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February 12, 2025

Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 7003
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for analysts)

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2024	218,746	1.6	13,756	2.1	19,290	65.1	35,194	219.1
December 31, 2023	215,361	24.3	13,473	-	11,682	-	11,030	397.9

Note: Comprehensive income For the nine months ended December 31, 2024: ¥ 28,989 million [35.2%]
 For the nine months ended December 31, 2023: ¥ 21,442 million [(20.7%)]

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Nine months ended		
December 31, 2024	346.93	346.79
December 31, 2023	112.50	111.74

Note: Figures for the nine months ended December 31, 2023, have been restated to reflect the finalization of the provisional accounting treatment of the business combination for the fiscal year ended March 31, 2024.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets ratio
	Millions of yen	Millions of yen	%
As of			
December 31, 2024	439,324	163,484	36.2
March 31, 2024	467,140	146,510	30.4

Reference: Equity As of December 31, 2024: ¥ 159,190 million
 As of March 31, 2024: ¥ 142,011 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, 2024	-	0.00	-	5.00	5.00
March 31, 2025	-	0.00	-	-	-
March 31, 2025 (Forecast)	-	-	-	20.00	20.00

Note 1: Revisions to the most recently announced dividends forecasts: Yes

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

3. Forecasts for Financial Results (from April 1, 2024 to March 31, 2025)

(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, 2025	300,000	(0.6)	17,000	(13.4)	22,000	6.2	38,000	51.7	374.74

Note: Revisions to the most recently announced forecasts for financial results: Yes

Reference: Estimate is based on exchange rate of USD1.00 = JPY145.0

* Notes

- (1) Significant changes in the scope of consolidation during the period: None
 Newly included: -
 Excluded: -
- (2) Adoption of accounting treatment specific to the preparation of 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 and other regulations: None
 - ii) Changes in accounting policies due to other reasons: None
 - 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
December 31, 2024	103,098,717
March 31, 2024	103,098,717

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

As of	shares
December 31, 2024	2,210,925
March 31, 2024	2,225,837

- iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended	shares
December 31, 2024	100,885,478
December 31, 2023	93,342,634

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* 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. Please refer to "1. Overview of Operating Results and Others, (3) Explanation of Forecasts for Consolidated Financial Results and Other Forward-Looking Statements" on page 5 (attached materials) for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts, etc.

(Where to get the supplementary explanatory materials)

Supplementary material was posted on TDnet (Timely Disclosure Network) the same day and is also available on our website.

Reference: Dividends for Preferred Shares

Dividend per share for Class-A Preferred shares are as follows:

Class-A Preferred Shares	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, 2024	-	-	-	39.00	39.00
March 31, 2025	-	-	-	-	-
March 31, 2025 (Forecast)	-	-	-	-	-

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

Note 2: On July 10, 2024, the Company acquired and then cancelled all of the Class-A preferred shares in accordance with the resolution at Board of Directors meeting held on June 25, 2024. Therefore, there will be no dividend for the fiscal year ending March 31, 2025.

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1. Overview of Operating Results and Others

(1) Overview of Operating Results for the Nine Months Ended December 31, 2024

The global economy during the nine months ended December 31, 2024, exhibited underlying strength amid a settling of inflation and a recovery in trade volume. However, after the new U.S. administration takes office, U.S. policy may favor unilateralism and be transactional in nature, and if other major countries take a posture that prioritizes their own national interests, we could see global trade trend toward protectionism. There is concern that protectionism could lead to serious geopolitical confrontations and instability, increasing uncertainty in the global economy. On the other hand, the domestic economy is now showing improvement, and it is expected to continue gradually recovering due to a resurgence in consumer spending driven by improved household incomes, and growth in corporate performance and capital expenditures.

In the shipbuilding industry, which is closely related to the Group, some shipyards are receiving inquiries for projects with 2029 delivery dates, showing that shipyards in Japan have secured sufficient volumes of work on hand. In addition, for the port logistics industry, demands of port crane are strong in Southeast Asia and other regions overseas, and demands also continue to be strong in Japan mainly due to new construction and expansion of existing facilities as well as renewal of existing facilities due to aging. The Company recognizes that the environment for orders is favorable. The situation allows no room for complacency, such as policy changes by the financial authorities both in Japan and abroad and the accompanying sharp fluctuations in exchange rates. Although these situations persist, the Company should be able to deal with each risk by appropriate measures including forward exchange contracts.

Under such circumstances, the funds of approximately 70.0 billion yen obtained through the partial sale of shares of MODEC, Inc. (hereinafter, "MODEC"), in June 2024, are being allocated in phases to the uses outlined below in order to facilitate our business and financial strategies, as well as the return of profits to our stakeholders.

- (1) Make investments necessary to: i) further the expansion of the port logistics business in the global market including the U.S.; ii) facilitate the technical development and manufacturing of key components related to the marine propulsion business; and iii) strengthen its supply chain
- (2) Redeem Class-A preferred shares, improve the financial soundness through large-scale reductions in interest-bearing debt, and significantly reduce financial expenses
- (3) Return profits to common shareholders and make investments in human capital, centered around talent development as well as improvements to housing support and other employee benefit programs

(1) We will press forward with our plans to own a crane transportation vessel to improve both the flexibility of our crane business that targets projects overseas, including the U.S., and our capability to meet short delivery deadlines. (2) In addition to having completed the acquisition and cancellation of all Class-A preferred shares in July 2024, we have significantly reduced interest-bearing debt and partially refinanced short-term borrowings into long-term borrowings, thereby vastly improving the Group's current ratio. (3) As part of profit return measures, we upwardly revised the dividend forecast in August 2024. Moreover, we introduced a support system for PhD employees as a measure to improve talent development. In other developments, we are comprehensively revising our personnel system as well as our education system and working to facilitate labor mobility within the Company and the Group. Going forward, we will continue to enhance corporate value for the evolution and sustainability of the Group, by generating a positive cycle that will enable us to make continuous investments in various areas, further strengthen our financial foundation in line with profit growth and gradually increase profit returns.

On the other hand, the business environment that surrounds the Group, including foreign exchange rates and market conditions, continues to change dramatically and rapidly. Taking into account the strengthening business foundation and volatile business environment, the Group formulated "MITSUI E&S Rolling Vision 2024" in August 2024 as a rolling mid-term business plan that will constantly update its goals rather than commit to fixed ones for the next three years and draw a path for Group's continuing growth. Guided by this plan, we will continue to develop the core businesses of marine propulsion and port logistics with a focus on "green" and "digital" strategies.

In the marine propulsion business, as for ammonia fuel, a Memorandum of Understanding was executed among six parties, five Japanese companies including the Company, and MAN-Energy Solutions, regarding joint development effort for the commercialization of ammonia fueled ships. Also the accumulated production of MITSUI-MAN B&W engines reached 120 million horsepower in November 2024. Looking forward, the Company will manufacture and supply the world's first two stroke MAN B&W ammonia dual fueled engine and its supply-related system. As a marine propulsion system supplier, the Company will continue to contribute to the realization of a decarbonized society in the field of marine logistics.

In the port logistics business, the Company, its subsidiary PACECO CORP. (headquartered in California, U.S.) and Brookfield (headquartered in Toronto, Canada) are working together as partners to reestablish final assembly of port cranes in California. Although the decarbonization trend may temporarily slow down with the new U.S. administration taking office, no big changes are expected regarding the U.S. market environment for port logistics operations, and the Company expects it will be able to continue to contribute to securing the safety of U.S. port infrastructure and to resolving the issue of a decarbonized society. As a first step, following the issuance of a cybersecurity directive targeting Chinese-made cranes installed at critical commercial ports that was announced by the U.S. government in February 2024, the Company received an order for eight

MITSUI-PACECO Near Zero Emission Hybrid Transtainer cranes (Rubber Tyred Gantry crane) for the Port of Long Beach, California, in November 2024, in anticipation of future conversion to zero-emission cranes. In addition, we will work to resolve issues of a society with a shrinking population by utilizing digital technologies including the automation of port cranes, remote maintenance through drones, and enhancement of operational efficiency of port terminals.

Moreover, we have positioned some specific businesses that promote new products and services in peripheral areas of core businesses as "New Business Development" businesses and have received an order for one VD4-250GH-OL high-pressure, high-flow hydrogen compressor for an offshore hydrogen station in October 2024. Through such measures, we will work to further expand our business and enhance corporate value by focusing on the development of new products and services that takes decarbonization into consideration.

Orders received during the nine months ended December 31, 2024, increased by 29,478 million yen (up 12.9%) year on year to 257,381 million yen. Net sales were 218,746 million yen, an increase of 3,385 million yen (up 1.6%) year on year due to the steady progress in large cranes in Logistics Systems. Operating income increased by 282 million yen (up 2.1%) year on year to 13,756 million yen, mainly due to improved profitability in Logistics Systems. Ordinary income was 19,290 million yen, an increase of 7,607 million yen (up 65.1%) year on year, mainly due to the recording of share of profit of entities accounted for using equity method and a significant decrease in financial expenses. Profit attributable to owners of parent was 35,194 million yen, an increase of 24,164 million yen (up 219.1%) year on year, mainly due to the recording of gain on sales of subsidiaries and affiliates' stocks.

During the nine months ended December 31, 2023, a provisional accounting treatment was applied for the business combination with Mitsui E&S DU Co., Ltd. on April 1, 2023, and the said accounting was finalized at the end of the previous fiscal year.

Due to the finalization of the provisional accounting treatment, the comparative information included in the Quarterly Consolidated Financial Statements for the nine months ended December 31, 2024, reflects a revision of the initial allocation of the purchase price.

As a result, operating income and ordinary income decreased by 8 million yen, respectively, and profit attributable to owners of parent decreased by 634 million yen in the Quarterly Consolidated Statements of Operations for the nine months ended December 31, 2023.

The overview by reportable segment is as follows.

(New Business Development)

Compared with the same period of the previous fiscal year, orders received and net sales decreased by 2,859 million yen (down 7.7%) to 34,375 million yen and by 2,178 million yen (down 7.5%) to 26,973 million yen, respectively, mainly due to delays in some orders for industrial machinery products and decreases in construction equipment engines. Instead, operating income increased by 657 million yen (up 18.8%) year on year to 4,149 million yen, mainly due to improved profitability of industrial machinery.

(Marine Propulsion Systems)

Orders received increased by 29,323 million yen (up 34.2%) year on year to 114,976 million yen, mainly due to an increase in orders for larger marine engines and dual fuel engines. Net sales totaled 98,792 million yen, the same level as the same period of the previous fiscal year, 99,749 million yen. Operating income was 6,178 million yen, an increase of 1,193 million yen (up 23.9%) due to higher profitability of marine engines and the solid performance in after-sales service.

(Logistics Systems)

We obtained large orders both in Japan and overseas, including Asian countries and the U.S., bringing orders received to 59,078 million yen, the same level as the same period of the previous fiscal year (58,729 million yen), when we achieved the highest orders ever. Net sales increased by 11,090 million yen (up 36.8%) year on year to 41,253 million yen, mainly due to steady progress in large cranes. Operating income increased by 3,107 million yen (up 300.3%) year on year to 4,141 million yen, mainly due to higher net sales and better profitability of large cranes.

(Peripheral Businesses)

Orders received increased by 2,680 million yen (up 5.8%) year on year to 48,835 million yen as a result of the steady acquisition of planned projects. Net sales totaled 50,157 million yen, decreased by 2,411 million yen (down 4.6%) year on year. Operating income (loss) was a loss of 775 million yen, compared with an income of 2,024 million yen in the same period of the previous fiscal year.

(Ocean Development)

Share of profit of entities accounted for using equity method totaled 3,757 million yen, increased by 996 million yen (up 36.1%) compared with the same period of the previous fiscal year. This was mainly due to the revenue recognized from the steady progress of construction projects of FPSOs by MODEC and its related companies, which were affiliates accounted for using equity method of the Company. The Company conducted a partial sale of the MODEC shares in June 2024, and therefore MODEC group has been excluded from the scope of application of the equity method. Accordingly, the share of profit of entities

accounted for using equity method from MODEC group is recognized for the three months from January to March 2024.

(2) Overview of Financial Position for the Nine Months Ended December 31, 2024

i) Assets, Liabilities and Net Assets

Overview of financial position as of December 31, 2024, represents a reduction in total assets due to the repayment of interest-bearing debt using the funds obtained from a partial sale of subsidiaries and affiliates' stocks. In addition, we have partially refinanced short-term borrowings into long-term borrowings, thereby vastly improving the Group's current ratio.

Total assets were 439,324 million yen, decreased by 27,816 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 48,773 million yen in investment securities despite increases of 8,176 million yen in work in progress and 13,788 million yen in others in investments and other assets.

Total liabilities were 275,840 million yen, decreased by 44,789 million yen from the end of the previous fiscal year. This was mainly due to a decrease in short-term borrowings by 99,084 million yen despite increases of 14,414 million yen in accrued income taxes and 38,208 million yen in long-term borrowings.

Total net assets were 163,484 million yen, increased by 16,973 million yen from the end of the previous fiscal year. This was mainly due to the recording of profit attributable to owners of parent and a decrease in capital surplus due to the acquisition and cancellation of the Class-A preferred shares.

ii) Cash Flows

Cash and cash equivalents (hereinafter, "cash") as of December 31, 2024, were 37,106 million yen, increased by 3,589 million yen from the end of the previous fiscal year.

The summary of cash flows during the nine months ended December 31, 2024, were as follows

(Cash flows from operating activities)

Net cash provided by operating activities during the nine months ended December 31, 2024, was 8,394 million yen (38,380 million yen was used in the same period of the previous fiscal year). This was mainly due to inflows from the recording of profit before income taxes despite outflows from an increase in inventories and a decrease in trade payables due to shortening of bill payment period for trade notes as a result of the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors.

(Cash flows from investing activities)

Net cash provided by investing activities during the nine months ended December 31, 2024, was 62,905 million yen (352 million yen was used in the same period of the previous fiscal year). This was mainly due to proceeds from sales of shares of subsidiaries and affiliates.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 67,934 million yen during the nine months ended December 31, 2024 (29,475 million yen was provided in the same period of the previous fiscal year). This was mainly due to outflows such as repayments of short-term borrowings and purchases of treasury stock for the purpose of cancellation of the Class-A preferred shares despite inflows such as proceeds from long-term borrowings.

(3) Explanation of Forecasts for Consolidated Financial Results and Other Forward-Looking Statements

The Company revised the forecasts for consolidated financial results for the current fiscal year as stated in "Notice Concerning Revisions to Full-Year Consolidated Financial Results Forecasts for FY2024" which was announced on February 12, 2025. Forecasts are based on an exchange rate of 1 US dollar to 145 yen.

i) Reasons for revisions

The Company has decided to revise upward the forecasts for Ordinary income and Profit attributable to owners of parent, based on the expectations of an increase in share of profit of entities accounted for using equity method and a reduction in financial expenses in non-operating income and expenses. As for the Operating income forecasts, although there are changes between the segments, the total remains unchanged from the previous forecasts.

ii) Forecasts for consolidated financial results for FY2024 (from April 1, 2024 to March 31, 2025)

	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
Previous forecasts (A)	300,000	17,000	18,000	35,000	345.01
Revised forecasts (B)	300,000	17,000	22,000	38,000	374.74
Change (B-A)	-	-	4,000	3,000	
Change ratio (%)	-	-	22.2	8.6	
(Reference) Actual results for FY2023	301,875	19,630	20,711	25,051	255.73

iii) Forecasts for consolidated financial results by segment for FY2024 (From April 1, 2024 to March 31, 2025)

	(Millions of yen)					
	Previous forecasts		Revised forecasts		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
New Business Development	40,000	5,000	40,000	5,000	-	-
Marine Propulsion Systems	130,000	6,000	130,000	7,000	-	1,000
Logistics Systems	60,000	3,000	60,000	5,000	-	2,000
Peripheral Businesses	70,000	3,000	70,000	0	-	(3,000)
Ocean Development	-	-	-	-	-	-
Others	0	0	0	0	-	-
Total	300,000	17,000	300,000	17,000	-	-

Notes 1: Ocean Development consisted of MODEC and its related companies, which were affiliates accounted for using equity method of the Company, and it does not affect net sales and operating income.

The Company conducted a partial sale of the MODEC shares in June 2024, and therefore MODEC group has been excluded from the scope of application of the equity method.

2: Shares of profit of entities accounted for using equity method for FY2024 is expected to be approximately 3.8 billion yen in Ocean Development.

3: Above forecasts are based on information currently available to the Company and certain assumptions that the Company considers reasonable. Actual results may differ from the above figures due to various factors in the future.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and time deposits	35,570	38,886
Notes and accounts receivables - trade, and contract assets	96,283	93,107
Merchandise and finished goods	9,682	10,795
Work in progress	49,601	57,778
Raw materials and supplies	8,437	7,441
Others	24,462	23,354
Allowance for doubtful accounts	(801)	(699)
Total current assets	223,237	230,663
Non-current assets		
Property, plant and equipment		
Land	67,699	67,618
Others, net	48,287	49,163
Total property, plant and equipment	115,987	116,781
Intangible assets		
Goodwill	7,532	6,845
Others	8,074	7,709
Total intangible assets	15,607	14,555
Investments and other assets		
Investment securities	76,136	27,362
Others	36,299	50,088
Allowance for doubtful accounts	(126)	(126)
Total investments and other assets	112,309	77,324
Total non-current assets	243,903	208,660
Total assets	467,140	439,324

(Millions of yen)

As of March 31, 2024 As of December 31, 2024

Liabilities		
Current liabilities		
Trade payables	64,733	57,361
Short-term borrowings	149,785	50,700
Current portion of long-term borrowings	1,410	6,166
Accrued income taxes	2,195	16,609
Contract liabilities	30,809	37,135
Provision for losses on construction contracts	4,325	2,005
Provision for bonuses	5,198	2,541
Provision for demolition and removal	809	806
Provision for losses on liquidation of subsidiaries and affiliates	-	376
Other provisions	6,062	4,164
Others	15,033	22,032
Total current liabilities	280,364	199,900
Long-term liabilities		
Long-term borrowings	10,817	49,025
Provision for business restructuring	758	441
Other provisions	658	286
Net defined benefit liabilities	4,617	4,897
Asset retirement obligations	2,097	1,754
Others	21,317	19,534
Total long-term liabilities	40,266	75,940
Total liabilities	320,630	275,840
Net assets		
Shareholders' equity		
Share capital	8,846	8,846
Capital surplus	11,804	2,792
Retained earnings	67,056	99,324
Treasury stock	(4,624)	(4,592)
Total shareholders' equity	83,083	106,371
Accumulated other comprehensive income		
Net unrealized holding gains on securities	1,269	5,256
Unrealized gains on hedging derivatives	5,642	1,990
Revaluation reserve for land	27,098	27,055
Foreign currency translation adjustments	12,924	7,606
Remeasurements of defined benefit plans	11,992	10,910
Total accumulated other comprehensive income	58,927	52,819
Subscription rights to shares	87	60
Non-controlling interests	4,411	4,232
Total net assets	146,510	163,484
Total liabilities and net assets	467,140	439,324

(2) Quarterly Consolidated Statements of Operations and Comprehensive Income
Quarterly Consolidated Statements of Operations

(Millions of yen)

	April 1, 2023 to December 31, 2023	April 1, 2024 to December 31, 2024
Net sales	215,361	218,746
Cost of sales	181,125	184,398
Gross profit	34,235	34,348
Selling, general and administrative expenses	20,761	20,592
Operating income	13,473	13,756
Non-operating income		
Interest income	254	262
Dividend income	225	150
Share of profit of entities accounted for using equity method	3,422	6,592
Foreign currency exchange gains	431	492
Others	706	912
Total non-operating income	5,039	8,410
Non-operating expenses		
Interest expenses	3,167	2,060
Commission expenses	2,912	575
Others	750	239
Total non-operating expenses	6,830	2,875
Ordinary income	11,682	19,290
Extraordinary income		
Gain on disposal of non-current assets	-	188
Gain on sales of subsidiaries and affiliates' stocks	2,056	24,031
Gain on bargain purchase	1,317	-
Total extraordinary income	3,373	24,220
Extraordinary losses		
Loss on disposal of non-current assets	-	323
Loss on change in equity	1,075	1,124
Provision for losses on liquidation of subsidiaries and affiliates	-	376
Settlement payments for accidents	-	2,615
Loss from overseas remittance	665	-
Total extraordinary losses	1,741	4,439
Profit before income taxes	13,315	39,071
Income taxes	2,122	3,894
Profit	11,193	35,176
Profit (loss) attributable to non-controlling interests	163	(17)
Profit attributable to owners of parent	11,030	35,194

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	April 1, 2023 to December 31, 2023	April 1, 2024 to December 31, 2024
Profit	11,193	35,176
Other comprehensive income		
Net unrealized holding gains on securities	688	3,981
Unrealized gains (losses) on hedging derivatives	106	(585)
Foreign currency translation adjustments	3,500	373
Remeasurements of defined benefit plans	(189)	(1,068)
Share of other comprehensive income of affiliates accounted for using equity method	6,143	(8,887)
Total	10,249	(6,186)
Comprehensive income	21,442	28,989
Comprehensive income attributable to		
Owners of parent	21,251	29,128
Non-controlling interests	190	(138)

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	April 1, 2023 to December 31, 2023	April 1, 2024 to December 31, 2024
Cash flows from operating activities		
Profit before income taxes	13,315	39,071
Depreciation and amortization	5,493	5,586
Amortization of goodwill	728	764
Decrease of allowance for doubtful accounts	(61)	(109)
Increase in net defined benefit liabilities	584	534
Decrease in net defined benefit assets	159	657
Decrease in provision for losses on construction contracts	(8,867)	(2,320)
Increase in provision for losses on liquidation of subsidiaries and affiliates	-	376
Interest and dividend income	(479)	(412)
Interest expenses	3,167	2,060
Share of profit of entities accounted for using equity method	(3,422)	(6,592)
Foreign currency exchange losses	16	32
Gain on sales of subsidiaries and affiliates' stocks	(2,056)	(24,031)
Loss on disposal of non-current assets	-	134
Gain on bargain purchase	(1,317)	-
Loss on change in equity	1,075	1,124
Loss from overseas remittance	665	-
Settlement payments for accidents	-	2,615
Decrease (increase) in trade receivables and contract assets	(1,823)	3,269
Increase in inventories	(12,824)	(8,333)
Decrease in trade payables	(25,743)	(6,450)
Increase (decrease) in contract liabilities	(446)	6,234
Decrease in other assets	1,014	5,503
Decrease in other liabilities	(3,160)	(65)
Others, net	(1,681)	(3,291)
Sub-total	(35,663)	16,359
Interest and dividend received	717	1,537
Interest paid	(3,191)	(2,106)
Settlement paid for accidents	-	(1,732)
Income taxes paid	(242)	(5,662)
Net cash provided by (used in) operating activities	(38,380)	8,394

(Millions of yen)

	April 1, 2023 to December 31, 2023	April 1, 2024 to December 31, 2024
Cash flows from investing activities		
Net decrease (increase) in time deposits	(713)	295
Capital expenditure	(5,587)	(6,296)
Proceeds from sales of non-current assets	264	601
Proceeds from purchases of shares of subsidiaries resulting in change in scope of consolidation	1,689	-
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	330
Proceeds from sales of shares of subsidiaries and affiliates	2,166	68,528
Proceeds from sales of investments in capital of subsidiaries and affiliates	1,766	-
Disbursements of loans receivable	(11)	(11)
Collection of loans receivable	18	16
Payments for asset retirement obligations	-	(346)
Others, net	52	(211)
Net cash provided by (used in) investing activities	(352)	62,905
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	36,933	(99,084)
Proceeds from long-term borrowings	300	43,857
Repayments of long-term borrowings	(6,856)	(892)
Repayments of lease obligations	(1,315)	(1,401)
Repayments on bonds	(5,000)	-
Purchase of treasury stock	-	(9,196)
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	6,236	-
Cash dividends	(788)	(1,202)
Dividends paid to non-controlling interests	(38)	(40)
Others, net	6	26
Net cash provided by (used in) financing activities	29,475	(67,934)
Effect of exchange rate changes on cash and cash equivalents	820	223
Net increase (decrease) in cash and cash equivalents	(8,436)	3,589
Cash and cash equivalents at beginning of period	43,468	33,516
Cash and cash equivalents at end of period	35,031	37,106

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in the Event of Significant Changes in Shareholders' Equity)

On July 10, 2024, the Company acquired and then cancelled 18,000,000 shares of the Class-A preferred shares issued by the Company in accordance with the resolution of Board of Directors meeting held on June 25, 2024. Due to this acquisition and cancellation, capital surplus decreased by 9,023 million yen and retained earnings decreased by 170 million yen, respectively.

As a result, capital surplus was 2,792 million yen and retained earnings were 99,324 million yen as of December 31, 2024.

(Notes on Application of Specific Accounting Treatment for Preparing Quarterly Consolidated Financial Statements)

(Tax expense calculation)

After applying tax effect accounting to profit before income taxes for the fiscal year, which includes the nine months ended December 31, 2024, the Company makes a reasonable estimate of the effective tax rate and multiplies the profit before income taxes by that estimated effective tax rate. If the estimated effective tax rate is unavailable, the amount of the significant difference, other than temporary differences, etc. is added to or deducted from profit before income taxes, and the result is multiplied by the statutory effective tax rate. Income taxes - deferred are included in the presentation of income taxes.

(Notes on Segment Information, etc.)

I For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

1. Information about sales and segment income or loss for each reportable segment

(Millions of yen)

	New Business Development	Marine Propulsion Systems	Logistics Systems	Peripheral Businesses	Ocean Development	Sub total	Others	Total	Adjustments	Consolidated
Net Sales:										
Outside customers	29,152	99,749	30,163	52,569	-	211,634	3,726	215,361	-	215,361
Inter segment	849	453	538	10,491	-	12,332	(0)	12,332	(12,332)	-
Total	30,002	100,202	30,701	63,061	-	223,967	3,726	227,694	(12,332)	215,361
Segment income	3,491	4,985	1,034	2,024	2,760	14,296	1,937	16,233	(2,760)	13,473

Notes 1: Segment income in "New Business Development," "Marine Propulsion Systems," "Logistics Systems," "Peripheral Businesses" and "Others" represents "Operating income," and in "Ocean Development" represents "Share of profit of entities accounted for using equity method."

2: "Others" is the segment which is not included in reportable segment and includes Engineering businesses, etc.

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

4: The above table has been restated to reflect a revision of the initial allocation of the purchase price due to the finalization of the provisional accounting treatment, which is stated in "1. Overview of Operating Results and Others, (1) Overview of Operating Results for the Nine Months Ended December 31, 2024."

2. Information about loss on impairment of non-current assets, goodwill, etc. for each reportable segment

(Significant loss on impairment of non-current assets)

Not applicable.

(Significant changes in the amount of goodwill)

Not applicable.

(Significant gain on bargain purchase)

Gain on bargain purchase was recognized in "Marine Propulsion Systems" due to the acquisition of all shares of Mitsui E&S DU Co., Ltd., making it our consolidated subsidiary. The amount of the gain from the said event is 1,317 million yen in the 3rd quarter of FY2023. Gain on bargain purchase is an extraordinary income and is not included in the segment income.

II For the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

1. Information about sales and segment income or loss for each reportable segment

(Millions of yen)

	New Business Development	Marine Propulsion Systems	Logistics Systems	Peripheral Businesses	Ocean Development	Sub total	Others	Total	Adjustments	Consolidated
Net Sales:										
Outside customers	26,973	98,792	41,253	50,157	-	217,177	1,569	218,746	-	218,746
Inter segment	827	573	33	9,825	-	11,260	-	11,260	(11,260)	-
Total	27,801	99,366	41,287	59,982	-	228,437	1,569	230,007	(11,260)	218,746
Segment income (loss)	4,149	6,178	4,141	(775)	3,757	17,451	61	17,513	(3,757)	13,756

Notes 1: Segment income (loss) in "New Business Development," "Marine Propulsion Systems," "Logistics Systems," "Peripheral Businesses" and "Others" represents "Operating income (loss)," and in "Ocean Development" represents "Share of profit (loss) of entities accounted for using equity method."

2: MODEC, Inc., which constituted "Ocean Development," was excluded from the scope of application of the equity method in June 2024. Due to this exclusion, the above figures for "Ocean Development" represent three months results from January to March 2024.

3: "Others" is the segment which is not included in reportable segment and includes Engineering businesses, etc.

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

2. Information about assets for each reportable segment

The Company sold a portion of shares of MODEC, Inc. in June 2024 and therefore the said company has been excluded from the scope of application of the equity method. Due to this sale, Segment assets for "Ocean Development" as of December 31, 2024, decreased by 58,989 million yen from the end of FY2023.

3. Information about loss on impairment of non-current assets, goodwill, etc. for each reportable segment

(Significant loss on impairment of non-current assets)

Not applicable.

(Significant changes in the amount of goodwill)

Not applicable.

(Significant gain on bargain purchase)

Not applicable.

(Notes on Significant Subsequent Events)

Not applicable.

3. Supplementary Information

Information about new orders and sales

(Percentages in FY2023 and FY2024 indicate composition ratio.)

New Orders

	3Q FY2023 (from April 1, 2023 to December 31, 2023)		3Q FY2024 (from April 1, 2024 to December 31, 2024)		Increase/Decrease		Change ratio		FY2023 (from April 1, 2023 to March 31, 2024)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%		
New Business Development	37,234	16.3	34,375	13.4	(2,859)	(7.7)	46,829	13.9		
Marine Propulsion Systems	85,653	37.6	114,976	44.7	29,323	34.2	147,671	43.8		
Logistics Systems	58,729	25.8	59,078	22.9	349	0.6	70,572	20.9		
Peripheral Businesses	46,154	20.2	48,835	19.0	2,680	5.8	71,618	21.3		
Ocean Development	-	-	-	-	-	-	-	-		
Others	130	0.1	115	0.0	(14)	(11.4)	295	0.1		
Total	227,902	100.0	257,381	100.0	29,478	12.9	336,987	100.0		

Sales

	3Q FY2023 (from April 1, 2023 to December 31, 2023)		3Q FY2024 (from April 1, 2024 to December 31, 2024)		Increase/Decrease		Change ratio		FY2023 (from April 1, 2023 to March 31, 2024)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%		
New Business Development	29,152	13.6	26,973	12.3	(2,178)	(7.5)	40,810	13.5		
Marine Propulsion Systems	99,749	46.3	98,792	45.2	(956)	(1.0)	134,033	44.4		
Logistics Systems	30,163	14.0	41,253	18.9	11,090	36.8	47,637	15.8		
Peripheral Businesses	52,569	24.4	50,157	22.9	(2,411)	(4.6)	74,141	24.6		
Ocean Development	-	-	-	-	-	-	-	-		
Others	3,726	1.7	1,569	0.7	(2,157)	(57.9)	5,251	1.7		
Total	215,361	100.0	218,746	100.0	3,385	1.6	301,875	100.0		

Order Backlogs

	FY2023 (as of March 31, 2024)		3Q FY2024 (as of December 31, 2024)		Increase/Decrease		Change ratio		3Q FY2023 (as of December 31, 2023)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%		
New Business Development	34,971	9.1	41,567	10.0	6,596	18.9	37,061	10.3		
Marine Propulsion Systems	84,392	22.1	100,586	24.2	16,193	19.2	56,862	15.8		
Logistics Systems	81,381	21.3	100,943	24.3	19,562	24.0	86,979	24.1		
Peripheral Businesses	180,121	47.1	172,044	41.4	(8,076)	(4.5)	176,422	49.0		
Ocean Development	-	-	-	-	-	-	-	-		
Others	1,569	0.4	131	0.1	(1,438)	(91.6)	2,903	0.8		
Total	382,435	100.0	415,273	100.0	32,837	8.6	360,230	100.0		