



November 5, 2021

To Whom It May Concern:

Company name: Mitsui Matsushima Holdings Co., Ltd.  
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Director and President  
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Tokyo Stock Exchange and Fukuoka  
Stock Exchange)  
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## **Notice of Forecasts for Production and Sales in the Coal Production Business**

Mitsui Matsushima Holdings Co., Ltd. (the “Company”) hereby announces the future production and sales forecasts for the Coal Production Business as follows.

The annual sales volume of coal produced (our interest of 100%) at Liddell Coal Mine in Australia, the Company’s main coal production business and in which we hold a 32.5% interest, has been around 4 million tons since 2010.

For the fiscal year ending March 31, 2022, sales volume is also expected to reach the above level, and in the latest forecasts, the average annual sales price of thermal coal for this fiscal year is expected to surge to US\$116 per ton from the initial forecast of US\$85 due to the global supply shortage and recovery in demand as economic activities pick up as restrictions imposed during the height of the COVID-19 pandemic are loosened. Segment profit in the Coal Production Business for this fiscal year is expected to increase approximately JPY4 billion from the initial forecast.

On the other hand, for fiscal years ending March 31, 2023 onwards, the mining areas that are currently allowed to be mined are scheduled to end mining in the fiscal year ending March 31, 2024. As a result, the sales volume is expected to decrease to approximately 4 to 5 million tons in total in FY2022 and FY2023 and at the same time, coal mining costs are expected to rise.

However, coal sales prices for FY2022 are expected to remain at a firm level even if downward price adjustments are taken into account.

Based on the above assumptions, segment profit in the Coal Production Business in FY2022 is expected to remain one of the important revenue sources of the entire Group if the price level remains firm, even though it will decrease from FY2021 due to the negative impact of lower sales volumes and higher costs. Specific figures will be disclosed as soon as they become clear after closely examining future market trends and next fiscal year's plan.

In addition, with regard to the extension of mining in the expandable area adjacent to the above mining area, an application process is currently underway with the aim of obtaining a license related to the environment in the country. We expect that the local authority will make a decision in 2022. As we plan to examine the amount of investment, the period of mining, profitability and other factors regarding the expansion of mining areas after obtaining a license, we have not yet determined the specific time to decide whether or not to extend mining.

At the announcement of the medium-term management plan (Note) in 2018, the Company assumed the possibility of an increase in uncertainties related to coal production including the situations described above, and implemented M&A to acquire new businesses. By doing so, we have accumulated stable revenue sources steadily in addition to the coal business. Going forward, the Group will continue to focus its earnings on new M&A investments to strengthen profitability while breaking free from its dependence on the coal business and at the same time, we will work to maintain stable dividends for shareholders.

\*The forecast above is based on information available as of the date of this publication. Actual production and sales volume in the Coal Production Business may vary due to various future factors.

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(Note) Medium-term management plan released on November 9, 2018

The plan is to invest a total of JPY30 billion in M&A over five years until the fiscal year ending March 31, 2024, aiming to achieve the following numerical targets. ((1) and (2) refer to the fiscal year ending March 31, 2024)

(1) Operating income of JPY5.5 billion (segment profit of non-coal production business of JPY4.7 billion)

(2) ROE of 8% or more

(3) Dividend payout ratio of 30% or more