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Notice Regarding Recording of Extraordinary Income (Reversal of Provision for Loss on Business of Subsidiaries and Affiliates) and Extraordinary Loss (Loss on Valuation of Subsidiaries and Affiliates' Stocks) in Non-Consolidated Financial Results, and the Differences between Non-Consolidated Financial Results for the Current Fiscal Year Ended March 31, 2024 and the Previous Fiscal Year Ended March 31, 2023

MITSUI E&S Co., Ltd. (the “Company”) hereby announces that the Company has recorded reversal of provision for loss on business of subsidiaries and affiliates and loss on valuation of subsidiaries and affiliates' stocks in its non-consolidated financial results for the current fiscal year ended March 31, 2024. Also, the Company announces the differences between non-consolidated financial results for the current fiscal year ended March 31, 2024 and the previous fiscal year ended March 31, 2023.

1. Recording of extraordinary income (reversal of provision for loss on business of subsidiaries and affiliates) in non-consolidated financial results

The Company records provision for loss on business of subsidiaries and affiliates for a consolidated subsidiary that had incurred significant losses in previous years. As a result of reflecting improvements in income taxes, including decrease of income tax in accordance with the group tax sharing system and the recording of income tax-deferred (gains) arising from the revision of the company's classification regarding deferred tax recoverability, the amount of excess liabilities at the said consolidated subsidiary decreased and the Company recorded a reversal of provision for loss on business of subsidiaries and affiliates of 3.5 billion yen.

2. Recording of extraordinary loss (loss on valuation of subsidiaries and affiliates' stocks) in non-consolidated financial results

As a result of a significant decline in the real value of stocks of MES Germany Beteiligungs GmbH, a consolidated subsidiary held by the Company, the Company recorded a loss on valuation of subsidiaries and affiliates' stocks of 9.0 billion yen as an extraordinary loss.

3. Differences between non-consolidated financial results for the current fiscal year ended March 31, 2024 and the previous fiscal year ended March 31, 2023

	Net sales	Operating revenue	Operating income	Ordinary income	Profit	Earnings per share
Actual Results (FY2022) (A)	Millions of yen —	Millions of yen 15,539	Millions of yen 6,297	Millions of yen 3,681	Millions of yen 13,175	Yen 149.38
Actual Results (FY2023) (B)	173,699	—	12,085	13,921	14,126	141.00
Change (B - A)	173,699	(15,539)	5,787	10,239	951	—
Change ratio (%)	—	—	91.9	278.1	7.2	—

Reason for the differences

Effective April 1, 2023, the Company merged with Mitsui E&S Machinery Co., Ltd. and Mitsui E&S Business Service Co., Ltd., both were wholly-owned subsidiaries, by absorption-type merger, with the Company as the surviving company and the said two subsidiaries as the dissolving companies. Of the differences between the above non-consolidated financial results for the current fiscal year and those for the previous fiscal year, net sales, operating income, ordinary income and profit increased as a result of the absorption-type merger. Profit includes approximately 7.0 billion yen of the gain on extinguishment of tie-in shares resulting from the absorption-type merger, and 9.0 billion yen of the said loss on valuation of subsidiaries and affiliates' stocks.

4. Impact on consolidated financial results

The said extraordinary income and loss don't affect the consolidated financial results, as they are recorded only in the non-consolidated financial results and eliminated in the consolidated financial results.