

Consolidated Financial Statements

Year Ended December 31, 2024

This English translation of the financial statements is prepared for reference purposes only and qualified in its entirety by the original Japanese version. In case of any discrepancy between this translation and the original version, the latter shall prevail.

Consolidated Balance Sheet

December 31, 2024

(Millions of Yen)

ASSETS		LIABILITIES	
CURRENT ASSETS	1,214,890	CURRENT LIABILITIES	941,709
Cash and cash equivalents	119,468	Notes and Accounts payable-trade	79,757
Electronically recorded monetary claims	2,722	Short-term borrowings	93,961
Accounts receivable-trade	176,215	Borrowing precious metals	344,832
Inventories	780,801	Current portion of long-term debt	2,061
Lending precious metals	56,584	Accounts payable-other	351,715
Consumption taxes receivable	24,113	Income taxes payable	9,612
Income taxes receivable	733	Contractual liabilities	7,310
Accounts receivable-other	2,684	Deposit	33,952
Advance payments-trade	9,785	Provision for bonuses	3,392
Other	42,256	Other	15,114
Allowance for doubtful accounts	△474		
NONCURRENT ASSETS	205,007		
PROPERTY, PLANT AND EQUIPMENT	106,005	LONG-TERM LIABILITIES	26,874
Buildings and structures	43,968	Long-term debt	11,555
Machinery and equipment	27,610	Asset retirement obligations	671
Land	16,354	Liability for retirement benefits	1,163
Construction in progress	8,895	Lease liabilities	3,852
Lease assets	3,692	Deferred tax liabilities	7,683
Other	5,484	Other	1,947
INTANGIBLE FIXED ASSETS	13,456	TOTAL LIABILITIES	968,583
Software	4,296	EQUITY	
Software in progress	2,425	SHAREHOLDERS' EQUITY	394,616
Customer related assets	1,783	Common stock	500
Other	4,978	Capital surplus	9,739
INVESTMENTS AND OTHER ASSETS	85,544	Retained earnings	392,241
Investment securities	7,137	Treasury stock	△7,864
Shares of associated companies	35,744		
Investments in associated affiliates	6,169	ACCUMULATED OTHER	57,089
		COMPREHENSIVE INCOME	
Assets for retirement benefits	24,597	Unrealized gain on available-for-sale securities	2,924
Deferred tax assets	10,926	Foreign currency translation adjustments	44,695
Other	969	Defined retirement benefit plans	9,470
Allowance for doubtful accounts	△0	NON-CONTROLLING INTERESTS	42
DEFERRED ASSETS	433		
Other	433	TOTAL EQUITY	451,748
TOTAL ASSETS	1,420,332	TOTAL LIABILITIES and EQUITY	1,420,332

Note: Amounts of less than one million yen have been omitted.

Consolidated Statement of Income

Year Ended December 31, 2024

(Millions of Yen)

Net sales		846,921
Cost of sales		768,828
Gross profit		78,093
Selling, general and administrative expenses		47,780
Operating income		30,312
Non-operating income		
Interest income and dividends	661	
Gain on foreign exchange-net	1,629	
Equity in earnings/losses of associated companies	4,563	
Other	3,801	10,655
Non-operating expenses		
Interest expenses	1,962	
Other	1,098	3,061
Ordinary income		37,906
Extraordinary income		
Gain on sales of non-current assets	206	
Gains and losses on equity fluctuations	6	
Other	1,435	1,648
Extraordinary losses		
Loss on sales and retirement of non-current assets	752	
Loss on valuation of securities	14	
Other	3	769
Income before income taxes		38,784
Income taxes-Current	10,752	
Income taxes-Deferred	△927	9,825
Net income		28,959
Net income attributable to non-controlling interests		△5
Net income attributable to owners of parent		28,964

Note: Amounts of less than one million yen have been omitted.

Consolidated Statement of Changes in Equity

Year Ended December 31, 2024

(Millions of Yen)

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of January 1, 2024	500	9,719	363,337	△7,864	365,692
Cumulative effect of error correction	—	19	357	—	377
Balance at beginning of year after error correction	500	9,739	363,695	△7,864	366,069
Changes in the year					
Dividends of surplus	—	—	△414	—	△414
Net income attributable to owners of parent	—	—	28,964	—	28,964
Other	—	—	△2	—	△4
Net changes of items other than shareholders' equity	—	—	—	—	—
Net changes in the year	—	—	28,546	—	28,546
Balance as of December 31, 2024	500	9,739	392,241	△7,864	394,616

	Accumulated other comprehensive income				Non-controlling interests	Total equity
	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of January 1, 2024	1,934	30,987	6,651	39,573	43	405,308
Cumulative effect of error correction	—	—	—	—	—	377
Balance at beginning of year after error correction	1,934	30,987	6,651	39,573	43	405,685
Changes in the year						
Dividends of surplus	—	—	—	—	—	△414
Net income attributable to owners of parent	—	—	—	—	—	28,964
Other	—	—	—	—	—	△2
Net changes of items other than shareholders' equity	989	13,708	2,818	17,516	△1	17,518
Net changes in the year	989	13,708	2,818	17,516	△1	46,063
Balance as of December 31, 2024	2,924	44,695	9,470	57,089	42	451,748

Note: Amounts of less than one million yen have been omitted.

[Basis of Presentation of Consolidated Financial Statements]

1. Scope of consolidation

(1) Consolidated subsidiaries 39 companies

Names of principal subsidiaries

TANAKA PRECIOUS METAL TECHNOLOGIES Co., Ltd. TANAKA ELECTRONICS Co., Ltd. EEJA Ltd., TANAKA PRECIOUS METAL RETAILING Co., Ltd. Metalor Technologies International SA, Metalor Technologies SA, Metalor Technologies USA Corporation

2. Scope of the equity method

(1) Subsidiaries and affiliates accounted for by the equity method

Affiliates 10 companies

Names of principal subsidiaries and affiliates accounted for by the equity method

LT Metal Ltd., Furuya Metals Co., Ltd.

(2) Name of affiliate not accounted for by the equity method

Gimel Trading Co., Ltd., NPGM KOREA Co., Ltd.

The contributions to consolidated net income/loss, consolidated retained earnings and other consolidated financial statements of affiliate not accounted for by the equity method are negligible and immaterial in the aggregate.

3. Significant accounting principles

(1) Valuation standards and methodology for material assets

① Securities

Shares of subsidiaries and ... Cost determined by the moving average method

Affiliates, investments in related company

Other securities

Items other than shares, etc. ... Fair market value (with any unrealized gains or losses being reported directly as a component of shareholders' equity and the cost of any securities sold being computed by the moving average method)

Shares, etc. without market ... Cost determined by the moving average method value

② Derivatives ... Fair market value

③ Inventories

Raw materials/ ... Cost determined by the periodic average method, with balance sheet values reflecting write-downs for decreased profitability
products in progress/
finished products

Merchandise ... Cost determined by the specific identification method, with balance sheet values reflecting write-downs for decreased profitability

Supplies (base stock of bullion) Cost determined by the periodic average method, with balance sheet values reflecting write-downs for decreased profitability

Supplies ... Last purchase price method

(2) Depreciation methods for material depreciable assets

① Property, plant and equipment (excluding leased assets)

Buildings and structures (Except for facilities attached to buildings and structures and assets acquired by foreign consolidated subsidiaries)	... Declining-balance method (Except for buildings acquired after April 1,1998, which apply the straight-line method, excluding building fixtures)
Facilities attached to buildings and structures (Except for assets acquired by foreign consolidated subsidiaries)	... Declining-balance method (Except for Facilities attached to buildings and structures acquired after April 1,2016, which apply the straight-line method)
Machinery and equipment (Except for assets acquired by foreign consolidated subsidiaries)	... Depreciation of machinery and equipment of the domestic subsidiary is substantially calculated by the straight-line method and of other subsidiaries principally by the declining balance method based upon the estimated economic useful life.
Others	... Declining-balance method (Whereas straight-line method is applied to assets acquired by foreign consolidated subsidiaries)

The range of useful lives is as follows.

Buildings and structures ... 2 to 60 years

Machinery and equipment ... 2 to 10 years

② Intangible assets ... Straight-line method

(excluding lease assets) Software used in-house is depreciated over its estimated useful life (five years) based on the straight-line method.

Customer related assets is amortized over nine to fourteen years.

③ Lease assets

(a) Lease assets relating to finance ... Straight-line method with estimated useful lives equal to lease terms, zero residual value.
lease transactions that do not transfer ownership

(b) Lease assets other than those in (a) Some overseas consolidated subsidiaries prepare financial statements in accordance with International Financial Reporting Standards (IFRS). Under IFRS 16, in principle, lessees recognize all leases as assets and liabilities on the balance sheet, and lease assets recognized as assets are subject to straight-line depreciation.

(3) Recognitions of allowances

① Allowance for doubtful accounts ... Allowance for doubtful accounts is provided for possible credit losses stemming from monetary receivables. Estimates of irrecoverable amounts are based on historical loan-loss ratios for general receivables, and on a consideration of feasibly recoverable amounts in individual cases for specific dubious accounts.

② Bonuses to employees ... Bonuses to employees are accrued at the year-end to which such bonuses are attributable.

③ Bonuses to Directors and Audit & Supervisory Board Members ... Bonuses to Directors and Audit & Supervisory Board Members are accrued at the year-end to which such bonuses are attributable.

④ Allowance for retirement benefits ... In order to provide for payment of retirement benefits for to Directors and Audit & Supervisory Board Members, necessary amount is recorded based on rules on retirement benefits (in-house rules).

(4) Other significant accounting principles

① Significant hedging transactions

Hedging accounting ... Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not premeasured at market value. Also, some consolidated subsidiaries use fair value hedging for precious metal bullion price swaps.

Hedging methods, items and policies

Hedging methods ... Interest rate swaps
Precious metal bullion price swaps

Hedging items ... Interest expense of borrowings with variable interest rates
Precious metal bullion inventories subject to effects from price fluctuations

Hedging policies ... Interest rate risks for certain transactions are subject to hedging based on internal rules.
Also, precious metal bullion price swaps are used to avoid the risks of precious metal bullion price fluctuations.

Hedging evaluation

... For interest rate swaps for which special treatment is applied, evaluation of effectiveness is not conducted.

In addition, precious metal bullion price swaps are managed each month such that the hedge targets and the hedge transaction volume match, and at the end of the fiscal year, effectiveness is confirmed by verifying whether the expected profit or loss and cash flow were achieved.

② Accounting for retirement benefit

In order to prepare retirement benefits for employees, assets/liability for retirement benefit is recognized as net amount of pension benefit obligations and pension assets based on the estimate at the end of fiscal year. The company adopted benefit formula basis method to impute pension benefit obligations.

Prior service cost is amortized on a straight-line method within the average remaining service years (15 years). Actuarial gains and losses is amortized on a straight-line method within the average remaining service years (15 years) from the next fiscal year of recognition. Actuarial gains and losses are recognized within accumulated other comprehensive income after adjusting for tax effect.

(5) Income and expenses

① Precious metal bullion commission

The company offers a service to buy and sell various types and quantities of precious metal bullions with trading companies and other sources based on orders from customers. In such transactions, commission or equivalent consideration are recognized as income. The income is recognized at the time when this service is provided to customers.

② Sale of industrial products

The company manufactures and sells industrial products that use precious metals. Income is recognized at the time when the products are handed over to customers, but for some customers, income is recognized at the time when the products are consumed by customers based on contracts such as those for supplier managed inventory (SMI) transaction.

③ Provision of precious metal recovery and refining services

The company offers a service to recover and refine scraps containing precious metals received by customers. In such transactions, recovery and refining fees are recognized as income. Income is recognized at the time when this service is provided to customers.

④ Precious metal accumulation service fees

Various types of fees are recognized as income in the precious metal accumulation service for individual customers. Income is recognized at the time when this service is provided to customers.

For all the transactions stated above, the payment terms have due dates that usually arrive within short periods and any important financial elements are not included in contracts.

[Income Recognition]

The basic information for understanding income is stated in “Income and expenses” under “Significant accounting principles” of Basis of Presentation of Consolidated Financial Statements.

[Accounting Estimates]

Items whose amounts were recognized in the consolidated financial statements for the fiscal year under review based on accounting estimates and that may have a material impact on the consolidated financial statements for the following fiscal year are as follows:

Property, Plant and Equipment	...	106,005 million yen
Inventories	...	780,801 million yen

(Property, plant and equipment)

When there are indications of impairment of property, plant and equipment, if the fair value of such an asset or asset group exceeds the total undiscounted future cash flows expected from the asset or the asset group, the company writes down the fair value to the recoverable value and posts the decreased amount as an impairment loss.

The company conducts careful examinations when identifying indications of impairment of property, plant and equipment and determining the recognition of impairment and measuring the impairment loss. However, if a change has occurred to the conditions and assumptions on which the estimated impairment loss is based due to a change in business plans or market environments, such a change may affect the determination on the recognition of impairment and measurement of the impairment loss.

(Inventories)

Inventories include precious metal bullion and coins, reserves of precious metals, products in progress, and supplies. Of these, precious metal bullion and coins are platinum, gold, silver, iridium, rhodium, palladium, ruthenium, osmium, and tantalum for sales to customers, and they are assessed at cost determined by the periodic average method for each asset type. In case the year-end value assessed at cost determined by the periodic average method exceeds the market value at the end of the fiscal year, the company recognizes the decline in profitability and writes down the assessed value.

[Consolidated Balance Sheet]

1. Precious metals stored by Metalor Technologies International SA, a Group foreign consolidated subsidiary, and its subsidiaries for customers are not included in inventories in the consolidated financial statements because ownerships and risks thereof are attributable to customers.

The market value of precious metals stored by Group foreign consolidated subsidiaries for customers as of the end of their fiscal year was 218,821 million yen.

2. Accumulated depreciation of property, ... 193,309 million yen
plant and equipment
3. Warranty liabilities
Contingent liabilities for guarantees and items of a similar nature of housing loans of employees from financial institutions
Housing loans of employees ... 18 million yen

[Consolidated statements of changes in equity]

1. Number of shares as of December 31, 2024
Common stock 67,138 thousand
A class stock 30,299 thousand
2. Number of treasury stocks as of December 31, 2024
Common stock 37,506 thousand
A class stock 666 thousand

3. Dividends

(1) Dividend paid

Resolution	Class	Source of dividend	Total dividends paid	Dividend per share	Record date	Effective date
March 18, 2024 Board meeting	Common stock	Retained earnings	¥162 million	¥5.50	December 31, 2023	March 29, 2024
March 18, 2024 Board meeting	A class stock	Retained earnings	¥162 million	¥5.50	December 31, 2023	March 29, 2024
August 19, 2024 Board meeting	Common stock	Retained earnings	¥44 million	¥1.50	June 30, 2024	August 22, 2024
August 19, 2024 Board meeting	A class stock	Retained earnings	¥44 million	¥1.50	June 30, 2024	August 22, 2024

(2) Dividends for which the record date came during the year ended December 31, 2024, but for which the effective date will come in the following fiscal year

Resolution	Class	Source of dividend	Total dividend paid	Dividend per share	Record date	Effective date
March 17, 2025 Board meeting	Common stock	Retained earnings	¥192 million	¥6.50	December 31, 2024	March 28, 2025
March 17, 2025 Board meeting	A class stock	Retained earnings	¥192 million	¥6.50	December 31, 2024	March 28, 2025

[Financial instruments]

1. Policy for financial instruments

The group has contractual commitment lines with major banks in order to secure sufficient liquidity and use a cash management service covering the company and domestic subsidiaries to achieve integral cash control.

The group uses financial instruments, mainly short-term and long-term loans and bond, and uses interest rate swap arrangements in order to hedge the risk of changes in variable interest rates on certain long-term loans payable, and also to hedge the risk of market rate changes on those long-term loans payable that have fixed interest rates.

Marketable securities are monitored for changes in market values, and the financial condition of the security issuers is examined every six months.

2. Fair value of financial instruments

The carrying amounts of financial instruments on the consolidated balance sheets, their fair values, and the differences between them as of December 31, 2024 are as follows. Shares without market value are excluded from the table (ref. Note 2).

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Cash and cash equivalents	119,468	119,468	—
(2) Electronically recorded monetary claims Electronically recorded monetary claims and accounts receivable-trade Allowance for doubtful accounts*1	178,937 △474		
Net amount	178,463	178,463	—
(3) Investment securities	4,995	4,995	—
(4) Shares of associated companies	2,233	15,399	13,165
(5) Notes and Accounts payable-trade	△79,757	△79,757	—

(6) Short-term borrowings	△93,961	△93,961	—
(7) Deposit	△33,952	△33,952	—
(8) Long-term debt to be repaid within one year	△2,061	△2,061	—
(9) Long-term debt	△11,555	△11,120	434
(10) Derivatives*2	33,253	33,253	—

Note: Items marked with △ are liabilities

*1 Allowance for doubtful accounts recorded for accounts receivable-trade has been deducted.

*2 Receivable and payables incurred by derivative transactions are presented in net amount.

(Note 1) Valuation method

(1) Cash and cash equivalents

(2) Electronically recorded monetary claims Electronically recorded monetary claims and accounts receivable-trade
The fair values of these items approximate fair value because of their short maturities.

(3) Investment securities, (4) Shares of associated companies

The fair values of these items are measured at the quoted market prices on the respective securities exchanges.

(5) Accounts payable-trade, (6) Short-term borrowings, (7) Deposit, (8) Long-term debt to be repaid within one year

The fair values of these items approximate fair value because of their short maturities.

(9) Long-term debt

The fair values of these items are determined by discounting the cash flows with the assumed interest rate applicable if newly borrowed.

(10) Derivatives

The fair value of derivatives and currency swap are based on valuations offered by financial institutions.

(Note 2) Unlisted securities of ¥314 million on the balance sheet, investments in partnerships of ¥1,827 million, and shares of associated companies of ¥33,511 million, and investments in associated companies of ¥6,169 million are not included in (3) Investment securities and (4) Shares of associated companies due to the lack of market prices and the inability of estimating future cash flows, which makes determination of market value extremely difficult.

[Per share information]

1. Equity per share	...	¥7,621.84
2. Net income per share	...	¥488.73

[Business Combinations]

Additional payment under share transfer agreement

The share transfer agreement entered into by the Group in September 2016 to acquire shares of Metalor Technologies International SA provides that additional payments shall be due in the case of occurrence of certain subsequent events. In the case of an additional payment of the acquisition price, the acquisition costs will be revised as if the additional amount were paid at the time of acquisition, and the amount of goodwill and the amount of amortization (amortized five years from the time of accrual) thereof will be adjusted. The maximum amount of additional payment is 24.247 million US dollars (equivalent to 3,835 million yen).

There was no additional goodwill acquired in the fiscal year under review.

[Other Notes]

Contingent Liabilities

Metalor Technologies SA is being required by the Spanish tax authorities to return the refund 16,577 million euros (equivalent to 2,732 million yen) in value-added taxes in previous fiscal years, as well as pay interest and penalties in relation to the refund. Metalor Technologies has filed an objection to the decision of the tax authorities.

The TANAKA Group is convinced that there have been absolutely no violations of laws and regulations and has not made any additional provision in the current consolidated fiscal year.