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Consolidated Financial Results for the Six Months Ended September 30, 2026 [Japanese GAAP]

November 10, 2026

Company name: PACIFIC METALS CO., LTD.
Stock exchange listing: Tokyo Stock Exchange
Code number: 5541
URL: https://www.pacific-metals.co.jp/en/
Representative: Kazuo Iwadate, President and Representative Director
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Scheduled date to file semi-annual securities report: November 10, 2026
Scheduled date of commencing dividend payments: December 3, 2026
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 Six Months Ended September 30, 2026 (April 1, 2026 – September 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	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2026	5,449	22.1	(4,009)	–	957	–	645	–
September 30, 2025	4,463	(43.0)	(4,042)	–	(1,086)	–	(1,095)	–

(Note) Comprehensive income: Six months ended September 30, 2026: ¥504 million [–%]
Six months ended September 30, 2025: ¥(1,696) million [–%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2026	37.13	–
September 30, 2025	(59.91)	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2026	67,100	62,410	92.7
As of March 31, 2026	67,327	63,192	93.5

(Reference) Equity: As of September 30, 2026: ¥62,184 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	–	65.00			
Fiscal year ending March 31, 2027 (Forecast)			–	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
Full year	11,188	18.8	(6,035)	–	1,831	(44.9)	1,321	(49.4)	75.94

(Note) Revision from the latest released financial results forecast: None

*** 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 semi-annual 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):

September 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:

September 30, 2026:	2,181,720 shares
March 31, 2026:	2,189,401 shares

3) Average number of shares during the period:

Six months ended September 30, 2026:	17,390,931 shares
Six months ended September 30, 2025:	18,292,828 shares

* Semi-annual financial results are outside the scope of review 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 “(3) Forward-looking Statements Including Consolidated Financial Results Forecast” under “1. Overview of Operating Results, etc.” on page 4.

Table of Contents – Attachments

1. Overview of Operating Results, etc. 2
(1) Overview of Operating Results for the Period under Review 2
(2) Overview of Financial Position for the Period under Review 4
(3) Forward-looking Statements Including Consolidated Financial Results Forecast 4
2. Semi-annual Consolidated Financial Statements and Key Notes 6
(1) Semi-annual Consolidated Balance Sheets 6
(2) Semi-annual Consolidated Statements of Income and Comprehensive Income 8
Semi-annual Consolidated Statements of Income 8
Semi-annual Consolidated Statements of Comprehensive Income 9
(3) Notes to Semi-annual Consolidated Financial Statements 10
(Notes on going concern assumption) 10
(Notes on significant changes in the amount of shareholders' equity) 10

1. Overview of Operating Results, etc.

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

During the six months ended September 30, 2026 (the "period under review"), corporate earnings improved overall despite the ongoing impact of the turmoil in the Middle East, and the Japanese economy showed a gradual recovery trend, supported by improvements in the employment and income environment and personal consumption.

As for overseas economies, with the stagnant real estate market and sluggish domestic demand in China and the uneven recovery in the employment situation and personal consumption across countries, in addition to weakness observed in some regions due to the escalation of the situation in Ukraine and the turmoil in the Middle East, 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, in China, the largest producer, stainless steel production remained at a high level despite the deepening demand slump caused mainly by domestic demand, resulting in a widening supply-demand gap due to excessive exports. This has strongly affected market conditions in each country, and the capacity utilization rates of production facilities have varied.

Regarding demand for ferronickel, the harsh sales environment continued 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, among other factors. However, nickel prices continued to fluctuate within a certain price range due to a combination of complex factors, including fluctuations in foreign exchange rates and financial and capital markets, geopolitical risks, and expectations of supply easing following a review of the 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. The Company has implemented a comprehensive and flexible sales system that takes into account the impact on business performance, including inventory, resulting in a year-on-year decrease in ferronickel sales volume of 2.4%.

The ferronickel production volume decreased by 1.3% 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 7.9%, and the LME nickel price applicable to the Company increased by 16.4% 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, taking advantage of the Company's strength in stable, high-quality production, we are aiming to expand applications from existing stainless steel raw materials to matte raw materials. We have recently reached agreement on the major terms and conditions with potential suppliers, and we will continue to develop our production system. 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. As an initiative related to this business, a Japanese company that holds a mining area in Japan's exploration zone in the Clarion-Clipperton Zone off the coast of Hawaii and plans to develop it has commissioned the Company to participate in a study of smelting technologies aimed at diversifying resource sources. In addition, having been selected for the Tokyo Metropolitan Government's early social implementation support program for the creation of GX-related industries, the Company will conduct a demonstration test using smelting equipment at a scale close to that of full-scale production facilities to process manganese nodules through a large-scale lifting test conducted off Minamitorishima Island by a university in Tokyo that is the Company's co-applicant. For the beryllium production and sales project, the Company concluded a capital and business alliance agreement with MiRESSO Co., Ltd. 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. Preparations for foundation work are underway, and full-scale construction is scheduled to commence at the start of the third quarter. Operations are expected to commence in the first half of the next fiscal year, with the aim of establishing mass-production technology. 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.

As a result, net sales for the period under review increased by 22.1% year on year to ¥5,449 million. On the profit front, the Company posted an operating loss of ¥4,009 million (compared with an operating loss of ¥4,042 million for the same period of the previous fiscal year), including the write-down of inventories. However, ordinary profit was ¥957 million (compared with an ordinary loss of ¥1,086 million for the same period of the previous fiscal year), due mainly to the posting of ¥4,672 million in share of profit of entities accounted for using equity method under non-operating income, and profit attributable to owners of parent was ¥645 million (compared with loss attributable to owners of parent of ¥1,095 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 21.2% year on year to ¥4,948 million with an operating loss of ¥3,802 million (compared with an operating loss of ¥4,017 million for the same period of the previous fiscal year).

(ii) Gas business

In the gas business, there were variations in customer demand, as well as a temporary effect from factors such as periodic equipment repairs, which resulted in a loss. As a result, net sales in this segment decreased by 1.2% year on year to ¥402 million with an operating loss of ¥38 million (compared with an operating loss of ¥10 million for the same period of the previous fiscal 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, the segment posted net sales of ¥137 million (compared with net sales of ¥9 million for the same period of the previous fiscal year) and an operating loss of ¥174 million (compared with an operating loss of ¥18 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 September 30, 2026 are as follows.

Total assets decreased by ¥227 million from the end of the previous fiscal year to ¥67,100 million.

Current assets decreased by ¥2,121 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 ¥1,894 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 ¥28,368 million consisted mainly of ¥22,876 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, ¥1,460 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 ¥554 million from the end of the previous fiscal year to ¥4,689 million.

Current liabilities increased by ¥461 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 ¥92 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 ¥782 million from the end of the previous fiscal year to ¥62,410 million.

Shareholders' equity decreased by ¥641 million resulting mainly from dividend payments. Accumulated other comprehensive income decreased by ¥113 million resulting mainly from a decrease in remeasurements of defined benefit plans, and non-controlling interests decreased by ¥27 million.

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

With regard to the consolidated financial results forecast, the economic outlook remains highly uncertain globally due to the effects associated with multiple factors including a slump in domestic demand in China, developments in the financial and capital markets, and continued high geopolitical risks.

On the volume front of the Company's ferronickel products, the environment in which the Company operates has remained largely unchanged. Although the Company has continued with the policy of volume control from a profitability perspective, upon consideration of the impact on inventories and profits and other factors, it expects some increases 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 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, and investment income from gain on changes in equity is expected to have an impact on extraordinary income.

Furthermore, significant fluctuations in crude oil prices due to the situation in the Middle East have driven up energy-related prices, which is affecting costs. Although such impacts are spreading across economic activity as a whole, making quantitative forecasts difficult, the Company will pursue rigorous cost management, including the establishment of a flexible procurement structure, and strive to strengthen its earnings base.

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 as follows and also reviewed underlying assumptions, as described in the "Notice Concerning Recording of Cost of Sales (Write-down of Inventories), Recording of Non-operating Income (Share of Profit of Entities Accounted for Using Equity Method), and Revisions to Financial Results Forecast" of October 29, 2026.

<Reference>

[Revisions to financial results forecast]

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 August 6, 2026)	Million yen 10,618	Million yen (6,185)	Million yen 698	Million yen 134	Yen 7.71
Revised forecast (B)	11,188	(6,035)	1,831	1,321	75.94
Change (B–A)	570	150	1,133	1,187	
Change (%)	5.4	–	162.3	885.8	
(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 August 6, 2026)	1,810	1,790	3,600	1,616	1,499	3,115
Revised forecast	1,844	1,956	3,800	1,763	1,643	3,406
(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 August 6, 2026)	8.10	8.00	8.05	159.30	156.00	157.66
Revised forecast	8.09	7.53	7.80	159.51	157.94	158.70
(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. Semi-annual Consolidated Financial Statements and Key Notes

(1) Semi-annual Consolidated Balance Sheets

(Million yen)

	As of March 31, 2026	As of September 30, 2026
Assets		
Current assets		
Cash and deposits	17,595	15,975
Accounts receivable - trade	3,763	3,300
Securities	2,299	2,098
Merchandise and finished goods	3,843	3,724
Work in process	382	354
Raw materials and supplies	2,602	2,874
Other	1,684	1,721
Allowance for doubtful accounts	(1)	(1)
Total current assets	32,171	30,049
Non-current assets		
Property, plant and equipment	7,105	6,999
Intangible assets	10	9
Investments and other assets		
Investment securities	26,385	28,368
Retirement benefit asset	1,216	1,299
Other	443	378
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	28,040	30,041
Total non-current assets	35,156	37,050
Total assets	67,327	67,100

(Million yen)

	As of March 31, 2026	As of September 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	76	220
Accrued expenses	650	779
Income taxes payable	47	46
Provision for bonuses	116	239
Other	159	227
Total current liabilities	1,050	1,512
Non-current liabilities		
Retirement benefit liability	75	79
Deferred tax liabilities	1,170	1,260
Deferred tax liabilities for land revaluation	535	535
Provision for loss contract	1,273	1,273
Provision of restoration cost	14	14
Other	15	13
Total non-current liabilities	3,084	3,176
Total liabilities	4,134	4,689
Net assets		
Shareholders' equity		
Share capital	13,922	13,922
Capital surplus	3,481	3,481
Retained earnings	46,985	46,329
Treasury shares	(4,083)	(4,069)
Total shareholders' equity	60,305	59,663
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,027	1,000
Deferred gains or losses on hedges	0	(2)
Revaluation reserve for land	322	322
Foreign currency translation adjustment	334	309
Remeasurements of defined benefit plans	948	890
Total accumulated other comprehensive income	2,633	2,520
Non-controlling interests	254	226
Total net assets	63,192	62,410
Total liabilities and net assets	67,327	67,100

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income

(Million yen)

	For the six months ended September 30, 2025	For the six months ended September 30, 2026
Net sales	4,463	5,449
Cost of sales	7,602	8,516
Gross loss	(3,139)	(3,066)
Selling, general and administrative expenses		
Selling expenses	86	116
General and administrative expenses	816	826
Total selling, general and administrative expenses	902	942
Operating loss	(4,042)	(4,009)
Non-operating income		
Interest income	35	62
Dividend income	9	5
Rental income from real estate	54	59
Share of profit of entities accounted for using equity method	2,867	4,672
Other	125	263
Total non-operating income	3,092	5,064
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	59	74
Rental expenses on facilities	10	10
Loss on disposal of inventories	41	0
Other	24	10
Total non-operating expenses	136	96
Ordinary profit (loss)	(1,086)	957
Extraordinary income		
Gain on sale of non-current assets	4	0
Gain on sale of investment securities	175	-
Gain on change in equity	-	107
Total extraordinary income	179	107
Extraordinary losses		
Impairment losses	4	-
Loss on retirement of non-current assets	6	10
Total extraordinary losses	10	10
Profit (loss) before income taxes	(916)	1,054
Income taxes - current	271	274
Income taxes - deferred	(76)	161
Total income taxes	194	436
Profit (loss)	(1,111)	618
Loss attributable to non-controlling interests	(15)	(27)
Profit (loss) attributable to owners of parent	(1,095)	645

Semi-annual Consolidated Statements of Comprehensive Income

(Million yen)

	For the six months ended September 30, 2025	For the six months ended September 30, 2026
Profit (loss)	(1,111)	618
Other comprehensive income		
Valuation difference on available-for-sale securities	181	(114)
Remeasurements of defined benefit plans, net of tax	(17)	(42)
Share of other comprehensive income of entities accounted for using equity method	(748)	43
Total other comprehensive income	(585)	(113)
Comprehensive income	(1,696)	504
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,681)	532
Comprehensive income attributable to non-controlling interests	(15)	(27)

(3) Notes to Semi-annual Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.