



July 30, 2021

To whom it may concern,

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and Representative Director
(Securities code: 5541 TSE 1st
Section)
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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 three months ended June 30, 2021 (April 1, 2021 through June 30, 2021). The Company also announces that, in light of the most recent performance trends, it has decided to revise the financial results forecast for the six months ending September 30, 2021 (April 1, 2021 through September 30, 2021) and for the fiscal year ending March 31, 2022 (April 1, 2021 through March 31, 2022) announced on May 11, 2021.

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

The Company plans to record share of profit of entities accounted for using equity method of 949 million yen for the three months ended June 30, 2021 due to strong performance of entities accounted for using equity method in the Philippines supported primarily by strong demand.

- Revisions to financial results forecast

1. Revisions to consolidated financial results forecast for the six months ending September 30, 2021 (April 1, 2021 through September 30, 2021)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (Announced on May 11, 2021)	Million yen 19,778	Million yen (1,103)	Million yen 14	Million yen (170)	Yen (8.72)
Revised forecast (B)	23,599	(265)	1,520	1,157	59.32
Change (B–A)	3,821	838	1,506	1,327	
Change (%)	19.3	—	—	—	
(Reference) Results for the six months ended September 30, 2020	13,262	(53)	1,293	1,260	64.62

2. Revisions to consolidated financial results forecast for the fiscal year ending March 31, 2022 (April 1, 2021 through March 31, 2022)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (Announced on May 11, 2021)	Million yen 42,988	Million yen (1,157)	Million yen 1,215	Million yen 968	Yen 49.63
Revised forecast (B)	46,591	(843)	2,106	1,685	86.40
Change (B-A)	3,603	314	891	717	
Change (%)	8.4	—	73.3	74.1	
(Reference) Actual results for the previous fiscal year (Fiscal year ended March 31, 2021)	32,217	(493)	3,344	1,162	59.61

3. Reason for revision

With regard to the consolidated financial results forecast, the economic outlook remains highly uncertain as COVID-19 continues to affect the domestic and overseas economies.

On the sales volume front, the stainless steel industry, which is the primary source of demand for the nickel business, is expected to achieve more sales to a certain extent than those in the initial plan because operations in Japan and overseas are recovering as contrasted with a certain period in the past.

On the selling price front, the LME nickel price applicable to the Company, which is used as an indicator for determining the selling price of the Company's ferronickel products, is expected to remain firm reflecting expectations for economic measures aimed at economic recovery in each country.

On the procurement front, production costs are expected to be affected by higher level of raw material prices and others, while the volume of raw materials will be secured to meet production needs.

Although the COVID-19 impact is expected to continue during the current consolidated fiscal year, response measures to address such 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 above. For the underlying assumptions, please refer to "(Reference) Revisions to underlying assumptions."

(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 (May 11, 2021)	11,600	13,400	25,000	11,765	13,057	24,822	7.63	7.52	7.58	104.37	104.32	104.34
Revised forecast	13,047	12,953	26,000	11,469	13,541	25,010	7.94	7.58	7.76	107.61	106.40	107.01
(Reference) Actual results for the previous fiscal year ended March 31, 2021	9,674	11,119	20,793	9,374	9,040	18,414	5.94	7.07	6.54	106.06	104.47	105.21