

Report of Consolidated Financial Results

For the Six Months Ended September 30, 2023

November 6, 2023

Name of Company: Hitachi Zosen Corporation
 Code Number: 7004 URL: <https://www.hitachizosen.co.jp/>
 Stock Exchange Listing: Tokyo
 Representative: Sadao Mino, President & Chief Executive Officer
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This "Consolidated Financial Results" has been prepared in accordance with accounting principles generally accepted in Japan.

(Figures are rounded down to the nearest million yen.)

1. Business results and financial position for the six months ended September 30, 2023 (April 1 - September 30, 2023)

(1) Results of operations (Accumulated)

(Percentages show rates of increase or decrease from the period a year earlier.)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to shareholders of Hitachi Zosen | |
|------------------------------|---------------|------|------------------|-------|-----------------|-----|--|-----|
| | (million yen) | (%) | (million yen) | (%) | (million yen) | (%) | (million yen) | (%) |
| 6 months ended Sep. 30, 2023 | 232,192 | 12.0 | 1,116 | 652.2 | 1,910 | — | 350 | — |
| 6 months ended Sep. 30, 2022 | 207,234 | 14.9 | 148 | — | -2,755 | — | -3,206 | — |

| | Net income per share | Net income per share-diluted |
|------------------------------|----------------------|------------------------------|
| | (yen) | (yen) |
| 6 months ended Sep. 30, 2023 | 2.08 | — |
| 6 months ended Sep. 30, 2022 | -19.02 | — |

(2) Financial position

| | Total assets | Net assets | Shareholders' equity to total assets |
|--------------------------|---------------|---------------|--------------------------------------|
| | (million yen) | (million yen) | (%) |
| As of September 30, 2023 | 459,565 | 143,438 | 30.0 |
| As of March 31, 2023 | 479,682 | 141,311 | 29.1 |

(Note) Shareholders' equity: Yen 137,774 million (September 30, 2023), Yen 139,619 million (March 31, 2023)

2. Dividends

| Record Date | Dividends per share (yen) | | |
|---------------------------------------|---------------------------|----------|--------|
| | Interim | Year-end | Annual |
| Year ended March 31, 2023 | 0.0 | 18.0 | 18.0 |
| Year ending March 31, 2024 | 0.0 | | |
| Year ending March 31, 2024 (Forecast) | | 18.0 | 18.0 |

(Note) Revisions to the dividends forecast most recently announced : None

3. Forecast of consolidated earnings for the fiscal year ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(Percentages show rates of increase or decrease from the period a year earlier.)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to shareholders of Hitachi Zosen | | Net income per share – basic (yen) |
|----------------------------|---------------|-----|------------------|------|-----------------|-----|--|-------|---------------------------------------|
| | (million yen) | (%) | (million yen) | (%) | (million yen) | (%) | (million yen) | (%) | |
| Year ending March 31, 2024 | 540,000 | 9.6 | 23,000 | 14.7 | 19,000 | 6.5 | 13,000 | -16.5 | 77.14 |

(Note) Revisions to the forecast of consolidated earnings most recently announced : Yes

4. Notes

(1) Changes in major subsidiaries during the period: None

(2) Specific accounting policies applied in the quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and restatements

(i) Changes in accounting policies as per the revision of accounting standards: None

(ii) Changes in accounting policies other than (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(4) Number of shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding (including treasury stock)

September 30, 2023 170,214,843 shares

March 31, 2023 170,214,843 shares

(ii) Number of shares held in treasury

September 30, 2023 1,689,375 shares

March 31, 2023 1,687,175 shares

(iii) Average number of shares during the respective periods

Six months ended September 30, 2023 168,526,548 shares

Six months ended September 30, 2022 168,530,552 shares

(5) This report is not subject to scope of Quarterly Reviews by the auditing firm.

(6) Forward-looking statements are based on information currently available to Hitachi Zosen Corporation. Therefore, those forward-looking statements include unknown risks and uncertainties. Accordingly, you should note that the actual results could differ materially from those forward-looking statements. Risks and uncertainties that could influence the ultimate outcome include, but are not limited, to the economic conditions surrounding Hitachi Zosen Corporation.

5. Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2023 | As of September 30, 2023 |
|--|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 86,404 | 85,227 |
| Notes and accounts receivable - trade, and contract assets | 198,378 | 158,185 |
| Merchandise and finished goods | 1,461 | 2,352 |
| Work in process | 7,391 | 12,951 |
| Raw materials and supplies | 8,332 | 9,929 |
| Other | 20,749 | 25,198 |
| Allowance for doubtful accounts | △3,864 | △4,045 |
| Total current assets | 318,853 | 289,799 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 30,807 | 30,161 |
| Land | 40,223 | 40,267 |
| Other, net | 27,222 | 29,367 |
| Total property, plant and equipment | 98,253 | 99,797 |
| Intangible assets | | |
| Goodwill | 1,079 | 5,051 |
| Other | 10,048 | 10,994 |
| Total intangible assets | 11,127 | 16,045 |
| Investments and other assets | | |
| Other | 52,018 | 54,555 |
| Allowance for doubtful accounts | △638 | △686 |
| Total investments and other assets | 51,379 | 53,868 |
| Total non-current assets | 160,760 | 169,711 |
| Deferred assets | 67 | 54 |
| Total assets | 479,682 | 459,565 |

(Millions of yen)

| | As of March 31, 2023 | As of September 30, 2023 |
|---|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 50,623 | 40,012 |
| Electronically recorded obligations - operating | 22,660 | 6,573 |
| Short-term borrowings | 16,618 | 16,274 |
| Current portion of bonds payable | — | 10,000 |
| Lease liabilities | 1,341 | 1,370 |
| Accrued expenses | 70,138 | 63,543 |
| Income taxes payable | 4,021 | 2,169 |
| Contract liabilities | 41,355 | 50,689 |
| Provision for construction warranties | 14,572 | 15,491 |
| Provision for loss on construction contracts | 6,819 | 6,558 |
| Other | 12,659 | 15,109 |
| Total current liabilities | 240,811 | 227,794 |
| Non-current liabilities | | |
| Bonds payable | 30,000 | 20,000 |
| Long-term borrowings | 35,876 | 36,178 |
| Lease liabilities | 2,630 | 3,114 |
| Deferred tax liabilities | 415 | 425 |
| Retirement benefit liability | 21,354 | 20,935 |
| Provision for retirement benefits for directors (and other officers) | 63 | 61 |
| Provision for loss on business liquidation | 729 | 729 |
| Provision for loss on litigation | 669 | 1,016 |
| Asset retirement obligations | 3,081 | 3,090 |
| Other | 2,738 | 2,780 |
| Total non-current liabilities | 97,559 | 88,332 |
| Total liabilities | 338,370 | 316,126 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 45,442 | 45,442 |
| Capital surplus | 8,176 | 7,805 |
| Retained earnings | 84,685 | 82,002 |
| Treasury shares | △1,029 | △1,031 |
| Total shareholders' equity | 137,274 | 134,219 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 986 | 1,164 |
| Deferred gains or losses on hedges | 77 | 526 |
| Revaluation reserve for land | △7 | △7 |
| Foreign currency translation adjustment | 426 | 1,579 |
| Remeasurements of defined benefit plans | 863 | 293 |
| Total accumulated other comprehensive income | 2,345 | 3,555 |
| Non-controlling interests | 1,691 | 5,664 |
| Total net assets | 141,311 | 143,438 |
| Total liabilities and net assets | 479,682 | 459,565 |

6. Profit and loss statements

(Millions of yen)

| | Six months ended September 30, 2022 | Six months ended September 30, 2023 |
|---|--|--|
| Net sales | 207,234 | 232,192 |
| Cost of sales | 176,517 | 197,819 |
| Gross profit | 30,716 | 34,372 |
| Selling, general and administrative expenses | 30,568 | 33,256 |
| Operating profit | 148 | 1,116 |
| Non-operating income | | |
| Interest income | 80 | 488 |
| Dividend income | 112 | 69 |
| Share of profit of entities accounted for using equity method | 100 | 1,034 |
| Foreign exchange gains | — | 603 |
| Other | 416 | 430 |
| Total non-operating income | 710 | 2,626 |
| Non-operating expenses | | |
| Interest expenses | 374 | 287 |
| Foreign exchange losses | 1,614 | — |
| Other | 1,625 | 1,544 |
| Total non-operating expenses | 3,614 | 1,832 |
| Ordinary profit (loss) | △2,755 | 1,910 |
| Extraordinary income | | |
| Subsidy income | 1,798 | — |
| Total extraordinary income | 1,798 | — |
| Extraordinary losses | | |
| Loss on tax purpose reduction entry of non-current assets | 1,798 | — |
| Provision for loss on litigation | — | 328 |
| Total extraordinary losses | 1,798 | 328 |
| Profit (loss) before income taxes | △2,755 | 1,581 |
| Income taxes | 477 | 1,262 |
| Profit (loss) | △3,233 | 319 |
| Loss attributable to non-controlling interests | △27 | △31 |
| Profit (loss) attributable to owners of parent | △3,206 | 350 |