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[Translation]

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To whom it may concern:

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

JX Advanced Metals Corporation (President: Hayashi Yoichi; hereinafter "the Company") hereby announces that it has resolved today to implement a capital investment to further strengthen the production capacity of indium phosphide ("InP") substrates, a crystal material for which demand is rapidly increasing, particularly in the optical communications field.
This capital investment follows the enhancement of InP substrate production facilities announced in the news release titled "Notice Regarding Capital Investment for Increased Production of Crystal Materials (Acquisition of Fixed Assets)" dated July 23, 2025 ("July 23, 2025 News Release"*[1]) and the news release titled "Notice Regarding Additional Capital Investment for Increased Production of Crystal Materials (Acquisition of Fixed Assets)" dated October 8, 2025 ("October 8, 2025 News Release"*[2]). In addition to strengthening the production capacity of existing products, the investment is also intended to meet the need for larger-diameter substrates.

1. Background and Purpose

In recent years, the rapid advancement of generative AI has accelerated the construction of hyperscale data centers worldwide, and further market expansion is expected. As a result, the volume of data transmitted within data centers has surged, leading to a corresponding increase in power consumption. In response, the shift from conventional electrical-signal-based communication to optical communication—which enables higher-speed, higher-capacity transmission while reducing power consumption—has accelerated.
One of the key materials that supports optical communication is the InP substrate. InP possesses the unique ability to convert electrical and optical signals bidirectionally and is an essential advanced material for high-performance devices used in a wide range of applications, including optical transmitters and receivers, proximity sensors in wearable devices, and industrial image sensors.
Against this backdrop, the application of optical communication has expanded not only for inter–data-center links but also for short-distance connections inside data centers, such as between racks and within racks, driving rapid growth in demand for optical transceivers. Furthermore, InP is also expected to play a key role in photonic-electronic convergence technology, which is being developed as a next-generation information and communications infrastructure technology, with anticipated use inside circuit boards, between semiconductor chips, and even within individual chips.
To address this growing demand, the Company decided on a capital investment in July 2025 and an additional investment in October 2025. As the evolution of generative AI is expected to continue, the Company has now determined that it is urgently necessary to establish a production system capable of responding to the medium- to long-term rapid increase in demand for InP substrates—particularly the need for larger-diameter substrates to support the future evolution and widespread adoption of photonic-electronic convergence technology—and has therefore resolved to implement a further capital investment.

2. Overview of Capital Investment

(1) Details

Enhancement of a full set of manufacturing equipment for InP substrates at the Isohara Works (Kitaibaraki City, Ibaraki Prefecture).

(2) Investment Amount

Approximately 20 billion yen.

(3) Production Capacity

By 2030, approximately three times the 2025 level
(including increases announced in the July 23, 2025 News Release and October 8, 2025 News Release).

(4) Start of Operation

Planned to commence phased operation from FY2027.

3. Outlook

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

Reference Materials

*1 July 23, 2025 News Release
"Notice Regarding Capital Investment for Increased Production of Crystal Materials (Acquisition of Fixed Assets)" (PDF)

*2 October 8, 2025 News Release
"Notice Regarding Additional Capital Investment for Increased Production of Crystal Materials (Acquisition of Fixed Assets)" (PDF)



InP substrate