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**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 fiscal year ended March 31, 2025 (April 1, 2024 through March 31, 2025). The Company also announces that, in light of the most recent performance trend, it has decided to revise the consolidated financial results for the fiscal year ending March 31, 2025 (April 1, 2024 through March 31, 2025) announced on February 7, 2025.

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

Primarily in the nickel business, a decline in profitability of inventories (merchandise and finished goods, work in process, and raw materials and supplies) was recognized in the previous fiscal year, and the Company recorded a write-down of book value under cost of sales. However, in the fiscal year ended March 31, 2025, due to a decrease in inventory volume and other factors, the Company expects to record a reversal of write-down of book value of inventories under cost of sales in an amount of 2,626 million yen (decrease in cost of sales).

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

In the current fiscal year, the Company expects to record share of profit of entities accounted for using equity method of 1,651 million yen, due mainly to the strong performance of entities accounted for using the equity method in the Philippines, supported by strong demand, in addition to the 3,762 million yen already recorded. Accordingly, the total share of profit of entities accounted for using equity method is expected to be 5,413 million yen.

- Revisions to financial results forecast

1. Revisions to the consolidated financial results forecast for the fiscal year ended 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 February 7, 2025)	Million yen 13,437	Million yen (7,623)	Million yen (2,732)	Million yen (2,538)	Yen (130.15)
Revised forecast (B)	13,175	(7,368)	(1,622)	(1,667)	(85.52)
Change (B-A)	(261)	254	1,109	870	
Change (%)	(1.9)	—	—	—	
(Reference) Actual results for the previous fiscal year ended March 31, 2024	15,521	(9,114)	(2,119)	(1,074)	(55.10)

2. Reason for revisions

With regard to the consolidated financial results forecast, the economic outlook remains highly uncertain, due to the effects of the stagnant real estate market in China, high interest rates in the U.S. and Europe, growing tensions in the Middle East and Ukraine, and other factors.

On the volume front of the Company's ferronickel products, the environment in which the Company operates has remained largely unchanged. The Company has continued with the policy of volume control from a profitability perspective and expects a decline from the previously announced forecast.

In terms of profit and loss, on the selling price front of ferronickel products, the Company also partly refers to the price of nickel pig iron in addition to the market prices applicable to the Company, so revenue is restrained to a certain extent. On the procurement front, the prices of nickel ore, the primary raw material, other raw materials, fuel, and electricity remain high and are expected to significantly impact procurement prices. Regarding ordinary profit, due to the increase in share of profit of entities accounted for using equity method, the extent of the loss is expected to be reduced.

Although the situation remains challenging, response measures against such a business environment are consistent with activities to be undertaken under the basic policies set forth by the Company in the "Medium to Long-term Strategy PAMCOvision 2031" of April 25, 2025, 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," on the following page.

(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 (February 7, 2025)	3,284	2,346	5,630	2,010	1,842	3,852	8.05	7.32	7.74	153.32	145.33	149.99
Revised forecast	3,284	2,146	5,430	2,010	1,878	3,888	8.05	7.32	7.76	153.32	149.85	151.94
(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