

Report of Consolidated Financial Results

For the Year Ended March 31, 2024

May 10, 2024

Name of Company: Hitachi Zosen Corporation
Code Number: 7004 URL: <https://www.hitachizosen.co.jp/>
Stock Exchange Listing: Tokyo
Representative: Michi Kuwahara, President & Chief Operating Officer
Contact Person: Shunji Kimura, General Manager of Accounting Department

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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 fiscal year (April 1, 2023 - March 31, 2024)

(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)	(%)
Year ended March 31, 2024	555,844	12.8	24,323	21.3	25,646	43.8	18,999	22.0
Year ended March 31, 2023	492,692	11.5	20,056	29.1	17,834	51.3	15,577	97.2

	Net income per share	Net income per share-diluted	Return on equity	Return on assets	Operating income to net sales
	(yen)	(yen)	(%)	(%)	(%)
Year ended March 31, 2024	112.74	—	12.6	5.1	4.4
Year ended March 31, 2023	92.43	—	11.5	3.8	4.1

(Note) Equity in net income of nonconsolidated subsidiaries and affiliates:

Yen 1,687 million (March 31, 2024), Yen 423 million (March 31, 2023)

(2) Financial position

	Total assets	Net assets	Shareholders' equity to total assets	Shareholders' equity per share
	(million yen)	(million yen)	(%)	(yen)
Year ended March 31, 2024	533,593	168,946	30.5	965.21
Year ended March 31, 2023	479,682	141,311	29.1	828.47

(Note) Shareholders' equity: Yen 162,658 million (March 31, 2024), Yen 139,619 million (March 31, 2023)

(3) Cash flows

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at end of year
	(million yen)	(million yen)	(million yen)	(million yen)
Year ended March 31, 2024	478	-21,491	-2,606	69,774
Year ended March 31, 2023	28,008	-2,462	-7,841	84,874

2. Dividends

(Record Date)	Dividends per share			Total amount of dividend payment (million yen)	Dividend payout ratio (Consolidated) (%)	Dividend to net assets ratio (Consolidated) (%)
	Interim (yen)	Year-end (yen)	Annual (yen)			
Year ended March 31, 2023	0.00	18.00	18.00	3,033	19.5	2.2
Year ended March 31, 2024	0.00	23.00	23.00	3,876	20.4	2.6
Year ending March 31, 2025 (Forecast)	0.00	23.00	23.00	—	24.2	—

3. Forecast of consolidated earnings for the fiscal year ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(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, 2025	570,000	2.5	26,000	6.9	22,000	-14.2	16,000	-15.8	94.94

4. Notes

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

(2) 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

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

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

March 31, 2024 170,214,843 shares

March 31, 2023 170,214,843 shares

(ii) Number of shares held in treasury

March 31, 2024 1,692,716 shares

March 31, 2023 1,687,175 shares

(iii) Average number of shares during the respective periods

March 31, 2024 168,524,898 shares

March 31, 2023 168,529,434 shares

(4) This report is out of scope of Statutory Audit.

(5) This report includes forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of Hitachi Zosen Corporation in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause Hitachi Zosen Corporation's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements.

7. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	86,404	71,605
Notes and accounts receivable - trade, and contract assets	198,378	234,806
Merchandise and finished goods	1,461	2,297
Work in process	7,391	7,039
Raw materials and supplies	8,332	10,568
Other	20,749	21,808
Allowance for doubtful accounts	△3,864	△1,049
Total current assets	318,853	347,076
Non-current assets		
Property, plant and equipment		
Buildings and structures	83,084	83,196
Accumulated depreciation	△52,277	△53,804
Buildings and structures, net	30,807	29,392
Machinery, equipment and vehicles	98,000	102,895
Accumulated depreciation	△79,321	△82,495
Machinery, equipment and vehicles, net	18,678	20,399
Tools, furniture and fixtures	19,668	21,501
Accumulated depreciation	△16,199	△17,494
Tools, furniture and fixtures, net	3,468	4,007
Land	40,223	40,257
Leased assets	1,053	1,166
Accumulated depreciation	△544	△744
Leased assets, net	509	422
Right of use assets	6,974	12,081
Accumulated depreciation	△3,432	△5,150
Right of use assets, net	3,542	6,931
Construction in progress	1,022	3,067
Total property, plant and equipment	98,253	104,478
Intangible assets		
Goodwill	1,079	4,259
Other	10,048	14,999
Total intangible assets	11,127	19,258
Investments and other assets		
Investment securities	20,246	23,611
Long-term loans receivable	25	889
Retirement benefit asset	1,283	8,781
Deferred tax assets	19,355	17,711
Other	11,107	12,450
Allowance for doubtful accounts	△638	△705
Total investments and other assets	51,379	62,738
Total non-current assets	160,760	186,475
Deferred assets		
Bond issuance costs	67	41
Total deferred assets	67	41
Total assets	479,682	533,593

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	50,623	48,945
Electronically recorded obligations - operating	22,660	8,988
Short-term borrowings	16,618	19,588
Current portion of bonds payable	—	10,000
Lease liabilities	1,341	1,746
Accrued expenses	70,138	84,084
Income taxes payable	4,021	2,681
Contract liabilities	41,355	48,741
Provision for construction warranties	14,572	18,587
Provision for loss on construction contracts	6,819	6,490
Provision for demolition and removal	—	568
Other	12,659	23,260
Total current liabilities	240,811	273,682
Non-current liabilities		
Bonds payable	30,000	20,000
Long-term borrowings	35,876	34,443
Lease liabilities	2,630	5,664
Deferred tax liabilities	415	449
Retirement benefit liability	21,354	20,985
Provision for retirement benefits for directors (and other officers)	63	53
Provision for loss on business liquidation	729	729
Provision for loss on litigation	669	946
Provision for demolition and removal	—	290
Asset retirement obligations	3,081	3,097
Other	2,738	4,304
Total non-current liabilities	97,559	90,964
Total liabilities	338,370	364,647
Net assets		
Shareholders' equity		
Share capital	45,442	45,442
Capital surplus	8,176	7,805
Retained earnings	84,685	100,651
Treasury shares	△1,029	△1,034
Total shareholders' equity	137,274	152,865
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	986	1,114
Deferred gains or losses on hedges	77	737
Revaluation reserve for land	△7	△7
Foreign currency translation adjustment	426	2,194
Remeasurements of defined benefit plans	863	5,755
Total accumulated other comprehensive income	2,345	9,792
Non-controlling interests	1,691	6,288
Total net assets	141,311	168,946
Total liabilities and net assets	479,682	533,593

8. Consolidated statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	492,692	555,844
Cost of sales	409,334	460,543
Gross profit	83,358	95,301
Selling, general and administrative expenses	63,301	70,977
Operating profit	20,056	24,323
Non-operating income		
Interest income	366	904
Dividend income	89	71
Share of profit of entities accounted for using equity method	423	1,687
Foreign exchange gains	—	1,275
Other	1,265	1,983
Total non-operating income	2,145	5,922
Non-operating expenses		
Interest expenses	788	854
Foreign exchange losses	128	—
Other	3,450	3,745
Total non-operating expenses	4,368	4,599
Ordinary profit	17,834	25,646
Extraordinary income		
Gain on sale of non-current assets	1,020	—
Gain on sale of shares of subsidiaries and associates	1,430	—
Subsidy income	1,798	—
Total extraordinary income	4,249	—
Extraordinary losses		
Impairment losses	341	448
Provision for reserve on demolition and removal	—	858
Provision for loss on liquidation	729	—
Provision for loss on litigation	688	258
Loss on tax purpose reduction entry of non-current assets	1,798	—
Total extraordinary losses	3,557	1,564
Profit before income taxes	18,526	24,081
Income taxes - current	4,088	4,123
Income taxes - deferred	△1,177	877
Total income taxes	2,910	5,001
Profit	15,615	19,080
Profit attributable to non-controlling interests	38	80
Profit attributable to owners of parent	15,577	18,999

9. Consolidated statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	15,615	19,080
Other comprehensive income		
Valuation difference on available-for-sale securities	△182	△128
Deferred gains or losses on hedges	97	633
Foreign currency translation adjustment	△380	1,327
Remeasurements of defined benefit plans, net of tax	△4,216	4,892
Share of other comprehensive income of entities accounted for using equity method	△157	737
Total other comprehensive income	△4,838	7,461
Comprehensive income	10,777	26,542
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,733	26,445
Comprehensive income attributable to non-controlling interests	44	97

10. Consolidated statement of Shareholder's Equity
For the year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	45,442	8,530	71,163	△1,026	124,110
Changes during period					
Dividends of surplus			△2,022		△2,022
Profit attributable to owners of parent			15,577		15,577
Disposal of treasury shares		0		0	0
Purchase of treasury shares				△3	△3
Difference on change in equity					-
Changes due to increase/decrease in consolidated subsidiaries			△33		△33
Deferred tax adjustment due to change in equity of prior year		△354			△354
Net changes in items other than shareholders' equity					
Total changes during period	-	△354	13,521	△3	13,163
Balance at end of period	45,442	8,176	84,685	△1,029	137,274

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,307	△119	△7	931	5,077	7,189	1,626	132,926
Changes during period								
Dividends of surplus								△2,022
Profit attributable to owners of parent								15,577
Disposal of treasury shares								0
Purchase of treasury shares								△3
Difference on change in equity								-
Changes due to increase/decrease in consolidated subsidiaries								△33
Deferred tax adjustment due to change in equity of prior year								△354
Net changes in items other than shareholders' equity	△321	196	-	△504	△4,214	△4,843	65	△4,778
Total changes during period	△321	196	-	△504	△4,214	△4,843	65	8,385
Balance at end of period	986	77	△7	426	863	2,345	1,691	141,311

For the year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	45,442	8,176	84,685	△1,029	137,274
Changes during period					
Dividends of surplus			△3,033		△3,033
Profit attributable to owners of parent			18,999		18,999
Disposal of treasury shares					-
Purchase of treasury shares				△4	△4
Difference on change in equity		△370			△370
Changes due to increase/decrease in consolidated subsidiaries					-
Deferred tax adjustment due to change in equity of prior year					-
Net changes in items other than shareholders' equity					
Total changes during period	-	△370	15,966	△4	15,590
Balance at end of period	45,442	7,805	100,651	△1,034	152,865

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	986	77	△7	426	863	2,345	1,691	141,311
Changes during period								
Dividends of surplus								△3,033
Profit attributable to owners of parent								18,999
Disposal of treasury shares								-
Purchase of treasury shares								△4
Difference on change in equity								△370
Changes due to increase/decrease in consolidated subsidiaries								-
Deferred tax adjustment due to change in equity of prior year								-
Net changes in items other than shareholders' equity	128	659	-	1,767	4,891	7,447	4,596	12,044
Total changes during period	128	659	-	1,767	4,891	7,447	4,596	27,635
Balance at end of period	1,114	737	△7	2,194	5,755	9,792	6,288	168,946

11. Consolidated statement of Cash Flow

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	18,526	24,081
Depreciation	10,515	11,134
Impairment losses	341	448
Increase (decrease) in provision for loss on business liquidation	729	—
Increase (decrease) in provision for loss on litigation	688	258
Increase (decrease) in provision for dismantlement	—	858
Loss on tax purpose reduction entry of non-current assets	1,798	—
Loss (gain) on sale of non-current assets	△1,020	—
Loss (gain) on sale of shares of subsidiaries and associates	△1,430	—
Subsidy income	△1,798	—
Amortization of goodwill	458	350
Increase (decrease) in retirement benefit liability	504	481
Increase (decrease) in allowance for doubtful accounts	△540	△2,817
Increase (decrease) in provision for loss on construction contracts	1,003	△424
Increase (decrease) in provision for construction warranties	2,160	2,635
Interest and dividend income	△455	△976
Interest expenses	788	854
Loss on net monetary position	—	1,345
Foreign exchange losses (gains)	128	△1,275
Share of loss (profit) of entities accounted for using equity method	△423	△1,687
Equity interest sales gain	—	△740
Decrease (increase) in accounts receivable - trade, and contract assets	△7,535	△27,643
Decrease (increase) in inventories	△3,769	△802
Decrease (increase) in other current assets	2,567	△660
Increase (decrease) in trade payables	1,760	△18,244
Increase (decrease) in accrued expenses	△3,861	8,705
Increase (decrease) in contract liabilities	12,358	3,301
Increase (decrease) in other current liabilities	△2,833	9,905
Other, net	113	△3,426
Subtotal	30,773	5,661
Interest and dividends received	702	1,263
Subsidies received	1,447	—
Interest paid	△788	△883
Income taxes paid	△4,125	△5,563
Net cash provided by (used in) operating activities	28,008	478

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from investing activities		
Payments into time deposits	△1,966	△29,360
Proceeds from withdrawal of time deposits	1,779	29,161
Purchase of property, plant and equipment	△6,574	△7,770
Proceeds from sale of property, plant and equipment	3,283	250
Purchase of intangible assets	△2,067	△4,331
Purchase of investment securities	△631	△186
Proceeds from sale of investment securities	1,444	41
Purchase of shares of subsidiaries and associates	△499	△44
Proceeds for sales of investments in affiliates	—	1,078
Payments for investments in capital of subsidiaries and associates	△2,333	△888
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△282	△2,535
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	5,287	—
Payments for acquisition of businesses	—	△6,035
Long-term loan advances	△2	△829
Other, net	101	△42
Net cash provided by (used in) investing activities	△2,462	△21,491
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,343	4,322
Proceeds from long-term borrowings	20,665	9,867
Repayments of long-term borrowings	△26,642	△13,290
Dividends paid	△2,022	△3,033
Other, net	△1,185	△473
Net cash provided by (used in) financing activities	△7,841	△2,606
Effect of exchange rate change on cash and cash equivalents	1,213	5,019
Net increase (decrease) in cash and cash equivalents	18,918	△18,599
Cash and cash equivalents at beginning of period	65,956	84,874
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	3,500
Cash and cash equivalents at end of period	84,874	69,774

12. Supplementary Information

(1) Consolidated Information by segments

i) Order Intake

(Unit: billion yen)

Business Segment	Fiscal year ended March. 31, 2023	Fiscal year ended March. 31, 2024	Difference	Order backlog as of March. 31, 2024
Environment	561.2	558.8	-2.4	1,363.8
Machinery & Infrastructure	90.2	80.8	-9.4	77.8
Carbon Neutral Solution	76.2	72.6	-3.6	100.8
Other	9.9	2.9	-7.0	1.0
Total	737.5	715.1	-22.4	1,543.4

ii) Statements of Operations

(Unit: billion yen)

		Fiscal year ended March. 31, 2023		Fiscal year ended March. 31, 2024		Difference	
		Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Operating income & Net sales	Environment	348.1	15.0	407.3	19.1	59.2	4.1
	Machinery & Infrastructure	88.2	3.4	91.0	3.0	2.8	-0.4
	Carbon Neutral Solution	46.6	0.4	55.2	1.8	8.6	1.4
	Other	9.7	1.2	2.3	0.4	-7.4	-0.8
	Total	492.6	20.0	555.8	24.3	63.2	4.3
Ordinary Income		17.8		25.6		7.8	
Profit attributable to shareholders of Hitachi Zosen		15.5		18.9		3.4	

iii) Consolidated Balance Sheet

(Unit: billion yen)

	As of Mar. 31, 2023	As of Mar. 31, 2024	Difference
Cash and time deposits	86.4	71.6	-14.8
Trade notes and accounts and contract assets	198.3	234.8	36.5
Inventories	17.2	19.9	2.7
Tangible & intangible fixed assets	109.4	123.7	14.3
Others	68.3	83.5	15.2
Total Assets	479.6	533.5	53.9
Notes and accounts payable	73.2	57.9	-15.3
Interest bearing debt	86.5	91.4	4.9
Others	178.6	215.2	36.6
Total Liabilities	338.3	364.5	26.2
Shareholders' equity	137.3	152.9	15.6
Accumulated other comprehensive income	2.3	9.8	7.5
Minority interests and other	1.7	6.3	4.6
Total Net Assets	141.3	169.0	27.7
Total Liabilities and Net Assets	479.6	533.5	53.9

iv) Consolidated Statements of Cash Flows

(Unit: billion yen)

	Fiscal year ended Mar. 31, 2023	Fiscal year ended Mar. 31, 2024	Difference
Cash flows from operating activities	28.0	0.5	-27.5
Cash flows from investing activities	-2.5	-21.5	-19.0
Cash flows from financing activities	-7.8	-2.6	5.2
Foreign exchange translation	1.2	5.0	3.8
Increase/decrease in cash & cash equivalents	18.9	-18.6	-37.5
Cash & cash equivalents at beginning of year	65.9	84.8	18.9
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	3.5	3.5
Cash & cash equivalents at end of year	84.8	69.7	-15.1

(2) Forecast of Consolidated Information by segments for fiscal year ending March 31, 2025

i) Order Intake

(Unit: billion yen)

Business Segment	(Actual)		(Forecast)	
	Fiscal year ended March 31, 2024		Fiscal year ending March. 31, 2025	
				(Forecast) Difference
Environment	558.8		470.0	-88.8
Machinery & Infrastructure	80.8		84.0	3.2
Carbon Neutral Solution	72.6		63.5	-9.1
Other	2.9		2.5	-0.4
Total	715.1		620.0	-95.1

ii) Statements of Operations

(Unit: billion yen)

		(Actual)		(Forecast)		(Forecast) Difference	
		Fiscal year ended March 31, 2024		Fiscal year ending March. 31, 2025			
		Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Operating income & Net sales	Environment	407.3	19.1	410.0	22.0	2.7	2.9
	Machinery & Infrastructure	91.0	3.0	83.0	2.4	-8.0	-0.6
	Carbon Neutral Solution	55.2	1.8	75.0	1.3	19.8	-0.5
	Other	2.3	0.4	2.0	0.3	-0.3	-0.1
	Total	555.8	24.3	570.0	26.0	14.2	1.7
Ordinary Income			25.6		22.0		-3.6
Profit attributable to shareholders of Hitachi Zosen			18.9		16.0		-2.9