

Presentation of Financial Results for the Fiscal Year Ended March 2020



三井松島ホールディングス
MITSUI MATSUSHIMA HOLDINGS

May 2020

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FY2019 Financial Results

Consolidated Income Statement

(Million yen)	FY2018	FY2019	Yr/Yr Change	Main factor behind changes
Net sales	75,702	66,596	(9,106)	Declines in sales volume and coal prices in the Energy Business (Coal Sales Business)
Operating profit [Operating profit before amortization of goodwill]*	5,201 [5,733]	2,741 [3,459]	(2,459) [(2,273)]	A decline in coal prices in the Energy Business (Coal Production Business) Decreases in sales and orders received in the Consumer Goods and Services Business Division (Fashion and Electronic Parts Businesses)
Ordinary profit	5,910	2,995	(2,914)	Foreign exchange loss: 57 million yen (Foreign exchange gain of 222 million yen in the same period of the previous fiscal year)
Net profit belonging to shareholders of the parent company	2,240	2,292	+51	

*"Operating profit before amortization of goodwill" is operating profit excluding the amortization of goodwill that arises from business acquisitions.

Consolidated Segment Information

◆ Energy Business Division

The Energy Business segment comprises the Coal Sales Business, the Coal Production Business, and the Renewable Energy Business.

◆ Consumer Goods and Services Business Division

The Consumer Goods and Services Business segment comprises the Office Equipment Business, the Electronic Parts Business, the Beverage and Food Packages Business, the Fashion Business, the Contract Service Business, and the Nursing Care Business.

* Sales increased as the Company turned Meiko Shokai Co., Ltd. (Office Equipment Business) into its subsidiary in 1Q FY2019.
Profit fell due to a decline in sales in the Fashion Business and a decrease in orders received in the Electronic Parts Business.

[Net sales]

Business (Million yen)	FY2018	FY2019	Yr/Yr Change
Energy	56,722	41,010	(15,711)
Consumer Goods and Services	17,603	24,215	+6,611
Others	1,312	1,310	(2)
Adjustments	64	60	(3)
Total	75,702	66,596	(9,106)

[Segment profit]

Business (Million yen)	FY2018	FY2019	Yr/Yr Change
Energy [Before goodwill amortization]	5,387 [5,457]	3,291 [3,291]	(2,095) [(2,165)]
Consumer Goods and Services [Before goodwill amortization]	1,159 [1,621]	802 [1,520]	(356) [(100)]
Others	74	58	(16)
Adjustments	(1,420)	(1,410)	+9
Total [Before goodwill amortization]	5,201 [5,733]	2,741 [3,459]	(2,459) [(2,273)]

* Segment profit for the Energy Business includes equity in net income of affiliates; FY2018: 185 million yen, FY2019: 80 million yen.

* "Others" represent business segments not included in reporting segments, and includes the Real Estate Business, the Stevedore and Warehouse Business, etc.

* Net sales in "Adjustments" include rent income of all-company assets; segment profit includes deduction of the aforesaid equity in net income of affiliates, all-company profit & expenses not allocated to each reporting segment, etc.

Breakdown of the Energy Business Division

◆ Coal Sales Business

Net Sales: Declined due to a decrease in coal sales volume and a fall in the coal price.

Profit: Declined due to a decrease in coal sales volume.

◆ Coal Production Business Net Sales, Profit: Both sales and profit declined mainly due to a drop in coal prices.

[Net sales]

Business (Million yen)	FY2018	FY2019	Yr/Yr Change
Coal Sales Business	52,130	34,964	(17,165)
Sales volume	4,270,000 tons	3,650,000 tons	(620,000 tons)
Coal Production Business	15,839	13,073	(2,765)
Sales volume	1,250,000 tons	1,230,000 tons	(10,000 tons)
Renewable Energy Business	334	308	(25)
Adjustments	(11,580)	(7,336)	+4,244
Total	56,722	41,010	(15,711)

[Profit]

Business (Million yen)	FY2018	FY2019	Yr/Yr Change
Coal Sales Business	202	127	(74)
Coal Production Business	5,026	3,031	(1,995)
(of which, equity in net income of affiliates)	[185]	[80]	[(105)]
Renewable Energy Business	158	132	(25)
Adjustments	—	—	—
Total	5,387	3,291	(2,095)

*Adjustments include transactions between businesses.

Major index		FY2018 Results	FY2019 Results	Change
Coal Production Business (Jan.–Dec. results)	Sales volume: Thermal coal	1,060,000 tons	1,050,000 tons	(10,000 tons)
	Sales volume: Semi-soft coking coal	180,000 tons	180,000 tons	No change
	Average coal price: Thermal coal	US\$ 107.54	US\$ 90.90	US\$ (16.64)
	Average coal price: Semi-soft coking coal	US\$ 142.71	US\$ 122.82	US\$ (19.89)
	Exchange rate: US\$/A\$ (average rate)	US\$ 0.74	US\$ 0.69	Weaker A\$ against US\$(0.05)
	Exchange rate: ¥/A\$ (average rate)	82.6 yen	75.8 yen	Yen appreciation (¥6.8)

Consolidated Balance Sheet

	Mar. 31, 2019		Mar. 31, 2020		Change (Million yen)	Main factor behind changes
	Amount (Million yen)	Ratio (%)	Amount (Million yen)	Ratio (%)		
Current assets	29,480	51.3	32,881	52.1	+3,401	Cash and deposits: up 1,381; inventory assets: up 1,084
Fixed assets	27,984	48.7	30,274	47.9	+2,290	Tangible fixed assets: (1,243); intangible fixed assets: up 4,360; long-term deposits: (1,182)
Total assets	57,464	100.0	63,155	100.0	+5,691	
Current liabilities	12,358	21.5	14,071	22.3	+1,713	Short-term debt: up 3,329; income taxes payable, etc.: (646); notes and accounts payable - trade: (952)
Fixed liabilities	12,143	21.1	16,082	25.5	+3,938	Long-term debt: up 3,661
Total liabilities	24,502	42.6	30,154	47.7	+5,651	
Total net assets	32,961	57.4	33,001	52.3	+39	Net profit belonging to shareholders of the parent company: up 2,292; dividends paid: (653); foreign currency translation adjustments: (1,215)
Total liabilities and net assets	57,464	100.0	63,155	100.0	+5,691	

	Mar. 31, 2019	Mar. 31, 2020	(Million yen)
<i>Cash and deposits (including long-term deposits)</i>	17,754	17,953	+198
<i>Debt (including bonds)</i>	(10,086)	(17,077)	(6,991)
<i>Net cash and deposits</i>	7,668	875	(6,792)
<u><<Management indicators>></u>			
<i>Shareholders' equity ratio (%)</i>	57.4	52.3	
<i>Debt/equity ratio (times)</i>	0.36	0.54	

Consolidated Balance Sheet (March 31, 2020)



三井松島ホールディングス
MITSUI MATSUSHIMA HOLDINGS

Current assets 32.9 billion

- **Cash and deposits** 18 billion
- **Accounts receivable** 8.7 billion
- **Inventory assets** 4.2 billion

Fixed assets 30.3 billion

- **Tangible fixed assets** 15.9 billion
 - [Buildings, machinery, etc.] [7.4 billion]
 - [Land] [7.2 billion]
 - [Leases] [1.3 billion]
- **Intangible fixed assets** 10.4 billion
 - [Goodwill] [9.6 billion]
- **Securities** 1.8 billion

Current liabilities 14.1 billion

- **Accounts payable** 3.7 billion
- **Short-term debt** 5.6 billion

Fixed liabilities 16.1 billion

- **Long-term debt** 11.5 billion
- **Leases** 1.2 billion

Net assets 33.0 billion

**Shareholders'
equity ratio
52.3%**

Total assets 63.2 billion

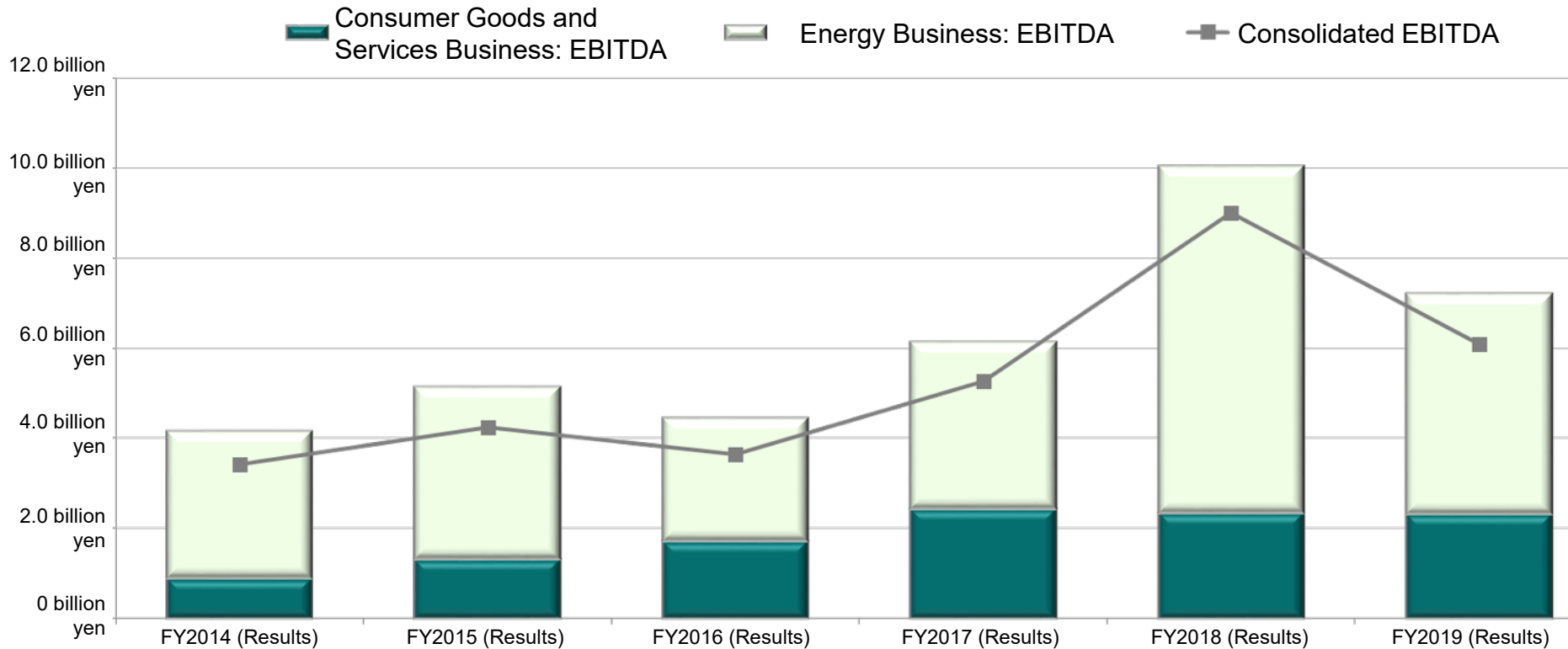
**Total liabilities and net assets:
63.2 billion**

Consolidated Cash Flows

(Million yen)	FY2018	FY2019	Main factors
Net profit before income taxes	4,245	2,959	<ul style="list-style-type: none"> • Payments of income tax, etc.
Depreciation and amortization (including goodwill amortization expenses)	2,946	3,010	
Working capital	(89)	(1,213)	
Others	295	(2,469)	
CF from operating activities	7,399	2,287	
Changes in fixed assets			<ul style="list-style-type: none"> • Payment for acquisition of fixed assets • Payment for acquisition of investment securities • Acquisition of shares of Meiko Shokai Co., Ltd. and sale of shares of M&M Service • Increase in time deposits (more than three months)
Investment securities	(1,218)	(1,686)	
Acquisition and sale of subsidiaries	180	(246)	
accompanying a change in the scope of consolidation	119	(3,848)	
Others	(3,299)	(1,940)	
CF from investing activities	(4,217)	(7,722)	
Changes in debt and bonds	(3,156)	5,765	<ul style="list-style-type: none"> • Borrowing for acquisition of shares of Meiko Shokai Co., Ltd.
Payment of dividends	(513)	(641)	
Purchase of treasury shares	(111)	(0)	
Others	(187)	(310)	
CF from financing activities	(3,969)	4,813	
Effect of exchange rate changes on cash and cash equivalents	(813)	(999)	
Changes in cash and cash equivalents	(1,601)	(1,621)	
Cash and cash equivalents at beginning of period	13,411	11,809	
Cash and cash equivalents at end of period	11,809	10,188	

EBITDA Change

Change in EBITDA in Energy Business, Consumer Goods and Services Business, Consolidated



- ◆ As a result of aggressive efforts to develop and reinforce new businesses, the Consumer Goods and Services Business **has contributed to an increase in the EBITDA** of the entire company.

*EBITDA = Ordinary profit + Interest expenses + Depreciation expenses + Goodwill amortization expenses

Impact of Coronavirus Infections

Earnings Forecast and Impact of Coronavirus on Business

- ◆ **Because it is difficult to estimate the impact of coronavirus in an appropriate and reasonable manner at this point**, we have decided not to disclose an earnings forecast for the year ending March 2021.
- ◆ We will announce the forecasts for FY2020 earnings and dividend per share promptly after the data becomes available.
- ◆ The estimated impact on each business at present is as follows.

Business	Current business impact (as of May 13)	Impact when measures regarding coronavirus infection are prolonged
Coal Production Business, Coal Sales Business	<ul style="list-style-type: none"> ✓ No significant impact on production activities ✓ Coal prices are showing signs of weakening. 	<ul style="list-style-type: none"> ✓ Further decline in coal prices and a decrease in sales volume
Fashion Business	<ul style="list-style-type: none"> ✓ (Department stores) Orders received are decreasing due to store closures. ✓ (Own stores) Increasing the number of store holidays and shortening business hours. 	<ul style="list-style-type: none"> ✓ (Department stores) Extension of closed period ✓ (Own store) Further limitation in store operations
Office Equipment Business	<ul style="list-style-type: none"> ✓ A growing trend among business partners to encourage teleworking and restriction of face-to-face communication is affecting our sales activities and delivery work. 	<ul style="list-style-type: none"> ✓ Long-term stagnation in sales activities ✓ Postponement of business partners' capital investment
Others	<ul style="list-style-type: none"> ✓ No significant impact in particular 	<ul style="list-style-type: none"> ✓ If the movement of people and goods stagnates and the economic downturn intensifies, there is a concern that the market will shrink.

Businesses of the Mitsui Matsushima Group

Consumer Goods and Services Business Division

Stable
revenues

Niche
markets

Easy to
understand

Main Businesses

Beverage & Food Packaging Business



Nippon Straw

Fashion Business



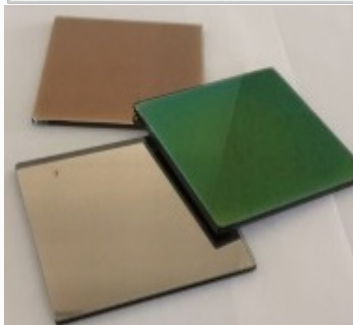
Hanabishi Sewing

Office Equipment Business

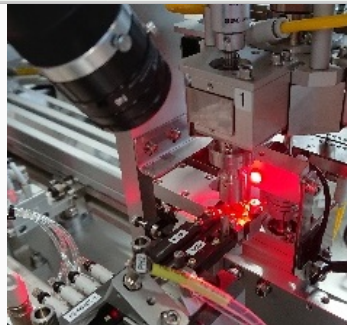


Meiko
shokai

Electronic Parts Business



Clean Surface
Technology



Sansei Denshi

Pet Business

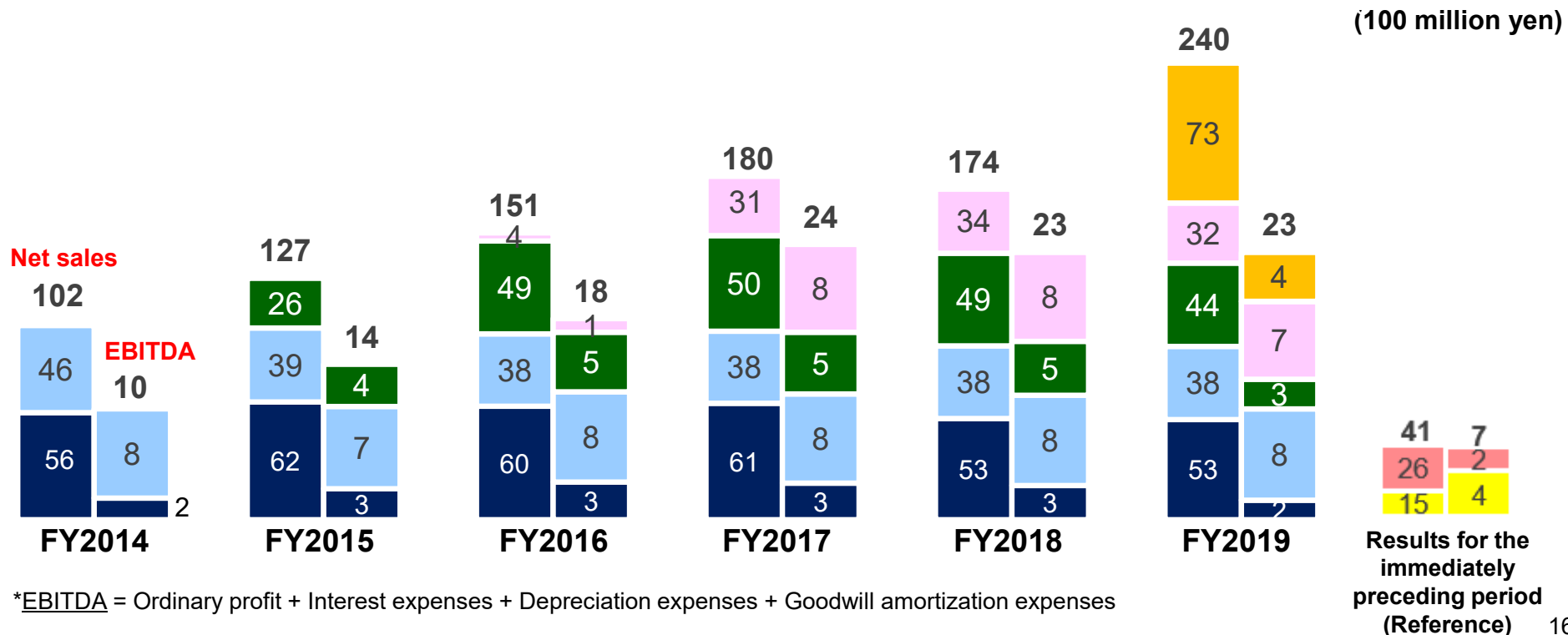


KMT

Changes in Sales and EBITDA for Consumer Goods and Services Business

Changes in Sales and EBITDA for Consumer Goods and Services Business in Recent Years

From February 2014





KMT Corporation (<https://kmt-dogfood.com/>)

- ◆ Acquired shares in April 2020.
- ◆ **KMT is engaged in the planning/sales of** high-quality premium pet foods **based on** preventive medicine.
It develops products focusing on the health of pets, by using ingredients equivalent to those a human being can eat **and by** not using additives, coloring agents, and byproducts.
- ◆ **Its products have been** highly evaluated by pet breeders and veterinary hospitals across the country, having strong brand power and a high market share in the high-quality healthy premium pet food market.
- ◆ As it will become increasingly common for people to “treat a pet as a family member” in the future, the demand for the company’s products is expected to increase.

プリスキックス | Super premium dog food

BLISMIX



Focusing on the maintenance of health from the perspective of the oral cavity environment
Attaching importance to raw materials and using fresh materials

— Example of active ingredients

- ◆ Useful for improving the oral cavity environment
K12 (probiotic bacteria within the oral cavity)
- ◆ Useful for improving the intestinal environment
EF2001 lactic acid bacillus
- ◆ Useful for maintaining the health of joints
Glucosamine, chondroitin
- ◆ Abundant β -glucan
Agaricus

アガリクス I/S

AGARx™ I/S

High-quality foods containing rich nutrients and helping to improve the immune system and self-healing power

— Example of active ingredients

- EF2001 lactic acid bacillus**
- Glucosamine, chondroitin**
- Agaricus**

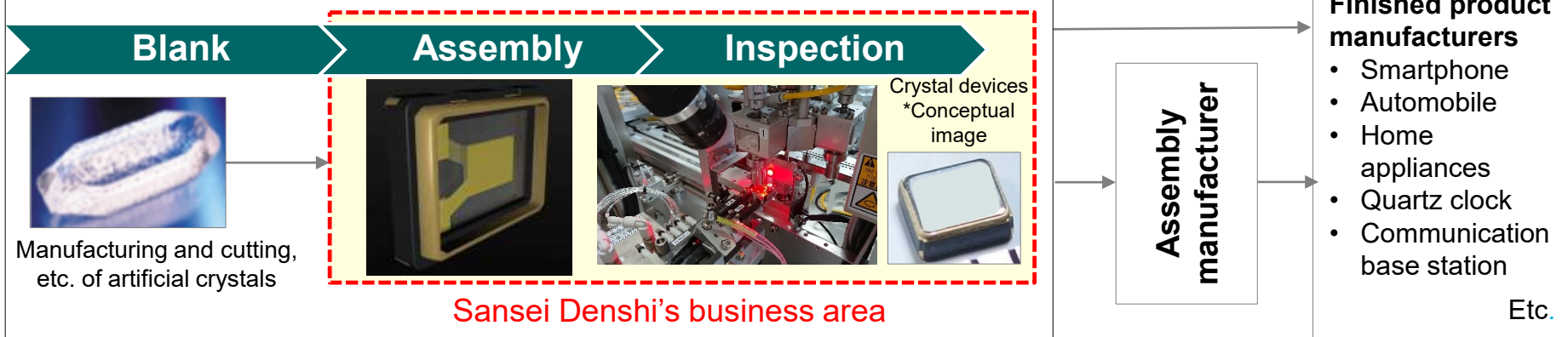


Sansei Denshi Co., Ltd. (<http://www.sanseidenshi.co.jp/>)



- ◆ Acquired shares in April 2020.
- ◆ Sansei Denshi manufactures and constructs manufacturing equipment and measuring instruments necessary for the production of crystal devices, and sells them to crystal device manufacturers.
- ◆ The only equipment manufacturer in Japan **capable of manufacturing in-line systems covering a wide range of manufacturing processes from assembly to inspection for crystal devices.**
- ◆ The company has its strengths in (1) **advanced technology**; (2) **strong relationships with customers**; and (3) **price competitiveness**.

<Manufacturing process for crystal devices>



**What are
crystal
devices?**

- **Electronic parts that use** the (reverse) piezoelectric effect concerning crystals (the nature of vibrating rapidly and accurately when a voltage is applied)
- Electronic components **installed in any electronic device and essential especially for wireless connectivity devices (smartphones, etc.)**
- Applications are expected to expand in growth sectors, **such as the use of electronics in motor vehicles and 5G support in communications infrastructure**

Nippon Straw Co., Ltd. (<http://www.nipponstraw.com/>)



- ◆ Acquired shares in February 2014.
- ◆ Developed telescopic straws in 1983. Since then, Nippon Straw has further accumulated proprietary technologies and know-how as a pioneer in this industry, and established **its status as a leading company in the domestic straw market. Holds an overwhelming market share** (approximately 65% based on the Company's research) in Japan's telescopic straw market.
- ◆ Given its high reliability and the good evaluation it has received from excellent customers (major dairy and beverage manufacturers, etc.), the firm has established **a stable transaction base** and has been achieving **strong operating performance**.
- ◆ Nippon Straw manufactures various types of high-function products and accommodates customer needs.



Telescopic straws



Single straws



Drinking cups

- Expects to see growth in sales, mainly due to expanding demand for **straws made of environmentally friendly materials** and the development **of new foodware products** with sophisticated design (e.g., paper drinking cups, food containers).
- Nippon Straw conducts initiatives to **develop products that are friendly to people and the environment** in order to provide the market with **safe, secure, convenient, and high-quality straws**.

Nippon Straw — “Initiatives for environmentally friendly materials”

(1) Conversely, the focus on a plastic-free environment may provide huge business opportunities.

- ◆ Looking at the current movement to stop using plastic products, leading dairy companies and beverage companies, which are our major customers, are expected to continue to use paper packaging that contains the least amount of plastic materials, **assuming that demand for telescopic straws will be stable.**
- ◆ Nippon Straw, as a leading company producing telescopic straws, **has been making efforts to develop and manufacture straws made of environmentally friendly materials ahead of other companies,** and **will be able to quickly deal with** future demand.

Major dairy companies, beverage manufacturers, etc. (major customers)

<<Usage of plastics>>

High



PET bottles



Paper cups + Plastic lids



Low

Paper packaging + Telescopic straws

Paper packaging materials use the minimum amount of plastics. (i.e., "eco-friendly materials")
Therefore, they are expected to continue to be used.

Demand for existing straws

Demand for straws made of environmentally friendly materials

Convenience stores, etc.

Demand for existing straws

Demand for straws made of environmentally friendly materials

Other than existing customers (chain restaurant companies, distributors, etc.)

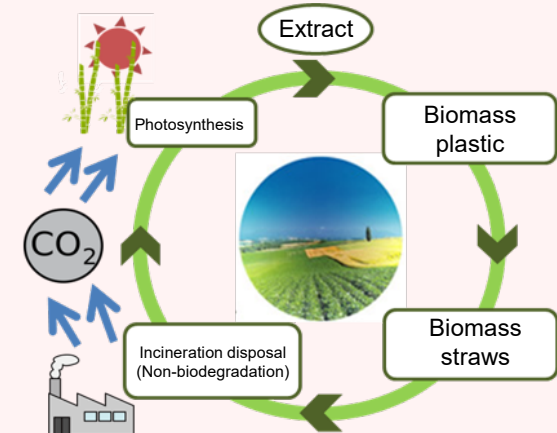
Move to stop using straws

Demand for straws made of environmentally friendly materials

Opportunities to expand distribution channels by securing demand for straws made of environmentally friendly materials

- ◆ Nippon Straw has been leading the industry in research and development of straws made of environmentally friendly materials.

It can utilize all environmentally friendly materials.

	Biodegradation	Non-biodegradation
Plant-derived	<ul style="list-style-type: none"> • <u>Ocean biodegradation</u> ✓ Mainly made from vegetable oil ✓ Decomposes into water and carbon dioxide under various conditions, including in seawater • <u>PLA (polylactic acid)</u> ✓ Mainly made from corn ✓ Decomposes into water and carbon dioxide only under certain conditions • <u>Paper</u> ✓ Process paper 	<ul style="list-style-type: none"> • <u>Biomass plastic</u> ✓ Mainly made from sugarcane ✓ Carbon neutral 
Petroleum-derived	<ul style="list-style-type: none"> • <u>PBS (polybutylene succinate)</u> ✓ Decomposes into water and carbon dioxide only under certain conditions. ✓ There are also plant-derived PBSs. 	<ul style="list-style-type: none"> • <u>Conventional plastics</u> ✓ Polypropylene (PP) ✓ Polyethylene (PE)



Hanabishi Sewing Co., Ltd.

(<http://hanabishi-sewing.jp/corporate.html>)



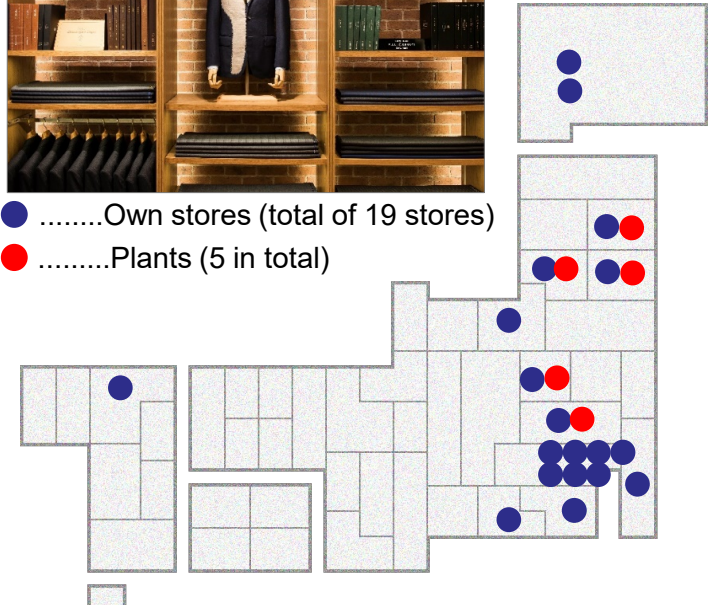
HANABISHI

THE TAILOR OF JAPAN SINCE 1935

- ◆ Acquired shares in October 2015.
- ◆ Founded in 1935, Hanabishi Sewing is a pioneer in custom-made suits, receiving high evaluations from major department stores and consumers.
- ◆ **With its system for “full domestic production, from product development to production & sales”**, it has differentiated itself from other companies in operating its own shops.
- ◆ In March 2020, it concluded a basic agreement on business integration with the Melbo Group, which operates brands such as "Azabu Taylor".



-Own stores (total of 19 stores)
-Plants (5 in total)



Customers who have bought a product at least once can buy products online.

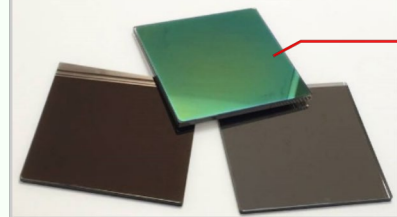


CLEAN SURFACE TECHNOLOGY Co., Ltd. (<http://www.cst-h.com/>)

- ◆ Acquired shares in February 2017.
- ◆ Established in 1977 as **Japan's first manufacturer specializing in mask blanks.**
The firm sells products to leading domestic and foreign manufacturers and maintains **a quality customer base.**

CLEAN SURFACE TECHNOLOGY Co., Ltd. (CST)

Mask blanks



Light-shading thin film

Glass substrate

Conducting thin-film deposition processing on glass substrates

Mask blanks

(Used as materials for photomasks)

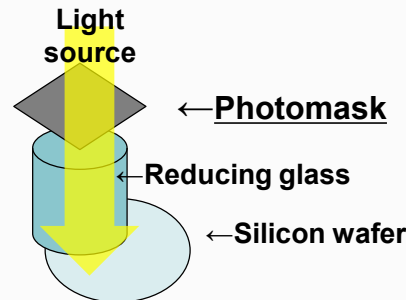
Customer

Printing circuit patterns on "**mask blanks**"



Photomask*

*A photomask is the base for reflecting circuit patterns on a silicon wafer, etc. coated with a photosensitizer.



Component/parts manufacturer

LCD
(Liquid crystals)

OLED
(Organic ELs)

Semiconductors

Electronic Parts Business

Electronics manufacturer

Television

PC

Smartphone

Various other pieces of electronic equipment

Since photomasks made from mask blanks are **consumed a lot in the product development process** of LCD, OLED, and semiconductor manufacturers, the impact of the sales trends of final products is relatively limited. In association with the development of such markets where further technological innovation is expected, including the expansion of 5G-related businesses, growth of CST's business (the mask blanks market) is anticipated.

Office Equipment Business

Meiko Shokai Co., Ltd. (<https://www.meikoshokai.co.jp/>)



- ◆ Acquired shares in April 2019.
- ◆ Started to manufacture and sell shredders for the first time in Japan in 1960. Has established its status as **a leading company in Japan** through steady business results since its foundation and its original technologies and know-how. **Holds an overwhelming market share (approximately 75% based on the Company's research) in Japan's office-use shredder market.**
- ◆ Plans to make T SECURE INTERNATIONAL CO., LTD., a partner plant in Thailand, a subsidiary by March 2022; in association with this, the total annual production volume will be equivalent to about 80% of annual sales.
- ◆ Meiko Shokai has **expanded its businesses beyond paper-related ones**, by providing pouches, automated reception systems, office security products, and proposals for recycling and environmental solutions, in addition to shredders, its main product.



● ... Sales/service bases



Direct sales and sales network throughout Japan



Pouch



Automated reception system

Maintaining its steady revenue structure **through its extensive customer bases**, reliable product lineup **that can deal with diversified needs and high resale rate**

MM Life Support Co., Ltd. (<http://pinegarden.jp/index.php>)

- ◆ Established a management company in January 2014.
- ◆ With a prime location near the center of the city (in Sawara-ku, Fukuoka City), MM Life Support manages two “housing facilities for the elderly, offering a safe and secure living environment as well as nursing care services” (81 rooms) coordinated with medical care. (Pine Garden Fujisaki: 26 rooms, Pine Garden Muromi: 55 rooms)
- ◆ Based on the concept “**Wishing to have my parents reside here, I also wish to reside here in the future,**” the firm is engaged in nursing care business (in-home care service, home-visit nursing care, outpatient day nursing care) that offers peace of mind to its users while meeting the needs of Japan’s super-aged society.

Pine Garden Fujisaki



Pine Garden Muromi



- Taking initiatives to improve the nursing care level of users and focusing on **creating facilities to have users live positive and healthy everyday lives.**
- MM Life Support will actively take the initiative in **creating an affluent and vigorous society** by further improving its services.

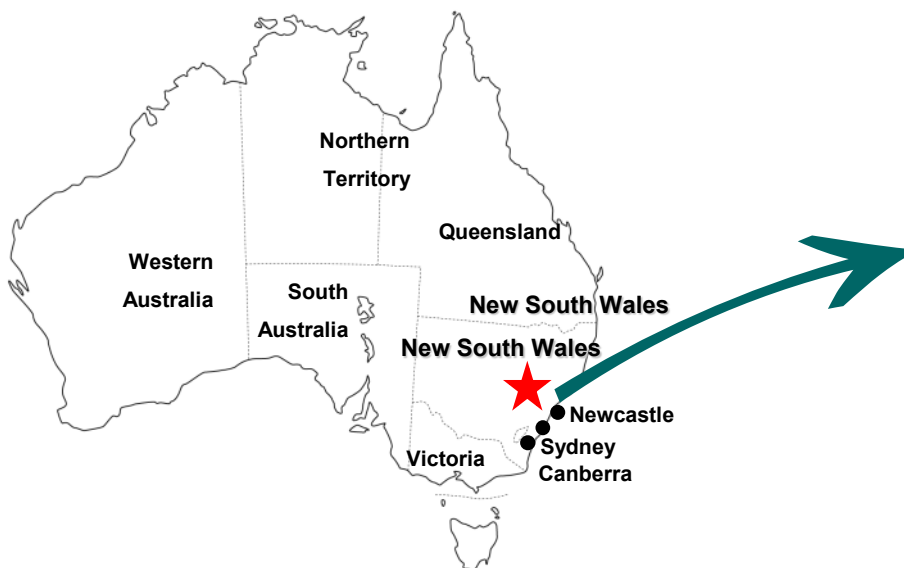
Energy Business Division

Coal Production Business — Liddell Coal Mine in Australia (1)

In Operation Liddell Coal Mine in Australia

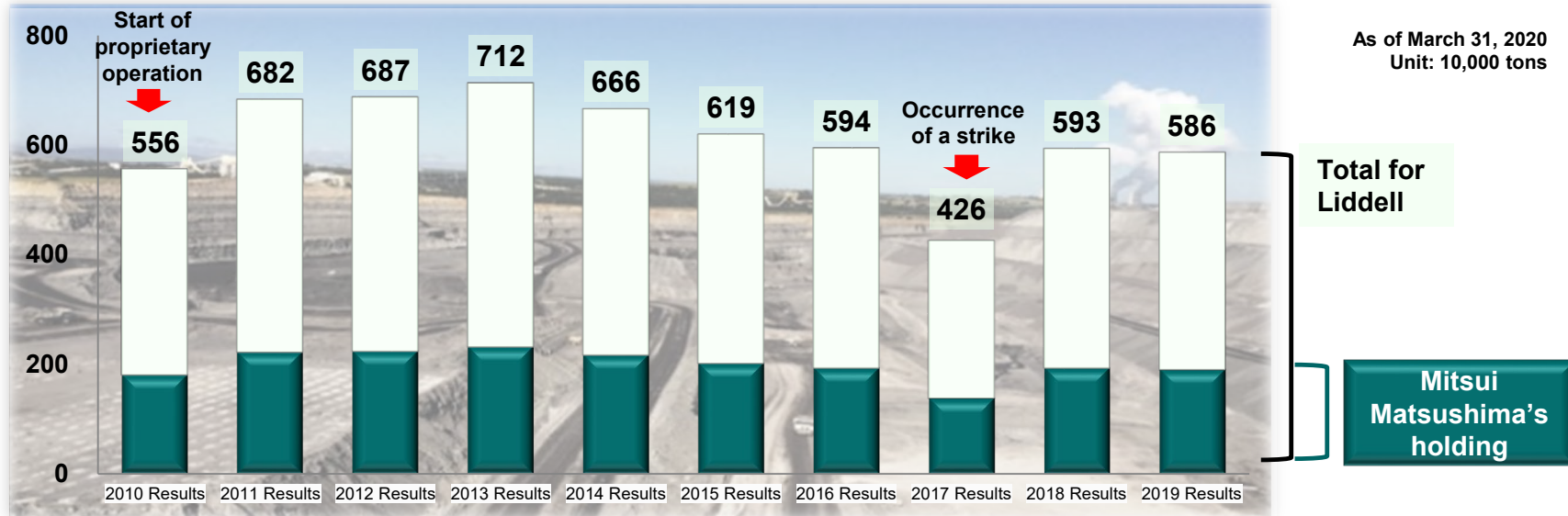
- ◆ Operational structure: Joint venture between local unit Mitsui Matsushima Australia Pty. Ltd. (32.5%) and Glencore (67.5%)
- ◆ Reserves: 840 million tons (Proven reserves: 210 million tons; probable reserves: 230 million tons; possible reserves: 400 million tons)
Recoverable reserves: 17 million tons (volume in mining areas approved by the state government as of present)
- ◆ Raw coal production volume: 6.31 million tons (2020 forecast)
- ◆ Charcoal production volume (sales volume): 4.19 million tons (2020 forecast)

Australia



Coal Production Business — Liddell Coal Mine in Australia (2)

Liddell Coal Mine production (raw coal) results



- ◆ High-quality thermal coal and coking coal (semi-soft coking coal) are produced (approximately 90% thermal coal) and shipped mainly to Japan.
- ◆ Mining areas approved by the state government as of present are **expected to finish mining in two or three years (2022 to 2023)**, probably securing steady production volume until completion of mining. No major cost fluctuation is expected until completion.
- ◆ We have reached a broad agreement with the business partners on a plan to expand the mining area toward the extension of the mining period, and will proceed with specific procedures for the expansion.
- ◆ **Expected to possibly start mining around 2023** at the earliest after obtaining the necessary approval from the state government by the end of 2022.
Annual production (charcoal) of approximately 4 million tons (roughly 1.3 million tons as the Company's share); approximately 20 years.

In Operation

In Development

GDM Coal Mine in Indonesia

- ◆ Open-pit mining (thermal coal)
 - Resumed commercial production from FY2017. **Annual production until 2022: Approximately 400,000 tons (charcoal)** (Expected to finish mining around 2022)
- ◆ Underground mining (thermal coal)
 - MMI Indonesia Investments Pty Ltd. (“MMIII”), the Company’s consolidated subsidiary, holds 20.1% of shares of PT Gerbang Daya Mandiri (“GDM”).
 - In Indonesia, the development of underground mining (thermal coal) through its first large-scale automation mining system is being conducted. With respect to the fund of around 30 million US dollars needed by GDM, MMIII will provide a loan amounting to approximately 6 million US dollars to GDM.
 - Planning to complete trial mining at the beginning of 2021 and **make a final decision on the possibility of commercial production** after that. If this shifts to commercial production, there is a possibility that additional funds will be contributed.
 - If commercial production is possible, expecting to **secure future annual production of approximately 1 million tons of charcoal (Mitsui Matsushima to hold a stake in roughly 200,000 tons) and mining for about 14 years.**

Coal Production Business — GDM Coal Mine (2)

- ◆ The future schedule for underground mining is as follows:

[Schedule for the development of GDM Coal Mine (underground mining)]

	2020	2021
Preparation for trial mining	→	
Implementation of trial mining (judgement on whether or not commercial production is feasible)		→
Shift to commercial production		-----→



Coal Sales Business

Mitsui Matsushima Co., Ltd.

- ◆ On October 1, 2018, the Coal Sales Business was newly established by divestiture following the shift to a holding company structure.
- ◆ Selling coal to electric power companies, steel companies, etc. in Japan.
- ◆ Net sales tend to be substantially affected by a fluctuation of coal prices as commissions according to transaction volume are the main source of revenues, but the impact from this factor on profits is limited.

Renewable Energy Business

MM Energy Co., Ltd.



Full view of Tsuyazaki Power Station

- ◆ Operates the **“Mega Solar Tsuyazaki Power Station,” a 6-MW-capacity solar power generation station** on land belonging to the Company in Fukutsu City, Fukuoka Prefecture. This power generation capacity is equivalent to the annual power consumption of roughly 2,000 general households.
- ◆ During FY2019, power limiting was conducted 69 times at the Tsuyazaki Power Station based on the output control instruction from Kyushu Electric Power Co., Inc.

Reference Materials

CSR Activities



◆ Basic CSR Policy

Based on the corporate philosophy of "Serving People and Society," the Mitsui Matsushima Group will fulfill its social responsibility to its stakeholders and strive to resolve social issues through its business activities so that a sustainable society can be realized.

Please refer to our website for specific activities of the Group.

(<https://www.mitsui-matsushima.co.jp/csr/index.html>)

[Our initiative (1): Development of straws made of environmentally friendly materials (Nippon Straw)]

.....For details, see pages 20 and 21.

[Our initiative (2): Operation of Mitsui Minato Club]

**What is Mitsui Minato Club?*

- ◆ Since its opening in 1908, it has served as a social gathering place and a guest house for Mitsui Zaibatsu. It is a **designated tangible cultural property of Omuta City, Fukuoka Prefecture**, inherited in June 2017 from interested persons in Omuta City.
- ◆ It is a socially significant business to protect and preserve the historical heritage that has been loved by the local community into the future; this is an expression of our gratitude to Omuta City, which is the cornerstone of the growth of the entire Mitsui Group, and the local residents.

Mitsui Minato Club

三井港倶楽部



[Our initiative (3): Development of cloth mask (Hanabishi Sewing)]



Made of suit fabric.



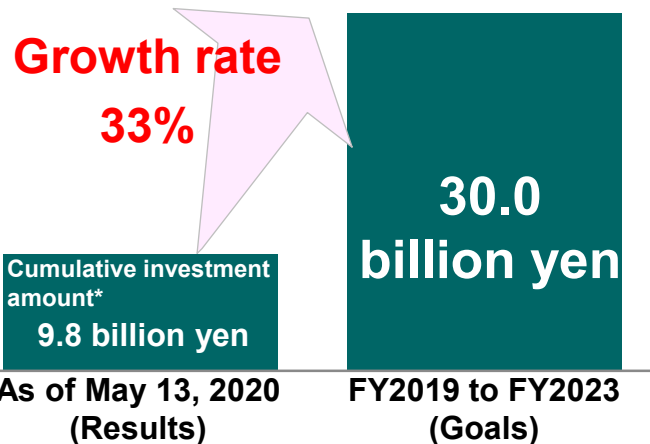
Made of shirt fabric.
(a version with a gauze pocket)

- ◆ Developed cloth masks that can be washed repeatedly.
- ◆ Took sustainability into consideration (by making effective use of scraps of cloth).
- ◆ Complete domestic sewing
- ◆ Delivered to local governments

Aiming to attain the **mid-term** management plan

- ◆ Aiming to attain the quantitative target of the mid-term management plan through **profit growth of the Non-Coal Production Business** by steadily implementing new M&A investments.

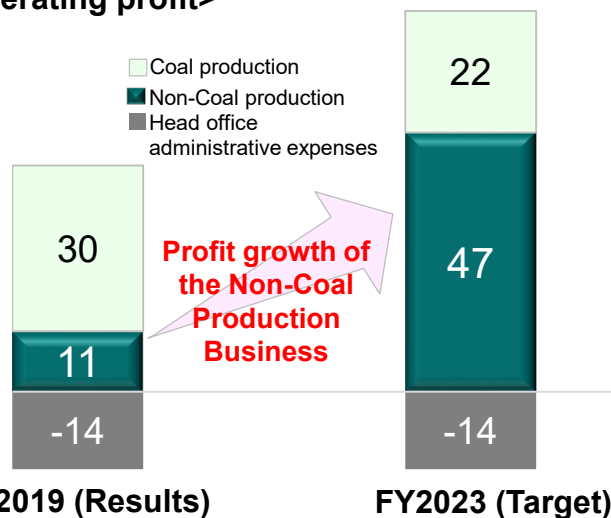
<M&A investment amount>



Quantitative target of the mid-term management plan

	FY2017 (Results)	FY2018 (Results)	FY2019 (Results)	FY2023 (Goals)
Consolidated operating profit	1.5 billion yen	5.2 billion yen	2.7 billion yen	5.5 billion yen
Coal Production Business	1.1 billion yen	5.0 billion yen	3.0 billion yen	2.2 billion yen
Non-Coal Production Business	1.6 billion yen	1.6 billion yen	1.1 billion yen	4.7 billion yen
Head office administrative expenses	(1.2 billion yen)	(1.4 billion yen)	(1.4 billion yen)	(1.4 billion yen)
ROE	4.5%	6.7%	7.0%	8% and over
Pay-out ratio	34.4%	29.1%	28.4%	30% and over (Principle)

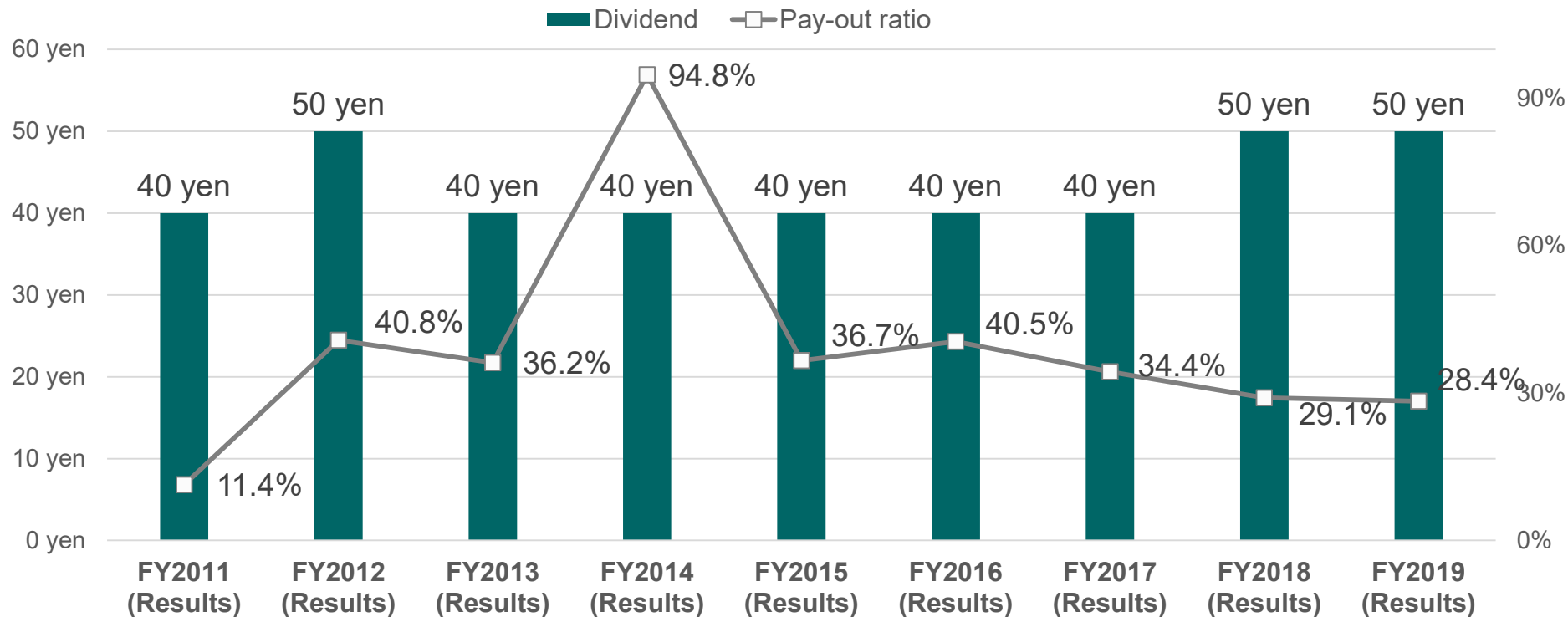
<Operating profit>



*Stocks + Net interest-bearing debt

Dividend Policy and Transition in Dividends

- ◆ The dividend for the year ended March 31, 2020 is 50 yen.
- ◆ Mitsui Matsushima Holdings Co., Ltd. positions the return of profits to shareholders as one of its priority management policies. In principle, the Company strives to return profits commensurate with its financial results on an ongoing basis, while securing the internal reserves necessary to ensure stable future growth and to respond to changes in the business environment.
- ◆ Although the Company has set the pay-out ratio target (30% or more) in the mid-term management plan as a yardstick, it will determine the final target figure from a comprehensive point of view.

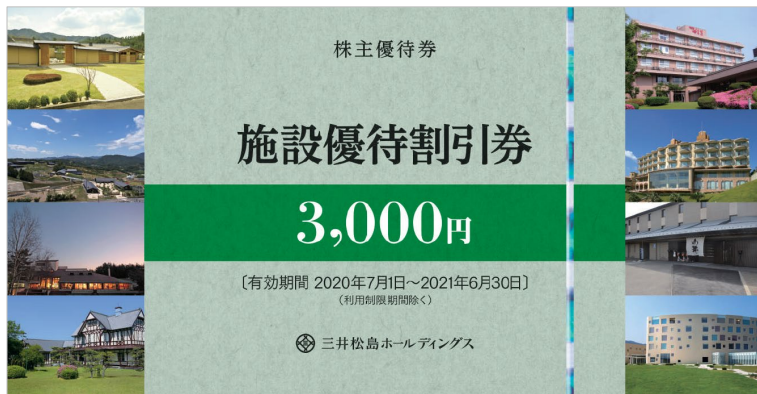


* Since a 10-to-1 share consolidation effective October 1, 2016 was conducted, dividend per share was calculated based on the assumption that the share consolidation was conducted.

Shareholder Incentive Plan

The Company will provide the following Shareholder Incentive Plan for shareholders listed in the shareholders' register as of March 31, 2020.

1. Preferential facility discount ticket (3,000 yen)



◆ Eligible shareholders

Number of shares held:

100 shares or more, less than 1,000 shares	2 tickets
1,000 shares or more, less than 3,000 shares	4 tickets
3,000 shares or more	6 tickets

◆ Applicable facilities (total of 17 facilities across the country)

- (1) Hotels operated by M&M Service (total of 16 facilities)
- (2) Mitsui Minato Club <Omuta City, Fukuoka Prefecture> (meals only)

2. Hanabishi Sewing: custom-made order gift tickets (10,000 yen)



◆ Eligible shareholders

Number of shares held:

100 shares or more, less than 1,000 shares	1 ticket
1,000 shares or more	2 tickets

◆ Applicable items

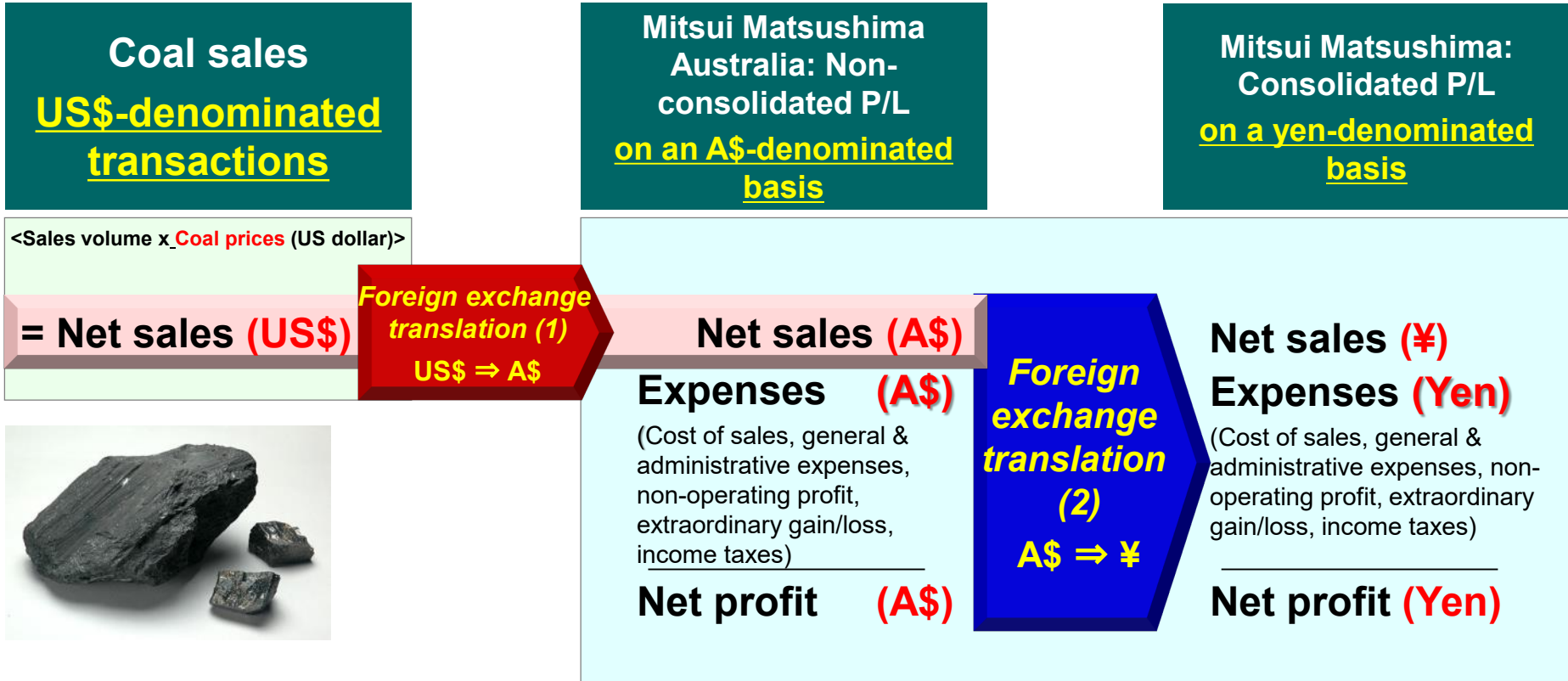
Suits, jackets, coats

*One ticket per item

We will extend the validity of these incentive tickets for stockholders for the year ended March 31, 2019 to the end of December 2020.

*For details, see "Notice concerning the extension of the validity period of the shareholder incentive tickets" disclosed on May 13, 2020.

“Impact of FX” in Coal Production Business



Coal sales in Mitsui Matsushima Australia (MMA)'s coal production business: US\$-denominated

Australian affiliate MMA: Convert US\$-denominated coal sales to A\$-denominated figure (**Foreign exchange translation (1)**).

P/L accounts other than net sales (coal production/sales costs, etc.): **Incurred in A\$** **Foreign exchange translation (1)** and no impact of .

Consolidated P/L of Mitsui Matsushima Group: Convert MMA's P/L accounts to Japanese yen (**Foreign exchange translation (2)**).

Trends in the Coal Market

◆ “globalCOAL” Index, Australia Newcastle Port Load, Trend in Standard-Quality Thermal Coal Index
(US\$/Mt) *global COAL: coal-related electronic commodity exchange



		2018				2019				2020	
		Jan.–Mar.	Apr.–Jun.	Jul.–Sep.	Oct.–Dec.	Jan.–Mar.	Apr.–Jun.	Jul.–Sep.	Oct.–Dec.	Jan.–Mar.	Apr.–Jun.
Coking coal*	Heavy coking coal	237	197	188-189	212-213	210-211	207-208	177-178	141-142	147-148	Not determined
	Semi-soft coking coal	150	132	129	135	132	129	115	107	100-104	Not determined
Thermal coal	Apr. contract	84.97	110.00				94.75			68.75	
	Oct. contract	94.75			109.77				72.75		
Foreign Exchange	US\$/A\$	US\$0.74				US\$0.69				Not determined	
	Yen/A\$	82.6 yen				75.8 yen				Not determined	

*Effective April 2017, the method of calculating the price of coking coal was changed to a spot-linked method.

These materials contain forward-looking statements that are in no way guarantees of future performance. Future performance is affected by risks and uncertainties. Future performance may vary due to changing assumptions and conditions in the business environment. These materials should not be relied on as the sole source of information, and should be used with discretion. Mitsui Matsushima Holdings Co., Ltd., is in no way responsible for any damage caused as a result of relying on or using these materials.

<IR Contact> General Affairs Dept./Business Planning Dept. TEL: +81-92-771-2171