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To whom it may concern,

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Notice Concerning Formulation of the Medium-term Business Plan “PAMCO-2024” (from FY2022 to FY2024)

PACIFIC METALS CO., LTD. (the “Company”) established the long-term vision, “Become a world-class ferronickel manufacturer with comprehensive power” in fiscal 2016 in order to establish a management platform capable of responding to changes in the business environment and to achieve continuous growth. Previously, we formulated the Medium-term Business Plan PAMCO-30 and then the Medium-term Business Plan PAMCO-2021, and endeavored to achieve this long-term vision.

However, during the period covered by these plans the business environment surrounding the Company has become increasingly severe due to the materialization of resource nationalism in the nickel ore-producing countries, changes in the market structure of mainstay products, and other factors. The situation is unpredictable due to soaring resource and energy prices, etc., caused by the tense situation in Ukraine.

In this business environment, having positioned further strengthening of the platform, contributing to the SDGs, and becoming carbon neutral as important issues for the Company, we aim to evolve as a sustainable company by building and developing a business structure based on problem-solving.

Based on the above, we have set forth a new long-term vision, “A comprehensive materials company that co-creates a sustainable, recycling-oriented society,” and have formulated a new Medium-term Business Plan (PAMCO-2024) to realize this vision.

Overview of the new Medium-term Business Plan PAMCO-2024

- (1) Period: Three years from FY2022 to FY2024
- (2) Long-term vision:
“A comprehensive materials company that co-creates a sustainable, recycling-oriented society”
- (3) Theme of PAMCO-2024:
“Further strengthen the platform and promote the sustainability strategy”

(4) Positioning of the Medium-term Business Plan



(5) Materiality and Priority Measures (1) to 9))

—Contribute to the achievement of the SDGs through the resolution of material issues—

Restructuring of ferronickel production and sales systems with emphasis on profitability

- 1) Establishment of optimal production system by reviewing production strategy
- 2) Strengthening of cost competitiveness by reviewing procurement strategy

Acceleration of consideration of expansion into overseas smelting business

- 3) Promotion of overseas smelting projects and start-up of production

Creation of new businesses that contribute to society

- 4) Promotion of production and sales of raw materials for LIB materials

Diversification of business in Japan to contribute to a recycling-oriented society

- 5) Restructuring of recycling business

Enhancement of corporate value by addressing sustainability issues

- 6) Sustainability Promotion Council

—Promotion of medium- and long-term initiatives related to material sustainability issues—

- 7) Reduction of GHG emissions
- 8) Promotion of symbiosis by contributing to the development of regions and resource-rich countries
- 9) Promotion of constructive dialogue with stakeholders

(6) Indicators for each fiscal year (earnings plan)

		Period covered by PAMCO-2024			
		FY2022	FY2023	FY2024	Total
Production volume	Ni (t)	20,810	29,037	28,454	78,301
Sales volume	Ni (t)	20,500	27,500	27,500	75,500
Consolidated (Million yen)	Net sales	50,210	60,958	60,801	171,969
	Operating profit	925	225	1,809	2,959
	Ordinary profit	3,844	2,822	4,549	11,215
	Profit attributable to owners of parent	3,513	2,415	4,058	9,986

For details, please refer to the attached Medium-term Business Plan PAMCO-2024.

PACIFIC METALS CO., LTD.
Medium-term Business Plan
PAMCO-2024

May 10, 2022

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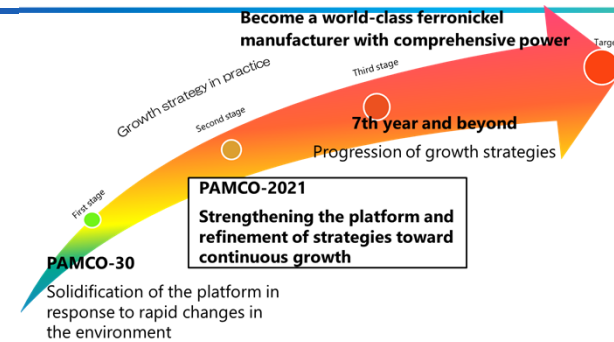
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1. Review of Previous Medium-term Business Plan PAMCO-2021

(1) Achievement of basic policies

- PAMCO-2021 was the second stage for achievement of the long-term vision and focused on "Strengthening the platform and refinement of strategies toward continuous growth"



Basic policies	Achievement status (○: Achievement made △: Issues remain)
① Strengthening of facilities and stable procurement of ore to develop the optimal production system	○ Systematic investment in facilities that contribute to an optimal production system ○ Stable procurement of ore necessary for production during the period △ No new ore procurement from third countries other than the Philippines and New Caledonia
② Initiatives with view to expanding overseas business	△ Shortlisting overseas smelting projects in cooperation with resource-rich countries
③ Diversification of business in Japan	△ Sowing seeds for domestic business candidates and shortlisting with a view to rebuilding the recycling business
④ Strengthen profitability	○ Cost reduction through various rationalization measures (total of 2.2 billion yen improvement over 3 years) △ Cost competitiveness was not achieved due to soaring prices of raw materials and fuels, etc. ○ Minimized the impact of market fluctuations by utilizing hedging to secure stable income
⑤ Strengthening of organization and human resources in anticipation of changes in the business environment	○ New organizational structure strengthened the responsiveness of the organization ○ Secured necessary personnel based on future-oriented human resource development and recruitment plans
⑥ Management focused on cash flow	○ Reduce the risk of shortfall of funds through appropriate cash flow management
⑦ Contribution toward achieving a sustainable society	○ Reduced CO2 emissions by promoting energy-saving activities △ No major occupational accidents, although we did not achieve zero accidents ○ Strengthened compliance and responded to the principles of the Corporate Governance Code

Although certain results were achieved in accordance with the basic policies, it is necessary to "further strengthen the platform and promote the sustainability strategy" in light of the business environment surrounding the Company and social needs.

1. Review of Previous Medium-term Business Plan PAMCO-2021

(2) 3-year plan vs. results (consolidated)

	FY2019-FY2021 (3-year total)			Reason for increases/decreases
	Plan	Results	Comparison	
Production volume (Ni t)	94,500	75,548	-18,952	Volume adjustment due to changes in stainless steel market conditions and demand due to COVID-19, etc.
Sales volume (Ni t)	95,500	76,386	-19,114	
Applicable LME nickel price (US\$/lb.)	6.48	7.23	0.75	Temporary slump due to COVID-19, etc., but steady growth due to resumption of economic activities in various countries, etc.
Applicable exchange rate (¥/US\$)	109.72	108.72	-1.00	Resumption of economic activities amid the pandemic and the impact of financial and capital markets, etc., caused the yen to appreciate against the U.S. dollar.
Net sales (million yen)	157,785	133,480	-24,305	Affected by a decrease in sales volume
Operating profit (million yen)	2,770	2,434	-336	Ditto
Ordinary profit (million yen)	10,853	17,316	6,463	Increase in share of profit of entities accounted for using equity method
Profit attributable to owners of parent (million yen)	9,768	13,156	3,388	Ditto
Investment (million yen)	10,707	2,466	-8,241	Postponement of overseas investment, etc. due to the impact of COVID-19, etc.
Depreciation (million yen)	1,253	965	-288	Postponement of capital investment and impairment loss

(1) Positioning of the medium-term business plan

- Revision of the long-term vision

A comprehensive materials company that co-creates a sustainable, recycling-oriented society

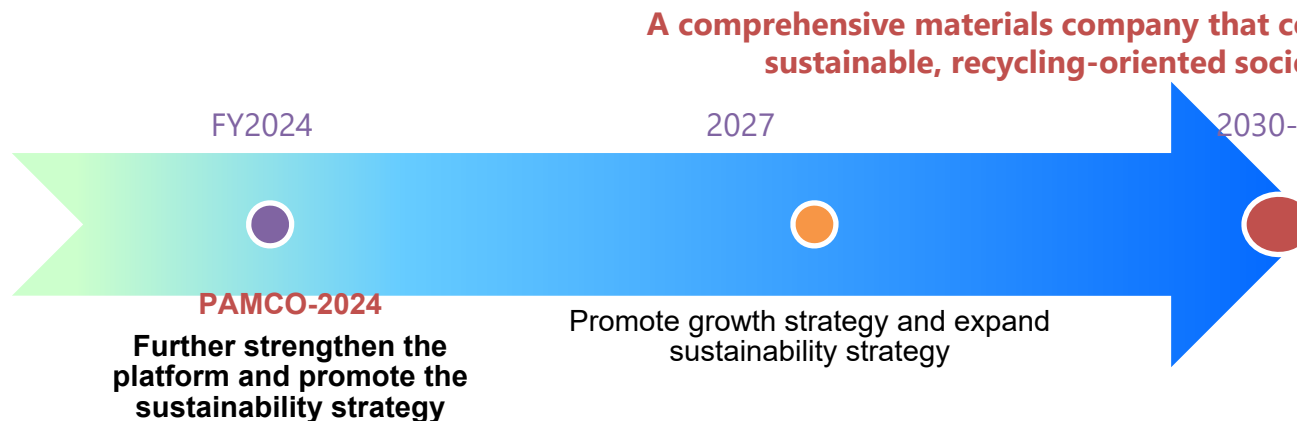
*We aim to be a comprehensive materials company (nickel, other metals, recycled materials, etc.) that promotes the efficient use and recycling of finite resources and continues to work with stakeholders to create a sustainable, recycling-oriented society.

- Theme of New Medium-term Business Plan PAMCO-2024

“Further strengthen the platform and promote the sustainability strategy”

*Further strengthen the foundation established under PAMCO-2021 to enable flexible and rapid response to changes in the business environment.

*Promoting a sustainable strategy to solve society's issues and PAMCO's material issues.



(2) Business environment surrounding PAMCO: Emerging risks and opportunities

Segment	Risks expected in the period covered by PAMCO-2024	Segment	Opportunities expected in the period covered by PAMCO-2024
LME Ni price	<ul style="list-style-type: none"> •The growing impact of factors represented by VUCA, such as the future of U.S.-China confrontation, the invasion of Ukraine, and changes in the social and economic structure due to COVID-19. 	Ferronickel business	<ul style="list-style-type: none"> •Global demand for stainless steel is expected to continue to grow steadily. •Expanding commercial opportunities for low-carbon products against the backdrop of the global trend toward a low-carbon society.
Resources	<ul style="list-style-type: none"> •Export ban of Indonesia, a major resource-rich country, is firmly in place. The decline in ore grades in the Philippines and the shift in resource policy. •Gradual increase in demand for non-FeNi and NPI due to expanding demand for EVs 	Growth and expansion of new product markets (EV)	<ul style="list-style-type: none"> •As the automotive industry shifts to EVs, demand for nickel for battery applications is expected to grow. •Expanding opportunities to address rising demand for nickel sulfate and cobalt sulfate in the growing market for LIBs.
Market	<ul style="list-style-type: none"> •Intensifying market competition due to continuous expansion of NPI production capacity in Indonesia •Increasing expectations for low-carbon products 	Recycling business	<ul style="list-style-type: none"> •Expectations for a recycling-oriented society and economy are growing. •Greater opportunities to launch new businesses through collaboration with other companies •Greater demand for special construction materials due to the acceleration of various measures for disaster prevention/mitigation and national land resilience.
Energy environment	<ul style="list-style-type: none"> •Trend toward a low-carbon society •Impact of the invasion of Ukraine on electricity prices, etc. 		
Labor	<ul style="list-style-type: none"> •Changes in the labor market against a backdrop of workstyle reform, diversity, etc. triggered by COVID-19 		






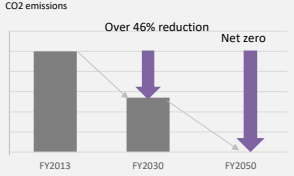
Increased momentum of initiatives to minimize "risks" and exploit "opportunities"

(3) Material issues (materiality)

- Restructuring of ferronickel production and sales systems with emphasis on profitability
- Acceleration of consideration of expansion into overseas smelting business
- Creation of new businesses that contribute to society
- Diversification of business in Japan to contribute to a recycling-oriented society
- Enhancement of corporate value by addressing sustainability issues

(4) Priority measures

Contribute to the achievement of the SDGs through the resolution of material issues

<p>Restructuring of ferronickel production and sales systems with emphasis on profitability</p> 	<p>① Establishment of optimal production system by reviewing production strategy • Establish optimal production system to further strengthen the platform.</p>
<p>Acceleration of consideration of expansion into overseas smelting business</p> 	<p>② Strengthening of cost competitiveness by reviewing procurement strategy • Review and strengthen procurement strategies for fuels and other raw materials, according to the highest priority to cost competitiveness.</p>
<p>Creation of new businesses that contribute to society</p> 	<p>③ Promotion of overseas smelting projects and start-up of production • Establish optimal ferronickel production and sales system by combining domestic and overseas smelting operations.</p>
<p>Diversification of business in Japan to contribute to a recycling-oriented society</p> 	<p>④ Promotion of production and sales of raw materials for LIB materials • Create a business to manufacture and sell raw materials for LIB materials by utilizing hydrometallurgical technologies.</p>
<p>Enhancement of corporate value by addressing sustainability issues</p> 	<p>⑤ Restructuring of recycling business • Promote restructuring of our recycling business through collaboration with other companies, etc.</p> <p>⑥ Sustainability Promotion Council • Positioning the response to climate change and the realization of a sustainable society as the most important management issue, promote specific measures across PAMCO, including discussions on medium- to long-term initiatives and directions concerning material sustainability issues.</p>
	<p>⑦ Reduction of GHG emissions • To achieve carbon neutrality by FY2050, implement measures with clear targets, including use of carbon-free energy and introduction of new technologies.</p> 
	<p>⑧ Promotion of symbiosis by contributing to the development of regions and resource-rich countries • Promote symbiosis through activities that contribute to the development of the region and resource-rich countries.</p>
	<p>⑨ Promotion of constructive dialogue with stakeholders • Disclose operating and financial conditions in a timely, appropriate, and fair manner, and actively communicate and promote constructive dialogue on the market environment and our unique strengths.</p>

(5) Investment plan

① Capital investment	<ul style="list-style-type: none"> Capital investment that contributes to the maintenance, efficiency, and longevity of facilities 				
② Strategic investment	<ul style="list-style-type: none"> 1) Domestic business <ul style="list-style-type: none"> Business investment based on business profitability evaluation of domestic business candidates considered in PAMCO-2021 2) Overseas business, resources <ul style="list-style-type: none"> Business investment based on decision to participate in overseas smelting projects New mining area development surveys, etc., to secure resources 3) R&D investment <ul style="list-style-type: none"> R&D investment for sustainable nickel business 				
(Million yen)	Period covered by PAMCO-2021	Period covered by PAMCO-2024			
		FY2022	FY2023	FY2024	Total
① Capital investment	2,466	1,495	1,351	1,004	3,850
② 1) Domestic business	—	53	500	7,472	8,025
② 2) Overseas business, resources	—	5,506	18	8	5,532
② 3) R&D investment	—	35	0	1,000	1,035
Total	2,466	7,089	1,869	9,484	18,442

Promoting investment to achieve the priority measures of new medium-term business plan PAMCO-2024

(6) Capital policy

① Dividends of surplus

- Positioning the return of profits to shareholders as one of the important management issues, the Company will aim to achieve a consolidated dividend payout ratio of 30% while enhancing and strengthening its corporate structure.

② Internal reserve

- Use internal reserve as a fund to respond functionally to changes in the business environment and utilize the fund to secure resources, develop new technologies, make capital investments, and acquire treasury shares as part of its capital policies.

2. Overview of New Medium-term Business Plan PAMCO-2024

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(7) Indicators for each fiscal year (earnings plan)

		Period covered by PAMCO-2024			
		FY2022	FY2023	FY2024	Total
Production volume	Ni t	20,810	29,037	28,454	78,301
Sales volume	Ni t	20,500	27,500	27,500	75,500
Applicable LME nickel price	(US\$/lb.)	9.73	8.79	8.75	9.03
Applicable exchange rate	(¥/US\$)	111.05	111.06	111.07	111.06
Consolidated (Million yen)	Net sales	50,210	60,958	60,801	171,969
	Operating profit	925	225	1,809	2,959
	Ordinary profit	3,844	2,822	4,549	11,215
	Profit attributable to owner of parent	3,513	2,415	4,058	9,986
	Total assets	89,594	91,934	97,914	—
	Net assets	81,026	82,416	85,797	—



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