NIPPON DENKO

Fiscal Year Ending December 2026

Summary of Third-Quarter Financial Results

November 6, 2026

TSE Prime Market 5563

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1-1. FY2026 3Q Consolidated Financial Results

FY2026 3Q Results

- Operating profit increased by ¥4.1 billion YoY to ¥7.3 billion, driven by continued profitability improvement in the Ferroalloys business, the positive impact of the weak yen, and the elimination of negative inventory impact. In addition, an increase in the volume of incineration ash treated and high and stable molten metal market in the Incineration Ash Recycling business contributed to the increase.
- Ordinary profit decreased by ¥2.6 billion YoY to -¥1.2 billion largely due to the impact of investment loss in Pertama Ferroalloys.
- Underlying ordinary profit excluding inventory impact and one-time factors* increased by ¥1.9 billion YoY to ¥5.1 billion, reflecting strong performance in business activities.

(bil. yen)

	FY2025 3Q	FY2026 3Q	YoY
Net Sales	57.9	**58.9**	**+1.0**
Operating Profit	3.2	**7.3**	**+4.1**
Ordinary Profit	1.4	**(1.2)**	**-2.6**
Inventory Impact etc.	(1.8)	**+0.9**	**+2.7**
Investment Loss in Pertama Ferroalloys	-	**(7.2)**	**-7.2**
Underlying Ordinary Profit*	3.2	**5.1**	**+1.9**
Profit Attributable to Owners of Parent	0.4	**(1.4)**	**-1.8**
Exchange Rate (Yen / $US)	148	**159**	

*Ordinary profit excluding inventory impact and one-time factors: Since raw material prices are reflected with a delay of about six months to one year due to inventory impact, they cause a discrepancy in accounting-based periodic profit and loss. To correct this discrepancy, "underlying ordinary profit" is calculated by converting raw material prices into market prices. In addition, it is calculated by excluding unexpected and exceptional one-time factors that are not directly related to normal business activities.

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2-1. FY2026 Consolidated Earnings Projection

FY2026 Projection

- **Operating profit** : **¥11.0 billion** (**roughly two-fold increase to ¥5.8 billion** YoY)
  Profit improvement and the effects of the weak yen, in addition to the elimination of the negative inventory impact, an increase in the volume of incineration ash treated, and the high and stable molten metal market.
- **Ordinary profit** : **¥1.5 billion** (-¥1.2 billion YoY)
  Despite recording of investment loss in Pertama Ferroalloys (¥7.2 billion, one-time factor), expected to remain profitability.
- **Underlying ordinary profit** : **¥7.5 billion** (**+¥2.2 billion** YoY)
- **Secures profit for the current period.**

(bil. yen)

	FY2025	FY2026	YoY
Net Sales	77.3	**81.1**	+3.8
Operating Profit	5.2	**11.0**	+5.8
Ordinary Profit	2.7	**1.5**	-1.2
Inventory impact etc.	(2.6)	**+1.2**	+3.8
Investment loss in Pertama Ferroalloys	-	**(7.2)**	-7.2
Underlying Ordinary Profit*1	5.3	**7.5**	+2.2
Profit Attributable to Owners of Parent	1.4	**0.5**	-0.9
Underlying Profit*2	3.7	**5.3**	+1.6
Exchange rate (Yen / $US)	150	**159**	

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

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2-2. FY2026 Earnings Projection (by Segments: Underlying Profit Basis*)

FY2026 Projection

- Ferroalloys (Domestic) : Profit increase thanks to improved profitability and the effect of the weak yen.
- Functional Materials : Profit decrease due to the sluggish demand for battery materials. (the partial termination of an OEM contract in March 2026)
- Incineration Ash Recycling : Profit 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	0.2	**51.1**	**1.9**	+2.7	+1.7
	Domestic	48.4	1.2	**51.1**	**2.3**	+2.7	+1.1
	Overseas	-	(1.0)	**-**	**(0.4)**	-	+0.6
Functional Materials		14.8	2.2	**13.6**	**1.5**	-1.2	-0.7
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	**1.6**	**0.3**	-0.5	0.0
Total		77.3	5.3	**81.1**	**7.5**	+3.8	+2.2

*Ordinary profit excluding inventory impact and one-time factors

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3-1. New Medium-Term Business Plan

New MTBP

10th Medium-Term Business Plan

10th Medium-Term Business Plan (2027-2030)
Scheduled for release on November 26, 2026

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