Fiscal Year Ending December 2026

Consolidated Financial Report for the First Quarter

May 12, 2026

NIPPON DENKO

TSE Prime Market
5563

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1-1. Business Overview

Our Group aims to be a company on a constant quest for a better future by supporting people's lives through "Materials" and "Environment"

Materials

Ferroalloys

Facility: Tokushima Plant
Pertama Ferroalloys Sdn. Bhd. (overseas affiliates)

- Top domestic manganese ferroalloy supplier. Consistent supply of high-quality ferroalloys with outstanding global competitiveness
- Green ferroalloy production using hydroelectric power (overseas affiliates)

Main Products	High-carbon ferromanganese / SLP ferromanganese / Silicomanganese / Ferrosilicon
Main Applications	Additives for steel to improve its hardness, tensile strength, and other properties Desulfurization and deoxidation agent in steel



High-carbon ferromanganese

Functional Materials

Facility: Toyama Plant (Imizu and Takaoka areas)
Myoko Plant / Tokushima Plant

- Providing materials for advanced components supporting a decarbonization and digitalization society
- Distinctive material lineup, such as "No.1" and domestically produced "One-of-a-kind" products in the Japanese market

Main Products	Zirconium oxide / Boron oxide / Ferroboron / Metal hydride alloys / Cathode materials for lithium-ion batteries/ Manganese inorganic chemical products
Main Applications	Ceramic capacitors / Glass substrates for displays / Neodymium magnets / Anode materials for HVs' nickel-hydride batteries / Cathode materials for EVs' lithium-ion batteries / Additives for electronic components, etc.



Zirconium oxide

Environment

Incineration Ash Recycling

Facility: Kashima Plant

- Contributing to a recycling-oriented society by recovering resources from incineration ash
  - To increase the capacity of landfill sites by collecting and treating incineration ash
  - To extract metals containing valuable metals from incineration ash
  - To recycle incineration ash as engineering and construction materials

Main Services & Products	Collection and treatment of incineration ash Metals containing valuable metals ECOLAROCK (engineering and construction materials)
Main Applications	Precious and nonferrous metals for industrial purposes Construction materials such as roadbed materials



Metals containing valuable metals

Aqua Solutions

Facility: Koriyama Plant

- Contribute to the realization of circular economy and carbon-neutral society through our wastewater purification and pure water production technology and services

Main Products	Wastewater treatment equipment Pure water production system
Main Applications	Treatment of industrial wastewater Production of pure water for hydrogen stations, etc.



Pure water production system

Electric Power

Facility: Hidaka Office

- Stable sale of electricity by utilizing renewable energy Feed-In Tariff system (FIT)
- Stable supply of green electricity through the largest private-sector owned dams
- Introducing the environmental advantages of green electricity





Horomangawa river Hydroelectric power plants

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2-1. FY2026 1Q Financial Results

FY2026 1Q Results

- **The underlying ordinary profit* increased by ¥1.1 billion YoY to ¥1.6 billion thanks to the increased volume of incineration ash treated and the high and stable molten metal market in the Incineration Ash Recycling business.**
- **Ordinary profit (accounting basis) increased by ¥0.7 billion YoY to ¥1.1 billion despite of the one-time expenses arising from the discontinuation of OEM contract for certain products resulting from the sluggish demand for battery materials and inventory impacts.**

(bil. yen)

	FY2025 1Q	FY2026 1Q	YoY
Net Sales	19.4	19.4	0.0
Ordinary Profit	0.4	1.1	+0.7
Inventory Impact etc.	(0.1)	(0.5)	-0.4
Underlying Ordinary Profit*	0.5	1.6	+1.1
Profit Attributable to Owners of Parent	0.0	0.6	+0.6

*Ordinary profit excluding inventory impact and one-time factors
Adopted in 2023 as one of the management indicators to accurately grasp our inherent performance.
A common indicator for calculating the dividend payout ratio as well as compensation and bonuses for directors and employees.

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2-2. FY2026 1Q Financial Results by Segments (Underlying ordinary profit*)

FY2026 1Q Results

- Ferroalloys business: Decreased in net sales YoY due to the decline in the ferroalloys market prices. On the other hand, profit increased thanks to the smooth operations. (periodic repairs were carried out last year)
- Functional Materials business: Increased both in sales and profit YoY thanks to the strong demand for electronic materials.
- Incineration Ash Recycling business: Increased both in sales and profit YoY thanks to the increased volume of incineration ash treated and the rising molten metal market prices, etc.

(bil. yen)

		FY2025 1Q		FY2026 1Q		YoY	
		Net Sales	Underlying Ordinary Profit*	Net Sales	Underlying Ordinary Profit*	Net Sales	Underlying Ordinary Profit*
Ferroalloys		13.3	(0.2)	**12.3**	**0.1**	-1.0	+0.3
	Domestic	13.3	0.1	**12.3**	**0.5**	-1.0	+0.4
	Overseas	–	(0.3)	–	**(0.4)**	–	-0.1
Functional Materials		3.4	0.5	**3.5**	**0.7**	+0.1	+0.2
Incineration Ash Recycling		1.8	0.3	**2.7**	**0.9**	+0.9	+0.6
Aqua Solutions		0.4	0.0	**0.4**	**0.0**	0.0	0.0
Electric Power		0.2	(0.1)	**0.1**	**(0.1)**	-0.0	0.0
Others		0.3	0.0	**0.3**	**0.0**	0.0	0.0
Total		19.4	0.5	**19.4**	**1.6**	0.0	+1.1

*Ordinary profit excluding inventory impact and one-time factors

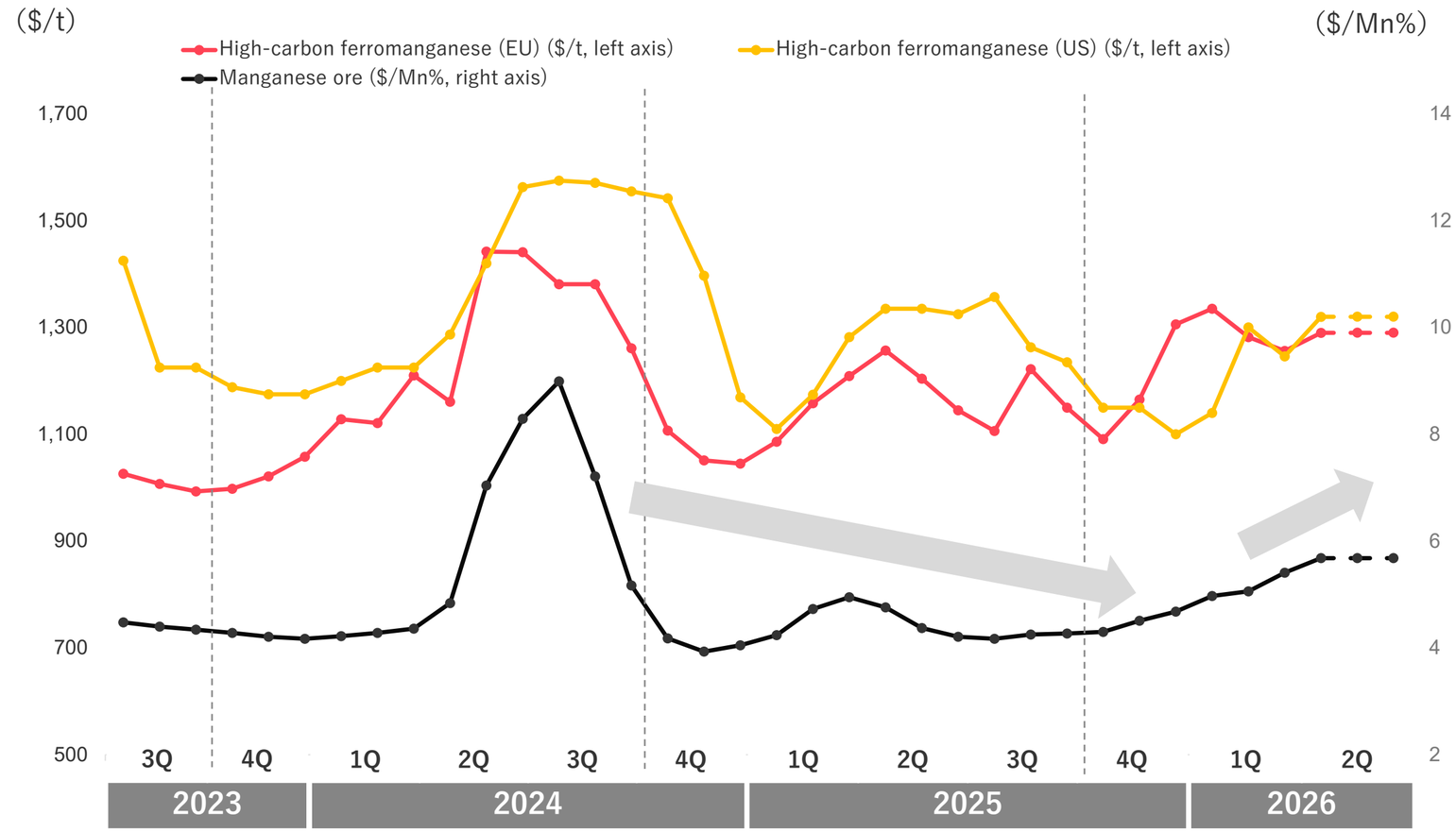
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3-1. Ferroalloys / Manganese Ore Market Trend

FY2026 Projection

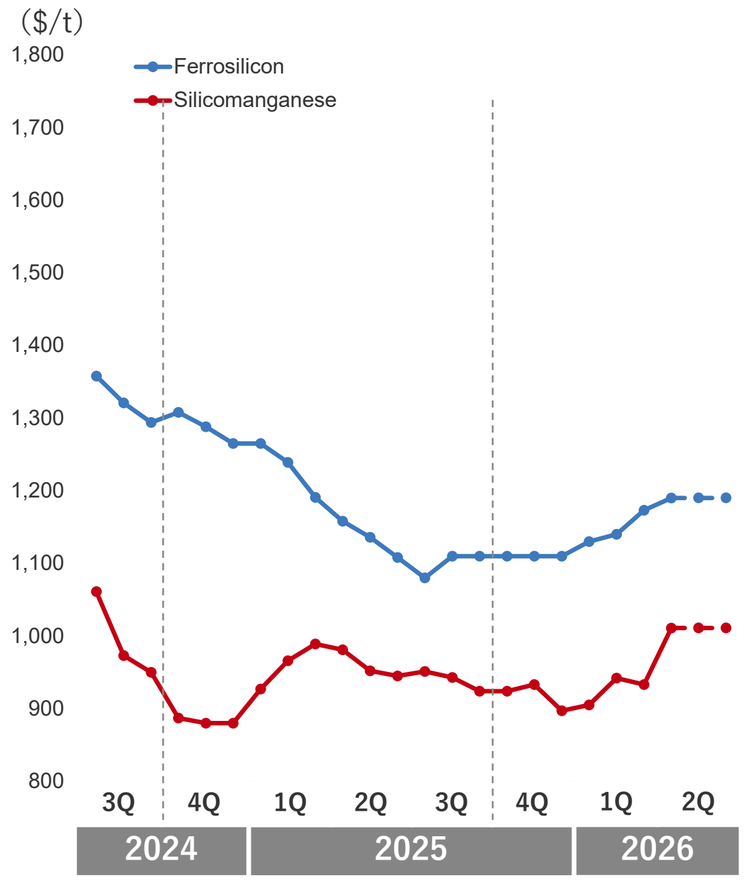
■ **The manganese ore market prices were on a downward trend throughout FY2025, but have currently shifted to an upward trend. (Negative inventory impact in 1Q FY2026 caused by the decline in product market prices during FY2025 period. For the full year forecast of FY2026, we expect the trend will shift to a positive inventory impact due to the current market upturn.)**

High-Carbon Ferromanganese (product) & Manganese Ore Market Prices (raw material)



*Source：High-carbon ferromanganese (Fastmarkets, METALS WEEK) Manganese ore (Fastmarkets)
*Market conditions affecting revenue generally reflect those of the previous quarter.

Ferrosilicon & Silicomanganese Market Prices (overseas)



*Source：Ferrosilicon (CRU) Silicomanganes (CRU)

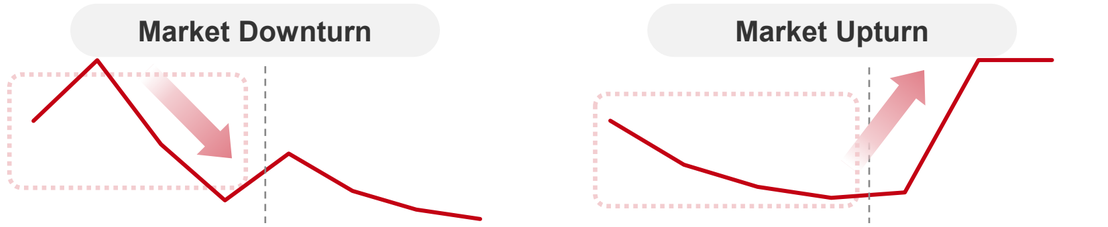
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3-2. FY2026 Earnings Projection

FY2026 Projection

- **Underlying ordinary profit*1:**
  Expected to be ¥6.0 billion as the increased volume of incineration ash treated and the high and stable molten metal market compensated for the sluggish demand for battery materials in the Functional Materials business.
- **Ordinary profit (accounting basis):**
  Expected to be ¥7.0 billion as the impact of inventory will turn positive following the recent rise in manganese ore market prices.

How to Define an Inventory Impact



Utilize high-cost inventory materials purchased in the previous year
⇒ The downturn in accounting basis

Utilize low-cost inventory materials purchased in the previous year
⇒ The turnaround in accounting basis

(bil. yen)

	FY2025	FY2026	YoY
Net Sales	77.3	**80.0**	+2.7
Ordinary Profit	2.7	**7.0**	+4.3
Inventory Impact etc.	(2.6)	**+1.0**	+3.6
Underlying Ordinary Profit*1	5.3	**6.0**	+0.7
Profit Attributable to Owners of Parent	1.4	–	–
Underlying Profit*2	3.7	**4.2**	+0.5
FX (¥/$US)	150	**155**	–

We expect the impact of the tensions in the Middle East on our full-year earnings to be minimal at this point, but we will continue to monitor future developments closely.

*1 Ordinary profit excluding inventory impact and one-time factors
*2 Underlying ordinary profit × 0.7 (income taxes, etc.)

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3-3. FY2026 Earnings Projection by Segments (Underlying Ordinary Profit*)

FY2026 Projection

- Ferroalloys business (domestic) : Expect to be almost unchanged YoY thanks to the effect of the weak yen, the improved profitability and other measures, although we assume margin decline due to a rise in the manganese ore market prices.
  Ferroalloys business (overseas) : Narrowing of the negative gap is anticipated due to a rise of the manganese ore market prices (Kudumane), the improved profitability and other measures.
- Functional Materials business: Expect to decrease due to the sluggish demand for battery materials (the partial termination of an OEM contract in March 2026)
- Incineration Ash Recycling business: Profit is expected to increase thanks to the increased volume of incineration ash treated and the high and stable molten metal market.

(bil. yen)

		FY2025		FY2026 Projection		YoY	
		Net Sales	Underlying Ordinary Profit*	Net Sales	Underlying Ordinary Profit*	Net Sales	Underlying Ordinary Profit*
Ferroalloys		48.4	2.0	**49.6**	**0.5**	+1.2	+0.3
	Domestic	48.4	1.2	**49.6**	**1.2**	+1.0	0.0
	Overseas	–	(1.0)	–	**(0.7)**	–	+0.3
Functional Materials		14.8	2.2	**13.3**	**1.3**	-1.5	-0.9
Incineration Ash Recycling		8.9	2.1	**11.8**	**3.5**	+2.9	+1.4
Aqua Solutions		1.7	0.1	**1.8**	**0.1**	+0.1	0.0
Electric Power		1.4	0.4	**1.3**	**0.3**	-0.1	-0.1
Others		2.1	0.3	**2.2**	**0.3**	+0.1	0.0
Total		77.3	5.3	**80.0**	**6.0**	+2.7	+0.7

*Ordinary profit excluding inventory impact and one-time factors

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4-1. FY2026 1Q Financial Results by Segments

Appendix

(bil. yen)

		FY2026 1Q			Inventory Impact and One-time Factors
		Net Sales	Ordinary Profit	Underlying Ordinary Profit*	
Ferroalloys		12.3	(0.2)	0.1	-0.3
	Domestic	12.3	0.3	0.5	-0.2
	Overseas	–	(0.5)	(0.4)	-0.1
Functional Materials		3.5	0.6	0.7	-0.1
Incineration Ash Recycling		2.7	0.9	0.9	0.0
Aqua Solutions		0.4	0.0	0.0	0.0
Electric Power		0.1	(0.1)	(0.1)	0.0
Others		0.3	(0.0)	0.0	0.0
Total		19.4	1.1	1.6	-0.5

*Ordinary profit excluding inventory impact and one-time factors

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4-2. FY2026 Earnings Projection by Segments

Appendix

(bil. yen)

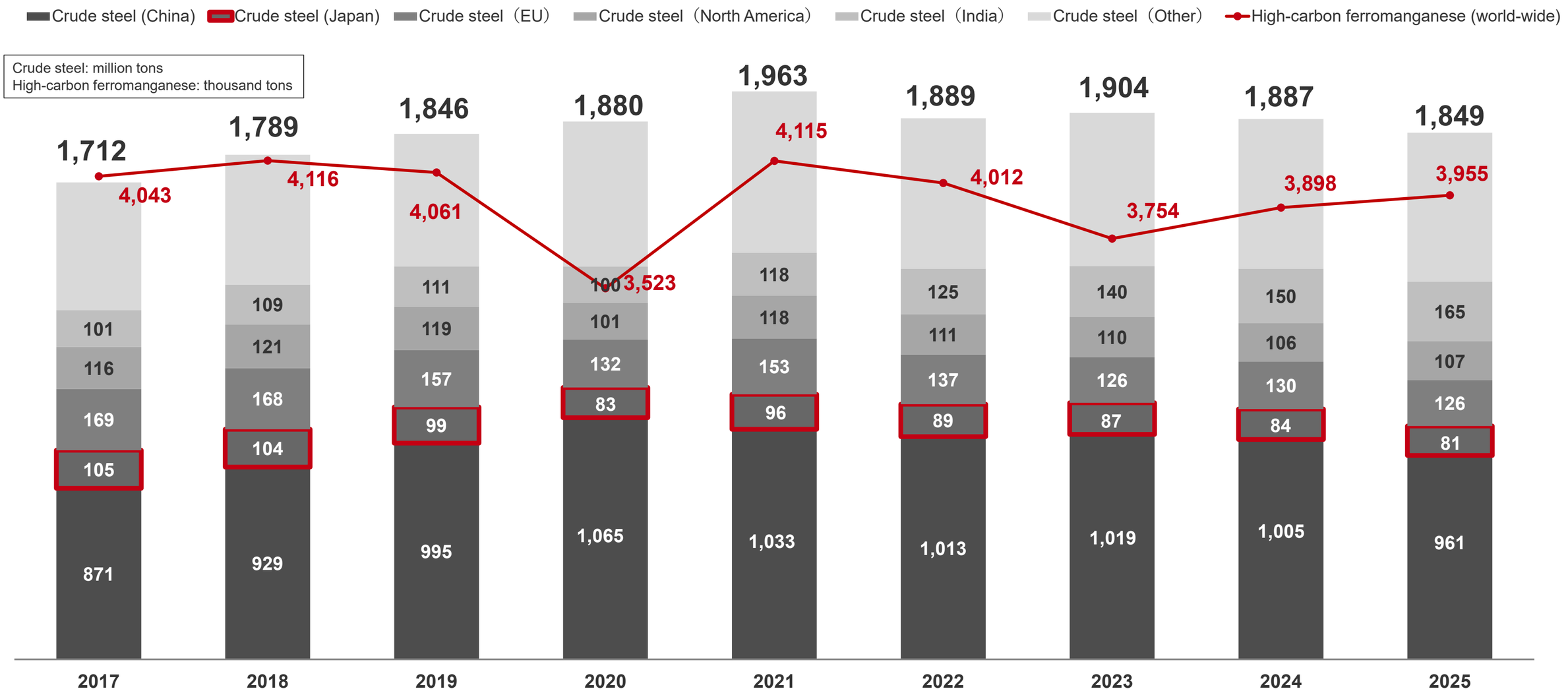
		FY2026 Projection			Inventory Impact and One-time Factors
		Net Sales	Ordinary Profit	Underlying Ordinary Profit*	
Ferroalloys		49.6	1.5	0.5	+1.0
	Domestic	49.6	2.1	1.2	+0.9
	Overseas	–	(0.6)	(0.7)	+0.1
Functional Materials		13.3	1.3	1.3	0.0
Incineration Ash Recycling		11.8	3.5	3.5	0.0
Aqua Solutions		1.8	0.1	0.1	0.0
Electric Power		1.3	0.3	0.3	0.0
Others		2.2	0.3	0.3	0.0
Total		80.0	7.0	6.0	+1.0

*Ordinary profit excluding inventory impact and one-time factors

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4-3. Crude Steel & High-Carbon Ferromanganese Production Trend

Appendix

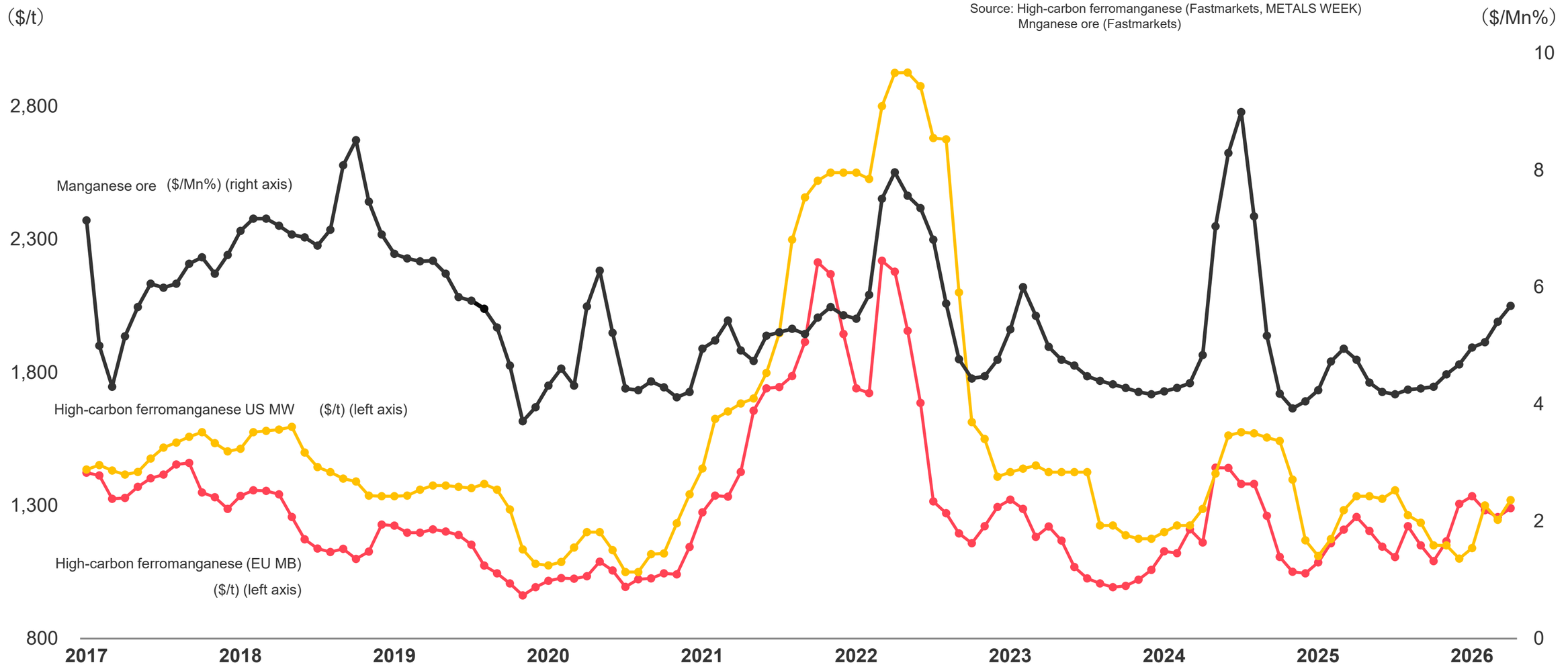


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4-4. High-carbon Ferromanganese / Manganese Ore Market Prices

Appendix

Market Trends



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4-5. Management Indicators

Appendix

(mil. yen)

	2018	2019	2020	2021	2022	2023	2024	2025
Net sales	73,944	70,477	54,004	65,978	79,341	78,390	78,235	**77,277**
Underlying ordinary profit (bil. yen)	–	–	–	5.2	5.6	5.5	5.2	**5.3**
Inventory impact etc. (bil. yen)	–	–	–	+1.7	+4.8	-3.1	-0.3	**-2.6**
Ordinary profit	1,947	(6,426)	3,063	6,870	10,367	2,420	4,859	**2,703**
Profit attributable to owners of parent	2,352	(14,240)	2,615	7,768	7,949	4,330	3,144	**1,418**
Capital Investment	7,356	6,902	3,205	3,716	5,555	3,826	3,851	**4,086**
Depreciation	1,721	2,437	1,824	2,124	2,463	2,945	3,245	**3,665**
R&D expenses	452	423	345	353	559	631	588	**683**
Total assets (end of FY)	99,786	85,224	86,171	95,888	104,943	100,750	102,200	**93,414**
Equity-to-asset ratio (end of FY) (%)	69.2	63.6	65.4	67.0	65.9	70.9	72.1	**76.0**
Net D/E ratio	0.06	0.20	0.17	0.12	0.18	0.15	0.15	**0.11**
Fixed ratio (%)	58.1	65.6	67.8	66.0	69.4	68.8	65.5	**69.0**
Inventory turnover period (month)	5.3	4.8	6.4	5.3	5.4	5.8	6.1	**5.6**
Dividends per share (yen)	5.00	0	5.00	16.00	17.00	9.00	11.00	**12**
Return on equity (ROE) (%)	3.4	-23.1	4.7	12.9	11.9	6.2	4.3	**2.0**
Underlying ordinary profit basis ROE（%）	–	–	–	6.0	5.9	5.5	5.0	**5.1**
Highest share price during the period (yen)	528	249	320	410	459	394	331	**368**
Lowest share price during the period (yen)	193	148	108	263	272	259	225	**228**

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