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February 10, 2026

Consolidated Financial Results for the Nine Months Ended December 31, 2025 (Under Japanese GAAP)

Company name:	MITSUI E&S Co., Ltd.	
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, 2025 (from April 1, 2025 to December 31, 2025)

(1) Consolidated Operating Results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2025	253,183	15.7	31,116	126.2	35,953	86.4	25,383	(27.9)
December 31, 2024	218,746	1.6	13,756	2.1	19,290	65.1	35,194	219.1

Note: Comprehensive income For the nine months ended December 31, 2025: ¥ 38,422 million [32.5%]

For the nine months ended December 31, 2024: ¥ 28,989 million [35.2%]

	Earnings per share	Earnings per share (diluted)
Nine months ended	Yen	Yen
December 31, 2025	251.59	251.52
December 31, 2024	346.93	346.79

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets ratio
As of	Millions of yen	Millions of yen	%
December 31, 2025	475,210	209,069	43.0
March 31, 2025	449,212	174,154	37.8

Reference: Equity As of December 31, 2025: ¥ 204,494 million

As of March 31, 2025: ¥ 169,792 million

2. Dividends

	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, 2025	-	0.00	-	20.00	20.00
March 31, 2026	-	15.00	-		
March 31, 2026 (Forecast)			-	35.00	50.00

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

3. Forecasts for Financial Results (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
Fiscal year ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
March 31, 2026	340,000	7.9	35,000	51.3	40,000	44.1	31,000	(20.7)	307.25

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

Reference: Estimate is based on exchange rate of USD1.00 = JPY150.0

* 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, 2025	103,098,717
March 31, 2025	103,098,717

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

As of	shares
December 31, 2025	2,197,320
March 31, 2025	2,210,318

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

Nine months ended	shares
December 31, 2025	100,895,521
December 31, 2024	100,885,478

* 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) on the same day and is also available on our website.

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1. Overview of Operating Results and Others

(1) Overview of Operating Results for the Nine Months Ended December 31, 2025

The global economy during the nine months ended December 31, 2025, maintained moderate growth overall, although some regions showed signs of slowdown. While the tariff policies of the U.S. and geopolitical risks remain concerns, the stabilization of inflation rates and shifts in the monetary policies of major countries are somewhat mitigating downside risks to the economy. Signs of fiscal expansion and a recovery in consumer spending are also emerging across countries, leading to a decline in pessimistic outlooks for the future. The domestic economy is also gradually recovering due to various factors such as a rebound in consumer spending and solid corporate performance, although there are causes for concern, such as the deterioration of Japan-China relations.

In the shipbuilding industry, which is closely related to the Group's Marine Propulsion Systems business, a trajectory towards expanding shipbuilding capacity is gradually emerging, marked by the execution of a memorandum of understanding on Japan-U.S. collaboration and the formulation of a "Shipbuilding Industry Revitalization Roadmap." Additionally, building berths are already fully booked in the near term, and some shipyards have even received orders for new ships with delivery dates in 2030, ensuring that shipyards in Japan have secured sufficient volumes of work on hand. In Logistics Systems business, the Group continues to maintain its competitive edge in the U.S. market. The order environment for the Group's core businesses is favorable for the time being as demand remains strong in the Asian region and Japan, mainly due to new construction and the expansion of existing facilities, as well as the replacement of existing facilities due to aging.

While attention must be paid to factors such as the response of each country to U.S. policies and sudden fluctuations in interest and exchange rates, the Group is dealing with each risk appropriately through measures such as maintaining interest-bearing debt at an appropriate level and using forward exchange contracts.

To achieve sustainable growth in light of the uncertain and rapidly changing external environment, the Group has adopted a rolling mid-term business plan, that will constantly update its goals rather than commit to fixed ones for the next three years. Based on the financial results for FY2024, the Group has formulated the "MITSUI E&S Rolling Vision 2025" in May 2025, which includes updated functional strategies (finance and human resources) and business strategies until FY2027, three years from now. In this plan, the Group will make business investments to further grow the Group's core businesses and expand new business towards the Group's vision for 2030, as well as returning profits to shareholders through an appropriate dividend policy and striving to improve corporate value by balancing the cost of equity and the cost of liabilities.

In Marine Propulsion Systems business, the Group will strengthen the development and manufacturing of dual fuel engines, such as ammonia dual fueled engines, based on the Group's green strategy, as well as expand related peripheral equipment businesses. As a marine propulsion system supplier, the Group will continue to contribute to the realization of a decarbonized society in the field of marine logistics. As part of this initiative, we obtained Approval in Principle (AiP) from the Nippon Kaiji Kyokai General Incorporated Foundation (ClassNK) for an LPG/ammonia carrier that can use liquid ammonia as the ship's fuel, in collaboration with Kawasaki Heavy Industries, Ltd. This has enhanced the technical reliability towards the practical application of ammonia fueled engines.

In Logistics Systems business, the Group received the delivery of the crane transport vessel "YAMATO" in April 2025. By owning this vessel, the Group has strengthened its maritime transportation capacity. This has established a foundation for expanding into the global market, and the Group is also advancing investments to increase its production capacity in the future. Additionally, we began an on-site operation demonstration of cargo handling equipment powered by hydrogen fuel cells at the Yokohama Port, promoting the development of environmentally friendly technologies. Following strong orders for Southeast Asia, such as the order for 15 Rubber Tyred Gantry Cranes (MITSUI-PACECO Transtainer®) from Westports Malaysia Sdn Bhd, we also received an order for two Ship to Shore Gantry Cranes (MITSUI-PACECO Portainer®) for the Port of Long Beach in the U.S., steadily advancing our overseas expansion. Through these efforts, the Group aims to make a greater contribution to the container terminal operations of its domestic and international customers.

In New Business Development business, the Group will strengthen the maintenance and inspection-service areas using digital technology. Specifically, the Group is providing new services such as "FALCONs (Fouling Advanced Lifecycle Control Service)" for managing hull fouling, offering drone inspection and maintenance services for various facilities, including port cranes and industrial plants, and providing solutions to improve the operational efficiency of port terminals.

Additionally, the Company has newly obtained an issuer rating of "A-" with a "Positive" outlook from Rating and Investment Information, Inc. (R&I) as of December 24, 2025.

Orders received during the nine months ended December 31, 2025 decreased by 49,787 million yen (down 19.3%) year on year to 207,593 million yen. Net sales were 253,183 million yen, an increase of 34,436 million yen (up 15.7%) year on year mainly due to an increase in net sales of large engines and dual fuel engines in Marine Propulsion Systems and the steady progress in large projects in Logistics Systems. Operating income increased by 17,360 million yen (up 126.2%) year on year to 31,116 million yen mainly due to an increase in net sales and improved profitability in Marine Propulsion Systems and Logistics Systems. Ordinary income was 35,953 million yen, an increase of 16,662 million yen (up 86.4%) year on year, mainly due to an increase in operating income. Profit attributable to owners of parent was 25,383 million yen, a decrease of 9,810 million yen (down 27.9%) year on year, mainly due to a decrease in gain on sales of subsidiaries and affiliates' stocks.

The overview by reportable segment is as follows. From the first quarter of FY2025, the Group changed the reportable segment classifications, and the year-on-year comparison shown is based on the reportable segment classifications after the change. For details, please refer to "2. Quarterly Consolidated Financial Statements and Major Notes, (4) Notes to Quarterly Consolidated Financial Statements (Notes on Segment Information, etc.)."

(New Business Development)

Orders received was 33,654 million yen, the same level as the same period of the previous fiscal year, 34,375 million yen, as a result of steadily accumulating orders for industrial machinery products and land-based diesel power generator sets. Net sales and operating income increased by 3,546 million yen (up 13.1%) to 30,520 million yen and by 1,406 million yen (up 33.9%) to 5,556 million yen, respectively, year on year. This was due to increased net sales of industrial machinery products and strong performance in the after-sales service.

(Marine Propulsion Systems)

Orders received decreased by 39,384 million yen (down 34.3%) year on year to 75,592 million yen, mainly due to the receipt of bulk orders for multiple large engines in the previous fiscal year. Net sales increased by 10,869 million yen (up 11.0%) year on year to 109,661 million yen, mainly due to growth in large engines and dual fuel engines. Operating income increased by 7,004 million yen (up 113.4%) year on year to 13,183 million yen, mainly due to an increase in net sales and strong performance in the after-sales service.

(Logistics Systems)

Orders received decreased by 13,260 million yen (down 22.4%) year on year to 45,818 million yen, mainly due to the receipt of large projects in the same period of the previous fiscal year. Net sales increased by 4,334 million yen (up 10.5%) year on year to 45,587 million yen, due to the steady progress in large projects. Operating income increased by 5,981 million yen (up 144.4%) year on year to 10,123 million yen, due to an increase in net sales and improved profitability of large projects.

(Peripheral Businesses)

Orders received increased by 3,575 million yen (up 7.3%) year on year to 52,410 million yen, mainly due to an increase in orders for large projects. Net sales increased by 17,125 million yen (up 34.1%) year on year to 67,283 million yen, mainly due to increases at overseas subsidiaries. Operating income (loss) turned from a loss of 775 million yen in the same period of the previous fiscal year to an income of 2,509 million yen, driven by factors including an increase in net sales.

(2) Overview of Financial Position for the Nine Months Ended December 31, 2025

i) Assets, Liabilities and Net Assets

Total assets as of December 31, 2025, were 475,210 million yen, increased by 25,997 million yen from the end of the previous fiscal year. This was mainly due to increases in cash and time deposits by 15,443 million yen, work in progress by 11,179 million yen and investment securities by 17,093 million yen despite a decrease of 15,363 million yen in notes and accounts receivables - trade, and contract assets.

Total liabilities were 266,140 million yen, decreased by 8,917 million yen from the end of the previous fiscal year. This was mainly due to decrease in short-term borrowings by 10,814 million yen.

Total net assets were 209,069 million yen, increased by 34,914 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 an increase in net unrealized holding gains on securities.

ii) Cash Flows

Cash and cash equivalents (hereinafter, "cash") as of December 31, 2025, were 48,861 million yen, increased by 15,484 million yen from the end of the previous fiscal year.

The summary of cash flows during the nine months ended December 31, 2025 were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities during the nine months ended December 31, 2025 was 33,093 million yen (8,394 million yen was provided in the same period of the previous fiscal year). This was mainly due to inflows from the recording of profit before income taxes, a decrease in trade receivables and contract assets despite outflows from an increase in inventories and income taxes paid.

(Cash flows from investing activities)

Net cash provided by investing activities during the nine months ended December 31, 2025 was 1,103 million yen (62,905 million yen was provided in the same period of the previous fiscal year). This was mainly due to proceeds from sales of shares of subsidiaries and affiliates despite outflows from capital expenditure.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 18,917 million yen during the nine months ended December 31, 2025 (67,934 million yen was used in the same period of the previous fiscal year). This was mainly due to outflows from repayments of short-term and long-term borrowings, and dividends paid.

(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 FY2025" which was announced on February 10, 2026.

i) Reasons for revision

In Marine Propulsion Systems and Logistics Systems segments, the Company group steadily carried out relatively profitable projects as planned. Together with the benefits of cost reduction initiatives, the results for the nine months ended December 31, 2025 exceeded the assumptions at the time of the previous forecasts.

The after-sales service business is also expected to remain at a steady level. While uncertainties such as U.S. tariff policies and geopolitical risks will continue to require close monitoring, the Company anticipates only a limited impact on its business performance compared with the previous forecasts. Accordingly, it has revised upward its financial forecasts for Operating income, Ordinary income, and Profit attributable to owners of parent for the fiscal year ending March 31, 2026.

In addition, the foreign exchange rate assumption underlying these forecasts has been revised from 145 yen to 150 yen per U.S. dollar.

ii) Forecasts for consolidated financial results for FY2025 (from April 1, 2025 to March 31, 2026)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share
Previous forecasts (A)	Millions of yen 340,000	Millions of yen 30,000	Millions of yen 31,000	Millions of yen 26,000	Yen 257.70
Revised forecasts (B)	340,000	35,000	40,000	31,000	307.25
Change (B-A)	-	5,000	9,000	5,000	
Change ratio (%)	-	16.7	29.0	19.2	
(Reference) Actual results for FY2024	315,112	23,130	27,756	39,074	385.39

iii) Forecasts for consolidated financial results by segment for FY2025 (from April 1, 2025 to March 31, 2026)

(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	6,000	40,000	6,500	-	500
Marine Propulsion Systems	150,000	12,000	150,000	14,500	-	2,500
Logistics Systems	65,000	9,000	65,000	12,000	-	3,000
Peripheral Businesses	85,000	3,000	85,000	2,000	-	(1,000)
Others	0	0	0	0	-	-
Total	340,000	30,000	340,000	35,000	-	5,000

Note : 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, 2025	As of December 31, 2025
Assets		
Current assets		
Cash and time deposits	35,353	50,796
Notes and accounts receivables - trade, and contract assets	102,955	87,591
Electronically recorded monetary claims - operating	4,987	6,039
Merchandise and finished goods	10,625	10,905
Work in progress	52,473	63,653
Raw materials and supplies	6,829	6,960
Others	27,427	26,783
Allowance for doubtful accounts	(1,006)	(415)
Total current assets	239,646	252,314
Non-current assets		
Property, plant and equipment		
Land	65,728	63,298
Others, net	50,421	50,007
Total property, plant and equipment	116,149	113,306
Intangible assets		
Goodwill	6,477	6,511
Others	7,661	7,977
Total intangible assets	14,138	14,489
Investments and other assets		
Investment securities	29,674	46,768
Others	49,730	48,586
Allowance for doubtful accounts	(126)	(254)
Total investments and other assets	79,278	95,100
Total non-current assets	209,566	222,896
Total assets	449,212	475,210

(Millions of yen)

As of March 31, 2025 As of December 31, 2025

Liabilities		
Current liabilities		
Trade payables	45,610	47,002
Electronically recorded obligations - operating	13,526	14,145
Short-term borrowings	47,854	37,040
Current portion of long-term borrowings	6,166	6,232
Accrued income taxes	5,120	8,822
Contract liabilities	44,187	48,612
Provision for bonuses	6,171	4,512
Provision for losses on construction contracts	4,837	3,906
Provision for demolition and removal	1,142	640
Other provisions	4,705	5,388
Asset retirement obligations	106	69
Others	21,362	20,934
Total current liabilities	200,792	197,306
Long-term liabilities		
Long-term borrowings	43,829	40,422
Provision for business restructuring	1,110	1,110
Provision for contract losses	3,845	3,380
Other provisions	284	368
Net defined benefit liabilities	4,565	4,610
Asset retirement obligations	1,481	1,079
Others	19,149	17,862
Total long-term liabilities	74,265	68,834
Total liabilities	275,058	266,140
Net assets		
Shareholders' equity		
Share capital	8,846	8,846
Capital surplus	2,792	2,793
Retained earnings	104,494	126,997
Treasury stock	(4,590)	(4,566)
Total shareholders' equity	111,543	134,071
Accumulated other comprehensive income		
Net unrealized holding gains on securities	6,890	21,113
Unrealized gains on hedging derivatives	2,723	2,984
Revaluation reserve for land	25,438	24,782
Foreign currency translation adjustments	9,085	8,750
Remeasurements of defined benefit plans	14,111	12,790
Total accumulated other comprehensive income	58,249	70,422
Subscription rights to shares	58	33
Non-controlling interests	4,303	4,541
Total net assets	174,154	209,069
Total liabilities and net assets	449,212	475,210

(2) Quarterly Consolidated Statements of Operations and Comprehensive Income

Quarterly Consolidated Statements of Operations

(Millions of yen)

	April 1, 2024 to December 31, 2024	April 1, 2025 to December 31, 2025
Net sales	218,746	253,183
Cost of sales	184,398	199,231
Gross profit	34,348	53,952
Selling, general and administrative expenses	20,592	22,835
Operating income	13,756	31,116
Non-operating income		
Interest income	262	183
Dividend income	150	262
Share of profit of entities accounted for using equity method	6,592	4,641
Foreign currency exchange gains	492	1,742
Others	912	359
Total non-operating income	8,410	7,189
Non-operating expenses		
Interest expenses	2,060	1,375
Others	814	977
Total non-operating expenses	2,875	2,353
Ordinary income	19,290	35,953
Extraordinary income		
Gain on disposal of non-current assets	188	49
Gain on sales of subsidiaries and affiliates' stocks	24,031	254
Total extraordinary income	24,220	303
Extraordinary losses		
Loss on disposal of non-current assets	323	164
Loss on change in equity	1,124	-
Loss on liquidation of business	-	537
Provision for losses on liquidation of subsidiaries and affiliates	376	-
Settlement payments for accidents	2,615	-
Loss on litigation	-	1,839
Total extraordinary losses	4,439	2,542
Profit before income taxes	39,071	33,714
Income taxes	3,894	8,008
Profit	35,176	25,705
Profit (loss) attributable to non-controlling interests	(17)	321
Profit attributable to owners of parent	35,194	25,383

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	April 1, 2024 to December 31, 2024	April 1, 2025 to December 31, 2025
Profit	35,176	25,705
Other comprehensive income		
Net unrealized holding gains on securities	3,981	14,187
Unrealized losses on hedging derivatives	(585)	(524)
Foreign currency translation adjustments	373	336
Remeasurements of defined benefit plans	(1,068)	(1,151)
Share of other comprehensive income of affiliates accounted for using equity method	(8,887)	(130)
Total	(6,186)	12,717
Comprehensive income	28,989	38,422
Comprehensive income attributable to		
Owners of parent	29,128	38,212
Non-controlling interests	(138)	210

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	April 1, 2024 to December 31, 2024	April 1, 2025 to December 31, 2025
Cash flows from operating activities		
Profit before income taxes	39,071	33,714
Depreciation and amortization	5,586	6,005
Amortization of goodwill	764	853
Decrease of allowance for doubtful accounts	(109)	(488)
Increase in net defined benefit liabilities	534	373
Decrease in net defined benefit assets	657	586
Decrease in provision for losses on construction contracts	(2,320)	(1,072)
Increase in provision for losses on liquidation of subsidiaries and affiliates	376	-
Interest and dividend income	(412)	(446)
Interest expenses	2,060	1,375
Share of profit of entities accounted for using equity method	(6,592)	(4,641)
Foreign currency exchange losses (gains)	32	(1,110)
Gain on sales of subsidiaries and affiliates' stocks	(24,031)	(254)
Loss on disposal of non-current assets	134	114
Loss on change in equity	1,124	-
Loss on liquidation of business	-	537
Settlement payments for accidents	2,615	-
Loss on litigation	-	1,839
Decrease in trade receivables and contract assets	3,269	15,444
Increase in inventories	(8,333)	(11,592)
Increase (decrease) in trade payables	(6,450)	1,402
Increase in contract liabilities	6,234	3,822
Decrease (increase) in other assets	5,503	(799)
Decrease in other liabilities	(65)	(3,620)
Others, net	(3,291)	(1,908)
Sub-total	16,359	40,136
Interest and dividend received	1,537	2,425
Interest paid	(2,106)	(1,561)
Settlement paid for accidents	(1,732)	(619)
Payments for loss on litigation	-	(346)
Income taxes paid	(5,662)	(6,941)
Net cash provided by (used in) operating activities	8,394	33,093

	(Millions of yen)	
	April 1, 2024 to December 31, 2024	April 1, 2025 to December 31, 2025
Cash flows from investing activities		
Net decrease (increase) in time deposits	295	(63)
Capital expenditure	(6,296)	(7,364)
Proceeds from sales of non-current assets	601	3,039
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	330	-
Proceeds from sales of shares of subsidiaries and affiliates	68,528	4,174
Payments for asset retirement obligations	(346)	(111)
Subsidies received	-	1,480
Others, net	(206)	(51)
Net cash provided by (used in) investing activities	<u>62,905</u>	<u>1,103</u>
Cash flows from financing activities		
Net decrease in short-term borrowings	(99,084)	(10,738)
Proceeds from long-term borrowings	43,857	2,400
Repayments of long-term borrowings	(892)	(5,741)
Repayments of lease obligations	(1,401)	(1,352)
Purchase of treasury stock	(9,196)	-
Cash dividends	(1,202)	(3,462)
Dividends paid to non-controlling interests	(40)	(42)
Others, net	26	18
Net cash provided by (used in) financing activities	<u>(67,934)</u>	<u>(18,917)</u>
Effect of exchange rate changes on cash and cash equivalents	223	247
Net increase in cash and cash equivalents	3,589	15,527
Cash and cash equivalents at beginning of period	33,516	33,376
Decrease due to changes in scope of consolidation	-	(42)
Cash and cash equivalents at end of period	<u>37,106</u>	<u>48,861</u>

(4) Notes to Quarterly Consolidated Financial Statements**(Notes on Going Concern Assumption)**

Not applicable.

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

Not applicable.

(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, 2025, the Group 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, 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	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)	13,694	61	13,756	-	13,756

Notes 1: "Others" is the segment which is not included in reportable segment and includes Engineering businesses, etc.

2: Segment income (loss) is consistent with operating income shown on Quarterly Consolidated Statements of Operations.

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)

Not applicable.

II For the nine months ended December 31, 2025 (from April 1, 2025 to December 31, 2025)

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	Sub total	Others	Total	Adjustments	Consolidated
Net Sales:									
Outside customers	30,520	109,661	45,587	67,283	253,053	129	253,183	-	253,183
Inter segment	938	1,047	49	10,338	12,374	-	12,374	(12,374)	-
Total	31,459	110,709	45,637	77,621	265,427	129	265,557	(12,374)	253,183
Segment income (loss)	5,556	13,183	10,123	2,509	31,371	(255)	31,116	-	31,116

Notes 1: "Others" is the segment which is not included in reportable segment and includes Engineering businesses, etc.

2: Segment income (loss) is consistent with operating income shown on Quarterly Consolidated Statements of Operations.

2. Changes in Reportable Segment, etc.

(Changes in Classification of Reportable Segment)

In the previous consolidated fiscal year, MODEC, INC. and its related companies, which constituted "Ocean Development," were excluded from the scope of application of the equity method due to a partial sale of MODEC, INC. shares. As a result, effective from the first quarter of FY2025, the Group has changed the classification of its reportable segment to 4 segments: "New Business Development," "Marine Propulsion Systems," "Logistics Systems," and "Peripheral Businesses."

Segment information for the third quarter of the previous fiscal year has been presented based on the reportable segments after the changes.

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 net sales

(Percentages in FY2024 and FY2025 indicate composition ratio.)

New Orders

	3Q FY2024 (from April 1, 2024 to December 31, 2024)		3Q FY2025 (from April 1, 2025 to December 31, 2025)		Increase/Decrease	Change ratio	FY2024 (from April 1, 2024 to March 31, 2025)	
	Millions of yen	%	Millions of yen	%			Millions of yen	%
New Business Development	34,375	13.4	33,654	16.2	(720)	(2.1)	45,953	10.9
Marine Propulsion Systems	114,976	44.7	75,592	36.4	(39,384)	(34.3)	212,932	50.5
Logistics Systems	59,078	22.9	45,818	22.1	(13,260)	(22.4)	76,112	18.1
Peripheral Businesses	48,835	19.0	52,410	25.2	3,575	7.3	86,562	20.5
Others	115	0.0	117	0.1	2	1.9	137	0.0
Total	257,381	100.0	207,593	100.0	(49,787)	(19.3)	421,699	100.0

Net Sales

	3Q FY2024 (from April 1, 2024 to December 31, 2024)		3Q FY2025 (from April 1, 2025 to December 31, 2025)		Increase/Decrease	Change ratio	FY2024 (from April 1, 2024 to March 31, 2025)	
	Millions of yen	%	Millions of yen	%			Millions of yen	%
New Business Development	26,973	12.3	30,520	12.1	3,546	13.1	40,017	12.7
Marine Propulsion Systems	98,792	45.2	109,661	43.2	10,869	11.0	135,506	43.0
Logistics Systems	41,253	18.9	45,587	18.0	4,334	10.5	62,767	19.9
Peripheral Businesses	50,157	22.9	67,283	26.6	17,125	34.1	75,193	23.9
Others	1,569	0.7	129	0.1	(1,439)	(91.7)	1,626	0.5
Total	218,746	100.0	253,183	100.0	34,436	15.7	315,112	100.0

Order Backlogs

	FY2024 (as of March 31, 2025)		3Q FY2025 (as of December 31, 2025)		Increase/Decrease	Change ratio	3Q FY2024 (as of December 31, 2024)	
	Millions of yen	%	Millions of yen	%			Millions of yen	%
New Business Development	40,124	8.2	42,710	9.5	2,585	6.4	41,567	10.0
Marine Propulsion Systems	161,819	33.3	126,872	28.1	(34,947)	(21.6)	100,586	24.2
Logistics Systems	95,884	19.7	96,009	21.2	125	0.1	100,943	24.3
Peripheral Businesses	188,789	38.8	185,977	41.2	(2,811)	(1.5)	172,044	41.4
Others	104	0.0	118	0.0	14	13.6	131	0.1
Total	486,722	100.0	451,688	100.0	(35,033)	(7.2)	415,273	100.0