

Presentation of Financial Results for the Fiscal Year Ended March 2022



May 2022

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FY2021 Financial Results

Consolidated Income Statement

Income Statement

(Million yen)

	FY2020	FY2021	Yr/Yr Change	Main factor behind changes
Net sales*1	57,378	46,592	(10,785)	A decline in revenue due to applying the Accounting Standard for Revenue Recognition from FY2021 (Coal Sales Business)
Operating profit [Operating profit before amortization of goodwill]*2	1,946 [2,613]	8,417 [9,091]	+6,470 [+6,478]	Increase in profits in Consumer Goods and Services Business Division A rise in coal prices in the Coal Production Business
Ordinary profit	3,020	8,595	+5,575	FY2021: Foreign exchange gain: 156 million yen Employment adjustment subsidy: 44 million yen FY2020: Foreign exchange gain: 561 million yen (resulting primarily from redemption of redeemable preference shares (RPS) of a subsidiary in Australia) Employment adjustment subsidy: 319 million yen
Extraordinary income	335	1,033	+698	FY2021: Gain on sale of fixed assets 1,031million yen (Fashion Business)
Extraordinary loss	5,323	1,522	(3,800)	FY2021: Restructuring costs, etc. 876 million yen (mainly in Fashion Business) Retirement benefit expenses 402 million yen (Coal Production Business) FY2020: Impairment loss, etc. 4,899million yen (mainly in Coal Production Business and Fashion Business)
Net profit before income taxes	(1,967)	8,106	+10,074	
Tax expense, etc.	1,068	2,710	+1,642	
Net profit attributable to owners of parent	(3,035)	5,396	+8,432	

*1 Impact of the Accounting Standard for Revenue Recognition

(1) In the Coal Sales Business, the recording of net sales and cost of sales applicable to agent transactions was changed from gross amount to net amount.

(2) Net sales in the case where the said accounting standard is not applied: 85,537 million yen (+28,159 million yen YoY)

(3) There is no impact on operating profit, ordinary profit, and net profit attributable to owners of parent.

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

Consolidated Segment Information

- **Consumer Goods and Services Business Division** The Consumer Goods and Services Business segment is comprised of the Beverage and Food Packages Business, the Fashion Business, the Electronic Parts Business, the Office Equipment Business, the Pet Business, the Housing-Related Material Business, and the Nursing Care Business.
 - ✓ Increase in orders received in Electronic Parts Business
 - ✓ Consolidation of Systech Kyowa Co., Ltd. (in the Housing-Related Material Business) (in February 2021)
- **Energy Business Division** The Energy Business segment is comprised of the Coal Production Business (Note), the Coal Sales Business, and the Renewable Energy Business.

(Note) The fiscal year-end of overseas subsidiaries is December 31, and the financial figures for January through December are used.

Net sales				Segment profit				(Million yen)
Business	FY2020	FY2021	Yr/Yr Change	Business	FY2020	FY2021	Yr/Yr Change	
Consumer Goods and Services	23,080	26,972	+3,891	Consumer Goods and Services	1,572	2,959	+1,387	
				[Before goodwill amortization]	[2,238]	[3,633]	[+1,395]	
Energy	32,985	18,282	(14,702)	Energy	1,612	6,333	+4,721	
<i>of which, Coal Sales Business</i>	<i>28,768</i>	<i>217</i>	<i>(28,551)</i>	<i>of which, Coal Sales Business</i>	<i>103</i>	<i>151</i>	<i>+47</i>	
Others	1,341	1,421	+80	Others	145	171	+26	
Adjustments	(29)	(83)	(54)	Adjustments	(1,383)	(1,047)	+335	
Total	57,378	46,592	(10,785)	Total	1,946	8,417	+6,470	
				[Before goodwill amortization]	[2,613]	[9,091]	[+6,478]	

* Segment profit for the Energy Business includes equity in net income of affiliates; FY2020: 34 million yen, FY2021: 34 million yen.

** Others represent a business segment 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. In addition, segment profit includes deduction of the aforesaid equity in net income of affiliates, all-company profit & expenses not allocated to each reporting segment, etc.

FY2021 results include a special factor of size-based business tax refund (192 million yen).

Breakdown of the Energy Business Division

- Coal Production Business Net sales, Profit: Increases in sales and profit due to a rise in the coal price and the depreciation of the yen against the settlement exchange rate (A\$/¥)
- Coal Sales Business Net sales: A decline in sales due to applying the Accounting Standard for Revenue Recognition from FY2021 and other factors

Profit: Increase in profit due to an increase in commissions revenue

Net sales

Business	FY2020	FY2021	Yr/Yr Change
Coal Production Business	10,453	17,758	+7,304
Sales volume	1,300,000 tons	1,360,000 tons	+60,000 tons
Coal Sales Business	28,768	217	(28,551)
Sales volume	3,800,000 tons	3,170,000 tons	(620,000 tons)
Renewable Energy Business	317	307	(10)
Adjustments	(6,554)	(0)	+6,553
Total	32,985	18,282	(14,702)

Segment profit

(Million yen)

Business	FY2020	FY2021	Yr/Yr Change
Coal Production Business	1,351	6,032	+4,680
[of which, equity in net income of affiliates]	[34]	[—]	[(34)]
Coal Sales Business	103	151	+47
[of which, equity in net income of affiliates]	[—]	[34]	[+34]
Renewable Energy Business	157	150	(7)
Adjustments	-	-	-
Total	1,612	6,333	+4,721

Major index

		FY2020 Results	FY2021 Results	Change
Coal Production Business (Jan.–Dec. results)	Sales volume: Thermal coal	1,150,000 tons	1,190,000 tons	+40,000 tons
	Sales volume: Semi-soft coking coal	160,000 tons	180,000 tons	+20,000 tons
	Average coal price: Thermal coal	US\$ 71.8	US\$ 116.7	US\$ +44.9
	Average coal price: Semi-soft coking coal	US\$ 84.0	US\$ 125.1	US\$ +41.1
	Exchange rate: A\$/US\$ (average rate)	US\$ 0.68	US\$ 0.75	Stronger A\$ against US\$ +0.06
	Exchange rate: A\$/¥ (average rate)	73.7 yen	82.5 yen	Yen depreciation +8.8 yen

Consolidated Balance Sheet

Balance sheet

		Mar. 31, 2021		Mar. 31, 2022		(Million yen)	
		Amount	Ratio (%)	Amount	Ratio (%)	Change	Main factor behind changes
	Current assets	40,777	57.7	38,884	57.3	(1,893)	Cash and deposits: (2,292); Trade receivables: +1,249; Inventory assets: (72); Accounts receivable - other, etc. (777)
	Fixed assets	29,840	42.3	28,953	42.7	(886)	Tangible fixed assets: (411); Intangible fixed assets: (240)
	Total assets	70,618	100.0	67,837	100.0	(2,780)	
	Current liabilities	25,492	36.1	19,387	28.6	(6,105)	Short-term debt: (7,255); Long-term debt (current portion): (1,183)
	Fixed liabilities	14,838	21.0	12,913	19.0	(1,925)	Long-term debt: (2,295)
	Total liabilities	40,330	57.1	32,300	47.6	(8,030)	
	Total net assets	30,287	42.9	35,537	52.4	+5,250	Net profit belonging to shareholders of the parent company: +5,396; Dividends paid: (653); Foreign currency translation adjustments: +614
	Total liabilities and net assets	70,618	100.0	67,837	100.0	(2,780)	

Other indicators

	Mar. 31, 2021	Mar. 31, 2022	Change
Cash and deposits (including long-term deposits)	23,880	21,589	(2,291)
Debt	22,562	11,828	(10,734)
Net cash and deposits	1,318	9,761	+8,442
Shareholders' equity ratio (%)	42.8	52.2	+9.4
Debt/equity ratio (times)	0.78	0.37	(0.41)

Consolidated Balance Sheet (March 31, 2022)

Balance sheet

Current assets 38.9 billion

- Cash and deposits 21.5 billion
- Accounts receivable 8.4 billion
- Inventory assets 6.8 billion

Fixed assets 28.9 billion

- Tangible fixed assets 13.0 billion
 - [Buildings] [3.1 billion]
 - [Land] [6.9 billion]
 - [Leases and other] [2.9 billion]
- Intangible fixed assets [10.7 billion]
 - [Goodwill] [10.3 billion]
- Securities 3.4 billion

Current liabilities 19.4 billion

- Accounts payable 6.7 billion
- Debt 3.9 billion

Fixed liabilities 12.9 billion

- Debt 7.8 billion
- Leases 0.8 billion

Net assets 35.5 billion

Shareholders'
equity ratio
52.2%

Debt/equity ratio
0.37 times

Total assets 67.8 billion

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

Consolidated Cash Flows

Cash flows

(Million yen)

	FY2020	FY2021	Main factors
Net profit before income taxes	(1,967)	8,106	
Depreciation and amortization (including goodwill amortization expenses)	2,630	1,617	
Impairment loss	3,921	224	
Working capital	2,623	(1,122)	
Others	(399)	86	
CF from operating activities	6,807	8,911	
Changes in fixed assets	(1,075)	406	Proceeds from sale of fixed assets
Investment securities	(830)	(79)	
Acquisition and sale of subsidiaries accompanying a change in the scope of consolidation	(4,165)	(389)	Payment for acquisition of shares in T SECURE
Others	3,503	2,631	Increase in time deposits (more than three months)
CF from investing activities	(2,568)	2,569	
Changes in debt	5,095	(10,893)	
Payment of dividends	(650)	(652)	
Others	(185)	(203)	
CF from financing activities	4,259	(11,749)	
Effect of exchange rate changes on cash and cash equivalents	607	388	
Changes in cash and cash equivalents	9,105	119	
Cash and cash equivalents at beginning of period	10,188	19,293	
Cash and cash equivalents at end of period	19,293	19,413	

FY2022
Consolidated Earnings and
Dividend Forecast

FY2022 Consolidated Earnings Forecast

- The Company expects to post record profits, in terms of operating profit, ordinary profit, and net profit attributable to owners of parent
- Both the Consumer Goods and Services Business Division and the Energy Business Division expect increases in sales and profit

Consolidated earnings forecast

(Million yen)

	FY2021 Results	FY2022 Forecast	Yr/Yr Change
Net sales	46,592	57,000	+10,408
Operating profit [Operating profit before amortization of goodwill]	8,417 [9,091]	14,300 [15,035]	+5,883 [+5,944]
Ordinary profit	8,595	14,800	+6,205
Net profit attributable to owners of parent	5,396	9,500	+4,104
Dividend per share	80 yen	160 yen	+80 yen

* 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.

* The Company has set the dividend forecast for FY2022 at 160 yen per share and it consists of an ordinary dividend of 80 yen and commemorative dividend of 80 yen.

FY2022 Consolidated Segment Earnings Forecast

- Consumer Goods and Services Business Division: Increases in revenue and profit compared with FY2021 results due to consolidation of Nippon Katan Co., Ltd.
- Energy Business Division: Increases in sales and profit compared with FY2021 results due to increase in the coal price

Net sales

Business	FY2021 Results	FY2022 Forecast	Yr/Yr Change
Consumer Goods and Services	26,972	29,000	+2,028
Energy	18,282	26,700	+8,418
Others and adjustments	1,338	1,300	(38)
Total	46,592	57,000	+10,408

Segment profit

(Million yen)

Business	FY2021 Results	FY2022 Forecast	Yr/Yr Change
Consumer Goods and Services [Before goodwill amortization]	2,959 [3,633]	3,000 [3,735]	+41 (+102)
Energy	6,333	12,500	+6,167
Others and adjustments	(876)	(1,200)	(324)
Total [Before goodwill amortization]	8,417 [9,091]	14,300 [15,035]	+5,883 [+5,944]

Segment profit for the Energy Business includes equity in net income of affiliates; FY2021: 34 million yen, FY2022: 100 million yen.

* "Others" represent a business segment 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. In addition, segment profit includes deduction of the aforesaid equity in net income of affiliates, all-company profit & expenses not allocated to each reporting segment, etc.

FY2021 results include a special factor of size-based business tax refund (192 million yen).

Breakdown of Earnings Forecast for the Energy Business Division (1)

- Coal Production Business: Increases in sales and profit compared with FY2021 results due to higher coal prices

Net sales

Business	FY2021 Results	FY2022 Forecast	Yr/Yr Change
Coal Production Business	17,758	26,200	+8,442
Sales volume	1,360,000 tons	960,000 tons	(400,000) tons
Coal Sales Business	217	200	(17)
Sales volume	3,170,000 tons	3,240,000 tons	+70,000 tons
Renewable Energy Business	307	300	(7)
Adjustments	(0)	-	-
Total	18,282	26,700	+8,418

Segment profit

(Million yen)

Business	FY2021 Results	FY2022 Forecast	Yr/Yr Change
Coal Production Business	6,032	12,200	+6,168
Coal Sales Business	151 [34]	200 [100]	+49 [+67]
[of which, equity in net income of affiliates]			
Renewable Energy Business	150	100	(50)
Adjustments	-	-	-
Total	6,333	12,500	+6,167

Breakdown of Earnings Forecast for the Energy Business Division (2)

Major index

	FY2021 Results	FY2022 Forecast	Yr/Yr Change
Sales volume (Thermal coal)	1,190,000 tons	800,000 tons	(390,000) tons
Sales volume (Semi-soft coking coal)	180,000 tons	160,000 tons	(20,000) tons
Average coal price: Thermal coal (Jan.–Dec. average)	US\$ 116.7	US\$ 200	+US\$ 83.3
Average coal price: Semi-soft coking coal (Jan.–Dec. average)	US\$ 125.1	S\$ 220	+US\$ 94.9
Exchange rate: A\$/US\$ (average rate)	US\$ 0.75	US\$ 0.75	-
Exchange rate: A\$/¥ (average rate)	82.5 yen	92 yen	Yen depreciation 9.5 yen

*Sales volume is for Mitsui Matsushima's share (32.5%)

Amount of operating profit affected by foreign exchange fluctuations

A\$/US\$: an increase in profit by approx. 1.2 billion yen per ¢ of A\$

*Foreign exchange sensitivity when the coal price and other foreign exchange remain unchanged (as of May 13, 2022)

Market information

(US\$/Mt)

		2020				2021				2022			
		Jan.–Mar.	Apr.–Jun.	Jul.–Sep.	Oct.–Dec.	Jan.–Mar.	Apr.–Jun.	Jul.–Sep.	Oct.–Dec.	Jan.–Mar.	Apr.–Jun.	Jul.–Sep.	Oct.–Dec.
		Results								Forecast			
Thermal coal	Apr. contract	94.75	68.75			109.97				200			
	Oct. contract	72.75			N/A				N/A			150	
	GCI	67.6	55.3	51.5	67.4	88.7	109.0	167.5	183.9	262.8	250	150	150
Coking coal *	Heavy coking coal	147–148	136	110	116	122	117	203	371	395			
	Semi-soft coking coal	100–104	95–104	82–86	87–91	91–92	93–94	149	218	275	250	180	180
Foreign Exchange	US\$/A\$	US\$ 0.78				US\$ 0.75				US\$ 0.72	US\$ 0.75		
	Yen/A\$	85.0 yen				82.5 yen				84.3 yen	92 yen		

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

*The coal prices in the table above are benchmark prices and index prices, which are used as the basis for transaction prices, and do not represent the Company's actual transactions.

Dividend Forecast and Dividend Policy

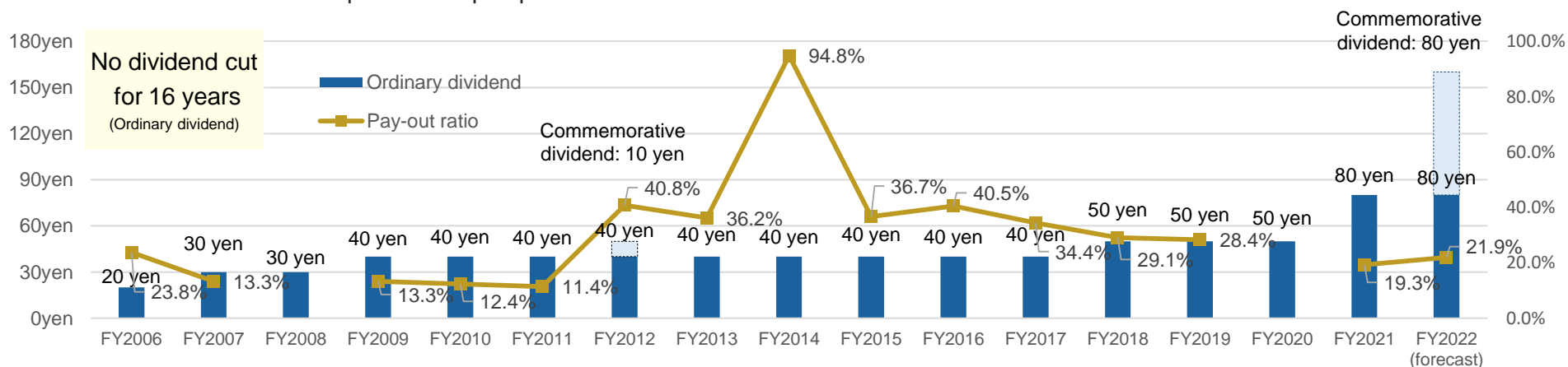
Dividend forecast (commemorative dividend and interim dividend payout)

- Dividend forecast for FY2022 (annual total): **160 yen per share**
(**Ordinary dividend of 80 yen per share and commemorative dividend of 80 yen per share to celebrate the 110th anniversary of the Company's founding and record profits**)
- **In order to enhance opportunities to return profits to shareholders, the Company has decided to pay interim dividends from FY2022.**
- The Company has not cut dividends for the past 16 years (ordinary dividend). **The Company will continue aiming to keep ordinary dividends at no less than 80 yen (annual total) in the future**

End of 2Q	Year-end	Total
80 yen (Ordinary dividend: 40 yen; Commemorative dividend: 40 yen)	80 yen (Ordinary dividend: 40 yen; Commemorative dividend: 40 yen)	160 yen (Ordinary dividend: 80 yen; Commemorative dividend: 80 yen)

Dividend policy

- The Company positions the return of profits to shareholders as one of its priority management policies and has set a basic policy 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.
- The dividend pay-out ratio of 30% or more set in the Mid-Term Management Plan is used as a guideline, but it will ultimately be determined from a comprehensive perspective.



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

*Pay-out ratio was not calculated for FY2008 and FY2020 due to negative net profit.

Enhancement of Shareholder Incentive Plan

Shareholder incentives

The Company provides the Shareholder Incentive Plan for shareholders listed in the shareholders' register as of March 31 of every year. The Shareholder incentives for 2022 will be as follows.

Hanabishi Co., Ltd.: Product 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**
 - In-store purchases of any product (up to 2 tickets per visit, not applicable to online purchases)

Preferential facility discount ticket (3,000 yen)

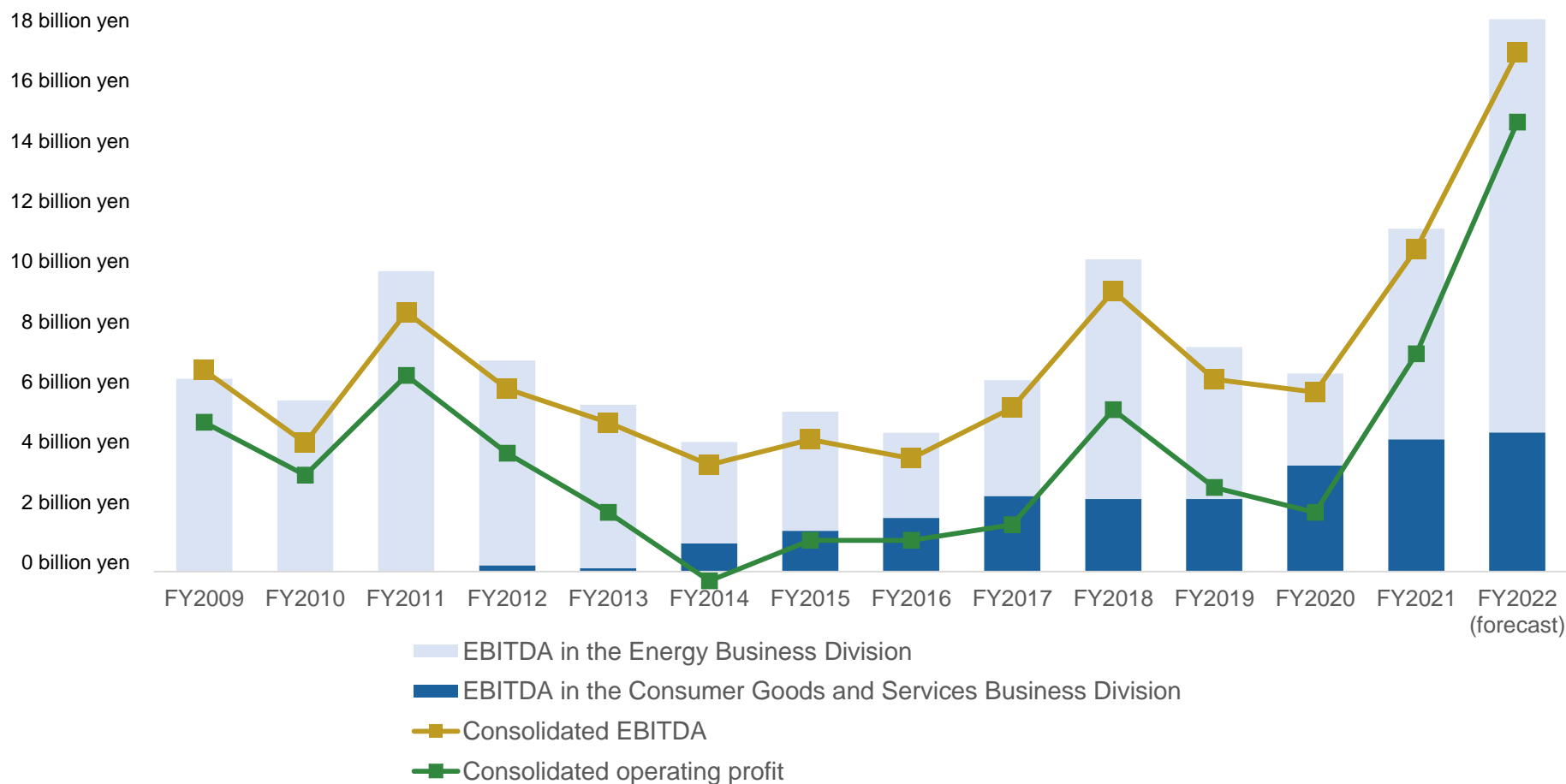


- **Eligible shareholders**
Number of shares held
 - 100 shares or more, less than 1,000 shares: 2 tickets
 - 1,000 shares or more, less than 3,000 shares: 4 tickets
 - 3,000 shares or more: 6 tickets
- **Applicable facilities (total of 21 facilities across the country)**
 - Hotels operated by M&M Service (total of 17 facilities)
 - <Mitsui Minato Club> Omuta City, Fukuoka Prefecture (meals only)
 - <La Rochelle> Sanno, Minami Aoyama, Fukuoka (meals only)

Trends in EBITDA and Consolidated Operating Profit

Trends in EBITDA in the Consumer Goods and Services Business Division, Energy Business Division, and Consolidated Operations

- EBITDA in the Consumer Goods and Services Business Division increased steadily as a result of proactive efforts to develop and strengthen new businesses
- EBITDA in the Energy Business Division increased significantly in FY2021 and FY2022 due to higher coal prices



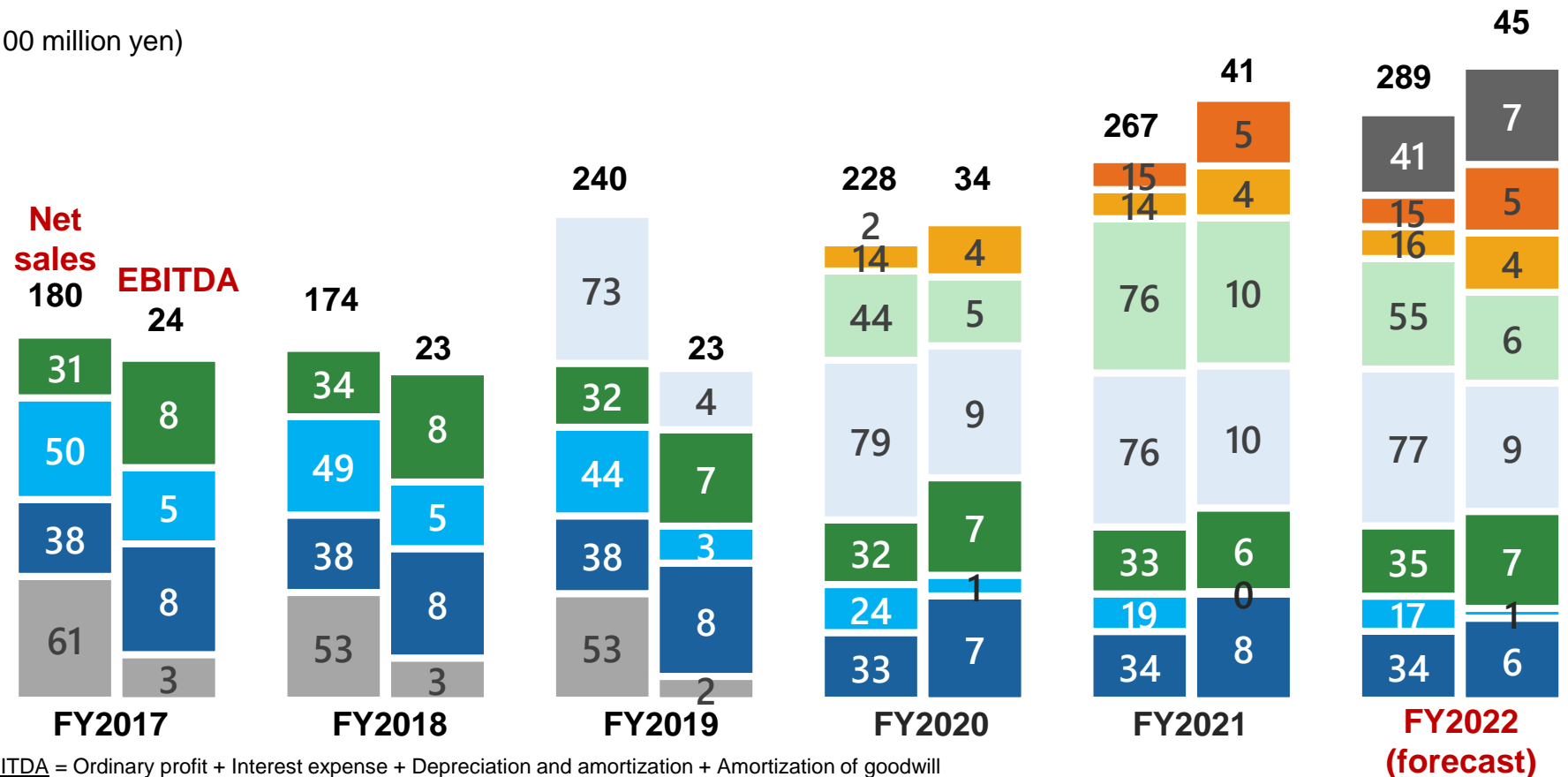
*EBITDA = Ordinary profit + Interest expense + Depreciation and amortization + Amortization of goodwill

Changes in Sales and EBITDA for Consumer Goods and Services Business

Changes in Sales and EBITDA for Consumer Goods and Services Business

Clean Surface Technology	From February 2017	Meiko Shokai	Systech Kyowa	From February 2021	Nippon Katan
Hanabishi	From October 2015	From April 2019	KMT	From April 2020	From May 2022
Nippon Straw	From February 2014		Sansei Denshi		
M&M Service	From July 2012 to March 31, 2020 (already sold)				

(100 million yen)



*EBITDA = Ordinary profit + Interest expense + Depreciation and amortization + Amortization of goodwill

Latest Important Topics

Introduction of New Businesses Acquired through M&A

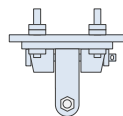
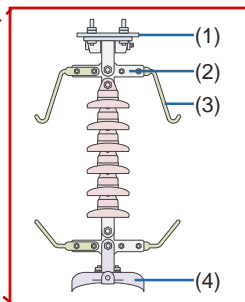


Nippon Katan Co., Ltd. (<http://www.nipponkatan.co.jp/>)

Overview and prospects

- Acquired shares on May 9, 2022.
- Founded in 1918. Nippon Katan handles “line hardware for transmission lines” that connects steel towers and power transmission lines and is a dedicated manufacturer in the market with the largest share in Japan. **The domestic market for line hardware for high-voltage transmission lines is dominated by two companies.**
- Transmission line works are expected to remain stable in the future due to the replacement of aging facilities, etc., and this will provide steady demand for Nippon Katan’s products in the future. **The Company expects that such demand will continue to generate strong sales and profits.**
- [Forecast for FY2022] Despite the expected impact of higher raw material prices, **a certain level of profit is expected to be secured** due to negotiations to review unit sales prices for electric power companies, etc. From the next fiscal year onward, in addition to the stable replacement demand, large-scale interconnection line construction is also expected to increase orders, and this will generate **a stable profit contribution over the medium to long term.**

Major products



(1) Mounting hardware for steel towers

Products for mounting other parts to steel towers



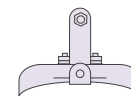
(2) Connecting hardware

Products that connect other parts



(3) Arcing horn

Products that protect insulators from electrical discharge



(4) Clamp

Products for fastening power lines

Market environment & operating performance, etc.

- There are only two suppliers in Japan that can manufacture all components of line hardware. Nippon Katan has the technical abilities to meet the product standards of power companies, its clients. It takes a considerable amount of time to build a strong customer base, so Nippon Katan will **continue to have a high market share in the future.**
- Currently, the government is considering the formulation of **a next-generation power grid development plan for the spread of renewable energy**, and **demand for construction of power transmission facilities is also expected to increase.**

Coal Production Business — Toward Termination of Liddell Coal Mine in Australia

Liddell Coal Mine in Australia

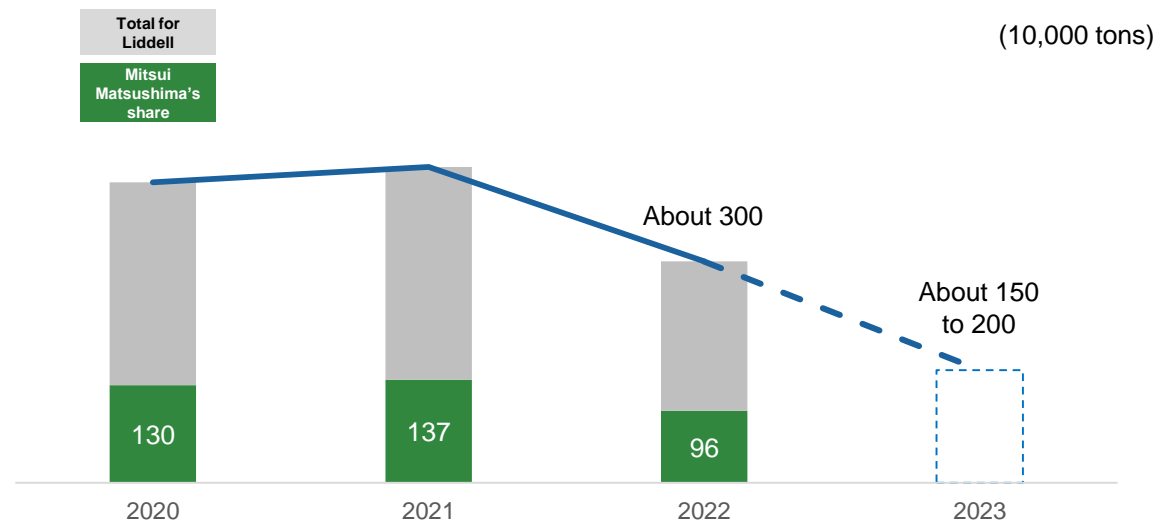
Overview and features

- Operational structure: Joint venture between local unit Mitsui Matsushima Australia Pty. Ltd. (32.5%) and Glencore (67.5%)
- High-quality thermal coal (approximately 90% of the total) and coking coal are produced and shipped mainly to Japan
- Mining areas currently approved by the state government are **scheduled to be terminated by the end of the fiscal year ending March 2024**
Toward termination of the coal mine, sales (for 100% of interests) are expected **to decline to about 1,500,000 to 2,000,000 tons** for FY2023, compared with about 3,000,000 tons for FY2022.

Place of production



Liddell Coal Mine sales volume



Coal Production Business — Liddell Coal Mine in Australia, Issues with Extending the Mining Area

Issues with extending the mining area

- It is necessary to obtain environmental permits at three levels before extending the mining area *to adjacent areas after **the termination of the existing mining area during** FY2023. The Company already **owns 32.5% of the interests in adjacent mining areas, similar to the current coal mine.**
*Name of application for environmental permits for adjacent mining area: Glendell Continued Operations Project
- Coal **production in the adjacent mining area will be about 4 million tons per year** (100% of interest), and mining is expected to be possible for **about 20 years.**
Depending on the contents of the environmental permits, the production volume and mining period may change.
- A review by the state government's environmental bureau, which is the first level, was completed in February 2022.
There is a possibility that a review by the state government's independent committee, which is the second level, will be completed by the end of May.
It will be followed by a review procedure by the federal government, with a final result expected to be given by the end of 2022.
- **Because there exist cultural establishments of the indigenous people in the extension area,** solutions including relocating those establishments to outside the area in extending the mining area have been proposed. However, given that there are indigenous people groups and citizens who strongly object to the relocation and that various laws, etc. to protect indigenous people's heritage are also involved, **decisions by the authorities at the state and federal governments are unpredictable.**
- If all of the above permits are obtained and the mining area is extended, **a decision will be made based on economic rationality, etc.** from options such as maintaining 32.5% of interests, partially selling interests, or selling all interests.

Promote M&A Investments and Shareholder Returns Steadily Regardless of the Extension of Liddell Mining Area

Future response policy

- **FY2022 and FY2023** are **expected to continue to see profitable coal production** in the existing Liddell Mining Area, supported by strong coal market conditions, which will be a tailwind for new M&A investments pursued by the Company from the perspective of funds.
- Careful judgment is required based on various factors regarding the extension of the Liddell Mining Area, given that there are many **uncertainties** (please see the [previous page](#)) at the moment, a management strategy will be pursued **based on the assumption that no profit from the Coal Production Business is expected for FY2024 and beyond.**
- Accordingly, we continue to seek to **build new businesses consistently by M&A** according to the Mid-Term Management Plan (up to FY2023) to enhance the earnings base, **while expanding shareholder returns such as dividends (aiming to pay out ordinary dividends of 80 yen per share in annual total) and share buybacks.**

Progress of the Mid-Term Management Plan

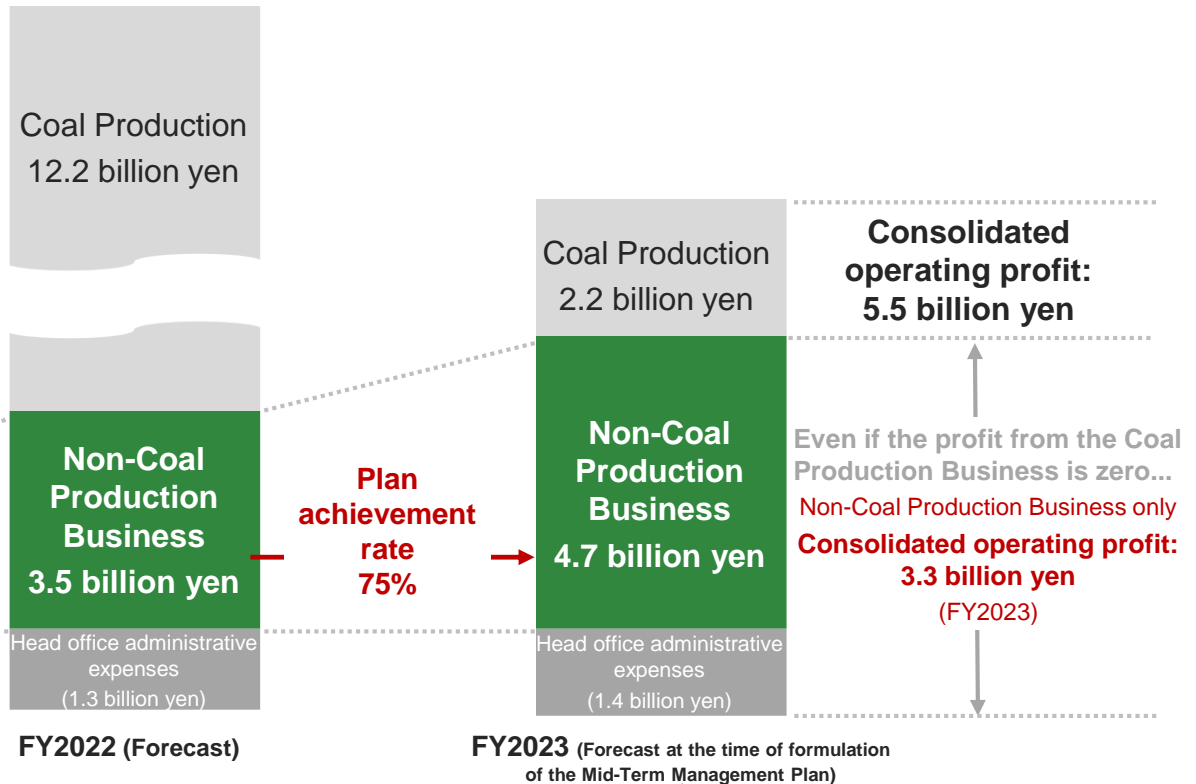
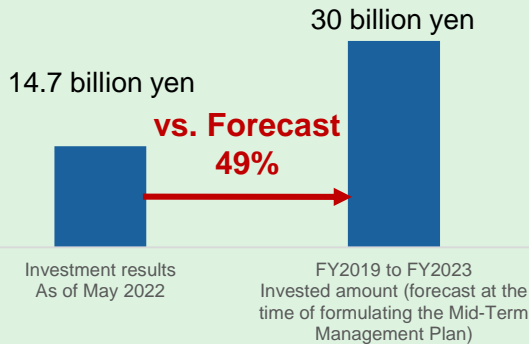
Progress of the Mid-Term Management Plan

Overview of the Mid-Term Management Plan

- In November 2018, the Mid-Term Management Plan for five years from FY2019 through FY2023 was formulated in anticipation of the arrival of a decarbonized society
- By achieving the Mid-Term Management Plan, the Company intends to **provide shareholder returns aggressively due to its sufficient profit base**, even if the profit from the Coal Production Business is reduced to zero

Progress: FY2022 forecast

Cumulative investment amount



Based on the time when the Mid-Term Management Plan was formulated

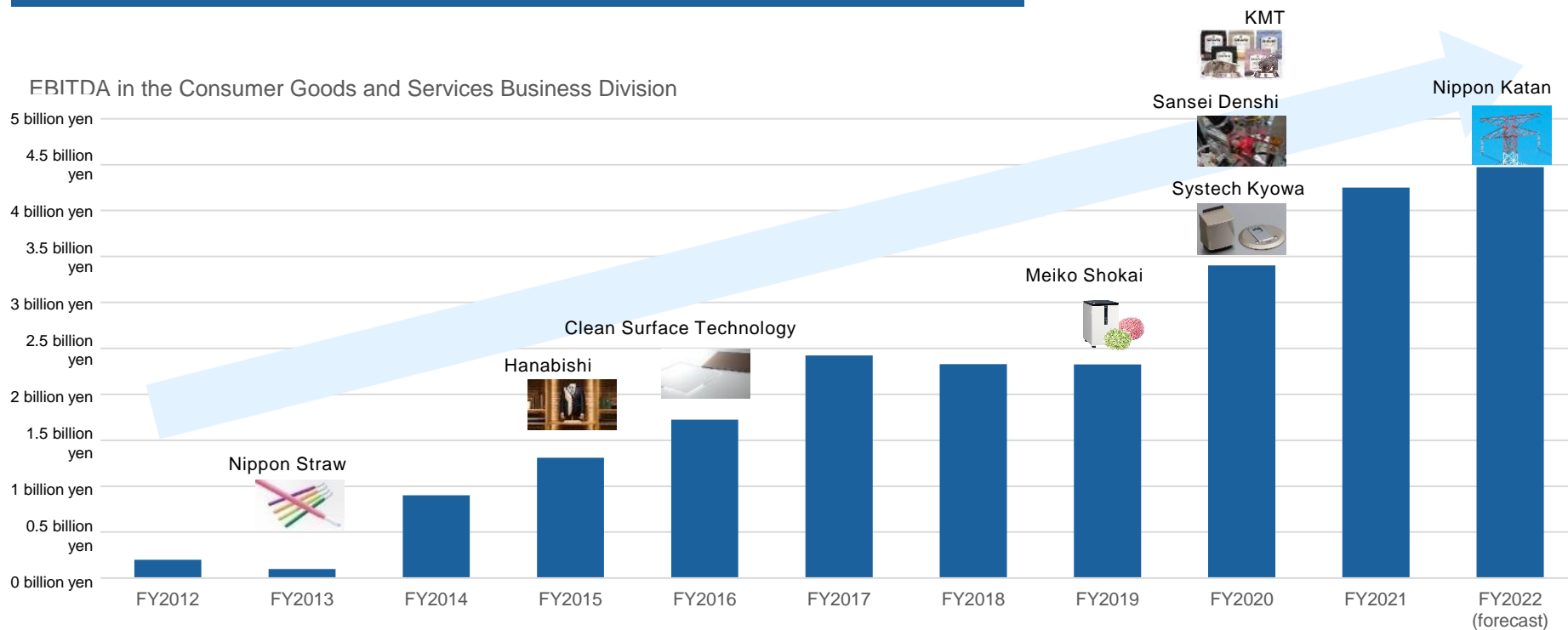
*The figures for FY2022 are forecasts as of present.

Steady M&A Track Record

M&A track records

- In order to make sure to build a decarbonized portfolio, **a team of M&A professionals** executes M&As steadily **to achieve growth in profit that does not depend on the Coal Business**
- Continue to work on the selection of and research on **specific new M&A investment targets**, seeking to deliver on the goal under the Mid-Term Management Plan
- In executing M&A deals, select ones carefully from extensive sourcing channels and execute acquisition at an appropriate price. Also, accumulate know-how in post-merger integration (PMI) after the acquisition and ensure efficient PMI

EBITDA in the Consumer Goods and Services Business Division



In-house M&A Professional Team to Realize Continuing Growth

- Built internally a team of FA (financial advisors) **comprised of those from the financial industry with rich M&A experience**
- **Extensive network with M&A players and investment funds** that has been acquired through M&A track record accumulated over many years
- Prompt judgment, consistent investment focus, accumulation of know-how, and **improved ability to make judgment** by making the FA team an in-house group
- **Strong commitment to realizing expected returns** after the acquisition by conducting due diligence (DD) and evaluation on our own

M&A promotion system

- Practical experience cultivated at M&A advisory firms in Japan and abroad over many years
- Ability to execute as a person in charge of new M&A at Mitsui Matsushima

- The majority of members are Outside Directors who are thoroughly familiar with M&A, contributing to accurate consideration and judgment

Board of Directors

- Discuss deals and decide on investment

President

(Lead as an M&A expert)

- Deals examined by the top management
- Meet with the top executives of potential investees and sellers

Efficient aggregation and sharing of information
Identification of deals that match our investment policy

- Executive Officer in charge was previously at M&A advisory firm
- Staffed by certified public accountants, persons with M&A experience and those from the financial industry

Promotion of prompt review of deals
Coordination with the frontline so that opportunities will not be missed

Business Planning Dept.

- Primary judgement on deals (rigorous screening)
- Formation of a deal team, and concurrent pursuit of multiple deals

- Increase in sourcing channels and deals referred through accumulated M&A track record and improved name recognition

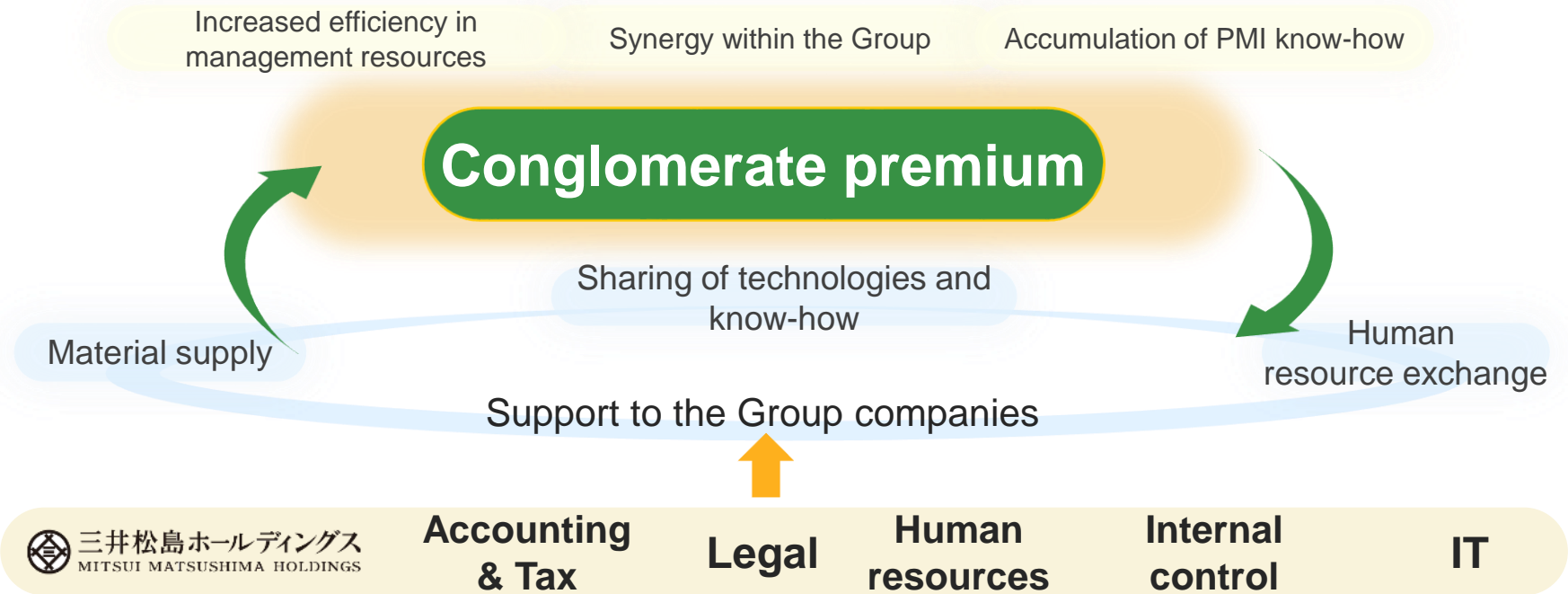
Sourcing channels

Banks Securities companies M&A intermediaries
 Investment funds Companies & individual shareholders

Hands-on PMI by Internal Human Resources and Cost Synergy

- M&A and PMI know-how has been accumulated through steady M&A deal flow, and synergy across the Group is also emerging, creating a conglomerate premium for the entire Group. While profit of the Non-Coal Business has certainly been growing, effective use of management resources is realized, as seen in the fact that the number of employees at Holdings has not increased.

PMI



Examples of efficient use of management resources

Number of the Group companies due to M&A: **4** at the end of March 2019 ⇒ **7** at the end of March 2022*1

Number of the employees at Holdings*2: **42** at the end of March 2019 ⇒ **41** at the end of March 2022

*1 M&M Service Co., Ltd., which has been divested, is counted in the number of companies at the end of March 2019; however, it is not included in the number at the end of March 2022.

*2 The number of employees excludes those seconded externally by the Company and includes those seconded to the Company by external entities. It also includes the average number of temporary workers hired (converted to an eight-hour workday basis).

Businesses of the Mitsui Matsushima Group

Consumer Goods and Services Business Division

Consumer Goods and Services Business Division

Investment policy

Stable revenues

Niche market

Easy to understand

Main businesses

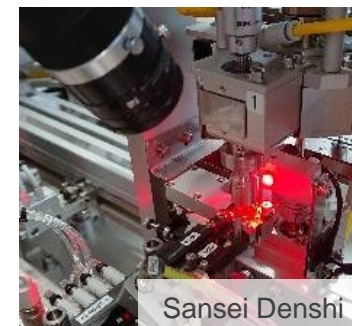
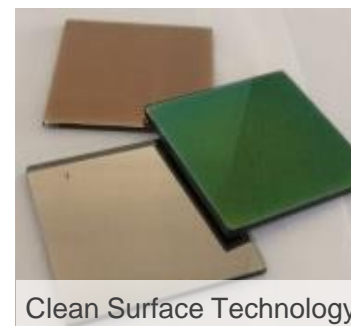
Beverage & Food Packages Business



Fashion Business



Electronic Parts Business



Office Equipment Business



Pet Business



Housing-related materials



Power-related materials

*For details, please see p. 20



Beverage & Food Packages Business



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

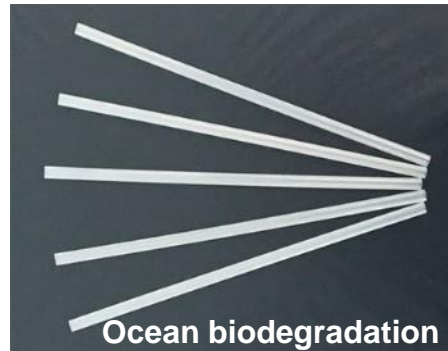
Overview and prospects

- 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 maintained a stable transaction base and has been achieving strong operating performance.
- [Forecast for FY2022]
Sales are expected to remain strong, but an impact from rising raw material prices such as resin is expected. An increase in unit sales prices will not compensate for such impact, and **profit is expected to decline.**

Major products



Telescopic straws



Ocean biodegradation



Drinking cups

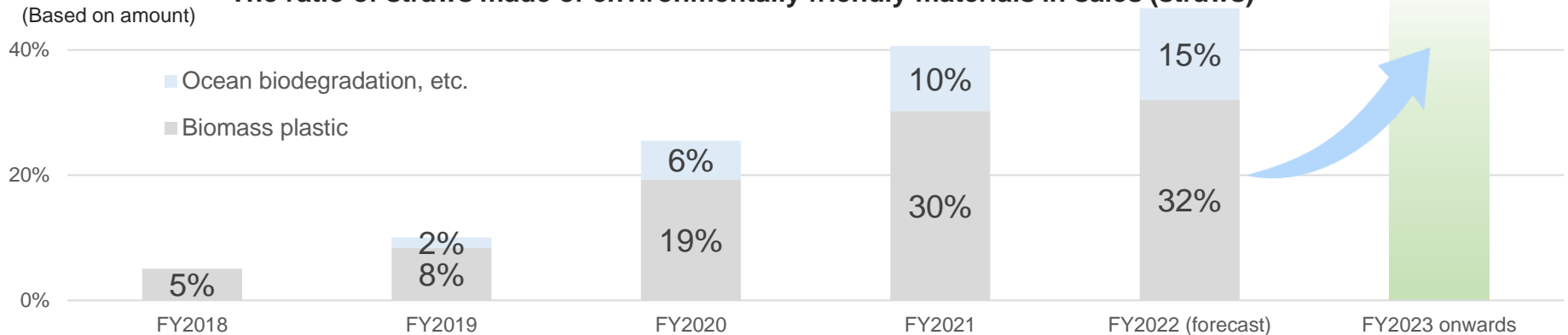
Commitment

- Nippon Straw was certified for the international certification standard "FSSC 22000" at Kumamoto Plant on September 10, 2021. This certification will also lead to expansion of product sales, including in overseas markets

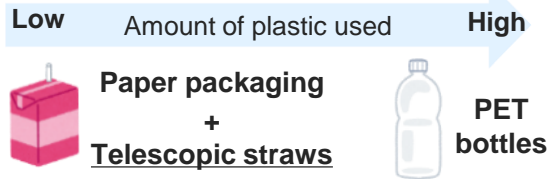
Nippon Straw — “Initiatives for environmentally friendly materials”

- **Nippon Straw commercialized the world’s first ocean-biodegradable telescopic straws** in 2021
- Following the enforcement of the “Act on the Promotion, etc. of Plastic Resource Circulation Systems” on April 1, 2022, the shift to straws made of environmentally friendly materials (mainly biomass plastic and ocean-biodegradable plastic) is accelerating. This should help Nippon Straw, which has a superior customer base including leading drink makers and convenience store chains, **to increase its share further and improve on the unit price and profitability due to switching from conventional plastic straws**

The ratio of straws made of environmentally friendly materials in sales (straws)



Environmental responsibility of telescopic straws



Paper packaging materials use the minimum amount of plastics.
(i.e., “**eco-friendly materials**”)

Telescopic straws of paper packaging are exempt from charged straws

Classification and usage of major straws made of environmentally friendly materials

Biomass plastic

- ✓ Mainly made from sugarcane
- ✓ Carbon neutral

Ocean-biodegradable plastic

- ✓ Mainly made from vegetable oil
- ✓ Decomposes into water and carbon dioxide under various conditions, including in seawater

Main usage

Single straws

Telescopic straws

Customers

Leading convenience stores

Major dairy companies and beverage manufacturers

Expansion in usage and customers

Fashion Business



HANABISHI
THE TAILOR OF JAPAN SINCE 1935

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

Overview and prospects

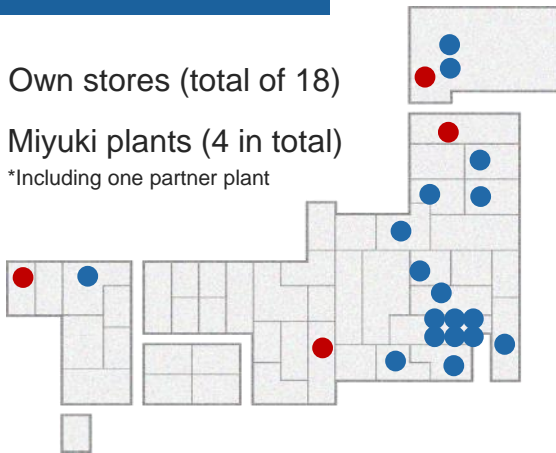
- Acquired shares in October 2015.
- Founded in 1935. Hanabishi is a **pioneer in custom-made suits**, receiving high evaluations from consumers with **a sales record of more than 25 million suits**. Even after the factory closed, Hanabishi has continued to provide high-quality domestically manufactured custom-made suits through production outsourcing to Miyuki Keori, which boasts a long history and track record
- [Forecast for FY2022] The market environment for custom-made suits remains challenging, but Hanabishi is **expected to secure profitability** due to significant reductions in fixed costs as a result of the closure of all its own factories. Since it has entirely outsourced production, the impact of the recent increase in raw material prices is limited

Bases and features

● Own stores (total of 18)

● Miyuki plants (4 in total)

*Including one partner plant



Miyuki Keori: Company overview

MIYUKI 御幸毛織株式会社

Founded in 1905

Main businesses Manufacture and sales of men's clothing fabrics, men's clothing and ancillary items

Commitment

Market environment

- Leading menswear retailers and other players are increasingly entering the custom-made suits' market. The shift to working from home is accelerating and the demand for business suits has slackened further because of the impact of COVID-19. Industry restructuring is ongoing in a shrinking market environment

Commitment in FY2022

- Expanding the customer base by enhancing web marketing, etc., and strengthening the product lineup such as casual jackets to respond to changes in the social environment
- **In addition to acquiring new customers by renewing Hanabishi's website and strengthening SEO measures, improving awareness through proactive information dissemination through SNS is expected to lead to an expansion in orders.**

Group company Miyuki Sewing Co., Ltd. In 2016, Miyuki Sewing **was certified as a three-star company, the highest rank, as an excellent sewing plant in Japan** in the easy custom-made section by the IACDE (International Association of Clothing Designers and Executives)

Electronic Parts Business



Clean Surface Technology Co., Ltd. (<http://www.cst-h.com/>)

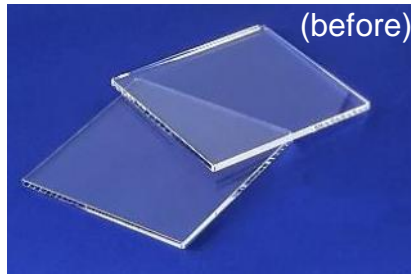
Overview and prospects

- Acquired shares in February 2017.
- Established in 1977 as **Japan's first manufacturer specializing in mask blanks** and holding an **excellent customer base**, such as leading domestic and foreign manufacturers
Clean Surface Technology's products are consumed in the development process of customer products and relatively less affected by trends in the final products. This enables it to maintain stable business performance
- [Forecast for FY2022] **Profit is expected to increase slightly** due to an increase in demand, etc., despite the impact of higher raw material prices

Overview of products

Manufacturing of mask blanks

Mask blanks are a material used to portray circuit patterns for semiconductors, etc. and play a role similar to that of a printing plate.

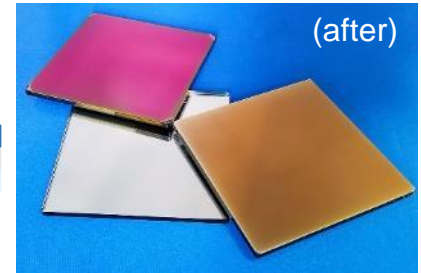
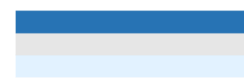


Glass substrate

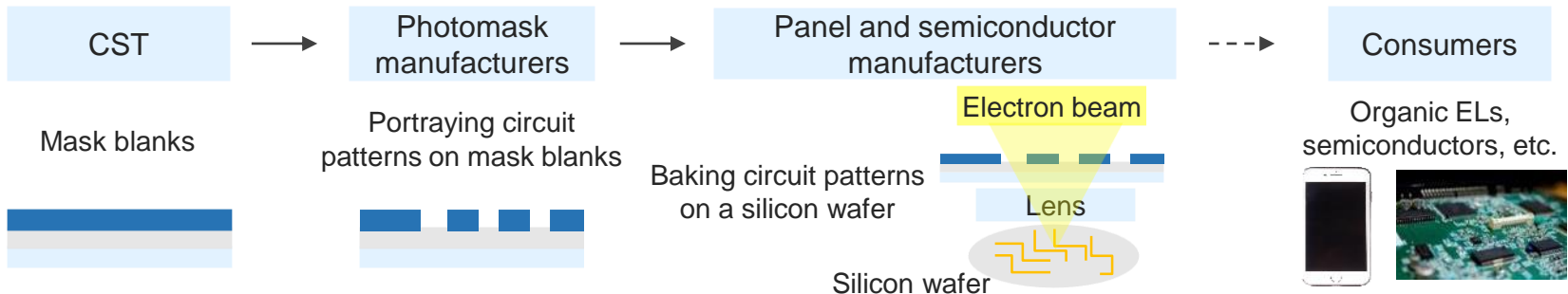


A thin metal film such as chrome is uniformly applied to a glass substrate.

↓photosensitizer↓
↓Metal film such as chrome↓



Customers and usage



Electronic Parts Business



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

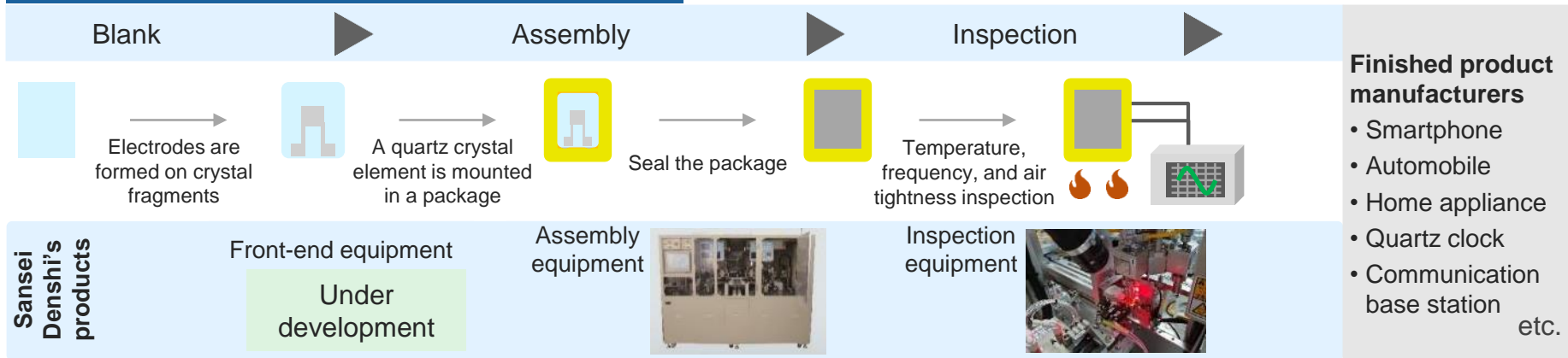
Overview and prospects

- Acquired shares in April 2020.
- 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**, having strengths in advanced technology; strong relationships with customers; and price competitiveness.
- [Forecast for FY2022] Revenue is expected to decline because capital expenditures will run their course. However, despite the impact of rising raw material prices, **its business performance is expected to remain resilient** due to a high order backlog

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)
They are installed in all kinds of electronic devices and are 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

Manufacturing process for crystal devices



Commitment

- Sansei Denshi developed and launched in-line systems covering manufacturing processes up to the blank process in the market in FY2021. It succeeded in differentiating itself from its competitors by developing the market's first front-end equipment.

Office Equipment Business



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

Overview and prospects

- 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 through 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.
- [Forecast for FY2022] There are concerns about the impact of rising steel prices, logistics costs, and higher costs due to a stronger baht. Despite cost cutting efforts, **profit is expected to decline**

Major products

MS Shredder

A wide variety of products for different applications

1. Small & large, and special machines
2. Number of sheets to be shredded: 20 to over 100
3. Paper shredding size: 10 mm² or less*

***World's finest**



Automated reception system

MS voice call NEO



MS UV-C system AIRVIO / AIRVIO+



Sales and after-sales service network

Network throughout Japan

- Sales/service bases



Confirmed 99% virus reduction in 27 minutes and 99.99% in 54 minutes

*Based on the research of Kitasato Research Center for Environmental Science
(Report number: Kitasato Research Center 2021_0297)

Commitment

- Made T SECURE INTERNATIONAL CO., LTD., a partner plant in Thailand, a subsidiary in August 2021.
This contributed to stable supply of shredders, improved product development capabilities, and reduced manufacturing costs

Pet Business



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

Overview and prospects

- 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 favorably evaluated by pet breeders and veterinary hospitals across the country, having strong brand power and a solid market share in the high-quality healthy premium pet food market.
- [Forecast for FY2022] Higher material prices are expected as well as rising import costs due to a weaker yen, **but business performance is expected to remain stable** due to development of new customers and an increase in sales price

Major products



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 remarkable 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™



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



— Example of remarkable ingredients

EF2001 lactic acid *bacillus*

Glucosamine, chondroitin

Agaricus

Housing-related materials



System Kyowa Co., Ltd. (<http://www.systechkyowa.co.jp/>)

Overview and prospects

- Acquired shares in February 2021.
- Engaging in planning, production, and sales of housing-related materials (e.g., door stoppers, earthquake-resistant latches).
Operating an in-house factory in Thailand
Boasting a high share in the industry by carrying out integrated production in the group from planning, **molding and forming to assembly**.
Maintaining solid business relationships through direct sales transactions with leading housing and building materials manufacturers, and engaging in joint product development and joint patent applications. While economic indicators related to new housing starts have not returned to the pre-COVID-19 level, strong growth is expected in the future.
- [Forecast for FY2022] Impacts of higher material prices and stronger baht are expected, but **business performance is expected to remain stable** due to an increase in sales price and new product launches

Major products

Door stopper



Earthquake-resistant latch



Pull



Caster



Strengths

Cost competitiveness

- In-house factory (Thailand)
- Direct sales system

High technological skills

- Advanced product development capabilities
- Patents

Solid relationships with business partners

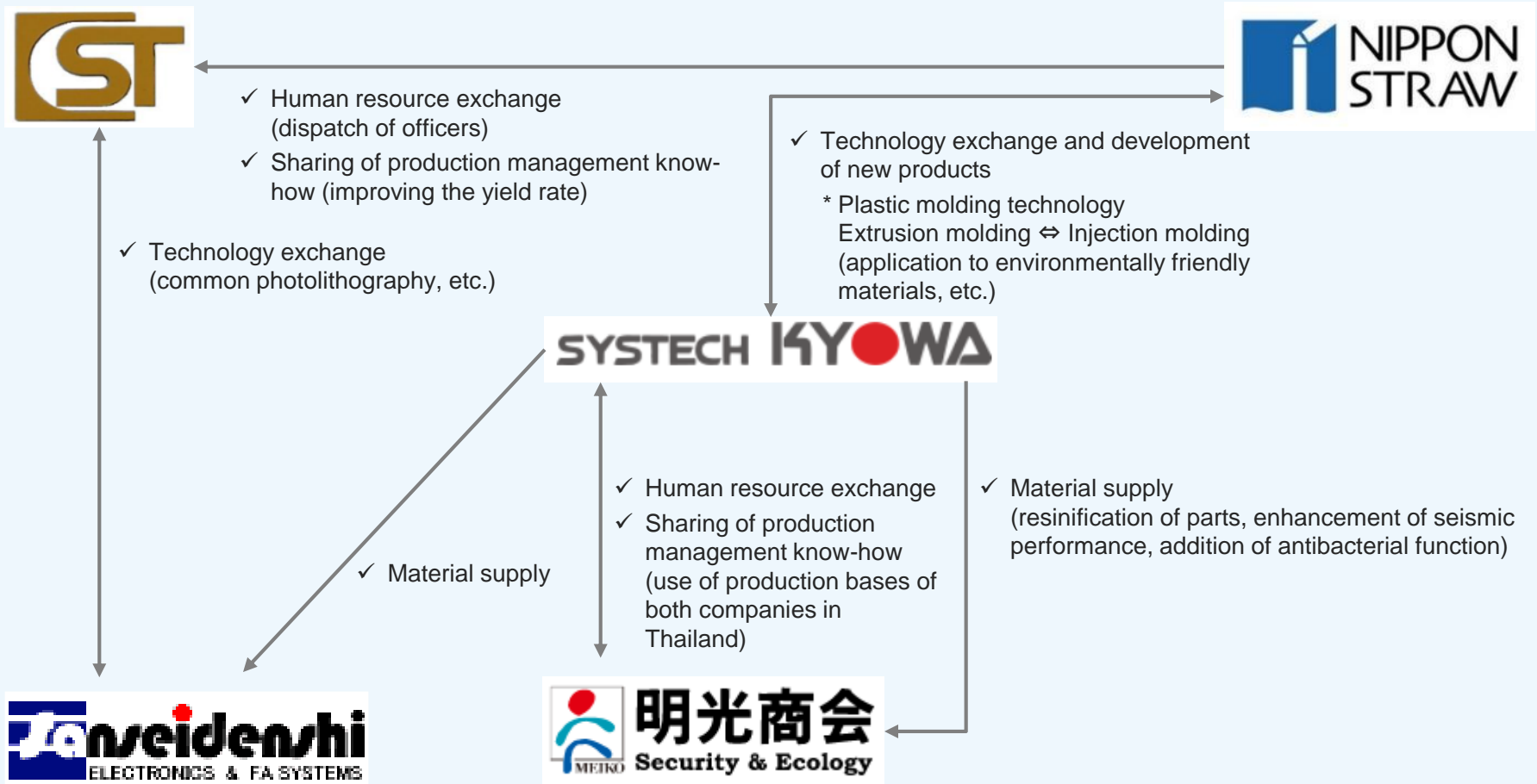
- Proposal-based marketing
- Joint development

Locations



Group Synergy

- Group companies created synergies by sharing know-how and other information common to the manufacturing industry.
- In addition to synergy within the Group, cost cutting effects are expected due to concentration of headquarters functions into Holdings





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

Overview and features

- 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 the 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.

Facilities under management

Pine Garden Fujisaki



Pine Garden Muromi



Management concept

- 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

(Other than Coal Production Business)

*For Coal Production Business, please see pp. 21 to 22

Coal Sales Business, Renewable Energy Business

Mitsui Matsushima Co., Ltd. (Coal Sales)

Overview and features

- On October 1, 2018, the Coal Sales Business was newly established by divesture following the shift to a holding company structure
- Selling coal to electric power companies, steel companies, etc. in Japan.
- The impact of fluctuations of coal prices on profits is limited as commissions according to transaction volume are the main source of revenues.

MM Energy Co., Ltd. (Renewable Energy)



Overview and features

- 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

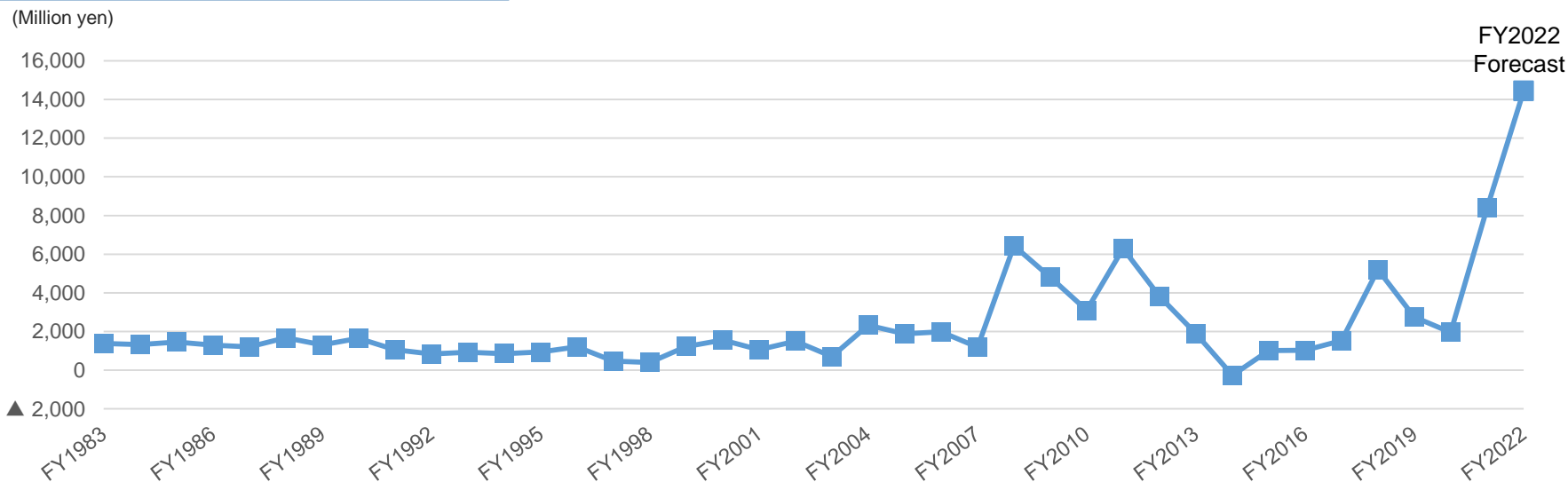


Full view of Tsuyazaki Power Station

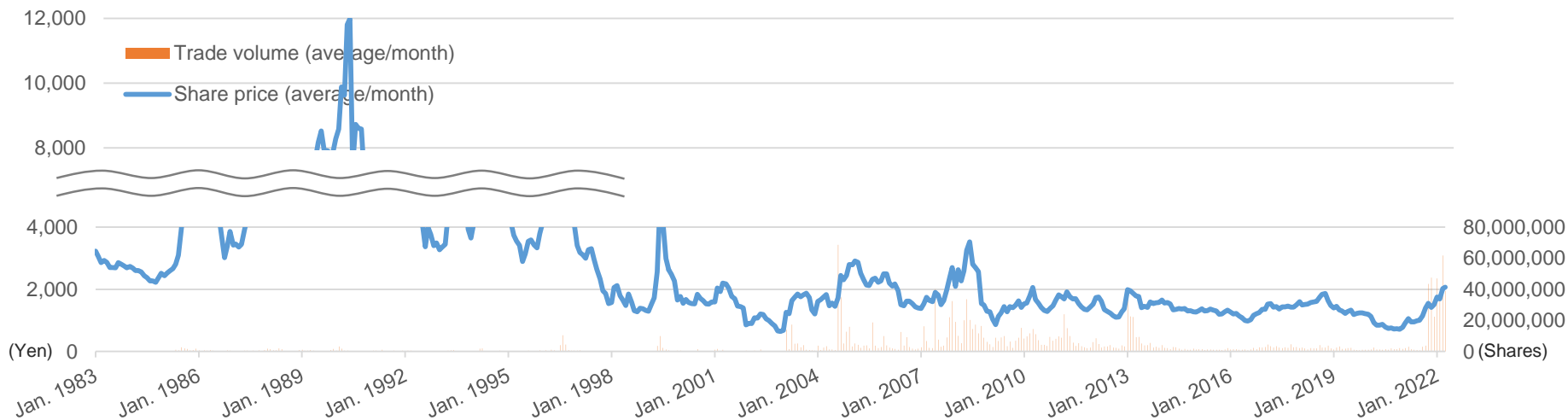
Reference Materials

Charts for Consolidated Earnings and Share Price

Trend in consolidated earnings



Trend in share price



*Since a 10-to-1 share consolidation was conducted effective October 1, 2016, share prices and trade volume were calculated based on the assumption that the share consolidation was conducted.

Trend in the Coal Market

Coal market information

(US\$/Mt) Trend in the Global Coal Index, Australia Newcastle Port Load, Standard-Quality Thermal Coal Index



Overview of Coal Contracts

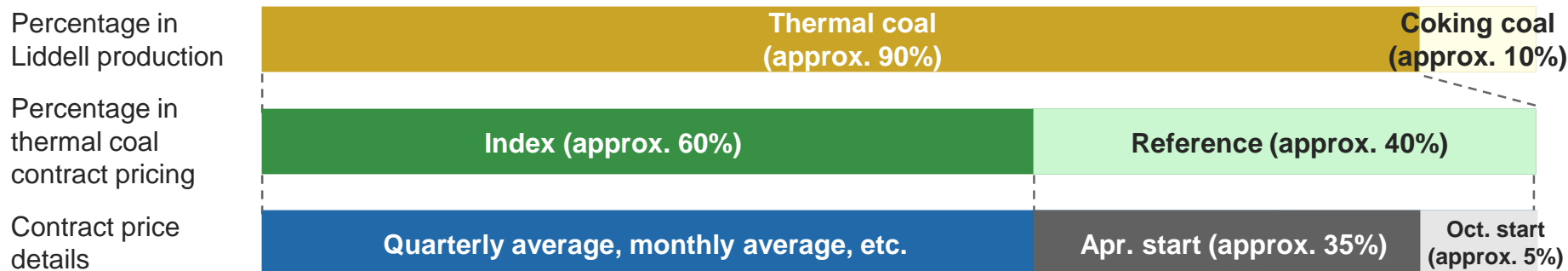
Method of determining a contract price

Contract type	Reference price	Global coal index price
Timing of determination	Semi-annually in April and October only	Daily
Contract method	A contract price is determined according to the quality of coal in reference to prices determined bilaterally among Japanese electric power companies and certain coal majors as a benchmark (reference).	It is common to use a quarterly average (over three months), etc. of the index price primarily prior to loading, rather than the index price at the time of a contract, as a contract price.

Reference: Ministry of Economy, Trade and Industry, "Coal Market Study Group - Report - Reference Materials" published in April 2018

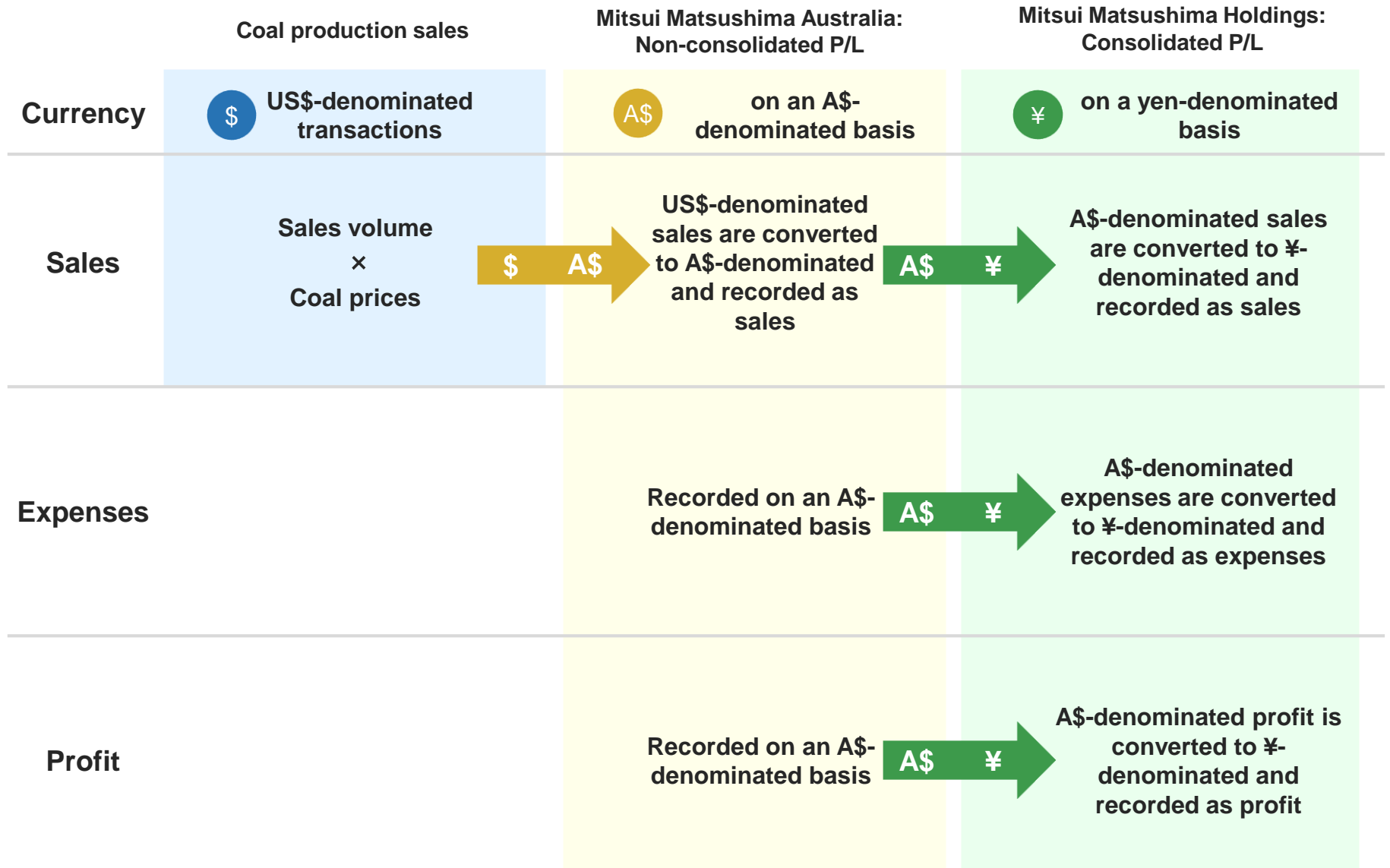
Liddell Coal Mine in Australia: Overview of the format of thermal coal contracts (2021 results)

- (Delivery quantity) In terms of contract term, long-term contracts (one year or longer) account for roughly 90% for both thermal coal and coking coal
- (Price) For thermal coal, fixed-price (one-year) contracts based on reference prices and those based on index prices account for about 40% and 60%, respectively. Prices based on monthly or quarterly averages are used for contracts when adopting index prices



*When reference prices for Oct.-start contracts are not determined, they will be based on index prices

Impact of FX in Coal Production Business



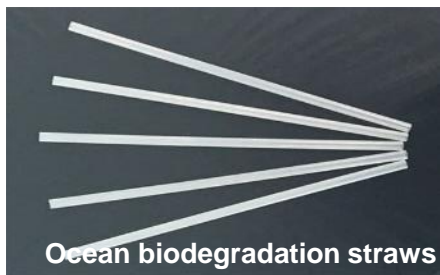
Overview of sustainability activities

The Mitsui Matsushima Group, which has established its Basic Policy for Sustainability, is strongly aware that the development of a sustainable society is the foundation for the development of each new business of the Company, and implements various initiatives to contribute to the needs of society in each business area. For specific activities of the Group, please refer to our website, which provides detailed information.

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

Our initiatives

Nippon Straw Co., Ltd.



Developed and launched straws made of environmentally friendly materials

- Developed and launched straws made of environmentally friendly materials (biomass plastic, ocean-biodegradable plastic, etc.)



MM Life Support Co., Ltd.



Contributing to Japan's super-aged society through nursing care business

- Managing housing facilities for the elderly, offering safe and secure living services
- Providing nursing care services tailored to lifestyles and the nursing care level of residents



MM Energy Co., Ltd.



Contributing to reduction of environmental burdens through solar power generation

- Operating a 6-MW-capacity solar power generation station in Fukutsu City, Fukuoka Prefecture
- Participating in streetscape conservation activities in the region



Mitsui Matsushima Holdings Co., Ltd.



Conservation of Mitsui Minato Club, historical cultural property

Contributing to conservation of landscape importance under the Landscape Act, heritage of industrial modernization designated by the Ministry of Economy, Trade, and Industry, and a designated tangible cultural property of Omuta City, Fukuoka Prefecture



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