

**Presentation of
Financial Results for
the Second Quarter Ended
September 2020**



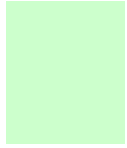
三井松島ホールディングス
MITSUI MATSUSHIMA HOLDINGS

November 2020



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2Q FY2020 Financial Results

Consolidated Income Statement

(Million yen)	FY2019 2Q	FY2020 2Q	Yr/Yr Change	Main factor behind changes
Net sales	32,509	29,248	(3,261)	<ul style="list-style-type: none"> A decline 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]*	1,388 [1,736]	985 [1,324]	(403) [(411)]	A decline in coal prices in the Energy Business (Coal Production Business)
Ordinary profit	1,506	1,881	+374	Foreign exchange gain: 347 million yen Employment Adjustment Subsidy: 300 million yen
Quarterly net profit attributable to owners of parent	970	1,496	+525	Gain on negative goodwill: 333 million yen (extraordinary income) Infectious disease-related losses: 320 million yen (extraordinary loss) Tax expense: 365 million yen

**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 Beverage and Food Packages Business, the Fashion Business, the Electronic Parts Business, the Nursing Care Business, and the Pet Business.
- * Net sales dropped due to the exclusion of M&M Service from consolidation in 4Q of FY2019 and a decrease in sales in the Fashion Business resulting from the spread of COVID-19.
Profits increased because KMT Corporation (Pet Business) and Sansei Denshi Co., Ltd. (Electronic Parts Business) joined the scope of consolidation in 1Q of FY2020.

[Net sales]

Business (Million yen)	FY2019 2Q	FY2020 2Q	Yr/Yr Change
Energy	20,086	17,998	(2,087)
Consumer Goods and Services <i>of which, Fashion Business</i>	11,784 2,128	10,623 971	(1,161) (1,157)
Others	609	628	+19
Adjustments	29	(2)	(31)
Total	32,509	29,248	(3,261)

[Segment profit]

Business (Million yen)	FY2019 2Q	FY2020 2Q	Yr/Yr Change
Energy	1,679	1,173	(505)
Consumer Goods and Services <i>of which, Fashion Business</i> [Before goodwill amortization]	397 (19) [744]	408 (265) [746]	+10 (246) [+1]
Others	37	69	+31
Adjustments	(725)	(665)	+59
Total [Before goodwill amortization]	1,388 [1,736]	985 [1,324]	(403) [(411)]

* Segment profit for the Energy Business includes equity in net income of affiliates; FY2019: 70 million yen, 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.

* Net sales in "Adjustments" include rent income of all-company assets; segment profit includes deduction of the aforementioned 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 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 drop in coal prices.

A1

[Net sales]

Business (Million yen)	FY2019 2Q	FY2020 2Q	Yr/Yr Change
Coal Sales Business	16,067	15,697	(369)
Sales volume	1,570,000 tons	2,100,000 tons	+530,000 tons
Coal Production Business	7,093	5,772	(1,320)
Sales volume	570,000 tons	650,000 tons	+70,000 tons
Renewable Energy Business	191	184	(7)
Adjustments	(3,266)	(3,656)	(389)
Total	20,086	17,998	(2,087)

[Profit]

Business (Million yen)	FY2019 2Q	FY2020 2Q	Yr/Yr Change
Coal Sales Business	43	60	+17
Coal Production Business	1,529	1,010	(519)
(of which, equity in net income of affiliates)	[70]	[28]	[(41)]
Renewable Energy Business	106	103	(3)
Adjustments	—	—	—
Total	1,679	1,173	(505)

*Adjustments include transactions between businesses.

Major index		FY2019 2Q Results	FY2020 2Q Results	Change
Coal Production Business (Jan.–Jun. results)	Sales volume: Thermal coal	470,000 tons	550,000 tons	+80,000 tons
	Sales volume: Semi-soft coking coal	100,000 tons	100,000 tons	(No change)
	Average coal price: Thermal coal	US\$ 104.5	US\$ 79.0	US\$ (25.5)
	Average coal price: Semi-soft coking coal	US\$ 137.6	US\$ 91.7	US\$ (45.9)
	Exchange rate: A\$/US\$ (average rate)	US\$ 0.70	US\$ 0.65	Weaker A\$ against US\$(0.05)
	Exchange rate: A\$/¥ (average rate)	77.7 yen	71.2 yen	Yen appreciation ¥(6.5)

スライド 6

A1 Some inconsistency in using "price/prices".
作成者, 2020/11/26

Consolidated Balance Sheet

	Mar. 31, 2020		Sep. 30, 2020		Change (Million yen)	Main factor behind changes
	Amount (Million yen)	Ratio (%)	Amount (Million yen)	Ratio (%)		
Current assets	32,881	52.1	36,061	52.2	+3,179	Cash and deposits: +3,993; Accounts receivable: (2,169); Inventory assets: +892
Fixed assets	30,274	47.9	33,031	47.8	+2,757	Intangible fixed assets: +922; Investment securities: +1,279
Total assets	63,155	100.0	69,092	100.0	+5,936	
Current liabilities	14,071	22.3	19,678	28.5	+5,606	Short-term debt: +4,411; Payables: +642
Fixed liabilities	16,082	25.5	15,530	22.5	(552)	Long-term debt: (608)
Total liabilities	30,154	47.7	35,208	51.0	+5,054	
Total net assets	33,001	52.3	33,884	49.0	+882	Net profit attributable to shareholders of the parent company: +1,496, Dividends paid: (653)
Total liabilities and net assets	63,155	100.0	69,092	100.0	+5,936	

	Mar. 31, 2020	Sep. 30, 2020	(Million yen)
<i>Cash and deposits (including long-term deposits)</i>	17,953	21,946	+3,993
<i>Debt (including bonds)</i>	(17,077)	(20,880)	(3,802)
<i>Net cash and deposits</i>	875	1,066	+190
<u><<Management indicators>></u>			
<i>Shareholders' equity ratio (%)</i>	52.3	48.9	
<i>Debt/equity ratio (times)</i>	0.54	0.63	

Consolidated Balance Sheet (September 30, 2020)

<p>Current assets 36.1 billion</p> <ul style="list-style-type: none"> •Cash and deposits 21.9 billion •Accounts receivable 6.5 billion •Inventory assets 5.1 billion 	<p>Current liabilities 19.7 billion</p> <ul style="list-style-type: none"> •Accounts payable 4.3 billion •Debt 10.0 billion
<p>Fixed assets 33.0 billion</p> <ul style="list-style-type: none"> •Tangible fixed assets 15.8 billion <ul style="list-style-type: none"> [Buildings, machinery, etc.] [6.5 billion] [Land] [7.7 billion] [Leases] [1.2 billion] •Intangible fixed assets 11.4 billion <ul style="list-style-type: none"> [Goodwill] [10.6 billion] •Securities 3.0 billion 	<p>Fixed liabilities 15.5 billion</p> <ul style="list-style-type: none"> •Debt 10.9 billion •Leases 1.1 billion
<p>Total assets 69.1 billion</p>	<p>Total liabilities and net assets: 69.1 billion</p>
	<p>Net assets 33.9 billion</p> <p style="text-align: center;">Shareholders' equity ratio 48.9%</p>

Consolidated Cash Flows

(Million yen)	FY2019 2Q	FY2020 2Q	Main factors
Net profit before income taxes	1,512	1,869	
Depreciation and amortization (including goodwill amortization expenses)	1,482	1,470	
Working capital	368	2,625	• Decrease in accounts receivable, etc.
Others	(2,405)	(1,352)	• Payments of income tax, etc.
CF from operating activities	958	4,613	
Changes in fixed assets	(668)	(537)	
Investment securities	(81)	(747)	• Payment for acquisition of fixed assets
Acquisition and sale of subsidiaries	(5,263)	(2,099)	• Payment for acquisition of investment securities
accompanying a change in the scope of consolidation	(1,582)	4,780	• Payment for acquisition of shares in subsidiaries
Others			• Decrease in time deposits (more than three months)
CF from investing activities	(7,595)	1,395	
Changes in debt and bonds	6,071	3,413	• Borrowing for acquisition of shares in subsidiaries
Payment of dividends	(640)	(649)	
Others	(210)	(93)	
CF from financing activities	5,219	2,670	
Effect of exchange rate changes on cash and cash equivalents	(191)	323	
Changes in cash and cash equivalents	(1,608)	9,003	
Cash and cash equivalents at beginning of period	11,809	10,188	
Cash and cash equivalents at end of period	10,201	19,192	



FY2020 Consolidated Earnings Forecast

FY2020 Consolidated Earnings Forecast

- ◆ There is no change from the consolidated earnings forecast announced on August 7, 2020.
- ◆ 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.

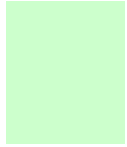
FY2020					
(Million yen)	Full Year Released August 7 (Forecast)	1st Half (Results)	Major breakdown	2nd Half (Forecast)	Major breakdown
Net sales	54,500	29,248		25,252	
Operating profit [Operating profit before amortization of goodwill]	200 [877]	985 [1,324]	<ul style="list-style-type: none"> • Energy Business Division 1,173 • Consumer Goods and Services Business Division 408 <i>of which, Fashion Business (265)</i> • Other (head office SG&A expenses, etc.) (596) 	(785) [(447)]	<ul style="list-style-type: none"> • Energy Business Division (600) • Consumer Goods and Services Business Division 500 <i>of which, Fashion Business (535)</i> • Other (head office SG&A expenses, etc.) (685)
Ordinary profit	1,300	1,881	<ul style="list-style-type: none"> • Aforementioned operating profit 985 • Foreign exchange gain 347 • Employment Adjustment Subsidy 300 	(581)	<ul style="list-style-type: none"> • Aforementioned operating profit (785) • Energy Business Division 204
Net profit	700	1,496	<ul style="list-style-type: none"> • Aforementioned ordinary profit 1,881 • Gain on negative goodwill 333 • Infectious disease-related losses (320) • Tax expense (365) 	(796)	<ul style="list-style-type: none"> • Aforementioned ordinary profit (581) • Fashion Business (200)
Dividend per share (yen)	Not determined	-		-	

* 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.

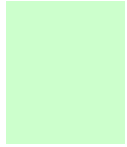
Earnings Forecast, Impacts of COVID-19 and Other Matters

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

Business	The prospect for this term as of the date of this document and the impact on our business (released August 7, events already included in the forecast for this term)	Impact on business performance in the current term if COVID-19 spreads again and the economy further worsens
Coal Production Business, Coal Sales Business	<ul style="list-style-type: none"> The price of coal is fixed for approx. 90% of the sales volume to be transacted in the current term. A fall in the price of coal resulting from the spread of COVID-19, an economic conflict between Australia and China, or other factors (expected GCI in the second half: US\$ 50) Continuous and challenging conditions in the average foreign exchange rate to be expected this term (expected A\$/US\$ in the second half: 0.72) 	<ul style="list-style-type: none"> Since overseas companies have a fiscal year-end in December, the impact of changes in the price of coal and foreign exchange rate on this term is limited. A possibility that production adjustments are required to correct an imbalance between supply and demand in the next and subsequent fiscal years
Fashion Business	<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-restraint, etc., especially in areas where there are a lot of infected people Reduction in operational efficiency due to social distancing (appointment bases, etc.) (in the second half, we expect a market size that is approx. 60% of the previous year's) 	<ul style="list-style-type: none"> Business deterioration brought about by a second request for voluntary suspension of business and self-restraint due to a second wave of COVID-19
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 promoting 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 the movement of people and goods stagnates and the economic downturn intensifies, there is a concern that the market will shrink further.



Businesses of the Mitsui Matsushima Group



Consumer Goods and Services Business Division

Consumer Goods and Services Business Division

Stable
revenues

Niche
markets

Easy to
understand

Main Businesses

Beverage & Food Packaging Business



Nippon Straw

Fashion Business



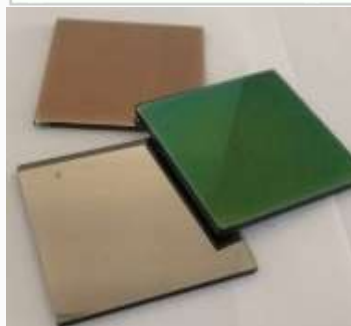
Hanabishi Sewing

Office Equipment Business

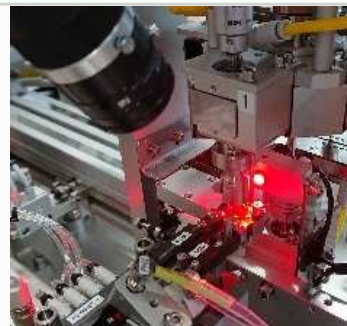


Meiko
shokai

Electronic Parts Business



Clean Surface
Technology



Sansei Denshi

Pet Business



KMT



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.



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



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



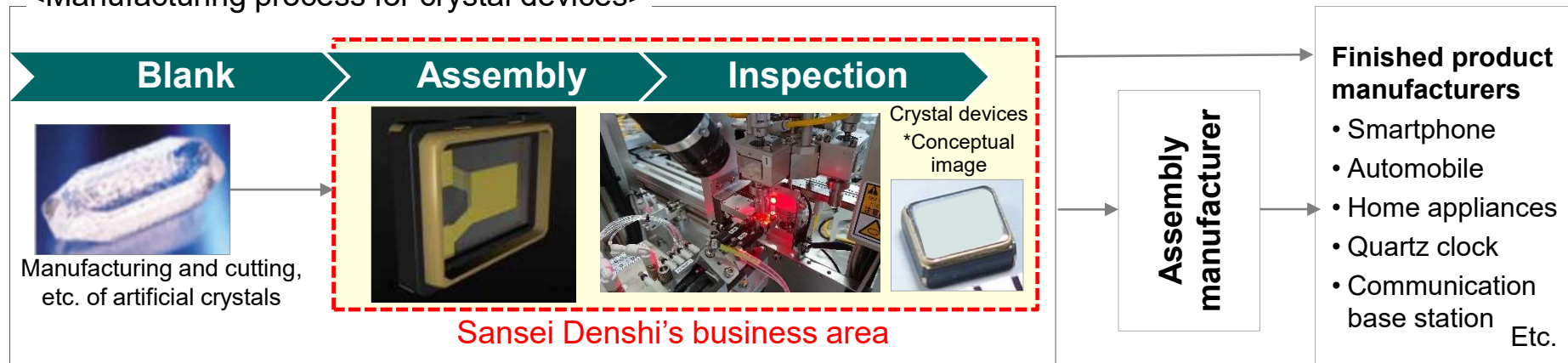
Electronic Parts Business

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 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

Beverage & Food Packages Business

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 its major customers (leading dairy and beverage manufacturers, etc.), the firm has established **a stable transaction base** and shown a **strong operating performance.**
- ◆ 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.**



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”

- ◆ 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.

For details about **marine biodegradable straws** produced by Nippon Straw, [please access here](#)→



Bio straws



Paper straws

It can utilize all environmentally friendly materials.

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

Fashion Business

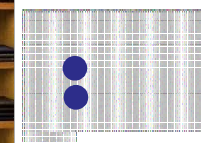
Hanabishi Sewing Co., Ltd. (<http://hanabishi-sewing.jp/corporate.html>)



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.



●Own stores (total of 19 stores)

●Plants (5 in total)



Ginza
Store

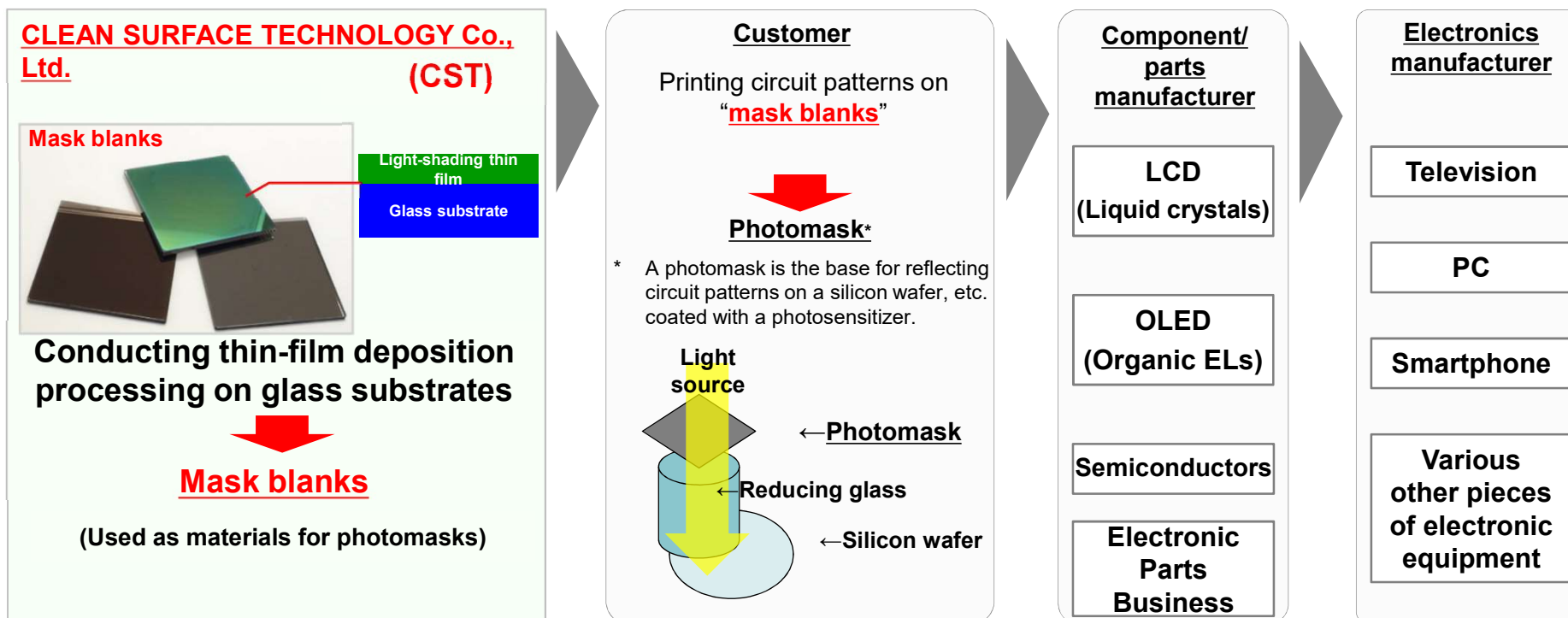
**Customers who have bought a product at least once
can buy products online.**

Electronic Parts Business



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**.



Since a significant number of photomasks made from mask blanks are **consumed 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 base, **extensive product lineup** that can meet diversified needs and **high resale rate**

Nursing Care Business

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.

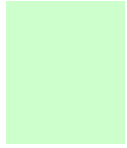
Pine Garden Fujisaki



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

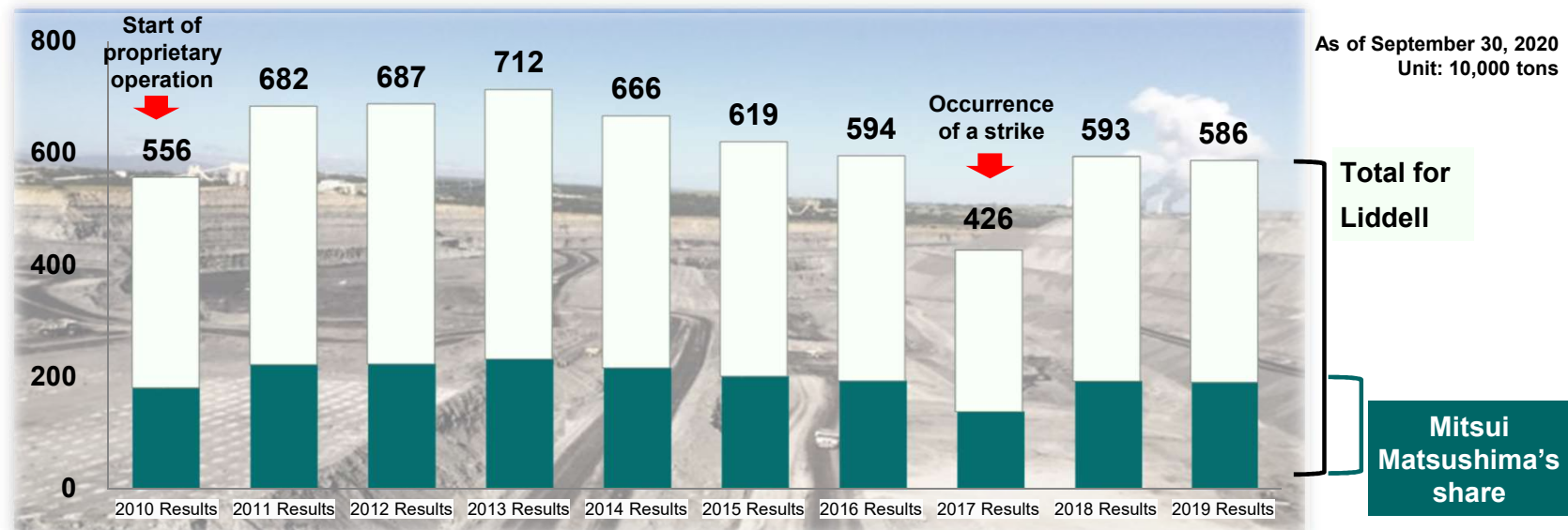
- ◆ Operational structure: Joint venture between local unit Mitsui Matsushima Australia Pty. Ltd. (32.5%) and Glencore (67.5%)
- ◆ Reserves: 840 million tons
(Proven reserves: 210 million tons; probable reserves: 230 million tons; possible reserves: 400 million tons)
Recoverable reserves: 17 million tons (volume in mining areas approved by the state government as of present)
- ◆ Raw coal production volume: 5.76 million tons (2020 forecast)
- ◆ Charcoal production volume (sales volume): 4.06 million tons (2020 forecast)



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 be depleted 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 of approximately 4 million tons (charcoal, roughly 1.3 million tons as the Company's share); approximately 20 years.

Coal Production Business

— GDM Coal Mine

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, roughly 80,000 tons as the Company's share).** (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 automated 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 (charcoal, roughly 200,000 tons as the Company's share) and mining for about 14 years.**

Energy Business Division

—Coal Sales Business, Renewable Energy Business

Coal Sales Business Mitsui Matsushima Co., Ltd.

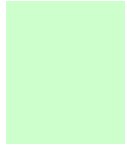
- ◆ On October 1, 2018, the Coal Sales Business was newly established by divestiture following the shift to a holding company structure.
- ◆ Selling coal to electric power companies, steel companies, etc. in Japan.
- ◆ Net sales tend to be substantially affected by the fluctuation of coal prices as commissions 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.



- ◆ Owns and 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.

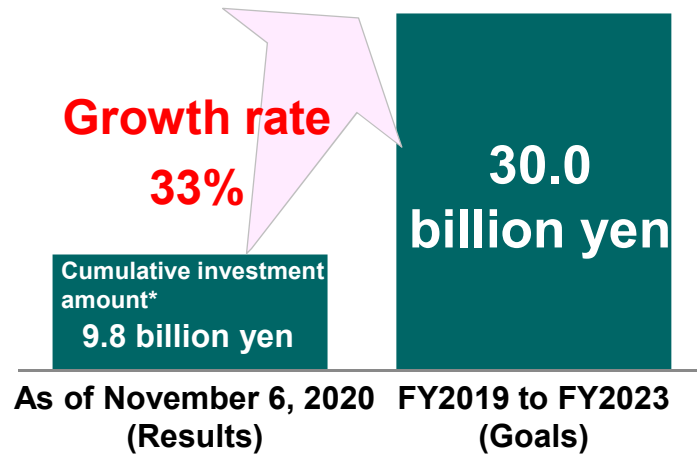


Reference Materials

Aiming to attain the mid-term management plan ^{A2}

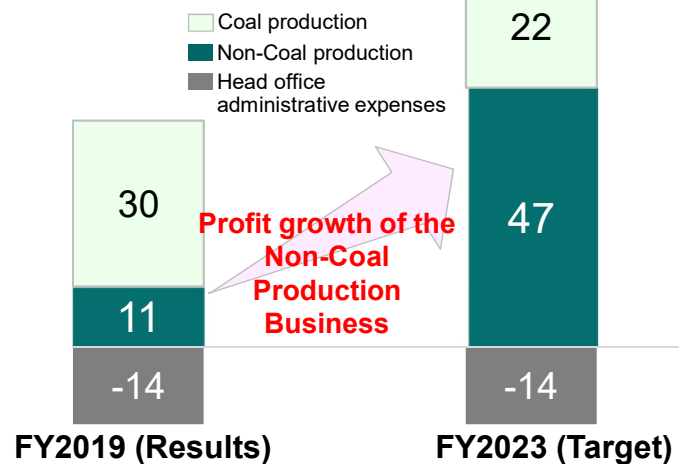
- ◆ Aiming to attain the quantitative target of the mid-term management plan **through profit growth of the Non-Coal Production Business** by steadily implementing new M&A investments.

<M&A investment amount>



Quantitative target of the mid-term management plan

<Operating profit>



	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)

*Stocks + Net interest-bearing debt

A2

"medium-term" is better. Company has used both forms, should stick to one consistently

作成者, 2020/11/26

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



(US\$/Mt)		2018				2019				2020 円		
		Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
Coking coal*	Heavy coking coal	237	197	188-189	212-213	210-211	207-208	177-178	141-142	147-148	136	110
	Semi-soft coking coal	150	132	129	135	132	129	115	107	100-104	95-104	82-86
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				US\$0.65		
	Yen/A\$	82.6 yen				75.8 yen				71.7 yen		

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

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