



October 30, 2024

To whom it may concern,

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 and Representative Director
 (Securities code: 5541
 TSE Prime Market)
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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, 2024 (April 1, 2024 through September 30, 2024). 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, 2024 (April 1, 2024 through September 30, 2024) and for the fiscal year ending March 31, 2025 (April 1, 2024 through March 31, 2025) announced on July 31, 2024.

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

For the six months ended September 30, 2024, the Company expects to record share of profit of entities accounted for using equity method of 2,244 million yen due mainly to strong performance of entities accounted for using equity method in the Philippines supported by strong demand.

● Revisions to financial results forecast

1. Revisions to consolidated financial results forecast for the six months ended September 30, 2024 (April 1, 2024 through September 30, 2024)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (Announced on July 31, 2024)	Million yen 7,248	Million yen (3,687)	Million yen (1,261)	Million yen (1,346)	Yen (69.02)
Revised forecast (B)	7,835	(4,468)	(2,316)	(1,877)	(96.26)
Change (B-A)	587	(781)	(1,055)	(531)	
Change (%)	8.1	—	—	—	
(Reference) Actual results for the previous six months ended September 30, 2023	8,083	(6,194)	(2,487)	(2,611)	(133.90)

2. Revisions to consolidated financial results forecast for the fiscal year ending March 31, 2025 (April 1, 2024 through March 31, 2025)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (Announced on July 31, 2024)	Million yen 14,229	Million yen (5,979)	Million yen (1,555)	Million yen (1,847)	Yen (94.71)
Revised forecast (B)	14,096	(7,858)	(3,619)	(3,394)	(174.04)
Change (B-A)	(133)	(1,879)	(2,064)	(1,547)	
Change (%)	(0.9)	—	—	—	
(Reference) Actual results for the previous fiscal year ended March 31, 2024	15,521	(9,114)	(2,119)	(1,074)	(55.10)

3. Reason for revisions

With regard to the consolidated financial results forecast, the outlook remains highly uncertain due to the effects of the stagnant real estate market in China, high interest rates in the U.S. and Europe, and growing tensions in the Middle East region and Ukraine.

On the volume front of the Company's ferronickel products, the environment in which the Company operates has remained largely unchanged. Accordingly, the Company has continued with the policy of volume control from a profitability perspective and expects results to be almost the same as the previously announced forecast.

In terms of profit and loss, on the selling price front of ferronickel products, the Company also partly refers to the price of nickel pig iron in addition to the market prices applicable to the Company, so the revenue is restrained to a certain extent. On the procurement front, the prices of nickel ore, the primary raw material, and those of raw materials, fuel, and electricity remain high and are expected to significantly impact procurement prices.

In addition, regarding the write-down of inventories, the Company expects to record a reversal of the write-down of inventories under cost of sales (decrease in cost of sales) due to the progression of a reduction in the write-down along with a decrease in inventory volume and other factors from the first half to the second half of the fiscal year.

Although the circumstances remain severe, response measures to address the 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" on the following page.

(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 (July 31, 2024)	3,074	2,926	6,000	2,475	2,770	5,245	8.08	8.00	8.04	151.61	149.17	150.42
Revised forecast	3,284	2,769	6,053	2,010	1,950	3,960	8.05	7.70	7.89	153.32	139.33	146.92
(Reference) Actual results for the previous fiscal year ended March 31, 2024	3,052	2,973	6,025	3,210	2,825	6,035	10.78	8.42	9.62	140.18	148.85	144.46