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(Translation)

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Dear Shareholders

Sadao Mino, Chairman of the Board

Hitachi Zosen Corporation

7-89, Nanko-kita 1-chome, Suminoe-ku, Osaka

NOTICE OF THE 127TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce the 127th Ordinary General Meeting of Shareholders of Hitachi Zosen Corporation (“the Company”). The meeting shall be held as described below.

In connection with the convocation of this General Meeting of Shareholders, we have taken measures for providing information concerning the particulars of the Reference Documents for the General Meeting of Shareholders and other documents in electronic formats (i.e., information made available by electronic means) by publication on the following URLs for access and viewing by shareholders.

[Company Website]

<https://www.hitachizosen.co.jp/ir/stock/meeting.html> (in Japanese)

[Website for Materials for the General Meeting of Shareholders]

<https://d.sokai.jp/7004/teiji/> (in Japanese)

[TSE website (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(From the TSE website, the information can be retrieved by entering the issue name (company name) “Hitachi Zosen” or the securities code “7004,” clicking on “Basic information,” “Documents for public inspection/PR information,” and “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting” which appear below the “Filed information available for public inspection” field.)

Shareholders not attending the meeting have the option to exercise their voting rights in advance via the Internet or in writing, and we ask those shareholders to read the Reference Documents for the General Meeting of Shareholders and exercise their voting rights **by 5:00 p.m. (JST) on Wednesday, June 19, 2024.**

1. **Date and Time:** June 20, 2024 (Thursday), 10:00 a.m. (JST) (Doors open 9:00 a.m.)
2. **Place:** Osaka International Convention Center (Grand Cube Osaka), 10th Floor, Conference Room
3-51, Nakanoshima 5-chome, Kita-ku, Osaka, Japan
(Please note that the meeting place is different from last year.)

3. Purposes

I. Matters to be Reported:

1. The Business Report, the Consolidated Financial Statements and Non-consolidated Financial Statements for the 127th fiscal year (from April 1, 2023 to March 31, 2024)
2. The Audit Reports of the Accounting Auditor and the Board of Corporate Auditors on the Consolidated Financial Statements for the 127th fiscal year

II. Matters to be Resolved:

- Proposal 1: Appropriation of Surplus**
- Proposal 2: Amendment of Articles of Incorporation**
- Proposal 3: Election of Eight (8) Directors**
- Proposal 4: Election of Two (2) Corporate Auditors**
- Proposal 5: The Amount and Other Details of the Corporate Performance-linked Share-based Remuneration for Directors, etc.**

- Among the information made available by electronic means, the following items are omitted from a document to be delivered to shareholders who submitted a request for the delivery of information in written form, pursuant to the relevant laws and regulations and Article 15 of the Articles of Incorporation of the Company. The Accounting Auditor and Corporate Auditors have audited the documents subject to audit, including the items below.
 - 1) “Matters Concerning the Development of Systems to Ensure Appropriateness of Operations, etc.” in the Business Report
 - 2) “Consolidated Statements of Changes in Net Assets” and “Notes to Consolidated Financial Statements (Japanese only)” in the Consolidated Financial Statements
 - 3) “Non-consolidated Balance Sheets,” “Non-consolidated Statements of Income,” “Non-consolidated Statements of Changes in Net Assets” and “Notes to Non-consolidated Financial Statements (Japanese only)” in the Non-consolidated Financial Statements
 - 4) “Accounting Audit Report on Non-consolidated Financial Statements”
- Any modification to the information made available by electronic means will be announced on the websites mentioned above, together with the information before and after the modification.
- If there are any changes in the arrangements, response methods or other related operations of the General Meeting of Shareholders, we will give notice on the Company’s website.
- Shareholders are invited to view the meeting by way of real-time live streaming on the Internet. After the meeting, the proceedings will be available in part for viewing on demand (in Japanese). In addition, shareholders may make inquiries with respect to the purposes of the General Meeting of Shareholders before the meeting.
- Please kindly note that we will not provide souvenirs to shareholders attending the meeting in person. We appreciate your understanding.
- **Treatment of Voting Rights Exercised Multiple Times**
 - If the voting rights are exercised multiple times both via the Internet and in writing: The exercise of the voting rights via the Internet will be deemed effective.
 - If the voting rights are exercised multiple times via the Internet: The last exercise of the voting rights will be deemed effective.

Instructions on Exercising Voting Rights via the Internet

Scanning QR code®

You can simply login to the website for exercising voting rights without entering your login ID and temporary password printed on the right side of the voting form.

1. Please scan the QR code® located on the right side of the voting form.

* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.

2. Indicate your approval or disapproval by following the instructions on the screen.

Entering login ID and temporary password

Site for exercising voting rights:
<https://evote.tr.mufg.jp/> (in Japanese)

1. Please access the site for exercising voting rights.

2. Enter your “login ID” and “temporary password” printed on the right side of the voting form.

3. Indicate your approval or disapproval by following the instructions on the screen.

In case you need instructions for how to operate your PC/smartphone in order to exercise your voting rights via the Internet, please contact the helpdesk, for which the details are provided below.

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Division (helpdesk)

Telephone: 0120-173-027 (toll free and available from 9:00 a.m. to 9:00 p.m.; within Japan only)

Cautionary matters

- (1) When exercising voting rights via the Internet, please be aware that the website is not available from 2:30 a.m. to 4:30 a.m. (JST) each day.
- (2) Exercising voting rights via PC or smartphone may not be possible depending on your Internet usage environment, for example if you use a firewall for your Internet connection, if you have anti-virus software installed, if you use a proxy server, or if you are communicating without TLS encryption.
- (3) Any fees for accessing the website for exercising voting rights (Internet connection fees, etc.) shall be borne by the shareholder.

Platform for Exercise of Voting Rights

The Company participates in the Electronic Voting Platform for Institutional Investors managed by ICJ, Inc.

For shareholders registered in the name of a custodian trust bank, etc. (including permanent agents), by making prior application for the said platform's use, it is possible to exercise one's voting rights for the Company's General Meeting of Shareholders using the said platform as a method for exercising one's voting rights by electronic method, separate to the exercising of one's voting rights via the Internet mentioned above.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The policy of the Company is to continuously and stably distribute dividends, while working to strengthen financial position and the management base through growth investment, R&D investment and capital investment in order to enhance the long-term shareholder's value.

In accordance with the above policy, as the Company reported the profit attributable to shareholders of Hitachi Zosen exceeding that of fiscal year 2022, we hereby propose to increase the dividend per share by 5 yen from the year-end dividend for fiscal year 2022 and pay the year-end dividends as follows, in light of factors such as the Company's future business development.

- (i) Dividend to be paid by cash
- (ii) Items concerning allocation of dividend property to shareholders and total amount thereof
Dividend per share of the Company's common stock: 23 yen
Total amount: 3,876,008,921 yen
- (iii) Effective date of commencement of payment: June 21, 2024

Proposal 2: Amendment to the Articles of Incorporation

1. Reason for amendment

(1) Proposed amendment to Article 1 of the Articles of Incorporation

The Company was founded in 1881 as Osaka Iron Works, expanding its business to include shipbuilding, steel structures, plants, and industrial machinery, and changed its trade name to Hitachi Zosen Corporation in 1943. However, with the separation of the shipbuilding operation in 2002 and current global business developments in areas such as decarbonization, resource circulation, and the creation of safe and prosperous community, we have undergone a major transformation.

In line with this change, to realize our corporate philosophy and to build a new history as a corporate group that takes on the challenge to create a world that lives in balance with nature through the power of technology, the Company proposes to amend Article 1 (Title) of the current Articles of Incorporation to change the trade name from Hitachi Zosen Corporation to Kanadevia Corporation.

The effective date of the amendment to the Articles of Incorporation will be October 1, 2024, with the establishment of a supplementary provision, which will be deleted after the effective date.

(2) Proposed amendment to Article 3 of the Articles of Incorporation

To clarify the Company’s line of business and in light of its future business developments, the Company proposes to add to and amend the purpose of business in Article 3 (Object) of the current Articles of Incorporation.

2. Details of amendment

The details of the amendment are as follows:

Comparison table of current provisions and proposed amendment

(Underlining denotes amendment)

Extracts from current Articles of Incorporation	Proposed amendments
<p style="text-align: center;">CHAPTER 1 GENERAL PROVISIONS</p> <p>Article 1. (Title) The name of the Company shall be “<u>Hitachi Zosen Kabushiki Kaisha</u>” which shall be expressed in the English language as “<u>Hitachi Zosen Corporation.</u>”</p> <p>Article 2. (Omitted)</p> <p>Article 3. (Object) The object and purposes of the Company shall be: 1. to engage in the manufacture, purchase and sale, brokerage, lease <u>and rental</u>, installation, repair, dismantle, operation and management of the following items, parts thereof and integrated facilities related thereto;</p> <p>(1) <u>various classes and kinds of marine and naval vessels.</u></p>	<p style="text-align: center;">CHAPTER 1 GENERAL PROVISIONS</p> <p>Article 1. (Title) The name of the Company shall be “<u>Kanadevia Kabushiki Kaisha</u>” which shall be expressed in the English language as “<u>Kanadevia Corporation.</u>”</p> <p>Article 2. (Unchanged)</p> <p>Article 3. (Object) The object and purposes of the Company shall be: 1. to engage in the <u>design</u>, manufacture, purchase and sale, brokerage, <u>lease</u>, installation, repair, dismantle, operation and management, <u>as well as the purchase and sale of secondhand goods and the operation of a secondhand goods market based on the Secondhand Goods Business Act</u>, of the following items, parts thereof and integrated facilities related thereto;</p> <p>(Amended and integrated with (8))</p>

Extracts from current Articles of Incorporation	Proposed amendments
(2) <u>various kinds of prime movers including internal-combustion engines, turbines and boilers; nuclear power equipment and apparatus; power-generating equipment and various kinds of machinery for ships.</u>	(Moved to (8))
(3) <u>various kinds of industrial machinery and equipment including steel-making machinery, forging and pressing machinery, cement machinery, civil engineering and construction machinery, conveyance machinery, mining machinery, wind-powered and hydraulic machinery, electrolyzing equipment, dehydrators, <u>parking equipment, robots and vehicles; and weapons.</u></u>	(Amended and moved to (9))
(4) <u>various kinds of plants <u>including chemical plants, fertilizer plants, oil and gas plants, desalination plants, food industry plants and paper pulp plants;</u> and machinery and equipment related to plants.</u>	(Amended and moved to (2))
(5) <u>various kinds of steel structures <u>including marine structures, bridges, steel frames, steel chimneys, steel towers, steel pipes, floodgates and storage tanks.</u></u>	(Amended and moved to (3))
(6) <u>various kinds of equipment for the protection of environment and the prevention of environmental pollution <u>including garbage-incinerating equipment, industrial waste disposal equipment and air pollution control equipment.</u></u>	(1) <u>various kinds of equipment for the protection of environment and the prevention of environmental pollution.</u>
(Amended and moved from (4))	(2) <u>various kinds of plants; and machinery and equipment related to plants.</u>
(Amended and moved from (5))	(3) <u>various kinds of steel structures.</u>
(7) <u>various water treatment equipment <u>including systems for water, sewage, water for industrial use, effluent, and polluted water;</u> and equipment related to them.</u>	(4) <u>various water treatment equipment; and equipment related to them.</u>
(8) <u>aircraft and space machinery and equipment; and machinery and equipment related to them.</u>	(5) <u>aircraft and space machinery and equipment; and machinery and equipment related to them.</u>
(9) <u>information processing systems, communication systems and control systems and apparatus related to them.</u>	(6) <u>information processing systems, communication systems and control systems and apparatus related to them.</u>
(10) <u>athletic sports facilities, amusement parks and other recreational facilities, including related apparatus;</u>	(Deleted)

Extracts from current Articles of Incorporation	Proposed amendments
<p><u>(11)</u> equipment for the production, processing and surface treatment of castings, forgings, ceramics and various materials including composite materials and civil engineering and construction materials;</p> <p>(Moved from (2) and integrated with (1))</p> <p>(Amended and moved from (3))</p>	<p><u>(7)</u> equipment for the production, processing and surface treatment of castings, forgings, ceramics and various materials including composite materials and civil engineering and construction materials;</p> <p><u>(8)</u> various kinds of prime movers including internal-combustion engines, turbines and boilers; nuclear power equipment and apparatus; power-generating equipment, <u>marine vessels</u> and various kinds of machinery for ships.</p> <p><u>(9)</u> various kinds of industrial machinery and equipment including steel-making machinery, forging and pressing machinery, cement machinery, civil engineering and construction machinery, conveyance machinery, mining machinery, wind-powered and hydraulic machinery, electrolyzing equipment, dehydrators, <u>electronic equipment, medical equipment, machinery and equipment related to food and pharmaceutical manufacturing, robots, film manufacturing machinery and equipment and equipment related to batteries.</u></p>
<p><u>(12) rubber and resin products and lining products</u></p>	<p>(Deleted)</p>
<p>2. (Omitted)</p>	<p>2. (Unchanged)</p>
<p>3. to engage in the purchase and sale, brokerage, lease <u>and rental</u> as well as management and administration of real estate;</p>	<p>3. to engage in the purchase and sale, brokerage, <u>lease</u> as well as management and administration of real estate;</p>
<p>4. (Omitted)</p>	<p>4. (Unchanged)</p>
<p>5. to engage in the production of agricultural, forestry and marine products <u>through biotechnology</u> and their sale;</p> <p>(New Provisions)</p>	<p>5. to engage in the production of agricultural, forestry and marine products and their sale;</p>
<p>6. to engage in salvage and marine transportation business;</p>	<p>6. to engage in the production of food, <u>pharmaceuticals, industrial chemicals and other chemical products</u> and their sale;</p>
<p>7. to engage in the business related to supply of electricity and heat;</p> <p>(New Provisions)</p>	<p>7. to engage in the salvage and marine transportation business, <u>land transportation business, warehousing and harbor cargo handling business, travel business, insurance agency business, security business and temporary staffing business;</u></p>
<p>7. to engage in the business related to supply of electricity and heat;</p> <p>(New Provisions)</p>	<p>8. To engage in the business related to supply of electricity, <u>heat and other energy;</u></p> <p>9. <u>to engage in the business related to the collection, transport, and disposal of various kinds of waste</u></p>

Extracts from current Articles of Incorporation	Proposed amendments
<p>8. to engage in the business of civil engineering, building, carpentry, plastering, scaffolding and earthwork, masonry, roofing, electrical, plumbing, tile, brick and block, steel structure, reinforcement steel, paving, dredging, sheet metal, glazing, painting, waterproofing, interior finishing, machine and equipment installation, heat insulation, telecommunication, landscaping and gardening, well drilling, fittings, water and sewerage facilities, fire protection facilities <u>and</u> sanitation facilities;</p>	<p><u>10.</u> to engage in the business of civil engineering, building, carpentry, plastering, scaffolding and earthwork, masonry, roofing, electrical, plumbing, tile, brick and block, steel structure, reinforcement steel, paving, dredging, sheet metal, glazing, painting, waterproofing, interior finishing, machine and equipment installation, heat insulation, telecommunication, landscaping and gardening, well drilling, fittings, water and sewerage facilities, fire protection facilities, sanitation facilities <u>and dismantling</u>;</p>
<p><u>9.</u> to <u>11.</u> (Omitted)</p>	<p><u>11.</u> to <u>13.</u> (Unchanged)</p>
<p>Article 4. to 46. (Omitted)</p>	<p>Article 4. to 46. (Unchanged)</p>
<p>(New Provisions)</p>	<p>(Supplementary provision)</p>
	<p><u>1. Amendments to Article 1 (Title) of the current Articles of Incorporation shall be effective from October 1, 2024, and this supplementary provision shall be deleted upon the effective date.</u></p>

(Reference)

Regarding the new trade name: Kanadevia

Kanadevia is a coined word combining the Japanese word “*kanaderu*,” meaning to play music in harmony, and the Latin word “*via*” meaning way or method. The new trade name shows that we respect diversity, just as the many diverse players in an orchestra work in harmony (“*kanaderu*”). It also shows that we will pioneer a new path (“*via*”), through continuous technological innovation, to bring the same harmony to human society and the natural world. The name Kanadevia is derived from the Group’s history since its founding, corporate philosophy and brand concept “Taking on the challenge, through the power of technology, to create a world that lives in balance with nature.” By sharing the aspirations behind the name with all officers and employees, we will aim to create a society that lives in balance with nature toward a future where everyone can experience joy and happiness. Moreover, by utilizing the blessings of nature, supporting its workings, and preparing against its threats, we will carry people’s happiness forward to the next generation.

Proposal 3: Election of Eight (8) Directors

The term of office of all eight (8) present Directors will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, we propose to elect eight (8) Directors.

The candidates for Directors are as follows:

No.	Name		Position and Areas of Responsibility at the Company	Attendance at Board of Directors meetings (FY 2023)	Tenure as Director (at the conclusion of the General Meeting of Shareholders)
1	Sadao Mino	Reappointed	Representative Director, Chairman of the Board and Chief Executive Officer	14/14	9 years
2	Michi Kuwahara	Reappointed	Representative Director, President and Chief Operating Officer	14/14	3 years
3	Satoshi Kimura	Newly appointed	Senior Managing Executive Officer General Manager of Corporate Planning Headquarters, and Responsible for Safety Dept. and Sustainability Promotion Dept.	—	—
4	Munenobu Hashizume	Newly appointed	Managing Executive Officer General Manager of Information and Communication Technology Promotion Headquarters	—	—
5	Tetsuya Shoji	Reappointed Outside Independent	Director	14/14	3 years
6	Shinoi Sakata	Reappointed Outside Independent	Director	11/11	1 year
7	Akiko Horiguchi	Reappointed Outside Independent	Director	11/11	1 year
8	Maki Miyazaki	Newly appointed Outside Independent	—	—	—

Newly appointed Candidate for newly appointed Director


Reappointed Candidate for reappointed Director


Outside Candidate for Outside Director

Independent Independent Director


Notes: 1.Attendance at the Board of Directors meetings by Ms. Shinoi Sakata and Ms. Akiko Horiguchi counts only the Board of Directors meetings held after their assuming the office of Director on June 21, 2023.


2. The gender and expertise (skills) of each candidate for Director are provided on page 27.

Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
1	<p><u>Reappointed</u></p>  <p>Sadao Mino (August 27, 1957)</p> <p>Attendance at Board of Directors meetings (FY 2023) 14/14</p> <p>Tenure as Director 9 years (at the conclusion of the General Meeting of Shareholders)</p>	<p>April 1982 Joined the Company</p> <p>June 2015 Managing Director, the Company</p> <p>April 2017 Representative Director, Executive Vice-President, the Company</p> <p>April 2020 Representative Director, President and Chief Operating Officer, the Company</p> <p>April 2022 Representative Director, President and Chief Executive Officer, the Company</p> <p>April 2024 Representative Director, Chairman of the Board and Chief Executive Officer, the Company (current position)</p>	87,795
	<p><Reasons for nominating the candidate as Director></p> <p>Since assuming the office of the top manager, Representative Director, President from April 2020, Mr. Mino has been working to make the corporate philosophy of the Company a reality, drive sustainable growth and improvement of the corporate value of the Hitachi Zosen Group, and promote stronger corporate governance. The Company has determined, based on this experience and track record, that Mr. Mino is well-qualified to play a key role in further developing the Hitachi Zosen Group and that he will adequately fulfill the role of determining important matters and strengthening supervisory functions in the Board of Directors. Therefore, once again, the Company has designated Mr. Mino as a candidate for Director.</p>		


Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
2	<p>Reappointed</p>  <p>Michi Kuwahara (June 18, 1963)</p> <p>Attendance at Board of Directors meetings (FY 2023) 14/14</p> <p>Tenure as Director 3 years (at the conclusion of the General Meeting of Shareholders)</p>	<p>April 1986 Joined the Company</p> <p>April 2018 Executive Officer, the Company</p> <p>April 2018 Assistant to General Manager of Environment Business Headquarters, the Company and Chairman of the Supervisory Board of Hitachi Zosen Inova AG</p> <p>April 2020 Managing Executive Officer, the Company</p> <p>July 2020 General Manager of General Administration Headquarters, and General Manager of Corporate Planning Headquarters, the Company</p> <p>April 2021 General Manager of Corporate Planning Headquarters, the Company</p> <p>June 2021 Director, the Company</p> <p>June 2021 General Manager of Corporate Planning Headquarters, and Responsible for General Administration Headquarters, Quality Assurance Dept. and Yumeshima Area Development Promotion Dept., the Company</p> <p>October 2021 General Manager of Corporate Planning Headquarters, and Responsible for General Administration Headquarters, Sustainability Promotion Dept., Quality Assurance Dept. and Yumeshima Area Development Promotion Dept., the Company</p> <p>April 2022 Managing Director, the Company</p> <p>April 2022 General Manager of Environment Business Headquarters, and Responsible for Procurement Headquarters, the Company</p> <p>June 2023 General Manager of Environment Business Headquarters, and Responsible for Procurement Headquarters and Architect Supervision Dept., the Company</p> <p>April 2024 Representative Director, President and Chief Operating Officer, the Company (current position)</p> <p><Reasons for nominating the candidate as Director> Mr. Kuwahara has been engaged mainly in operations such as accounting & finance and corporate planning at the Company, and has extensive experience and wide-ranging insight into the Hitachi Zosen Group's company management, including having carried out business structure reform as Chairman of the Supervisory Board of an overseas affiliate, Hitachi Zosen Inova AG. Since April 2024, Mr. Kuwahara has been working to make the corporate philosophy of the Company a reality, drive sustainable growth and improvement of the corporate value of the Hitachi Zosen Group, and promote stronger corporate governance as President and Chief Operating Officer. Based on this experience and track record, the Company has determined that Mr. Kuwahara will fulfill the role of determining important matters and strengthening supervisory functions in the Board of Directors. Therefore, once again, the Company has designated Mr. Kuwahara as a candidate for Director.</p>	11,350


Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
3	<p><u>Newly appointed</u></p>  <p>Satoshi Kimura (May 8, 1959)</p>	<p>April 1983 Joined the Company</p> <p>April 2016 Executive Officer, the Company</p> <p>April 2018 Managing Executive Officer, the Company</p> <p>April 2019 Director & President, OHNAMI CORPORATION</p> <p>April 2021 Senior Managing Executive Officer, the Company (current position)</p> <p>April 2021 General Manager of Procurement Headquarters, the Company</p> <p>April 2022 General Manager of Corporate Planning Headquarters, and Responsible for General Administration Headquarters and Sustainability Promotion Dept., the Company</p> <p>April 2023 General Manager of Corporate Planning Headquarters, and Responsible for General Administration Headquarters, Safety Dept., and Sustainability Promotion Dept., the Company</p> <p>April 2024 General Manager of Corporate Planning Headquarters, and Responsible for Safety Dept. and Sustainability Promotion Dept., the Company (current position)</p> <p>(Significant Concurrent Positions) President, HITZ HOLDINGS U.S.A. INC.</p> <p><Reasons for nominating the candidate as Director> Mr. Kimura has been engaged mainly in operations such as procurement at the Company, and has extensive experience and wide-ranging insight into the Hitachi Zosen Group's company management, including having carried out business structure reform as Director & President of an affiliate, OHNAMI CORPORATION. Additionally, Since April 2022, Mr. Kimura has been promoting the strengthening of the management system as the General Manager of Corporate Planning Headquarters of the Company. Based on this experience and track record, the Company has determined that Mr. Kimura will fulfill the role of determining important matters and strengthening supervisory functions in the Board of Directors. Therefore, the Company has designated Mr. Kimura as a candidate for Director.</p>	16,217


Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
4	Newly appointed	April 1988 Joined Nippon Telegraph and Telephone Public Corporation	577
		July 1988 Joined NTT DATA Communication Systems Corporation (currently, NTT DATA GROUP CORPORATION)	
		June 2013 Representative Director & President of NTT DATA TERANOS CORPORATION (currently, KNT-CT IT Solutions Co., Ltd.)	
		June 2016 General Manager in charge of Project Promotion of Public & Social Infrastructure Promotion Division, NTT DATA Corporation (currently, NTT DATA GROUP CORPORATION)	
		July 2018 Joined the Company	
		April 2019 General Manager of Information and Communication Technology Promotion Headquarters and General Manager of Hitz Advanced Information Technology Center, the Company	
		April 2020 Executive Officer, the Company	
		April 2021 General Manager of Information and Communication Technology Promotion Headquarters, the Company (current position)	
		April 2022 Managing Executive Officer, the Company (current position)	
		<p><Reasons for nominating the candidate as Director> Mr. Hashizume has extensive experience and wide-ranging insight into corporate management. His experience encompasses working for many years at a system integration business company and serving as Director and President of an affiliate of said company. Since April 2019, Mr. Hashizume has been working to promote digital transformation (DX) as General Manager of the Information and Communication Technology Promotion Headquarters of the Company. Based on this experience and track record, the Company has determined that Mr. Hashizume will fulfill the role of determining important matters and strengthening supervisory functions in the Board of Directors. Therefore, the Company has designated Mr. Hashizume as a candidate for Director.</p>	

Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
5	Reappointed	April 1977	None
	Outside Director	June 2006	
	Independent Director	June 2009	
 <p>Tetsuya Shoji (February 28, 1954)</p> <p>Attendance at Board of Directors meetings (FY 2023) 14/14</p> <p>Tenure as Outside Director 3 years (at the conclusion of the General Meeting of Shareholders)</p>		June 2012	
		June 2015	
		June 2020	
		December 2020	
		March 2021	
		June 2021	
		June 2021	
		March 2022	
		(Significant Concurrent Positions)	
		Corporate Advisor, NTT Communications Corporation	
	Outside Director, circlace Inc.		
	Outside Director, Sapporo Holdings Limited		
	Outside Director, Mitsubishi Logistics Corporation		
	Outside Director, Japan Tobacco Inc.		
	<Reasons for nominating the candidate as Outside Director and outline of expected roles>		
	Mr. Shoji has extensive experience and wide-ranging insight in corporate management, including having served as a representative member of the board of a telecommunications carrier. Mr. Shoji has provided appropriate opinions and advice as Outside Director from an independent standpoint to the Company, which is promoting stronger corporate governance and the globalization of business and digital transformation (DX), and has fulfilled the role of strengthening supervisory functions regarding business execution through involvement in decisions on executive appointments and Directors' remuneration as Chair of the Nomination & Remuneration Advisory Committee. Therefore, the Company anticipates that Mr. Shoji will continue to fulfill these roles and has designated him once again as a candidate for Outside Director.		
	Mr. Shoji holds concurrent positions as Corporate Advisor at NTT Communications Corporation, and as Outside Director at circlace Inc., Sapporo Holdings Limited, Mitsubishi Logistics Corporation, and Japan Tobacco, Inc. However, since his appointment as Outside Director of the Company in June 2021, Mr. Shoji has attended all meetings of the Board of Directors and the Nomination & Remuneration Advisory Committee, fulfilling his duties as Outside Director of the Company through, among others, constructive discussions and exchange of opinions.		
	<Matters concerning the independency>		
	Although there is a business relationship between the Company and NTT Communications Corporation, where Mr. Shoji currently serves as Corporate Advisor and was engaged in execution of business until		

Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
		<p>June 2020, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of the Company's consolidated net sales and less than 0.1% of NTT Communications Corporation's consolidated operating revenue. Additionally, there is no business relationship between the Company and Nippon Telegraph and Telephone Corporation, where Mr. Shoji was formerly engaged in execution of business. Although there is a business relationship between the Company and Nippon Telegraph and Telephone West Corporation, where Mr. Shoji was formerly engaged in execution of business, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of Nippon Telegraph and Telephone West Corporation's consolidated operating revenue and the Company received no sales revenue from Nippon Telegraph and Telephone West Corporation. Based on the above facts, the Company has determined that Mr. Shoji is independent, and has designated him as an independent director as prescribed by Tokyo Stock Exchange, Inc.</p>	

Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
6	Reappointed	April 1979 Joined Sumitomo Chemical Co., Ltd. (currently, SUMITOMO CHEMICAL COMPANY, LIMITED)	None
	Outside Director	April 2013 Executive Officer, Responsible for Intellectual Property Department, SUMITOMO CHEMICAL COMPANY, LIMITED	
	Independent Director	April 2016 Advisor, SUMITOMO CHEMICAL COMPANY, LIMITED	
		April 2016 Director & Vice President, Sumika Technical Information Service, Inc.	
Shinoi Sakata (March 31, 1957)	June 2017 Representative Director & President, Sumika Technical Information Service, Inc.	May 2018 Executive Director, Japan Chemical Industry Association (in charge of the chemical management and international affairs)	June 2020 Outside Director, Nomura Research Institute, Ltd. (current position)
Attendance at Board of Directors meetings (FY 2023) 11/11	June 2023 Outside Director, the Company (current position) (Significant Concurrent Position)	Outside Director, Nomura Research Institute, Ltd.	
Tenure as Outside Director 1 year (at the conclusion of the General Meeting of Shareholders)	<p><Reasons for nominating the candidate as Outside Director and outline of expected roles></p> <p>Ms. Sakata has extensive experience and wide-ranging insight into company management. Her experience encompasses working for many years at a chemical manufacturer, serving as an Executive Officer, and serving as a Representative Director of an information company. Ms. Sakata has provided appropriate opinions and advice as Outside Director from an independent standpoint to the Company, which is now promoting stronger corporate governance and digital transformation (DX). In addition, she has fulfilled the role of strengthening supervisory functions regarding business execution through involvement in decisions on executive appointments and Directors' remuneration as a member of the Nomination & Remuneration Advisory Committee. Therefore, the Company anticipates that Ms. Sakata will continue to fulfill these roles and has designated her once again as a candidate for Outside Director.</p>		
	<p><Matters concerning the independency></p> <p>Although there is a business relationship between the Company and SUMITOMO CHEMICAL COMPANY, LIMITED, where Ms. Sakata was engaged in execution of business in the past, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of the Company's consolidated net sales and there were no payments made to SUMITOMO CHEMICAL COMPANY, LIMITED. Additionally, there is no business relationship between the Company and Sumika Technical Information Service, Inc., Japan Chemical Industry Association or both where Ms. Sakata was formerly engaged in execution of business. Based on the above facts, the Company has determined that Ms. Sakata is independent, and has designated her as an independent director as prescribed by Tokyo Stock Exchange, Inc.</p>		

Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
7	<p>Reappointed</p> <p>Outside Director</p> <p>Independent Director</p>  <p>Akiko Horiguchi (December 29, 1962)</p> <p>Attendance at Board of Directors meetings (FY 2023) 11/11</p> <p>Tenure as Outside Director 1 year (at the conclusion of the General Meeting of Shareholders)</p>	<p>April 1985 Joined Oki Electric Industry Co., Ltd.</p> <p>April 2011 Head of Public Relations Division, Oki Electric Industry Co., Ltd.</p> <p>April 2015 Head of Human Resources Division, Oki Electric Industry Co., Ltd.</p> <p>April 2015 Director, Oki Consulting Solutions Co., Ltd.</p> <p>April 2017 Executive Officer & Head of Human Resources Department, Corporate Management Headquarters, Oki Electric Industry Co., Ltd.</p> <p>April 2017 Director, OKI Proserve Co., Ltd.</p> <p>June 2018 Director, Japan Institute for Women's Empowerment & Diversity Management</p> <p>April 2019 Associate Executive Officer, Corporate Management Headquarters, Oki Electric Industry Co., Ltd.</p> <p>April 2019 Representative Director, President and Executive Officer, Oki Workwel Co., Ltd. (current position)</p> <p>April 2020 Associate Executive Officer, Corporate Headquarters, Oki Electric Industry Co., Ltd. (retired in March 2023)</p> <p>June 2023 Outside Director, the Company (current position) (Significant Concurrent Position)</p> <p>Representative Director, President and Executive Officer, Oki Workwel Co., Ltd.</p>	None
		<p><Reasons for nominating the candidate as Outside Director and outline of expected roles></p> <p>Ms. Horiguchi has extensive experience and wide-ranging insight into company management and diversity-focused management. Her experience encompasses working as an executive officer and Head of Public Relations and Head of Human Resources Division at an information and communication equipment manufacturer, serving as a Representative Director of a special affiliate subsidiary, and serving as a Director of the Japan Institute for Women's Empowerment & Diversity Management. Ms. Horiguchi has provided appropriate opinions and advice as Outside Director from an independent standpoint to the Company, which is now promoting stronger corporate governance, digital transformation (DX), diversity-focused management and human capital management. In addition, she has fulfilled the role of strengthening supervisory functions regarding business execution through involvement in decisions on executive appointments and Directors' remuneration as a member of the Nomination & Remuneration Advisory Committee. Therefore, the Company anticipates that Ms. Horiguchi will continue to fulfill these roles and has designated her once again as a candidate for Outside Director.</p>	
		<p><Matters concerning the independency></p> <p>Although there is a business relationship between the Company and Oki Electric Industry Co., Ltd., where Ms. Horiguchi was engaged in execution of business in the past, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of the Company's consolidated net sales and less than 0.1% of the consolidated net sales of Oki Electric Industry Co., Ltd. Additionally, there is no business relationship between the Company and any of Oki Workwel Co., Ltd., Oki Consulting Solutions Co., Ltd. or OKI Proserve Co., Ltd., where Ms. Horiguchi is or formerly was engaged in execution of business. Based on the above facts, the Company has determined that Ms. Horiguchi is independent, and has designated her as an independent director as prescribed by Tokyo Stock Exchange, Inc.</p>	

Candidate No.	Name (Date of Birth)	Career Summary (Position and Areas of Responsibility at the Company, and Significant Concurrent Positions)	Number of the Company's Share Owned
8	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Newly appointed</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Independent Director</div>  <p style="text-align: center;">Maki Miyazaki (February 1, 1964)</p>	<p>April 1992 Registered as attorney-at-law</p> <p>April 1992 Joined Law Offices of Yumoto, Kogo & Mori (currently, Law Offices of Yumoto, Ota & Miyazaki)</p> <p>September 1996 Joined Kelley Drye & Warren LLP</p> <p>October 1997 Admitted to the bar of the State of New York</p> <p>May 1999 Returned to Law Offices of Yumoto & Ota (currently, Law Offices of Yumoto, Ota & Miyazaki)</p> <p>January 2003 Partner, Law Offices of Yumoto & Ota (currently, Law Offices of Yumoto, Ota & Miyazaki)</p> <p>January 2007 Managing Partner, Law Offices of Yumoto, Ota & Miyazaki (current position)</p> <p>(Significant Concurrent Position) Managing Partner, Law Offices of Yumoto, Ota & Miyazaki</p> <p><Reasons for nominating the candidate as Outside Director and outline of expected roles></p> <p>Ms. Miyazaki served as Managing Partner of a law firm for many years, and has extensive experience and expert knowledge in international corporate legal matters. As Outside Director, Ms. Miyazaki is expected to provide appropriate opinions and advice from an independent standpoint to the Company, which is now promoting stronger corporate governance and the globalization of business, and is also expected to fulfill the role of strengthening supervisory functions regarding business execution through involvement in decisions on executive appointments and Directors' remuneration as a member of the Nomination & Remuneration Advisory Committee. Therefore, the Company has designated Ms. Miyazaki as a candidate for Outside Director.</p> <p>While she does not possess prior experience in corporate management, the Company is confident in her ability to effectively carry out her duties as an Outside Director for the above-mentioned reasons.</p> <p><Matters concerning the independency></p> <p>There is no business relationship between the Company and Law Offices of Yumoto, Ota & Miyazaki, where Ms. Miyazaki currently serves as Managing Partner. Although there is a business relationship between the Company and Kelley Drye & Warren LLP, where Ms. Miyazaki formerly belonged, via the Company's subsidiary in the United States, the average annual value of transactions between the Company and the firm in the past three fiscal years was less than one million yen. Based on the above facts, the Company has determined that Ms. Miyazaki is independent, and will designate her as an independent director as prescribed by Tokyo Stock Exchange, Inc.</p>	None


- Notes:
1. The name of Ms. Akiko Horiguchi registered in the family registry is Akiko Hotani.
 2. The name of Ms. Maki Miyazaki registered in the family registry is Maki Kuribayashi.
 3. The Company has concluded an agreement with Mr. Tetsuya Shoji, Ms. Shinoi Sakata and Ms. Akiko Horiguchi respectively that limits the maximum amount of their liabilities to the minimum amount stipulated by laws and regulations concerning liability for compensation for damages pursuant to the provisions of Article 423, paragraph 1 of the Companies Act. In the event that their reelection is approved, the Company intends to continue the said agreement. If Ms. Maki Miyazaki is elected to the office of Outside Director, the Company intends to conclude a comparable agreement with her.
 4. The Company has concluded a directors and officers liability insurance agreement stipulated in Article 430-3, paragraph 1 of the Companies Act with an insurance company. This insurance agreement covers directors and officers for damages that may arise from accepting liability for the execution of their duties or from receiving claims related to pursuit of such liability, with certain exemption from indemnification of damages, for example, damages arising from acts conducted with the knowledge of non-compliance with the applicable laws and regulations. All the candidates for Director will be included as insureds in the said insurance agreement if the election is approved. In addition, the Company plans to renew the agreement with details of the same degree in the middle of their term of office.


Proposal 4: Election of Two (2) Corporate Auditors

Of the present Corporate Auditors, Mr. Hirofumi Yasuhara will complete his term of office, and Mr. Makoto Araki will resign from his office at the conclusion of this General Meeting of Shareholders. Accordingly, we propose to elect two (2) Corporate Auditors.

The Board of Corporate Auditors has approved this proposal.

The candidates for Corporate Auditor are as follows:

Candidate No.	Name (Date of Birth)	Career Summary (Position at the Company and Significant Concurrent Positions)	Number of the Company's Share Owned
1	<p>Reappointed</p> <p>Outside Corporate Auditor</p> <p>Independent Corporate Auditor</p>  <p>Hirofumi Yasuhara (August 28, 1956)</p> <p>Attendance at Board of Directors meetings (FY 2023) 14/14</p> <p>Attendance at Board of Corporate Auditors meetings (FY 2023) 8/8</p> <p>Tenure as Outside Corporate Auditor 4 years (at the conclusion of the General Meeting of Shareholders)</p>	<p>April 1979 Joined Matsushita Electric Industrial Co., Ltd. (currently, Panasonic Holdings Corporation)</p> <p>September 1996 Director and CFO, America Matsushita Battery Industrial Co., Ltd (currently, Panasonic Energy Corporation of North America)</p> <p>June 2008 Director and Executive Officer, PanaHome Corporation (currently, Panasonic Homes Co., Ltd.)</p> <p>June 2012 Representative Director, PanaHome Corporation</p> <p>June 2015 Senior Audit & Supervisory Board Member, Panasonic Corporation (currently, Panasonic Holdings Corporation)</p> <p>June 2019 Outside Corporate Auditor, Santen Pharmaceutical Co., Ltd.</p> <p>March 2020 Outside Corporate Auditor, Sumitomo Rubber Industries, Ltd. (current position)</p> <p>June 2020 Outside Corporate Auditor, the Company (current position)</p> <p>June 2023 Outside Director, Sumitomo Densetsu Co., Ltd. (current position)</p> <p>(Significant Concurrent Position) Outside Corporate Auditor, Sumitomo Rubber Industries, Ltd. Outside Director, Sumitomo Densetsu Co., Ltd.</p> <p><Reasons for nominating the candidate as Outside Corporate Auditor> Mr. Yasuhara has extensive experience and wide-ranging insight into company management, audit operations, and finance and accounting. His experience encompasses serving as a Senior Audit & Supervisory Board Member at an electronics and machinery manufacturer, and also as Representative Director and as the person responsible for accounting divisions at an affiliate of said company. The Company anticipates that Mr. Yasuhara will be able to contribute to strengthening its corporate governance and enhancing the auditing system, as Mr. Yasuhara has provided appropriate opinions and advice on the Company's management, business operations and other matters from an independent standpoint as Outside Corporate Auditor. Therefore, the Company has designated him once again as a candidate for Outside Corporate Auditor.</p> <p><Matters concerning the independency> There is no business relationship between the Company and Panasonic Holdings Corporation, Panasonic Energy Corporation of North America, and Panasonic Homes Co., Ltd., where Mr. Yasuhara was formerly engaged in execution of business. Based on the above facts, the Company has determined that Mr. Yasuhara is independent, and has designated him as an independent corporate auditor as prescribed by Tokyo Stock Exchange, Inc.</p>	None

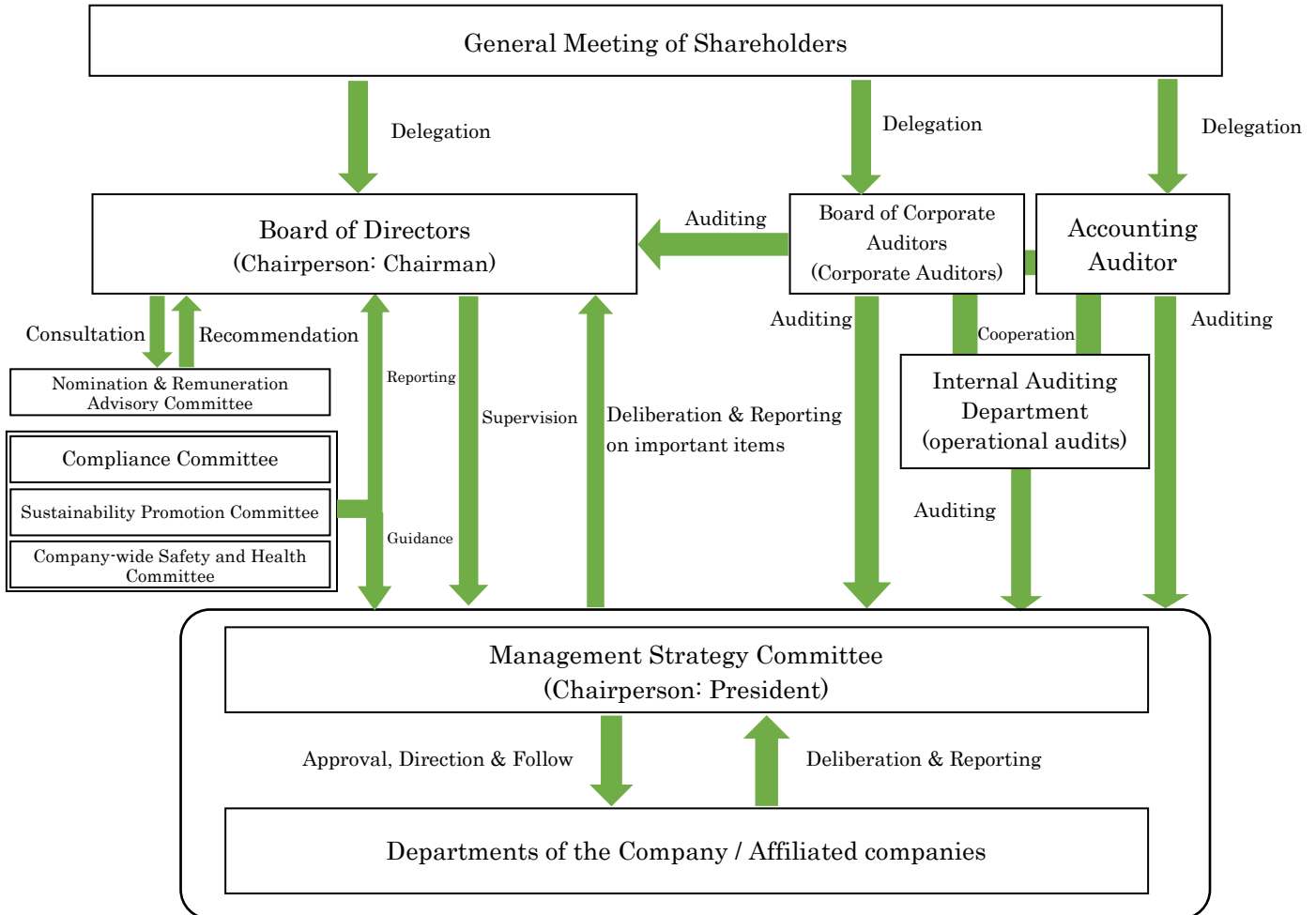
Candidate No.	Name (Date of Birth)	Career Summary (Position at the Company and Significant Concurrent Positions)	Number of the Company's Share Owned
2	Newly appointed	April 1984	None
	Outside Corporate Auditor	June 2010	
	Independent Corporate Auditor	June 2013	
 <p>Koji Inada (March 9, 1960)</p>		June 2015	
		June 2016	
		June 2018	
		June 2019	
		June 2019	
		June 2020	
		(Significant Concurrent Positions) Director, Representative Executive Officer and Vice President, The Kansai Electric Power Company, Incorporated Outside Director, Toyo Tec Co., Ltd.	
	<Reasons for nominating the candidate as Outside Corporate Auditor> Mr. Inada has extensive experience and wide-ranging insight into the ICT and digital field, as well as company management. His experience encompasses serving as a person responsible for IT divisions and corporate planning, and Director and Representative Executive Officer at an electric power company. The Company anticipates that Mr. Inada will be able to contribute to strengthening its corporate governance and enhancing the auditing system by providing appropriate opinions and advice on the Company's management, business operations and other matters from an independent standpoint as Outside Corporate Auditor. Therefore, the Company has designated Mr. Inada as a candidate for Outside Corporate Auditor.		
	<Matters concerning the independency> Although there is a business relationship between the Company and The Kansai Electric Power Company, Incorporated, where Mr. Inada currently engages in execution of business, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of the Company's consolidated net sales and less than 0.1% of the consolidated net sales of The Kansai Electric Power Company, Incorporated. Based on the above facts, the Company has determined that Mr. Inada is independent, and will designate him as an independent corporate auditor as prescribed by Tokyo Stock Exchange, Inc.		

- Notes: 1. During the term of office of Mr. Koji Inada as Director of The Kansai Electric Power Company, Incorporated (KEPCO), KEPCO received an order for business improvement from the Ministry of Economy, Trade and Industry in March 2020, as incidents were revealed including the reception of a large amount of cash and gifts from its business partners, acts of improper order placement to said business partners, vulnerability of governance, and the reception of illicit remuneration by its officers. In addition, a fact was revealed in which employees and workers of KEPCO accessed and used, in an inappropriate manner, information on customers of third-party electricity retailers under the management of KEPCO's subsidiary, Kansai Transmission and Distribution, Inc. In this connection, KEPCO received a business improvement order from the Ministry of Economy, Trade and Industry in April 2023. Moreover, in March 2023, KEPCO received a finding from the Japan Fair Trade Commission that it violated the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade with respect to its transactions concerning extra high-voltage power and high-voltage power. Mr. Inada has been performing his duties in a proper manner by such way as engaging in initiatives for legal and regulatory compliance in the ordinary course of his duties, and after the facts above were revealed, by making efforts to identify their cause, and formulating and implementing a business improvement plan including measures to prevent recurrence.
2. The Company has concluded an agreement with Mr. Hirofumi Yasuhara that limits the maximum amount of his liabilities to the minimum amount stipulated by laws and regulations concerning liability for compensation for damages pursuant to the provisions of Article 423, paragraph 1 of the Companies Act. In the event that his reelection is approved, the Company intends to continue the said agreement. If Mr. Koji Inada is elected to the office of Corporate Auditor, the Company intends to conclude a comparable agreement with him.
3. The Company has concluded a directors and officers liability insurance agreement stipulated in Article 430-3, paragraph 1 of the Companies Act with an insurance company. This insurance agreement covers directors and officers for damages that may arise from accepting liability for the execution of their duties or from receiving claims related to pursuit of such liability, with certain exemption from indemnification of damages, for example, damages arising from acts conducted with the knowledge of non-compliance with the applicable laws and regulations. Each candidate for Corporate Auditor will be included as insureds in the said insurance agreement if the election is approved. In addition, the Company plans to renew the agreement with details of the same degree in the middle of their term of office.
4. The gender and expertise (skills) of each candidate for Corporate Auditor are provided on page 27.

Reference

(Basic Approach to Corporate Governance)

Guided by our corporate philosophy of “We create value useful to society with technology and sincerity to contribute to a prosperous future,” and recognizing that it is imperative for sustainable growth and for an increase in the corporate value of the Company over the medium to long term to conscientiously meet the expectations of all stakeholders—starting with our shareholders—and to ensure the soundness, transparency, and efficiency of management, we have adopted the basic approach of focusing on enhancement of corporate governance as our priority management issue.



(Corporate Governance System)

- The Company is a company with a Board of Corporate Auditors, and Corporate Auditors are elected to make audits on the execution of duties of Directors.
- Board of Directors
The Board of Directors consists of eight Directors including four Outside Directors. They not only conduct matters stipulated by laws and regulations but also make decisions related to basic policy and important matters of the Hitachi Zosen Group, and supervise the execution of business. At the Board of Directors, effort is made to ensure the transparency and soundness of management by conducting decision-making with respect to the opinions made by the outside directors from their independent perspective.
- Management Strategy Committee
The Company has established the Management Strategy Committee comprising Executive Directors and key General Managers. The Company has adopted a business execution structure based on adequate deliberation about issues and countermeasures, etc. regarding important matters of business activities of each business segment (including Group companies).
- Nomination & Remuneration Advisory Committee
The Company has established the Nomination & Remuneration Advisory Committee as an advisory body for the Board of Directors on a voluntary basis, so as to enhance the independence and objectivity of functions as well as accountability of the Board of Directors with respect to such matters as the nomination of management and directors (including a succession plan) and their remuneration. As of April 1, 2024, the Committee comprises one Internal

Director (Sadao Mino, Chairman of the Board and CEO), four Outside Directors and two Outside Corporate Auditors (the Chair of the Committee is an Outside Director). Following the conclusion of this Ordinary General Meeting of Shareholders, the Committee will comprise two Internal Directors (Sadao Mino, Chairman of the Board and CEO; Michi Kuwahara, President and COO) and four Outside Directors (the Chair of the Committee will be an Outside Director) with Outside Corporate Auditors serving as observers.

<Roles and authorities of the Committee>

Based on consultation from the Board of Directors, the Committee will deliberate on the following items and provide reports to the Board of Directors. The Board of Directors will respect the reports from the Committee.

- (1) Matters concerning the nomination of candidates for director and corporate auditor
- (2) Matters concerning the appointment and dismissal of the President
- (3) Matters concerning the appointment and dismissal of the Representative Director
- (4) Matters concerning the appointment and dismissal of directors with titles
- (5) Matters concerning succession development plan for the President
- (6) Matters concerning the total maximum amount of remuneration of Directors
- (7) Matters concerning the total actual amount of remuneration of Directors
- (8) Matters concerning calculation methods of the amount of remuneration of Directors
- (9) Matters concerning the basic policies, rules, and procedures required for deliberating the preceding items
- (10) Other important management matters deemed necessary by the Board of Directors

(Policies relating to the election of Directors and Corporate Auditors)

Candidates for Director and Corporate Auditor must have superior character and insight, as well as the knowledge, experience, and ability required to suitably perform the duties demanded of each position. Candidates for Outside Director and Outside Corporate Auditor must have extensive experience, expert knowledge and wide-ranging insight into company management, and must fulfill the Company's Criteria for Independence of Outside Directors and Outside Corporate Auditors.

The nomination of candidates for Directors and Corporate Auditors is determined by the Board of Directors after consulting with the Nomination & Remuneration Advisory Committee.

The Criteria for Independence of Outside Directors and Outside Corporate Auditors

The Company determines that an outside director or an outside corporate auditor is independent if he/she does not fall into any of the following categories.

1. A major shareholder of the Company (a shareholder who holds 10% or more of the Company's voting rights on the last day of the most recent fiscal year), or one who executes business for that major shareholder
2. A major client of the Company, or one who has executed business at a major client of the Company during the past three years
 - * A major client of the Company is defined as a party whose average annual transaction amount with the Company during the past three fiscal years is 2% or more of the Company's average consolidated sales.
3. One whose major client is the Company, or one who has executed business for that party during the past three years
 - * One whose major client is the Company is defined as a party whose average annual transaction amount with the Company during the past three fiscal years is 2% or more of that party's average consolidated sales.
4. One who is a specialist or a consultant in a legal, accounting, or taxation field, and receives a large amount of money or other properties in addition to director's or corporate auditor's remuneration paid by the Company (referring to the person belonging to the organization if the one who received the relevant property is an organization such as corporation and association)
 - * A large amount is defined as 10 million yen or more a year on average for the past three fiscal years.
5. One who executes business in an organization that receives a large amount of donation or grant from the Company
 - * A large amount is defined as 10 million yen or more a year on average for the past three fiscal years.
6. A relative within the second degree of kinship with a person who meets any of the categories below
 - (1) One falling into any of categories 1– 5 above (excluding one that is not material)
 - (2) One who was a Director, an Executive Officer, or an important employee of the Hitachi Zosen Group during the past three years

Organization of Directors and Corporate Auditors after the approval of Proposals 3 and 4 (planned)

(Basic policy for composition of the Board of Directors)

With a view to effectively fulfilling its roles and responsibilities, the Company's Board of Directors is to be composed of executive directors with expertise in the business areas of the Company's group and independent outside directors with extensive experience, specialized knowledge and wide-ranging insight concerning corporate management, such that the necessary level of knowledge, experience and skills for the Board of Directors as a whole can be achieved in a well-balanced manner and both the diversity in light of gender, international outlook and background careers and appropriate size commensurate with the nature of business and other factors can be ensured.

Independent outside directors are expected to engage in the management of the Company by leveraging their extensive experience and expertise outside the Company. In order to enhance the supervisory function of the Board of Directors and the transparency of business management, the Company elects independent Outside Directors so that they comprise at least one-third of all the Directors and at least one of whom is a person with experience of management of another company. If Proposal 3 is approved, the number of independent Outside Directors will become one-half of the total number of Directors.

(Knowledge, experience and skills necessary for the Board of Directors as a whole)

Considering the Company's corporate philosophy advocating a company built on a foundation of advanced technology, and also the Company's management strategy to expand its overseas businesses as well as service businesses leveraging information and communication technology, the knowledge, experience and skills necessary for the Board of Directors as a whole are categorized as follows: (1) Corporate Management, (2) Sales Marketing Innovation, (3) R&D, (4) Estimate, Engineering, Manufacturing, Procurement, (5) Finance and Accounting, (6) Development of Human Resources Diversity, (7) Legal Affairs and Risk Management, (8) ICT Digital, and (9) Global Experience. These categories will be reviewed as necessary.

	Name	Outside/In-dependent	Gender	Expertise (skills)									Nomination & Remuneration Advisory Committee
				Corporate Management	Sales Marketing Innovation	R&D	Estimate, Engineering, Manufacturing, Procurement	Finance and Accounting	Development of Human Resources Diversity	Legal Affairs and Risk Management	ICT Digital	Global Experience	
Director	Sadao Mino		Male	•	•	•	•						•
	Michi Kuwahara		Male	•				•	•	•		•	•
	Satoshi Kimura		Male	•			•						
	Munenobu Hashizume		Male	•							•		
	Tetsuya Shoji	•	Male	•	•				•		•	•	• (Chair)
	Shinoi Sakata	•	Female	•		•					•		•
	Akiko Horiguchi	•	Female	•					•		•		•
	Maki Miyazaki	•	Female							•		•	•
Corporate Auditor	Kazuhisa Yamamoto		Male		•	•	•						
	Masayuki Morikata		Male		•			•		•			
	Hirofumi Yasuhara	•	Male	•				•				•	▲
	Koji Inada	•	Male	•						•	•		▲

(Note) Officers marked with ▲ in the Nomination & Remuneration Advisory Committee column attend as observers.

Proposal 5: The Amount and Other Details of the Corporate Performance-linked Share-based Remuneration for Directors, etc.

1. Reason for the proposal

We propose to introduce a share-based remuneration plan (hereinafter the “Plan”) that grants the Company’s shares and pays an amount of cash equivalent to the proceeds from the conversion of such shares (hereinafter collectively the “Company’s shares, etc.”) to the Company’s Directors and Executive Officers (excluding Outside Directors and those who are non-residents of Japan; hereinafter collectively the “Directors, etc.”), depending on each executive position as well as the level of achievement of corporate performance target (hereinafter collectively the “Granting, etc.”).

The Plan shall provide the corporate performance-linked share-based remuneration to Directors, etc. outside the aggregate remuneration, etc. of Directors (550 million yen or less per year (excluding remuneration for duties as employees by Directors who also serve as employees)) as approved at the 115th Ordinary General Meeting of Shareholders held on June 22, 2012.

The Company has formulated at the Board of Directors the policy for determining the content of individual remuneration, etc. of Directors, which is outlined in the Business Report for the 127th fiscal year IV. (4) 2) a) “Policy for Determining Details of Individual Remuneration, etc. for Directors,” which, however, is scheduled, subject to the approval of this Proposal, to be revised to “(Reference) Policy for Determining Details of Individual Remuneration, etc. for Directors (subject to the approval of Proposal 5)” as stated between page 32 and page 33.

The Plan is intended to clarify the linkage between the remuneration of the Directors, etc. and corporate performance, thereby raising their awareness of contributing to improving medium- to long-term business performance and maximizing corporate value. Thus, the introduction of the Plan is believed to be appropriate. The introduction of the Plan has already undergone deliberation at the Nomination & Remuneration Advisory Committee.

The Company shall have four Directors eligible under the Plan subject to the approval by resolution of the Proposal 3. “Election of Eight (8) Directors” as originally proposed. Furthermore, since the Plan is, as mentioned above, designed to include Executive Officers (as of the conclusion of this General Meeting of Shareholders, the Company is scheduled to have 18 Executive Officers who do not concurrently serve as Directors and would be eligible under the Plan.), remuneration based on the Plan shall include remuneration of Executive Officers. Accordingly, we propose the amount and other details of the Plan by treating the whole remuneration including the portion for Executive Officers covered under the Plan as remuneration of the Directors, etc., in consideration of the likelihood that Executive Officers may be newly appointed as Directors during the period covered under the Plan.

2. Maximum amount of remuneration to be paid as well as the number of shares to be granted, and other details of the Plan

(1) Outline of the Plan

The Plan is a share-based remuneration plan whereby the Company establishes a trust (hereinafter the “Trust”) which shall acquire the Company’s shares by using the remuneration of the Directors, etc. contributed by the Company, and later provides the Company’s shares, etc. through the Granting, etc. to the Directors, etc. from the Trust. The detail of the Plan is described in (2) and other sections that follow.

1) Persons eligible to receive the Granting, etc. of the Company's shares, etc. as proposed herein	<ul style="list-style-type: none"> The Company's Directors and Executive Officers (excluding Outside Directors and those who are non-residents of Japan).
2) Impact of the Company's shares proposed for the purpose of the Granting, etc. on the total number of issued shares	
The maximum cumulative total amount to be funded by the Company (As detailed in (2) hereunder)	<ul style="list-style-type: none"> The amount obtained by multiplying the annual upper limit per fiscal year (at 225 million yen) by the number of fiscal years covered under the Plan. The maximum cumulative total amount to be funded by the Company for the initial two fiscal years covered under the Plan shall be 450 million yen.
The maximum number of the Company's shares, etc. to be provided through the Granting, etc. to the Directors, etc. and the method for acquiring the Company's shares (As detailed in (2) and (3) hereunder)	<ul style="list-style-type: none"> The number of points calculated by multiplying the annual upper limit of the points granted in a fiscal year (at 180,000 points) by the number of years covered under the Plan. The maximum cumulative total number of points granted in the initial two fiscal years covered under the Plan shall be 360,000 points. One point shall equate one share of the Company's common stock, and the proportion of the number of shares equivalent to the aforementioned annual upper limit of the points granted in a fiscal year against the total number of issued shares (as at March 31, 2024, excluding shares of treasury stock) shall be approximately 0.11%. The Company's shares shall be acquired from the stock market or from the Company.
3) Description of the corporate performance target (As detailed in (3) hereunder)	<ul style="list-style-type: none"> Variable during the initial period covered under the Plan depending on the level of performance in terms of key financial indicators, namely, consolidated operating income margin and consolidated net sales, along with the evaluation of non-financial value, etc. in each fiscal year. Financial indicator-based performance-indexation factor varies within a range of 0% to 200% based on the level of achievement of performance targets and other factors. A separate adjustment according to the evaluation of non-financial value, etc., shall be reflected on financial indicator-based performance-indexation factor.
4) Timing of the Granting, etc. of the Company's shares, etc. to the Directors, etc. (As detailed in (4) hereunder)	<ul style="list-style-type: none"> At a certain time each year in principle. Provided, however, that the Company's shares acquired by the Directors, etc. under the Plan shall be held continuously until after the lapse of one year following retirement.

(2) The maximum cumulative total amount to be funded by the Company

The period covered under the Plan shall, in principle, be adjusted to the fiscal years covered under the Company's medium-term management plan, whereby the initial period covered under the Plan shall be the two fiscal years covering the fiscal year ending March 31, 2025 and the fiscal year ending March 31, 2026 (which may, in the event of the extension of the trust period as described below, be three fiscal years synchronized with the subsequent medium-term management plans, to be renewed keeping the same cycle thereafter (hereinafter the "Applicable Period")).

During the Applicable Period under the Plan, the Company shall contribute, as the remuneration of the Directors, etc., an amount of trust fund not exceeding 225 million yen for each fiscal year, thereby establishing the Trust for a period equivalent to the Applicable Period for the benefit of the Directors, etc. who meet the beneficiary requirements. The Trust shall, subject to the instruction of the trust administrator with no interest in the Company, acquire shares from the stock market or from the Company, using the trust fund. The cumulative maximum trust fund during the initial Applicable Period shall not exceed 450 million yen (for two years), or 675 million yen (for three years) in the event of extension of the Trust.

During the trust period, the Company shall grant points (as described in (3) below) to the Directors, etc., and the Trust shall implement the Granting, etc. of the Company's shares, etc. equivalent to the points granted in certain predetermined time period.

At the expiration of the trust period, the Trust may be continued by amending the trust agreement and entrusting additional money. In such case, the trust period of the Trust shall be extended and the Company shall, for each extended trust period, make additional contributions within the scope of the maximum amount of trust money approved by the resolution of this General Meeting of Shareholders, and the granting of points to the Directors, etc. during the extended trust period shall continue. However, in the case of making such additional contributions, if the Company's shares (excluding the Company's shares corresponding to the points granted to Directors, etc., but for which the Granting, etc. has not yet been completed) and money (hereinafter the "Remaining Shares, etc.") remain in the trust assets as of the last day of the trust period prior to the extension, the total amount of the Remaining Shares, etc. and the additionally contributed trust money shall be within the scope of the maximum amount of trust money approved by the resolution of the General Meeting of Shareholders. The trust period may be extended more than once, and the Trust may continue to be used through subsequent extensions in the same way in the future.

(3) Maximum number of the Company's shares, etc. provided through the Granting, etc. to the Directors, etc.

At certain time of each year during the trust period, the Directors, etc. shall be granted the points calculated based on the amount of individual remuneration depending on each executive position (hereinafter the "basic points"), while also at certain time of each year, the number of the Company's shares to be provided through the Granting, etc. shall be determined by the points calculated by multiplying the basic points by the corporate performance-indexation factor (hereinafter the "share granting points").

Financial indicator-based performance-indexation factor varies within a range of 0% to 200% based on the level of achievement of performance targets and other factors. Corporate performance-indexation factor shall be calculated by making adjustment to financial indicator-based performance-indexation factor through addition and subtraction depending on the evaluation of non-financial value, etc.*

* During the initial Applicable Period, the level of target achievement for consolidated operating income margin and consolidated net sales, along with the evaluation of non-financial value, etc. shall be used as corporate performance evaluation indicators. Corporate performance evaluation indicators for the Applicable Period after the fiscal year ending March 31, 2026 shall be determined by the Board of Directors based on the medium-term management plan

in effect at that point.

One share granting point shall equate one share of the Company's common stock, provided, however, that in the event of share split or share consolidation of the Company's shares during the trust period, the number of the Company's shares equivalent to one share granting point, as well as the upper limit of the number of the Company's shares, etc. to be provided through the Granting, etc. from the Trust to the Directors, etc. shall be adjusted commensurate with the ratio of share split/consolidation of the Company's shares.

In the event of overseas appointment of the Directors, etc., the number of the Company's shares, etc. to be provided through the Granting, etc. shall be determined by the number of share granting points calculated at that point in time.

Maximum number of share granting points to be granted from the Trust to the Directors, etc. per fiscal year shall be 180,000 points. The number of share granting points to be granted during the initial Applicable Period shall not exceed 360,000 points (for two years), or 540,000 points (for three years) in the event of extension of the Trust. These upper limits are established based on the most recent share price, etc. in consideration of the upper limits of the trust fund as established in (2) above.

(4) Outline of the conditions for the Granting, etc. of the Company's shares, etc. to the Directors, etc. including its timing and method

The Directors, etc. who fulfilled the beneficiary requirements shall, by completing the prescribed beneficiary vesting procedures at certain time each year, receive from the Trust the Granting, etc. of the number of the Company's shares, etc. equivalent to the number of share granting points granted.

On such occasion, the Directors, etc. shall receive the granting of the number of the Company's shares equivalent to certain proportion of the number of share granting points granted, while receiving the payment of the proceeds in cash from the conversion within the Trust of the Company's shares equivalent to the remaining number of share granting points. However, the Company's shares acquired by the Directors, etc. under the Plan shall be held continuously until after the lapse of one year following retirement.

In the event of overseas appointment of the Directors, etc., the number of the Company's shares corresponding to the number of share granting points calculated at such point in time shall be converted within the Trust, and the Directors, etc. shall receive the proceeds therefrom in cash from the Trust before the date of departure.

(5) Clawback provisions

In the event of certain wrongdoing by the Directors, etc., the Company shall be entitled to claim payment of damages from such Directors, etc. in cash at an amount calculated according to the formula set out in the Share-Based Remuneration Rules.

(6) Exercise of voting rights of the Company's shares in the Trust

To ensure neutrality in the Company's management, the voting rights of the Company's shares in the Trust shall not be exercised during the trust period.

(7) Handling of dividends of the Company's shares in the Trust

The dividends of the Company's shares in the Trust shall be received by the Trust and used for the trust fees, trust expenses, of the Trust. Any remaining balance at the termination of the Trust after the deduction of trust fees and trust expenses shall be attributable to the Company to the extent of trust expense reserve as calculated by deducting stock acquisition fund from trust fund, while any surplus in excess of trust expense reserve shall be donated to organizations with no interest in the Company.

(8) Other details of the Plan

Other details of the Plan shall be decided at the Board of Directors on each occasion of the creation of the Trust, amendment to the trust agreement and additional funding to the Trust.

(Reference) Policy for Determining Details of Individual Remuneration, etc. for Directors (subject to the approval of Proposal 5)

The outline of policy for determining the content of individual remuneration, etc. for Directors is as follows.

Said policy is decided by the Board of Directors, after consultation with the Nomination & Remuneration Advisory Committee voluntarily established by the Company. In addition, the Nomination & Remuneration Advisory Committee regularly reviews the said policy and remuneration levels to ensure that the remuneration provides a healthy incentive for directors. (Remuneration System)

- Remuneration for Directors consists of fixed remuneration, corporate performance-linked bonus in order to further enhance the willingness of Directors to contribute toward improving corporate performance and corporate performance-linked share-based remuneration in order to enhance the willingness of Directors to contribute toward improving corporate performance over the medium to long term as well as maximizing corporate value, and the remuneration of each Director is decided within the total remuneration limit, etc. determined by a resolution of the General Meeting of Shareholders. However, from the perspective of assuring independence, remuneration for Outside Directors consists only of fixed remuneration.
- The fixed remuneration is annual flat-rate remuneration set separately for each executive position, and the amount designated per month is paid every month. The amount is determined from a comprehensive perspective on the level of other companies, the Company's performance and other related factors.
- The indicator for the calculation of corporate performance-linked bonus is profit attributable to shareholders of Hitachi Zosen, which is the final profit as a result of corporate management, as a performance indicator for a single fiscal year. Based on the amount obtained by multiplying the amount designated per month of fixed remuneration per annum by the number of months of payment (0-9 months for the President) according to the relevant profit level, the remuneration amount is determined within the range of 50% to 150% thereof, taking into account the performance, business execution status and other related elements of each Director's division, and is paid at a specified time each year. The total amount of corporate performance-linked bonus for Directors shall not exceed the total base amount of each Director.
- Corporate performance-linked share-based remuneration shall be calculated based on the medium to long-term corporate performance indicators, namely the level of target achievement in consolidated operating income margin and consolidated net sales, along with the evaluation of non-financial value, etc. in each fiscal year, which are of primary concern from the perspective of management strategy. For corporate performance-linked share-based remuneration, the share granting points for each Director shall be calculated based on the basic points determined for each executive position, according to the level of target achievement against corporate performance targets for each fiscal year. Such share granting points shall then be converted to shares of common stock in the Company on a one share to one point basis, which shall later be granted to each Director through the Trust at a certain time in each year. A certain proportion of the shares to be granted shall remain in the form of shares, while the rest shall further be converted to cash, both of which shall later be granted or paid to each Director at a certain time in each year.
- The composition ratio of remuneration, etc. for individual Directors varies according to the amount of corporate performance-linked bonus and corporate performance-linked share-based remuneration. The proportion between fixed remuneration, corporate performance-linked bonus and corporate performance-linked share-based remuneration for the President's remuneration, etc. varies within a range between 100%: 0%: 0% (when there is no payment of corporate performance-linked bonus nor corporate performance-linked share-based remuneration) and 44%: 33%: 23% (when the number of months of payment is

the full number of months and the assessment value of the individual Director is at maximum for the performance-linked bonus, and corporate performance-indexation factor is at maximum in calculating corporate performance-linked share-based remuneration).
(Matters Concerning Procedures for Determining the Amount of Remuneration and Delegation)

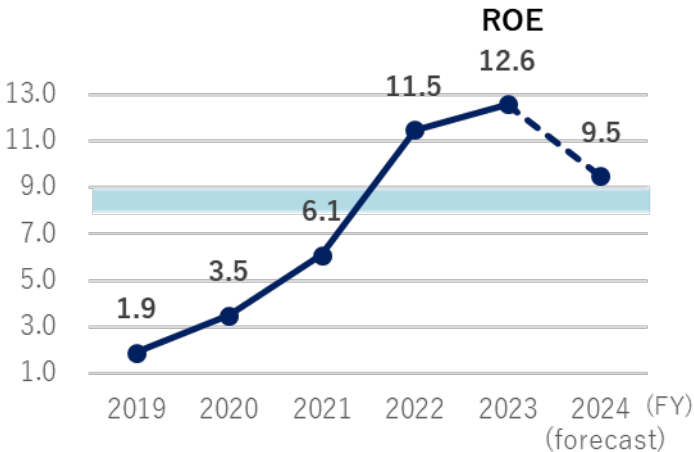
- Among individual remuneration for Directors, fixed remuneration is decided by the Board of Directors. With regard to corporate performance-linked bonus, the Board of Directors determines the total amount thereof and the Chairman of the Board (or the President, if the position of Chairman of the Board is vacant), who is delegated by the Board of Directors, determines the amount (allocation by evaluation) of corporate performance-linked bonus for each Director in accordance with the method of decision-making specified by the Board of Directors. The amount of corporate performance-linked share-based remuneration for each Director shall be determined depending on the level of achievement of corporate performance targets for each fiscal year in accordance with the Share-Based Remuneration Rules established by the resolution of the Board of Directors. All decisions made by the Board of Directors shall be based on deliberations and reports by the Nomination & Remuneration Advisory Committee.

Key Points for Our Shareholders

Achieving management with a consciousness of the cost of capital, etc.

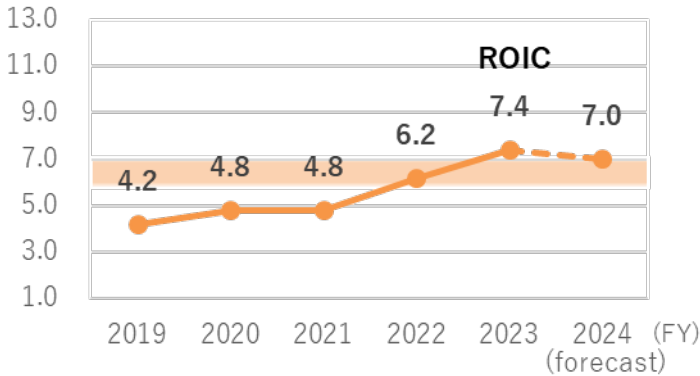
We recognize that the expectations of shareholders with regard to the cost of equity is around 8% to 9% level. We aim to meet the expectations of our shareholders and investors to a high level. We will also make further use of ROIC to strengthen our business portfolio management.

ROE / Cost of Equity



- ROE for fiscal year 2023 was high due to an increase in operating income, as well as contributions from non-operating income such as equity in earnings of affiliates and foreign exchange gains.

ROIC (Return on Invested Capital) / WACC (Weighted-Average Cost of Capital)



- WACC is assumed to be around 6% to 7%.
- ROIC is expected to decline to 7.0% in fiscal year 2024 due to strategic business investments in the current medium-term management plan.

Progress in Medium-term Management Plan “Forward 25”

Priority Measures	
<p>Basic Policy (1)</p> <p>Sustainable growth of existing businesses</p>	<ul style="list-style-type: none"> Overseas net sales grew to account for 45% of the Group’s total, achieving the 40% target in Forward 25 ahead of schedule. Promoted business structure reforms from both a social and corporate sustainability standpoint, including the launch of the marine engine business by our new subsidiary, Hitachi Zosen Marine Engine Co., Ltd.
<p>Basic Policy (2)</p> <p>Creation and expansion of growth businesses</p>	<p>Actively promoted investments, particularly in the priority areas below:</p> <ul style="list-style-type: none"> Decarbonization business Promotion of onshore/offshore wind power generation projects, etc. Resource circulation business Investments in Hitachi Zosen Inova Group’s biogas business, etc.
<p>Basic Policy (3)</p> <p>Promoting sustainable management (enhancement of corporate value)</p>	<ul style="list-style-type: none"> Decided at the Board of Directors to change the trade name and promoted branding activities. Promoted reduction in greenhouse gas (GHG) emissions through systematic installments, etc., of energy-efficient production equipment. Promoted setup of a digital platform for applying IoT to products, DX measures for laborsaving, and training of DX personnel to support such measures.

Toward the Achievement of Our Long-term Vision

<p>2030 Vision</p> <p>To be a Solution Partner for realizing Sustainable and Safe & Secure Society</p> <p>Net Sales of 900 billion yen Operating income margin of 10%</p>	<p>Sustainable Vision (Vision for 2050)</p> <p>(1) Realize zero environmental impact (2) Maximize people’s well-being</p>
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Topics

Conclusion of a Concession Agreement Related to a Waste to Energy Project in Abu Dhabi

A consortium comprising our overseas subsidiary Hitachi Zosen Inova AG, Marubeni Corporation, and the Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN) has signed a concession agreement related to a waste to energy project in Abu Dhabi, UAE with Abu Dhabi-based Emirates Water & Electricity Company and Tadweer Group.

As part of this project, Hitachi Zosen Inova AG, Marubeni Corporation, and JOIN have jointly established and invested in a special purpose company with Tadweer Group. Through the special purpose company, the four companies will construct the first waste to energy facility in Abu Dhabi (treatment capacity: 900,000 tons of general waste per year, power generation capacity: 80 MW), operating and maintaining the plant for 30 years after its completion and selling electricity to Emirates Water & Electricity Company.

The project will help to reduce methane gas emissions into the atmosphere from conventional landfills, and is expected to reduce CO₂ emissions by 1.1 million tons annually.

As a leading company in waste to energy, the Hitachi Zosen Group will continue to contribute to hygienic waste treatment and the creation of a sustainable society in the Middle East and around the world.



[Render of completed waste to energy facility]

Hitachi Zosen's Business Demonstration Project for the Dissemination of a Packaged Type Rapid Fiber Filtration System for High-Turbidity Water in Cambodia is Selected as a Business Supporting Survey by JICA

Our proposal for a business demonstration project for the dissemination of a packaged type rapid fiber filtration system for high-turbidity water in Cambodia has been selected by the Japan International Cooperation Agency (JICA) among its FY2023 SMEs and SDGs Business Supporting Surveys.

Water supply coverage is low in the suburban cities and farming villages of Cambodia. This gives rise to the social issue that only a small proportion of the population has access to safe and secure water.

Our packaged type rapid fiber filtration system for high-turbidity water helps to address this issue. With its space-saving packaged type structure, the system enables ease of distributed setup in farming villages and other rural settings for the supply of safe and secure purified water.

Through this demonstration project, we aim to assess the purifying performance, operability, and maintainability of the system in Cambodia. We will then formulate a business plan for disseminating the system throughout Cambodia going forward, to supply safe and secure purified water.



[Exterior of the system]

Conclusion of a Memorandum on Methanation Demonstration in Oman

Together with our overseas subsidiary Hitachi Zosen Inova AG, we have concluded a Memorandum of Understanding regarding cooperation in the field of methanation* with Oman LNG LLC, an Oman-based LNG (liquefied natural gas) company.

The MOU is based on a Memorandum of Understanding of cooperation on carbon recycling, including hydrogen, ammonia and methanation between the Japanese and Omani governments (concluded in December 2022), and aims to implement methanation equipment in LNG plants owned by Oman LNG and to utilize emitted CO₂ as a resource.

In concluding the MOU, the Group was highly evaluated for its knowledge and experience in methanation, as well as its water electrolysis and water treatment technologies for producing the hydrogen required for methanation, and its capabilities for constructing large-scale plants and for optimizing the entire system as a whole.

The Group will continue its unified effort aiming for the commercialization and social implementation of methanation both within Japan and internationally in regions such as the Middle East, in order to contribute to decarbonization and resource recycling.

* A technology to synthesize methane, which is a main component of natural gas, by reacting hydrogen and carbon dioxide in a reaction vessel filled with a catalyst.



[The memorandum signing ceremony]

Joint Venture TANGENT HITZ CO., LTD. Established in Thailand to Expand Overseas Hydraulic Gate Business

We established a joint venture company, TANGENT HITZ CO., LTD. in Thailand for the purpose of manufacturing and installing steel structures such as hydraulic gates, with the aim of expanding our hydraulic gate business overseas. TANGENT HITZ launched the new business in October 2023 after acquiring the factory buildings, machinery and equipment of TANGENT CO., LTD., which has extensive track record in hydraulic gate construction in Thailand.

In recent years, an increase in flood control projects and hydroelectric power generation projects in Southeast Asia has boosted demand for hydraulic gates.

We will combine the technological capabilities we have cultivated over more than a century in the hydraulic gate business with the cost competitiveness of TANGENT HITZ. Furthermore, by leveraging Thailand’s ideal geographical position in the heart of Southeast Asia, we will be able to deliver superior hydraulic gate equipment to countries across the region.

Serving as the Group’s manufacturing and engineering base in Southeast Asia, TANGENT HITZ will establish a one-stop system for the design, manufacture, installation, and maintenance of hydraulic gates and other steel structures, with the aim of contributing to social infrastructure development.



[Exterior of TANGENT HITZ]

Business Report

(From April 1, 2023 to March 31, 2024)

I. Matters Concerning the Current Status of the Corporate Group

(1) Business Developments and Results

1) Overall summary

Reviewing the economic circumstances during fiscal year 2023, the outlook remained uncertain due to impacts from a slowdown in economic recovery in China and the situation in the Middle East, in addition to worldwide price rises and monetary tightening measures. In Japan, on the other hand, with an improving employment and income environment, the overall economy has experienced a modest recovery despite some sluggishness.

Amid this environment, in fiscal year 2023 the Hitachi Zosen Group commenced its new three-year medium-term management plan “Forward 25,” marking a new step toward a leap forward in the achievement of the newly formulated Sustainable Vision for 2050 and the long-term 2030 Vision. The basic policies for “Forward 25” are “Sustainable growth of existing businesses,” “Creation and expansion of growth businesses,” and “Promoting sustainable management (Enhancement of corporate value),” and we have actively promoted various priority measures based on these policies.

• Status of orders, sales, and profit/loss

Total order intake for fiscal year 2023 was lower than fiscal year 2022 at 715.1 billion yen. However, net sales were higher than fiscal year 2022 at 555.8 billion yen, mainly due to a significant increase in sales in the Environment Business.

In terms of profit and loss, operating income was higher than fiscal year 2022 at 24.3 billion yen due to improved profitability in the Environment Business. Ordinary income increased to 25.6 billion yen due to the increase in operating income and equity in net profit of affiliates. Profit attributable to shareholders of Hitachi Zosen also increased from fiscal year 2022 to 18.9 billion yen.

(Billions of yen)

	FY 2022	FY 2023	Change (year on year)
Order intake	737.5	715.1	-22.4(-3.0%)
Net sales	492.6	555.8	63.2 (+12.8%)
Operating income	20.0	24.3	4.3 (+21.3%)
Ordinary income	17.8	25.6	7.8 (+43.8%)
Profit attributable to shareholders of Hitachi Zosen	15.5	18.9	3.4 (+22.0%)

2) Summary by business segments

Environment

Major Lines of Business

- Waste to Energy (“WtE”) plants, Recycling systems
- Energy systems (Power generation facilities)
- Desalination plants and other plants
- Water and sludge treatment facilities
- Biomass utilization system,
- IPP (Independent Power Producer) business

(Billions of yen)

Business segment	Order intake		Net sales		Operating income	
	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023
Environment	561.2	558.8	348.1	407.3	15.0	19.1

Total order intake decreased from fiscal year 2022 by 2.4 billion yen to 558.8 billion yen due to factors including delays in large-scale projects into the next fiscal year, despite orders for new construction and improvement projects for WtE plants and water and sludge treatment facilities in Japan, and orders for long-term operation of WtE plants, biogas plant-related facilities, and desalination plants overseas.

Net sales increased from fiscal year 2022 by 59.2 billion yen to 407.3 billion yen due to the completion of projects including the construction of WtE plants for Nagaoka City in Niigata Prefecture, the Saga Prefecture Eastern Environmental Facilities Association, and the Uki Wide Area Union Confederation in Kumamoto Prefecture, and the construction of sludge recycling and treatment facilities for the Sanitation Facilities Union of Nanno in Gifu Prefecture and Koga City in Fukuoka Prefecture, and also due to progress in the large-scale construction projects of overseas WtE plants.

Operating income increased from fiscal year 2022 by 4.1 billion yen to 19.1 billion yen, mainly due to improved profitability in the power sales business in Japan and at overseas subsidiaries.

The main initiatives undertaken in fiscal year 2023 are as follows.

- Our overseas subsidiary Hitachi Zosen Inova AG received three orders in the UK for biogas-related facilities



Nakanoshima Shinjo Clean Center; Nagaoka City, Niigata Prefecture



Utsugien (sludge recycling and treatment facility); Koga City, Fukuoka Prefecture

(manufacturing facilities for biomethane and liquefied CO₂, etc.)

- Our overseas subsidiary Hitachi Zosen India Private Limited completed the construction of the first WtE plant in Maharashtra, India. WtE plants have been positioned as an essential piece of infrastructure in the Indian government's Smart Cities Mission program.
- We established the new power company Nagano Smart Power Co., Ltd. with Nagano City. The company will supply power generated by WtE plants to facilities managed by Nagano City.

Machinery & Infrastructure

Major Lines of Business

- Press machines for automotive industry
- Food machinery
- Precision machinery
- Bridges
- Steel stacks
- Shield tunneling machines
- Boilers
- Plastic machinery
- Pharmaceutical machinery
- Electronics systems, control equipment
- Hydraulic gates
- Marine civil engineering
- Disaster prevention systems

(Billions of yen)

Business segment	Order intake		Net sales		Operating income	
	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023
Machinery & Infrastructure	90.2	80.8	88.2	91.0	3.4	3.0

Total order intake decreased from fiscal year 2022 by 9.4 billion yen to 80.8 billion yen due to decreased order intake for precision machinery.

Net sales increased from fiscal year 2022 by 2.8 billion yen to 91.0 billion yen due to an increase in net sales for infrastructure, despite a decrease in precision machinery.

Operating income decreased from fiscal year 2022 by 0.4 billion yen to 3.0 billion yen due to decreased earnings resulting from the decreased revenue of precision machinery.

The main initiatives undertaken in fiscal year 2023 are as follows.

- We completed the construction of the upper part of an elevated bridge of the Kurosaki West Bypass exit along National Route 3 in Fukuoka Prefecture for the Kyushu Regional Development Bureau.
- We delivered press machines (tandem press line) for automotive parts manufacturing for China.



Elevated bridge of the Kurosaki West Bypass exit for the Kyushu Regional Development Bureau



Press machines (tandem press line) for automotive parts manufacturing for China

Carbon Neutral Solution Business

Major Lines of Business

- Marine diesel engines
- Pressure vessels and other process equipment
- Electrolysis & PtG
- NOx removal catalysts
- Nuclear power generation-related equipment
- Wind power generation

(Billions of yen)

Business segment	Order intake		Net sales		Operating income	
	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023
Carbon Neutral	76.2	72.6	46.6	55.2	0.4	1.8

Total order intake decreased 3.6 billion yen from fiscal year 2022 to 72.6 billion yen due to a decrease in orders for wind power generation equipment, despite an increase in orders for marine diesel engines.

Net sales increased from fiscal year 2022 by 8.6 billion yen to 55.2 billion yen, due to an increase in net sales from the construction of wind power generation equipment as well as an increase in net sales from nuclear power generation-related equipment and electrolysis & PtG.

Operating income increased from fiscal year 2022 by 1.4 billion yen to 1.8 billion yen due to improved profitability in marine diesel engines and pressure vessels and other process equipment.

The main initiatives undertaken in fiscal year 2023 are as follows.

- Hitachi Zosen Marine Engine Co., Ltd. (Holding ratio: Hitachi Zosen 65%; Imabari Shipbuilding Co., Ltd. 35%) succeeded our marine engine business and began operations. The company promoted business aimed at reducing greenhouse gas (GHG) emissions, including the receipt of an order for a green methanol-compatible dual fuel test engine.
- We delivered numerous hydrogen generation systems to Shimizu Corporation and Susumu Co., Ltd., etc.



A converter for a green ammonia demonstration plant; Fukushima Prefecture



Hydrogen generation systems for Shimizu Corporation and Susumu Co., Ltd.

Other Businesses

Total order intake decreased from fiscal year 2022 by 7.0 billion yen to 2.9 billion yen, while net sales decreased from fiscal year 2022 by 7.4 billion yen to 2.3 billion yen. This was due to OHNAMI CORPORATION, which had been a consolidated subsidiary in fiscal year 2022, becoming an equity method company. Operating income decreased from fiscal year 2022 by 0.8 billion yen to 0.4 billion yen.

(2) Capital Investment

In fiscal year 2023, the Company carried out total capital investments of 9,596 million yen, mainly consisting of rationalization investment for improving productivity, capital investment for developing and commercializing new products and businesses, and capital investment for strengthening production capacity.

- Major capital investment by business segment

(Millions of yen)

Business Segment	Amount	Summary of Investment
Environment	4,348	Upgrading equipment in power generation facilities; installing solar panels in a WtE plant; constructing biogas supply facilities
Machinery & Infrastructure	1,851	Installing correction equipment for steel plate distortion; expanding clean rooms and other facilities in vacuum valve plants; purchasing steel structure manufacturing facilities
Carbon Neutral Solution	2,431	Installing large cylindrical products processing facilities; installing automatic welding equipment for metal cask manufacturing; upgrading other welding machinery; installing methanol-compatible marine engine manufacturing facilities
Others/Common division	966	Upgrading ceiling cranes in can production plant; upgrading major plant communication lines; constructing a plant tent house
Total	9,596	

(Note) Capital investment not attributable to any business segment is included under Other Businesses.

(3) Funds Procurement

In fiscal year 2023, 9,867 million yen in funds was financed through long-term borrowings primarily to appropriate funds for future working capital and business investment and to repay long-term borrowings.

(4) Trends in Assets and Profit and Loss

(Billions of yen)

	FY 2020	FY 2021	FY 2022	FY 2023
Order intake	429.4	677.9	737.5	715.1
Net sales	408.5	441.7	492.6	555.8
Operating income	15.3	15.5	20.0	24.3
Ordinary income	11.7	11.7	17.8	25.6
Profit attributable to shareholders of Hitachi Zosen	4.2	7.8	15.5	18.9
Net income per share (Yen)	25.26	46.87	92.43	112.74
Total assets	429.3	461.1	479.6	533.5

(5) Sustainability

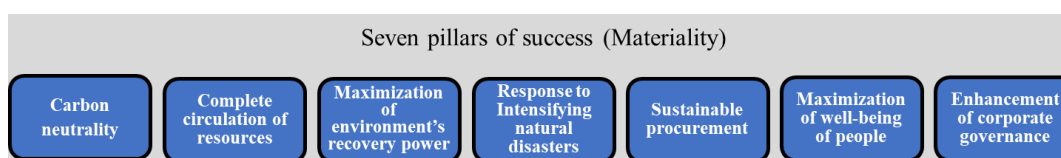
1) Sustainable Vision

Positioning our mission as “Taking on the challenge, through the power of technology, to create a world that lives in balance with nature,” the Group will make sustainability the key focus in its management practices, in order to secure new business opportunities and ensure the Group’s sustainable growth. Representing the sustainable goals the Group aims to achieve by 2050, our Sustainable Vision is as follows.

Realize zero environmental impact
Maximize people’s well-being

2) Pillars of success (Materiality)

The Group has laid down seven elements that are essential to the achievement of our Sustainable Vision as pillars of success (materiality). For each of these pillars of success, we have identified measures focused on challenges and recognition of associated social issues, and have formulated targets (KPIs) to be achieved by 2050 and a roadmap for getting there, and will promote various initiatives.



Please see the Integrated Report 2023 for information on our sustainability promotion system, pillars of success, and targets for 2050.

<https://www.hitachizosen.co.jp/english/ir/data/annual.html>

3) Details of key initiatives in fiscal year 2023

[Carbon neutrality]

The Group’s reduction targets of greenhouse gas (GHG) emissions and their results thereof are as shown in the table below.

	Targets ^{*1}			Results
	FY 2025	FY 2030	FY 2050	FY 2022 ^{*2}
Scope 1 and 2 ^{*3}	Total decrease of 34%	—	—	Total decrease of 39.3% ^{*4}
Scope 1, 2 and 3 ^{*5}	—	Total decrease of 50%	Carbon neutrality	— ^{*6}

*1 The base year is fiscal year 2013.

*2 For information on fiscal year 2023, please see the Integrated Report 2024 which is scheduled for publication around October 2024. The same goes for information on the reduction of GHG emissions through our customers’ business activities, as outlined below.

*3 Indicates GHG emissions from the Company’s activities. Scope 1 and 2 emissions (FY 2022^{*2}) amounted to 224,500 t-CO_{2eq}.

*4 Results exceeded the targets as emissions temporarily decreased substantially due to a decrease in LNG input caused by a decrease in demand in the power sales business.

*5 Indicates GHG emissions from the Company’s activities and across the Company’s value chain.

*6 The reduction rate compared to the base year is being calculated. Scope 3 emissions (FY 2022^{*2}) amounted to an estimated 33.00 million t-CO_{2eq}.

Total Scope 1 and 2 emissions (fiscal year 2022^{*2, 3}) decreased due to a decrease in LNG

input caused by a decrease in demand in the power sales business, and the promotion of green power introduction. Going forward, we will work further to reduce the use of fossil fuel energy and promote the switch to renewable energy in our manufacturing processes, promote efficient energy use, and transition to the use of non-fossil fuels in marine engine test operations.

Scope 3 emissions (fiscal year 2022*2, 6) stemmed mainly from the use of sold products, and we will work with our suppliers and customers to promote non-fossil fuel compatibility of our products.

Furthermore, with a rapid rise in demand for the transition to a decarbonized society, demand for low-carbon and carbon-free products and technologies is also growing. Clean energy facilities using the Group’s technologies, such as WtE, biogas, biomass, and wind power generation, are contributing to the reduction of GHG emissions through our customers’ business activities. The results thereof are as shown in the table below. Going forward, we will continue working to contribute to the reduction of GHG emissions through our products.

	Reduction of GHG emissions through our customers’ business activities
FY 2022*2	22.06 million t-CO _{2eq}
FY 2030 Target	40.00 million t-CO _{2eq}

[Complete circulation of resources]

To achieve the complete circulation of resources used in business activities, the Group will aim to achieve zero emissions (achieving a landfill ratio of as close to zero as possible) by fiscal year 2050. Moreover, in December 2023, we announced our support for the recommendations on information disclosure published by the Taskforce on Nature-related Financial Disclosures (TNFD) in September 2023. Going forward, we will proactively disclose information of the Group relating to natural capital based on the TNFD recommendations.

[Maximization of well-being of people]

Our efforts to create workplaces in which diverse personnel can fully demonstrate their individual abilities while enjoying good mental and physical health include ensuring diversity in human resources, providing diverse work styles, achieving appropriate allocation and strategic development, and initiatives to promote retention of human resources. In particular, with the President holding ultimate responsibility for the promotion of health management, we share information about issues with parties such as occupational health physicians and health insurance societies, and are promoting various measures including certification as a Certified Health & Productivity Management Outstanding Organization (“White 500”).

Furthermore, the Group approves of and has signed up to the United Nations Global Compact, and is promoting initiatives related to respect for human rights in line with the International Bill of Human Rights, the International Labour Organization’s ILO Declaration on Fundamental Principles and Rights at Work, and the United Nations Guiding Principles on Business and Human Rights. In particular, in fiscal year 2023, we developed the Group’s Human Rights Policy and established the said policy on April 1, 2024.

(6) Issues to be Addressed

With regard to our performance in the first year (fiscal year 2023) of our medium-term management plan “Forward 25,” total order intake, net sales, operating income, ordinary income, and profit attributable to shareholders of Hitachi Zosen all exceeded forecasts set at the beginning of the period, due to the effects of a weak yen and improvements at our overseas subsidiary Hitachi Zosen Inova Group, etc.

Our consolidated performance forecast for fiscal year 2024 is as per the table below. To achieve these figures, we will promote priority measures in line with the basic policies of “Forward 25,” also shown below.

	(Billions of yen)
	Forecasts for FY 2024
Order intake	620.0
Net sales	570.0
Operating income (margin)	26.0 (4.6%)
Ordinary income	22.0
Profit attributable to shareholders of Hitachi Zosen	16.0

■ Medium-term management plan “Forward 25” (Fiscal year 2023 to fiscal year 2025)

1) Sustainable growth of existing businesses

(i) Expanding overseas business

The Group is working together to grow business focusing primarily in the WtE, nuclear-related, and water businesses. In fiscal year 2023, the Group’s overseas net sales ratio increased to 45% due to growth in Hitachi Zosen Inova Group’s Waste to Energy Business, and we were able to achieve our 40% target for fiscal year 2025 ahead of schedule. In Canada, our overseas subsidiary NAC International Inc. established NIAGARA ENERGY PRODUCTS, Inc. and acquired from a local company a manufacturing and sales business of storage containers for spent fuel from nuclear power plants. In Thailand, we established the joint venture TANGENT HITZ CO., LTD., acquired assets from a local company, and began the manufacture and sale of hydraulic gates and other steel structures. We will continue with our initiatives to introduce a flexible personnel system aimed at developing and acquiring global personnel and to review our structure for unifying our global business strategies.

(ii) Promoting structural reform

Assessing our businesses from the perspectives of both social and corporate sustainability, we are moving forward with reviews and reforms of our business portfolio, such as through M&As, selling off or dissolving businesses, and collaborating with other companies. In fiscal year 2023, Hitachi Zosen Marine Engine Co., Ltd., which was established in collaboration with Imabari Shipbuilding Co., Ltd., began operations in the marine engine business.

(iii) Expanding O&M/Service, improving profitability of EPC/New Production

Aiming to achieve a sales ratio of 50% in O&M/Service (businesses associated with post-delivery services and long-term contracts) and make EPC/New Production (businesses delivering new goods to customers) profitable by fiscal year 2025, we seek to enhance profitability by creating new business models and increasing value added to products and businesses through the promotion of DX, among other efforts. In fiscal year 2023, the net sales ratio in O&M/Service was 38.5%.

2) Creation and expansion of growth businesses

We actively invested in our priority fields of investment including decarbonization, resource circulation, water businesses, and life science-related businesses, etc.

In the decarbonization business, in addition to promoting the wind power generation business through Mutsu Ogawara Wind Power LLC and Aomori -Seihoku-Oki Offshore Wind Godo Kaisha, two companies in which we have invested, we have also been working through our subsidiaries business to develop technology for the foundations of floating offshore wind power generation facilities. In the resource circulation business, we also proceeded with business alliance initiatives in Japan with TRE Holdings Corporation, an industrial waste treatment company. Overseas, Hitachi Zosen Inova AG invested in the development of a biomethane supply business and made Schmack Biogas Srl, which conducts a biogas business in Italy, into a subsidiary.

From fiscal year 2024 onward, we will further increase our investments and work to create and expand growth businesses.

3) Promoting sustainable management (Enhancement of corporate value)

We are working to strengthen our human capital, decarbonize our business activities, promote DX strategies, and implement thorough risk management.

To strengthen our human capital, we are reforming personnel systems to acquire and retain human resources, and at the same time aiming to improve employee engagement through initiatives for brand promotion and understanding. For the promotion of DX strategies, we are gradually seeing progress in the ratio of application of IoT to our products through the setup of a digital platform. At the same time, on manufacturing plant frontlines, we are promoting laborsaving measures by conducting demonstrations of remote-control light-duty work robots and automatic plant inspection sensors. Furthermore, we are also simultaneously developing DX personnel to support these initiatives. To ensure thorough risk management, we continuously promote the strengthening of measures mainly from the perspective of thorough safety management and the reduction of costs associated with defective products.

For information on the decarbonization of our business activities, please see the Sustainability section above.

Moreover, to achieve management with a consciousness of the cost of capital and stock price, in addition to strengthening our profitability (achieving the target of 5% in operating income margin by fiscal year 2025) through steady implementation of the priority measures in the above medium-term management plan “Forward 25,” we are establishing, disclosing, and monitoring annual plans for cost of capital and profitability, and working to enhance our information disclosure and investor relations. Through these initiatives, we will work to maintain a stock price level that meets the expectations of shareholders and strive for sustainable improvement of our corporate value. For more details, please see our announcement disclosed as of December 1, 2023.

https://www.hitachizosen.co.jp/english/ir/pdf/capital_and_stock_prices.pdf

The Group will promote the strengthening of profitability by implementing the aforementioned priority measures and achieve steady results. Additionally, we will continue to work on thorough compliance, which is a key task in our efforts to achieve the Group’s sustainable growth and increase corporate value.

We would like to thank our shareholders for their understanding of the Group’s management policy and for their continued support and cooperation going forward.

(7) Significant Parent Company and Subsidiaries (As of March 31, 2024)

1) Parent company

The Company does not have a parent company.

2) Significant subsidiaries

Name of Company	Amount of Capital	Holding Ratio (Direct) (%)	Major Lines of Business
IMEX Co., Ltd.	¥1,484 million	100.0	Design, manufacture and sale of boilers, pressure vessels, diesel engines, industrial machinery, and steel structures
NICHIZO TECH INC.	¥1,242 million	100.0	Comprehensive examination, maintenance, checking and repair of products made of steel, concrete, etc., various types of plant equipment, piping equipment, etc., and design, creation, and on-site construction of chemical plants, industrial machinery and nuclear power generation-related equipment, etc.
Hitachi Zosen Fukui Corporation	¥1,055 million	100.0	Manufacture and sale of various types of presses, chemical machinery, conveyance machinery, and electronic control machinery and equipment
SN Environment Technology Co., Ltd.	¥200 million	100.0	Design, construction, operation, maintenance and management of WtE plants and recycling systems, and maintenance and management of various types of plant
Hitz Environment Service Co., Ltd.	¥100 million	100.0	Operation and maintenance of WtE plants and recycling systems
Hitachi Zosen Marine Engine Co., Ltd.	¥1,750 million	65.0	New marine engine business and after-sales service business
Hitachi Zosen Inova AG	CHF40 million	100.0	Design, creation, sale, maintenance and operation of WtE plants and biogas generation facility
Osmoflo Holdings Pty Ltd	AUD57 million	100.0	Design, manufacture, sale, and operation of desalination and industrial water treatment systems

Name of Company	Amount of Capital	Holding Ratio (Direct) (%)	Major Lines of Business
Hitachi Zosen Inova Steinmüller GmbH	EUR90 million	–	Design, procurement, construction, and maintenance of WtE plants, and design, procurement, and construction of flue gas treatment facilities for thermal power plants, etc.
NAC International Inc.	USD43 million	–	Design, transport and consulting related to the storage and transportation of spent nuclear fuel control equipment
NIAGARA ENERGY PRODUCTS, Inc.	CAD32 million	–	Manufacture and sale of dry storage containers for radioactive waste

- (Notes) 1. There are 131 consolidated subsidiaries, including the 11 significant subsidiaries mentioned above, and 31 equity method companies.
2. Hitachi Zosen Inova Steinmüller GmbH is a wholly-owned subsidiary of Hitachi Zosen Inova AG, a company that is wholly owned by the Company.
3. NAC International Inc. is a wholly-owned subsidiary of Hitz Holdings U.S.A. Inc., a holding company in the United States that is wholly owned by the Company. NIAGARA ENERGY PRODUCTS, Inc. is a wholly-owned subsidiary of NAC International Inc.
4. As of the end of fiscal year 2023, there were no specified wholly-owned subsidiaries.

3) Corporate reorganization including business transfer and merger

- With a view to developing the marine engine business through collaboration with Imabari Shipbuilding Co., Ltd., on April 1, 2023, the Company transferred the business through an absorption-type company split to Hitachi Zosen Marine Engine Co., Ltd. (trade name changed from HITZ Marine Engine Preparatory Corporation on April 1, 2023), which was established as our wholly-owned subsidiary. At the same time, Hitachi Zosen Marine Engine Co., Ltd. accepted a 35% capital contribution from Imabari Shipbuilding Co., Ltd. by means of a third-party allotment of shares.
- The Company's consolidated subsidiary NAC International Inc. established NIAGARA ENERGY PRODUCTS, Inc., its wholly-owned subsidiary in Canada, with the aim of expanding its business in North America. On June 15, 2023, NAC International Inc. acquired from a local company a business engaged in the manufacture and sale of dry storage containers for spent fuel from nuclear power stations and radioactive waste through NIAGARA ENERGY PRODUCTS, Inc.

4) Significant technology alliances

Alliance Partner	Country	Contents of Alliance
MAN Energy Solutions SE	Germany	MAN B&W-type diesel engines

(8) Major Sales Offices, Plants, etc. (As of March 31, 2024)

1) The Company

Head Office	7-89, Nanko-kita 1-chome, Suminoe-ku, Osaka
Tokyo Head Office	26-3, Minami-ohi 6-chome, Shinagawa-ku, Tokyo
Domestic Offices	Sapporo Office (Sapporo), Sendai Office (Sendai), Nagoya Office (Nagoya), Hiroshima Office (Hiroshima), Fukuoka Office (Fukuoka)
Works, etc.	Technical Research Institute (Osaka), Ibaraki Works (Hitachi-omiya), Maizuru Works (Maizuru), Chikkou Works (Osaka), Sakai Works (Sakai), Mukaishima Works (Onomichi), Innoshima Works (Onomichi), Ariake Works (Tamana-gun, Kumamoto), Wakasa Works (Oi-gun, Fukui)
Overseas Offices	Taipei Branch (Taiwan), Abu Dhabi Branch (United Arab Emirates)

2) Subsidiaries

<Domestic subsidiaries>

IMEX Co., Ltd.	2293-1, Innoshimahabu-cho, Onomichi, Hiroshima
NICHIZO TECH INC.	15-26, Tsuru-machi 2-chome, Taisho-ku, Osaka
Hitachi Zosen Fukui Corporation	8-28, Jiyugaoka 1-chome, Awara, Fukui
SN Environment Technology Co., Ltd.	1-2-1, Benten, Minato-ku, Osaka
Hitz Environment Service Co., Ltd.	1-1, Minami-machi, Kawasaki-ku, Kawasaki
Hitachi Zosen Marine Engine Co., Ltd.	1, Ariake, Nagasu-machi, Tamana-gun, Kumamoto

<Overseas subsidiaries>

Hitachi Zosen Inova AG	Switzerland
Osmoflo Holdings Pty Ltd	Australia
Hitachi Zosen Inova Steinmüller GmbH	Germany
NAC International Inc.	U.S.A.
NIAGARA ENERGY PRODUCTS, Inc.	Canada
Hitachi Zosen U.S.A. Ltd.	U.S.A.
Hitachi Zosen India Private Limited	India
HITZ (THAILAND) CO., LTD.	Thailand
PT. HITZ INDONESIA	Indonesia
HITACHI ZOSEN VIETNAM CO., LTD.	Vietnam
Hitachi Zosen Trading (Shanghai) Co., Ltd.	China

(9) Status of Employees (As of March 31, 2024)

1) Status of employees of the Group

Business Segment	Number of Employees
Environment	8,035
Machinery & Infrastructure	2,262
Carbon Neutral Solution	950
Others	189
Corporate (Common division)	712
Total	12,148 (year-on-year increase of 748)

(Note) For the number of employees, the number of employees currently working at the Group is provided.

2) Status of employees of the Company

Number of Employees	Average Age	Average Years of Service
3,792 (year-on-year decrease of 254)	43.6	16.3

(Notes) 1. For the number of employees, the number of employees currently working at the Company is provided.

The number includes 139 employees on loan to the Company from outside.

2. The main reason behind the decrease in number of employees is the secondment of employees to Hitachi Zosen Marine Engine Co., Ltd. in line with the succession of business.

(10) Major Lenders (As of March 31, 2024)

Lender	Amount (Millions of yen)
MUFG Bank, Ltd.	15,985
Mizuho Bank, Ltd.	6,000

(11) Other Significant Matters Concerning the Current Status of the Group

The Company resolved at the Board of Directors held on February 5, 2024 that the Company would conduct an absorption-type merger of its wholly-owned subsidiary HITACHI-ZOSEN PLANT TECHNO-SERVICE CORPORATION, which is engaged in the sale of after-sales service parts for various overseas plants, including desalination plants. Based on this resolution, the Company conducted an absorption-type merger of HITACHI-ZOSEN PLANT TECHNO-SERVICE CORPORATION, effective as of April 1, 2024.

II. Matters Concerning Stock in the Company (As of March 31, 2024)

- (1) Total Number of Shares Authorized to Be Issued 400,000,000 shares
- (2) Total Number of Issued Shares 170,214,843 shares
(including 1,692,716 shares of treasury stock)
- (3) Number of Shares Constituting One Unit of Shares 100 shares
- (4) Number of Shareholders 72,038 (Year-on-year decrease of 2,442 shareholders)
- (5) Major Shareholders (Top 10)

Name of Shareholder	Numbers of Shares Held (Thousands of shares)	Holding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	30,309	18.0
Custody Bank of Japan, Ltd. (Trust Account)	16,787	10.0
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS- UNITED KINGDOM	6,780	4.0
MUFG Bank, Ltd.	5,291	3.1
HSBC BANK PLC A/C M AND G (ACS) VALUE PARTNERS CHINA EQUITY FUND	3,520	2.1
STATE STREET BANK AND TRUST COMPANY FOR STATE STREET BANK INTERNATIONAL GMBH, LUXEMBOURG BRANCH ON BEHALF OF ITS CLIENTS: CLIENT OMNI OM25	3,499	2.1
STATE STREET BANK AND TRUST COMPANY 505019	2,799	1.7
STATE STREET BANK AND TRUST COMPANY 505223	2,674	1.6
Hitachi Zosen Employee Shareholding Association	2,642	1.6
Sompo Japan Insurance Inc.	2,358	1.4

(Note) The holding ratio does not include treasury stock.

III. Matters Concerning Share acquisition rights of the Company

Not applicable

IV. Matters Concerning the Company's Directors and Auditors

(1) Status of Directors and Corporate Auditors

Name	Position	Areas of Responsibility	Significant Concurrent Positions
Sadao Mino	Representative Director, President and Chief Executive Officer		
Tatsuji Kamaya	Managing Director	General Manager of Carbon Neutral Solution Business Headquarters, and Responsible for Machinery & Infrastructure Business Headquarters and Production Engineering Dept.	
Tadashi Shibayama	Managing Director	General Manager of R&D Headquarters, and Responsible for Information and Communication Technology Promotion Headquarters and Global Headquarters	
Michi Kuwahara	Managing Director	General Manager of Environment Business Headquarters, and Responsible for Procurement Headquarters and Architect Supervision Dept.	
Richard R. Lury	Director		Attorney-at-law in the United States (State of New York and New Jersey) Outside Director, Allegro MicroSystems, Inc.

Name	Position	Areas of Responsibility	Significant Concurrent Positions
Tetsuya Shoji	Director		Corporate Advisor, NTT Communications Corporation Outside Director, circlace Inc. Outside Director, Sapporo Holdings Limited Outside Director, Mitsubishi Logistics Corporation Outside Director, Japan Tobacco Inc.
Shinoi Sakata	Director		Outside Director, Nomura Research Institute, Ltd.
Akiko Horiguchi	Director		Representative Director, President and Executive Officer, Oki Workwel Co., Ltd.
Kazuhisa Yamamoto	Full-time Corporate Auditor		
Masayuki Morikata	Full-time Corporate Auditor		
Hirofumi Yasuhara	Corporate Auditor		Outside Corporate Auditor, Sumitomo Rubber Industries, Ltd. Outside Director, Sumitomo Densetsu Co., Ltd.
Makoto Araki	Corporate Auditor		Director, Representative Executive Officer and Vice President, The Kansai Electric Power Company, Incorporated

(Notes) 1. Positions and areas of responsibility, and significant concurrent positions both describe conditions as of March 31, 2024. Changes during fiscal year 2023 are as follows.

(1) Changes in position and areas of responsibility

Name	After Change	Before Change	Date of Change
Michi Kuwahara	Managing Director General Manager of Environment Business Headquarters, and Responsible for Procurement Headquarters and Architect Supervision Dept.	Managing Director General Manager of Environment Business Headquarters, and Responsible for Procurement Headquarters	June 21, 2023

(2) Changes in significant concurrent positions

- As of June 27, 2023, Corporate Auditor Hirofumi Yasuhara retired from the position of Outside Corporate Auditor of Santen Pharmaceutical Co., Ltd. He also assumed the position of Outside Director of Sumitomo Densetsu Co., Ltd. on the same day.
- As of June 28, 2023, Corporate Auditor Makoto Araki left the position of Executive Vice President

of The Kansai Electric Power Company, Incorporated and assumed the position of Director, Representative Executive Officer and Vice President of the same company.

2. Directors Richard R. Lury, Tetsuya Shoji, Shinoi Sakata and Akiko Horiguchi are Outside Directors.
3. Corporate Auditors Hirofumi Yasuhara and Makoto Araki are Outside Corporate Auditors.
4. The Company has designated all Outside Directors and Outside Corporate Auditors as independent directors and corporate auditors, as prescribed by Tokyo Stock Exchange, Inc.
5. Full-time Corporate Auditor Masayuki Morikata and Corporate Auditor Hirofumi Yasuhara possess considerable knowledge of finance and accounting as described below.
 - Full-time Corporate Auditor Masayuki Morikata has many years of experience in accounting and financial operations, including experience as the General Manager of Accounting Department in the Company.
 - Corporate Auditor Hirofumi Yasuhara has many years of experience in accounting and financial operations, including experience as CFO in domestic and overseas affiliates of Panasonic Corporation (currently, Panasonic Holdings Corporation).
6. At the 126th Ordinary General Meeting of Shareholders held on June 21, 2023, Shinoi Sakata and Akiko Horiguchi were newly elected as Directors and assumed the position thereof. At the same meeting, Makoto Araki was newly elected as Corporate Auditor and assumed the position thereof.
7. At the conclusion of the 126th Ordinary General Meeting of Shareholders held on June 21, 2023, Managing Director Toshiyuki Shiraki, Director and Senior Corporate Adviser Takashi Tanisho and Director Kazuko Takamatsu retired due to the expiry of their term of office, and Corporate Auditor Yoshihiro Doi retired due to his resignation.
8. Positions and areas of responsibility, and significant concurrent positions were changed as follows on April 1, 2024.

(1) Changes in position and areas of responsibility

Name	Position	Areas of Responsibility
Sadao Mino	Representative Director, Chairman of the Board and Chief Executive Officer	
Michi Kuwahara	Representative Director, President and Chief Operating Officer	
Tatsuji Kamaya	Managing Director	Responsible for Specially Assigned Matters, and President & Representative Director of Hitachi Zosen Marine Engine Co., Ltd.
Tadashi Shibayama	Managing Director	Responsible for Specially Assigned Matters

(2) Changes in significant concurrent positions

- Managing Director Tatsuji Kamaya assumed the position of President & Representative Director of Hitachi Zosen Marine Engine Co., Ltd.

(2) Outline of Agreements for Limitation of Liabilities

The Company has entered into an agreement with each of Outside Directors and Corporate Auditors, which limits the maximum amount of their liabilities for damages stipulated in Article 423, paragraph 1 of the Companies Act to the minimum amount stipulated by laws and regulations.

(3) Outline of Directors and Officers Liability Insurance Agreement

The Company has concluded a directors and officers liability insurance agreement stipulated in Article 430-3, paragraph 1 of the Companies Act with an insurance company. This insurance agreement covers insureds for damages that may arise from accepting liability for the execution of their duties or from receiving claims related to pursuit of such liability, with certain exemption from indemnification of damages, for example, damages arising from acts conducted with the knowledge of non-compliance with the applicable laws and regulations. The insureds under this insurance agreement are directors and corporate auditors of the

Company and its foreign subsidiaries.

(4) Remuneration, etc. of Directors and Corporate Auditors

1) Matters Concerning Resolution of the General Meeting of Shareholders Regarding Remuneration, etc. of Directors and Corporate Auditors

At the 115th Ordinary General Meeting of Shareholders held on June 22, 2012, the amount of monetary remuneration for Directors was resolved to be ¥550 million or less per year (excluding remuneration for duties as employees by Directors who also serve as employees), and the amount of monetary remuneration for Corporate Auditors was resolved to be 100 million yen or less per year. At the conclusion of the said Ordinary General Meeting of Shareholders, the number of Directors was ten, and the number of Corporate Auditors was four (including two Outside Corporate Auditors).

2) Matters Concerning Policy for Determining Details of Remuneration, etc. for Directors and Corporate Auditors

a) Policy for Determining Details of Individual Remuneration, etc. for Directors

The outline of policy for determining the content of individual remuneration, etc. for Directors is as follows.

Said policy is decided by the Board of Directors, after consultation with the Nomination & Remuneration Advisory Committee voluntarily established by the Company (Comprised of a total of seven members, including: Mr. Sadao Mino, Chairman of the Board of Directors and CEO; four Outside Directors; and two Outside Corporate Auditors, with Outside Director Tetsuya Shoji serving as the Chair of the Committee (as of April 1, 2024).) In addition, the Nomination & Remuneration Advisory Committee regularly reviews the said policy and remuneration levels to ensure that the remuneration provides a healthy incentive for directors.

(Remuneration System)

- Remuneration for Directors consists of fixed remuneration and corporate performance-linked bonus in order to further enhance the willingness of Directors to contribute toward improving corporate performance, and the remuneration of each Director is decided within the total remuneration limit determined by a resolution of the General Meeting of Shareholders. However, from the perspective of assuring independence, remuneration for Outside Directors consists only of fixed remuneration.
- The fixed remuneration is annual flat-rate remuneration set separately for each executive position, and the amount designated per month is paid every month. The amount is determined from a comprehensive perspective on the level of other companies, the Company's performance and other related factors.
- The indicator for the calculation of corporate performance-linked bonus is profit attributable to shareholders of Hitachi Zosen, which is the final profit as a result of corporate management, as a performance indicator for a single fiscal year.

Based on the amount obtained by multiplying the amount designated per month of fixed remuneration per annum by the number of months of payment (0-5 months) according to the relevant profit level, the remuneration amount is determined within the range of 50% to 150% thereof, taking into account the performance, business execution status and other related elements of each Director's division, and is paid at a specified time each year. The total amount of corporate performance-linked bonus for Directors shall not exceed the total base amount of each Director.

- The composition ratio of remuneration for individual Directors varies according to the amount of corporate performance-linked bonus. The proportion of fixed

remuneration to corporate performance-linked bonus ranges from [100%: 0% (when there is no payment of corporate performance-linked bonus)] to [62%: 38% (when the number of months of payment and the assessment value of the individual Director reaches the highest)].

(Matters Concerning Procedures for Determining the Amount of Remuneration and Delegation)

- Among individual remuneration for Directors, fixed remuneration is decided by the Board of Directors. With regard to corporate performance-linked bonus, the Board of Directors determines the total amount thereof and the Chairman of the Board (or the President, if the position of Chairman of the Board is vacant), who is delegated by the Board of Directors, determines the amount (allocation by evaluation) of corporate performance-linked bonus for each Director in accordance with the method of decision-making specified by the Board of Directors. All decisions made by the Board of Directors shall be based on deliberations and reports by the Nomination & Remuneration Advisory Committee.
- b) Policy for Determining Details of Individual Remuneration etc. for Corporate Auditors
- From the perspective of assuring independence, remuneration for Corporate Auditors is limited to fixed remuneration, and is determined through consultation with Corporate Auditors according to details of the duties of each Corporate Auditor within the total amount determined by resolution of the General Meeting of Shareholders. Said policy is decided by the Board of Corporate Auditors.

3) Total Amount of Remuneration, etc. of Directors and Corporate Auditors

Classification	Total Amount of Remuneration, etc. (Millions of yen)	Total Amount by Type of Remuneration etc. (Millions of yen)		Number of Applicable Officers (persons)
		Base Remuneration (Fixed remuneration)	Performance-linked remuneration (Corporate performance-linked bonus)	
Director (of which, Outside Directors)	278 (44)	215 (44)	63 (—)	11 (5)
Corporate Auditor (of which, Outside Corporate Auditors)	79 (18)	79 (18)	— (—)	5 (3)
Total (of which, Outside Directors and Outside Corporate Auditors)	358 (62)	294 (62)	63 (—)	16 (8)

- (Notes) 1. The total amount of remuneration etc. for Directors does not include remuneration for duties as employees by Directors who also serve as employees. Among the above, there is no applicable Director who also serves as an employee.
2. As of March 31, 2024, there are eight (8) Directors (including four (4) Outside Directors) and four (4) Corporate Auditors (including two (2) Outside Corporate Auditors), and the difference from the above number of applicable persons is due to the inclusion of three (3) Directors (including one (1) Outside Director) and one (1) Outside Corporate Auditor, who retired at the conclusion of the 126th Ordinary General Meeting of Shareholders held on June 21, 2023.
3. The indicator for the calculation of corporate performance-linked bonus is profit attributable to shareholders of Hitachi Zosen, which is the final profit as a result of corporate management, as a performance indicator for a single fiscal year, and the actual result amounted to 18.9 billion yen. The total amount of corporate performance-linked bonus is calculated according to the profit level of the relevant profit attributable to shareholders of Hitachi Zosen. The calculation method for the amounts of corporate performance-linked bonus is provided in third point on the remuneration system in (4) 2) “a) Policy for Determining Details of Individual Remuneration, etc. for Directors” on page 59.
4. The Board of Directors determines the total amount of corporate performance-linked bonus, and delegates the Chairman of the Board Sadao Mino to determine the amount (allocation by evaluation) thereof for each Director (excluding Outside Directors). This is because he has been deemed to be appropriate for conducting the evaluation on the performance, business execution status and other related elements of each Director’s division. In addition, in order that the said delegation is exercised properly, the remuneration amount shall be determined within the range of 50% to 150% of the base amount of corporate performance-linked bonus, in accordance with the method of decision-making specified by the Board of Directors, based on deliberations and reports by the Nomination & Remuneration Advisory Committee.
5. The Board of Directors deems that the individual remuneration for Directors for fiscal year 2023 is in accordance with the policy, because it is determined in accordance with the decision-making procedure described in the policy for determining details of individual remuneration, etc. for Directors.

(5) Matters Concerning Outside Directors and Outside Corporate Auditors

1) Concurrent positions as executive officers and outside directors for other corporations, etc. served by Outside Directors and Outside Corporate Auditors

Classification	Name	Concurrent Positions
Outside Director	Richard R. Lury	Outside Director, Allegro MicroSystems, Inc.
	Tetsuya Shoji	Corporate Advisor, NTT Communications Corporation Outside Director, circlace Inc. Outside Director, Sapporo Holdings Limited Outside Director, Mitsubishi Logistics Corporation Outside Director, Japan Tobacco Inc.
	Shinoi Sakata	Outside Director, Nomura Research Institute, Ltd.
	Akiko Horiguchi	Representative Director, President and Executive Officer, Oki Workwel Co., Ltd.
Outside Corporate Auditor	Hirofumi Yasuhara	Outside Corporate Auditor, Sumitomo Rubber Industries, Ltd. Outside Director, Sumitomo Densetsu Co., Ltd.
	Makoto Araki	Director, Representative Executive Officer and Vice President, The Kansai Electric Power Company, Incorporated

(Note) The relationships between the Company and the companies where our outside directors and outside corporate auditors hold significant concurrent positions are as follows. There is no special relationship between the other companies where the concurrent positions are held and the Company.

- Although there is a business relationship between the Company and NTT Communications Corporation, where Outside Director Tetsuya Shoji holds a concurrent position, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of the Company's consolidated net sales and less than 0.1% of NTT Communications Corporation's consolidated operating revenue. In addition, although there is a business relationship between the Company and Mitsubishi Logistics Corporation, where Outside Director Tetsuya Shoji holds a concurrent position, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of Mitsubishi Logistics Corporation's consolidated operating revenue and there were no sales from the Company.
- Although there is a business relationship between the Company and Nomura Research Institute, Ltd., where Outside Director Shinoi Sakata holds a concurrent position, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of Nomura Research Institute, Ltd.'s consolidated revenue and there were no sales from the Company.
- Although there is a business relationship between the Company and Sumitomo Densetsu Co., Ltd., where Outside Corporate Auditor Hirofumi Yasuhara holds a concurrent position, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of the Company's consolidated net sales and there were no purchases made from Sumitomo Densetsu Co., Ltd.
- Although there is a business relationship between the Company and The Kansai Electric Power Company, Incorporated, where Outside Corporate Auditor Makoto Araki holds a concurrent position, the average annual value of transactions between the two companies in the past three fiscal years was less than 0.1% of the Company's consolidated net sales and less than 0.1% of The Kansai Electric Power Company, Incorporated's consolidated operating revenues.

2) Main activities during fiscal year 2023

Classification	Name	Attendance			Main Activities
		Board of Directors meetings	Board of Corporate Auditors meetings	Nomination & Remuneration Advisory Committee	
Outside Director	Richard R. Lury	14/14	–	8/8	Based on his extensive experience and wide-ranging knowledge concerning international corporate legal matters cultivated as a partner of a law firm in the United States, made statements to ensure the improvement of the Group's corporate value and the validity and appropriateness of the Company's decision-making and business execution. Also served as a member of the Nomination & Remuneration Advisory Committee and supervised management from an independent and objective standpoint.
	Tetsuya Shoji	14/14	–	8/8	Based on his extensive experience serving as a representative director of a telecommunications carrier, etc. and being involved in the management of multiple companies, and his wide-ranging knowledge concerning corporate management thereby gained, made statements to ensure the improvement of the Group's corporate value and the validity and appropriateness of the Company's decision-making and business execution. Also served as Chair of the Nomination & Remuneration Advisory Committee and supervised management from an independent and objective standpoint.

Classification	Name	Attendance			Main Activities
		Board of Directors meetings	Board of Corporate Auditors meetings	Nomination & Remuneration Advisory Committee	
Outside Director	Shinoi Sakata	11/11	—	7/7	Based on her extensive experience serving as an Executive Officer of a chemical manufacturer, as a Representative Director of an information company and in other positions, as well as her wide-ranging knowledge concerning corporate management thereby gained, made statements to ensure the improvement of the Group's corporate value and the validity and appropriateness of the Company's decision-making and business execution. Also served as a member of the Nomination & Remuneration Advisory Committee and supervised management from an independent and objective standpoint.
	Akiko Horiguchi	11/11	—	7/7	Based on her extensive experience serving as Head of Public Relations and Head of Human Resources Division at an information and communication equipment manufacturer, as a Representative Director of a special affiliate subsidiary and in other positions, as well as her wide-ranging knowledge concerning corporate management and diversity-focused management thereby gained, made statements to ensure the improvement of the Group's corporate value and the validity and appropriateness of the Company's decision-making and business execution. Also served as a member of the Nomination & Remuneration Advisory Committee and supervised management from an independent and objective standpoint.

Classification	Name	Attendance			Main Activities
		Board of Directors meetings	Board of Corporate Auditors meetings	Nomination & Remuneration Advisory Committee	
Outside Corporate Auditor	Hirofumi Yasuhara	14/14	8/8	8/8	Based on his extensive experience serving as a Senior Audit & Supervisory Board Member at an electronics and machinery manufacturer, and as a Representative Director and the person responsible for departments in charge of accounting divisions within the same group company, as well as his wide-ranging knowledge concerning corporate management, finance and accounting thereby gained, made statements to ensure the legality and appropriateness of the Company's decision-making and business execution. Also served as a member of the Nomination & Remuneration Advisory Committee and supervised management from an independent and objective standpoint.
	Makoto Araki	11/11	5/5	7/7	Based on his extensive experience serving as a Representative Director of an information and telecommunications company, as a manager of corporate planning and IT department at an electric power company and in other positions, as well as his wide-ranging knowledge concerning corporate management, made statements to ensure the legality and appropriateness of the Company's decision-making and business execution. Also served as a member of the Nomination & Remuneration Advisory Committee and supervised management from an independent and objective standpoint.

- (Notes) 1. For Directors Shinoi Sakata and Akiko Horiguchi, we have described their attendance of the Board of Directors meetings and the Nomination & Remuneration Advisory Committee meetings held since they assumed the position of Director on June 21, 2023.
2. For Corporate Auditor Makoto Araki, we have described his attendance of the Board of Directors meetings, the Board of Corporate Auditors meetings and the Nomination & Remuneration Advisory Committee meetings held since he assumed the position of Corporate Auditor on June 21, 2023.

V. Status of Accounting Auditor

(1) Name of Accounting Auditor KPMG AZSA LLC

(2) Amount of Remuneration, etc. of Accounting Auditor

(Millions of yen)

Category	Amount of Remunerations, etc.
Amount of remuneration, etc. payable by the Company	106
Total amount of cash and other financial benefits payable by the Company and its subsidiaries	231

(Notes) 1. In the audit agreement between the Company and the Accounting Auditor, no differentiation is made between remuneration on the basis of the Companies Act and remuneration on the basis of the Financial Instruments and Exchange Act, and it is not possible to make a substantial differentiation between the two. As a consequence, the amount of remuneration, etc. for services as Accounting Auditor of the Company provided in the table above is the total of the two.

2. The Board of Corporate Auditors has consented to the amount of remuneration, etc. for the Accounting Auditor as a result of having verified and discussed the reasonableness of the Accounting Auditor's audit plan and the basis for the estimate of remuneration, based on a review and evaluation of reports from relevant internal departments and results of audit for fiscal year 2022.

3. Of the Company's significant subsidiaries, the auditing of Hitachi Zosen Inova AG, Osmoflo Holdings Pty Ltd, Hitachi Zosen Inova Steinmüller GmbH and NAC International Inc. is performed by audit corporations other than the Accounting Auditor of the Company (including those with equivalent status overseas).

(3) Non-audit Services

The Company pays the Accounting Auditor fees for the retained service with respect to assistance for the adoption of international financial reporting standards, which is a service (Non-audit service) other than services provided for in Article 2, paragraph 1 of the Certified Public Accountants Act.

(4) Policy for Determining Dismissal or Non-reappointment of Accounting Auditor

If it is deemed that the Accounting Auditor falls within the grounds of each item of Article 340, paragraph 1 of the Company Act and that no improvement in the situation is expected, the Board of Corporate Auditors shall dismiss the Accounting Auditor based on the agreement of all the Corporate Auditors.

If the Board of Corporate Auditors determines the Accounting Auditor is unsuitable after taking into consideration such matters as the execution of duties of the Accounting Auditor and the number of years it has been performing audits, the Board of Corporate Auditors shall determine details of a proposal for dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders.

VI. Matters Concerning the Development of Systems to Ensure Appropriateness of Operations, etc.

(1) Systems to Ensure Appropriateness of Operations

The following summarizes the contents of the resolutions of the Company's Board of Directors concerning the development of systems to ensure that the execution of duties by Directors is in compliance with laws and regulations and the Articles of Incorporation and other systems necessary to ensure the appropriateness of operations.

- 1) Systems to Ensure that the Execution of Duties by Directors and Employees of the Company and Group Companies Complies with the Laws and Regulations and the Articles of Incorporation
 - a) The Company shall formulate the Charter of Ethical Behavior with which all Directors, Corporate Auditors, and employees must comply, and shall make this charter known to all Directors, Corporate Auditors, and employees. In addition, the top management shall ceaselessly and clearly demonstrate the spirit of such charter to the Directors, Corporate Auditors, and employees, thus ensuring that compliance with laws and regulations and corporate ethics forms the basis of the Company's existence and the premise of all corporate activities.
 - b) The Company shall establish the Compliance Committee, with a President and Director of the Company as Chairperson. This committee shall continuously implement measures with respect to compliance and shall make reports on its activities to the Board of Directors of the Company.
 - c) The Company shall work to prevent violations of laws and regulations, discover such violations at an early stage and deal with them promptly and effectively by establishing a whistle-blowing system that enables the opinions of Directors, Corporate Auditors, and employees regarding compliance to be reflected in company management.
 - d) The Company shall have all Directors, Corporate Auditors, and employees of the Company enter into covenants regarding compliance with laws and regulations and corporate ethics and develop disciplinary measures to be taken against violators and those who are aware of violations but conceal them.
 - e) Rules on the management of financial data and other important facts about the operations of the Company and the Group shall be formulated, and such facts shall be disclosed in a timely and appropriate manner.
 - f) To ensure the reliability of its financial reporting on the basis of the Financial Instruments and Exchange Act, the Company shall establish a department dedicated to this purpose, and shall regularly evaluate the development and management of financial reporting through a system of cooperation among departments of the Company and work to make improvements accordingly.
 - g) The department of the Company in charge of internal auditing shall perform audits of compliance and shall report to the Board of Directors.
 - h) The Charter of Ethical Behavior shall be made known to Group companies, which shall work to develop structures for compliance with laws and regulations and corporate ethics in accordance with the circumstances of each company with support from the Company. Furthermore, the Company's whistle-blowing system shall be made available for use by the Directors, Corporate Auditors, and employees of Group companies.
 - i) Internal auditing performed by the department of the Company in charge of internal auditing shall also be applicable to Group companies, and the Company's rules regarding internal auditing shall apply mutatis mutandis to the guidelines for such auditing.

- j) The Company shall determinedly eliminate and block anti-social forces, and the department in charge of general affairs shall construct and develop a system for this purpose in cooperation with external specialist bodies such as law enforcement.
- 2) Systems to Retain and Manage Information Concerning the Directors' Execution of Duties
 - a) Minutes of meetings of the Board of Directors and other management bodies holding meetings shall be prepared, retained, and managed appropriately by the administrative offices of each management body in accordance with laws and regulations and internal rules.
 - b) Records of information concerning decision making and execution of duties by the Directors shall be retained and managed appropriately in accordance with the rules on the management of documents or electromagnetic records stipulated by the Company.
 - c) Rules regarding the retention and management of company secrets, significant matters that are not publicly disclosed, and personal information shall be formulated, and the relevant information shall be managed with due care.
 - 3) Rules and Other Organizational Structures of the Company and Group Companies Concerning Management of Risk of Loss
 - a) Risks that may occur in the course of business operations shall be evaluated and monitored continuously. Risks with the potential to have a substantial impact on the financial position and business results shall be reported to the Board of Directors of the Company.
 - b) To prevent and eliminate risks related to earnings from individual products, appropriate risk management shall be carried out through deliberations to identify and evaluate risks and formulation of avoidance measures at the Risk Examination Committee.
 - c) To promptly and appropriately deal with such a serious risk that has emerged, systems shall be developed in advance including the formulation of rules on such matters as means of transmitting information, methods of handling such events, and structures for their management.
 - d) The department of the Company in charge of internal auditing shall monitor risk management statuses at each department of the Company and each Group company. It shall also perform audits of the effectiveness and adequacy of risk management and make reports on this to the Board of Directors of the Company.
 - 4) Systems to Ensure that Directors of the Company and Group Companies Execute their Duties in an Efficient Manner
 - a) Meetings of the Board of Directors shall in principle be held once a month and extraordinary meetings of the Board of Directors shall be held as necessary to determine important matters and to supervise the execution of business. For meetings of the Board of Directors to be operated appropriately and efficiently, rules on the matters to be decided upon at the meetings and standards for submitting such matters for deliberation and reporting on them shall be formulated.
 - b) The Company shall establish the Management Strategy Committee comprising Directors of the Company in charge of business operations and other key management personnel, at which sufficient advance deliberations on basic strategies and important matters shall be carried out, thus putting in place a system enabling accurate managerial judgment.
 - c) The Board of Directors of the Company shall determine the Group's medium-term management plans and plans for each year. Based on such plans, all Directors of the Company shall develop detailed measures and systems for efficient business execution, and make progress reports on these measures to the Board of Directors of the Company.
 - d) The Company shall establish the Management Plan Follow-Up Committee with the President and Director of the Company as Chairperson. This committee shall monitor and inspect progress made with the measures and work towards the early discovery and

prevention of problems, thus ensuring efficient business operations.

- e) To efficiently achieve management targets, the Company shall formulate rules on organizational structure, division of duties, and decision-making authority, and clarify duties and authorities. The Company shall also formulate rules on the operation of information and communication systems and the protection of information assets, and shall utilize such rules effectively.
 - f) The department of the Company in charge of internal auditing shall perform audits to determine whether business operations at each department of the Company and each Group company are carried out efficiently in accordance with laws and regulations, the Articles of Incorporation and other internal rules, and shall report to the Board of Directors on this matter.
- 5) Systems for Reporting to the Company on the Matters regarding Execution of Duties by Directors of Group Companies
- To carry out deliberations on establishing internal control systems and to share information on Group management policies and other matters, the Company shall regularly hold conferences attended by the Directors of the Company and the President and Director of each Group company. Group companies shall report any material events at the conferences.
- 6) Other Systems to Ensure Appropriateness of Operations in the Group Consisting of the Company and the Group companies
- a) Regarding the management of Group companies, the Company shall supervise and monitor the appropriateness of operations at Group companies, while also respecting their autonomy, by assigning Directors and Corporate Auditors of the Company to work at each Group company, thus working to strengthen governance and supervisory functions under Group management.
 - b) The Company shall establish a main control division in the Company to control and guide Group companies, thus advancing efficient Group management in accordance with the standards for Group control and management. The control division shall also provide support for the establishment of internal control systems at each Group company.
- 7) Matters Concerning Employees who are Requested by Corporate Auditors to Assist in the Duties of Corporate Auditors and Matters Concerning Ensuring the Independence from Directors of Such Employees and the Effectiveness of Directions to Such Employees
- a) The Company shall put in place the Assistant to the Corporate Auditors as a body to assist the Corporate Auditors of the Company in their duties.
 - b) Employees belonging to other departments shall not be precluded from serving concurrently as staff in the Assistant to the Corporate Auditors. However, if Corporate Auditors request the assignment of dedicated staff to the Assistant to the Corporate Auditors, this shall not be refused without rational grounds.
 - c) When performing duties in accordance with the directions of the Corporate Auditors, staff in the Assistant to the Corporate Auditors shall not be under the command of Directors or other business executives.
 - d) Personnel matters relating to staff in the Assistant to the Corporate Auditors shall be determined by the Directors after deliberations with the Corporate Auditors.
- 8) Systems for Reporting to Corporate Auditors of the Company by Directors and Employees of the Company and Group Companies, Other Systems Concerning Reporting to Corporate Auditors, and Systems to Ensure that Persons who Report to Corporate Auditors Are not Treated Unfavorably as a Result of Making Such Report
- a) If a Director of the Company discovers a matter with the potential to cause substantial harm to the Company and the Group, such Director shall report such matter to the Board of Corporate Auditors of the Company immediately.

- b) To monitor important decision-making processes and the status of business execution, the Corporate Auditors of the Company shall be permitted to attend meetings of the Board of Directors and other important meetings of the Company, and shall be permitted to request explanations on such matters from Directors or employees. Furthermore, when they are unable to attend such meetings due to circumstances, Corporate Auditors shall be permitted to receive explanations of the contents of such meetings, and inspect minutes and other related documents.
 - c) Corporate Auditors of the Company shall be permitted to inspect important documents related to business execution, and to request explanations of such matters from Directors or employees of the Company and Group companies as necessary.
 - d) Representative Directors of the Company shall regularly hold talks with Corporate Auditors of the Company, make reports to the Corporate Auditors of the Company regarding important matters with an impact on the Company and the Group, and exchange opinions with the Corporate Auditors on such matters.
 - e) It is prohibited for Directors and employees of the Company or Group Companies who report to Corporate Auditors of the Company to be treated unfavorably as a result of making such report.
- 9) Matters Concerning the Policy Relating to Advance Payment of Expenses Accompanying Execution of Duties by the Corporate Auditors or Reimbursement thereof, or Other Treatments of Expenses or Liabilities Generated from Execution of those Relevant Duties When Corporate Auditors of the Company request advance payment of expenses and others on the basis of Article 388 of the Companies Act for executing their duties, those expenses or liabilities shall be processed immediately through deliberation within the department in charge, except as may be recognized as unnecessary for executing duties of the Corporate Auditor.
- 10) Other Systems to Ensure that Corporate Auditors Effectively Perform Audits
- a) The Directors of the Company shall cooperate with the Corporate Auditors of the Company to enable them to perform effective audits through cooperation with the Accounting Auditor, the department in charge of internal auditing, and the Corporate Auditors of Group companies.
 - b) The Directors of the Company shall have an awareness and understanding of the importance and usefulness of auditing by the Corporate Auditors. They shall also inform employees of the rules relating to auditing operations and auditing standards and help to establish an environment in which the Corporate Auditors can perform their audits effectively.
 - c) The department of the Company in charge of internal auditing shall provide internal audit plans, internal audit reports and other necessary information it receives in the course of performing internal auditing to the Corporate Auditors.

(2) Outline of Status of Systems to Ensure the Appropriateness of Operations

Outline of status of systems to ensure the appropriateness of operations is as follows.

1) Regarding Compliance

Within “Hitz Value,” the values at the core of the Group’s business activities, one of the management stances aimed at achieving the corporate philosophy is the “thorough implementation of compliance.” This clearly shows that “thorough implementation of compliance” is crucial to meet the expectations and gain the understanding of the stakeholders that support the Company’s business activities. Furthermore, the President himself has taken various opportunities, such as the New Year’s address and workshops, to clearly state that compliance should be the ultimate priority in company management. Each April, the Company distributes the Hitz Group Charter of Ethical Behavior cards (published in Japanese, English, and Chinese) to be carried by employees at all times. This features a Message from the President based on the compliance situation for fiscal year 2022 and is used as the code upon which employees carry out their work.

The Compliance Committee, on which the President serves as Chairperson, decides the basic policy and specific measures for fiscal year 2023 based on the compliance situation for fiscal year 2022, and engages in compliance activities across the entire Group. Specifically, it ensures the thorough implementation of compliance through means such as implementing e-learning, holding various workshops and lectures, and providing information through internal newsletters. It also detects improper conduct at an early stage through the whistle-blowing system and deals with this swiftly. Moreover, in addition to having set up a regular reporting system from domestic and overseas Group companies and overseas offices, the Company checks the state of compliance at each company and office once every six months, and undertakes appropriate follow-up as necessary, thereby ensuring compliance across the entire Group.

2) Regarding Risk Management

Risks related to compliance, the environment, safety, disasters, information security, and other risks that may occur in the course of business operations are continuously managed by a system established at each responsible department, in order to prevent risks.

With regard to order intake projects, in each department in charge, the Company examines the risk in each business from the project estimate stage to clarify risks associated with technologies, estimates, delivery date, and contracts and takes measures against those risks before judging whether or not to accept an order, thereby working to eliminate the risks. After order intake, the Company secures the quality and processes, etc. of projects by following up project progress in a timely way, and discovering risks and addressing them promptly.

In business investment projects that involve investing in shares, it is not only the judgment on whether to invest and follow-up after making the decision to invest that are important; establishing criteria for withdrawal and clarifying the exit strategy are also vital, so we implement thorough risk management in regard to these processes.

For our order intake projects, we have established a department within the Corporate Planning Headquarters to manage project risks, and also established an investment committee with decision-making functions for our business investment projects, to ensure thorough risk management for the entire Group, including major subsidiaries both within Japan and overseas.

The Company is strengthening its handling of country risk of its overseas projects. In particular, the Company has put in place such environmental enhancements as preparing guidelines in case of emergency, and concluding contracts with overseas safety and emergency services, in order to put in place systems for the safety and medical care of employees dispatched overseas.

3) Regarding the Execution of Duties by Directors

In fiscal year 2023, meetings of the Board of Directors were held 14 times. In these meetings, important management matters (management basic policies, progress of the medium-term management plan, budget formulation and follow-up, policies concerning selection and concentration of businesses based on portfolio analysis, promotion of sustainability, promotion of branding, human resource strategies, decarbonization business initiatives, and overseas business strategies including overseas subsidiaries, etc.) prescribed by laws and ordinances, the Articles of Incorporation, and Rules of the Board of Directors are discussed and determined, while the execution of duties of the Directors are supervised. To further enhance and promote the efficiency of discussions by the Board of Directors, the Company conducts a questionnaire survey with individual Directors to assess and analyze the effectiveness of the Board of Directors as a whole, and uses issues identified to improve the operations of the Board of Directors.

4) Regarding the Management of Group Companies

To share information on Group management policies, the management plan, and other items, conferences are held on a regular basis, and the Company provides oversight and instruction on important matters regarding the management of Group companies. In particular, the Company discusses and determines important business activities of Group companies at Management Strategy Committee meetings and at Board of Directors meetings, thereby sharing the management strategies group-wide, streamlining the entire Group's business activities and maximizing its synergies, while securing the appropriateness of the business and avoiding risk.

5) Regarding Internal Auditing

To ensure the appropriateness of operations in the Group in accordance with the Internal Auditing Rule, the Internal Auditing Department (Internal Auditing Section) implements ongoing internal audits related to all management activities of domestic and overseas Group companies (business risks, compliance, finance and accounting, operational controls and procedures, quality management, safety and environment management, etc.) based on such factors as business type, scale, and importance to conduct evaluations and provide advice and correction guidance from an objective standpoint. In particular, internal audits are conducted with top priority given to companies which newly joined the Group and newly established organizations. In addition, the Company is reinforcing the auditing system for overseas branches and overseas Group companies, in response to their increasing importance.

The Internal Auditing Department also submits reports on the results of audits, as well as the status of corrective actions to Directors, Corporate Auditors, and responsible persons of audited segments from time to time, while providing regular comprehensive reports on the status of audits to the Management Strategy Committee, as well as the Board of Directors.

6) Regarding Audits Performed by Corporate Auditors

Corporate Auditors audit operations and status of assets at respective business locations and segments, as well as carrying out similar investigations on major domestic and overseas subsidiaries. They have made audits on the execution of business of Directors and others by receiving reports on important matters through attending important internal meetings such as meetings of the Board of Directors and the Management Strategy Committee, meetings with the Representative Directors, and by stating opinions where necessary. Furthermore, Corporate Auditors are in close cooperation with Outside

Directors such as by exchanging information appropriately. In fiscal year 2023, the Board of Corporate Auditors held eight meetings at which information regarding auditing was exchanged, opinions on auditing were collected from each Corporate Auditor, and resolutions were passed.

Corporate Auditors exchange information about such matters as audit plans and results with the Accounting Auditor on a regular basis, while monitoring and verifying whether the Accounting Auditor is conducting its audits appropriately. In addition, Corporate Auditors implement regular information exchanges and maintain close collaboration with the Internal Auditing Department by receiving such matters as audit plans and results, as well as necessary information obtained through audits with respect to internal auditing, in order to promote effective and efficient audits.

Consolidated Balance Sheets

As of March 31, 2024

	(Millions of yen)
Assets	533,593
Current assets	347,076
Cash and time deposits	71,605
Notes, accounts receivable - trade, and contract assets	234,806
Merchandise and finished goods	2,297
Work in progress	7,039
Raw materials and supplies	10,568
Other current assets	21,808
Allowance for doubtful receivables	-1,049
Noncurrent assets	186,475
Property, plant and equipment, net	[104,478]
Buildings and structures	29,392
Machinery, equipment and vehicles	20,399
Tools, furniture and fixtures	4,007
Land	40,257
Lease assets	422
Right-of-use assets	6,931
Construction in progress	3,067
Intangible assets	[19,258]
Goodwill	4,259
Other intangible assets	14,999
Investments and other noncurrent assets	[62,738]
Investments in securities	23,611
Long-term loans receivable	889
Net defined benefit assets	8,781
Deferred tax assets	17,711
Other investments and noncurrent assets	12,450
Allowance for doubtful receivables	-705
Deferred assets	41
Bond issue expenses	41
Total assets	533,593

	(Millions of yen)
Liabilities	364,647
Current liabilities	273,682
Notes and accounts payable - trade	48,945
Electronically recorded obligations	8,988
Short-term borrowings	19,588
Current portion of bonds payable	10,000
Lease obligations	1,746
Accrued expenses	84,084
Accrued income taxes	2,681
Contract liabilities	48,741
Reserve for product warranty	18,587
Reserve for losses on construction contracts	6,490
Provision for demolition and removal	568
Other current liabilities	23,260
Noncurrent liabilities	90,964
Bonds payable	20,000
Long-term borrowings	34,443
Lease obligations	5,664
Deferred tax liabilities	449
Net defined benefit liability	20,985
Directors' and corporate auditors' severance and retirement benefits	53
Provision for loss on business liquidation	729
Provision for loss on litigation	946
Provision for demolition and removal	290
Asset retirement obligations	3,097
Other noncurrent liabilities	4,304
Net assets	168,946
Shareholders' equity	152,865
Common stock	45,442
Capital surplus	7,805
Retained earnings	100,651
Treasury stock, at cost	-1,034
Accumulated other comprehensive income	9,792
Net unrealized holding gains (losses) on securities	1,114
Net unrealized holding gains (losses) on hedging derivatives	737
Land revaluation difference	-7
Foreign currency translation adjustments	2,194
Remeasurements of defined benefit plans	5,755
Non-controlling interests in consolidated subsidiaries	6,288
Total liabilities and net assets	533,593

Consolidated Statements of Income

For the fiscal year ended March 31, 2024

(Millions of yen)

Net sales		555,844
Cost of sales		460,543
Gross profit		95,301
Selling, general and administrative expenses		70,977
Operating income		24,323
Non-operating income		
Interest income	904	
Dividend income	71	
Equity in net profit of affiliates	1,687	
Foreign exchange gains	1,275	
Other non-operating income	1,983	5,922
Non-operating expenses		
Interest expense	854	
Other non-operating expenses	3,745	4,599
Ordinary income		25,646
Extraordinary loss		
Impairment loss	448	
Provision for reserve on demolition and removal	858	
Provision for losses on litigation	258	1,564
Profit before income taxes and non-controlling interests		24,081
Income taxes - current	4,123	
Income taxes - deferred	877	5,001
Profit		19,080
Profit attributable to non-controlling interests		80
Profit attributable to shareholders of Hitachi Zosen		18,999

[Reference] Monetary amounts in the Consolidated Financial Statements are presented with amounts of less than 1 million yen discarded.

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	45,442	8,176	84,685	-1,029	137,274
Changes of items during the period					
Cash dividends			-3,033		-3,033
Profit attributable to shareholders of Hitachi Zosen			18,999		18,999
Treasury stock purchased, net				-4	-4
Difference on change in equity		-370			-370
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-370	15,966	-4	15,590
Balance at end of year	45,442	7,805	100,651	-1,034	152,865

	Accumulated other comprehensive income						Non-controlling interests in consolidated subsidiaries	Total net assets
	Net unrealized holding gains (losses) on securities	Net unrealized holding gains (losses) on hedging derivatives	Land revaluation difference	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of year	986	77	-7	426	863	2,345	1,691	141,311
Changes of items during the period								
Cash dividends								-3,033
Profit attributable to shareholders of Hitachi Zosen								18,999
Treasury stock purchased, net								-4
Difference on change in equity								-370
Net changes of items other than shareholders' equity	128	659	-	1,767	4,891	7,447	4,596	12,044
Total changes of items during the period	128	659	-	1,767	4,891	7,447	4,596	27,635
Balance at end of year	1,114	737	-7	2,194	5,755	9,792	6,288	168,946

[Reference] Monetary amounts in the Consolidated Financial Statements are presented with amounts of less than 1 million yen discarded.

Non-consolidated Balance Sheets

As of March 31, 2024

	(Millions of yen)
Assets	325,631
Current assets	175,852
Cash and time deposits	16,644
Trade notes receivable	2,648
Trade accounts receivable	63,911
Contract assets	49,122
Work in progress	3,154
Raw materials and supplies	2,332
Advance payments	11,470
Prepaid expenses	848
Other accounts receivable	10,452
Advances paid	3,541
Short-term loans receivable	11,163
Other current assets	1,419
Allowance for doubtful receivables	-856
Noncurrent assets	149,736
Property, plant and equipment, net	[63,590]
Buildings	15,499
Structures	3,739
Machinery and equipment	6,358
Vehicles	36
Tools, furniture and fixtures	871
Land	36,086
Lease assets	483
Construction in progress	513
Intangible assets	[2,951]
Patent rights	0
Software	2,212
Rights of using facilities	88
Other intangible assets	650
Investments and other noncurrent assets	[83,195]
Investments in securities	3,429
Stocks of subsidiaries and affiliates	47,618
Investments in capital of subsidiaries and affiliates	4,067
Long-term loans receivable	19,757
Noncurrent prepaid expenses	883
Deferred tax assets	8,052
Other investments and noncurrent assets	3,132
Allowance for doubtful receivables	-3,746
Deferred assets	41
Bond issue expenses	41
Total assets	325,631

	(Millions of yen)
Liabilities	231,166
Current liabilities	163,327
Trade notes payable	1,369
Electronically recorded obligations	2,284
Trade accounts payable	20,253
Current portion of bonds payable	10,000
Short-term borrowings	16,980
Lease obligations	152
Other accounts payable	6,531
Accrued expenses	33,351
Accrued income taxes	390
Contract liabilities	14,708
Deposits received	50,561
Reserve for product warranty	3,321
Reserve for losses on construction contracts	2,842
Provision for demolition and removal	568
Other current liabilities	13
Noncurrent liabilities	67,838
Bonds payable	20,000
Long-term borrowings	30,320
Lease obligations	261
Employees' severance and retirement benefits	12,689
Provision for loss on support to subsidiaries and affiliates	844
Provision for demolition and removal	290
Asset retirement obligations	2,822
Other noncurrent liabilities	608
Net assets	94,465
Shareholders' equity	94,063
Common stock	45,442
Capital surplus	10,194
Legal capital surplus	5,946
Other capital surplus	4,248
Retained earnings	39,461
Legal retained earnings	2,675
Other retained earnings	36,785
Retained earnings brought forward	36,785
Treasury stock, at cost	-1,034
Valuation and translation adjustments	401
Net unrealized holding gains (losses) on securities	-25
Net unrealized holding gains (losses) on hedging derivatives	767
Land revaluation difference	-340
Total liabilities and net assets	325,631

Non-consolidated Statements of Income

For the fiscal year ended March 31, 2024

		(Millions of yen)
Net sales		209,315
Cost of sales		176,209
Gross profit		33,106
Selling, general and administrative expenses		25,863
Operating income		7,242
Non-operating income		
Interest income	901	
Dividend income	2,432	
Other non-operating income	2,815	6,149
Non-operating expenses		
Interest expense	730	
Other non-operating expenses	2,438	3,168
Ordinary income		10,223
Extraordinary loss		
Impairment losses	448	
Provision for reserve on demolition and removal	858	1,306
Profit before income taxes		8,916
Income taxes - current	919	
Income taxes - deferred	174	1,094
Profit		7,821

Non-consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of year	45,442	5,946	5,133	11,080	2,372	38,689	41,061	-1,029	96,554
Changes of items during the period									
Decrease by corporate division			-885	-885		-6,389	-6,389		-7,274
Cash dividends						-3,033	-3,033		-3,033
Reserve for dividends payment					303	-303	-		-
Profit						7,821	7,821		7,821
Treasury stock purchased, net								-4	-4
Net changes of items other than shareholders' equity									
Total changes of items during the period	-	-	-885	-885	303	-1,903	-1,600	-4	-2,491
Balance at end of year	45,442	5,946	4,248	10,194	2,675	36,785	39,461	-1,034	94,063

	Valuation and translation adjustments				Total net assets
	Net unrealized holding gains (losses) on securities	Net unrealized holding gains (losses) on hedging derivatives	Land revaluation difference	Total valuation and translation adjustments	
Balance at beginning of year	-45	158	-340	-227	96,327
Changes of items during the period					
Decrease by corporate division					-7,274
Cash dividends					-3,033
Reserve for dividends payment					-
Profit					7,821
Treasury stock purchased, net					-4
Net changes of items other than shareholders' equity	19	608	-	628	628
Total changes of items during the period	19	608	-	628	-1,862
Balance at end of year	-25	767	-340	401	94,465

[Reference] Monetary amounts in the Non-consolidated Financial Statements are presented with amounts of less than 1 million yen discarded.

Independent Auditor's Report

May 13, 2024

The Board of Directors
Hitachi Zosen Corporation

KPMG AZSA LLC
Osaka Office

Kenta Tsujii
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takeshi Ikeda
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Audit Opinion

Pursuant to Article 444, paragraph (4) of the Companies Act, we have audited the consolidated financial statements of Hitachi Zosen Corporation, which comprise the consolidated balance sheets, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements applicable to the fiscal year from April 1, 2023 through March 31, 2024.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Group, which consisted of Hitachi Zosen Corporation and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2024 in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Other information comprises a business report and its supplementary schedules. It is the responsibility of management to prepare and disclose other information, and it is the responsibility of Corporate Auditors and the Board of Corporate Auditors to supervise Directors in their execution of duties relating to the development and operation of a reporting process for the other information. Our audit opinion concerning the consolidated financial statements does not cover the other information, and we do not express any opinions as to the matters included in the other information. Our responsibility for auditing consolidated financial statements is to review the other information, and in connection with this review, discuss whether there is any material discrepancy between the other information and the consolidated financial statements or knowledge which we obtained in the course of audit and pay attention as to whether there is any indication of material error in the other information, other than such material discrepancy. We are required to report any material error in the other information found as a result of the work performed. There are no matters to be reported by us in relation to the other information.

Responsibilities of Management, Corporate Auditors and Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of internal control deemed necessary by management for the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Corporate Auditors and Board of Corporate Auditors are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the consolidated financial statements, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes to the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report to the Corporate Auditors and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Corporate Auditors and the Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related measures in order to eliminate obstruction factors or safeguards to reduce them to an acceptable level.

Conflicts of Interest

We or engagement partners have no interests in the Company and its consolidated subsidiaries, which should be stated in compliance with the Certified Public Accountants Act.

Independent Auditor's Report

May 13, 2024

The Board of Directors
Hitachi Zosen Corporation

KPMG AZSA LLC
Osaka Office

Kenta Tsujii
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takeshi Ikeda
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Audit Opinion

Pursuant to Article 436, paragraph (2), Item (i) of the Companies Act, we have audited the non-consolidated financial statements of Hitachi Zosen Corporation, which comprise the non-consolidated balance sheets, the non-consolidated statement of income, the non-consolidated statement of changes in net assets, the notes to the non-consolidated financial statements, and the supplementary schedules (hereafter collectively referred to as the “non-consolidated financial statements”) of Hitachi Zosen Corporation applicable to the 127th fiscal year from April 1, 2023 through March 31, 2024.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Hitachi Zosen Corporation, applicable to the fiscal year ended March 31, 2024 in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Other information comprises a business report and its supplementary schedules. It is the responsibility of management to prepare and disclose other information, and it is the responsibility of Corporate Auditors and the Board of Corporate Auditors to supervise Directors in their execution of duties relating to the development and operation of a reporting process for the other information. Our audit opinion concerning the non-consolidated financial statements does not cover the other information, and we do not express any opinions as to the matters included in the other information. Our responsibility for auditing the non-consolidated financial statements is to review the other information, and in connection with this review, discuss whether there is any material discrepancy between the other information and the non-consolidated financial statements or knowledge which we obtained in the course of audit and pay attention as to whether there is any indication of material error in the other information, other than such material discrepancy. We are required to report any material error in the other information found as a result of the work performed. There are no matters to be reported by us in relation to the other information.

Responsibilities of Management, Corporate Auditors and Board of Corporate Auditors for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of internal control deemed necessary by management for the preparation and fair presentation of the non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Corporate Auditors and Board of Corporate Auditors are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the non-consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these non-consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the non-consolidated financial statements, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the non-consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the non-consolidated financial statements or, if the notes to the non-consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements and notes to the non-consolidated financial statements are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the non-consolidated financial statements, including the related notes thereto, and whether the non-consolidated financial statements fairly present the underlying transactions and accounting events.

We report to the Corporate Auditors and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other

matters required by auditing standards.

We also provide the Corporate Auditors and the Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related measures in order to eliminate obstruction factors or safeguards to reduce them to an acceptable level.

Conflicts of Interest

We or engagement partners have no interests in the Company, which should be stated in compliance with the Certified Public Accountants Act.

Audit Report

With respect to the Directors' performance of their duties during the 127th fiscal year (from April 1, 2023 to March 31, 2024), the Board of Corporate Auditors has prepared this audit report as the consensus of all its members after deliberations based on the audit reports prepared by each Corporate Auditor, and hereby reports as follows:

1. Method and Contents of Audit by Corporate Auditors and the Board of Corporate Auditors

- (1) The Board of Corporate Auditors determined the audit policies, audit plan, etc., received reports from each Corporate Auditor on the progress and results of audits, exchanged opinions, and shared information. Additionally, they received reports from the Accounting Auditor on the status of its performance of duties, and requested explanations as necessary.
- (2) In accordance with the audit standards for Corporate Auditors determined by the Board of Corporate Auditors and based on the audit policies and audit plan, each Corporate Auditor took steps to facilitate mutual understanding with Directors, the department in charge of internal auditing, and other employees, strove to collect information and establish an environment for auditing, and performed audits using the methods below. Regarding the results of their investigations or audit activities, each Corporate Auditor provided opinions to Directors and those in charge of various departments as necessary.
 - (i) Each Corporate Auditor attended meetings of the Board of Directors and other important meetings, received reports from Directors and other employees on the status of their performance of duties and requested explanations as necessary, inspected documents regarding important decisions and the like, and investigated the status of the business operations and assets at Head Office and major business locations. With respect to the subsidiaries, they took steps to facilitate mutual understanding and information exchange with Directors, Corporate Auditors, etc., at each subsidiary, received reports from subsidiaries on their respective businesses periodically, and investigated as necessary.
 - (ii) Each Corporate Auditor discussed the audit plan with the department in charge of internal auditing in advance and received explanations on the results of audits, and regarding matters mentioned in audits, each Corporate Auditor confirmed that they had been rectified in a timely manner.
 - (iii) Each Corporate Auditor received reports on a regular basis from the Directors and employees, etc., requested explanations as necessary, and provided opinions with respect to matters mentioned in the business report. Such matters consist of the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Directors' performance of their duties complied with applicable laws and regulations and the Articles of Incorporation of the Company and other systems that are set forth in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of the corporate group consisting of a joint stock company (kabushiki kaisha) and its subsidiaries, and the systems developed and maintained based on such resolutions (internal control systems). Regarding internal control over financial reporting, each Corporate Auditor received reports from Directors and others as well as KPMG AZSA LLC concerning the evaluation of said internal control and the audit status, and requested explanations as necessary.
 - (iv) Each Corporate Auditor monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from

the Accounting Auditor on the status of its performance of duties, and requested explanations as necessary. In addition, each Corporate Auditor was informed of the establishment of the “System for ensuring that duties are performed appropriately” (matters stipulated in the items of Article 131 of the Corporate Calculation Regulations) in accordance with “Standards for the Quality Control of Audits” (Business Accounting Council), etc. by the Accounting Auditor and requested explanations as necessary.

Based on the above-described methods, each Corporate Auditor examined the business report and the supplementary schedule thereto, non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to non-consolidated financial statements) and the supplementary schedule thereto, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements), for the fiscal year under consideration.

2. Results of Audits

(1) Results of Audit of Business Report, etc.

- (i) We acknowledge that the business report and the supplementary schedule thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- (ii) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the Company was found with respect to the Directors’ performance of their duties.
- (iii) We acknowledge that the Board of Directors’ resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the contents in the business report and Directors’ performance of their duties concerning the internal control systems, including internal control over financial reporting.

(2) Results of Audit of Non-consolidated Financial Statements and Their Supplementary Schedules

We acknowledge that the methods and results of audit performed by the Accounting Auditor KPMG AZSA LLC are appropriate.

(3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the Accounting Auditor KPMG AZSA LLC are appropriate.

May 15, 2024

The Board of Corporate Auditors, Hitachi Zosen Corporation		
Full-time Corporate Auditor	Kazuhisa Yamamoto	(Seal)
Full-time Corporate Auditor	Masayuki Morikata	(Seal)
Outside Corporate Auditor	Hirofumi Yasuhara	(Seal)
Outside Corporate Auditor	Makoto Araki	(Seal)