Consolidated Financial Results for the Three Months Ended June 30, 2026 [Japanese GAAP]

August 6, 2026

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 commencing dividend payments: –
Availability of supplementary briefing materials on financial results: Not available
Schedule of financial results briefing session: Not scheduled

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2026 (April 1, 2026 – June 30, 2026)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2026	2,470	32.5	(882)	–	421	–	322	–
June 30, 2025	1,864	(45.9)	(3,067)	–	(2,222)	–	(2,232)	–

(Note) Comprehensive income: Three months ended June 30, 2026: ¥77 million [–%]
Three months ended June 30, 2025: ¥(2,829) million [–%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2026	18.54	–
June 30, 2025	(117.67)	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2026	66,403	61,965	92.9
As of March 31, 2026	67,327	63,192	93.5

(Reference) Equity: As of June 30, 2026: ¥61,710 million
As of March 31, 2026: ¥62,938 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	–	60.00	–	75.00	135.00
Fiscal year ending March 31, 2027	–				
Fiscal year ending March 31, 2027 (Forecast)		65.0	–	65.00	130.00

(Note) Revision from the latest released dividends forecast: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2027 (April 1, 2026 - March 31, 2027)

(% 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	5,356	20.0	(3,983)	–	(754)	–	(958)	–	(55.10)
Full year	10,618	12.8	(6,185)	–	698	(79.0)	134	(94.9)	7.71

(Note) Revision from the latest released financial results forecast: Yes

*** Notes:**

(1) Significant changes in the scope of consolidation during the period: None
Newly included: – ( ), Excluded: – ( )

(2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None

(3) 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

(4) 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):

June 30, 2026:	19,577,071 shares
March 31, 2026:	19,577,071 shares

2) Total number of treasury shares at the end of the period:

June 30, 2026:	2,189,510 shares
March 31, 2026:	2,189,401 shares

3) Average number of shares during the period:

Three months ended June 30, 2026:	17,387,614 shares
Three months ended June 30, 2025:	18,971,029 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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 “(3) Forward-looking Statements Including Consolidated Financial Results Forecast” under “1. Overview of Operating Results, etc.” on page 4.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Period under Review

During the three months ended June 30, 2026 (the "period under review"), as corporate earnings showed signs of improvement despite the impact of the turmoil in the Middle East, the Japanese economy showed a gradual recovery trend, supported by improvements in the employment and income environment and personal consumption.

As for overseas economies, uncertainty remained high due to the stagnant real estate market and sluggish domestic demand in China, as well as the uneven recovery in the employment situation and personal consumption across countries. In addition, there was heightened uncertainty due to the escalation of the situation in Ukraine and the turmoil in the Middle East, and the pace of economic recovery remained slow.

Under these circumstances, in the stainless steel industry, which is the primary source of demand for the nickel business that accounts for the majority of the Group's net sales and profit and loss, production in China, the largest producer, remained at a high level despite the deepening slump in construction demand due to the stagnation of the real estate market, and market conditions in each country were strongly affected by excessive exports against the backdrop of a widening supply-demand gap, and the capacity utilization rates of production facilities have varied.

Demand for ferronickel continued to slow down because, in addition to the environment described above, there has been a shift of procurement to nickel pig iron, which has a price advantage, and also due to reviewing of stainless steel scrap blending ratios 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 background of concerns about supply shortages due to the reduction of the Indonesian government's Work Plans and Budgets (RKAB) for mineral ore and coal mining, as well as to robust demand. Moreover, prices for various raw materials and fuels remained high globally, which has kept production costs up.

Nickel prices on the London Metal Exchange (LME) rose temporarily due to concerns over supply shortages stemming from the reduction of the Indonesian government's Work Plans and Budgets (RKAB) for mineral ore and coal mining, as well as a revision of benchmark ore prices. However, nickel prices remained range-bound with heavy upside due to a combination of complex factors, including the slowdown of the Chinese economy, fluctuations in foreign exchange rates and financial and capital markets, increasing tensions in the Middle East and Ukraine, and predictions of an increase in supply following a review of the Indonesian government's Work Plans and Budgets (RKAB) policy at the end of the period.

In this situation, the Company has continued its policy with the objective of strategically controlling volume so as to secure a certain level of profitability in light of the deteriorating environment described above. However, the Company implemented a comprehensive and flexible sales system that takes into account the impact on business performance, including inventory, resulting in a year-on-year increase in ferronickel sales volume of 14.5%.

The ferronickel production volume decreased by 5.3% year on year due to cost control and inventory adjustments.

Regarding the selling price of ferronickel products, although the selling environment left us no choice but to partly refer to the price of nickel pig iron, which is a price restraint factor, the selling price increased due to the fact that the average exchange rate of the Japanese yen against the U.S. dollar applicable to the Company, which is the main component of the price, declined by 5.0% yen year on year, and the LME nickel price applicable to the Company increased by 13.1% year on year.

Despite this harsh business environment, the Company is striving to thoroughly focus on the profitability of orders, build a flexible production and sales system, and further improve operational efficiency. As drastic measures to overcome this situation, the Group has formulated the Medium to Long-term Strategy PAMCOvision 2031 and is restructuring its business portfolio to develop a profit base that will become the core of new business. In terms of initiatives we have been working on, for the matte raw materials business, aiming to expand applications from existing stainless steel raw materials to matte raw materials, the Company continues to discuss various conditions, including quality, with potential suppliers, taking advantage of the Company's strength in stable, high-quality production. For the business of contracted smelting of polymetallic nodules, based on the findings of a feasibility study, we are advancing activities to improve the accuracy of contracted smelting costs and the investment schedule for producing metal materials for batteries and raw materials for steelmaking from submarine resources. The Company is exchanging opinions with relevant parties in Japan and overseas for the broader expansion of this initiative, and although mining regulations have not yet been established, we will make careful preparations to enable us to promptly proceed with investment in equipment modifications. For the beryllium production and sales project, the Company concluded a capital and business alliance agreement with MiRESSO Co., Ltd. ("MiRESSO") in Aomori Prefecture, the central proponent of this project. In the previous fiscal year, we subscribed to a third-party allotment of shares totaling 1.5 billion yen as an investment in the construction of the demonstration plant within the Company's premises. Currently, we are in the final stages before construction work commences, with no significant delays to the schedule, and we are working to strengthen the framework for the project's commercialization. In the retail electricity business, we are expanding into the electricity business field by supplying high-value-added power generated from locally sourced renewable energy in collaboration with local electricity generation utilities to high-voltage and extra-high-voltage retailers, and we are further strengthening our sales framework. In the calcium aluminate manufacturing and sales business, we are developing manufacturing and sales while resolving various issues. We aim to achieve early profitability in both of these businesses. In addition, in our research and development activities, we will actively promote the refining of rare earths from recycled materials. With regard to new businesses, although there are currently differences in the progress of these businesses, we are aiming to achieve their early launch. The Company has thus been continuously working on initiatives to boost business performance and stabilize profits, including carbon neutrality initiatives related to the reduction of GHG emissions.

The situation in the Middle East is difficult to predict, and the sharp rise in energy-related prices caused by the extreme fluctuations in crude oil-related prices has affected costs. However, due to thorough cost management through flexible procurement systems, there has been no significant impact on the Company's results for the first quarter of the fiscal year under review.

As a result, net sales for the period under review increased by 32.5% year on year to ¥2,470 million. On the profit front, the Company posted an operating loss of ¥882 million (compared with an operating loss of ¥3,067 million for the same period of the previous fiscal year), including the reversal of the write-down of inventories. However, ordinary profit was ¥421 million (compared with an ordinary loss of ¥2,222 million for the same period of the previous fiscal year), due mainly to the posting of ¥1,002 million in share of profit of entities accounted for using equity method under non-operating income, and profit attributable to owners of parent was ¥322 million (compared with loss attributable to owners of parent of ¥2,232 million for the same period of the previous fiscal year).

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 for the Period under Review."

As a result, net sales in this segment increased by 33.2% year on year to ¥2,257 million with an operating loss of ¥793 million (compared with an operating loss of ¥3,078 million for the same period of the previous fiscal year).

(ii) Gas business

In the gas business, although there were some variations in customer demand, there was also a temporary effect from factors such as the postponement of periodic equipment repairs, which resulted in a profit.

As a result, net sales in this segment decreased by 8.6% year on year to ¥172 million with an operating profit of ¥13 million, an increase of 42.7% year on year.

(iii) Other

The segment of other businesses recorded a loss, although sales were gradually increasing, mainly in the retail electricity business and the calcium aluminate manufacturing and sales business, due to responses to various issues arising from the launching of new businesses.

As a result, net sales in this segment were ¥61 million (no net sales for the same period of the previous fiscal year) and operating loss was ¥104 million (compared with an operating loss of ¥0 million for the same period of the previous fiscal year).

(2) Overview of Financial Position for the Period under Review

Assets, liabilities, and net assets of the Group as of June 30, 2026 are as follows.

Total assets decreased by ¥924 million from the end of the previous fiscal year to ¥66,403 million.

Current assets decreased by ¥1,592 million from the end of the previous fiscal year, mainly due to a decrease in cash and deposits following the payment of dividends, as well as other factors.

Non-current assets increased by ¥667 million from the end of the previous fiscal year, mainly due to an increase in investment securities resulting from the recording of share of profit of entities accounted for using equity method, as well as other factors. Investment securities held by the Company amounting to ¥27,095 million consisted mainly of ¥21,679 million in the amount reflected in the consolidated balance sheet of shares of entities accounted for using equity method, ¥2,297 million in shares of subsidiaries and associates, ¥1,392 million in shares of Nickel Asia Corporation, a holding company of the Company's equity-method affiliates listed on the Philippine Stock Exchange, and ¥1,521 million in shares of MiRESSO Co., Ltd.

Total liabilities increased by ¥302 million from the end of the previous fiscal year to ¥4,437 million.

Current liabilities increased by ¥297 million from the end of the previous fiscal year, primarily owing to increases in notes and accounts payable - trade, accrued consumption tax under other, and other factors.

Non-current liabilities increased by ¥5 million from the end of the previous fiscal year, mainly due to respective increases in retirement benefit liability and deferred tax liabilities resulting from the impact of valuation difference on investment securities and other factors.

Total net assets decreased by ¥1,227 million from the end of the previous fiscal year to ¥61,965 million.

Shareholders' equity decreased by ¥981 million resulting mainly from dividend payments. Accumulated other comprehensive income decreased by ¥246 million resulting mainly from a decrease in valuation difference on available-for-sale securities, and non-controlling interests increased by ¥0 million.

(3) Forward-looking Statements Including Consolidated Financial Results Forecast

With regard to the consolidated financial results forecast, the outlook remains highly uncertain globally due to the effects of complex factors, including concerns about the stagnant real estate market in China, movements in the financial and capital markets, U.S. tariff measures, the escalation of the situation in Ukraine, and the turmoil in the Middle East.

On the volume front of the Company's ferronickel products, the environment has remained largely unchanged, and the Company has been continuing with the policy of volume control from a profitability perspective. There is no change from the previously announced forecast.

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, which is expected to have a significant impact on earnings.

In other areas, regarding the impact of the 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 line with the previously announced forecast.

Although the circumstances remain severe, response measures to address such a business environment are consistent with activities to be undertaken under the basic policies that the Group has set forth in the Medium to Long-term Strategy PAMCOvision 2031, and the Company will continue to strongly push forward with these measures.

Based on the above, the Company has revised its consolidated financial results forecast announced on May 12, 2026 as follows and also reviewed underlying assumptions.

<Reference>

[Revisions to financial results forecast]

Revisions to consolidated financial results forecast for the six months ending September 30, 2026 (April 1, 2026 through September 30, 2026)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (Announced on May 12, 2026)	Million yen 4,902	Million yen (4,168)	Million yen (891)	Million yen (1,134)	Yen (65.22)
Revised forecast (B)	5,356	(3,983)	(754)	(958)	(55.10)
Change (B–A)	454	185	137	176	
Change (%)	9.3	–	–	–	
(Reference) Actual results for the six months ended September 30, 2025	4,463	(4,042)	(1,086)	(1,095)	(59.91)

Revisions to consolidated financial results forecast for the fiscal year ending March 31, 2027 (April 1, 2026 through March 31, 2027)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (Announced on May 12, 2026)	Million yen 10,484	Million yen (6,006)	Million yen 704	Million yen 158	Yen 9.09
Revised forecast (B)	10,618	(6,185)	698	134	7.71
Change (B–A)	134	(179)	(6)	(24)	
Change (%)	1.3	–	(0.9)	(15.2)	
(Reference) Actual results for the previous fiscal year ended March 31, 2026	9,414	(4,971)	3,323	2,610	146.04

[Revisions to underlying assumptions]

	Sales volume (t)			Production volume (t)		
	1st half	2nd half	Full year	1st half	2nd half	Full year
Previously announced forecast (Announced on May 12, 2026)	1,697	1,903	3,600	1,598	1,499	3,097
Revised forecast	1,810	1,790	3,600	1,616	1,499	3,115
(Reference) Actual results for the previous fiscal year ended March 31, 2026	1,890	2,072	3,962	1,787	1,828	3,615

	Applicable LME nickel price ($/lb)			Applicable exchange rate (¥/$)		
	1st half	2nd half	Full year	1st half	2nd half	Full year
Previously announced forecast (Announced on May 12, 2026)	7.95	8.00	7.98	156.68	156.00	156.32
Revised forecast	8.10	8.00	8.05	159.30	156.00	157.66
(Reference) Actual results for the previous fiscal year ended March 31, 2026	6.95	6.88	6.91	147.83	153.62	150.87

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	17,595	16,347
Accounts receivable - trade	3,763	2,835
Securities	2,299	2,300
Merchandise and finished goods	3,843	4,130
Work in process	382	402
Raw materials and supplies	2,602	2,784
Other	1,684	1,780
Allowance for doubtful accounts	(1)	(1)
Total current assets	32,171	30,579
Non-current assets		
Property, plant and equipment	7,105	7,045
Intangible assets	10	10
Investments and other assets		
Investment securities	26,385	27,095
Retirement benefit asset	1,216	1,258
Other	443	419
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	28,040	28,768
Total non-current assets	35,156	35,824
Total assets	67,327	66,403

(Million yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	76	192
Accrued expenses	650	731
Income taxes payable	47	27
Provision for bonuses	116	81
Other	159	314
Total current liabilities	1,050	1,348
Non-current liabilities		
Retirement benefit liability	75	77
Deferred tax liabilities	1,170	1,174
Deferred tax liabilities for land revaluation	535	535
Provision for loss contract	1,273	1,273
Provision of restoration cost	14	14
Other	15	14
Total non-current liabilities	3,084	3,089
Total liabilities	4,134	4,437
Net assets		
Shareholders’ equity		
Share capital	13,922	13,922
Capital surplus	3,481	3,481
Retained earnings	46,985	46,003
Treasury shares	(4,083)	(4,083)
Total shareholders’ equity	60,305	59,323
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,027	893
Deferred gains or losses on hedges	0	(19)
Revaluation reserve for land	322	322
Foreign currency translation adjustment	334	271
Remeasurements of defined benefit plans	948	919
Total accumulated other comprehensive income	2,633	2,387
Non-controlling interests	254	255
Total net assets	63,192	61,965
Total liabilities and net assets	67,327	66,403

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Net sales	1,864	2,470
Cost of sales	4,450	2,886
Gross loss	(2,586)	(415)
Selling, general and administrative expenses		
Selling expenses	36	54
General and administrative expenses	444	412
Total selling, general and administrative expenses	481	467
Operating loss	(3,067)	(882)
Non-operating income		
Interest income	20	30
Dividend income	9	5
Rental income from real estate	27	27
Share of profit of entities accounted for using equity method	790	1,002
Foreign exchange gains	-	11
Other	121	232
Total non-operating income	969	1,310
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	70	-
Rental expenses on facilities	3	3
Loss on disposal of inventories	41	0
Taxes and dues	2	3
Other	5	0
Total non-operating expenses	124	7
Ordinary profit (loss)	(2,222)	421
Extraordinary income		
Gain on sale of non-current assets	4	0
Gain on sale of investment securities	21	-
Total extraordinary income	26	0
Extraordinary losses		
Loss on retirement of non-current assets	1	7
Total extraordinary losses	1	7
Profit (loss) before income taxes	(2,197)	413
Income taxes - current	4	5
Income taxes - deferred	30	84
Total income taxes	34	90
Profit (loss)	(2,232)	323
Profit attributable to non-controlling interests	0	0
Profit (loss) attributable to owners of parent	(2,232)	322

Quarterly Consolidated Statements of Comprehensive Income
Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Profit (loss)	(2,232)	323
Other comprehensive income		
Valuation difference on available-for-sale securities	(15)	(160)
Remeasurements of defined benefit plans, net of tax	(8)	(21)
Share of other comprehensive income of entities accounted for using equity method	(572)	(64)
Total other comprehensive income	(596)	(246)
Comprehensive income	(2,829)	77
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,829)	76
Comprehensive income attributable to non-controlling interests	0	0

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on segment information, etc.)

I For the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

1. Information on net sales and profit or loss by reportable segment

(Million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Nickel business	Gas business	Total				
Net sales							
Net sales to outside customers	1,694	169	1,864	–	1,864	–	1,864
Intersegment sales or transfer	–	18	18	–	18	(18)	–
Total	1,694	188	1,883	–	1,883	(18)	1,864
Segment profit (loss)	(3,078)	9	(3,068)	(0)	(3,069)	2	(3,067)

Notes: 1. “Other” corresponds to the real estate business not included in the reportable segments.
2. Adjustment to segment profit (loss) of ¥2 million includes intersegment elimination of ¥2 million and other adjustments of ¥0 million.
3. Segment profit (loss) is adjusted with operating loss in the quarterly consolidated statements of income.

2. Information on impairment losses of non-current assets or goodwill by reportable segment

Not applicable.

II For the three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

1. Information on net sales and profit or loss by reportable segment

(Million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Nickel business	Gas business	Total				
Net sales							
Net sales to outside customers	2,257	151	2,409	61	2,470	–	2,470
Intersegment sales or transfer	–	20	20	–	20	(20)	–
Total	2,257	172	2,429	61	2,491	(20)	2,470
Segment profit (loss)	(793)	13	(779)	(104)	(884)	2	(882)

Notes: 1. “Other” corresponds to the real estate business, the retail electricity business, and the calcium aluminate manufacturing and sales business, which are not included in the reportable segments.
2. Adjustment to segment profit (loss) of ¥2 million includes intersegment elimination of ¥2 million and other adjustments of ¥0 million.
3. Segment profit (loss) is adjusted with operating loss in the quarterly consolidated statements of income.

2. Information on impairment losses of non-current assets or goodwill by reportable segment

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.

(Notes on going concern assumption)

Not applicable.

(Notes on statements of cash flows)

The Company has not prepared quarterly consolidated statements of cash flows for the period under review. The depreciation and amortization (including amortization of intangible assets) for the period under review is as follows:

(Million yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Depreciation and amortization	95	74