



October 31, 2025

To whom it may concern,

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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 six months ended September 30, 2025 (April 1, 2025 through September 30, 2025). The Company also announces that, in light of the most recent performance trend, it has decided to revise the consolidated financial results forecasts for the six months ended September 30, 2025 (April 1, 2025 through September 30, 2025) and for the fiscal year ending March 31, 2026 (April 1, 2025 through March 31, 2026) announced on August 7, 2025.

- Details of cost of sales (reversal of 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 recorded a write-down of inventories amounting to 1,542 million yen under cost of sales. However, an amount of 1,108 million yen is expected to be reversed into cost of sales (decrease in cost of sales) due to a decrease in inventory volume and other factors. Therefore, the net write-down for the six months ended September 30, 2025 is expected to be 433 million yen.

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

For the six months ended September 30, 2025, the Company expects to record share of profit of entities accounted for using equity method of 2,867 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 the consolidated financial results forecast for the six months ended September 30, 2025 (April 1, 2025 through September 30, 2025)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (Announced on August 7, 2025)	Million yen 4,148	Million yen (4,434)	Million yen (2,039)	Million yen (2,187)	Yen (125.83)
Revised forecast (B)	4,463	(4,042)	(1,086)	(1,095)	(63.02)
Change (B-A)	315	391	952	1,091	
Change (%)	7.6	—	—	—	
(Reference) Actual results for the previous six months ended September 30, 2024	7,835	(4,468)	(2,316)	(1,877)	(96.26)

2. Revisions to the consolidated financial results forecast for the fiscal year ending March 31, 2026 (April 1, 2025 through March 31, 2026)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (Announced on August 7, 2025)	Million yen 8,695	Million yen (6,604)	Million yen (1,428)	Million yen (1,636)	Yen (94.13)
Revised forecast (B)	8,532	(6,494)	(1,840)	(1,880)	(108.12)
Change (B-A)	(163)	110	(412)	(244)	
Change (%)	(1.9)	—	—	—	
(Reference) Actual results for the previous fiscal year ended March 31, 2025	13,175	(7,368)	(1,622)	(1,667)	(85.52)

3. Reasons 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, U.S. tariff policy, 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 slight 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.

In other areas, regarding the impact of the write-down of inventories, while the Company expects to record additional write-down of inventories for the first half, a reversal is expected to occur in the second half because of a reduction in the write-down amount. Therefore, the earnings trend is expected to differ for the first half and the second half. Regarding non-operating income, the Company has revised the projected amount of compensation that can be obtained due to partial adjustment, etc., to the timing of entry into the electricity supply-demand adjustment market, where dispersed energy resources are controlled to function similarly to power plants.

In addition, U.S. tariff policy could have a far-reaching impact, both in and outside of Japan, raising concerns about supply chain disruptions. While the impact on consolidated financial results forecasts is

expected to be limited, it could significantly affect demand and pricing for the Company's business through the future economic measures taken by various countries.

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," 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," as 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 (August 7, 2025)	1,734	2,001	3,735	1,830	1,865	3,695	6.96	7.00	6.98	146.95	144.17	145.46
Revised forecast	1,890	1,739	3,629	1,787	1,842	3,629	6.95	6.93	6.94	147.83	144.41	146.19
(Reference) Actual results for the previous fiscal year ended March 31, 2025	3,284	2,146	5,430	2,010	1,878	3,888	8.05	7.32	7.76	153.32	149.85	151.94