



October 31, 2023

To whom it may concern,

Company name: PACIFIC METALS CO., LTD.  
Representative: Masayuki Aoyama, President  
and Representative Director  
(Securities code: 5541  
TSE Prime Market)  
Contact: Terunobu Matsuyama,  
Managing Executive Officer  
and Director  
(Telephone: +81-3-3201-6681)

**Notice Concerning Recording of Non-operating Income (Share of Profit of Entities Accounted for Using Equity Method) and Revisions to Financial Results Forecast**

PACIFIC METALS CO., LTD. (the “Company”) hereby announces that it has recorded share of profit of entities accounted for using equity method under non-operating income for the six months ended September 30, 2023 (April 1, 2023 through September 30, 2023). The Company also announces that, in light of the most recent performance trend, it has decided to revise the consolidated financial results forecast for the six months ended September 30, 2023 (April 1, 2023 through September 30, 2023) and for the fiscal year ending March 31, 2024 (April 1, 2023 through March 31, 2024) announced on August 2, 2023.

● Details of non-operating income (share of profit of entities accounted for using equity method)

For the six months ended September 30, 2023, the Company expects to record share of profit of entities accounted for using equity method of 1,581 million yen due mainly to strong performance of entities accounted for using equity method in the Philippines supported by strong demand, in addition to the 1,245 million yen already recorded, for a total expected share of profit of entities accounted for using equity method of 2,827 million yen.

● Revisions to financial results forecast

1. Revisions to consolidated financial results forecast for the six months ended September 30, 2023 (April 1, 2023 through September 30, 2023)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (Announced on August 2, 2023)	Million yen 8,592	Million yen (6,343)	Million yen (3,712)	Million yen (3,871)	Yen (198.49)
Revised forecast (B)	8,083	(6,194)	(2,487)	(2,611)	(133.90)
Change (B-A)	(508)	148	1,224	1,259	
Change (%)	(5.9)	—	—	—	
(Reference) Actual results for the previous six months ended September 30, 2022	17,642	(4,464)	605	229	11.75

2. Revisions to consolidated financial results forecast for the fiscal year ending March 31, 2024 (April 1, 2023 through March 31, 2024)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (Announced on August 2, 2023)	Million yen 20,885	Million yen (7,089)	Million yen (2,891)	Million yen (3,246)	Yen (166.44)
Revised forecast (B)	15,874	(8,611)	(3,511)	(2,442)	(125.22)
Change (B-A)	(5,011)	(1,522)	(620)	804	
Change (%)	(24.0)	—	—	—	
(Reference) Actual results for the previous fiscal year ended March 31, 2023	34,852	(12,588)	(4,960)	(5,026)	(257.75)

3. Reason for revisions

With regard to the consolidated financial results forecast, the protracted situation in Ukraine continues to affect the Japanese and overseas economies. The concerns about economic recession primarily against the backdrop of the cumulative effect of monetary tightening in the U.S., Europe and other regions, as well as the delay in China's economic recovery has made the economic outlook even more uncertain.

On the volume front of ferronickel products, the environment in which the Company operates has remained largely unchanged and the Company expects results to be lower than the previously announced forecast, as the Company aims to further control volume from the viewpoint of profitability.

In terms of profit and loss, on the selling price front of ferronickel products, the Company also partially refers to the price of nickel pig iron, which has a price advantage over ferronickel products, in addition to the applicable LME nickel price in setting the selling price of the Company's products. Therefore, income growth was restrained to a certain extent. Moreover, on the procurement front, prices of nickel ore, which is the main raw material, continue to remain high, as do the prices of raw materials, fuel and electricity. These and other factors are expected to have a significant impact.

In other areas, regarding a write-down of inventories, while the Company expects to record additional write-down of inventories for the first half, a reversal is expected to occur in the second half because of a reduction in the write-down amount. Therefore, the earnings trend is expected to differ for the first half and the second half. In addition, as announced in the "Notice Concerning Recording of Extraordinary Income (Gain on Sale of Investment Securities)" dated October 5, 2023, the Company expects to record a

gain on sale of investment securities under extraordinary income.

Although the situation remains challenging, response measures against such business environment are consistent with activities to be undertaken under the basic policies set forth in the Group's Medium-term Management Plan, and the Company will continue to strongly push forward with these measures.

Accordingly, the consolidated financial results forecast has been revised as described in the previous page. For the underlying assumptions, please refer to "(Reference) Revisions to underlying assumptions."

(Note) The forward-looking statements including the financial results forecast contained herein are based on information currently available to the Company, as well as certain assumptions deemed reasonable by the Company. Actual results may differ significantly from these forecasts due to various factors.

(Reference) Revisions to underlying assumptions

	Sales volume (t)			Production volume (t)			Applicable LME nickel price (\$/lb)			Applicable exchange rate (¥/\$)		
	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year
Previously announced forecast (August 2, 2023)	3,330	4,870	8,200	3,428	3,540	6,968	10.82	10.00	10.33	135.34	134.10	134.60
Revised forecast	3,052	3,148	6,200	3,210	2,848	6,058	10.78	9.27	10.01	140.18	139.22	139.69
(Reference) Actual results for the previous fiscal year ended March 31, 2023	5,668	6,725	12,393	8,079	5,301	13,380	12.12	11.11	11.57	131.49	138.44	135.26