

**Presentation of Financial
Results for the First Quarter
Ended June 2020**



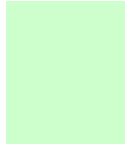
三井松島ホールディングス
MITSUI MATSUSHIMA HOLDINGS

August 2020



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1Q FY2020 Financial Results

Consolidated Income Statement

(Million yen)	FY2019 1Q	FY2020 1Q	Yr/Yr Change	Main factor behind changes
Net sales	16,722	15,322	(1,399)	<ul style="list-style-type: none"> Declines in coal prices in the Energy Business (Coal Production Business) Exclusion of M&M Service from consolidation due to the sale of the shares of the company at the end of the previous fiscal year
Operating profit [Operating profit before amortization of goodwill]*	1,009 [1,171]	504 [673]	(505) [(498)]	Declines in coal prices in the Energy Business (Coal Production Business)
Ordinary profit	1,075	1,622	+547	Foreign exchange gain: 650 million yen
Quarterly net profit attributable to owners of parent	697	1,416	+718	Gain on negative goodwill: 333 million yen (extraordinary income) Infectious disease-related losses: 320 million yen (extraordinary loss) Tax expense: 208 million yen

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 Beverage and Food Packages Business, the Fashion Business, the Electronic Parts Business, the Nursing Care Business, and the Pet Business.

* Net sales dropped because although KMT Corporation (Pet Business) and Sansei Denshi Co., Ltd. (Electronic Parts Business) joined the scope of consolidation in 1Q of FY2020, M&M Service was excluded from consolidation in 4Q of FY2019.

Net sales and profits declined mainly due to a decrease in Fashion Business sales resulting from the spreading COVID-19 outbreak.

[Net Sales]

Business (Million yen)	FY2019 1Q	FY2020 1Q	Yr/Yr Change
Energy	10,857	9,934	(923)
Consumer Goods and Services	5,555	5,068	(487)
<i>of which, Fashion Business</i>	1,222	355	(866)
Others	294	307	+13
Adjustments	14	11	(2)
Total	16,722	15,322	(1,399)

[Segment profit]

Business (Million yen)	FY2019 1Q	FY2020 1Q	Yr/Yr Change
Energy	1,120	629	(490)
Consumer Goods and Services	248	181	(66)
<i>of which, Fashion Business</i> [Before goodwill amortization]	111 [410]	(47) [350]	(158) [(59)]
Others	17	35	+17
Adjustments	(376)	(342)	+34
Total	1,009	504	(505)
<i>Before goodwill amortization</i>	1,171	673	(498)

* Segment profit for the Energy Business includes equity-method investment returns (1Q/FY2019: 60 million yen; 1Q/FY2020: 28 million yen).

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

* Regarding adjustments, sales include rental income for corporate assets, and segment profits include deduction of the above-mentioned equity-method investment returns and corporate revenues/corporate expenses not allocated in each reporting segment.

Breakdown of the Energy Business Division

- ◆ Coal Sales Business Net Sales: Declined due to a fall in the coal price.
Profit: Rose due to an increase in coal sales volume.
- ◆ Coal Production Business Net Sales, Profit: Both sales and profit declined mainly due to a fall in the coal price.

[Net Sales]

Business Name (Million yen)	FY2019 1Q	FY2020 1Q	Yr/Yr Change
Coal Sales Business	8,592	8,327	(265)
Sales volume:	0.78 million tons	1.01 million tons	+0.22 million tons
Coal Production Business	4,107	3,310	(797)
Sales volume:	0.31 million tons	0.34 million tons	+0.02 million tons
Renewable Energy Business	100	92	(8)
Adjustments	(1,941)	(1,794)	+147
Total	10,857	9,934	(923)

[Profit]

Business Name (Million yen)	FY2019 1Q	FY2020 1Q	Yr/Yr Change
Coal Sales Business	21	31	+9
Coal Production Business	1,041	547	(493)
[of which, equity-method investment return]	[60]	[28]	[(32)]
Renewable Energy Business	57	50	(6)
Adjustments	—	—	—
Total	1,120	629	(490)

*Adjustments include transactions between businesses.

Major index	FY2019 1Q Results	FY2020 1Q Results	Change	
Coal Production Business (January–March financial results)	Sales volume: Thermal coal	0.26 million tons	0.29 million tons	+0.02 million tons
	Sales volume: Semi-soft coking coal	0.06 million tons	0.05 million tons	(0.00 million tons)
	Average coal price: Thermal coal	US\$ 109.24	US\$ 80.82	(US\$ 28.43)
	Average coal price: Semi-soft coking coal	US\$ 138.71	US\$ 103.54	(US\$ 35.17)
	Exchange rate AUD/USD (average rate)	US\$ 0.71	US\$ 0.63	AUD depreciation (US\$ 0.08)
	Exchange rate AUD/JPY (average rate)	JPY 78.4	JPY 71.7	Yen appreciation (6.7 yen)

Consolidated Balance Sheet

(Million yen)	Mar. 31, 2020		June 30, 2020		Change	Main factor behind changes
	Amount	Ratio (%)	Amount	Ratio (%)		
Current assets	32,881	52.1	34,388	50.9	+1,507	Cash and deposits: +2,414; Accounts receivable: (1,420); Inventory assets: +608
Fixed assets	30,274	47.9	33,217	49.1	+2,942	Intangible fixed assets: +1,102; Investment securities: +1,286
Total assets	63,155	100.0	67,605	100.0	+4,450	
Current liabilities	14,071	22.3	18,523	27.4	+4,451	Short-term debt: +3,780; Payables: +529
Fixed liabilities	16,082	25.5	16,918	25.0	+835	Long-term debt: +841
Total liabilities	30,154	47.7	35,441	52.4	+5,287	
Total net assets	33,001	52.3	32,164	47.6	(837)	Quarterly net profit attributable to owners of parent: +1,416; Dividends paid: (653); Foreign currency translation adjustments: (1,575)
Total liabilities and net assets	63,155	100.0	67,605	100.0	+4,450	

(Million yen)	Mar. 31, 2020	June 30, 2020	Change
<i>Cash and deposits</i> <i>(including long-term deposits)</i>	17,953	20,368	2,414
<i>Debt (including bonds)</i>	(17,077)	(21,700)	(4,622)
<i>Net cash and deposits</i>	875	(1,331)	(2,207)
<u><<Management indicators>></u>			
<i>Shareholders' equity ratio (%)</i>	52.3	47.5	
<i>D/E ratio (times)</i>	0.54	0.66	

Consolidated Balance Sheet

(June 30, 2020)

Current assets JPY 34.4 billion

- Cash and deposits
JPY 20.4 billion
- Accounts receivable
JPY 7.2 billion
- Inventory assets
JPY 4.8 billion

Fixed assets JPY 33.2 billion

- Tangible fixed assets
JPY 15.8 billion
[Buildings, machinery, etc.]
[JPY 6.5 billion]
- [Land] [JPY 7.7 billion]
- [Leases] [JPY 1.2 billion]
- Intangible fixed assets
JPY 11.5 billion
[Goodwill] [JPY 10.8 billion]
- Securities JPY 3.1 billion

Current liabilities JPY 18.5 billion

- Accounts payable
JPY 4.2 billion
- Debt JPY 9.4 billion

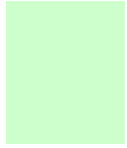
Fixed liabilities JPY 16.9 billion

- Debt JPY 12.3 billion
- Leases JPY 1.2 billion

Net assets JPY 32.2 billion

**Shareholders' equity
ratio
47.5%**

Total assets: JPY 67.6 billion **Total liabilities and net assets: JPY 67.6 billion**



FY2020 Consolidated Earnings Forecast

FY2020 Consolidated Earnings Forecast

- ◆ We didn't previously issue the forecast of consolidated financial results for the year ending March 31, 2021 because it was difficult to reasonably calculate due to the impact of the spreading COVID-19 outbreak. However, we have decided to **issue the following forecast assuming conditions that are reasonably expected based on the information available as of the date of this document.** Since it is expected that the uncertainty surrounding the business environment will continue, if there is a change in the forecast, we will announce it promptly.
- ◆ Dividends will be decided by the board of directors by taking various factors into consideration, while we pay attention to our business performance.

- ◆ Net sales Net sales are expected to drop mainly because of a fall in the price of coal in the Coal Sales Business/Coal Production Business, the exclusion of M&M Service from consolidation in 4Q of FY2019, and a decrease in Fashion Business sales resulting from the spreading COVID-19 outbreak, although KMT Corporation and Sansei Denshi Co., Ltd. joined the scope of consolidation in 1Q of FY2020.
- Operating profit Operating profit is expected to drop mainly because of a fall in the price of coal in the Coal Production Business and a decrease in Fashion Business sales resulting from the spreading COVID-19 outbreak, although KMT Corporation and Sansei Denshi Co., Ltd. joined the scope of consolidation in 1Q of FY2020.

(Million yen)	(1) FY2019 Results	(2) FY2020 Earnings Forecast	Changes ((2) - (1))
Net sales	66,596	54,500	(12,096)
Operating profit [Operating profit before amortization of goodwill]	2,741 [3,459]	200 [877]	(2,541) [(2,582)]
Ordinary profit	2,995	1,300	(1,695)
Net profit	2,292	700	(1,592)
Dividend per share (yen)	50	Not yet decided	—

*The forecast above is based on information available as of the date of this publication. Actual results may vary due to various future factors. If a revision of the forecast of financial results becomes necessary, the Company will disclose the revised figures promptly.

Earnings Forecast, Impacts of COVID-19 and Other Matters

◆ Impacts on each business to be expected if the COVID-19 infection further expands and the resulting economic downturn/deterioration continues are shown below.

Business Area	The prospect for this term as of the date of this document and the impact on our business (events already included in the forecast for this term as of August 7)	Impact on business performance in the current term if the COVID-19 infection spreads again and the economy further worsens
Coal Production/ Sales	<ul style="list-style-type: none"> For approx. 70% of the sales volume to be transacted in the current term, the price of coal is fixed. A fall in the price of coal resulting from the spreading COVID-19 infection, an economic conflict between Australia and China, or other factors (the expected GCI in the second half: US\$ 50) Continuous and challenging conditions in the average foreign exchange rate to be expected in this term (expected A\$/US\$ in the second half: 0.72) 	<ul style="list-style-type: none"> Deterioration in business results due to a further fall in the price of coal Foreign exchange loss due to further unfavorable exchange rates A possibility that production adjustments are required to correct an imbalance between supply and demand
Fashion	<ul style="list-style-type: none"> Continuous reduction in demand for suits due to the promotion of teleworking Slow return of customers due to self-quarantine, etc., especially in the area where there are a lot of infected people Reduction in operational efficiency due to ensuring social distance (appointment bases, etc.) (in the second half, we expect a market size approx. 60% of the previous year's.) 	<ul style="list-style-type: none"> Business deterioration brought about by the re-request for voluntary suspension of business and self-restraint due to the re-spread of COVID-19 infection
Office Equipment	<ul style="list-style-type: none"> Restricted sales activities and delivery delays are expected to continue for a certain period, but these will be gradually fixed. 	<ul style="list-style-type: none"> Lower motivation for capital investment in office equipment as a result of the promotion of teleworking
Others	<ul style="list-style-type: none"> Although some markets will shrink due to the slowdown of economic activities, there will be no significant impact on a profit basis. 	<ul style="list-style-type: none"> If business or social restrictions are imposed and the economic downturn continues, further shrinking of markets is anticipated.

FY2020 Consolidated Segment Earnings Forecast

- ◆ Energy Business Division Both in the Coal Sales Business and the Coal Production Business, sales and profit are expected to decline mainly due to a fall in the coal price.
- ◆ Consumer Goods and Services Business Division Sales and profit are expected to drop mainly because of the exclusion of M&M Service from consolidation in 4Q of FY2019 and a decrease in Fashion Business sales resulting from the spreading COVID-19 outbreak, although KMT Corporation and Sansei Denshi Co., Ltd. joined the scope of consolidation in 1Q of FY2020.

[Net Sales]

Business (Million yen)	FY2019 Results	FY2020 Forecast	Yr/Yr Change
Energy	41,010	30,700	(10,310)
Consumer Goods and Services	24,215	22,400	(1,815)
<i>of which, Fashion Business</i>	4,372	2,300	(2,072)
Others/Adjustments	1,370	1,400	+30
Total	66,596	54,500	(12,096)

[Segment profit]

Business (Million yen)	FY2019 Results	FY2020 Forecast	Yr/Yr Change
Energy	3,291	600	(2,691)
Consumer Goods and Services	802	900	+98
<i>of which, Fashion Business</i>	50	(800)	(850)
[Before goodwill amortization]	[1,520]	[1,577]	[+57]
Others/Adjustments	(1,352)	(1,300)	+52
Total	2,741	200	(2,541)
[Before goodwill amortization]	[3,459]	[877]	[(2,582)]

* Segment profit for the Energy Business includes equity-method investment returns (FY2019: 80 million yen, FY2020: (23 million yen)).

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

* Regarding adjustments, sales include rental income for corporate assets, and segment profits include deduction of the above-mentioned equity-method investment returns and corporate revenues/corporate expenses not allocated in each reporting segment.

Breakdown of Earnings Forecast in the Energy Business Division

- ◆ Coal Sales Business Net Sales and profit: Both expected to decline due to a fall in the price of coal.
- ◆ Coal Production Business Net Sales and profit: Both expected to decline due to a fall in the price of coal.
- ◆ Renewable Energy Business We expect the same level of sales and profit as FY2019.

[Net Sales]

Business Name (Million yen)	FY2019 Results	FY2020 Forecast	Yr/Yr Change
Coal Sales Business	34,964	26,800	(8,164)
Sales volume:	3.65 million tons	3.77 million tons	+0.12 million tons
Coal Production Business	13,073	10,200	(2,873)
Sales volume:	1.23 million tons	1.36 million tons	+0.13 million tons
Renewable Energy Business	308	300	(8)
Adjustments	(7,336)	(6,600)	+736
Total	41,010	30,700	(10,310)

[Profit]

Business Name (Million yen)	FY2019 Results	FY2020 Forecast	Yr/Yr Change
Coal Sales Business	127	90	(37)
Coal Production Business	3,031 [80]	380 [(23)]	(2,651) [(103)]
	[of which, equity-method investment return]		
Renewable Energy Business	132	130	(2)
Adjustments	—	—	—
Total	3,291	600	(2,691)

*Adjustments include transactions between businesses.

Major Indices in the Coal Production Business and the Effect of Exchange Rate Fluctuations on Net Profit

	Major index	FY2019 Results	FY2020 Forecast	Change
Coal Production (January– December financial results)	Sales volume (Thermal coal)	1.05 million tons	1.19 million tons	+0.14 million tons
	Sales volume (Semi-soft coking coal)	0.18 million tons	0.17 million tons	(0.01 million tons)
	Average coal price: Thermal coal	US\$ 90.9	US\$ 67.3	(US\$ 23.6)
	Average coal price: Semi-soft coking coal	US\$ 122.8	US\$ 82.5	(US\$ 40.3)
	Exchange rate AUD/USD (average rate)	US\$ 0.69	US\$ 0.69	—
	Exchange rate AUD/JPY (financial results: average rate)	JPY 75.8	JPY 73.2	Yen appreciation: 2.6 yen

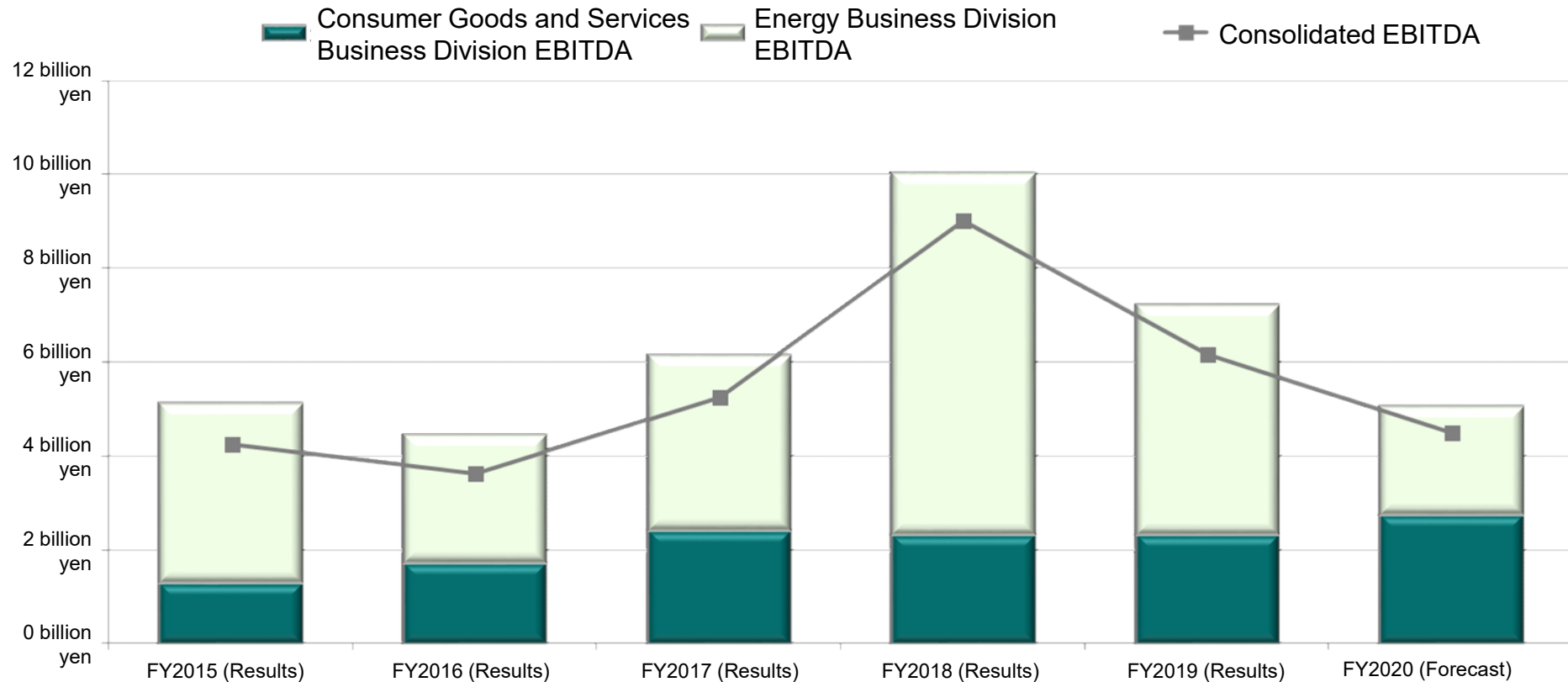
Regarding approx. 70% of the sales volume, the price of coal is fixed as of the date of this document (August 7).

The coal price concerning the remaining 30% is subject to the thermal coal price based on GCI* or the price in October, and the quarterly price of coking coal.

* “globalCOAL” Index — Change in Standard-Quality Thermal Coal Index, Newcastle Port load, Australia (globalCOAL: coal-related electronic commodity exchange)

Change in EBITDA

Change in EBITDA in Energy Business Division/Consumer Goods and Services Business Division/Consolidated



- ◆ The Consumer Goods and Services Business Division **EBITDA has been steadily increasing** as a result of the active cultivation/enhancement of new businesses.
- ◆ The Energy Business Division EBITDA is expected to significantly decrease due to a fall in the coal price. **The Consumer Goods and Services Business Division EBITDA is expected to be higher than the Energy Business Division EBITDA.**

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

Change in Sales/EBITDA in the Main Consumer Goods and Services Businesses

Change in Sales/EBITDA in the Main Consumer Goods and Services Businesses

From February 2014

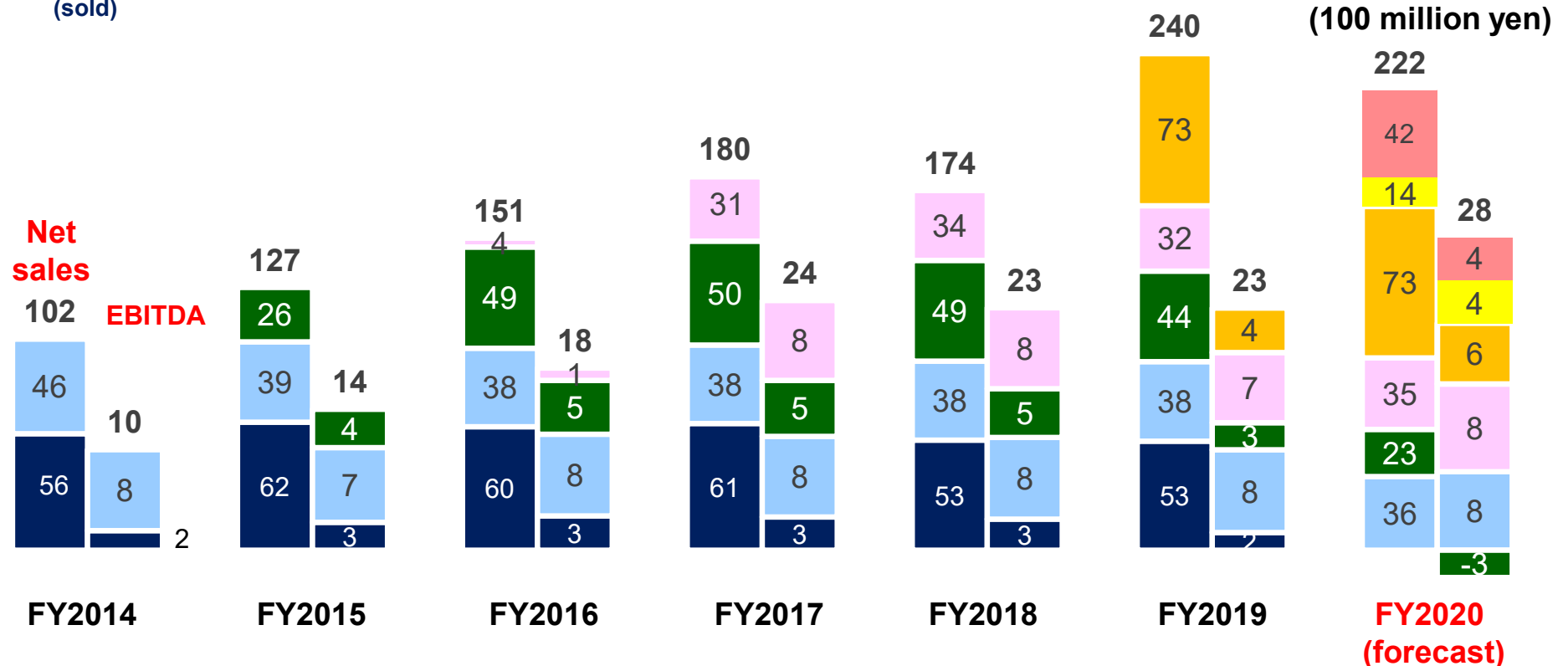
Nippon Straw Co., Ltd.
M&M Service
From July 2012 to March 31, 2020 (sold)

Hanabishi Sewing Co., Ltd.
From October 2015

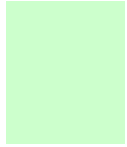
Clean Surface Technology Co., Ltd.
From February 2017

Meikoshokai Co., Ltd.
From April 2019

Sansei Denshi Co., Ltd.
KMT Corporation
From April 2020



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



Reference Materials

Trends in the Coal Market

◆ “globalCOAL” Index: Change in Standard-Quality Thermal Coal Index, Newcastle Port load, Australia
* globalCOAL: coal-related electronic commodity exchange



(US\$/Mt)		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	135-136
	Semi-soft coking coal	150	132	129	135	132	129	115	107	100-104	95-103.7
Thermal coal	Apr. contract	84.97	110.00			94.75			68.75		
	Oct. contract	94.75			109.77			72.75			
Foreign Exchange	A\$/US\$	US\$0.74				US\$0.69				US\$0.63	Not yet decided
	Yen/A\$	JPY 82.6				JPY 75.8				JPY 71.7	Not yet decided

*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 and 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.

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