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February 14, 2024

Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 7003
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 Scheduled date to file quarterly securities report: February 14, 2024
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income (loss)		Ordinary income (loss)		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2023	215,361	24.3	13,481	-	11,690	-	11,665	426.5
December 31, 2022	173,194	(65.9)	(2,542)	-	(447)	-	2,215	-

Note: Comprehensive income For the nine months ended December 31, 2023: ¥ 22,077 million [(18.4%)]
 For the nine months ended December 31, 2022: ¥ 27,044 million [741.7%]

	Earnings per share	Earnings per share (diluted)
Nine months ended	Yen	Yen
December 31, 2023	119.30	118.49
December 31, 2022	22.14	21.82

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets ratio
As of	Millions of yen	Millions of yen	%
December 31, 2023	467,035	138,165	28.6
March 31, 2023	439,959	110,686	24.2

Reference: Equity As of December 31, 2023: ¥ 133,778 million
 As of March 31, 2023: ¥ 106,404 million

2. Dividends

Common stock	Annual dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended/ending	Yen	Yen	Yen	Yen	Yen
March 31, 2023	-	0.00	-	3.00	3.00
March 31, 2024	-	0.00	-	-	-
March 31, 2024 (Forecast)	-	-	-	3.00	3.00

Note 1: Revisions to the most recently announced dividends forecasts: None

Note 2: The above "2. Dividends" shows dividends for Common stock. For details of dividends for Preferred shares (unlisted), the rights of which are different from those of Common stock issued by the Company, please refer to "Reference: Dividends for Preferred Shares" below.

3. Forecasts for Financial Results (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

Fiscal year ending	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
March 31, 2024	300,000	14.4	17,000	81.3	16,000	27.7	17,000	9.3	174.60

Note: Revisions to the most recently announced forecasts for financial results: Yes

Reference: Estimate is based on exchange rate of USD1.00 = JPY140.0

* Notes

(1) Changes in significant subsidiaries during the period

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: -

Excluded: 2 companies (Mitsui E&S Machinery Co., Ltd. and Mitsui E&S Business Service Co., Ltd.)

(2) Application of specific accounting treatment for preparing the quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

i) Changes in accounting policies due to revisions of accounting standards: None

ii) Changes in accounting policies due to other reasons: None

iii) Changes in accounting estimates: None

iv) Restatement: None

(4) Number of issued shares (common stock)

i) Number of issued shares at the end of the period (including treasury stock)

As of	shares
December 31, 2023	103,098,717
March 31, 2023	89,737,117

ii) Number of treasury stock at the end of the period

As of	shares
December 31, 2023	2,224,745
March 31, 2023	2,226,686

iii) Average number of shares outstanding during the period (cumulative quarterly consolidated period)

Nine months ended	shares
December 31, 2023	93,342,634
December 31, 2022	83,990,592

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Notice regarding forward-looking statements)

The forecasts for financial results are based on information available at the time this report was released. These forecasts and other forward-looking statements are not guarantees of future performance. Actual operating results may differ from the above forecasts due to known and unknown risks, uncertainties, and other factors. Please refer to "1. Qualitative Information on Financial Results for the Nine Months Ended December 31, 2023, (3) Explanation of Forecasts for Consolidated Financial Results and Other Forward-Looking Statements" on page 4 (attached materials) for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts, etc.

(Where to get the supplementary explanatory materials)

Supplementary material is planned to be posted on our web site.

Reference: Dividends for Preferred Shares

Dividend per share for Class-A Preferred shares are as follows:

Class-A Preferred Shares	Annual dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended/ending	Yen	Yen	Yen	Yen	Yen
March 31, 2023	-	-	-	29.38	29.38
March 31, 2024	-	-	-	-	-
March 31, 2024 (Forecast)	-	-	-	39.00	39.00

Note: Each dividend per share is rounded to the nearest thousandths place, and then converted to units of yen which are rounded to the nearest hundredth place.

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1. Qualitative Information on Financial Results for the Nine Months Ended December 31, 2023

(1) Explanation of Operating Results

The global economy during the nine months ended December 31, 2023 slowed down due to such factors as weak consumption caused by persistently high prices and increases in long-term interest rates, slowdown in demand growth for services, and the deceleration of the Chinese economy. The outlook is uncertain as a result of concerns about reigniting inflation, geopolitical risks, the slowdown of the Chinese economy, and other matters. On the other hand, the domestic economy is gradually recovering due to various factors such as solid consumer spending and increases in corporate performance and capital expenditures.

In the shipbuilding industry, which is closely related to the Company, building berths are nearly fully booked in the near term, and some shipyards are finalizing contracts for some projects with delivery to be scheduled in the beginning of 2028, showing that shipyards in Japan have secured sufficient volumes of work on hand. In addition, for the port logistics industry, demands of port crane are strong in Southeast Asia and others regions overseas, and demands also continue to be strong in Japan mainly due to new construction and expansion of existing facilities as well as renewal of existing facilities due to aging. The Company recognizes that the environment for orders is steadily recovering, despite the risks from the ongoing fluctuations in the foreign exchange and financial markets and price fluctuations in materials procurement.

Under such circumstances, the Company transitioned to an operating holding company with an Audit Committee on April 1, 2023, and was reborn with the new corporate name of "MITSUI E&S Co., Ltd." Due to the completion of the "Mitsui E&S Group Business Revival Plan," which established various measures such as the restructuring and withdrawing of unprofitable businesses and strengthening of the financial structure, any events or conditions that may cast significant doubts regarding the premise of going concern have been dissolved. As we have assessed that we are well-positioned to achieve stable earned-surplus, we resumed dividends for the first time in six fiscal years. In addition, to mark the start as a new company, the Company renewed the personnel system in order to enhance its organizational culture that promote the personnel resources with ability to create new value. In this context, the Company also did improve employee's wages in the spring wage discussions, expecting to raise the motivation to realize growth strategies.

In addition, the "1st series of share acquisition rights with an exercise price amendment clause" had been fully exercised as of November 29, 2023, significantly ahead of the original schedule, leading to approximately 8.5 billion yen in funding and improvements in the financial soundness of the Company.

Meanwhile, in light of the significant changes in the business environment surrounding us, we have already started the "Mid-Term Business Plan 2023," one year ahead of schedule. The expansion of the core businesses of marine propulsion and port logistics through "green" and "digital" strategies has been set as the pillar of the strategy of the Mid-Term Business Plan 2023.

In the marine propulsion business, we acquired IHI Power Systems Co., Ltd.'s businesses related to marine large bore engines and its associated products, which commenced sales as "Mitsui E&S DU Co., Ltd." on April 1, 2023, with its strength in dual-fuel engines and digital remote maintenance systems. In July 2023, we formulated a business infrastructure strengthening plan with Mitsui E&S DU Co., Ltd. to improve the productivity of marine two-stroke engines through the business infrastructure strengthening plan certification system under the Act on Strengthening Maritime Industries, and received certification from the Minister of Land, Infrastructure, Transport and Tourism. Based on this plan, we are developing and expanding an eco-friendly engine-lineup with the enhancement of its production, which will lead to one of our main new green products.

The Group will expand its product lineup by establishing a double license system of MAN-Energy Solutions and Winterthur Gas & Diesel, and improve competitiveness by efficiently using group resources, improving productivity, and enhancing after-sales service.

In the port logistics business, we developed the first Rubber Tired Gantry crane (RTG) that uses fuel cells (FCs) as a power source in the world through collaboration with New Energy and Industrial Technology Development Organization (NEDO). Furthermore, we proceeded with the decarbonization of products, such as by mounting FCs in RTG and concluding an agreement with Bureau of Port and Harbor Tokyo and three other companies to carry out cargo handling operations using hydrogen as fuel. In addition, we will work to resolve issues of a society with a shrinking population by utilizing digital technologies including the automation of port cranes, remote maintenance through drones, and enhancement of operational efficiency of port terminals.

Moreover, we have positioned some specific businesses that promote new products and services in peripheral areas of core businesses as growth businesses. For example, we got an order for compressors for Japan's first large-scale production demonstration plant for domestically produced Sustainable Aviation Fuel (SAF), which is made from waste cooking oil. Including the said work, we will work to further enhance corporate value by focusing on development of new products and services that takes decarbonization into consideration.

Orders received during the nine months ended December 31, 2023 increased by 13,882 million yen (up 6.5%) year on year to 227,902 million yen. Net sales were 215,361 million yen, an increase of 42,167 million yen (up 24.3%) year on year due to favorable deliveries of marine engines in Marine Propulsion Systems and the inclusion of Mitsui E&S DU Co., Ltd. in the scope of consolidation. Operating income was 13,481 million yen (same period of the previous fiscal year was operating loss of 2,542

million yen) mainly due to improved profitability in Marine Propulsion Systems. Ordinary income was 11,690 million yen (same period of the previous fiscal year was ordinary loss of 447 million yen) mainly due to the recording of share of profit of entities accounted for using equity method, interest expenses, and commission expenses. Profit attributable to owners of parent was 11,665 million yen, an increase of 9,449 million yen (up 426.5%) year on year mainly due to the recording of gain on bargain purchase and gain on sales of subsidiaries and affiliates' stocks.

The overview by reportable segment is as follows. From the 1st quarter of FY2023, the Company changed the reportable segment classifications, and the year-on-year comparison shown is based on the reportable segment classifications after the change. For details, please refer to "2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to Quarterly Consolidated Financial Statements (Segment Information)."

(New Business Development)

Compared with the same period of the previous fiscal year, orders received increased by 5,742 million yen (up 18.2%) to 37,234 million yen. This is mainly due to increasing decarbonization demands as well as steady demands for blast furnace blowers, construction equipment engines and industrial machineries associated with the renewal of facilities such as chemical plants. Net sales totaled 29,152 million yen, increased by 6,839 million yen (up 30.7%) year on year, mainly due to an increase in orders for construction equipment engines. Operating income increased by 1,721 million yen (up 97.2%) year on year to 3,491 million yen due to the increased net sales.

(Marine Propulsion Systems)

Customer inquiries remain high, though orders received decreased by 5,324 million yen (down 5.9%) to 85,653 million yen from the same period of the previous fiscal year. Net sales totaled 99,749 million yen, increased by 29,603 million yen (up 42.2%) year on year. This is mainly due to favorable deliveries of marine engines, good performance in after-sales service, and the inclusion of Mitsui E&S DU Co., Ltd. in the scope of consolidation. Operating income was 4,993 million yen, an increase of 3,599 million yen (up 258.1%) due to the increased net sales.

(Logistics Systems)

Orders received was 58,729 million yen, increased by 19,264 million yen (up 48.8%) compared with the same period of the previous fiscal year, mainly due to a series of large orders in Southeast Asia. Mainly due to the steady deliveries of cranes, net sales increased by 1,933 million yen (up 6.8%) year on year to 30,163 million yen. Operating income improved from a loss of 456 million yen to a profit of 1,034 million yen, mainly due to higher net sales and smaller impacts of provision for losses on construction contracts.

(Peripheral Businesses)

Orders received increased by 5,677 million yen (up 14.0%) to 46,154 million yen from the same period of the previous fiscal year, mainly due to large orders for Fuel Gas Supply systems (FGS) for East Asia. Net sales totaled 52,569 million yen, increased by 14,523 million yen (up 38.2%) year on year. This is mainly due to strong sales both in Japanese and foreign subsidiaries. Thanks to the favorable net sales, operating income improved from a loss of 206 million yen to a profit of 2,024 million yen.

(Ocean Development)

MODEC, Inc. and its related companies, which are affiliates accounted for using equity method of the Company, recorded the improvement costs of asset integrity incurred for the FPSOs and FSO operating in Brazil. Despite these costs, share of profit of entities accounted for using equity method totaled 2,760 million yen, increased by 1,998 million yen (up 262.2%) compared with the same period of the previous fiscal year, mainly due to the revenue recognized from the progress of construction projects.

(2) Explanation of Financial Position

Total assets at the end of the 3rd quarter of the current fiscal year were 467,035 million yen, increased by 27,075 million yen from the end of the previous fiscal year. This was mainly due to increases of 8,587 million yen in notes and accounts receivables-trade, and contract assets, 10,100 million yen in work in progress, 5,273 million yen in raw materials and supplies, and 9,112 million yen in investment securities, while cash and time deposits decreased by 7,457 million yen.

Total liabilities were 328,869 million yen, decreased by 404 million yen from the end of the previous fiscal year. This was mainly due to decreases in current portion of long-term borrowings by 5,964 million yen, current portion of bonds by 5,000 million yen, provision for losses on construction contracts by 8,332 million yen, and others in current liabilities by 33,022 million yen despite increases of 11,416 million yen in trade payables, 36,933 million yen in short-term borrowings, and 3,081 million yen in contract liabilities.

Total net assets were 138,165 million yen, increased by 27,479 million yen from the end of the previous fiscal year. This was mainly due to the exercise of the 1st series of share acquisition rights with an exercise price amendment clause, the recording of profit attributable to owners of parent, and an increase in foreign currency translation adjustments.

(3) Explanation of Forecasts for Consolidated Financial Results and Other Forward-Looking Statements

The Company revised the forecasts for consolidated financial results for the current fiscal year as stated in "Notice Concerning Revisions to Full-Year Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2024" which was announced on February 14, 2024.

i) Reasons for revisions

The Company expects higher net sales than previously expected in New Business Development, where a subsidiary is marking good performance in the area of construction equipment engines, and in Peripheral Businesses, where large works show favorable progresses.

The actual results for the current year-to-date period show steady progress, including the reversal of provision for losses on overseas civil engineering construction projects which are being completed. Besides, favorable variances are forecasted from prior service costs accompanying the extension of retirement age. Mainly in light of the said factors, operating income was revised upward.

In addition, the Company forecasts better profit attributable to owners of parent, reflecting the higher other operating income and extraordinary income mainly due to the increase in share of profit of entities accounted for using equity method and gain on sales of subsidiaries and affiliates' stocks.

ii) Forecasts for consolidated financial results for FY2023 (From April 1, 2023 to March 31, 2024)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	280,000	12,000	9,000	8,000	80.56
Revised forecasts (B)	300,000	17,000	16,000	17,000	174.60
Change (B-A)	20,000	5,000	7,000	9,000	-
Change ratio	7.1	41.7	77.8	112.5	-
[For reference] Results for FY2022	262,301	9,376	12,532	15,554	177.47

iii) Forecasts for consolidated financial results by segment for FY2023 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Previous forecasts		Revised forecasts		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
New Business Development	30,000	3,000	40,000	4,000	10,000	1,000
Marine Propulsion Systems	130,000	5,000	130,000	6,000	-	1,000
Logistics Systems	50,000	2,000	50,000	3,000	-	1,000
Peripheral Businesses	60,000	2,000	70,000	2,000	10,000	-
Ocean Development	-	-	-	-	-	-
Others	10,000	0	10,000	2,000	-	2,000
Total	280,000	12,000	300,000	17,000	20,000	5,000

Notes 1: Ocean Development consists of affiliates accounted for using equity method, and it does not affect net sales and operating income.

2: Shares of profit of entities accounted for using equity method for FY2023 is expected to be approximately 6.0 billion yen in Ocean Development.

3: Above forecasts are based on information currently available to the Company and certain assumptions that the Company considers reasonable. Actual results may differ from the above figures due to various factors in the future.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and time deposits	45,803	38,346
Notes and accounts receivables - trade, and contract assets	81,850	90,438
Merchandise and finished goods	6,095	6,827
Work in progress	46,799	56,899
Raw materials and supplies	6,136	11,410
Others	26,295	25,471
Allowance for doubtful accounts	(353)	(442)
Total current assets	212,628	228,951
Non-current assets		
Property, plant and equipment		
Land	68,544	68,475
Others, net	47,223	49,245
Total property, plant and equipment	115,767	117,720
Intangible assets		
Goodwill	7,626	7,493
Others	7,876	7,797
Total intangible assets	15,502	15,290
Investments and other assets		
Investment securities	68,802	77,915
Others	27,544	27,284
Allowance for doubtful accounts	(285)	(126)
Total investments and other assets	96,061	105,073
Total non-current assets	227,330	238,084
Total assets	439,959	467,035

(Millions of yen)

As of March 31, 2023 As of December 31, 2023

Liabilities		
Current liabilities		
Trade payables	54,939	66,355
Short-term borrowings	115,245	152,178
Current portion of long-term borrowings	9,375	3,410
Current portion of bonds	5,000	-
Accrued income taxes	796	3,522
Contract liabilities	25,300	28,381
Provision for losses on construction contracts	14,025	5,693
Provision for bonuses	4,059	2,160
Other provisions	3,726	4,743
Others	54,511	21,488
Total current liabilities	286,980	287,935
Long-term liabilities		
Long-term borrowings	11,927	11,335
Provision for business restructuring	853	853
Other provisions	747	683
Net defined benefit liabilities	5,048	5,408
Asset retirement obligations	1,728	1,733
Others	21,986	20,920
Total long-term liabilities	42,293	40,934
Total liabilities	329,273	328,869
Net assets		
Shareholders' equity		
Share capital	3,829	8,846
Capital surplus	10,552	11,804
Retained earnings	42,292	53,150
Treasury stock	(4,632)	(4,623)
Total shareholders' equity	52,042	69,178
Accumulated other comprehensive income		
Net unrealized holding gains on securities	48	741
Unrealized gains on hedging derivatives	8,309	10,677
Revaluation reserve for land	27,601	27,618
Foreign currency translation adjustments	10,691	18,088
Remeasurements of defined benefit plans	7,710	7,474
Total accumulated other comprehensive income	54,362	64,599
Subscription rights to shares	132	89
Non-controlling interests	4,148	4,298
Total net assets	110,686	138,165
Total liabilities and net assets	439,959	467,035

(2) Quarterly Consolidated Statements of Operations and Comprehensive Income
Quarterly Consolidated Statements of Operations

(Millions of yen)

	April 1, 2022 to December 31, 2022	April 1, 2023 to December 31, 2023
Net sales	173,194	215,361
Cost of sales	154,730	181,125
Gross profit	18,463	34,235
Selling, general and administrative expenses	21,005	20,753
Operating income (loss)	(2,542)	13,481
Non-operating income		
Interest income	97	254
Dividend income	213	225
Share of profit of entities accounted for using equity method	1,669	3,422
Foreign currency exchange gains	4,659	431
Others	901	706
Total non-operating income	7,540	5,039
Non-operating expenses		
Interest expenses	2,094	3,167
Commission expenses	2,107	2,912
Others	1,244	750
Total non-operating expenses	5,446	6,830
Ordinary income (loss)	(447)	11,690
Extraordinary income		
Gain on bargain purchase	-	1,944
Gain on sales of investment securities	644	-
Gain on sales of subsidiaries and affiliates' stocks	2,798	2,056
Insurance income	1,336	-
Total extraordinary income	4,780	4,000
Extraordinary losses		
Loss on change in equity	-	1,075
Loss from overseas remittance	-	665
Loss on sales of subsidiaries and affiliates' stocks	274	-
Loss due to transportation accidents	1,026	-
Loss on liquidation of business	107	-
Total extraordinary losses	1,408	1,741
Profit before income taxes	2,923	13,950
Income taxes	809	2,122
Profit	2,113	11,828
Profit (loss) attributable to non-controlling interests	(101)	163
Profit attributable to owners of parent	2,215	11,665

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	April 1, 2022 to December 31, 2022	April 1, 2023 to December 31, 2023
Profit	2,113	11,828
Other comprehensive income		
Net unrealized holding gains (losses) on securities	(556)	688
Unrealized gains (losses) on hedging derivatives	(2,080)	106
Foreign currency translation adjustments	3,158	3,500
Remeasurements of defined benefit plans	(1,760)	(189)
Share of other comprehensive income of affiliates accounted for using equity method	26,169	6,143
Total	24,930	10,249
Comprehensive income	27,044	22,077
Comprehensive income attributable to		
Owners of parent	27,104	21,886
Non-controlling interests	(60)	190

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in the Event of Significant Changes in Shareholders' Equity)

During the nine months ended December 31, 2023, share capital increased by 5,016 million yen and legal capital surplus increased by 1,254 million yen, respectively, due to the exercise of the 1st series of share acquisition rights with an exercise price amendment clause. As a result of the above, share capital was 8,846 million yen and capital surplus was 11,804 million yen as of December 31, 2023.

(Application of Specific Accounting Treatment for Preparing Quarterly Consolidated Financial Statements)

After applying tax effect accounting to profit before income taxes for the fiscal year, which includes the 3rd quarter under review, the Company makes a reasonable estimate of the effective tax rate and multiplies the profit before income taxes by that estimated effective tax rate. If the estimated effective tax rate is unavailable, the amount of the significant difference, other than temporary differences, etc. is added to or deducted from profit before income taxes, and the result is multiplied by the statutory effective tax rate. Income taxes - deferred are included in the presentation of income taxes.

(Segment Information)

I For the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

1. Information about sales and segment income or loss for each reportable segment

(Millions of yen)

	New Business Development	Marine Propulsion Systems	Logistics Systems	Peripheral Businesses	Ocean Development	Sub total	Others	Total	Adjustments	Consolidated
Net Sales:										
Outside customers	22,313	70,145	28,229	38,046	-	158,735	14,459	173,194	-	173,194
Inter segment	566	298	155	7,945	-	8,965	33	8,998	(8,998)	-
Total	22,879	70,443	28,385	45,991	-	167,700	14,492	182,192	(8,998)	173,194
Segment income (loss)	1,770	1,394	(456)	(206)	762	3,263	(5,043)	(1,780)	(762)	(2,542)

Notes 1: Segment income (loss) in "New Business Development," "Marine Propulsion Systems," "Logistics Systems," "Peripheral Businesses" and "Others" represents "Operating income (loss)," and in "Ocean Development" represents "Share of profit (loss) of entities accounted for using equity method."

2: "Others" is the segment which is not included in Reportable Segment and includes Engineering businesses, etc.

3: Segment income (loss) is adjusted with operating loss in Quarterly Consolidated Statements of Operations.

2. Information about loss on impairment of non-current assets, goodwill, etc. for each reportable segment

(Significant loss on impairment of non-current assets)

Not applicable.

(Significant changes in the amount of goodwill)

Not applicable.

(Significant gain on bargain purchase)

Not applicable.

II For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

1. Information about sales and segment income or loss for each reportable segment

(Millions of yen)

	New Business Development	Marine Propulsion Systems	Logistics Systems	Peripheral Businesses	Ocean Development	Sub total	Others	Total	Adjustments	Consolidated
Net Sales:										
Outside customers	29,152	99,749	30,163	52,569	-	211,634	3,726	215,361	-	215,361
Inter segment	849	453	538	10,491	-	12,332	(0)	12,332	(12,332)	-
Total	30,002	100,202	30,701	63,061	-	223,967	3,726	227,694	(12,332)	215,361
Segment income	3,491	4,993	1,034	2,024	2,760	14,304	1,937	16,241	(2,760)	13,481

Notes 1: Segment income (loss) in "New Business Development," "Marine Propulsion Systems," "Logistics Systems," "Peripheral Businesses" and "Others" represents "Operating income (loss)," and in "Ocean Development" represents "Share of profit (loss) of entities accounted for using equity method."

2: "Others" is the segment which is not included in Reportable Segment and includes Engineering businesses, etc.

3: Segment income is adjusted with operating income in Quarterly Consolidated Statements of Operations.

2. Changes in Reportable Segment, etc.

(Changes in Classification of Reportable Segment)

Effective from 1st quarter of FY2023, the Company has changed the classification of its Reportable Segment from the previous 4 segments (Ship, Ocean Development, Machinery and Engineering) to 5 new segments (New Business Development, Marine Propulsion Systems, Logistics Systems, Peripheral Businesses and Ocean Development). This change was implemented to clarify the positioning of each business and to expand sales and profits mainly in the core business in accordance with the policy in "Mid-Term Business Plan 2023."

Comparative segment information for the 3rd quarter of the previous fiscal year has been restated to reflect the changes.

3. Information about loss on impairment of non-current assets, goodwill, etc. for each reportable segment

(Significant loss on impairment of non-current assets)

Not applicable.

(Significant changes in the amount of goodwill)

Not applicable.

(Significant gain on bargain purchase)

Gain on bargain purchase was recognized in "Marine Propulsion Systems" due to the acquisition of all shares of Mitsui E&S DU Co., Ltd., making it our consolidated subsidiary. The amount of the gain from the said event is 1,944 million yen in the 3rd quarter of FY2023. Gain on bargain purchase is an extraordinary income and is not included in the segment income. This is a provisional amount as the purchase price allocation has not been completed as of the end of the 3rd quarter of FY2023.

(Significant Subsequent Events)

Not applicable.

3. Supplementary Information

Information about new orders and sales

(Percentages in FY2022 and FY2023 indicate composition ratio.)

New Orders

	3rd quarter of FY2022 (from April 1, 2022 to December 31, 2022)		3rd quarter of FY2023 (from April 1, 2023 to December 31, 2023)		Increase/Decrease		Change ratio		FY2022 (from April 1, 2022 to March 31, 2023)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%		
New Business Development	31,492	14.7	37,234	16.3	5,742	18.2	42,192	13.1		
Marine Propulsion Systems	90,977	42.5	85,653	37.6	(5,324)	(5.9)	139,575	43.3		
Logistics Systems	39,464	18.5	58,729	25.8	19,264	48.8	49,441	15.3		
Peripheral Businesses	40,476	18.9	46,154	20.2	5,677	14.0	74,303	23.1		
Ocean Development	-	-	-	-	-	-	-	-		
Others	11,608	5.4	130	0.1	(11,478)	(98.9)	16,838	5.2		
Total	214,019	100.0	227,902	100.0	13,882	6.5	322,351	100.0		

Sales

	3rd quarter of FY2022 (from April 1, 2022 to December 31, 2022)		3rd quarter of FY2023 (from April 1, 2023 to December 31, 2023)		Increase/Decrease		Change ratio		FY2022 (from April 1, 2022 to March 31, 2023)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%		
New Business Development	22,313	12.9	29,152	13.6	6,839	30.7	34,865	13.3		
Marine Propulsion Systems	70,145	40.5	99,749	46.3	29,603	42.2	97,693	37.2		
Logistics Systems	28,229	16.3	30,163	14.0	1,933	6.8	41,653	15.9		
Peripheral Businesses	38,046	22.0	52,569	24.4	14,523	38.2	57,356	21.9		
Ocean Development	-	-	-	-	-	-	-	-		
Others	14,459	8.3	3,726	1.7	(10,732)	(74.2)	30,733	11.7		
Total	173,194	100.0	215,361	100.0	42,167	24.3	262,301	100.0		

Order Backlogs

	FY2022 (as of March 31, 2023)		3rd quarter of FY2023 (as of December 31, 2023)		Increase/Decrease		Change ratio		3rd quarter of FY2022 (as of December 31, 2022)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%		
New Business Development	28,879	9.3	37,061	10.3	8,181	28.3	30,764	10.5		
Marine Propulsion Systems	61,595	19.7	56,862	15.8	(4,732)	(7.7)	40,141	13.7		
Logistics Systems	58,715	18.8	86,979	24.1	28,263	48.1	62,828	21.4		
Peripheral Businesses	156,215	50.1	176,422	49.0	20,207	12.9	142,244	48.5		
Ocean Development	-	-	-	-	-	-	-	-		
Others	6,411	2.1	2,903	0.8	(3,507)	(54.7)	17,466	5.9		
Total	311,817	100.0	360,230	100.0	48,412	15.5	293,444	100.0		