



April 28, 2022

To whom it may concern,

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and Representative Director
(Securities code: 5541
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Notice Concerning Recording of Non-operating Income (Share of Profit of Entities Accounted for Using Equity Method and Foreign Exchange Gains) 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 and foreign exchange gains under non-operating income for the fiscal year ended March 31, 2022 (April 1, 2021 through March 31, 2022). 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 ended March 31, 2022 (April 1, 2021 through March 31, 2022) announced on January 31, 2022.

- 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 6,483 million yen for the fiscal year ended March 31, 2022 due mainly to strong performance of entities accounted for using equity method in the Philippines supported primarily by strong demand.

- Details of non-operating income (foreign exchange gains)

With respect to valuation of receivables and payables denominated in foreign currencies, the Company plans to record foreign exchange gains of 1,311 million yen for the fiscal year ended March 31, 2022 that are mainly attributable to gains on valuation of foreign currency-denominated receivables primarily because of depreciation of the yen in foreign exchange markets.

- Revisions to financial results forecast

1. Revisions to consolidated financial results forecast for the fiscal year ended 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 January 31, 2022)	Million yen 54,713	Million yen 2,722	Million yen 9,913	Million yen 8,455	Yen 433.52
Revised forecast (B)	57,129	4,806	12,999	11,368	582.93
Change (B–A)	2,416	2,084	3,086	2,913	
Change (%)	4.4	76.6	31.1	34.5	
(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 mostly 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, 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 exceed the previously announced price due to firm nickel demand in line with the economic recovery in various countries and reflecting the tense situation in Ukraine. 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. Moreover, as described in "Details of non-operating income (share of profit of entities accounted for using equity method)" and in "Details of non-operating income (foreign exchange gains)" above, the Company plans to record share of profit of entities accounted for using equity method and foreign exchange gains.

Although the COVID-19 impact is expected to continue during the fiscal year ending March 31, 2023, 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 (January 31, 2022)	12,957	14,043	27,000	11,874	14,652	26,526	8.12	8.83	8.49	109.16	111.61	110.43
Revised forecast	12,957	14,103	27,060	11,874	14,375	26,249	8.12	9.33	8.75	109.16	113.97	111.67
(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