
Financial Results for FY2023 – 2nd Quarter

November 7th, 2023

Hitachi Zosen Corporation

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Financial Information

**Senior Managing Executive Officer
Corporate Planning Headquarters
Satoshi Kimura**

- **Following the return to profitability of operating income in the 2Q of FY22 (The first time in 10 periods), ordinary income and profit turned profitable in the 2Q (The first time in 11 years)**
- **Revised up the full-year forecast for net sales, operating income, ordinary income and profit**

(Billions of JPY)

| | FY2022 | | FY2023 | | | | |
|---|-----------------|----------------------|---------|------|-----------|--------|------------------------|
| | 1-2Q Results | Full Year Results | 1-2Q | | Full Year | | Progress on full yr |
| | | | Results | YoY | Forecast | YoY | |
| Order Intake | 318.8 | 737.5 | 346.7 | 27.9 | 620.0 | -117.5 | 55.9% |
| Net Sales | 207.2 | 492.6 | 232.1 | 24.9 | 540.0 | 47.4 | 43.0% |
| Operating Income | 0.1 | 20.0 | 1.1 | 1.0 | 23.0 | 3.0 | 4.8% |
| % to net sales | 0.0% | 4.1% | 0.5% | | 4.3% | | |
| Ordinary Income | - 2.7 | 17.8 | 1.9 | 4.6 | 19.0 | 1.2 | 10.0% |
| Profit attributable to shareholders of Hitachi Zosen | - 3.2 | 15.5 | 0.3 | 3.5 | 13.0 | -2.5 | 2.3% |
| ROE | | 11.5% | | | 9.0% | | |

Revised FY2023 Full-year forecast as follows (Billions of JPY)

| | | | | |
|--------------------|-------|---|-------|-----------------|
| • Order Intake | 530.0 | → | 620.0 | (Revised in 1Q) |
| • Net Sales | 520.0 | → | 540.0 | |
| • Operating Income | 22.0 | → | 23.0 | |
| • Ordinary Income | 18.0 | → | 19.0 | |
| • Profit | 12.0 | → | 13.0 | |

FY2023 2Q Results - Order Intake, Net Sales, Operating Income

(Billions of JPY)

| | FY2022 | | FY2023 | | | |
|----------------------------|---------|-----------|---------|------|-----------|---------------------|
| | 1-2Q | Full Year | 1-2Q | | Full Year | |
| | Results | Results | Results | YoY | Forecast | Progress to full yr |
| Order Intake | 318.8 | 737.5 | 346.7 | 27.9 | 620.0 | 55.9% |
| Environment | 244.3 | 561.2 | 270.0 | 25.7 | 470.0 | 57.4% |
| Machinery & Infrastructure | 46.6 | 90.2 | 40.0 | -6.6 | 86.0 | 46.5% |
| Carbon Neutral Solution | 23.4 | 76.2 | 35.7 | 12.3 | 62.0 | 57.6% |
| Others | 4.5 | 9.9 | 1.0 | -3.5 | 2.0 | 50.0% |
| Net Sales | 207.2 | 492.6 | 232.1 | 24.9 | 540.0 | 43.0% |
| Environment | 143.1 | 348.1 | 169.2 | 26.1 | 396.5 | 42.7% |
| Machinery & Infrastructure | 39.1 | 88.2 | 40.8 | 1.7 | 89.0 | 45.8% |
| Carbon Neutral Solution | 20.7 | 46.6 | 21.1 | 0.4 | 53.0 | 39.8% |
| Others | 4.3 | 9.7 | 1.0 | -3.3 | 1.5 | 66.7% |
| Operating Income | 0.1 | 20.0 | 1.1 | 1.0 | 23.0 | 4.8% |
| Environment | -0.1 | 15.0 | 0.5 | 0.6 | 19.0 | 2.6% |
| Machinery & Infrastructure | 0.3 | 3.4 | 0.7 | 0.4 | 2.6 | 26.9% |
| Carbon Neutral Solution | -0.5 | 0.4 | -0.3 | 0.2 | 1.2 | — |
| Others | 0.4 | 1.2 | 0.2 | -0.2 | 0.2 | 100% |

(Billions of JPY)

| | FY2023 | | | |
|----------------------------|----------------|--------------|-----------------|-------------------|
| | Forecast | | | |
| | as of May a | as of Aug. | as of Nov. b | Difference b-a |
| Order Intake | 530.0 | 620.0 | 620.0 | 90.0 |
| Environment | 391.0 | 470.0 | 470.0 | 79.0 |
| Machinery & Infrastructure | 86.0 | 86.0 | 86.0 | 0.0 |
| Carbon Neutral Solution | 51.5 | 62.0 | 62.0 | 10.5 |
| Other | 1.5 | 2.0 | 2.0 | 0.5 |
| Net Sales | 520.0 | 520.0 | 540.0 | 20.0 |
| Environment | 376.5 | 376.5 | 396.5 | 20.0 |
| Machinery & Infrastructure | 85.0 | 85.0 | 89.0 | 4.0 |
| Carbon Neutral Solution | 57.0 | 57.0 | 53.0 | -4.0 |
| Other | 1.5 | 1.5 | 1.5 | 0.0 |
| Operating Income | 22.0 | 22.0 | 23.0 | 1.0 |
| Environment | 18.0 | 18.0 | 19.0 | 1.0 |
| Machinery & Infrastructure | 2.6 | 2.6 | 2.6 | 0.0 |
| Carbon Neutral Solution | 1.2 | 1.2 | 1.2 | 0.0 |
| Other | 0.2 | 0.2 | 0.2 | 0.0 |

(Billions of JPY)

| Environment Business (Consolidated) | FY2023 | | | Comment |
|--|--------------|--------------|-------------|---------------|
| | Forecast | | | |
| | as of May | as of Nov. | Difference | |
| Order Intake | 391.0 | 470.0 | 79.0 | See next page |
| EPC | 229.0 | 192.0 | -37.0 | |
| AOM* | 162.0 | 278.0 | 116.0 | |
| Net Sales | 376.5 | 396.5 | 20.0 | |
| EPC | 212.5 | 226.5 | 14.0 | |
| AOM* | 164.0 | 170.0 | 6.0 | |
| Operating Income | 18.0 | 19.0 | 1.0 | |
| EPC | 4.85 | 5.0 | 0.15 | |
| AOM* | 13.15 | 14.0 | 0.85 | |

EPC : Engineering, procurement and construction

AOM : After-sales services, operation and maintenance

FY2023 Revision of Forecast - Environment Business (Breakdown)

(Billions of JPY)

Environment Business

(excluding Inova)

| | FY2023 | | | Comment |
|-------------------------|--------------|--------------|-------------|--|
| | Forecast | | | |
| | as of May | as of Nov. | Difference | |
| Order Intake | 199.0 | 199.0 | 0.0 | |
| EPC | 67.0 | 54.0 | -13.0 | Lost orders, review of budget projects, etc. |
| AOM* | 132.0 | 145.0 | 13.0 | Increase in retrofit and long-term operations |
| Net Sales | 208.5 | 209.5 | 1.0 | |
| EPC | 72.5 | 69.5 | -3.0 | Decrease in revenue due to delay of biomass power projects |
| AOM* | 136.0 | 140.0 | 4.0 | Orders received for current year sales projects |
| Operating Income | 8.8 | 7.8 | -1.0 | |
| EPC | -1.65 | -4.0 | -2.35 | Cost overruns in biomass power projects |
| AOM* | 10.45 | 11.8 | 1.35 | Improvements in retrofit, long-term operations and power sales |

Inova Group

| | | | | | |
|-------------------------|--------------|--------------|-------------|--|--|
| Order Intake | 192.0 | 271.0 | 79.0 | The conversion rate for Swiss franc has been changed as follows: Initial plan: 1CHF=130JPY After change: 1CHF=155JPY | |
| EPC | 162.0 | 138.0 | -24.0 | | Review of budget projects, etc. |
| AOM* | 30.0 | 133.0 | 103.0 | | Orders of long-term O&M for waste to energy plants in UK |
| Net Sales | 168.0 | 187.0 | 19.0 | | |
| EPC | 140.0 | 157.0 | 17.0 | | |
| AOM* | 28.0 | 30.0 | 2.0 | | |
| Operating Income | 9.2 | 11.2 | 2.0 | | |
| EPC | 6.5 | 9.0 | 2.5 | | |
| AOM* | 2.7 | 2.2 | -0.5 | Decline in subsidiaries (lost orders) | |

EPC : Engineering, procurement and construction

AOM : After-sales services, operation and maintenance

(Billions of JPY)

Machinery & Infrastructure Business

| | FY2023 | | | Comment |
|-------------------------|-------------|-------------|------------|---|
| | Forecast | | | |
| | as of May | as of Nov. | Difference | |
| Order Intake | 86.0 | 86.0 | 0.0 | |
| Press Machine | 19.0 | 19.0 | 0.0 | Slow recovery in semiconductor production equipment market |
| Precision Machinery | 32.0 | 30.0 | -2.0 | |
| Other Machinery | 9.0 | 9.0 | 0.0 | |
| Infrastructure | 26.0 | 28.0 | 2.0 | Strong order intake |
| Net Sales | 85.0 | 89.0 | 4.0 | |
| Press Machine | 18.0 | 19.0 | 1.0 | Increased sales of after-sales services, etc. |
| Precision Machinery | 30.0 | 31.0 | 1.0 | Food and pharmaceutical equipment and filter presses performed well |
| Other Machinery | 11.0 | 12.0 | 1.0 | Increase in projects for this fiscal year's sales |
| Infrastructure | 26.0 | 27.0 | 1.0 | Constructions progress smoothly |
| Operating Income | 2.6 | 2.6 | 0.0 | |
| Press Machine | 0.35 | 0.35 | 0.0 | |
| Precision Machinery | 1.2 | 1.2 | 0.0 | |
| Other Machinery | 0.6 | 0.6 | 0.0 | |
| Infrastructure | 0.45 | 0.45 | 0.0 | |

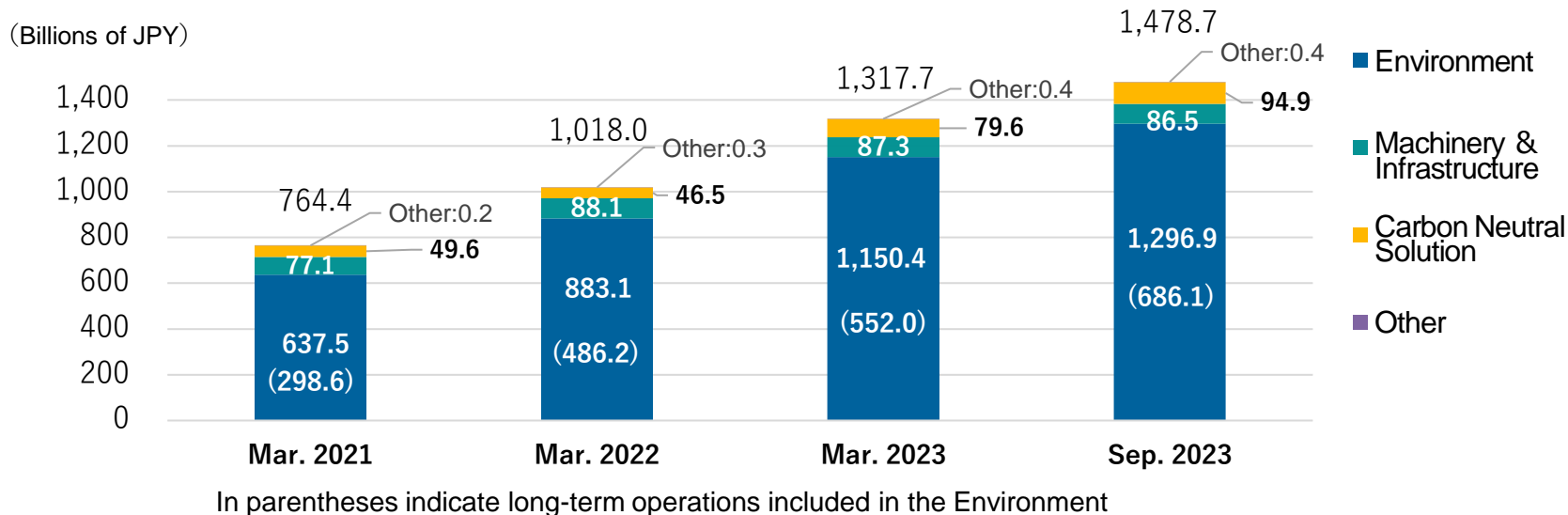
FY2023 Revision of Forecast - Carbon Neutral Solution Business

(Billions of JPY)

Carbon Neutral Solution Business

| | FY2023 | | | |
|-------------------------|-------------|-------------|-------------|---|
| | Forecast | | | Comment |
| | as of May | as of Nov. | Difference | |
| Order Intake | 51.5 | 62.0 | 10.5 | |
| Engine | 22.0 | 22.0 | 0.0 | Orders of long-term O&M for onshore wind power project in Aomori, Japan |
| Process Equipment | 24.0 | 24.0 | 0.0 | |
| Decarbonization Systems | 5.0 | 5.0 | 0.0 | |
| Wind Power | 0.5 | 11.0 | 10.5 | |
| Net Sales | 57.0 | 53.0 | -4.0 | |
| Engine | 23.5 | 22.0 | -1.5 | Decrease in current year sales projects |
| Process Equipment | 21.0 | 22.0 | 1.0 | Project for new factory of Tousou Mirai Manufacturing Co. |
| Decarbonization Systems | 4.5 | 5.0 | 0.5 | Increased sales of seawater electrolyzer |
| Wind Power | 8.0 | 4.0 | -4.0 | Reviewed the schedule of onshore wind power project in Aomori, Japan |
| Operating Income | 1.2 | 1.2 | 0.0 | |
| Engine | 0.2 | 0.0 | -0.2 | Increase in overseas procurement costs due to the weak yen |
| Process Equipment | 0.7 | 0.9 | 0.2 | Steady progress on projects, cost reductions |
| Decarbonization Systems | 0.3 | 0.3 | 0.0 | |
| Wind Power | 0.0 | 0.0 | 0.0 | |

Order Backlog



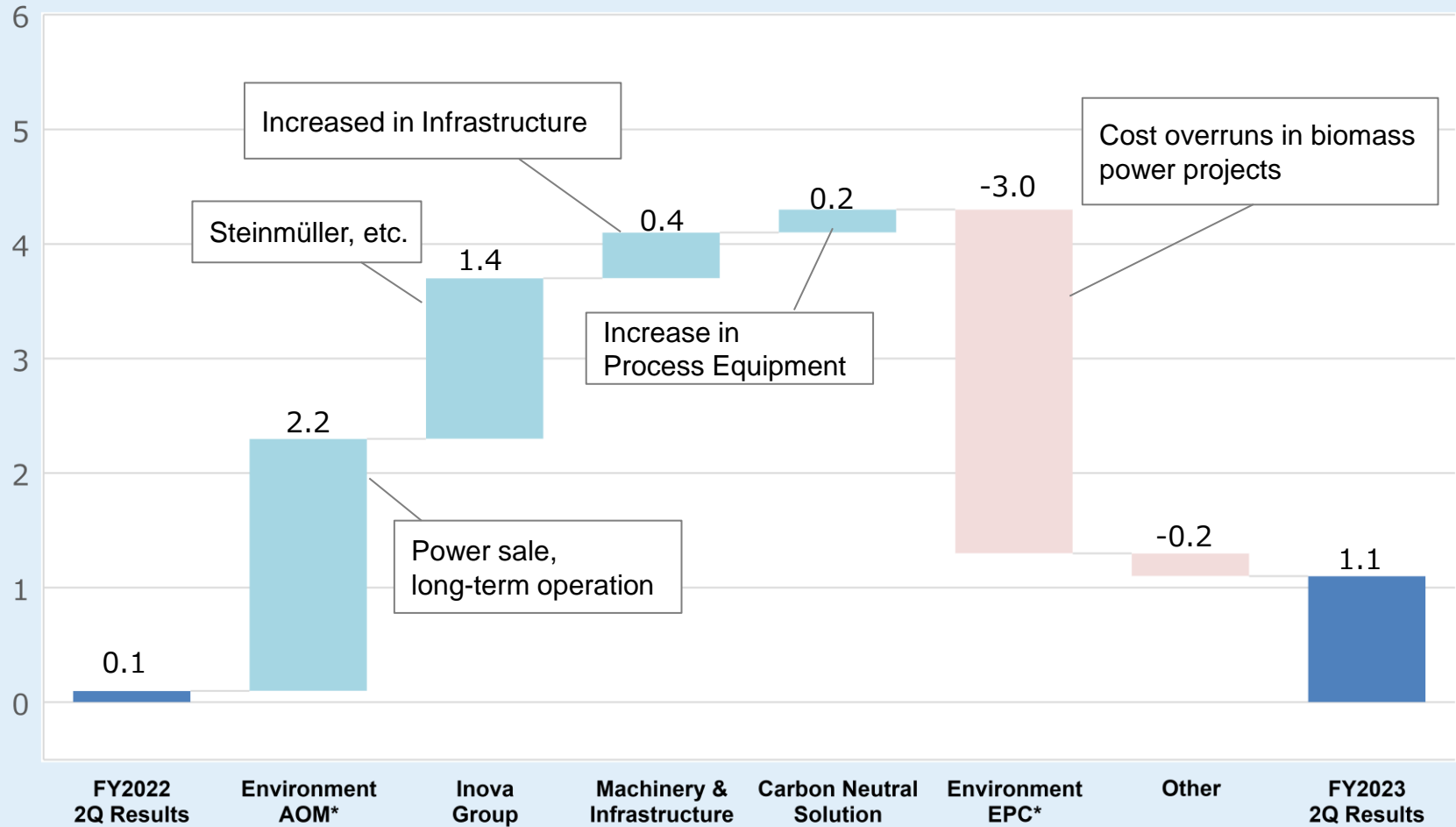
Breakdown of Order Backlog by Sales Recognition Year

(Billions of JPY)

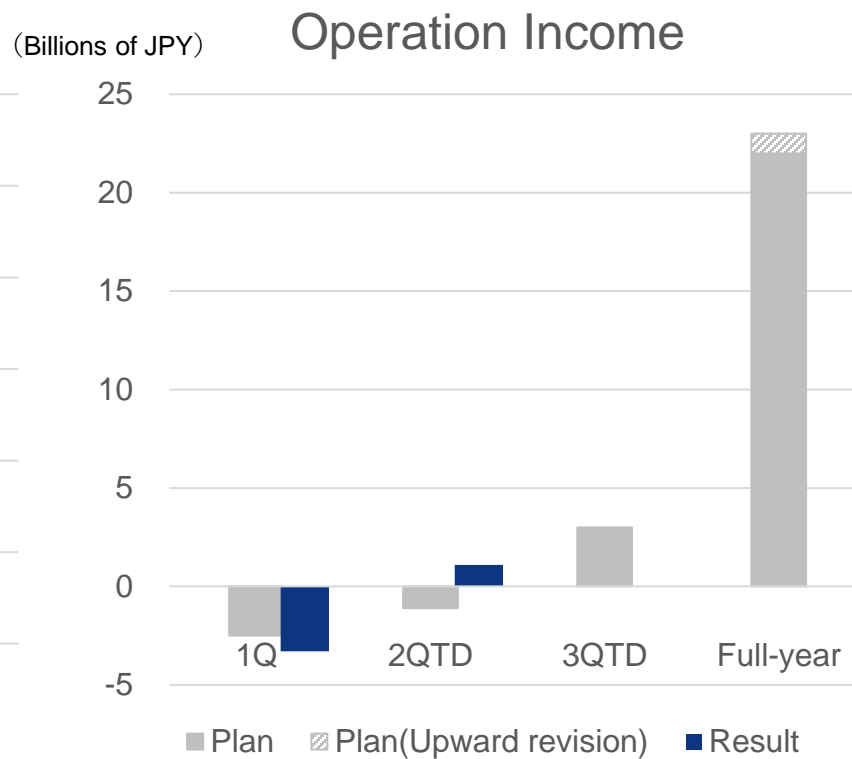
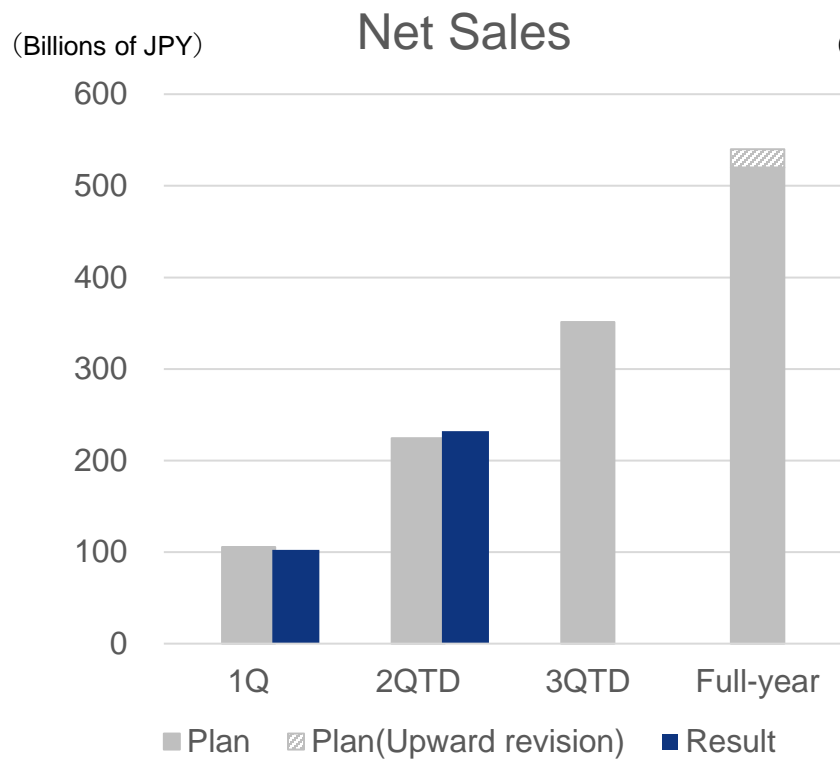
| | Order backlog | FY2023 (FY2022) | FY2024 (FY2023) | FY2025 (FY2024) | FY2026 (FY2025) |
|--------------------|---------------|--------------------|--------------------|--------------------|--------------------|
| End of Sep. 2023 | 1,478.7 | 310.5 | 325.1 | 137.0 | 706.1 |
| End of Sep. 2022 | 1,187.3 | 256.9 | 281.3 | 174.9 | 474.2 |
| Amount of increase | 291.4 | 53.6 | 43.8 | -37.9 | 231.9 |

FY2023 2Q Results - Breakdown of Changes in Operating income

(Billions of JPY)



* Excluding Inova Group



FY2023 2Q Results - Non-Operating Income and Loss Extraordinary Profit and Loss

(Billions of JPY)

| | | FY2022 2Q | FY2023 2Q | Difference |
|----------------------------------|---|--------------|--------------|------------|
| Non-operating profit and loss | Net interest expense | -0.1 | 0.3 | 0.4 |
| | Gain and loss on investment by equity method | 0.1 | 1.0 | 0.9 |
| | Foreign exchange gain and loss | -1.6 | 0.6 | 2.2 |
| | Others | -1.2 | -1.1 | 0.1 |
| | Total | -2.8 | 0.8 | 3.6 |

(Billions of JPY)

| | | FY2022 2Q | FY2023 2Q | Difference |
|----------------------------------|----------------------|--------------|--------------|------------|
| Extraordinary profit and loss | Extraordinary profit | 1.8 | - | -1.8 |
| | Extraordinary loss | -1.8 | -0.3 | 1.5 |
| | Total | - | -0.3 | -0.3 |

FY2023 2Q Results - Consolidated Balance Sheet

(Billions of JPY)

| | End of Mar. 2023 | End of Sep. 2023 | Difference |
|---|---------------------|---------------------|---------------|
| Cash and deposits (a) | 86.4 | 85.2 | - 1.2 |
| Operating assets | 215.5 | 183.4 | - 32.1 |
| Trade notes and accounts receivable | 198.3 | 158.2 | - 40.1 |
| Inventories | 17.2 | 25.2 | 8.0 |
| Tangible & intangible fixed assets | 109.4 | 115.8 | 6.4 |
| Others | 68.3 | 75.1 | 6.8 |
| Total Assets | 479.6 | 459.5 | - 20.1 |
| Operating liabilities | 114.6 | 97.3 | - 17.3 |
| Notes and accounts payable, Electronically recorded obligations - operating | 73.2 | 46.6 | - 26.6 |
| Advances received/ Contract assets | 41.4 | 50.7 | 9.3 |
| Interest bearing debt (b) | 86.5 | 86.9 | 0.4 |
| Bank borrowings (incl. lease obligations) | 56.5 | 56.9 | 0.4 |
| Bonds payable | 30.0 | 30.0 | 0.0 |
| Others | 137.2 | 131.9 | - 5.3 |
| Total Liabilities | 338.3 | 316.1 | - 22.2 |
| Shareholders' equity | 139.6 | 137.7 | - 1.9 |
| Non-controlling interests | 1.7 | 5.7 | 4.0 |
| Total Net Assets | 141.3 | 143.4 | 2.1 |
| Total Liabilities and Net Assets | 479.6 | 459.5 | - 20.1 |
| Shareholders' equity ratio | 29.1% | 30.0% | |
| Net interest bearing debt (b)-(a) | 0.1 | 1.7 | 1.6 |

FY2023 2Q Results - Consolidated Cash Flows

(Billions of JPY)

| | FY2022 2Q | FY2023 2Q | Difference |
|--|--------------|--------------|------------|
| Cash flows from operating activities | 29.6 | 8.2 | - 21.4 |
| Cash flows from investing activities | - 6.1 | - 16.6 | - 10.5 |
| Cash flows from financing activities | - 3.6 | - 3.8 | - 0.2 |
| Foreign exchange translation | 2.0 | 2.3 | 0.3 |
| Increase/ decrease in cash & cash equivalents | 21.9 | - 9.9 | - 31.8 |
| Cash & cash equivalents at beginning of period | 65.9 | 84.8 | 18.9 |
| Other increase/decrease* | - | 3.5 | 3.5 |
| Cash & cash equivalents at end of period | 87.8 | 78.4 | - 9.4 |

*Increase in cash & cash equivalents resulting from inclusion of subsidiaries in consolidation.

(Billions of JPY)

| | FY2020 Results | FY2021 Results | FY2022 Results | FY2023 Forecast |
|-----------------------|-------------------|-------------------|-------------------|--------------------|
| Total assets | 429.3 | 461.1 | 479.6 | 500.0 |
| Cash & deposits | 47.3 | 67.2 | 86.4 | 62.0 |
| Equity | 126.4 | 131.3 | 139.6 | 149.6 |
| Equity ratio | 29.4% | 28.5% | 29.1% | 29.9% |
| ROE | 3.5% | 6.1% | 11.5% | 9.0% |
| Interest-bearing debt | 98.1 | 91.9 | 86.5 | 90.0 |
| R&D expenses | 6.6 | 6.1 | 8.6 | 10.0 |
| Capital investment | 10.8 | 8.0 | 7.9 | 10.0 |
| Depreciation | 10.2 | 10.7 | 10.5 | 10.0 |

Balance sheet items are as of the end of each year

Management and Business Information

President and CEO
Sadao Mino

Kanadevia Corporation

Kanaderu

(play music in harmony)

+

Via

(way or method)

The brand concept

“Taking on the challenge, through the power of technology, to create a world that lives in balance with nature”

Future plan

- Consideration of new symbol mark (logo), etc.
- Be discussed at the Annual General Meeting of Shareholders in late June 2024, and officially decided.
- The new company name will be effective from October 1, 2024.

Major Orders received during 1st half of FY2023 (Japan)

| Order received | Project | Outline | Specifications etc. | Schedule |
|----------------|---|--|--|------------------------------------|
| Apr. | Waste to Energy plant Kanoya City, Kagoshima Pref. | Operation for 15 years | 128t/day Units: 2 | Operation Apr. 2023 - Mar. 2038 |
| Jun. | Waste to Energy plant Jo-yo City, Kyoto Pref. | Maintenance and renewal of core facilities such as combustion, combustion gas cooling, and exhaust gas treatment | Completion Aug. 2006 240t/day Units: 2 | Completion Feb. 2028 |
| Jun. | Wind power Mutsu-Ogawara wind farm Aomori Pref. | Operation for 20 years | 57,000kW Units: 15 Max 64,500kW | Operation Apr. 2026 - Mar. 2046 |
| Jul. | Waste to Energy plant Otaru City, Hokkaido Pref. | Renewal of facilities and equipment throughout the facility to reduce CO ² emissions | Completion Mar. 2007 197t/day Units: 2 | Completion Feb. 2027 |



Waste to Energy plant, Kanoya City



Waste to Energy plant, Jo-yo City



Waste to Energy plant, Otaru City

Major Orders received during 1st half of FY2023 (Global)

| Order received | Project | Outline | Specifications etc. | Schedule |
|----------------|--|---|---|--|
| Jun. | Waste to Energy plant UK Slough O&M (Inova) | Scope: Operation for 25 years Customer: SSE Slough Multifuel Limited Site:Slough, Berkshire, UK | 480,000t/year 49.9MW | Operation Jul. 2024 - Jun. 2049 |
| Jun. | Waste to Energy plant UK Earls Gate (Inova) | Scope: Operation for 25 years Customer: Earls Gate Energy Centre Ltd Site:Grangemouth, Scotland, UK | 216,000t/year 22MW | Operation Dec. 2023 - Nov. 2048 |
| Jun. | Biogas Germany Blankenhain (Inova) | Scope: Supply of equipment for joint venture with Biogeen of Germany to purify and liquefy biogas Site:Blankenhain, Thuringia, Germany | LBG 3,700t/year Liquefied CO ₂ 7,500t/year | Completion Around the end of 2024 (scheduled) |



Waste to Energy plant, Slough, UK (Oct. 2023)



Waste to Energy plant, Earls Gate, UK (Oct. 2023)

Environment Business - Major Projects (excluding Inova)

Construction O&M

| | Place | Order | Completion | Formation | Scope | Calendar year | | | | | | |
|---------------|------------------|-----------|-------------|------------|-----------|---|------|------|------|------|------|------|
| | | | | | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| Japan | Gunma | Jun. 2018 | Jan. 2025 | Sole | EPC | [Construction bar from 2020 to 2024] | | | | | | |
| | Hokkaido | Nov. 2019 | Jul. 2024 | JV/Sole | EPC/O&M*1 | [Construction bar from 2020 to 2024, O&M bar from 2024 to 2026] | | | | | | |
| | Niigata | Mar. 2020 | Mar. 2024 | JV | BTO | [Construction bar from 2020 to 2024, O&M bar from 2024 to 2026] | | | | | | |
| | Kumamoto | Jul. 2020 | Mar. 2024 | JV | DBO | [Construction bar from 2020 to 2024, O&M bar from 2024 to 2026] | | | | | | |
| | Saga | Aug. 2020 | Mar. 2024 | Sole | DBO | [Construction bar from 2020 to 2024, O&M bar from 2024 to 2026] | | | | | | |
| | Tokyo | Sep. 2020 | May 2027 | JV | EPC | [Construction bar from 2020 to 2026] | | | | | | |
| | Kagoshima | Feb. 2021 | Aug. 2024 | JV | DBO | [Construction bar from 2020 to 2024, O&M bar from 2024 to 2026] | | | | | | |
| | Akita | Nov. 2021 | Mar. 2026 | JV | DBO | [Construction bar from 2020 to 2026, O&M bar from 2026 to 2026] | | | | | | |
| | Osaka | Feb. 2022 | Mar. 2026 | JV | DBO | [Construction bar from 2020 to 2026, O&M bar from 2026 to 2026] | | | | | | |
| | Saitama | Sep. 2022 | Mar. 2029*2 | JV | DBO | [Construction bar from 2020 to 2026] | | | | | | |
| | Hiroshima | Dec. 2022 | Sep. 2028 | JV | DBO | [Construction bar from 2020 to 2026] | | | | | | |
| | Osaka | Feb. 2023 | Mar. 2029 | JV | EPC+O | [Construction bar from 2020 to 2026] | | | | | | |
| | Osaka | Feb. 2023 | Mar. 2031 | JV | EPC | [Construction bar from 2020 to 2026] | | | | | | |
| | Gifu | Mar. 2023 | Mar. 2027 | JV | DBO | [Construction bar from 2020 to 2026] | | | | | | |
| International | Shanghai, China | Jul. 2019 | Apr. 2024 | Sole | EP+SV | [Construction bar from 2020 to 2024] | | | | | | |
| | Bidadi, India | Dec. 2020 | Mar. 2024 | Consortium | EP+SV | [Construction bar from 2020 to 2024] | | | | | | |
| | Changhua, Taiwan | Jul. 2021 | Jun. 2024 | Sole | EP+SV | [Construction bar from 2020 to 2024] | | | | | | |
| | Moshi, India | Sep. 2021 | Oct. 2023 | Consortium | EP+SV | [Construction bar from 2020 to 2023] | | | | | | |
| | Tainan, Taiwan | Feb. 2023 | Feb. 2026 | Sole | EP+SV | [Construction bar from 2020 to 2026] | | | | | | |

*1 After receiving an order for EPC, long-term O&M is ordered independently.

*2Including demolition work, etc.

Environment Business - Major Projects (Inova)

| Project (country) | Order | Completion | Formation | Inova's Scope | Calendar year | | | | | | |
|-----------------------|-------------|-------------|------------|-------------------|---------------------------------------|------|------|------|------|------|------|
| | | | | | Construction O&M | | | | | | |
| | | | | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| Istanbul, Turkey | Sep. 2017 | Oct. 2021 | JV | EP+O&M(1 yr) | ■ | ■ | | | | | |
| Ivery, France | Nov. 2018 | May 2024 | Consortium | EP+SV | ■ | ■ | ■ | ■ | | | |
| Moscow1-4, Russia | Nov. 2019*1 | Jun. 2023*2 | Consortium | EP+SV | ■ | ■ | ■ | | | | |
| Rockingham, Australia | Jan. 2020 | *3 | Consortium | EP+SV+O&M(20 yrs) | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| Newhurst, UK | Feb. 2020 | May 2023 | Sole | EPC | ■ | ■ | ■ | | | | |
| Emmenspitz, Swiss | Feb. 2020 | Oct. 2025 | Sole | EP+SV | ■ | ■ | ■ | ■ | ■ | | |
| Slough, UK | Dec. 2020 | Nov. 2024 | Sole | EPC+O&M(25 yrs)*4 | | ■ | ■ | ■ | ■ | ■ | ■ |
| Dubai, UAE | Jun. 2021 | Jul. 2024 | Consortium | EP+SV+O&M(35 yrs) | | ■ | ■ | ■ | ■ | ■ | ■ |
| Skelton Grange, UK | Jul. 2021 | Jul. 2025 | Sole | EPC | | ■ | ■ | ■ | ■ | | |
| Westfield, UK | Dec. 2021 | Apr. 2025 | Sole | EPC+O&M(25 yrs) | | ■ | ■ | ■ | ■ | ■ | ■ |
| North London, UK | Apr. 2022 | Sep. 2026 | Sole | EP | | | ■ | ■ | ■ | ■ | ■ |
| Rivenhall, UK | May 2022 | Mar. 2026 | Sole | EPC | | | ■ | ■ | ■ | ■ | ■ |
| Riverside2, UK | Dec. 2022 | Aug. 2026 | Sole | EPC | | | ■ | ■ | ■ | ■ | ■ |
| Earls Gate(UK) | Jun. 2023 | - | Solo | O&M(25 yrs)*5 | | | | | ■ | ■ | ■ |

*1 Order for Moscow 1 received in FY2019, Moscow 2-4 in FY2020

*2 Significant delay expected

*3 Under adjustment with the customers due to local works delayed by the impact of Covid-19

*4 After receiving an order for EPC, O&M is ordered separately

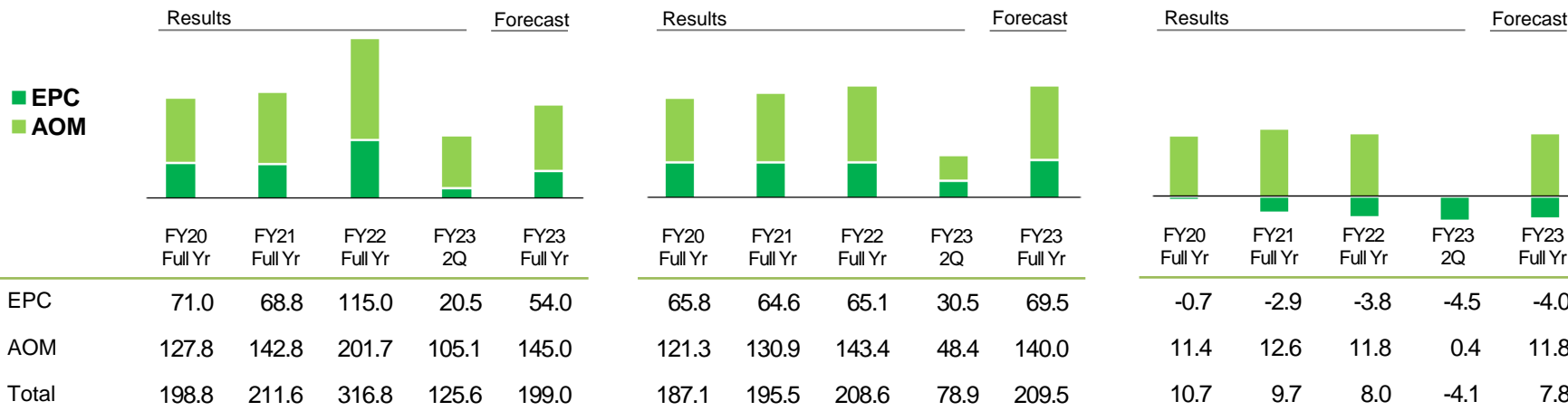
*5 Operate from Dec. 2023 (EPC is within the responsibility for other companies)

Update of Business - Environment Business (excluding Inova)

(Billions of JPY) 【Order Intake】

【Net Sales】

【Operating Income】



EPC in Japan (Waste treatment facilities, etc.)

- Market order volume is expected approx.2,500 tons/day in FY23 (Approx.1,700 tons/day decrease from FY22). Expected to be remain 3,000-5,000 tons/year for the time being.
- Our market share: Estimated same as previous years in FY22 (around 10-20% in the past years)
- Cost overruns due to delays in biomass power projects are expected to be absorbed by the environment business as a whole.

AOM in Japan (Waste treatment facilities, etc.)

- Orders are mainly DBO and BTO projects, similar trends are expected to continue.
- Profitability is decreasing with decline of the number of facilities under contract for operation due to increased DBO projects.

Water business

- Market is stabilized in Japan, orders remain steady in FY23.
- Stoker-type sewage sludge incineration technology approved by Tokyo Metropolitan Government. Aiming to contribute to the reduction of GHG emissions.
- Demand for quality water, particularly in developing countries.

Electricity sales

- Improved profitability due to a control of supply and demand balance and lower JEPX market prices.

Others

- Business alliance with TRE HD to enter the industrial waste treatment business.

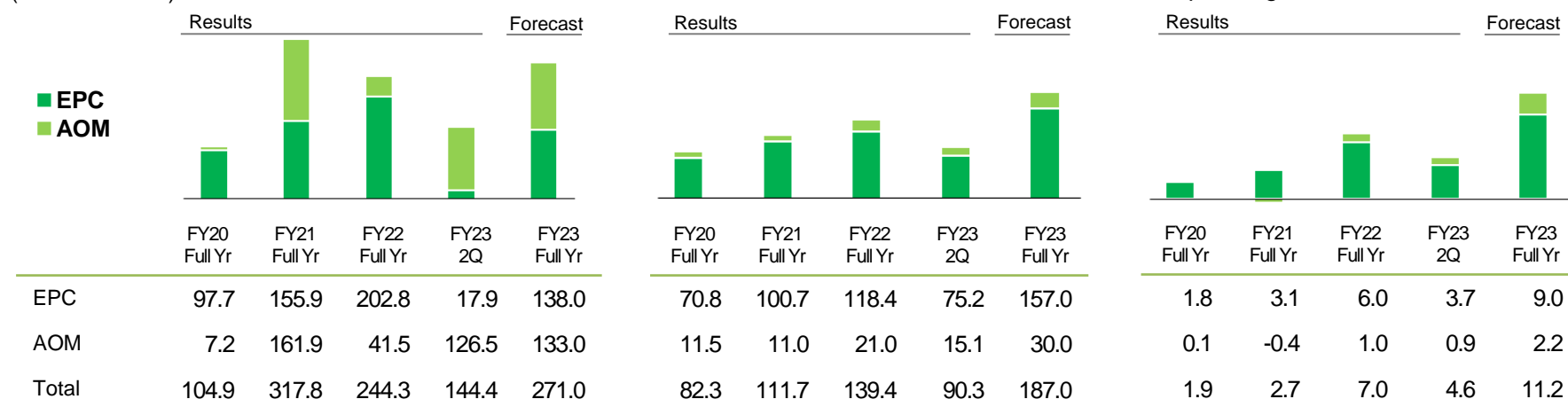
EPC: Engineering, procurement and construction AOM: After-sales services, operation and maintenance.

Update of Business - Environment Business (Inova Group)

(Billions of JPY) 【Order Intake】

【Net Sales】

【Operating Income】



Continuing market leadership

Expansion of new markets outside UK and EU
Diversification of revenue sources (O&M, biogas)

Waste treatment facilities

- EPC : Aiming to receive 3 large projects in second half of FY23.
- AOM : Received 2 long-term O&M orders in UK, in Q1, FY23.

HZI Steinmüller (Joined the Group in Feb. 2022)

- Steady growth in orders, sales and operating profit.
- Profitability is expected to increase in FY23.

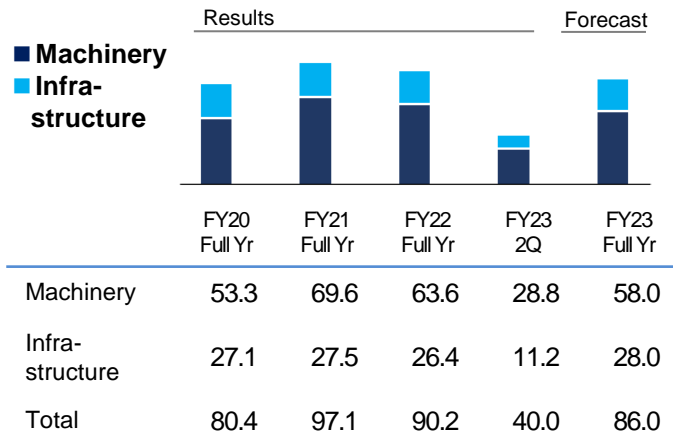
Biogas business

- European Commission announced the need to increase the production of biomethane from 3 billion m³ to 35 billion m³ under the REPowerEU plan.
- Planning to invest JPY 40 billion in the Waste to X business, incl. our own biogas plants and its operation, in Forward 25.
- First project launched in Italy (operation and gas sales from 2025)

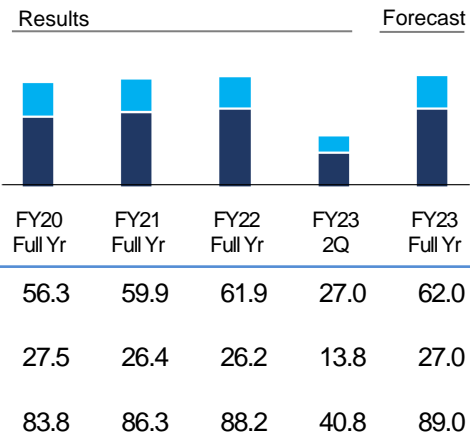
EPC: Engineering, procurement and construction AOM: After-sales services, operation and maintenance.

Update of Business - Machinery & Infrastructure Business

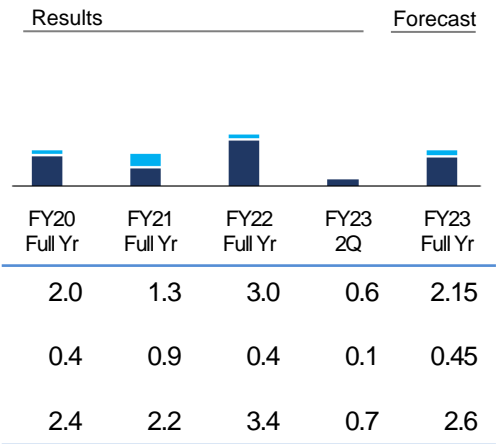
(Billions of JPY) 【Order Intake】



【Net Sales】



【Operating Income】



Press machine

- Market orders, incl. large machine: JPY158 billion expected in FY23, the same as the previous year (1.8 times higher than in FY20).
(Source: Japan Forming Machinery Association)
- Preparing for a product line-up that meets various customer needs, such as laser blanking equipment, in preparation for EVs.

Precision machinery, System machinery

- Semiconductor manufacturing equipment market slowdown in FY23 due to excess memory inventories, tensions over the semiconductor between the US and China, and the economic slowdown in China.
- Demand for our products is expected to rise steadily again in late 2024

Infrastructure

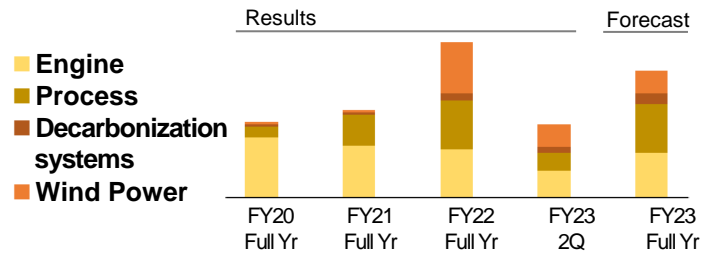
- Bridges: Although orders for FY23 may be slightly lower than FY22 order volume (180K tons), the volume of orders received in 1H, FY23 has remained steady.
- Water gate: Established a JV in Thailand in August 2023 through the acquisition of assets, and will expand overseas in the future, focusing on ODA projects, etc.
- Steel stacks: New construction reduced, but demolition work expected to continue to increase.

Others

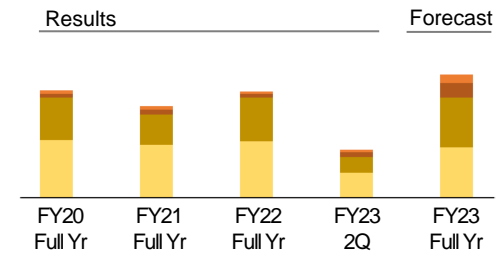
- Life Science related business :Developed the world's first Automatic Wheat Germ Extractor for cultivated meat production without genetically modified organisms.

Update of Business - Carbon Neutral Solution Business

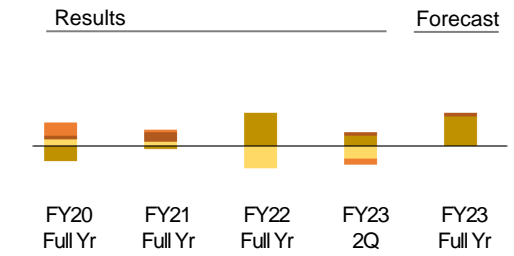
(Billions of JPY) 【Order Intake】



【Net Sales】



【Operating Income】



| | FY20 Full Yr | FY21 Full Yr | FY22 Full Yr | FY23 2Q | FY23 Full Yr | FY20 Full Yr | FY21 Full Yr | FY22 Full Yr | FY23 2Q | FY23 Full Yr | FY20 Full Yr | FY21 Full Yr | FY22 Full Yr | FY23 2Q | FY23 Full Yr |
|--------------------------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Engine (Note) | 29.8 | 25.6 | 23.8 | 13.2 | 22.0 | 25.3 | 23.0 | 24.7 | 11.0 | 22.0 | 0.2 | 0.1 | -0.7 | -0.4 | 0.0 |
| Process | 4.9 | 15.2 | 23.7 | 8.8 | 24.0 | 18.4 | 13.4 | 18.8 | 7.1 | 22.0 | -0.5 | -0.1 | 1.0 | 0.3 | 0.9 |
| Decarbonization systems (Note) | 1.5 | 1.2 | 3.3 | 2.9 | 5.0 | 1.7 | 1.9 | 2.0 | 1.8 | 5.0 | 0.1 | 0.3 | 0.2 | 0.1 | 0.3 |
| Wind Power | 0.7 | 1.0 | 25.4 | 10.8 | 11.0 | 1.6 | 1.6 | 1.0 | 1.2 | 4.0 | 0.4 | 0.1 | -0.1 | -0.2 | 0.0 |
| Total | 36.9 | 43.0 | 76.2 | 35.7 | 62.0 | 47.0 | 39.9 | 46.6 | 21.1 | 53.0 | 0.2 | 0.4 | 0.4 | -0.3 | 1.2 |

Note: Figures for FY23 include some products (SCR NOx Removal System) which were included in "Engine" and have been replaced with "Decarbonization systems". See factsheet (Excel) for details.

Engine

- Despite steady orders in 1H, profit forecast lowered due to procurement cost.
- Effect of the collaboration with Imabari Shipbuilding visible from FY24 results onwards.

Process equipment

- Demand in petrochemical plants recovering to pre-COVID levels; For LNG increase expected.
- Decarbonization leads postponement of nuclear decommissioning in US, while in Japan, nuclear power to be restarted.

Decarbonization systems (Previous name: PtG)

- On-going various demonstration projects and product development for practical use.

Wind power

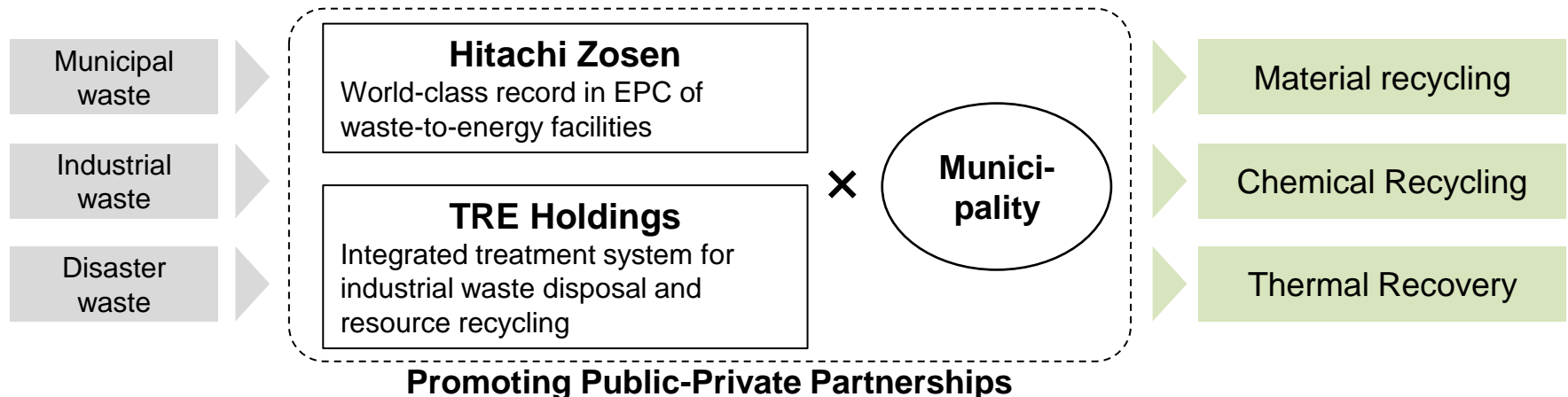
- O&M order for an onshore wind project in Aomori in June 2023, joint project with ITOCHU.
- For offshore wind power, research on phenomena specific to floating wind power with Kyushu University and others from 2023.

■ Active Investment in Biogas Projects Mainly in Europe, Including Plants Owned and Operated by the Group

- In May 2022, EU Commission announced in "REPowerEU" the need to increase biomethane production capacity from 3 bn m3 to 35 bn m3 by 2030.
- Our Group will actively invest in our own biogas business (DFBOO method*) in Europe and the USA. Inova will operate a 20-year biomethane supply project in Pianfei, northwestern Italy, starting operation in 2025.

※DFBOO : Undertaking all of Design, Finance, Build, Own and Operate of the plant.

■ Entry into Industrial Waste Disposal Business (Alliance with TRE Holding Corp.)

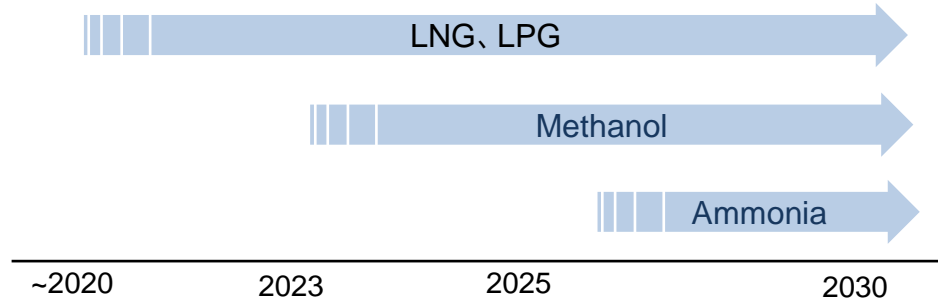


Aiming to establish a rational and consistent treatment system for municipal and industrial waste, which was previously collected and treated separately, and to realise a one-stop service from collection and transport to ash recycling and disposal.

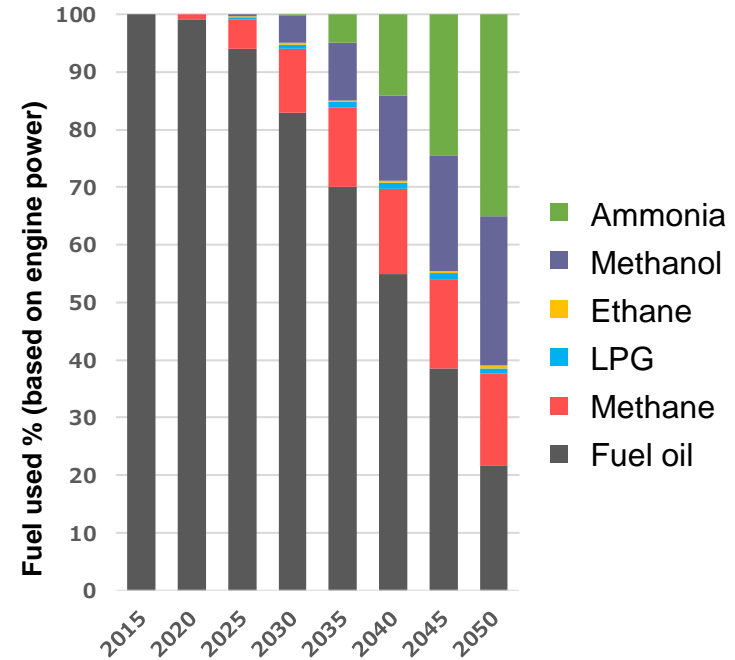
■ Accelerate efforts to develop new fuel-compatible engines.

- Order from MAN of Germany for green methanol-compatible dual-fuel test engines.
- Developing production system for methanol-compatible marine engines.

Image of Hitachi Zosen Group's approach to various fuels



Outlook for fuel conversion in 2-stroke engines



Source: Prepared by us based on MAN ES data (Sep.2023)

■ Global Development of the Nuclear Equipment Business

- NAC International acquired from NIAGARA ENERGY PRODUCTS, Canada the business of manufacturing and selling dry storage containers for spent fuel and radioactive waste.
- Establish a system to supply products from North America and Japan.

Effects of acquisitions

Expanding business opportunities in Canada, increasing manufacturing capacity, increasing cost competitiveness and entering the small module reactor component supply business.

■ Established a JV in Thailand to Manufacture Water Gates, etc.

- With high demand for river gates, a number of dams with hydropower stations are planned in Thailand, Indonesia and the Philippines .
- Secured a manufacturing site to meet overseas demand for new construction, and aim to expand the hydraulic gate business including not only ODA projects but also local projects.

| | |
|-----------------|---|
| Name : | TANGENT HITZ CO., LTD. |
| Establishment : | August 2023 |
| Activities : | Production of sluices, steel frames, plant equipment, offshore structures, etc. |



■ Expo 2025 Osaka Kansai

Sponsorship of the Future Society Showcase Project

- A joint project of the Exposition Association and 12 companies and organizations (Future City)
- Our exhibition concept
“In the world tree”
“The happiness of people will become the happiness of the Earth. The energy of people will become the energy of the Earth. And we will create this happy future through Hitachi Zosen's technology.”



Exhibition Image

*The actual booth design and specifications may differ from the images above due to planning and production in progress.



Technology for People, the Earth, and the Future

Hitachi Zosen creates links between mother nature and our future

Cautionary Statement

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 and/or exchange rate fluctuation.



Hitachi Zosen Corporation

<https://www.hitachizosen.co.jp/english/>