



Fiscal Year Ending December 2025

Consolidated Financial Report for the First Quarter

May 8, 2025



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 Hydroelectric power plants

2-1. FY2025 1Q Financial Results

FY2025
1Q Results

- Sales and profit grew as both net sales and ordinary profit increased YoY.
- Profits increased in the Functional Materials and Incineration Ash Recycling businesses, while profit decreased in the Ferroalloys business YoY. Ordinary profit increased by ¥0.4 bil. YoY and the underlying ordinary profit remained almost unchanged from the previous fiscal year.

	FY2024 1Q	FY2025 1Q	YoY
Net Sales	17.7 bil. yen	19.4 bil. yen	+ 1.7 bil. yen
Ordinary Profit	0.0 bil. yen	0.4 bil. yen	+ 0.4 bil. yen
Underlying Ordinary Profit*	0.6 bil. yen	0.5 bil. yen	− 0.1 bil. yen
Profit Attributable to Owners of Parent	(0.3) bil. yen	0.0 bil. yen	+ 0.3 bil. yen

* Ordinary profit excluding inventory impact and one-time factors

2-2. FY2025 1Q Financial Results by Segments (Underlying ordinary profit*)

FY2025
1Q Results

- **Ferroalloys business:** 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, profit decreased due to cost increases associated with rising commodity prices, margin decline, etc.
- **Businesses other than Ferroalloys:** Profit increased due to the price optimization, demand recoveries, higher market prices of molten metals, etc.

(bil. yen)

		FY2024 1Q		FY2025 1Q		YoY	
		Net Sales	Underlying Ordinary Profit*	Net Sales	Underlying Ordinary Profit*	Net Sales	Underlying Ordinary Profit*
Ferroalloys		12.4	0.2	13.3	(0.2)	+ 0.9	− 0.4
	Domestic	12.4	0.3	13.3	0.1	+ 0.9	− 0.2
	Overseas	-	(0.1)	-	(0.3)	-	− 0.2
Functional Materials		3.0	0.4	3.4	0.5	+ 0.4	+ 0.1
Incineration Ash Recycling		1.5	0.1	1.8	0.3	+ 0.3	+ 0.2
Aqua Solutions		0.4	0.0	0.4	0.0	− 0.0	0.0
Electric Power		0.2	(0.1)	0.2	(0.1)	− 0.0	0.0
Others		0.3	0.0	0.3	0.0	+ 0.0	0.0
Total		17.7	0.6	19.4	0.5	+ 1.7	− 0.1

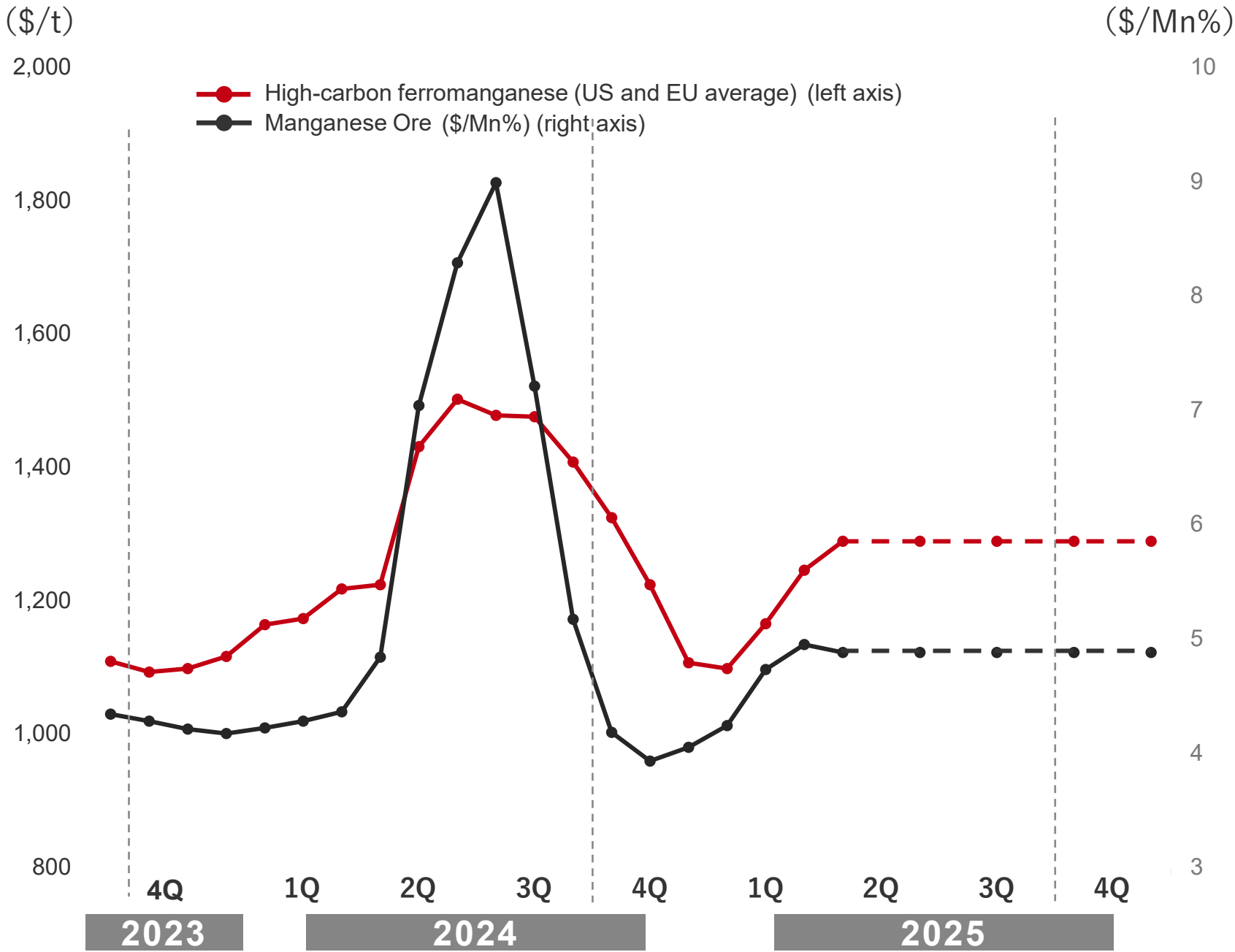
* Ordinary profit excluding inventory impact and one-time factors

3-1. FY2025 Ferroalloys / Manganese Ore Market Trend

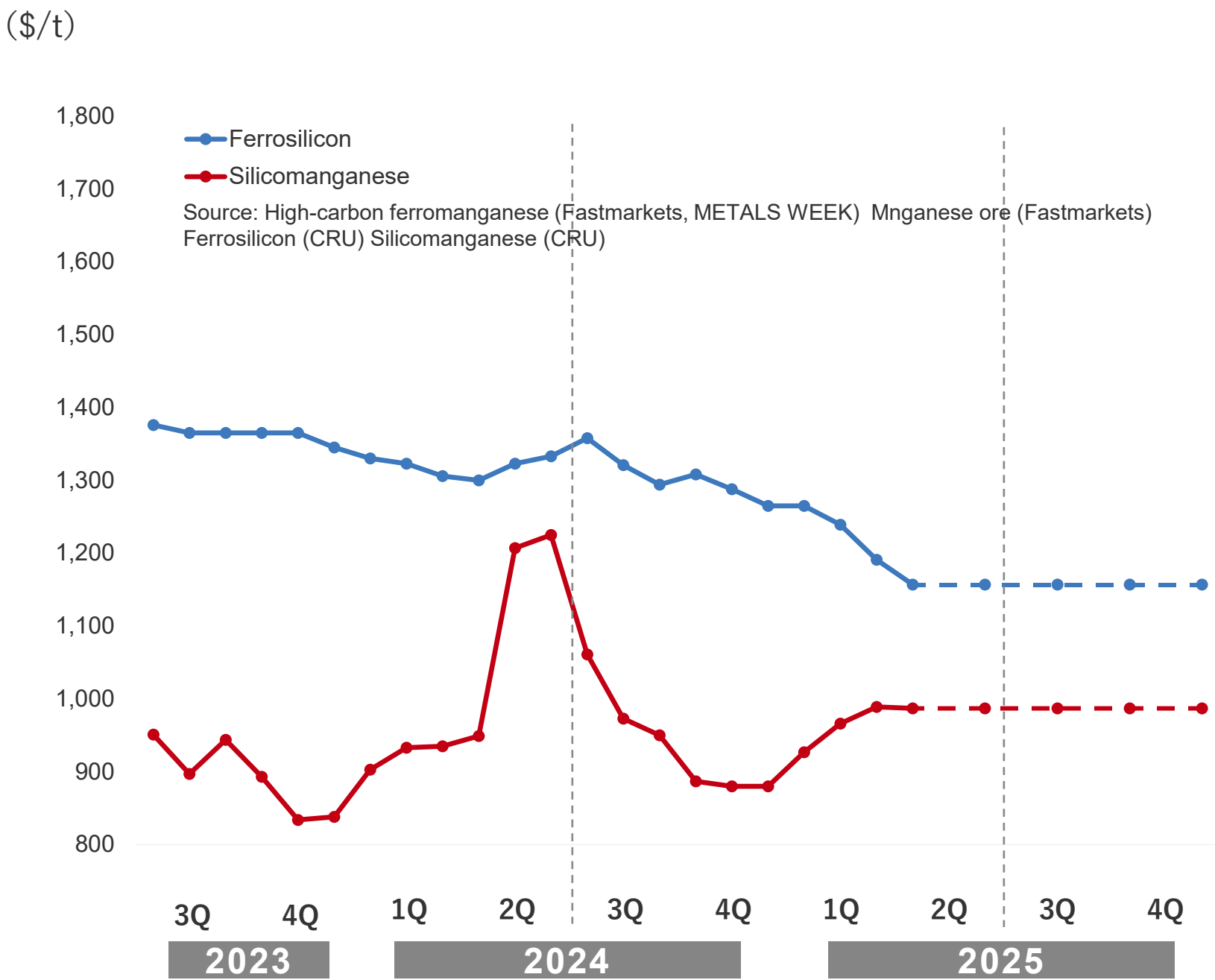
FY2025
Projection

- Manganese ore market prices soared temporarily in FY2024, but declined in the second half of FY2024.
- High-carbon ferromanganese and manganese ore market prices have been sluggish.
- Ferrosilicon market prices declined from FY2024.

High-Carbon Ferromanganese (products) & Manganese Ore Market Prices (raw materials)



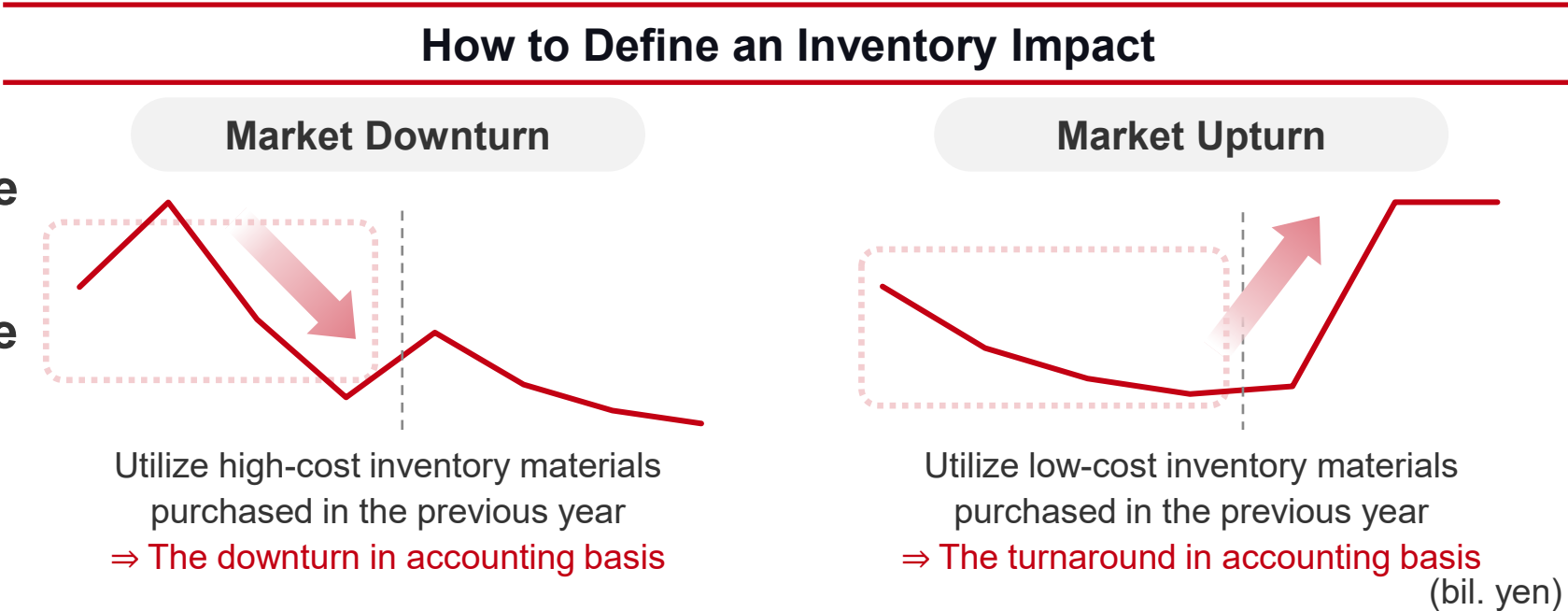
Ferrosilicon & Silicomanganese Market Prices (overseas)



3-2. FY2025 Earnings Projection

FY2025
Projection

- Ordinary profit: Expect a decrease in profit due to the inventory impact caused by the decline in manganese ore market prices.
- Underlying ordinary profit: The businesses other than Ferroalloys are on an uptrend and expected to remain on par with profit in the previous fiscal year while the Ferroalloys business is expected to see a decrease in profit.



	FY2024	FY2025 Projection	YoY
Net Sales	78.2	76.6	− 1.6
Operating Profit	4.9	3.5	− 1.4
Underlying Ordinary Profit*	5.2	5.0	− 0.2
Profit Attributable to Owners of Parent	3.1	-	-
FX (¥/\$US)	151	140	-

* Ordinary profit excluding inventory impact and one-time factors

- 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.

3-3. FY2025 Earnings Projection by Segments (Underlying Ordinary Profit*)

FY2025
Projection

- Ferroatloys business: Expect a decrease in profit due to the production decrease following periodic repairs, cost increases, margin decline, etc.
- Businesses other than Ferroatloys: Expect an increase in profit due to the price optimization, demand recoveries, higher market prices of molten metals, etc.

FY2024: ¥4.1 bil. ⇒ FY2025 projection: **¥4.5 bil.** (bil. yen)

		FY2024		FY2025 Projection		YoY	
		Net Sales	Underlying Ordinary Profit*	Net Sales	Underlying Ordinary Profit*	Net Sales	Underlying Ordinary Profit*
Ferroatloys		51.8	1.1	47.9	0.5	− 3.9	− 0.6
	Domestic	51.8	1.7	47.9	1.0	− 3.9	− 0.7
	Overseas	-	(0.6)	-	(0.5)	-	+ 0.1
Functional Materials		14.0	2.0	15.1	2.1	+ 1.1	+ 0.1
Incineration Ash Recycling		7.7	1.4	8.9	1.9	+ 1.2	+ 0.5
Aqua Solutions		1.6	0.1	1.7	0.0	+ 0.1	− 0.1
Electric Power		1.4	0.4	1.4	0.3	0.0	− 0.1
Others		1.8	0.2	1.7	0.2	− 0.1	0.0
Total		78.2	5.2	76.6	5.0	− 1.6	− 0.2

* Ordinary profit excluding inventory impact and one-time factors

3-4. FY2025 Shareholder Returns

FY2025
Projection

	FY2024	FY2025 Projection	YoY
Underlying Ordinary Profit*1	5.2	5.0	− 0.2
Interim Dividend Per Share (yen per share)	4	5	+ 1
Year-end Dividend Per Share (yen per share)	7	-	-

*1 Ordinary profit excluding inventory impact and one-time factors

- Interim dividend: Increase of ¥1 to **¥5 per share**
- Year-end dividend: **¥5 or more per share** based on a new shareholder return policy with **a minimum annual dividend of ¥10 per share**
⇒ Schedule to be disclosed at the time of announcement of interim financial results of FY2025

New Shareholder Return Policy

- Payout ratio of **approximately 40%** based on underlying profit*2 (up 10% from the previous policy)
- **Minimum dividend per share: ¥10** (newly stipulated policy)
- Acquisition of treasury shares is positioned to supplement dividends

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

3-5. Measures in FY2025 (Reposting of Consolidated Financial Report for FY2024 material)

FY2025
Projection

Ferroalloys Business (Domestic / Overseas)

Business environment

- Continued easing of supply/demand for steel products.
- Ferroalloy market price is expected to be sluggish.

Measure

- Strengthen competitiveness: Pursue a cost minimum strategy.
Reduce and optimize inventories.

Functional Materials Business

Business environment

- The worldwide trend toward electrification of automobiles remains unchanged. However, sluggish adoption of EVs in China, Europe, and the U.S. continues to inflict a negative impact on EV-related products.
- The inventory adjustments by users will stop and sales will recover to be commensurate with demand.

Measures

- Set a price that matches the added value of a product.
- Acquire new customers.

Incineration Ash Recycling Business

Business environment

- Increasing needs for incineration ash recycling.

Measures

- Increase the volume of collected incineration ash by strengthening sales activities to municipalities.
- Focus on gaining long-term contracts for DBO* in order to ensure a stable volume of incineration ash collected over the long term.
- Promote preparations for capacity enhancement of incineration ash melting furnaces.

*Design / Build / Operate

Aqua Solutions Business

Business environment

- The stagnation and contraction of existing markets, including the automobile parts and printing industries.

Measures

- Develop new business domains.
- Explore new partners.

3-6. Impact of the US Tariff Policy on Our Earnings Projection

FY2025
Projection

■ The direct impact of the US tariff policy is limited as our businesses are not heavily dependent on exports to US.

Indirect risks and impacts in each business

Ferroalloys	Functional Materials	Incineration Ash Recycling
<div><div>[Risks]</div><div>Decrease in production of steel products due to a decrease in automobile exports, etc.</div></div> <div><div>[Impact]</div><div>Lower demand for ferroalloys</div></div> <div><div>[Measures]</div><div>Promotion of cost minimum operations</div></div>	<div><div>[Risks]</div><div>Decrease in the number of completed vehicles produced due to a decrease in automobile exports</div></div> <div><div>[Impact]</div><div>Decrease in demand for batteries and electronic materials</div><div>- Scrutinizing the degree of impact by product type</div></div>	<div>No impact of the US tariff policy</div>

4-1. FY2025 1Q Financial Results by Segments

(bil. yen)

		FY2025 Projection			Inventory Impact and One-time Factors
		Net Sales	Ordinary Profit	Underlying Ordinary Profit*	
Ferroalloys		13.3	(0.3)	(0.2)	− 0.1
	Domestic	13.3	0.1	0.1	0.0
	Overseas	-	(0.4)	(0.3)	− 0.1
Functional Materials		3.4	0.5	0.5	0.0
Incineration Ash Recycling		1.8	0.3	0.3	0.0
Aqua Solutions		0.4	0.0	0.0	0.0
Electric Power		0.2	(0.1)	(0.1)	0.0
Others		0.3	(0.0)	(0.0)	0.0
Total		19.4	0.4	0.5	− 0.1

* Ordinary profit excluding inventory impact and one-time factors

4-2. FY2025 Earnings Projection by Segments

(bil. yen)

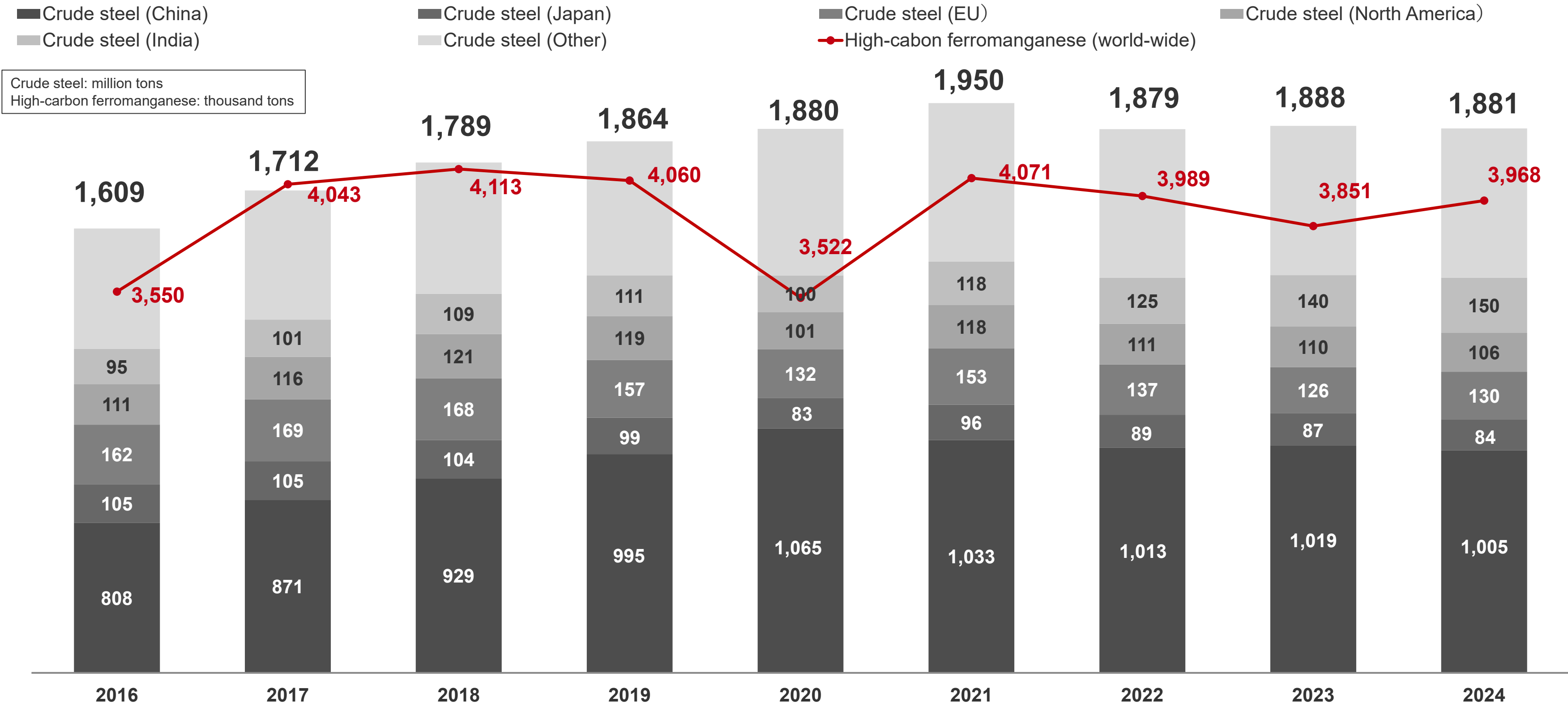
		FY2025 Projection			Inventory Impact and One-time Factors
		Net Sales	Ordinary Profit	Underlying Ordinary Profit*	
Ferroalloys		47.9	(1.0)	0.5	− 1.5
	Domestic	47.9	(0.3)	1.0	− 1.3
	Overseas	-	(0.7)	(0.5)	− 0.2
Functional Materials		15.1	2.1	2.1	0.0
Incineration Ash Recycling		8.9	1.9	1.9	0.0
Aqua Solutions		1.7	0.0	0.0	0.0
Electric Power		1.4	0.3	0.3	0.0
Others		1.7	0.2	0.2	0.0
Total		76.6	3.5	5.0	− 1.5

* Ordinary profit excluding inventory impact and one-time factors

4-3. Management Indicators

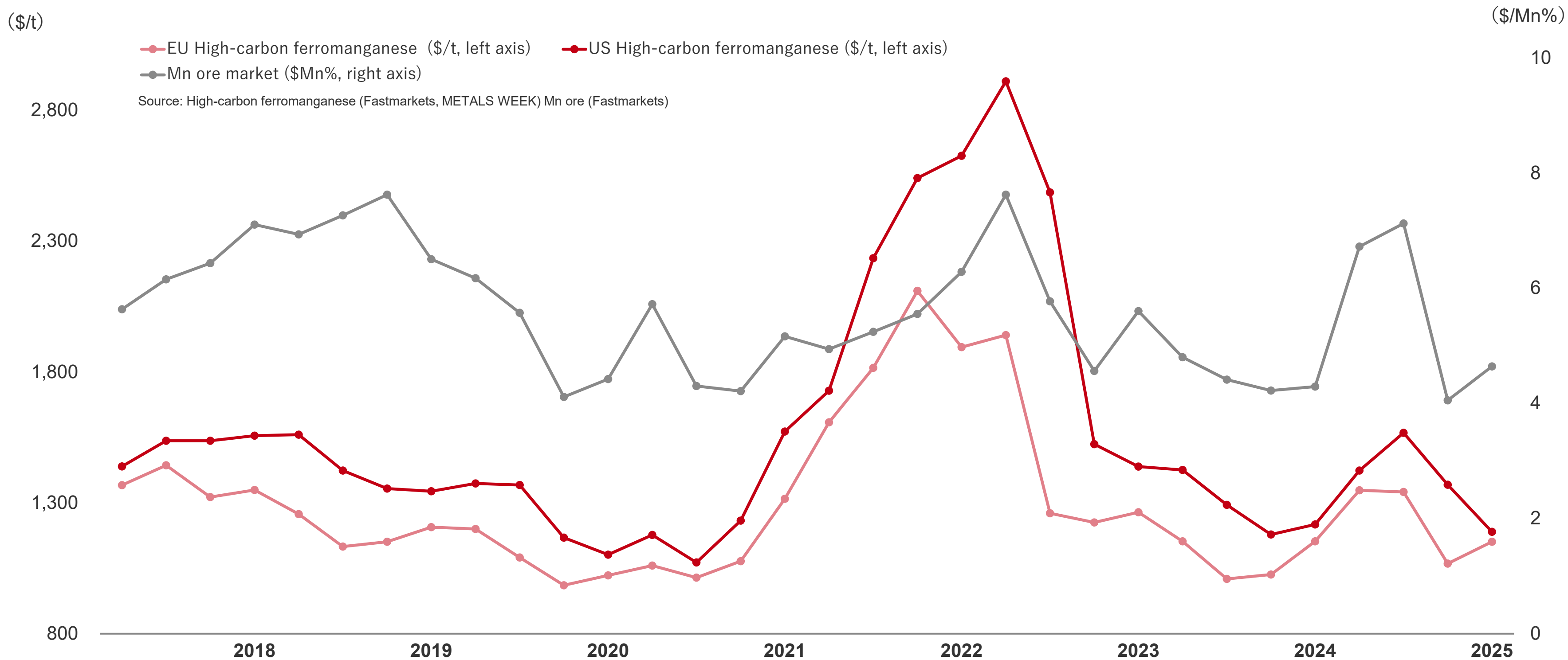
	(mil. yen)							
	2017	2018	2019	2020	2021	2022	2023	2024
Net sales	71,346	73,944	70,477	54,004	65,978	79,341	78,390	78,235
Operating profit	9,639	1,701	-5,572	5,434	8,436	8,815	4,696	6,856
Ordinary profit	9,239	1,947	-6,426	3,063	6,870	10,367	2,420	4,859
Profit attributable to owners of parent	7,988	2,352	-14,240	2,615	7,768	7,949	4,330	3,144
Total assets (end of FY)	98,447	99,786	85,224	86,171	95,888	104,943	100,750	102,200
Shareholder equity (end of FY)	70,702	69,009	54,206	56,367	64,256	69,187	71,436	73,677
Interest-bearing debt (end of FY)	7,230	12,749	18,704	19,354	17,759	21,052	18,554	17,076
Equity-to-asset ratio (end of FY)	71.8%	69.2%	63.6%	65.4%	67.0%	65.9%	70.9%	72.1%
Total number of issued shares (thousands of shares)	146,741	146,741	146,568	146,776	146,853	146,931	137,217	137,295
Treasury shares (thousands of shares)	308	309	1	2	8	7,092	2	4
Net assets per share (yen)	482.83	471.28	369.84	384.04	437.58	494.76	520.62	536.65
Basic earnings per share (yen)	54.55	16.06	-97.20	17.83	52.91	54.45	31.50	22.91
Dividends per share (yen)	13.00	5.00	-	5.00	16.00	17.00	9.00	11.00
Return on equity (ROE)	12.1%	3.4%	-23.1%	4.7%	12.9%	11.9%	6.2%	4.3%
Return on assets (ROA)	8.1%	2.4%	-16.7%	3.0%	8.1%	7.6%	4.3%	3.1%
Return on sales (ROS)	13.0%	2.6%	-9.1%	6.5%	10.4%	13.1%	3.1%	6.2%
Highest share price during the period (yen)	545	528	249	320	410	459	394	331
Lowest share price during the period (yen)	242	193	148	108	263	272	259	225

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



4-5. Ferroalloys / Manganese Ore Market Prices

Quarterly Market Trends





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