

Fiscal Year Ended December 2023

Consolidated Financial Report

February 8, 2024



TSE Prime Market
5563

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1-1. Five Core Businesses (1)

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

From 4 to 5
Core Businesses

From January 2024, we divided the "Environment business" into the "Incineration Ash Recycling (formerly, Melting & Solidification of Incineration Ash)" and the "Aqua Solutions business (formerly, Environmental Systems)" and changed the names accordingly

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



Zirconium oxide

Environment

Incineration Ash Recycling

Facility: Chuo Denki Kogyo (Kashima City)

- 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 roadbed material

Main Services & Products	Collection and treatment of incineration ash Metals containing valuable metals ECOLAROCK (Roadbed material)
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.

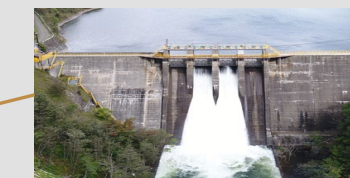


Pure water production system

Electric Power

Facility: Hidaka Office

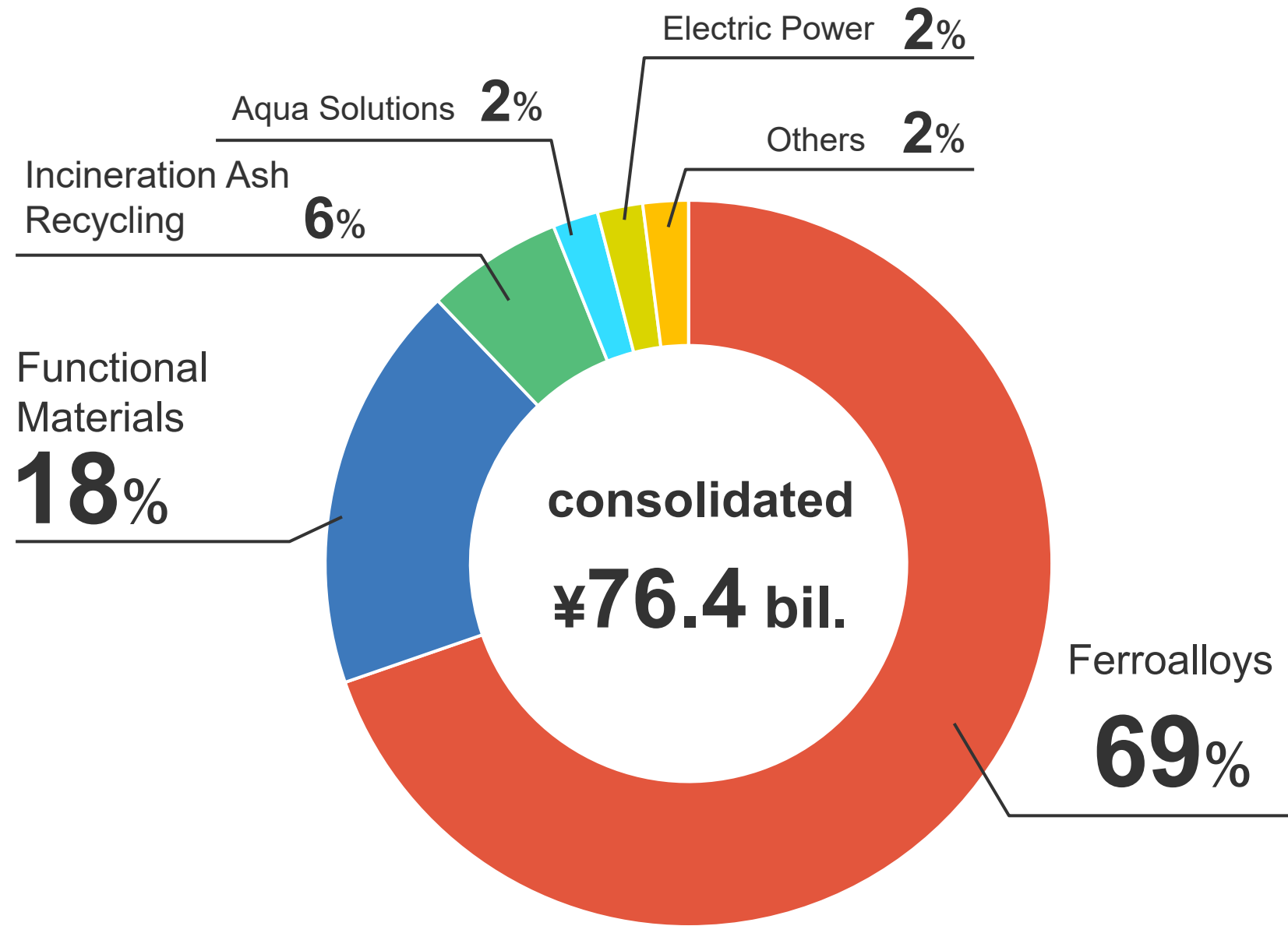
- Stable sale of electricity by utilizing renewable energy Feed-In Tariff system (FIT)
- Stable supply of green electricity through the largest private-sector owned dams
- Introducing the environmental advantages of green electricity



Horomangawa Hydroelectric power plants

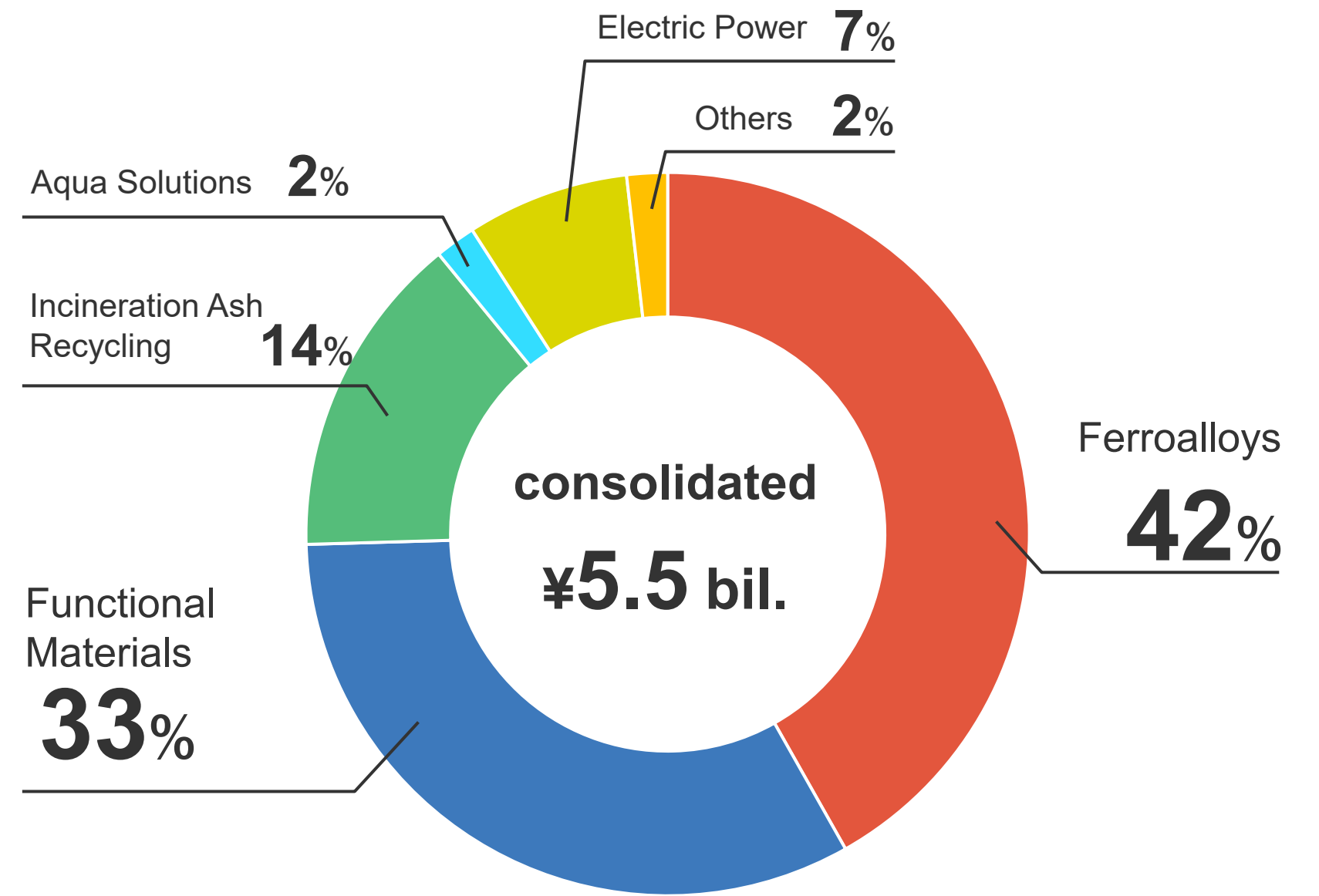
1-2. Five Core Businesses (2)

Net Sales by Segment

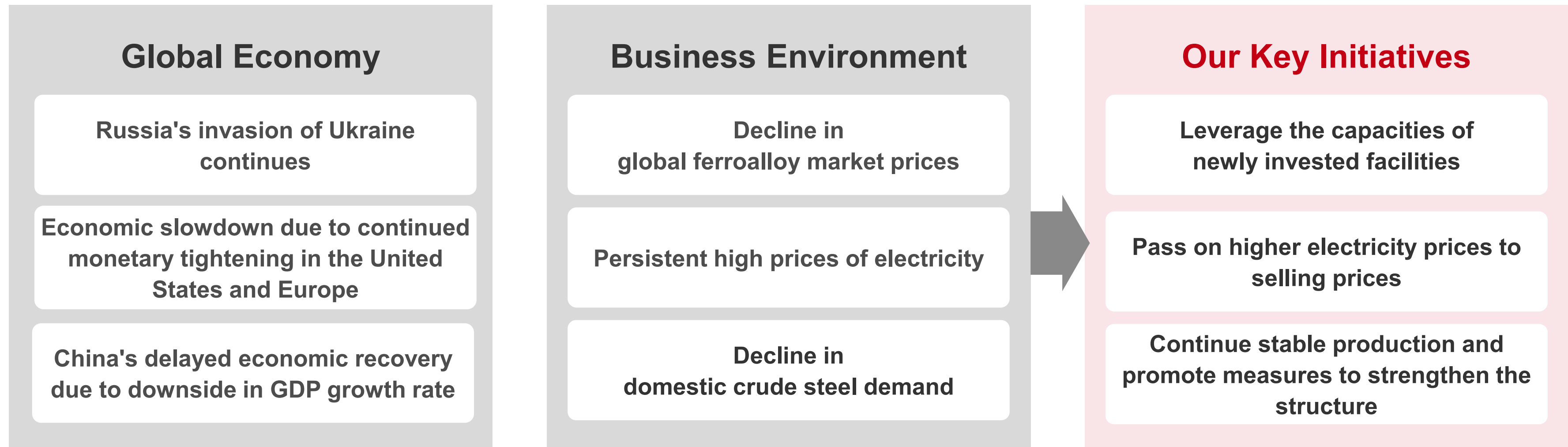


Ordinary Profit by Segment (Underlying profit basis*)

*Earnings excluding inventory impact and one-time factors



2-1. FY2023 Financial Results Summary (1)



- Substantial decrease in profit due to inventory impact caused by manganese ore market decline
- Secured underlying ordinary profit almost at the same level as those of the previous fiscal year due to efforts to secure profit, in addition to the effects of the price formula
- Due to progress in structural reforms (production integration and price formula revision), the company classification was changed from category 3 to category 2, resulting in the recognition of additional deferred tax assets*

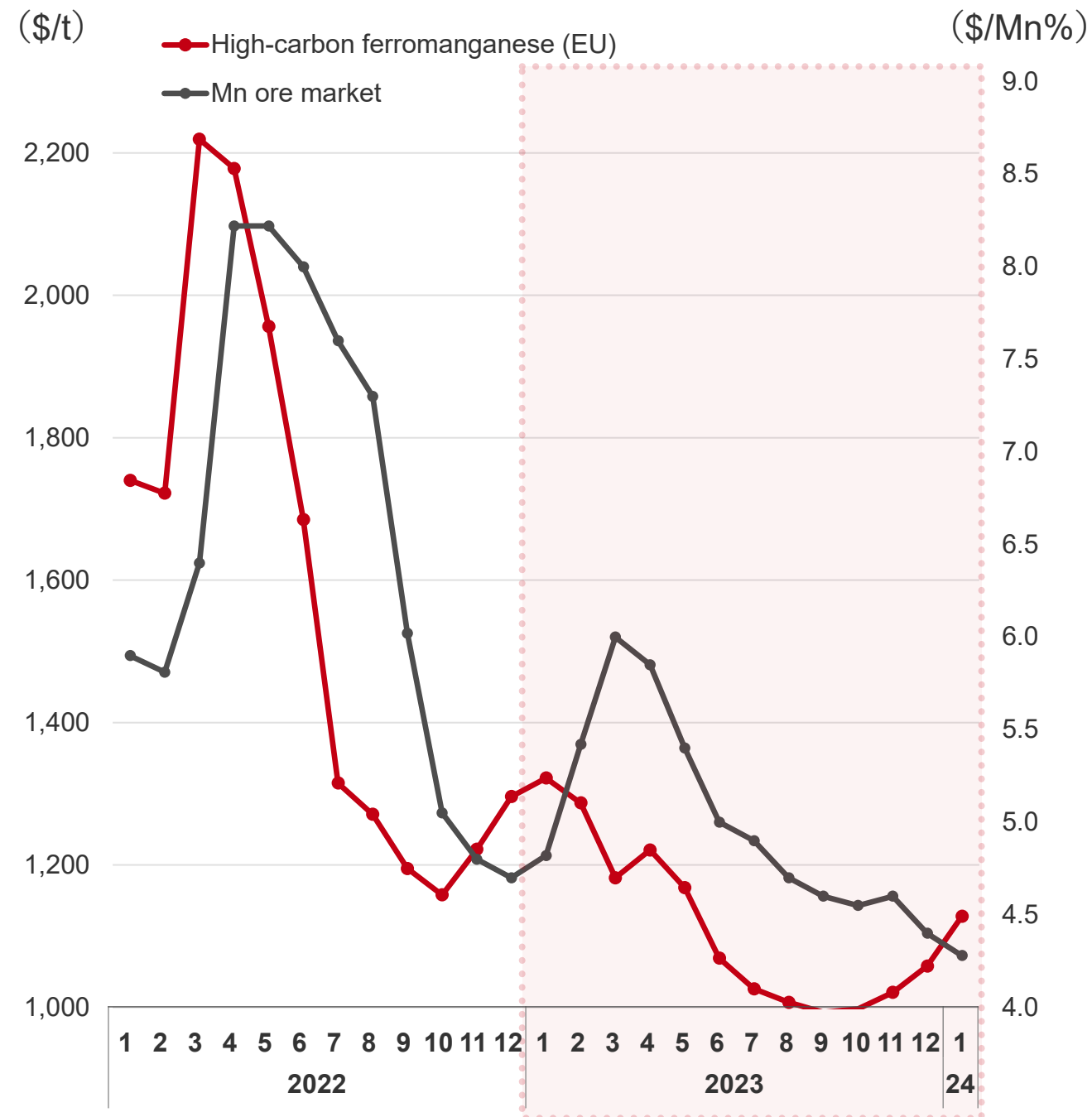
Profit increased and exceeded the previous forecast (announced in August 2023)

*The company classification was changed from category 2 to category 4 due to the deterioration of business performance in the domestic Ferroalloys business in 2015
This time, the company classification was changed again following FY2021, when the classification was changed from category 4 to category 3

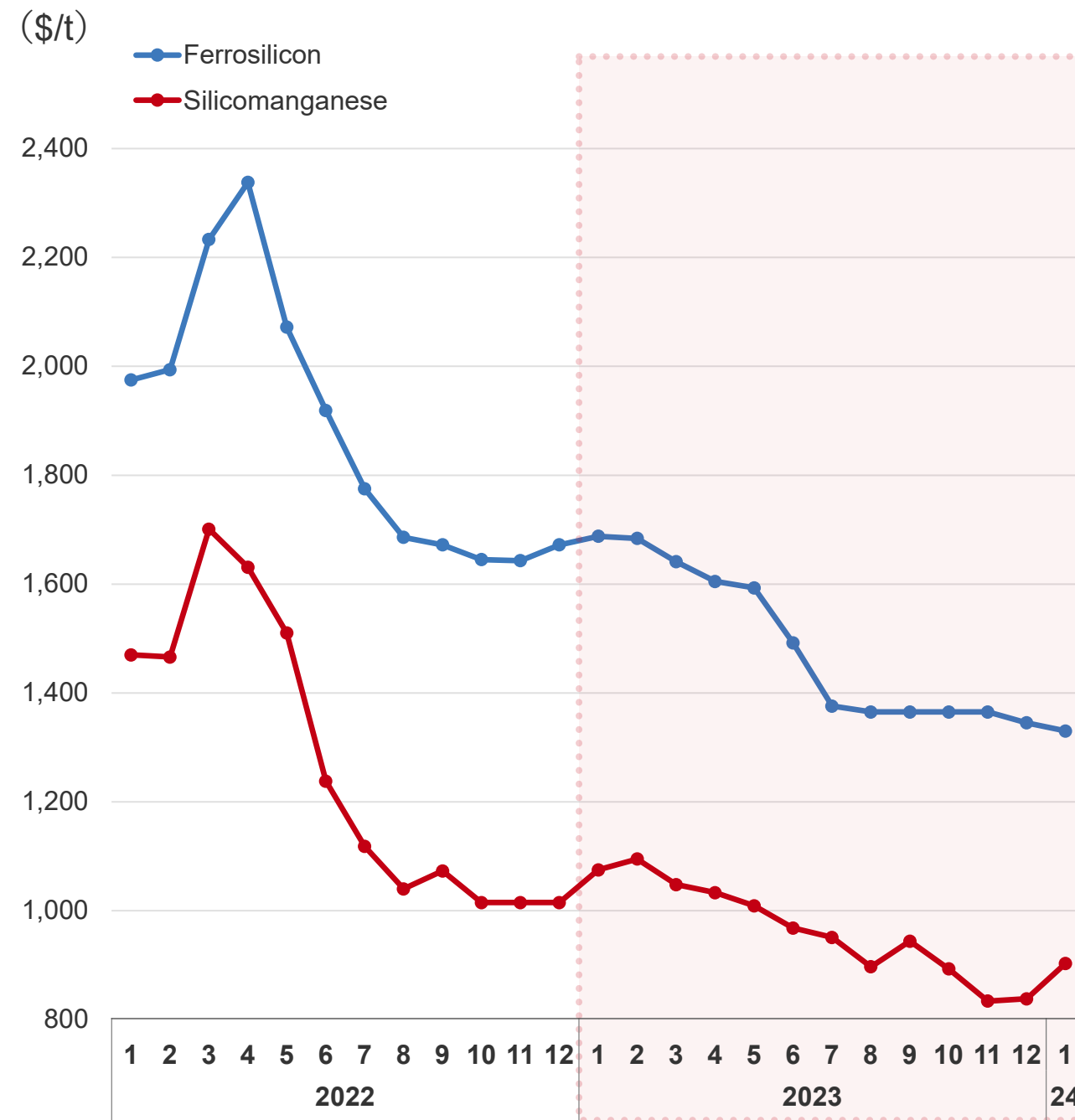
2-2. FY2023 Financial Results Summary (2)

- Market conditions for ferroalloys and manganese ore have been on a downward trend throughout FY2023
- Electricity prices remained at a high level compared to FY2022

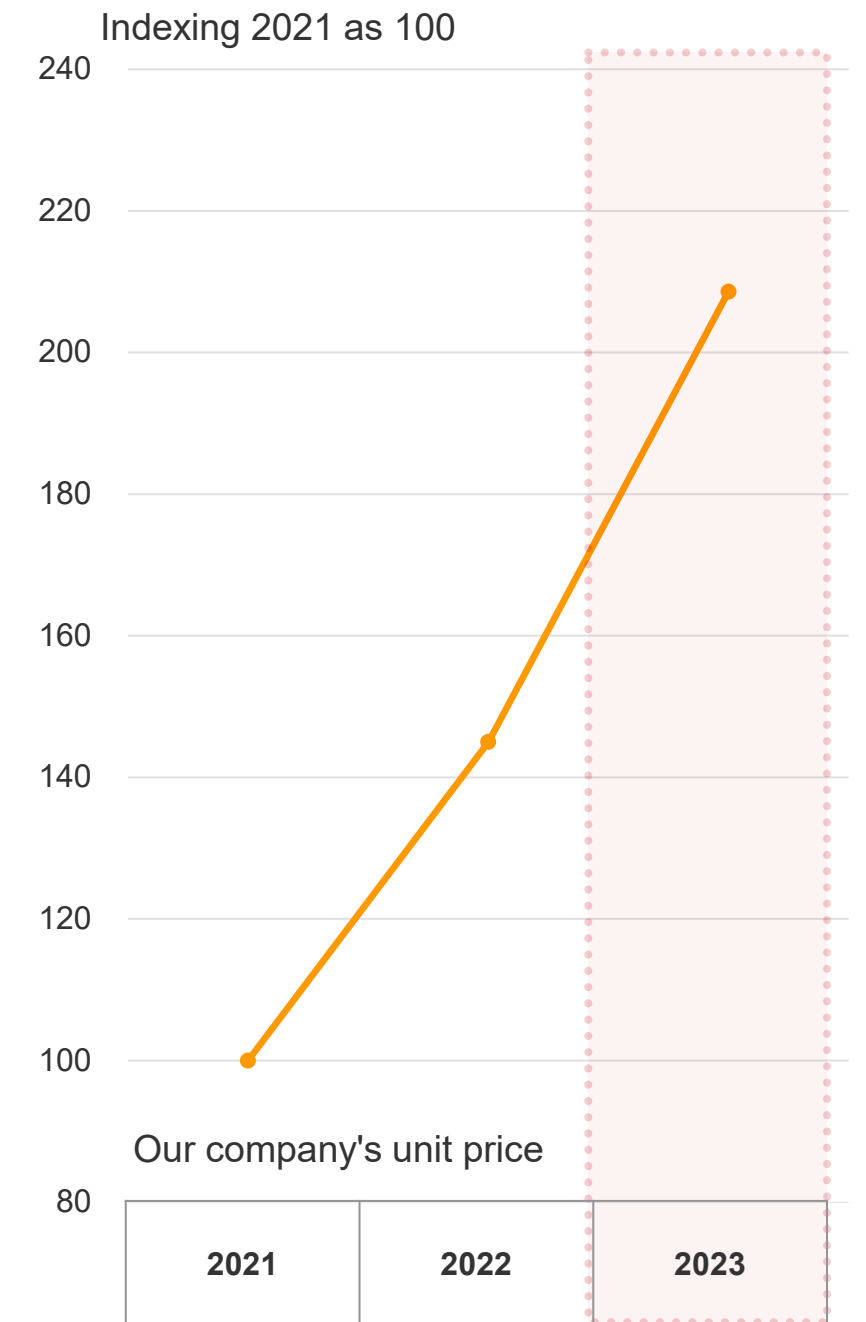
High-Carbon Ferromanganese & Manganese Ore Market Prices



Ferrosilicon & Silicomanganese Market Prices



Electricity in Unit Price Trends



2-3. FY2023 Consolidated Financial Results

FY2023
Results

Year-end dividend increased from the forecast of ¥4 to **¥6** and the annual dividend from the forecast of ¥7 to **¥9**

- The ordinary profit significantly declined (-¥7.9 bil.) year-on-year, due to the impact of inventory caused by the decline in the manganese ore market (-¥7.8 bil.)
- Underlying ordinary profit (¥5.5 bil.) remained almost at the same level as that of the previous fiscal year, due to efforts to secure profits in addition to the effect of the price formula
- Due to the progress in structural reform (consolidation of production capacity and price formula revision), the company classification has been changed, and deferred tax assets have been additionally recognized. Profit increased and exceeded from the previous forecast announced in August 2023 (+¥1.4 bil.)

	FY2022	FY2023		YoY	Comparison with Forecast
	Actual	Forecast (Announced on Aug. 7, 2023)	Actual		
Net Sales	79.3	78.0	76.4	-2.9	-1.6
Ordinary Profit	10.4	2.5	2.5	-7.9	-0.0
Underlying ordinary profit*	5.6	5.7	5.5	-0.1	-0.2
Profit attributable to owners of parent	7.9	3.0	4.4	-3.6	1.4
Annual dividend per share (yen)	17	7	9	-8	2
ROE (%)	12	4	6	-	-

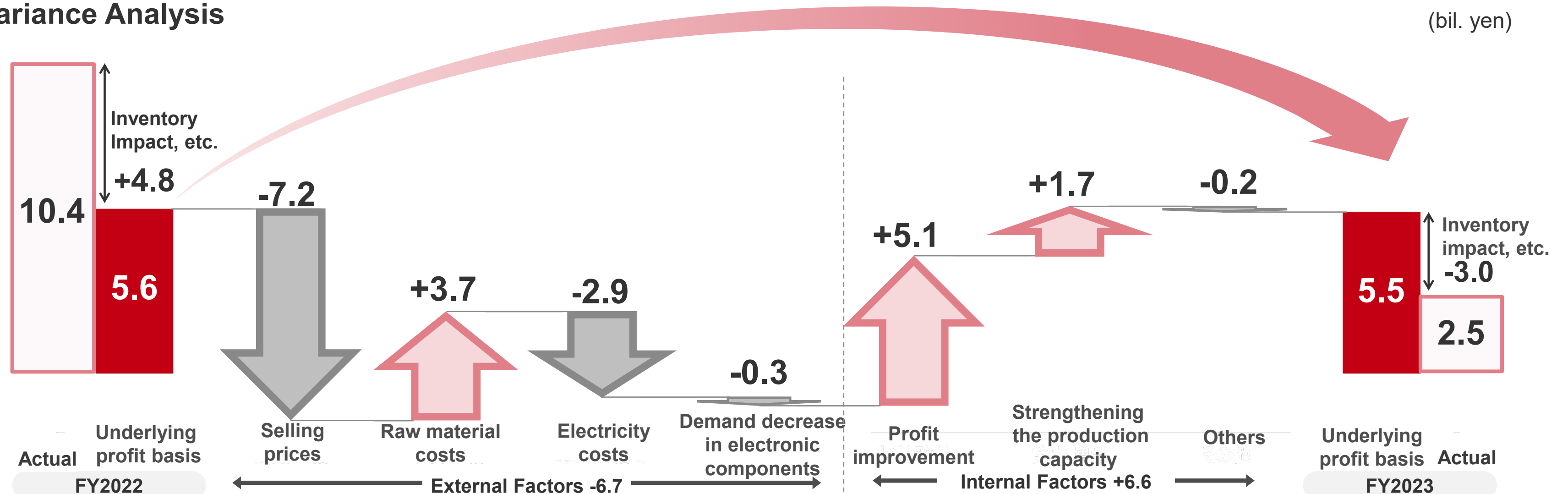
* Earnings excluding inventory impact and one-time factors

2-4. FY2023 Consolidated Financial Results (Underlying Ordinary Profit Variance)

FY2023 Results

Negative impacts have occurred due to external factors such as the soaring electricity prices and margin decline caused by a decline in the global market prices in the Ferroalloys business. However, as a result of dedicated efforts such as the price pass-through of higher electricity costs for selling prices, reduction of costs, and capacity enhancement, underlying profit remained almost at the same level as that of the previous fiscal year

Variance Analysis



2-5. FY2023 Consolidated Financial Results by segments (Underlying Profit Basis*)

FY2023
Results

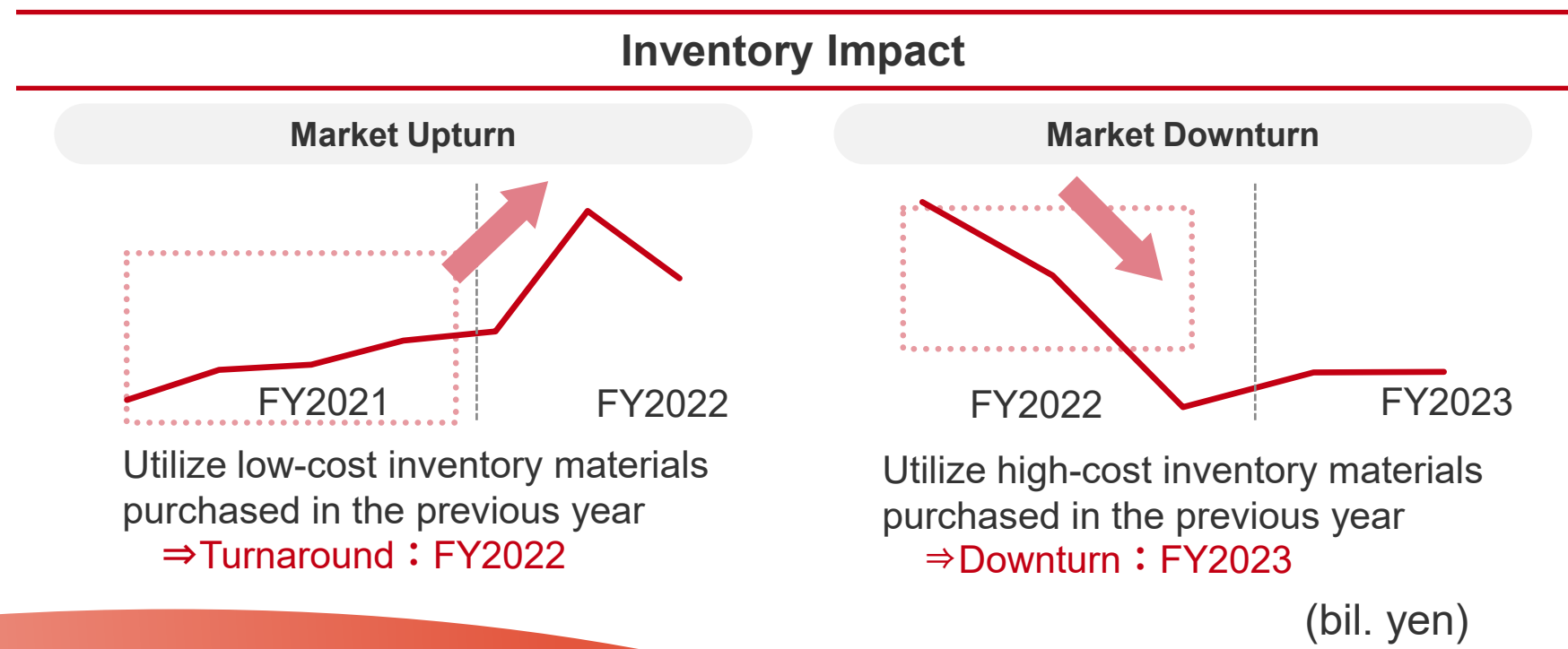
* Ordinary profit excluding inventory impact and one-time factors

(bil. yen)

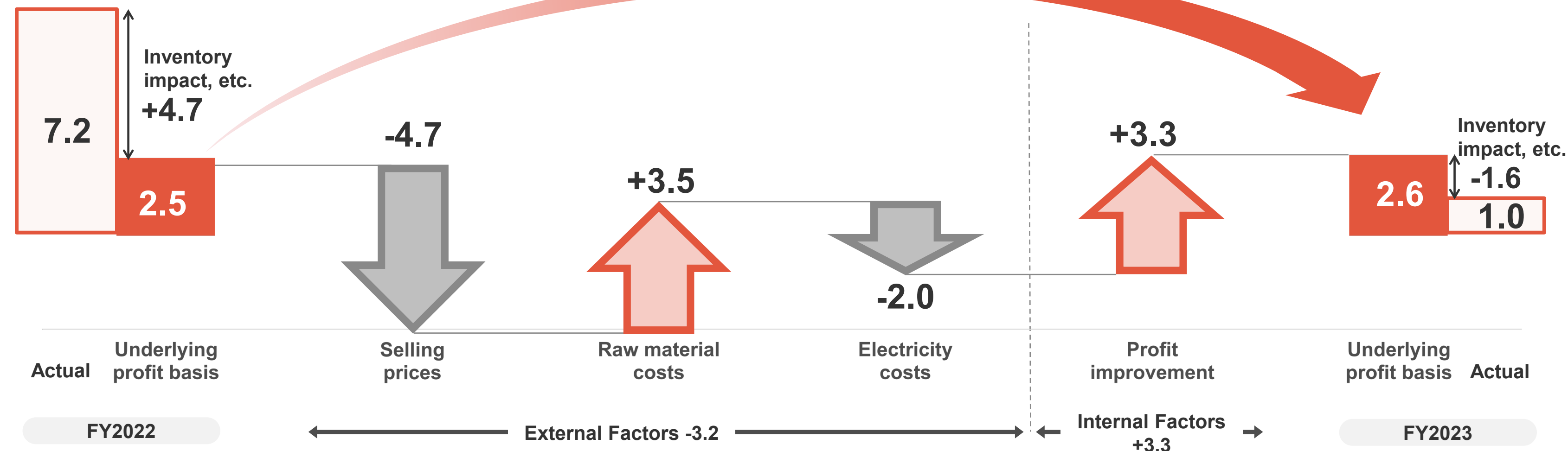
		FY2022		FY2023		YoY	
		Net Sales	Ordinary Profit (Underlying profit basis)	Net Sales	Ordinary Profit (Underlying profit basis)	Net Sales	Ordinary Profit (Underlying profit basis)
Ferroalloys		58.4	3.7	52.9	2.3	-5.5	-1.4
	Domestic	58.4	2.5	52.9	2.6	-5.5	0.1
	Overseas	-	1.2	-	-0.3	-	-1.5
Functional Materials		11.3	0.5	13.8	1.8	2.6	1.3
Environment		5.9	0.7	6.6	0.9	0.7	0.2
Electric Power		1.7	0.5	1.4	0.4	-0.3	-0.1
Others		2.1	0.2	1.7	0.1	-0.4	-0.1
Total		79.3	5.6	76.4	5.5	-2.9	-0.1

2-6. Overview by Segments (Domestic Ferroalloys Business) (1)

- High-carbon ferromanganese market and manganese ore market fell sharply
- Inventory impact turned negative from positive from the previous year (-¥6.3 bil.)
- Underlying ordinary profit remained almost at the same level as that of the previous fiscal year due to profit improvement (price pass-through, cost improvement, etc.) which overcame the negative factors such as higher electricity prices and margin decline

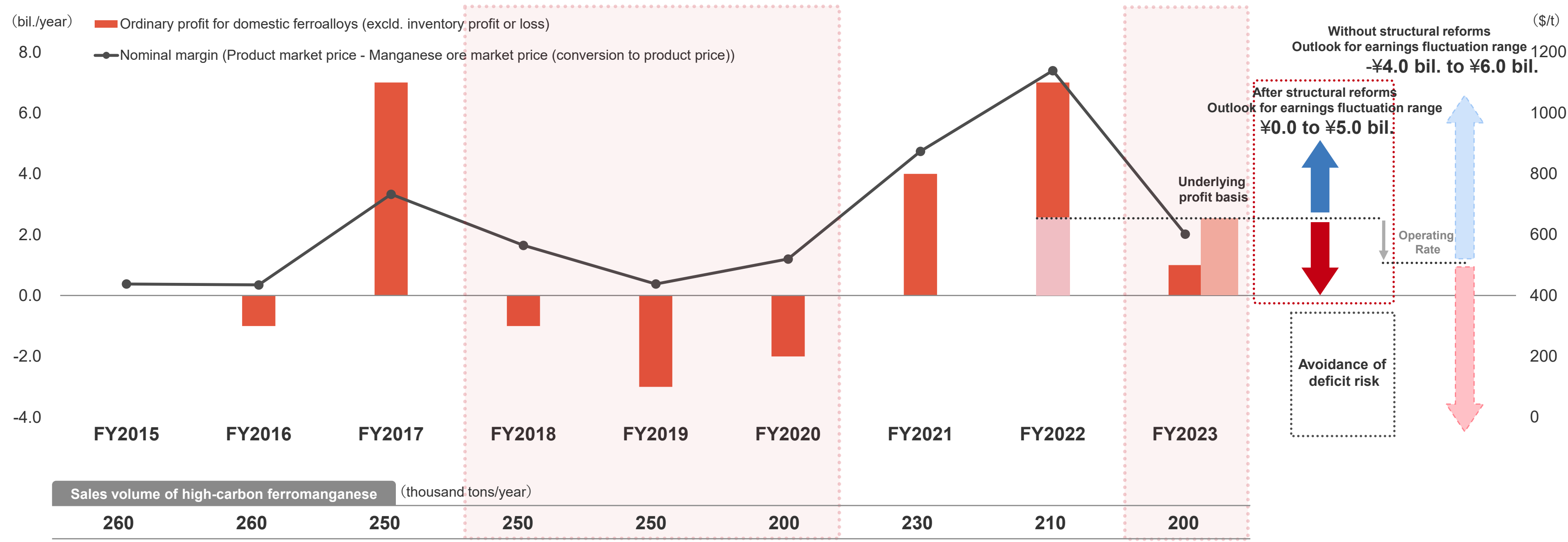
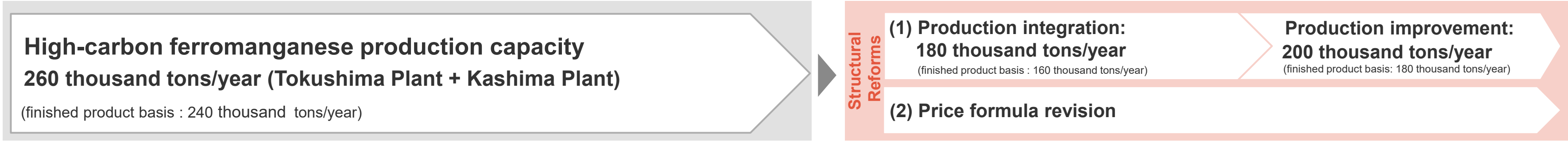


Ordinary Profit Variance Analysis



2-7. Overview by Segments (Domestic Ferroalloys Business) (2)

To achieve a stable earning structure that is less susceptible to decreases in domestic crude steel production and market conditions for ferroalloys

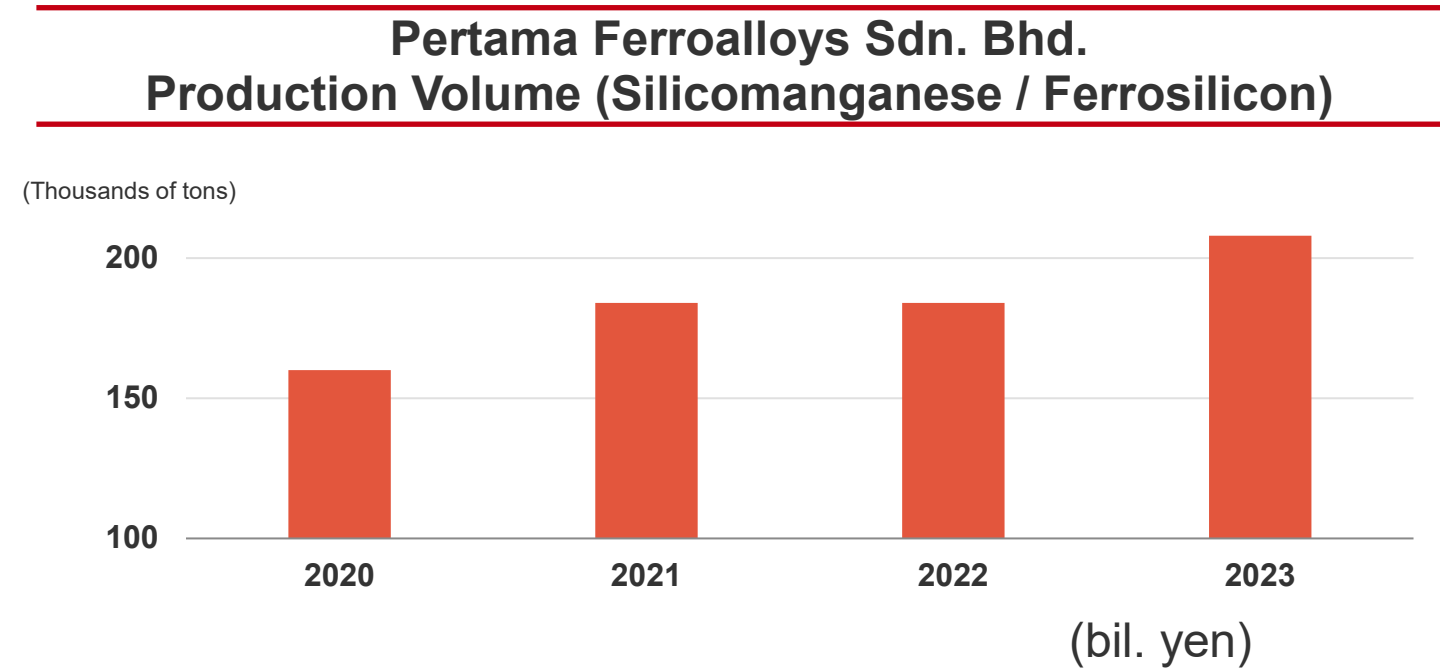


• The shortfall will be covered by external procurement

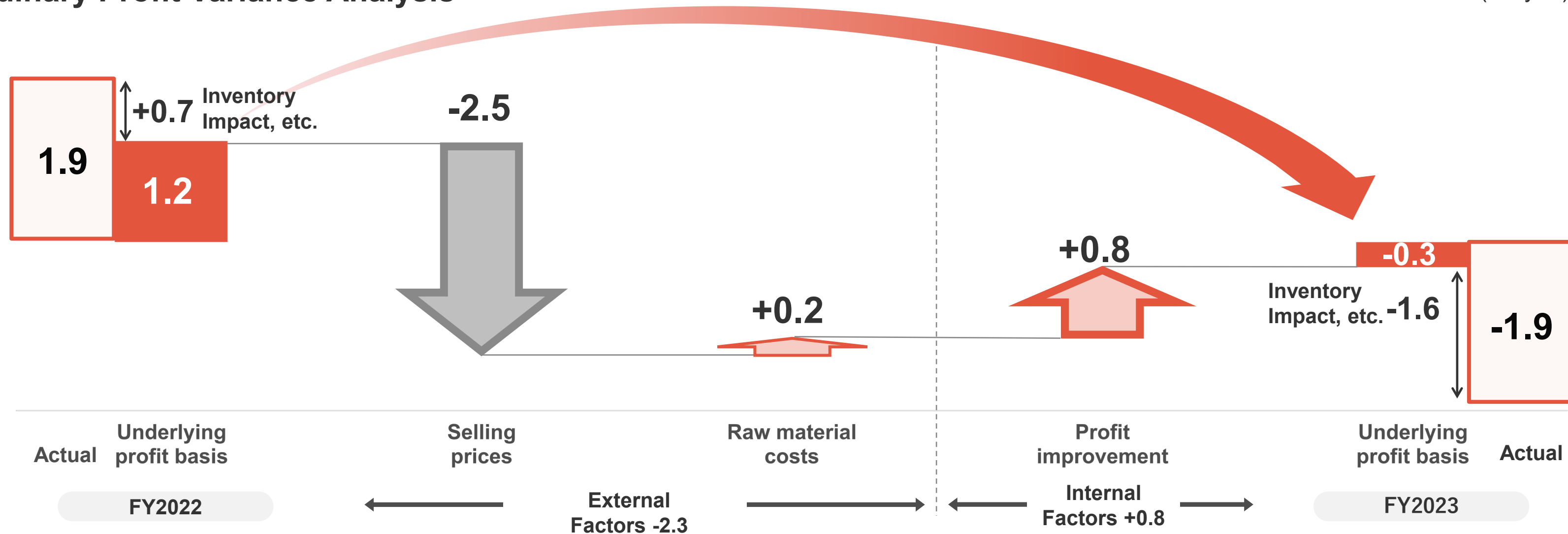
2-8. Overview by Segments (Overseas Ferroalloys Business)

(Pertama Ferroalloys : ownership ratio 25% Kudumane : indirect ownership ratio 12%)

- Our engineers are stationed at Pertama Ferroalloys Sdn. Bhd. Focusing on stable production, manufacturing capacity steadily improved, and production results reached a record high level
- Significant year-on-year decline due to lower-than-expected silicomanganese and ferrosilicon prices and inventory impact (-¥2.3 billion)



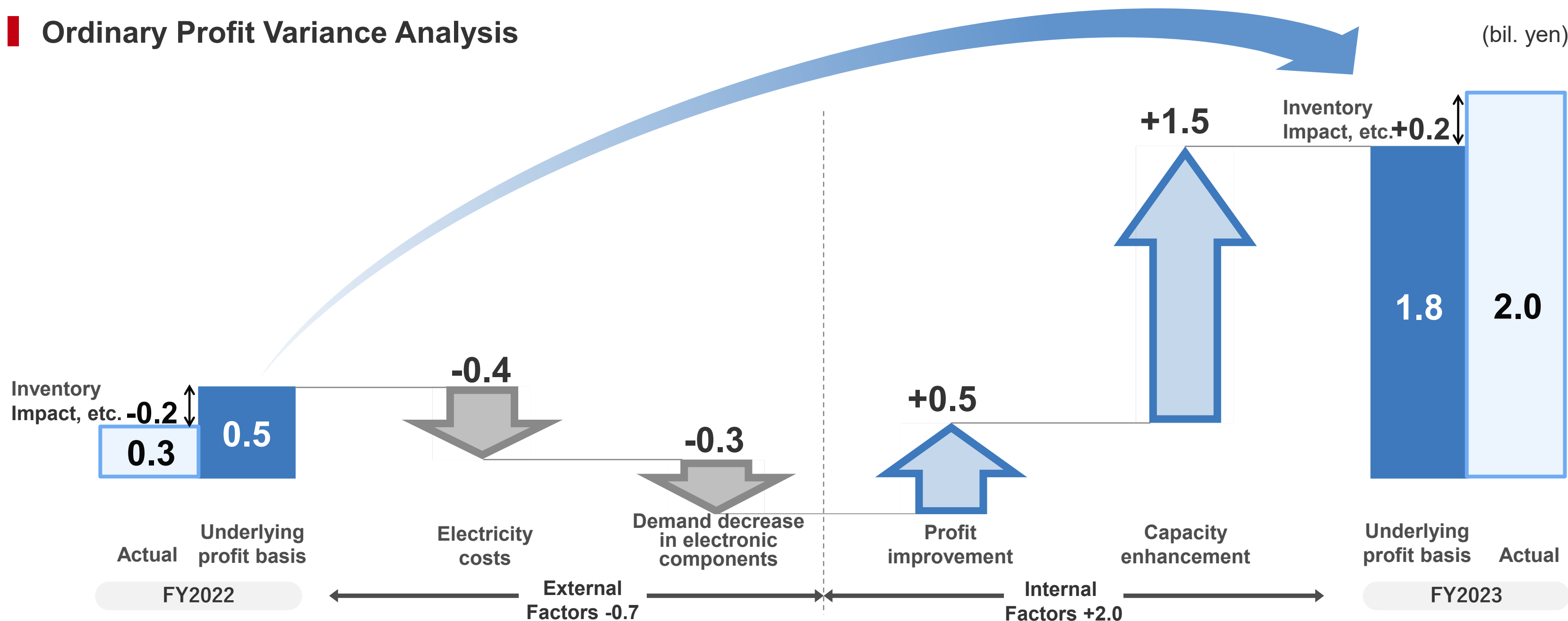
Ordinary Profit Variance Analysis



2-9. Overview by Segments (Functional Materials Business)

- Profit increased substantially due to the enhancement of manufacturing capacity of cathode materials for lithium-ion batteries and boron oxide, and the resumption of ferroboron production, etc.
- The rise in the electricity costs was dealt with by the price pass-through for selling prices
- Sales of zirconium oxide decreased due to a delay in the recovery of demand for automotive electronic components

Ordinary Profit Variance Analysis



2-10. Overview by Segments (Environment)

The Environment business was divided and renamed into the Incineration Ash Recycling business (formerly, Melting & Solidification of Incineration Ash) and the Aqua Solutions business (formerly, Environmental Systems) in January 2024

■ Incineration Ash Recycling Business

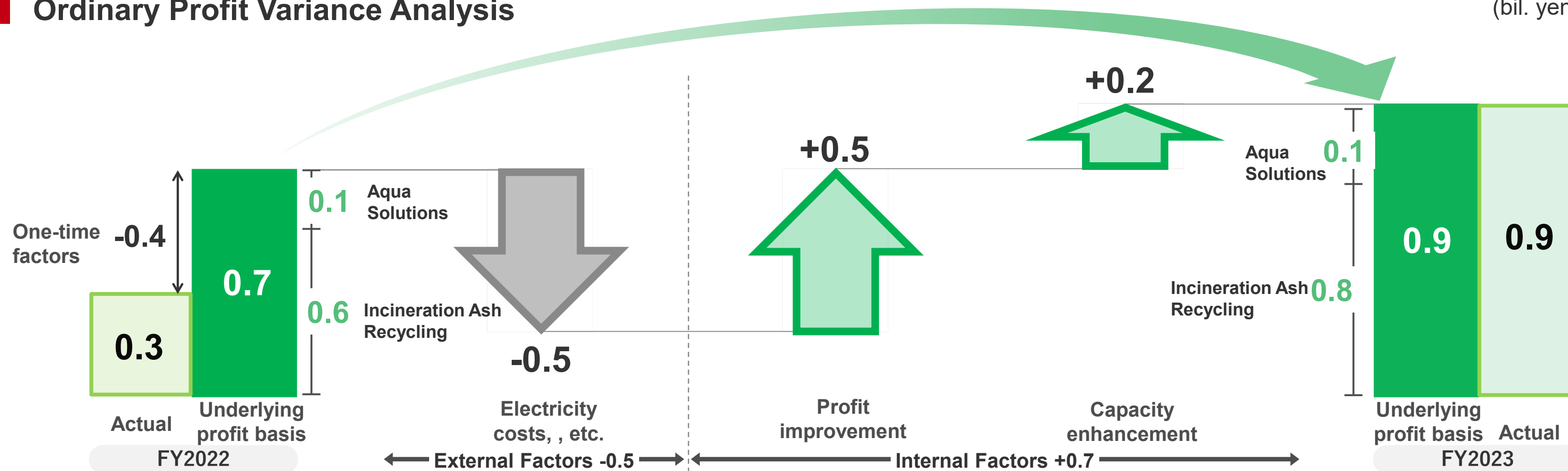
- Incineration ash melting furnace No. 4 (EM4) began operations in Q4 of FY2022, demonstrating the benefits of capacity expansion
- On the other hand, due to the financial difficulties of municipalities caused by COVID-19, the collection of incineration ash has been sluggish and the price pass-through of the rise in electricity costs for selling prices is still halfway, underlying ordinary profit only increased by ¥0.2 billion

■ Aqua Solutions Business

- Conducted the price pass-through of the rise in the electricity and raw material costs for selling prices

■ Ordinary Profit Variance Analysis

(bil. yen)



2-11. Consolidated Balance Sheets

FY2023
Results

We will solve balance sheet issues in the period of Medium/Long-term Business Strategy to realize growth strategies and achieve transformation into financial position that can improve profitability

BS

	(bil. yen)		
	FY2022	FY2023	Composition Rate (%)
Total current assets	56.9	51.9	51.3
(Inventories) *1	33.6	30.9	30.6
Total non-current assets	48.0	49.2	48.7
Total assets	104.9	101.0	100.0
Total liabilities	35.7	29.3	29.0
(Interest-bearing debt) *2	21.1	18.6	18.4
Total net assets	69.2	71.7	71.0
Total liabilities and net assets	104.9	101.0	100.0
Net D/E Ratio	0.18	0.15	

*1 Merchandise and finished goods + work in process + raw materials and supplies

*2 Short-term borrowings + long-term borrowings + lease obligations

Medium/long-term Issues to be Solved

- Inventories
 - Inventory turnover period: 6.0 months
[Average for the manufacturing industry: 2.2 months]
 - ➔ To improve the inventory efficiency through DX
- Non-current assets
 - Fixed ratio: 72.8%
[Average for the manufacturing industry: 85.7%]
 - ➔ Implementation of aggressive strategic investment
- Interest-bearing debt and shareholders' equity
 - Net D/E ratio: 0.15
[Average for the manufacturing industry: 0.35 - 0.4 *3]
 - ➔ Changes in financial leverage to the appropriate extent

*3 Average range of rated companies in Japan [BBB to A]

2-12. Consolidated Cash Flows

FY2023
Results

Consolidated Cash Flows

(bil. yen)

	FY2022	FY2023	FY2021 - FY2023
Profit before income taxes + Depreciation	12.9	5.9	27.0
Share of profit (loss) of entities accounted for using equity method (non-cash items)	-1.9	1.9	0.2
Other (Changes in working capital, etc.)	-4.7	1.0	-6.0
Cash flows from operating activities	6.3	8.8	21.2
Cash flows from investing activities	-4.6	-4.7	-11.5
Free cash flows	1.7	4.1	9.7
Increase (decrease) in borrowings	3.3	-2.6	-0.9
Cash dividends paid	-2.9	-1.7	-5.9
Acquisition of treasury shares	-3.0	-1.0	-4.0
Cash flows from financing activities	-2.7	-5.2	-10.8
Cash and cash equivalents at beginning of period	9.8	8.9	9.6
Cash and cash equivalents at end of period	8.9	7.9	7.9
Net increase (decrease) in cash and cash equivalents	-0.9	-1.0	-1.7

FY2022 Consolidated Cash Flow Summary

While ordinary profit declined from ¥10.4 billion to ¥2.5 billion, operating CF, the source of earning power, expanded from ¥6.3 billion to ¥8.8 billion

Distribution of CF During the Previous Medium-Term Business Plan

Operating Csh Flow: **¥21.2 billion**

Borrowings **-¥0.9 billion**

Cash on hand **¥1.7 billion**

Total ¥22.0 billion



Proactive investment in non-current assets, which form the core of profit generation

¥12.0 bil.



Acquisitions of ¥4.0 bil. treasury shares in addition to ¥6.0 bil. dividends in accordance by a dividend policy

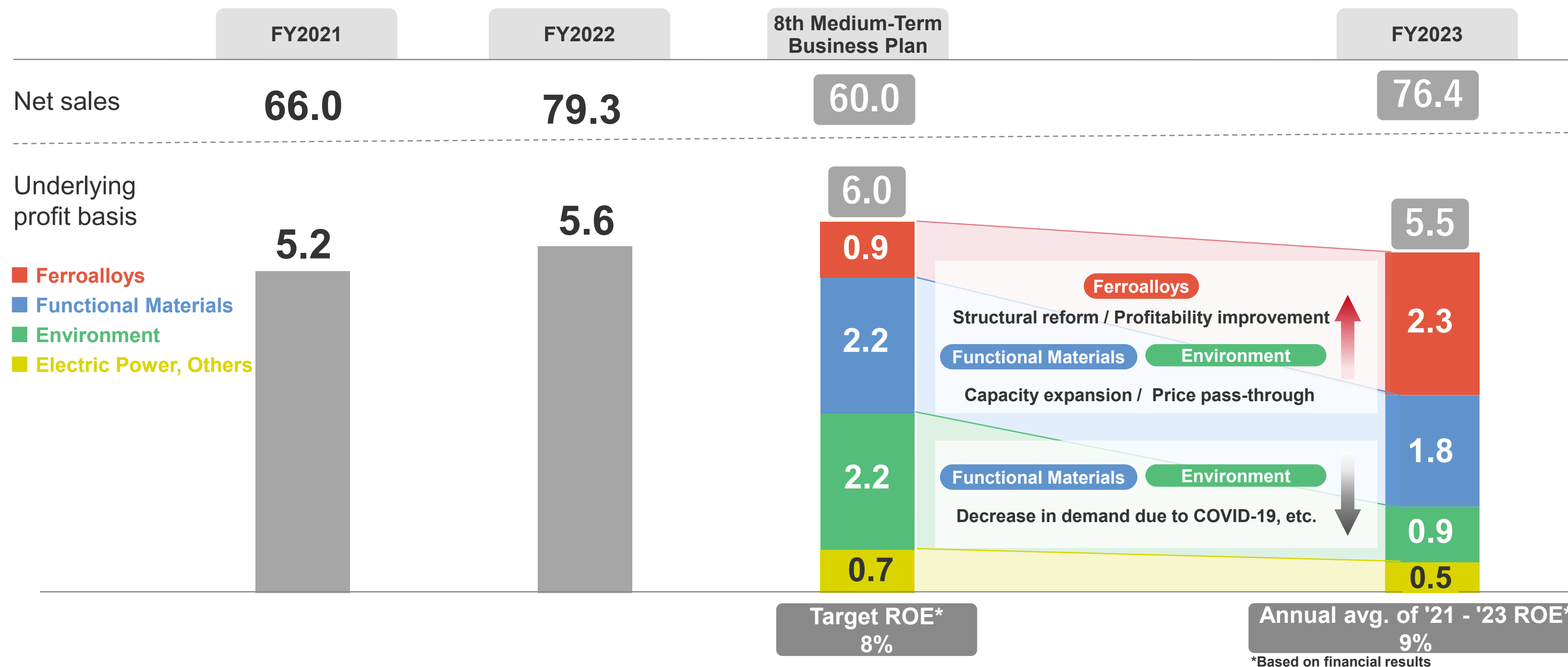
¥10.0 bil.

3-1. Review of the 8th Medium-Term Business Plan

- Contributions include stabilization of earnings through structural reforms in the domestic Ferroalloys business, expansion of production capacity in the Functional Materials business, and the price pass-through of the rise in electricity costs for selling prices
- Meanwhile, the demand in the Functional Materials business declined partially and the collection of incineration ash fell short of forecasts due to COVID-19 in the Environment business
- Underlying ordinary profit is on par with the target level set in the Eighth Medium-Term Business Plan (3-year annual average of ROE* during the Medium-Term Management Plan is 9%, and the target was achieved)

Variation of Consolidated Financial Results

(bil. yen)



3-2. Outline of Medium/Long-Term Business Strategy (1)

【Management Philosophy】

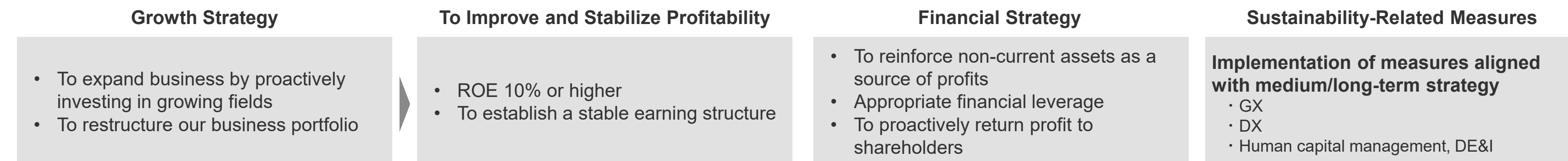
To help create an affluent future through sustainable growth by developing and providing distinctive products, technologies, and services



To achieve both
"Solving Social Issues " & **"Enhancing Corporate Value"**



Four Targets



3-3. Outline of Medium/Long-Term Business Strategy (2) (To Improve and Stabilize Profitability)

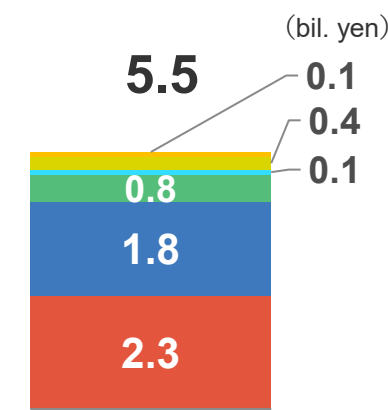
Aim to achieve ROE of 10% or higher by establishing a more stable and highly profitable system while actively investing in growing fields, based on stabilization of earnings (drastic reduction of impact of market and volume fluctuations) through structural reforms in the domestic Ferroalloys business

FY2023 Results (consolidated)

Net sales : ¥76.4 bil.
 Ordinary profit : ¥5.5 bil.
(underlying profit basis*)
 ROE : 9%

Underlying profit basis in FY2023

■ Ferroalloys ■ Functional Materials
■ Incineration Ash Recycling ■ Aqua Solutions
■ Electric Power ■ Others



Ordinary profit

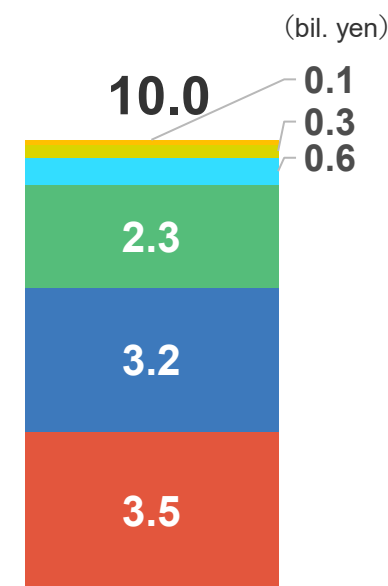
*Earnings excluding inventory impact and one-time factors

Ninth Medium-Term Business Plan for FY2027 (consolidated)

Net sales : Approx. ¥95.0 bil.
 Ordinary profit : Approx. ¥10.0 bil.
 ROE : 10%

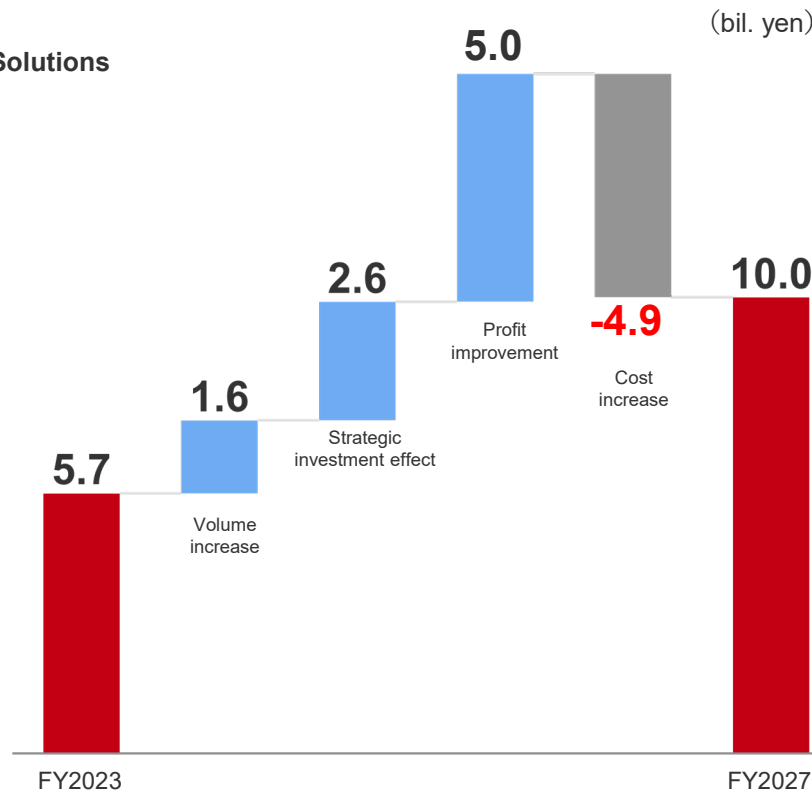
FY2027 Target

■ Ferroalloys ■ Functional Materials
■ Incineration Ash Recycling ■ Aqua Solutions
■ Electric Power ■ Others



Ordinary profit

Ordinary profit analyses (vs. FY2023)



"Our Ideal State" in 2030 (consolidated)

Net sales : ¥110.0 bil. or larger
 Ordinary profit : ¥13.0 bil. or larger
 ROE : 10% or higher

FY2030 Target

(bil. yen)
 13.0 or larger

Ordinary profit

vs. FY2027

Up more than
 ¥3.0 bil.

Major items

- Expansion of Incineration Ash Recycling business
- Zirconium oxide production enhancement
- Effects of DX

3-4. Outline of Medium/Long-Term Business Strategy (3) (Financial Strategy)

Aim to reform our financial structure to realize growth strategies and improve profitability (Resolving balance sheet issues)



As of the end of Dec. 2023 Net D/E ratio: 0.15 [Average for the manufacturing industry: 0.35 - 0.40]

- D/E can be reviewed by effectively utilizing external liabilities. [0.15 ⇒ 0.30 - 0.45]
- In addition to achieving the target ROE, we aim to increase corporate value by changing financial leverage
- We will construct a business portfolio that is less susceptible to the market conditions for ferroalloys through aggressive strategic investments in growth fields

BS as of the end of Dec. FY2023

—Total assets: ¥101.0 bil.—

Current assets	51%	Liabilities	29%
Non-current assets	49%	Net assets	71%

BS as of the end of Dec. FY2030

—Total assets: Approx. ¥150.0 bil.—

Current assets	Approx. 40%	Liabilities	Approx. 40%
Non-current assets	Approx. 60%	Net assets	Approx. 60%

External Environment

Sluggish market for ferroalloys due to weak steel demand

Concerns about a decline in demand for electronic components due to the economic downturn in China

Rise in commodity prices, including high electricity prices and pay hikes

Impact of the Noto Peninsula Earthquake

FY2024 Consolidated Earnings Forecast

Due to the uncertain outlook, it is difficult to make a reasonable forecast for the results in FY2024 at this point

Steady implementation of measures in the Ninth Medium-Term Business Plan as a year of building a foundation for “Our Ideal State” in 2030

Full-year earnings forecasts will be announced at the time of the announcement of financial results for FY 2024 Q1

4-2. Measures in FY2024

Business and Manufacturing Divisions

Steady progress in building a foundation for “Our Ideal State” in 2030

Ferroalloys

- Building a more stable production system
[Domestic] Response to the increased production demand by extending periodic repairing cycle
[Overseas] Expand the use of inexpensive raw materials and demonstrate the benefits of improved productivity (electric furnace renovation in 2023)
- Streamlining of inventories based on DX

Functional Materials

- Expand the sales of domestically produced one-of-a-kind products (ferroboron, etc.)
- Ensure appropriate profit commensurate with added value (manganese inorganic chemical products, etc.)
- Consider production capacity enhancement in anticipation of changes in the business environment (zirconium oxide, etc.)

Incineration Ash Recycling

- Steady implementation of the price pass-through of the rise in electricity costs
- Promote sales activities with a focus on the arrival of circular economy
 - Expand sales areas while assuming a shortage of remaining capacity of landfill sites

Aqua Solutions

- Establish a production system for meeting growing demand (recovery and recycling of boron-adsorbent resin, etc.)
- Develop new adsorbents (inorganic adsorbents) (Shinshu University / Verne Crystal)

Research and Function Divisions

Support for business divisions and steady promotion of sustainability-related measures

R&D

Approx. ¥0.8 billion

- Accelerate R&D for new product development to be finished by 2030
 - Develop high functional products (electronic components and battery materials)
 - Strengthen collaboration with universities and research institutes

GX

Approx. ¥1.2 billion

- Steady promotion of R&D towards carbon neutrality in 2050
 - Test of wood cokes with actual equipment to be used in 2030
 - Explore innovative high-carbon ferromanganese reduction technologies for 2050
- Promote GX strategic investment (introduction of internal carbon pricing)

DX (Production DX, Operation DX, Business DX)

Approx. ¥0.6 billion

- Production: Infrastructure development for smart factories (visualization of production information)
- Operation: Concentrate resources in high value-added services through core system upgrades
- Business: Enhance inventory management by visualizing the supply chain

Human Capital Management

- Establish a system for diverse working styles (establish a career-track system for a specific area)
- Secure personnel to strengthen each business (expand initiatives to improve regional presence)
- DE&I (enhance training systems for the development of female leaders)

Aiming to increase corporate value by creating new products and businesses that would help solve social issues

Medium/Long-Term Business Strategy

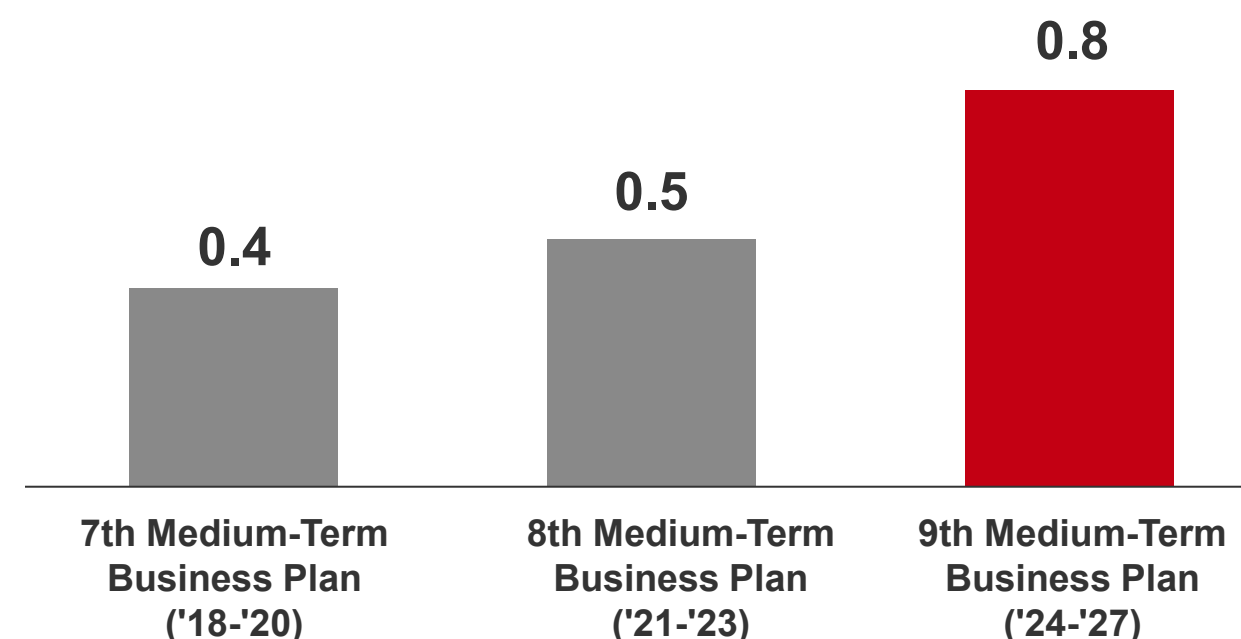
- Continuously allocating resources to the development of new products utilizing our proprietary technologies
 - High-performance zirconium oxide (response to needs for smaller MLCC)
 - Materials for next-generation secondary batteries
 - New adsorbents (inorganic adsorbents)
- R&D expenses (Ninth Medium-Term Business Plan)

Total of about ¥3.2 billion (4 years: 2024-2027)

In addition, we consider M&A and collaboration with other companies

R&D Expenses of the Ninth Medium-Term Business Plan

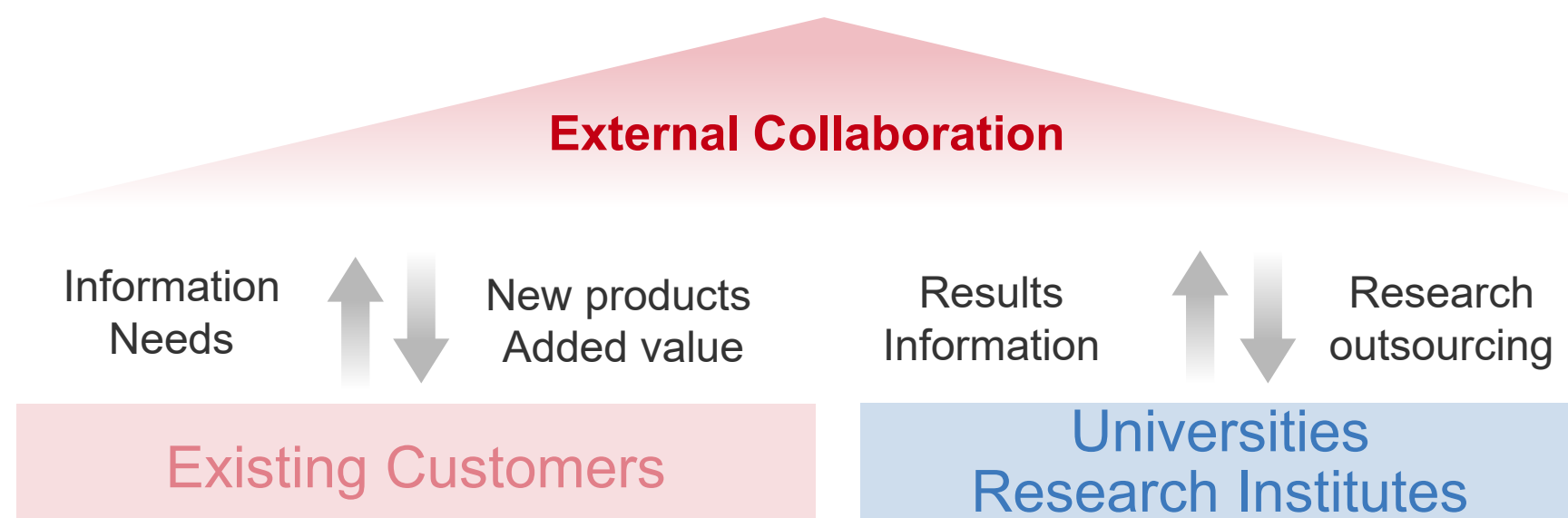
(bil. of yen/year avg.)



R&D in FY2024

R&D expenses in 2024: Approx. ¥0.8 bil.

- Accelerate R&D to surely capture demand for high-performance products in line with the further electrification of automobiles, the acceleration of electrification and GX
- Deepen collaboration with universities and research institutes and make advanced technologies which are newly created our intellectual property



Conduct aggressive strategic investments in growth fields to realize a business portfolio which is less susceptible to the impact of ferroalloys market conditions (more than 3 times compared with the previous medium-term business plan)

Business Expansion Through Aggressive Strategic Investment (Medium-to Long-Term Plan)

Amount of strategic investment: ¥45.0-50.0 billion/7 years ('24-'30)

(Ref.) Previous Medium-Term Business Plan: ¥6.0 billion/3 years ('21-'23)

■ Ferroalloys

- Overseas: Strengthen overseas business (Pertama, Kudumane)

■ Functional Materials

- Invest to increase capacity for the electrification of automobiles

■ Incineration Ash Recycling

- Significant expansion of existing processing capacity (from 130K tons to 220K tons)

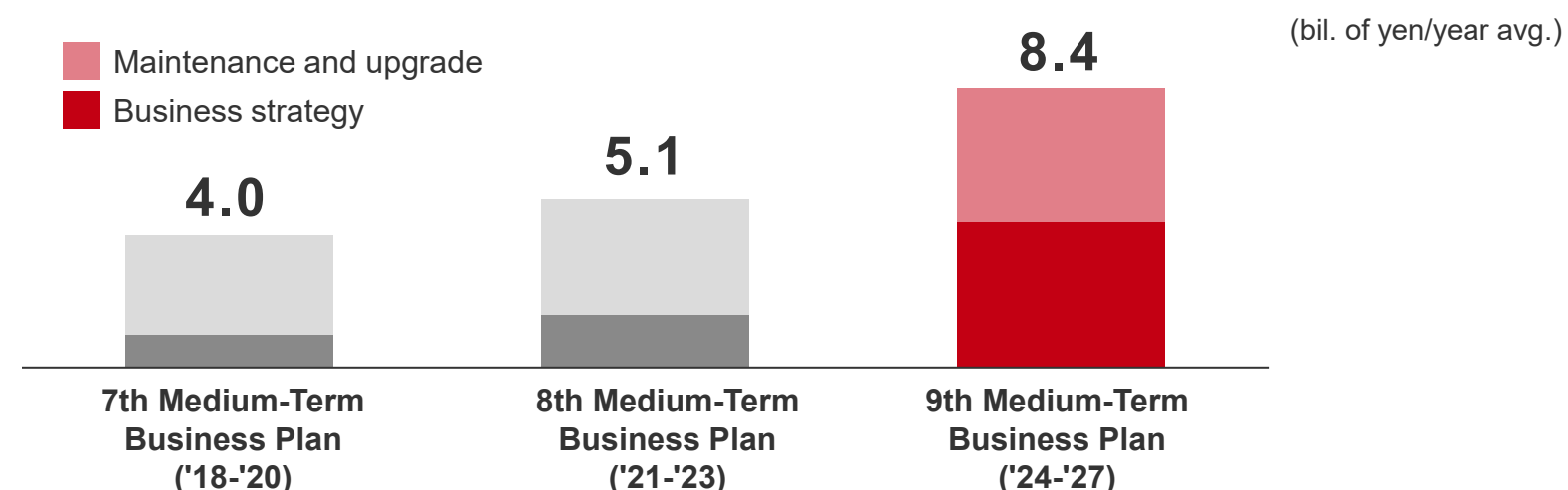
■ Aqua Solutions

- Expansion of wastewater treatment business

■ Other Strategic Investments

- GX and DX investments
- New businesses (new battery materials and new adsorbents)
- Strengthen existing businesses by acquiring and collaborating with competitors

Capital Expenditures in the Ninth Medium-Term Business Plan



*The amounts and descriptions are based on the year of approval

Capital Investment in FY2024

Budget for capital investment in FY2024: ¥10.0 billion in a year

Business strategy ¥3.0 bil.	<p>GX : Promote GX investment by establishing a new strategic investment framework and introducing ICP</p> <p>DX : Implement infrastructure improvements across all factories for realizing a smart factory and optimize office operations</p> <p>Others: Research facilities / Operational improvement / Business Continuity Planning (BCP) measures</p>
Maintenance and upgrade ¥7.0 bil.	<p>Renewal : Conduct maintenance and management in a planned manner at a level commensurate with depreciation</p>

5-3. Sustainability-Related Measures - GX

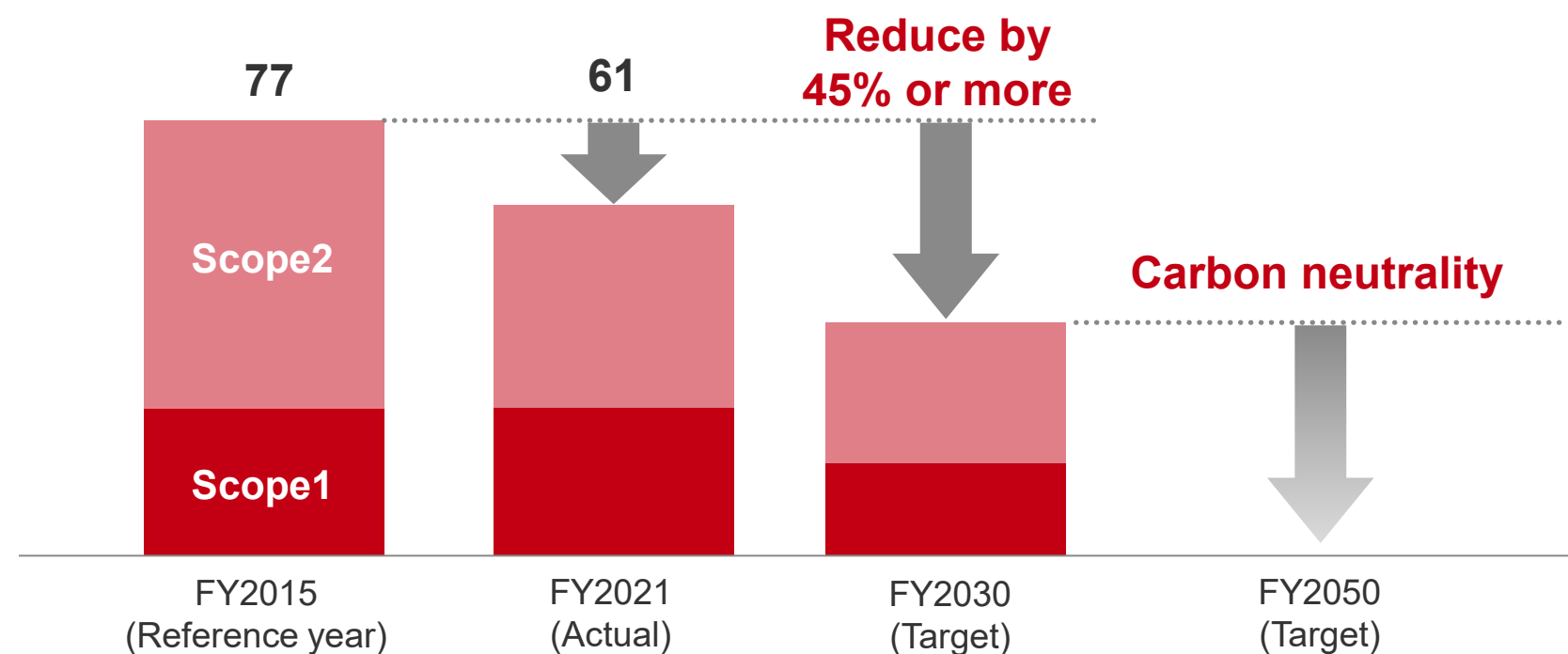
To implement measures to achieve carbon neutrality and aim to reduce our CO2 emissions by 45% or more* in FY2030

(*Scopes 1 and 2, vs. FY2015)

CO2 Emission Reduction Target

FY2030 Reduce by 45% or more <small>(Scopes 1 and 2, vs. FY2015)</small>	FY2050 Carbon neutrality
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CO2 Emissions of Nippon Denko Group (10 thousand tons/year)



Scope1 Direct emissions by Nippon Denko Group (mainly derived from the coal cokes reduction process in high-carbon ferromanganese manufacturing)

<Over 90% of Scope1 CO2 emissions derive from ferroalloy manufacturing>

Scope2 Indirect emissions from the use of electricity and heat supplied from external sources

Measures Towards Carbon Neutrality in FY2024

■ GX investment plan

- Planning to invest around **¥5.0 bil.** in GX by FY2030
- Promoting GX investment by adoption of an **internal carbon pricing** system
 - Set an internal carbon price at ¥10,000/tons-CO2 (Scopes 1 and 2) (From January 1, 2024)

■ Manufacturing technology

- Explore **innovative high-carbon ferromanganese reduction technologies**
- Collaborate with universities and external research institutes to promote fundamental research on reducing agents such as wood cokes and hydrogen, as an alternative to coal cokes, while utilizing the electric furnace at the Tokushima plant

As a NEDO R&D project, accelerate research for practical application by utilizing the FS business related to the new reduction technology of high-carbon ferromanganese

- Improve the **in-house consumption rate of renewable energy**

■ Information disclosure

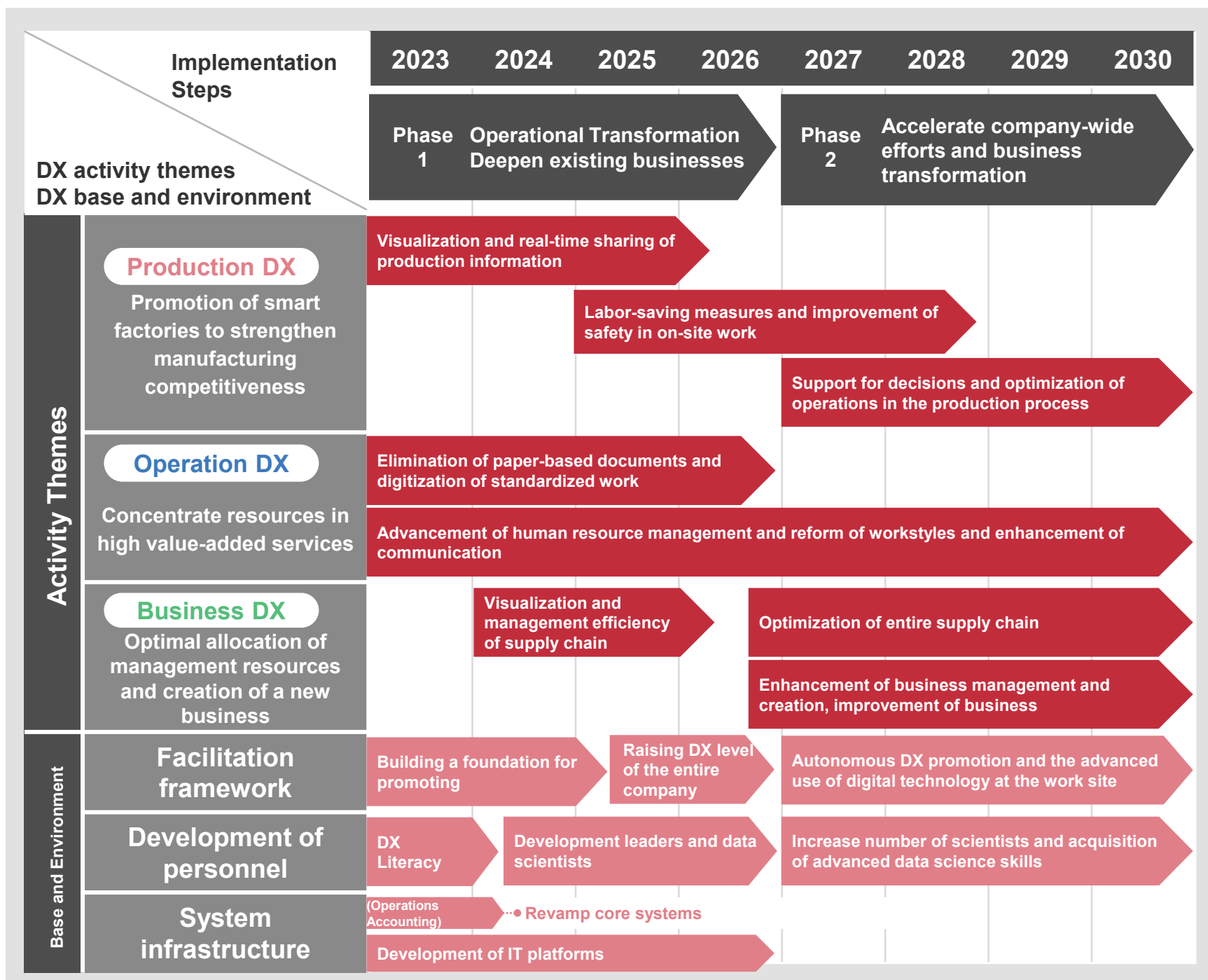
- Participation in **GX League** (Phase 1: '23-'25)
- Acquired **third-party assurance** for our CO2 emissions (2022 emission, Scopes 1 and 2)



Scope1 234Kt-CO2 **Scope2** 284Kt-CO2

DX Roadmap (FY2023 - FY2030)

- Promote companywide introduction of IoT foundation and software to support the digitization of manufacturing sites in line with the DX vision for FY2030



DX Human Resources Development

All staff members aim to become individuals who can promote data-driven work improvement and advancement

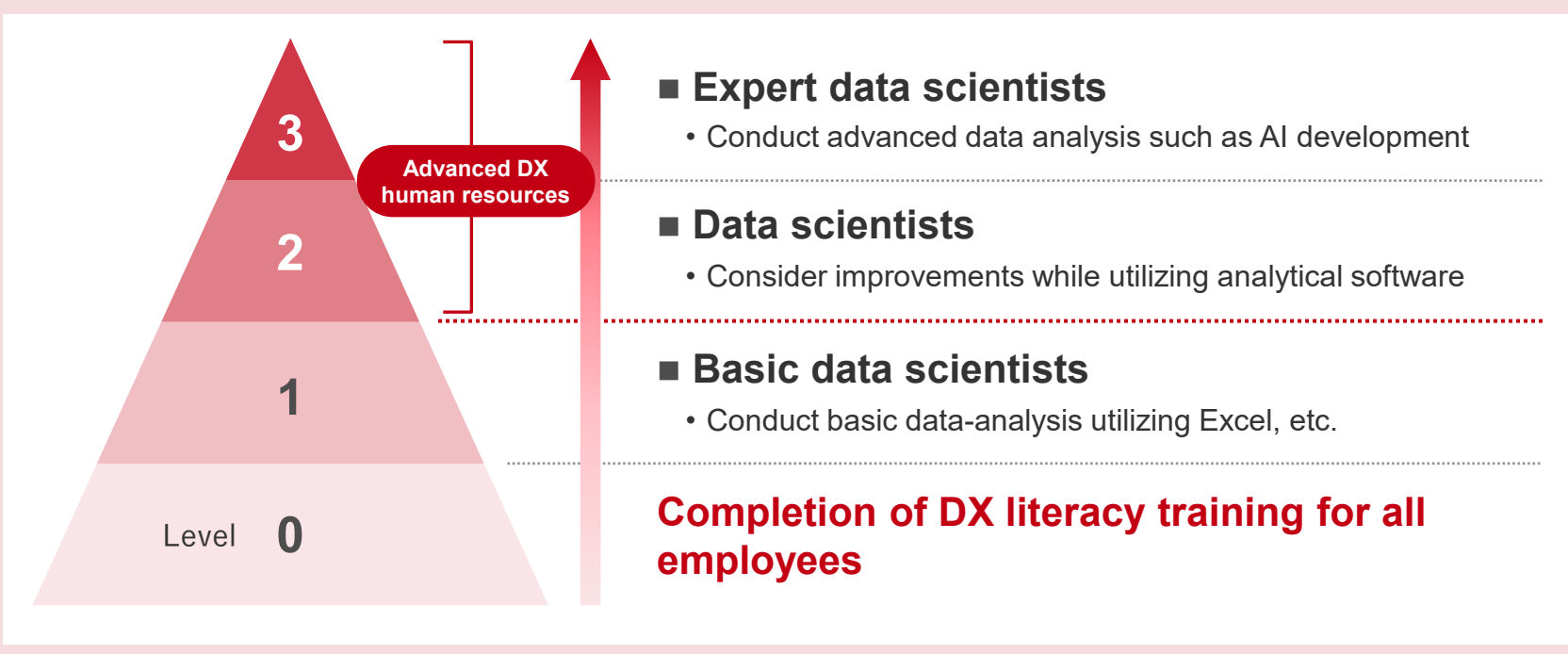
- By 2030, 30% of staff members will be trained as advanced DX human resources (DX promotion leaders and data scientists) who use data and tools to sophisticate and reform operations
- Promote education for staff members in accordance with the status of DX investment
By the end of 2024, 20% of staff members are scheduled to undergo advanced DX education

DX Promotion Leaders

Introduce digital technologies, evaluate data analysis results, and consider subsequent actions

Data Scientists

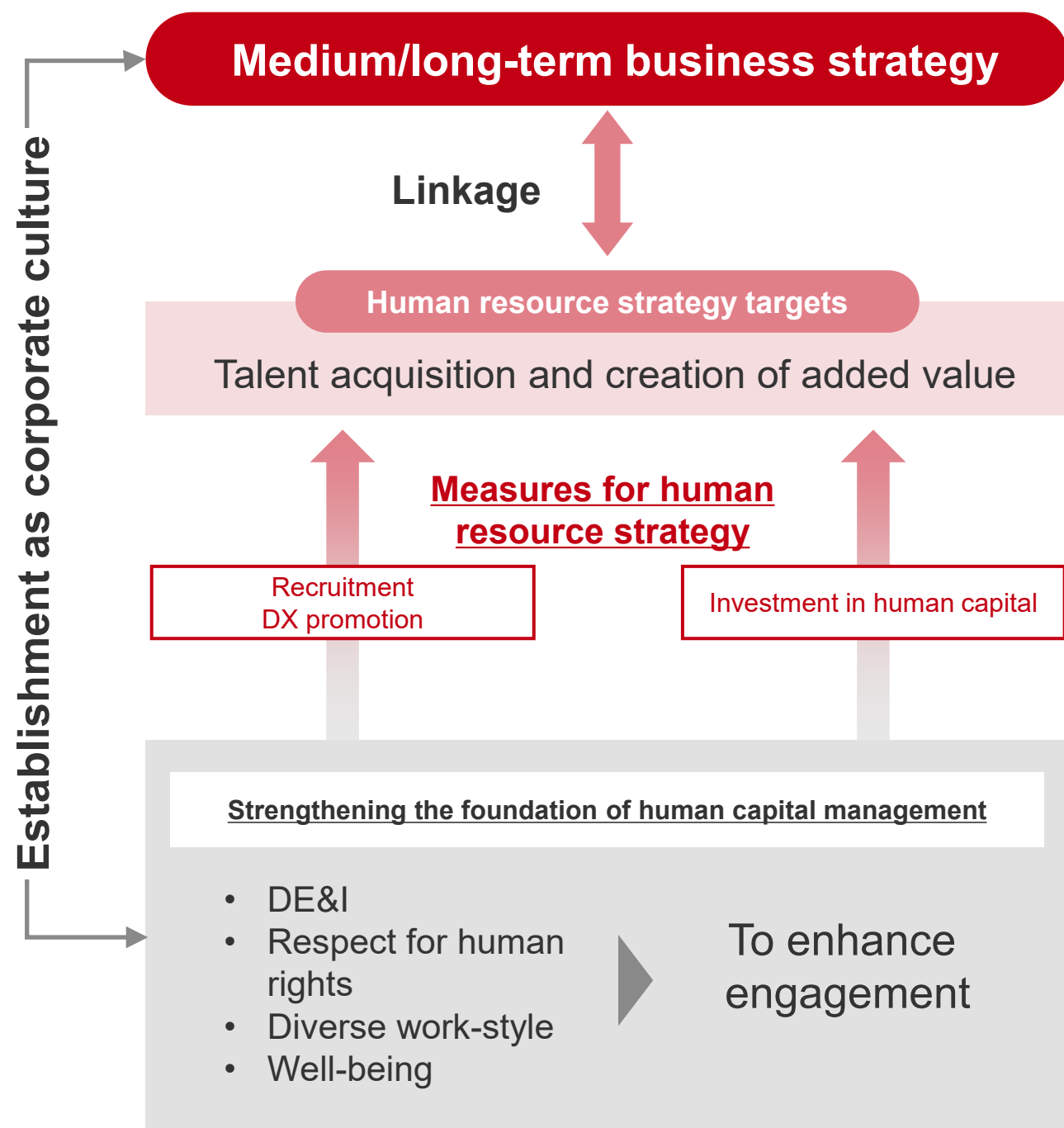
Identify data to collect and acquire based on the specific challenges, and examine improvements based on the data



5-5. Sustainability-Related Measures - Human Capital Management

We are promoting various measures based on the human resources strategy linked to the medium-to long-term business strategy

(1) Conceptual Diagram of Our Human Resource Strategy



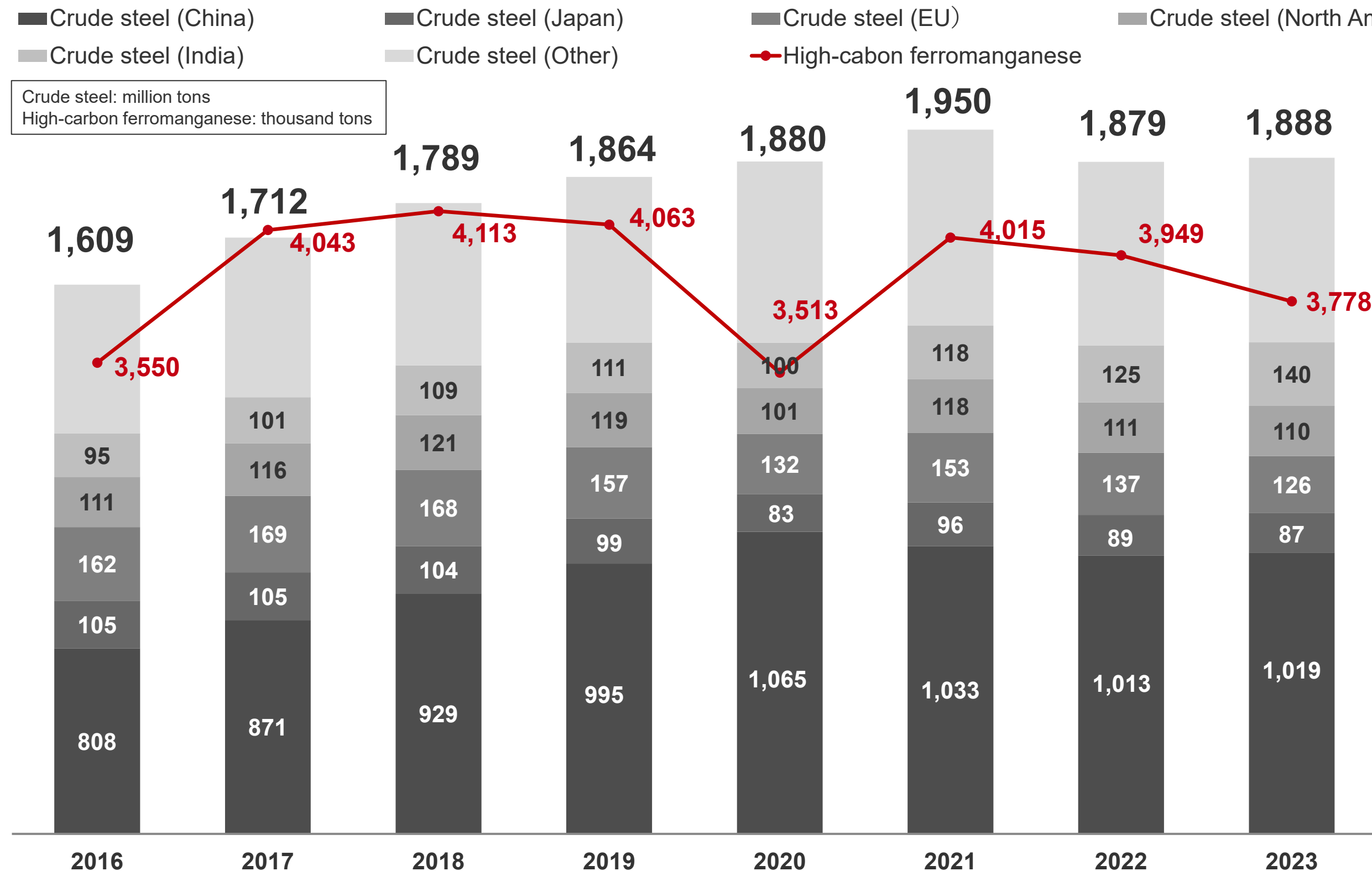
(2) Targets (Visualization) and Measures for Human Resource Strategy

	Target		Major measures in FY2024
Talent acquisition	Securing additional personnel in response to growth strategies	Enhance recruitment capabilities	<ul style="list-style-type: none"> Establishment of a career-track system for a specific area (promotion of diverse ways of working) Improve regional presence (implement measures to improve our recognition)
		Expansion of hiring methods	<ul style="list-style-type: none"> Establishment of referral hiring system (recruitment of skilled workers) Mid-career recruitment (recruitment of mid-career workers with specialized skills)
Creation of added value for employees	Qualities to carry out growth strategies	Fostering	<ul style="list-style-type: none"> Executive leader development (training and dialogue with President) Dialogue between all managers and President to realize "Our Ideal State" in 2030
		Education and training	<ul style="list-style-type: none"> Enrich education for division specialists (education for facility-related professionals, etc.) DX talent development required for more efficient and advanced business operations
		Creation of growth opportunities	<ul style="list-style-type: none"> Participation of young employees in the venture collaboration study team
Strengthening the foundation of human capital management	To enhance engagement	DE&I	<ul style="list-style-type: none"> Responses to raise the ratio of female managers (training for female leaders) Securing human resources with diversity and expertise
		Work-style reform	<ul style="list-style-type: none"> Improve the rate of paid holidays taken (creation of annual plans and management of results)
		Engagement	<ul style="list-style-type: none"> Engagement improvement measures (promotion of internal dialogue) Improvement of treatment (securing human resources and promotion of active participation)

5-6. Management Indicators

	(mil. yen)							
	2016	2017	2018	2019	2020	2021	2022	2023
Net sales	58,486	71,346	73,944	70,477	54,004	65,978	79,341	76,406
Operating profit	1,717	9,639	1,701	-5,572	5,434	8,436	8,815	4,741
Ordinary profit	1,614	9,239	1,947	-6,426	3,063	6,870	10,367	2,465
Profit attributable to owners of parent	-116	7,988	2,352	-14,240	2,615	7,768	7,949	4,375
Total assets (end of FY)	84,563	98,447	99,786	85,224	86,171	95,888	104,943	101,015
Shareholder equity (end of FY)	61,232	70,702	69,009	54,206	56,367	64,256	69,187	71,701
Interest-bearing debt (end of FY)	7,891	7,230	12,749	18,704	19,354	17,759	21,052	18,554
Equity-to-asset ratio (end of FY)	72.4%	71.8%	69.2%	63.6%	65.4%	67.0%	65.9%	71.0%
Total number of issued shares (thousands of shares)	146,741	146,741	146,741	146,568	146,776	146,853	146,931	137,217
Treasury shares (thousands of shares)	306	308	309	1	2	8	7,092	2
Net assets per share (yen)	418.16	482.83	471.28	369.84	384.04	437.58	494.76	522.55
Basic earnings per share (yen)	-0.80	54.55	16.06	-97.20	17.83	52.91	54.45	31.83
Dividends per share (yen)	5.00	13.00	5.00	-	5.00	16.00	17.00	9.00
Return on equity (ROE)	-0.2%	12.1%	3.4%	-23.1%	4.7%	12.9%	11.9%	6.2%
Return on assets (ROA)	-0.1%	8.1%	2.4%	-16.7%	3.0%	8.1%	7.6%	4.3%
Return on sales (ROS)	2.8%	13.0%	2.6%	-9.1%	6.5%	10.4%	13.1%	3.2%
Highest share price during the period (yen)	266	545	528	249	320	410	459	394
Lowest share price during the period (yen)	145	242	193	148	108	263	272	259

5-7. Crude Steel & High-Carbon Ferromanganese Production Trend



FY2023 Overview

Global crude steel

- Global crude steel production remained flat year-on-year
- Sales in India exceeded the results year-on-year, but they were stagnant in other countries

Domestic crude steel

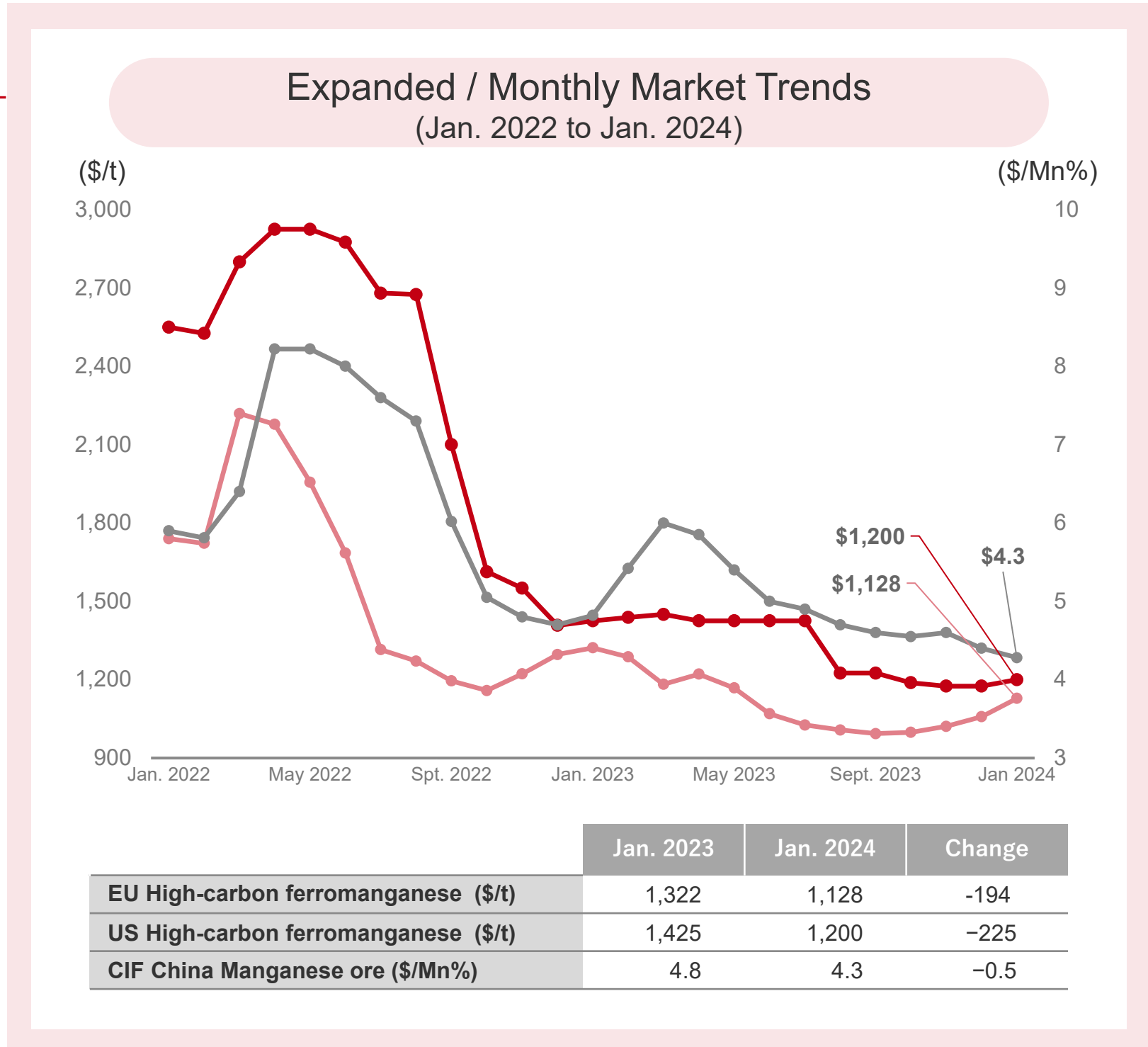
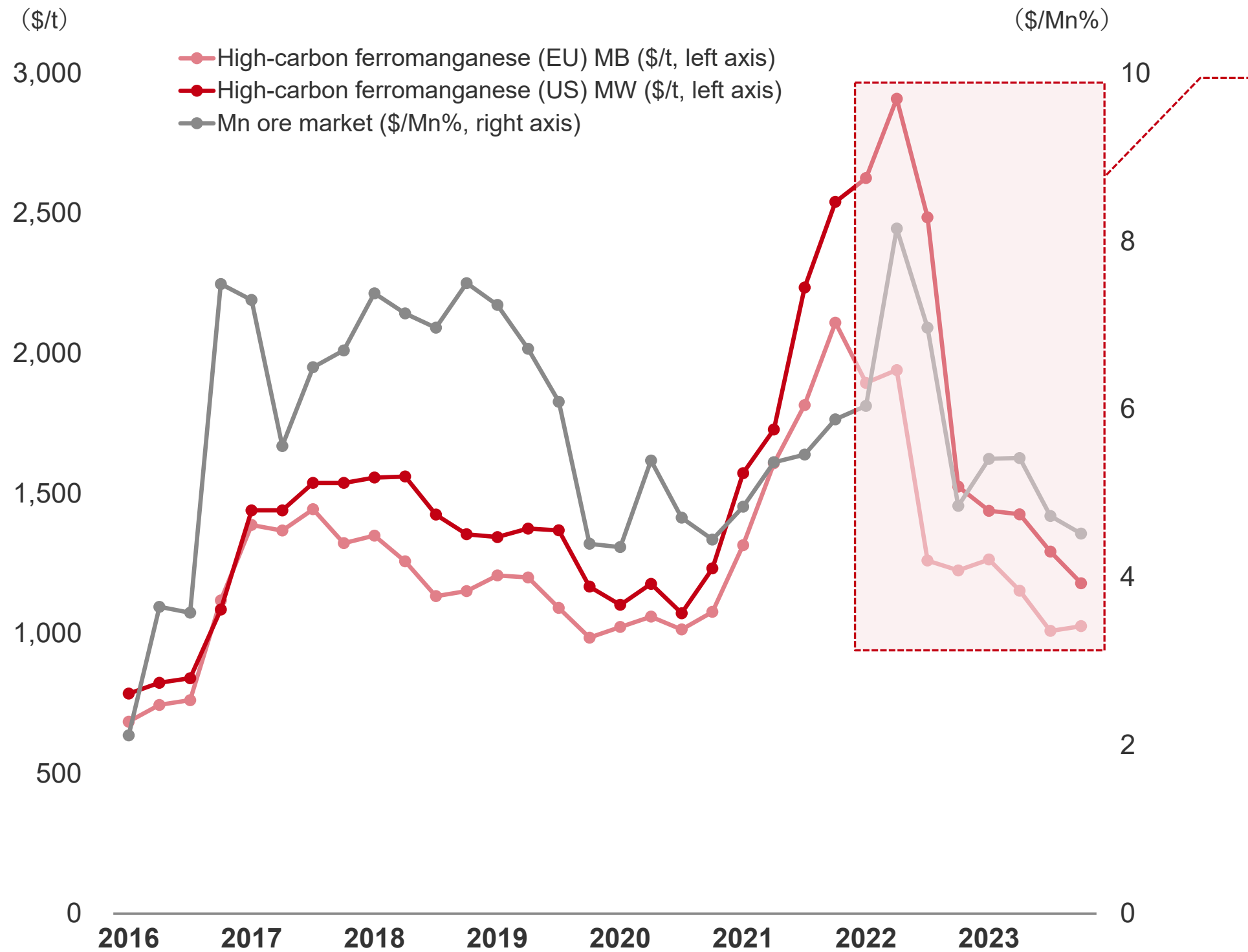
- Demand for automobiles showed signs of recovery, while the construction sector experienced a sluggish demand, so the results were down 2.5% year-on-year

Global high-carbon ferromanganese production

- Due to a market downturn caused by the relaxation of demand and supply and increased production costs, producers decreased their production amount, resulting in a 5% decrease year-on-year

5-8. Ferroalloy / Manganese Ore Market Prices

Quarterly Market Trends





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