



January 31, 2022

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), 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 nine months ended December 31, 2021 (April 1, 2021 through December 31, 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 fiscal year ending March 31, 2022 (April 1, 2021 through March 31, 2022) announced on October 29, 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 4,934 million yen for the nine months ended December 31, 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 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 October 29, 2021)	Million yen 51,840	Million yen 213	Million yen 4,321	Million yen 3,712	Yen 190.33
Revised forecast (B)	54,713	2,722	9,913	8,455	433.52
Change (B–A)	2,873	2,509	5,592	4,743	
Change (%)	5.5	—	129.4	127.8	
(Reference) Actual results for the previous fiscal year ended March 31, 2021	32,217	(493)	3,344	1,162	59.61

2. Reason for revisions

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 forecast remains unchanged from the previously announced figures because the stainless steel industry, which is the primary source of demand for the nickel business, is performing well on the whole, despite variations among operations in Japan and overseas.

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 tight supply and demand balance in addition to 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 October 29, 2021)	Yen —	Yen —	Yen —	Yen 35.00	Yen 55.00
Revised forecast	—	—	—	110.00	130.00
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 year-end dividend forecast to 110 yen and the dividend forecast for the full year to 130 yen, 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 (October 29, 2021)	12,957	14,043	27,000	11,874	14,280	26,154	8.12	8.32	8.22	109.16	108.06	108.59
Revised forecast	12,957	14,043	27,000	11,874	14,652	26,526	8.12	8.83	8.49	109.16	111.61	110.43
(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