

May 8, 2025

Consolidated Financial Results for the Three Months Ended March 31, 2025 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 5563
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 Scheduled date to commence dividend payments: -
 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 three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025)

(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, 2025	19,379	9.4	1,014	22.6	382	-	25	-
March 31, 2024	17,708	(16.3)	827	(38.6)	18	(96.3)	(317)	-

Note: Comprehensive income For the three months ended March 31, 2025: ¥951 million [-%]
 For the three months ended March 31, 2024: ¥(549) million [-%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2025	0.18	-
March 31, 2024	(2.32)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
March 31, 2025	99,842	73,668	73.8
December 31, 2024	102,200	73,677	72.1

Reference: Equity As of March 31, 2025: ¥73,668 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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	-	4.00	-	7.00	11.00
Fiscal year ending December 31, 2025	-				
Fiscal year ending December 31, 2025 (Forecast)		5.00	-	TBD	TBD

Note: Revisions to the forecast of cash dividends most recently announced: Yes
 For details, please refer to the "Notice Concerning Consolidated Earnings and Dividend Forecasts" announced today.

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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2025	76,600	(2.1)	3,500	(28.0)	-	-	-

Note: Revisions to the earnings forecasts most recently announced: Yes
 For more information, please refer to the "3. Supplementary explanatory material (1) Consolidated financial results" on page 11 of the supplementary materials and "Notice Concerning Consolidated Earnings and Dividend Forecasts" announced on May 8, 2025 on TDnet and our website. of the attachment,

***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: 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, 2025	137,295,472 shares
As of December 31, 2024	137,295,472 shares

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

As of March 31, 2025	4,941 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)

Three months ended March 31, 2025	137,290,589 shares
Three months ended March 31, 2024	137,215,228 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Nothing

* Proper use of earnings forecasts, and other special matters

The consolidated earnings forecast for the fiscal year ending December 31, 2025 is calculated based on the information available at the time of the fiscal year and contains many uncertainties, so actual results may differ from the forecasts.

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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, 2025, 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 11 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, 2025 decreased by ¥2,358 million from the end of the previous fiscal year to ¥99,842 million. Current assets decreased by ¥3,081 million from the end of the previous fiscal year to ¥50,890 million due to decreases in inventories and other factors. Non-current assets increased by ¥723 million from the end of the previous fiscal year to ¥48,952 million as a result of increases in investment securities, etc.

(Liabilities)

The total liabilities at the end of the first quarter of the fiscal year ending December 31, 2025 decreased by ¥2,348 million from the end of the previous fiscal year to ¥26,174 million due to decreases in notes and accounts payable-trade, current portion of long-term borrowings and other factors despite increases in short-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 ¥74 million to ¥17,002 million.

(Net assets)

The total net assets at the end of the first quarter of the fiscal year ending December 31, 2025, decreased by ¥9 million from the end of the previous fiscal year to ¥73,668 million.

(3) Future outlook

For an overview of our future outlook, please refer to “Notice Concerning Consolidated Earnings and Dividend Forecasts” announced on May 8, 2025, and our consolidated financial report for the first quarter ending December 31, 2025, 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 11 of the supplementary materials.

2. Quarterly consolidated financial statements and primary notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	5,947	5,877
Notes and accounts receivable - trade	11,661	10,388
Merchandise and finished goods	21,032	18,976
Work in process	319	268
Raw materials and supplies	12,629	13,554
Other	2,380	1,824
Total current assets	53,971	50,890
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,955	6,937
Machinery, equipment and vehicles, net	11,007	10,943
Land	5,329	5,329
Leased assets, net	2,978	2,935
Construction in progress	415	485
Other, net	512	533
Total property, plant and equipment	27,199	27,164
Intangible assets	543	619
Investments and other assets		
Investment securities	12,255	13,259
Long-term loans receivable	5,367	5,279
Retirement benefit asset	1,267	1,208
Deferred tax assets	1,327	1,150
Other	268	270
Total investments and other assets	20,485	21,168
Total non-current assets	48,228	48,952
Total assets	102,200	99,842

	As of December 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,787	3,662
Short-term borrowings	4,000	5,500
Current portion of long-term borrowings	3,564	2,100
Lease liabilities	170	170
Income taxes payable	814	228
Provision for bonuses	268	695
Provision for bonuses for directors (and other officers)	40	8
Notes payable - facilities	1	-
Other	4,170	4,215
Total current liabilities	18,817	16,579
Non-current liabilities		
Long-term borrowings	5,498	5,394
Lease liabilities	3,843	3,837
Other	363	362
Total non-current liabilities	9,705	9,594
Total liabilities	28,522	26,174
Net assets		
Shareholders' equity		
Share capital	11,108	11,108
Capital surplus	17,462	17,462
Retained earnings	40,457	39,521
Treasury shares	(1)	(1)
Total shareholders' equity	69,027	68,091
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,620	1,891
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	1,660	2,360
Remeasurements of defined benefit plans	1,369	1,324
Total accumulated other comprehensive income	4,650	5,576
Total net assets	73,677	73,668
Total liabilities and net assets	102,200	99,842

(2) Quarterly consolidated statement of income

(Millions of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Net sales	17,708	19,379
Cost of sales	15,268	16,589
Gross profit	2,440	2,789
Selling, general and administrative expenses	1,613	1,775
Operating profit	827	1,014
Non-operating income		
Interest income	55	52
Dividend income of insurance	57	57
Other	60	40
Total non-operating income	173	150
Non-operating expenses		
Interest expenses	146	147
Share of loss of entities accounted for using equity method	618	377
Loss on retirement of non-current assets	173	131
Other	43	125
Total non-operating expenses	982	781
Ordinary profit	18	382
Extraordinary losses		
Loss on disaster	76	-
Environmental expenses	-	180
Other	-	6
Total extraordinary losses	76	186
Profit (loss) before income taxes	(58)	196
Income taxes - current	35	153
Income taxes - deferred	223	18
Total income taxes	259	171
Profit (loss)	(317)	25
Profit (loss) attributable to owners of parent	(317)	25

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Profit (loss)	(317)	25
Other comprehensive income		
Valuation difference on available-for-sale securities	207	270
Deferred gains or losses on hedges	0	(0)
Remeasurements of defined benefit plans, net of tax	(17)	(44)
Share of other comprehensive income of entities accounted for using equity method	(421)	700
Total other comprehensive income	(231)	926
Comprehensive income	(549)	951
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(549)	951

(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 first quarter 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 fiscal year ending December 31, 2025 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 quarterly 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 quarterly and consolidated financial statements for the previous fiscal year.

(Notes on segment information, etc.)

Segment Information

I. For the three months of the previous fiscal year (January 1, 2024 to March 31, 2024)

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

(in 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	12,393	2,961	1,529	388	173	17,446	262	17,708	-	17,708
Net sales from external customers	12,393	2,961	1,529	388	173	17,446	262	17,708	-	17,708
Transactions with other segments	29	-	1	-	-	31	7	39	(39)	-
Total	12,423	2,961	1,531	388	173	17,478	270	17,748	(39)	17,708
Segment profit (loss)	(306)	308	112	20	(90)	44	(26)	18	-	18

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 quarterly consolidated statements of income.

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

(Significant impairment loss on fixed assets)

Not applicable.

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

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

(in 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
Revenues 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" 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 quarterly consolidated statements of income.

2. Information on impairment losses or goodwill on fixed assets by reporting segment
(Significant impairment loss on fixed assets)

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, 2024 (From January 1, 2024 to March 31, 2024)	For the three months ended March 31, 2025 (From January 1, 2025 to March 31, 2025)
Depreciation	¥762 million	¥830 million

3. Supplementary information

(1) Consolidated financial results

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

	FY2024		FY2025		YoY	
	1Q	Full Year	1Q	Full Year	1Q	Full Year
Net sales	17.7	78.2	19.4	76.6	+ 1.7	− 1.6
Ordinary profit	0.0	4.9	0.4	3.5	+ 0.4	− 1.4
Underlying ordinary profit*	0.6	5.2	0.5	5.0	− 0.1	− 0.2
Profit attributable to owners of parent	(0.3)	3.1	0.0	-	+ 0.3	-
Earnings per share (yen)	(2.3)	22.9	0.2	-	+ 2.5	-

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

During the first quarter of the fiscal year under review, the Functional Materials and the Incineration Ash Recycling businesses recorded increased profits, while the Ferroalloys business saw a decrease in profit year-on-year. As a result, ordinary profit increased by ¥0.4 billion to ¥0.4 billion and underlying ordinary profit decreased by ¥0.1 billion to ¥0.5 billion year-on-year, respectively.

For the fiscal year ending December 31, 2025, the underlying ordinary profit is expected to remain almost on par with the previous fiscal year at ¥5.0 billion, as businesses other than Ferroalloys are expected to see an increase in profits, while the Ferroalloys business to incur a decrease in profits. Ordinary profit on an accounting basis is expected to decrease by ¥1.4 billion year-on-year to ¥3.5 billion, due to the impact of inventories caused by a decline in the manganese ore market prices.

The earnings forecast is calculated without factoring in the impact of the US tariff policy because it is difficult to reasonably calculate the impact currently.

(2) Business results by segment

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

Net sales	FY2024		FY2025		YoY	
	1Q	Full Year	1Q	Projection	1Q	Full Year
Ferroalloys	12.4	51.8	13.3	47.9	+ 0.9	− 3.9
Functional Materials	3.0	14.0	3.4	15.1	+ 0.4	+ 1.1
Incineration Ash Recycling	1.5	7.7	1.8	8.9	+ 0.3	+ 1.2
Aqua Solutions	0.4	1.6	0.4	1.7	− 0.0	+ 0.1
Electric Power	0.2	1.4	0.2	1.4	− 0.0	+ 0.0
Other	0.3	1.8	0.3	1.7	+ 0.0	− 0.1
Total	17.7	78.2	19.4	76.6	+ 1.7	− 1.6

Ordinary profit	FY2024		FY2025		YoY	
	1Q	Full Year	1Q	Projection	1Q	Full Year
Ferroalloys	(0.3)	1.1	(0.3)	(1.0)	− 0.0	− 2.1
	Domestic	0.3	0.1	(0.3)	− 0.2	− 2.5
	Overseas	(0.6)	(0.7)	(0.4)	+ 0.2	+ 0.4
Functional Materials	0.3	1.7	0.5	2.1	+ 0.2	+ 0.4
Incineration Ash Recycling	0.1	1.4	0.3	1.9	+ 0.2	+ 0.5
Aqua Solutions	0.0	0.1	0.0	0.0	− 0.0	− 0.1
Electric Power	(0.1)	0.4	(0.1)	0.3	+ 0.0	− 0.1
Other	(0.0)	0.2	(0.0)	0.2	+ 0.0	+ 0.0
Total	0.0	4.9	0.4	3.5	+ 0.4	− 1.4

Underlying ordinary profit*	FY2024		FY2025		YoY	
	1Q	Full Year	1Q	Projection	1Q	Full Year
Ferroalloys	0.2	1.1	(0.2)	0.5	− 0.4	− 0.6
	Domestic	0.3	0.1	1.0	− 0.2	− 0.7
	Overseas	(0.1)	(0.3)	(0.5)	− 0.2	+ 0.1
Functional Materials	0.4	2.0	0.5	2.1	+ 0.1	+ 0.1
Incineration Ash Recycling	0.1	1.4	0.3	1.9	+ 0.2	+ 0.5
Aqua Solutions	0.0	0.1	0.0	0.0	0.0	− 0.1
Electric Power	(0.1)	0.4	(0.1)	0.3	0.0	− 0.1
Other	0.0	0.2	0.0	0.2	0.0	0.0
Total	0.6	5.2	0.5	5.0	− 0.1	− 0.2

(Ferroalloys Business)

During the first quarter of the fiscal year under review, in the domestic Ferroalloys business, we partially brought forward and implemented periodic repairs in response to the supply/demand disruption due to a strike that occurred at a manganese mine in Gabonese Republic in December 2024. In addition, due to factors such as cost increases associated with rising commodity prices, the underlying ordinary profit decreased by ¥0.2 billion year-on-year to ¥0.1 billion. For the fiscal year ending December 31, 2025, the underlying ordinary profit is expected to decrease ¥0.7 billion year-on-year to ¥1.0 billion.

For the overseas Ferroalloys business, during the first quarter of the fiscal year under review, the underlying ordinary loss stood at ¥0.3 billion, a decrease ¥0.2 billion year-on-year, due to margin decline. For the fiscal year ending December 31, 2025, the underlying ordinary loss is expected to be ¥0.5 billion, an improvement of ¥0.1 billion year-on-year due to a reduction of production costs, etc.

(Functional Materials Business)

During the first quarter of the fiscal year under review, the sales volume of boron oxide for electronic component materials increased year-on-year due to a recovery from the inventory adjustment and price revisions progressed. The sales volume of zirconium oxide remained flat. The sales volume of cathode materials for lithium-ion batteries decreased year-on-year due to facility repairs. The sales volume of metal hydride alloys for nickel-hydrogen batteries increased year-on-year due to a recovery in demand from customers. The demand for ferroboration continued to be strong, and the sales volume increased year-on-year due to the delay in the sales timing of the previous fiscal year. As a result, the underlying ordinary profit increased by ¥0.1 billion year-on-year to ¥0.5 billion.

For the fiscal year ending December 31, 2025, the underlying ordinary profit is expected to increase by ¥0.1 billion year-on-year to ¥2.1 billion.

(Incineration Ash Recycling Business)

During the first quarter of the fiscal year under review, incineration ash treatment prices were optimized and market prices of molten metals recovered in the process of treatment remained firm, resulting in the underlying ordinary profit of ¥0.3 billion, an increase of ¥0.2 billion year-on-year.

For the fiscal year ending December 31, 2025, the underlying ordinary profit is expected to increase by ¥0.5 billion year-on-year to ¥1.9 billion.

(Aqua Solutions Business)

During the first quarter of the fiscal year under review, the underlying ordinary profit remained unchanged year-on-year. For the fiscal year ending December 31, 2025, the underlying ordinary profit is expected to decrease by ¥0.1 billion year-on-year.

(Electric Power Business)

During the first quarter of the fiscal year under review, the underlying ordinary loss stood 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, 2025, 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
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				

US High-carbon ferromanganese market (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				

Manganese ore market (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				

Exchange rate (Yen / \$ US)

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

Our exchange rate assumption, which is a premise of the earnings forecasts for the fiscal year ending December 31, 2025, is ¥140/US\$ for the second quarter onward.