

Integrated Report 2022

Year ended March 31, 2022

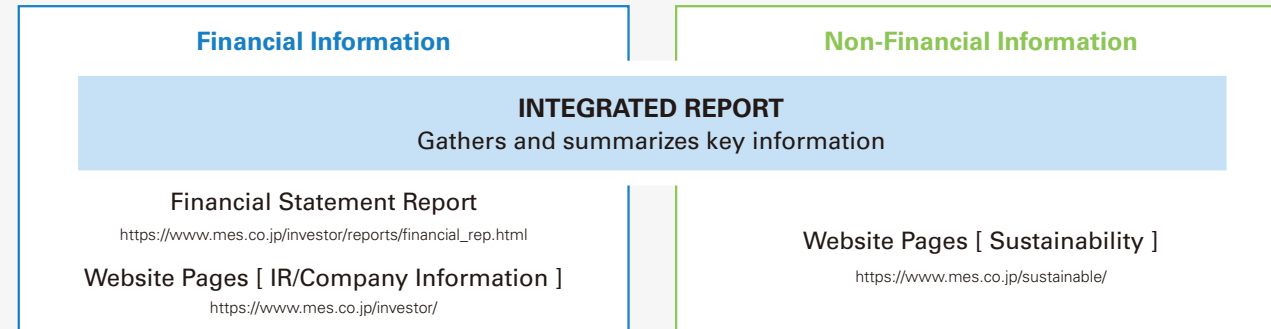
*Engineering & Services
for Evolution & Sustainability*



Editorial Policy

We started creating the “Mitsui E&S Group Integrated Report” (the report) from 2019 (’19/4- ’20/3), aiming to provide our stakeholders with a deeper understanding of our business model and the process of realizing long-term sustainable corporate value improvement. The report focuses on information that has a significant impact on corporate value. A wide range of IR information and ESG-related information is disclosed comprehensively on our website, aiming for further improvement so that various stakeholders in Japan and overseas can understand our unique business model.

Positioning of “Mitsui E&S Group Integrated Report”



Scope Mitsui E&S Holdings Co., Ltd. and major companies of the Mitsui E&S Group
However, the applicable scope of reporting is specified on a case-by-case basis if it differs from the above.

Period This report covers the period from April 2021 to March 2022.
(However, some sections include information for April 2022 and thereafter.)

Reporting frequency Once a year in principle

Publication date November 2022

Reference Guidelines

- “International Integrated Reporting Framework” International Integrated Reporting Council (IIRC)
- “Guidance for Collaborative Value Creation” METI of Japan
- “Sustainability Reporting Standards issued” Global Reporting Initiative (GRI)

Inquiries

Mitsui E&S Holdings Co., Ltd. Corporate Planning Division Contact form
<https://www.mes.co.jp/contact.html>

Disclaimers This report contains plans and forecasts that were current as of the date of publication, as well as descriptions about our future business activities based on our management plans. Please note that this information is based on the currently available information, and the actual contents of our business activities may differ from the contents of this report due to future circumstances or the environment, or due to unanticipated events that may occur after the publication of this report.



Mitsui E&S Holdings agrees with the SDGs (Sustainable Development Goals), an international goal set by the United Nations to solve global issues.

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Reconsider the Meaning of Our Existence and Redefine Our Group Strategic Goals

Mid-Term Business Plan 2023 redefined the Mitsui E&S Group's Strategic Goals (Company Philosophy, Vision, Management Policy, Standards of Conduct), in accordance with the quick shift to a sustainable society, environmental change and the transformation of the Group. All employees share a new the meaning of the Mitsui E&S Group's existence and work together to move forward.

Our mission

We build trust and contribute to society through our engineering and services

The mission conveys the meaning of our existence (purpose), namely expanding our operations beyond the scope of conventional manufacturing, and contributing to the achievement of a sustainable society through our engineering and services.

Vision in 2030

In the marine domain, we create a carbon-free society and resolve challenges induced by depopulation

Regarding our strengths in the marine domain that is the core of our operations, we will implement resolute management.

Management Policy

Create new value together with customers

Business development
(Commitment to customers and suppliers)
Conduct business through needs-oriented marketing and innovation in relevant technologies

Seek a sound financial structure and steady profit

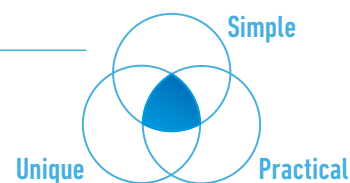
Finance & Corporate Planning
(Commitment to shareholders and financial institutions)
Manage and operate our group through the timely evaluation of marginal profit and fixed costs

Accelerate the resolution of sustainability issues

Personnel and general affairs
(Commitment to employees and society)
Address climate change, population decline and diversity in consideration of employees' health and safety

Standards of Conduct

Endeavor to provide simple, unique and practical products and services







We always focus on customer-centric products and services that fulfill three kinds of value, develop healthy businesses and bring them into the world to serve society

Define Material Issues in Pursuit of Solutions to Social Issues

Based on the new strategic goals, the Mitsui E&S Group seeks to enhance its corporate value by contributing to solutions to social issues through its business activities.

To accelerate activities solving social issues, we have defined the material issues related to sustainability that we should prioritize, as well as our medium- and long-term goals.

Material Issues

Material Issues	FY2030 Target	Related SDGs
Creating a decarbonized society	CO ₂ reduction through the launch of environmentally friendly products onto the market 5.5 million t-CO₂ / year 66% reduction compared to FY2019	 
	Product life cycle total 110 million t-CO₂ CO ₂ reduction resulting from the Mitsui E&S Group's production activities 0.9 tons CO₂ per year 17% reduction compared to FY2019	
Resolving issues of a society with a shrinking population	Automation products (Transtainer [®]) onto the market Percentage of automated Transtainers: 40% Ratio of annual sales	 

Material Issue Identification Process

(1) Identifying social issues

Identify socially important issues based on the SDGs and domestic and global trends

(2) Create a draft of material issues

Choose the social issues that are directly connected to our operations and management base from among the issues that we must prioritize

(3) Specify material issues

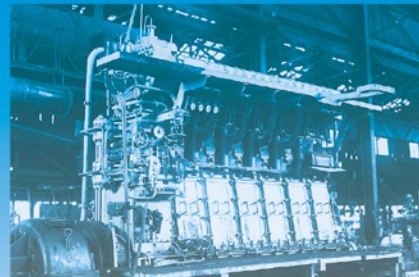
The Group Management Committee discusses the issues and the Management Committee and Board of Directors pass resolutions on them alongside the Mid-Term Business Plan 2023

Topics Transition to a new structure

We Will Cease to Be a Pure Holding Company and Will Make a Fresh Start as MITSUI E&S

In April 1, 2023, the Mitsui E&S Group will cease to be a pure holding company and make a fresh start as a business holding company named MITSUI E&S.

To ensure our growth and profitability in the future, we will bring our operations and management closer together, unite and transition to a new structure to accelerate the formulation and implementation of strategies.



1917- Established

Established as the Shipbuilding Division of the Former Mitsui & Co.

In 1917, Teijiro Kawamura, who was the General Manager of the Ship Division of former Mitsui & Co. at the time, was acutely aware of the need to have a shipyard and a repair factory and submitted a petition to the president. The Mitsui E&S Group commenced from his passion.



Teijiro Kawamura

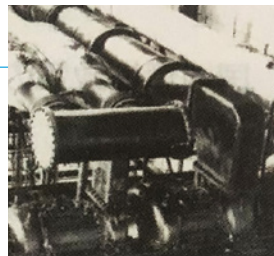


Salt field before factory construction

1960- Expanding business domains

Evolving into a comprehensive heavy engineering company

Since the 1960s, we have expanded into the land sector, including iron structures such as bridges, and construction and mining equipment. While promoting technical partnerships, we expanded our business domains to include container cranes, rotary machinery, plant construction, etc., and we grew into a comprehensive heavy engineering company.



Our first open-cycle marine gas turbine with 2,000 horsepower



Japan's first quayside container crane is completed

2000- Business restructuring

Establishes new business models

Our operations in marine engines expanded and we grew into a profit maker. We also promote the establishment of new business models such as lifecycle solution businesses. MODEC, our subsidiary, engages in ocean development and goes beyond the conventional framework of manufacturing.



MODEC, Inc. is listed on the Tokyo Stock Exchange



The cumulative total output of Mitsui-MAN B&W-brand diesel engines reaches 80 million horsepower.

2018- Transitions to a pure holding company

Mitsui E&S Group embarks on a journey toward the next 100 years

The Group shifted to a holding company structure to accelerate efforts to deepen the level of Group management. At the same time the company name was changed to Mitsui E&S Holdings, marking a new step forward for the new Mitsui E&S Group.



Mitsui E&S unified logo

2019 Formulates and implements a Business Revival Plan

Because of the significant damage to our financial foundation, the Mitsui E&S Group Business Revival Plan was formulated in May 2019 (and partly revised in November 2019) and 120 billion yen in assets and businesses were sold to improve our financial structure which was near completion.

2021 Transfer of Naval Ship Business



2022 Virtually withdraws from the merchant ship business



2022 Mid-Term Business Plan 2023 starts one year earlier

With our growth strategy as its core, Mid-Term Business Plan 2023 is started one year earlier.

2022 A stock transfer agreement is concluded regarding the large marine engines of IHI Power Systems Co., Ltd. and its incidental businesses



2022 As a capital measure, nearly 17 billion yen in capital is raised.

2023 We cease to be a pure holding company and are renamed MITSUI E&S. Transitioning to a new structure to accelerate the formulation and implementation of strategies

Transitioning to a new structure to accelerate the formulation and implementation of strategies

We will cease to be a pure holding company and transition to a business holding company. Mitsui E&S Machinery and Mitsui E&S Business Service (the former being the core of our future growth strategy and the latter handling our corporate activities) are merged into Mitsui E&S Holdings to structurally integrate their business management. In this way, we seek to promote our growth strategy and streamline our business management.

MITSUI E&S Co., Ltd.

Top Message



What Can We Do about the Many
Different Social Issues?
Outlining a Growth Strategy
with a Market-in Mindset,
We Will Achieve Sustained Growth and
Enhance Our Corporate Value.

Takeyuki Takahashi
President & CEO, Representative Director

Change our corporate culture and awareness
based on a market-in perspective.

About becoming the president

I am Takeyuki Takahashi and I became president of Mitsui E&S Holdings in April 2022. FY2022 is the final year of the Business Revival Plan by Mr. Oka, the former president. We should make another great leap forward this year. I will take the baton from Oka and complete the Business Revival Plan. Furthermore, we should step toward the next phase of our growth and clearly show the results of our actions both internally and externally. This is my mission.

Since the founding, every president of the Mitsui E&S has had an engineering background, and I am the first president from a sales background. Because of its high technological

expertise, the Mitsui E&S Group has a strong product-out mindset and has tended to believe that good products should sell. Today, having a market-in perspective is very important. After joining the former Mitsui Engineering & Shipbuilding, I worked as a port crane salesperson and have traveled all over the world ports except the South Pole. In the port crane business, I have always thought about what customers and society want or what troubles them and what we could do about it. To my understanding, my mission is to change the Mitsui E&S Group's corporate culture and the awareness of each individual based on a market-in perspective.

Improvement of financial position is now in sight. The Business Revival Plan enters its final stage.

Progress of the Mitsui E&S Group's Business Revival Plan

Since FY2019, the Mitsui E&S Group has implemented its Business Revival Plan under the leadership of former president Mr.Oka. We have pushed forward with the improvement of our financial and earnings positions and with business restructuring which includes our withdrawal from unprofitable businesses. Some of the reforms included bitter moments, but we have followed the plan for the last three years. Finally we are seeing an exit from the tough situation. To improve our financial and earnings positions, we have sold many assets and businesses and obtained nearly 120 billion yen in capital, coming closer to achieving an improvement in our financial position. In our business restructuring, we have withdrawn from unprofitable businesses and sold and transferred non-core businesses to streamline our business portfolio. On October 1, 2021, our naval ship business was transferred to Mitsubishi Heavy Industries, Ltd. And for our merchant ship business, we've transferred Mitsui E&S Shipbuilding's 49% share on October 1, 2021 and its additional 17% share on October 3, 2022 to Tsuneishi Shipbuilding Co., Ltd. As a result, Mitsui E&S

Shipbuilding was deconsolidated to be an equity method affiliate. It was a heartbreaking decision for us to quit shipbuilding, our founding business. Considering our current business environment, however, it would be very difficult for us to continue the business on our own. We concluded that joining other companies would enable us to pass on and continue the development of the technologies we had accumulated in our shipbuilding business. While streamlining our business portfolio, we thought about how we could keep our shipbuilding business going and pushed forward with in-depth reforms. In FY2019, we incurred a large loss on power plant civil engineering construction projects. Its construction had to be suspended due to the COVID pandemic. Though there is still unfinished construction in some projects, all of the projects have begun commercial operation. The incident significantly worried our stakeholders in terms of the posting of additional losses and the uncertainty of the future. Now we are able to forecast the completion of the Business Revival Plan.

Review of Business Revival Plan
➡ P18

Ceasing to be a pure holding company, we make a fresh start as MITSUI E&S.

About the reorganization

On April 1, 2023, Mitsui E&S Group will cease to be a pure holding company, Mitsui E&S Machinery and Mitsui E&S Business Service will be integrated into Mitsui E&S Holdings and the trade name will change to MITSUI E&S to make a fresh start. The transition to a pure holding company structure in 2018 was aimed at increasing the mobility of management as an independent company for each business and building a management system with business responsibility.

Based on this idea, our three operational headquarters at that time, shipbuilding, machinery and plant engineering, became separate companies in an effort to generate surpluses in all of these businesses. Right after the split-up, however, the loss was incurred on the coal-fired thermal power plant in Indonesia and we had to post additional losses. At the same time, the management environment surrounding our shipbuilding business was continuously and structurally

very severe and it became extremely difficult for us to continue building ships on our own. As mentioned above, we formulated the Business Revival Plan in 2019 and went so far as to streamline our business portfolio which withdrew from plant engineering, shipbuilding and other businesses. As a consequence, our businesses now are mainly focused on machinery. As a result, the future core business and direction became clear, and in order to secure profits and promote growth strategies, it would be more efficient to return to a business-centered

structure. In addition, since the spin-off, the centrifugal force from the holding company has gradually increased within the group. By becoming a business holding company, we would regain the centripetal force to bring our operations and management closer and work together to speed up the formulation and implementation of our strategies. To this end, we decided to cease to be a pure holding company and to reorganize ourselves into a business holding company.

Reconsider the meaning of our existence, redefine the Mitsui E&S Group strategic goals.

Mid-Term Business Plan 2023: Strategic Goals

FY2022 is the final year of the Business Revival Plan. It is also a huge turning point for us as we take the first step toward a new phase after the revival of our business. Looking at our external environment, the future remains uncertain due to events such as the COVID pandemic and, more recently, Russia's invasion of Ukraine. Considering these facts, we urgently needed to begin the new Mid-Term Business Plan before FY2023. Consequently, Mid-Term Business Plan 2023 was formulated one year earlier. Mid-Term Business Plan 2023 redefined the Mitsui E&S Group's Strategic Goals (Company Philosophy, Vision, Management Policy, Standards of Conduct). In the Company Philosophy, the word "manufacturing" has been changed to "engineering and services." As we have the largest shares of the marine engine and port crane markets, we will remain a manufacturer. Going forward, we need to build a business model that extends the scope of our operations to be more than just a supplier and encompass peripheral businesses. To express our attitude toward widening the scope of our operations beyond conventional manufacturing, the word "manufacturing" has been reexamined, and we replaced it with "engineering and services." As the importance of sustainability increases, it

will be very important for us to think over what the Mitsui E&S Group can do about social issues and the significance of our existence (purpose) and to place it at the root of our operations. We dug into the external environment, investigating matters such as climate change and the arrival of a society with a shrinking population, and into the fields where we would be able to provide solutions leveraging our technical resources. As a result, we defined creating a decarbonized society and the resolving issues of a society with a shrinking population as material issues. Solving these social issues is considered to be our goal and vision to be achieved by the end of fiscal 2030. We will proceed with efforts to make this happen.

Mid-Term Business Plan 2023
➡ P17-24

New Group Strategic Goals
➡ P3

Material Issues
➡ P4



Shift from a passive to an aggressive attitude and to the phase of the implementation of our growth strategy.

Mid-Term Business Plan 2023: growth strategy

We have defined the green and the digital strategy as the core of the growth strategy of Mid-Term Business Plan 2023. As mentioned above, FY2022 is the final year of the Business Revival Plan during which we take the first steps on our growth trajectory. First, we will increase our strengths in market-leading marine engines and port cranes with the goal of returning to profitability. One of the measures for achieving this is the conclusion of a final agreement for succession of marine large bore engine businesses of IHI Power Systems Co., Ltd. By increasing production capacity and technical resources, we will accelerate the development of a new fuel engine for decarbonization and pursue the streamlining of our production structure to lead the marine engine market.

In our growth strategy, we push forward with the greening of our main products to meet global demand for the reduction of environmental impact through efforts such as the shift of marine engines to multiple fuels, including LNG, ammonia and hydrogen and the development of the zero-emission transtainer® for port cranes. In the digital strategy, we will advance the digital transformation (DX) of marine engines and port cranes by, for example, improving remote and preventive maintenance services for marine engines and remote operation, automation and remote maintenance for to reduce the labor required in port crane operations. Implementing green and digital approaches, we will increase the added value of both products representing our strengths and achieve continued improvement as our immediate growth strategy.

Medium- and long-term, we will expand the services and solutions domains by integrating the strengths of the Mitsui E&S Group and collaborating with outside partners. To date, the Mitsui E&S Group has been a manufacturer and an equipment supplier. Going forward, we will strive to become an engineering supplier

capable of providing comprehensive services encompassing single products as well as their peripheral equipment and systems.

One example is our lifecycle solution business. Delivering a product is not the end of the process. We provide comprehensive services utilizing DX throughout a product's lifecycle, including after-sales service. We also provide services, the scope of which is expanded to the peripheral equipment, centered on our main products. For gas-powered marine engines, we also provide an entire supply system that includes a fuel gas supply system (FGSS), tanks and other peripheral equipment.

On March 31, 2022, we announced the raising a total of nearly 17 billion yen in capital through the issuance of Type A preferred shares and the Warrants. The funds have been appropriated to investments in equipment and R&D for the achievement of our growth strategy. The funds raised will be spent to implement our growth strategy. At the same time, we will seek to enhance our financial soundness and build a structure that will enable us to return profits to stockholders at an early stage. Further, we are developing a new business model that incorporates schemes such as subscription and recurring business models. A new business model will be developed with the goal of changing the Mitsui E&S Group's operations into a stock-type business and stabilizing our profit.

The growth strategy
→ P20~P24

Financial strategy
→ P25~P26

Change the management foundation to put the company on a growth trajectory for sustainable development and improved corporate value.

Initiatives for the changing the management base

Alongside the two material issues, ensuring the diversity of human resources is very important to us. Human resources from diverse backgrounds add to the strengths of a company. Therefore, it is very important to secure real diversity, not only in terms of gender, but also in nationality and expertise. As we establish a new structure for 2023, we are going to dramatically change our personnel system. As workstyles are increasingly diverse today, our personnel system needs to adapt to them. We will proceed with the reform of our personnel system, aiming to enable human resources from many different backgrounds to fully demonstrate their capabilities utilizing their own characteristics and skills.

The companies of the Mitsui E&S Group have a wide variety of technical resources: Mitsui



E&S Systems Research Inc. is centered on technical resources for IT and systems, Mitsui E&S Power Systems Inc. mainly deals in mid- and small-sized engines, induction heater and other mass-produced products, and MES TOKKI & Engineering Co., Ltd. builds many different large structures and ship blocks and provides maintenance service. We are confident that the utilization of the comprehensive strengths of these companies of the Mitsui E&S Group will lead the Mitsui E&S Group to sustainably grow and enhance its corporate value. Our business management maximizes the synergy of the companies of the Mitsui E&S Group.

Human resources strategy
→ P29

What can we do about social issues?

Share the meaning of our existence and work together to move forward.

Toward the future

FY2022 is an important year for us to achieve a growth trajectory. Now we are entering a phase where we should move aggressively. To unite and move forward, we will clarify and share the meaning of our existence (purpose) anew by seeking answers to questions such as what we are supposed to do and what we can do about social issues.

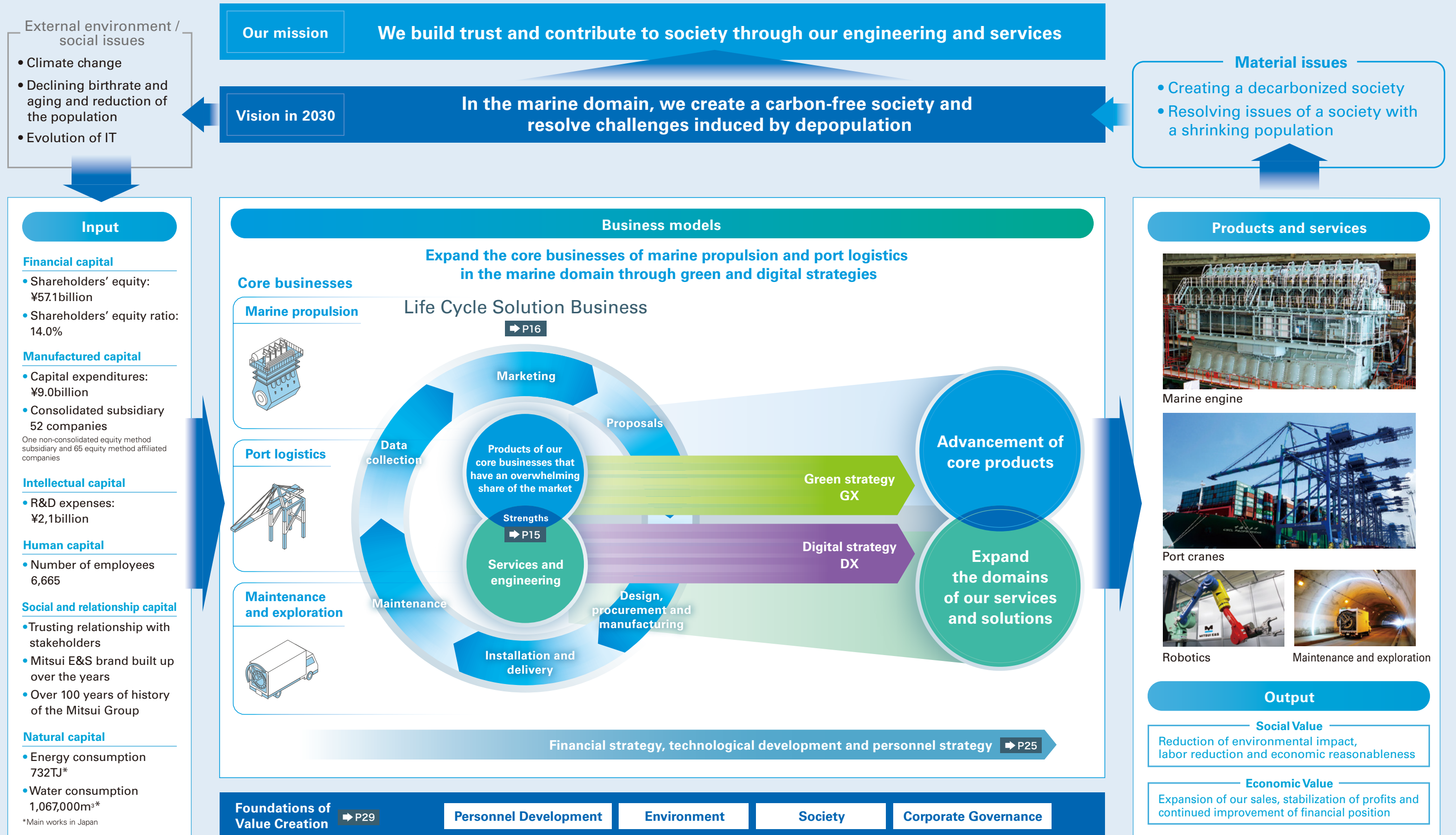
As we make a fresh start as MITSUI E&S in 2023, we reviewed the meaning of the "E" and "S" of our company name. E&S in our new trade name signifies "Engineering & Services for Evolution & Sustainability." This is meant to

convey the meaning of our existence (purpose), namely engaging in engineering and services to contribute to the achievement of a sustainable society.

Based on a market-in perspective, we continue to think about and provide the kinds of services we are able to offer leveraging our technical resources to solve social issues. By doing this, we will be indispensable to society and will change into a company that steadily profits. With our fresh start, please look forward to the new Mitsui E&S Group.

Value Creation Process

The Mitsui E&S Group contributes to solving social issues by providing products, services and engineering in pursuit of sustainable growth and the creation of corporate value.




Strength of Mitsui E&S

We provide not only the products of our core businesses with their high market shares but also services and engineering to fully leverage the products. This is the integrated strength of Mitsui E&S fusing together the hardware and software.

Marine engine

Since we signed a technical alliance with B&W, Burmeister & Wain A/S (currently MAN Energy Solutions) in 1926, we have produced 110 million cumulative horsepower and have manufactured a total of more than 7,000 engines. As the globally leading company in marine engines, we have established a track record of production and experience.



Cumulative production


110 million horse power

Domestic market share (FY2021)

58%

Port cranes

Since we delivered Japan's first container crane to the Port of Kobe in 1968, we have delivered more than 430 Ship to Shore (STS) cranes and 1,600 yard cranes to domestic and overseas terminals. As the top manufacturer of industrial cranes, automated cranes and environmentally friendly cranes in Japan, we have an established track record of production and experience.



STS Crane Domestic market share (FY2021)

67%

Yard crane Domestic market share (FY2021)

92%

Products of our core businesses that have an overwhelming share of the market



The integrated strength fusing together the hardware and software

Services and engineering

Our service and engineering makes it possible to provide individual products, their peripheral businesses and the entire systems.

System Software


We deliver lifecycle solutions by providing services that combine hardware and self-developed software. We provide the remote monitoring and diagnosis system for marine engines, comprehensive systems for the optimal management of container terminal operations for port cranes and so on.

e-GICS series Crane Advanced Remote Monitoring System CTMS Container Terminal Management System

After-sales services

To ensure the maximum utilization of our products' features after delivery, we have established after-sales service bases to meet requirements promptly including inspection, maintenance, troubleshooting and technical consulting. We also propose improvements and modifications for purposes such as automation, environmental measures and enhancements.



Life Cycle Solution Business

In addition to our accumulation of technical prowess over many years, our engineering prowess makes it possible to provide solutions that encompass after-sales service, ranging from maintenance to preventive maintenance, and solutions including systems. Through the combination of these capabilities, our lifecycle solution business which undertakes comprehensive involvement in the entire lifecycle of product has expanded into marine domains.

Utilization of digital technologies such as condition monitoring systems adopting AI and IoT.

We develop systems incorporating technologies such as IoT, M2M* and big data analysis, in partnership with the companies of the Mitsui E&S Group and outside partners that undertake system development.

*Machine to Machine (M2M)

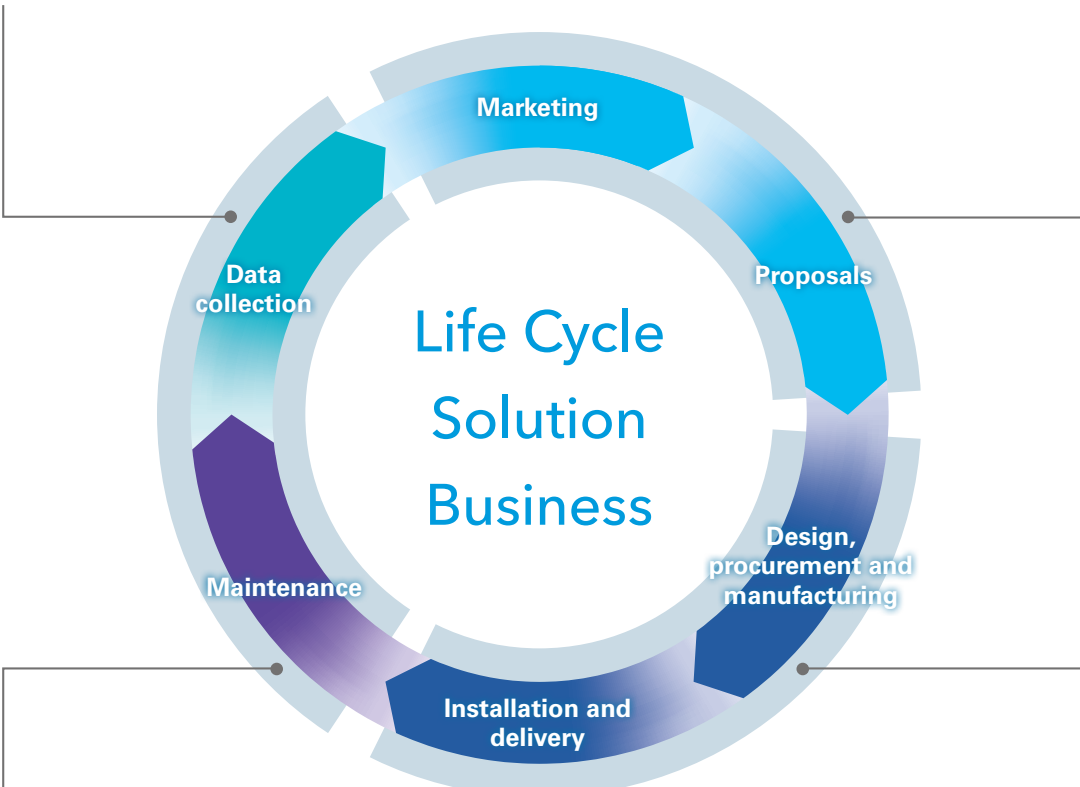
Our engineering prowess makes it possible to propose solutions including systems

Our track record in the development of many different products and the synergy of the Mitsui E&S Group enable engineering and proposals for a comprehensive systems as well as individual products.

IoT, M2M and big data analysis

Track record in the manufacturing of many different mechanical products

Group synergy



Life Cycle Solution Business

The service business encompasses everything from maintenance (repair) to sales of consumables and preventive maintenance

We address various problems that occur in maintenance, management and operations throughout the product life cycle. As necessary, we propose improvements and modifications to continuously provide high value-added solutions to customers, such as energy conservation and enhanced efficiency.

Our service network consists of six bases in Japan and seven outside the country.

Sophisticated technologies and stable production capacity accumulated over our more than 100 years of history

Since our founding in 1917, we have remained a representative Japanese manufacturer and provided reliable products. We consistently supply high value-added products based on the experience and technology we have accumulated over our long history.

We enhance our development and production capabilities through M&A activities (marine engines)

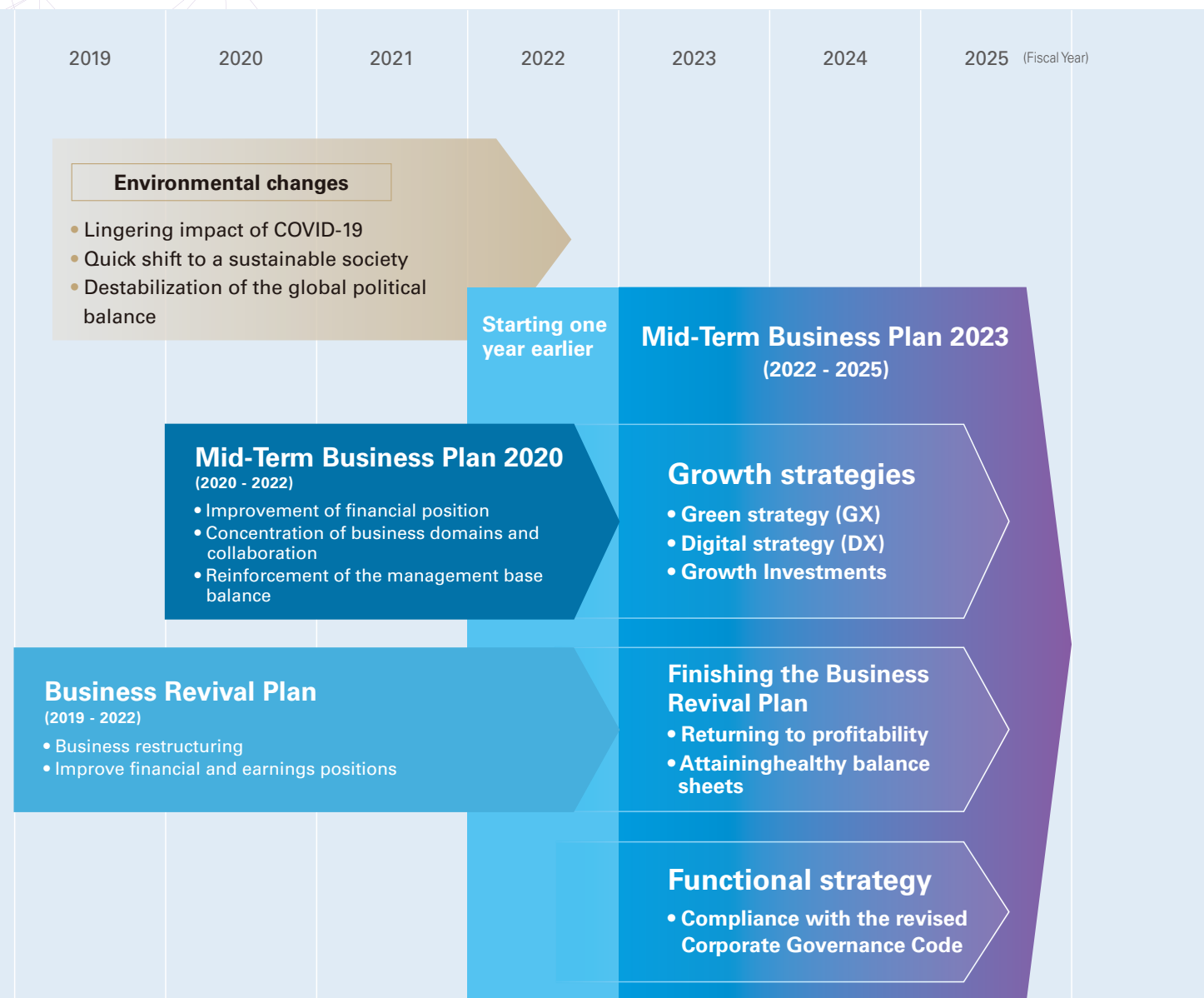
High efficiency production system focused on the manufacturing of cranes (Oita Works)

Mid-Term Business Plan 2023

Starting the new Mid-Term Business Plan one year earlier
 We will complete the Business Revival Plan and strengthen our foundation for carrying out the growth strategy.

Mid-Term Business Plan Strategies

FY2022 is the final year of the Business Revival Plan which started in FY2019. This is also a huge turning point for us to take the first step toward a new phase following the revival of our business. Considering uncertainty in the external environment such as the COVID pandemic and, more recently, Russia's invasion of Ukraine, we initiate Mid-Term Business Plan 2023 which features our growth strategy one year ahead without waiting for FY2023.



Mid-Term Business Plan 2023 | Review of Business Revival Plan

Completion of the Business Revival Plan is now in sight by various initiatives including sale of businesses and assets worth around nearly 120 billion yen as well as virtual withdrawal from shipbuilding business.

Review of Business Revival Plan

By withdrawal from unprofitable businesses and sale and transfer of non-core businesses, we have streamlined our business portfolio and have obtained nearly 120 billion yen to improve our financial position. In FY2022, we took capital measures totaling approximately 17 billion yen for greater soundness of our financial position and growth investments.

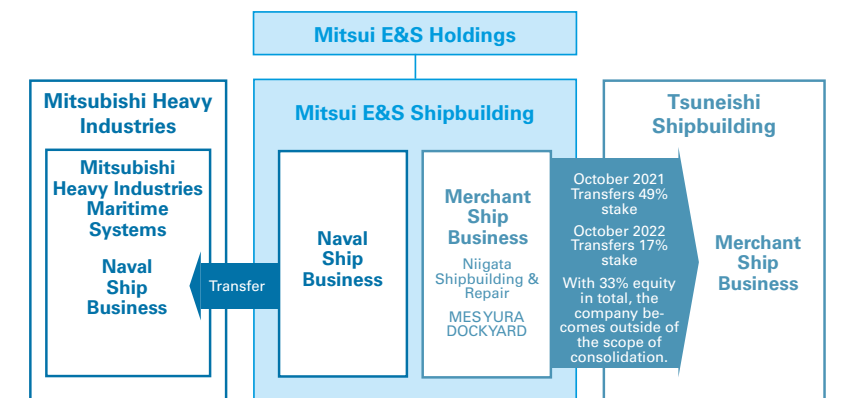
Business Revival Subject	Initiatives	Achievements
Implement business restructuring	Liquidate and withdraw unprofitable businesses	<ul style="list-style-type: none"> Reorganize shipbuilding businesses Naval Ship Business: All shares were transferred to Mitsubishi Heavy Industries (October 2021). Merchant Ship Business: 49% of the shares of the company were transferred to Tsuneishi Shipbuilding (October 2021). Additional 17% of the shares were transferred to Tsuneishi Shipbuilding to shift the company to an equity method affiliate (October 2022).
	Control the Engineering Business	<ul style="list-style-type: none"> Governance strengthened through Engineering Business Management Department. All power plants which we had provided engineering and civil construction work have started commercial operation.
	Focus resources on growing businesses	<ul style="list-style-type: none"> Broadened product and service lineups mainly in marine engines and port cranes Final agreement reached regarding succession of marine large bore engine businesses of IHI Power Systems Co., Ltd. (September 2022)
Improve financial and earning structure	Sell off assets	<ul style="list-style-type: none"> Sell businesses and assets worth around 120 billion yen Sales of 20 assets worth 120 billion yen were finished.
	Reduce fixed costs (personnel and other expenses)	<ul style="list-style-type: none"> Streamline by selling and reorganizing businesses No. of employees (consolidated): 13,000 (FY2019) → 6,000* (planned for FY2022) Estimated labor costs: 110 billion yen (FY2019) → 47 billion yen* (planned for FY2022)
	Implement Capital measures	<ul style="list-style-type: none"> Issue preferred stock and warrants Warrants worth around 8 billion yen issued in April 2022 Class A preferred stock worth 9 billion yen issued in June 2022

Equity ratio: 8% (FY2019) → 17%* (planned for FY2022)

*Figures for FY2022 represent values after deconsolidation of the Ocean Development business, which took place in November 2021.

Reorganization of Shipbuilding Businesses

On October 1, 2021, our naval ship business was transferred to Mitsubishi Heavy Industries, Ltd. And for our merchant ship business, we've transferred Mitsui E&S Shipbuilding's 49% share on October 1, 2021 and its additional 17% share on October 3, 2022 to Tsuneishi Shipbuilding Co., Ltd. As a result, Mitsui E&S Shipbuilding was deconsolidated to be an equity method affiliate.



Control of Engineering Business

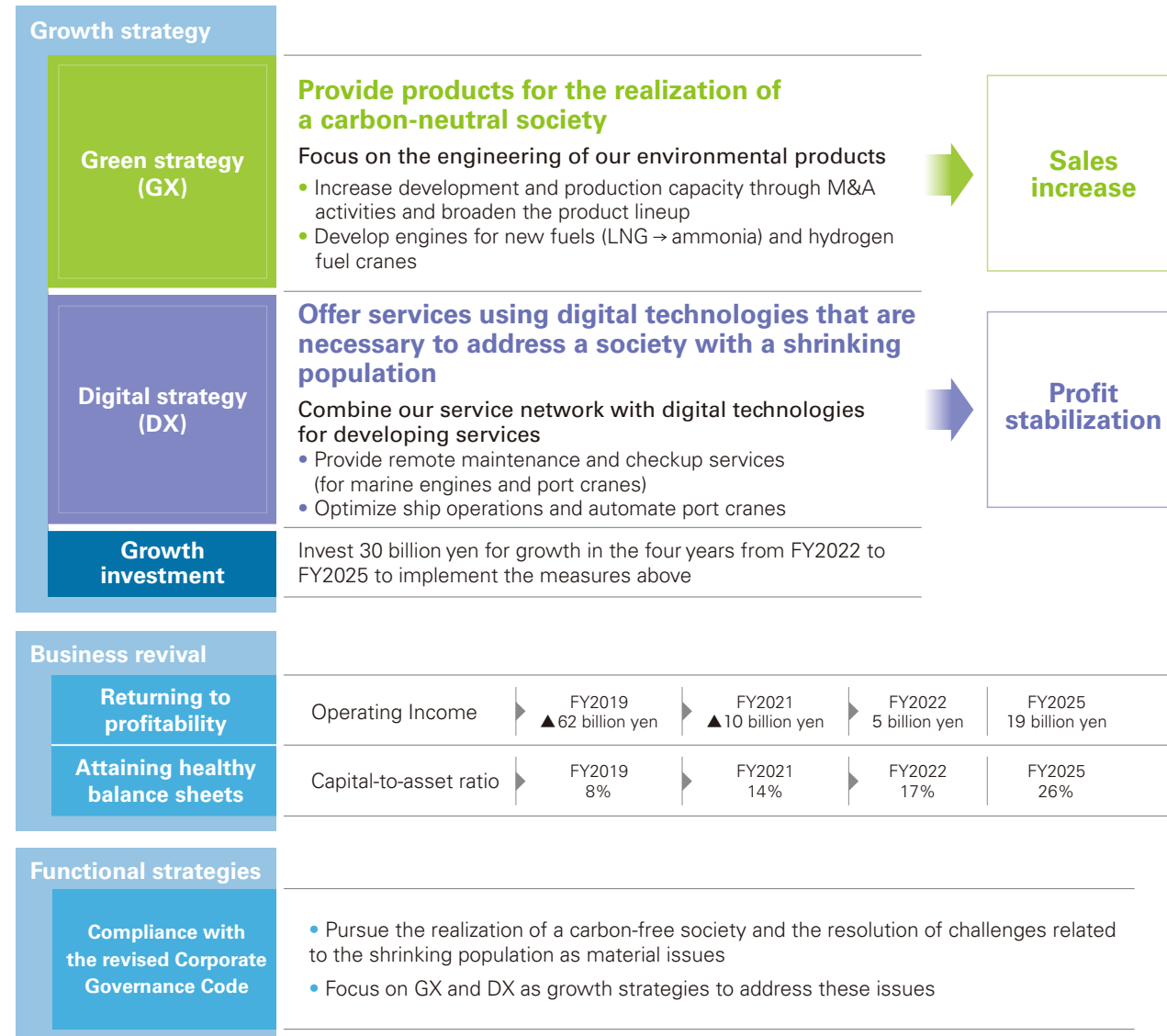
Loss on power plant civil engineering construction projects in our engineering business is confined within the provisions under the control of newly established Engineering Business Management Department. Though there still remains unfinished works, all of the projects have begun commercial operation and the risk of additional cost has dramatically decreased.

Outline of Mid-Term Business Plan 2023

Move to next phase where we get back on track and execute our growth strategy. We will implement green strategy for increasing sales and digital strategy for stabilizing profit.

Outline of Mid-Term Business Plan 2023

Mid-Term Business Plan 2023 lays out strategies based on Growth strategy, Completion of Business Revival Plan and Functional strategy. We increase sales and stabilize profit through growth strategy to keep improving our financial position.



Targets (FY2025)

Consolidated net sales	280 billion yen	Net interest-bearing debt EBITDA multiple	5.0
Consolidated operating income ratio	6%	CAPEX, R&D Financial investments	30 billion yen*
Capital-to-asset ratio	26%		

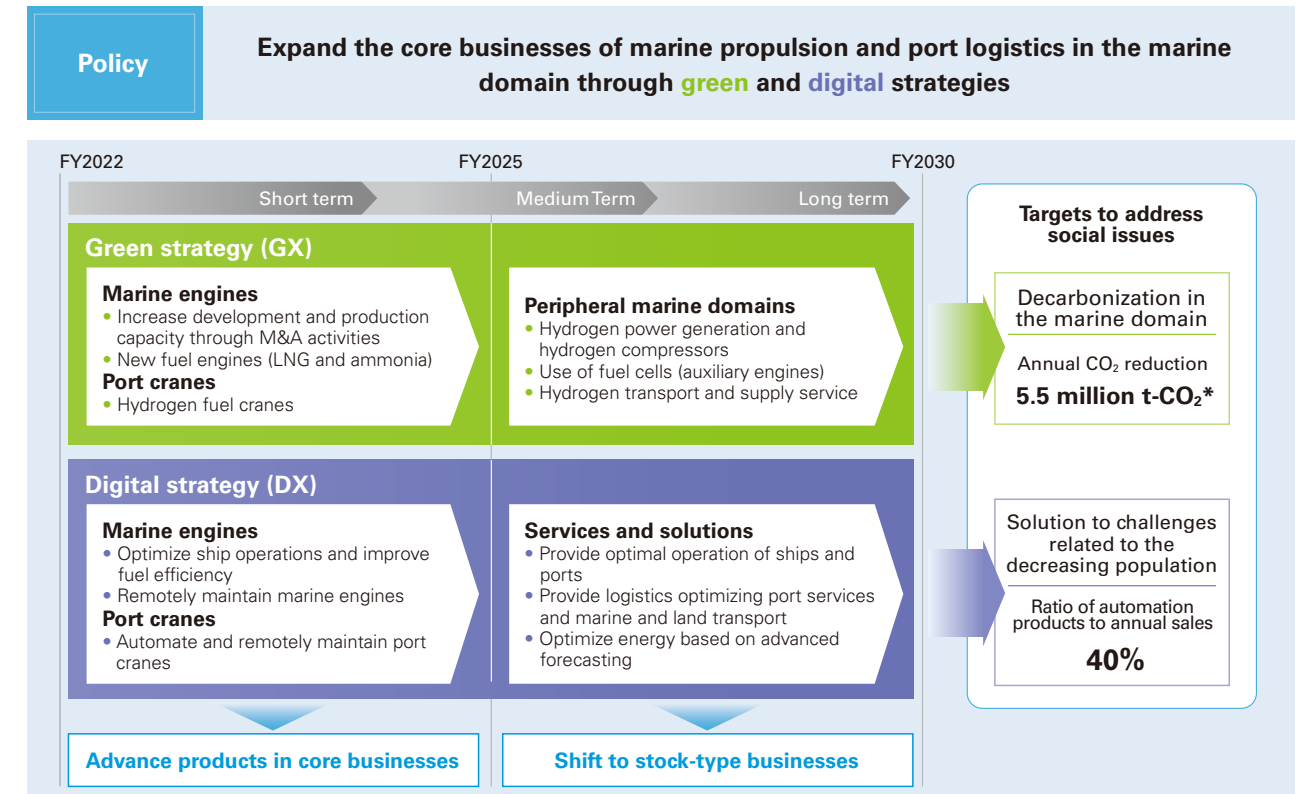
*Total amount in the period of the Mid-Term Business Plan 2023 (FY2022-FY2025)

Promoting the growth strategy

We build up profitability mainly in our core businesses. With our growth investment of around 30 billion yen in marine propulsion and port logistics businesses, we aim to expand the scale of these businesses by 2025.

Growth Strategy Roadmap

Mid-Term Business Plan 2023 sets forth green strategy and digital strategy as its two major growth strategies. We develop our core businesses of marine propulsion and port logistics in the marine domain through green and digital strategies and pursue the increase of sales and the stabilization of profit.



*Total reduction of CO₂ emissions attributable to products shipped in 2030 replacing heavy oil fuel products

Growth Investments

Growth investment focuses on marine propulsion and port logistics as our core businesses to implement our growth strategies. The necessary funding is to be obtained mainly from preferred shares issued and exercise of Warrants.

Use of funds	Associated businesses	Financing method	Investment amount
Research and development of ammonia fuel ships	MLIT*1 R&D project / NEDO*2 Green Innovation Fund project	Type A preferred shares*3	Approx. 9 billion yen
Research and development of zero emission (hydrogen) Transtainers	NEDO subsidized project		
Development of digital services in the domain where marine engines and port services are connected	-		
Funds related to future M&A activities, alliances and other activities	-		
Reinforcement of fuel supply equipment for trial operation of ammonia / LNG fuel engines	-	Warrants*3	Approx. 4 billion yen
Reinforcement of manufacturing facilities for large LNG fuel engines	-		
Introduction of manufacturing facilities for engines for new fuels (LPG and methanol)	-		
Introduction of facilities for the development of hydrogen fuel engine technologies	MLIT*1 subsidized project	Own funds Borrowings	Approx. 17 billion yen
Reinforcement of other manufacturing facilities for new fuel engines	-		
Development of other services using DX	-		
Total			Approx. 30 billion yen

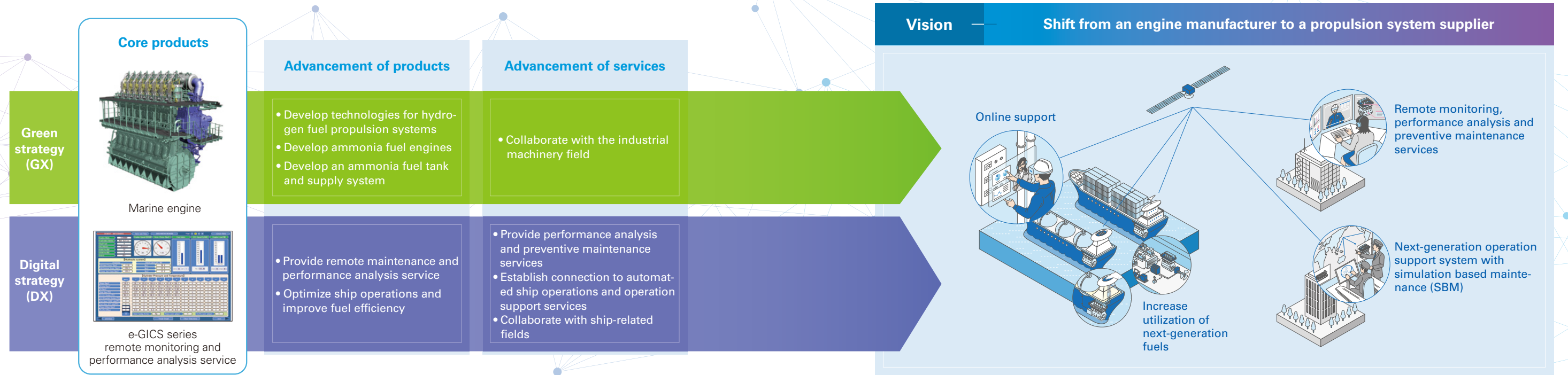
*1 The Ministry of Land, Infrastructure, Transport and Tourism *2 New Energy and Industrial Technology Development Organization *3 See our press release on March 31, 2022

Growth Strategy Based on Marine Engines

Increase advantages mainly in marine engines by developing engines for new fuels and enhance production capacity

In addition, step into incidental services and peripheral areas to enlarge business domains

In the short term, we will increase our advantages in market-leading marine engines by addressing new fuels and enhancing production capacity. And in the medium and long terms, we will expand our products and services to these incidental services and peripheral areas in an effort to enlarge our business domains. Our business model will evolve from our being a supplier providing a single marine engine to being an engineering supplier supporting entire propulsion systems of vessels. We will build a stable profit structure by shifting from the conventional flow-based business to a stock-based business,



Our initiatives in FY2021 and 2022

Increase development and production capacity through M&A activities and broaden the product lineup

To reinforce the development, production and after-sales services provided in our core business of marine engines, we reached a final agreement on the succession of business related to marine large bore engine and its incidental business and concluded a share purchase agreement with IHI Power Systems Co., Ltd. on September 27, 2022. We will boost our development and production capacity under a double license system with MAN-ES*1 and Win-GD*2, and will advance commercialization of new fuel engines.

Widening of Product Lineup



MAN B&W 8S70ME-C8.2-GI LNG-fueled diesel engine



MAN B&W 7S50ME-B9.3-LGIM methanol-burning diesel engine

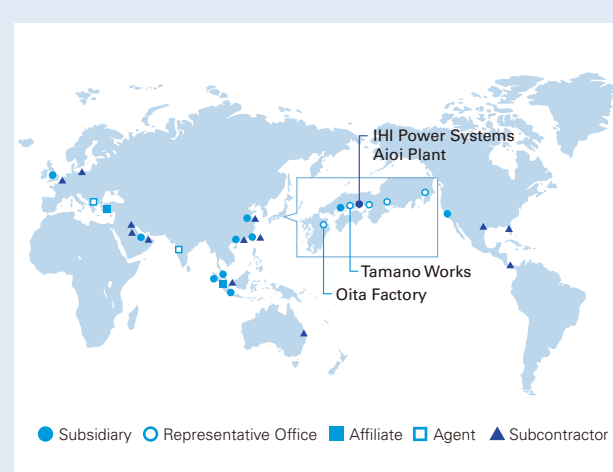


WinGD 6X72DF dual fuel engine



S.E.M.T. 12PC2.6BV medium-speed four-stroke engine

Increasing production capacity



Initiatives for earliest social implementation of zero-emission ships

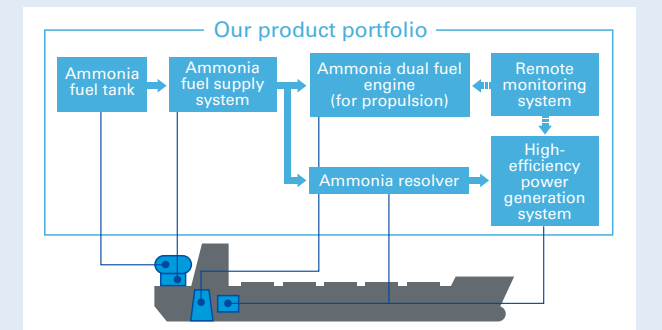
Involved in an integrated project for development and social implementation of ammonia-fueled ships

In cooperation with four other companies including ITOCHU Corporation, we are committed to the next-generation vessel development project and the development of ammonia-fueled ships which are a part of the Green Innovation Fund project. Mitsui E&S Machinery is undertaking the development of ammonia-fueled propulsion systems. Under Japanese leadership, ammonia-fueled ships will be implemented in society and we seek to enable the Japanese maritime industry to keep its long-term advantage in the field of zero-emission ships.

Development of an ammonia-fueled, high-efficiency power generation system for marine use

In the technical development of ammonia-fueled cells for marine use, which the Ministry of Land, Infrastructure, Transport and Tourism selected as an R&D project, we proceed with the development of technology for decomposing ammonia and extracting hydrogen for use in a power generation system. By combining the high-efficiency power generation system with the ammonia-fueled propulsion system, we will contribute to the earliest social implementation of zero-emission ships.

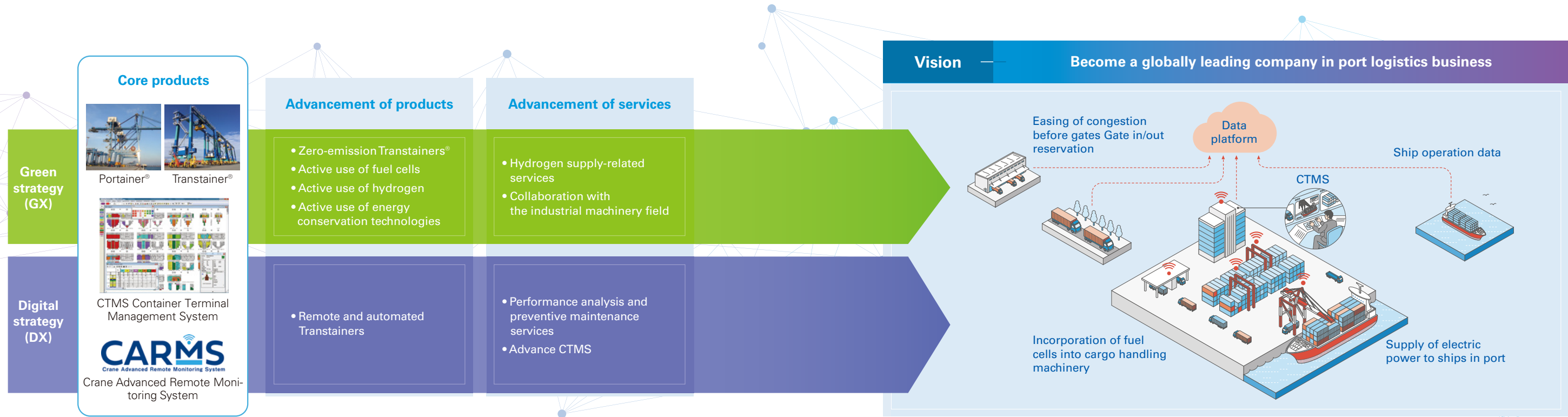
Company	Role
Mitsui E&S Machinery Co., Ltd.	1. Development of ammonia fuel tank & fuel supply system 2. Development of technology related to ammonia-fueled engine 3. Development of measures to maintain safety of ammonia-fueled ship 4. Operational demonstration of ammonia-fueled ship
NIHON SHIPYARD CO., LTD.	1. Development of hull equipped with ammonia fuel tank 2. Onboard ammonia fuel handling system 3. Onboard safety system 4. Validation of research and development results through demonstration in actual service
ITOCHU Corporation Kawasaki Kisen Kaisha, Ltd. NS United Kaiun Kaisha, Ltd.	Operational Demonstration of ammonia-fueled ships in actual service



Growth Strategy Based on Port Cranes

Step up advantages mainly in port cranes by addressing zero emissions and automation. In addition, develop and offer products using next-generation fuels to enlarge business domains.

In the short-term, we will push forward with zero emissions, automation and other measures in market-leading port cranes and will continue to increase our advantages. In the medium and long term, we will strive to become a transportation system solution company supporting the entire marine logistics by increasing and improving our service domains to provide stock-based digital services where marine engines and port services are connected.



Our initiatives in FY2021 and 2022

Initiatives for Creating Carbon Neutral Port

Development of Zero-emission Transtainers®

In response to the global trend toward decarbonization, our corporate group is among the first to begin the development of decarbonization-oriented port cargo handling equipments. In August 2022, we delivered the first Near Zero-emission (NZE) Transtainer® to Kobe International Container Terminal (KICT). With a view toward the arrival of a hydrogen society, the Transtainer® are designed to be able to replace to zero emissions using hydrogen fuel cell (FC) power supplies.

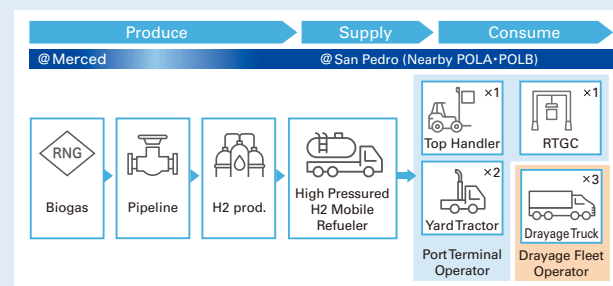


This Near Zero-emission (NZE) Transtainer® was delivered to KICT

Involved in a project for the implementation and demonstration of a model for local hydrogen production for local consumption

Mitsui E&S Machinery and its U.S. subsidiary, PACECO CORP. have joined four other companies including Toyota Tsusho Corporation in an implementation and demonstration project at the Port of Los Angeles. That contains conversion cargo handling machinery and trucks to hydrogen fuelcells and local production-local consumption of hydrogen specifically for ports. This demonstration and analysis will start in 2024 in a actual use environment. Through the development project, we are pursuing to achieve zero emissions Transtainers®.

• Diagram of the value chain of the implementation and demonstration



Initiatives for achieving next-generation container terminals using digital technologies

Development of remote-controlled Transtainers®

As a solution to the labor shortage stemming from the aging of the population and the declining birthrate, the Mitsui E&S Group has developed remote-controlled Transtainers® with the goal of improving the working environment, safety and productivity at container terminals. A test yard opened on the premises of the Oita Works in 2018 and we have strived to improve our remote operation technologies. An order for the intra-factory adjustment operation of a remote-controlled Transtainer® that was received from Suzuyo & Co., Ltd. started in August 2021.



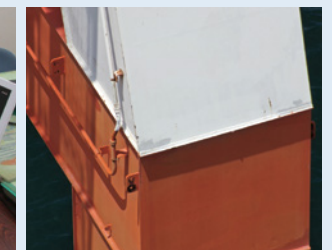
Remote-controlled Transtainer®

Using a remote-controlled, self-flying drone to remotely inspect port cranes

In partnership with ZENRIN DataCom CO., LTD. and in technical cooperation with DJI JAPAN, the Mitsui E&S Group is conducting a demonstration experiment for remote automated inspections using drones. We will streamline operations and reduce the labor required in inspection work by partly replacing the inspection of a port crane's structure with real-time video visual inspections and photography using a self-flying drone.



Remote operation and inspection from the office



Automatically photographed image of a part being inspected

Financial strategy

We endeavor to enhance our corporate value by positioning fiscal 2022 as the year for finishing the Business Revival Plan and solidifying our foundation for carrying out the growth strategy.

The current situation of Mitsui E&S and the background on our commitment to the financial strategy

The Mitsui E&S Group formulated the Mitsui E&S Group Business Revival Plan in May 2019 in response to the damage that our financial base incurred due to a large loss related to an overseas EPC project in the engineering business and the sluggish profitability of our existing businesses such as shipbuilding. The pillars of the plan are the improvement of our financial and earnings positions and the reform of our business structure. Following the subsequent formulation of Mid-Term Business Plan 2020 in August 2020, we have streamlined fixed costs as well as sold businesses and assets totaling 120 billion yen to shift the focus of our management resources from unprofitable businesses to growing businesses. We have also taken capital measures to support our commitments financially. We believe that these mea-

asures have brought us closer to a recovery of our financial foundation to a certain extent. Meanwhile, we are still halfway through the process of improving our financial position due to the prolonged COVID pandemic and other reasons. In addition, the business environment surrounding us is changing dramatically, as you can see in the rapid transition to a sustainable society, for example. Considering those facts, we decided to start the next Mid-Term Business Plan one year ahead of the schedule and announced the Mid-Term Business Plan 2023 in May 2022. We endeavor to enhance our corporate value by positioning fiscal 2022 as the year for finishing the business revival plan and solidifying our foundation for carrying out the growth strategy.

Our policy and goals in Mid-Term Business Plan 2023

Mid-Term Business Plan 2023 aims to pursue steady profit to establish a profitable structure that enables us to stay in the black and make our balance sheet healthier to finish the Business Revival Plan. We will increase sales and profit with a focus on our core businesses; marine propulsion, port logistics, maintenance and exploration. This includes market expansion achieved by growth investing, M&A activities and other initiatives. Its goal is to achieve targets such as consolidated net sales of 280 billion yen, consolidated operating income ratio of 6% and capital-to-asset ratio of 26%. To ensure the achievement of these quantitative targets, we seek to identify problems and weaknesses in our profit

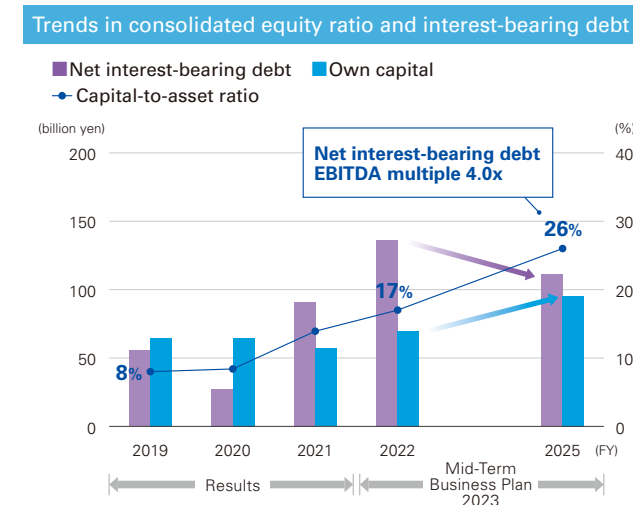
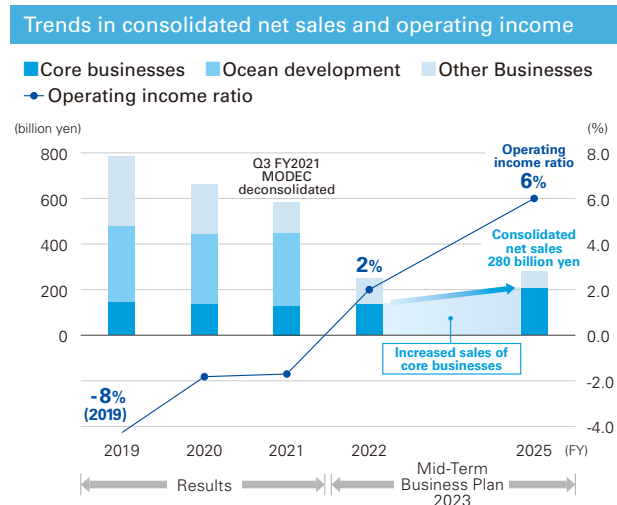
structure and financial position in a timely and fast manner from multiple perspectives and move toward solutions. Valuing speed, we will grasp management-related figures for each product, conduct real-time management analysis and work to improve. We will continue to focus on the evaluation of marginal profit and fixed costs in a timely manner due to the need to make management decisions quickly to reallocate resources for the steady generation of profit while swiftly responding to changes in the management environment. Based on these perspectives, we will steadily manage and operate the Mitsui E&S Group's businesses and the subsidiaries.

Numerical Targets

Item	Targets (FY2025)	Concept
Consolidated net sales	280 billion yen	<ul style="list-style-type: none"> Expand core businesses through growth investing and M&A activities Capture market share in GX products
Consolidated operating income ratio	6%	<ul style="list-style-type: none"> Focus resources on core businesses and reduce fixed costs Build a new profit model using DX
Capital-to-asset ratio	26%	<ul style="list-style-type: none"> Enhance the financial foundation through capital measures and the accumulation of profits Complete overseas engineering projects to reduce risks
Net interest-bearing debt to EBITDA ratio	5.0	<ul style="list-style-type: none"> Reduce interest-bearing debt with created cash flows
CAPEX, R&D Financial investments	30 billion yen*	<ul style="list-style-type: none"> Take capital measures to procure funds for growth Allocate investments to core businesses

*Total amount in the period of the Mid-Term Business Plan 2023 (FY2022-FY2025)

Financial Outlook



Capital measures to improve our financial soundness and to invest in growth businesses

Ensuring the financial soundness is important for the Mitsui E&S Group. As mentioned above, we have made collective efforts, such as streamlining unprofitable businesses and improving our asset efficiency in accordance with the business revival plan. In and after fiscal 2021, we have completed the transfer of our naval ship business, some of the shares of our merchant ship business, Shikoku Dockyard and MES Facilities. We also made MODEC our affiliate. Thanks to those measures and other efforts, our capital-to-asset ratio at the end of fiscal 2021 has recovered to 14.0% from 8.5% at the end of fiscal 2020. We determined that it is important to raise the necessary funds to implement the green and digital strategies for further development of our core businesses (marine propulsion and port logistics) and strengthen our equity

capital to enhance the financial soundness. Based on the thoughts, we have raised approx. 17 billion yen in capital by issuing Class A preferred shares and the 1st series of share acquisition rights with exercise price amendment clause both through third-party allotment. By promoting various measures in our growth strategy, we seek to increase sales and stabilize profit. We endeavor to expand our financial base and reduce interest-bearing debt through the improvement of capital efficiency resulting from the utilization of the profit and generated cash, the CMS (cash management system) and other efforts. In this way, we aim to achieve capital-to-asset ratio of 26% and net interest-bearing debt to EBITDA ratio of 5.0 as set forth in Mid-Term Business Plan 2023.

Details of use of funds from Class A preferred shares

Specific use of capital	Amount (million yen)	Expenditure scheduled during:
Funds for R&D related to the green and digital transformation of our marine propulsion and port logistics businesses, future M&A activities and alliances, etc.	5,285	July 2022 and March 2026
Funds for capital expenditure related to ammonia and LNG supply equipment	3,400	July 2022 and March 2026

Details of the use of funds from the 1st series of share acquisition rights with exercise price amendment clause

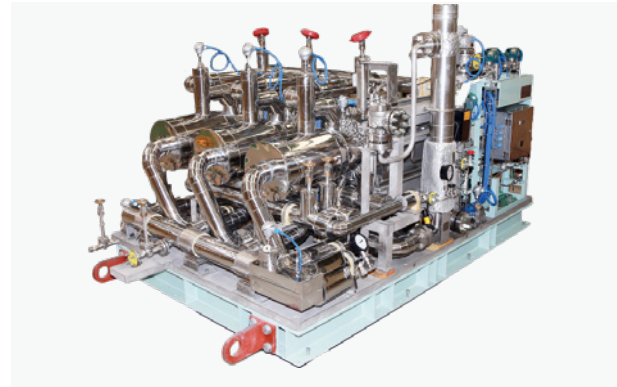
Specific use of capital	Amount (million yen)	Expenditure scheduled during:
Investment related to the green transformation in our marine propulsion system business	3,900	April 2022 and March 2026
Redemption of bonds payable	4,199	September 2022 and September 2023

Technology development

In pursuit of a sustainable society and solutions to the problems faced by society which has a declining population, we consider the ever-changing needs of customers in the development of products and services. Our products in the marine domain, which represents our main business, will shift to zero emissions. Further, we employ digital technologies and seek to offer services and solutions to enhance customer convenience.

Promoting the shift to zero emissions

In the area of marine engines, we have already completed the introduction of natural gas and methanol-fueled engines whose CO₂ emissions are lower than heavy fuel oil. Currently, we are developing engines fueled by zero-emission substances such as ammonia and hydrogen. In addition, we are actively developing peripheral equipment by supplying the tank, pump and any other zero-emission fuel supply systems, which should contribute to the enhancement of customer convenience. We strive to be a marine propulsion system supplier that provides entire propulsion systems, including peripheral equipment.



High-pressure pump for gas-fueled marine engines

In the area of port cranes, we are developing the fuel-cell-powered Zero-emission Transtainer[®] that is scheduled to be launched onto the market in 2023. We are also actively involving in the initiative endorsed the Japanese government for achieving Carbon Neutral Ports (CNP) and engaged in the supply of electricity from zero-emission fuels and the technological development of products and services for supply chains in an effort to contribute to the decarbonization of ports.



Zero-emission Transtainers[®]

Offering services and solutions

In the area of marine engines, we seek to expand the services for the diagnosis and remote maintenance of engines and provide new solutions linked to new services increasing fuel efficiency and optimizing operations using engine data and services assisting vessel operations.

In the area of port cranes, we develop services such as the remote and automated operation of cranes and maintenance

and inspections using drones. We also develop businesses by offering new solutions linking voyage operation data and port data to achieve seamless logistics in marine, port and land transportation. We will also contribute to solving the problems faced by society which has a declining birthrate by expanding maintenance and inspection services for social infrastructure using radar and robot technologies.



Using a drone to inspect a crane



Complex exploration vehicle

Foundations of Value Creation

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Human capital

Human resources strategy

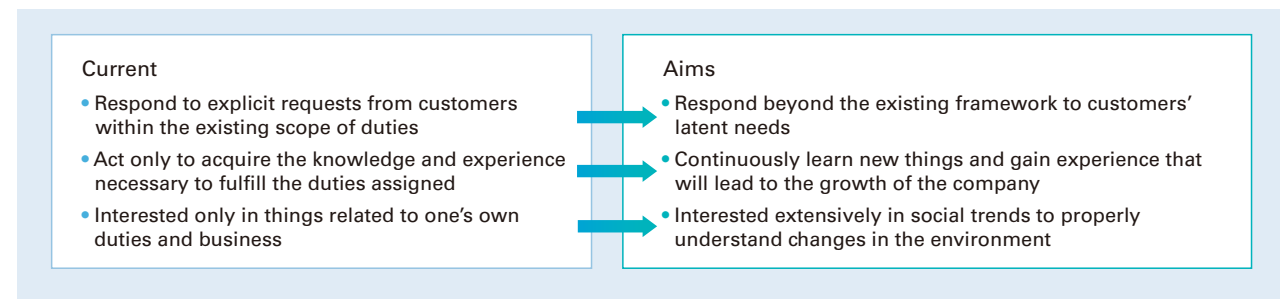
The Mitsui E&S Group's engineering and services are provided by the group's human resources. Therefore, we believe that our human resources are our most important management resource for the manifestation of our company philosophy and the achievement of our growth strategy.

Policy

We defined our company philosophy as "earn the trust of people and contribute to society through engineering and services." The growth of our business operations in our green strategy, one of the pillars of our growth strategy in accordance with Mid-Term Business Plan 2023, is oriented towards a focus on the engineering prowess that is characteristic of our environmentally friendly products. Our digital strategy, the other pillar, involves the development of services through the combination of our service network and digital technologies. Engineering and services are provided by the group's human resources. We believe human resources are the most important management resource for the manifestation of our company philosophy and the achieve-

ment of our growth strategy. Mid-Term Business Plan 2023 describes our future growth strategy after the revival plan, displays our aggressive attitude and lays out a roadmap for the Mitsui E&S Group's continuing growth and the enhancement of its corporate value. To achieve continual growth and the enhancement of corporate value, we specify the following three visions representing our ideal human resources. Realizing the three visions and ensuring that our workforce is diverse are our human resources strategies. To this end, we will push forward with measures such as the reform of our personnel system, the review of our staff training system and the improvement of our development of executives.

Human resource image



The first aim, "Respond beyond the existing framework to customers' latent needs," is connected to a statement in our management policy, "Achieve new value creation together with customers – Promote our businesses through marketing activities that identify latent needs and the innovation of peripheral technologies." This is about trying to shift from the practice of solely responding to explicit requests from customers within the existing scope of duties, which is typical of an order-receiving industry and takes growth for

granted, to a more market-in perspective. The other two aims are defined based on the understanding that, in today's rapidly changing business environment, only the companies that adapt to change can survive. For this purpose, change should be identified correctly and it is necessary to accumulate knowledge and experience that is able to leverage change to move toward opportunities and growth.

Securing diversity

Mid-Term Business Plan 2023 specifies "securing diversity" as a goal and we will work to achieve it. In particular, we plan to increase the percentage of our workforce as a whole that are not Japanese. We also plan to increase the percentage of new graduate recruits assigned to engineer that are women. The inclusion of diversity & inclusion is often interpreted as acceptance. Our interpretation of the word "inclusion" is more in-depth: it means incorporating into one's own abilities. Embracing and incorporating the diversity of individuals and building a sense of unity within the organization can facilitate growth and change.

	Current*1		Goals for FY2030	
	Percentages of female employees	Percentages of foreign national employees	Percentages of female employees	Percentages of foreign national employees
Managers*2	3.1%	0.0%	5%	3%
Employees*2	6.8%	2.6%	10%	5%
New graduates for engineer*3	4.1%	18.5%	10%	20%

*1 Figures of the three companies set to be integrated in April 2023: Mitsui E&S Holdings, Mitsui E&S Machinery and Mitsui E&S Business Service. *2 Figure as of April 2022 *3 Average in the period from FY2018 to FY2022

Human capital

Human resource development

Employees are valuable assets to the company. Beyond the development of employees' skills, we seek to build lively workplaces by providing a comfortable work environment.

Measures for staff training and development

The Mitsui E&S Group conducts various training programs with the aims of encouraging collaborative efforts between the employees of Group companies and stimulating growth from a medium to long-term perspective. In particular, we provide middle- and higher level employees with position-specific training with the goal of improving the capabilities of our managers at an early stage. With the goal of enabling young employees to be fully fledged players in the organization within five years, our employees receive training in their first and third years in the company and follow-up interviews in their second and fourth years. In this way, we

facilitate employees' development and stay up to date on their development. From fiscal 2020, we have also been increasing the number of programs explaining our company and corporate group, under the theme of getting to know our corporate group. From the perspective of global human resources development, we provide English language courses and training programs to improve employees' communication skills in a global business. Our staff training is divided into group-based and online programs depending on the details of the program.

Targets		Job-class-specific training programs	Senior management training strategies
		Early-stage enhancement of management abilities / Early-stage development of younger employees (fully-fledged within five years)	Selection-based training of senior management candidates
Managerial position employees	Department head	Training for department management candidates 6 months, total 12 days / online & group Solving organizational problems	Senior management rotation and tough assignment (officer of subsidiary, etc.) Expansion of management skills and mindset through practical experience in posts such as officers of subsidiaries Senior management training 1 year, total 16 days + external training course dispatch Acquisition of both theoretical and practical management knowledge Senior management training rotation (Corporate Planning Department) 2 years, as a general rule Understanding of strategic operations through practical experience
	Section managers	Training for section management 6 months (2 days x 2) / online Basics of management / Learning and implementing leadership	
Mid-level employees	Assistant managers	Training for self management and team building 6 months (1 day + half-day x 2) / online & group Getting to know one's own job execution abilities / Implementing problem solving	
Young employees	3rd year	Third year training 3 days / group Clarifying roles as a fully-fledged employee	
	New employees	Introductory training for new employees April hire: 1 year (5 days introductory training, 3 days FU training) October hire: half year (2 days introductory training, 3 days FU training x 1) Getting to know one's own job execution abilities / Implementing problem solving	

Business Skills Training

The goals of the Business Skills Training program are enabling employees to acquire skills to solve the problems faced by their business, ensuring the early acquisition of the skills they will need in the future and enabling them to be capable of solving future problems. As of FY2021, we have been increasing training by in-house trainers and providing training that is more directly linked to company issues. It enables employee who want to learn to do so autonomously when they want to, through online and on-demand methods.

Business Skills Training						
Purpose	Enable trainees to acquire business skills, basic skills required in the global environment, and basic engineering skills. Increase training by in-house trainer with the aim of training employees who can understand and tackle company issues. Provide an environment where trainees can learn autonomously by incorporating online and on-demand training.					
Category	Leadership	Strategy	Financial, accounting, legal	Problem solving and decision making	Development of global human resources	Acquisition of basic skills
Advanced	Leadership Challenge Workshop	Marketing fundamentals Strategic planning skills Strategic negotiation skills	Accounting training 1 Accounting training 2 Accounting training 3	Problem solving and decision making	English language course (online) TOEIC	
Intermediate			Legal affairs training	Implemented as job-class-specific training	Global communication training	
Elementary				Logical thinking 1 Logical thinking 2 Logical thinking 3		Basic engineering training Young engineering employees acquire basic knowledge necessary to carry out their work, including mechanics, combustion engineering, materials engineering and analysis techniques
Education / training portal sites						
Self-Improvement support			Introductory training for new employees (new and mid-career employees)			
Book recommendations	E-learning for managers	Excel skill-up course	Information security training (E-learning)	Human rights training (E-learning)	Compliance training (E-learning)	

Human capital

Human resource development

Initiatives to Improve Skills

• Skill improvement training

Each workplace of the Mitsui E&S Group conducts training independently to improve skills on site. Skilled personnel take the lead in providing guidance on procedures and work safety precautions.



• In-house skills competition

The Mitsui E&S Group holds in-house competitions for operation of forklifts used in various tasks. External lecturers are also invited to check the skills of workers and provide guidance on operating procedures and safety.



Work-life balance

• Introduction of telecommuting

We have already introduced flexible working hours without core time and hourly annual leave. In addition, telecommuting was introduced in March 2018. In April 2019, regulations on telecommuting were expanded eligibility to any employee who can work from home, as well as employees who are caring for a child or parent. Since July 2021, we have abolished restrictions based on length of service and eased weekly restrictions on the number of telecommuting days. We aim to maximize the abilities of individuals through flexible and diverse work styles that are not bound by location or working hours.

Formulation of a General Employer Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children

Based on the Act on Advancement of Measures to Support Raising Next-Generation Children*, Mitsui E&S Group companies have formulated the following General Employer Action Plans in order to continue to improve the employment environment so that employees can achieve their full potential in accordance with the status of their respective life events while balancing work and family; and to continue being companies that contribute to local communities in supporting the development of the next generation of children.

*A law to support the sound development of children who will play roles in the next generation of society, in response to Japan's rapidly declining birthrate

Plan Period 2 years (plan period depends on the planning time of each company)

Goals and details of initiatives (Example: Mitsui E&S Holdings)

1. Improvement of employment environments to support a balance between work and family life for pregnant workers and workers raising children	
Targets 1	Increase the percentages of employees taking childcare leave, etc., to at least the following levels within the planned period <ul style="list-style-type: none"> Male employees: Increase the percentage of employees taking childcare leave, accumulated / reserve annual leave for childcare purposes and maternity leave to at least 80% Female employees: Increase the percentage of employees taking childcare leave to 100%
Details of initiatives	April 2021– <ul style="list-style-type: none"> Disseminate information regarding internal schemes and information to create a workplace environment that makes it easy to take childcare leave Increase the number of male employees taking childcare leave through individual approaches to superiors and individuals
Targets 2	Fostering a workplace culture that makes it easy for employees to make use of internal schemes
Details of initiatives	April 2021– We will make employees aware of leave and extended leave of absence schemes that can be used for childcare, and work schemes that are useful for balancing work and family life (hourly incremented annual leave scheme, flextime scheme, telecommuting scheme)
2. Development of diverse working conditions that contribute to the review of work styles	
Targets 1	We will continue efforts to reduce overtime work and encourage employees to take annual paid leave, aiming to create work styles that offer a healthy work-life balance.
Details of initiatives	April 2021– <ul style="list-style-type: none"> Continue to disseminate information within the company on initiatives to reduce overtime work and improve productivity, and thoroughly implement initiatives Encourage employees to take annual paid leave and seek to increase employee awareness of the memorial leave system (scheme for taking planned individual annual leave)

Human capital

Initiatives for Human Rights

Each and every employee in the workplace is absolutely essential to the corporate activities of the Group and a work environment where human rights are respected enables employees to take satisfaction in the life and their job. It maximizes employees' capabilities and leads to greater productivity.

Based on this idea, the Mitsui E&S Group has established its Basic Policy for Enlightening People about Human Rights. In addition to the organization of training programs to increase all executives' awareness of human rights, we are committed to a range of human rights enlightenment activities at every level of the workforce. In this way, we strive to create an equal and non-discriminatory workplace environment that respects human rights.

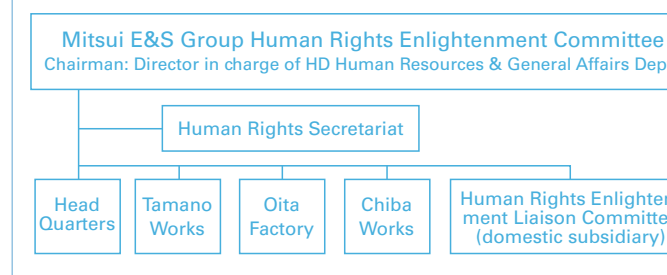
Basic Policy for Enlightening People about Human Rights

The Mitsui E&S Group is aware of its social responsibilities as a corporate entity. To create a truly discrimination-free corporate culture, it positions the ending of discrimination against Buraku people, sexual discrimination, racial discrimination and other human rights problems as important issues and strives to solve these problems through its everyday business activities under the principle of respecting human rights.

Organizations and systems for promoting training

In line with the Basic Policy for Enlightening People about Human Rights whose formulation was patterned after the UN Guiding Principles on Business and Human Rights, the Mitsui E&S Group Human Rights Enlightenment Committee has been established with the goal of formulating policies and measures to increase awareness of human rights. Through the formulation and implementation of plans for facilitating an increased awareness of human rights, and following up on these plans, we stay properly up to date on risks and the impact of human rights issues and work to continually improve.

• Organization (for the promotion of human rights enlightenment)



Human rights enlightenment activities

To increase officers and employees' understanding of human rights, the Mitsui E&S Group seeks to build an equal, discrimination-free workplace environment that respects human rights by encouraging people's participation in in-house and external training programs, providing relevant information and organizing related events. In staff training, we consider the many different forms that

work takes on such as telecommuting and on-site work, and have introduced online training in addition to face-to-face training in an effort to provide employees with more opportunities to participate in training programs. We also share information related to human rights periodically to provide opportunities to think about human rights and increase understanding of them.

• Annual human rights enlightenment activity schedule

	4	5	6	7	8	9	10	11	12	1	2	3
Training program	● New employee training		Human rights training for managerial-level employees ●			● Training for subsidiaries' human rights representatives		● External courses for training human rights enlightenment and recruitment representatives		Human rights training for officers ●		
	Human rights training for subsidiaries (conducted when necessary)											
	Watch human rights-related content on demand using an online library											
Information sharing			● Regarding compliance, human rights-related topics are shared on our intranet every quarter									
Event	Human rights enlightenment slogans are solicited			↔		● Excellent entries are published						

Human capital

Occupational safety and health

In line with the MES Occupational Safety and Health Management System Manual, the employer (president) announced the basic policy on occupational safety and health. Accordingly, our Company-wide Occupational Safety and Health Management Plan has been formulated and implemented. Even after we became a holding company on April 1, 2018, the pre-existing basic policy on occupational safety and health was preserved as the principles the entire Mitsui E&S Group should uphold. At the same time, the policy has continued to evolve to bring us closer in our efforts to prevent occupational accidents in ways that are more meticulous than ever.

Mitsui E&S Group 2022 Policy on Health and Safety Management

1. Basic policy

We will achieve the followings by instilling a safety culture in each workplace and fostering human assets:

- (1) Safety first principle, for manufacturing and engineering practices as top priority to safety
- (2) Creating a comfortable workplace by proactively working on physical and mental health management

2. Targets

Safety Targets:

Deaths, serious injuries, or lost-worktime accidents:	0
Accident frequency rate:	0.5 or less

Health Targets:

Work-related illnesses:	0
Non work-related injuries and illnesses:	Days off work frequency rate of 0.38% or less (Of which, mental health disorders are 0.11% or less)

3. High-priority issues

(1) Safety

1. The 2S3TEI system of discipline and good habits

Implement the 2S3TEI system with thorough discipline to form good habits.

2. Handing down safety and mutual development*

We will actively communicate, build good relationships of trust between those communicating information and those receiving it, ensure mutual understanding of information communicated, and create a state in which employees can work safely. In particular, we place importance on handing down safety to young and/or inexperienced employees and mutual development together with them.

*Mutual development refers to an aspect of teaching others where both the learner and teacher learn and develop.

3. Thorough maintenance and management of equipment

Rather than post-maintenance where repairs are carried out each time a failure occurs, we conduct periodic inspections before a breakdown occurs, and implement thorough preventive maintenance to repair and replace faulty parts. In order to ensure that equipment operates safely, we conduct maintenance of peripheral equipment, devices, and the operating environment.

4. Preserving past examples of severe occupational accidents to hand them down and use them as lessons

Past examples of occupational accidents (especially those that occurred in your own workplace) can be handed down and used as a lesson, preventing the from being lost to history and preventing the recurrence of similar accidents.

5. Facilitate the transition to a new safety management structure after reorganization

With a view toward our ceasing to be a holding company, build a new structure for safety management, facilitate the transition to it and strengthen partnerships while elevating the level of safety management throughout all of the companies of the Mitsui E&S Group.

(2) Health

1. Promote health management

Think about health from a management perspective and understand health issues, strategically putting health management into practice.

2. Promote mental health care

Create a good place to work by promoting these 4 types of care: 1. Self-care, 2. Line-care, 3. Care from occupational health staff, and 4. Care from resources outside of the workplace.

3. Thorough measures to combat infectious diseases

We will protect the health of employees, their families and stakeholders including customers while ensuring the continuity of our business operations by taking thorough measures to prevent infectious disease infections such as COVID-19 and influenza, ensuring that the practices of the new normal created by the COVID-19 pandemic take root and become standard practice, ensuring that no one is infected and preventing group infection.

Initiatives

• **Danger experience training**

As part of its efforts to enhance safety education, the Mitsui E&S Group provides training programs run by the Safety Group at each business location that enable employees to experience dangers for themselves. By establishing a safety training center at each business site, employees will be made aware of the dangers of their daily work sites through scenarios based on actual accident / disaster cases. This training is conducted not only for employees working at the work sites themselves, but also for employees working in the office. In this way, the entire Group is working to raise safety awareness and achieve a zero incident rate for accidents and disasters.



• **Conducting near-miss demonstration training to improve sensitivity to danger**

The Mitsui E&S Group conducts regular near-miss demonstrations aimed mainly at young employees and workers with few years of experience. We seek to improve sensitivity to risks by conducting reconstruction tests and having employees take part in hands-on training based on near-miss cases that actually occurred both inside and outside the company (cutting of sling wire ropes, falling heavy objects, etc.)



Human capital

Health and Productivity Management

In July 2019, we established the Mitsui E&S Group Health Management Declaration to help maintain and improve the physical and mental health of each Group employee, amid major changes in the Group's business structure.

Mitsui E&S Group Health Management Declaration

The Mitsui E&S Group aims to be a company that contributes to the development of society and the preservation of the global environment through the power of manufacturing, based on its corporate philosophy "to continue to be a manufacturing company trusted by people and by society". "Safety first, health first" is the top priority and an important management issue for continuing to be a manufacturing company. The Company and health insurance society actively supports the maintenance and promotion of the health of employees and their families, and actively engages in health management with the aim of creating a safe, comfortable and healthy work environment.

Priority Measures

Physical Health	<ul style="list-style-type: none"> • Have health checks and based on their results take measures to prevent the onset of and not progress lifestyle-related diseases • Implement the Health Attack program and health seminars in collaboration with health insurance societies • Sports days, softball tournaments, family festivals, etc. at works
Mental Health	<ul style="list-style-type: none"> • Self-care: stress checks, mental health training • Line-care: Line-care training, solution-oriented communication training • Care by occupational health staff: interviews with occupational physicians, support for returning to work after a leave of absence
Workplace Health	<ul style="list-style-type: none"> • Thorough health management through physician interviews for those who work long hours • Ensuring holidays are reliably taken through the annual leave promotion month, recommended days for taking annual leave, and designating memorial holidays • Efforts to improve the workplace environment for high-stress workplaces based on stress checks

Promoting collaboration between Group companies and health insurance society

To promote health management across the entire Mitsui E&S Group, the company (as the employer) is working together with the health insurance society to develop a variety of health promotion measures.

• **Utilization of periodic health checkup results**

Based on the results of periodic health checkups, the five Mitsui E&S Group companies provide specific health guidance to employees at risk of any lifestyle-related diseases (with the approach and advice tailored to the support level of the individual), and personal guidance to those individuals at high risk to prevent any increase in severity.



Health Attack program Mitsui E&S Group counseling hotline

• **Workplace support for individual goals in Health Attack program**

The Health Attack program is a health improvement support measure that has been conducted for the employees of Group companies and their dependents since 2005. Employees select and work to tackle health issues that suit them, from a diverse range of courses for two months a year.

• **Mental health measures**

We systematically conduct mental health training seminars, and stress checks, issue mental health news and hold interviews with counselors. At mental health training seminars, occupational health consultants who are versed in industrial mental health are invited to speak as lecturers, giving lectures at various locations every year on themes tailored to the circumstances of each workplace. Mitsui E&S Holdings has a collective Employee Support Program (EAP) support agreement utilizing external resources (via outsourcing), with support available to Mitsui E&S Group company employees and their families (around 6,000 persons). This employee support service accepts health, mental and legal consultations via phone, web, fax and interviews 24 hours a day, with strict protection of privacy, and has been in place for over 10 years.



Mental health training session held for Tsukiji head office area while avoiding the Three Cs (three conditions that facilitate the transmission of infectious diseases)

Manufactured capital

Supply chain management

Contributing to society through engineering and services, the Mitsui E&S Group works to fulfill its social responsibility by seeking coexistence and shared prosperity based on fair, equitable and transparent transactions with partner companies in the procurement of materials and parts, with the goal of providing sustainable products and services. We will advance digitalization for the visualization of our production and procurement processes and continually improve in cooperation with our partner companies, seeking to optimize our production processes.

Initiatives for supply chain management

- **Build fair and equitable trust-based relationships**

Mitsui E&S has made the following declaration: As a basic principle, we fairly select business partners by providing all companies that desire to be our business partners with equal and fair opportunities for participation. Based on our thorough commitment to preventing corruption, we strive to build fair and equitable trust-based relationships with our partner companies.

- **Achieve a sustainable society**

Addressing the risks of overseas procurement today, our procurement of materials is based on a global perspective. We also are engaged in green procurement that considers the reduction of environmental impact in pursuit of a sustainable society.

- **Digital strategy**

We are pursuing the shift to smart factories through the construction of a digitally integrated platform that encompasses development, design, sales, procurement, manufacturing and other data. This will start with the improvement of data connections with partner companies.

Manufactured capital

Quality control

As a corporate group that is trusted by people and contributes to society through its engineering and services, the Mitsui E&S Group aims to offer high-quality products. Always thinking from the customer's perspective and acting quickly, we ensure that the specifications agreed upon with customers and all applicable laws, regulations and standards are met. Further, we operate a quality management system that enhances the quality of our manufacturing processes. We also develop and operate digital technologies such as failure prediction via remote monitoring systems and data analysis and drone-based inspections to maintain and improve quality during the use of a product.

Initiatives for quality control

- **Quality management system**

Both Tamano Works and Oita Works have acquired ISO 9001 certification, are regularly reviewed and effectively and properly operate a quality management system.

- **Quality inspection and prevention of recurrence**

In the manufacturing stage, the design division leads continuing the activities to develop and establish the quality of products at an early stage. This involves, for example, the sharing of construction-related information and risks with the departments and companies involved to engage in array of verification activities beforehand. After product delivery, the after-sales service division takes the lead in the gathering of a variety of information about problems that occur after a product begins operation and the provision of feedback for upstream processes, mainly design. In this way, we implement a PDCA cycle as we strive to continually improve the quality of our products.

- **Digitalization of the monitoring of product operating conditions**

Our products can be equipped with systems to monitor their operating conditions. This enables users to analyze the monitoring data, predict failures before they occur, share data with our engineers and ensure they are able to quickly recover following a failure.

Natural capital

Environmental Preservation

In 1999, the Mitsui E&S Group established the Environment Charter consisting of the Global Environment Philosophy and the Global Environmental Action Guidelines, and it has positioned the environment as an important part of the management of its business. Mid-Term Business Plan 2023 specifies the realization of a decarbonized society as a material issue as we accelerate efforts to conserve the global environment.

Mitsui E&S Group Global Environmental Philosophy

The Mitsui E&S Group views protecting the global environment as one of the most important issues given to it by society. Through our corporate activities, we give care and consideration to maintaining human health and conserving the global environment, and seek to contribute to the creation of an affluent society that is in harmony with the environment.

Mitsui E&S Group Global Environmental Action Guidelines

1. **Complying with Environmental Regulations and Reducing Environmental Impact**

The Group observes and complies with environment-related laws and agreements, etc., and creates its own voluntary standards where necessary. It also gives care and consideration to reducing the environmental impact at each stage of its business operations, from the research, development and design of its technologies and products to their production, distribution, use, and ultimate disposal as waste.

2. **Promoting of Resource Conservation, Energy Saving and Recycling, and Reducing of Waste**

The Group seeks to promote the conservation of resources, energy saving and recycling in all areas of its corporate activities, and endeavors to reduce waste output.

3. **Contributing to Environmental Conservation through the Development of New Technologies and Products**

The Group works proactively to develop technologies and products that contribute to environmental conservation, and to provide them to society.

4. **Caring and Consideration for the Environment in Overseas Business Activities**

The Group also gives sufficient care and consideration to environmental conservation in the countries where it is engaged in overseas business activities.

5. **Promoting PR Activities and Contributing to Social Activities**

In addition to engaging in proactive PR activities with regard to environmental conservation, the group also contributes to local communities and society as a whole through the provision of appropriate technologies and information.

6. **Raising Awareness through Environmental Education and Participating in Social Activities**

The Group seeks to increase employee awareness of environmental issues such as by providing environmental education and conducting internal PR activities. Through voluntary participation in environmental conservation activities, employees endeavor to build trusting relationships with local communities and wider society.

7. **Establishing an Environmental Administrative Organization and Building an Environmental Management System**

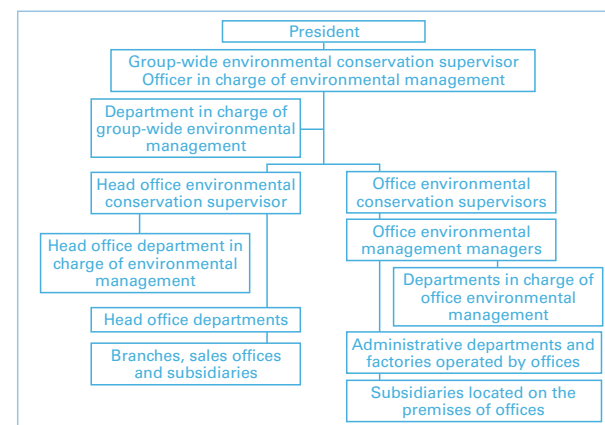
The Group endeavors to improve its environmental conservation efforts by establishing an environmental administrative organization, and by building and maintaining an environmental management system.

8. **Coordinating and Collaborating with Affiliate Companies**

The Group endeavors to instill its environmental philosophy and action guidelines at each of its affiliate companies, and promotes their comprehensive implementation, aiming to further increase the effectiveness of its environmental conservation activities.

Environmental management system

Our president is the highest ranking person in charge of our environmental management system. We strive to become a more environmentally friendly company through the management and operation of this system involving every part of our corporate activities.



Improving the Environmental Management System

The Company acquired ISO 14001 certification at the Tamano Works in October 2000 and at the Chiba and Oita Works in September 2001. In FY2018 ('17/4-'18/3), all factory works moved to the ISO 14001:2015 standard.

Renewal inspections were conducted and certifications renewed at Tamano Works in August 2021 and Oita Works in July 2022.

Periodic surveillance is carried out at each factory works twice a year by an external auditing body, checking the operational conditions of the systems.



Renewal audit at the Oita Works

Natural capital

Addressing climate change risks (TCFD)

Understanding that climate change is an important social issues that must be addressed, the Mitsui E&S Group is committed to sustainability issues (green strategy) in pursuit of the achievement of Japan's CO₂ emissions reduction targets.

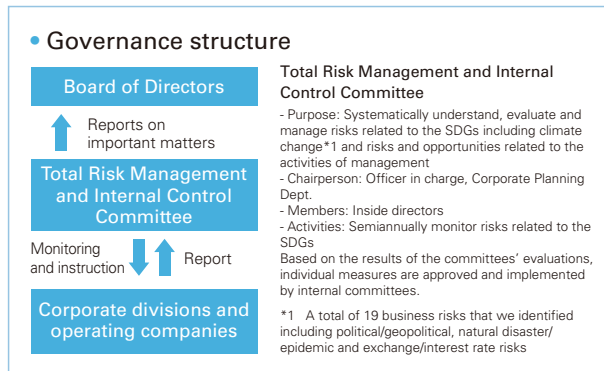
Our initiatives addressing climate change issues

In the machinery business, which is a future core business of the Mitsui E&S Group, the Group's products emit more CO₂ when in use than during their manufacture. So we will endeavor to contribute to the achievement of Japan's target of reducing GHG emissions by 46% by the end of 2030 by including climate change in our business issues and focusing on the development of products to help reduce CO₂

emissions. We believe the TCFD's Recommendations enable the visualization of the management of risks and opportunities relating to climate change on the following four themes. (1)Governance (2)Strategy (3)Risk management (4)Indicators and targets Our specific contents for these themes are as follows.

(1) Governance: Managing risks and opportunities relating to climate change

Conventionally specialized in risk management, the Total Risk Management and Internal Control Committee systematically understand, evaluate and manage all of the risks and opportunities related to managerial activities. We have specified 19 business risks including political/geopolitical, natural disaster/epidemic and exchange/interest rate risks. These include risks related to the SDGs and the committee also believes that climate change-related risks and opportunities are something that they should manage. From now on, the existing Total Risk Management and Internal Control Committee will monitor our actions related to climate change and report important matters to the Board of Directors.



(2)-1 Strategy: Impact on our business operations in terms of major risks and opportunities

Referencing the Climate Change Policy Division of the Global Environment Bureau of the Ministry of the Environment's "Recommendations for using the TCFD Recommendations in the formulation of management strategies: a practical guide to scenario analysis incorporating climate-related risks and opportunities version 3.0, a scenario analysis of the Mitsui E&S Group was conducted in terms of the transitional risks related to the transition to a low-carbon economy (changes in policies, laws, technology and the market) which are broadly classified in the TCFD Recommendations; and the physical risks connected to physical changes such as natural disasters brought by climate change.

(1) Requirements

- Applicable to: Machinery, which is a future core business of the Mitsui E&S Group
- Deadline: 2030

*Main scenarios used in the scenario analysis: We referred to data from the Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA) in our use of the following two scenarios:

2 °C scenario: Global average temperature rises about 2 degrees from preindustrial levels.

4 °C scenario: Global average temperature rises about 4 degrees from preindustrial levels.

(2) Evaluation

- Major events and social changes are limited to those related to the Mitsui E&S Group
- Impact of climate change-related risks and opportunities on our business activities are classified into three different grades: major, medium and minor.

Category	Risks and opportunities		Business impacts					
	Major events and social changes	Details	Risk			Opportunities		
			2°C scenario	4°C scenario	Details	2°C scenario	4°C scenario	
Transition risks	Introduction of carbon pricing	Introduction of a carbon tax in different countries → Taxation on fuel procurement costs → Factories' manufacturing costs increase	Major	Minor	NA		NA	NA
	Carbon emission targets and policies (including those of subsidies) in different countries	Introduction of emissions trading and tightening of energy saving regulations → Demands that companies to switch to renewable energy → Introduced renewable energy equipment in-house and the purchase of green electricity → Costs increase	Major	Minor	Significant carbon emissions control → Emissions rights may be sold as emissions trading is introduced.		Medium	Minor
	Widespread adoption of renewable energy and energy-saving technologies	Widespread adoption of low-carbon (renewable energy) technologies → Demand for products using fossil fuels decreases	Medium	Minor	Widespread adoption of low-carbon (renewable energy) technologies → Demand for products using non-fossil fuels (ammonia, hydrogen) increases.		Major	Minor
	Change in reputation among customers	Customers' environmental awareness increases → Information disclosure and demands that environmental consideration increases in relation to procurement → Delayed action results in lost business opportunities	Medium	Minor	Customers' environmental awareness increases → We are highly regarded for our environmental consideration. → Can be expected to create business opportunities.		Major	Minor
Physical risks	Increasingly severe abnormal weather events	Damage due to abnormal weather (e.g. typhoons, tornadoes, floods, heavy rain) → Raw material suppliers stop operating → Our factories stop operating	Medium	Major	NA		NA	NA
		Damage due to abnormal weather (e.g. typhoons, tornadoes, floods, heavy rain) → Our factories stop operating, our production decreases → Additional investment in equipment repair accrues (cost increase)	Medium	Major	Avoidance of and early recovery from damage due to abnormal weather → We serve as an alternative supplier.		Minor	Minor

(2)-2 Strategy: Result of scenario analysis

Scenario	Results	Impact
2°C scenario	<ul style="list-style-type: none"> Costs increase due to the introduction of carbon taxes and requirements to comply with CO₂ emission controls Encouragement of the shift to low carbon increases demand for products using non-fossil fuels 	<ul style="list-style-type: none"> Risks increase Opportunities increase
4°C scenario	<ul style="list-style-type: none"> Failure to promote CO₂ emissions control and other related policies increases the severity of abnormal weather We systematically create a BCP (Business Continuity Plan) and risks are limited. The temperature change in 2030 is nearly as described in the 2°C scenario. 	No change

(2)-3 Strategy: Impact on business

Manufacturing costs are expected to increase after the introduction of carbon taxes and the procurement of green electricity. However, we may be able to seize opportunities to gain recognition for our low-carbon products for their environmental advantages, thereby increasing sales. In other words, increasing our profit brought by opportunities will exert a greater impact than worsening of our profit and loss due to risks.

(2)-4 Strategy: Action we should take

Looking at the results of the climate change-related scenario analysis, we should take the following two measures. The green strategy, one of the pillars of the growth strategy laid out in Mid-Term Business Plan 2023, is very resilient in its addressing of climate change issues.

- Develop products using non-fossil fuels and bring them to the market.
- Reduce CO₂ emissions by reducing the consumption of fossil fuels and electricity in factories, and by using green electricity. Based on the above, we set material issues and mid- and long-term targets related to sustainability.

(3) Risk management

From now on, the Total Risk Management and Internal Control Committee will take the steps below to follow up on the Mitsui E&S Group's efforts to address the material issues.

	Short- and mid-term		Long term
	Matters to follow up on	Follow up method	
1) Grasp of actual condition (annual CO ₂ emissions reduction survey)	Progress in the development of low-carbon products	Comparison with the development schedule for the period of Mid-Term Business Plan 2023.	1) Conduct scenario reanalyses
	Reduction of the CO ₂ emissions of the Mitsui E&S Group's products	Confirmed with data calculated from production horsepower, number of products sold, and fuel efficiency at the time of measurement during internal factory trial operation.	
	Reduction of the CO ₂ emissions of the production activities of the companies of the Mitsui E&S Group	Check annual energy consumption.	
2) Evaluation	Evaluation any deviation from fiscal year targets		2) Check if material issues need to be revised
3) Management	If any deficiencies are identified, notify the operating company and our corporate division (Corporate Planning Dept. or Human Resources & General Affairs Dept.) to formulate an improvement plan.		

4) Indicators, targets and future challenges

To accelerate activities for solving social issues, we define sustainability material issues and medium- and long-term targets (FY2030) to prioritize activities in consideration of social issues which are important for the Mitsui E&S Group. To date, some issues have not been addressed in the information disclosed in line with the TCFD Recommendations.

- Quantitative evaluation of financial risks
 - Calculating and gathering scope 3* data and formulation and implementation of CO₂ reduction measures
- We will discuss measures to address these issues.

*Indirect emissions from sources other than in-house fuel combustion or electricity consumption

Social and relationship capital

Social Initiatives

The Mitsui E&S Group believes that communication with local communities is important and it seeks to create a sustainable society through the environmental conservation activities of our employees and local CSR activities.

New industrial department established for nurturing engineering human resources in cooperation with Tamano City

Founded in Tamano City, Okayama Prefecture in 1917, the Company, working together with Tamano City, has developed the Tamano Human Resource Regional Development Project centered on the establishment of a new industrial department at Tamano Shoko (Commercial and Industrial) High School for the purpose of nurturing young people to support the manufacturing industry. In addition to providing funds for the establishment of the school's mechanical engineering department, which was established in April 2018, Mitsui E&S provided a total of ¥100 million in support for training facilities and sending technical instructors, etc. Tamano City and the Company's efforts in this project were highly praised with both recently receiving the Ministerial Commendation for Local Revitalization Support Tax System (hometown tax for enterprises) established by the Cabinet Office. The school's mechanical engineering department is attracting attention as the first department in Japan to use a mechanical engineering training facility in a company, with students coming to learn not only from Tamano City but also from nearby Okayama and Kurashiki cities.



Practical training on the lathe

Activities of the Mitsui Public Relations Committee

We have co-sponsored a range of social contribution activities as a member company of the Mitsui Public Relations Committee, which consists of 24 Mitsui Group companies. This committee carries out a variety of cultural and art activities aimed at "enriching society by cherishing people and respecting diverse personal characteristics," working in line with the characteristics of the Mitsui Group described as "Mitsui is People."

MITSUI Golden Glove Award

We grant this award to professional baseball players who have exhibited outstanding fielding performance throughout the season.

Mitsui Golden Glove Baseball Class

This is a baseball class specializing in fielding, which is aimed at baseball coaches for juniors. We invite professional baseball players who won the MITSUI Golden Glove Award to be instructors.

The MITSUI Golden Takumi Award

Founded in 2015 with the desire to support craftspeople carrying the manufacturing of traditional Japanese crafts into the future.

Support for Fureai Concert

In 2003, the concert was started by the Fureai Trio wishing to expose children and people with disabilities whose exposure to classical music is often limited to live classical music performances and help enrich their lives. Since 2019, the concert has been held with the participation of more artists. The Mitsui E&S Group has cosponsored the concert since its start and also provides support through employee volunteers. For example, it is involved in volunteer activities at the concert venues.



The 50th MITSUI Golden Glove Award Prizewinning players



A concert held at an elementary school in Morioka City, Iwate

Governance

Corporate Governance

In the Mid-Term Business Plan 2023 announced in May 2022, we redefined the Group's Company Philosophy and Vision in view of the quick shift to a sustainable society and other environmental changes. Based on this, we have established a system to enable transparent, fair, prompt, and decisive decision making, and are working to continuously improve and enhance our corporate governance.

<Our mission>
We build trust and contribute to society through our engineering and services
<Vision>
In the marine domain, we create a carbon-free society and resolve challenges induced by depopulation
<Management Policy>
Create new value together with customers
Seek a sound financial structure and steady profit
Accelerate the resolution of sustainability issues

Regarding the improvement of corporate governance, we shall follow the principles below.

- 1) Ensure shareholders' substantial rights and the equality of shareholders
- 2) Properly collaborate with stakeholders, including shareholders
- 3) Ensure the appropriate and independent-minded disclosure of corporate information and transparency
- 4) Clarify the roles and responsibilities of the Board of Directors, corporate auditors and the Board of Corporate Auditors
- 5) Engage in dialogue with shareholders to facilitate sustainable growth and the enhancement of medium- and long-term corporate value

Our FY2021 corporate governance structure The descriptions of directors and corporate auditors are valid as of June 28, 2022.

The Company adopts a corporate governance system in the form of a company with a Board of Corporate Auditors and with Accounting Auditors.

Board of Directors

Our Board of Directors is composed of seven board members including three part-time outside directors. The Board has twelve regular meetings and seven extraordinary meetings to make important decisions and supervise the execution of business. The Board of Directors also reviews, when necessary, basic policies for the construction of internal control systems.

Board of Corporate Auditors

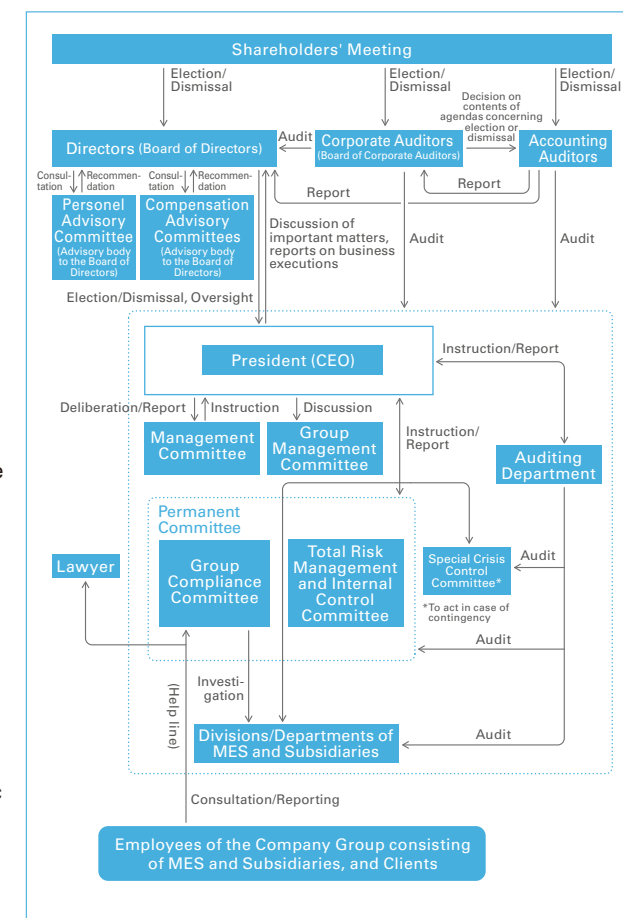
Our Board of Corporate Auditors consists of four board members including two part-time outside corporate auditors. The Board of Corporate Auditors appoints full-time corporate auditors, formulates audit plans, creates audit reports, audits the appropriateness of proposals to be submitted to the annual meeting of shareholders and discusses other issues relating to the execution of the duties of the corporate auditors. The Board also discusses matters relating to issues the Board of Corporate Auditors is expected to pass resolutions on, such as their agreement to the appointment, removal or refusal to reappoint accounting auditors and remuneration for accounting auditors.

Group Management Committee and Management Committee

In addition to the Board of Directors, we have established the Group Management Committee and the Management Committee to be additional managerial-level bodies working to execute their duties in accordance with the basic policies decided by the Board of Directors. The Group Management Committee is composed of our full-time directors and the president of a major subsidiary (Mitsui E&S Machinery) under the umbrella of the Mitsui E&S Group. The Committee discusses the directions of medium- and long-term management plans and business strategies throughout the Mitsui E&S Group. The Management Committee is composed of full-time directors and people appointed by the president. The Committee deliberates and reports on the execution of the specific duties of and important matters related to Mitsui E&S Holdings or its corporate group based on the direction discussed at the Group Management Committee.

The Group Management Committee meets four times annually and, as mentioned earlier, focuses on discussion about the direction of the Mitsui E&S Group as a whole's medium- and long-term management plans. The Management Committee has twelve regular meetings and two extraordinary meetings. As mentioned earlier, the Committee deliberates the execution of specific duties.

Systems of Corporate Governance and Internal Control



Governance

Risk Management

We practice total risk management involving a comprehensive understanding and evaluation of all risks related to management activities as a whole, and, on a managerial level, it continuously checks to ensure that risks are prioritized are properly handled.

• System for promoting risk management

We set up the Total Risk Management and Internal Control Committee chaired by in charge of the Corporate Planning Dept. officer and composed of all inside directors to effectively implement total risk management. Since the beginning of fiscal 2022, the Committee considers itself to be responsible for addressing climate change-related issues and will report important issues to the Board of Directors.

• Risk management initiatives

In fiscal 2021, the Committee met twice and evaluated risks related to our management activities as a whole. Based on the results of evaluate by the Committee, we implemented measures to address specific risks. More specifically, our consolidated financial statements going into the red this business year is partly attributable to downward revision of the forecasts of equity method affiliates' performance, the impact of currency exchange rates and other events. The Committee implements improvement measures such as recommending that equity method affiliates enhance their governance and hedge risks through exchange contracts.

List of directors

Name	Position and responsibilities	Attribute	Attendance at meetings of the Board of Directors held in FY2021	Reason for Appointment
Ryoichi Oka	Chairman	Reappointment	Attended 19 of 19 meetings	Since his appointment as President of the Company in 2019, Mr. Ryoichi Oka has taken leadership to promote the Business Revival Plan and made efforts to improve business performance of the Company Group. His experience and insights are necessary for us to strengthen the Company Group's governance and to ensure the effectiveness of supervision over the management as a whole.
Takeyuki Takahashi	President, Representative Director CEO, CCO (*1), and in charge of General Control, Growth Business Promoting Dept. and Auditing & Legal Dept.	Reappointment	Attended 13 of 13 meetings*	Mr. Takeyuki Takahashi has excellent marketing abilities acquired through international sales experience and outstanding management abilities acquired through his experience as President and Representative Director of Mitsui E&S Machinery Co., Ltd. His experience and insights are necessary for us to develop growth businesses and drive the Company Group's advancement.
Taketsune Matsumura	Vice President, Representative Director Assistant to President, CSO (*2), CISO (*3), and in charge of Engineering Business Management Dept., Corporate Planning Dept. and Human Resources & General Affairs Dept.	Reappointment	Attended 19 of 19 meetings	Mr. Taketsune Matsumura is leading the preparation and execution of the Business Revival Plan of the Company Group as an executive in charge of the Corporate Planning Dept. and playing a central role for promoting the Mid-term Business Plan 2020 and preparing the Mid-term Business Plan 2023. His experience and insights are necessary for us to coordinate future group strategies and complete the final stage of the structural reform.
Keigo Matsubara	Vice President, Representative Director Assistant to President, CFO (*4), and in charge of Finance & Accounting Dept. and in charge of IR Dept.	Reappointment	Attended 19 of 19 meetings	Mr. Keigo Matsubara has made efforts to improve the financial structure of the Company Group by utilizing his competent knowledge based on his experience as an executive of a general trading company and outstanding expertise acquired through his experience in financial affairs and accounting. His experience and insights are necessary for us to further reinforce the financial structure and promote future financial strategies.
Toshikazu Tanaka	Outside Director	Reappointment Outside Independent Director	Attended 19 of 19 meetings	Mr. Toshikazu Tanaka has sufficient and overall experience and knowledge of domestic and overseas business operations and corporate management acquired as an executive of a major integrated chemical company for a long period. Accordingly, we expect him to advise the overall management of the Company Group with a broad perspective and to oversee and supervise management of the Company from an independent position. Considering those described above, we successively selected him as a candidate for Outside Director.
Yoshio Haga	Outside Director	Reappointment Outside Independent Director	Attended 19 of 19 meetings	Mr. Yoshio Haga has sufficient and overall experience and knowledge of domestic and overseas business operations and corporate management acquired as an executive of a major paper manufacturing company for a long period. Accordingly, we expect him to advise the overall management of the Company Group with a broad perspective and to oversee and supervise management of the Company from an independent position. Considering those described above, we successively selected him as a candidate for Outside Director.
Haruyuki Nagata	Outside Director	New Appointment Outside Independent Director	-	Mr. Haruyuki Nagata has been engaged in finance, risk management, internal audit and other operations at a major financial institution group for a long period, and possesses sufficient and overall experience and knowledge as an executive. Accordingly, we expect him to advise the overall management of the Company Group with a broad perspective and to oversee and supervise management of the Company from an independent position. Considering those described above, we have newly selected him as a candidate for Outside Director.

*Shows the frequency of attendance of Board of Directors meetings held since the director assumed their role.

Governance

Director skill matrix

In selecting and determining candidates for Directors, the Company is striving to ensure a certain number of inside Directors familiar with the business and management control of the Company Group. At the same time, with a view to meeting the demand of the era of diversity, the Company is working to ensure a balance between knowledge, experience and capability, as well as diversity within the Board of Directors as a whole, by inviting Outside Directors with abundant experience in other industries. The Company classifies the skills and areas of expertise specifically expected from Directors into the following six categories:

- (1) Corporate management (2) International experience (3) Finance/M&A (4) Legal affairs/auditing (5) Marketing (6) Technologies/IT

Skill matrix illustrating the skills and areas of expertise specifically expected from each candidate for Directors is as follows:

Name	Corporate management	International experience	Finance, M&A	Legal affairs, auditing	Marketing	Technologies, IT
Ryoichi Oka	●	●		●		●
Takeyuki Takahashi	●	●		●	●	
Taketsune Matsumura	●	●	●			●
Keigo Matsubara	●	●	●			
Toshikazu Tanaka	●	●	●		●	
Yoshio Haga	●	●	●			●
Haruyuki Nagata	●		●	●		

*The above does not show all of the knowledge possessed by the directors or corporate auditors.

Evaluation of the effectiveness of the Board of Directors

We analyzed and evaluated the effectiveness of the Board of Directors as a whole in fiscal 2021 by examining the opinions of outside directors and outside corporate auditors for the self-appraisal results of all directors and corporate auditors. In the analysis and review of the self-appraisals of all of the directors and corporate auditors, the Board of Directors analyzed and evaluated the results after receiving advice from outside organizations, directly responding to the outside organizations for the purpose of securing greater anonymity and considering the results reported by outside organizations.

- Results of analysis and evaluation of effectiveness
It is evaluated that generally, the Board of Directors operates properly and the effectiveness of the Board of Directors is largely ensured. Their effectiveness is generally the same as in the previous fiscal year. The improvement measures we have implemented are having a degree of impact in terms of sufficiently discussing the Company's continuing growth, the creation of medium- and long-term corporate value, potential risks and how to handle them and other matters that significantly impact our management of our business. Therefore, the measures will continue.
- Issues emerged from the analysis and evaluation
1. In the operations of the Board of Directors, the Board of Directors has worked to improve in terms of deadlines for submitting meeting-related documents and their volume to ensure virtual deliberation time and shorten meeting time by streamlining the proceedings. However, we need to do more to improve.
2. It is necessary to continue the discussion and consideration of the diversity of members of the Board of Directors, particularly in terms of aspects such as gender and internationality.
3. Interest in basic sustainability policies and efforts to improve them, such as the commitment to ESG and the SDGs, is growing significantly. The Board need to actively work on these issues.

The results of the analysis and evaluation and the issues to be worked on are as shown above. Despite of this, our performance in fiscal 2021 was not as good as expected. The board clearly recognizes this face and will strive to increase the speed and accuracy of its decision making, strengthen the Mitsui E&S Group's governance structure and, based on Mid-Term Business Plan 2023 announced in May 2022, ensure the promotion of our growth strategy is the highest priority.

Governance

Compensation for directors and corporate auditors

• Policy on determining or the method for calculating directors executives' compensation, etc.

At a meeting held on March 25, 2021, the Company's Board of Directors resolved a policy for determining details of the compensation for individual directors. Regarding the compensation of each director in fiscal 2021, the Board of Directors confirmed—with respect to the compensation for individual Directors for the fiscal year under review—that the method for determining the details of compensation and details of determined compensation were consistent with the determination policy (adopted by a resolution of the Board of Directors) and that the reports of the Compensation Advisory Committee have been respected; and judged that the determination policy had been adhered to. Details of the policy for determining details of compensation for individual Directors are as follows.

<p>1. Basic Policy The basic policy is that compensation for the Company's Directors shall be a compensation system linked to shareholder returns to fully function as an incentive for the sustained enhancement of corporate value, and shall be set at an appropriate level based on the job responsibilities of individual Directors when determining compensation for them. Specifically, compensation for full-time Directors consists of monthly compensation as fixed compensation, and performance-linked compensation (stock price-linked and profit-linked compensation). Outside Directors responsible for supervisory functions shall be paid only monthly compensation in light of their responsibilities.</p> <p>2. Policy for determining the amount of monthly compensation, etc., paid to individual Directors The monthly compensation for Directors shall be fixed compensation, and a basic monthly salary determined by comprehensive consideration shall be paid every month, taking into account the level of salaries at other companies, the Company's performance, and levels of employee salaries according to the position.</p> <p>3. Policy for determining the details of and calculating the amounts, or numbers, related to performance-linked compensation, etc. Performance-linked compensation, etc., shall consist of the following two items to raise awareness of performance improvements for each fiscal year. Stock price-linked compensation The basic amount of compensation for two months of the basic monthly salary will be accumulated annually during the term of office as cash compensation reflecting the Company's stock price. Payments shall begin one year after retirement, and shall be paid once a year for the same period as the term of office. The amount paid shall be the amount obtained by dividing the stock price on the last business day of June of the year of office corresponding to the year of payment by the stock price on the last business day of June of the actual year of payment, multiplied by the amount of basic compensation for the corresponding year in office. Profit-linked compensation Cash compensation reflecting performance indicators (KPIs) shall be paid at a certain time each year, calculated according to the consolidated return on invested capital (ROIC) for each fiscal year. The</p>	<p>value of the consolidated ROIC on which the calculation is based shall be reported to the Board of Directors based on the report of the Compensation Advisory Committee.</p> <p>4. Policy for determining percentages of compensation for individual Directors accounted for by monetary compensation and performance-linked compensation The ratio of monthly remuneration, stock price-linked compensation, and profit-linked compensation shall be a certain composition regardless of the position. Profit-linked compensation shall vary between 0% and 50% relative to the sum of monthly compensation and the basic amount of compensation for stock price-linked compensation. The President and Representative Director shall respect the content of reports made by the Compensation Advisory Committee when determining the details of individual compensation for directors.</p> <p>5. Delegation to the President and Representative Director Specific details of the amount of compensation for each individual Director shall be delegated to the President and Representative Director Takeyuki Takahashi, based on a resolution of the Board of Directors, and the content of the delegated authority shall be the amount of monthly compensation for each director. The Board of Directors shall ensure that such authority is appropriately exercised by the President and Representative Director, after a report by the Compensation Advisory Committee, and the President and Representative Director subject to the above-mentioned delegation shall determine details of compensation according to the content of said report.</p> <p>6. Matters relating to the determination of compensation, etc., other than the above The Company's non-statutory Compensation Committee determines the compensation, etc. provided to our directors. It consists of three members, two independent outside directors and the president, and is chaired by an independent outside director. The Committee's resolutions are finalized when all of the independent outside directors consent to the resolution. The President does not participate in the resolution process. Monthly compensation of corporate auditors shall be decided in consideration of compensation for directors, etc. and after discussion by the corporate auditors.</p>
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• Goal of the adoption of the director compensation programs

Stock price-linked compensation

Stock price-linked compensation has been introduced as a medium-to-long-term incentive. This involves annually allocating a certain basic amount of stock price-linked compensation while the director is in office to pay the amount of compensation linked to changes in the stock price from the price during the terms of office to the director after the director leaves office in accordance with the allocation period. During the term of office, they are expected to help increase the Company's medium- and long-term performance. Additionally, the allocation period and the payment period are the same in terms of length, so that directors remain responsible for the management of the Company throughout a period.

Profit-linked compensation

The performance indicator is defined as the ROIC in Table 2, which is a standard that is in harmony with our management strategy. It has been introduced with the aim of streamlining management and enhancing the connection between compensation and performance. Incidentally, ROIC was -2.9%.

Governance

• Calculation of profit-linked compensation

This involves using the formulas in Table 2 to calculate the amount of compensation in accordance with the performance indicator defined in Table 1 based on the basic compensation, which is the total of of monthly compensation and the basic amount of stock price-linked compensation. The period for execution of duties covered by profit-linked compensation is July 1, 2022 through June 30, 2023.

Basic amounts and the allocation of profit-linked compensation are as follows.

Basic compensation		Range for the fluctuation of profit-linked compensation*2 (percentage of basic compensation)
Monthly compensation	Basic amount of stock price-linked compensation	
Twelve-months of standard monthly pay*1	Two-months of standard monthly pay*1	0~50%

*1 Fixed-amount compensation that is paid every month

*2 The maximum value of the fluctuation range is the upper limit. The amount exceeding the upper limit will not be paid.

• Performance indicator (Table 1)

Position	Performance indicator	Percentage
Director	Consolidated return on invested capital (ROIC)*3	100%

*1 ROIC=(Operating Income + Interest and Dividend Income for the Fiscal Year Ending March 31, 2023) / (Average of Shareholders' equity + Average of Interest-bearing Debt for the Fiscal Year Ending March 31, 2023)

• Calculation using the performance indicator (Table 2)

Performance indicator	Formula	
Consolidated return on invested capital (ROIC)	Up to ROIC 2%	3.15% of basic compensation for each percent of ROIC
	ROIC greater than 2% and 9% or less	6.25% of basic compensation for each percent of ROIC

• Total compensation, etc., for each classification of executives, and total compensation, etc., by compensation type and the number of eligible executives

Executive classification	Total compensation, etc. (million yen)	Total compensation, etc. (million yen)			Number of eligible executives (persons)
		Fixed compensation	Profit-linked compensation	Non-monetary compensation, etc. of the compensation at left	
Director (except outside directors)	99	99	-	-	5
Corporate auditor (except outside corporate auditors)	49	49	-	-	3
Outside officers	37	37	-	-	4
Total	186	186	-	-	12

(Note)

- The above includes one director and one corporate auditor who resigned at the end of the 118th Annual Shareholders' Meeting held on June 25, 2021.
- The 107th Annual Shareholders' Meeting held on June 25, 2010 passed a resolution to limit the annual compensation of a director to 630 million yen or less (excluding employee salaries) and to limit the annual compensation of a corporate auditor to 90 million yen or less.
- The total compensation, etc. of directors does not include the employee salaries of the directors who are also employees.
- The stock price-linked compensation of the directors during the terms of office is not included in the above compensation, etc., as the amount paid is not known at the time of the preparation of this integrated report. Outside directors are not eligible for stock price-linked compensation.
- The Board of Directors entrusts decisions regarding the monthly compensation of directors to the president. This is because president is deemed to be the right person to appraise directors' performance while considering the company's overall situation. Preliminarily, the Compensation Committee checks the appropriateness of the decisions entrusted to the president.
- In addition to the above, five retired directors have been paid a stock price-linked compensation of 7 million yen during the terms of office.

Governance

Compliance

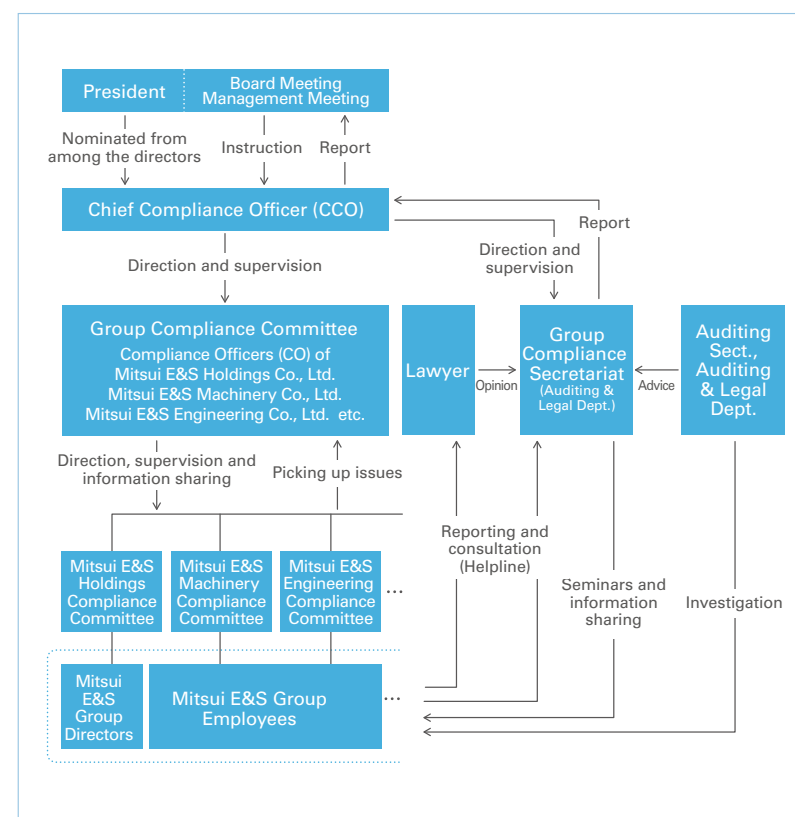
We position compliance as one of our most important management issues. All of our executives and employees are aware of the social responsibilities of the corporation and act in accordance with the Corporate Code of Conduct which was formulated with the goal of ensuring a compliance-based perspective in all situations in our business activities. In this way, we live up to the expectations and demands of many different stakeholders.

Compliance structure

We have a Group Compliance Committee chaired by the Chief Compliance Officer appointed from among the directors of MES. The Committee is an organization that ensures that compliance measures are sufficiently known throughout the corporate group and that supervises the group for the compliance measures. The Committee also monitors and raises awareness regarding compliance with antitrust laws.

Based on the Group Compliance Management Regulations, the Group Compliance Committee met twice in fiscal 2021 to exchange information in a cross-sectional manner throughout the corporate group with the goal of strengthening the compliance of the Company and its subsidiaries.

Compliance system



Initiatives for encouraging compliance

Compliance with the Corporate Code of Conduct

Copies of the Corporate Code of Conduct are distributed to all executives and employees of the corporate group consisting of Mitsui E&S Holdings and its domestic subsidiaries. Further, structurally we enable each employee to refer to guidebooks and examples at any time in their work every day. The English version of the Corporate Code of Conduct is distributed to our overseas subsidiaries and, in accordance with the local situation, we talk with the presidents of the subsidiaries about their compliance systems and the status of their implementation of compliance.

Helpline (internal whistleblowing system)

In order to detect legal violations and other compliance issues at an early stage, we have established a helpline (internal reporting system) so that all executives and employees of the Company and its subsidiaries, as well as their business partners, may directly seek advice or report any issue. Based on our rules regarding the system for reporting compliance issues in accordance with the Whistleblower Protection Act, we will respond appropriately in the event of any reports.

Compliance training

We conduct compliance training for new employees and other Mitsui E&S Group's employees, and provide employees of the Company and its subsidiaries with e-learning on compliance. In this way, we continue education and awareness-raising activities for the executives and employees of the Company and its subsidiaries.

Number of employees who participated in compliance training

FY2017	FY2018	FY2019	FY2020	FY2021
1,308	489	1,547	2,016	4,040

Governance

Message from an Outside Director



Accelerate historic structural reform
The whole company must unite and push forward with efforts to achieve Mid-Term Business Plan 2023!

Outside Director
Toshikazu Tanaka

Review of the implementation of the Business Revival Plan

Our shipbuilding business, which the Company was founded to implement more than a century ago, declined structurally as a result of the emergence of Korean and Chinese competitors characterized by their private-public cooperation. Worse, the successive and enormous losses of our engineering business endangered our continued existence as a corporation. In this predicament, we dramatically transformed our business portfolio and formulated and quickly implemented the radical Business Revival Plan. Management decisions were very fast and decisive.

The officer in charge led the implementation of the plan, uniting all of the departments and employees of the Company through hard negotiations day and night, scrambling to explain the plan and enable people inside and outside the company to understand it. Enormous efforts have been made. In this process, all of the employees shared an awareness of the fundamental problems and the strategies

we should implement and worked together to carry them out. The results are significant and will benefit our future. In the three-year period, we pushed through the bold selection and concentration of businesses by withdrawing from shipbuilding, the business in which we started, as well as from engineering and other loss-making, non-core businesses. At the same time, we sold businesses valued at 120 billion yen to bolster our capital situation which was severe. In my view, the plan is unrivaled in terms of both its content and the speed of its implementation. This historic structural reform helped us avoid an imminent crisis. In a true sense, the evaluation of the plan depends on whether or not the growth strategy based on the structural reform succeeds in the future. Becoming a stable, unshakable company and earning a reputation as such in society requires the continued work of the company's management.

Regarding the evaluation of the effectiveness of the Board of Directors

The portfolio reform corresponding our structural management difficulties was crucial, but the reinforcement of governance was also the most important issue. To achieve this, we limited the number of directors and sought to secure outside officers who would be able to provide constructive criticism to our top management. Currently, the number of directors has been reduced to seven (including three outside directors) and we have a structure that enables speedy decision making through the lively exchange of opinions from a company-wide perspective. In particular, handling problems related to an overseas project requires

that the Board of Directors make decisions immediately while construction is under way. Whenever a problem occurred, we were able to make the right decision. Now, we have both the Personnel Advisory and Compensation Advisory Committees, which improve the impartiality and transparency of the management of our business. These efforts to improve our governance kept employees motivated and increased the resilience of our corporate culture. At the same time, we need to do more to address social issues such as climate change and diversity.

Regarding the evaluation of and expectations for Mid-Term Business Plan 2023

Mid-Term Business Plan 2023 sets out an aggressive management plan to disrupt the persistent atmosphere of stagnation and achieve dramatic growth. Our business environment is characterized by the drastic change of society's values as represented by AI and climate change. The Mid-Term Business Plan is a touchstone for whether we will be able to transform into a true market-in company well-adapted to environmental change. The goals and strategy of the Mid-Term Business Plan are simple and reasonable. But our true development and sales capabilities will be put to the test to achieve these goals. It is important for us

to accelerate our strategies in partnership with other companies and actively utilize M&A opportunities. To my understanding, many of our company members are serious-minded and highly skilled. But they seem to need to be a little more aggressive. I think they need to cultivate a spirit of taking on challenges to survive the drastic environmental changes. Having come back from the bottom, we need to unite as company, achieve the Mid-Term Business Plan and start over as a blue-chip company, living up to the expectations of people inside and outside the company. We expect our executives and employees to do even more.

Governance

Officers



Ryoichi Oka

Chairman,
Outside Director of MODEC, Inc.

April 1981	Joined the Company
April 2014	Associate Executive Officer and General Manager of Technoservice Dept., Machinery & Systems Hq.
April 2015	Executive Officer
April 2016	Deputy General Manager of Machinery & Systems Hq. (in charge of industrial machinery)
April 2017	Managing Executive Officer and General Manager of Machinery & Systems Hq.
June 2017	Director
April 2018	President and Representative Director of Mitsui E&S Machinery Co., Ltd.
June 2018	Retired from Director of the Company
April 2019	President, COO, CISO and in charge of Corporate Planning Dept.
June 2019	Representative Director in charge of Auditing Dept.
November 2019	In charge of Engineering Business Management Dept.
January 2020	CEO
April 2021	In charge of Growth Business Promoting Dept.
April 2022	Chairman (of the Board of Directors) (to date) Outside Director of MODEC, Inc. (to date)



Takeyuki Takahashi

President, Representative Director,
CEO, CCO*1, and in charge of General
Control, Growth Business Promoting Dept.
and Auditing & Legal Dept.

April 1987	Joined the Company
October 2007	General Manager of Cranes & Systems Sales Dept., Steel Structure & Logistic Systems Hq.
June 2012	General Manager of Cranes & Systems Sales Dept., Machinery & Systems Hq.
September 2015	Manager of Corporate Planning Dept.
October 2015	General Manager of Global Strategy Sect., Corporate Planning Dept.
October 2016	General Manager of Strategic Planning Sect., Corporate Planning Dept., Corporate Planning Hq.
February 2018	Assistant to General Manager of Machinery & Systems Hq.
April 2018	Executive Officer of Mitsui E&S Machinery Co., Ltd.
April 2019	President and Representative Director of Mitsui E&S Machinery Co., Ltd.
June 2019	Director of the Company
June 2020	Retired from Director
March 2021	Director of MODEC, Inc.
April 2021	General Manager of Growth Business Promoting Dept. and Human Resources & General Affairs Dept., the Company
June 2021	Director, CCO and in charge of Auditing & Legal Dept. (to date) In charge of Human Resources & General Affairs Dept.
November 2021	Outside Director of MODEC, Inc.
April 2022	President, Representative Director, CEO and in charge of General Control and Growth Business Promoting Dept., the Company (to date)



Haruyuki Nagata

Outside Director

April 1985	Joined Mitsui Bank
April 2011	General Manager of Financial Accounting Dept., Sumitomo Mitsui Financial Group, Inc.
April 2013	Executive Officer of Sumitomo Mitsui Banking Corporation
April 2015	Managing Executive Officer of Sumitomo Mitsui Banking Corporation
April 2016	Managing Executive Officer of Sumitomo Mitsui Financial Group, Inc.
March 2018	Director and Managing Executive Officer of Sumitomo Mitsui Banking Corporation
April 2018	Director and Senior Managing Executive Officer of Sumitomo Mitsui Banking Corporation
April 2019	Senior Managing Executive Officer of Sumitomo Mitsui Financial Group, Inc.
June 2019	Director Senior Managing Executive Officer of Sumitomo Mitsui Financial Group, Inc.
April 2021	Retired from Director Senior Managing Executive Officer of Sumitomo Mitsui Financial Group, Inc. Retired from Director of Sumitomo Mitsui Banking Corporation Retired from Senior Managing Executive Officer of Sumitomo Mitsui Banking Corporation
June 2021	President and Representative Director of Muromachi Co., Ltd. (to date) President and Representative Director of Muromachi Building Co., Ltd. (to date)
June 2022	Outside Director of the Company (to date)



Yuichi Shiomi

Corporate Auditor

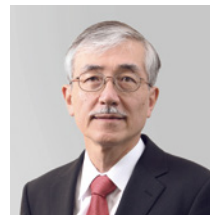
April 1982	Joined the Company
April 2010	General Manager of Accounting Dept., Tamano Works
May 2013	Manager of Finance & Accounting Dept. and Export Control Dept.
April 2014	Associate Executive Officer and General Manager of Financial Affairs & Accounting Dept.
April 2015	Executive Officer
April 2017	Managing Executive Officer, CFO and in charge of IR Dept.
June 2017	Director
June 2019	President and Representative Director of Mitsui E&S Business Service Co., Ltd.
April 2020	Director of Mitsui E&S Business Service Co., Ltd. (to date)
June 2020	Corporate Auditor of the Company (to date)



Taketsune Matsumura

Vice President, Representative Director,
Assistant to President, CSO*2, CISO*3,
and in charge of Engineering Business
Management Dept., Corporate Planning Dept.
and Human Resources & General Affairs Dept.

April 1991	Joined the Company
April 2015	General Manager of Basic Design Dept., Ship & Ocean Project Hq.
February 2018	General Manager of Strategic Planning Sect. of Corporate Planning Dept., Corporate Planning Hq.
March 2018	Director of MODEC, Inc.
March 2019	General Manager of Corporate Planning Dept., the Company
June 2020	Director, CISO and in charge of Corporate Planning Dept. (to date)
April 2022	Vice President, Representative Director, Assistant to President, CSO and in charge of Engineering Business Management Dept. and Human Resources & General Affairs Dept. (to date)



Keigo Matsubara

Vice President, Representative Director,
Assistant to President, CFO*4,
and in charge of Finance & Accounting Dept.
and in charge of IR Dept.

April 1979	Joined Mitsui & Co.
April 2007	Manager of Work Process Management Div. 1, Mitsui & Co.
April 2009	General Manager of Finance Division, Mitsui & Co.
April 2011	Manager of Accounting Division, Mitsui & Co.
April 2012	Executive Officer and Assistant CFO of Mitsui & Co.
April 2015	Senior Executive Officer and CFO of Mitsui & Co.
June 2015	Representative Director, Senior Executive Officer and CFO of Mitsui & Co.
April 2017	Representative Director, Executive Managing Officer and CFO of Mitsui & Co.
April 2018	Director, Mitsui & Co.
June 2018	Adviser, Mitsui & Co.
March 2019	Adviser of the Company
June 2019	Director, Vice President, Assistant to President, CFO and in charge of Finance & Accounting Dept. and IR Dept. (to date)
January 2020	Representative Director (to date)



Shoichi Taguchi

Corporate Auditor

April 1985	Joined the Company
June 2013	General Manager of Machinery Factory, Machinery & Systems Hq.
April 2014	Associate Executive Officer
April 2015	Executive Officer
April 2016	Managing Executive Officer, General Manager of Tamano Works and Special Mission by President (in charge of manufacturing)
March 2018	President and Representative Director of Mitsui E&S Business Service Co., Ltd.
June 2019	Director, CCO, and in charge of Human Resources & General Affairs Dept. (to date) CISO, and in charge of Corporate Planning Dept., Technical Co-ordination Dept., and Legal Dept.
March 2020	Director of MODEC, Inc.
April 2020	President and Representative Director of Mitsui E&S Business Service Co., Ltd.
April 2021	Director, and in charge of Auditing & Legal Dept., the Company
June 2021	Corporate Auditor of the Company (to date)



Koichi Tanaka

Outside Corporate Auditor

April 1980	Joined Mitsui & Co., Ltd.
October 2003	General Manager of Finance Division, Mitsui & Co., Ltd.
April 2009	General Manager of Segment Controller Division, Mitsui & Co., Ltd.
April 2010	Managing Officer and General Manager of Segment Controller Division, Mitsui & Co., Ltd.
April 2011	Managing Officer, Deputy CFO and General Manager of Segment Controller Division, Mitsui & Co., Ltd.
April 2012	Executive Managing Officer and CCO, Mitsui & Co., Ltd.
June 2012	Representative Director, Executive Managing Officer and CCO, Mitsui & Co., Ltd.
April 2014	Representative Director, Senior Executive Managing Officer and CCO, Mitsui & Co., Ltd.
April 2015	Director, Mitsui & Co., Ltd.
June 2015	Counselor, Mitsui & Co., Ltd. Outside Director of AIG Japan Holdings KK
June 2016	Outside Corporate Auditor (to date)
June 2018	Outside Corporate Auditor of Honda Trading Corporation (to date)
June 2021	Retires from Outside Director of AIG Japan Holdings Kabushiki Kaisha.



Toshikazu Tanaka

Outside Director

April 1968	Joined Toyo Koatsu Industries Co., Ltd. (Mitsui Toatsu Chemicals Inc.)
June 1999	Director and General Manager of Phenols Division, Basic Chemicals Business Sector of Mitsui Chemicals, Inc.
June 2003	Managing Director and Deputy President of Basic Chemicals Business Group of Mitsui Chemicals, Inc.
June 2004	Basic Chemicals Business Group President of Mitsui Chemicals, Inc.
June 2005	Vice President and Basic Chemicals Business Group President of Mitsui Chemicals, Inc.
April 2007	Responsible for Basic Chemicals Business Sector, Corporate Planning Division, Group Management Division, Branch Offices and Overseas Subsidiaries & Affiliates of Mitsui Chemicals, Inc.
June 2009	President of Mitsui Chemicals, Inc.
April 2014	Director of Mitsui Chemicals, Inc.
June 2014	Senior Advisor of Mitsui Chemicals, Inc.
June 2015	Outside Director of the Company (to date)
June 2018	Advisor of Mitsui Chemicals, Inc.
June 2020	Honorary Advisor of Mitsui Chemicals, Inc. (to date)



Yoshio Haga

Outside Director

April 1974	Joined Jujo Paper Co., Ltd.
July 1995	General Manager of Pulp Production Dept., Ishinomaki Mill of Nippon Paper Industries Co., Ltd.
June 2002	Associative Director and General Manager of Komatsushima Mill of Nippon Paper Industries Co., Ltd.
June 2005	Director, General Manager of Corporate Planning Div. and Corporate Planning Dept., Nippon Paper Industries Co., Ltd. Director of Nippon Paper Group, Inc.
April 2006	Managing Director and General Manager of Corporate Planning Div. of Nippon Paper Industries Co., Ltd.
June 2006	Director of Nippon Paper Group, Inc.
June 2007	Director of Nippon Paper Group, Inc. and General Manager of Corporate Planning Div. of Nippon Paper Group Co., Ltd.
May 2008	Chairman of Japan Paper Association
June 2008	President and Representative Director of Nippon Paper Group, Inc.
June 2008	President and Representative Director of Nippon Paper Industries Co., Ltd.
April 2013	President, Representative Director, and President Corporate Officer of Nippon Paper Industries Co., Ltd.
June 2014	Chairman and Representative Director of Nippon Paper Industries Co., Ltd.
June 2019	Special Corporate Advisor of Nippon Paper Industries Co., Ltd.
June 2020	Outside Director of the Company (to date)
June 2021	Retired from Special Corporate Advisor of Nippon Paper Industries Co., Ltd.



Seiichi Ueno

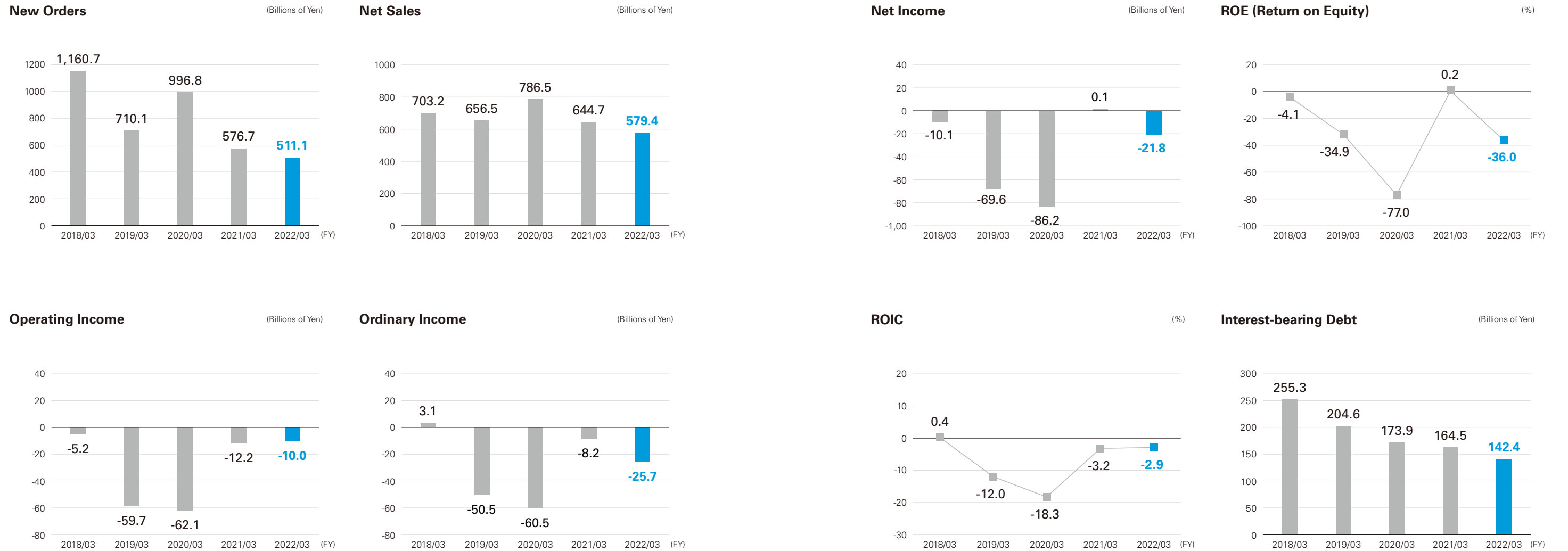
Outside Corporate Auditor

April 1981	Joined Mitsui Bank
April 2007	General Manager of Corporate Banking Dept. VI, Sumitomo Mitsui Banking Corporation
April 2010	Executive Officer and General Manager of Corporate Credit Dept., Sumitomo Mitsui Banking Corporation
April 2012	Managing Executive Officer of Sumitomo Mitsui Banking Corporation
May 2013	Managing Executive Officer and General Manager of Credit Control Hq., Sumitomo Mitsui Card Company, Limited.
April 2014	Senior Managing Executive Officer of Sumitomo Mitsui Card Company, Limited.
June 2017	Representative Director of Sumitomo Mitsui Card Company, Limited.
March 2020	Retired from Representative Director of Sumitomo Mitsui Card Company, Limited.
June 2020	Outside Corporate Auditor (to date) Retire from Senior Managing Executive Officer of Sumitomo Mitsui Card Company, Limited.

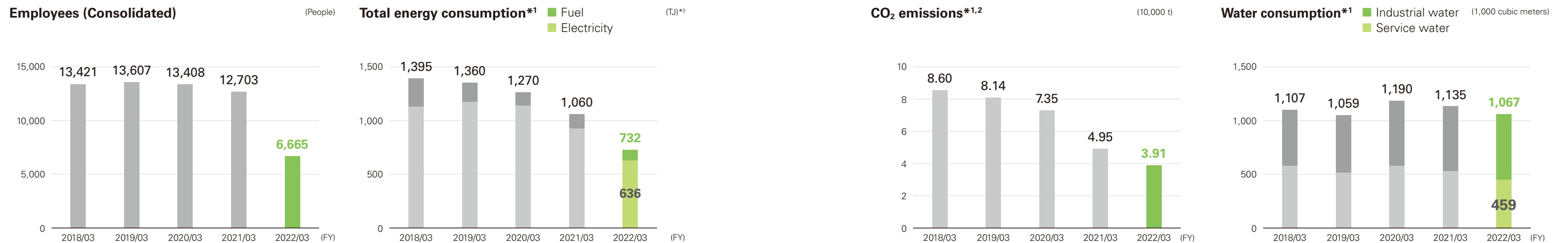
*1 CCO:Chief Compliance Officer
*2 CSO:Chief Strategy Officer
*3 CISO:Chief Information Security Officer
*4 CFO:Chief Financial Officer

Financial / Non-financial Highlights

Financial Highlights



Non-financial Highlights



*1 Total energy consumption and CO₂ emissions, Water consumption for former MES(Tamano Works, Chiba Works, Oita Factory) *2 CO₂ emissions were calculated by following the Guidelines for Calculating Corporate Greenhouse Gases Emissions issued by the Ministry of the Environment. CO₂ emissions from electric power were calculated by using the adjusted CO₂ emission coefficient for designated electric enterprises that was also published by the Ministry of the Environment. *3 TJ: Tera Joule (=1012J)

Ship

Main businesses

Manufacturing, sales, design, engineering, repair, etc. of vessels and other businesses

Main products and services

Vessels, high-speed passenger ships, offshore structures, underwater equipment, design engineering services, vessel-related devices and equipment and steel structures



FY2021 topics

- Mitsui E&S Shipbuilding has begun its fabless business leveraging its strengths in design and development after transferring the naval ship and other businesses to Mitsubishi Heavy Industries, Ltd. and accepting funding from Tsuneishi Shipbuilding Co., Ltd. (In October 2022 an additional 17% of shares were transferred to Tsuneishi Shipbuilding and Mitsui E&S Shipbuilding became an equity method company)
- Developed sales activities such as licensing designs and commissioned development and design of environmentally friendly vessels
- Began vessel operations and maintenance support services using vessel DX technologies

FY2021 overview

Regarding general merchant ships, the chartered vessel market, which includes container ships and bulk carriers, has maintained high prices. However, both shipowners and shipyards are clearly taking a wait-and-see position as materials and equipment prices have been rising since the latter half of last year and Russia's invasion of Ukraine has increased economic uncertainty. Meanwhile, the movement toward reducing environmental impact has not stagnated and shipowners and shipyards are requesting discussion and consideration of the introduction of vessels using new fuels.

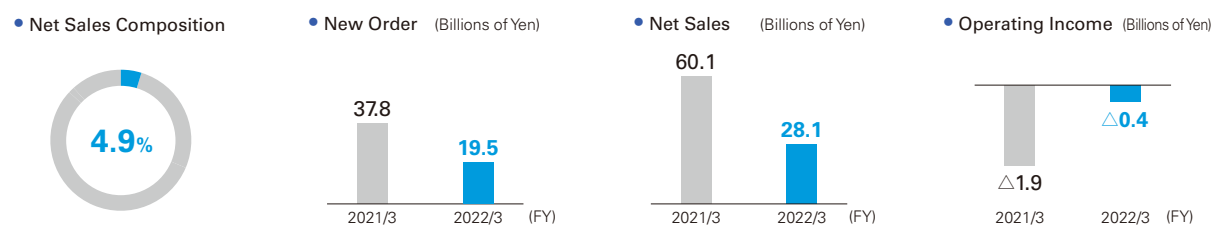
Regarding businesses relating autonomous ships, the shortage of crew members in coastal shipping and the aging of crew members are serious problems shaking the foundation of Japanese marine transportation. In fact, more than 70% of ocean accidents are attributed to human error. Minimizing human error is vital in securing the safety of marine transportation. Further, the Ministry of Land, Infrastructure, Transport and Tourism released guidelines for the design of autonomous ships and the International Maritime Organization (IMO) is more actively discussing rules for autonomous and automatically operated ships. The establishment of social systems for the actual implementation of autonomous and automatically operated ships in society has been progressing. Demand for these ships is expected to grow in the near future.

Against this backdrop in the general merchant ship market, the Mitsui E&S Group focuses on operational activities, such as licensing its designs, developing environmentally friendly ships and contracted design, utilizing the engineering capabilities we have accumulated over many years and working in cooperation with domestic and international partners. In this way, we are working to increase our revenue and contribute to society through energy engineering both domestically and globally. We are also discussing vessel mediation and licensing (hull form development) with non-partner shipyards and receiving orders to help our clients develop and design hull forms.

For autonomous ships, we are promoting monitoring devices, ship operation devices and ship operation support devices for marine transportation companies. We have also started promoting services supporting vessel operation and maintenance using technologies for the DX of vessels, though the amounts of orders are small. We are engaged in pioneering initiatives for the commercialization of autonomous ship operation devices designed to solve an important challenge faced by the maritime industry, the improvement of vessel operations by increasing safety and labor reduction. We are actively working to fully leverage our status as a pioneer.

Achievements

New orders received were 19.521 billion yen, down 18.283 billion yen (-48.4%) year on year. This was due to the low number of new orders received for shipbuilding. Net sales were 28.088 billion yen, a 31.994 billion yen (-53.3%) decrease year on year, due to factors such as a decrease in orders for construction of new ships. Operating losses stood at 438 million yen, a 1.477 billion yen recovery from the previous fiscal year, mainly because of a decrease in unprofitable construction work.



Machinery

Main businesses

Manufacturing, sale, design, etc. of marine engines, industrial machinery and port structures

Main products and services

Marine and land engines, marine equipment, gas engines, steam turbines, air blowers, compressors, gas turbines, cogeneration facilities, process equipment, container cranes, industrial cranes, container terminal management systems, remote control manipulators, radars for searching objects and structures buried underground, inductive heating devices and wave-making devices



FY2021 topics

- One hundred and twenty large-sized marine engines (2.74 million horsepower) were delivered
- Strong demand for Near Zero Emission (NZE) Transtainers® supporting zero emissions in the future
- Following the approval of the machine-based inspection of social infrastructure, tunnel exploration vehicles from the Mitsui E&S Group were chosen as device that could be used in these inspections
- In the after-sales service business, sales of diesel components and domestic crane replacement construction moved forward steadily.

FY2021 overview

We delivered 120 marine engines totaling 2.74 million horsepower (a low figure) amid a severe business environment defined by the impact of COVID-19, the rise of materials and equipment prices and other factors. Our plan is to deliver 137 marine engines totaling 2.88 million horsepower in the next fiscal year, indicating recovery. In line with the trend toward zero emissions, we will continue to be actively committed to R&D and the reception of orders, and to respond to various types of fuels such as LNG, methanol and ammonia.

Orders for cranes stagnated due to the impact of COVID which continued from the previous fiscal year. For this reason, we feared a possible decrease in crane operation. In actuality, we have successively received large orders since the consolidated cumulative second quarter and the number of new orders received from overseas significantly rose YOY. The domestic market has been less affected by COVID as we received orders for the constructing or adding machines and systems and renovating existing obsolete machines. There is steady demand for the newly launched Near Zero Emissions Transtainer®, designed to decarbonize container yard cranes.

In industrial machinery, investment in petroleum refining was curtailed, because of the trend toward decarbonization, and this has added to the severe conditions in the environment for receiving new orders for products such as reciprocating compressors and axial compressors. On the other hand, process equipment performed steadily because of factors such

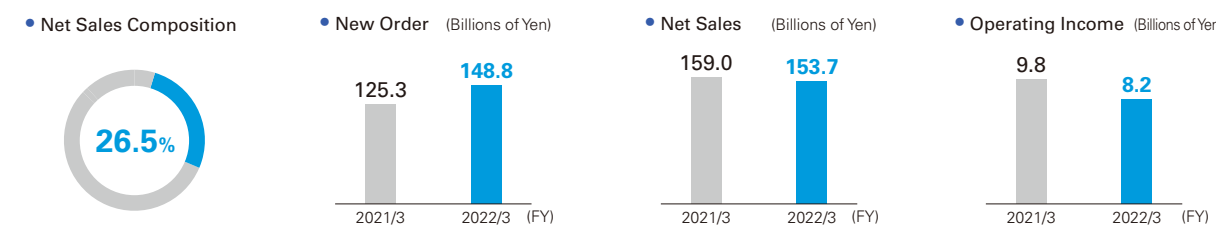
as domestic projects for medium- and small-scale renovations of antiquated equipment. Going forward, we will build a system encompassing the entire process from manufacturing to after-sales service. At the same time, our efforts in hydrogen-related markets will accelerate and enable us to grow.

In the solution business, regular inspection guidelines have been revised to enable the use of next-generation inspection technology (mechanization) as an alternative to the manual inspection of roads, tunnels and bridges. It can be expected to result in an increase in demand for our radar business, which makes products such as tunnel exploration vehicles. In addition to robotics, we will focus on equipment-type machinery including large wave-making devices and other hydraulic experiment facilities, large-sized movable structures, particle physics experiment equipment, and other machinery to expand our businesses.

Regarding the LSS service, mainly including after-sales services (life-cycle solution services and the customer oriented services), diesel components sold steadily while the conditions surrounding industrial machinery will remain severe due to the curtailment of investment, the partial discontinuation of blast furnace operations and other reasons. Regarding cranes, there was stagnation in overseas projects due to the impact of COVID but domestic projects moved forward steadily thanks to construction for replacement of existing cranes among other factors.

Achievements

New orders received were 148.769 billion yen, up 23.449 billion yen (+18.7%) YOY, as the COVID-induced curtailment of investment is gradually being resolved in the different businesses we are engaged in. Mainly because of a decrease in the shipment of marine engines following the drop in the number of orders received in the previous fiscal year, our net sales stood at 153.736 billion yen, down 5.312 billion yen (-3.3%) YOY. Operating income was 8.156 billion yen, down 1.663 billion yen (-16.9%) YOY, due to factors such as a drop in net sales.



Ocean Development

Main businesses

EPCI (Engineering, Procurement, Construction and Installation), sale, lease, charter, operation and maintenance of floating offshore oil & gas production facilities

Main products and services

FPSO (Floating Production Storage and Offloading) system



FY2021 topics

- Started charter services of FPSO for the Petrobras Sépia field off the coast of Brazil.
- An official agreement on FPSO for Equinor ASA's Bacalhau field off the coast of Brazil went into effect
- Converted from a consolidated subsidiary to an equity method affiliate due to the sale of some shares.

FY2021 overview

Although there have been some ups and downs depending on the state of affairs at the time, crude oil prices recovered to 80 USD per barrel at the beginning of 2022 as economic activities gradually became normalized and expectations for a recovery of demand following progress in COVID vaccination increased. However, as a result of Russia's invasion of Ukraine in February, prices have risen to a level greater than 100 USD.

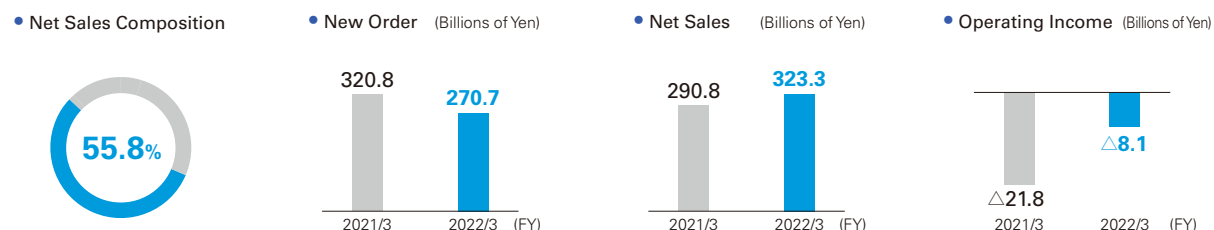
Meanwhile, the environment surrounding the ocean development business is changing significantly, such as decarbonization, continued popularization of renewable energy, and evolution of digital technology. Undertaking ocean development in the area of FPSO and others, MODEC, Inc. continually tries to secure profit in existing businesses by adapting to such changes in the business environment and is also steadily developing future revenue sources such as floating offshore wind turbines, seabed resource development, and digital solutions businesses.

Following the decrease of equity, MODEC, Inc. and its consolidated subsidiaries have changed to equity method affiliates after the third quarter consolidated accounting period.

Achievements

With the recognition of orders, net sales, and operating income for this fiscal year was up to the consolidated cumulative third quarter when MODEC, Inc. was a consolidated subsidiary, each year-on-year results are as follows: orders decreased by 50.113 billion yen to 270.697 billion yen, net sales increased by 32.521 billion yen (+11.2%) to 323.322 billion yen, and operating income improved by 13.696 billion yen to 8.086 billion yen of loss.

Equity method investment earnings related to MODEC, Inc. Group were 16.686 billion yen of loss as a result of a lower profitability of construction work due to the COVID pandemic, additional costs to cover work delays, and the shutdown of operations and the repair costs of in-charter FPSOs.



Engineering

Main products and services

Power generation, overseas civil engineering and construction in general, etc.



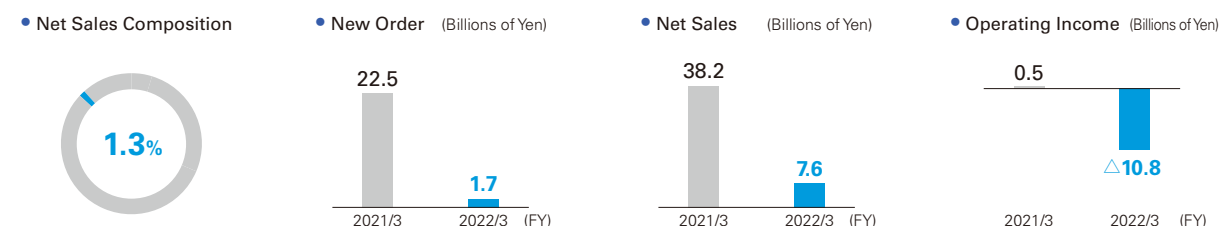
FY2021 overview

Regarding businesses relating to the environment, all of the shares of BETSUKAI Biogas Power Generation and Nishi-Iburi Environment we possesses were taken over by Mitsui E&S Environment Engineering (hereinafter "MKE"), a consolidated subsidiary, on April 1, 2021 by means of and absorption-type company split. After that, all of the shares of MKE that we held were transferred to JFE Engineering Corporation.

In overseas infrastructure, we are currently focusing on unflinchingly fulfilling two civil engineering and thermal power plant construction projects in Indonesia. After the completion of the construction, we will withdraw from the business and reallocate its resources to more promising businesses of the Mitsui E&S Group.

Achievements

New orders decreased 20.824 billion yen (- 92.6%) to 1.652 billion yen YOY, mainly due to the impact of the transfer of subsidiaries in the environment-related businesses in the previous fiscal year. Net sales were 7.629 billion yen, down 30.57 billion yen (- 80.0%) YOY, due to our having refrained from receiving new orders and a decrease in the number of consolidated subsidiaries. The operating loss was 10.81 billion yen, a worsening of 11.284 billion yen, due to the same reasons mentioned above and a temporary increase in reserved foreign-currency-denominated costs resultant from the year-end exchange rate, among other factors.



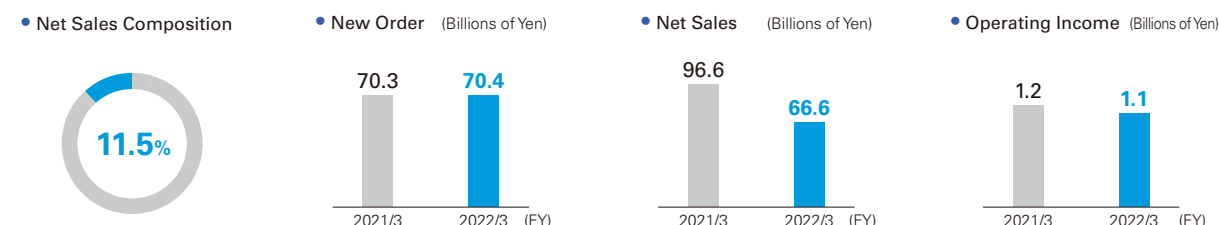
Main products and services

Others

Onshore diesel power plants, information and communications related equipment, system development, gas-related engineering, specialized equipment for naval ships and aircraft

Achievements

On a consolidated basis, new orders received were 70.4 billion yen, up 200 million yen YOY, while net sales amounted to 66.6 billion yen, down 30 billion yen YOY, due to factors such as a decrease in onshore diesel power plants and the transfer of a bridge operating subsidiary and other companies in the previous fiscal year. Operating income was 1.1 billion yen, remaining nearly unchanged from the previous fiscal year.



11-Year Financial Performance

(¥million)

(FY)	2012/03	2013/03	2014/03	2015/03	2016/03	2017/03	2018/03	2019/03	2020/03	2021/03	2022/03
Financial Results											
New Orders Received	686,886	662,556	1,107,750	959,784	609,621	516,577	1,160,662	710,127	996,848	576,668	511,089
Net Sales	571,852	577,093	670,067	816,520	805,413	731,464	703,216	656,504	786,477	644,686	579,363
Operating Income	31,420	24,001	19,969	13,298	11,813	8,304	△ 5,224	△ 59,703	△ 62,079	△ 12,243	△ 10,029
Ordinary Income	32,345	26,162	26,179	14,899	15,078	14,859	3,061	△ 50,502	△ 60,457	△ 8,223	△ 25,742
Net Income* ¹	17,880	△ 8,207	42,854	9,463	7,599	12,194	△ 10,137	△ 69,599	△ 86,210	134	△ 21,825
Cash Flow											
Operating Cash Flow	13,564	47,182	14,499	15,167	29,802	△ 7,843	△ 3,555	66,176	△ 37,213	7,478	△ 20,265
Investing Cash Flow (Loss)	11,515	△ 12,100	△ 37,312	△ 32,385	△ 34,599	△ 28,753	△ 9,046	△ 130	84,125	21,115	△ 70,923
Free Cash Flow	25,079	35,082	△ 22,813	△ 17,218	△ 4,797	△ 36,596	△ 12,601	66,046	46,912	28,593	△ 91,188
Financing Cash Flow (Loss)	△ 32,415	△ 4,793	15,531	△ 4,374	48,216	19,401	△ 14,813	△ 53,340	△ 26,825	△ 6,813	806
Cash and Cash Equivalents	72,007	106,192	111,926	94,664	135,747	115,620	86,311	97,408	116,691	135,482	50,818
Financial Position											
Net Assets	209,631	207,313	323,608	347,305	343,853	367,608	356,837	280,239	105,355	88,480	62,949
Total Assets	655,929	660,397	932,896	1,074,563	1,094,042	1,096,735	1,029,222	999,100	840,380	759,029	409,150
Interest-bearing Debt* ²	144,565	148,257	187,833	188,314	239,873	265,176	255,276	204,617	173,934	164,531	142,374
Per Share Information*³											
EPS (Net Income per Share)	215.90	△ 99.14	517.98	116.26	94.03	150.87	△ 125.42	△ 861.09	△ 1,066.47	1.67	△ 269.94
BPS (Net Assets per Share)	2,191.74	2,122.39	2,666.42	2,928.59	2,904.80	3,097.79	2,958.83	1,973.91	796.36	793.54	706.06
Dividends per Share	4.0	3.0	2.0	2.0	4.0	3.0	-	-	-	-	-
Share Price at the year end* ⁴	144	166	218	205	168	172	1,730	1,044	521	557	366
Key Financial Indicator											
Shareholders' Equity to Total Assets (%)	27.7	26.6	23.6	22.0	21.5	22.8	23.2	16.0	7.7	8.5	14.0
ROE (Return of Equity) (%)	10.3	△ 4.6	21.6	4.1	3.2	5.0	△ 4.1	△ 34.9	△ 77.0	0.2	△ 36.0
D/E Ratio	0.8	0.8	0.9	0.8	1.0	1.1	1.1	1.3	2.7	2.6	2.5

*1 Profit (losses) attributable to owners of parent

*2 Excluding lease liabilities

*3 The Company consolidated shares on the basis of one new common share for every 10 common shares with an effective date of October 1, 2017. Share price shown in 2018 is of after the consolidation.

Non-Financial Key Data

Environmental

Sources The following data are from our major domestic works (Tamano Works, Oita Factory and Chiba Works). Data from other sources are specified wherever applicable.

Energy consumption and CO₂ emissions

The data depicts change of our performance over time in terms of the environmental indicators of Mitsui E&S Holdings. Mitsui E&S Shipbuilding's Chiba Works was closed in the end of March 2021. Mitsui E&S Shipbuilding's Tamano Works was transferred to Mitsubishi Heavy Industries, Ltd. on October 1, 2021. As can be seen from these actions, the reform of our business structure has compressed our production system, which has impacted us a great deal. These actions combined with the replacement of lights with energy-saving LED lighting led to a nearly 31% decrease of our total energy consumption in fiscal 2021 YOY. CO₂ emissions were reduced nearly 21% YOY.

Water consumption

The graph shows our consumption of service water over the last five years. We use clean water (pure water) and industrial water (recycled water). We worked to conserve water throughout fiscal 2021 and, as a result, our total consumption of clean water and industrial water dropped nearly 6% YOY.

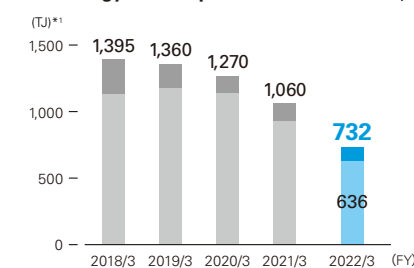
Amount of waste generated and waste recycling rate

The illegal dumping of industrial waste has become a major social issue and we do everything to fulfill our responsibility as a waste generator. We rigorously control manifests and visit waste disposers regularly to conduct on-site inspections. More importantly, we are thoroughly committed to the segregated collection and recycling of waste to reduce the amount of waste. The graph to the right shows the amounts of waste we generated and our waste recycling rates over the last five years and a breakdown of waste in fiscal 2021. By changing our business structure, we worked to compress our production system and reduce our generation of waste. As a result, we reduced waste generation by nearly 44.9% YOY. At the same time, advances in slag recycling achieved an approx. 0.9% increase in the recycling rate, increasing it to 78.6%. We will stay committed to reducing the amount of waste we generate and increasing the waste recycling rate. Further, we will continue our rigorous control to ensure the proper disposal of waste.

Environmental management data

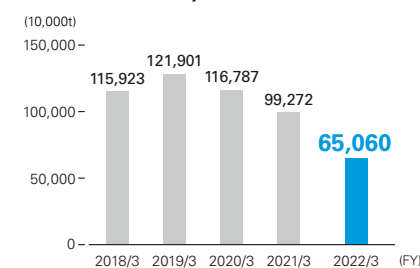
Investments and costs related to its environmental preservation efforts that MES spent was 1,297.4 million yen in total. The environmental preservation cost categories are based on the Environmental Conservation Cost Categories in the Environmental Accounting Guidelines 2005.

Total energy consumption

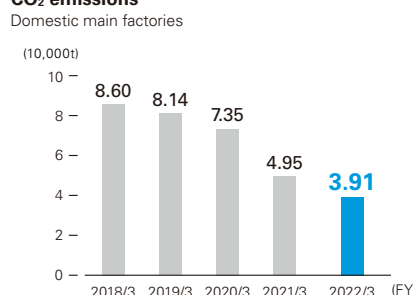


* 1 TJ: Tera Joule (=1012J)

Purchased electricity

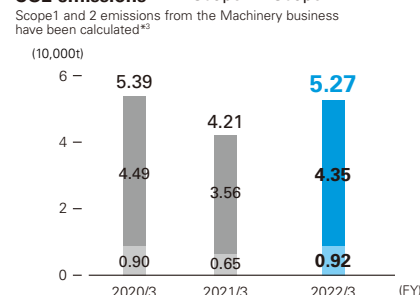


CO₂ emissions*2

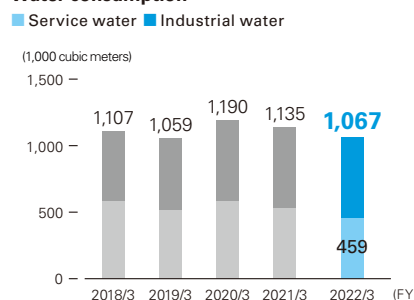


*2 CO₂ emissions were calculated by following the Guidelines for Calculating Corporate Greenhouse Gases Emissions issued by the Ministry of the Environment. CO₂ emissions from electric power were calculated by using the adjusted CO₂ emission coefficient for designated electric enterprises that was also published by the Ministry of the Environment.
*3 Emissions from each business site related to the machinery business of the Company and major domestic group companies.
Scope1: Direct emissions from combustion of fuel, etc. Scope2: Indirect emissions from use of electricity, etc.

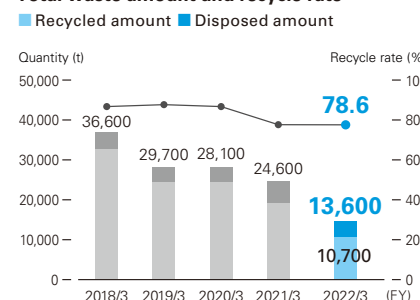
CO₂ emissions*2



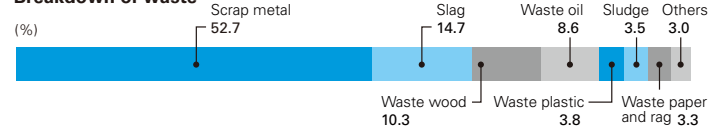
Water consumption



Total waste amount and recycle rate



Breakdown of waste



Environmental preservation cost (= sum of investment and cost: 1,297 million yen) (JPY million)

Categories corresponding to business activities	Investment	Cost	Major initiatives and effects
1. Business Area Cost			
(1) Pollution prevention cost	31.9	66.3	Exhaust gas measures, Wastewater treatment, Soil contamination countermeasures, Noise countermeasures, etc.
(2) Global environmental conservation cost	12.2	54.7	Substitution to energy-saving equipment
(3) Resource circulation cost	-	5.7	Waste treatment
2. Upstream / downstream cost	-	-0.2	Green purchasing
3. Administration cost	-	44.0	Environmental management system implementation, Factory greening, Integrated reports, Environmental education, and open space development, etc.
4. Research & development cost	335.2	746.0	Development of various environmentally friendly products
5. Social activity cost	-	1.6	Road cleaning, Activities of the Environmental Conservation Association, Green donation, Seminar sponsorship, etc.
6. Environmental remediation cost	-	-	
Total	379.3	918.1	

Human capital

Sources The following data are from five companies: Mitsui E&S Holdings, Mitsui E&S Shipbuilding, Mitsui E&S Machinery, Mitsui E&S Engineering and Mitsui E&S Business Service. Data from other sources are specified wherever applicable.

Ratio of male employees to female employees and average years of service

	Unit	2019/03	2020/03	2021/03	2022/03	2023/03
Number of employees	People	3,766	3,640	3,591	3,044	2,346
Male	People	3,493	3,373	3,315	2,848	2,178
Percentage of employees that are male	%	92.8	92.7	92.3	93.6	92.8
Average years of service for men	Years	13.0	14.1	14.3	14.2	14.5
Female	People	273	267	276	196	168
Percentages of female employees	%	7.2	7.3	7.7	6.4	7.2
Average years of service for women	Years	12.2	11.9	11.9	12.3	12.8

Ratio of men to women by age group

	Unit	2019/03	2020/03	2021/03	2022/03	2023/03	
Under 30	Total	1,239	1,096	1,035	853	598	
	Number of men	1,183	1,037	963	790	547	
	Percentage of employees that are male	%	95.5	94.6	93.0	92.6	91.5
	Number of women	56	59	72	63	51	
30 - 39	Total	1,121	1,139	1,182	1,036	774	
	Number of men	1,048	1,076	1,131	996	742	
	Percentage of employees that are male	%	93.5	94.5	95.7	96.1	95.9
	Number of women	73	63	51	40	32	
40 - 49	Total	906	880	850	727	572	
	Number of men	830	810	777	674	525	
	Percentage of employees that are male	%	91.6	92.0	91.4	92.7	91.8
	Number of women	76	70	73	53	47	
50 - 59	Total	500	525	524	428	402	
	Number of men	432	450	444	388	364	
	Percentage of employees that are male	%	86.4	85.7	84.7	90.7	90.5
	Number of women	68	75	80	40	38	

Number of new graduate recruits Source: Two companies including Mitsui E&S Machinery and Mitsui E&S Business Service

	Scope	Unit	2019/3	2020/3	2021/3	2022/3	2023/3
Number of employees	Non-consolidated/ all job types	People	82	82	116	69	48
Male		People	74	72	103	63	45
Female		People	8	10	13	6	3
Ratio of female hires		%	9.8	12.2	11.2	8.7	6.3
Number of administrative staff recruits	Non-consolidated/ administrative/ technical staff	People	7	19	20	9	2
Number of administrative staff recruits that are women		People	3	9	9	4	0
Percentage of administrative staff recruits that are women		%	42.9	47.4	45.0	44.4	0.0
Number of engineer recruits		People	50	31	50	33	31
Number of engineer recruits that are women	People	3	0	3	1	1	
Percentage of engineer recruits that are women	%	6.0	0.0	6.0	3.0	3.2	
Number of administrative staff / engineer recruits	Non-consolidated/ administrative/ technical staff	People	57	50	70	42	33
Number of administrative staff / engineer recruits that are women		People	6	9	12	5	1
Percentage of administrative staff / engineer recruits that are women		%	10.5	18.0	17.1	11.9	3.0
Number of administrative staff / engineer recruits that are non-Japanese		People	3	6	17	7	7
Percentage of administrative staff / engineer recruits that are non-Japanese	%	5.3	12.0	24.3	16.7	21.2	

Non-Financial Key Data

Number of mid-career recruits

	Unit	2018/03	2019/03	2020/03	2021/03	2022/03
Male	People	37	36	69	38	20
Female	People	17	18	16	9	4
Total	People	54	54	85	47	24

Number and percentage of employees with disabilities

	Unit	2018/03	2019/03	2020/03	2021/03	2022/03	
Mitsui E&S Holdings	Number of workers used to calculate the statutory number of employment of people with disabilities	People	185.5	176.5	169	49	49
	Number of employees	People	2	2	2	1	1
	Employment ratio	%	1.08	1.13	1.18	2.04	2.04
Mitsui E&S Shipbuilding	Number of workers used to calculate the statutory number of employment of people with disabilities	People	1,616	1,488.5	1,436	918	174
	Number of employees	People	36	28	30	21	4
	Employment ratio	%	2.23	1.88	2.09	2.29	2.30
Mitsui E&S Machinery	Number of workers used to calculate the statutory number of employment of people with disabilities	People	2,021	2,012.5	2,112.5	2,180	2,145
	Number of employees	People	46	46	48	50	44
	Employment ratio	%	2.28	2.29	2.27	2.29	2.05
Mitsui E&S Engineering	Number of workers used to calculate the statutory number of employment of people with disabilities	People	449	293	104	50	38.5
	Number of employees	People	6	7	3	2	1
	Employment ratio	%	1.34	2.39	2.88	4.00	2.60
Mitsui E&S Business Service	Number of workers used to calculate the statutory number of employment of people with disabilities	People	103.5	134.5	91	100.5	112.5
	Number of employees	People	2	3	1	1	1
	Employment ratio	%	1.93	2.23	1.10	1.00	0.89
Total	Number of workers used to calculate the statutory number of employment of people with disabilities	People	4,375	4,105	3,912.5	3,297.5	2,519
	Number of employees	People	92	86	84	75	51
	Employment ratio	%	2.10	2.10	2.15	2.27	2.02

Monthly average overtime hours

	Unit	2018/03	2019/03	2020/03	2021/03	2022/03
Monthly average overtime hours	Hours	24.8	26.1	26.7	21.6	21.0

*Except managerial-level employees

Average number of annual paid leave days used

	Unit	2018/03	2019/03	2020/03	2021/03	2022/03
Average number of annual paid leave days used	Days	16.9	17.4	17.9	19.2	18.2

*Except managerial-level employees

Frequency rate of lost-worktime accidents

	Unit	2018/03	2019/03	2020/03	2021/03	2022/03
Mitsui E&S Group	%	0.68	0.22	0.24	0.3	0.15
Manufacturers ¹	%	1.02	1.20	1.20	1.21	1.31
The Shipbuilders' Association of Japan ²	%	1.02	0.86	1.00	1.13	0.80

¹ Occupational accident statistics of Japan Advanced Information Center of Safety and Health ² Statistic data from The Shipbuilders' Association of Japan

Number of employees taking childcare leave

	Unit	2018/03	2019/03	2020/03	2021/03	2022/03
Male	People	2	2	3	5	14
Female	People	15	19	22	8	19

Number of employees taking caregiving leave and volunteering leave

	Unit	2018/03	2019/03	2020/03	2021/03	2022/03
Male	People	0	6	2	2	3
Female	People	1	0	1	2	1

Total number of training session attendees and duration of session

	Unit	2018/03	2019/03	2020/03	2021/03	2022/03	
Introductory training for new employees	Number of attendees	People	274	184	155	225	141
	Duration	Hours	10,688	7,644	6,768	9,544	3,736
Basic management and team building training	Number of attendees	People	91	Not held	Not held	Not held	103
	Duration	Hours	2,321				1,648
Section management training	Number of attendees	People	23	68	77	52	53
	Duration	Hours	552	3,264	3,696	1,664	1,696
Department manager candidate training	Number of attendees	People	18	36	48	36	30
	Duration	Hours	1,584	3,744	4,992	3,744	2,640
Senior management training (biennial)	Number of attendees	People	16	-	16	-	10
	Duration	Hours	1,408	-	1,792	-	1,040
Business skills training Marketing fundamentals Strategic planning Strategic negotiation skills Problem solving and decision making Leadership Global communication training	Number of attendees	People	41	94	150	54	208
	Duration	Hours	574	1,316	2,128	758	3,016

Technical training

	Unit	2018/03	2019/03	2020/03	2021/03	2022/03	
Lecture-type technical training	Number of attendees	People	238	106	297	151	234
	Number of courses	courses	14	16	17	12	17
e-learning (technical and skill improvement courses)	Number of attendees	People	179	153	138	177	135

Company Profile (As of March 31, 2022)

Company Name	Mitsui E&S Holdings Co., Ltd.	Number of shares authorized to be issued	150,000,000 Shares
Head Office Location	6-4, Tsukiji 5-Chome, Chuo-ku, Tokyo 104-8439, Japan	Number of outstanding shares	83,098,717 Shares
Founded in	November 14, 1917	Number of shareholders	53,625
Established in	July 31, 1937	Employees	6,665 (Consolidated)
Capital	¥44,385 million		

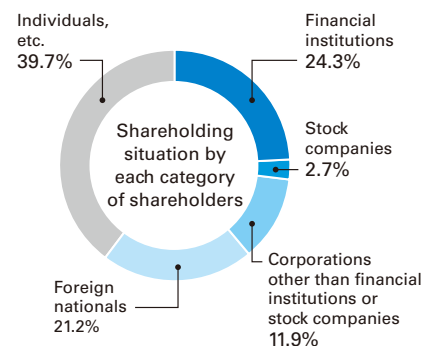
*Decreased capital to 2 billion yen on June 30, 2022.

Stock and Bonds

Shareholding situation by each category of shareholders

The total number of shareholders: 52,318

	Number of shareholders	Number of Shares Held	Shareholding Ratio (%)
Financial institutions	42	20,233,719	24.3
Stock companies	60	2,228,556	2.7
Corporations other than financial institutions or stock companies	374	10,020,023	12.1
Foreign nationals	267	17,615,638	21.2
Individuals, etc.	51,575	33,000,781	39.7



Major 10 shareholders

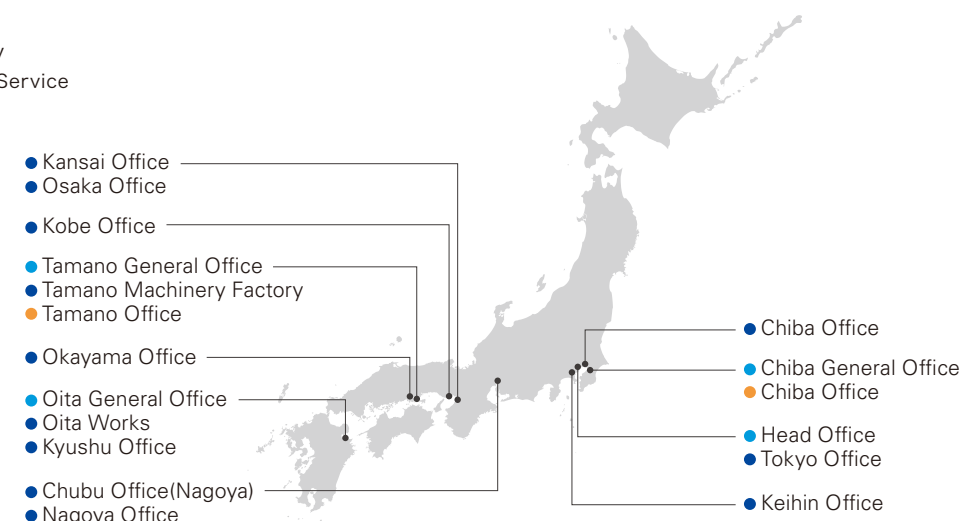
Name	Number of Shares' Held (Thousand Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,807	10.89
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	2,986	3.69
Imabari Shipbuilding Co., Ltd.	2,900	3.58
Custody Bank of Japan, Ltd. (Trust Account)	2,646	3.27
Mitsui & Co., Ltd.	2,550	3.15
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/ACCT BP2S DUBLIN CLIENTS-AIFM	2,348	2.90
Custody Bank of Japan, Ltd. (Trust Account for the retirement allowance for Sumitomo Mitsui Trust Bank, Limited)	2,331	2.88
CITIBANK HONG KONG PBG CLIENTS H.K.	1,893	2.34
TAIJU LIFE INSURANCE COMPANY LIMITED	1,600	1.97
Sumitomo Mitsui Banking Corporation	1,364	1.68

Notes:
 1. The Company owns 2,239,251 shares of treasury stock which is excluded from the major shareholders listed above. The treasury stock includes 400 shares that are not actually owned by the Company, although they are in the name of the Company on the shareholder registry.
 2. The shareholding ratio is calculated excluding treasury stock.
 3. Company shares held by Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank, Ltd. Retirement Benefit Trust Account) are the retirement benefit trust assets entrusted by Sumitomo Mitsui Trust Bank, Limited.

Offices and Works

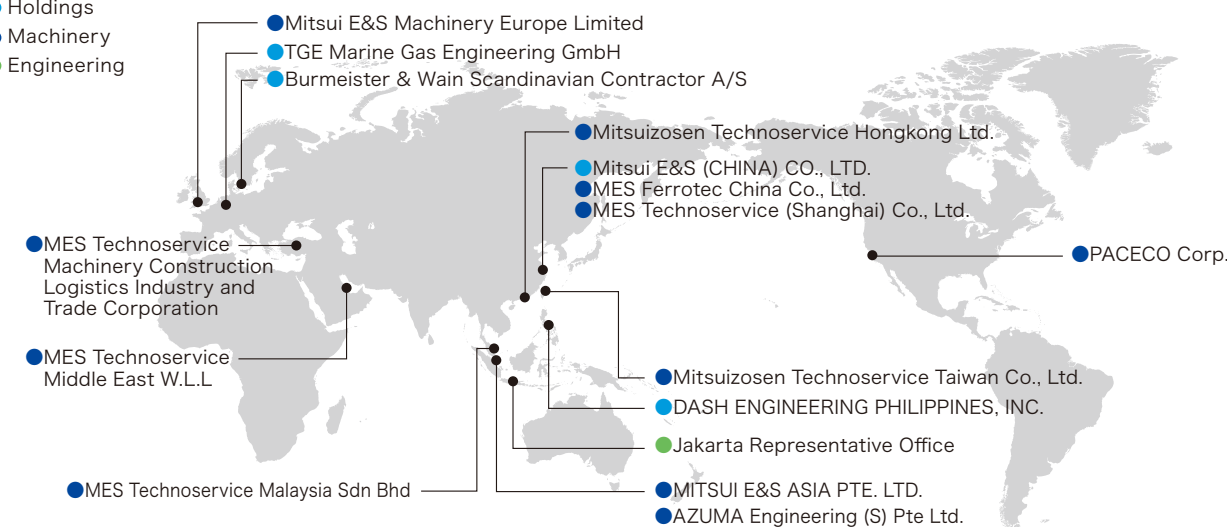
Domestic

- Holdings
- Machinery
- Business Service



Overseas

- Holdings
- Machinery
- Engineering



Major group company

Mitsui E&S Machinery Co., Ltd.

Mitsui E&S Power Systems Co., Ltd.
 MITSUI MEEHANITE METAL CO.,LTD.
 SANZO MANUFACTURING & CONSTRUCTION CO. LTD.
 Mitsui E&S Technical Research Co., Ltd.
 AZUMA MACHINERY CO.,LTD.
 Mitsui E&S Machinery Europe Limited

MES Ferrotec China Co., Ltd.
 MES Technoservice (Shanghai) Co., Ltd.
 PACECO Corp.
 Mitsui E&S Asia Pte. Ltd.
 Mitsui E&S (CHINA) CO., LTD.

MES Technoservice Middle East W.L.L
 MES Technoservice Machinery Construction Logistics Industry and Trade Corporation
 MES Technoservice Malaysia Sdn. Bhd.

Mitsui E&S Engineering Co., Ltd.
 Mitsui E&S Business Service Co., Ltd.
 Mitsui E&S Systems Research Inc.
 KAJI TECHNOLOGY CORPORATION

Akishima Laboratories (Mitsui Zosen) Inc.
 MES TOKKI & ENGINEERING CO., LTD.
 Burmeister & Wain Scandinavian Contractor A/S
 Mitsui E&S (CHINA) CO., LTD.

DASH ENGINEERING PHILIPPINES, INC.
 TGE Marine Gas Engineering GmbH



Mitsui E&S Holdings Co., Ltd.