

**Presentation of Financial
Results for the Third Quarter
Ended December 2020**



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

February 2021

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3Q FY2020 Financial Results

Consolidated Income Statement

(Million yen)	FY2019 3Q	FY2020 3Q	Yr/Yr Change	Main factor behind changes
Net sales	48,497	40,611	(7,885)	<ul style="list-style-type: none"> A decline in coal prices in the Energy Business (Coal Sales 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]*	1,675 [2,207]	1,333 [1,841]	(341) [(366)]	A decline in coal prices in the Energy Business (Coal Production Business)
Ordinary profit	1,923	2,413	+490	Foreign exchange gain: 513 million yen Employment Adjustment Subsidy: 310 million yen
Quarterly net profit attributable to owners of parent	1,262	(3,210)	(4,472)	(Extraordinary income) Gain on negative goodwill: 333 million yen (Extraordinary loss/tax expense) *For details, please see p. 5.

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

Recording of Extraordinary Loss/Tax Expense

◆ An outline of major extraordinary losses/tax expenses recorded in the current fiscal year is as shown below.

Item		Overview	Breakdown	FY2020 3Q Amount recorded on PL
Coal Production Business	(Australia) Impairment, etc. of fixed assets for the existing mining area of Liddell Coal Mine	<ul style="list-style-type: none"> ✓ As a result of carefully reviewing the forecast future cash flows (FY2021–FY2023) based on the stagnant coal market conditions in the current fiscal year, the entire amount of fixed assets related to the said mining area was recognized as impaired. ✓ The entire amount of deferred tax assets of Liddell was reversed. 	Impairment loss for Liddell's heavy machinery Reversal of deferred tax assets	2,381 million yen 662 million yen
	(Indonesia) Recording of allowance for doubtful accounts, etc. for GDM	<ul style="list-style-type: none"> ✓ As a result of verifying the collectability of loans to GDM based on the stagnant coal market conditions in the current fiscal year, an allowance for doubtful accounts was recorded for the entire amount of loans and accrued interest. ✓ No new loans and investments will be made to GDM in the future. As a result, 20.1% of the shares in GDM will be diluted and GDM will be excluded from the scope of equity method affiliates in/after FY2021. 	Provision of allowance for doubtful accounts Loss on valuation of shares	544 million yen 88 million yen
Fashion Business	(Hanabishi Sewing) Impairment, etc. of consolidated goodwill/fixed assets	<ul style="list-style-type: none"> ✓ Loss occurred due to suspension of store operations (April–May 2020) caused by the impact of COVID-19. ✓ As a result of carefully reviewing the projected future cash flows based on the shrinking of the business suit market, which was accelerated with the spread of COVID-19, the entire amount of consolidated goodwill related to Hanabishi Sewing was recognized as impaired. ✓ In line with impairment of goodwill, an impairment loss for factory facilities, etc. was recorded. ✓ Restructuring expenses occurred due to downsizing of production capacity to be commensurate with the reduced market size. 	Loss caused by store closure due to COVID-19 Impairment loss on goodwill Factory facilities/ store interior Impairment loss Expenses including employee retirement allowances	308 million yen 811 million yen 343 million yen 207 million yen
Others	Impairment loss, etc. for idle assets	<ul style="list-style-type: none"> ✓ Revaluation of idle assets owned by the Mitsui Matsushima Group was made. 	Impairment loss on idle assets	78 million yen
			Total	5,424 million yen
			Of which, loss without cash outflows	4,960 million yen

*GDM=PT Gerbang Daya Mandiri

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 Pet Business, and the Nursing Care 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 3Q	FY2020 3Q	Yr/Yr Change
Energy	29,685	22,968	(6,717)
Consumer Goods and Services of which, Fashion Business	17,809 3,296	16,668 1,919	(1,140) (1,377)
Others	959	992	+32
Adjustments	43	(17)	(61)
Total	48,497	40,611	(7,885)

[Segment profit]

Business (Million yen)	FY2019 3Q	FY2020 3Q	Yr/Yr Change
Energy	2,171	1,226	(945)
Consumer Goods and Services of which, Fashion Business	472 20	936 (264)	+464 (285)
[Before goodwill amortization]	[1,005]	[1,444]	[+439]
Others	65	117	+52
Adjustments	(1,034)	(947)	+87
Total [Before goodwill amortization]	1,675 [2,207]	1,333 [1,841]	(341) [(366)]

* Segment profit for the Energy Business includes equity in net income of affiliates; 3Q/FY2019: 89 million yen, 3Q/FY2020: 27 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, Profit: Both sales and profit declined mainly due to a drop in coal prices.
- ◆ Coal Production Business Net Sales, Profit: Both sales and profit declined mainly due to a drop in coal prices.

[Net sales]

Business (Million yen)	FY2019 3Q	FY2020 3Q	Yr/Yr Change
Coal Sales Business	25,347	19,481	(5,865)
Sales volume	2,590,000 tons	2,650,000 tons	+60,000 tons
Coal Production Business	9,635	8,401	(1,233)
Sales volume	840,000 tons	1,020,000 tons	+180,000 tons
Renewable Energy Business	255	253	(2)
Adjustments	(5,552)	(5,168)	+384
Total	29,685	22,968	(6,717)

[Profit]

Business (Million yen)	FY2019 3Q	FY2020 3Q	Yr/Yr Change
Coal Sales Business	87	61	(26)
Coal Production Business	1,953 [89]	1,033 [27]	(920) [(62)]
<small>(of which, equity in net income of affiliates)</small>			
Renewable Energy Business	130	131	+1
Adjustments	—	—	—
Total	2,171	1,226	(945)

*Adjustments include transactions between businesses.

Major index		FY2019 3Q Results	FY2020 3Q Results	Change
Coal Production Business (Jan.–Sep. results)	Sales volume: Thermal coal	690,000 tons	890,000 tons	+190,000 tons
	Sales volume: Semi-soft coking coal	150,000 tons	130,000 tons	(10,000 tons)
	Average coal price: Thermal coal	US\$ 97.6	US\$ 73.2	US\$ (24.3)
	Average coal price: Semi-soft coking coal	US\$ 130.2	US\$ 86.5	US\$ (43.7)
	Exchange rate: A\$/US\$ (average rate)	US\$ 0.70	US\$ 0.67	Weaker A\$ against US\$(0.02)
	Exchange rate: A\$/¥ (average rate)	76.3 yen	72.8 yen	Yen appreciation ¥(3.5)

Consolidated Balance Sheet

	Mar. 31, 2020		Dec. 31, 2020		Change (Million yen)	Main factor behind changes
	Amount (Million yen)	Ratio (%)	Amount (Million yen)	Ratio (%)		
Current assets	32,881	52.1	34,646	55.1	+1,765	Cash and deposits: +2,529; Accounts receivable: (1,966); Inventory assets: +1,086
Fixed assets	30,274	47.9	28,222	44.9	(2,051)	Tangible fixed assets: (2,588); Intangible fixed assets: (549); Investment securities: +1,303
Total assets	63,155	100.0	62,869	100.0	(286)	
Current liabilities	14,071	22.3	18,226	29.0	+4,154	Short-term debt: +2,355; Payables: +1,232
Fixed liabilities	16,082	25.5	15,419	24.5	(662)	Long-term debt: (796); Deferred tax liabilities: +192
Total liabilities	30,154	47.7	33,646	53.5	+3,491	
Total net assets	33,001	52.3	29,222	46.5	(3,778)	Net loss attributable to owners of parent: (3,210); Dividends paid: (653)
Total liabilities and net assets	63,155	100.0	62,869	100.0	(286)	

	Mar. 31, 2020	Dec. 31, 2020	(Million yen)
Cash and deposits (including long-term deposits)	17,953	20,482	+2,529
Debt (including bonds)	(17,077)	(18,636)	(1,558)
Net cash and deposits	875	1,845	+970
<u><<Management indicators>></u>			
Shareholders' equity ratio (%)	52.3	46.4	
Debt/equity ratio (times)	0.54	0.66	

Consolidated Balance Sheet (December 31, 2020)



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

<p>Current assets 34.6 billion</p> <ul style="list-style-type: none">•Cash and deposits 20.4 billion•Accounts receivable 6.6 billion•Inventory assets 5.2 billion	<p>Current liabilities 18.2 billion</p> <ul style="list-style-type: none">•Accounts payable 4.8 billion•Debt 7.9 billion
	<p>Fixed liabilities 15.4 billion</p> <ul style="list-style-type: none">•Debt 10.6 billion•Leases 1.0 billion
<p>Fixed assets 28.2 billion</p> <ul style="list-style-type: none">•Tangible fixed assets 13.2 billion [Buildings, machinery, etc.] [4.0 billion] [Land] [7.4 billion] [Leases] [1.1 billion]•Intangible fixed assets 9.8 billion [Goodwill] [9.6 billion]•Securities 3.0 billion	<p>Net assets 29.2 billion</p> <p>Shareholders' equity ratio 46.4%</p>

Total assets 62.8 billion

Total liabilities and net assets: 62.8 billion

FY2020 Consolidated Earnings and Dividend Forecasts

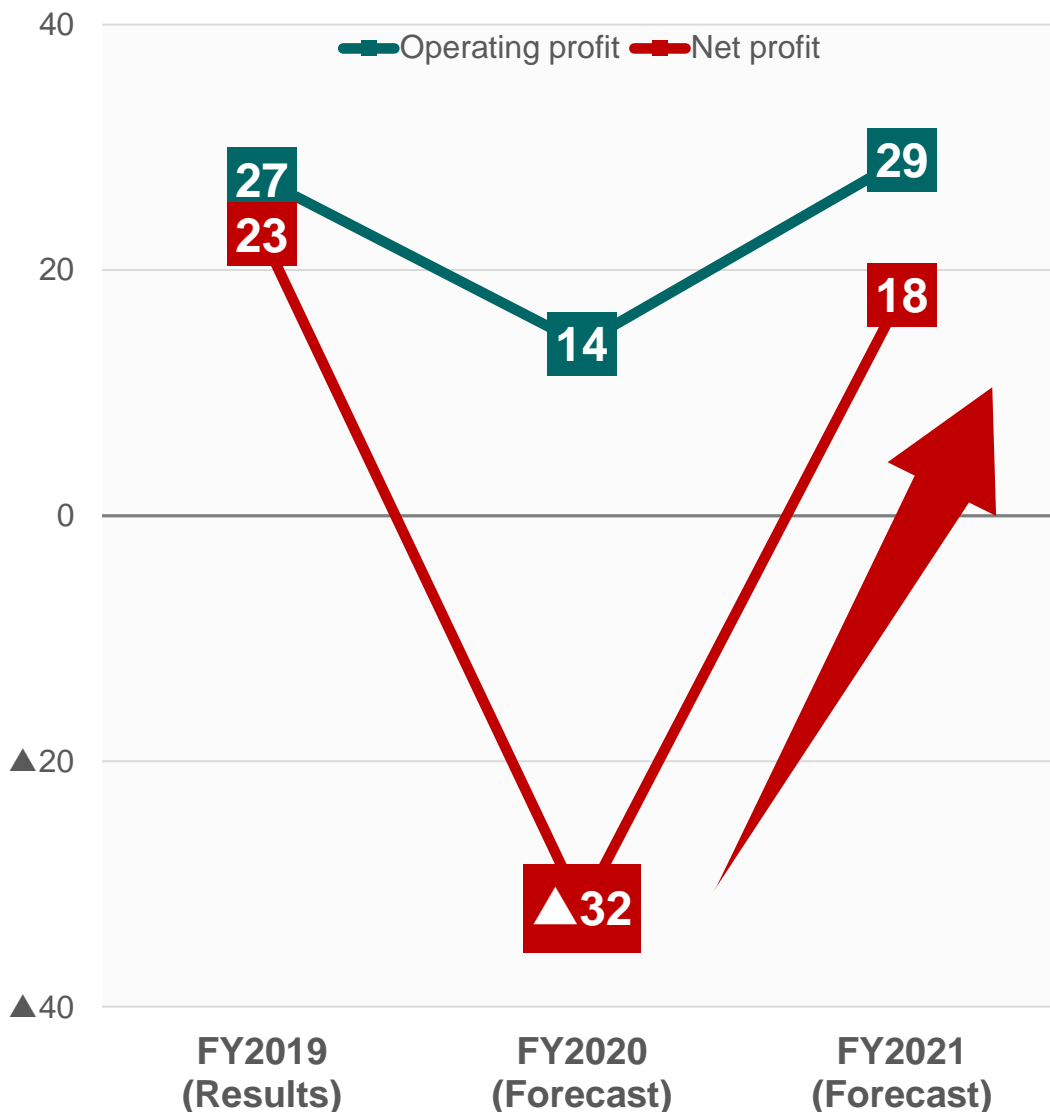
Consolidated Earnings and Dividend Forecasts

- ◆ The Company has revised the forecast of consolidated financial results announced on August 7, 2020 as provided below.
- ◆ A decision was made to set the dividend forecast, which was undetermined previously, at **50 yen per share** (unchanged from the previous year).

(Million yen)	FY2020			Main factor behind changes
	(1) Disclosed on August 7 (Forecast)	(2) Full-Year (Forecast)	Changes [(2) - (1)]	
Net sales	54,500	55,300	+800	-
Operating profit [Operating profit before amortization of goodwill]	200 [877]	1,400 [2,068]	+1,200 [+1,191]	<ul style="list-style-type: none"> • A decline in the burden of depreciation in connection with impairment of fixed assets in the Coal Production Business • A decline in costs in connection with the downsizing of production capacity in the Fashion Business • An increase in sales in the Office Equipment Business
Ordinary profit	1,300	2,600	+1,300	<ul style="list-style-type: none"> • An increase in operating profit, etc.
Net profit attributable to owners of parent	700	(3,200)	(3,900)	<ul style="list-style-type: none"> • An increase in ordinary profit • Impairment of fixed assets for the existing mining area of Liddell Coal Mine in Australia • Recording of allowance for doubtful accounts for GDM • Impairment of consolidated goodwill in the Fashion Business
Dividend per share (yen)	Not determined	50	-	

* 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.

FY2021 Earnings Forecast



Earnings in FY2021 are expected to recover to the level of FY2019.

◆ Main factor behind profit increase

- ✓ A decline in the burden of depreciation of fixed assets in connection with impairment
- ✓ Consolidation of Systech Kyowa as a subsidiary (February 2021)
- ✓ Effects of optimizing production capacity through factory reorganization (Fashion Business)



- (1) No. of factories: 5 → 2.5
- (2) No. of employees: 700 → 300, etc.

*Assumptions for FY2021

- GCI \$78.6
- A\$=US\$0.76
- A\$=¥79

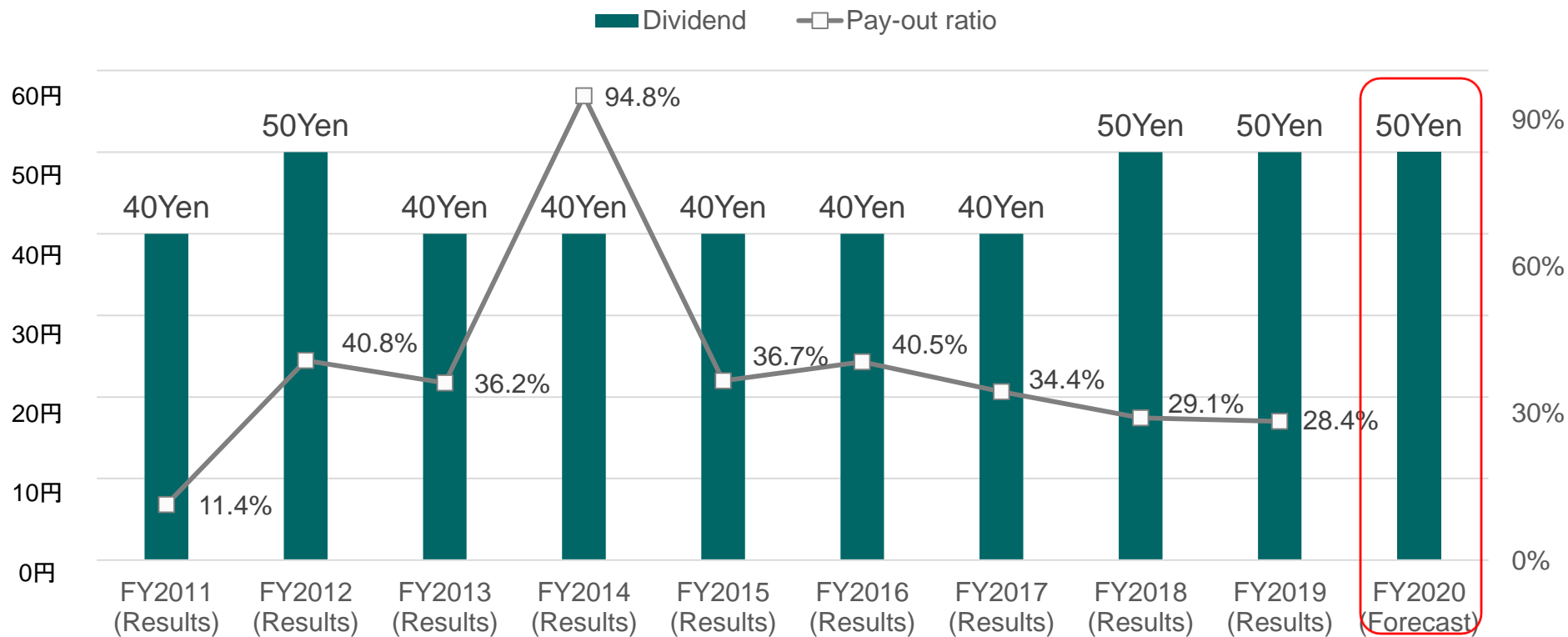
* The forecast above is based on information available as of the date of this publication. Actual results may vary due to various future factors. FY2021 earnings forecast will be disclosed again at the announcement of financial results for FY2020.

Dividend Forecast and Transition of Dividends

- ◆ The Company has set the dividend forecast for FY2020 at **50 yen per share**.

Reason

- ◆ The Company 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.
- ◆ While a substantial decline in profits is expected in the current fiscal year, the decision was made from comprehensive viewpoints, considering that the primary cause of the decline is a one-time extraordinary loss without cash outflows and that FY2021 earnings are forecasted to be on a par with FY2019.



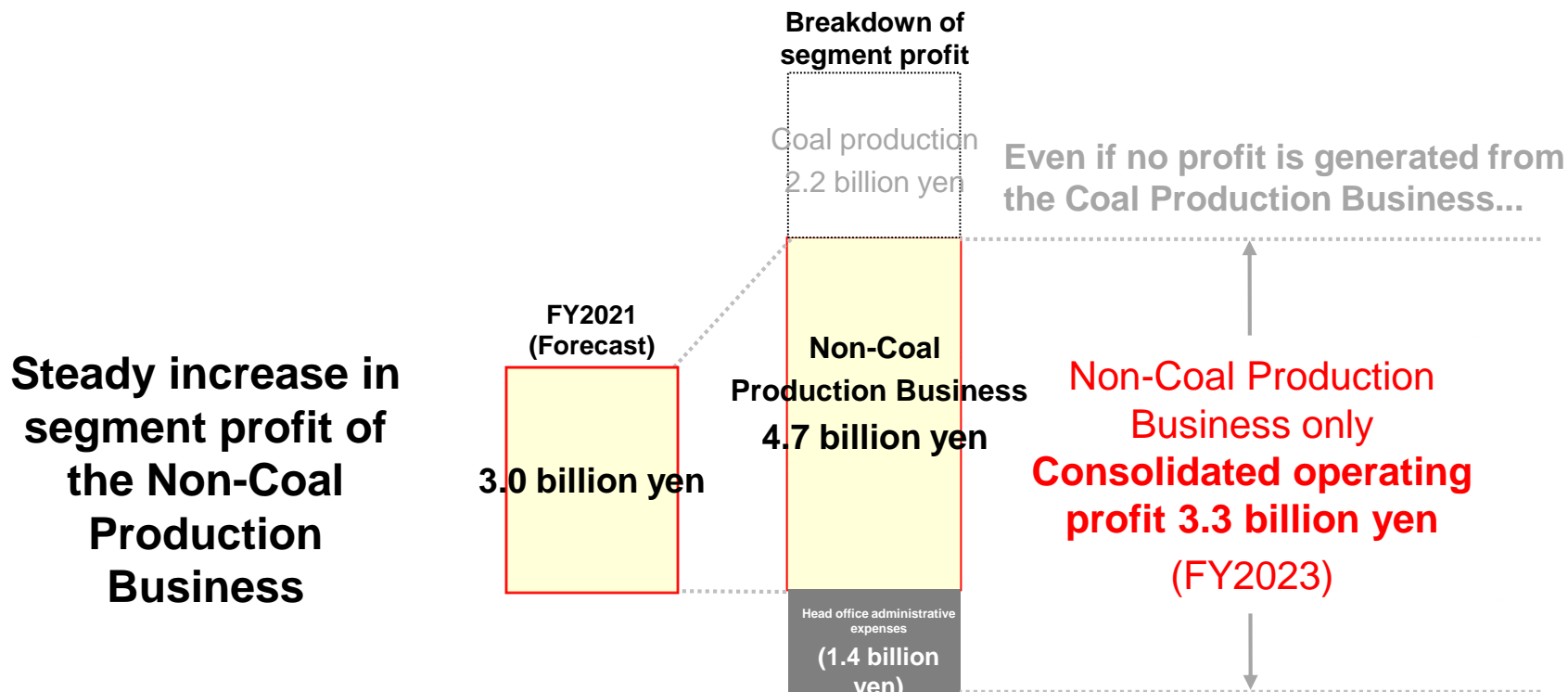
* The Company consolidated ten shares into one share, effective October 1, 2016. Therefore, dividend per share is calculated on the assumption that the share consolidation was conducted.

**Progress of Medium-term
Management Plan and
Management Policy for Coal
Production Business**

Progress of Medium-term Management Plan and Acceleration of M&A Investments

- ◆ The Company will **maintain its shareholder return policy focusing on steady dividend payments based on its adequate earnings base** even if no profit is generated from the Coal Production Business. This is due to the achievement of the medium-term management plan (profit of 4.7 billion yen in the Non-Coal Production Business).

Medium-term management plan (FY2023)
Consolidated operating profit 5.5 billion yen



* FY2021 figures are forecasts as of this moment. Earnings forecast will be disclosed again at the announcement of financial results for FY2020.

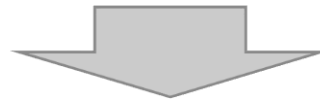


The shift toward a carbon-free society is accelerating.

- ◆ Considering new regulations to phase out inefficient coal thermal power plants by 2030 (Ministry of Economy, Trade and Industry)
- ◆ Became the first G20 country to declare it would achieve net zero greenhouse gas emissions by 2050 as an international commitment (Prime Minister)

Contribution of businesses other than Coal production to consolidated results will exceed that of profits from Coal production.

- ◆ FY2020 Operating profit forecast 1.4 billion yen (of which, head office SG&A expenses, etc. are 1.4 billion yen)
 - ✓ Non-Coal production 1.5 billion yen > Coal production 1.3 billion yen
- ◆ FY2021 Operating profit forecast 2.9 billion yen (of which, head office SG&A expenses, etc. are 1.4 billion yen)
 - ✓ Non-Coal production 3.0 billion yen > Coal production 1.3 billion yen



Management Policy for Coal Production Business

- ◆ The goal is to maximize the value of interests **by making steady progress in preparing to expand the mining area.** This will be done in line with the completion of mining in the existing mining area of Liddell Coal Mine in Australia in 2023 (e.g. renewal of JV agreement, procedures for obtaining environmental permits).
- ◆ However, **an upfront investment of about 10.0 billion yen is projected around 2023.** Therefore, if the extension is implemented, **the option of early withdrawal** will also be considered, taking into account the surrounding environment, profitability, and other factors.

Highlights of Group Companies

Notice concerning Acquisition of Shares (Consolidation as a Subsidiary)

Systemtech Kyowa Co., Ltd. (<http://www.systemtechkyowa.co.jp/>)



- ◆ Acquired shares in February 2021.
- ◆ Engaged in planning, production, and sales of housing-related materials (e.g. **door stoppers, earthquake-resistant latches**).
- ◆ **Boasting a high share in the industry by carrying out integrated production in the group** from planning, molding and forming to assembling.
- ◆ Operating an in-house factory in Thailand. Maintaining solid business relationships through **direct sales transactions with leading housing and building materials manufacturers**, engaged in joint product development and joint patent applications.
- ◆ While there has been a temporary decline in economic indicators related to new housing starts due to the impact of COVID-19, **strong growth is expected in the future**.

Products

- Door stopper



- Earthquake-resistant latch



- Pull



- Caster



Strengths

High technological skills

- ✓ Advanced product development capabilities
- ✓ Patents

Solid relationships with business partners

- ✓ Proposal-based marketing
- ✓ Joint development

Cost competitiveness

- ✓ In-house factory in Thailand
- ✓ Direct sales system without the involvement of trading firms

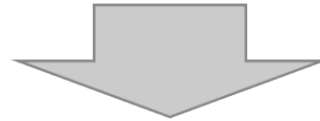
Synergies with group companies

- ✓ Collaboration with Meiko shokai
Providing lightweight chassis and casters for MS Shredder, sharing technologies, and more
- ✓ Sharing know-how on plastic molding technology
Systemtech Kyowa (injection molding) ⇔ Nippon Straw (extrusion molding)
*Technology transfer to Nippon Straw's environmentally friendly straw molding, etc.

Companies with expectation for positive shifts in the business environment

Nippon Straw

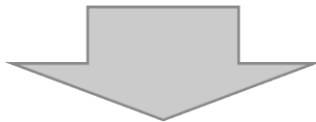
(Leading convenience stores) Increases in orders for straws with environmentally friendly materials
(Leading beverage manufacturers) A shift from plastic straws to plant-derived straws
(Marine biodegradable telescopic straws) A prototype has been completed. Mass production is scheduled for 2021.



Growing environmental awareness provides a chance for greater business opportunities.

CLEAN SURFACE TECHNOLOGY

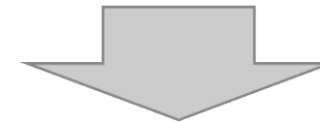
Current: Expansion of remote working, etc. has accelerated investments in data center and peripheral equipment.
Future: Acceleration of panels' shift to organic electroluminescent (EL) diodes and growth in 5G-related products will lead to stronger demand for electronic parts.



Demand for mask blanks is expected to remain solid.

Sansei Denshi

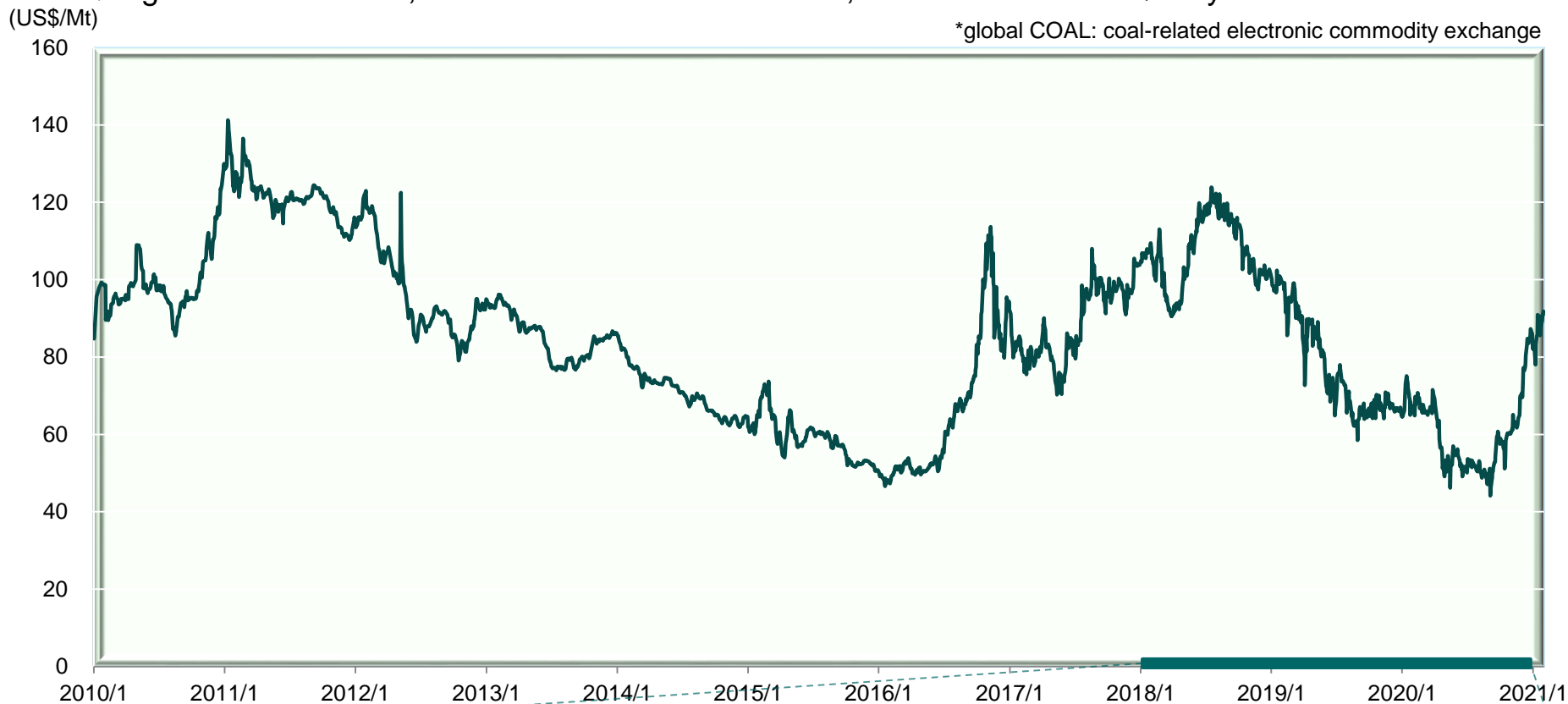
Current: 5G smartphones and demand for stay-at-home items due to COVID-19 (PCs, Wi-Fi, wireless earphones)
Future: Diversification of demand with the widespread use of 5G
Promotion of electric vehicles (EVs) and expansion of self-driving support systems



Demand for crystal devices is expected to expand further.

(Reference) Trends in the Coal Market

◆ “globalCOAL” Index, Australia Newcastle Port Load, Trend in Standard-Quality Thermal Coal Index



(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.	Jul.–Sep.	Oct.–Dec.	
Coking coal*	Heavy coking coal	237	197	188-189	212-213	210-211	207-208	177-178	141-142	147-148	136	110	116	
	Semi-soft coking coal	150	132	129	135	132	129	115	107	100-104	95-104	82-86	87-91	
Thermal coal	Apr. contract	84.97	110.00				94.75				68.75			
	Oct. contract	94.75				109.77				72.75				None
Foreign Exchange	US\$/A\$	US\$0.74				US\$0.69				US\$0.67				
	Yen/A\$	82.6 yen				75.8 yen				72.8 yen				

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

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