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**PACIFIC METALS CO., LTD.**  
**Final Results Briefing Session for Fiscal Year Ended**  
**March 31, 2023**

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May 17, 2023

PACIFIC METALS Website:

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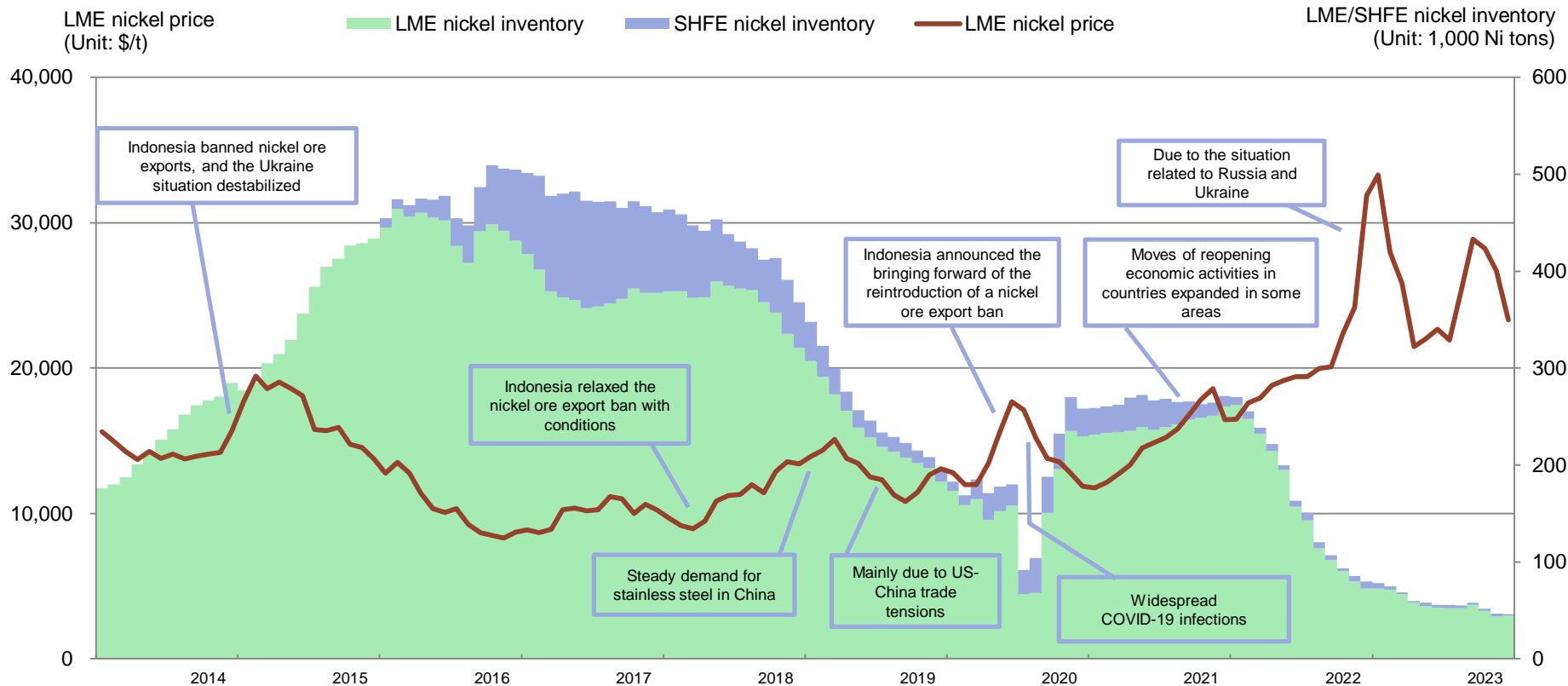
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# 1. Business Environment

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## (1) Trends in LME nickel prices and nickel inventory volumes

\* Surveyed by Pacific Metals

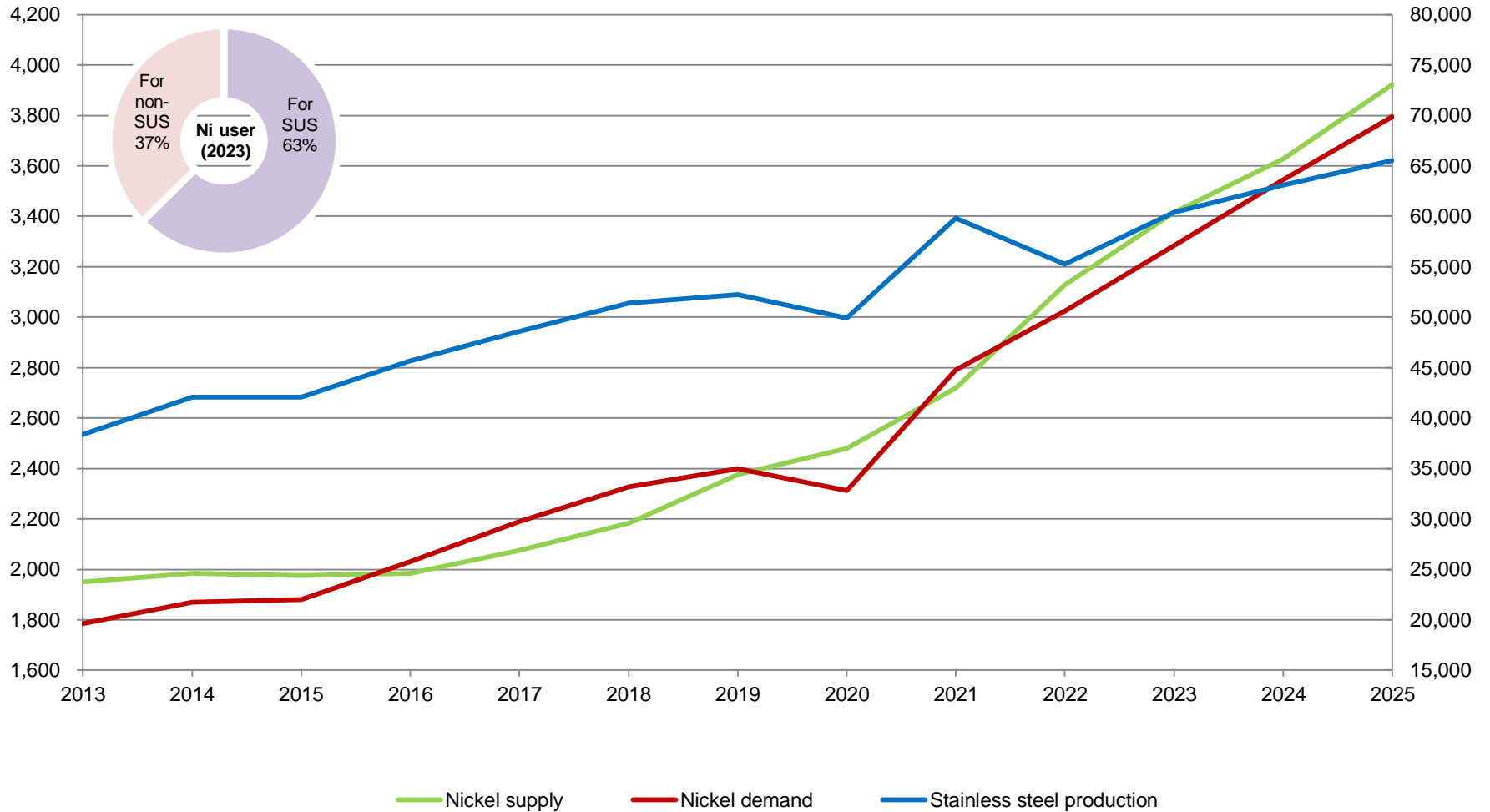


Trend in operating results	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Net sales</b> (million yen)	56,408	61,225	47,649	38,697	41,210	49,062	44,133	32,217	57,129	34,852
<b>Operating profit</b> (million yen)	-4,079	-7,787	-15,357	-3,070	-3,239	176	-1,879	-493	4,806	-12,588
<b>Ordinary profit</b> (million yen)	-1,838	-91	-12,283	-515	-203	3,451	972	3,344	12,999	-4,960

## (2) Outlook for global stainless steel production and nickel supply and demand

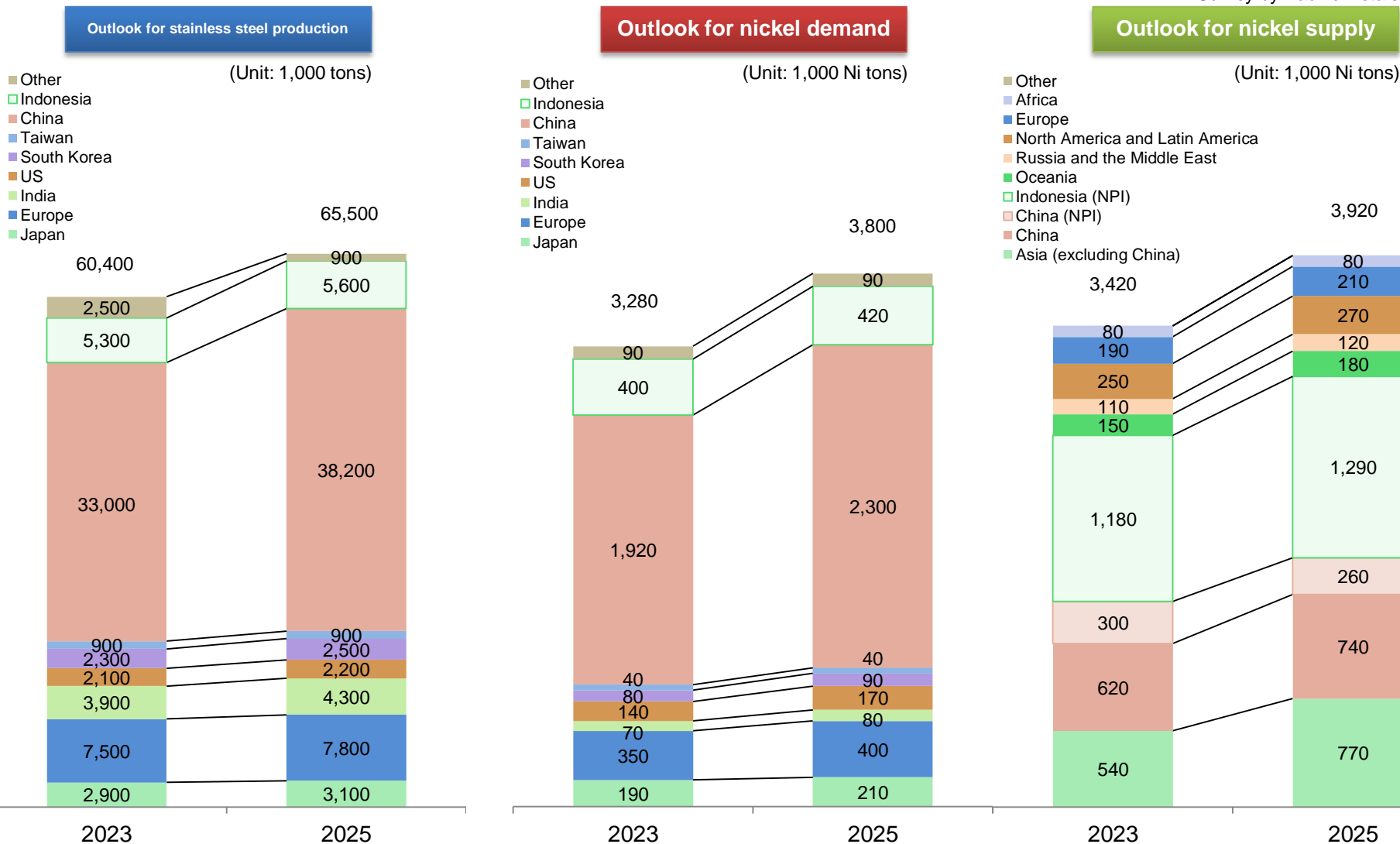
Nickel supply and demand  
(Unit: 1,000 Ni tons)

\* Surveyed by Pacific Metals  
Stainless steel production  
(Unit: 1,000 tons)



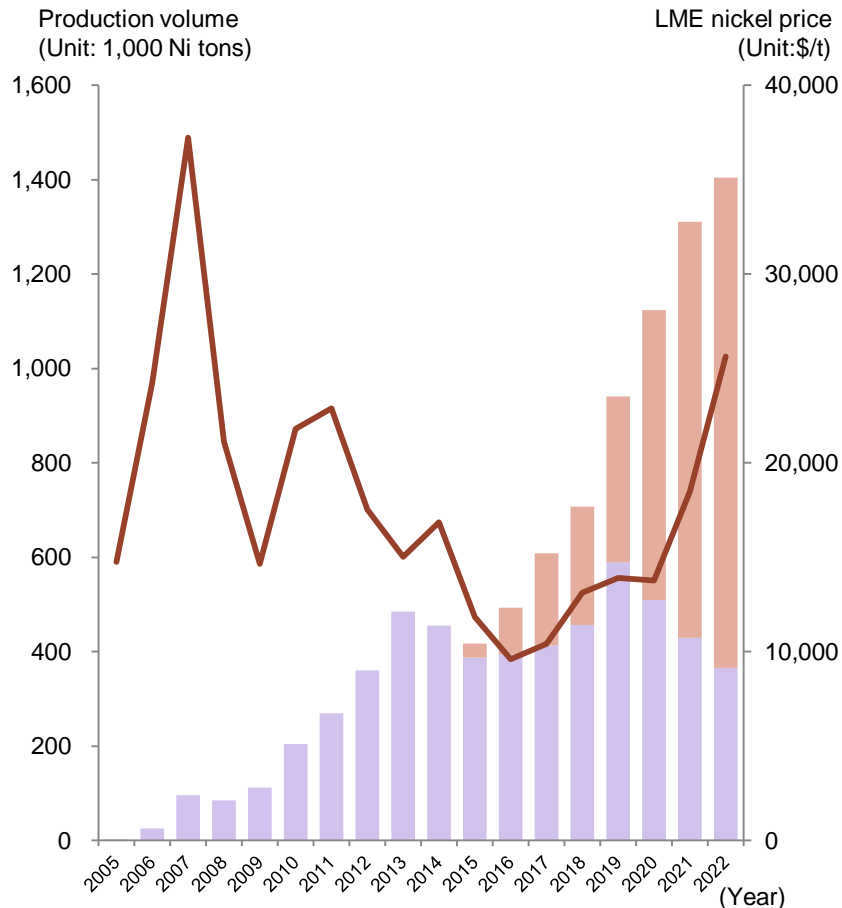
## (3) Outlook for stainless steel production and nickel supply and demand by region

\* Survey by Pacific Metals



## (4) Trend in nickel pig iron (NPI) production

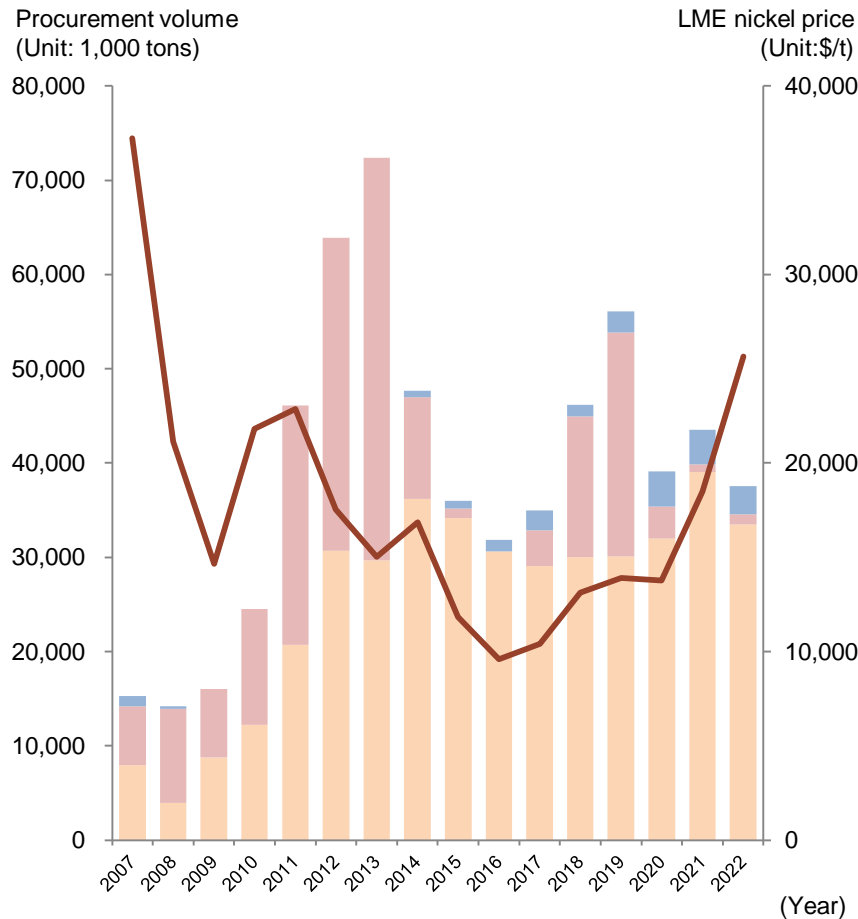
### Nickel pig iron (NPI) production



■ NPI in China ■ NPI in Indonesia — LME nickel price

### Nickel ore procurement by China

\* Survey by Pacific Metals



■ Philippines ■ Indonesia ■ Others — LME nickel price

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## 2. Full-Year Financial Results for Fiscal Year Ended March 31, 2023

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## 2. Full-Year Financial Results for Fiscal Year Ended March 31, 2023

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### (1) Full-year financial results (Summary)

	Results for the fiscal year ended March 31, 2022		Forecast for the fiscal year ended March 31, 2023 (Announced on Feb. 8)		Results for the fiscal year ended March 31, 2023		Year-on-year (%)	Vs Forecast announced on Feb. 8 (%)
	Amount (million yen)	Profit rate (%)	Amount (million yen)	Profit rate (%)	Amount (million yen)	Profit rate (%)		
Net sales	57,129	—	35,318	—	34,852	—	-39.0	-1.3
Operating profit (loss)	4,806	8.4	-9,736	-27.6	-12,588(*)	-36.1	—	—
Ordinary profit (loss)	12,999	22.8	-2,664	-7.5	-4,960(*)	-14.2	—	—
Profit (loss) attributable to owner of parent	11,368	19.9	-3,061	-8.7	-5,026(*)	-14.4	—	—
(Investment)	686	—	—	—	1,232	—	79.6	—
(Depreciation)	256	—	—	—	289	—	12.9	—

(\*) Profit (loss) excluding inventory write-down of 8.9 billion yen (results for the fiscal year ended March 31, 2023): operating profit (loss): -3.6 billion yen, ordinary profit: 4.0 billion yen, profit: 3.9 billion yen

	Results for the fiscal year ended March 31, 2022	Forecast for the fiscal year ended March 31, 2023 (Announced on Feb. 8)	Results for the fiscal year ended March 31, 2023	Year-on-year (%)	Vs Forecast announced on Feb. 8 (%)
Production volume (Ni t)	26,249	13,484	13,380	-49.0	-0.8
Sales volume (Ni t)	27,060	12,500	12,393	-54.2	-0.9
Applicable LME nickel price (US\$/t)	19,290	25,309	25,507	32.2	0.8
[Applicable LME nickel price (US\$/lb.)]	[ 8.75 ]	[ 11.48 ]	[ 11.57 ]		
Applicable exchange rate (¥/US\$)	111.67	135.53	135.26	21.1	-0.2

### (2) Full-year financial results (Topics)

#### 1) On the procurement front

- **Nickel ore price**
  - Procurement prices remained high
- **Energy costs (raw fuel/electricity)**
  - The scope of production cost increases expanded due to surging prices caused by the global rise in resource prices

#### 2) On the sales volume front

- Impact from the molten material leakage accident at an electric furnace
- Slack nickel supply and demand
- Overseas stainless steel producers are partially shifting procurement to nickel pig iron (NPI), which is seen as having a price advantage even when production costs are included

#### 3) On the production front (regarding molten material leakage accident at an electric furnace)

- **Resumption of operation of the affected production facility (1 unit)**
  - Operation is projected to resume in the fiscal year ending March 31, 2024
  - While keeping an eye on the business environment, we plan to resume operation at the stage when the volume reduction policy has been lifted

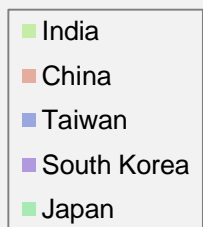
#### 4) On the selling price front

- **Impact from nickel pig iron (NPI) price**
  - Selling price levels are set by referring in part to nickel pig iron prices along with our applicable LME nickel price and our applicable exchange rate, and the selling environment is rapidly becoming difficult, with sluggish income growth

## (3) Sales results by country

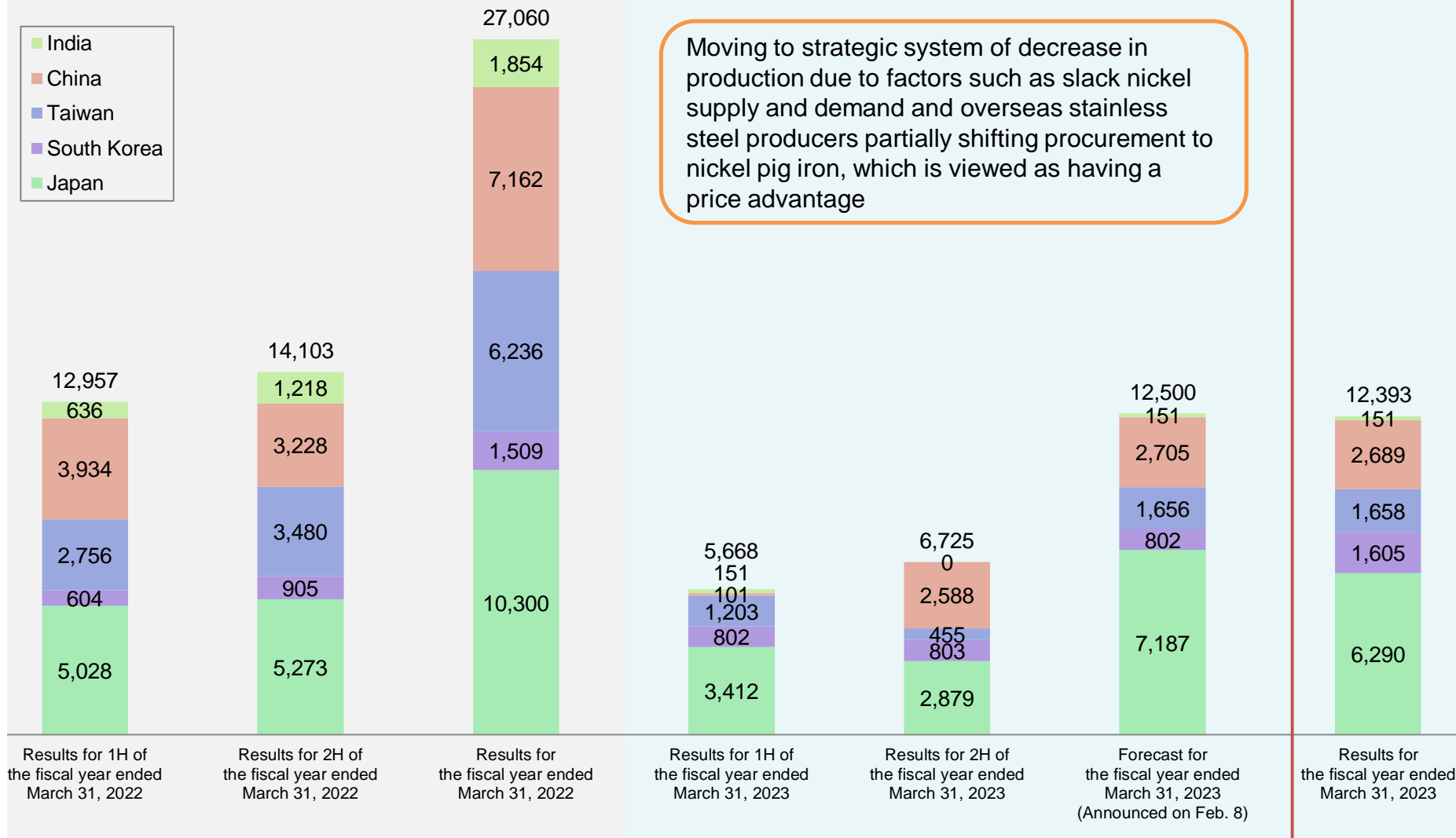
(Unit: Ni tons)

Results of previous year

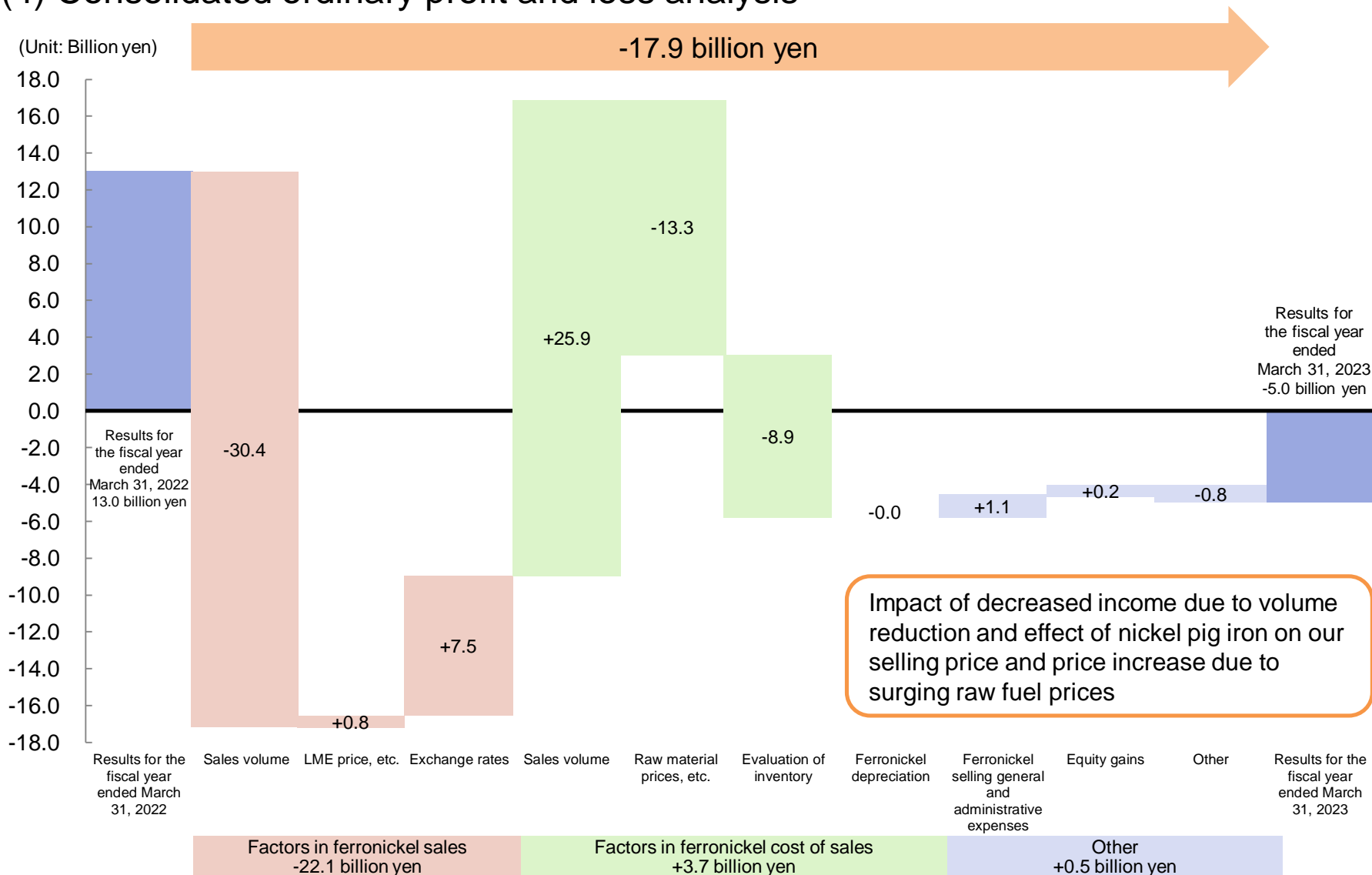


Results of current year

Moving to strategic system of decrease in production due to factors such as slack nickel supply and demand and overseas stainless steel producers partially shifting procurement to nickel pig iron, which is viewed as having a price advantage



### (4) Consolidated ordinary profit and loss analysis



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## 3. Full-Year Financial Results Forecast for the Fiscal Year Ending March 31, 2024

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## (1) Full-year financial results forecast (Summary)

	Results for the fiscal year ended March 31, 2023		Forecast for the fiscal year ending March 31, 2024		Year-on-year (%)
	Amount (million yen)	Profit rate (%)	Amount (million yen)	Profit rate (%)	
Net sales	34,852	—	20,899	—	-40.0
Operating profit (loss)	-12,588	-36.1	-7,299	-34.9	—
Ordinary profit (loss)	-4,960	-14.2	-4,569	-21.9	—
Profit attributable to owner of parent (loss)	-5,026	-14.4	-4,778	-22.9	—
(Investment)	1,232	—	2,536	—	105.8
(Depreciation)	289	—	371	—	28.4

	Results for the fiscal year ended March 31, 2023			Forecast for the fiscal year ending March 31, 2024			Year-on-year (%)
	1st half	2nd half	Full year	Forecast for the 1st half	Forecast for the 2nd half	Forecast for the full year	
Production volume (Ni t)	8,079	5,301	13,380	3,543	3,540	7,083	-47.1
Sales volume (Ni t)	5,668	6,725	12,393	3,450	4,750	8,200	-33.8
Applicable LME nickel price (US\$/t)	26,720	24,493	25,507	23,545	22,046	22,686	-11.1
[Applicable LME nickel price (US\$/lb.)]	[ 12.12 ]	[ 11.11 ]	[ 11.57 ]	[ 10.68 ]	[ 10.00 ]	[ 10.29 ]	
Applicable exchange rate (¥/US\$)	131.49	138.44	135.26	134.06	134.10	134.08	-0.9

## (2) Full-year financial results forecast (Topics)

### 1) On the production and sales volume front

- **Maintaining policy of strategic volume reduction**
  - Slack nickel supply and demand
  - Stainless steel producers are partially shifting procurement to nickel pig iron (NPI), which has a price advantage, including production costs

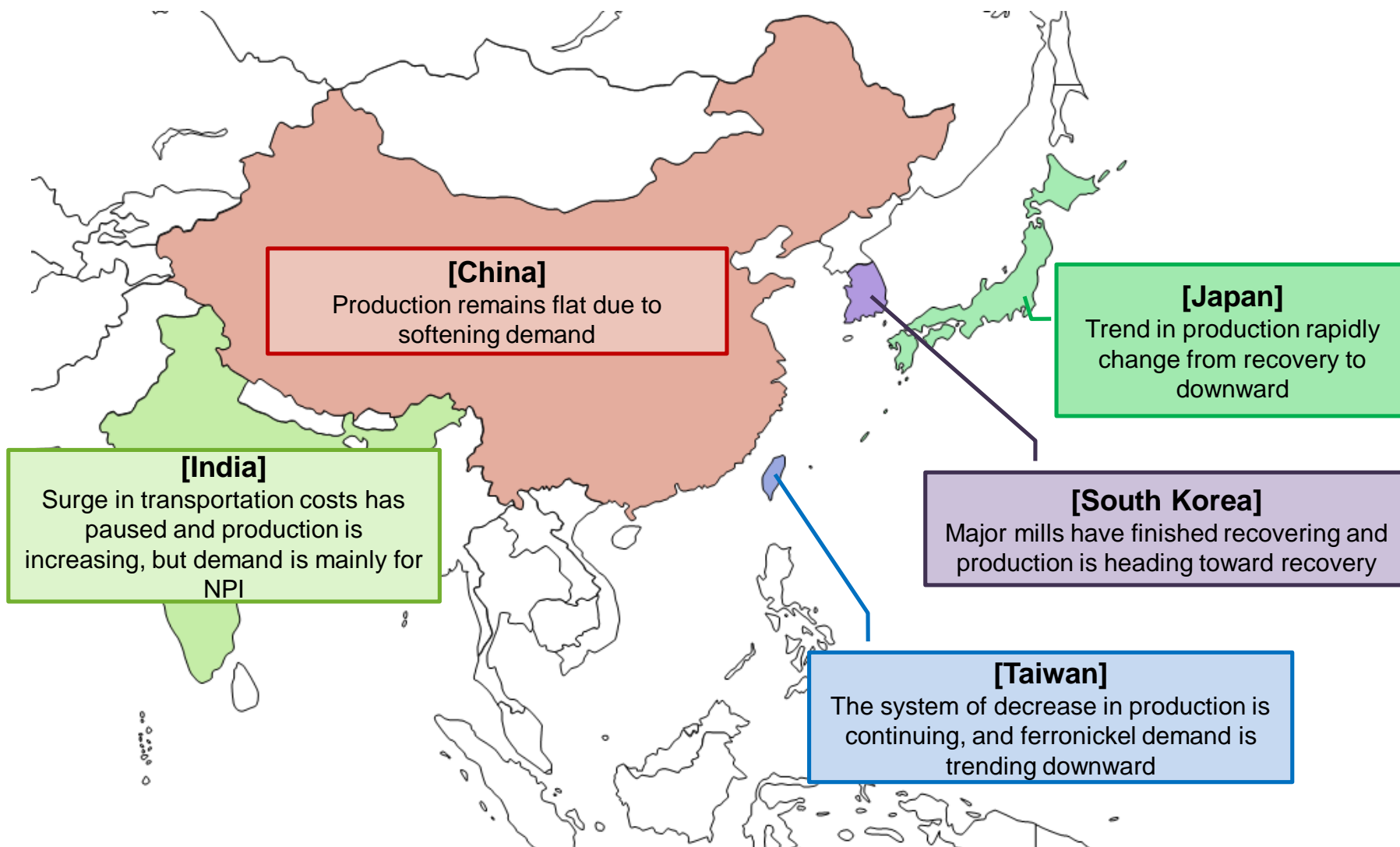
### 2) On the selling price front

- **Impact from nickel pig iron (NPI) price**
  - We set selling price level based on the LME nickel price applicable to the Company, the exchange rate applicable to the Company, and in addition, the nickel pig iron price as a partial reference

### 3) On the procurement price front

- **Rising energy costs**
  - Nickel ore prices and raw fuel costs and electricity prices, driven by the global rise in resource prices, remain at a high level
  - This is expected to have a significant impact on the price front

(3) Trend in sales destination by country





## (4) Outlook for sales by country

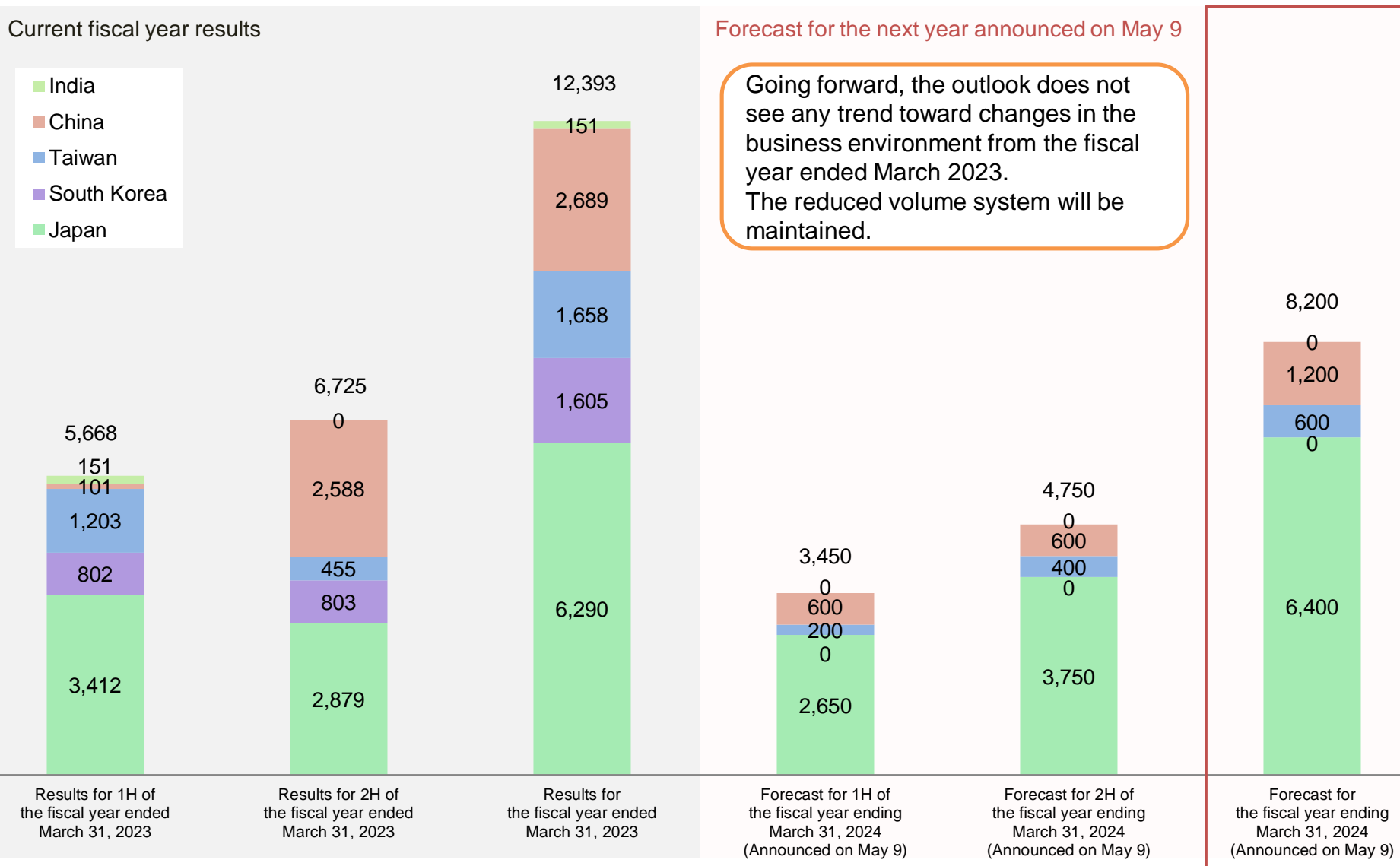
(Unit: Ni tons)

Current fiscal year results

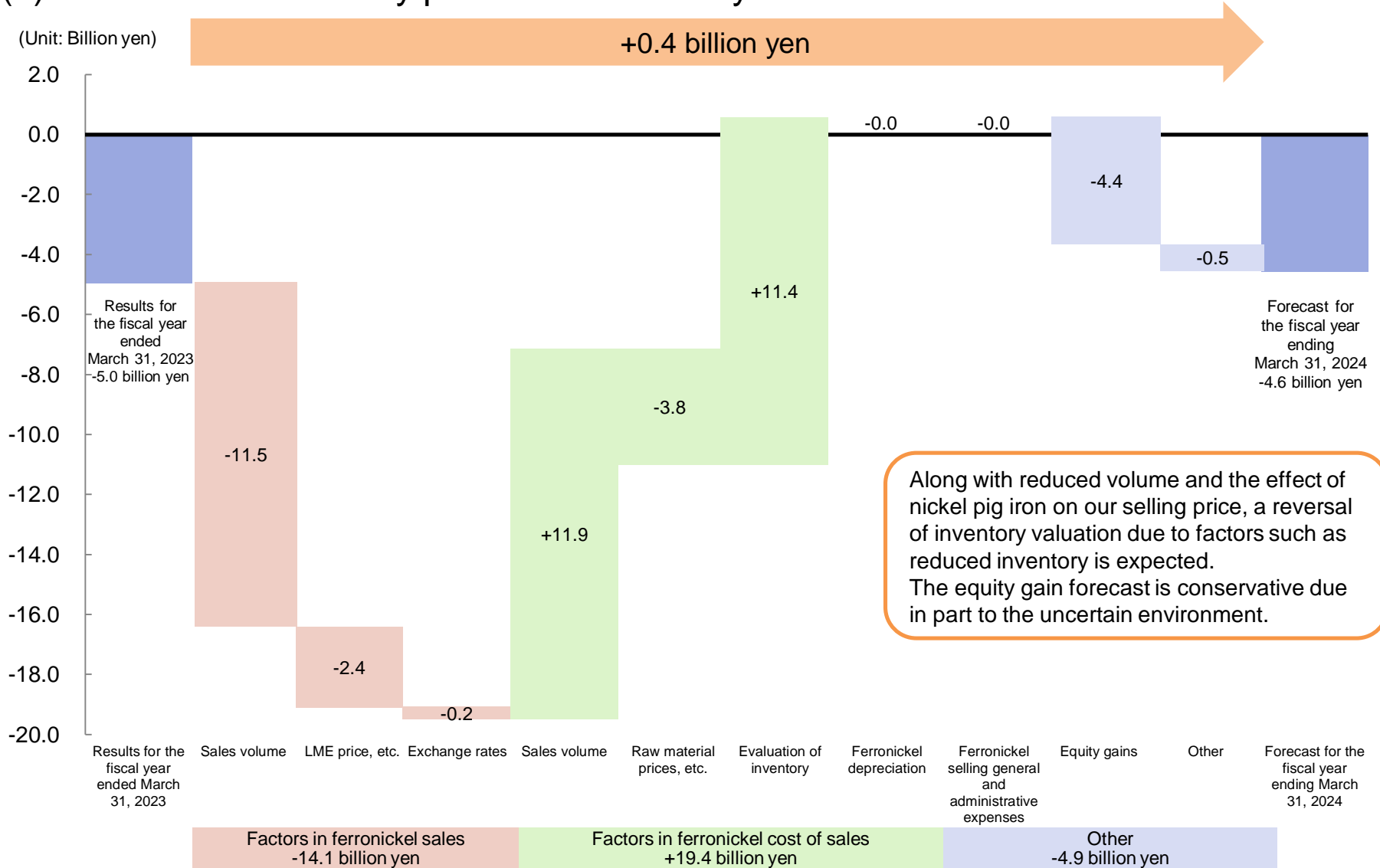
- India
- China
- Taiwan
- South Korea
- Japan

Forecast for the next year announced on May 9

Going forward, the outlook does not see any trend toward changes in the business environment from the fiscal year ended March 2023. The reduced volume system will be maintained.



#### (5) Consolidated ordinary profit and loss analysis



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## 4. Progress of Medium-term Business Plan PAMCO-2024

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## (1) Summary of progress on major priority measures

### Progress Status/Future Initiatives

Acceleration of consideration of expansion into overseas smelting business



- **Promotion of overseas smelting projects and start-up of production**
  - With the aim of participating in overseas smelting business, we continue to hold discussions with local partners in Indonesia

Creation of new businesses that contribute to society



- **Realization of production and sales of raw materials for LIB materials**
  - We continue to consider commercialization with a view to collaborating with other companies
- **Development of LIB recycling technology**
  - We have begun joint R&D with Emulsion Flow Technologies Ltd.
- **Promotion of new metal smelting projects (see next page for details)**

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



- **Restructuring of recycling business**
  - We are currently evaluating steelmaking raw materials, etc. obtained in experimental trials with the aim of manufacturing and selling raw materials for steelmaking and battery materials using byproducts generated by other companies
  - We are currently conducting initiatives for recycling based on precious metal extraction from urban mining resources using our melting technology and evaluating extracted precious metals



Enhancement of corporate value by addressing sustainability issues



- **Reduction of GHG emissions**
  - We continue to consider an electrification process using microwaves with the aim of breaking away from fossil fuels (excluding coal required for reduction) in rotary kiln operation in the Fe-Ni manufacturing calcination process
  - We are verifying the removal of crystalline water from ore using microwave heating in bench tests
  - We are considering moving to tests covering a wider scope (investment)
- **Issuing of integrated report**
  - Issued in February 2023 (\* For details, refer to the “Sustainability” section of our website.)

## (1) Summary of progress on major priority measures

Creation of new businesses that contribute to society



### Progress Status/Future Initiatives

- **Promotion of new metal smelting projects**

- With the environment and society as our first consideration, we are considering **new metal smelting projects based on ocean floor resources**
- **Non-binding MOU with The Metals Company**

We have concluded a non-binding MOU with The Metals Company (TMC), since it is scheduled to start commercial production in a polymetallic nodule in the Clarion-Clipperton Zone at the end of 2024, in conjunction with which it is considering outsourcing smelting to our Hachinohe Works from 2025 onward.

**[Reasons for concluding MOU]**

- ✓ To realize smelting of a polymetallic nodule with high added value, which may be expected to improve the value of the Hachinohe Works.
- ✓ To handle polymetallic nodule smelting from 2025 onward, and we are evaluating the possibility of producing intermediate materials for LIB and steelmaking raw materials.
- ✓ The two companies aim to conclude a binding MOU (memorandum of understanding) for smelting outsourcing in 2023.

**[Matters agreed in the current MOU]**

- ✓ Inspection and testing will be carried out to verify the Hachinohe Works' production equipment capacity and identify additional equipment requirements.
- ✓ We will consider and evaluate additional equipment for manufacturing matte products from Ni-Cu-Co alloy.

*With the environment and society as our first consideration, we will pursue this initiative while monitoring and respecting trends at various organizations.*

## (2) Progress on investment plan

(Million yen)	PAMCO-2024 Forecast for the fiscal year ended March 31, 2023	Results for the fiscal year ended March 31, 2023	Change	Forecast for the fiscal year ending March 31, 2024
1) Capital investment	1,495	1,126	-369	472
2) i) Domestic business	53	70	17	0
2) ii) Overseas business, resources	5,506 <sup>(*)</sup>	31	-5,475	2,007
2) iii) R&D investment	35	5	-30	57
Total	7,089	1,232	-5,857	2,536

Reason for differences between PAMCO-2024 forecast for the fiscal year ended March 31, 2023, and results for the fiscal year ended March 31, 2023

- The main reason is that, with regard to “2) ii) Overseas business, resources<sup>(\*)</sup>,” investment was postponed because the majority shareholder of an overseas smelting project changed due to a restructuring.
- Going forward, we plan to resume discussions aimed at realizing the project with the new majority shareholder, and we expect to decide the timing of investment based on the progress status.

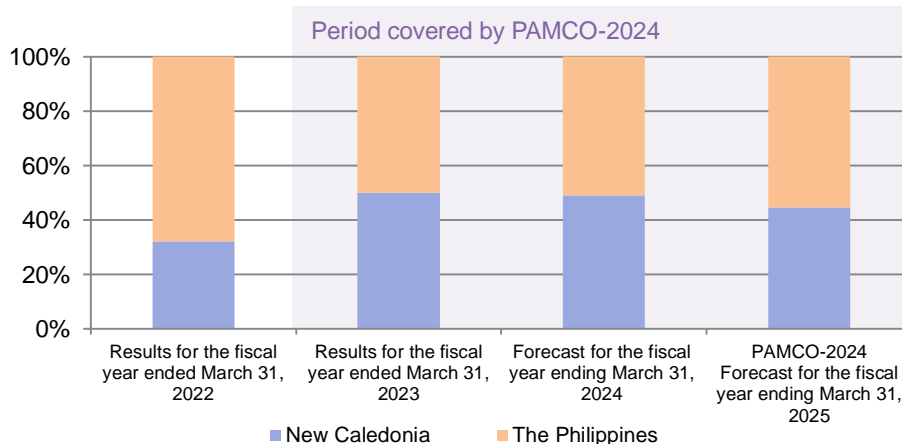
## (3) Ore procurement

### 1) Status of conclusion of long-term contracts

Other party in long-term contracts	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ending March 31, 2024	Fiscal year ending March 31, 2025	Fiscal year ending March 31, 2026
<span style="color: orange;">■</span> Rio Tuba Nickel Mining Corporation (36% stake held by Pacific Metals)	Prior contract period	Renewed	Contract period: Jan. 2022 to Dec. 2026 (5 years)		
<span style="color: orange;">■</span> Taganito Mining Corporation (33.5% stake held by Pacific Metals)	Prior contract period		Contract period: Jan. 2022 to Dec. 2026 (5 years)		
<span style="color: orange;">■</span> Cagdianao Mining Corporation	Prior contract period		Contract period: Jan. 2022 to Dec. 2026 (5 years)		
<span style="color: blue;">■</span> MKM (1)	Contract period: Jan. 2014 to Dec. 2023 (10 years)				
<span style="color: blue;">■</span> MKM (2)	Contract period: Jan. 2016 to Dec. 2025 (10 years)				
<span style="color: blue;">■</span> Montagna SARL	Contract period: Apr. 2016 to Mar. 2026 (10 years)				

■ The Philippines 
 ■ New Caledonia

### 2) Procurement ratio



### 3) Status of procurement

- Environment surrounding nickel ore procurement**
  - The export ban on Indonesian ore came in effect in January 2014.
  - The export ban was relaxed temporarily between January 2017 and December 2019.
  - Afterwards, the export ban was reintroduced in January 2020.
  - Since then, ore supply and demand has remained tight.
- The Company's ore procurement policy**
  - As an ongoing ore procurement policy, the Company is pushing forward with the expansion of the procurement of ores from New Caledonia.

# (Reference) Medium-term Business Plan Numerical Data

Planned figures for the PAMCO-2024 period		Fiscal year ended March 31, 2023	Fiscal year ending March 31, 2024	Fiscal year ending March 31, 2025
	Production volume (Ni t)	20,810	29,037	28,454
	Sales volume (Ni t)	20,500	27,500	27,500
	Applicable LME nickel price (US\$/t) [US\$/lb.]	21,451 [ 9.73 ]	19,379 [ 8.79 ]	19,290 [ 8.75 ]
	Applicable exchange rate (¥/US\$)	111.05	111.06	111.07
	Net sales (million yen)	50,210	60,958	60,801
	Operating profit (million yen)	925	225	1,809
	Ordinary profit (million yen)	3,844	2,822	4,549
	Profit attributable to owners of parent (million yen)	3,513	2,415	4,058
	Total assets (million yen)	89,594	91,934	97,914
	Net assets (million yen)	81,026	82,416	85,797
	Investment (million yen)	7,089	1,869	9,484
Depreciation (million yen)	314	402	536	

Results and forecasts for the PAMCO-2024 period		Results for the fiscal year ended March 31, 2023	Forecast for the fiscal year ending March 31, 2024
	Production volume (Ni t)	13,380	7,083
	Sales volume (Ni t)	12,393	8,200
	Applicable LME nickel price (US\$/t) [US\$/lb.]	25,507 [ 11.57 ]	22,686 [ 10.29 ]
	Applicable exchange rate (¥/US\$)	135.26	134.08
	Net sales (million yen)	34,852	20,899
	Operating profit (loss) (million yen)	-12,588	-7,299
	Ordinary profit (loss) (million yen)	-4,960	-4,569
	Profit (loss) attributable to owner of parent (million yen)	-5,026	-4,778
	Total assets (million yen)	78,825	73,893
	Net assets (million yen)	72,034	66,963
	Investment (million yen)	1,232	2,536
Depreciation (million yen)	289	371	





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