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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 fiscal year ended March 31, 2026 (April 1, 2025 through March 31, 2026). 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 fiscal year ended March 31, 2026 (April 1, 2025 through March 31, 2026) announced on January 30, 2026. The details are described below.

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

In the fiscal year ended March 31, 2025, 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 nine months ended December 31, 2025, it recorded a reversal of the write-down of inventories amounting to 178 million yen under cost of sales due to a decrease in inventory volume, some improvements in selling prices and other factors. For the same reasons, it recorded a reversal of the write-down of inventories amounting to 2,097 million yen for the fourth quarter consolidated accounting period. As a result, the Company expects to record a reversal of the write-down of inventories amounting to 2,275 million yen (decrease in cost of sales) for the fiscal year ended March 31, 2026.

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

The Company expects to record share of profit of entities accounted for using equity method of 1,893 million yen in addition to 5,981 million yen that has already been recorded, due mainly to strong performance of entities accounted for using equity method in the Philippines supported by strong demand. As a result, for the consolidated fiscal year ended March 31, 2026, the Company expects to record share of profit of entities accounted for using equity method of 7,875 million yen.

● Revisions to financial results forecast

1. Revisions to consolidated financial results forecast for the fiscal year ended 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
	Million yen	Million yen	Million yen	Million yen	Yen
Previously announced forecast (A) (Announced on January 30, 2026)	9,138	(6,507)	199	(181)	(10.41)
Revised forecast (B)	9,414	(4,971)	3,323	2,610	146.04
Change (B-A)	276	1,535	3,124	2,791	
Change (%)	3.0	—	—	—	
(Reference) Actual results for the fiscal year ended March 31, 2025	13,175	(7,368)	(1,622)	(1,667)	(85.52)

2. Reasons for revisions

With regard to the consolidated financial results forecast, the global economic outlook remains highly uncertain due to the effects associated with multiple factors including stagnant real estate market in China, developments in the financial and capital markets, U.S. tariff policy, growing tensions in Ukraine, and concerns about the prolongation of the tense situation in the Middle East.

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 increase from the previously announced forecast by taking into account the impact of a reduction in the inventory level on financial results.

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 write-down of inventories recorded under cost of sales up to the fiscal year ended March 31, 2025, the Company expects to record a reversal of the write-down of inventories in the fiscal year ended March 31, 2026, which will reduce cost of sales. The Company is also expected to record an increase in share of profit of entities accounted for using equity method under non-operating income.

Although tensions in the Middle East have grown rapidly since the end of February, the Company does not expect it to have a major impact on financial results for the fiscal year ended March 31, 2026.

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 on the previous page. 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			Production volume			Applicable LME nickel price			Applicable exchange rate		
	(t)			(t)			(\$/lb)			(¥/\$)		
	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 (Announced on January 30, 2026)	1,890	1,959	3,850	1,787	1,832	3,619	6.95	6.78	6.86	147.83	152.84	150.38
Revised forecast	1,890	2,072	3,962	1,787	1,828	3,615	6.95	6.88	6.91	147.83	153.62	150.87
(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