



October 28, 2022

To whom it may concern,

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(Securities code: 5541
TSE Prime Market)
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Notice Concerning the Molten Material Leakage Accident at an Electric Furnace (3rd Report)

PACIFIC METALS CO., LTD. (the “Company”) hereby announces, with reference to the molten material leakage accident at an electric furnace of its Hachinohe Head Office/Manufacturing Works (Hachinohe City, Aomori Prefecture), which occurred on March 29 (Tuesday), 2022 at around 6:20 p.m., the expected schedule for resumption of production and its estimated impact on the Company’s consolidated financial results for the fiscal year ending March 31, 2023.

1. Prospects for production resumption

Regarding restoration of the electric furnace from which molten material leaked, resumption of operation, which was expected to be in the third quarter of the fiscal year ending March 31, 2023, has been postponed until the fiscal year ending March 31, 2024, because the Company changed its policy with the objective of strategically controlling volume to a certain level so as not to impair profitability. This decision reflects easing of the nickel supply-demand balance. It was also taken because producers of stainless steel are shifting some of their procurement to nickel pig iron, which has a price advantage, including with respect to production costs, and the price of nickel pig iron is also affecting the selling price of the Company’s products. While closely monitoring the business environment, the Company will resume operation of the said electric furnace once the volume control policy is lifted. During the third quarter of the fiscal year ending March 31, 2023, production facilities are expected to be repaired to a state such that resumption of their operation will be possible.

If any matters to be disclosed arise in the future, the Company will promptly provide information on such matters.

2. Estimate of the impact on the Company’s financial results for the fiscal year ending March 31, 2023

Regarding production facilities, it is difficult to reasonably estimate the restoration cost and the amount of insurance payment at this point. However, as a result of the Company’s estimation based on certain assumptions, the Company expects the impact on its consolidated financial results for the fiscal year ending March 31, 2023 to be negligible.

Matters regarding the volume of production are as described in “1. Prospects for production resumption.” For details, please refer to the “Notice Concerning Recording of Operating Loss (Write-down of Inventories), 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” dated October 28, 2022.