



August 7, 2025

To whom it may concern,

Company name: PACIFIC METALS CO., LTD.
Representative: Kazuo Iwadate, 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 (Write-down of Inventories) and Recording of Non-operating Income (Share of Profit of Entities Accounted for Using Equity Method)

PACIFIC METALS CO., LTD. (the “Company”) hereby announces that it has recorded a 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, 2025 (April 1, 2025 through June 30, 2025).

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

Regarding the selling prices of products, primarily in the nickel business, the Company partly refers to the price of nickel pig iron, which has a price advantage, in addition to the effects of the London Metal Exchange (LME) nickel price and the average exchange rate of the Japanese yen against the U.S. dollar, both of which are applicable to the Company. In terms of procurement prices, production costs are rising due to factors such as energy costs and the prices of raw materials and fuel, which remain high. In conjunction with these factors, a decline in the profitability of inventories (merchandise and finished goods, work in process, raw materials and supplies) was recognized, and for the three months ended June 30, 2025, the Company expects to record a write-down of inventories amounting to 1,542 million yen under cost of sales.

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

For the three months ended June 30, 2025, the Company expects to record share of profit of entities accounted for using equity method of 790 million yen due mainly to strong performance of entities accounted for using equity method in the Philippines supported by strong demand.

● Impact on business performance

This matter has been incorporated in “Consolidated Financial Results for the Three Months Ended June 30, 2025 [Japanese GAAP]” announced today.