

Report of Consolidated Financial Results

For the Nine Months Ended December 31, 2022

February 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
 Contact Person: Tetsuro Iwashita, Executive Officer, General Manager of Accounting Department
 tel. +81-6-6569-0001

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 nine months ended December 31, 2022 (April 1 - December 31, 2022)

(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)	(%)
9 months ended Dec. 31, 2022	331,403	15.1	5,824	124.4	3,524	—	2,501	—
9 months ended Dec. 31, 2021	288,030	9.7	2,596	10.6	-330	—	-1,381	—

	Net income per share	Net income per share-diluted
	(yen)	(yen)
9 months ended Dec. 31, 2022	14.84	—
9 months ended Dec. 31, 2021	-8.20	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity to total assets
	(million yen)	(million yen)	(%)
As of December 31, 2022	439,539	129,460	29.1
As of March 31, 2022	461,161	132,926	28.5

(Note) Shareholders' equity: Yen 127,812 million (December 31, 2022), Yen 131,299 million (March 31, 2022)

2. Dividends

Record Date	Dividends per share (yen)		
	Interim	Year-end	Annual
Year ended March 31, 2022	0.0	12.0	12.0
Year ending March 31, 2023	0.0		
Year ending March 31, 2023 (Forecast)		15.0	15.0

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

3. Forecast of consolidated earnings for the fiscal year ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(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, 2023	480,000	8.6	20,000	28.7	16,000	35.8	12,000	51.9	71.20

(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)

December 31, 2022 170,214,843 shares

March 31, 2022 170,214,843 shares

(ii) Number of shares held in treasury

December 31, 2022 1,686,456 shares

March 31, 2022 1,683,577 shares

(iii) Average number of shares during the respective periods

Nine months ended December 31, 2022 168,529,959 shares

Nine months ended December 31, 2021 168,534,138 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.

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	67,200	84,012
Notes and accounts receivable - trade, and contract assets	189,775	146,784
Merchandise and finished goods	1,119	1,620
Work in process	6,836	15,480
Raw materials and supplies	6,518	8,262
Other	24,045	22,331
Allowance for doubtful accounts	△3,255	△3,818
Total current assets	292,241	274,672
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	32,762	31,111
Land	46,155	44,906
Other, net	31,621	29,230
Total property, plant and equipment	110,539	105,248
Intangible assets		
Goodwill	1,486	1,196
Other	9,964	9,921
Total intangible assets	11,451	11,118
Investments and other assets		
Other	48,603	49,656
Allowance for doubtful accounts	△1,767	△1,229
Total investments and other assets	46,835	48,426
Total non-current assets	168,826	164,793
Deferred assets	93	73
Total assets	461,161	439,539

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	51,607	40,193
Electronically recorded obligations - operating	20,205	21,256
Short-term borrowings	26,715	11,359
Lease liabilities	1,302	1,242
Accrued expenses	71,027	52,206
Income taxes payable	4,077	2,243
Contract liabilities	29,128	46,395
Provision for construction warranties	11,690	13,522
Provision for loss on construction contracts	6,619	5,862
Other	15,640	9,928
Total current liabilities	238,015	204,211
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term borrowings	31,177	44,116
Lease liabilities	2,686	2,370
Deferred tax liabilities	428	1,062
Retirement benefit liability	21,859	22,408
Provision for retirement benefits for directors (and other officers)	93	77
Asset retirement obligations	3,092	3,106
Other	880	2,725
Total non-current liabilities	90,219	105,867
Total liabilities	328,234	310,078
Net assets		
Shareholders' equity		
Share capital	45,442	45,442
Capital surplus	8,530	8,531
Retained earnings	71,163	71,642
Treasury shares	△1,026	△1,028
Total shareholders' equity	124,110	124,587
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,307	1,101
Deferred gains or losses on hedges	△119	△118
Revaluation reserve for land	△7	△7
Foreign currency translation adjustment	931	1,133
Remeasurements of defined benefit plans	5,077	1,117
Total accumulated other comprehensive income	7,189	3,225
Non-controlling interests	1,626	1,647
Total net assets	132,926	129,460
Total liabilities and net assets	461,161	439,539

Consolidated statements of Income

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	288,030	331,403
Cost of sales	242,932	278,803
Gross profit	45,097	52,599
Selling, general and administrative expenses	42,501	46,774
Operating profit	2,596	5,824
Non-operating income		
Interest income	115	165
Dividend income	47	87
Share of profit of entities accounted for using equity method	-	196
Other	839	491
Total non-operating income	1,002	942
Non-operating expenses		
Interest expenses	595	562
Share of loss of entities accounted for using equity method	67	-
Foreign exchange losses	1,241	578
Other	2,024	2,100
Total non-operating expenses	3,929	3,242
Ordinary profit (loss)	△330	3,524
Extraordinary income		
Gain on sale of property	-	1,020
Subsidy income	-	1,798
Total extraordinary income	-	2,819
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	-	1,798
Total extraordinary losses	-	1,798
Profit (loss) before income taxes	△330	4,545
Income taxes	1,047	2,032
Profit (loss)	△1,378	2,512
Profit attributable to non-controlling interests	2	11
Profit (loss) attributable to owners of parent	△1,381	2,501