



February 28, 2025

To whom it may concern,

Company name: PACIFIC METALS CO., LTD.
Representative: Masayuki Aoyama, President and
Representative Director
(Securities code: 5541
TSE Prime Market)
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Director and Managing Executive
Officer
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**Notice Concerning Change in Dividend Policy (Introduction of DOE Indicator)
and Revision to Dividend Forecast**

PACIFIC METALS CO., LTD. (the “Company”) hereby announces that it has resolved, at the meeting of the Board of Directors held today, to change its dividend policy and revise its dividend forecast as part of action to realize management that is conscious of cost of capital and stock price.

● Change in Dividend Policy

(1) Reason for Change

Having positioned strengthening of a management platform capable of responding to changes in the business environment, contributing to the SDGs, achieving carbon neutrality, and other matters as important issues, the Group has set forth a long-term vision, “A comprehensive materials company that co-creates a sustainable, recycling-oriented society,” and has formulated and promoted its medium-term business plan in order to work on resolving the issues as well as sustainable growth and enhancing its medium- to long-term corporate value.

Until now, we have passed down and refined our ferroalloy smelting and manufacturing technology, reviewed our product lineup along with the changing times, and used our potential and resources to the maximum extent at large plants in the coastal industrial region as we have continued to do business.

However, the business foundation of our nickel business, which has been our core business for 10 consecutive business years, has been greatly shaken up by factors including radical resource nationalism in nickel ore-producing countries, changes in the market structure due to oversupply of Chinese nickel pig iron, and soaring resource and energy prices, which have caused lower profitability. This environment is expected to continue for the time being, owing to a high degree of difficulty in foreseeing the future, coupled with rising uncertainty.

Under this business environment, we are formulating a new medium-term strategy that includes as its key themes business diversification and strengthening the revenue platform through the comprehensive review of the struggling nickel business and the start-up of new mainstay businesses, with the aim of reducing losses and returning to profit as soon as possible. For details, please see forthcoming disclosures.

We will meet stakeholder expectations and achieve continuous growth and enhanced corporate value by using our internal reserves in new business investments to strengthen medium- to long-term profitability and in the expansion and reinforcement of shareholder return. In this context, regarding shareholder return, we will clarify our position on stable dividends for shareholders by introducing a target dividend on equity ratio (DOE) of 4% as a new indicator in place of the target consolidated

dividend payout ratio of 30%, considering the total balance between shareholder return and securing funds for investment in growth to improve return on equity.

(2) Details of Change (Changes are underlined.)

Before change	After change
<p>The Company considers the return of profits to shareholders to be an important management issue and distributes dividends with the aim of a <u>consolidated dividend payout ratio of 30%</u>, while working to enhance and strengthen corporate structure.</p> <p>The Company also positions internal reserves as a fund for responding functionally to changes in the management environment and will use them for various purposes, including securing resources, the development of new technologies, capital expenditures, and the acquisition of treasury shares as part of the Company's capital policy.</p>	<p>The Company considers the return of profits to shareholders to be an important management issue and distributes dividends with the aim of a <u>dividend on equity ratio (DOE) of 4% for the time being</u>, while working to enhance and strengthen corporate structure.</p> <p>The Company also positions internal reserves as a fund for responding functionally to changes in the management environment and will use them for various purposes, including securing resources, the development of new technologies, capital expenditures, and the acquisition of treasury shares as part of the Company's capital policy.</p>

● Effective Date

This dividend policy will be applied from year-end dividends for the fiscal year ending March 31, 2025.

● Revision to Dividend Forecast

(1) Details of Revision

Record date	Dividend per share		
	2nd quarter-end	Year-end	Annual
Previous forecast (announced on May 10, 2024)		0.00 yen	0.00 yen
Revised forecast		135.00 yen	135.00 yen
Actual results for the current fiscal year	0.00 yen		
Actual results for the previous fiscal year (fiscal year ended March 31, 2024)	0.00 yen	0.00 yen	0.00 yen

(2) Reason for Revision

In light of the above change in the dividend policy, we will revise the forecast for the year-end dividend for the fiscal year ending March 31, 2025 from 0.00 yen in the previous forecast to 135 yen per share.