

JX Advanced Metals Will Conduct a Large-Scale Share Repurchase—Financial Structure Will Weaken, but No Immediate Change in the Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on a tender offer for own shares and the issuance of convertible bonds with stock acquisition rights by JX Advanced Metals Corporation (security code: 5016).

- (1) JX Advanced Metals Corporation (the "Company") announced on May 11 that it has resolved at its Board of Directors' meeting to conduct a share repurchase and a tender offer for its own shares as a specific method of the share repurchase and to issue convertible bonds with stock acquisition rights. The total face value of such bonds is 250 billion yen, and the net proceeds from the bond issuance will be used as funds for the tender offer for own shares. The Company states that the remaining balance will be used as investment funds for growth of the Focus Businesses.
- (2) Equity capital is expected to shrink, and interest-bearing debt to expand, as a result of the tender offer and bond issuance. With the deterioration of the financial structure, downward pressure on the Company's creditworthiness will probably increase. At the same, the Company's performance is solid, and business results for the fiscal year ended March 2026 (FY2025) were far above the initial forecasts. Given that demand for the flagship products of the Focus Businesses is expected to remain robust for the time being and that the Base Businesses are seeing a rise in profits thanks to persistently high copper prices, etc., strong performance will likely continue into FY2026 and beyond. JCR considers that the financial structure, which will weaken because of the tender offer and bond issuance, is most likely to recover fairly quickly. Hence, JCR has concluded that there is no immediate need to change the rating at this point. Looking ahead, changes in the Company's performance, progress in financial improvement and so forth will be closely watched.

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<Reference>

Issuer: JX Advanced Metals Corporation

Long-term Issuer Rating: A+ Outlook: Stable

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