



July 31, 2024

To whom it may concern,

Company name:	PACIFIC METALS CO., LTD.
Representative:	Masayuki Aoyama, President and Representative Director (Securities code: 5541 TSE Prime Market)
Contact:	Terunobu Matsuyama, Director and Managing Executive Officer (Telephone: +81-3-3201-6681)

**Notice Concerning Recording of Cost of Sales (Reversal of Write-down of Inventories),
Recording of Non-operating Income (Share of Profit of Entities Accounted for Using
Equity Method) and Revisions to Financial Results Forecast**

PACIFIC METALS CO., LTD. (the “Company”) hereby announces that it has recorded a reversal of write-down of inventories under cost of sales and share of profit of entities accounted for using equity method under non-operating income for the three months ended June 30, 2024 (April 1, 2024 through June 30, 2024). The Company also announces that, in light of the most recent performance trend, it has decided to revise the consolidated financial results forecast for the six months ending September 30, 2024 (April 1, 2024 through September 30, 2024) and for the fiscal year ending March 31, 2025 (April 1, 2024 through March 31, 2025) announced on May 10, 2024.

● Details of cost of sales (reversal of write-down of inventories)

In the previous fiscal year, the Company recorded a write-down of inventories under cost of sales due to a recognized decline in the profitability of inventories (merchandise and finished goods, work in process, raw materials and supplies) mainly in the nickel business. However, for the three months ended June 30, 2024, the Company expects to record a reversal of the write-down of inventories amounting to 2,025 million yen under cost of sales (decrease in cost of sales) due to a decrease in inventory volume and other factors.

● Details of non-operating income (share of profit of entities accounted for using equity method)

For the three months ended June 30, 2024, the Company expects to record share of profit of entities accounted for using equity method of 852 million yen due mainly to strong performance of entities accounted for using equity method in the Philippines supported by strong demand.

● Revisions to financial results forecast

1. Revisions to consolidated financial results forecast for the six months ending September 30, 2024
(April 1, 2024 through September 30, 2024)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (Announced on May 10, 2024)	Million yen 6,641	Million yen (4,418)	Million yen (2,376)	Million yen (2,514)	Yen (128.91)
Revised forecast (B)	7,248	(3,687)	(1,261)	(1,346)	(69.02)
Change (B–A)	607	731	1,115	1,168	
Change (%)	9.1	—	—	—	
(Reference) Actual results for the previous six months ended September 30, 2023	8,083	(6,194)	(2,487)	(2,611)	(133.90)

2. Revisions to consolidated financial results forecast for the fiscal year ending March 31, 2025
(April 1, 2024 through March 31, 2025)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (Announced on May 10, 2024)	Million yen 13,994	Million yen (6,838)	Million yen (2,903)	Million yen (3,252)	Yen (166.76)
Revised forecast (B)	14,229	(5,979)	(1,555)	(1,847)	(94.71)
Change (B–A)	235	859	1,348	1,405	
Change (%)	1.7	—	—	—	
(Reference) Actual results for the previous fiscal year ended March 31, 2024	15,521	(9,114)	(2,119)	(1,074)	(55.10)

3. Reason for revisions

With regard to the consolidated financial results forecast, the outlook remains highly uncertain, mainly affected by stagnation in the real estate market in China, global monetary tightening, growing tensions in the Middle East and Ukraine, and the remaining high level of inflation rate.

On the volume front of the Company's ferronickel products, the environment in which the Company operates has remained largely unchanged. Accordingly, the Company has continued with the policy of controlling volume from the viewpoint of profitability and expects results to be almost the same as the previously announced forecast.

In terms of profit and loss, on the selling price front of ferronickel products, the Company also partially refers to the price of nickel pig iron, which has a price advantage over ferronickel products, in addition to the applicable LME nickel price in setting the selling price of the Company's products. Therefore, income was restrained to a certain extent. Moreover, on the procurement front, prices of nickel ore, which is the main raw material, continue to remain high, as do the prices of raw materials, fuel and electricity. These and other factors are expected to have a significant impact on procurement prices.

In other areas, regarding a write-down of inventories, the Company expects to record a reversal of the write-down of inventories under cost of sales (decrease in cost of sales) due to the progression of a reduction in the write-downs accompanying a decrease in inventory volume and other factors from the end of the previous fiscal year to the end of the current fiscal year.

Although the situation remains challenging, response measures against 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” below.

(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, 2024)	2,869	3,131	6,000	2,777	2,770	5,547	7.83	8.00	7.92	139.28	139.15	139.21
Revised forecast	3,074	2,926	6,000	2,475	2,770	5,245	8.08	8.00	8.04	151.61	149.17	150.42
(Reference) Actual results for the previous fiscal year ended March 31, 2024	3,052	2,973	6,025	3,210	2,825	6,035	10.78	8.42	9.62	140.18	148.85	144.46