

#### Mitsui E&S Holdings Co., Ltd. and its Consolidated Subsidiaries

## **3rd Quarter CONSOLIDATED FINANCIAL RESULTS FOR FY2020**

From April 1, 2020 to December 31, 2020

Code number:	7003	URL:	https://www.mes.co.jp/	
Shares Listed:	Tokyo Stock Ex	change		
Representative:	Ryoichi Oka, Pr	Ryoichi Oka, President, Representative Director, and CEO		
Inquiries:	Kazunori Miyake, General Manager of Finance & Accounting Dept. Tel: +81 3 3544 3121			
Scheduled date to file Quarterly securities report:		eport:	February 12, 2021	
Scheduled date to commence dividend payments:		_		
Supplementary explanatory materials prepared:		Yes		
Explanatory meeting:			Yes (for analysts)	

(Amounts less than one million yen are truncated)

## 1. Consolidated Financial Results for 3rd Quarter FY2020 (From April 1, 2020 to December 31, 2020)

	- · ·		(Millions of yen)
	From Apr. 1, 2019 to Dec. 31, 2019	From Apr. 1, 2020 to Dec. 31, 2020	Change (%)
New Orders Received	571,949	369,087	(35.5)
Net Sales	547,698	484,748	(11.5)
Operating Loss	(72,352)	(5,129)	_
Ordinary Loss	(69,693)	(3,070)	_
Loss attributable to owners of parent	(70,040)	(2,493)	_
Earnings per Share (Yen)	(866.45)	(30.84)	

Figures in parentheses represent negative.

		(Millions of yen)
	As of Mar. 31, 2020	As of Dec. 31, 2020
Total Assets	840,380	776,016
Net Assets	105,355	88,031
Shareholders' Equity to Total Assets	7.7%	7.2%

Note: This consolidated financial results has been prepared in accordance with Japanese accounting standards and Japanese law.

### 2. Dividends

	FY2019	FY2020	FY2020 (forecast)
Annual dividends per share			
First quarter	_	_	
Second quarter	0.00	0.00	
Third quarter	_	_	
Year-end	0.00		0.00
Total	0.00		0.00

Note: Revision of the most recent dividends forecast: None

#### **3. Forecast of Financial Results for FY2020**

(Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Profit attributable to owners of parent	Earnings per Share (Yen)
Year ending March 31, 2021	660,000	(12,000)	(8,000)	0	0.00

(Yen)

Note: Revision of the most recent financial forecast: Yes

Reference: Estimate is based on exchange rate of USD1.00 = JPY105.00

#### 4. 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 for preparing the quarterly consolidated financial statements:	Yes
(3) Changes in accounting policies, accounting estimates or restatements	
i) Changes due to amendment of accounting standards: None	
ii ) Changes due to other reasons: None	
iii ) Changes in accounting estimates: None	

iii ) Changes in accounting estimates:iv ) Restatements:

(4) Number of shares outstanding (common stock)

	FY2019 / FY2019 3Q	FY2020 3Q
	shares	shares
Number of shares outstanding at the end of period (including treasury stock)	83,098,717	83,098,717
Number of treasury stock at the end of period	2,259,372	2,248,461
Average number of shares during the period (cumulative quarterly consolidated period)	80,836,663	80,848,203

#### NOTICE REGARDING QUARTERLY REVIEW PROCEDURES FOR THE QUARTERLY FINANCIAL RESULTS

This quarterly financial results statement is exempt from the quarterly review procedures based upon the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results statement, the quarterly review procedure based upon the Financial Instruments and Exchange Act has not been completed.

None

#### FORWARD LOOKING STATEMENTS AND OTHER SPECIAL ITEMS

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.

#### HOW TO GET THE SUPPLEMENTARY EXPLANATORY MATERIALS

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

#### **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, naval ships, high speed passenger/vehicle ferries, offshore structures, underwater TV vehicles, steel structures
Ocean Development	FPSOs (floating production storage offloading vessels)
Machinery	Marine and stationary diesel engines, marine equipment, gas engines, steam turbines, blowers, process compressors, gas turbines, cogeneration system, regulating system, container cranes, industrial cranes, container terminal management systems, HWM manipulators, equipment of radar sensing for underground and construction, port structures, induction heaters
Engineering	Renewable energy power generation plants, power generation business, overseas civil works, waste treatment plants, water treatment plants, resources recycling plants, PCB disposal plants

#### Change in Reportable Segment

The Company has been pushing forward the reform of business structure under the Business Revival Plan, which was announced in May 2019 and partly reviewed in November 2019.

As part of this reform, jurisdiction over Sumitomo Mitsui Construction Steel Structures Engineering Co., Ltd. (formerly Mitsui E&S Steel Structures Engineering Co., Ltd.) and DPS Bridge Works Co., Ltd., both were previously classified as "Machinery" and carries on Bridge business, has been changed since this 1st quarter of FY2020, and the said two companies now belong to "Others."

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

### New Orders by Segment

(Millions of yen)

	From Apr. 1, 2019 to Dec. 31, 2019	From Apr. 1, 2020 to Dec. 31, 2020	Difference
Ship	38,624	36,375	(2,249)
			(5.8%)
Ocean Development	342,286	178,162	(164,124)
			(47.9%)
Machinery	104,273	89,778	(14,495)
			(13.9%)
Engineering	32,310	18,430	(13,880)
			(43.0%)
Others	54,453	46,341	(8,111)
			(14.9%)
Total	571,949	369,087	(202,861)
			(35.5%)

### Net Sales by Segment

(Millions of yen)

	From Apr. 1, 2019 to Dec. 31, 2019	From Apr. 1, 2020 to Dec. 31, 2020	Difference
Ship	85,565	66,569	(18,996)
			(22.2%)
Ocean Development	219,606	230,092	10,485
			4.8%
Machinery	123,273	111,774	(11,498)
			(9.3%)
Engineering	44,743	28,914	(15,828)
			(35.4%)
Others	74,509	47,398	(27,111)
			(36.4%)
Total	547,698	484,748	(62,949)
			(11.5%)

Operating Income (Loss) by Segment	t		(Millions of yen)
	From Apr. 1, 2019 to Dec. 31, 2019	From Apr. 1, 2020 to Dec. 31, 2020	Difference
Ship	(1,898)	(2,162)	(263)
Ocean Development	(8,938)	(10,794)	(1,856)
Machinery	7,715	5,480	(2,235)
Engineering	(73,317)	998	74,316
Others	4,086	1,348	(2,737)
Total	(72,352)	(5,129)	67,223

Figures in parentheses represent negative.

## Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and time deposits	118,405	132,119
Trade receivables	282,368	225,198
Securities	-	10,578
Merchandise and finished goods	4,714	5,927
Work in progress	46,165	58,712
Raw materials and supplies	5,505	5,611
Short-term loans	9,593	6,391
Others	50,259	37,508
Allowance for doubtful accounts	(1,185)	(799)
Total current assets	515,827	481,247
Non-current assets		
Property, plant and equipment		
Land	90,261	70,809
Others, net	69,297	62,211
Total property, plant and equipment	159,559	133,021
Intangible assets		
Goodwill	10,061	9,751
Others	18,180	17,958
Total intangible assets	28,242	27,710
Investments and other assets		
Others	137,179	134,243
Allowance for doubtful accounts	(427)	(205)
Total investments and other assets	136,751	134,037
Total non-current assets	324,552	294,768
Total assets	840,380	776,016

(Millions	of	yen)
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Short-term borrowings34,67063,847Current portion of long-term borrowings40,24532,531Current portion of bonds5,00015,000Accrued income taxes7,80310,008Advances from customers83,98390,155Provision for construction varanties11,38911,042Provision for losses on construction contracts98,50580,597Provision for losses on liquidation of subsidiaries and associates-343Provision for repairs10,5733,296Other provisions9,0865,701Asset retirement obligations10371Others42,24634,241Total current liabilities581,756562,020Long-term liabilities35,00020,000Long-term borrowings59,01940,593Liability for severance and retirement benefits for directors and corporate auditors3,3742,883Other provisions1,8781,704Asset retirement obligations1,7942,563Others40,49238,893Total long-term liabilities115,267118,782Total long-term liabilities155,267(112,88)Total liabilities18,48614,484Capital surplus18,48614,488Capital surplus18,48614,488Capital surplus18,48614,488Capital surplus18,48614,488Capital surplus18,48614,488Capital surplus18,48614,488 <th></th> <th>As of March 31, 2020</th> <th>As of December 31, 2020</th>		As of March 31, 2020	As of December 31, 2020
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Current portion of bonds5.00015.000Accrued income taxes7.80310.008Advances from customers83.98390.155Provision for construction construction construction construction construction construction construction of subsidiaries11.38911.042Provision for losses on construction contracts98.50588.057Provision for losses on injuidation of subsidiaries343343and associates9.0865.701Asset retirement obligations9.0865.701Other provisions9.0865.701Others42.24634.241Total current liabilities581.756569.202Long-term liabilities550.0020.0000Long-term liabilities35.00020.0000Long-term liabilities1.8781.704Provision for business restructuring3.3742.883Other provisions1.8781.704Net defined benefit liabilities11.68512.126Asset retirement obligations1.7942.563Others40.49238.893Total long-term liabilities15.5267118.782Total long-term liabilities15.5267118.785Net assets18.48618.486Shareholders' equity39.46946.918Accumulated other comprehensive income(4.726)(4.696)Net unrealized hosting gains (losses) on securites(2.9)1.72Unrealized hosting gains (losses) on securites(2.9)1.72Unrealized hosting gains (los	Current portion of long-term borrowings	40,245	32,531
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Provision for losses on construction contracts98,50580,597Provision for losses on liquidation of subsidiaries and associates<	Advances from customers	83,983	90,155
Provision for losses on liquidation of subsidiaries and associates	Provision for construction warranties	11,389	11,042
and associatesOther provision of the set retirement obligations103710<	Provision for losses on construction contracts	98,505	80,597
and associatesOther provision of the set retirement obligations103710<	Provision for losses on liquidation of subsidiaries		212
Other provisions     9,086     5,701       Asset retirement obligations     10     371       Others     42,246     34,241       Total current liabilities     581,756     569,202       Long-term liabilities     55,000     20,000       Long-term borrowings     59,019     40,593       Liability for severance and retirement benefits for directors and corporate auditors     23     18       Provision for business restructuring     3,374     2,883       Other provisions     11,878     1,704       Net defined benefit liabilities     11,685     12,125       Asset retirement obligations     1,794     2,563       Others     40,492     38,893       Total liabilities     153,267     118,782       Total liabilities     153,267     118,782       Total liabilities     153,267     118,782       Shareholders' equity     39,469     46,918       Common stock     44,384     44,384       Capital surplus     18,486     18,488       Retained earnings     (18,676)     (11,258) <tr< td=""><td></td><td>-</td><td>343</td></tr<>		-	343
Other provisions     9,086     5,701       Asset retirement obligations     10     371       Others     42,246     34,241       Total current liabilities     581,756     569,202       Long-term liabilities     55,000     20,000       Long-term borrowings     59,019     40,593       Liability for severance and retirement benefits for directors and corporate auditors     23     18       Provision for business restructuring     3,374     2,883       Other provisions     11,878     1,704       Net defined benefit liabilities     11,685     12,125       Asset retirement obligations     1,794     2,563       Others     40,492     38,893       Total liabilities     153,267     118,782       Total liabilities     153,267     118,782       Total liabilities     153,267     118,782       Shareholders' equity     39,469     46,918       Common stock     44,384     44,384       Capital surplus     18,486     18,488       Retained earnings     (18,676)     (11,258) <tr< td=""><td>Provision for repairs</td><td>10,573</td><td>3,296</td></tr<>	Provision for repairs	10,573	3,296
Others     42,246     34,241       Total current liabilities     581,756     569,202       Long-term liabilities     580,00     20,000       Bonds     35,000     20,000       Long-term borrowings     59,019     40,593       Liability for severance and retirement benefits for directors and corporate auditors     23     18       Provision for business restructuring     3,374     2,883     0.104       Net defined benefit liabilities     11,685     12,126       Asset retirement obligations     1,794     2,563       Others     40,492     38,893       Total long-term liabilities     153,267     118,782       Total long-term liabilities     153,267     118,782       Total labilities     735,024     687,985       Net assets       50,014       Shareholders' equity     18,486     18,488     18,486       Capital surplus     18,486     18,488     14,384     44,384       Capital surplus stock     (4,726)     (4,696)     14,289       Treasury stock     (29)     <		9,086	5,701
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Provision for business restructuring     3,374     2,883       Other provisions     1,878     1,704       Net defined benefit liabilities     11,685     12,126       Asset retirement obligations     1,794     2,563       Others     40,492     38,893       Total long-term liabilities     153,267     118,782       Total long-term liabilities     735,024     687,985       Net assets     735,024     687,985       Shareholders' equity     18,486     18,486       Common stock     44,384     44,384       Capital surplus     18,676)     (11,258)       Treasury stock     (4,726)     (4,696)       Total shareholders' equity     39,469     46,918       Accumulated other comprehensive income     112     112,588       Net unrealized holding gains (losses) on securities     (29)     172       Unrealized losses on hedging derivatives     (10,275)     (12,988)       Revaluation reserve for land     37,707     27,638       Foreign currency translation adjustments     (1,814)     (5,590)       Remeasurements of define		23	18
Other provisions     1,878     1,704       Net defined benefit liabilities     11,685     12,126       Asset retirement obligations     1,794     2,563       Others     40,492     38,893       Total long-term liabilities     153,267     118,782       Total liabilities     735,024     687,985       Net assets     735,024     687,985       Net assets     735,024     687,985       Shareholders' equity     735,024     687,985       Common stock     44,384     44,384       Capital surplus     18,486     18,488       Retained earnings     (18,676)     (11,258)       Treasury stock     (4,726)     (4,696)       Total shareholders' equity     39,469     46,918       Accumulated other comprehensive income     (10,275)     (12,988)       Net unrealized holding gains (losses) on securities     (10,275)     (12,988)       Revaluation reserve for land     37,707     27,638       Revaluation reserve for land     (10,275)     (12,988)       Gerieg currency translation adjustments     (1,814)	•	3,374	2,883
Net defined benefit liabilities     11,685     12,126       Asset retirement obligations     1,794     2,563       Others     40,492     38,893       Total long-term liabilities     153,267     118,782       Total liabilities     735,024     687,985       Net assets     735,024     687,985       Net assets     735,024     687,985       Shareholders' equity     18,486     18,488       Common stock     44,384     44,384       Capital surplus     18,486     18,488       Retained earnings     (18,676)     (11,258)       Treasury stock     (4,726)     (4,696)       Total shareholders' equity     39,469     46,918       Accumulated other comprehensive income     7172     172       Net unrealized holding gains (losses) on securities     (10,275)     (12,988)       Foreign currency translation adjustments     (1,814)     (5,590)       Revaluation reserve for land     37,707     27,638       Foreign currency translation adjustments     (680)     (2744)       Total accumulated other comprehensive income			
Asset retirement obligations   1,794   2,563     Others   40,492   38,893     Total long-term liabilities   153,267   118,782     Total liabilities   735,024   687,985     Net assets   735,024   687,985     Shareholders' equity   18,486   18,488     Common stock   44,384   44,384     Capital surplus   18,486   18,488     Retained earnings   (18,676)   (11,258)     Treasury stock   (4,726)   (4,696)     Total shareholders' equity   39,469   46,918     Accumulated other comprehensive income   122   122     Net unrealized holding gains (losses) on securities   (29)   172     Unrealized losses on hedging derivatives   (10,275)   (12,988)     Revaluation reserve for land   37,707   27,638     Foreign currency translation adjustments   (1,814)   (5,590)     Remeasurements of defined benefit plans   (680)   (274)     Total accumulated other comprehensive income   24,907   8,957     Subscription rights to shares   175   152     Non-controlling i	-		
Others     40,492     38,893       Total long-term liabilities     153,267     118,782       Total liabilities     735,024     687,985       Net assets     Shareholders' equity     687,985       Common stock     44,384     44,384       Capital surplus     18,486     18,488       Retained earnings     (18,676)     (11,258)       Treasury stock     (4,726)     (4,696)       Total shareholders' equity     39,469     46,118       Accumulated other comprehensive income     (10,275)     (12,988)       Revaluation reserve for land     37,707     27,638       Foreign currency translation adjustments     (1,814)     (5,590)       Remeasurements of defined benefit plans     (680)     (274)       Total accumulated other comprehensive income     24,907     8,957       Subscription rights to shares     175     152       Non-controlling interests     40,802     32,002       Total net assets     105,355     88,031			
Total long-term liabilities     153,267     118,782       Total liabilities     735,024     687,985       Net assets     5     687,985       Shareholders' equity     44,384     44,384       Common stock     44,384     44,384       Capital surplus     18,486     18,488       Retained earnings     (18,676)     (11,258)       Treasury stock     (4,726)     (4,696)       Total shareholders' equity     39,469     46,918       Accumulated other comprehensive income     (29)     172       Unrealized holding gains (losses) on securities     (29)     172       Unrealized holding derivatives     (10,275)     (12,988)       Revaluation reserve for land     37,707     27,638       Foreign currency translation adjustments     (1,814)     (5,590)       Remeasurements of defined benefit plans     (680)     (274)       Total accumulated other comprehensive income     24,907     8,957       Subscription rights to shares     175     152       Non-controlling interests     40,802     32,002       Total net assets			
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Shareholders' equity       Common stock     44,384     44,384       Capital surplus     18,486     18,488       Retained earnings     (18,676)     (11,258)       Treasury stock     (4,726)     (4,696)       Total shareholders' equity     39,469     46,918       Accumulated other comprehensive income     (29)     172       Net unrealized holding gains (losses) on securities     (29)     172       Unrealized losses on hedging derivatives     (10,275)     (12,988)       Revaluation reserve for land     37,707     27,638       Foreign currency translation adjustments     (1,814)     (5,590)       Remeasurements of defined benefit plans     (680)     (274)       Total accumulated other comprehensive income     24,907     8,957       Subscription rights to shares     175     152       Non-controlling interests     40,802     32,002       Total net assets     105,355     88,031		755,024	087,785
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Retained earnings(18,676)(11,258)Treasury stock(4,726)(4,696)Total shareholders' equity39,46946,918Accumulated other comprehensive income(29)172Unrealized holding gains (losses) on securities(29)172Unrealized losses on hedging derivatives(10,275)(12,988)Revaluation reserve for land37,70727,638Foreign currency translation adjustments(1,814)(5,590)Remeasurements of defined benefit plans(680)(274)Total accumulated other comprehensive income24,9078,957Subscription rights to shares175152Non-controlling interests40,80232,002Total net assets105,35588,031			
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Accumulated other comprehensive incomeNet unrealized holding gains (losses) on securities(29)Unrealized losses on hedging derivatives(10,275)Revaluation reserve for land37,707Proreign currency translation adjustments(1,814)Remeasurements of defined benefit plans(680)Total accumulated other comprehensive income24,907Subscription rights to shares175Non-controlling interests40,802Total net assets105,35588,031	-		
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Unrealized losses on hedging derivatives(10,275)(12,988)Revaluation reserve for land37,70727,638Foreign currency translation adjustments(1,814)(5,590)Remeasurements of defined benefit plans(680)(274)Total accumulated other comprehensive income24,9078,957Subscription rights to shares175152Non-controlling interests40,80232,002Total net assets105,35588,031	-		
Revaluation reserve for land37,70727,638Foreign currency translation adjustments(1,814)(5,590)Remeasurements of defined benefit plans(680)(274)Total accumulated other comprehensive income24,9078,957Subscription rights to shares175152Non-controlling interests40,80232,002Total net assets105,35588,031			
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Remeasurements of defined benefit plans(680)(274)Total accumulated other comprehensive income24,9078,957Subscription rights to shares175152Non-controlling interests40,80232,002Total net assets105,35588,031			
Total accumulated other comprehensive income24,9078,957Subscription rights to shares175152Non-controlling interests40,80232,002Total net assets105,35588,031			-
Subscription rights to shares175152Non-controlling interests40,80232,002Total net assets105,35588,031			(274)
Non-controlling interests40,80232,002Total net assets105,35588,031	-	24,907	8,957
Total net assets     105,355     88,031			152
	Non-controlling interests	40,802	32,002
Total liabilities and net assets840,380776,016	Total net assets	105,355	88,031
	Total liabilities and net assets	840,380	776,016

## Consolidated Statements of Operations

(Millions of yen)

	April 1, 2019 to December 31, 2019	April 1, 2020 to December 31, 2020
Net sales	547,698	484,748
Cost of sales	582,711	458,019
Gross profit (loss)	(35,013)	26,729
Selling, general and administrative expenses	37,339	31,858
Operating loss	(72,352)	(5,129)
Non-operating income		
Interest income	4,692	3,512
Dividend income	745	164
Equity in earnings of unconsolidated subsidiaries and	1 695	2 775
affiliates accounted for using equity method	1,685	3,725
Others	901	1,932
Total non-operating income	8,024	9,335
Mon-operating expenses		
Interest expenses	2,056	2,088
Commission expenses	1,888	2,782
Foreign currency exchange losses	15	1,462
Loss on valuation of derivatives	265	248
Others	1,139	694
Total non-operating expenses	5,366	7,276
Ordinary loss	(69,693)	(3,070)
Extraordinary income		
Gain on disposal of non-current assets	410	52
Gain on sales of investment securities	1,132	583
Gain on sales of subsidiaries and affiliates' stocks	-	2,342
Reversal of provision for repairs	-	2,051
Total extraordinary income	1,543	5,029
Extraordinary losses		
Loss on disposal of non-current assets	238	1,006
Loss on impairment of non-current assets	216	1,362
Loss on sales of investment securities	121	-
Loss on sales of subsidiaries and affiliates' stocks	877	1,919
Loss on valuation of investment securities	244	185
Loss on valuation of shares of subsidiaries and affiliates	43	-
Provision for losses on liquidation of subsidiaries and associates	-	449
Business restructuring cost	-	303
Retirement benefit expenses	-	818
Total extraordinary losses	1,742	6,044
Loss before income taxes	(69,892)	(4,084)
Income taxes	2,601	2,555
Loss	(72,494)	(6,640)
Loss attributable to non-controlling interests	(2,453)	(4,146)
Loss announder to non-controlling interests	(2,+33)	(4,140)

# Consolidated Statements of Comprehensive Income

Consolidated Statements of Comprehe	nsive income	(Millions of yen)
	April 1, 2019 to December 31, 2019	April 1, 2020 to December 31, 2020
Loss	(72,494)	(6,640)
Other comprehensive income		
Net unrealized holding gains (losses) on securities	(1,436)	198
Unrealized gains (losses) on hedging derivatives	(46)	2,514
Foreign currency translation adjustments	(4,494)	(4,577)
Remeasurements of defined benefit plans	158	436
Share of other comprehensive income of affiliates accounted for using equity method	(6,802)	(6,888)
Total	(12,620)	(8,315)
Comprehensive income	(85,115)	(14,955)
Comprehensive income attributable to		
Owners of parent	(80,259)	(8,374)
Non-controlling interests	(4,855)	(6,581)