[Translation]

July 23, 2025

To whom it may concern:

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Notice Regarding Capital Investment for Increased Production of Crystal Materials (Acquisition of Fixed Assets)

JX Advanced Metals Corporation (President: Hayashi Yoichi, hereinafter "the Company") has decided to make a capital investment to increase the production of InP (indium phosphide) substrates, a crystal material essential for optical communications. Approximately 1.5 billion yen will be invested to boost production capacity by about 20% compared to current levels.

1. Background and Purpose

In the JX Advanced Metals Group Long-Term Vision 2040 formulated in 2019, the Company positioned its Focus Businesses, which include advanced materials such as semiconductor and information and communication materials, as the core of its growth strategy. To further expand these businesses, the Company has been working to build the pillars for next-generation revenue to follow its mainstay products such as semiconductor sputtering targets and rolled copper foil. InP substrates are expected to be one of these pillars.

InP substrates are high-performance compound semiconductor materials used in a wide range of applications, including optical communication light-emitting and receiving devices, proximity sensors in wearable devices, and industrial image sensors. As one of the few global suppliers capable of manufacturing InP substrates, the Company has been handling this material for over 40 years, establishing itself as a world-leading supplier with advanced manufacturing technologies and a high market share.

In optical communications, InP substrates are used in light-emitting devices that convert electrical signals into light and in photodetectors that convert received light signals back into electrical signals. Due to their ability to enable high-speed data transmission with low loss, they are indispensable materials for core optical communication networks, including high-speed internet.

The rapid growth of generative AI in recent years has created a need for massive and high-speed data processing capabilities, leading to a global boom in the construction of hyperscale data centers. Optical communication is increasingly used for data transmission within these data centers, resulting in growing demand for the Company's InP substrates.

Looking ahead, further development is expected in application fields requiring real-time performance, such as generative AI, next-generation communications, autonomous driving, medical care, and entertainment. These fields will require faster and higher-capacity data processing, as well as increased power consumption. As solutions to these challenges, InP substrates are also expected to be adopted in photonic-electronic convergence technologies, which are being developed as next-generation information and communication infrastructure technologies. If realized, these technologies will not only deliver high performance in such applications but also significantly reduce energy consumption compared to conventional electrical circuits.

Given this background and the strong current demand, the Company has decided to proceed with this capital investment. Anticipating continued high demand for InP substrates in the future, the Company is also considering further investments.

2. Overview of Capital Investment

(1) **Details**

To meet the growing demand for InP substrates, the Company will enhance part of the manufacturing process at its Isohara Plant (Kitaibaraki City, Ibaraki Prefecture), the production base for these products. Additional investments will be made flexibly as needed.

(2) **Investment Amount**

Approximately 1.5 billion yen

(3) **Production Capacity**

Approximately 20% increase compared to 2025 levels

3. Future Outlook

The impact on the consolidated financial results for the fiscal year ending March 2026 is expected to be minimal.

<Reference>

InP substrate