



Mitsui E&S Holdings Co., Ltd.

Integrated Report 2021

Year ended March 31, 2021

Contents

About Mitsui E&S Group

Philosophy	03
History	04
Financial / Non-financial Highlights	06
Top Message	08

Value Creation Story

Value Creation Process	15
Value Creation Story 01: Creating a decarbonized society	17
Value Creation Story 02: Enabling safe marine logistics and transportation	19
Value Creation Story 03: Driving the evolution of industrial infrastructure through digitalization	21

Group Strategy

Group Strategy	24
Business Segment Overview	34

Management Foundation

Corporate Governance	39
Management Member	43
Human Assets	45
Safety Measures	50
Health and Productivity Management	52
Environmental Preservation	54
Social Contributions	56
Communication	57

Data

11 years summary	58
Non-Financial Key Data	59

Profile

Stock and Bonds	60
Company Profile	61



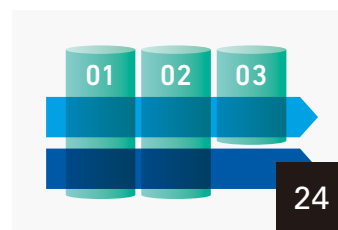
Top Message

08



Value Creation Process

15



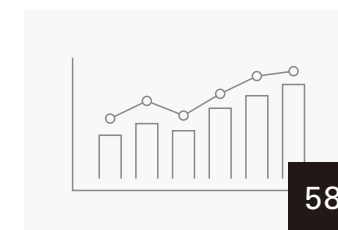
Group Strategy

24



Human Assets

45



11 years summary

58



About Mitsui E&S Group

In this section, we will introduce the Mitsui E&S Group's management philosophy, history, financial results for FY2020, progress of the Group's ongoing Business Revival Plan and Mid-Term Business Plan, and our direction for the future, through the words of our CEO.

Contents

Company Philosophy	03
History	04
Financial / Non-financial Highlights	06
Top Message	08

Philosophy

In August 2020, the Mitsui E&S Group has renewed its own awareness of the reasons for which it exists in view of changes in the surrounding circumstances as well as its own reforms and has revised its Management Policy and Standards of Conduct.

Company Philosophy

To continue working as a company trusted by society and individual through products and services we offer

Management Policy

Achieve new value creation together with customers
Seek a sound financial structure and steady profit
Construct an environment for working healthily and safely

Standards of Conduct

Endeavor to provide simple, unique and practical products and services

History

A 100-year history of tackling social issues and continuing to provide products that are essential to society

Origin

Established in response to contemporary needs, as the Shipbuilding Division of the former Mitsui & Co., Ltd.

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

1917-

With the mission for modernizing. Leading Japan's shipbuilding industry since our founding

Taking on challenges for the modernization of Japan

This was the beginning of our history as one of Japan's leading shipbuilding companies.

1924

We built Akagisan Maru, Japan's first ship with a diesel engine.



Introduction of technologies on marine diesel engines

In 1926, Entered the technical licensing agreement with Burmeister & Wain A/S of Denmark for marine diesel engine production

1928

The first Mitsui-B&W diesel engine



1942

Changed company name to Mitsui Shipbuilding & Engineering Co., Ltd.

1950-

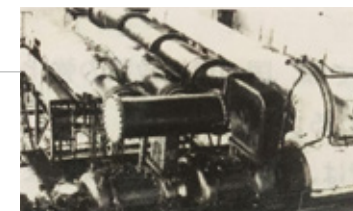
Expanding business domains Supporting Japan's rapid economic growth

Expanding the rotary machinery business

Beginning with the design of gas turbines, the company expanded into centrifugal and reciprocating compressors. It continued to make technological innovations, and later went on to design other rotary machinery such as axial compressors and steam turbines.

1950

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



Expansion into the crane industry

In 1961, Mitsui E&S signed a technology partnership / licensing agreement regarding container cranes with PACECO.,Inc. With the widespread adoption of containerization, Mitsui E&S went on to deliver many port cranes both in Japan and overseas.

1967

Japan's first quayside container crane is completed



2000-

Responding to globalization Aiming for sustainable growth

Strengthening energy-saving and environmentally-friendly technologies

In response to the growing demand for environmentally friendly ships and energy-saving vessels, Mitsui E&S developed environmentally friendly products such as next-generation environmentally friendly and fuel-efficient vessels, and marine diesel engines that comply with international exhaust gas emissions regulations.

2010

The Neo Series of Next-Generation Eco Ships



Listing of MODEC, Inc.

In July 2003, MODEC, Inc. became the first member of the Group to be listed on the Tokyo Stock Exchange. On June 1 of the following year it became a First Section designated stock, and continues to make progress today.

2004

MODEC Inc. listed on the Tokyo Stock Exchange Market



2018-

Towards the next 100 years

Shift into holding company structure and changed its name to "Mitsui E&S Holdings"

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.

2018

Changed its name to "Mitsui E&S Holdings"



Cumulative diesel engine production reaches 100 million horsepower

In October 2005 (77 years and 4 months after the production of our very first engine), we achieved cumulative production of 50 million horsepower. Over the next 12 years and 8 months, we added an additional 50 million to achieve total cumulative production of 100 million horsepower, 90 years after the production of our first engine in 1928.

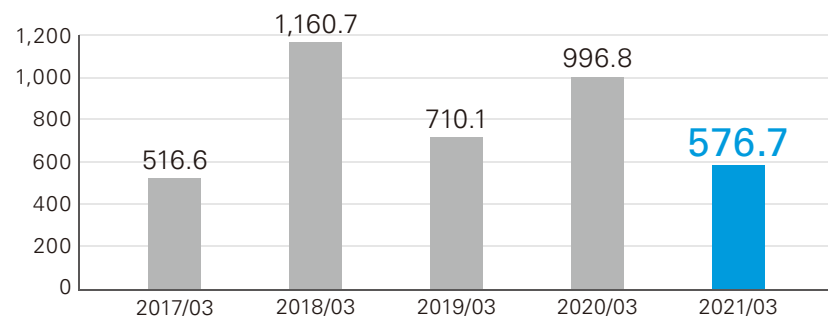
2018

With this engine produced in 2018, the cumulative total power output reached 100 million horsepower

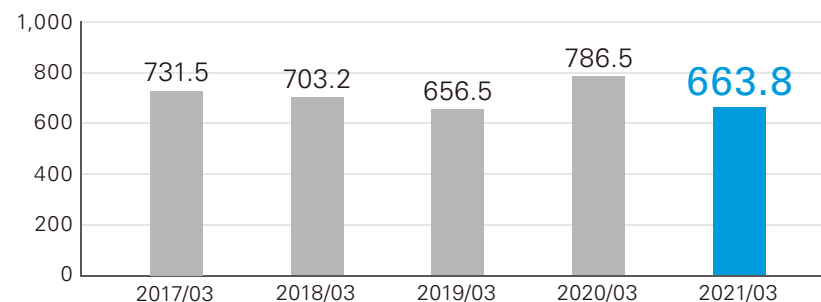


Financial / Non-financial Highlights

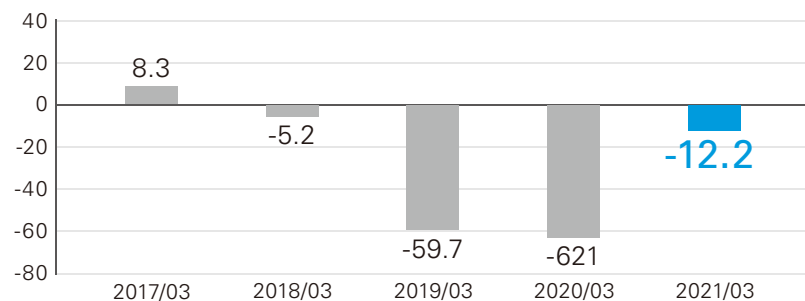
● **New Orders** (Billions of Yen)



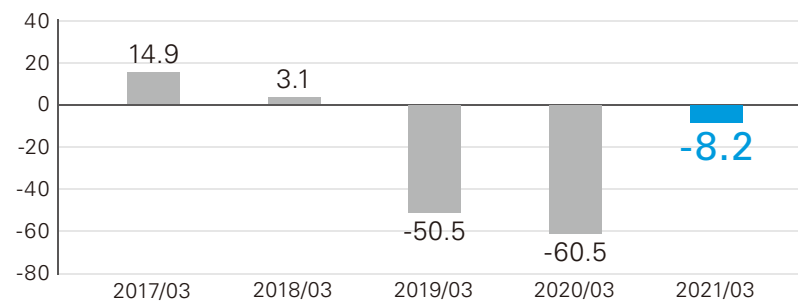
● **Net Sales** (Billions of Yen)



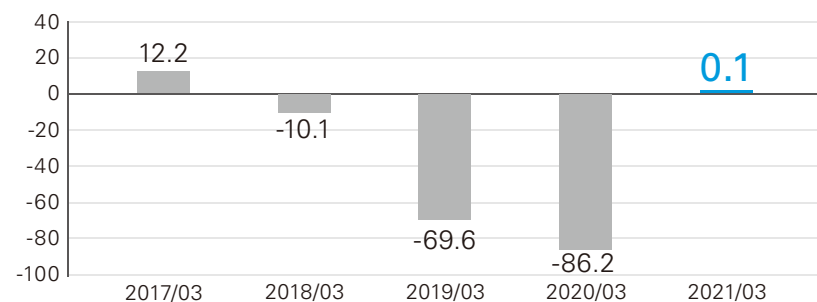
● **Operating Income** (Billions of Yen)



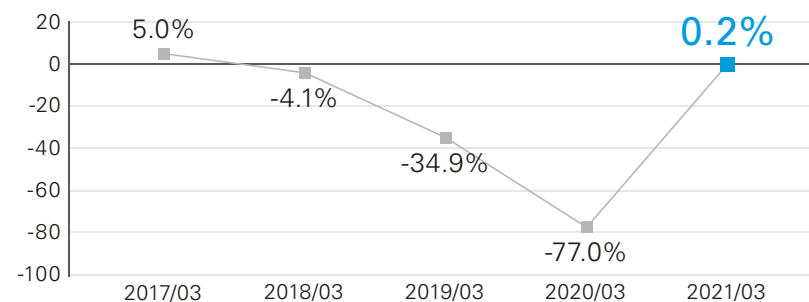
● **Ordinary Income** (Billions of Yen)



● **Net Income** (Billions of Yen)

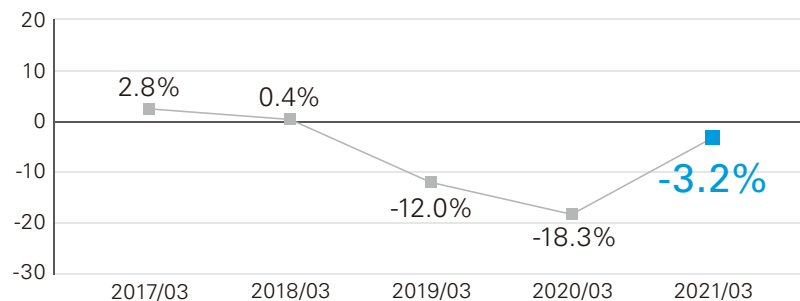


● **ROE (Return on Equity)**



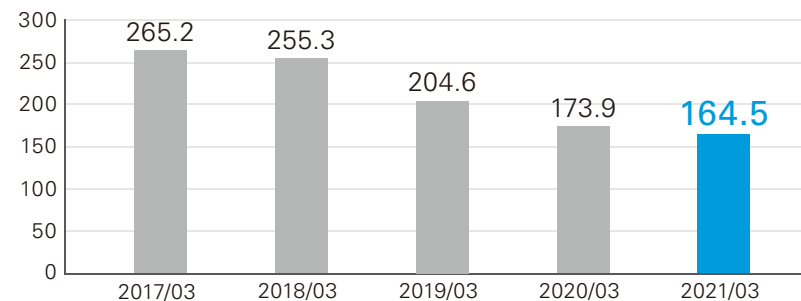
Financial / Non-financial Highlights

● ROIC



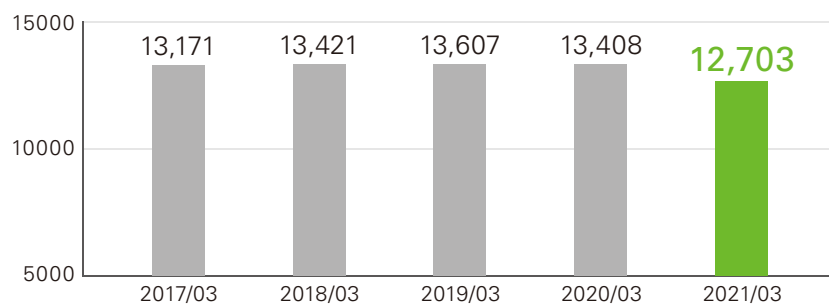
● Interest-bearing Debt

(Billions of Yen)



● Employees (Consolidated)

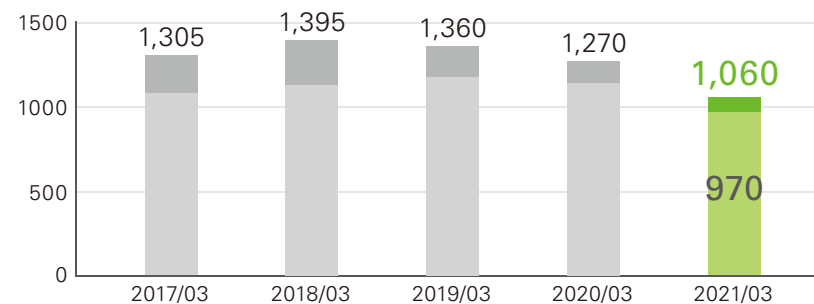
(People)



● Total energy consumption*1

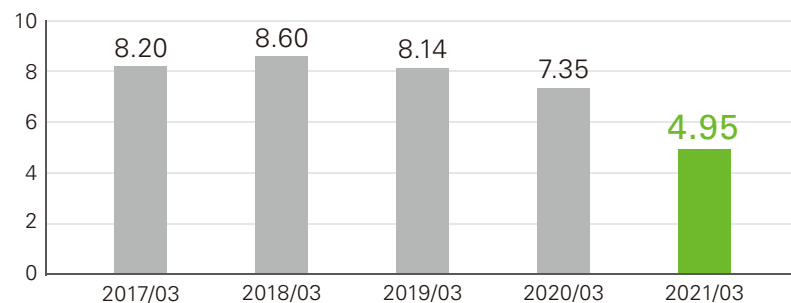
■ Fuel
■ Electricity

(TJ)*3



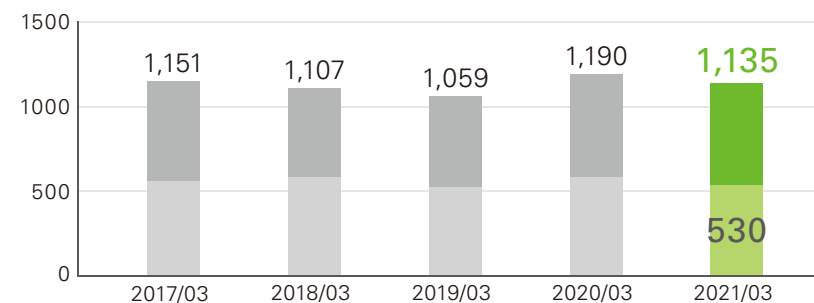
● CO₂ emissions*1,2

(10,000t)



● Water consumption*1

■ Industrial water
■ Service water (1,000 cubic meters)



*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)

Top Message



Proceeding with reforms to
our business structure,
with a focus on profitability,
and aiming to be a company
that is essential to society

President,
Representative Director CEO

A year of continuing major reforms and
showing the way for future growth

Review of FY2020 (the year ended March 2020)

FY2020 was a year during which we saw drastic changes in society, but it was also a year of significant change for the Mitsui E&S Group, which is marking the 103rd year since its founding. It could be said that, for us, FY2020 was a year of great change of the kind that comes only once in 100 years, as symbolized by the closure of the Chiba Works in the shipbuilding business, our founding business; the conclusion of an agreement for transfer of naval ship business

Top Message

at the Tamano Works, the place of our founding; and our withdrawal from merchant ship construction.

Currently, the Group is working on the Mitsui E&S Group Business Revival Plan ("Business Revival Plan"), which was formulated in May 2019 in the wake of large-scale losses in overseas EPC projects in the engineering business in 2018. In November 2019 we reviewed some of our plans and implemented measures such as accelerating the addition and execution of asset and business disposals, reforming our business structure and encouraging collaborations with other companies. As a result of various reforms, including the transfer of naval ship-building businesses, we have secured a certain amount of funds and established a foundation for reforming our business structure.

In August 2020 we formulated the Mid-Term Business Plan 2020, which was developed based on the Business Revival Plan, and began to implement strategies based on the basic policies of improving our financial structure, concentration of business domains and collaboration, and strengthening our management base. FY2020 was also a year in which we were able to outline a path for future growth with the keyword "digital."

As for our business results for FY2020, the Group worked together since the beginning of the fiscal year, with the strong and consistent conviction that we would avoid posting overall losses at all costs. As a result, we were able to generate positive earnings of 100 million yen. We were, however, unable to fill our funds for dividend payouts, and it is with great regret that we have therefore chosen to refrain from making dividend payouts for the year. We apologize sincerely to our shareholders. In order to clarify management responsibilities, we will continue to reduce compensation for myself and other members of the senior management team. Although conditions remain challenging in FY2021, we will aim to firmly establish positive earnings and make FY2021 a year of reversal and aggressive action toward achieving future growth.



Our plans are progressing steadily, and the foundation for our transformation is beginning to take shape

Progress of Mitsui E&S Group Business Revival Plan

In terms of the sale / disposal of assets and businesses, following on from the transfers of shares held in Showa Aircraft Industry Co., Ltd. and Mitsui E&S Plant Engineering Co., Ltd. since FY2019, in FY2020 we transferred business-related land at Chiba Works in April, followed by transferring a portion of our shares in Mitsui E&S Steel Structures Engineering Co., Ltd., and transferring shares in Mitsui E&S Environmental Engineering Co., Ltd.

In the Shipbuilding Business, we signed agreements to transfer the naval ship business to Mitsubishi Heavy Industries Co., Ltd., and to transfer 49% of shares in the merchant ship business to Tsuneishi Shipbuilding Co., Ltd. We are proceeding with these efforts with a view to completion by October of this year, and plans are progressing steadily.

Top Message

We have also made some very difficult decisions, such as in calling for employees who wished to resign as a result of the sale of these businesses and assets. When considering the sustainability of our company, we believe that it is important to properly protect and drive the development of our employees and partners. Moving forward, we will implement our Business Revival Plan to ensure that we become a company that does not need to make such major personnel cuts in the future.

With regard to our coal-fired thermal power plant civil engineering construction work in Indonesia, which incurred large-scale losses, work was suspended temporarily due to the COVID-19 pandemic, but resumed in September and has been proceeding smoothly since then. Two years ago we posted reserves of approximately 70 billion yen, and the actual amount is expected to be within that range.

After advancing the reforms mentioned earlier, we can now predict our financial outlook to a certain extent, and through sales and partnerships in various business domains we believe that we have been able to clearly show external stakeholders and group employees the business areas that the Group should focus upon.

Establishing an ideal vision for the future, by reviewing and clarifying management policy and standards of conduct

Formulate the management plan "Mid-term Business Plan 2020"

In August 2020 we formulated the Mid-Term Business Plan 2020, and are now advancing the measures outlined in that plan. Under the Mid-Term Business Plan 2020, we have reviewed our management policy and standards of conduct based on changes in the business environment, and within the Group

itself.

We believe that our corporate philosophy "to continue working as a company trusted by society and individuals through the products and services we offer" is consistent with sustainability aspects such as the SDGs and ESG, which are the common wisdom today, and that we should continue to firmly maintain this philosophy in the future. The term "monozukuri" here means not only to welding and manufacturing but also value creation in a larger sense, including engineering and after-sales service, and refers to all of our corporate activities that create value for society.

The Group has a long history in manufacturing, and many of our employees take pride in their engineering skills. As a consequence of this, however, in the past we have seen examples of overengineering—beyond specifications—due to an excessively uncompromising approach to engineering. In order to clarify once again the kind of value that our businesses, products and services should provide to whom, we have reviewed our management policy and standards of conduct.



Top Message

We aim to become a company adding digital value to all machines.

Formulate the management plan "Mid-term Business Plan 2020"

Our vision, as outlined in the Mid-Term Business Plan 2020, is to become "a company that adds digital value to all machines." Without even looking to the automotive industry or other industries, we know that it is now the common wisdom to develop new products and services by adding digital value to machines. Just as the automotive industry has changed at a dizzying pace, we believe that the process of digitalization will also advance at a faster pace than imagined in our business domain. We are now working toward the realization of our vision so that the Group may be one of the forerunners in that movement.

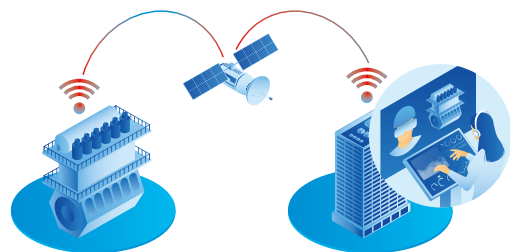
One of the goals of achieving our vision is for us to shift to a stock-based business model. The products handled by the Group in the past have been large in scale per item, such as in shipbuilding and plant construction, resulting in a business model with major fluctuations in revenue. This is one of the factors contributing to current losses. Going forward, we will also develop

stock-based businesses that can generate stable revenue through long-term relationships with customers.

During my own career, I have experienced the entire life cycle of marine diesel engines; from upstream design as the general manager of the Diesel Design Department to after-sales service as head of Technoservice Division. Based on that experience, I recognize that after-sales service is important to gain the trust of our customers and maintain a long and healthy relationship. Good after-sales service is key to creating a good product life cycle. Although we are already focusing on after-sales service for products in the Technoservice business, looking ahead, we will seek to strengthen our Life-cycle Solution Business (LSS Business) by adding more digital value.

Mitsui E&S Systems Research Inc. (MSR) is a group company that designs and manufactures control systems and other electronic equipment for marine diesel engines and port cranes. By installing digital modules produced by MSR on power machinery such as marine diesel engines and cranes such as port cranes, which are our mainstay products, we will be able to provide sustainable services—including after-sales service—throughout the life cycles of our

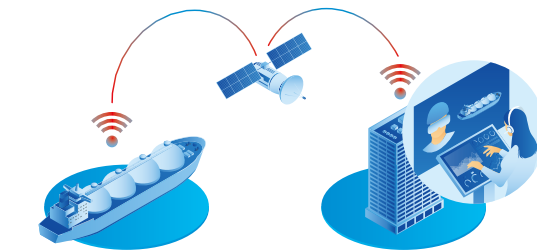
Example of construction solutions using digital modules produced by Mitsui E&S Systems Research Inc.



Anomaly detection and wear detection, etc.

Breakdown prevention and maintenance

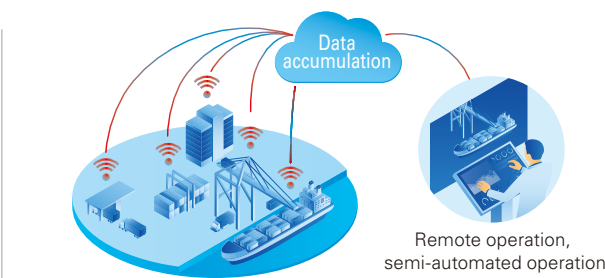
Performance diagnostics and remote maintenance of marine diesel engines



Sending navigational and engine information to land

Ascertaining vessel operational status and calculation of optimal routes

Visualization of navigational status of operating vessels



Anomaly detection, chassis position detection, monitoring of operational status, etc.

Remote operation, semi-automated operation

Remote / automated operation and control of port cranes

Top Message

products, and achieve a stock-type business model. In recent years, environmental measures such as decarbonization have also become very important for all products, and we believe that the digitalization of products is also essential for this.

Seizing growth opportunities and accelerating action

Establishment of a Growth Business Promoting Department under the direct control of the president

There are already some products under development based on the digitalization and decarbonization initiatives launched under the Mid-Term Business Plan 2020, and some results have already been achieved. Due to the constraints imposed by limited management resources, however, we have been making do with the limited resources at hand. Developments in society are progressing very fast, and we must accelerate our actions with an eye to the future. At our current pace, there is a strong sense of crisis that we will be left behind.

In April 2021, we established the Growth Business Promoting Department as an organization under the direct control of the president to take the initiative in actualizing the Group's growth businesses. Until now, individual operating companies such as Mitsui E&S Machinery Co., Ltd. and Mitsui E&S Shipbuilding Co., Ltd. had been responsible for the development of these businesses. Although actual actions will continue to be taken by individual operating companies, the Growth Business Promoting Department will lead from a position akin to a control tower, transcending the boundaries of operating companies and overseeing the entire Group, with regard to decisions such as where to concentrate resources as a Group and whether to collaborate with other companies. We will seize growth opportunities that should not be missed and work with a sense of speed to actualize them.

Products contributing to decarbonization



LNG-fueled diesel engine



NZE Transtainer®



Reciprocating compressor for Hydrogen gas stations

Environmental performance is one of our strengths, also contributing to progress in decarbonization

ESG initiatives

In order for the Group to survive in the future, it will be essential to consider all ESG (environmental, social and governance) perspectives. Among these perspectives, the environment in particular relates closely to our business and products. In the world of international shipping, there is growing momentum toward decarbonization as a measure against global warming, with the toughening of environmental regulations by the International Maritime Organization (IMO), and the creation of carbon neutral ports advocated by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT).

In the field of marine diesel engines, we already have a track record of products fueled by more environmentally friendly LNG (liquefied natural gas), and are working with licensors to develop next-generation fuels—such as ammonia and hydrogen—and enable their use as a new source of propulsion power. In the field of port container cranes, in February 2021 we launched the Near Zero Emission (NZE) Transtainer® container yard crane, enabling support for achieving zero exhaust gas emissions in the future. Additionally,

Top Message

in anticipation of the widespread adoption of hydrogen supply infrastructure in the future, we are also developing a transtainer that will achieve zero emissions by replacing diesel engines with hydrogen fuel cell (FC) power supplies.

The Group will also contribute to the realization of a sustainable society by accelerating the shift toward decarbonization, centered around core products and technologies that can build the foundation for the next-generation society, such as reciprocating compressors for hydrogen stations of Kaji Technology Corporation, a group company.

In terms of social and governance issues, the Group is currently in the process of reviving its business after significant losses. If we generate similar losses in the future, we will cause a great deal of inconvenience to our stakeholders, and to society. First of all, we believe that it is an essential prerequisite to implement effective governance of the entire Group and ensure sound management.

Regarding the relationship with MODEC, Inc. in the Group's governance, MODEC's ocean development business is a major pillar of the Group's operations under the Mid-Term Business Plan 2020, together with Mitsui E&S Machinery Co., Ltd.'s machinery business. MODEC's business model is a good benchmark for the entire Group in terms of the stock-based business and globalization that the Group is aiming for. By withdrawing from the construction of merchant ships in the shipbuilding business and shifting toward engineering, we also hope to fit in more with the direction that MODEC is aiming for, and expect collaborative efforts to progress. Since Mitsui E&S Holdings and MODEC are both listed companies, we will continue to maintain our current good relationship while at the same time respecting each other's respective independence.

**The first step is to establish positive earnings.
The next chapter in the Mitsui E&S story starts there.**

Toward the future

We will work first to actualize the roadmap to growth set out in our Business Revival Plan and the Mid-Term Business Plan 2020 with a sense of urgency, and establish positive earnings. We will focus on profits and work to achieve a profitable business structure that facilitates positive income.

By increasing added value through digitalization and strengthening the presence of our marine diesel engines and port cranes – which are already our strengths – we are showing the world a new Mitsui E&S Group and appealing to those both within and outside the group with regard to its revival.

The Group is also sowing the seeds for various types of new businesses that may take shape in the future. Kaji Technology Corporation's high-pressure hydrogen compression technologies, Mitsui E&S Machinery's radar exploration technologies in the field of road and tunnel maintenance and inspection, and Mitsui E&S Shipbuilding's efforts in automated docking and undocking of ships are all examples of technologies that will be essential to society in the future, and each of them have the potential to become industry leaders.

Looking ahead, instead of following the scale of our company, we will continue to create individual products that are indispensable to society, and to provide essential services with the aim of being a company that is, itself, indispensable to society. Please look forward to what the Mitsui E&S Group has to offer in the future.

Value Creation Story

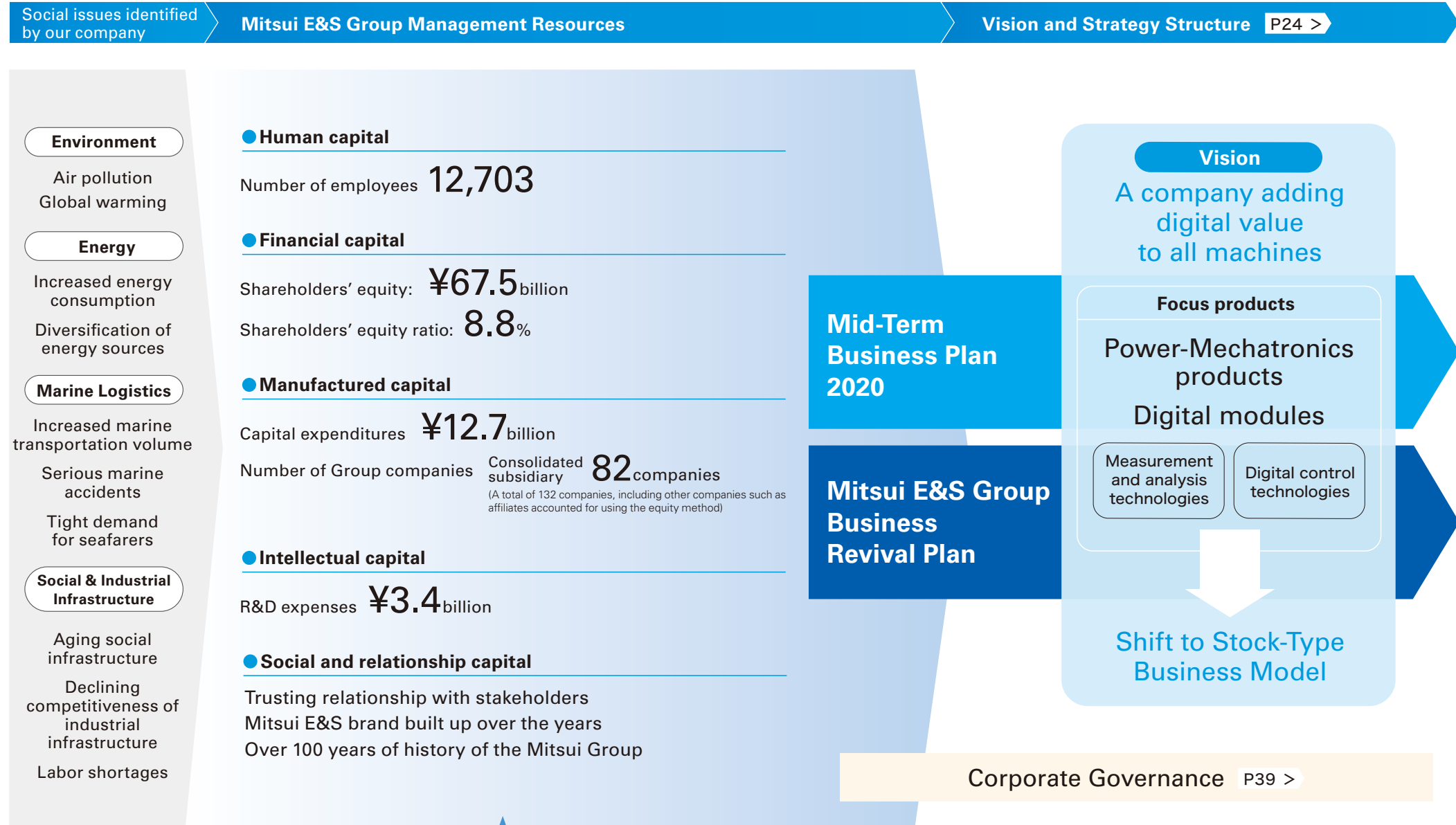
In this section, we will introduce the Mitsui E&S Group's initiatives to create social value, such as contributing to the development of marine logistics through the introduction of marine diesel engines and port cranes, which are the Group's mainstay products.

Contents

Value Creation Process	15
Value Creation Story 01: Creating a decarbonized society	17
Value Creation Story 02: Enabling safe marine logistics and transportation	19
Value Creation Story 03: Driving the evolution of industrial infrastructure through digitalization	21



Value Creation Process



Social issues identified by our company → Mitsui E&S Group Management Resources → Vision and Strategy Structure P24 >

- Environment**
 - Air pollution
 - Global warming
- Energy**
 - Increased energy consumption
 - Diversification of energy sources
- Marine Logistics**
 - Increased marine transportation volume
 - Serious marine accidents
 - Tight demand for seafarers
- Social & Industrial Infrastructure**
 - Aging social infrastructure
 - Declining competitiveness of industrial infrastructure
 - Labor shortages

- Human capital**
 - Number of employees **12,703**
- Financial capital**
 - Shareholders' equity: **¥67.5 billion**
 - Shareholders' equity ratio: **8.8%**
- Manufactured capital**
 - Capital expenditures **¥12.7 billion**
 - Number of Group companies **82 companies**
Consolidated subsidiary
 (A total of 132 companies, including other companies such as affiliates accounted for using the equity method)
- Intellectual capital**
 - R&D expenses **¥3.4 billion**
- Social and relationship capital**
 - Trusting relationship with stakeholders
 - Mitsui E&S brand built up over the years
 - Over 100 years of history of the Mitsui Group

Mid-Term Business Plan 2020

Mitsui E&S Group Business Revival Plan

Vision
 A company adding digital value to all machines

Focus products
 Power-Mechatronics products
 Digital modules

Measurement and analysis technologies Digital control technologies

Shift to Stock-Type Business Model

Corporate Governance P39 >

Main Business & Products P34 >

Created Value P17 >

● Machinery



Marine Propulsion System



Crane & Systems



Industrial Machinery



Robotics



Radar Search



Research & Experimental Equipment / Special Construction



After-sales Services

● Ocean Development



Solutions for Offshore Oil and Gas Production Projects

● Ship



Commercial Ships



Naval and Governmental Ships



Underwater Equipment



Ship Repair

● Engineering



Overseas EPC Contractor for Civil/Architectural Works

● IT·Service



IT Solution



Service

Social Value

Creating a decarbonized society



Enabling safe marine logistics and transportation



Driving the evolution of industrial infrastructure through digitalization



SUSTAINABLE DEVELOPMENT GOALS

Economic Value

Fiscal 2020 figures

Net Sales **663.8** billions of Yen

Ordinary Income **-8.2** billions of Yen

Net Income **0.1** billions of Yen

Value Creation Story 01



Creating a decarbonized society

As the movement toward decarbonization as a measure against global warming, in the shipping industry the International Maritime Organization (IMO) is advocating for the phasing-out of greenhouse emissions (zero emissions) as soon as possible during this century. Meanwhile, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) has announced that it will work to create "carbon neutral ports" by upgrading port functions with consideration for decarbonization, and there are also calls for our products which are deeply involved in the area of Marine Logistics & Transportation to contribute to decarbonization.

Mitsui E&S Group was one of the first to start developing environmentally friendly products in response to the global trend toward decarbonization. We provide environmentally friendly marine propulsion systems and port cargo handling equipment that supports the shift toward decarbonization.

Expansion of production of large marine diesel engines that comply with the NOx Tier III regulations



THS2
(Turbo Hydraulic System type2)
- waste heat recovery system

We accumulate a wide variety of technologies that reduce nitrogen oxide (NOx), sulfur oxide (SOx) and greenhouse gas (GHG) emissions, such as dual fuel engines, exhaust gas recirculation and waste heat recovery. We provide propulsion engines and related machineries, including those developed independently, that comply with environmental regulations, to help conserve the global environment and develop sustainable marine logistics and transport.

NZE (Near Zero Emission) Transtainer®



NZE Transtainer®

We have launched sales of NZE Transtainer® cranes, which enable support for achieving zero emissions in the future. Additionally, to cope with the widespread adoption of hydrogen supply infrastructure in the future, we are also developing a Transtainer® that will achieve zero emissions by replacing diesel engines generator with hydrogen fuel cell FC power pack.

Target / KPI

○ We will contribute to the Commitment to a Low Carbon Society for the Shipbuilding Industry set out by the Shipbuilders' Association of Japan (SAJ) and the Cooperative Association of Japan Shipbuilders (CAJS).

- Reduce CO₂ emissions by 6.5% by FY2030 in comparison with FY2013.
- Contribute to the reduction of CO₂ emissions in international shipping through the development of energy-saving vessels.
- Increase the level of sophistication of shipbuilding processes by utilizing IoT and other technologies.

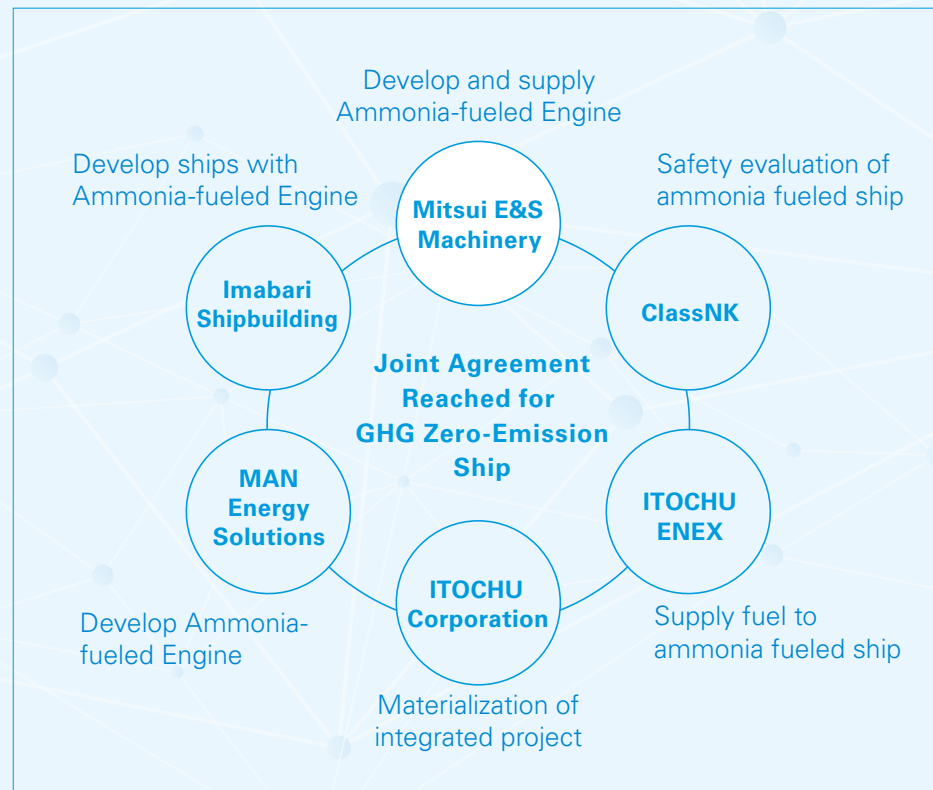
○ We will contribute to create Carbon Neutral Port (CNP) set out by Ministry of Land, Infrastructure, Transport and Tourism.

Further challenges toward realizing a decarbonized society

Challenge Joint Agreement Reached for GHG Zero-Emission Ship

Mitsui E&S Machinery Co., Ltd. is working together with ITOCHU Corporation, Imabari Shipbuilding Co., Ltd., Nippon Kaiji Kyokai (ClassNK) and ITOCHU ENEX Co., Ltd. on the joint development of vessels equipped with ammonia-fueled main engines developed by MAN Energy Solutions (MAN).

Mitsui E&S Machinery Co., Ltd., in cooperation with MAN, is developing an ammonia-burning engine and providing the critical data necessary for designing ships equipped with ammonia-fueled engines. We will contribute to this project by participating from the supplier's standpoint in verifying the safety and reliability of the entire life cycle, including manufacturing and test operation of factories for propulsion systems.



Challenge To Participate on Japan Hydrogen Association

Mitsui E&S Machinery Co., Ltd. and Kaji Technology Corporation have joined the Japan Hydrogen Association, a new organization that promotes global collaboration in the hydrogen field and the formation of a hydrogen supply chain. In the future, we will utilize hydrogen as a fuel and fuel cells as a source of driving power. We will also contribute to the actualization of a hydrogen society by providing compressors for hydrogen-related businesses such as hydrogen refueling stations and hydrogen shipping facilities.



Challenge Engineering services for improving propulsion systems to reduce greenhouse emissions for ships in service

Mitsui E&S Shipbuilding Co., Ltd. and Mitsui E&S Machinery Co., Ltd. have launched propulsion system improvement engineering services to achieve reductions in greenhouse gas emissions for ships currently in service. Working in collaboration with Group subsidiary Akishima Laboratories (Mitsui Zosen) Inc., the two companies will design energy-saving additions and propeller shapes suitable for ship types to improve propulsion efficiency using optimization design technologies utilizing the latest simulation technologies based on ship type data for ships in service.

Value Creation Story 02



Enabling safe marine logistics and transportation

The majority of accidents at sea are caused by human factors, and many serious accidents leading to scrapping have occurred around the world.

The realization of safe and stable operations in maritime logistics is a major issue in terms of ensuring the safety of human life, preventing marine pollution and economic losses.

With the steady increase in global sea freight volume, supply and demand for seafarers around the world is expected to be tight in the future, and there are growing expectations for the actualization of automated vessels as a solution for achieving labor saving in addition to safety.

In addition to providing marine equipment, we also provide systems to enable safe and optimal ship navigation. We are also investing our energies into the development of autonomous ship operation systems.

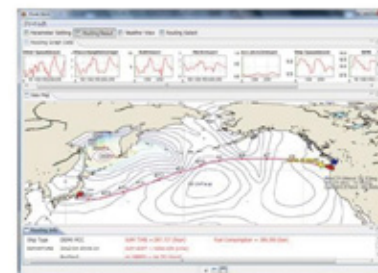
Engine monitoring system ClassNK CMAXS e-GICSX



System Image

Together with Nippon Kaiji Kyokai (ClassNK), we have jointly researched and developed the CMAXS e-GICSX system incorporating IoT, M2M*, big data analysis and other technologies to enable the remote monitoring of main engines and the detection of abnormalities. In addition, we have independently developed e-GICS Advance to help reduce the workload bourn by crew members and life cycle costs.

Ship's operational management system Maritime-SOL



System Image

Maritime-SOL is a one-stop portal site for the maritime industry. Ships' onboard systems work in conjunction with the land-based portal site to support the realization of a ship's operational management system based on cooperation between ship and land. The system provides solutions such as enabling tracking of vessel operational status from land, calculating optimal routes, and analyzing hull performance.

※M2M: Machine to Machine

The exchange of information between machines over communications networks, enabling a high degree of autonomous control and operation without manual intervention

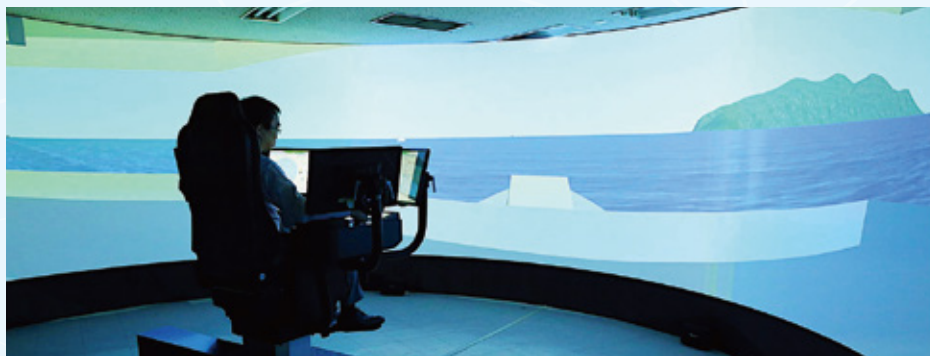
Target / KPI

○Mitsui E&S will contribute to the practical realization of automated vessels by 2025, which is the goal of "Future Investment Strategy 2017" established by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT).

Further challenges toward realizing safe marine logistics and transportation

Challenge Development of new systems for achieving automated ship operation

Mitsui E&S Shipbuilding Co., Ltd. aims to improve the safety of ship operations and reduce the workload of seafarers by combining its digitalization technologies— monitoring technologies to grasp the status of ships, service analysis technologies to achieve optimal ship operations, and control technologies to realize automatic and autonomous ship control. In 2021, we plan to release maneuvering systems with autonomous functions - automatic avoidance, automatic berthing/unberthing, automatic route planning, automatic mooring monitoring and remote monitoring, and have developed a simulator for validation testing at Akishima Laboratories (Mitsui Zosen) Inc.



Simulator for validation test

Challenge Participation in a joint technology development program for demonstrative testing of unmanned vessels

Mitsui E&S Shipbuilding is participating in two consortiums in the joint technological development for verification testing of unmanned ship navigation (MEGURI 2040) being conducted by the Nippon Foundation. We are conducting demonstrative testing of autonomous vessels with support from the Nippon Foundation in the form of subsidies.



Challenge World's first success in automatic berthing and un-berthing of large-sized car ferry at actual pier

From March to April 2021, Mitsui E&S Shipbuilding Co., Ltd. and Akishima Laboratories (Mitsui Zosen) Inc.—which are participating in the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) Joint Demonstration Project related to the Safety of Vessels' Auto Berthing and Un-berthing—conducted demonstrative testing of automatic berthing and unberthing operations at the actual pier of Oarai Port, Ibaraki Prefecture, using the large-scale car ferry Sunflower Shiretoko. They succeeded in automatic berthing and unberthing of a large-scale car ferry at an actual pier for the first time in the world.

Going forward, using the results of this verification test, the companies will perform verification tests of automatic berthing and unberthing using other ship types and at actual piers, aiming to make it more versatile technology. In addition to the automatic berthing/unberthing, they will also begin activities for realization of autonomous marine navigation.



Value Creation Story 03



Driving the evolution of industrial infrastructure through digitalization

The suspension of cargo handling due to port crane breakdowns has a significant impact on logistics and port competitiveness. In order to prevent such situations before they occur, it is becoming increasingly important to detect and resolve the causes of abnormalities in cranes at an early stage.

There are also concerns about shortages of labor involved in port operations, and improving the efficiency of port operations is an urgent issue. As a solution to these problems, efforts are underway to achieve the actualization of AI terminals that support human operators, and there is a need for sophisticated crane status monitoring utilizing IoT and AI-related technologies.

We offer all-inclusive systems combining hardware with independently-developed software for the optimized management of container terminal operations. The development of technology for automation facilities is also in progress.

Container Terminal Management System (CTMS)



System Image

CTMS is a total package system to realize smooth operation of container terminal. It centrally manages information and supports efficient terminal operation with an excellent user interface. Substantial options such as cooperation with the shipping company's EDI (Electronic Data Interchange) and customs' system, gate-in / out reservation system, and handy terminal for workers are available.

Transtainer® crane for remote and autonomous driving development



Test area used for development work

In 2018, Mitsui E&S Machinery Co., Ltd. installed one test Transtainer® crane and one test lane area as an in-house facility at its Oita Works. Utilizing this facility, we have been developing remote operation and automation functionality for Transtainers®, for which we expect to see an increase in demand both in Japan and overseas. Orders for remote and automated cranes and AECS* will be received in 2020 and delivered in 2022.

AECS: Automated Equipment Control System
Automated (cargo handling) Equipment Control System. A system that provides cargo handling instructions to cranes between the yard-side terminal operation system (TOS) and the automatic TT. Formally, it is often referred to as middleware.

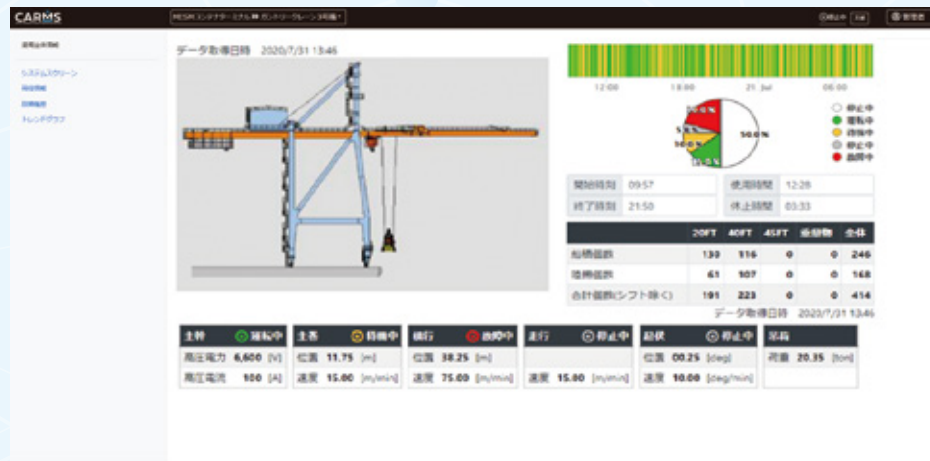
Target / KPI

- We will contribute to PORT 2030, a medium to long-term policy for ports established by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT).
 - By improving the efficiency of gate processing, loading and unloading at container terminals in Japan, we will create an AI terminal with world-class levels of productivity and a favorable working environment.
 - We aim to virtually eliminate waiting in front of the gate for foreign / outside trailers by the end of 2023, while complying with the operation schedule when container ships become larger.

Further Challenges for the Evolution of Industrial Infrastructure through Digital Technology

Challenge Development of next generation remote monitoring system for container handling cranes (CARMS)

Mitsui E&S Machinery Co., Ltd. has developed a next generation remote monitoring system for container handling cranes (CARMS: Crane Advanced Remote Monitoring System), which monitors various conditions of cranes anytime and anywhere, through a joint development with a group company, Mitsui E&S Systems Research Inc. CARMS will be able to contribute to improve the reliability and efficiency of customer's terminal operations.



System Image

Challenge Mitsui E&S Machinery Co., Ltd. and ZENRIN DataCom Co., Ltd. jointly established a new way of crane inspection by automated flying drone.

In May 2021, Mitsui E&S Machinery Co., Ltd. and ZENRIN DataCom Co., Ltd. established a new inspection technology for container cranes by automated flying drone. Thanks to this new technology, some structural inspections performed by experienced engineers in the past, can be replaced by the images taken by a drone. This drone inspection system uses AI image analysis for quantitative assessment, which can retain historical data to prepare a report on the cranes with recommendation on how to maintain its structural integrity.

Since July 2020, we have been conducting phased demonstrative tests of this new crane inspection system with the aim of a full-scale introduction of the system for container handling crane inspection by the end of FY 2021.



An inspection using an aerial drone



Image showing signs of age-related deterioration



Group Strategy

In this section, we will introduce the Mitsui E&S Group Business Revival Plan that has been underway since 2019, and other initiatives aimed at transforming the Group under the Mid-Term Business Plan 2020 developed from it.

Contents

Group Strategy	24
Business Segment Overview	34

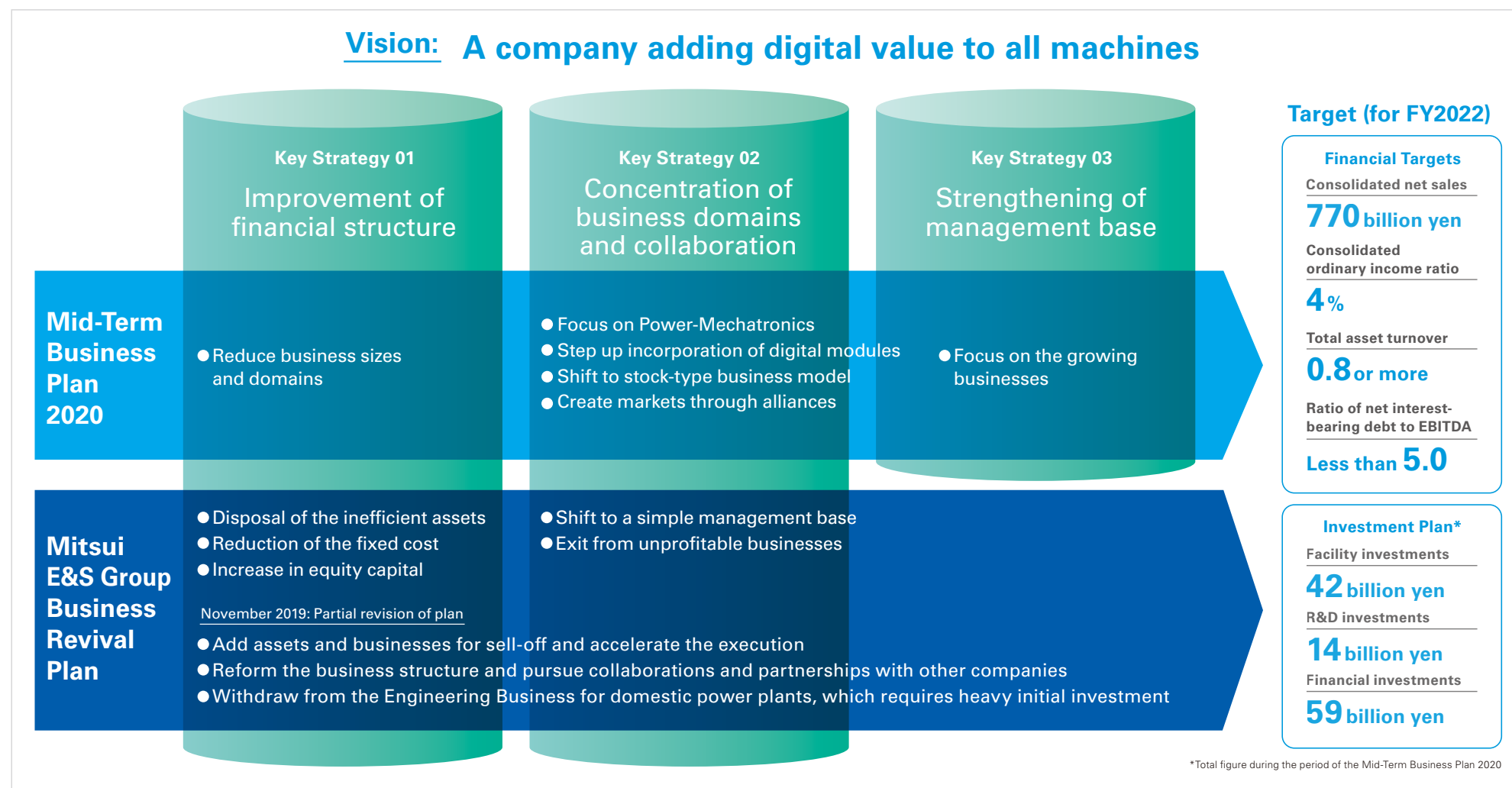


Strategy

In May 2019, we formulated the Mitsui E&S Group Business Revival Plan ("Business Revival Plan"). In November 2019, we partially reviewed the plan and implemented measures to restore equity capital and secure funds.

In August 2020, we formulated the Mid-Term Business Plan 2020, a business plan covering the period FY2020 through FY2022. Based on the improvement of our structure through the Business Revival Plan, we have embarked on a strategy

centered around three key ideas: improvement of financial structure, concentration of business domains and collaboration, and strengthening of management base. Under the Mid-Term Business Plan 2020, we have clarified the concentration of our business domains and collaborations, will strengthen our management base, create markets through alliances, and build a foundation for stability and growth.



Key Strategy 01 | Improvement of financial structure



In order to quickly recover its financial base damaged by major losses in overseas EPC projects in the engineering business and deterioration in profits of existing businesses, the Group has engaged in disposal of assets, withdrawal from unprofitable businesses, and reduction of fixed costs under the Mitsui E&S

Group Business Revival Plan formulated in May 2019. In addition, by slimming down business scale and personnel numbers under the Mid-Term Business Plan 2020, we will increase our ability to repay debts and achieve our financial targets.

Business Revival Plan Initiatives

In November 2019 we partially revised our Business Revival Plan, accelerating the addition and execution of asset and business disposals. As a result, we can now predict our outlook to a certain extent with regard to securing funds.

Measures for the disposal of business and assets are being implemented. In October 2020 we transferred a portion of our shares in Mitsui E&S Steel Structures Engineering Co., Ltd. (which changed its trade name to Sumitomo Mitsui Construction Steel Structures Engineering Co., Ltd. as of October 1, 2020), and in April 2021 we completed the transfer of our shares in Mitsui E&S Environment Engineering Co., Ltd. (which changed its trade name to JFE Environment Technology Co., Ltd. on April 1, 2021).

In March 2021 we concluded an agreement to transfer the naval ship business of Mitsui E&S Shipbuilding Co., Ltd., and on April 23, 2021 we signed an agreement to transfer a portion of Mitsui E&S Shipbuilding's merchant ship business. We recognize that the Business Revival Plan is making steady progress.

Progress of Business Revival Plan (as of July 2021)

● Disposal of businesses and assets

Achieved financing targets through the selling off of approximately 100 billion yen of businesses and assets

March 2019	Sale of fixed assets and investment securities
March 2020	Transferred all shares in Showa Aircraft Industry Co., Ltd.
March 2020	Transferred all shares in Mitsui E&S Plant Engineering Co., Ltd.
March 2020	Transferred solar power business and related assets
April 2020	Transferred shareholder's equity in Green Power Ichihara Co., Ltd.
January 2020	Transferred land / estate of Chiba Works
October 2020	Transferred a portion of shares in Mitsui E&S Steel Structures Engineering Co., Ltd.
March 2021	Signed an agreement for transfer of the naval ship business, etc., of Mitsui E&S Shipbuilding Co., Ltd.
April 2021	Transferred shares in Mitsui E&S Environment Engineering Co., Ltd.
April 2021	Signed final agreement for the transfer of a portion of shares in the merchant ship construction business of Mitsui E&S Shipbuilding Co., Ltd.

● Reduction of fixed costs

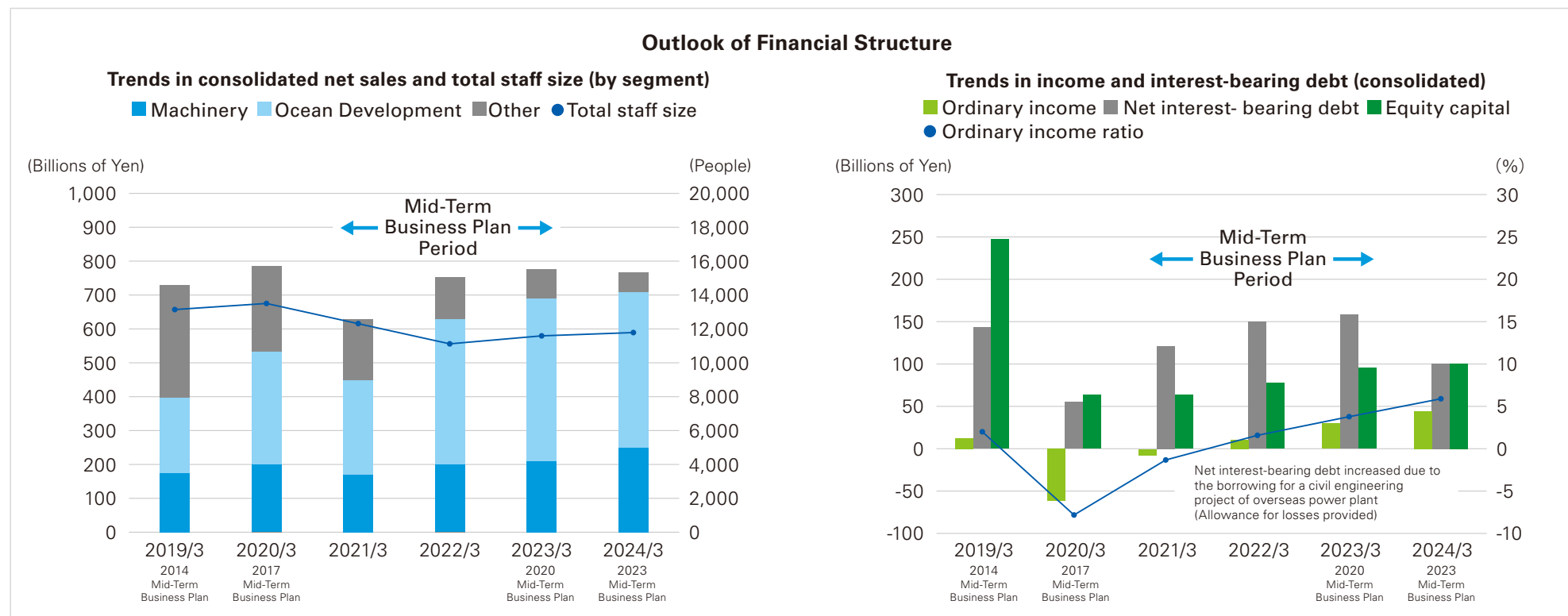
Implemented relocations and transfers of about 1,000 personnel throughout the Group



Mid-Term Business Plan 2020 Initiatives

Reduce business sizes and domains

By concentrating our business domains in the Machinery & Systems and Ocean Development businesses and building a system for collaboration with other companies, we will reduce the scale of our business operations and slim down personnel numbers, increase our ability to repay debts, and achieve our financial goals.



*Net sales of the Ocean Development segment (MODEC) represents figures estimated by the Company on the basis of interviews.

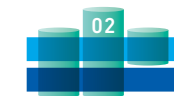
Financial Targets

at FY2022

Consolidated net sales **770** billion yen

Consolidated ordinary income ratio **4** %

Key Strategy 02 | Concentration of business domains and collaboration

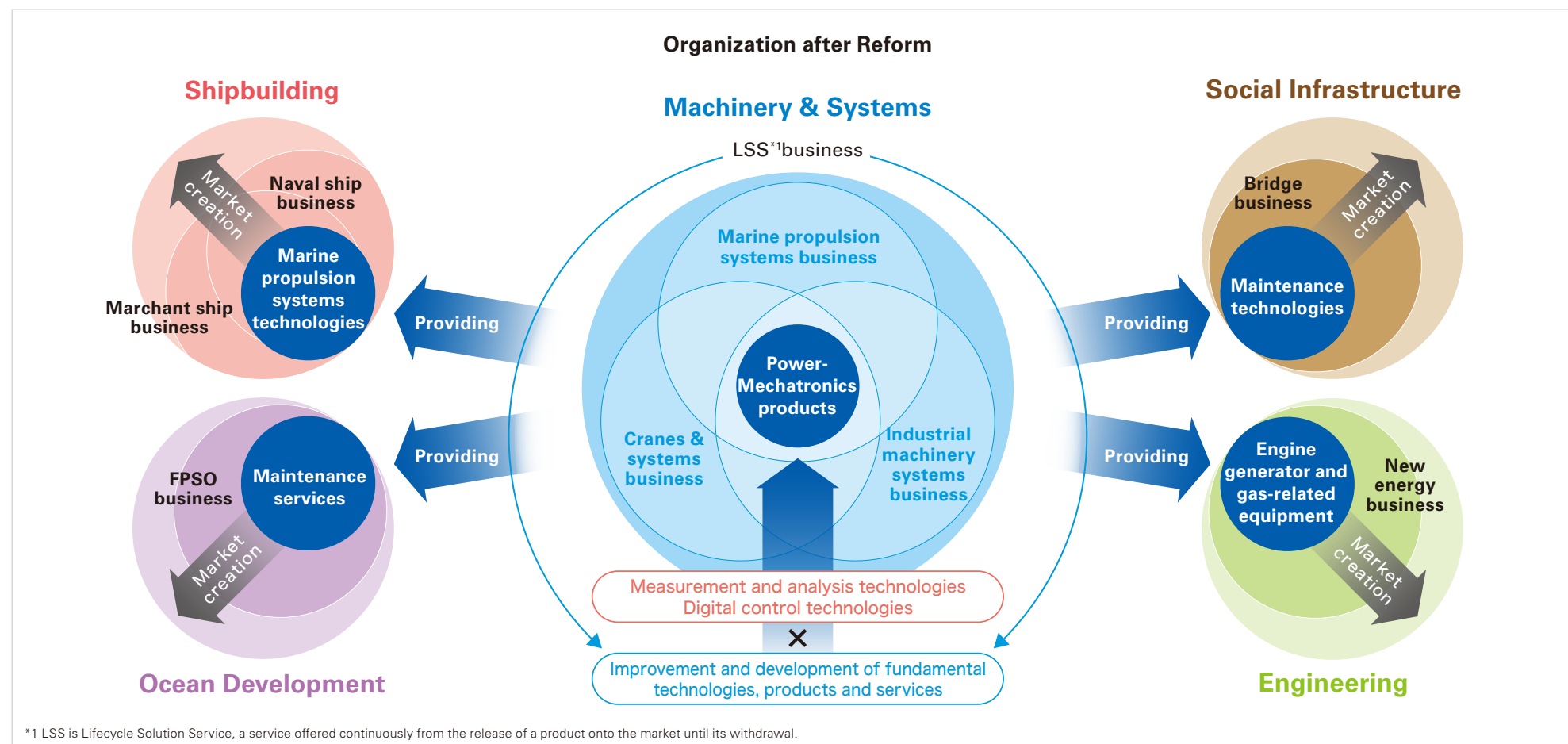


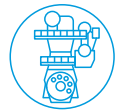
Business Revival Plan Initiatives

Reduce business sizes and domains

In response to the deterioration in earnings from our existing businesses, under our Business Revival Plan we have withdrawn from unprofitable businesses and collaborated with other corporate groups. The Mid-Term Business Plan 2020 aims to further clarify concentration of business domains and collaboration, and to advance market creation through alliances.

Through our alliance strategy, we will create a market for the Machinery & Systems business products and develop the Lifecycle Solution Services (LSS) business. We will focus on advancing the digital modularization of power mechatronics products based on basic technologies developed in the marine field.





Machinery and Systems Business

Mid-Term Business Plan 2020 Initiatives

● Focus on Power-Mechatronics

The ship equipment industry is expected to undergo a design paradigm shift toward 2035 accompanying the transformation into a low-carbon technology and mechatronics-based industry. With the widespread adoption of power mechatronics* centered on electricity and electronics, all products and services will be digitalized and connected in virtual space. This will dramatically increase the degree of freedom in system design, stimulating the creation of innovative products and services. With regard to Machinery & Systems business products, too, based on three upward trends it is predicted that there will be an acceleration in opportunities for each business to launch power mechatronics products to market. We also expect that demand for the renewal of power mechatronics products will continue due to 5G (high-speed communications), environmental regulations and rapid evolution of technologies.

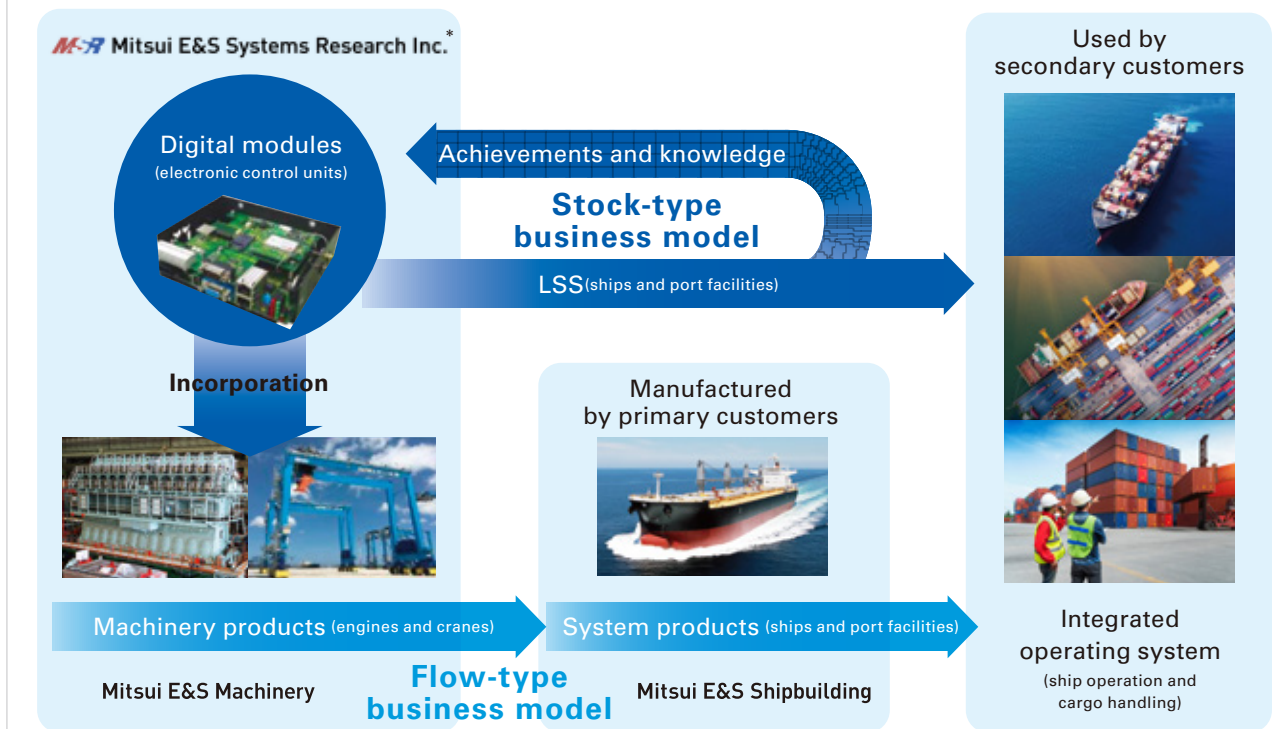
● Shift to stock-type business by driving digital modularization

In the Machinery & Systems business, we will focus on advancing the digital modularization of power mechatronics products based on basic technologies developed in the marine field. By developing services (the LSS business) centered on products equipped with digital modules, we will shift to a stock-type business model that will generate income in the long term while continuously providing services to customers (as opposed to just sell-out flow-type business).

Power-Mechatronics Market Forecast

Marine propulsion systems business Electronically controlled engines are becoming common.	Cranes & systems business Automation of container cranes is speeding up.	New technology business Inspections are shifting from human and visual observation to mechatronic and monitoring operations.
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Shift to Stock-Type Business Model



*Mitsui E&S Systems Research Inc. (MSR), a Group company, will provide services using digital modules to respond to diverse customer needs in the domain of electronic device and control systems, ranging from the proposal of related products to after-sales services.



Shipbuilding Businesses

Business Revival Plan Initiatives

● Reform the business structure and pursue collaborations and partnerships with other companies

In the Shipbuilding business, we have signed an agreement to transfer a portion of shares to Tsuneishi Shipbuilding Co., Ltd., aiming to complete the transfer in October 2021. We will withdraw from the construction of new merchant ships at Chiba Works and transform our portfolio into an engineering and consignment construction business for merchant ships. In June 2020 we began discussions with Mitsubishi Heavy Industries, Ltd. for the transfer of the naval ship business, with the aim of stabilizing our earnings and maintaining engineering capabilities and defense industry infrastructure, aiming to complete the transfer in October 2021.

Progress of Business Revival Plan (as of July 2021)

● Capital Alliance in Merchant Ship Business

- July 2020 Mitsui E&S Shipbuilding Co., Ltd. and Tsuneishi Shipbuilding Co., Ltd. began discussions for a capital alliance
Considered transferring a portion of the shares in the merchant ship business and some subsidiaries (excluding the naval ship business)
- April 2021 Signed a final agreement with Tsuneishi Shipbuilding Co., Ltd.
- October 2021 Expected completion of partial transfer of shares

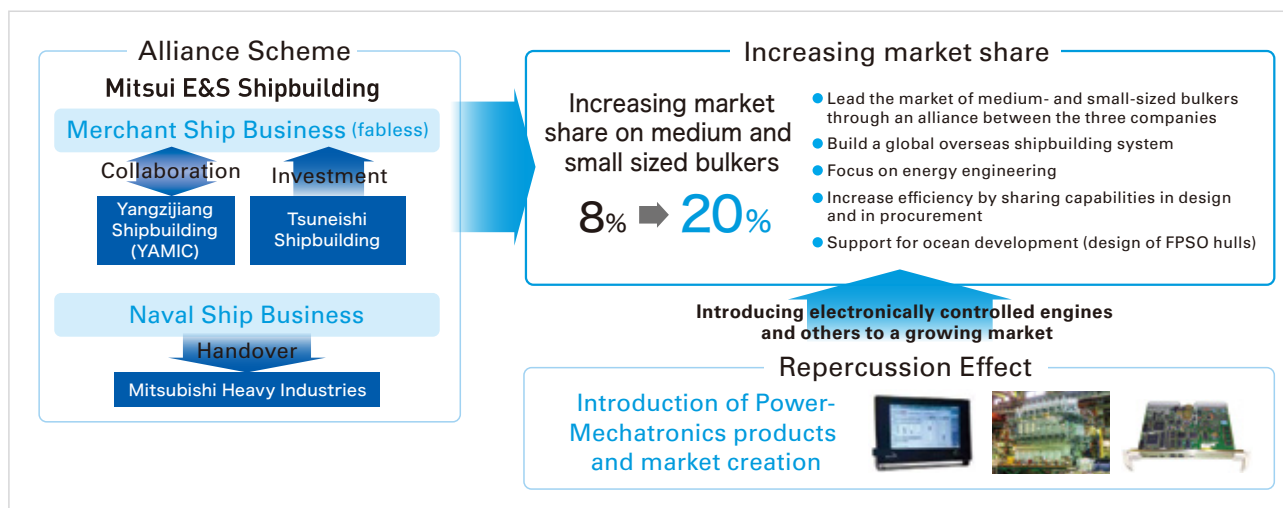
● Transfer of Naval Ship Business

- June 2020 Began discussions for the transfer of Mitsui E&S Shipbuilding Co., Ltd.'s naval ship business
Considered transferring naval ship business to Mitsubishi Heavy Industries, Ltd.
- March 2021 Signed a final agreement with Mitsubishi Heavy Industries, Ltd. for the transfer of the naval ship business
- October 2021 Expected completion of transfer

Mid-Term Business Plan 2020 Initiatives

● Create markets through alliances

We will further deepen our capital alliance with Tsuneishi Shipbuilding Co., Ltd. strengthen our competitiveness to compete globally, and lead the small and medium-sized bulk carrier market. Furthermore, by introducing power mechatronics products such as diesel engines and ship-operating systems manufactured by the Group to markets created through alliances, we aim to develop life cycle solutions in the marine logistics field.





Engineering Business

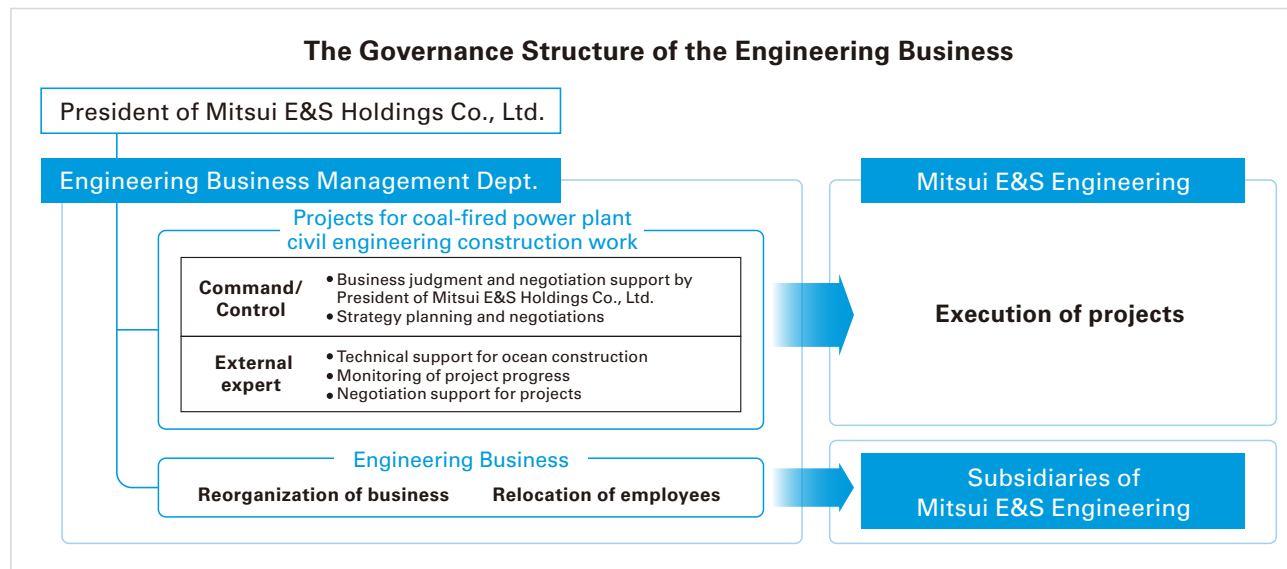
Business Revival Plan Initiatives

● Restructuring the Governance Structure of the Engineering Business

We have established an Engineering Business Management Dept. directly under the President to restructure the governance structure of the Engineering business, and are currently working to carry our power generation civil engineering project orders that have already been received, and to improve earnings. We are also proceeding with the reorganization of engineering businesses such as chemical and power generation plants, and the reallocation of personnel associated with those businesses.

● Reorganization of the Power Generation Business

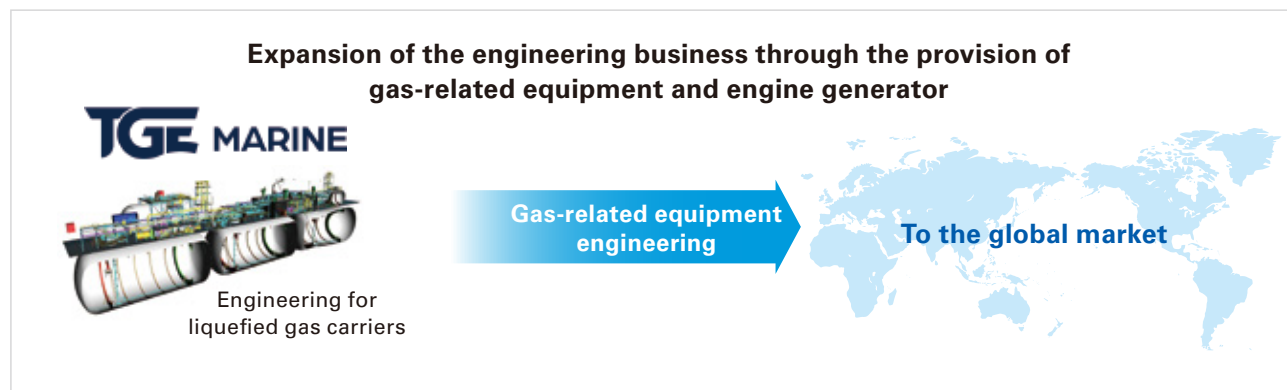
We will withdraw from the domestic business of biomass power plants, which requires heavy initial investment and downscale to specialize in the O&M* business. We will withdraw from the wind power generation business.



Mid-Term Business Plan 2020 Initiatives

● Overseas Market Expansion

We will push ahead with overseas market expansion in domains where their strengths may be displayed.





Social Infrastructure Business

Business Revival Plan Initiatives

● Reform the business structure and pursue collaborations and partnerships with other companies

As of April 1, 2020, we consolidated our social infrastructure related businesses under Mitsui E&S Steel Structures Engineering (MSE) Co., Ltd., and had been exploring the possibility of collaborations and alliances with partners that could be expected to produce further synergies.

Under those circumstances, it was judged that utilizing Sumitomo Mitsui Construction Co., Ltd.'s track record, experience, and know-how in the area of social infrastructure for the business management of MSE would lead to growth and enhanced competitiveness for both companies. As a result, the decision was made to transfer shares, on the basis that doing so would contribute to the enhancement of corporate value for each company.

Mid-Term Business Plan 2020 Initiatives

● Boost the competitiveness of the social infrastructure business and introduce products for maintenance and inspections to create markets

Through capital participation by Sumitomo Mitsui Construction Company, we will seek to increase the corporate value of Social Infrastructure business-related subsidiaries.

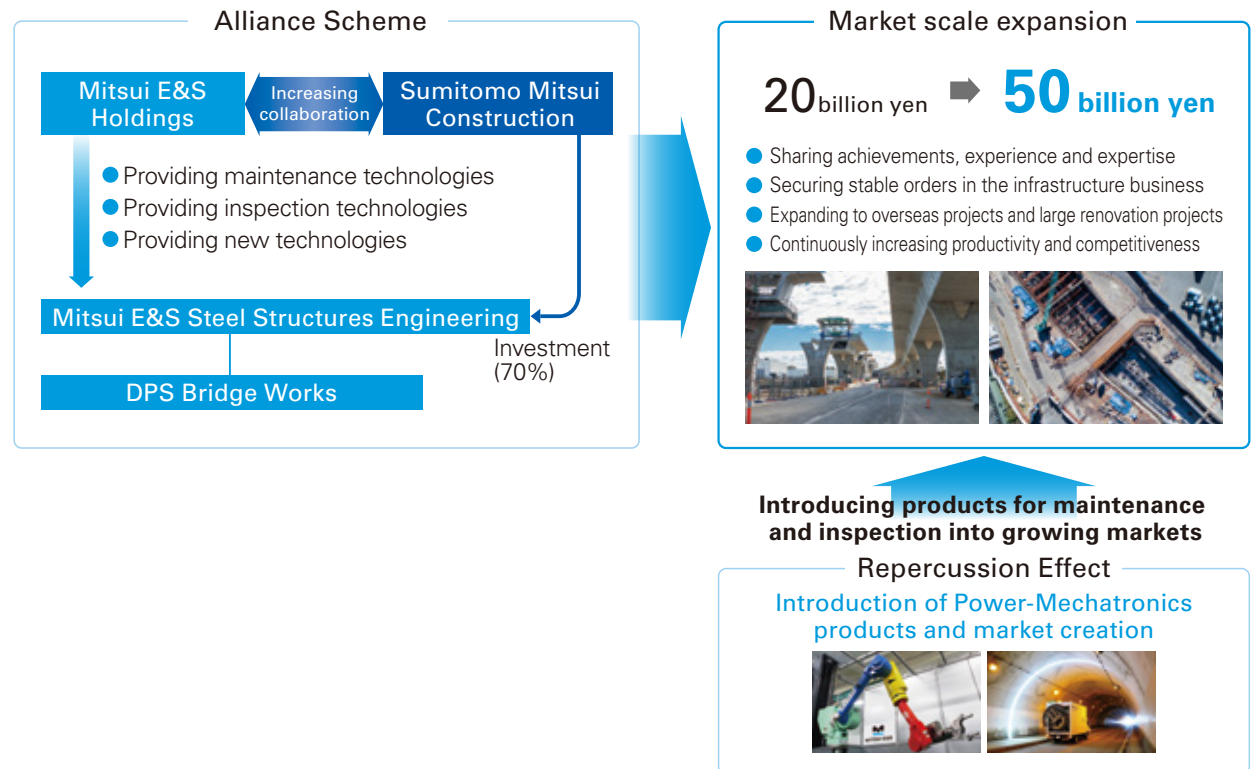
We aim to develop and deliver life cycle solutions in the Social Infrastructure business by introducing the Group's power mechatronics products in the field of infrastructure maintenance inspections, including radar exploration, in markets expanded through this alliance.

Progress of Business Revival Plan (as of July 2021)

● Transfer of Social Infrastructure Business

- May 2020 Began discussions for the transfer of shares in Mitsui E&S Steel Structures Engineering Co., Ltd.
- August 2020 Signed a share transfer agreement for the transfer of 70% of shares to Sumitomo Mitsui Construction Co., Ltd.
- October 2020 Transferred a portion of shares in Mitsui E&S Steel Structures Engineering Co., Ltd.

Market Creation through Alliances (Social infrastructure business)





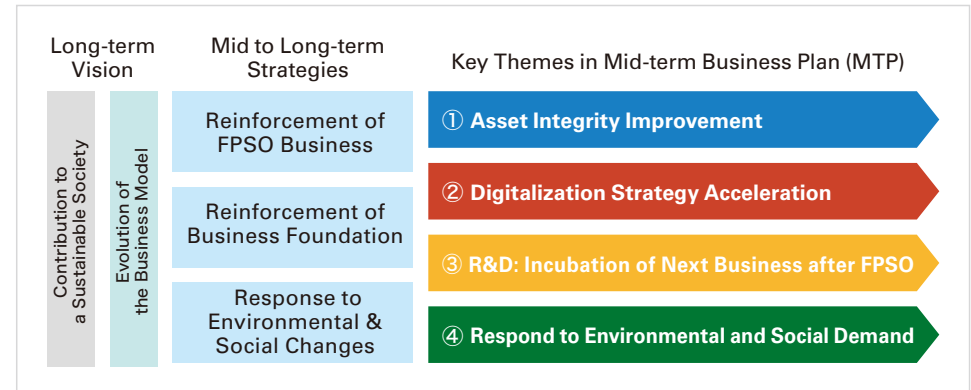
Ocean Development Business

MODEC, Inc.'s Initiatives Under its Mid-Term Business Plan

MODEC, Inc.—a Group company conducting ocean development business—has a long-term vision of contributing to the realization of a sustainable society through the evolution of its business model. In order to realize this long-term vision, the company aims to drive the evolution of its business model by cycling continuously through three medium to long-term strategies: strengthening the earning power of its main businesses, investing in research and development for new businesses, and addressing environmental and social needs.

Under its new three-year Mid-Term Business Plan 2021-2023, MODEC has set four key themes: (1) Asset Integrity Improvement, (2) Digitalization Strategy Acceleration, (3) R&D: Incubation of Next Business after FPSO, and (4) Actions in response to Environmental and Social Demand.

As a result of these activities, in terms of quantitative targets to be achieved by 2023, MODEC aims to achieve net profits (attributable to owners of the parent) of 200 million US dollars and an ROE of 12%.



① Asset Integrity Improvement

With intensive maintenance work on aged vessels in Brazil and continuous asset management work, MODEC is committed to providing a total service to ensure safe and continuous oil and gas production.

② Digitalization Strategy Acceleration

MODEC will evolve its business model by further sharpening and improving the efficiency of FPSO operations, expanding its digitalization sphere from operations to upstream processes, and setting up a digital solution business as pillars of its digital strategy.

③ R&D: Incubation of Next Business after FPSO

In order to foster future revenue sources after FPSO, MODEC will accelerate efforts to commercialize floating offshore wind power generation facilities utilizing its unique floating structure and mooring technology (TLP), and develop recovery technologies for mining seabed resources (such as methane hydrate), which are expected to be utilized as next-generation energy sources.

④ Respond to Environmental and Social Demand

MODEC has selected five goals among the 17 goals set out under the United Nations Sustainable Development Goals (SDGs) that it believes it can contribute to the most, and will implement priority initiatives to achieve them.



Target 5
Gender Equality



Target 7
Affordable and Clean Energy



Target 14
Life Below Water



Target 8
Decent Work and Economic Growth



Target 13
Climate Action

Key Strategy 03 | Strengthening of management base

We will strengthen unification to achieve a shift to a simple management style without owning assets. We will reduce business size and domains and place an emphasis on balance sheets.



● Style of management

While we will operate in extensive business domains for the foreseeable future, we will shift to a centralized, steady style to concentrate on core areas.

● Management system

Business management

- Evaluation of substantial performance (ROIC)
- Strategic management indicators suited to this period of strategic change

Digital operation environment

- Digitalization of all knowledge and expertise
- Flexible mechanisms (teleworking)
- Global actions

● Human resources

Enriching back-office personnel

- Properly appoint staff knowledgeable in business domains from operating departments to introduce their knowledge to back-office operations
- Proactively hire highly skilled personnel in business administration, financial affairs, contracts, legal affairs and others from outside
- Evaluate and develop them to become personnel for global operations and value diversity

● Financial affairs

Shift to an asset-light model

- Focus on capital efficiency (ROIC) and give consideration to balance sheets
- Consider introducing throughput accounting or process costing

● Organizational structure

While we will maintain the holding company structure, we may possibly revise the organizational structure in the future.

Business Overview

Ship



Main products

Merchant Ships /
Naval and Governmental Ships /
Engineering /
Ocean Development /
Underwater Equipment / Ship Repair

Relevant Group Companies

Mitsui E&S Shipbuilding Co., Ltd.
Akishima Laboratories (Mitsui Zosen) Inc.
MES YURA DOCK CO., LTD.
Shikoku Dockyard Co., LTD

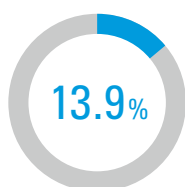
Niigata Shipbuilding & Repair, Inc.
MES SHIPPING CO.,LTD.
TGE Marine Gas Engineering GmbH

Although orders were received for training vessels and bulk cargo carriers, consolidated orders decreased by ¥11.2 billion year on year to ¥57.5 billion. Net sales decreased by ¥22.7 billion year on year to ¥92.4 billion, due to a decrease in shipbuilding work and other factors. Operating losses stood at ¥2.0 billion, an improvement of ¥800 million from the previous fiscal year, mainly due to a decrease in unprofitable construction work.

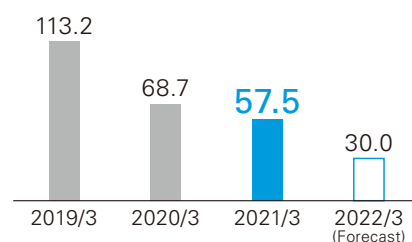
Major Initiatives in FY2020

- Completed and delivered all ships built at Chiba Works
- Made progress in the collaborative development of the shipbuilding business, signed a transfer agreement for the naval ship business and a transfer agreement for subsidiary shares (Mitsui E&S Shipbuilding Co., Ltd.) for a capital alliance in the merchant ship business
- Developed sales activities such as licensing designs and commissioned development and design of environmentally friendly vessels

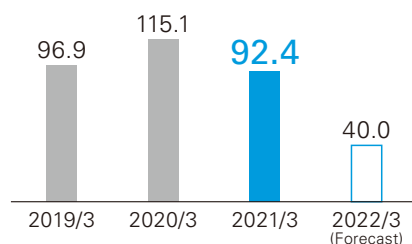
Net Sales Composition



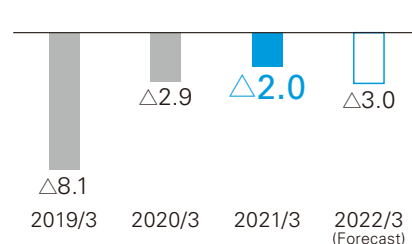
New Order (¥billion)



Net Sales (¥billion)



Operating Income (¥billion)



Naming and launching ceremony for the destroyer "Kumano"

On November 19, 2020, a naming and launching ceremony was held at Mitsui E&S Shipbuilding's Tamano Works for a 3,900t destroyer ordered by Mitsubishi Heavy Industries, Ltd. for Japan's Ministry of Defense. The vessel was christened Kumano. This vessel is one of a pair of destroyers planned to be built in FY2018, with the concept of improving the ability to respond to various missions and to make the vessels more compact. As a new initiative, we adopted a scheme of simultaneous construction, with the main contractor Mitsubishi Heavy Industries, Ltd. building the first vessel Mogami at its Nagasaki shipyard and Mitsui E&S Shipbuilding Co., Ltd. building the second vessel Kumano at Tamano Works. The vessel is currently undergoing quayside outfitting work and is scheduled to be delivered in March 2022.



Machinery



Main products

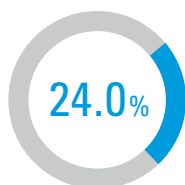
Marine Propulsion System /
Crane & Systems /
Industrial Machinery / Robotics /
Radar Search /
Research & Experimental Equipment &
Special Construction / After-sales Services

Relevant Group Companies

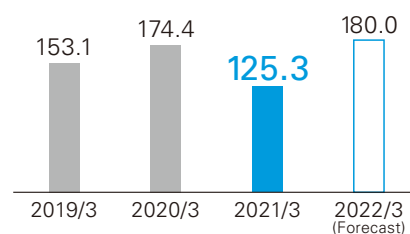
Mitsui E&S Machinery Co., Ltd.	SANZO MANUFACTURING & CONSTRUCTION CO. LTD.
KAJI TECHNOLOGY CORPORATION	Mitsui E&S Technical Research Co., Ltd.
Mitsui E&S Power Systems Co., Ltd.	AZUMA MACHINERY CO.,LTD.
MITSUI MEEHANITE METAL CO.,LTD.	PACECO CORP

Consolidated orders decreased by ¥49.0 billion year on year to ¥125.3 billion due to a decrease in demand for marine diesel engines accompanying a slump in the market for construction of new ships, and a decrease in demand for container cranes and industrial machinery, etc., due to postponement of investment due to the spread of the COVID-19 pandemic. Net sales decreased by ¥13.2 billion year on year to ¥159.0 billion as a result of the postponement of delivery of marine diesel engines due to production adjustments at shipyards. Operating income decreased by ¥2.1 billion year on year to ¥9.8 billion, mainly owing to the decrease in sales.

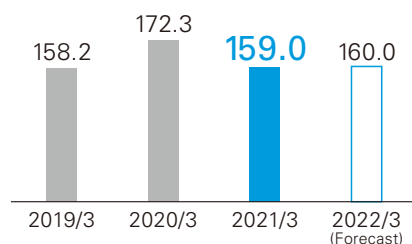
Net Sales Composition



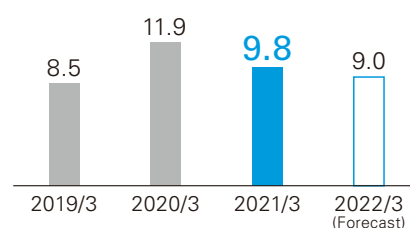
New Order (¥billion)



Net Sales (¥billion)



Operating Income (¥billion)



Major Initiatives in FY2020

- Developed sales activities positioning gas-fueled main engines for ships as a growth area
- Produced 148 large marine diesel engines (3.31 million horsepower)
- Strong demand for Near Zero Emission (NZE) Transtainers® supporting zero emissions in the future
- After-sales service business performed strongly in parts servicing and retrofit business in response to environmental regulations

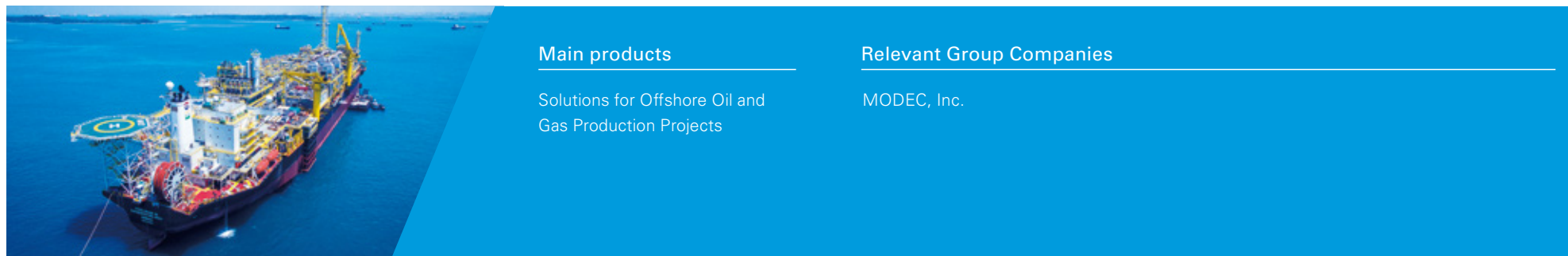


Participating the Japan Hydrogen Association (JH2A) and development of Transtainer® cranes equipped with pure hydrogen fuel cell (FC)

Mitsui E&S Machinery Co., Ltd. (MES-M) and Kaji Technology Corporation has joined the Japan Hydrogen Association, a new organization that promotes global collaboration in the hydrogen field and the formation of hydrogen supply chain, and will contribute to realize the hydrogen society. As one of specific initiative, MES-M is planning to complete the in-house testing of the Transtainer® crane equipped with FC by the end of FY2022. We will also provide hydrogen gas compressors for hydrogen fueling stations, hydrogen delivery facilities etc.



Ocean Development



Main products

Solutions for Offshore Oil and Gas Production Projects

Relevant Group Companies

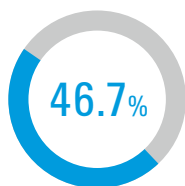
MODEC, Inc.

Despite orders received for FPSO construction projects, etc., consolidated orders decreased by ¥315.3 billion year on year to ¥320.8 billion. Sales decreased by ¥22.9 billion year on year to ¥309.9 billion, despite progress in FPSO construction projects. Operating losses stood at ¥21.8 billion, a decrease of ¥16.9 billion year on year, due in part to the impact of the COVID-19 pandemic.

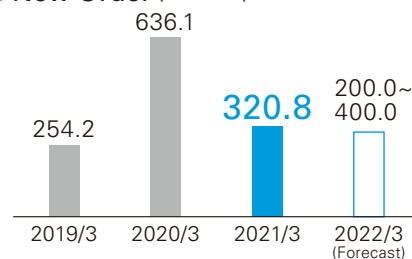
Major Initiatives in FY2020

- Received an O&M (Operation and Maintenance) contract for FPSO for Senegal
- Profitability was worsened by delays in ongoing FPSO construction projects due to the COVID-19 pandemic
- Commenced research on low-cost technology development in floating offshore wind power generation

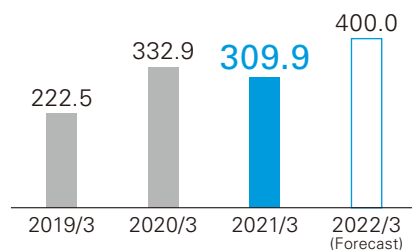
Net Sales Composition



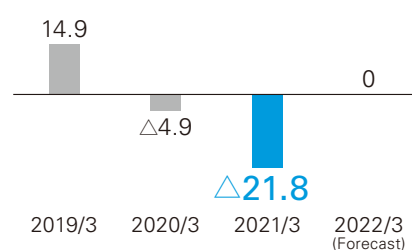
New Order (¥billion)



Net Sales (¥billion)



Operating Income (¥billion)



An FPSO O&M (Operation and Maintenance) contract was received for the Sangomar Field off the coast of Senegal

Group company MODEC, Inc. received an order in January 2020 from Woodside Energy, a major Australian energy company, for an FPSO for the noteworthy first offshore oil development project off the coast of Senegal, West Africa, and is proceeding with its construction. In December 2020, MODEC, Inc. received an O&M (operation and maintenance inspection) contract for this FPSO. The company received the order for a long-term contract for 10 years after the delivery of the FPSO to the customer (with 10 extension options every year thereafter). The project is expected not only to optimize the company's business portfolio from a geographical perspective, but also contribute to the expansion of its stable earnings base in the long-term.



Business Overview

Engineering



Main products

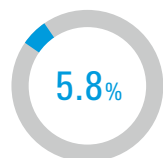
Overseas EPC Contractor for
Civil/Architectural Works

Relevant Group Companies

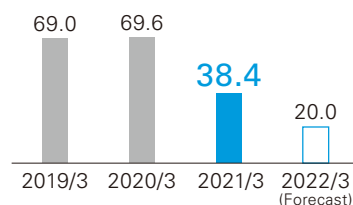
Mitsui E&S Engineering Co., Ltd.

Consolidated orders decreased by ¥25.5 billion year on year to ¥22.7 billion, mainly due to the impact of the transfer of subsidiaries in the chemical plant business in the previous fiscal year. Net sales decreased by ¥31.2 billion year on year to ¥38.4 billion due to a decrease in consolidated subsidiaries, in addition to the impact of a decline in new orders. Operating income improved by ¥71.7 billion to ¥300 million due to the posting of a large provision for losses on construction contracts in the previous fiscal year.

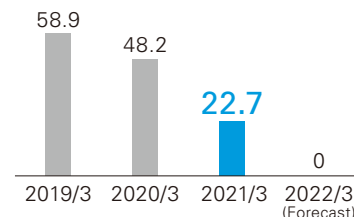
● Net Sales Composition



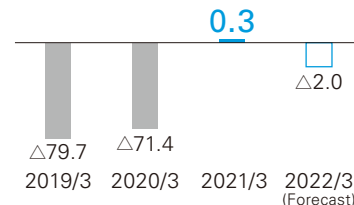
● Net Sales (¥billion)



● New Order (¥billion)



● Operating Income (¥billion)



Major Initiatives in FY2020

- Civil engineering and construction of thermal power plants in Indonesia progressed within the expected range
- Completed and delivered civil engineering and construction work for thermal power plants in Vietnam
- Transferred biomass power generation business subsidiary (Green Power Ichihara Co., Ltd.)
Concluded a transfer agreement for an environmental business subsidiary (Mitsui E&S Environmental Engineering Co., Ltd.)

PICK UP

Commenced commercial operation of biomass power plant in Ichihara, Chiba Prefecture

On December 17, 2020, Ichihara Biomass Power Co., Ltd.—a joint venture between ITOCHU Corporation, Osaka Gas Co., Ltd. and Mitsui E&S Engineering Co., Ltd.—commenced commercial operations. The power plant is located at the Mitsui E&S Holdings Chiba Works in Ichihara, Chiba Prefecture, where Mitsui E&S Engineering Co., Ltd. has been proceeding with the construction. The biomass plant (power generation capacity 49.9 MW) uses wood pellets and palm kernel shells (PKS) for the entire volume of its fuel, and can cover around 350 million kW of annual power consumption, the equivalent of around 120,000 households. Going forward we will continue to operate stable power plants that take advantage of the strengths of the investing companies, such as by placing group companies in charge of operation and maintenance.



Others

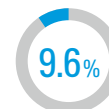
Main products

Real Estate Businesses /
IT Solution / Service

Relevant Group Companies

Mitsui E&S Business Service Co., Ltd. / Mitsui E&S Systems Research Inc. /
MES Facilities Co., Ltd.

● Net Sales Composition



● New Order (¥billion)

50.3

● Net Sales (¥billion)

64.0

● Operating Income (¥billion)

1.5

Management Foundation

In this section, we will introduce the corporate governance system that is the foundation for the Group's management, management team members, human resources and safety initiatives.

Contents

Corporate Governance	39
Management Member	43
Human Assets	45
Safety Measures	50
Health and Productivity Management	52
Environmental Preservation	54
Social Contributions	56
Communication	57



Governance

Basic philosophy

In light of changes in the environment and the company itself, we have reestablished our management stance to realize our corporate philosophy, so that all stakeholders can evaluate the value of our continued existence as a company.

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.

● Company Philosophy

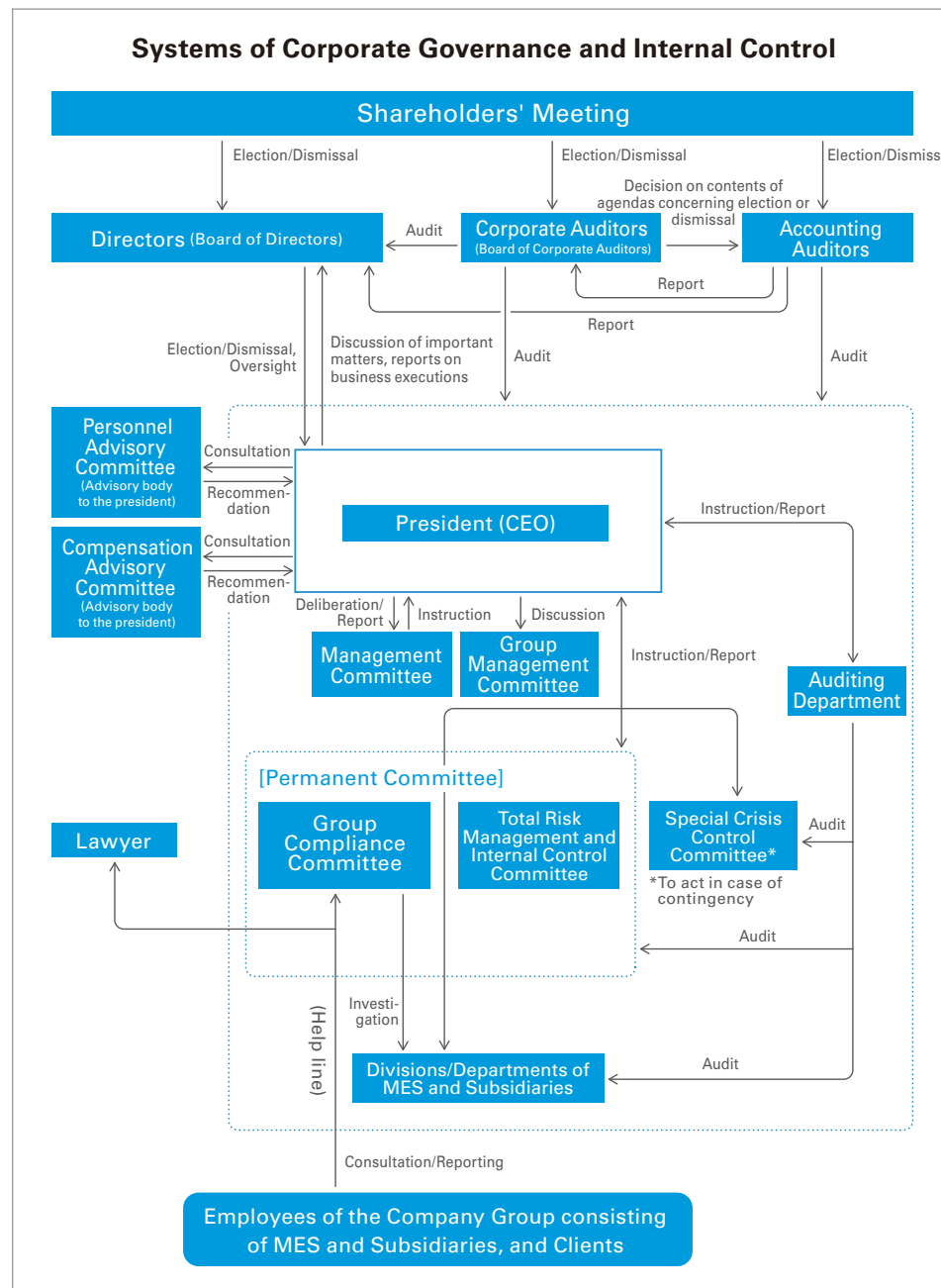
To continue working as a company trusted by society and individual through products and services we offer

● Management Policy

- Achieve new value creation together with customers
- Seek a sound financial structure and steady profit
- Construct an environment for working healthily and safely

Systems of Corporate Governance and Internal Control

Along with enhancing the effectiveness of our auditing functions through Corporate Auditors, the Company has determined that a governance system in which experienced outside directors monitor the performance of directors' duties from a management perspective is appropriate for the Company's line of business as a manufacturing company. The Company has therefore adopted the current corporate governance system.



Internal Control and Risk Management System

In order to build a Company-wide framework to promote the internal control system in accordance with the CEO's instructions, we have established a Total Risk Management and Internal Control Committee chaired by the director in charge of corporate planning. Based on the issues addressed up until fiscal 2018, the Committee's operating guidelines have been revised. As a result, we now have a Committee that is specialized and dedicated to risk management, which is striving to implement effective risk management. The Committee met twice during FYE Mar. 2021 to discuss the risk management system.

Individual risk response measures were implemented based on the results of the Committee's discussions. With regard to compliance with relevant laws and regulations pertaining to the basic policy on the construction of an internal control system and responses to the internal control reporting system relating to financial reporting, the Internal Control Section (established within the Corporate Planning Department on behalf of the Committee) made recommendations and reports to the Management Committee and CEO and other officers of the Company as appropriate.

Governance system

The Company adopts a corporate governance system in the form of a company with a Board of Corporate Auditors and with Accounting Auditors. As of June 25, 2021, the Company's Board of Directors consists of 6 members, 2 of whom are part-time Outside Directors. The Company's Board of Corporate Auditors consists of 4 members, 2 of whom are part-time Outside Corporate Auditors.



In addition to the Board of Directors, the Company has established the Group Management Committee and the Management Committee as a management meeting structure to execute business operations based on basic policy determined by the Board of Directors. The Group Management Committee is composed of full-time directors and presidents of major subsidiaries within the group, and the Management Committee is composed of full-time directors. The Group Management Committee discusses on the

direction of the mid-term and long-term business plans for the entire Group. And at the Management Committee, deliberations are made on each business execution of this management directionality.

<The Board of Directors>

Meet 12 times on a regular basis and 9 times on a temporary basis to decide important matters and supervise business execution. The Board of Directors also reviews, when necessary, basic policy for building internal control systems.

<The Group Management Committee>

Meets 4 times with discussions focused on the direction of the mid-term and long-term business plans for the entire Group as described above.

<The Management Committee>

Meets 12 times on a regular basis and once on a temporary basis to deliberate on business execution for each business as described above.

Remuneration, etc. for Directors and Auditors in the Current Fiscal Year

● Policy on determining the amount of remuneration for Directors of the company

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. 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.

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

Governance

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.

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.

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 key 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 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.

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.

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 Ryoichi Oka, 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.

6. Matters relating to the determination of compensation, etc., other than the above

Compensation Advisory Committee has been established voluntarily to determine compensation for directors of the Company. The Committee shall have of a total of three members, consisting of two independent outside directors and the President and Representative Director, and chaired by an independent outside director.

● Amount of compensation, etc., for Directors and Corporate Auditors

Total amount and of compensation, etc. for the fiscal year under review

Position	Total Amount of Remuneration, etc.	Total amount of compensation, etc., by type (million yen)		Number of Directors/Auditors
		Fixed compensation	Profit-linked compensation	
Directors (of which are outside directors)	91 (19)	91 (19)	- (-)	7 (3)
Corporate Auditors (of which are outside directors)	72 (19)	72 (19)	- (-)	6 (3)
Total	164	164	-	13

Note 1. The above includes two Directors (including one Outside Director) and two Corporate Auditors (including one Outside Auditor) who retired at the conclusion of the 117th Ordinary General Meeting of Shareholders held on June 25, 2020, excluding five unpaid Directors.

2.The total amount of remuneration for directors does not include employee salaries for those directors who also serve as employees.

3.At the 107th Annual Shareholders' Meeting held on June 25, 2010, it was decided that the maximum remuneration for directors shall be within ¥630 million per year (excluding employee salaries), and the maximum amount of remuneration for corporate auditors shall be within ¥90 million per year. At the conclusion of the General Meeting of Shareholders, the Company had 16 Directors and four Corporate Auditors.

4. Stock price-linked compensation for Directors in office is not included in the above amounts of compensation, etc., as the amount paid is not known at the time of preparation of this report. Outside Directors are not eligible for stock price-linked compensation.

5. In addition to the above, five retired directors have been paid a stock price-linked compensation of 5 million yen during his or her time in office.

● Matters relating to profit-linked compensation

The key performance indicator for profit-linked compensation is consolidated return on invested capital (ROIC), in line with the Company's management strategy, with the aim of improving management efficiency and enhancing the link between compensation and performance. ROIC performance was -3.2%. The period for execution of duties covered by profit-linked compensation is July 1, 2021 through June 30, 2022.

Initiatives to improve compliance

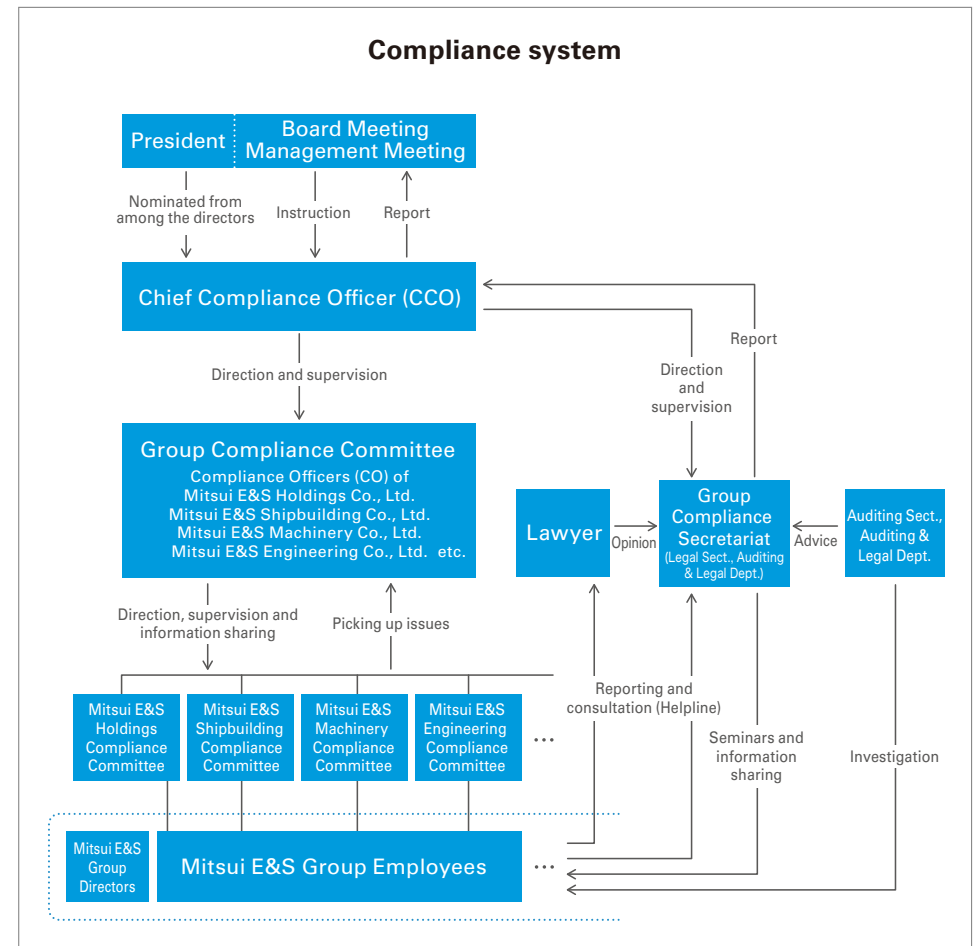
Based on the Group Compliance Management Regulations, the Group Compliance Committee was held twice in FYE Mar. 2020 to exchange and share information across the whole Company in order to strengthen compliance within the Company and its subsidiaries. In terms of compliance with antitrust laws, the Group Compliance Committee is continuously making thorough efforts to monitor such compliance. Regarding compliance with the Corporate Code of Conduct, we conducted compliance training for new employees and Group employees, as well as compliance training for employees of the Company and its subsidiaries through e-learning, and continued education and awareness-raising activities for executives and employees of the Company and its subsidiaries.

Number of employees who have completed compliance training

FYE2017 (*16/4-'17/3)	FYE2018 (*17/4-'18/3)	FYE2019 (*18/4-'19/3)	FYE2020 (*19/4-'20/3)	FYE2021 (*20/4-'21/3)
941	1,308	489	1,547	2,016

Helpline (Internal reporting 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 contact the Company directly to discuss or report any issues. 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.



Topics "Corporate Ethics Enhancement Month" initiative

Mitsui E&S Group continues its traditional "Corporate Ethics Enhancement Month" initiative. In FYE Mar. 2021 (*20/4-'21/3) we designated November as Corporate Ethics Enhancement Month and carried out compliance-focused activities that month. As part of this effort, we reached out within the group for collecting slogans to help reaffirm the importance of compliance, and announced the slogan selected in November. Our FYE Mar. 2020 compliance slogan "The future of our company: beyond individual awareness" will be displayed at each workplace for one year in order to raise compliance awareness.

Management Member

Directors



President,
Representative Director

Ryoichi Oka

CEO and in charge of
Engineering Business
Management Dept.
and Growth Business
Promoting Dept.

Reason for appointment as a director

Since his appointment as President in 2019, Ryoichi Oka has advanced the Business Revival Plan under his leadership and worked toward the recovery of the Group's business results. He will continue to serve as President and Representative Director, based on the Group's judgment that his experience and insights are necessary in order to further enhance the Group's revenue structure and drive structural reforms.



Vice President,
Representative Director

Keigo Matsubara

Assistant to President, CFO (*1)
and in charge of Finance &
Accounting Dept. and IR Dept.

Reason for appointment as a director

Keigo Matsubara is working to improve the Group's financial position, making use of his extensive insights based on his experience as head of a general trading company, and his outstanding expertise cultivated through his experience in finance and accounting. He will continue to serve as Vice President and Representative Director, based on the Group's judgment that his experience and insights are necessary in order to further enhance the Group's financial structure and drive structural reforms.



Director

Taketsune Matsumura

CISO(*2) and in charge of
Corporate Planning Dept.

Reason for appointment as a director

With his outstanding insights into the ship business, Taketsune Matsumura is in charge of the Corporate Planning Department and has led the formulation and execution of the Group's Business Revival Plan, and plays a central role in driving the Mid-Term Business Plan 2020. He will continue to serve as a director, based on the Group's judgment that his experience and insights are necessary in order to achieve the goals of the Mid-Term Business Plan 2020 and drive structural reforms.



Director

Takeyuki Takahashi

CCO (*3) and in charge of
Auditing & Legal Dept.
and Human Resources &
General Affairs Dept.

Reason for appointment as a director

Takeyuki Takahashi has high-level marketing skills garnered through his experience in international sales, and excellent management abilities developed through his experience as President and Representative Director of Mitsui E&S Machinery Co., Ltd. He has been newly appointed as a director, based on the Group's judgment that his experience and insights are necessary in order to develop the Group's growth businesses and drive structural reforms.



Outside Director

Toshikazu Tanaka

Reason for appointment as a director

Having extensive knowledge and results in business activities and overall business management both at home and overseas cultivated over many years running a major synthetic chemical company, Toshikazu Tanaka has been successively appointed as Outside Director to receive his advice from a broad perspective with regards to overall management of the Group, and to expect monitoring and supervisory functions of management from an independent standpoint.



Outside Director

Yoshio Haga

Reason for appointment as a director

Having sufficient and overall experience and knowledge of domestic and overseas business operation and corporate management acquired as an executive of a major paper company for a long period, Yoshio Haga has been successively appointed as Outside Director to advise the overall management of the Group with a broad perspective and to oversee and supervise management of the Group from an independent position.

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

Corporate Auditor



Corporate Auditor
(Full-time)

Yuichi Shiomi

Reason for appointment as a corporate auditor

Yuichi Shiomi has been successively appointed as Corporate Auditor for his ability to conduct appropriate audits by his distinguished knowledge of finance & accounting. In addition, he conducted role in the management of the Company as General Manager of Finance & Accounting Dept. and CFO of the Company, and President and Representative Director of Mitsui E&S Business Service Co., Ltd. and is familiar with its actual situation of the Company. He has sufficient and overall experience and knowledge of financial affairs and accounting acquired through his work for financial affairs and accounting for a long period.



Outside Corporate Auditor

Koichi Tanaka

Reason for appointment as a corporate auditor

Koichi Tanaka has been successively appointed as Outside Corporate Auditor for his ability to conduct appropriate audits from an objective standpoint based on his considerable knowledge of finance and accounting from his many years in those fields, and for his vast insight on business activities and overall management based mainly on his experience as a manager of a general trading company.



Corporate Auditor
(Full-time)

Shoichi Taguchi

Reason for appointment as a corporate auditor

Shoichi Taguchi has outstanding insights in manufacturing and management and is also knowledgeable of the Group's business management, with extensive work experience as an executive officer and director of the Company and achievements as President and Representative Director of Mitsui E&S Business Service Co., Ltd.



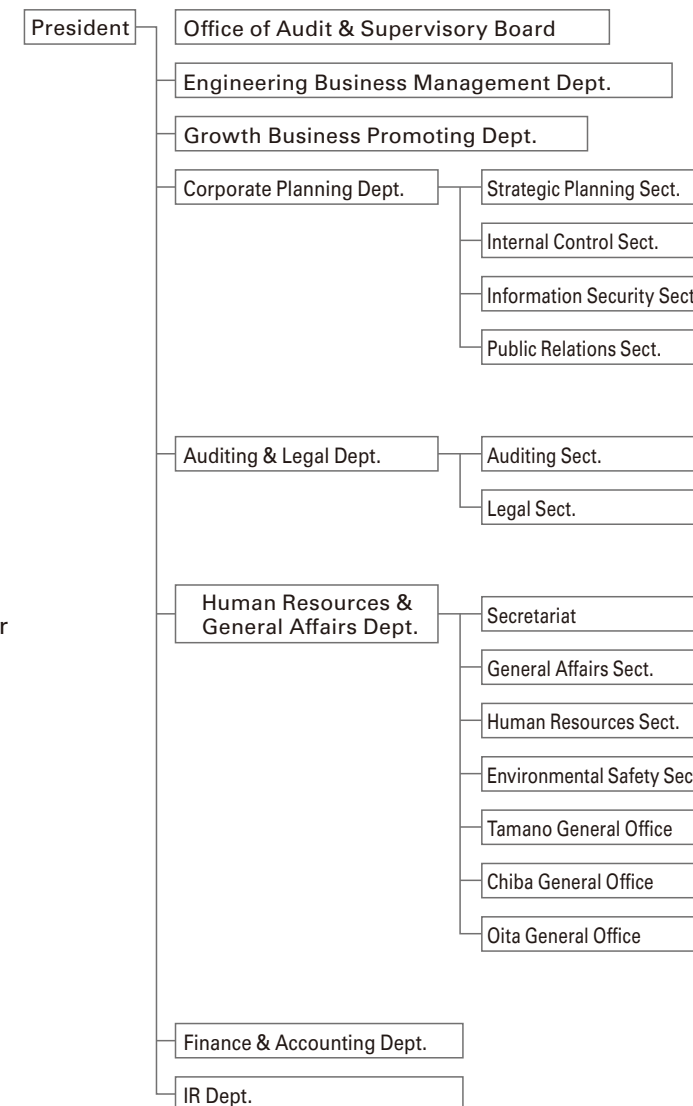
Outside Corporate Auditor

Seiichi Ueno

Reason for appointment as a corporate auditor

Seiichi Ueno has been successively appointed as Outside Corporate Auditor for his sufficient discernment of economic trend and overall corporate management acquired through his experience as an executive of a financial institution, that he is capable of carrying out audit properly based on an objective point of view.

Mitsui E&S Holdings Co., Ltd. Organization



Human Assets

Human resource 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 have set the training goal of making young employees fully-fledged within five years. We provide them with group training in their first and third years and follow-up interviews along with job-class-specific skills training, and other training programs.

As of FY2020 we have also been increasing the number of programs based on topics relating to the Group, under the theme of "getting to know our own group." We also conduct English language courses and intercultural communication training from the perspective of global human resources development. In addition, we acknowledged the advantages of web meeting style started from the perspective of preventing the spread of COVID-19, and proceed with them in combination with group training programs.



● Training System

		Job-class-specific training programs	Senior management training strategies
Targets		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) Online & group Getting to know one's own job execution abilities / Implementing problem solving	

Human Assets

● Business Skills Training

Business Skills Training aims to train employees to acquire necessary skills so that they can solve business issues facing day to day. As of FY2021, we have been increasing program in-house trainers to let employee understand more about more directly company issues. It enables employee who want to learn to do so autonomously when they want to, through online and on-demand methods.

- Training by an in-house trainers
- Training by a guest trainers

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						
Inter-mediate	Leadership Challenge Workshop	Marketing fundamentals Strategic planning Strategic negotiation skills	Accounting training 1 Accounting training 2 Accounting training 3 Legal affairs training	Problem solving and decision making	Global communication training English language course (online) TOEIC	
Elementary				Implemented as job-class-specific training Logical thinking 1 Logical thinking 2 Logical thinking 3		<p>Basic engineering training</p> <p>Young engineering employees acquire basic knowledge necessary to carry out their work, including mechanics, combustion engineering, materials engineering and analysis techniques</p>

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 Assets

Topics Wakatezemi seminars held for young employees across the group

The Mitsui E&S Group conducts Wakatezemi seminars for young employees who belong to Group companies. The seminars have three key aims.

- (1) Promote exchanges and interactions between young employees across the Group
 - (2) Create opportunities for employees to think about their own view of work through lectures and gatherings
 - (3) Enable employees to have positive feelings about the company and work by encountering various ideas
- At Wakatezemi seminars, employees engage in active Q&A sessions and exchanges of opinions, based primarily around lectures given by directors / corporate officers from other companies with various experience.



Initiatives for promoting work-life balance

● Telework System

In March 2018, we introduced a Telework System in addition to the existing Flexible Working Hours System without core time and hourly annual leave. In April 2019, the system was relaxed so that it could be used by any employee for working from home, not just for those with childcare or nursing care needs. As of July 2021, there is no limit on the number of years of service or the number of days of telecommuting possible per week. We aim to maximize the abilities of individuals through flexible and diverse work styles that are not bound by location or working hours.



Topics Mitsui E&S Machinery acquires "Platinum Kurumin" certification for the first time

Together with its operating companies Mitsui E&S Machinery and Mitsui E&S Shipbuilding, Mitsui E&S Holdings has developed and is promoting a general employer action plan based on the Japanese government's Act on Advancement of Measures to Support Raising Next-Generation Children with the aim of "developing an employment environment to help employees balance work and family life" and "contributing to the community in supporting the development of the next generation."

Under the Action Plan for FYE Mar. 2018 ('17/4-'18/3) to FYE Mar. 2019 ('18/4-'19/3), Mitsui E&S Holdings, Mitsui E&S Machinery and Mitsui E&S Shipbuilding each obtained their second "Kurumin" certification. In addition, Mitsui E&S Machinery met the requirements to acquire their first "Platinum Kurumin" certification, which is granted to companies that support the development of the next generation at an even higher level.



Human Assets

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

- 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–

- 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–

- 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 Assets

Initiatives for Human Rights

In corporate activities, each and every employee in the workplace is absolutely essential, and the work environment in which human rights are respected not only creates purpose and job satisfaction, but also maximizes what employees can do, thereby improving productivity. Based on this idea, the Group has established the Basic Policy for Enlightening People about Human Rights. By carrying out various activities on human rights awareness at every level of the Company, including training on human rights for all executives, we are striving to create an equal and non-discriminatory workplace environment that respects human rights.

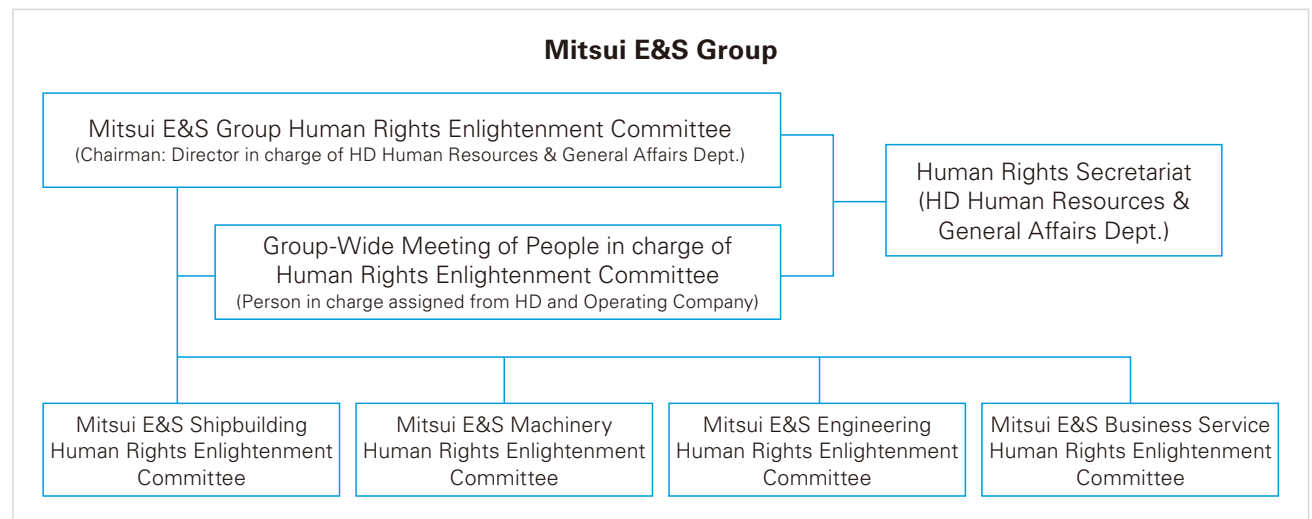


Basic policy

Mitsui E&S Holdings Co., Ltd., Mitsui E&S Shipbuilding Co., Ltd., Mitsui E&S Machinery Co., Ltd., Mitsui E&S Engineering Co., Ltd. and Mitsui E&S Business Service Co., Ltd. (hereinafter, the "Mitsui E&S Group") aim to create a corporate culture that is truly free of discrimination, together with the affiliated companies, as a corporate entity that demonstrates social responsibility. For this purpose, the Mitsui E&S Group positions the solution of human rights problems as an important task, and strives to solve these problems through daily business activities under the principle of respect for human rights.

Organizational structure (organizations and systems for promoting training)

We have appointed the director in charge of the Human Resources & General Affairs Department of Mitsui E&S Holdings Co., Ltd. as the head of the Mitsui E&S Group Committee for Promoting Human Rights Awareness. Under the head of the committee, we have established the Committee for Promoting Human Rights Awareness in each Mitsui E&S Group company. To coordinate between group companies, we have also established the Mitsui E&S Group Meeting of People in Charge of Promoting Human Rights Awareness as the advisory body.



Safety Measures

Efforts to prevent labor accidents

Based on the MES Occupational Safety and Health Management System Manual, we maintain our basic policy on occupational safety and health for the overall company declared by the employer (president). Based on this basic policy, we have developed and introduced the Company-Wide Occupational Safety and Health Management Plan. When we became a holding company on April 1, 2018, we retained the previous basic policy on occupational safety and health as the policy of the overall group. We will evolve this basic policy so that each operating company will take more meticulous, advanced measures for preventing labor accidents under the new structure.



Mitsui E&S Group 2021 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. Passing on safety principles*
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.

*being communicated to, thereby achieving a safe working environment.

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.

(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 take thorough measures against infectious diseases such as COVID-19 and influenza, firmly establish them by practicing the "New Normal" on a daily basis, and ensure the continuity of our business by preventing people from becoming infected.

Mitsui E&S Holdings Co., Ltd.
President, Representative Director CEO

Safety Measures

Safety Education

● 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.)



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 invited to check the skills of workers and provide guidance on operating procedures and safety.



● Other Initiatives

○ Cooperation with labor unions and government office-sponsored events

1. Mitsui E&S Federation of Labor Unions - Health and Safety Awareness Month (February)
2. National New Year Zero Accident Campaign, and New Year Road Safety Campaign (Dec to Jan)

○ Health and safety inspections

Health and safety inspection by the president of Mitsui E&S Holdings

○ Monthly events

1. National Safety Week, and Health and Safety Emphasis Month (July)
2. National Occupational Health Week, and Occupational Health Month (October)

Health and Productivity Management

Establishment of the Mitsui E&S Group Health Management Declaration

The Mitsui E&S Group shifted to a holding company structure in April 2018, taking a new step forward. 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.

July 1, 2019

Mitsui E&S Holdings Co., Ltd.
President, Representative Director CEO

Priority Measures

Physical Health

- 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

- 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

- 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

Health and Productivity Management

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.

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.



Health Attack program



Mitsui E&S Group counseling hotline



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

Environmental Preservation

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 Preservation

Environmental management data (non-consolidated data for former MES)

MES spent a total of ¥1,030 million on investments and costs related to environmental preservation efforts. A detailed break-down of these expenditures is shown on the right. The categories for environmental preservation costs are based on the Environmental Conservation Cost Categories shown in the Environmental Accounting Guidelines 2005. These expenditures included a total of ¥190 million spent on investment, consisting of ¥150 million spent on research and development, ¥6.8 million spent on energy conservation of global environment conservation, and ¥31.1 million spent on pollution prevention cost such as exhaust gas measures. Total non-investment costs came to ¥840 million, which included ¥530 million spent on the research and development of environmentally friendly energy-saving products, ¥76.6 million for conservation cost such as energy saving, ¥87.9 million for resource recycling, and ¥110 million as the cost for pollution prevention costs such as exhaust gas and wastewater-treatment.

● Environmental preservation cost (2021/03) (JPY million)

(= sum of investment and cost: 1,028 million yen)

Categories corresponding to business activities	Investment	Cost	Major initiatives and effects
1. Business Area Cost			
(1) Pollution prevention cost	31.1	105.2	Exhaust gas measures, Wastewater treatment, Noise countermeasures, Soil contamination countermeasures, etc.
(2) Global environmental conservation cost	6.8	76.6	Energy saving, Recycling
(3) Resource circulation cost	—	87.9	Waste treatment
2. Upstream / downstream cost	—	0.2	Green purchasing
3. Administration cost	8.2	41.1	Environmental management system implementation, Factory greening, Integrated reports, Environmental education, and open space development, etc.
4. Research & development cost	147.4	529.7	Development of various environmentally friendly products
5. Social activity cost	—	2.2	Road cleaning, Activities of the Environmental Conservation Association, Green donation, Seminar sponsorship, etc.
6. Environmental remediation cost	—	—	
Total	193.4	834.7	

Improving the Environmental Management System

● Obtained environmental management system ISO 14001 certification

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 2018 and Oita Works in 2019. 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

Social Contributions

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



Newly built training lab at the Mitsui E&S Tamano Works

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 ex-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



The 49th MITSUI Golden Glove Award Prizewinning players

Support for Fureai Concert

The activities of the Fureai Trio commenced in 2003 with a desire to expose children and people with disabilities, who have few opportunities to be exposed to classical music, to live classical music and enrich their lives spiritually. The three have been doing more since 2019 by holding the Fureai Concert. Since these activities began, the Mitsui E&S Group has not only provided sponsorship but also helped in terms of volunteers at the concert hall, etc.



Kiyomi kindergarten, Itabashi-ku, Tokyo



Takamuro Elementary School, Kanonji City

Communication

Together with customers

We work under our company philosophy of “To continue our role as a trusted company, and as a trusted member of society” In our management policy that supports the company philosophy, we have set “Achieve new value creation together with customers ” as one of our most important objectives. In our specific standards of

conduct for employees, we give top priority to “Endeavor to provide simple, unique and practical products and services” and strive to develop and provide differentiated products and services based on new findings from customers’ voices.

Together with shareholders and investors

We position IR activities as a part of the long-term business and financial strategies of senior management. We disclose our corporate information in a fair and proactive manner in our effort to deepen shareholders’ and investors’ understanding of the business activities of Mitsui E&S Holdings and the Mitsui E&S Group.

● Information disclosure and IR activities

To build better relationships with shareholders and investors, we strive to ensure timely, appropriate information disclosure and have our senior management explain our business policies and specific visions in our IR activities, so as to ensure highly transparent management.

● Provision of IR information

We publish information about our company on our website in a timely, appropriate manner. In addition to providing materials including those for results briefing sessions and those on midterm business plans, we also provide video and other content aimed at providing shareholders and other investors with greater insight into the Mitsui E&S Group. We will continue striving to provide easy-to-understand information promptly.



IR information in Corporate website

Together with business partners

As a manufacturing and engineering company, we aim to provide cost-competitive, high-quality products. In the procurement of materials and equipment for our products, we strive to ensure co-existence and co-prosperity with our business partners through fair trade with them, so as to fulfill our social responsibility.

● Basic policy on the selection of business partners

We established the Mitsui Administration Manual (MAM) in 1994. Concerning the selection of business partners by the procurement department, MAM stipulates that “As a basic principle, we shall select business partners in a fair and square manner by providing all companies that desire to be our business partners with equal, fair opportunities for participation.” We engage in procurement activities based on this principle.

● For fair and equitable dealings

We established the Rules and Ethics for Material Procurement in November 2002. It shows the ethics and behavior and activity standards for all staff engaged in procurement activities. On the basis of the utmost integrity, we strive to build equal and fair relationships of trust with business partners.

Together with local communities

We attach importance to communications with local communities. Employees in each of our business locations engage in environmental and social contribution activities locally, aiming to create a sustainable society. Information about initiatives taken at each business location is provided in this report and on our website.

11-Year Financial Performance

(¥million)

	2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3
Financial Results											
New Orders Received	499,695	686,886	662,556	1,107,750	959,784	609,621	516,577	1,160,662	710,127	996,848	576,668
Net Sales	589,209	571,852	577,093	670,067	816,520	805,413	731,464	703,216	656,504	786,477	663,834
Operating Income	38,895	31,420	24,001	19,969	13,298	11,813	8,304	△ 5,224	△ 59,703	△ 62,079	△ 12,243
Ordinary Income	36,216	32,345	26,162	26,179	14,899	15,078	14,859	3,061	△ 50,502	△ 60,457	△ 8,223
Net Income* ¹	13,493	17,880	△ 8,207	42,854	9,463	7,599	12,194	△ 10,137	△ 69,599	△ 86,210	134
Cash Flow											
Operating Cash Flow	29,223	13,564	47,182	14,499	15,167	29,802	△ 7,843	△ 3,555	66,176	△ 37,213	7,478
Investing Cash Flow (Loss)	△ 42,841	11,515	△ 12,100	△ 37,312	△ 32,385	△ 34,599	△ 28,753	△ 9,046	△ 130	84,125	21,115
Free Cash Flow	△ 13,618	25,079	35,082	△ 22,813	△ 17,218	△ 4,797	△ 36,596	△ 12,601	66,046	46,912	28,593
Financing Cash Flow (Loss)	△ 6,517	△ 32,415	△ 4,793	15,531	△ 4,374	48,216	19,401	△ 14,813	△ 53,340	△ 26,825	△ 6,813
Cash and Cash Equivalents	79,799	72,007	106,192	111,926	94,664	135,747	115,620	86,311	97,408	116,691	135,482
Financial Position											
Net Assets	193,748	209,631	207,313	323,608	347,305	343,853	367,608	356,837	280,239	105,355	95,901
Total Assets	686,325	655,929	660,397	932,896	1,074,563	1,094,042	1,096,735	1,029,222	999,100	840,380	766,449
Interest-bearing Debt* ²	172,033	144,565	148,257	187,833	188,314	239,873	265,176	255,276	204,617	173,934	164,531
Per Share Information*³											
EPS (Net Income per Share)	162.91	215.90	△ 99.14	517.98	116.26	94.03	150.87	△ 125.42	△ 861.09	△ 1,066.47	1.67
BPS (Net Assets per Share)	1,984.03	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	834.99
Dividends per Share	4.0	4.0	3.0	2.0	2.0	4.0	3.0	-	-	-	-
Share Price at the year end* ⁴	199	144	166	218	205	168	172	1,730	1,044	521	557
Key Financial Indicator											
Shareholders' Equity to Total Assets (%)	23.9	27.7	26.6	23.6	22.0	21.5	22.8	23.2	16.0	7.7	8.8
ROE (Return of Equity) (%)	8.3	10.3	△ 4.6	21.6	4.1	3.2	5.0	△ 4.1	△ 34.9	△ 77.0	0.2
D/E Ratio	1.0	0.8	0.8	0.9	0.8	1.0	1.1	1.1	1.3	2.7	2.4

*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

	2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3
Non-Financial Key Data*1											
Number of employees (consolidated)	10,326	10,025	9,881	12,055	12,291	12,705	13,171	13,421	13,607	13,408	12,703
Total energy consumption (TJ)	1,445	1,360	1,290	1,175	1,565	1,300	1,305	1,395	1,360	1,270	1,060
CO ₂ emissions	6.66	6.38	6.70	6.90	8.14	8.13	8.20	8.60	8.14	7.35	4.95

*1 non-consolidated data for former MES(Tamano Works, Chiba Works, Oita Factory)

	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3
Ratios of female and foreign-national new graduate hires*2						
Number of new graduate hires (persons)	161	212	190	108	127	155
Male employees (persons)	154	199	180	97	115	136
Female employees (persons)	7	14	10	11	12	19
Ratio of female hires (%)	4.3	6.6	5.3	10.2	9.4	12.3
Number of foreign-registered employees	1	2	1	3	2	9
Ratio of foreign-national hires (%)	0.6	0.9	0.5	2.8	1.6	5.8

	2020/3 As of April 1, 2020	2021/3 As of April 1, 2020
Ratio of female employees among all employees and average years of service*2		
Number of employees (persons)	3,591	3,045
Male employees (persons)	3,315	2,849
Average length of service for male	14	14
Female employees (persons)	276	196
Ratio of female employees (%)	7.7	6.4
Average length of service for female employees	12	12

	2020/3	2021/3
Number of childcare leave users*2		
Number of employees taking leave (persons)	25	13
Male (persons)	3	5

	2020/3	2021/3
Number of employees taking caregiving leave and volunteering leave*2		
Number of employees taking leave (persons)	3	2
Male employees (persons)	2	2

	Total (persons)	Male employees (persons)	Female employees (persons)	Ratio of female employees(%)
Ratios of male and female employees by job-class*2				
Directors / officers (persons)	28	28	0	0
Executive officers and board members (persons)	8	8	0	0
General managers and section managers (persons)	34	33	1	2.9
Supervisor managers (persons)	380	371	9	2.4
Assistant section managers and supervisors (persons)	745	693	52	7.0

	Number of statutory full-time employees / workers	Number of employees (persons)	Employment ratio (%)
Number and ratio of employees with disabilities*2			
Mitsui E&S Holdings	169	2	1.18
Mitsui E&S Shipbuilding	1436	30	2.09
Mitsui E&S Machinery	2112.5	48	2.27
Mitsui E&S Engineering	104	3	2.88
Mitsui E&S Business Service	91	1	1.10
Total	3,912.5	84	2.15

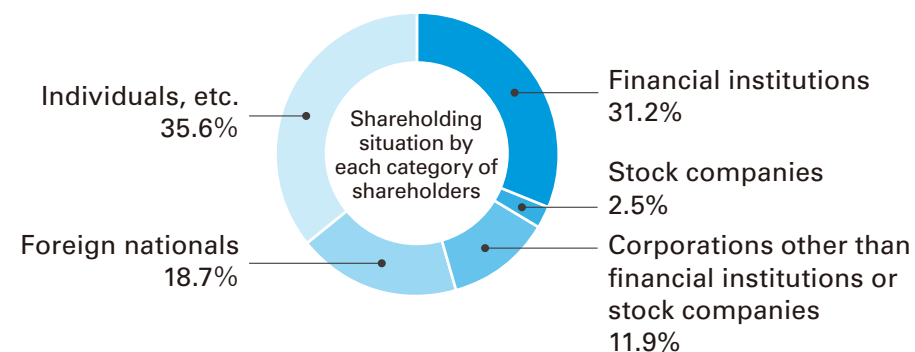
*2 non-consolidated data for former MES

Stock and Bonds (As of March 31, 2021)

Shareholding situation by each category of shareholders

The total number of shareholders: 53,625

Category	Number of shareholders	Number of Shares Held	Shareholding Ratio (%)
Financial institutions	53	25,936,547	31.2%
Stock companies	59	2,071,572	2.5%
Corporations other than financial institutions or stock companies	392	9,905,145	11.9%
Foreign nationals	255	15,572,932	18.7%
Individuals, etc.	52,866	29,612,521	35.6%



Major 10 shareholders

Name	Number of Shares' Held (Thousand Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,437	7.96
Imabari Shipbuilding Co., Ltd.	2,900	3.58
Custody Bank of Japan, Ltd. (Trust Account)	2,722	3.36
Mitsui & Co., Ltd.	2,550	3.15
The 114th Bank	2,498	3.09
Custody Bank of Japan, Ltd. <small>(Trust Account for the retirement allowance for Sumitomo Mitsui Trust Bank, Limited)</small>	2,331	2.88
CITIBANK HONG KONG PBG CLIENTS H.K.	2,100	2.59
TAIJU LIFE INSURANCE COMPANY LIMITED	1,600	1.97
Sumitomo Mitsui Banking Corporation	1,364	1.68
Custody Bank of Japan, Ltd. (Trust Account 5)	1,186	1.46

Notes: 1. The Company owns 2,250,644 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.

Company Profile (As of March 31, 2021)

Company Profile

Company Name	Mitsui E&S Holdings Co., Ltd. (Since April 1, 2018)	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	12,703 (Consolidated)
Capital	¥44,385 million		

Main group companies

Mitsui E&S Shipbuilding Co., Ltd.

MES YURA DOCK CO.,LTD.
Niigata Shipbuilding & Repair, Inc.
TGE Marine Gas Engineering GmbH

Mitsui E&S Machinery Co., Ltd.

Mitsui E&S Power Systems Co., Ltd.	Mitsuizosen Technoservice Hongkong Ltd.
MITSUI MEEHANITE METAL CO.,LTD.	MITSUI E&S ASIA PTE. LTD.
SANZO MANUFACTURING & CONSTRUCTION CO. LTD.	Mitsuizosen Technoservice Taiwan Co., Ltd.
Mitsui E&S Technical Research Co., Ltd.	MES Technoservice Middle East W.L.L
AZUMA MACHINERY CO.,LTD.	MES Technoservice Machinery Construction Logistics Industry and Trade Corporation
Mitsui E&S Machinery Europe Limited	MES Technoservice Malaysia Sdn. Bhd.
MES(THAILAND)LTD.	PACECO Corp.
MES Ferrotec China Co., Ltd.	
MES Technoservice (Shanghai) Co., Ltd.	

Mitsui E&S Engineering Co., Ltd.

Mitsui E&S Business Service Co., Ltd.
Mitsui E&S Systems Research Inc.
MES Facilities Co., Ltd.
MODEC, Inc.

KAJI TECHNOLOGY CORPORATION

Akishima Laboratories (Mitsui Zosen) Inc.
MES TOKKI & ENGINEERING CO., LTD.
MES SHIPPING CO.,LTD.
Shikoku Dockyard Co., LTD
Burmeister & Wain Scandinavian Contractor A/S
Mitsui E&S (CHINA) CO., LTD.
MES Technoservice (Shanghai) Co., Ltd.
Mitsui Thang Long Steel Construction Co., Ltd.
DASH ENGINEERING PHILIPPINES, INC.

Company Profile (As of March 31, 2021)

Offices and Works

- Holdings
- Shipbuilding
- Machinery
- Engineering
- Business Service

- Kansai Office
- Kobe Office
- Tamano General Office
- Tamano Shipyard
- Tamano Machinery Factory
- Tamano Office
- Okayama Office
- Kure Office
- Oita General Office
- Oita Works
- Kyushu Office
- Chubu Office(Nagoya)
- Nagoya Office
- Head Office/
Makuhari Center Office
- Chiba Office
- Chiba General Office
- Chiba Office
- Head Office
- Tokyo Office
- Keihin Office

- Mitsui E&S Machinery Europe Limited.
- TGE Marine Gas Engineering GmbH
- Burmeister & Wain Scandinavian Contractor A/S
- MES Technoservice Machinery Construction Logistics Industry and Trade Corporation
- Mitsui Thang Long Steel Construction Co., Ltd.
- Mitsuzosen Technoservice Hongkong Ltd.
- Mitsui E&S (China) Co., Ltd.
- MES Technoservice (Shanghai) Co., Ltd.
- MES Ferrotec China Co., Ltd.
- MES Technoservice (Shanghai) Co., Ltd.
- Mitsuzosen Technoservice Taiwan Co., Ltd.
- PACECO Corp.
- MODEC International, Inc.
- MES Technoservice Middle East W.L.L
- DASH Engineering Philippines, Inc.
- Jakarta Representative Office
- MES (Thailand) Ltd.
- MITSUI E&S ASIA PTE. LTD.
- MES Technoservice Malaysia Sdn Bhd
- AZUMA Engineering (S) Pte Ltd.

● Mitsui E&S Group INTEGRATED REPORT 2021

Under our Company Philosophy of “To continue our role as a trusted company, and as a trusted member of society” we at Mitsui E&S Holdings Co., Ltd. uphold our corporate philosophy as we strive to be a company that uses manufacturing to contribute to social development and preserve the global environment. 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.

Coverage of the report

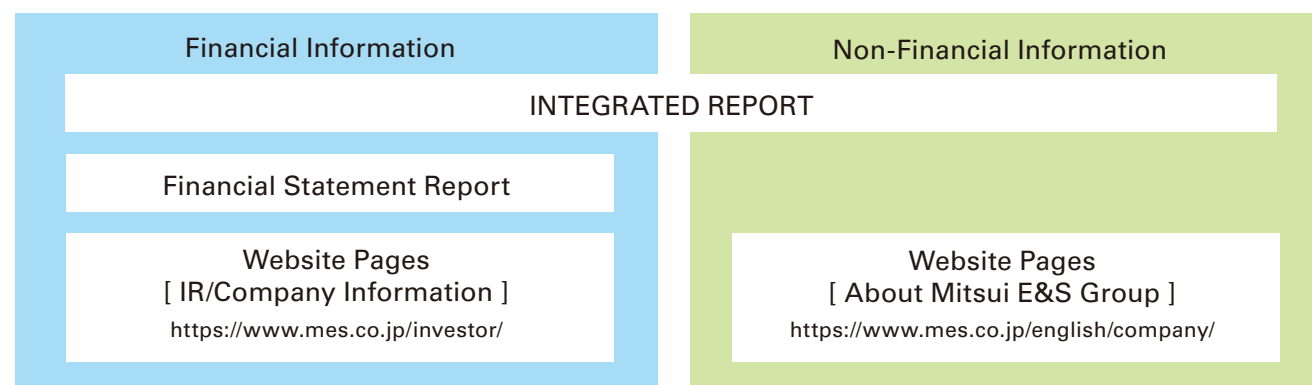
This report covers the period from April 2020 to March 2021.
(However, some sections include information for April 2020 and thereafter.)

Issued in: July 2021

Guidelines used as reference

- “Guidance for Collaborative Value Creation,” METI of Japan
- GRI Sustainability Reporting Standards, Global Reporting Initiative
- SASB 「Industrial Machinery & Goods」

● Positioning of “Mitsui E&S Group Integrated Report”



SUSTAINABLE DEVELOPMENT GOALS

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

● 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.

Inquiries

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



Mitsui E&S Holdings Co., Ltd.