

MITSUI E&S Rolling Vision 2024

~Revised concept for our mid- and long-term plan~



August 8, 2024

MITSUI E&S Co., Ltd.

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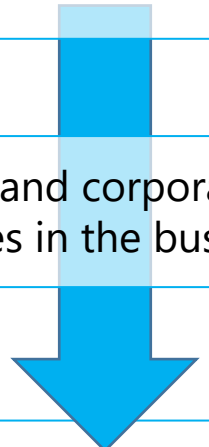
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Introduction to MITSUI E&S Rolling Vision 2024

- ✓ Since 2019, we have been working on transforming our business portfolio and have achieved the numerical targets of the “Mid-Term Business Plan 2023” ahead of schedule.
- ✓ Completed partial sale of MODEC shares, Redeemed Class-A preferred shares, and Improved financial soundness through large-scale reductions in interest-bearing debt.

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- ✓ Transitioned to a stage where strong growth and corporate value enhancement are expected, and management that flexibly responds to changes in the business environment surrounding us.

- ✓ Changed from the traditional mid-term business plan (every three years) to a rolling plan and formulated the “MITSUI E&S Rolling Vision.”
- ✓ Shifted to Cost of Equity and Cost of Debt Conscious Management, and is working towards further enhancing corporate value.

1. MITSUI E&S Group Management Concept

➤ Our mission

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

Implement resolute management in core business domains

➤ Vision in 2030

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

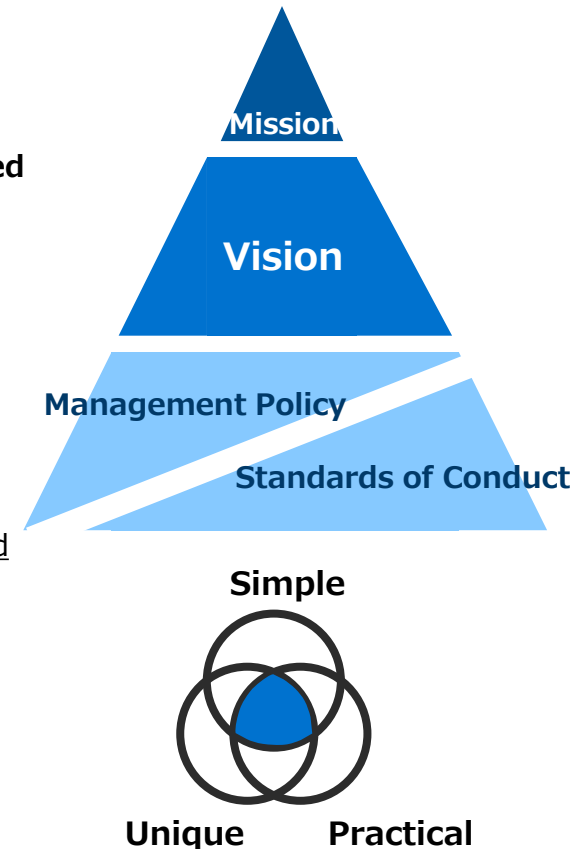
➤ Management Policy

- **Create new value together with customers** ⇒ Business development
(Commitment to customers and suppliers)
Conduct business through needs-oriented marketing and innovation in relevant technologies
- **Seek a sound financial structure and steady profit** ⇒ Finance & Corporate Planning
(Commitment to shareholders and financial institutions)
Manage and operate our group through the timely evaluation of marginal profit and fixed costs
- **Accelerate the resolution of sustainability issues** ⇒ Personnel and general affairs
(Commitment to employees and society)
Address climate change, population decline and diversity in consideration of employees' health and safety

➤ Standards of Conduct

Endeavor to provide simple, unique and practical products and services

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



➤ Considering new plans to realize MITSUI E&S group's Mission and Vision

2. Growth Strategy Roadmap

Completion of Business Revival Plan and recovery of financial status to a new stage.

Vision in 2030 : In the marine domain, we create a carbon-free society and resolve challenges induced by depopulation

	2022	2023	2024	2025	2026	2030
	MITSUI E&S Group Business Revival Plan		MITSUI E&S Rolling Vision 2024			Vision
	Start one year ahead of schedule Mid-Term Business Plan 2023					
Functional Strategies	Achieve the numerical targets of Mid-Term Business Plan 2023		Flexibly responding to changes in our business environment.			Cost of Equity and Cost of Debt Conscious Management
Finance	<ul style="list-style-type: none"> ✓ Completion of Business Revival Plan ✓ Significant reduction of interest-bearing debt 		<ul style="list-style-type: none"> ✓ Cost of Equity and Cost of Debt Conscious Management ✓ Balance sheet management considering performance indicators 			<ul style="list-style-type: none"> ● Achieving ROIC > WACC ● Profit return to stakeholders (dividend payout ratio of 30%)
Human Resource	Technological strength × English Proficiency × Accounting Knowledge IT Utilization		<ul style="list-style-type: none"> ✓ Press ahead with the diversification of personnel ✓ Penetration of the renewed personnel system ✓ Investment in our human capital 			Organizational Culture Reform and Employee Awareness Reform <ul style="list-style-type: none"> ● Further promotion of female and foreign nationals Female : 10% Foreign nationals : 5% ● Realizing an environment and education system to support diverse talents in thriving
Business Strategy	Green Strategy Digital Strategy		<ul style="list-style-type: none"> ✓ Investment for the technical development and manufacturing ✓ Development of new businesses 			Achievement of Material Issues <ul style="list-style-type: none"> ● CO₂ reductions through sales and operation units of environmentally friendly products : ▲ 10 million t-CO₂/year or more ● Cumulative units (Automation, system) : 1,000 units or more

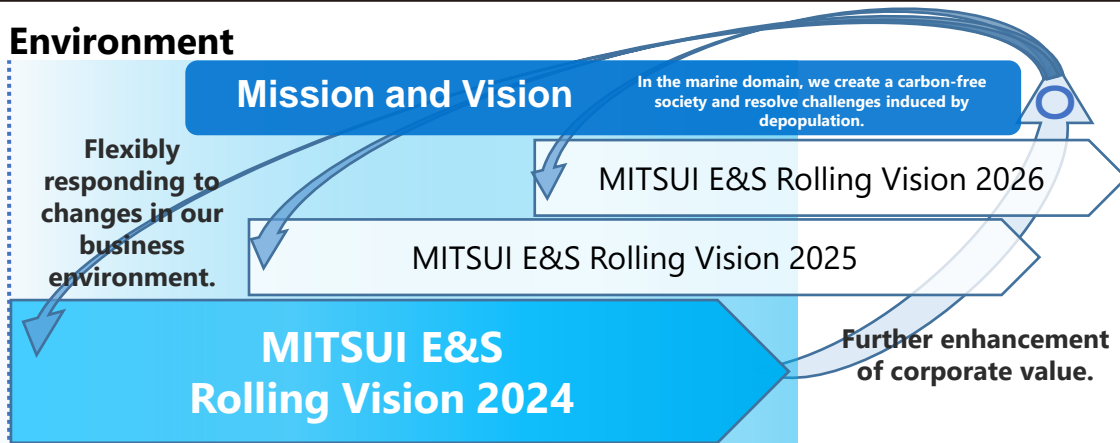
➤ Towards a new stage in realizing our Vision

3. Formulation and Strategic System of MITSUI E&S Rolling Vision

Flexibly Responding to Changes in our Business Environment

Introduced a rolling plan to replace the traditional three-year mid-term business plan to respond to changes in the business environment.

- ✓ Formulate and roll plans for three years ahead each term.
- ✓ Cost of Equity and Cost of Debt Conscious Management



Operating Income : 19.6 billion yen

temporary factors
(*)
(15.4 billion yen)

Operating Income:
22 billion yen or more.

Traditional mid-term business plan
(Mid-Term business Plan 2026).

one year ahead of schedule

Mid-Term business Plan 2023 (2022-2025)
Achieved the financial targets for the end of FY2023 ahead of schedule.

Business Revival Plan(2019-2022)

19 billion yen
in mid-term business plan 2023

	2022	2023	2024	2025	2026	2027
Completion of Business Revival Plan		Achieved targets ahead				
Operating Income ratio		6.5% (5.1%) ^(*)	5.7%	6.2%	6.5%	
Dividend payout ratio		2.0%	5%	15%	20%	

➤ Introduced the rolling plan (MITSUI E&S Rolling Vision) to flexibly respond to changes in our business environment.

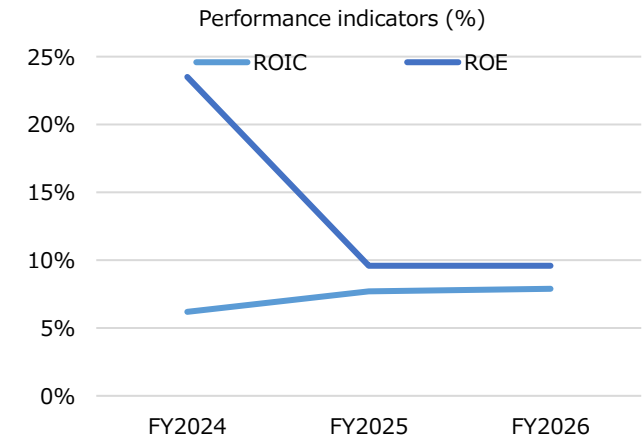
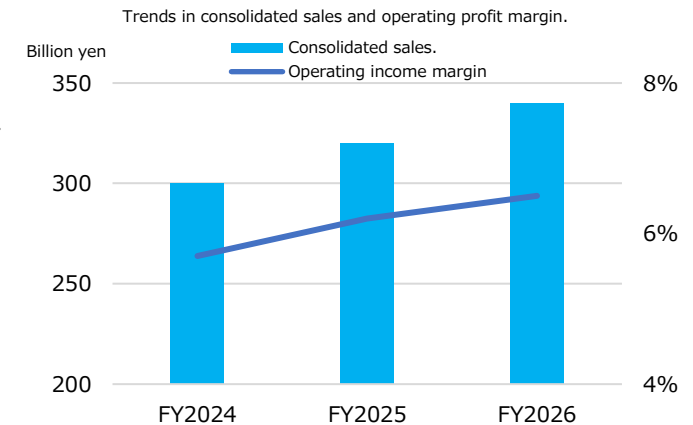
(Note) Excluding temporary factors of FY2023 operating income (・Gain on reversal of provision for loss on overseas civil engineering construction ・Positive difference in past service cost due to the extension of retirement)

4. Functional Strategies : Finance

Cost of Equity and Cost of Debt Conscious Management

- ✓ Significant improvement in equity ratio due to improvement in operating income and reduction of interest-bearing debt.
- ✓ Aiming for Return On Invested Capital(ROIC)* that exceeds Weighted Average Cost of Capital (WACC).

MITSUI E&S Rolling Vision 2024				
Performance trends (consolidated)	FY2024	FY2025	FY2026	Improvement in equity ratio. Significant reduction in interest-bearing debt. Received Rating Long-term : BBB- and Outlook : Positive from JCR(Japan Credit Rating Agency, Ltd) on July 2024.
Net Sales	300 billions of yen	320 billions of yen	340 billions of yen	
Operating income ratio	5.7%	6.2%	6.5%	
Equity ratio.	37%	39%	40%	
Interest-bearing debt.	About 100 billion yen			
Performance indicators	FY2024	FY2025	FY2026	Target : ROIC > 8% Management conscious of Balance Sheet. Striving to return profits to stakeholders and enhance corporate value.
ROIC	6%	8%	8%	
WACC	Aiming for ROIC > WACC in the future.			
ROE	24%	10%	10%	
PBR	Around 1x or more (guideline)			
Dividend payout ratio	5%	15%	20%	



➤ Striving to return profits to stakeholders and enhance corporate value through Balance Sheet Management considering new performance indicators.

(※) ROIC=(Operating income - Total taxes) / (Average Shareholder's equity and Interest-bearing debt at the end of the previous period)

5. Functional Strategies : Human resource

Promoting Diversity and Investing in our Human Capital

Further promotion of female and foreign national employees

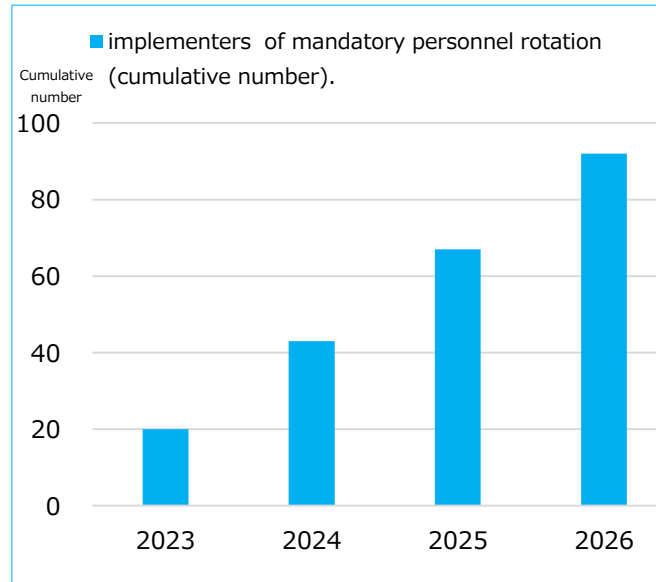
- ✓Strengthening not only new graduate recruitment but also career (mid-career) recruitment, expecting further increases in female and foreign national employees
- ✓Increasing opportunities for young people to be appointed to management positions under the new personnel system, expecting more opportunities for female employees in the target age group.
- ✓Percentages of female directors: 25.0%, Percentages of foreign national directors12.5%(as of August 2024, both 0% in FY2023).

Ratio of female employees	2023	2024	2025	2026
Managers	3.4%	3.7%	3.9%	4.0%
Overall	6.7%	7.7%	7.7%	7.7%
New engineer <small>(Hiring quota ratio)</small>	9.4%	13.3%	13.3%	13.3%
Career <small>(Hiring quota ratio)</small>	10.0%	10.0%	10.0%	10.0%

Ratio of foreign nationals	2023	2024	2025	2026
Managers	0.0%	0.3%	0.6%	0.8%
Overall	2.2%	2.1%	2.9%	3.1%
New engineer <small>(Hiring quota ratio)</small>	6.3%	3.3%	3.3%	6.6%
Career <small>(Hiring quota ratio)</small>	3.3%	3.3%	3.3%	5.0%

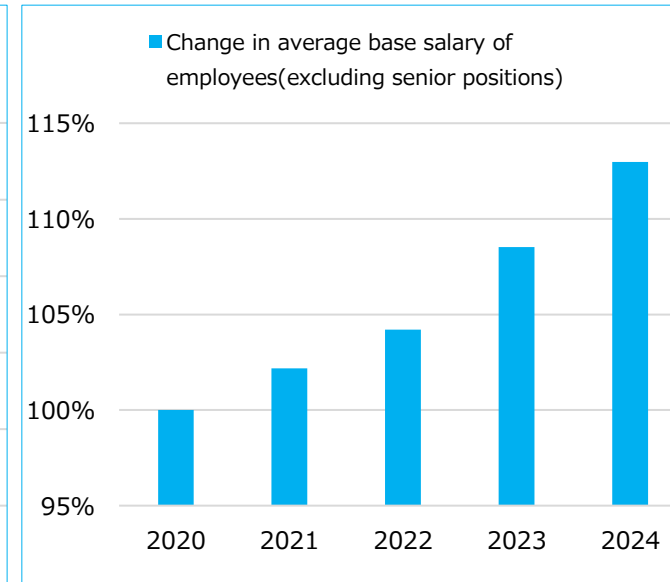
Penetration of the renewed personnel system.

- ✓Mandatory personnel rotation after certain period for administrative and technical personnel up to 5~10 years with our company to promote diverse growth.
- ✓Planning to exceed 70 people (35% of target personnel) over three years from FY2024 to FY2026.
- ✓Supporting the acquisition of English proficiency, accounting, and IT knowledge as promotion requirements.



Investment in our human capital (improvement employees compensation).

- ✓Average base salary over the past five years has gradually improved as a result of salary raises and wage improvements
- ✓The standard is the same regardless of gender or nationality.
- ✓ Extending the retirement age from 60 to 65, effective from April 2024
- ✓Increasing investment in our human capital, focusing on not only salary but also talent development and housing support such as employee benefit programs






➤ Developing diverse human resources who can create new value together with customers towards growth.

6. Business Strategy

Challenges and Initiatives in our core Businesses

✓Investment in the technical development and manufacturing through improved financial soundness for further growth of the core businesses and development of new businesses to achieve materiality.

<p>Green Strategy: GX</p>	<p>Core business products with overwhelming market share.</p>		<p>Development of new businesses</p>
<p>Products for the realization of a carbon-neutral society</p> <p>CO₂ emissions reduction</p>	<p>Marine propulsion systems</p>	<p>Logistics Systems</p>	<p>New Business Development</p>
<p>Digital Strategy: DX</p>	 		
<p>Offering services using digital technologies that are necessary to address a society with a shrinking population</p> <p>Automation and Systemization</p>	<ul style="list-style-type: none"> New fuel engine initiatives Enhancing competitiveness through strengthening development and production capabilities. Remote Maintenance and Diagnostic Services <p>【Domestic market share of 2023】^(※1)</p> <p>Marine low-speed two-stroke engine 75% (1st)</p>	<ul style="list-style-type: none"> Global market expansion of port logistics business, including the United States. Port Crane Decarbonization Initiatives remote operation and automation of port cranes <p>【Domestic market share of FY2023】</p> <p>Portainer®^(※2) : 38% (1st)</p> <p>Transteiner®^(※3) : 94% (1st)</p>	<ul style="list-style-type: none"> Supplying products for energy transition and moving away from fossil fuel dependence. Optimal operation of port-related products. Contributing to the realization of a carbon-neutral society through the provision of various products and services.

➤ Investment in the growth of the core businesses and development of new businesses.

※1 MITSUI E&S Group63% + Sub licensee(Makita)12% ※2 Brand name of Ship to Shore Gantry Crane of our subsidiary PACECO Corp, which we are in technical cooperation. ※3 Brand name of Rubber Tyred Gantry cranes of our subsidiary PACECO Corp, which we are in technical cooperation

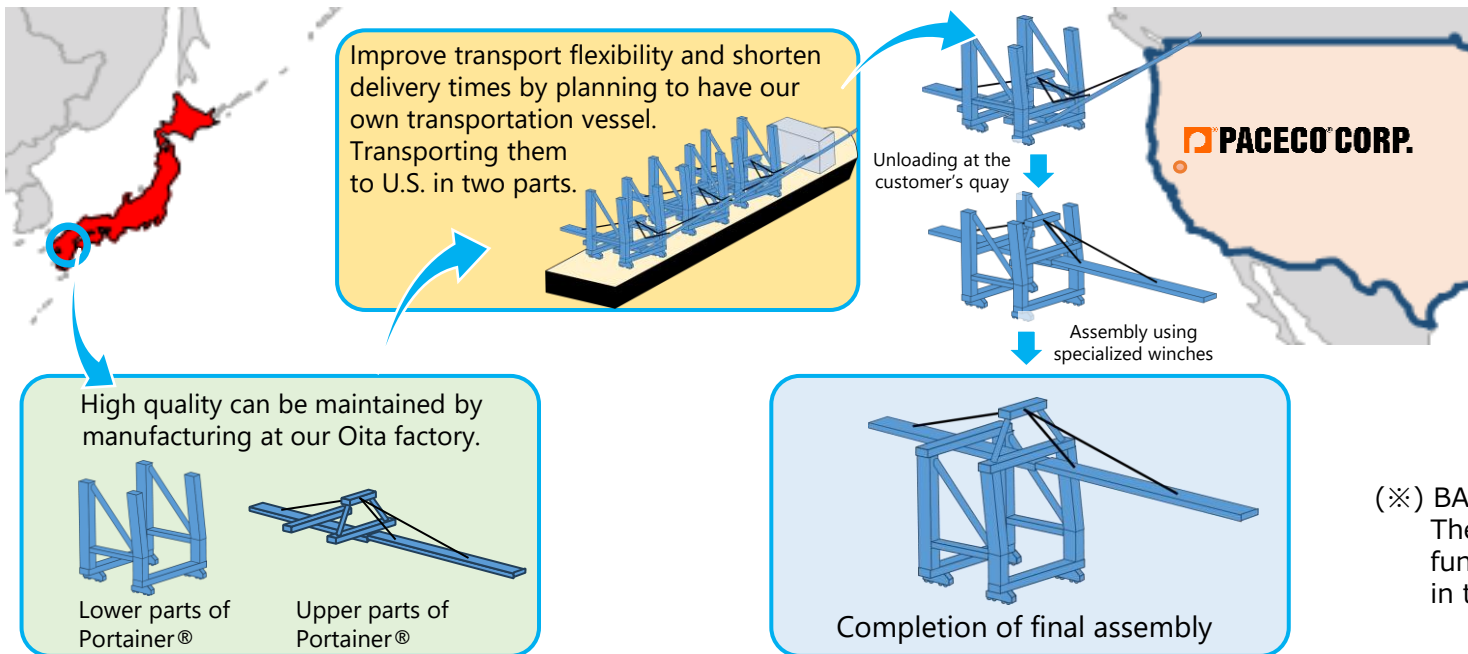
6-1. Topics in Business Strategy

Response to the U.S. Port Crane Demand and Contribution to Port Infrastructure Safety

- ✓ Consideration of contributing to meeting U.S. demand and securing port infrastructure in cooperation with PACECO Corp. (our U.S. subsidiary) and Brookfield(a Canadian company).
- ✓ Evaluating manufacturing and transportation schemes that achieve high quality, short delivery times, and BABA^(※) compliance, as the first phase.
- ✓ Our plan to have our own transportation vessel allows for greater flexibility and shorter delivery times for U.S. shipments.

Strengthening of response to the U.S. demand through collaboration of three companies 【MITSUI E&S + PACECO + Brookfield】

Phase 1 Manufacturing and Transportation Scheme Evaluation



Phase 2



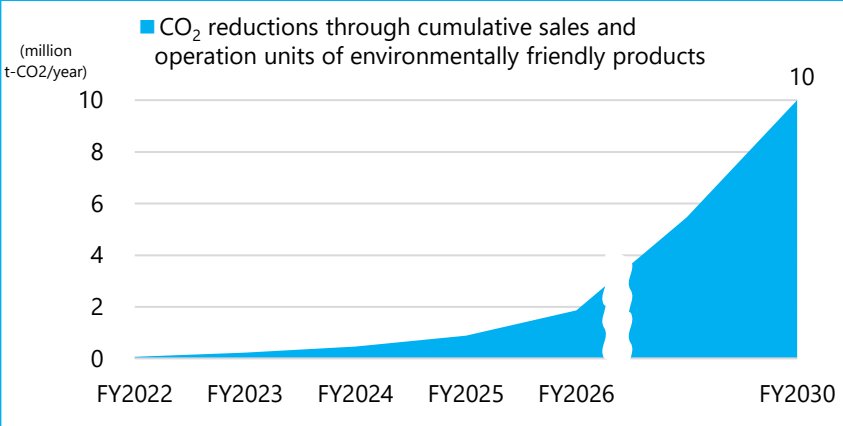


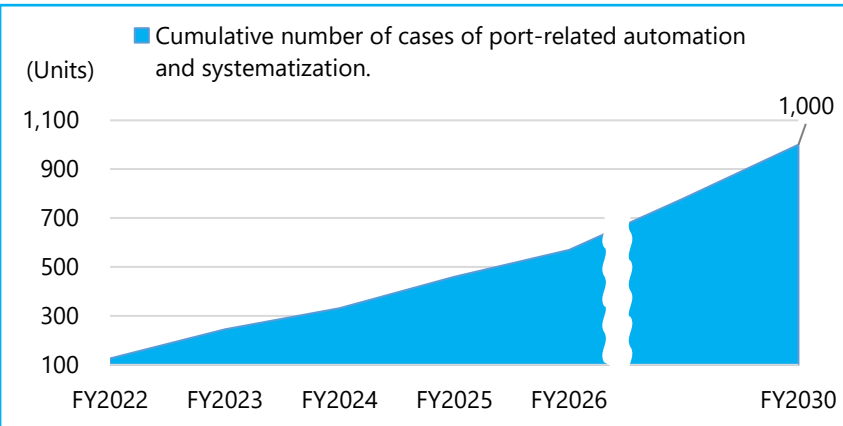
- ✓ Contribute to the security of the U.S. port infrastructure
- ✓ Preparing a scheme that can maintain high quality.
- ✓ Aiming to expand crane production range in the U.S.

(※) BABA means "Build America, Buy America". The act that requires infrastructure projects funded by the U.S. government to be made in the U.S.

- Considering manufacturing and transportation schemes to achieve high quality, short delivery times, and BABA compliance, and further strengthening response to the U.S. project through collaboration among the three companies.

6-2. Initiatives on Sustainability Issues

Reviewed and reset the indicators and targets to measure the penetration into society

Material issues	FY2030 Target	
<p>Creating a decarbonized society</p> <p><Related SDGs></p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>7 エネルギーをみんなに そしてグリーンに</p>  </div> <div style="text-align: center;"> <p>13 気候変動に 具体的な対策を</p>  </div> </div>	<ul style="list-style-type: none"> • Through cumulative sales and operation units from 2022 to 2030 of environmentally friendly products onto the market CO₂ reductions : ▲ 10 million t-CO₂/year or more. *1 • CO₂ emissions reductions from production activities through expansion of green power : ▲ 10 thousand t-CO₂/year or more. <p style="font-size: small;">*1 Comparison with emissions from conventional specifications (heavy oil/light oil-fired) products of the same quantity.</p>	 <p>(million t-CO₂/year)</p> <p>■ CO₂ reductions through cumulative sales and operation units of environmentally friendly products</p>
<p>Resolving issues of a society with a shrinking population</p> <p><Related SDGs></p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>9 産業と技術革新の 基盤をつくろう</p>  </div> <div style="text-align: center;"> <p>17 パートナーシップで 目標を達成しよう</p>  </div> </div>	<p>Cumulative sales and operation units of port-related products automation and systematization from 2022 to 2030: 1,000 units or more.</p> <p>Various systems such as remote control Transteiner®, remote control Portainer®, CTMS, etc.</p>	 <p>(Units)</p> <p>■ Cumulative number of cases of port-related automation and systematization.</p>

➤ Re-setting indicators and targets based on the actual state of the business and addressing sustainability issues.

7. Conclusion

2024 MITSUI E&S Rolling Vision

<p align="center">Introduction of MITSUI E&S Rolling Vision.</p>		<ul style="list-style-type: none"> ● Achieved the Mid-Term Business Plan 2023 ahead of schedule and significantly improved financial soundness, moving to a new stage. ● Refreshed from the traditional three-year mid-term business plan to a rolling plan. ● Formulating and rolling plans for three years ahead each term, formulating the “MITSUI E&S Rolling Vision” to flexibly respond to changes in our business environment.
<p align="center">Functional Strategies</p>	<p align="center">Finance</p>	<ul style="list-style-type: none"> ● Business management that also pays attention to cost of equity and cost of debt ● Aiming for ROIC > WACC. ● Balance sheet management monitoring PBR, ROE and dividend payout ratio.
	<p align="center">Human resource</p>	<ul style="list-style-type: none"> ● Pressing ahead with the diversification of personnel, increasing opportunities for female and foreign national employees ● Penetration of the renewed personnel system and the mandatory personnel rotations ● Increasing investment in our human capital, focusing on not only salary but also talent development and housing support such as employee benefit programs
<p align="center">Business Strategy</p>		<ul style="list-style-type: none"> ● Further growth of the core businesses with a focus on green and digital strategy ● Providing decarbonization-related products and developing new businesses.

➤ Striving to further enhance corporate value through MITSUI E&S Rolling Vision.



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