5.3	1.6	6.0	1.1	0.7
Profit attributable to owners of parent	0.0	1.4	0.6	−	0.5	−
Earnings per share (yen)	0.2	10.7	4.5	−	4.3	−

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

During the first quarter of the fiscal year under review, ordinary profit increased by ¥0.7 billion year-on-year to ¥1.1 billion thanks to the increased volume of incineration ash treated and the high and stable molten metal market in the Incineration Ash Recycling business. The underlying ordinary profit increased by ¥1.1 billion year-on-year to ¥1.6 billion excluding inventory impact and the one-time expenses arising from the discontinuation of OEM for certain products due to the sluggish demand for battery materials.

For the fiscal year ending December 31, 2026, we expect a year-on-year decrease in profit due to the sluggish demand for battery materials in the Functional Materials business, while a year-on-year increase in profit in the Ferroalloys and the Incineration Ash Recycling businesses. In addition to the above, as the impact of inventory will turn positive following the recent rise in manganese ore market prices, we expect ordinary profit for the fiscal year ending December 31, 2026 to increase by ¥4.3 billion year-on-year to ¥7.0 billion, and the underlying ordinary profit to increase year-on-year at ¥6.0 billion, respectively.

(2) Business results by segment

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

Net sales	FY2025		FY2026		YoY	
	1Q	Full Year	1Q	Projection	1Q	Full Year
Ferroalloys	13.3	48.4	12.3	49.6	-1.0	1.2
Functional Materials	3.4	14.8	3.5	13.3	0.1	-1.5
Incineration Ash Recycling	1.8	8.9	2.7	11.8	0.9	2.9
Aqua Solutions	0.4	1.7	0.4	1.8	0.0	0.1
Electric Power	0.2	1.4	0.1	1.3	-0.0	-0.1
Other	0.3	2.1	0.3	2.2	0.0	0.1
Total	19.4	77.3	19.4	80.0	0.0	2.7

Ordinary profit		FY2025		FY2026		YoY	
		1Q	Full Year	1Q	Projection	1Q	Full Year
Ferroalloys		(0.3)	(2.1)	(0.2)	1.5	0.1	3.6
	Domestic	0.1	(0.7)	0.3	2.1	0.2	2.8
	Overseas	(0.4)	(1.4)	(0.5)	(0.6)	-0.1	0.8
Functional Materials		0.5	1.9	0.6	1.3	0.1	-0.6
Incineration Ash Recycling		0.3	2.1	0.9	3.5	0.6	1.4
Aqua Solutions		0.0	0.1	0.0	0.1	0.0	0.0
Electric Power		(0.1)	0.4	(0.1)	0.3	-0.0	-0.1
Other		(0.0)	0.3	(0.0)	0.3	-0.0	0.0
Total		0.4	2.7	1.1	7.0	0.7	4.3

Underlying ordinary profit		FY2025		FY2026		YoY	
		1Q	Full Year	1Q	Projection	1Q	Full Year
Ferroalloys		(0.2)	0.2	0.1	0.5	0.3	0.3
	Domestic	0.1	1.2	0.5	1.2	0.4	0.0
	Overseas	(0.3)	(1.0)	(0.4)	(0.7)	-0.1	0.3
Functional Materials		0.5	2.2	0.7	1.3	0.2	-0.9
Incineration Ash Recycling		0.3	2.1	0.9	3.5	0.6	1.4
Aqua Solutions		0.0	0.1	0.0	0.1	0.0	0.0
Electric Power		(0.1)	0.4	(0.1)	0.3	0.0	-0.1
Other		0.0	0.3	0.0	0.3	0.0	0.0
Total		0.5	5.3	1.6	6.0	1.1	0.7

(Ferroalloys Business)
During the first quarter of the fiscal year under review, in the domestic Ferroalloys business, the underlying ordinary profit increased by ¥0.4 billion year-on-year to ¥0.5 billion thanks to the smooth operations during the period. For the fiscal year ending December 31, 2026, the underlying ordinary profit is expected to remain almost flat year-on-year at ¥1.2 billion based on the assumption that the currently rising manganese ore market prices will not fluctuate.
In the overseas Ferroalloys business, during the first quarter of the fiscal year under review, the ordinary loss remained almost unchanged year-on-year at ¥0.4 billion. For the fiscal year ending December 31, 2026, the underlying ordinary loss is expected to be ¥0.7 billion as a result of an improvement in loss compared to the previous fiscal year, due to factors such as rising manganese ore market prices and the implementation of measures to improve profitability.

(Functional Materials Business)
During the first quarter of the fiscal year under review, the sales volume for the electronic components increased year-on-year driven by the growth of the AI data center market, and sales of ferroboron continued to show strong performance. As a result, the underlying ordinary profit increased by ¥0.2 billion year-on-year to ¥0.7 billion.
For the fiscal year ending December 31, 2026, the underlying ordinary profit is expected to decrease by ¥0.9 billion year-on-year to ¥1.3 billion due to the sluggish demand for battery materials including OEM products (the partial termination of an OEM contract in March 2026).

(Incineration Ash Recycling Business)
During the first quarter of the fiscal year under review, the underlying ordinary profit increased by ¥0.6 billion year-on-year to ¥0.9 billion 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.
For the fiscal year ending December 31, 2026, the underlying ordinary profit is expected to increase by ¥1.4 billion year-on-year to ¥3.5 billion.

(Aqua Solutions Business)
During the first quarter of the fiscal year under review, the underlying ordinary profit remained unchanged year-on-year thanks to the strong sales of the pure water production system and the wastewater treatment equipment.
For the fiscal year ending December 31, 2026, the underlying ordinary profit is expected to remain unchanged.

(Electric Power Business)
During the first quarter of the fiscal year under review, the underlying ordinary loss remained almost unchanged year-on-year at ¥0.1 billion due to a decrease in the power generation amount caused by a decline in water flow arising out of water shortage in winter.
For the fiscal year ending December 31, 2026, the underlying ordinary profit is expected to decrease by ¥0.1 billion to ¥0.3 billion compared to the previous fiscal year when we enjoyed favorable weather conditions.

<Reference Indicators>
EU High-carbon ferromanganese market (Fastmarkets) ($/t)

	1Q	2Q	3Q	4Q	Average
FY2024	1,153	1,348	1,341	1,068	1,227
FY2025	1,151	1,202	1,159	1,187	1,175
FY2026	1,291				

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

	1Q	2Q	3Q	4Q	Average
FY2024	1,217	1,423	1,567	1,369	1,394
FY2025	1,189	1,332	1,285	1,133	1,235
FY2026	1,229				

Manganese ore market (Fastmarkets) ($/Mn %)

	1Q	2Q	3Q	4Q	Average
FY2024	4.3	6.7	7.1	4.1	5.6
FY2025	4.6	4.5	4.2	4.5	4.5
FY2026	5.2				

Exchange rate (Yen / $ US)

	1Q	2Q	3Q	4Q	Average
FY2025	153	145	148	154	150
FY2026	157				

The assumed exchange rate, which is a premise of the outlook for the fiscal year ending December 31, 2026, is ¥155/US$ for the second quarter onward.