

## Consolidated Financial Results for the Three Months Ended June 30, 2022 (Under Japanese GAAP)

Company name: Mitsui E&S Holdings Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 7003  
 URL: <https://www.mes.co.jp/>  
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 Scheduled date to file quarterly securities report: August 5, 2022  
 Scheduled date to commence dividend payments: -  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for analysts)

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

### 1. Consolidated Financial Results for the Three Months Ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

#### (1) Consolidated Operating Results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income (loss)		Ordinary income (loss)		Profit (loss) attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2022	50,575	(72.8)	(6,701)	-	(4,235)	-	(1,877)	-
June 30, 2021	185,927	15.6	2,760	-	6,656	-	5,712	-

Note: Comprehensive income For the three months ended June 30, 2022: ¥ 7,112 million [ (51.9%) ]  
 For the three months ended June 30, 2021: ¥ 14,782 million [ - % ]

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Three months ended		
June 30, 2022	(22.93)	-
June 30, 2021	70.66	70.58

#### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2022	419,760	80,454	17.8
March 31, 2022	409,150	62,949	14.0

Reference: Equity As of June 30, 2022: ¥ 74,670 million As of March 31, 2022: ¥ 57,091 million

#### 2. Dividends

Common stock	Annual dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended/ending	Yen	Yen	Yen	Yen	Yen
March 31, 2022	-	0.00	-	0.00	0.00
March 31, 2023	-	-	-	-	-
March 31, 2023 (Forecast)	-	0.00	-	0.00	0.00

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

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

### 3. Forecast of Financial Results (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

Fiscal year ending	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
March 31, 2023	250,000	(56.8)	5,000	-	3,000	-	2,000	-	24.43

Note: Revisions to the most recently announced forecast of financial results: None

Reference: Estimate is based on exchange rate of USD1.00 = JPY125.0

#### \* Notes

- (1) Changes in significant subsidiaries during the period  
(changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of specific accounting treatment for preparing the quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- i) Changes in accounting policies due to revisions of accounting standards: None
  - ii) Changes in accounting policies due to other reasons: Yes
  - iii) Changes in accounting estimates: None
  - iv) Restatement: None

(4) Number of issued shares (common stock)

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

As of	shares
June 30, 2022	85,887,817
March 31, 2022	83,098,717

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

As of	shares
June 30, 2022	2,233,571
March 31, 2022	2,238,851

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

Three months ended	shares
June 30, 2022	81,855,569
June 30, 2021	80,848,043

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

#### \* Proper use of earnings forecasts, and other special matters

(Notice regarding forward-looking statements)

The forecasts for financial results are based on information available at the time this report was released. These forecasts and other forward-looking statements are not guarantees of future performance. Actual operating results may differ from the above forecasts due to known and unknown risks, uncertainties, and other factors.

(Where to get the supplementary explanatory materials)

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

#### Reference: Dividends for Preferred Stock

Dividend per share for Class-A Preferred stock is as follows:

Class-A Preferred stock	Annual dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended/ending	Yen	Yen	Yen	Yen	Yen
March 31, 2022	-	-	-	-	-
March 31, 2023	-	-	-	-	-
March 31, 2023 (Forecast)	-	-	-	29.38	29.38

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

### Application of International Financial Reporting Standards to the Affiliate using Equity Method

MODEC, Inc., the affiliate accounted for using equity method, used to apply Generally Accepted Accounting Principles in Japan and now has adopted International Financial Reporting Standards (IFRS) from FY2021. This adoption was made for the purposes of 1) better comparability of financial information and 2) strengthening management control by unifying the accounting standards across MODEC group, as MODEC group operates business globally. This change of accounting policy is applied retrospectively, and quarterly consolidated financial results for the prior period has been restated. Because of the partial sale of MODEC shares, they were excluded from the scope of consolidation and became affiliates accounted for using equity method on the end of 3rd quarter of FY2021.

This change has no effect on Quarterly Consolidated Statements of Operations, but reflecting the cumulative effects to the beginning balance of net assets as of April 1, 2021, beginning balances for the previous fiscal year of Retained earnings, Unrealized gains (losses) on hedging derivatives and Non-controlling interests have decreased by 2,861 million yen, 591 million yen and 4,069 million yen, respectively, and beginning balance for the previous fiscal year of Foreign currency translation adjustments has increased by 101 million yen, comparing before and after retrospective restatement.

### Overview of Reportable Segment

Reportable Segment is classified into 4 segments: Ship, Ocean Development, Machinery and Engineering. Main products and services of each Reportable Segment are as follows.

Reportable Segment	Main Products and Services
Ship	Commercial ships, high speed passenger/vehicle ferries, offshore structures, underwater TV vehicles, design engineering services, ship related equipments, steel structures
Ocean Development	FPSOs (floating production storage offloading vessels)
Machinery	Marine and stationary diesel engines, marine equipments, gas engines, steam turbines, blowers, process compressors, gas turbines, cogeneration system, process equipment, container cranes, industrial cranes, container terminal management systems, HWM manipulators, equipment of radar sensing for underground and construction, induction heaters, wave generators
Engineering	Power generation business, overseas civil/architectural works

Note: "Ocean Development" consists of affiliates accounted for using equity method.

## Information about Sales, Segment Income and Loss and Other Items for each Reportable Segment

Reportable Segment information for the three months ended June 30, 2021 and 2022 were as follows:

from April 1, 2021 to June 30, 2021

(Millions of yen)

	Ship	Ocean Development	Machinery	Engineering	Sub total	Others	Total	Adjustments	Consolidated
Net Sales:									
Outside customers	9,010	119,855	38,157	2,723	169,747	16,180	185,927	-	185,927
Inter segment	82	-	321	2	407	3,149	3,557	(3,557)	-
<b>Total</b>	<b>9,093</b>	<b>119,855</b>	<b>38,478</b>	<b>2,726</b>	<b>170,154</b>	<b>19,330</b>	<b>189,484</b>	<b>(3,557)</b>	<b>185,927</b>
Segment income (loss)	214	1,647	604	(239)	2,225	534	2,760	-	2,760
Other Items:									
New orders	3,630	45,840	37,191	162	86,824	9,480	96,305	-	96,305

Note 1: "Others" is the segment which is not included in Reportable Segment and includes Stationary diesel power generation plants, Telecommunications equipment related business, Systems development, Gas carriers engineering, Special facilities for naval ships and aircraft related business and others.

Note 2: Segment income (loss) is adjusted with operating income in Quarterly Consolidated Statements of Operations.

from April 1, 2022 to June 30, 2022

(Millions of yen)

	Ship	Ocean Development	Machinery	Engineering	Sub total	Others	Total	Adjustments	Consolidated
Net Sales:									
Outside customers	3,338	-	35,770	1,652	40,762	9,812	50,575	-	50,575
Inter segment	17	-	79	-	97	2,378	2,476	(2,476)	-
<b>Total</b>	<b>3,356</b>	<b>-</b>	<b>35,850</b>	<b>1,652</b>	<b>40,860</b>	<b>12,191</b>	<b>53,051</b>	<b>(2,476)</b>	<b>50,575</b>
Segment loss	(23)	(1,047)	(822)	(5,360)	(7,254)	(494)	(7,749)	1,047	(6,701)
Other Items:									
New orders	5,586	-	82,042	32	87,661	18,923	106,584	-	106,584

Note 1: Segment loss in "Ship," "Machinery," "Engineering" and "Others" represents "Operating income (loss)," and in "Ocean Development" represents "Share of profit (loss) of entities accounted for using equity method."

Note 2: "Others" is the segment which is not included in Reportable Segment and includes Stationary diesel power generation plants, Telecommunication equipment related business, Systems development, Gas carriers engineering, Special facilities for naval ships and aircraft related business and others.

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

### Changes in Reportable Segment

As part of "Reform of business structure" from Mid-term Business Plan 2020, the classification of Shikoku Dockyard Co., Ltd., which engages in shipbuilding and repair, and TGE Marine Gas Engineering GmbH, which engages in engineering for gas carriers, has changed from "Ship" to "Others" from 3rd quarter of FY2021.

Comparative segment information for the prior period has been restated to reflect these changes.

### Change in Calculation Method used for Segment Income and Loss for Reportable Segment

Segment income (loss) used to represent "Operating income (loss)" in Consolidated Statements of Operations. Regarding "Ocean Development," however, segment income (loss) has changed to represent "Share of profit (loss) of entities accounted for using equity method" since this 1st quarter of FY2022, instead of "Operating income (loss)." This is because the management indicator has been changed after MODEC, Inc., which consists of "Ocean Development," had been excluded from the scope of consolidation and become affiliates accounted for using equity method since the end of 3rd quarter of FY2021.

Taking the said change into account, segment income for "Ocean Development" for the prior period would become 2,615 million yen.

\* Figures in parentheses represent negative.

## Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and time deposits	51,762	51,880
Notes and accounts receivables - trade, and contract assets	78,563	72,965
Merchandise and finished goods	5,762	5,780
Work in progress	36,561	41,418
Raw materials and supplies	4,182	5,263
Others	25,202	29,341
Allowance for doubtful accounts	(213)	(198)
Total current assets	201,822	206,450
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Land	70,077	69,419
Others, net	48,261	47,928
Total property, plant and equipment	118,338	117,347
<b>Intangible assets</b>		
Goodwill	7,995	8,128
Others	8,046	8,154
Total intangible assets	16,042	16,283
<b>Investments and other assets</b>		
Investment securities	43,280	49,659
Others	29,965	30,314
Allowance for doubtful accounts	(299)	(294)
Total investments and other assets	72,946	79,679
Total non-current assets	207,327	213,309
Total assets	409,150	419,760

(Millions of yen)

As of March 31, 2022 As of June 30, 2022

Liabilities		
Current liabilities		
Trade payables	48,705	49,163
Short-term borrowings	94,615	88,897
Current portion of long-term borrowings	8,101	5,466
Current portion of bonds	15,000	15,000
Accrued income taxes	1,381	800
Contract liabilities	30,901	44,763
Provision for losses on construction contracts	59,607	60,009
Provision for bonuses	4,478	1,589
Provision for losses on sales of subsidiaries and affiliates' stocks	-	227
Other provisions	4,614	3,923
Others	21,105	14,220
Total current liabilities	288,510	284,062
Long-term liabilities		
Bonds	5,000	5,000
Long-term borrowings	19,657	19,501
Provision for business restructuring	1,357	1,299
Other provisions	837	765
Net defined benefit liabilities	5,865	5,463
Asset retirement obligations	2,218	1,719
Others	22,752	21,495
Total long-term liabilities	57,690	55,244
Total liabilities	346,200	339,306
Net assets		
Shareholders' equity		
Common stock	44,384	2,737
Capital surplus	18,132	10,203
Retained earnings	(33,278)	24,860
Treasury stock	(4,663)	(4,652)
Total shareholders' equity	24,575	33,149
Accumulated other comprehensive income		
Net unrealized holding gains on securities	614	538
Unrealized losses on hedging derivatives	(5,959)	(963)
Revaluation reserve for land	27,603	27,603
Foreign currency translation adjustments	2,120	6,483
Remeasurements of defined benefit plans	8,137	7,858
Total accumulated other comprehensive income	32,516	41,520
Subscription rights to shares	123	158
Non-controlling interests	5,733	5,625
Total net assets	62,949	80,454
Total liabilities and net assets	409,150	419,760

# Consolidated Statements of Operations

(Millions of yen)

	April 1, 2021 to June 30, 2021	April 1, 2022 to June 30, 2022
Net sales	185,927	50,575
Cost of sales	172,888	50,299
Gross profit	13,038	275
Selling, general and administrative expenses	10,278	6,977
Operating income (loss)	2,760	(6,701)
Non-operating income		
Interest income	1,250	108
Dividend income	77	180
Share of profit of entities accounted for using equity method	2,205	-
Foreign currency exchange gains	693	4,011
Others	934	298
Total non-operating income	5,162	4,599
Non-operating expenses		
Interest expenses	765	693
Commission expenses	222	187
Share of loss of entities accounted for using equity method	-	834
Loss on valuation of derivatives	70	-
Others	208	417
Total non-operating expenses	1,266	2,133
Ordinary income (loss)	6,656	(4,235)
Extraordinary income		
Gain on disposal of non-current assets	346	-
Gain on sale of investment securities	11	-
Gain on sale of subsidiaries and affiliates' stocks	4,607	2,407
Total extraordinary income	4,965	2,407
Extraordinary losses		
Loss on disposal of non-current assets	35	-
Loss on valuation of investment securities	180	-
Provision for losses on sales of subsidiaries and affiliates' stocks	-	227
Loss on liquidation of business	-	107
Total extraordinary losses	215	335
Profit (loss) before income taxes	11,406	(2,163)
Income taxes	4,393	(260)
Profit (loss)	7,012	(1,902)
Profit (loss) attributable to non-controlling interests	1,300	(25)
Profit (loss) attributable to owners of parent	5,712	(1,877)

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	April 1, 2021 to June 30, 2021	April 1, 2022 to June 30, 2022
Profit (loss)	7,012	(1,902)
Other comprehensive income		
Net unrealized holding gains (losses) on securities	82	(77)
Unrealized losses on hedging derivatives	(2,787)	(406)
Foreign currency translation adjustments	2,266	1,540
Remeasurements of defined benefit plans	(247)	(289)
Share of other comprehensive income of affiliates accounted for using equity method	8,455	8,248
Total	7,769	9,015
Comprehensive income	14,782	7,112
Comprehensive income attributable to		
Owners of parent	14,002	7,126
Non-controlling interests	780	(14)