



I hereby deliver the Interim Business Report for the 125th Fiscal Year and provide an overview of the business activities of Hitachi Zosen Corporation (“the Company”).

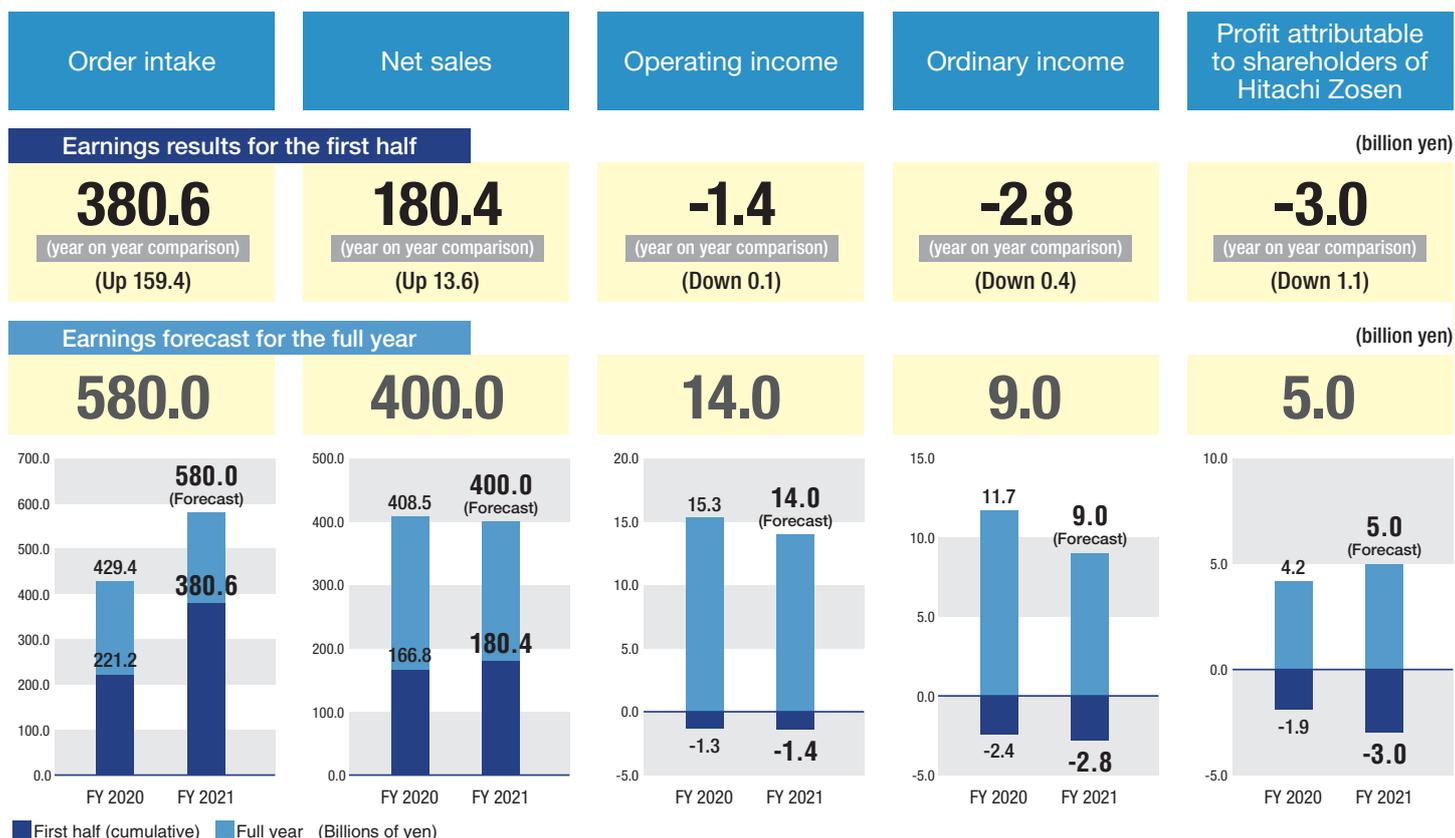
President and Chief Operating Officer  
**Sadao Mino**

### Earnings results for the first half of fiscal year 2021

Although we have been in a harsh business environment due to the COVID-19 pandemic, we saw a move toward gradual recovery in Japan amid the gradual resumption of global economic activities. In this environment, the consolidated financial results for the six months ended September 30, 2021 of the Hitachi Zosen Group (“the Group”) were as follows. Compared to the same period of the previous fiscal year, order intake and net sales increased to 380.6 billion yen and 180.4 billion yen, respectively, supported by the strong performance of our overseas subsidiaries. As our profits are concentrated in the second half under our Group’s business structure,

we recorded a deficit. However, we expect to achieve full-year earnings results as initially forecast.

In anticipation of the post-COVID-19 society, based on the medium-term management plan “Forward 22,” the Group will promote profitability enhancement, which is the most pressing issue for the Group, through working on offering services in the manufacturing businesses by utilizing IoT and AI and increasing the added value of products and services, along with promoting selection and concentration of businesses and allocating resources to growth areas. We would like to ask for the continued support of our shareholders.



(Notes)  
 1. Under the full-year earnings forecasts, the full-year forecast for order intake was revised upward to reflect orders to long-term operation business from overseas subsidiaries. Meanwhile, there is no change in the full-year forecasts for net sales and income line items.  
 2. We would like to ask for your understanding in that we have decided not to pay an interim dividend for the current fiscal year.

# Summary by business segment

## Environmental Systems

(Net sales composition: 69%)

**Order intake:**  
**319.8** billion yen  
 Year on year comparison  
 (up 153.5 billion yen)

**Net sales:**  
**123.5** billion yen  
 Year on year comparison  
 (up 17.2 billion yen)

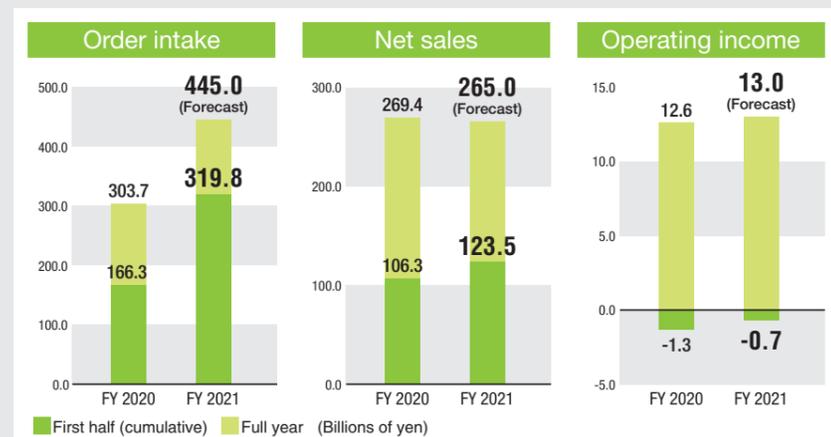
**Operating income:**  
**-0.7** billion yen  
 Year on year comparison  
 (up 0.6 billion yen)

Order intake increased to 319.8 billion yen from the same period of the previous fiscal year due to the receipt of orders for works in Japan including waste treatment work (volume reduction treatment) in the waste management area in Namie Town for the Ministry of the Environment, and the improvement of core facilities (asset life extension) at the Tateyama City incineration center for Tateyama City, Chiba Prefecture, and for works overseas including the installation of Energy-from-Waste (EfW) plants in India and Taiwan, and construction of EfW plants in the UAE and the UK.

Net sales increased to 123.5 billion yen from the same period of the previous

fiscal year due to work in Japan on the construction of waste treatment facilities in Otsu City, Shiga Prefecture, and the construction of sludge recycling centers for the Hiroshima Central Environmental Sanitation Association and for Nogata City, Fukuoka Prefecture, as well as overseas including the progress of large construction work.

Operating income improved from the same period of the previous fiscal year to negative 0.7 billion yen, mainly due to improved earnings at overseas subsidiaries.



Nogata City Sludge Recycling Center (Clean Hitz Nogata)

## Topics

### Established a new company for the tunnel boring machine business

Underground Infrastructure Technologies Corporation (UGITEC), a joint venture established by the Company and Kawasaki Heavy Industries, Ltd., started its operations on October 1, 2021. While growth in the tunnel boring machine business is limited in Japan, continued demand is expected overseas, including markets in Europe, North America, South America, and the Middle East, as well as tunnel boring business for subway in India and Southeast Asia. UGITEC will expand its business both in Japan and overseas by utilizing and enhancing the strengths of the two companies, including their sales and technological capabilities, diverse product lineups, and supply chains. Through the tunnel boring machine business, we will create new value and respond to customer needs while contributing to social infrastructure development.



UGITEC logo

### Establishment of PtG Square

“PtG Square” was newly established in the Company’s Chikko Works and started full-scale operation in November. The new “PtG Square” consists of the hydrogen area comprising a large electrolysis cell stack assembly plant to enable efficient assembly and shipment of electrolysis cells, the major equipment of water electrolysis (hydrogen generator) equipment, and electrolysis cell evaluation testing facility, and the methanation area for catalyst evaluation and pretreatment, the core of the methanation reaction. As a development base for the PtG business, we are working on the development of large-scale and modularized water electrolysis equipment that converts renewable energy into green hydrogen. We will contribute to the realization of a decarbonized society by promoting PtG products and services, including the construction of a supply chain for producing hydrogen fuel and producing methane from hydrogen and CO<sub>2</sub>.

(Note) PtG (Power to Gas): Producing fuels such as hydrogen and methane with renewable electricity.



“PtG Square’s methanation facility”

## Machinery and Infrastructure

(Net sales composition: 29%)

**Order intake:**  
**56.8** billion yen  
 Year on year comparison  
 (up 6.1 billion yen)

**Net sales:**  
**52.9** billion yen  
 Year on year comparison  
 (down 3.5 billion yen)

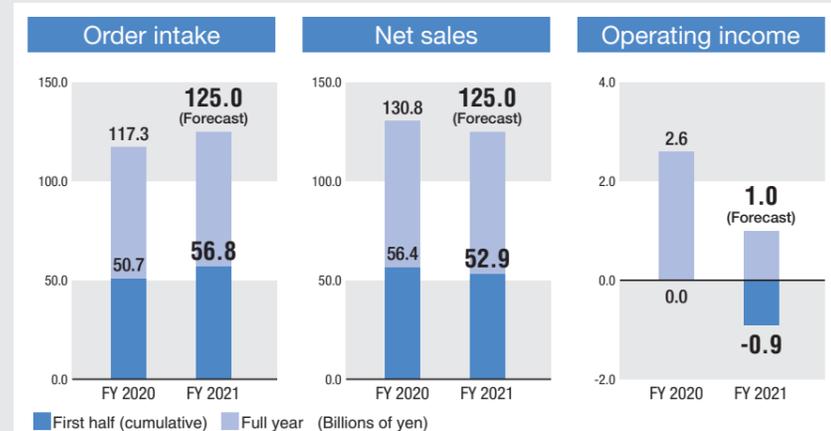
**Operating income:**  
**-0.9** billion yen  
 Year on year comparison  
 (down 0.9 billion yen)

Order intake improved from the same period of the previous fiscal year to 56.8 billion yen, mainly due to a pickup in orders for marine diesel engines, press machines for automotive industry, etc. from the previous fiscal year when orders had declined due to the impact of COVID-19, as well as due to orders for marine structures from the Ministry of Land, Infrastructure, Transport and Tourism.

Net sales decreased from the same period of the previous fiscal year to 52.9

billion yen due to decreases in orders for automotive press machines and process equipment, despite an increase in orders for marine diesel engines, etc. and steady progress in the business for bridges, hydraulic gates and marine structures.

Operating income decreased from the same period of the previous fiscal year to negative 0.9 billion yen due to a decrease in orders for press machines for automotive industry and precision machinery.



Press machines for automotive parts manufacturing in China (transfer press)

### Won the Director-General's Award, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry

Our proprietary “advanced removal of acid gas using slaked lime and collected ash recirculation system” in Energy-from-Waste (EfW) plants received the Director-General’s Award, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry at the 47th Excellent Environmental Equipment Awards sponsored by the Japan Society of Industrial Machinery Manufacturers. This system uses a unique method to treat acidic gases such as hydrogen chloride (HCl) and sulfur oxides (SO<sub>x</sub>) generated in the process of waste incineration. In a 20-year economic evaluation based on our own calculations, including construction costs, the plant rates highly for its ability to increase the operating revenue of an EfW plant by 1.4 times compared to conventional plants.

As a leading company in the field of EfW plants, the Company will continue to contribute to the achievement of the SDGs through the development of the latest technologies that contribute to environmental conservation.



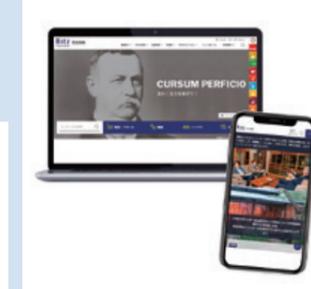
The award ceremony

### Renewal of the corporate website

We renewed our corporate website (official website) in August 2021. We aim to be “a Solution Partner for realizing Sustainable and Safe & Secure Society” through provision of clean energy and water, environmental conservation, and the development of disaster-resilient and prosperous communities. These goals are consistent with the SDGs, and we have enhanced the content of our website to make it easier to see and understand how the Group’s activities contribute to the realization of the SDGs. In addition, we have published new content, “Hitachi Zosen Founder’s Story” related to our founder.

Please visit our new corporate website at the URL shown below.  
<https://www.hitachizosen.co.jp/english/>

(Note) “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.



Corporate website

(Notes)  
 1. In “others” segment, order intake was 4.0 billion yen, net sales were 4.0 billion yen, and operating income amounted to 0.2 billion yen.  
 2. In fiscal year 2021, the name of the Environmental Systems and Industrial Plants Business was changed to the Environmental Systems Business. Furthermore, the Machinery Business and the Infrastructure Business was changed into the Machinery and Infrastructure Business through the integration of the two business segments. In accordance with this, order intake, net sales, and operating income for the first half of the previous fiscal year and those for the full previous fiscal year were reclassified and are restated based on the segments after the change.

## Corporate data (as of September 30, 2021)

Date of founding	April 1, 1881
Capital	45,442,365,005 yen
Number of employees	4,137 (consolidated: 11,248)
Website	<a href="https://www.hitachizosen.co.jp/english/">https://www.hitachizosen.co.jp/english/</a>

### IR mail delivery (Japanese Only)

We deliver IR-related information and news releases, etc. by email.

If you wish to receive IR mails, please subscribe to "RIMSNET" IR mail delivery service (free of charge) operated by Mitsubishi UFJ Trust and Banking Corporation in the following site:

<https://rims.tr.mufig.jp/?sn=7004>



## Integrated Report

We are issuing an integrated report that contains the management plan, financial information, and ESG information to explain to our stakeholders the measures we are taking to realize value creation in line with our Group's long-term vision. Please refer to our website.



## YouTube Channel



Hitachi Zosen Group Channel has been created on "YouTube" video sharing site to present our Group's business, history and other information.



## Stock data (as of September 30, 2021)

Total number of shares authorized to be issued.....400,000,000 shares

Total number of issued shares.....170,214,843 shares

Number of shareholders.....81,078

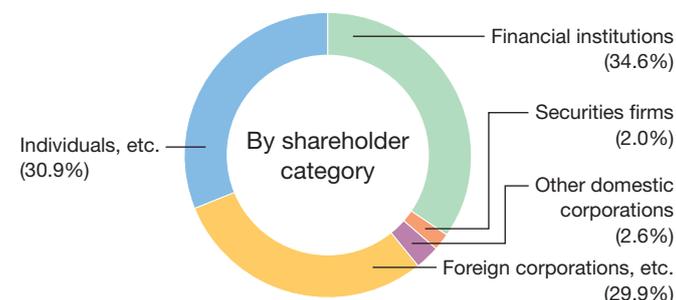
Number of shares constituting one unit of shares.....100 shares

## Major shareholders

Name of shareholders	Numbers of shares held (Thousands of shares)	Holding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	26,805	15.9
Custody Bank of Japan, Ltd. (Trust Account)	11,330	6.7
MUFG Bank, Ltd.	5,291	3.1
STATE STREET BANK AND TRUST COMPANY 505019	3,981	2.4
Hitachi Zosen Employee Shareholding Association	2,652	1.6
STATE STREET BANK WEST CLIENT — TREATY 505234	2,394	1.4
Sompo Japan Insurance Inc.	2,358	1.4
Custody Bank of Japan, Ltd. (Trust Account 7)	2,218	1.3
STATE STREET BANK AND TRUST COMPANY 505001	2,183	1.3
JP MORGAN CHASE BANK 385781	2,115	1.3

(Note) The holding ratio does not include treasury stock (1,681,217 shares).

## Distribution of shareholdings



## Shareholder information

Fiscal year	April 1 to March 31
Public notices	Via Company's website ( <a href="https://www.hitachizosen.co.jp/">https://www.hitachizosen.co.jp/</a> ) If we are unable to give an electronic public notice because of an accident or any other unavoidable reason, public notices may be given in the "The SANKEI" newspaper.
Shareholder registry administrator and special account custodian	Mitsubishi UFJ Trust and Banking Corporation
Contact	3-6-3 Fushimimachi, Chuo-ku, Osaka, 541-8502, Japan Mitsubishi UFJ Trust and Banking Corporation Osaka Corporate Agency Division Telephone: 0120-094-777 (toll free in Japan)
Stock listing	Tokyo Stock Exchange

### ■ Procedures concerning shares

For procedures of address change or request for sale/ additional purchase of shares less than one unit, etc., please contact the securities company or other financial institution where your account has been opened. If shares are registered in a special account because you have not opened with a securities company, etc., please contact the above address of Mitsubishi UFJ Trust and Banking Corporation, which is the special account custodian.

### ■ Individual number ("My Number")

For procedures on shares and other tax related affairs, notification of your "My Number," which people who have a certificate of residence in Japan are notified of by their municipality, is required. We request you to notify your individual number in a securities company, etc. where your account has been opened, if you have not done so yet.