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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]



May 10, 2024

Company name: PACIFIC METALS CO., LTD.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 5541  
 URL: <https://www.pacific-metals.co.jp/en/>  
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 Scheduled date of Annual General Shareholders Meeting: June 21, 2024  
 Scheduled date of filing securities report: June 21, 2024  
 Scheduled date of commencing dividend payments: –  
 Availability of supplementary briefing materials on financial results: Not available  
 Schedule of financial results briefing session: Scheduled (for analysts)

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2024	15,521	(55.5)	(9,114)	–	(2,119)	–	(1,074)	–
March 31, 2023	34,852	(39.0)	(12,588)	–	(4,960)	–	(5,026)	–

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥(2,972) million [–%]

Fiscal year ended March 31, 2023: ¥(5,095) million [–%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2024	(55.10)	–	(1.5)	(2.8)	(58.7)
March 31, 2023	(257.75)	–	(6.6)	(5.9)	(36.1)

(Reference) Share of profit of entities accounted for using equity method:

Fiscal year ended March 31, 2024: ¥6,053 million

Fiscal year ended March 31, 2023: ¥7,066 million

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	73,790	69,060	93.2	3,527.21
As of March 31, 2023	78,825	72,034	91.0	3,678.90

(Reference) Equity: As of March 31, 2024: ¥68,785 million

As of March 31, 2023: ¥71,746 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2024	2,793	2,000	(5)	22,158
March 31, 2023	(7,516)	974	(3,006)	17,248

2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter- end	2nd quarter- end	3rd quarter- end	Year- end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2023	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending March 31, 2024	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending March 31, 2025 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	6,641	(17.8)	(4,418)	—	(2,376)	—	(2,514)	—	(128.91)
Full year	13,994	(9.8)	(6,838)	—	(2,903)	—	(3,252)	—	(166.76)

**\* Notes:**

- (1) Changes in significant subsidiaries during the period under review: None  
(Changes in specified subsidiaries resulting in changes in scope of consolidation)  
Newly included: – ( ), Excluded: – ( )
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement  
1) Changes in accounting policies due to the revision of accounting standards: None  
2) Changes in accounting policies other than 1) above: None  
3) Changes in accounting estimates: None  
4) Retrospective restatement: None
- (3) Total number of shares issued and outstanding (common stock)  
1) Total number of shares issued and outstanding at the end of the period (including treasury shares):  
March 31, 2024: 19,577,071 shares  
March 31, 2023: 19,577,071 shares  
  
2) Total number of treasury shares at the end of the period:  
March 31, 2024: 75,605 shares  
March 31, 2023: 75,035 shares  
  
3) Average number of shares during the period:  
Fiscal year ended March 31, 2024: 19,501,793 shares  
Fiscal year ended March 31, 2023: 19,502,385 shares

(Reference) Outline of Non-consolidated Financial Results

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)**

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit (loss)		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2024	14,752	(56.7)	(9,051)	—	(4,231)	—	(3,000)	—
March 31, 2023	34,095	(39.7)	(12,564)	—	(7,261)	—	(7,098)	—

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2024	(153.88)	—
March 31, 2023	(364.01)	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	53,582	49,681	92.7	2,547.58
As of March 31, 2023	61,689	55,411	89.8	2,841.32

(Reference) Equity: As of March 31, 2024: ¥49,681 million  
As of March 31, 2023: ¥55,411 million

(Reasons for differences between non-consolidated business results and actual results for the previous fiscal year)  
There was general variability in capacity utilization rates of production facilities in the stainless steel industry, the primary source of demand for the nickel business. In addition, overseas producers of stainless steel are shifting some of their procurement to nickel pig iron, which has a price advantage even with the inclusion of production costs, which is affecting the selling price of the Company's products. For these reasons, with respect to ferronickel

sales volume, the Company changed its policy to control volumes strategically at a certain level so as not to impair profitability. This resulted in a decline in net sales. Ordinary loss was recorded due mainly to the decrease in net sales, despite the decrease in the amount of inventory write down and the recording of dividend income from equity-method affiliates. Loss was also recorded, despite the recording of gain on sale of investment securities in extraordinary income.

\* These financial results are outside the scope of audit by certified public accountants or an audit firm.

\* Explanation on the proper use of financial results forecast and other notes

(Cautionary statement regarding forward-looking statements)

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. As such, the Company does not intend to guarantee the achievement of these forecasts. In addition, actual results may differ significantly from these forecasts due to various factors. For preconditions for the financial results forecast and precautions when using the financial results forecast, please see “(4) Future Outlook” under “1. Overview of Operating Results, etc.” on page 6.

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## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended March 31, 2024, although the simultaneous occurrence of the high resource prices and the appreciation of the U.S. dollar led to price hikes, and concerns about the impact on economic activities and uncertainty remained, corporate earnings remained steady, and there was a moderate recovery of the Japanese economy despite signs of standstill.

As for overseas economies, weaknesses were seen in some regions due to concerns about the effects of severe real estate market conditions in China, global monetary tightening, the increasing volatility of the situations in the Middle East and Ukraine, and the still high inflation rate. While the employment and income environment remained steady, the pace of economic recovery seemed to have slowed down somewhat.

Under these circumstances, in the stainless steel industry, the primary source of demand for the nickel business that accounts for the majority of the Group's sales and profit and loss, despite the high capacity utilization rate in China, the expectations preceded the weak movement of actual demand, and high inventory levels have been piling up. Moreover, intermittent adjustments were evident in some areas, and the capacity utilization rates of production facilities generally remained varied and lacked momentum.

The demand for ferronickel continued to slow down since, in addition to the environment described above, overseas producers of stainless steel shifted some of their procurement to nickel pig iron, which has a price advantage, and moreover, due to reviewing of the stainless steel scrap blending ratio with carbon neutrality in mind.

On the procurement front, prices of nickel ore, the primary raw material for ferronickel products, have been high against the backdrop of a robust demand for nickel ore. Moreover, although there was some sign of global prices of various raw materials and fuel settling down from their previous extremely high levels, they remained elevated, which also kept production costs up.

Nickel prices on the London Metal Exchange (LME) remained slightly weaker due to complex factors, including the slowdown of the Chinese economy, fluctuations in foreign exchange rates and financial and capital markets, and the increasingly volatile situations in the Middle East and Ukraine.

In this situation, the Company's ferronickel sales volume decreased by 51.4% year on year as a whole due to a decrease in both domestic and overseas sales. The Company continued its policy with the objective of strategically controlling volume so as to secure a certain level of profitability, since the price of nickel pig iron, which has a price advantage mentioned above, is also affecting the selling price of the Company's products.

The ferronickel production volume decreased year on year due to the policy of controlling sales volume.

Regarding the selling price of ferronickel products, the LME nickel price applicable to the Company declined by 16.9% year on year, while the average exchange rate of the Japanese yen against the U.S. dollar applicable to the Company was 6.8% weaker year on year. Moreover, in addition to the market prices applicable to the Company, as mentioned previously, the selling price level of the Company's ferronickel products also partly referred to the price of nickel pig iron, resulting in the lowering of the selling price. Therefore, the selling environment continued to be challenging, with stagnant revenue growth due to lower selling prices compared to before.

Despite this harsh business environment, the Company is striving to thoroughly focus on the profitability of orders, thereby building a flexible production and sales system. Furthermore, the Company continues its efforts to improve business performance and stabilize earnings through measures such as the early realization of overseas business development and new business development, initiatives to reduce GHG emissions to achieve carbon neutrality, and reinforcement of operational efficiency improvement measures to pursue cost minimization.

As a result, consolidated net sales for the fiscal year under review decreased by 55.5% year on year to ¥15,521 million. On the profit front, the Company posted an operating loss of ¥9,114 million (compared with the operating loss of ¥12,588 million for the previous fiscal year), owing to an increase in cost of sales due to an inventory write down following a downturn in profitability, on top of the decrease in net sales, and ordinary loss was ¥2,119 million (compared with the ordinary loss of ¥4,960 million for the previous fiscal year),

reflecting the recording of ¥6,053 million in share of profit of entities accounted for using equity method under non-operating income. Loss attributable to owners of parent was ¥1,074 million (compared with loss attributable to owners of parent of ¥5,026 million for the previous fiscal year), including ¥2,638 million of gain on sale of investment securities included in extraordinary income and ¥977 million of impairment losses included in extraordinary losses.

Operating results by business segment are as follows.

(i) Nickel business

The operating results of the nickel business are described in “(1) Overview of Operating Results.”

As a result, net sales in this segment decreased by 56.9% year on year to ¥14,727 million with an operating loss of ¥9,082 million (compared with the operating loss of ¥12,441 million for the previous fiscal year).

(ii) Gas business

In the gas business, the recording of costs associated with facility repair resulted in recording a loss despite stable operations.

As a result, net sales in this segment increased by 4.7% year on year to ¥811 million with an operating loss of ¥14 million (compared with the operating profit of ¥4 million for the previous fiscal year).

(iii) Other

The segment of other businesses recorded a loss, despite concluding sales contracts in the real estate business, because the sales proceeds failed to exceed costs such as administrative expenses.

As a result, net sales in this segment increased by 57.2% year on year to ¥61 million with an operating loss of ¥26 million (compared with the operating loss of ¥160 million for the previous fiscal year).

	Net sales	Operating profit (loss)	Ordinary profit (loss)	Profit (loss) attributable to owners of parent
Fiscal year ended March 31, 2023 (Million yen)	34,852	(12,588)	(4,960)	(5,026)
Fiscal year ended March 31, 2024 (Million yen)	15,521	(9,114)	(2,119)	(1,074)
Change (%)	(55.5)	—	—	—

  

	Sales volume (t)			Production volume (t)		
	1st half	2nd half	Full year	1st half	2nd half	Full year
Fiscal year ended March 31, 2023	5,668	6,725	12,393	8,079	5,301	13,380
Fiscal year ended March 31, 2024	3,052	2,973	6,025	3,210	2,825	6,035

  

	Applicable LME nickel price (\$/lb)			Applicable exchange rate (¥/\$)		
	1st half	2nd half	Full year	1st half	2nd half	Full year
Fiscal year ended March 31, 2023	12.12	11.11	11.57	131.49	138.44	135.26
Fiscal year ended March 31, 2024	10.78	8.42	9.62	140.18	148.85	144.46

## (2) Overview of Financial Position for the Fiscal Year under Review

Assets, liabilities, and net assets of the Group as of March 31, 2024 are as follows.

Total assets decreased by ¥5,035 million from the end of the previous fiscal year to ¥73,790 million.

Current assets decreased by ¥2,432 million from the end of the previous fiscal year mainly due to a decrease in raw materials and supplies resulting from cash flow optimization, a decrease in accounts receivable - other resulting from the receipt of a bonus incentive reward for reducing power consumption through participation in a winter-time power-saving campaign of our power supplier and the refund of consumption taxes receivable, and other factors, despite an increase in cash and deposits.

Non-current assets decreased by ¥2,602 million from the end of the previous fiscal year mainly due to a decrease in investment securities resulting from the sale of cross-shareholdings, a decrease in property, plant and equipment due to the recording of impairment losses, and other factors. Investment securities held by the Company amounting to ¥23,687 million consisted mainly of ¥19,124 million in the amount reflected in the consolidated balance sheet of shares of entities accounted for using equity method, ¥2,331 million in shares of subsidiaries and associates, and ¥1,583 million in shares of Nickel Asia Corporation, a holding company of the Company's equity-method affiliates listed on the Philippine Stock Exchange.

Total liabilities decreased by ¥2,062 million from the end of the previous fiscal year to ¥4,729 million.

Current liabilities decreased by ¥865 million from the end of the previous fiscal year primarily owing to the settlement of notes and accounts payable - trade, and other factors.

Non-current liabilities decreased by ¥1,196 million from the end of the previous fiscal year mainly due to a decrease in deferred tax liabilities associated with the sale of cross-shareholdings, and other factors.

Total net assets decreased by ¥2,973 million from the end of the previous fiscal year to ¥69,060 million.

Shareholders' equity decreased by ¥882 million resulting from the recording of loss, and other factors. Accumulated other comprehensive income decreased by ¥2,077 million resulting mainly from a decrease in valuation difference on available-for-sale securities associated with the sale of cross-shareholdings. Non-controlling interests decreased by ¥13 million.



### (3) Overview of Cash Flows for the Fiscal Year under Review

Net cash provided by operating activities amounted to ¥2,793 million, a ¥10,310 million increase in cash inflow compared with the previous fiscal year. Main items for cash inflow were decrease (increase) in inventories amounting to ¥3,272 million and interest and dividends received amounting to ¥4,152 million. Main items for cash outflow were share of profit of entities accounted for using equity method amounting to ¥6,053 million and loss (gain) on sale of investment securities amounting to ¥2,638 million.

Net cash provided by investing activities amounted to ¥2,000 million, an increase of ¥1,026 million compared with the previous fiscal year. The main item for cash inflow was proceeds from redemption of securities amounting to ¥3,412 million. The main item for cash outflow was purchase of securities amounting to ¥700 million.

Net cash used in financing activities amounted to ¥5 million, a ¥3,000 million decrease in cash outflow compared with the previous fiscal year.

Net increase (decrease) in cash and cash equivalents increased by ¥14,293 million compared with the figure for the previous fiscal year.

As a result, cash and cash equivalents at end of period amounted to ¥22,158 million, an increase of ¥4,909 million compared with the previous fiscal year.

The table below shows trends in cash flow indicators on a consolidated basis.

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Equity ratio (%)	90.4	88.4	88.9	91.0	93.2
Equity ratio at market value (%)	43.8	55.4	89.6	47.7	36.1
Ratio of interest-bearing debt to cash flows (year)	—	0.0	0.0	—	0.0
Interest coverage ratio (times)	—	13,702.1	33,918.9	—	4,097.53

Equity ratio: Shareholders' equity / Total assets

Equity ratio at market value: Market capitalization / Total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest expenses

- (Notes)
1. The consolidated financial figures constitute the basis for calculating these indicators.
  2. Market capitalization is calculated based on the number of shares issued and outstanding excluding treasury shares.
  3. The cash flows used for calculation are operating cash flows.
  4. Interest-bearing debt includes all debts recorded on the consolidated balance sheets on which interest is paid.
  5. Figures of the ratio of interest-bearing debt to cash flows and the interest coverage ratio for the fiscal year ended March 31, 2020 and for the fiscal year ended March 31, 2023 are not indicated because operating cash flows were negative.

#### (4) Future Outlook

With regard to the consolidated financial forecast, the economic outlook has become even more uncertain as the domestic and overseas economies continue to be affected by concerns of a downturn against the backdrop of the problems in China's real estate market conditions, the increasing volatility of the situations in the Middle East and Ukraine, and the cumulative impact of monetary tightening in Europe, the United States, and elsewhere.

In terms of volumes of the Company's ferronickel products, our forecast is for a harsh environment, as there have been no major changes. As such, following on from the previous fiscal year, the Company will continue to implement its policy of controlling volumes from the perspective of profitability.

Regarding profit and loss, in terms of the selling price of ferronickel products, the forecast is for a price level that partially refers to the price of nickel pig iron, which has a price advantage, in addition to the market price applicable to the Company. On the procurement price front, the price of nickel ore, the primary raw material for ferronickel products, and the prices of other raw materials, fuel and electricity are expected to remain at high levels. Accordingly, a significant impact on the price front is expected.

Although the circumstances remain severe, response measures to address such a 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.

The Group's financial results forecast is follows.

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Forecast for the fiscal year ending March 31, 2025 (Million yen)	13,994	(6,838)	(2,903)	(3,252)
Results for the fiscal year ended March 31, 2024 (Million yen)	15,521	(9,114)	(2,119)	(1,074)
Change (%)	(9.8)	—	—	—

[Reference] Results for the fiscal year ended March 31, 2024 and underlying assumptions for the forecast for the fiscal year ending March 31, 2025 are as follows.

	Sales volume (T/Y)			Production volume (T/Y)		
	1st half	2nd half	Full year	1st half	2nd half	Full year
Forecast for the fiscal year ending March 31, 2025	2,869	3,131	6,000	2,777	2,770	5,547
Results for the fiscal year ended March 31, 2024	3,052	2,973	6,025	3,210	2,825	6,035

	Applicable LME nickel price (\$/lb)			Applicable exchange rate (¥/\$)		
	1st half	2nd half	Full year	1st half	2nd half	Full year
Forecast for the fiscal year ending March 31, 2025	7.83	8.00	7.92	139.28	139.15	139.21
Results for the fiscal year ended March 31, 2024	10.78	8.42	9.62	140.18	148.85	144.46

## 2. Management Policy

### (1) Medium- to Long-term Management Strategy of the Company

In order to establish a management platform capable of responding to changes in the business environment and to achieve continuous growth, we established the long-term vision, “Become a world-class ferronickel manufacturer with comprehensive power,” and endeavored to achieve this long-term vision. However, the business environment surrounding the Company has become increasingly severe due to the materialization of resource nationalism in the nickel ore-producing countries, changes in the market structure of mainstay products, and other factors. The situation is unpredictable due to soaring resource and energy prices, etc., caused by the tense situation in Ukraine.

In this business environment, having positioned further strengthening of the platform, contributing to the SDGs, and becoming carbon neutral as important issues for the Company, we aim to evolve as a sustainable company by building and developing a business structure based on problem-solving.

Based on the above, we have set forth a new long-term vision, “A comprehensive materials company that co-creates a sustainable, recycling-oriented society,” and have formulated a medium-term business plan covering the period from FY2022 to FY2024 (hereinafter, PAMCO-2024) to realize this vision.

(1) Long-term vision: **“A comprehensive materials company that co-creates a sustainable, recycling-oriented society”**

(2) Theme of PAMCO-2024: **“Further strengthen the platform and promote the sustainability strategy”**

(3) Materiality and Priority Measures (1) to 9))

—**Contribute to the achievement of the SDGs through the resolution of material issues—**

**Restructuring of ferronickel production and sales systems with emphasis on profitability**

1) Establishment of optimal production system by reviewing production strategy

2) Strengthening of cost competitiveness by reviewing procurement strategy

**Acceleration of consideration of expansion into overseas smelting business**

3) Promotion of overseas smelting projects and start-up of production

**Creation of new businesses that contribute to society**

4) Promotion of production and sales of raw materials for LIB materials

**Diversification of business in Japan to contribute to a recycling-oriented society**

5) Restructuring of recycling business

**Enhancement of corporate value by addressing sustainability issues**

6) Sustainability Promotion Council

—Promotion of medium- and long-term initiatives related to material sustainability issues—

7) Reduction of GHG emissions

8) Promotion of symbiosis by contributing to the development of regions and resource-rich countries

9) Promotion of constructive dialogue with stakeholders

## 3. Basic Policy on Selection of Accounting Standards

The Group intends to prepare consolidated financial statements in conformity with the generally accepted accounting principles in Japan (Japanese GAAP) for the time being, taking into consideration comparability of consolidated financial statements over time and comparability among companies.

With regard to adoption of the International Financial Reporting Standards (IFRS), the Group intends to make an appropriate response, taking into consideration situations in Japan and abroad.

## 4. Consolidated Financial Statements and Key Notes

### (1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	16,848	21,758
Accounts receivable - trade	6,593	5,001
Securities	1,500	2,199
Merchandise and finished goods	8,204	7,303
Work in process	361	257
Raw materials and supplies	5,836	3,521
Other	4,904	1,773
Allowance for doubtful accounts	(1)	(1)
Total current assets	44,247	41,814
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,452	16,295
Accumulated depreciation	(14,028)	(14,235)
Buildings and structures, net	2,424	2,059
Machinery, equipment and vehicles	56,527	56,525
Accumulated depreciation	(55,674)	(55,580)
Machinery, equipment and vehicles, net	852	945
Land	4,777	4,304
Other	806	563
Accumulated depreciation	(477)	(485)
Other, net	329	77
Total property, plant and equipment	8,383	7,388
Intangible assets	239	285
Investments and other assets		
Investment securities	25,518	23,687
Retirement benefit asset	198	476
Other	243	142
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	25,954	24,301
Total non-current assets	34,577	31,975
Total assets	78,825	73,790

(Million yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	760	234
Accrued expenses	1,018	892
Income taxes payable	7	47
Provision for bonuses	95	117
Provision of restoration cost	–	5
Other	657	376
Total current liabilities	2,539	1,674
Non-current liabilities		
Retirement benefit liability	50	59
Deferred tax liabilities	2,087	1,135
Deferred tax liabilities for land revaluation	631	547
Provision for environmental measures	11	2
Provision for loss contract	1,273	1,273
Provision of restoration cost	187	14
Other	10	23
Total non-current liabilities	4,252	3,055
Total liabilities	6,791	4,729
<b>Net assets</b>		
Shareholders' equity		
Share capital	13,922	13,922
Capital surplus	3,481	3,481
Retained earnings	50,540	49,658
Treasury shares	(452)	(452)
Total shareholders' equity	67,491	66,609
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,831	1,183
Revaluation reserve for land	593	400
Foreign currency translation adjustment	(510)	179
Remeasurements of defined benefit plans	340	412
Total accumulated other comprehensive income	4,254	2,176
Non-controlling interests	287	274
Total net assets	72,034	69,060
Total liabilities and net assets	78,825	73,790

## (2) Consolidated Statements of Income and Comprehensive Income

### Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	34,852	15,521
Cost of sales	45,144	22,637
Gross loss	(10,292)	(7,115)
Selling, general and administrative expenses		
Selling expenses	852	344
General and administrative expenses	1,443	1,653
Total selling, general and administrative expenses	2,296	1,998
Operating loss	(12,588)	(9,114)
Non-operating income		
Interest income	13	24
Dividend income	459	229
Rental income from real estate	103	107
Share of profit of entities accounted for using equity method	7,066	6,053
Foreign exchange gains	–	696
Other	160	73
Total non-operating income	7,803	7,183
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	4	–
Rental expenses on facilities	18	15
Loss on disposal of inventories	–	31
Commitment fees	26	27
Commission for syndicated loans	4	53
Foreign withholding tax	64	33
Provision for environmental measures	34	13
Other	22	13
Total non-operating expenses	175	188
Ordinary loss	(4,960)	(2,119)
Extraordinary income		
Gain on sale of non-current assets	0	7
Gain on sale of investment securities	386	2,638
Received incentive	854	–
Total extraordinary income	1,241	2,646
Extraordinary losses		
Impairment losses	–	977
Loss on retirement of non-current assets	115	160
Loss on retirement of inventories	34	–
Restoration expenses on facilities	418	–
Total extraordinary losses	567	1,137
Loss before income taxes	(4,287)	(611)
Income taxes - current	501	390
Income taxes - deferred	237	85
Total income taxes	739	476
Loss	(5,026)	(1,087)
Profit (loss) attributable to non-controlling interests	0	(13)
Loss attributable to owners of parent	(5,026)	(1,074)

# Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Loss	(5,026)	(1,087)
Other comprehensive income		
Valuation difference on available-for-sale securities	(790)	(2,728)
Remeasurements of defined benefit plans, net of tax	101	111
Share of other comprehensive income of entities accounted for using equity method	620	731
Total other comprehensive income	(68)	(1,885)
Comprehensive income	(5,095)	(2,972)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(5,095)	(2,959)
Comprehensive income attributable to non-controlling interests	0	(13)

### (3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,922	3,481	58,590	(450)	75,542
Changes during period					
Dividends of surplus			(3,022)		(3,022)
Loss attributable to owners of parent			(5,026)		(5,026)
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares					—
Reversal of revaluation reserve for land					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	(8,049)	(1)	(8,051)
Balance at end of period	13,922	3,481	50,540	(452)	67,491

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,603	593	(969)	95	4,323	287	80,153
Changes during period							
Dividends of surplus							(3,022)
Loss attributable to owners of parent							(5,026)
Purchase of treasury shares							(1)
Disposal of treasury shares							—
Reversal of revaluation reserve for land							—
Net changes in items other than shareholders' equity	(772)	—	458	245	(68)	0	(68)
Total changes during period	(772)	—	458	245	(68)	0	(8,119)
Balance at end of period	3,831	593	(510)	340	4,254	287	72,034



Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,922	3,481	50,540	(452)	67,491
Changes during period					
Dividends of surplus					—
Loss attributable to owners of parent			(1,074)		(1,074)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(0)	0	0
Reversal of revaluation reserve for land			192		192
Net changes in items other than shareholders' equity					
Total changes during period	—	—	(881)	(0)	(882)
Balance at end of period	13,922	3,481	49,658	(452)	66,609

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,831	593	(510)	340	4,254	287	72,034
Changes during period							
Dividends of surplus							—
Loss attributable to owners of parent							(1,074)
Purchase of treasury shares							(0)
Disposal of treasury shares							0
Reversal of revaluation reserve for land							192
Net changes in items other than shareholders' equity	(2,647)	(192)	690	71	(2,077)	(13)	(2,091)
Total changes during period	(2,647)	(192)	690	71	(2,077)	(13)	(2,973)
Balance at end of period	1,183	400	179	412	2,176	274	69,060

#### (4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Loss before income taxes	(4,287)	(611)
Depreciation	289	350
Impairment losses	–	977
Interest and dividend income	(472)	(253)
Share of loss (profit) of entities accounted for using equity method	(7,066)	(6,053)
Loss on retirement of property, plant and equipment	115	160
Loss on retirement of inventories	34	–
Received incentive	(854)	–
Loss (gain) on sale of investment securities	(386)	(2,638)
Decrease (increase) in trade receivables	7,400	1,592
Decrease (increase) in inventories	(2,711)	3,272
Decrease (increase) in advance payments to suppliers	612	29
Decrease (increase) in consumption taxes refund receivable	(1,477)	1,585
Increase (decrease) in trade payables	(580)	(525)
Increase (decrease) in accrued consumption taxes	(239)	(3)
Increase (decrease) in provision for bonuses	(348)	21
Increase (decrease) in provision of restoration cost	187	(167)
Increase (decrease) in accrued expenses	(743)	(126)
Increase (decrease) in retirement benefit liability	(107)	8
Decrease (increase) in retirement benefit asset	(90)	(88)
Increase (decrease) in provision for loss contract	(33)	–
Decrease (increase) in long-term prepaid expenses	(2)	(0)
Other, net	(707)	1,040
Subtotal	(11,472)	(1,429)
Interest and dividends received	5,229	4,152
Interest paid	–	(0)
Income taxes refund (paid)	(1,273)	71
Net cash provided by (used in) operating activities	(7,516)	2,793
Cash flows from investing activities		
Purchase of securities	–	(700)
Proceeds from sale of investment securities	527	3,412
Purchase of property, plant and equipment	(942)	(466)
Proceeds from redemption of securities	1,600	–
Purchase of intangible assets	(129)	(93)
Other, net	(80)	(152)
Net cash provided by (used in) investing activities	974	2,000
Cash flows from financing activities		
Dividends paid	(3,000)	(1)
Other, net	(5)	(4)
Net cash provided by (used in) financing activities	(3,006)	(5)
Effect of exchange rate change on cash and cash equivalents	164	121
Net increase (decrease) in cash and cash equivalents	(9,383)	4,909
Cash and cash equivalents at beginning of period	26,631	17,248
Cash and cash equivalents at end of period	17,248	22,158

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Company's reportable segments are components of the Company for which separate financial information is available and which are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate their performance.

The Company mainly produces and sells ferronickel products. For product production, a manufacturing division, which forms the basis of the product production system, is located at the Hachinohe Head Office, and for product sales, a sales division spanning the Hachinohe Head Office and the Tokyo Head Office is responsible for formulating comprehensive sales strategies and conducting business development in Japan and abroad.

In addition, gases used in the product manufacturing process at the Hachinohe Head Office are purchased from Pacific Gas Center Co., Ltd., which operates the gas business.

Therefore, the Company is composed of segments by product based on production and sales systems, with "nickel business" and "gas business" as reportable segments.

2. The method of calculating net sales, profit or loss, assets, liabilities, and other items by reportable segment

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Statements of Income (Note 3)
	Nickel business	Gas business	Total				
Net sales							
Net sales to outside customers	34,135	677	34,813	38	34,852	—	34,852
Intersegment sales or transfer	0	97	97	—	97	(97)	—
Total	34,135	774	34,910	38	34,949	(97)	34,852
Segment profit (loss)	(12,441)	4	(12,437)	(160)	(12,597)	9	(12,588)
Segment assets	75,778	597	76,376	2,527	78,904	(78)	78,825
Other items							
Depreciation and amortization	258	24	282	7	289	—	289
Investment in entities accounted for using equity method	18,250	—	18,250	355	18,606	—	18,606
Increase in property, plant and equipment and intangible assets	1,169	29	1,198	2	1,201	—	1,201

Notes: 1. "Other" corresponds to business segments, etc. that are not included in the reportable

segments and comprises the real estate business and the waste recycling business.

2. Adjustments are as follows.

(1) Adjustment to segment profit (loss) of ¥9 million includes intersegment elimination of ¥9 million and other adjustments of ¥0 million.

(2) Adjustment of segment assets of ¥(78) million is intersegment elimination.

3. Segment profit (loss) is adjusted with operating loss in the consolidated statements of income.

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Statements of Income (Note 3)
	Nickel business	Gas business	Total				
Net sales							
Net sales to outside customers	14,727	732	15,460	61	15,521	—	15,521
Intersegment sales or transfer	0	78	78	—	78	(78)	—
Total	14,727	811	15,538	61	15,600	(78)	15,521
Segment profit loss	(9,082)	(14)	(9,097)	(26)	(9,123)	9	(9,114)
Segment assets	72,304	574	72,879	986	73,865	(75)	73,790
Other items							
Depreciation and amortization	321	23	345	5	350	—	350
Impairment loss	977	—	977	—	977	—	977
Investment in entities accounted for using equity method	21,477	—	21,477	—	21,477	—	21,477
Increase in property, plant and equipment and intangible assets	314	16	331	—	331	—	331

- Notes:
1. “Other” corresponds to business segments, etc. that are not included in the reportable segments and comprises the real estate business.
  2. Adjustments are as follows.
    - (1) Adjustment to segment loss of ¥9 million includes intersegment elimination of ¥9 million and other adjustments of ¥0 million.
    - (2) Adjustment of segment assets of ¥(75) million is intersegment elimination.
  3. Segment loss is adjusted with operating loss in the consolidated statements of income.

3. Information on the amounts of net sales, profit or loss, assets, liabilities, and other items by reportable segment and information on breakdown of revenue

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Reportable segment			Other (Note 1)	Total
	Nickel business	Gas business	Total		
Japan	18,418	677	19,095	38	19,134
South Korea	4,509	—	4,509	—	4,509
Taiwan	5,043	—	5,043	—	5,043
China	5,640	—	5,640	—	5,640
India	524	—	524	—	524
Revenue from contracts with customers	34,135	677	34,813	38	34,852
Revenue from other sources	—	—	—	—	—
Net sales to outside customers	34,135	677	34,813	38	34,852

(Note) “Other” corresponds to business segments, etc. that are not included in the reportable segments and comprises the real estate business and the waste recycling business.

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

	Reportable segment			Other (Note 1)	Total
	Nickel business	Gas business	Total		
Japan	13,514	732	14,247	61	14,308
Taiwan	1,288	—	1,288	—	1,288
China (Note 2)	(75)	—	(75)	—	(75)
Revenue from contracts with customers	14,727	732	15,460	61	15,521
Revenue from other sources	—	—	—	—	—
Net sales to outside customers	14,727	732	15,460	61	15,521

Notes: 1. “Other” corresponds to business segments, etc. that are not included in the reportable segments and comprises the real estate business.

2. Net sales in the fiscal year ended March 31, 2023 is due to changes to contract prices resulting from the fluctuation of LME nickel prices, etc.

[Related information]

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

1. Information by product/service

This information is omitted because the amount of net sales to outside customers in a single product/service category exceeds 90% of the amount of net sales in the consolidated statement of income.

2. Information by geographical area

(1) Net sales

(Million yen)

Japan	South Korea	Taiwan	China	India	Total
19,134	4,509	5,043	5,640	524	34,852

Note: Net sales are based on the location of customers and are classified by country or region.

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information by major customer

(Million yen)

Customer name	Net sales	Related segment name
NIPPON STEEL Stainless Steel Corporation	17,359	Nickel business
TISCO TRADING (H.K.) LTD	5,086	Nickel business
WALSIN LIHWA CORPORATION	5,043	Nickel business
POSCO	4,509	Nickel business

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

1. Information by product/service

This information is omitted because the amount of net sales to outside customers in a single product/service category exceeds 90% of the amount of net sales in the consolidated statement of income.

2. Information by geographical area

(1) Net sales

(Million yen)

Japan	Taiwan	China (Note 2)	Total
14,308	1,288	(75)	15,521

- Notes:
1. Net sales are based on the location of customers and are classified by country or region.
  2. Net sales in the fiscal year ended March 31, 2023 is due to changes to contract prices resulting from the fluctuation of LME nickel prices, etc.

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information by major customer

(Million yen)

Customer name	Net sales	Related segment name
NIPPON STEEL Stainless Steel Corporation	12,011	Nickel business
WALSIN LIHWA CORPORATION	1,288	Nickel business

[Information on loss on impairment of non-current assets]

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

Not applicable.

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

	Reportable segment			Other	Corporate/ elimination	Total
	Nickel business	Gas business	Total			
Impairment loss	977	—	977	—	—	977

[Information on amortization of goodwill and unamortized balance by reportable segment]

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

Not applicable.

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Not applicable.

[Information on gain on bargain purchase by reportable segment]

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

Not applicable.

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Not applicable.

(Per share information)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net assets per share	¥3,678.90	¥3,527.21
Basic loss per share	¥(257.75)	¥(55.10)

- Notes:
1. Diluted earnings per share is not presented for the current fiscal year because net loss per share was recorded and because there are no dilutive shares.
  2. The basis for calculation of net assets per share and the basis for calculation of basic loss per share are as follows.

Basis for calculation of net assets per share

	As of March 31, 2023	As of March 31, 2024
Total net assets in consolidated balance sheets (million yen)	72,034	69,060
Amount deducted from total net assets (Million yen)	287	274
(of which non-controlling interests (Million yen))	(287)	(274)
Net assets at end of period attributable to shares of common stock (Million yen)	71,746	68,785
Number of shares of common stock at end of period used for calculation of net assets per share (Thousand shares)	19,502	19,501

Basis for calculation of basic earnings (loss) per share

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Loss attributable to owners of parent (Million yen)	(5,026)	(1,074)
Amount not attributable to common shareholders (Million yen)	—	—
Loss attributable to owners of parent relating to shares of common stock (Million yen)	(5,026)	(1,074)
Average number of shares of common stock during period (Thousand shares)	19,502	19,501

(Significant subsequent events)

Not applicable.



## 5. Other

### (1) Changes of Officers, Etc.

At the Board of Directors meeting held on May 10, 2024, the Company made an unofficial decision on the following changes in officers, etc.

#### 1) Candidates for Representative Director

Not applicable.

#### 2) Changes of other officers

- New candidate for Auditor  
Auditor (Outside) Kyosuke Miyazaki
- Auditor scheduled to retire  
Auditor (Outside) Shuzo Ikeda
- Scheduled date of election  
Scheduled for election at the 98th Annual General Shareholders Meeting on June 21, 2024

(Reference) Officers and Executive Officers from June 21, 2024

A. Directors

Name	Current Position	New Position
Masayuki Aoyama	President & Representative Director	As left
Yoshiharu Inomata	Director	As left
Kenichi Hara	Director	As left
Terunobu Matsuyama	Director	As left
Hiroaki Ichiyonagi	Director	As left
Kazuo Iwadata	Director	As left
Shinya Matsumoto	Outside Director (part-time) (Independent Officer)	As left
Hikari Imai	Outside Director (part-time) (Independent Officer)	As left
Yukari Sakai	Outside Director (part-time) (Independent Officer)	As left

B. Auditors

Name	Current Position	New Position
Kiichi Tatsunaka	Permanent Auditor (Full-time)	As left
Ken Yasuda	Outside Auditor (part-time) (Independent Officer)	As left
Yutaka Iimura	Outside Auditor (part-time) (Independent Officer)	As left
Kyosuke Miyazaki	—	Outside Auditor (part-time) (Independent Officer)

C. Executive Officers

Name	Current Position	New Position
Yoshiharu Inomata	Senior Managing Executive Officer, Assistant to the President, In charge of Corporate Planning, Recycling Business	As left
Kenichi Hara	Managing Executive Officer, In charge of Procurement, General Manager of Sales & Marketing Dept.	As left
Terunobu Matsuyama	Managing Executive Officer, In charge of Internal Control, IR, General Administration, Finance & Accounting, General Manager of Personnel & Labor Relation Dept.	As left
Hiroaki Ichiyonagi	Senior Executive Officer, In charge of Quality Control & Environmental Management, General Manager, Resources & Technology Development Project Dept.	As left
Kazuo Iwadata	Senior Executive Officer, In charge of Safety & Health Management, Utility & Maintenance and Production, General Manager of Business Process Reengineering Dept.	As left
Chitaru Okamura	Senior Executive Officer, General Manager, Corporate Planning Dept.	As left
Satoshi Kawabata	Senior Executive Officer, General Manager, Procurement Dept.	As left
Tomoyuki Matsumura	Executive Officer, General Manager, Recycling Business Dept.	General Manager, Recycling Business Dept.
Tetsuji Kimura	Executive Officer, General Manager, Production Dept.	As left

(2) Other

Not applicable.