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(Translation)

(Securities Code 7004)

June 3, 2022

Dear Shareholders

Sadao Mino, President

**Hitachi Zosen Corporation**

7-89, Nanko-kita 1-chome, Suminoe-ku, Osaka

## NOTICE OF THE 125TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce the 125th Ordinary General Meeting of Shareholders of Hitachi Zosen Corporation (“the Company”). The meeting shall be held as described below.

In order to prevent the spread of the novel coronavirus disease (COVID-19) at this General Meeting of Shareholders, we invite you to exercise your voting rights in writing or via the Internet. **Please refer to the Reference Documents before exercising your voting rights. If you vote in writing, send the form by postal mail so that it will arrive by 5:00 p.m. (JST) on Tuesday, June 21, 2022. If you vote via the Internet, please refer to the instructions on pages 3 and 4, and enter your vote by 5:00 p.m. (JST) on Tuesday, June 21, 2022.**

Shareholders are also invited to view the meeting by way of real-time streaming on the Internet. For details, please see the attached guide (Japanese only).

- 1. Date and Time:** June 22, 2022 (Wednesday), 10:00 a.m. (JST) (Doors open 9:00 a.m.)
- 2. Place:** Art Hotel Osaka Bay Tower, 4th Floor, “Art Grand Ballroom”  
2-1, Benten 1-chome, Minato-ku, Osaka, Japan

### 3. Purposes

#### I. Matters to be Reported:

1. The Business Report, the Consolidated Financial Statements and Non-consolidated Financial Statements for the 125th fiscal year (from April 1, 2021 to March 31, 2022)
2. The Audit Reports of the Accounting Auditor and the Board of Corporate Auditors on the Consolidated Financial Statements for the 125th fiscal year

#### II. Matters to be Resolved:

- Proposal 1: **Appropriation of Surplus**
- Proposal 2: **Amendment of Articles of Incorporation**
- Proposal 3: **Election of Nine (9) Directors**
- Proposal 4: **Election of One (1) Corporate Auditor**

#### 4. Matters relating to this Notice of Convocation

- Among the documents to be provided relating to this Notice, the following items are posted on the website of the Company pursuant to the relevant laws and regulations and Article 15 of the Articles of Incorporation of the Company (Japanese only).

- 1) “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements
  - 2) “Notes to Non-consolidated Financial Statements” in the Non-consolidated Financial Statements
- These matters are included in the Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Accounting Auditor and Corporate Auditors for the preparation of the Accounting Audit Report and Audit Report, respectively.

- Any modification that may be required in the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements will be published on the website of the Company.

Website of the Company: <https://www.hitachizosen.co.jp/ir/stock/meeting.html> (Japanese only)

- **Treatment of Voting Rights Exercised Multiple Times**

- If the voting rights are exercised multiple times both in writing and via the Internet: The exercise of the voting rights via the Internet will be deemed effective.
- If the voting rights are exercised multiple times via the Internet: The last exercise of the voting rights will be deemed effective.

- **Other**

- Please read the “Measures to Prevent the Spread of the Novel Coronavirus Disease (COVID-19) at the 125th Ordinary General Meeting of Shareholders” (Japanese only). If there are any changes in the arrangements, response methods and other related operation of the General Meeting of Shareholders, according to the future situation, we will give notice on the Company’s website (<https://www.hitachizosen.co.jp/ir/stock/meeting.html>).
- Shareholders are invited to view the meeting on the date by way of real-time live streaming on the Internet. For details, please see the attached Guide on Live Streaming of General Meeting of Shareholders (Japanese only).
- After the meeting, the proceedings will be available in part for viewing on demand from our Company website (Japanese only).
- Please kindly note that the distribution of souvenirs for shareholders attending the meeting in person has been cancelled since last year. We appreciate your understanding.

## Instructions on Exercising Voting Rights via the Internet

### Scanning QR code®

You can simply login to the website for exercising voting rights without entering your login ID and temporary password printed on the voting form.

1. Please scan the QR code® located on the right side of the voting form.

\* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.

2. Indicate your approval or disapproval by following the instructions on the screen.

Note that you can log in to the website only once by using the QR Code.

### Entering login ID and temporary password

Site for exercising voting rights:  
<https://evote.tr.mufg.jp/>

1. Please access the site for exercising voting rights.

2. Enter your “login ID” and “temporary password” printed on the voting form.

3. Please register a new password.

4. Indicate your approval or disapproval by following the instructions on the screen.

### Cautionary matters

- (1) When exercising voting rights via the Internet, please be aware that the website is not available from 2:00 a.m. to 5:00 a.m. (JST) each day.
- (2) Exercising voting rights via PC or smartphone may not be possible depending on your Internet usage environment, for example if you use a firewall for your Internet connection, if you have anti-virus software installed, if you use a proxy server, or if you are communicating without TLS encryption.
- (3) Any fees for accessing the website for exercising voting rights (Internet connection fees, etc.) shall be borne by the shareholder.

In case you need instructions for how to operate your PC/smartphone in order to exercise your voting rights via the Internet, please contact the helpdesk, for which the details are provided below.

Mitsubishi UFJ Trust and Banking Corporation  
Corporate Agency Division (helpdesk)

Telephone: 0120-173-027 (toll free and available from 9:00 a.m. to 9:00 p.m.; within Japan only)

### **Platform for Exercise of Voting Rights**

The Company participates in the Electronic Voting Platform for Institutional Investors managed by ICJ, Inc.

For shareholders registered in the name of a custodian trust bank, etc. (including permanent agents), by making prior application for the said platform's use, it is possible to exercise one's voting rights for the Company's General Meeting of Shareholders using the said platform as a method for exercising one's voting rights by electronic method, separate to the exercising of one's voting rights via the Internet mentioned above.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Appropriation of Surplus

Our basic policy on distribution of profit is that we provide stable and sustainable dividends based on business results, and enhance retained earnings required for future business development. Retained earnings should be employed for capital investment, research and development (R&D) and business investment, aiming to strengthen our business base and expand business field.

In accordance with the above policy, from the comprehensive perspective of the business results for fiscal year 2021 and retained earnings for future business development, we hereby propose the year-end dividend for fiscal year 2021 as follows.

- (i) Dividend to be paid by cash
- (ii) Items concerning allocation of dividend property to shareholders and total amount thereof  
Dividend per share of the Company's common stock: 12 yen  
Total amount: 2,022,375,192 yen
- (iii) Effective date of commencement of payment: June 23, 2022

**Proposal 2: Amendment to the Articles of Incorporation**

1. Reason for amendment

Due to the enforcement of revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) on September 1, 2022, a system for providing reference materials for general meetings of shareholders in electronic formats is to be introduced. As this system is mandatory for all listed companies, the Company proposes to make the following changes to its Articles of Incorporation to reflect this.

- (1) The Company proposes to establish a new provision about providing in electronic formats of the information that constitutes the content of reference documents, etc. for general meeting of shareholders (new Article 15, paragraph 1).
- (2) With respect to the matters for which measures for providing information in electronic formats are to be taken for information that constitutes the content of reference documents, etc. for general meeting of shareholders, in order to enable the Company to limit the scope of items to be stated in paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents to the scope prescribed by the Ministry of Justice Order, the Company proposes to establish a new provision (new Article 15, paragraph 2).
- (3) By introducing the system for providing reference materials for general meetings of shareholders in electronic formats, Article 15 (Disclosure of Reference Documents, etc. for General Meeting of Shareholders on Internet) of the current Articles of Incorporation is no longer necessary, so the Company proposes to delete this provision.
- (4) In addition, the Company proposes to establish supplementary provisions concerning the effect of the provisions to be added and deleted as mentioned above. Each of these supplementary provisions will be deleted after the day prescribed in the relevant provision.

2. Details of amendment

The details of the amendment are as follows:

Comparison table of current provisions and proposed amendment

(Underlining denotes amendment)

Extracts from current Articles of Incorporation	Proposed amendments
<p style="text-align: center;">CHAPTER 3 GENERAL MEETING OF SHAREHOLDERS</p> <p><u>Article 15. (Disclosure of Reference Documents, etc. for General Meeting of Shareholders on Internet) In convening a General Meeting of Shareholders, when the Company discloses to shareholders information that should have been described and indicated in reference documents for the General Meeting of Shareholders, business reports, financial statements and consolidated statements on the internet in accordance with the provisions of the relevant ordinance of the Ministry of Justice, such information shall be deemed to have been provided to shareholders.</u></p>	<p style="text-align: center;">CHAPTER 3 GENERAL MEETING OF SHAREHOLDERS</p> <p style="text-align: center;">&lt;Deleted&gt;</p>

Extracts from current Articles of Incorporation	Proposed amendments
<p data-bbox="395 206 606 235">&lt;New Provisions&gt;</p> <p data-bbox="395 757 606 786">&lt;New Provisions&gt;</p>	<p data-bbox="810 206 1402 271"><u>Article 15. (Measures, etc. for Providing Information in Electronic Formats)</u></p> <p data-bbox="810 277 1402 450"><u>When the Company convenes a general meeting of shareholders, it shall take measures for providing information in electronic formats with respect to information that constitutes the content of reference documents, etc. for general meeting of shareholders.</u></p> <p data-bbox="810 456 1402 741"><u>Among items for which the measures for providing information in electronic formats will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p> <p data-bbox="810 757 1114 786"><u>(Supplementary provision)</u></p> <p data-bbox="810 792 1402 1039"><u>(1) The deletion of the pre-amended Article 15 (Disclosure of Reference Documents, etc. for General Meeting of Shareholders on Internet) and the establishment of the new Article 15 (Measures, etc. for Providing Information in Electronic Formats) shall be effective from September 1, 2022.</u></p> <p data-bbox="810 1046 1402 1292"><u>(2) Notwithstanding the provision of the preceding paragraph, the pre-amended Article 15 (Disclosure of Reference Documents, etc. for General Meeting of Shareholders on Internet) shall remain effective regarding any general meeting of shareholders held on a date within six months from September 1, 2022.</u></p> <p data-bbox="810 1299 1402 1509"><u>(3) The provisions of this Article shall be deleted after the date when six months have elapsed from September 1, 2022, or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

(Reference) System for Providing Reference Materials for General Meetings of Shareholders in Electronic Formats

This system enables a company to deliver reference documents for general meetings of shareholders to its shareholders by publicizing the documents on its website. The system, which is mandatory for listed companies, applies to general meetings of shareholders held after March 2023 (in case of the Company, tentatively from June 2023 when the next ordinary general meeting of shareholders is scheduled to be held), and shareholders will only receive a simplified written notice of convocation notifying that information is available from a website and the URLs. From September 1, 2022, a request for delivery of paper-based documents is available for shareholders whose access to the Internet is difficult and who wish to continue to receive paper-based documents. A shareholder who wishes to receive paper-based reference documents for the next general meeting of shareholders to be held in June 2023 is asked to make a request by the end of March 2023, which is the record date of exercising voting rights. For the details of request for paper-based documents, please contact a securities company with which you have an account, or Mitsubishi UFJ Trust and Banking Corporation, a shareholder register administrator.

Inquiry about the electronic delivery system:

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Division (call center)

Telephone: 0120-696-505 (toll free and available from 9:00 a.m. to 5:00 p.m. (excluding Saturdays, Sundays and national holidays); within Japan only)

FAQ: <https://www.tr.mufg.jp/daikou/denshi.html>



### Proposal 3: Election of Nine (9) Directors

The term of office of all nine (9) present Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, we propose to elect nine (9) Directors.

The candidates for Directors are as follows:

No.	Name	Position and Areas of Responsibility at the Company	Attendance at Board of Directors meetings (FY 2021)	Tenure as Director (at the conclusion of the General Meeting of Shareholders)
1	Takashi Tanisho <span style="border: 1px solid black; padding: 0 2px;">Reappointed</span>	Representative Director and Chairman of the Board	14/14	12 years
2	Sadao Mino <span style="border: 1px solid black; padding: 0 2px;">Reappointed</span>	Representative Director, President and Chief Executive Officer	14/14	7 years
3	Toshiyuki Shiraki <span style="border: 1px solid black; padding: 0 2px;">Reappointed</span>	Managing Director, Responsible for Environment Business Headquarters, Quality Assurance Dept. and Architect Supervision Dept.	14/14	6 years
4	Tatsuji Kamaya <span style="border: 1px solid black; padding: 0 2px;">Reappointed</span>	Managing Director, General Manager of Carbon Neutral Solution Business Headquarters, and Responsible for Machinery & Infrastructure Business Headquarters and Production Engineering Dept.	14/14	5 years
5	Tadashi Shibayama <span style="border: 1px solid black; padding: 0 2px;">Reappointed</span>	Managing Director, General Manager of R&D Headquarters, and Responsible for Information and Communication Technology Promotion Headquarters and Global Headquarters	14/14	5 years
6	Michi Kuwahara <span style="border: 1px solid black; padding: 0 2px;">Reappointed</span>	Managing Director, General Manager of Environment Business Headquarters and Responsible for Procurement Headquarters	11/11	1 year
7	Kazuko Takamatsu <span style="border: 1px solid black; padding: 0 2px;">Reappointed</span> <span style="border: 1px solid black; padding: 0 2px;">Outside</span> <span style="border: 1px solid black; padding: 0 2px;">Independent</span>	Director	14/14	7 years
8	Richard R. Lury <span style="border: 1px solid black; padding: 0 2px;">Reappointed</span> <span style="border: 1px solid black; padding: 0 2px;">Outside</span> <span style="border: 1px solid black; padding: 0 2px;">Independent</span>	Director	14/14	6 years
9	Tetsuya Shoji <span style="border: 1px solid black; padding: 0 2px;">Reappointed</span> <span style="border: 1px solid black; padding: 0 2px;">Outside</span> <span style="border: 1px solid black; padding: 0 2px;">Independent</span>	Director	11/11	1 year

Reappointed Candidate for reappointed Director


Outside Candidate for Outside Director


Independent Independent Director


Notes: 1.Attendance at the Board of Directors meetings by Michi Kuwahara and Tetsuya Shoji counts only the Board of Directors meetings held after their assuming the office of Director on June 22, 2021.


2.The gender and expertise (skills) of each candidate for Director are provided on page 24.


Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
1	<p><u>Reappointed</u></p>  <p>Takashi Tanisho (February 26, 1949)</p> <p>Attendance at Board of Directors meetings (FY 2021) 14/14</p> <p>Tenure as Director 12 years (at the conclusion of the General Meeting of Shareholders)</p>	<p>April 1973      Joined the Company</p> <p>June 2010      Director, the Company</p> <p>April 2012      Managing Director, the Company</p> <p>April 2013      Representative Director, President and Chief Operating Officer, the Company</p> <p>April 2016      Representative Director, President and Chief Executive Officer, the Company</p> <p>April 2017      Representative Director, Chairman of the Board and President, the Company</p> <p>April 2020      Representative Director, Chairman of the Board and Chief Executive Officer, the Company</p> <p>April 2022      Representative Director and Chairman of the Board, the Company (current position)</p> <p>&lt;Reasons for nominating the candidate as Director&gt; As top management of the Company since assuming the office of President and Chief Operating Officer in April 2013, then as Chairman of the Board from April 2022, Mr. Tanisho has been mainly working to make the corporate philosophy of the Company a reality, drive sustainable growth and improvement of the corporate value of the Hitachi Zosen Group and promote stronger corporate governance. The Company has determined, based on this experience and track record, that Mr. Tanisho will adequately fulfill the role of determining important matters and strengthening supervisory functions in the Board of Directors. Thus, once again, the Company has designated Mr. Tanisho as a candidate for Director.</p>	205,040


Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
2	<p data-bbox="379 250 507 273"><u>Reappointed</u></p>  <p data-bbox="354 604 533 663">Sadao Mino (August 27, 1957)</p> <p data-bbox="338 703 549 819">Attendance at Board of Directors meetings (FY 2021) 14/14</p> <p data-bbox="338 860 549 1012">Tenure as Director 7 years (at the conclusion of the General Meeting of Shareholders)</p>	<p data-bbox="580 250 976 273">April 1982      Joined the Company</p> <p data-bbox="580 291 1251 389">April 2015      General Manager of Environment Business Headquarters, and Responsible for Architect Supervision Dept. and Quality Assurance Dept., the Company</p> <p data-bbox="580 407 1104 430">June 2015      Managing Director, the Company</p> <p data-bbox="580 448 1276 497">April 2017      Representative Director, Executive Vice-President, the Company</p> <p data-bbox="580 515 1264 636">April 2017      President's Assistant (Responsible for Production Engineering Dept., Wind Power Business Promotion Office and Functional Materials Business Promotion Office), the Company</p> <p data-bbox="580 654 1251 703">April 2018      President's Assistant (Responsible for Sales and Production Engineering Dept.), the Company</p> <p data-bbox="580 721 1251 770">April 2019      President's Assistant (Responsible for Sales and Procurement Headquarters), the Company</p> <p data-bbox="580 788 1273 860">October 2019    President's Assistant (Responsible for Sales, Procurement Headquarters, and Yumeshima Area Development Promotion Dept.), the Company</p> <p data-bbox="580 878 1222 927">April 2020      Representative Director, President and Chief Operating Officer, the Company</p> <p data-bbox="580 945 1267 994">April 2022      Representative Director, President and Chief Executive Officer, the Company (current position)</p> <p data-bbox="580 1012 1283 1344">&lt;Reasons for nominating the candidate as Director&gt; Since assuming the office of the top manager, President and Chief Operating Officer from April 2020, and then as President and Chief Executive Officer from April 2022, Mr. Mino has been mainly working to make the corporate philosophy of the Company a reality, drive sustainable growth and improvement of the corporate value of the Hitachi Zosen Group, and promote stronger corporate governance. The Company has determined, based on this experience and track record, that Mr. Mino is well-qualified to play a key role in further developing the Hitachi Zosen Group. Therefore, once again, the Company has designated Mr. Mino as a candidate for Director.</p>	73,378

Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
3	<p><u>Reappointed</u></p>  <p>Toshiyuki Shiraki (June 24, 1958)</p> <p>Attendance at Board of Directors meetings (FY 2021) 14/14</p> <p>Tenure as Director 6 years (at the conclusion of the General Meeting of Shareholders)</p>	<p>April 1984      Joined the Company</p> <p>June 2016      Managing Director, the Company (current position)</p> <p>April 2017      General Manager of Business Planning &amp; Technology Development Headquarters, and Responsible for Information and Communication Technology Promotion Headquarters, Architect Supervision Dept. and Quality Assurance Dept., the Company</p> <p>April 2019      General Manager of Environment Business Headquarters, the Company</p> <p>April 2020      General Manager of Environment Business Headquarters and Responsible for Procurement Headquarters, the Company</p> <p>April 2021      Responsible for Environment Business Headquarters and Procurement Headquarters, the Company</p> <p>June 2021      Responsible for Environment Business Headquarters, Procurement Headquarters and Architect Supervision Dept., the Company</p> <p>April 2022      Responsible for Environment Business Headquarters, Quality Assurance Dept. and Architect Supervision Dept., the Company (current position)</p> <p>&lt;Reasons for nominating the candidate as Director&gt; Mr. Shiraki has been engaged mainly in engineering, development, construction and overseas project works in the Environment Business segment, planning and development of new businesses, and has extensive experience of business operations, as well as technical skills and specialist capabilities. Mr. Shiraki has been working to promote further business growth in line with globalization, becoming the person responsible for the Environment Business since April 2019. Based on this experience and track record, the Company has determined that, Mr. Shiraki will continue to fulfill the role of determining important matters and strengthening supervisory functions in the Board of Directors. Thus, once again, the Company has designated Mr. Shiraki as a candidate for Director.</p>	44,069


Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
4	<p><u>Reappointed</u></p>  <p>Tatsuji Kamaya (September 2, 1961)</p> <p>Attendance at Board of Directors meetings (FY 2021) 14/14</p> <p>Tenure as Director 5 years (at the conclusion of the General Meeting of Shareholders)</p>	<p>April 1984      Joined the Company</p> <p>April 2014      Executive Officer, the Company</p> <p>April 2017      General Manager of Corporate Planning Headquarters, and Responsible for General Administration Headquarters and Procurement Headquarters, the Company</p> <p>June 2017      Director, the Company</p> <p>August 2017    General Manager of Corporate Planning Headquarters, and General Manager of SR99 Project Team, Corporate Planning Headquarters, and Responsible for General Administration Headquarters and Procurement Headquarters, the Company</p> <p>April 2018      Managing Director, the Company (current position)</p> <p>April 2019      General Manager of Corporate Planning Headquarters, and General Manager of General Administration Headquarters, and General Manager of SR99 Project Team, Corporate Planning Headquarters, and Responsible for Production Engineering Dept., the Company</p> <p>April 2020      General Manager of Corporate Planning Headquarters, and General Manager of General Administration Headquarters, and General Manager of SR99 Project Team, Corporate Planning Headquarters, the Company</p> <p>July 2020      General Manager of Machinery Business Headquarters, General Manager of SR99 Project Team, Corporate Planning Headquarters, and Responsible for Infrastructure Business Headquarters, the Company</p> <p>April 2021      General Manager of Machinery &amp; Infrastructure Business Headquarters, the Company</p> <p>June 2021      General Manager of Machinery &amp; Infrastructure Business Headquarters and Responsible for Production Engineering Dept., the Company</p> <p>April 2022      General Manager of Carbon Neutral Solution Business Headquarters, and Responsible for Machinery &amp; Infrastructure Business Headquarters and Production Engineering Dept., the Company (current position)</p> <p>&lt;Reasons for nominating the candidate as Director&gt; Mr. Kamaya has been engaged mainly in operations such as accounting &amp; finance and corporate planning in the Company. Mr. Kamaya has extensive experience and wide-ranging insight into the Hitachi Zosen Group's company management, and others, and he has been promoting the business structure reforms and business growth as the person in charge of the Machinery Business and the Infrastructure Business since July 2020, and the Carbon Neutral Solution Business since April 2022. Based on this experience and track record, the Company has determined that Mr. Kamaya will continue to fulfill the role of determining important matters and strengthening supervisory functions in the Board of Directors. Thus, once again, the Company has designated Mr. Kamaya as a candidate for Director.</p>	30,166


Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
5	<p><u>Reappointed</u></p>  <p>Tadashi Shibayama (September 13, 1958)</p> <p>Attendance at Board of Directors meetings (FY 2021) 14/14</p> <p>Tenure as Director 5 years (at the conclusion of the General Meeting of Shareholders)</p>	<p>April 1982      Joined the Company</p> <p>April 2012      Executive Officer, the Company</p> <p>April 2017      General Manager of Machinery Business Headquarters, the Company</p> <p>June 2017      Director, the Company</p> <p>April 2019      General Manager of Machinery Business Headquarters, and Responsible for Infrastructure Business Headquarters, the Company</p> <p>June 2019      Managing Director, the Company (current position)</p> <p>April 2020      General Manager of Machinery Business Headquarters, and Responsible for Sales, Overseas Business, Infrastructure Business Headquarters and Yumeshima Area Development Promotion Dept., the Company</p> <p>July 2020      Responsible for Sales, Overseas Business, General Administration Headquarters, Corporate Planning Headquarters and Yumeshima Area Development Promotion Dept., the Company</p> <p>June 2021      General Manager of R&amp;D Headquarters, and Responsible for Overseas Business and Information and Communication Technology Promotion Headquarters, the Company</p> <p>July 2021      General Manager of R&amp;D Headquarters, and Responsible for Information and Communication Technology Promotion Headquarters and Global Headquarters, the Company (current position)</p> <p>&lt;Reasons for nominating the candidate as Director&gt; Mr. Shibayama has been engaged in wide-ranging operations such as engineering, sales, aftersales service, planning and development, and promotion of new businesses in departments in charge of manufacturing and engineering businesses. He has extensive experience and wide-ranging insight into business operations both in Japan and overseas, and overseas sales. Mr. Shibayama has been responsible for the Company's business development, overseas business and the promotion of ICT since June 2021, and promoted the strengthening of business competitiveness. Based on this experience and track record, the Company has determined that Mr. Shibayama will continue to fulfill the role of determining important matters and strengthening supervisory functions in the Board of Directors. Thus, once again, the Company has designated Mr. Shibayama as a candidate for Director.</p>	47,690

Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
6	<p><u>Reappointed</u></p>  <p>Michi Kuwahara (June 18, 1963)</p> <p>Attendance at Board of Directors meetings (FY 2021) 11/11</p> <p>Tenure as Director 1 year (at the conclusion of the General Meeting of Shareholders)</p>	<p>April 1986      Joined the Company</p> <p>April 2015      General Manager of Corporate Planning Dept., the Company</p> <p>January 2018    General Manager of Corporate Planning Dept., the Company and Chairman of the Supervisory Board of Hitachi Zosen Inova AG</p> <p>April 2018      Executive Officer, the Company</p> <p>April 2018      Assistant to General Manager of Environment Business Headquarters, the Company and Chairman of the Supervisory Board of Hitachi Zosen Inova AG</p> <p>April 2020      Managing Executive Officer, the Company</p> <p>July 2020        General Manager of General Administration Headquarters, and General Manager of Corporate Planning Headquarters, the Company</p> <p>April 2021      General Manager of Corporate Planning Headquarters, the Company</p> <p>June 2021        Director, the Company</p> <p>June 2021        General Manager of Corporate Planning Headquarters, and Responsible for General Administration Headquarters, Quality Assurance Dept. and Yumeshima Area Development Promotion Dept., the Company</p> <p>October 2021    General Manager of Corporate Planning Headquarters, and Responsible for General Administration Headquarters, Sustainability Promotion Dept., Quality Assurance Dept. and Yumeshima Area Development Promotion Dept., the Company</p> <p>April 2022        Managing Director, the Company (current position)</p> <p>April 2022        General Manager of Environment Business Headquarters, and Responsible for Procurement Headquarters, the Company (current position)</p> <p>(Significant Concurrent Position) President, HITZ HOLDINGS U.S.A. INC.</p> <p>&lt;Reasons for nominating the candidate as Director&gt; Mr. Kuwahara has been engaged mainly in operations such as accounting &amp; finance and corporate planning at the Company, and has extensive experience and wide-ranging insight into the Hitachi Zosen Group's company management, including having carried out business structure reform as Chairman of the Supervisory Board of an overseas subsidiary, Hitachi Zosen Inova AG. Since April 2022, Mr. Kuwahara has been working to promote further growth of environment business as General Manager of Environment Business Headquarters. Based on this experience and track record, the Company has determined that Mr. Kuwahara will fulfill the role of determining important matters and strengthening supervisory functions in the Board of Directors. Thus, once again, the Company has designated Mr. Kuwahara as a candidate for Director.</p>	3,207

Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
7	<div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Reappointed</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Independent Director</div>  Kazuko Takamatsu (August 27, 1951)	<p>April 1974      Joined Sony Corporation</p> <p>April 2003      Representative Director, Sony Digital Network Applications, Inc.</p> <p>October 2008    VP in charge of Environment, Sony Corporation</p> <p>April 2012      Advisor, YAMAGATA INTECH Corporation</p> <p>April 2013      Executive Director and Secretariat, Japan Institute for Women's Empowerment &amp; Diversity Management</p> <p>May 2015        Outside Director, Dexerials Corporation (retired in June 2019)</p> <p>June 2015        Outside Director, the Company (current position)</p> <p>April 2020      Executive Director, Japan Institute for Women's Empowerment &amp; Diversity Management (retired in June 2020)</p> <p>June 2020      Outside Director, The Kansai Electric Power Company, Incorporated (Member of the Nominating Committee) (current position)</p> <hr/> <p>(Significant Concurrent Position)</p> <p>Outside Director, The Kansai Electric Power Company, Incorporated (Member of the Nominating Committee)</p> <hr/> <p>&lt;Reasons for nominating the candidate as Outside Director and outline of expected roles&gt;</p> <p>Ms. Takamatsu has extensive experience and wide-ranging insight into company management and diversity-focused management. Her experience encompasses working for many years at global companies, as well as service as the Representative Director of a software development company and as the Executive Director of the Japan Institute for Women's Empowerment &amp; Diversity Management. As Outside Director, Ms. Takamatsu provides appropriate opinions and advice from an independent standpoint to the Company, which is now promoting stronger corporate governance, the globalization of business, and diversity-focused management. In addition, Ms. Takamatsu has fulfilled the role of strengthening supervisory functions regarding business execution through her involvement in the decisions on executive appointments and Directors' remuneration as a member of the Nomination &amp; Remuneration Advisory Committee. The Company expects her to continue these roles and has once again designated Ms. Takamatsu as a candidate for Outside Director.</p> <hr/> <p>&lt;Matters concerning the independency&gt;</p> <p>While there is an outsourcing transaction between the Company and the Japan Institute for Women's Empowerment &amp; Diversity Management, where Ms. Takamatsu formerly served as Executive Director, the average annual value of transactions between the Company and the Japan Institute for Women's Empowerment &amp; Diversity Management in the past three fiscal years was 0.7% of the organization's annual ordinary revenue. Additionally, there are no business relationships between the Company and Sony Corporation or between the Company and Sony Digital Network Applications, Inc., where Ms. Takamatsu was formerly engaged in execution of business. Based on the above facts, the Company has determined that Ms. Takamatsu is independent, and has designated her as an independent director as prescribed by Tokyo Stock Exchange, Inc.</p>	7,928
	Attendance at Board of Directors meetings (FY 2021) 14/14  Tenure as Outside Director 7 years (at the conclusion of the General Meeting of Shareholders)		



Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned												
8	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Reappointed</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Independent Director</div>  <p style="text-align: center;">Richard R. Lury (January 21, 1948)</p> <p style="text-align: center;">Attendance at Board of Directors meetings (FY 2021) 14/14</p> <p style="text-align: center;">Tenure as Outside Director 6 years (at the conclusion of the General Meeting of Shareholders)</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 15%; vertical-align: top;">May 1974</td> <td>Admitted to the bar of the State of New York</td> </tr> <tr> <td style="vertical-align: top;">September 1989</td> <td>Partner, Kelley Drye &amp; Warren LLP (retired in January 2015)</td> </tr> <tr> <td style="vertical-align: top;">June 2003</td> <td>Admitted to the bar of the State of New Jersey</td> </tr> <tr> <td style="vertical-align: top;">March 2013</td> <td>Outside Director, Sanken North America, Inc. (currently, Allegro MicroSystems, Inc.) (current position)</td> </tr> <tr> <td style="vertical-align: top;">June 2014</td> <td>Outside Director, Sanken Electric Co., Ltd. (current position) (scheduled to retire from the position on June 24, 2022)</td> </tr> <tr> <td style="vertical-align: top;">June 2016</td> <td>Outside Director, the Company (current position)</td> </tr> </table> <div style="border: 1px solid black; padding: 2px; margin-top: 5px;"> <p>(Significant Concurrent Positions)</p> <p>Attorney-at-law in the United States (State of New York and New Jersey)</p> <p>Outside Director, Allegro MicroSystems, Inc.</p> </div> <p>&lt;Reasons for nominating the candidate as Outside Director and outline of expected roles&gt;</p> <p>Mr. Lury served as a partner of a major law firm in the United States for many years, and has extensive experience and expertise in international corporate legal matters. As Outside Director, Mr. Lury provides appropriate opinions and advice from an independent standpoint to the Company, which is now promoting stronger corporate governance and the globalization of business. In addition, he has fulfilled the role of strengthening supervisory functions regarding business execution through the involvement in decisions on executive appointments and Directors' remuneration as a member of the Nomination &amp; Remuneration Advisory Committee. The Company anticipates that Mr. Lury will continue to fulfill these roles and has thus once again designated Mr. Lury as a candidate for Outside Director.</p> <div style="border: 1px solid black; padding: 2px; margin-top: 5px;"> <p>&lt;Matters concerning the independency&gt;</p> <p>Although a business relationship between the Company and a major law firm in the United States, where Mr. Lury served as partner until he retired in January 2015, exists via the Company's subsidiary in the United States, the average annual value of transactions in the past three fiscal years is less than 5 million yen (with no transactions in the most recent two fiscal years). Furthermore, Mr. Lury concluded a legal advisory contract as an individual with the Company's subsidiary in the United States in January 2015, which was terminated in December 2020, but the average annual value of transactions in the past three fiscal years is about 5.2 million yen (with no transactions in the most recent fiscal year). Based on the above facts, the Company has determined that Mr. Lury is independent, and has designated him as an independent director as prescribed by Tokyo Stock Exchange, Inc.</p> </div>	May 1974	Admitted to the bar of the State of New York	September 1989	Partner, Kelley Drye & Warren LLP (retired in January 2015)	June 2003	Admitted to the bar of the State of New Jersey	March 2013	Outside Director, Sanken North America, Inc. (currently, Allegro MicroSystems, Inc.) (current position)	June 2014	Outside Director, Sanken Electric Co., Ltd. (current position) (scheduled to retire from the position on June 24, 2022)	June 2016	Outside Director, the Company (current position)	None
May 1974	Admitted to the bar of the State of New York														
September 1989	Partner, Kelley Drye & Warren LLP (retired in January 2015)														
June 2003	Admitted to the bar of the State of New Jersey														
March 2013	Outside Director, Sanken North America, Inc. (currently, Allegro MicroSystems, Inc.) (current position)														
June 2014	Outside Director, Sanken Electric Co., Ltd. (current position) (scheduled to retire from the position on June 24, 2022)														
June 2016	Outside Director, the Company (current position)														

Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned	
9	Reappointed	April 1977	Joined Nippon Telegraph and Telephone Public Corporation	
	Outside Director	June 2006	Senior Vice President and General Manager of Personnel Department, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION	
	Independent Director	June 2009	Senior Vice President and Head of General Affairs Department, Nippon Telegraph and Telephone Corporation	
			June 2012	Senior Executive Vice President, Representative Member of the Board, NTT Communications Corporation
			June 2015	President & CEO, Representative Member of the Board, NTT Communications Corporation
		June 2020	Corporate Advisor, NTT Communications Corporation (current position)	
		December 2020	Outside Director, circlace Inc. (current position)	
	Tetsuya Shoji (February 28, 1954)	March 2021	Outside Director, Sapporo Holdings Limited (current position)	
	Attendance at Board of Directors meetings (FY 2021) 11/11	June 2021	Outside Director, the Company (current position)	
	Tenure as Outside Director 1 year (at the conclusion of the General Meeting of Shareholders)	June 2021	Outside Director, Mitsubishi Logistics Corporation (current position)	
	March 2022	Outside Director, Japan Tobacco Inc. (current position)		
	(Significant Concurrent Positions)	Corporate Advisor, NTT Communications Corporation Outside Director, circlace Inc. Outside Director, Sapporo Holdings Limited Outside Director, Mitsubishi Logistics Corporation Outside Director, Japan Tobacco Inc.	None	
	<Reasons for nominating the candidate as Outside Director and outline of expected roles> Mr. Shoji has extensive experience and wide-ranging insight in corporate management, including having served as a representative member of the board of a major telecommunications carrier. Mr. Shoji has provided appropriate opinions and advice as Outside Director from an independent standpoint to the Company, which is promoting stronger corporate governance and the globalization of business and digital transformation (DX), and has fulfilled the role of strengthening supervisory functions regarding business execution through involvement in decisions on executive appointments and Directors' remuneration as Chair of the Nomination & Remuneration Advisory Committee since January 2022. Therefore, the Company anticipates that Mr. Shoji will continue to fulfill these roles and has designated him once again as a candidate for Outside Director.			
	<Matters concerning the independency> Although there is a business relationship between the Company and NTT Communications Corporation, where Mr. Shoji currently serves as Corporate Advisor and was engaged in execution of business until June 2020, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of NTT Communications Corporation's consolidated operating revenue and there were no sales from the company. Additionally, although there is a business relationship between the Company and Nippon Telegraph and Telephone West Corporation, where Mr. Shoji was formerly engaged in execution of business, the average annual value of transactions between the two companies in the past three fiscal years			

Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
		was less than 0.1 % of Nippon Telegraph and Telephone West Corporation's consolidated operating revenue and there were no sales from the Company. Based on the above facts, the Company has determined that Mr. Shoji is independent, and has designated him as an independent director as prescribed by Tokyo Stock Exchange, Inc.	


- Notes: 1. The Company has concluded an agreement with Ms. Kazuko Takamatsu, Mr. Richard R. Lury and Mr. Tetsuya Shoji respectively that limits the maximum amount of their liabilities to the minimum amount stipulated by laws and regulations concerning liability for compensation for damages pursuant to the provisions of Article 423, paragraph 1 of the Companies Act. In the event that their reelection is approved, the Company intends to continue the said agreement.
2. The Company has concluded a directors and officers liability insurance agreement stipulated in Article 430-3, paragraph 1 of the Companies Act with an insurance company. This insurance agreement covers directors and officers for damages that may arise from accepting liability for the execution of their duties or from receiving claims related to pursuit of such liability, with certain exemption from indemnification of damages, for example, damages arising from acts conducted with the knowledge of non-compliance with the applicable laws and regulations. All the candidates for Director will be included as insureds in the said insurance agreement if the election is approved. In addition, the Company plans to renew the agreement with details of the same degree in the middle of their term of office.

#### Proposal 4: Election of One (1) Corporate Auditor

Mr. Masayuki Morikata, one of the present Corporate Auditors, will complete his term of office at the conclusion of this General Meeting of Shareholders. Accordingly, we propose to elect one (1) Corporate Auditor.

The Board of Corporate Auditors has approved this proposal.

The candidate for Corporate Auditor is as follows:

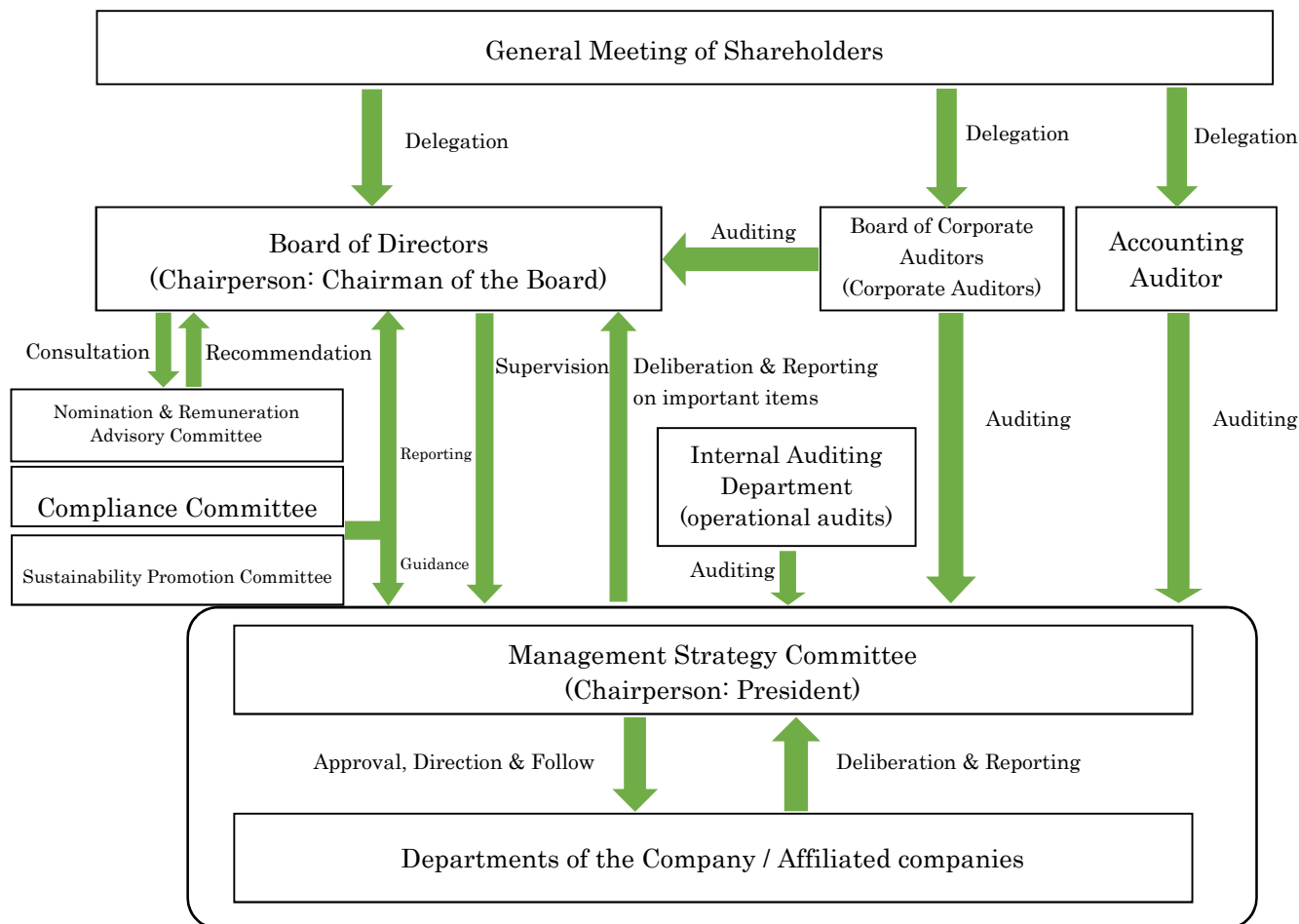
Name (Date of Birth)	Career Summary (Position at the Company and Significant Concurrent Positions)	Number of the Company's Share Owned
<p><u>Reappointed</u></p>  <p>Masayuki Morikata (September 2, 1951)</p> <p>Attendance at Board of Directors meetings (FY 2021) 14/14</p> <p>Attendance at Board of Corporate Auditors meetings (FY 2021) 8/8</p> <p>Tenure as Outside Corporate Auditor 4 years (at the conclusion of the General Meeting of Shareholders)</p>	<p>April 1974      Joined the Company</p> <p>June 2010      Director, the Company</p> <p>April 2012      Managing Director, the Company</p> <p>June 2015      General Manager of General Administration Headquarters and General Manager of Corporate Planning Headquarters, the Company</p> <p>April 2016      General Manager of General Administration Headquarters and General Manager of Corporate Planning Headquarters, and Responsible for Procurement Headquarters, the Company</p> <p>June 2017      Corporate Adviser, the Company</p> <p>June 2018      Full-time Corporate Auditor, the Company (current position)</p> <p>&lt;Reasons for nominating the candidate as Corporate Auditor&gt; Mr. Morikata possesses extensive experience within the Company mainly as the responsible person of departments in charge of accounting, finance, and management planning, and has sufficient insight into finance and accounting. The Company anticipates that, based on his extensive insight into internal control and compliance, as well as his four years' experience as Corporate Auditor, Mr. Morikata is suitable for contributing to stronger corporate governance and enhancing the auditing system of the Company. Therefore, the Company has once again designated Mr. Morikata as a candidate for Corporate Auditor.</p>	55,360

- Notes:
1. The Company has concluded an agreement with Mr. Masayuki Morikata that limits the maximum amount of his liabilities to the minimum amount stipulated by laws and regulations concerning liability for compensation for damages pursuant to the provisions of Article 423, paragraph 1 of the Companies Act. In the event that his reelection is approved, the Company intends to continue the said agreement.
  2. The Company has concluded a directors and officers liability insurance agreement stipulated in Article 430-3, paragraph 1 of the Companies Act with an insurance company. This insurance agreement covers directors and officers for damages that may arise from accepting liability for the execution of their duties or from receiving claims related to pursuit of such liability, with certain exemption from indemnification of damages, for example, damages arising from acts conducted with the knowledge of non-compliance with the applicable laws and regulations. Mr. Morikata will be included as an insured in the said insurance agreement if the election is approved. In addition, the Company plans to renew the agreement with details of the same degree in the middle of his term of office.
  3. The gender and expertise (skills) of the candidate for Corporate Auditor are provided on page 24.

## Reference

(Basic Approach to Corporate Governance)

Guided by our corporate philosophy of “We create value useful to society with technology and sincerity to contribute to a prosperous future,” and recognizing that it is imperative for sustainable growth and for an increase in the corporate value of the Company over the medium to long term to conscientiously meet the expectations of all stakeholders—starting with our shareholders—and to ensure the soundness, transparency, and efficiency of management, we have adopted the basic approach of focusing on enhancement of corporate governance as our priority management issue.



(Corporate Governance System)

- The Company is a company with a Board of Corporate Auditors, and Corporate Auditors are elected to make audits on the execution of duties of Directors.
- Board of Directors  
The Board of Directors consists of nine Directors including three Outside Directors. They not only conduct matters stipulated by laws and regulations but also make decisions related to basic policy and important matters of the Hitachi Zosen Group, and supervise the execution of business. At the Board of Directors, effort is made to ensure the transparency and soundness of management by conducting decision-making with respect to the opinions made by the outside directors from their independent perspective.
- Management Strategy Committee  
The Company has established the Management Strategy Committee comprising Executive Directors and key General Managers. The Company has adopted a business execution structure based on adequate deliberation about issues and countermeasures, etc. regarding important matters of business activities of each business segment (including Group companies).
- Nomination & Remuneration Advisory Committee  
The Company has established the Nomination & Remuneration Advisory Committee as an advisory body for the Board of Directors on a voluntary basis, so as to enhance the independence and objectivity of functions as well as accountability of the Board of Directors with respect to such matters as the nomination of management and directors (including a succession plan) and their remuneration. The Committee is constituted by internal directors (Chairperson of the Board of Directors (Chairman of the Board) and CEO) and all independent outside directors and independent outside corporate auditors, and is to be chaired by an independent outside officer elected by the

resolution of the Committee, thereby to enhance the independence and objectivity of the Committee.  
<Roles and authorities of the Committee>

Based on consultation from the Board of Directors, the Committee will deliberate on the following items and provide reports to the Board of Directors. The Board of Directors will respect the reports from the Committee.

- (1) Matters concerning the nomination of candidates for director and corporate auditor
- (2) Matters concerning the appointment and dismissal of the President
- (3) Matters concerning the appointment and dismissal of the Representative Director
- (4) Matters concerning the appointment and dismissal of directors with titles
- (5) Matters concerning succession development plan for the President
- (6) Matters concerning the total maximum amount of remuneration of Directors
- (7) Matters concerning the total actual amount of remuneration of Directors
- (8) Matters concerning calculation methods of the amount of remuneration of Directors
- (9) Matters concerning the basic policies, rules, and procedures required for deliberating the preceding items
- (10) Other important management matters deemed necessary by the Board of Directors

(Policies relating to the election of Directors and Corporate Auditors)

Candidates for Director and Corporate Auditor must have superior character and insight, as well as the knowledge, experience, and ability required to suitably perform the duties demanded of each position. Candidates for Outside Director and Outside Corporate Auditor must have extensive experience, expert knowledge and wide-ranging insight into company management, and must fulfill the Company's Criteria for Independence of Outside Directors and Outside Corporate Auditors.

The nomination of candidates for Directors and Corporate Auditors is determined by the Board of Directors after consulting with the Nomination & Remuneration Advisory Committee.

#### **The Criteria for Independence of Outside Directors and Outside Corporate Auditors**

The Company determines that an outside director or an outside corporate auditor is independent if he/she does not fall into any of the following categories.

1. A major shareholder of the Company (a shareholder who holds 10% or more of the Company's voting rights on the last day of the most recent fiscal year), or one who executes business for that major shareholder
2. A major client of the Company, or one who has executed business at a major client of the Company during the past three years
  - \* A major client of the Company is defined as a party whose average annual transaction amount with the Company during the past three fiscal years is 2% or more of the Company's average consolidated sales.
3. One whose major client is the Company, or one who has executed business for that party during the past three years
  - \* One whose major client is the Company is defined as a party whose average annual transaction amount with the Company during the past three fiscal years is 2% or more of that party's average consolidated sales.
4. One who is a specialist or a consultant in a legal, accounting, or taxation field, and receives a large amount of money or other properties in addition to director's or corporate auditor's remuneration paid by the Company (referring to the person belonging to the organization if the one who received the relevant property is an organization such as corporation and association)
  - \* A large amount is defined as 10 million yen or more a year on average for the past three fiscal years.
5. One who executes business in an organization that receives a large amount of donation or grant from the Company
  - \* A large amount is defined as 10 million yen or more a year on average for the past three fiscal years.
6. A relative within the second degree of kinship with a person who meets any of the categories below
  - (1) One falling into any of categories 1– 5 above (excluding one that is not material)
  - (2) One who was a Director, an Executive Officer, or an important employee of the Hitachi Zosen Group during the past three years

#### **Organization of Directors and Corporate Auditors after the approval of Proposals 3 and 4 (planned)**

(Basic policy for composition of the Board of Directors)

With a view to effectively fulfilling its roles and responsibilities, the Company's Board of Directors is to be composed of executive directors with expertise in the business areas of the Company's group and independent outside directors with extensive experience, specialized knowledge and wide-ranging insight concerning corporate management, such that the necessary level of knowledge, experience and skills for the Board of Directors as a whole can be achieved in a well-balanced manner and both the diversity in light of gender, international outlook and background careers and appropriate size commensurate with the nature of business and other factors can be ensured. Independent outside directors are expected to engage in the management of the Company by leveraging their extensive experience and expertise outside the Company. In order to enhance the supervisory function of the Board of Directors and the transparency of business management, the Company elects independent Outside Directors so that they comprise at least one-third of all the Directors and at least one of whom is a person with experience of management of another company.

(Knowledge, experience and skills necessary for the Board of Directors as a whole)

Considering the Company's corporate philosophy advocating a company built on a foundation of advanced technology, and also the Company's management strategy to expand its overseas businesses as well as service businesses leveraging information and communication technology, the knowledge, experience and skills necessary for the Board of Directors as a whole are categorized as follows: (1) Corporate Management, (2) Sales Marketing Innovation, (3) R&D, (4) Estimate, Engineering, Manufacturing, Procurement, (5) Finance and Accounting, (6) Development of Human Resources Diversity, (7) Legal Affairs and Risk Management, (8) ICT Digital, and (9) Global Experience. These categories will be reviewed as necessary.

	Name	Outside	Gender	Expertise (skills)									Nomination & Remuneration Advisory Committee
				Corporate Management	Sales Marketing Innovation	R&D	Estimate, Engineering, Manufacturing, Procurement	Finance and Accounting	Development of Human Resources Diversity	Legal Affairs and Risk Management	ICT Digital	Global Experience	
Director	Takashi Tanisho		Male	●	●	●	●				●	●	●
	Sadao Mino		Male	●	●	●	●						●
	Toshiyuki Shiraki		Male		●	●	●					●	
	Tatsuji Kamaya		Male					●		●		●	
	Tadashi Shibayama		Male		●	●	●					●	
	Michi Kuwahara		Male	●				●	●	●		●	
	Kazuko Takamatsu	●	Female	●	●				●		●		●
	Richard R. Lury	●	Male							●		●	●
	Tetsuya Shoji	●	Male	●	●				●		●	●	● (Chair)
Corporate Auditor	Masayuki Morikata		Male		●			●		●			
	Kazuhisa Yamamoto		Male		●	●	●						
	Yoshihiro Doi	●	Male	●	●						●	●	●
	Hirofumi Yasuhara	●	Male	●				●				●	●

(Note) The Company held shares of The Kansai Electric Power Company, Incorporated, where Outside Director Kazuko Takamatsu holds a concurrent position and Outside Corporate Auditor Yoshihiro Doi was formerly engaged in the execution of business by way of cross-holding of shares; however, the Company sold all of these shares in March 2022.



# Business Report

(From April 1, 2021 to March 31, 2022)

## I. Matters Concerning the Current Status of the Corporate Group

### (1) Business Developments and Results

#### 1) Overall summary

Reviewing the economic circumstances during fiscal year 2021, while the outlook remains uncertain overseas due to the impact of the novel coronavirus disease (COVID-19), the situation between Russia and Ukraine, and soaring prices for raw materials and energy, among others, moves toward recovery have been evident overall. Conditions were similar in Japan, too, but we have seen a move toward recovery in capital investment.

Amid this environment, the Hitachi Zosen Group (“the Group”) has, under the three-year medium-term management plan “Forward 22” that began in fiscal year 2020, actively promoted various priority measures based on its basic policies, including the increase of the added value of products and services, promotion of business selection and concentration and shifting of resources to growth areas, and realization of work style reform by improvement of operational efficiency and productivity.

#### • Status of orders, sales, and profit/loss

Total order intake for fiscal year 2021 was higher than fiscal year 2020 at 677.9 billion yen, mainly due to a substantial increase in orders in the Environment Business. At the same time, net sales were higher than fiscal year 2020 at 441.7 billion yen due to increased sales in the Environment Business, despite decreased sales in the Machinery & Infrastructure Business.

In terms of profit and loss, both operating income and ordinary income were more or less the same as fiscal year 2020, at 15.5 billion yen and 11.7 billion yen respectively. Profit attributable to shareholders of Hitachi Zosen increased from fiscal year 2020 to 7.8 billion yen, due among others to profit on negative goodwill recorded in extraordinary income. This profit on negative goodwill arose from the consolidation as a consolidated subsidiary of the German company that carries out design, procurement, construction, and maintenance of Energy-from-Waste facilities in Europe.

(Billions of yen)

	FY 2020	FY 2021	Change (year on year)
Order intake	429.4	677.9	248.5 (+57.9%)
Net sales	408.5	441.7	33.2 (+8.1%)
Operating income	15.3	15.5	0.2 (+0.9%)
Ordinary income	11.7	11.7	-0 (-0.1%)
Profit attributable to shareholders of Hitachi Zosen	4.2	7.8	3.6 (+85.5%)

## 2) Summary by business segments

### Environment

#### Major Lines of Business

- Energy-from-Waste (“EfW”) plants, Recycling systems
- Energy systems (Power generation facilities)
- Desalination plants and other plants
- Water and sludge treatment facilities
- Biomass utilization system,
- IPP (Independent Power Producer) business

(Billions of yen)

Business segment	Order intake		Net sales		Operating income	
	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021
Environment	303.7	529.4	269.4	307.2	12.6	12.4

Total order intake increased from fiscal year 2020 by 225.7 billion yen to 529.4 billion yen due to the receipt of domestic orders, including orders for construction and operation of EfW plants from the association of local municipal offices in the Noshiro-Yamamoto area of Akita Prefecture and the Hirakata Kyotanabe Environmental Facilities Association (Hirakata City in Osaka Prefecture and Kyotanabe City in Kyoto Prefecture); an order for biomass power generation facilities for Fukuyama Biomass Power Generation LLC in Hiroshima Prefecture; and an order for the construction of a sludge recycling and treatment center for Koga City, Fukuoka Prefecture. In addition, orders received overseas included the construction of two EfW plants in the UK and one in the United Arab Emirates. Particular growth was seen in the construction and operation of EfW plants overseas. Net sales increased from fiscal year 2020 by 37.8 billion yen to 307.2 billion yen due to completion of the construction of a waste treatment facility (Refuse Disposal and Recycling Center) for Otsu City in Shiga Prefecture, improvements to key equipment at a waste incineration plant for the association of municipalities in the Nasu area of Tochigi Prefecture, and construction of sludge recycling and treatment centers for Hiroshima-Chuo Environmental Sanitation Association and Kuji Wide Area Union in Iwate



Wide-area Clean Center Ohtawara, Tochigi Prefecture



EfW plant in Turkey

Prefecture; and also completion of the construction of EfW plants for Turkey and the UK, among others.

Operating income decreased from fiscal year 2020 by 0.2 billion yen to 12.4 billion yen, due to a decline in highly profitable projects, among other factors.

## Machinery & Infrastructure

### Major Lines of Business

- Marine diesel engines
- Press machines for automotive industry
- NOx removal catalysts
- Nuclear power generation-related equipment
- Food machinery
- Precision machinery
- Bridges
- Steel stacks
- Shield tunneling machines
- Wind power generation
- Deck machinery for ships
- Boilers
- Pressure vessels and other process equipment
- Plastic machinery
- Pharmaceutical machinery
- Electronics systems, Control equipment
- Hydraulic gates
- Marine civil engineering
- Disaster prevention systems

(Billions of yen)

Business segment	Order intake		Net sales		Operating income	
	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021
Machinery & Infrastructure	117.3	140.1	130.8	126.2	2.6	2.6

Total order intake increased from fiscal year 2020 by 22.8 billion yen to 140.1 billion yen, mainly due to increases in orders received for press machines for automotive industry, process equipment such as casks used to transport and store nuclear spent fuels, precision machinery such as vacuum valves for semiconductors, and infrastructure such as bridges and water gates, as a result of the recovery in capital investment, despite decreased orders received for marine diesel engines. Net sales decreased from fiscal year 2020 by 4.6 billion yen to 126.2 billion yen due to decreased sales of press machines for automotive industry and process equipment such as pressure vessels, despite the completion of infrastructure projects including Tamagawa Sky Bridge for Kawasaki City and a movable flap-gate type breakwater system installed on the seabed for Hyogo Prefecture, which is the second system of its kind in Japan. The decrease also came despite increased sales of marine diesel engines and precision machinery such as vacuum valves for semiconductors. Operating income decreased slightly from fiscal year 2020 to 2.6 billion yen.



Illuminated Tamagawa Sky Bridge



Press machine for the automotive industry in the United States

## Others

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### Major Lines of Business

- Transportation, Warehousing, Port cargo handling

Total order intake decreased slightly from fiscal year 2020 to 8.4 billion yen, while net sales increased slightly from fiscal year 2020 to 8.3 billion yen. Operating income increased from fiscal year 2020 by 0.4 billion yen to 0.5 billion yen.

Note: In fiscal year 2021, the name of the Environmental Systems and Industrial Plants Business was changed to the Environment Business, while the Machinery Business and the Infrastructure Business were integrated to form the Machinery & Infrastructure Business segment. The total order intake, net sales, and operating income figures for fiscal year 2020 have therefore been rearranged to reflect the change in the segment structure. Further changes in business segments have been commenced in fiscal year 2022 to reflect the establishment of the Carbon Neutral Solution Business.

(Reference)

## Hitz Topics

### Achieved advanced optimal operation management using big data at an EfW plant

We achieved advanced optimal operation management as a result of completing our research and development project focused on more advanced control technology for incineration plants, which we had been undertaking at Sugunami Incineration Plant with the cooperation of the Clean Authority of Tokyo.

The waste brought to incineration facilities is highly diverse in nature. Accordingly, to ensure safe combustion and facilitate stable power generation, the waste needs to be stored in refuse bunkers prior to incineration and mixed thoroughly using a refuse crane, to homogenize the waste. Our 3D Refuse Bunker and Refuse Crane System allows for three-dimensional management of waste by using data from the refuse crane to visualize information about the waste (the date on which it was brought in and its mixing status), right to the deepest layers of the stored refuse. As well as enabling well-mixed waste to be prioritized for feeding into the incinerator, thereby ensuring stable combustion, by efficiently ensuring the uniform quality of garbage through automated AI operating capabilities, crane operations are optimized and power consumption is reduced.

With automatic combustion control systems that automatically adjust the quantity of waste or air supplied to the incinerator according to changes in combustion status, operators conventionally needed to manually intervene to make adjustments when fluctuations in the properties of the waste supplied went beyond the control system's capacity. However, our next-generation automatic combustion control system leverages AI to make the process more advanced, thereby saving on the labor required to manage operations.

We will continue to pursue efforts to increase the value we add to EfW plants and our other AI and IoT-based products and services.

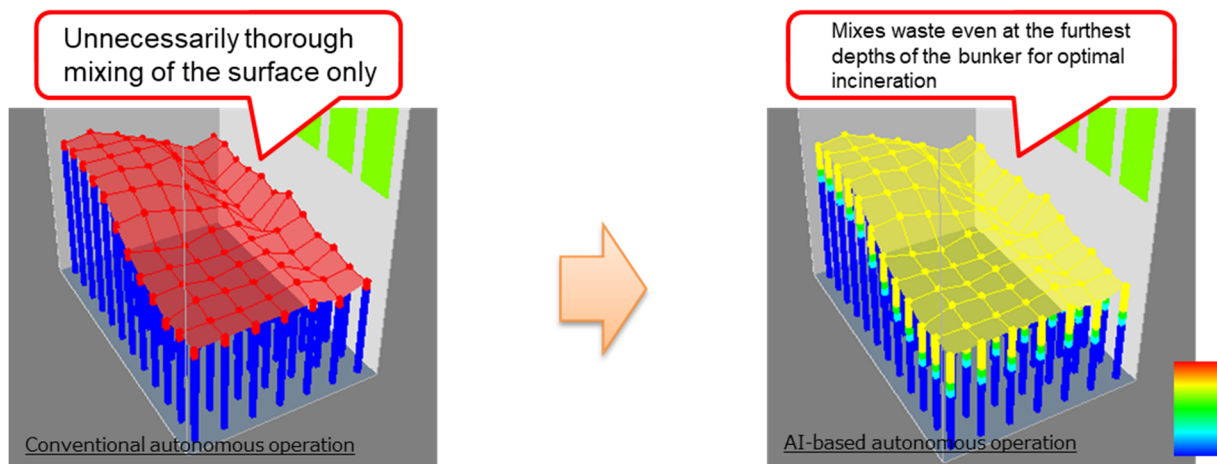


Illustration of the 3D Refuse Bunker and Refuse Crane System in operation

## Development initiatives in the carbon neutral solution business

### Three projects selected for support by NEDO's Green Innovation Fund

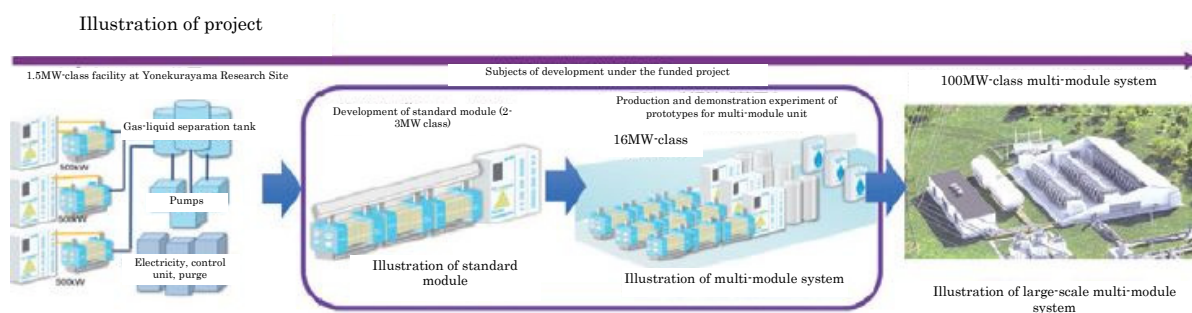
We are striving to expand businesses that contribute to the achievement of carbon neutrality. In April 2022, we consolidated our Power-to-Gas (PtG), marine machinery and SCR systems, and wind power businesses, etc. into the newly established Carbon Neutral Solution Business Headquarters, to further promote innovation in technology to combat global warming and thereby facilitate the creation of a carbon-neutral society.

#### ○Hydrogen production through water electrolysis using power from renewables

A project to produce hydrogen by means of water electrolysis using power from renewable energy that we put together in partnership with Yamanashi Prefectural Enterprise Bureau and six other companies has been selected for support by the Green Innovation Fund\* established by the New Energy and Industrial Technology Development Organization (NEDO). Under this project, we will work toward the achievement of carbon neutrality by developing energy demand transition and use technology based on a large-scale P2G system. Between fiscal year 2021 and fiscal year 2025, we will undertake technology development related to the development of a larger and modularized polymer electrolyte membrane water electrolyzer. In addition, through the verification of a large-scale system, we will seek to achieve major cost reductions aimed at bringing down the price of hydrogen. We will continue to strive for the social implementation of green hydrogen production by developing water electrolyzers to promote the conversion of renewable energy into green hydrogen. In addition, by expanding the introduction of renewable energy sources and widespread take-up of PtG products and services such as the construction of a supply chain for turning hydrogen into fuel, we will continue to contribute to the creation of a carbon-neutral society.



Large Polymer Electrolyte Membrane type water electrolyzer stack

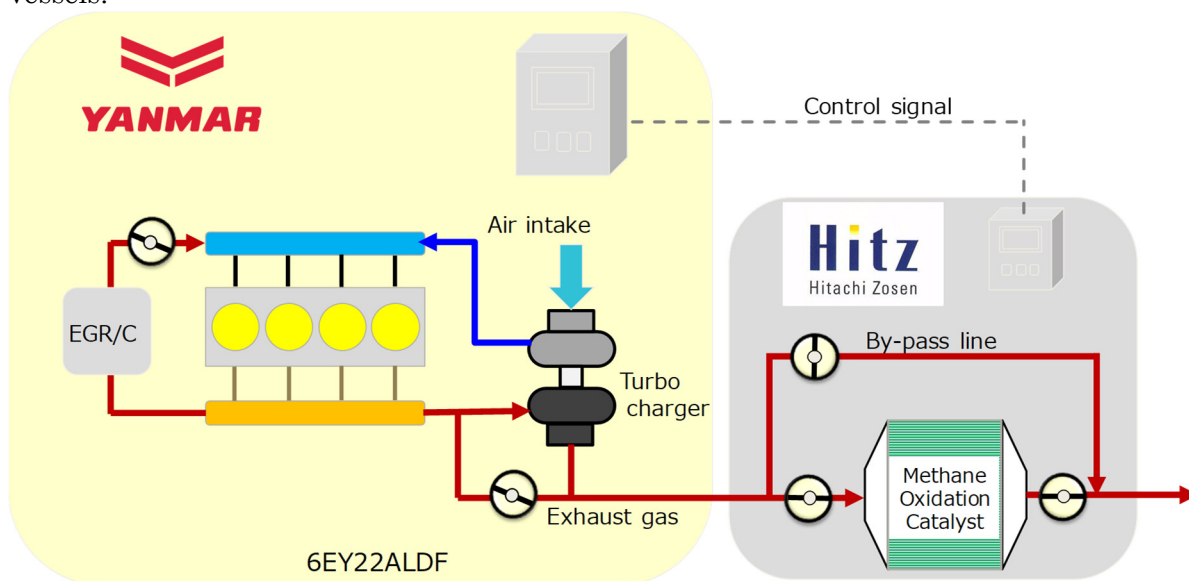


(Source: Excerpt from materials published by NEDO)

\* A 2 trillion yen fund established as part of NEDO to assist in accomplishing Japan's goal of achieving carbon neutrality by 2050. Based on the specific goals shared by the public and private sectors, the program is to provide continuous support over the next 10 years to companies and other organizations that demonstrate a commitment to addressing such ambitious goals as business challenges, providing funding for everything from R&D and verification tests to social implementation of the outcomes.

◦Development of next-generation vessels: reducing the environmental burden of LNG-fueled vessels

Working to reduce CO<sub>2</sub> by means of fuel switching as part of its efforts to achieve carbon neutrality, the shipping industry has already begun introducing LNG-fueled vessels, which impose a lower burden on the environment. While LNG fuel helps to reduce CO<sub>2</sub> compared with the heavy oil conventionally used to fuel marine vessels, eliminating the issue of methane slip—whereby some of the methane that is the principal component of the fuel is discharged into the air unburned—is a challenge. A project in which we have partnered with Yanmar Power Technologies Co. and Mitsui O.S.K. Lines, Ltd. has been selected as part of the project to develop next-generation vessels established by NEDO's Green Innovation Fund. Our project will involve the development of technology to reduce methane slip from LNG-fueled vessels by means of catalysts and engine improvements. Between fiscal year 2021 and fiscal year 2026, we aim to develop technology that combines a methane oxidation catalyst with engine improvements, conduct demonstration tests in an actual vessel, and achieve a methane slip reduction of more than 70%, thereby further reducing the environmental burden of LNG-fueled vessels.



Methane slip reduction system (illustration)

\* Utilizing the technology we have cultivated as the only manufacturer of both catalysts and marine diesel engines in Japan, we will develop catalysts that oxidize the unburned methane discharged into the atmosphere.



○**Reducing the cost of offshore wind power generation**

Renewable energy sources with a low environmental burden need to be introduced in order to achieve carbon neutrality by 2050. Offshore wind power generation in particular is seen as offering decisive advantages in efforts to establish renewable energy as a major power source, with expectations high regarding its potential for mass installation, cost reductions, and economic ripple effect.

We have been involved in the offshore wind power generation business for some time, but recently had a joint project with Kajima Corp. selected as part of the project to reduce the cost of floating offshore wind power generation facilities established by NEDO's Green Innovation Fund. As part of our joint project focused on reducing costs and facilitating mass production of semi-submersible hybrid floating platforms, we have embarked on research and development relating to hybrid mooring systems and the optimization and mass production of floating foundations. As we have worked on many large marine structures, including the world's first floating swing bridge (Yumemai Bridge), we will tap into the technologies we have cultivated to date to socially implement the fruits of this development work in due course and achieve carbon neutrality.



Semi-submersible hybrid floating platform wind farm (illustration)

## (2) Capital Investment

In fiscal year 2021, the Company carried out total capital investments of 8,057 million yen, mainly consisting of rationalization investment for improving productivity, capital investment for developing and commercializing new products and businesses, and capital investment for strengthening production capacity.

- Major capital investment by business segment

(Millions of yen)

Business Segment	Amount	Summary of Investment
Environment	2,948	Upgrading gas turbine generators
Machinery & Infrastructure	3,111	Upgrading multiple electrode welding equipment, Introduction of LPG supply equipment for dual-fuel engines
Others/Common division	1,997	Replacement of underground transformer rooms with above-ground facilities, augmenting of plant power receiving facilities
Total	8,057	

(Note) Capital investment not attributable to any business segment is included under Other Businesses.

## (3) Funds Procurement

In fiscal year 2021, 1,235 million yen in funds was financed through long-term borrowings primarily to appropriate funds for future working capital and business investment. In addition, in October 2021, the Company issued the 27th Series Unsecured Straight Bonds with a value of 10,000 million yen as Green Bonds.

## (4) Trends in Assets and Profit and Loss

(Billions of yen)

	FY 2018	FY 2019	FY 2020	FY 2021
Order intake	455.0	454.1	429.4	677.9
Net sales	378.1	402.4	408.5	441.7
Operating income	7.3	13.8	15.3	15.5
Ordinary income	6.7	9.4	11.7	11.7
Profit attributable to shareholders of Hitachi Zosen	5.4	2.1	4.2	7.8
Net income per share (Yen)	32.31	13.04	25.26	46.87
Total assets	429.0	409.5	429.3	461.1

(5) Issues to be Addressed

In the second year (fiscal year 2021) of the medium-term management plan “Forward 22,” order intake, net sales, and operating income all exceeded the initial forecast. Our overseas subsidiary Hitachi Zosen Inova AG secured order intake significantly exceeding its initial forecast and remained in the black for the second successive year, following on from fiscal year 2020. In addition, the manufacturing businesses improved profitability by improving business processes and other efforts in respect of some models. Going forward, we will make continuous efforts to strengthen profitability by management politics focused on expansion of O&M Service and other businesses, reduction of fixed costs, and improvement of capital efficiency.

For fiscal year 2022, the consolidated forecast is shown in the table below. In order to achieve these targets, we will promote priority measures based on the following basic policies under “Forward 22,” and will also undertake initiatives aimed at achieving carbon neutrality and resolving other sustainability issues.

(Billions of yen)

	FY 2021		FY 2022
	Initial forecast	Result	Forecast
Order intake	450.0	677.9	500.0
Net sales	400.0	441.7	440.0
Operating income (Operating income margin)	14.0 (3.5%)	15.5 (3.5%)	20.0 (4.5%)
Ordinary income	9.0	11.7	16.0
Profit attributable to shareholders of Hitachi Zosen	5.0	7.8	10.0

Regarding the impact of COVID-19, the public demand of the Group’s business has not been enormously affected so far. However, in some areas of the Machinery Business, which centers on private sector demand, impacts have emerged due to customers postponing capital investment. We will continue to monitor the situation closely and take appropriate measures to minimize such impacts. With regard to the impact of the situation in Russia and Ukraine, Hitachi Zosen Inova AG is in the process of supplying equipment for four EfW plants on the outskirts of Moscow, but the Swiss Public Trade Insurance (SERV) policy is used for the contract for the Project to cover international trade risks including war and sanctions. Although this particular project is not subject to economic sanctions, we will check the details of any economic sanctions announced by countries and organizations, and will take appropriate measures while examining the impacts on future business performance and scrutinizing both compliance risk and commercial risk. The Group does not have any business operations in Ukraine.

- Medium-term management plan “Forward 22” (Fiscal year 2020 to fiscal year 2022)

### **1. Increase of the Added Value of Products and Services**

The Group is promoting digital transformation (DX). In December 2021, we formulated a DX Strategy based on the three pillars of the Business DX (increasing the added value of products and services), the Corporate DX (improving operational efficiency and productivity), and the DX Infrastructure to support these (building the digital platforms and developing the human resources required to promote DX), and are working on improving the added value for customers through the use of advanced technology. In April 2022, the Ministry of Economy, Trade and Industry accredited us as a “DX-certified operator\*.”

In the realm of the Business DX, in September 2021, we began operating a company-wide common secure IoT platform called EVOLIoT that enables us to ascertain operational status by collection, accumulating, and utilization data from products and facilities, and makes it possible to detect signs of failure. By linking it to the round-the-clock remote monitoring system at “Hitz Advanced Information Technology Center (A.I/TEC),” we will further promote efforts to achieve more advanced products and services using remote monitoring systems, thereby providing new value for customers. The Company is improving earnings through developing service businesses such as remote monitoring and diagnostics for water gates, process equipment and filter presses; in the EfW business, improving the added value of services such as monitoring the condition of waste pits and improving efficiency in combustion control, etc.; and in the electricity retail business, improving earnings through appropriate electricity supply and demand forecasts. Going forward, we will work to improve profitability by making use of the IoT and AI in other products and services.

\*A system under which the Ministry of Economy, Trade and Industry certifies companies that meet the basic requirements of the Digital Governance Code based on the Act on Facilitation of Information Processing, and which have made preparations to promote DX by formulating a management vision and putting in place a DX strategy and systems.

### **2. Promotion of Business Selection and Concentration and Allocation of Resources to Growth Areas**

The Group’s long-term vision, the “Hitz 2030 Vision,” sets out our aim of becoming by 2030 a solution partner that contributes to the realization of a sustainable, safe, and secure society. In fiscal year 2021, we evaluated our businesses from the perspective of consistency with our long-term vision to promote business selection and concentration. In conducting these evaluations, quantitative and qualitative evaluations are combined to assess each business in four categories- ‘Mainstay,’ ‘Growth,’ ‘Profitability improvement required’ and ‘Measures required.’ We also established and began operating a system for prioritizing investment in fields demonstrating a higher level of consistency with the long-term vision. In addition, we are conducting management based on the Group’s own objectives informed by these business evaluations and are pursuing improvements in each business’s growth potential and profitability by means of the PDCA cycle. At the same time, as well as formulating and implementing countermeasures for businesses assessed as ‘Profitability improvement required’ and ‘Measures required,’ we are shifting resources to value-creating area, namely clean energy, clean water, and environmental conservation, disaster-resilient and prosperous community as set out in our long-term vision.

In fiscal year 2021, the Group acquired Steinmüller Babcock Environment GmbH (currently, Hitachi Zosen Inova Steinmüller GmbH) with the objective of expanding Hitachi Zosen Inova’s service business for EfW plants and the like. As Steinmüller has an

extensive track record in Germany and Nordic countries, we believe that EfW plants in those countries will become a growth market for our maintenance business in due course. Besides, we have liquidated unprofitable subsidiaries both in Japan and overseas. The Company will continue to implement strategic reallocation of management resources.

### **3. Realization of Work Style Reform by Improvement of Operational Efficiency and Productivity**

We are moving forward with diverse ways of working and operational reforms by promoting teleworking and utilizing ICT, such as remote supervisors and remote inspections at plants and construction sites. Going forward, we will press ahead with the development of systems and environments to respond to diverse work styles more speedily, as well as promoting business innovation via core systems and bringing smart factories to fruition by leveraging ICT, in pursuit of achieving highly productive work styles. In addition, as developing digital talent is one of the key measures in our DX strategy, we are implementing a DX human resource development program for business, and research and development divisions as well as administrative divisions. At the same time, we will undertake human resource development activities aimed at making more proactive use of older workers and passing on techniques and expertise to the next generation.

The Group is also promoting diversity management as a materiality. We will further promote initiatives aimed at wiping out unconscious bias and fostering inclusion to make executives and employees more accepting of diversity, and ensure that these efforts revitalize the organization and create value.

#### **■ Promoting sustainability**

The Group aims to contribute to realizing a sustainable society through our businesses and to achieve sustainable growth for the Group as a whole. In fiscal year 2021, we put in place systems to promote the Group's overall sustainability strategy from the perspectives of environment, social, and governance. We have established a Sustainability Promotion Committee chaired by the President, and supervised by the Board of Directors, to make decisions on the Group's plans, strategies, and policies for promoting sustainability. We have also created a Sustainability Promotion Department, which will implement and follow up on matters decided by the Committee. Going forward, we will strengthen the foundations supporting sustained improvements in corporate value by summarizing the issues that the Group truly ought to address, and formulating and implementing both qualitative and quantitative targets. In addition, we will contribute to the sustainability of society through our business activities, including by enhancing our businesses related to carbon neutral solutions.

The Group will promote the strengthening of profitability by continuing to implement the aforementioned priority measures and achieve steady results. Furthermore, we will reinforce risk management in order to respond to drastic changes in the business environment both in Japan and overseas, and to the expansion and increasing complexity of management risks due to increases in business scale and the globalization of business activities, among others. In particular, aiming to expand the Group's overseas businesses and achieve greater synergies, we have established the Global Headquarters to centralize operations relating to our overseas businesses, and are engaging in strategic planning and efforts to bolster risk management in this regard. Additionally, we will work to achieve an accident-free environment through rigorous safety management, and also make continuous efforts to ensure compliance.

In April 2022, the Company moved to the prime market in the new market segment of the Tokyo Stock Exchange, Inc. Going forward, we will continue to strengthen governance

systems and strive to achieve sustainable growth and increase corporate value.

We would like to thank our shareholders for their understanding of the Group's management policy and for their continued support and cooperation going forward.

## (6) Significant Parent Company and Subsidiaries (As of March 31, 2022)

## 1) Parent company

The Company does not have a parent company.

## 2) Significant subsidiaries

Name of Company	Amount of Capital	Holding Ratio (Direct) (%)	Major Lines of Business
IMEX Co., Ltd.	¥1,484 million	100.0	Design, manufacture and sale of boilers, pressure vessels, diesel engines, industrial machinery, and steel structures
NICHIZO TECH INC.	¥1,242 million	100.0	Comprehensive examination, maintenance, checking and repair of products made of steel, concrete, etc., various types of plant equipment, piping equipment, etc., and design, creation, and on-site construction of chemical plants, industrial machinery and nuclear power generation-related equipment, etc.
Hitachi Zosen Fukui Corporation	¥1,055 million	100.0	Manufacture and sale of various types of presses, chemical machinery, conveyance machinery, and electronic control machinery and equipment
OHNAMI CORPORATION	¥525 million	100.0	Warehousing and port loading and unloading, inland transportation, marine transportation, and construction
SN Environment Technology Co., Ltd.	¥200 million	100.0	Design, construction, operation, maintenance and management of Energy-from-Waste (EfW) plants and recycling systems, and maintenance and management of various types of plant
Hitz Environment Service Co., Ltd.	¥100 million	100.0	Operation and maintenance of Energy-from-Waste (EfW) plants and recycling systems
Osmoflo Holdings Pty Ltd	AUD58 million	100.0	Design, manufacture, sale, and operation of desalination and industrial water treatment systems
Hitachi Zosen Inova AG	CHF40 million	100.0	Design, creation, sale, maintenance and operation of Energy-from-Waste (EfW) plants and biogas generation facility

Name of Company	Amount of Capital	Holding Ratio (Direct) (%)	Major Lines of Business
Hitachi Zosen Inova Steinmüller GmbH	EUR90 million	—	Manufacturing of industrial devices and components for energy and environmental sector
NAC International Inc.	USD43 million	—	Design, transport and consulting related to the storage and transportation of spent nuclear fuel control equipment

- (Notes) 1. There are 120 consolidated subsidiaries, including the ten significant subsidiaries mentioned above, and 19 equity method companies.
2. Osmoflo Holdings Pty Ltd increased its amount of capital from AUD 53 million to AUD 58 million on March 14, 2022.
3. Hitachi Zosen Inova Steinmüller GmbH is a wholly-owned subsidiary of Hitachi Zosen Inova AG, a company that is wholly owned by the Company.
4. NAC International Inc. is a wholly-owned subsidiary of Hitz Holdings U.S.A. Inc., a holding company in the United States that is wholly-owned by the Company.
5. As of the end of fiscal year 2021, there were no specified wholly-owned subsidiaries.

### 3) Corporate reorganization including business transfer and merger

As of October 1, 2021, the Company and Kawasaki Heavy Industries, Ltd., with a view to develop and reinforce the competitiveness of shield businesses, implemented a joint incorporation-type company split whereby these companies' rights and obligations relating to shield business (i.e., business relating to the design, development, repair and sale of machinery including shield machines, tunnel boring machines (TBM) and civil engineering machinery as well as their parts, but not including the businesses of manufacturing these products) are transferred to Underground Infrastructure Technologies Corporation (the former trade name: Kawasaki Heavy Industries Hitachi Zosen Tunnel Boring Machine Preparation Co., Ltd.), a company newly established by the merger. The Company owns 50% of shares of the new company.

As of February 9, 2022, Hitachi Zosen Inova AG, a consolidated subsidiary of the Company, acquired 100% shares of Steinmüller Babcock Environment GmbH (now Hitachi Zosen Inova Steinmüller GmbH), a company engaged in the design, procurement, construction and maintenance of EfW plants in Europe so as to reinforce the service business for EfW plants in the European market. As a result of this share acquisition, this company became a consolidated subsidiary of the Company.

### 4) Significant technology alliances

Alliance Partner	Country	Contents of Alliance
MAN Energy Solutions SE	Germany	MAN B&W-type diesel engines

### (7) Major Sales Offices, Plants, etc. (As of March 31, 2022)

#### 1) The Company

Head Office	7-89, Nanko-kita 1-chome, Suminoe-ku, Osaka
Tokyo Head Office	26-3, Minami-ohi 6-chome, Shinagawa-ku, Tokyo
Domestic Offices	Sapporo Office (Sapporo), Sendai Office (Sendai), Nagoya Office (Nagoya), Hiroshima Office (Hiroshima), Fukuoka Office (Fukuoka)



Works, etc.	Technical Research Institute (Osaka), Ibaraki Works (Hitachi-omiya), Maizuru Works (Maizuru), Chikkou Works (Osaka), Sakai Works (Sakai), Mukaishima Works (Onomichi), Innoshima Works (Onomichi), Ariake Works (Tamana-gun, Kumamoto), Wakasa Works (Oi-gun, Fukui)
Overseas Offices	Taipei Branch (Taiwan), Singapore Branch (Singapore), Abu Dhabi Branch (United Arab Emirates)

## 2) Subsidiaries

### <Domestic subsidiaries>

IMEX Co., Ltd.	2293-1, Innoshimahabu-cho, Onomichi, Hiroshima
NICHIZO TECH INC.	15-26, Tsuru-machi 2-chome, Taisho-ku, Osaka
Hitachi Zosen Fukui Corporation	8-28, Jiyugaoka 1-chome, Awara, Fukui
OHNAMI CORPORATION	6-33, Edobori 2-chome, Nishi-ku, Osaka
SN Environment Technology Co., Ltd.	3-28, Nishikujo 5-chome, Konohana-ku, Osaka
Hitz Environment Service Co., Ltd.	1-1, Minami-machi, Kawasaki-ku, Kawasaki

<Overseas subsidiaries>

Osmoflo Holdings Pty Ltd	Australia
Hitachi Zosen Inova AG	Switzerland
Hitachi Zosen Inova Steinmüller GmbH	Germany
NAC International Inc.	U.S.A.
Hitachi Zosen U.S.A. Ltd.	U.S.A.
Hitachi Zosen India Private Limited	India
Hitachi Zosen Myanmar Co., Ltd.	Myanmar
HITZ (THAILAND) CO., LTD.	Thailand
PT. HITZ INDONESIA	Indonesia
HITACHI ZOSEN VIETNAM CO., LTD.	Vietnam
Hitachi Zosen Trading (Shanghai) Co., Ltd.	China

(8) Status of Employees (As of March 31, 2022)

1) Status of employees of the Group

Business Segment	Number of Employees
Environment	7,236
Machinery & Infrastructure	3,097
Others	514
Corporate (Common division)	693
Total	11,540 (year-on-year increase of 451)

(Note) For the number of employees, the number of employees currently working at the Group is provided.

2) Status of employees of the Company

Number of Employees	Average Age	Average Years of Service
4,001 (year-on-year decrease of 104)	42.6	16.1

(Note) For the number of employees, the number of employees currently working at the Company is provided. The number includes 157 employees on loan to the Company from outside.

(9) Major Lenders (As of March 31, 2022)

Lender	Amount (Millions of yen)
MUFG Bank, Ltd.	18,164
Mizuho Bank, Ltd.	4,377

## II. Matters Concerning Stock in the Company (As of March 31, 2022)

- (1) Total Number of Shares Authorized to Be Issued 400,000,000 shares  
(2) Total Number of Issued Shares 170,214,843 shares  
(including 1,683,577 shares of treasury stock)  
(3) Number of Shares Constituting One Unit of Shares 100 shares  
(4) Number of Shareholders 80,783 (Year-on-year decrease of 6,282 shareholders)  
(5) Major Shareholders (Top 10)

Name of Shareholder	Numbers of Shares Held (Thousands of shares)	Holding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	32,860	19.5
Custody Bank of Japan, Ltd. (Trust Account)	13,300	7.9
MUFG Bank, Ltd.	5,291	3.1
STATE STREET BANK AND TRUST COMPANY 505019	4,342	2.6
Hitachi Zosen Employee Shareholding Association	2,653	1.6
STATE STREET BANK WEST CLIENT - TREATY 505234	2,391	1.4
Sompo Japan Insurance Inc.	2,358	1.4
STATE STREET BANK AND TRUST COMPANY 505001	2,248	1.3
JP MORGAN CHASE BANK 38571	2,115	1.3
JPMorgan Securities Japan Co., Ltd.	1,831	1.1

(Note) The holding ratio does not include treasury stock.

## III. Matters Concerning Share acquisition rights of the Company

Not applicable

#### IV. Matters Concerning the Company's Directors and Auditors

##### (1) Status of Directors and Corporate Auditors

Name	Position	Areas of Responsibility	Significant Concurrent Positions
Takashi Tanisho	Representative Director, Chairman of the Board and Chief Executive Officer		
Sadao Mino	Representative Director, President and Chief Operating Officer		
Toshiyuki Shiraki	Managing Director	Responsible for Environment Business Headquarters, Procurement Headquarters and Architect Supervision Dept.	
Tatsuji Kamaya	Managing Director	General Manager of Machinery & Infrastructure Business Headquarters, and Responsible for Production Engineering Dept.	
Tadashi Shibayama	Managing Director	General Manager of R&D Headquarters, and Responsible for Information and Communication Technology Promotion Headquarters and Global Headquarters	
Michi Kuwahara	Director	General Manager of Corporate Planning Headquarters, and Responsible for General Administration Headquarters, Sustainability Promotion Dept., Quality Assurance Dept. and Yumeshima Area Development Promotion Dept.	President, Hitz Holdings U.S.A. Inc.
Kazuko Takamatsu	Director		Outside Director, The Kansai Electric Power Company, Incorporated (Member of the Nominating Committee)

Name	Position	Areas of Responsibility	Significant Concurrent Positions
Richard R. Lury	Director		Attorney-at-law in the United States (State of New York and New Jersey) Outside Director, Sanken Electric Co., Ltd. Outside Director, Allegro MicroSystems, Inc.
Tetsuya Shoji	Director		Corporate Advisor, NTT Communications Corporation Outside Director, circlace Inc. Outside Director, Sapporo Holdings Limited Outside Director, Mitsubishi Logistics Corporation Outside Director, Japan Tobacco Inc.
Masayuki Morikata	Full-time Corporate Auditor		
Kazuhiya Yamamoto	Full-time Corporate Auditor		
Yoshihiro Doi	Corporate Auditor		President, Kansai Transmission and Distribution, Inc.
Hirofumi Yasuhara	Corporate Auditor		Outside Corporate Auditor, Santen Pharmaceutical Co., Ltd. Outside Corporate Auditor, Sumitomo Rubber Industries, Ltd.

(Notes) 1. Positions and areas of responsibility, and significant concurrent positions both describe conditions as of March 31, 2022. Changes during fiscal year 2021 are as follows.

(1) Changes in position and areas of responsibility

Name	After Change	Before Change	Date of Change
Toshiyuki Shiraki	Managing Director Responsible for Environment Business Headquarters and Procurement Headquarters	Managing Director General Manager of Environment Business Headquarters and Responsible for Procurement Headquarters	April 1, 2021
	Managing Director Responsible for Environment Business Headquarters, Procurement Headquarters and Architect Supervision Dept.	Managing Director Responsible for Environment Business Headquarters and Procurement Headquarters	June 22, 2021

Name	After Change	Before Change	Date of Change
Tatsuji Kamaya	Managing Director General Manager of Machinery & Infrastructure Business Headquarters	Managing Director General Manager of Machinery Business Headquarters, General Manager of SR99 Project Team, Corporate Planning Headquarters, and Responsible for Infrastructure Business Headquarters	April 1, 2021
	Managing Director General Manager of Machinery & Infrastructure Business Headquarters, and Responsible for Production Engineering Dept.	Managing Director General Manager of Machinery & Infrastructure Business Headquarters	June 22, 2021
Tadashi Shibayama	Managing Director General Manager of R&D Headquarters, and Responsible for Overseas Business and Information and Communication Technology Promotion Headquarters	Managing Director Responsible for Sales, Overseas Business, General Administration Headquarters, Corporate Planning Headquarters and Yumeshima Area Development Promotion Dept.	June 22, 2021
	Managing Director General Manager of R&D Headquarters, and Responsible for Information and Communication Technology Promotion Headquarters and Global Headquarters	Managing Director General Manager of R&D Headquarters and Responsible for Overseas Business and Information and Communication Technology Promotion Headquarters	July 1, 2021
Michi Kuwahara	Director General Manager of Corporate Planning Headquarters, and Responsible for General Administration Headquarters, Sustainability Promotion Dept., Quality Assurance Dept. and Yumeshima Area Development Promotion Dept.	Director General Manager of Corporate Planning Headquarters, and Responsible for General Administration Headquarters, Quality Assurance Dept. and Yumeshima Area Development Promotion Dept.	October 1, 2021
Kazuhiisa Yamamoto	Managing Director General Manager of R&D Headquarters, and Responsible for Information and Communication Technology Promotion Headquarters, Production Engineering Dept., Architect Supervision Dept. and Quality Assurance Dept.	Managing Director General Manager of Business Planning & Technology Development Headquarters, and Responsible for Information and Communication Technology Promotion Headquarters, Production Engineering Dept., Architect Supervision Dept. and Quality Assurance Dept.	April 1, 2021
	Full-time Corporate Auditor	Managing Director General Manager of R&D Headquarters, and Responsible for Information and Communication Technology Promotion Headquarters, Production Engineering Dept., Architect Supervision Dept. and Quality Assurance Dept.	June 22, 2021

(2) Changes in significant concurrent positions

- As of April 1, 2021, Director Tatsuji Kamaya retired from the position of President of Ito Country Club Corporation.
- Director Tetsuya Shoji assumed the position of Outside Director of Mitsubishi Logistics Corporation on June 29, 2021, and also assumed the position of Outside Director of Japan Tobacco Inc. on March 23, 2022.

2. Directors Kazuko Takamatsu, Richard R. Lury and Tetsuya Shoji are Outside Directors.
3. Corporate Auditors Yoshihiro Doi and Hirofumi Yasuhara are Outside Corporate Auditors.
4. The Company has designated all Outside Directors and Outside Corporate Auditors as independent directors and corporate auditors, as prescribed by Tokyo Stock Exchange, Inc.
5. Full-time Corporate Auditor Masayuki Morikata and Corporate Auditor Hirofumi Yasuhara possess considerable knowledge of finance and accounting as described below.
  - Full-time Corporate Auditor Masayuki Morikata has many years of experience in accounting and financial operations, including experience as the General Manager of Accounting Department in the Company.
  - Corporate Auditor Hirofumi Yasuhara has many years of experience in accounting and financial operations, including experience as CFO in domestic and overseas affiliates of Panasonic Corporation.
6. At the 124th Ordinary General Meeting of Shareholders held on June 22, 2021, Michi Kuwahara and Tetsuya Shoji were newly elected as Director and assumed the position thereof. At the same meeting, Kazuhisa Yamamoto was newly elected as Corporate Auditor and assumed the position thereof. On the same day, Kazuhisa Yamamoto was appointed as Full-time Corporate Auditor by resolution of the Board of Corporate Auditors.
7. At the conclusion of the 124th Ordinary General Meeting of Shareholders held on June 22, 2021, Vice Chairman Hidenobu Fujii, Managing Director Kazuhisa Yamamoto and Director Chiaki Ito retired due to the expiry of their term of office, and Full-time Corporate Auditor Koji Abo retired due to his resignation.
8. Positions and areas of responsibility were changed as follows on April 1, 2022.

Name	Position	Areas of Responsibility
Takashi Tanisho	Representative Director Chairman of the Board	
Sadao Mino	Representative Director President and Chief Executive Officer	
Toshiyuki Shiraki	Managing Director	Responsible for Environment Business Headquarters, Quality Assurance Dept. and Architect Supervision Dept.
Tatsuji Kamaya	Managing Director	General Manager of Carbon Neutral Solution Business Headquarters, and Responsible for Machinery & Infrastructure Business Headquarters and Production Engineering Dept.
Michi Kuwahara	Managing Director	General Manager of Environment Business Headquarters, and Responsible for Procurement Headquarters

## (2) Outline of Agreements for Limitation of Liabilities

The Company has entered into an agreement with each of Outside Directors and Corporate Auditors, which limits the maximum amount of their liabilities for damages stipulated in Article 423, paragraph 1 of the Companies Act to the minimum amount stipulated by laws and regulations.

## (3) Outline of Directors and Officers Liability Insurance Agreement

The Company has concluded a directors and officers liability insurance agreement stipulated in Article 430-3, paragraph 1 of the Companies Act with an insurance company. This insurance agreement covers insureds for damages that may arise from accepting liability for the execution of their duties or from receiving claims related to pursuit of such liability, with certain exemption from indemnification of damages, for example, damages arising from acts conducted with the knowledge of non-compliance with the applicable laws and regulations. The insureds under this insurance agreement are directors and corporate auditors of the Company and its foreign subsidiaries.

## (4) Remuneration, etc. of Directors and Corporate Auditors

- 1) Matters Concerning Resolution of the General Meeting of Shareholders Regarding

## Remuneration, etc. of Directors and Corporate Auditors

At the 115th Ordinary General Meeting of Shareholders held on June 22, 2012, the amount of monetary remuneration for Directors was resolved to be ¥550 million or less per year (excluding remuneration for duties as employees by Directors who also serve as employees), and the amount of monetary remuneration for Corporate Auditors was resolved to be 100 million yen or less per year. At the conclusion of the said Ordinary General Meeting of Shareholders, the number of Directors was ten, and the number of Corporate Auditors was four (including two Outside Corporate Auditors).

### 2) Matters Concerning Policy for Determining Details of Remuneration, etc. for Directors and Corporate Auditors

#### a) Policy for Determining Details of Individual Remuneration, etc. for Directors

The outline of policy for determining the content of individual remuneration, etc. for Directors is as follows.

Said policy is decided by the Board of Directors, after consultation with the Nomination & Remuneration Advisory Committee voluntarily established by the Company (Comprised of a total of six members, including the Chairperson of the Board of Directors, three Outside Directors and two Outside Corporate Auditors, with an Outside Director serving as the Chair of the Committee. Furthermore, at the meeting of the Board of Directors held on May 11, 2022, by adding the Chief Executive Officer as a member, the number of members was changed to seven.). In addition, the Nomination & Remuneration Advisory Committee regularly reviews the said policy and remuneration levels to ensure that the remuneration provides a healthy incentive for directors.

#### (Remuneration System)

- Remuneration for Directors consists of fixed remuneration and corporate performance-linked bonus in order to further enhance the willingness of Directors to contribute toward improving corporate performance, and the remuneration of each Director is decided within the total remuneration limit determined by a resolution of the General Meeting of Shareholders. However, from the perspective of assuring independence, remuneration for Outside Directors consists only of fixed remuneration.
- The fixed remuneration is annual flat-rate remuneration set separately for each executive position, and the amount designated per month is paid every month. The amount is determined from a comprehensive perspective on the level of other companies, the Company's performance and other related factors.
- The indicator for the calculation of corporate performance-linked bonus is profit attributable to shareholders of Hitachi Zosen, which is the final profit as a result of corporate management, as a performance indicator for a single fiscal year.

Based on the amount obtained by multiplying the amount designated per month of fixed remuneration per annum by the number of months of payment (0-4 months) according to the relevant profit level, the remuneration amount is determined within the range of 50% to 150% thereof, taking into account the performance, business execution status and other related elements of each Director's division, and is paid at a specified time each year. The total amount of corporate performance-linked bonus for Directors shall not exceed the total base amount of each Director.

- The composition ratio of remuneration for individual Directors varies according to the amount of corporate performance-linked bonus. The proportion of fixed remuneration to corporate performance-linked bonus ranges from [100%: 0% (when there is no payment of corporate performance-linked bonus)] to [67%: 33% (when the



number of months of payment and the assessment value of the individual Director reaches the highest)].

(Matters Concerning Procedures for Determining the Amount of Remuneration and Delegation)

- Among individual remuneration for Directors, fixed remuneration is decided by the Board of Directors. With regard to corporate performance-linked bonus, the Board of Directors determines the total amount thereof and the Chairman of the Board, who is delegated by the Board of Directors, determines the amount (allocation by evaluation) of corporate performance-linked bonus for each Director in accordance with the method of decision-making specified by the Board of Directors. All decisions made by the Board of Directors shall be based on deliberations and reports by the Nomination & Remuneration Advisory Committee.

(Revision of Policy for Determination of Remuneration)

- Although for fiscal 2021 the policy for determining the content of individual remuneration, etc. for Directors as described above applied, the Company, with a view to strengthening the function of remuneration as incentive for Directors, reviewed the number of months of payment relating to the amount designated per month of fixed remuneration to be used for calculating the base amount of corporate performance-linked bonus for Directors at the meeting of Board of Directors held on February 7, 2022. As a result of this review, the upper limit of the number of months of payment was revised from four months to five months, and the range of composition ratios of remuneration for individual Directors (i.e., a proportion of fixed remuneration to corporate performance-linked bonus) will be from [100% : 0% (when there is no payment of corporate performance-linked bonus)] to [62% : 38% (when the number of months of payment and the assessment value of the individual Director reaches the highest)]. The revised policy applies to remunerations for fiscal year 2022 and thereafter.

b) Policy for Determining Details of Individual Remuneration etc. for Corporate Auditors

From the perspective of assuring independence, remuneration for Corporate Auditors is limited to fixed remuneration, and is determined through consultation with Corporate Auditors according to details of the duties of each Corporate Auditor within the total amount determined by resolution of the General Meeting of Shareholders. Said policy is decided by the Board of Corporate Auditors.

### 3) Total Amount of Remuneration, etc. of Directors and Corporate Auditors

Classification	Total Amount of Remuneration, etc. (Millions of yen)	Total Amount by Type of Remuneration etc. (Millions of yen)		Number of Applicable Officers (persons)
		Base Remuneration (Fixed remuneration)	Performance-linked remuneration (Corporate performance-linked bonus)	
Director (of which, Outside Directors)	312 (33)	282 (33)	29 (—)	12 (4)
Corporate Auditor (of which, Outside Corporate Auditors)	79 (18)	79 (18)	— (—)	5 (2)
Total (of which, Outside Directors and Outside Corporate Auditors)	391 (51)	361 (51)	29 (—)	17 (6)

(Notes) 1. The total amount of remuneration etc. for Directors does not include remuneration for duties as employees by Directors who also serve as employees. Among the above, there is no applicable Director who also serves as an employee.

2. As of March 31, 2022, there are nine (9) Directors (including three (3) Outside Directors) and four (4) Corporate Auditors (including two (2) Outside Corporate Auditors), and the difference from the above number of applicable persons is due to the inclusion of three (3) Directors (including one (1) Outside Director) and one (1) Corporate Auditor who is not an Outside Corporate Auditor, who retired at the conclusion of the 124th Ordinary General Meeting of Shareholders held on June 22, 2021. As Full-time Corporate Auditor Kazuhisa Yamamoto assumed the position of Corporate Auditor after retiring from the position of Director at the conclusion of the same General Meeting of Shareholders, with respect to the total amount of remuneration and the number of applicable officers described above, he is included as Director for the period of service as Director and as Corporate Auditor for the period of service as Corporate Auditor, respectively.
3. The indicator for the calculation of corporate performance-linked bonus is profit attributable to shareholders of Hitachi Zosen, which is the final profit as a result of corporate management, as a performance indicator for a single fiscal year, and the actual result amounted to 7.8 billion yen. The total amount of corporate performance-linked bonus is calculated according to the profit level of the relevant profit attributable to shareholders of Hitachi Zosen. The calculation method for the amounts of corporate performance-linked bonus is provided in third point on the remuneration system in (4) 2) "a) Policy for Determining Details of Individual Remuneration, etc. for Directors" on page 48.
4. The Board of Directors determines the total amount of corporate performance-linked bonus, and delegates the Chairman of the Board Takashi Tanisho to determine the amount (allocation by evaluation) thereof for each Director (excluding Outside Directors). This is because he has been deemed to be appropriate for conducting the evaluation on the performance, business execution status and other related elements of each Director's division. In addition, in order that the said delegation is exercised properly, the remuneration amount shall be determined within the range of 50% to 150% of the base amount of corporate performance-linked bonus, in accordance with the method of decision-making specified by the Board of Directors, based on deliberations and reports by the Nomination & Remuneration Advisory Committee.
5. The Board of Directors deems that the individual remuneration for Directors for fiscal year 2021 is in accordance with the policy, because it is determined in accordance with the decision-making procedure described in the policy for determining details of individual remuneration, etc. for Directors.

(5) Matters Concerning Outside Directors and Outside Corporate Auditors

1) Concurrent positions as executive officers and outside directors for other corporations, etc. served by Outside Directors and Outside Corporate Auditors

Classification	Name	Concurrent Positions
	Kazuko Takamatsu	Outside Director, The Kansai Electric Power Company, Incorporated (Member of the Nominating Committee)
	Richard R. Lury	Outside Director, Sanken Electric Co., Ltd. Outside Director, Allegro MicroSystems, Inc.
	Tetsuya Shoji	Corporate Advisor, NTT Communications Corporation Outside Director, circlace Inc. Outside Director, Sapporo Holdings Limited Outside Director, Mitsubishi Logistics Corporation Outside Director, Japan Tobacco Inc.
Outside Corporate Auditor	Yoshihiro Doi	President, Kansai Transmission and Distribution, Inc.
	Hirofumi Yasuhara	Outside Corporate Auditor, Santen Pharmaceutical Co., Ltd. Outside Corporate Auditor, Sumitomo Rubber Industries, Ltd.

(Note) The relationships between the Company and the companies where our outside directors and outside corporate auditors hold significant concurrent positions are as follows. There is no special relationship between the other companies where the concurrent positions are held and the Company.

- Although there is a business relationship exists between the Company and The Kansai Electric Power Company, Incorporated, where Outside Director Kazuko Takamatsu holds a concurrent position, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of the Company's consolidated net sales and less than 0.1% of The Kansai Electric Power Company, Incorporated's consolidated net sales.
- Although there is a business relationship between the Company and NTT Communications Corporation, where Outside Director Tetsuya Shoji holds a concurrent position, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of NTT Communications Corporation's consolidated operating revenue and there were no sales from the Company. In addition, although there is a business relationship between the Company and Mitsubishi Logistics Corporation, where Outside Director Tetsuya Shoji holds a concurrent position, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of Mitsubishi Logistics Corporation's consolidated operating revenue and there were no sales from the Company.
- Although a sales relationship exists between the Company and Kansai Transmission and Distribution, Inc., where Outside Corporate Auditor Yoshihiro Doi holds a concurrent position, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of Kansai Transmission and Distribution, Inc.'s net sales and there were no sales from the Company.
- The Company held shares of The Kansai Electric Power Company, Incorporated, where Outside Director Kazuko Takamatsu holds a concurrent position and Outside Corporate Auditor Yoshihiro Doi was formerly engaged in the execution of business by way of cross-holding of shares; however, the Company sold all of these shares in March 2022.

2) Main activities during fiscal year 2021

Classification	Name	Attendance			Main Activities
		Board of Directors meetings	Board of Corporate Auditors meetings	Nomination & Remuneration Advisory Committee	
Outside Director	Kazuko Takamatsu	14/14	—	5/5	Based on her experience and knowledge concerning corporate management, made statements to ensure the improvement of the Group's corporate value and the validity and appropriateness of the Company's decision-making and business execution. Also served as a member of the Nomination & Remuneration Advisory Committee and supervised management from an independent and objective standpoint.
	Richard R. Lury	14/14	—	5/5	Based on his experience and knowledge concerning international legal matters, made statements to ensure the improvement of the Group's corporate value and the validity and appropriateness of the Company's decision-making and business execution. Also served as a member of the Nomination & Remuneration Advisory Committee and supervised management from an independent and objective standpoint.
	Tetsuya Shoji	11/11	—	4/4	Based on his experience and knowledge concerning corporate management, made statements to ensure the improvement of the Group's corporate value and the validity and appropriateness of the Company's decision-making and business execution. Also served as Chair of the Nomination & Remuneration Advisory Committee and supervised management from an independent and objective standpoint.

Classification	Name	Attendance			Main Activities
		Board of Directors meetings	Board of Corporate Auditors meetings	Nomination & Remuneration Advisory Committee	
Outside Corporate Auditor	Yoshihiro Doi	13/14	8/8	5/5	Based on his experience and knowledge concerning corporate management, made statements to ensure the legality and appropriateness of the Company's decision-making and business execution. Also served as a member of the Nomination & Remuneration Advisory Committee and supervised management from an independent and objective standpoint.
	Hirofumi Yasuhara	14/14	8/8	5/5	Based on his experience and knowledge concerning corporate management, finance and accounting, made statements to ensure the legality and appropriateness of the Company's decision-making and business execution. Also served as a member of the Nomination & Remuneration Advisory Committee and supervised management from an independent and objective standpoint.

- (Notes) 1. In addition to the above-stated number of Board of Directors meetings held, there were two occasions of a written resolution, which is deemed to be a resolution of the Board of Directors under the provisions of Article 370 of the Companies Act and Article 25 of the Company's Articles of Incorporation.
2. For Director Tetsuya Shoji, we have described his attendance of the Board of Directors meetings and the Nomination & Remuneration Advisory Committee meetings held since he assumed the position of Director on June 22, 2021.

## V. Status of Accounting Auditor

(1) Name of Accounting Auditor      KPMG AZSA LLC

(2) Amount of Remuneration, etc. of Accounting Auditor

(Millions of yen)

Category	Amount of Remunerations, etc.
Amount of remuneration, etc. payable by the Company	90
Total amount of cash and other financial benefits payable by the Company and its subsidiaries	154

(Notes) 1. In the audit agreement between the Company and the Accounting Auditor, no differentiation is made between remuneration on the basis of the Companies Act and remuneration on the basis of the Financial Instruments and Exchange Act, and it is not possible to make a substantial differentiation between the two. As a consequence, the amount of remuneration, etc. for services as Accounting Auditor of the Company provided in the table above is the total of the two.

2. The Board of Corporate Auditors has consented to the amount of remuneration, etc. for the Accounting Auditor as a result of having verified and discussed the reasonableness of the Accounting Auditor's audit plan and the basis for the estimate of remuneration, based on a review and evaluation of reports from relevant internal departments and results of audit for fiscal year 2020

3. Of the Company's significant subsidiaries, the auditing of Osmoflo Holdings Pty Ltd, Hitachi Zosen Inova AG and NAC International Inc. is performed by audit corporations other than the Accounting Auditor of the Company (including those with equivalent status overseas).

(3) Non-audit Services

The Company pays the Accounting Auditor fees for the retained service for preparation of a comfort letter concerning the issuance of bonds, which is a service (Non-audit service) other than services provided for in Article 2, paragraph (1) of the Certified Public Accountants Act.

(4) Policy for Determining Dismissal or Non-reappointment of Accounting Auditor

If it is deemed that the Accounting Auditor falls within the grounds of each item of Article 340, paragraph 1 of the Company Act and that no improvement in the situation is expected, the Board of Corporate Auditors shall dismiss the Accounting Auditor based on the agreement of all the Corporate Auditors.

If the Board of Corporate Auditors determines the Accounting Auditor is unsuitable after taking into consideration such matters as the execution of duties of the Accounting Auditor and the number of years it has been performing audits, the Board of Corporate Auditors shall determine details of a proposal for dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders.

## **VI. Matters Concerning the Development of Systems to Ensure Appropriateness of Operations, etc.**

### **(1) Systems to Ensure Appropriateness of Operations**

The following summarizes the contents of the resolutions of the Company's Board of Directors concerning the development of systems to ensure that the execution of duties by Directors is in compliance with laws and regulations and the Articles of Incorporation and other systems necessary to ensure the appropriateness of operations.

- 1) Systems to Ensure that the Execution of Duties by Directors and Employees of the Company and Group Companies Complies with the Laws and Regulations and the Articles of Incorporation
  - a) The Company shall formulate the Charter of Ethical Behavior with which all Directors, Corporate Auditors, and employees must comply, and shall make this charter known to all Directors, Corporate Auditors, and employees. In addition, the top management shall ceaselessly and clearly demonstrate the spirit of such charter to the Directors, Corporate Auditors, and employees, thus ensuring that compliance with laws and regulations and corporate ethics forms the basis of the Company's existence and the premise of all corporate activities.
  - b) The Company shall establish the Compliance Committee, with a President and Director of the Company as Chairperson. This committee shall continuously implement measures with respect to compliance and shall make reports on its activities to the Board of Directors of the Company.
  - c) The Company shall work to prevent violations of laws and regulations, discover such violations at an early stage and deal with them promptly and effectively by establishing a whistle-blowing system that enables the opinions of Directors, Corporate Auditors, and employees regarding compliance to be reflected in company management.
  - d) The Company shall have all Directors, Corporate Auditors, and employees of the Company enter into covenants regarding compliance with laws and regulations and corporate ethics and develop disciplinary measures to be taken against violators and those who are aware of violations but conceal them.
  - e) Rules on the management of financial data and other important facts about the operations of the Company and the Group shall be formulated, and such facts shall be disclosed in a timely and appropriate manner.
  - f) To ensure the reliability of its financial reporting on the basis of the Financial Instruments and Exchange Act, the Company shall establish a department dedicated to this purpose, and shall regularly evaluate the development and management of financial reporting through a system of cooperation among departments of the Company and work to make improvements accordingly.
  - g) The department of the Company in charge of internal auditing shall perform audits of compliance and shall report to the Board of Directors.
  - h) The Charter of Ethical Behavior shall be made known to Group companies, which shall work to develop structures for compliance with laws and regulations and corporate ethics in accordance with the circumstances of each company with support from the Company. Furthermore, the Company's whistle-blowing system shall be made available for use by the Directors, Corporate Auditors, and employees of Group companies.
  - i) Internal auditing performed by the department of the Company in charge of internal auditing shall also be applicable to Group companies, and the Company's rules regarding internal auditing shall apply mutatis mutandis to the guidelines for such auditing.

- j) The Company shall determinedly eliminate and block anti-social forces, and the department in charge of general affairs shall construct and develop a system for this purpose in cooperation with external specialist bodies such as law enforcement.
- 2) Systems to Retain and Manage Information Concerning the Directors' Execution of Duties
    - a) Minutes of meetings of the Board of Directors and other management bodies holding meetings shall be prepared, retained, and managed appropriately by the administrative offices of each management body in accordance with laws and regulations and internal rules.
    - b) Records of information concerning decision making and execution of duties by the Directors shall be retained and managed appropriately in accordance with the rules on the management of documents or electromagnetic records stipulated by the Company.
    - c) Rules regarding the retention and management of company secrets, significant matters that are not publicly disclosed, and personal information shall be formulated, and the relevant information shall be managed with due care.
  - 3) Rules and Other Organizational Structures of the Company and Group Companies Concerning Management of Risk of Loss
    - a) Risks that may occur in the course of business operations shall be evaluated and monitored continuously. Risks with the potential to have a substantial impact on the financial position and business results shall be reported to the Board of Directors of the Company.
    - b) To prevent and eliminate risks related to earnings from individual products, appropriate risk management shall be carried out through deliberations to identify and evaluate risks and formulation of avoidance measures at the Risk Examination Committee.
    - c) To promptly and appropriately deal with such a serious risk that has emerged, systems shall be developed in advance including the formulation of rules on such matters as means of transmitting information, methods of handling such events, and structures for their management.
    - d) The department of the Company in charge of internal auditing shall monitor risk management statuses at each department of the Company and each Group company. It shall also perform audits of the effectiveness and adequacy of risk management and make reports on this to the Board of Directors of the Company.
  - 4) Systems to Ensure that Directors of the Company and Group Companies Execute their Duties in an Efficient Manner
    - a) Meetings of the Board of Directors shall in principle be held once a month and extraordinary meetings of the Board of Directors shall be held as necessary to determine important matters and to supervise the execution of business. For meetings of the Board of Directors to be operated appropriately and efficiently, rules on the matters to be decided upon at the meetings and standards for submitting such matters for deliberation and reporting on them shall be formulated.
    - b) The Company shall establish the Management Strategy Committee comprising Directors of the Company in charge of business operations and other key management personnel, at which sufficient advance deliberations on basic strategies and important matters shall be carried out, thus putting in place a system enabling accurate managerial judgment.
    - c) The Board of Directors of the Company shall determine the Group's medium-term management plans and plans for each year. Based on such plans, all Directors of the Company shall develop detailed measures and systems for efficient business execution, and make progress reports on these measures to the Board of Directors of the Company.
    - d) The Company shall establish the Management Plan Follow-Up Committee with the President and Director of the Company as Chairperson. This committee shall monitor and inspect progress made with the measures and work towards the early discovery and



prevention of problems, thus ensuring efficient business operations.

- e) To efficiently achieve management targets, the Company shall formulate rules on organizational structure, division of duties, and decision-making authority, and clarify duties and authorities. The Company shall also formulate rules on the operation of information and communication systems and the protection of information assets, and shall utilize such rules effectively.
  - f) The department of the Company in charge of internal auditing shall perform audits to determine whether business operations at each department of the Company and each Group company are carried out efficiently in accordance with laws and regulations, the Articles of Incorporation and other internal rules, and shall report to the Board of Directors on this matter.
- 5) Systems for Reporting to the Company on the Matters regarding Execution of Duties by Directors of Group Companies
- To carry out deliberations on establishing internal control systems and to share information on Group management policies and other matters, the Company shall regularly hold conferences attended by the Directors of the Company and the President and Director of each Group company. Group companies shall report any material events at the conferences.
- 6) Other Systems to Ensure Appropriateness of Operations in the Group Consisting of the Company and the Group companies
- a) Regarding the management of Group companies, the Company shall supervise and monitor the appropriateness of operations at Group companies, while also respecting their autonomy, by assigning Directors and Corporate Auditors of the Company to work at each Group company, thus working to strengthen governance and supervisory functions under Group management.
  - b) The Company shall establish a main control division in the Company to control and guide Group companies, thus advancing efficient Group management in accordance with the standards for Group control and management. The control division shall also provide support for the establishment of internal control systems at each Group company.
- 7) Matters Concerning Employees who are Requested by Corporate Auditors to Assist in the Duties of Corporate Auditors and Matters Concerning Ensuring the Independence from Directors of Such Employees and the Effectiveness of Directions to Such Employees
- a) The Company shall put in place the Assistant to the Corporate Auditors as a body to assist the Corporate Auditors of the Company in their duties.
  - b) Employees belonging to other departments shall not be precluded from serving concurrently as staff in the Assistant to the Corporate Auditors. However, if Corporate Auditors request the assignment of dedicated staff to the Assistant to the Corporate Auditors, this shall not be refused without rational grounds.
  - c) When performing duties in accordance with the directions of the Corporate Auditors, staff in the Assistant to the Corporate Auditors shall not be under the command of Directors or other business executives.
  - d) Personnel matters relating to staff in the Assistant to the Corporate Auditors shall be determined by the Directors after deliberations with the Corporate Auditors.
- 8) Systems for Reporting to Corporate Auditors of the Company by Directors and Employees of the Company and Group Companies, Other Systems Concerning Reporting to Corporate Auditors, and Systems to Ensure that Persons who Report to Corporate Auditors Are not Treated Unfavorably as a Result of Making Such Report
- a) If a Director of the Company discovers a matter with the potential to cause substantial harm to the Company and the Group, such Director shall report such matter to the Board of Corporate Auditors of the Company immediately.

- b) To monitor important decision-making processes and the status of business execution, the Corporate Auditors of the Company shall be permitted to attend meetings of the Board of Directors and other important meetings of the Company, and shall be permitted to request explanations on such matters from Directors or employees. Furthermore, when they are unable to attend such meetings due to circumstances, Corporate Auditors shall be permitted to receive explanations of the contents of such meetings, and inspect minutes and other related documents.
  - c) Corporate Auditors of the Company shall be permitted to inspect important documents related to business execution, and to request explanations of such matters from Directors or employees of the Company and Group companies as necessary.
  - d) Representative Directors of the Company shall regularly hold talks with Corporate Auditors of the Company, make reports to the Corporate Auditors of the Company regarding important matters with an impact on the Company and the Group, and exchange opinions with the Corporate Auditors on such matters.
  - e) It is prohibited for Directors and employees of the Company or Group Companies who report to Corporate Auditors of the Company to be treated unfavorably as a result of making such report.
- 9) Matters Concerning the Policy Relating to Advance Payment of Expenses Accompanying Execution of Duties by the Corporate Auditors or Reimbursement thereof, or Other Treatments of Expenses or Liabilities Generated from Execution of those Relevant Duties When Corporate Auditors of the Company request advance payment of expenses and others on the basis of Article 388 of the Companies Act for executing their duties, those expenses or liabilities shall be processed immediately through deliberation within the department in charge, except as may be recognized as unnecessary for executing duties of the Corporate Auditor.
- 10) Other Systems to Ensure that Corporate Auditors Effectively Perform Audits
- a) The Directors of the Company shall cooperate with the Corporate Auditors of the Company to enable them to perform effective audits through cooperation with the Accounting Auditor, the department in charge of internal auditing, and the Corporate Auditors of Group companies.
  - b) The Directors of the Company shall have an awareness and understanding of the importance and usefulness of auditing by the Corporate Auditors. They shall also inform employees of the rules relating to auditing operations and auditing standards and help to establish an environment in which the Corporate Auditors can perform their audits effectively.
  - c) The department of the Company in charge of internal auditing shall provide internal audit plans, internal audit reports and other necessary information it receives in the course of performing internal auditing to the Corporate Auditors.

## (2) Outline of Status of Systems to Ensure the Appropriateness of Operations

Outline of status of systems to ensure the appropriateness of operations is as follows.

### 1) Regarding Compliance

Within “Hitz Value,” the values at the core of the Group’s business activities, one of the main stances taken by the Company when advancing business under the corporate philosophy is the “thorough implementation of compliance.” This clearly shows that “thorough implementation of compliance” is crucial to meet the expectations and gain the understanding of the stakeholders that support the Company’s business activities. Furthermore, the President himself has taken various opportunities such as New Year’s address and workshops, to clearly state that compliance is the ultimate priority in company management.

Each April, the Company distributes the Hitz Group Charter of Ethical Behavior (published in Japanese, English, and Chinese) to be carried by employees at all times. This features a Message from the President based on the compliance situation for fiscal year 2019 and is used as the code upon which employees carry out their work.

The Compliance Committee, on which the President serves as Chairperson, decides the basic policy and specific measures for fiscal year 2020 based on the compliance situation for fiscal year 2019, and engages in compliance activities across the entire Group. Specifically, it ensures the thorough implementation of compliance through means such as implementing e-learning, holding various workshops and lectures, and providing information through internal newsletters. It also detects improper conduct at an early stage through the whistle-blowing system and deals with this swiftly. Moreover, in addition to having set up a regular reporting system from domestic and overseas Group companies and overseas offices, the Company checks the status of observance of compliance policies at each company and office by receiving reports regarding the compliance status and problems once every six months, and follows up on these statuses as necessary, thereby ensuring compliance across the entire Group.

### 2) Regarding Risk Management

Risks related to compliance, the environment, safety, disasters, information security, and other risks that may occur in the course of business operations are continuously managed by a system established at each responsible department, in order to prevent risks.

With regard to order intake projects, in each department in charge, the Company examines the risk in each business from the project estimate stage to clarify risks associated with technologies, estimates, delivery date, and contracts and takes measures against those risks before judging whether or not to accept an order, thereby working to eliminate the risks. In addition, we have established a department within the Corporate Planning Headquarters to manage project risks, including those of major subsidiaries, to ensure thorough risk management for the entire Group. After order intake, the Company secures the quality and processes, etc. of projects by following up project progress in a timely way, and discovering risks and addressing them promptly. The Company is strengthening its handling of country risk of its overseas projects. In particular, the Company investigates and analyzes the impact of the situation between Russia and Ukraine on the Company’s group and takes responses in an appropriate way.

Regarding the spread of COVID-19, we will continue to monitor the situation closely, stay abreast of the impact on project execution and respond appropriately with respect to the safety and medical care of employees dispatched overseas.

### 3) Regarding the Execution of Duties by Directors

In fiscal year 2021, meetings of the Board of Directors were held 14 times. In these meetings, important management matters (management basic policies, budget

formulation and follow-up, policies concerning selection and concentration of businesses based on portfolio management, business reorganization plans, structural reform plans, overseas business strategies, promotion of digital transformation, assistance for corporate acquisition by group companies, etc.) prescribed by laws and ordinances, the Articles of Incorporation, and Rules of the Board of Directors are discussed and determined, while the execution of duties of the Directors are supervised. To further enhance and promote the efficiency of discussions by the Board of Directors, the Company conducts a questionnaire survey with individual Directors to assess and analyze the effectiveness of the Board of Directors as a whole, and uses issues identified to improve the operations of the Board of Directors.

4) Regarding the Management of Group Companies

To share information on Group management policies, the management plan, and other items, conferences are held on a regular basis, and the Company provides oversight and instruction on important matters regarding the management of Group companies. In particular, the Company discusses and determines important business activities of Group companies at Management Strategy Committee meetings and at Board of Directors meetings, thereby streamlining the entire Group's business activities and maximizing its synergies, while securing the appropriateness of the business and avoiding risk.

5) Regarding Internal Auditing

To ensure the appropriateness of operations in the Group in accordance with the Internal Auditing Rule, the Internal Auditing Department (Internal Auditing Section) implements ongoing internal audits related to matters such as finance and accounting, operational controls and procedures, business risks, and compliance across all management activities of domestic and overseas Group companies based on such factors as business type, scale, and importance to conduct evaluations and provide advice and correction guidance from an objective standpoint. In particular, internal audits are conducted with top priority given to companies which newly joined the Group and newly established organizations. The Internal Auditing Department also submits reports on the results of audits, as well as the status of corrective actions to Directors, Corporate Auditors, and responsible persons of audited segments from time to time, while providing regular comprehensive reports on the status of audits to the Management Strategy Committee, as well as the Board of Directors. In addition, the Company is reinforcing the auditing system for overseas branches and overseas Group companies.

6) Regarding Audits Performed by Corporate Auditors

Corporate Auditors audit operations and status of assets at respective business locations and segments, as well as carrying out similar investigations on major domestic and overseas subsidiaries. They have made audits on the execution of business of Directors and others by receiving reports on important matters through attending important internal meetings such as meetings of the Board of Directors and the Management Strategy Committee, meetings with the Representative Directors, and by stating opinions where necessary. Furthermore, Corporate Auditors are in close cooperation with Outside Directors such as by exchanging information appropriately. In fiscal year 2021, the Board of Corporate Auditors held eight meetings at which information regarding auditing was exchanged, opinions on auditing were collected from each Corporate Auditor, and resolutions were passed.

Corporate Auditors exchange information about such matters as audit plans and results with the Accounting Auditor on a regular basis, while monitoring and verifying whether the Accounting Auditor is conducting its audits appropriately. In addition, Corporate Auditors implement regular information exchanges and maintain close collaboration with

the Internal Auditing Department by receiving such matters as audit plans and results, as well as necessary information obtained through audits with respect to internal auditing, in order to promote effective and efficient audits.

## Consolidated Balance Sheets

As of March 31, 2022

	(Millions of yen)
<b>Assets</b>	<b>461,161</b>
<b>Current assets</b>	<b>292,241</b>
Cash and time deposits	67,200
Notes, accounts receivable-trade, and contract assets	189,775
Merchandise and finished goods	1,119
Work in progress	6,836
Raw materials and supplies	6,518
Other current assets	24,045
Allowance for doubtful receivables	-3,255
<b>Noncurrent assets</b>	<b>168,826</b>
Property, plant and equipment, net	[110,539]
Buildings and structures	32,762
Machinery, equipment and vehicles	19,271
Tools, furniture and fixtures	3,161
Land	46,155
Lease assets	755
Right-of-use assets	3,074
Construction in progress	5,358
Intangible assets	[11,451]
Goodwill	1,486
Other intangible assets	9,964
Investments and other noncurrent assets	[46,835]
Investments in securities	16,868
Long-term loans receivable	27
Net defined benefit assets	5,659
Deferred tax assets	16,964
Other investments and noncurrent assets	9,082
Allowance for doubtful receivables	-1,767
<b>Deferred assets</b>	<b>93</b>
Bond issue expenses	93
<b>Total assets</b>	<b>461,161</b>

	(Millions of yen)
<b>Liabilities</b>	<b>328,234</b>
<b>Current liabilities</b>	<b>238,015</b>
Notes and accounts payable-trade	51,607
Electronically recorded obligations	20,205
Short-term borrowings	26,715
Lease obligations	1,302
Accrued expenses	71,027
Accrued income taxes	4,077
Contract liabilities	29,128
Reserve for product warranty	11,690
Reserve for losses on construction contracts	6,619
Other current liabilities	15,640
<b>Noncurrent liabilities</b>	<b>90,219</b>
Bonds payable	30,000
Long-term borrowings	31,177
Lease obligations	2,686
Deferred tax liabilities	428
Net defined benefit liability	21,859
Directors' and corporate auditors' severance and retirement benefits	93
Asset retirement obligations	3,092
Other noncurrent liabilities	880
<b>Net assets</b>	<b>132,926</b>
<b>Shareholders' equity</b>	<b>124,110</b>
Common stock	45,442
Capital surplus	8,530
Retained earnings	71,163
Treasury stock, at cost	-1,026
<b>Accumulated other comprehensive income</b>	<b>7,189</b>
Net unrealized holding gains (losses) on securities	1,307
Net unrealized holding gains (losses) on hedging derivatives	-119
Land revaluation difference	-7
Foreign currency translation adjustments	931
Remeasurements of defined benefit plans	5,077
<b>Non-controlling interests in consolidated subsidiaries</b>	<b>1,626</b>
<b>Total liabilities and net assets</b>	<b>461,161</b>

## Consolidated Statements of Income

For the fiscal year ended March 31, 2022

(Millions of yen)

<b>Net sales</b>		<b>441,797</b>
<b>Cost of sales</b>		<b>369,648</b>
<b>Gross profit</b>		<b>72,149</b>
Selling, general and administrative expenses		56,607
<b>Operating income</b>		<b>15,541</b>
<b>Non-operating income</b>		
Interest income	128	
Dividend income	54	
Equity in net profit of affiliates	260	
Other non-operating income	1,148	1,592
<b>Non-operating expenses</b>		
Interest expense	809	
Foreign exchange losses	935	
Other non-operating expenses	3,604	5,349
<b>Ordinary income</b>		<b>11,783</b>
<b>Extraordinary income</b>		
Gain on bargain purchase	3,781	3,781
<b>Extraordinary loss</b>		
Impairment loss	3,692	3,692
<b>Profit before income taxes and non-controlling interests</b>		<b>11,873</b>
Income taxes-current	4,079	
Income taxes-deferred	-119	3,960
<b>Profit</b>		<b>7,912</b>
Profit attributable to non-controlling interests		13
<b>Profit attributable to shareholders of Hitachi Zosen</b>		<b>7,899</b>

[Reference] Monetary amounts in the Consolidated Financial Statements are presented with amounts of less than 1 million yen discarded.



# Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	45,442	8,530	67,296	-1,022	120,246
Cumulative effects of changes in accounting policies			-2,008		-2,008
Restated balance	45,442	8,530	65,287	-1,022	118,237
Changes of items during the period					
Cash dividends			-2,022		-2,022
Profit attributable to shareholders of Hitachi Zosen			7,899		7,899
Treasury stock disposed, net		0		0	0
Treasury stock purchased, net				-3	-3
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	0	5,876	-3	5,872
Balance at end of year	45,442	8,530	71,163	-1,026	124,110

	Accumulated other comprehensive income						Non-controlling interests in consolidated subsidiaries	Total net assets
	Net unrealized holding gains (losses) on securities	Net unrealized holding gains (losses) on hedging derivatives	Land revaluation difference	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of year	1,294	-117	-7	637	4,278	6,084	1,836	128,167
Cumulative effects of changes in accounting policies								-2,008
Restated balance	1,294	-117	-7	637	4,278	6,084	1,836	126,158
Changes of items during the period								
Cash dividends								-2,022
Profit attributable to shareholders of Hitachi Zosen								7,899
Treasury stock disposed, net								0
Treasury stock purchased, net								-3
Net changes of items other than shareholders' equity	13	-1	-	294	798	1,105	-210	895
Total changes of items during the period	13	-1	-	294	798	1,105	-210	6,767
Balance at end of year	1,307	-119	-7	931	5,077	7,189	1,626	132,926

[Reference] Monetary amounts in the Consolidated Financial Statements are presented with amounts of less than 1 million yen discarded.

## Non-consolidated Balance Sheets

As of March 31, 2022

	(Millions of yen)
<b>Assets</b>	<b>324,274</b>
<b>Current assets</b>	<b>172,063</b>
Cash and time deposits	32,390
Trade notes receivable	4,051
Trade accounts receivable	57,192
Contract assets	50,099
Work in progress	2,823
Raw materials and supplies	2,705
Advance payments	5,684
Prepaid expenses	990
Other accounts receivable	8,654
Advances paid	4,426
Short-term loans receivable	4,650
Other current assets	2,334
Allowance for doubtful receivables	-3,940
<b>Noncurrent assets</b>	<b>152,117</b>
Property, plant and equipment, net	[69,725]
Buildings	18,806
Structures	4,169
Machinery and equipment	6,365
Vehicles	64
Tools, furniture and fixtures	1,056
Land	37,281
Lease assets	492
Construction in progress	1,489
Intangible assets	[4,763]
Patent rights	0
Software	3,790
Rights of using facilities	93
Other intangible assets	877
Investments and other noncurrent assets	[77,629]
Investments in securities	3,311
Stocks of subsidiaries and affiliates	46,245
Investments in capital of subsidiaries and affiliates	3,162
Long-term loans receivable	14,664
Noncurrent prepaid expenses	904
Deferred tax assets	8,103
Other investments and noncurrent assets	3,577
Allowance for doubtful receivables	-2,341
<b>Deferred assets</b>	<b>93</b>
Bond issue expenses	93
<b>Total assets</b>	<b>324,274</b>

	(Millions of yen)
<b>Liabilities</b>	<b>233,838</b>
<b>Current liabilities</b>	<b>162,880</b>
Trade notes payable	5,188
Electronically recorded obligations	16,085
Trade accounts payable	23,947
Short-term borrowings	23,339
Lease obligations	171
Other accounts payable	2,055
Accrued expenses	30,984
Accrued income taxes	2,279
Contract liabilities	14,997
Deposits received	34,018
Reserve for product warranty	2,621
Reserve for losses on construction contracts	3,454
Provision for loss on guarantees	1,670
Other current liabilities	2,066
<b>Noncurrent liabilities</b>	<b>70,958</b>
Bonds payable	30,000
Long-term borrowings	25,060
Lease obligations	260
Employees' severance and retirement benefits	12,446
Asset retirement obligations	2,791
Other noncurrent liabilities	399
<b>Net assets</b>	<b>90,436</b>
<b>Shareholders' equity</b>	<b>90,519</b>
Common stock	45,442
Capital surplus	11,080
Legal capital surplus	5,946
Other capital surplus	5,133
Retained earnings	35,023
Legal retained earnings	2,170
Other retained earnings	32,853
Retained earnings brought forward	32,853
Treasury stock, at cost	-1,026
<b>Valuation and translation adjustments</b>	<b>-83</b>
Net unrealized holding gains (losses) on securities	9
Net unrealized holding gains (losses) on hedging derivatives	246
Land revaluation difference	-340
<b>Total liabilities and net assets</b>	<b>324,274</b>

## Non-consolidated Statements of Income

For the fiscal year ended March 31, 2022

		(Millions of yen)
<b>Net sales</b>		<b>221,087</b>
<b>Cost of sales</b>		<b>188,692</b>
<b>Gross profit</b>		<b>32,394</b>
Selling, general and administrative expenses		24,208
<b>Operating income</b>		<b>8,186</b>
<b>Non-operating income</b>		
Interest income	243	
Dividend income	1,691	
Other non-operating income	1,480	3,415
<b>Non-operating expenses</b>		
Interest expense	656	
Other non-operating expenses	4,265	4,921
<b>Ordinary income</b>		<b>6,679</b>
<b>Extraordinary loss</b>		
Provision for loss on guarantees	1,670	
Impairment loss	1,600	3,270
<b>Profit before income taxes</b>		<b>3,409</b>
Income taxes-current	1,573	
Income taxes-deferred	113	1,687
<b>Profit</b>		<b>1,721</b>

# Non-consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of year	45,442	5,946	5,133	11,080	1,967	34,845	36,813	-1,022	92,313
Cumulative effects of changes in accounting policies						-1,489	-1,489		-1,489
Restated balance	45,442	5,946	5,133	11,080	1,967	33,356	35,324	-1,022	90,824
Changes of items during the period									
Cash dividends						-2,022	-2,022		-2,022
Reserve for dividends payment					202	-202	-		-
Profit						1,721	1,721		1,721
Treasury stock disposed, net			0	0				0	0
Treasury stock purchased, net								-3	-3
Net changes of items other than shareholders' equity									
Total changes of items during the period	-	-	0	0	202	-502	-300	-3	-304
Balance at end of year	45,442	5,946	5,133	11,080	2,170	32,853	35,023	-1,026	90,519

	Valuation and translation adjustments				Total net assets
	Net unrealized holding gains (losses) on securities	Net unrealized holding gains (losses) on hedging derivatives	Land revaluation difference	Total valuation and translation adjustments	
Balance at beginning of year	-50	-49	-340	-439	91,873
Cumulative effects of changes in accounting policies					-1,489
Restated balance	-50	-49	-340	-439	90,384
Changes of items during the period					
Cash dividends					-2,022
Reserve for dividends payment					-
Profit					1,721
Treasury stock disposed, net					0
Treasury stock purchased, net					-3
Net changes of items other than shareholders' equity	60	296	-	356	356
Total changes of items during the period	60	296	-	356	51
Balance at end of year	9	246	-340	-83	90,436

[Reference] Monetary amounts in the Non-consolidated Financial Statements are presented with amounts of less than 1 million yen discarded.

## Independent Auditor's Report

May 13, 2022

The Board of Directors  
Hitachi Zosen Corporation

KPMG AZSA LLC  
Osaka Office

Kenta Tsujii  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Takaaki Mitsui  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Takeshi Ikeda  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

### **Audit Opinion**

Pursuant to Article 444, paragraph (4) of the Companies Act, we have audited the consolidated financial statements of Hitachi Zosen Corporation, which comprise the consolidated balance sheets, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements applicable to the fiscal year from April 1, 2021 through March 31, 2022.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Group, which consisted of Hitachi Zosen Corporation and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2021 in accordance with accounting principles generally accepted in Japan.

### **Basis for Audit Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

Other information comprises a business report and its supplementary schedules. It is the responsibility of management to prepare and disclose other information, and it is the responsibility of Corporate Auditors and the Board of Corporate Auditors to supervise Directors in their execution of duties relating to the development and operation of a reporting process for the other information. Our audit opinion concerning the consolidated financial statements does not cover the other information, and we do not express any opinions as to the matters included in the other information. Our responsibility for auditing consolidated financial statements is to review the other information, and in connection with this review, discuss whether there is any material discrepancy between the other information and the consolidated financial statements or knowledge which we obtained in the course of audit and pay attention as to whether there is any indication of material error in the

other information, other than such material discrepancy. We are required to report any material error in the other information found as a result of the work performed. There are no matters to be reported by us in relation to the other information.

### **Responsibilities of Management, Corporate Auditors and Board of Corporate Auditors for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of internal control deemed necessary by management for the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Corporate Auditors and Board of Corporate Auditors are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the consolidated financial statements, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes to the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report to the Corporate Auditors and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Corporate Auditors and the Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

**Conflicts of Interest**

We or engagement partners have no interests in the Company and its consolidated subsidiaries, which should be stated in compliance with the Certified Public Accountants Act.



## Independent Auditor's Report

May 13, 2022

The Board of Directors  
Hitachi Zosen Corporation

KPMG AZSA LLC  
Osaka Office

Kenta Tsujii  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Takaaki Mitsui  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Takeshi Ikeda  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

### **Audit Opinion**

Pursuant to Article 436, paragraph (2), Item (i) of the Companies Act, we have audited the non-consolidated financial statements of Hitachi Zosen Corporation, which comprise the non-consolidated balance sheets, the non-consolidated statement of income, the non-consolidated statement of changes in net assets, the notes to the non-consolidated financial statements, and the supplementary schedules (hereafter collectively referred to as the “non-consolidated financial statements”) of Hitachi Zosen Corporation applicable to the 125th fiscal year from April 1, 2021 through March 31, 2022.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Hitachi Zosen Corporation, applicable to the fiscal year ended March 31, 2022 in accordance with accounting principles generally accepted in Japan.

### **Basis for Audit Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

Other information comprises a business report and its supplementary schedules. It is the responsibility of management to prepare and disclose other information, and it is the responsibility of Corporate Auditors and the Board of Corporate Auditors to supervise Directors in their execution of duties relating to the development and operation of a reporting process for the other information. Our audit opinion concerning the non-consolidated financial statements does not cover the other information, and we do not express any opinions as to the matters included in the other information. Our responsibility for auditing the non-consolidated financial statements is to review the other

information, and in connection with this review, discuss whether there is any material discrepancy between the other information and the non-consolidated financial statements or knowledge which we obtained in the course of audit and pay attention as to whether there is any indication of material error in the other information, other than such material discrepancy. We are required to report any material error in the other information found as a result of the work performed. There are no matters to be reported by us in relation to the other information.

### **Responsibilities of Management, Corporate Auditors and Board of Corporate Auditors for the Non-Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of internal control deemed necessary by management for the preparation and fair presentation of the non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Corporate Auditors and Board of Corporate Auditors are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

### **Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements**

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the non-consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these non-consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the non-consolidated financial statements, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the non-consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the non-consolidated financial statements or, if the notes to the non-consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements and notes to the non-consolidated financial statements are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the non-consolidated financial statements, including the related notes thereto, and whether the non-

consolidated financial statements fairly present the underlying transactions and accounting events.

We report to the Corporate Auditors and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Corporate Auditors and the Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

**Conflicts of Interest**

We or engagement partners have no interests in the Company, which should be stated in compliance with the Certified Public Accountants Act.

## Audit Report

With respect to the Directors' performance of their duties during the 125th fiscal year (from April 1, 2021 to March 31, 2022), the Board of Corporate Auditors has prepared this audit report as the consensus of all its members after deliberations based on the audit reports prepared by each Corporate Auditor, and hereby reports as follows:

### 1. Method and Contents of Audit by Corporate Auditors and the Board of Corporate Auditors

- (1) The Board of Corporate Auditors determined the audit policies, audit plan, etc., received reports from each Corporate Auditor on the progress and results of audits, exchanged opinions, and shared information. Additionally, they received reports from the Accounting Auditor on the status of its performance of duties, and requested explanations as necessary.
- (2) In accordance with the audit standards for Corporate Auditors determined by the Board of Corporate Auditors and based on the audit policies and audit plan, each Corporate Auditor took steps to facilitate mutual understanding with Directors, the department in charge of internal auditing, and other employees, strove to collect information and establish an environment for auditing, and performed audits using the methods below. Regarding the results of their investigations or audit activities, each Corporate Auditor provided opinions to Directors and those in charge of various departments as necessary.
  - (i) Each Corporate Auditor attended meetings of the Board of Directors and other important meetings, received reports from Directors and other employees on the status of their performance of duties and requested explanations as necessary, inspected documents regarding important decisions and the like, and investigated the status of the business operations and assets at Head Office and major business locations. With respect to the subsidiaries, they took steps to facilitate mutual understanding and information exchange with Directors, Corporate Auditors, etc., at each subsidiary, received reports from subsidiaries on their respective businesses periodically, and investigated as necessary.
  - (ii) Each Corporate Auditor discussed the audit plan with the department in charge of internal auditing in advance and received explanations on the results of audits, and regarding matters mentioned in audits, each Corporate Auditor confirmed that they had been rectified in a timely manner.
  - (iii) Each Corporate Auditor received reports on a regular basis from the Directors and employees, etc., requested explanations as necessary, and provided opinions with respect to matters mentioned in the business report. Such matters consist of the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Directors' performance of their duties complied with applicable laws and regulations and the Articles of Incorporation of the Company and other systems that are set forth in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of the corporate group consisting of a joint stock company (kabushiki kaisha) and its subsidiaries, and the systems developed and maintained based on such resolutions (internal control systems). Regarding internal control over financial reporting, each Corporate Auditor received reports from Directors and others as well as KPMG AZSA LLC concerning the evaluation of said internal control and the audit status, and requested explanations as necessary.
  - (iv) Each Corporate Auditor monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from

the Accounting Auditor on the status of its performance of duties, and requested explanations as necessary. In addition, each Corporate Auditor was informed of the establishment of the “System for ensuring that duties are performed appropriately” (matters stipulated in the items of Article 131 of the Corporate Calculation Regulations) in accordance with “Standards for the Quality Control of Audits” (Business Accounting Council, October 28, 2005), etc. by the Accounting Auditor and requested explanations as necessary.

Based on the above-described methods, each Corporate Auditor examined the business report and the supplementary schedule thereto, non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to non-consolidated financial statements) and the supplementary schedule thereto, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements), for the fiscal year under consideration.

## 2. Results of Audits

### (1) Results of Audit of Business Report, etc.

- (i) We acknowledge that the business report and the supplementary schedule thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- (ii) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the Company was found with respect to the Directors’ performance of their duties.
- (iii) We acknowledge that the Board of Directors’ resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the contents in the business report and Directors’ performance of their duties concerning the internal control systems, including internal control over financial reporting.

### (2) Results of Audit of Non-consolidated Financial Statements and Their Supplementary Schedules

We acknowledge that the methods and results of audit performed by the Accounting Auditor KPMG AZSA LLC are appropriate.

### (3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the Accounting Auditor KPMG AZSA LLC are appropriate.

May 19, 2022

The Board of Corporate Auditors, Hitachi Zosen Corporation		
Full-time Corporate Auditor	Masayuki Morikata	(Seal)
Full-time Corporate Auditor	Kazuhisa Yamamoto	(Seal)
Outside Corporate Auditor	Yoshihiro Doi	(Seal)
Outside Corporate Auditor	Hirofumi Yasuhara	(Seal)