



October 29, 2021

To whom it may concern,

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 Representative: Aoyama Masayuki, President  
 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), Revisions to Financial Results Forecast, and Revisions to Dividend 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, 2021 (April 1, 2021 through September 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 ended 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 July 30, 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 2,642 million yen for the six months ended September 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 ended 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 July 30, 2021)	Million yen 23,599	Million yen (265)	Million yen 1,520	Million yen 1,157	Yen 59.32
Revised forecast (B)	24,098	952	3,995	3,405	174.61
Change (B–A)	499	1,217	2,475	2,248	
Change (%)	2.1	—	162.9	194.3	
(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 July 30, 2021)	Million yen 46,591	Million yen (843)	Million yen 2,106	Million yen 1,685	Yen 86.40
Revised forecast (B)	51,840	213	4,321	3,712	190.33
Change (B-A)	5,249	1,056	2,215	2,027	
Change (%)	11.3	—	105.2	120.3	
(Reference) Actual results for the previous 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 than those in the previously announced forecast because operations in Japan and overseas are recovering.

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 mainly by persistently higher prices of nickel ore, fuels, and other raw materials, while the volume of nickel ore 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.

● Revisions to dividend forecast

1. Details of revisions

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Previous forecast (Announced on May 11, 2021)	Yen —	Yen 0.00	Yen —	Yen 15.00	Yen 15.00
Revised forecast	—	—	—	35.00	55.00
Actual results for the current fiscal year	—	20.00			
Actual results for the previous fiscal year (Fiscal year ended March 31, 2021)	—	0.00	—	20.00	20.00

## 2. Reason for revisions

With regard to dividends of surplus, the Company has positioned the return of profits to shareholders as one of the important management issues in its medium-term management plan. The Company will aim to achieve a consolidated dividend payout ratio of 30% while enhancing and strengthening its corporate structure.

As a result of revisions to the consolidated financial results forecast, the Company has revised the dividend forecast to 55 yen for the full year, consisting of an interim dividend of 20 yen per share and a year-end dividend of 35 yen per share, in accordance with the above dividend policy.

### (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 30, 2021)	13,047	12,953	26,000	11,469	13,541	25,010	7.94	7.58	7.76	107.61	106.40	107.01
Revised forecast	12,957	14,043	27,000	11,874	14,280	26,154	8.12	8.32	8.22	109.16	108.06	108.59
(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