



July 29, 2022

To whom it may concern,

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Notice Concerning Revisions to Financial Results Forecast and Revisions to Dividend Forecast

PACIFIC METALS CO., LTD. (the “Company”) hereby announces that, in light of the most recent performance trends in the three months ended June 30, 2022 (April 1, 2022 through June 30, 2022), it has decided to revise the financial results forecast and dividend forecast for the six months ending September 30, 2022 (April 1, 2022 through September 30, 2022) and for the fiscal year ending March 31, 2023 (April 1, 2022 through March 31, 2023) announced on May 10, 2022.

- Revisions to financial results forecast

1. Revisions to consolidated financial results forecast for the six months ending September 30, 2022 (April 1, 2022 through September 30, 2022)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (Announced on May 10, 2022)	Million yen 25,164	Million yen 735	Million yen 2,101	Million yen 1,856	Yen 95.17
Revised forecast (B)	25,068	(78)	2,705	2,294	117.62
Change (B-A)	(96)	(813)	604	438	
Change (%)	(0.4)	–	28.7	23.6	
(Reference) Actual results for the six months ended September 30, 2021	24,098	952	3,995	3,405	174.61

2. Revisions to consolidated financial results forecast for the fiscal year ending March 31, 2023 (April 1, 2022 through March 31, 2023)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (Announced on May 10, 2022)	Million yen 50,210	Million yen 925	Million yen 3,844	Million yen 3,513	Yen 180.13
Revised forecast (B)	60,744	(1,516)	2,508	2,167	111.11
Change (B-A)	10,534	(2,441)	(1,336)	(1,346)	
Change (%)	21.0	–	(34.8)	(38.3)	
(Reference) Actual results for the previous fiscal year ended March 31, 2022	57,129	4,806	12,999	11,368	582.93

3. Reason for revisions

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

Regarding volumes, the production volume has been affected by an electric furnace molten material leakage incident that occurred at one of the three ferronickel manufacturing facilities shortly before the end of the previous fiscal year. On the sales front, the business environment has become more uncertain owing to the impact of restrictions on economic activity in China in response to the resurgence of COVID-19 cases and concerns about the prolonging of the situation in Ukraine. Although production and sales activities are expected to be challenging, the sales volume forecast remains unchanged from the previously announced figures. Regarding restoration of the electric furnace whose operation has been suspended owing to the leakage incident, production is scheduled to resume in the third quarter ending December 31, 2022.

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 unstable albeit at a relatively high level, reflecting financial and capital market fluctuations, complex factors associated with the tension in Ukraine, concerns about the impact of accelerating inflation, and other factors attracting a great deal of attention in the market.

On the procurement front, the Company expects to secure nickel ore sufficient to meet production needs. However, a great increase in production costs due to persistently higher prices of nickel ore, fuels, and other raw materials is expected to have a great impact on profitability.

Moreover, for the three months ended June 30, 2022, the Company forecasts a recording of ¥1,197 million in share of profit of entities accounted for using equity method and ¥731 million in foreign exchange gains.

With respect to profit/loss information, for the six months ending September 30, 2022, although operating profit is expected to decrease due to sharp increases in prices of nickel ore, fuels, and other raw materials, profit attributable to owners of parent is expected to increase, reflecting the recording of share of profit of entities accounted for using equity method and foreign exchange gains.

For the fiscal year ending March 31, 2023, surges in prices of nickel ore, fuels, and other raw materials are expected to continue and the Company forecasts decreases in each profit, despite recording of share of profit of entities accounted for using equity method.

Although the impact of the COVID-19 pandemic and the impact associated with the situation in Ukraine are 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."

● 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 10, 2022)	Yen –	Yen 0.00	Yen –	Yen 50.00	Yen 50.00
Revised forecast	–	0.00	–	35.00	35.00
Actual results for the current fiscal year	–				
Actual results for the previous fiscal year ended March 31, 2022	–	20.00	–	155.00	175.00

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 35 yen for the full year, consisting of a year-end dividend of 35 yen per share, in accordance with the above dividend policy.

(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 10, 2022)	9,850	10,650	20,500	9,237	11,573	20,810	10.27	9.23	9.73	111.06	111.04	111.05
Revised forecast	8,516	11,984	20,500	9,008	11,573	20,581	11.92	11.00	11.38	122.46	119.03	120.46
(Reference) Actual results for the previous fiscal year ended March 31, 2022	12,957	14,103	27,060	11,874	14,375	26,249	8.12	9.33	8.75	109.16	113.97	111.67