

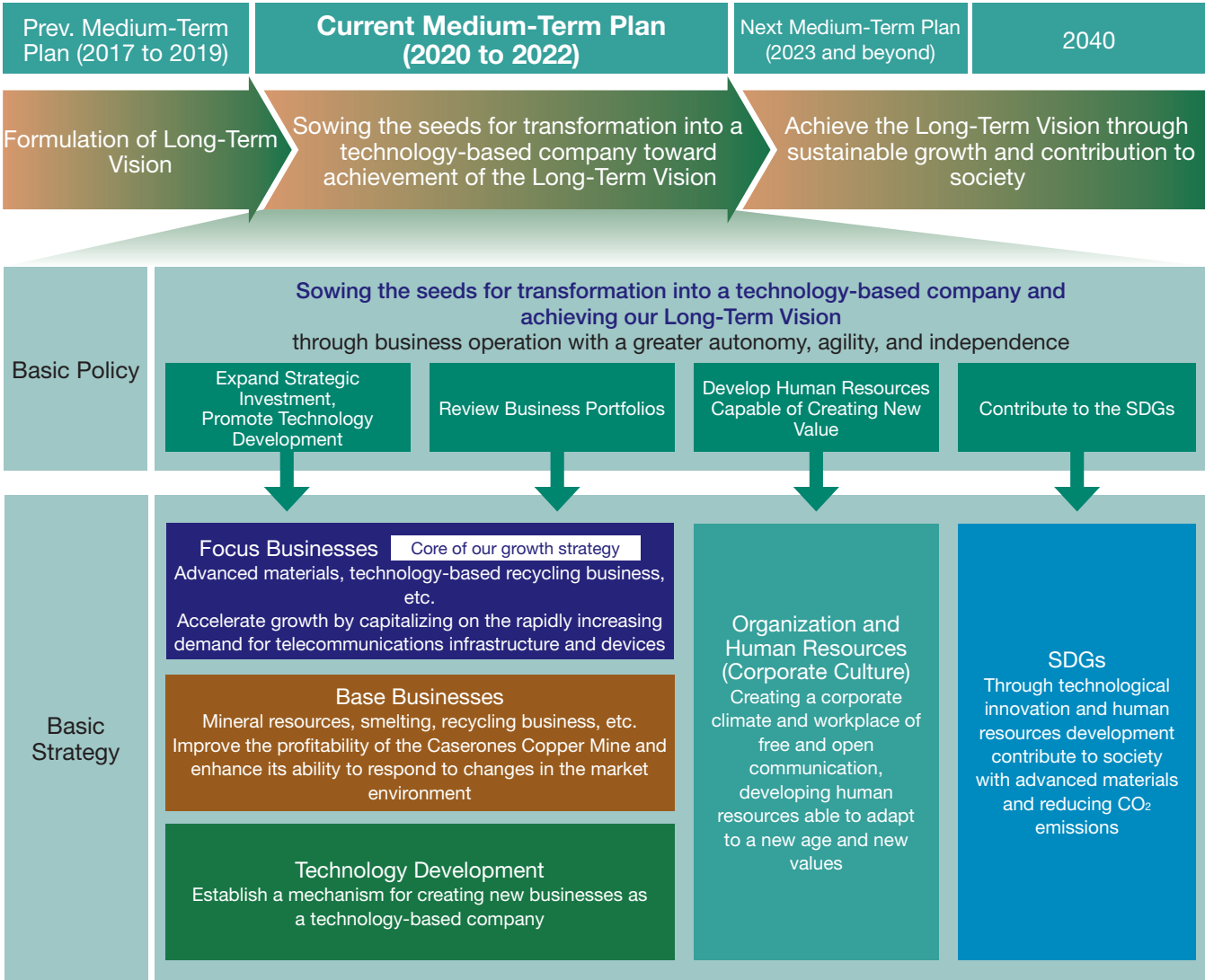
# Medium-Term Management Plan for Fiscal 2020 to 2022

Beginning in fiscal 2020, the medium-term management plan is positioned as a three-year period for sowing seeds in anticipation of transforming into a technology-based company as set forth in the JX Nippon Mining & Metals Group Long-Term Vision 2040 formulated in May 2019. We are accelerating our efforts in new growth areas. We are promoting initiatives, human resource development, and the creation of an organizational culture suited to the characteristics of each business. We are implementing corporate management that further enhances autonomy, agility, and independence.

### The JX Nippon Mining & Metals Group Long-Term Vision 2040

By pivoting from being an equipment industry company to a technology-based company, we will realize a highly profitable structure even in the face of intensifying international competition and contribute to the realization of a sustainable society as targeted by the SDGs

## Role of the Current Medium-Term Plan



## Summary of Business Results for Fiscal 2020

In the beginning of fiscal 2020, the global economy deteriorated rapidly due to the impact of the spread of COVID-19. Following that, there were signs of a recovery due to the supportive measures taken by various countries and the gradual resumption of economic activities. However, in the second half of the fiscal year, the impact of COVID-19 hit again, and a full-scale recovery was not achieved.

Copper prices temporarily fell due to concerns of a recession caused by the spread of COVID-19. Demand for refined copper however later recovered in China, while supply from copper mines in South America decreased. As a result, the starting price per pound rose from 216 cents to 401 cents at the end of the period.

Under this business environment, the Group continued business activities by taking thorough measures to prevent the

spread of infection. Operations at the Caserones Copper Mine also continued with the implementation of measures to prevent the spread of infection. However, due to delays in mining, the production volume decreased compared to the previous year. On the other hand, the sales volume of each product in the Functional Materials Business and Thin Film Materials Business generally exceeded the previous fiscal year. This was mainly due to an increase in demand in the high-functional IT field, including smartphones, servers, and telecommunications infrastructure due to the increase in telework.

As a result, operating profit for the current fiscal year was 78.1 billion yen. This was mainly due to higher copper prices and increased sales of functional materials and thin film materials, despite the impact of lower production at the Caserones Copper Mine.

## Financial Performance (Consolidated, IFRS)



Changes in Social Trends

With significant changes in social trends, the Group formulated a Long-Term Vision out of a sense of crisis about continuing with our conventional business model. We are now aiming at transforming ourselves into a technology-based company. In particular, fiscal 2020 saw changes in the industry structure due to the impact of the spread of COVID-19, growing momentum

• Environmental Awareness

Creating the Long-Term Vision

Expanding Needs for Advanced Materials	In addition to IT and mobility, digital data is being used in a variety of industries, including healthcare, energy, and construction. The need for advanced materials used in these fields will further expand
Shrinking Domestic Market/ Focus on Emerging Economies for Sustainable Growth are Issues	The domestic market is shrinking due to the declining birthrate, aging population, and the industry hollowing out. The focus of economic growth is shifting to emerging economies in Asia and other regions, but the challenge is to deal with the environmental problems that are beginning to emerge even in emerging economies
Increasing Scarcity and Depletion of Resources due to the Expansion of the Middle Class	As the middle class increases, the amount of resources consumed also increases. Acquiring good quality and inexpensive resources will be subject to competition. Resource shortages and depletion, as well as uneven regional distribution, will become more serious

toward SDGs and ESG management, and accelerated movement toward social demands for carbon neutrality. The environment surrounding the Group is changing even more drastically. By clearly understanding these social changes, we aim to fundamentally change our organizational culture.

At Present

Expanding Needs for Advanced Materials	<ul style="list-style-type: none"><li>The spread of COVID-19 has accelerated the development of a data-driven society, and demand for smart devices and telecommunications infrastructure has increased</li><li>To solve the shortage of semiconductors, demand for materials is rapidly increasing</li></ul>
Accelerating the Global Response to Climate Change	<ul style="list-style-type: none"><li>As environmental problems become more apparent around the world, global companies are accelerating their response to climate change, especially concrete actions for decarbonization</li></ul>
Growing Scarcity and Depletion of Resources	<ul style="list-style-type: none"><li>With the increase in resources consumed, competition for high-quality, inexpensive resources is intensifying</li><li>Focus on non-ferrous metals to support future infrastructure and growing concerns about depletion</li></ul>

Targets and Progress of the Medium-Term Management Plan for Fiscal 2020 - 2022

When we formulated the current medium-term management plan, we set the operating income target at 170 billion yen for the three-year cumulative period. However, against the backdrop of the aforementioned business environment, we expect to increase profits in both Focused and Base Businesses. In the Focus Businesses, we increased our sales target by 15 billion yen from the original target set in the medium-term plan due to increased sales resulting from strong demand growth. Excluding

the impact of the copper price hike and the spread of COVID-19, we expect Base Businesses to post higher earnings than planned at the time of formulating the medium-term plan. Based on this outlook, we will continue to make company-wide efforts to establish earnings and a financial base. In addition, we will promote the use of ESG-related indicators as important management indicators.

Operating Profit

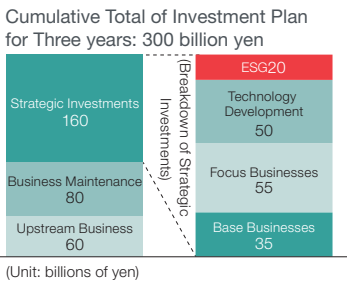
	Results for Fiscal 2020	Outlook for Fiscal 2021	2020-2022 Three-year Cumulative Total	
Functional Materials Business, Thin Film Materials Business, Other	31.1	36.0	115.0	Focus Businesses
Mineral Resources Business	34.9	32.0	187.0	Base Businesses
Metals & Recycling Business	27.3	18.0		
Common Business Expenses	(15.2)	(26.0)	(52.0)	
Total	78.1	60.0	250.0	

The outlook for Fiscal 2021 and the three-year cumulative outlook are as of May 2021.

• Strategic Investment

In the medium-term plan for fiscal 2020 - 2022, we will invest 300 billion yen over the three years in the development of advanced materials. Of this amount, 160 billion yen will be allocated to strategic investments for future growth, including capacity expansion, development of new materials, and exploration of rare metal mining interests. In addition, we will redefine our ESG

investment quota of 20 billion yen to stimulate ESG activities such as decarbonization and resource recycling.



Our Group Initiatives

Focus Businesses		<ul style="list-style-type: none"><li>Significantly increase production capacity for semiconductor targets</li><li>Solidify the supply chain by flexibly increasing production capacity in parallel with BCP measures such as strengthening overseas bases in preparation for disasters and geopolitical risks, securing raw materials in cooperation with other companies, and other measures</li></ul>
Base Businesses		<ul style="list-style-type: none"><li>Improve operations at the Caserones Copper Mine, continue to reduce costs at all stages of the process, and strengthen maintenance systems</li><li>Implement plan to increase the collection and processing of recyclable materials and increase the processing volume of recyclable materials by 1.35 times compared to fiscal 2019. At the same time, accelerate the development of technologies for further expansion in the future</li></ul>
Technology Development		<ul style="list-style-type: none"><li>Nurture and quickly commercialize businesses that will become pillars of the next generation (next-generation semiconductor materials, metal powder for 3D printers, crystalline materials, battery materials, LiB recycling)</li><li>Promote industry-academia collaboration (establishment of a joint research chair with the Graduate School of Engineering, Osaka University, etc.)</li><li>JX Nippon Research Institute for Technology &amp; Strategy Co., Ltd. aims to become a think tank in the field of non-ferrous metals with a diverse pool of high-level human resources</li></ul>
ESG Management		<ul style="list-style-type: none"><li>Promote initiatives to achieve long-term environmental targets (50% reduction of Group CO2 emissions by fiscal 2030 compared to fiscal 2018, and net zero CO2 emissions by fiscal 2050) as a response to climate change</li><li>Strengthen the processing of recycled materials in copper smelting to build a recycling-oriented society and establish technology for closed-loop recycling of automotive LiB</li></ul>
Human Resource Development		<ul style="list-style-type: none"><li>Develop human resources from four perspectives: digital human resources, value-added human resources, ESG human resources, and global human resources</li></ul>