

Report of Consolidated Financial Results

For the Three Months Ended June 30, 2023

August 1, 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 three months ended June 30, 2023 (April 1 - June 30, 2023)

(1) Results of operations (Accumulated)

(Percentages show rates of increase or decrease from the previous period.)

	Net sales		Operating income		Ordinary income		Profit attributable to shareholders of Hitachi Zosen	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
3 months ended Jun. 30, 2023	102,475	6.4	-3,324	—	-2,137	—	-1,886	—
3 months ended Jun. 30, 2022	96,350	19.8	-924	—	-1,741	—	-2,020	—

	Net income per share	Net income per share-diluted
	(yen)	(yen)
3 months ended Jun. 30, 2023	-11.19	—
3 months ended Jun. 30, 2022	-11.99	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity to total assets
	(million yen)	(million yen)	(%)
As of Jun. 30, 2023	466,119	140,332	28.9
As of March 31, 2023	479,682	141,311	29.1

(Note) Shareholders' equity: Yen 134,731 million (June 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			
Year ending March 31, 2024 (Forecast)	0.0	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	520,000	5.5	22,000	9.7	18,000	0.9	12,000	-23.0	71.20

(Note) Revisions to the forecast of consolidated earnings most recently announced : None

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)

June 30, 2023 170,214,843 shares

March 31, 2023 170,214,843 shares

(ii) Number of shares held in treasury

June 30, 2023 1,688,071 shares

March 31, 2023 1,687,175 shares

(iii) Average number of shares during the respective periods

Three months ended June 30, 2023 168,527,168 shares

Three months ended June 30, 2022 168,531,042 shares

(5) This report is out of scope of Quarterly Reviews.

(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 June 30, 2023
Assets		
Current assets		
Cash and deposits	86,404	101,145
Notes and accounts receivable - trade, and contract assets	198,378	152,940
Merchandise and finished goods	1,461	2,174
Work in process	7,391	11,050
Raw materials and supplies	8,332	9,840
Other	20,749	22,738
Allowance for doubtful accounts	△3,864	△3,931
Total current assets	318,853	295,956
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	30,807	30,436
Land	40,223	40,263
Other, net	27,222	29,001
Total property, plant and equipment	98,253	99,701
Intangible assets		
Goodwill	1,079	5,153
Other	10,048	10,791
Total intangible assets	11,127	15,944
Investments and other assets		
Other	52,018	55,130
Allowance for doubtful accounts	△638	△673
Total investments and other assets	51,379	54,456
Total non-current assets	160,760	170,102
Deferred assets	67	61
Total assets	479,682	466,119

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	50,623	40,881
Electronically recorded obligations - operating	22,660	12,902
Short-term borrowings	16,618	16,563
Lease liabilities	1,341	1,428
Accrued expenses	70,138	57,315
Income taxes payable	4,021	1,929
Contract liabilities	41,355	57,211
Provision for construction warranties	14,572	15,612
Provision for loss on construction contracts	6,819	6,828
Other	12,659	16,656
Total current liabilities	240,811	227,331
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term borrowings	35,876	36,349
Lease liabilities	2,630	3,279
Deferred tax liabilities	415	363
Retirement benefit liability	21,354	21,254
Provision for retirement benefits for directors (and other officers)	63	63
Provision for loss on business liquidation	729	729
Provision for loss on litigation	669	669
Asset retirement obligations	3,081	3,086
Other	2,738	2,661
Total non-current liabilities	97,559	98,456
Total liabilities	338,370	325,787
Net assets		
Shareholders' equity		
Share capital	45,442	45,442
Capital surplus	8,176	7,805
Retained earnings	84,685	79,762
Treasury shares	△1,029	△1,030
Total shareholders' equity	137,274	131,980
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	986	1,183
Deferred gains or losses on hedges	77	845
Revaluation reserve for land	△7	△7
Foreign currency translation adjustment	426	△143
Remeasurements of defined benefit plans	863	873
Total accumulated other comprehensive income	2,345	2,751
Non-controlling interests	1,691	5,600
Total net assets	141,311	140,332
Total liabilities and net assets	479,682	466,119

6. Consolidated statements of Income

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	96,350	102,475
Cost of sales	82,439	87,454
Gross profit	13,910	15,021
Selling, general and administrative expenses	14,834	18,345
Operating loss	△924	△3,324
Non-operating income		
Interest income	35	189
Dividend income	20	35
Share of profit of entities accounted for using equity method	40	875
Foreign exchange gains	—	429
Other	106	203
Total non-operating income	202	1,733
Non-operating expenses		
Interest expenses	199	153
Foreign exchange losses	368	—
Other	452	393
Total non-operating expenses	1,020	546
Ordinary loss	△1,741	△2,137
Loss before income taxes	△1,741	△2,137
Income taxes	240	△202
Loss	△1,982	△1,935
Profit (loss) attributable to non-controlling interests	37	△48
Loss attributable to owners of parent	△2,020	△1,886