

Kanadevia IR Day

Michi Kuwahara

Representative Director, President and COO

19 December, 2024

Kanadevia Corporation

Background

Michi Kuwahara

APR.1986	Joined the Company
JUN.1997	Hitachi Zosen U.S.A. (currently Kanadevia U.S.A.)
OCT.2002	Universal Shipbuilding Corporation (currently Japan Marine United Corp.)
MAY2011	Hitachi Zosen Inova (currently Kanadevia Inova)
APR.2015	General Manager, Corporate Planning Dept. of the Company
JAN.2018	Chairman, Hitachi Zosen Inova (currently Kanadevia Inova)
JUL.2020	General Manager, Corporate Planning HQ and Operation Planning HQ of the Company
JUN.2021	Director of the Company
APR.2022	Managing Director and General Manager of Environment Business HQ of the Company
APR.2024	Representative Director, President and COO of the Company (currently)

Company Overview

October 2024
Hitachi Zosen Corporation to **Kanadevia Corporation**

Leaving the Hitachi Group and the shipbuilding business,
Repositioning mainly at **the environmental business**

Waste to Energy plants **the world's leading company**

Changed the Company name from Hitachi Zosen Corporation on October 1, 2024

Kanadevia



Business and Product Portfolio

Carbon Neutral Solution



Marine diesel engines



Wind power



Power to Gas
(Hydrogen, Methanation)

Environment



Waste-to-Energy plants



Biogas plants



Water treatment plants

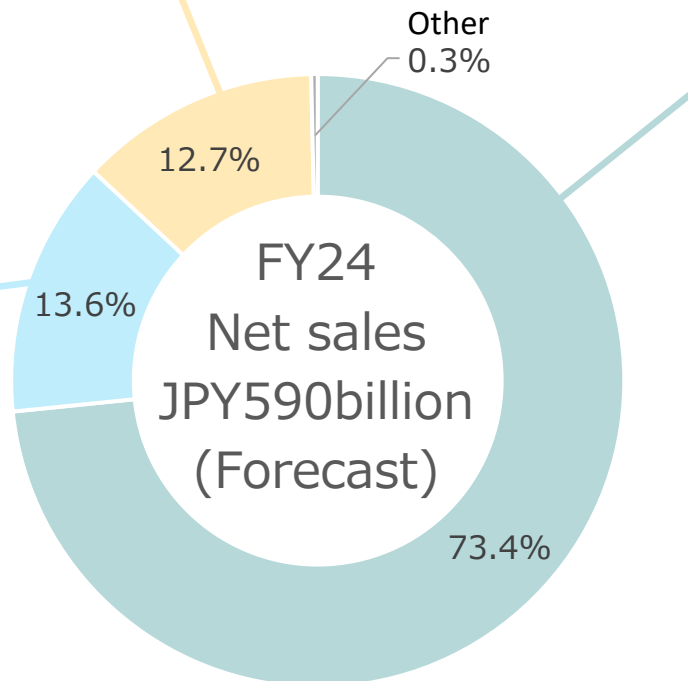
Machinery and Infrastructure



Precision machinery



Bridges, Hydraulic gates



Medium-term Management Plan “Forward 25”

Financial targets

Order intake

Fiscal 2023

¥680 billion

Fiscal 2025 targets

¥600 billion

Net sales

¥590 billion

¥560 billion

Operating income
(operating income margin)

¥26 billion
(4.4%)

¥28 billion
(5.0%)

ROE

10.6%

9.5%

Priority measures

Basic policies (1)

Sustainable growth of existing businesses

- ① Expanding overseas businesses
- ② Promoting structural reform of businesses
- ③ Expanding O&M services and improving profitability of new EPC projects

Basic policies (2)

Creation and expansion of growth businesses

- ① Execution of investment strategies
- ② Investment in priority areas

Basic policies (3)

Promotion of sustainable management
(enhancement of corporate value)

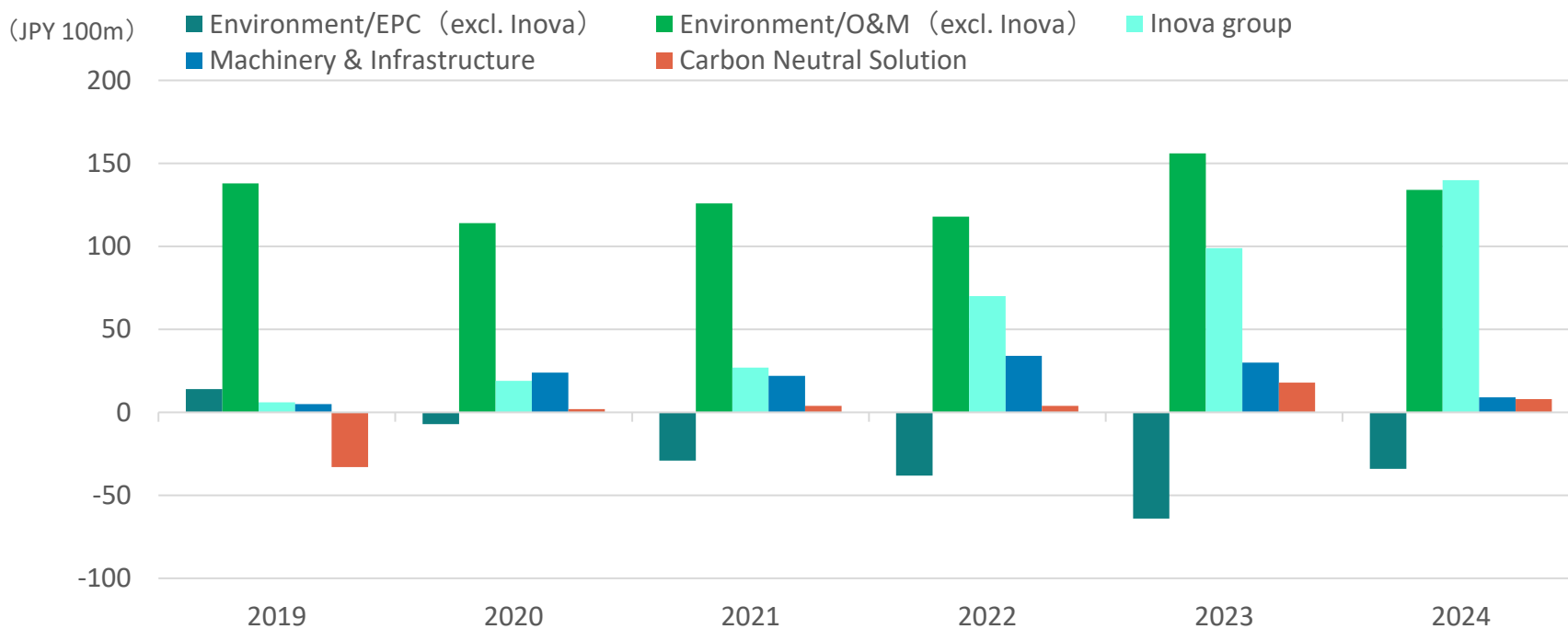
- ① Strengthening human capital
- ② Decarbonization in business activities
- ③ Promoting DX Strategies
- ④ Thorough risk management

Priority areas

- Decarbonization (CN) business : wind power generation, nuclear power/CN-related equipment, hydrogen and power-to-gas (PtG), fuel conversion, CCUS
- Resource circulation (CE) business : Waste to X* and carbon credits, renewable gas production and sales, industrial waste treatment business
- Water business : industrial water treatment, waste treatment, water supply and sewerage
- Life science related business : various devices for drug discovery, regenerative medicine, and next-generation medicine
- Inspection, measurement, monitoring and remote support related business

Waste to X* = Energy, material, chemical, fuel, hydrogen, carbon storage, phosphorus recovery, etc.

Changes in the Group's Operating Income



Operating Income Margin

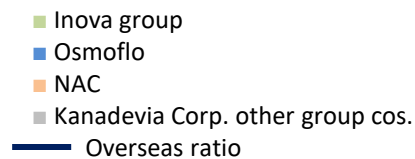
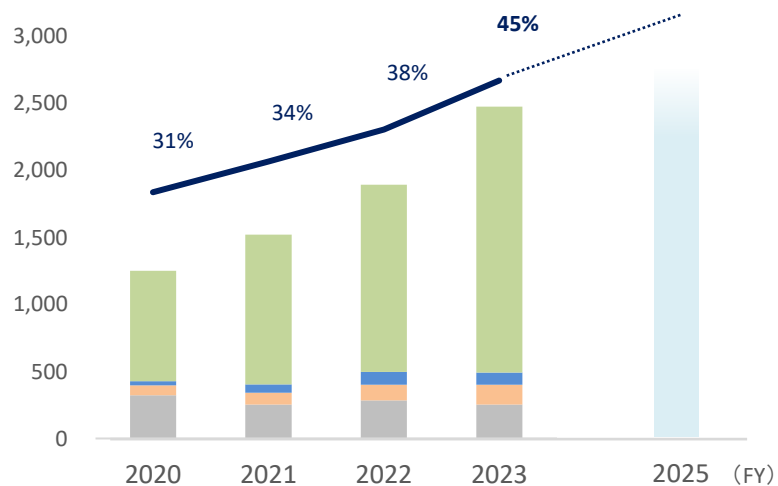
(Fiscal year)

	2019	2020	2021	2022	2023	2024
Environment/EPC (excl. Inova)	1.8%	-1.1%	-4.5%	-5.8%	-9.5%	-5.1%
Environment/O&M (excl. Inova)	11.5%	9.4%	9.6%	8.2%	11.0%	9.4%
Inova group	1.1%	2.3%	2.4%	5.0%	5.0%	6.3%
Machinery & Infrastructure	0.5%	2.9%	2.6%	3.9%	3.3%	1.1%
Carbon Neutral Solution	-7.6%	0.4%	1.0%	0.9%	3.3%	1.1%

FY2023 Overseas Sales

Overseas Sales
(JPY 100m)

Targets achieved ahead of schedule.

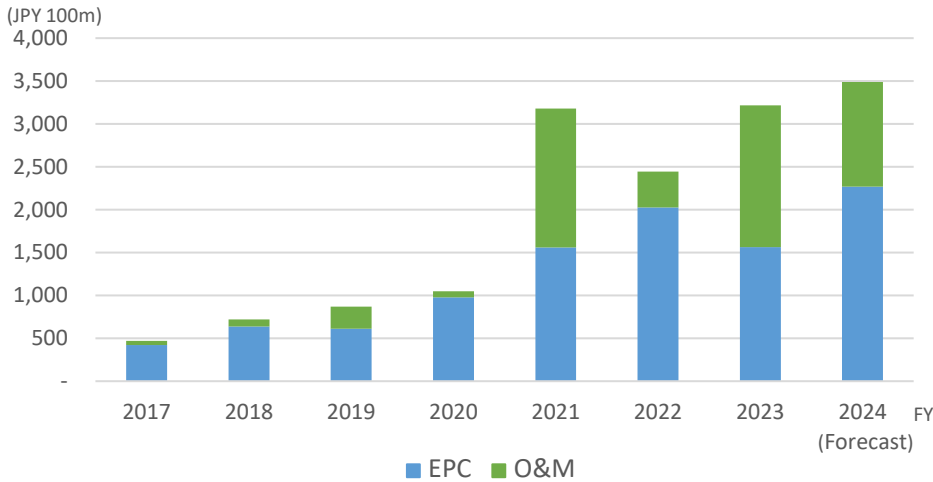


(Billions of JPY)

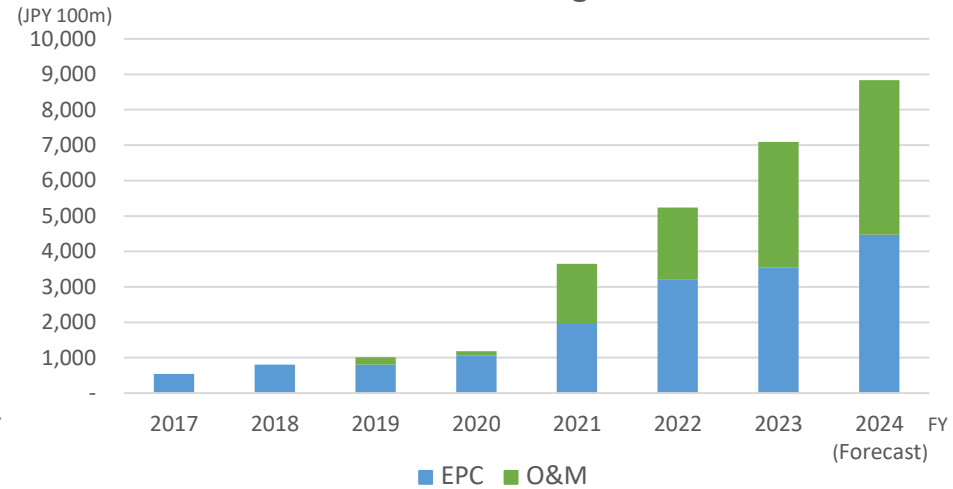
	FY2023	
	Sales	Percentage
Japan	308.3	55.4%
Europe	176.2	31.7%
Asia	18.6	3.4%
North America	26.4	4.7%
Middle East	16.5	3.0%
Others	9.8	1.8%

Inova Performance of EPC and Operation & Maintenance

Orders received

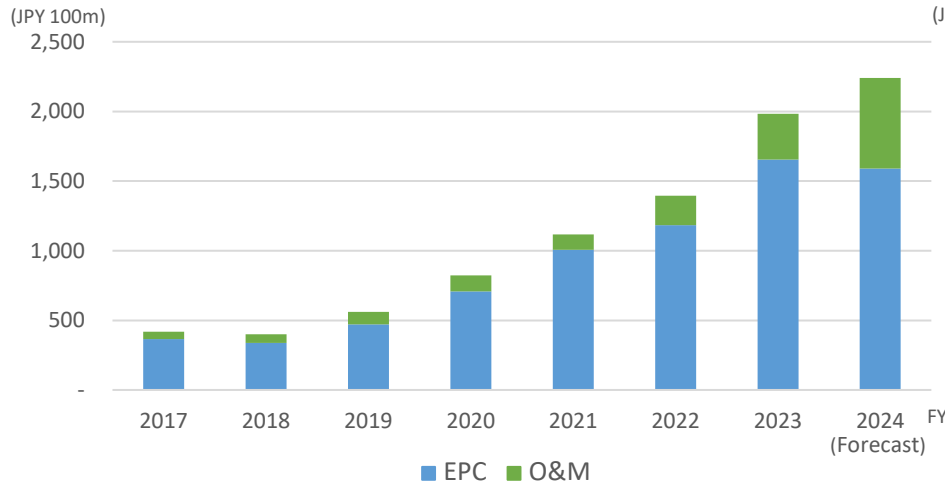


Order backlog

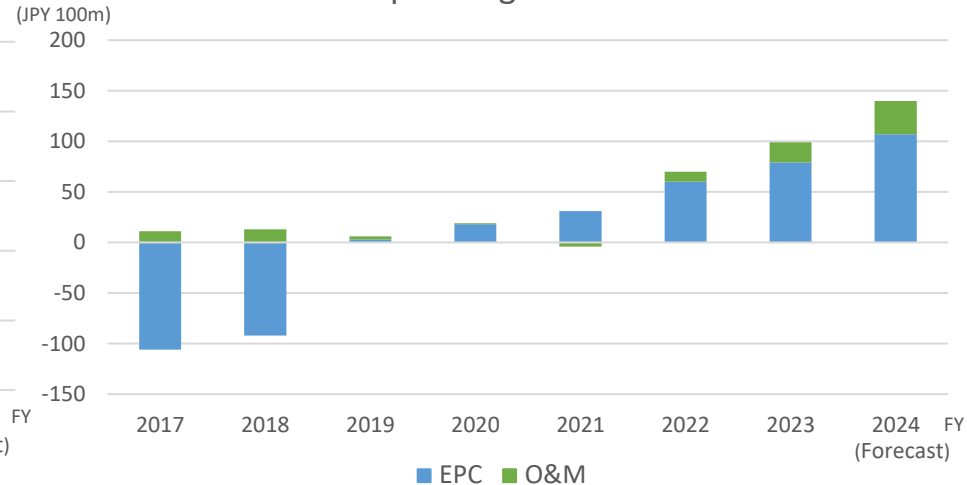


FY 2017 and 2018 include both EPCs and O&Ms.

Net sales



Operating income

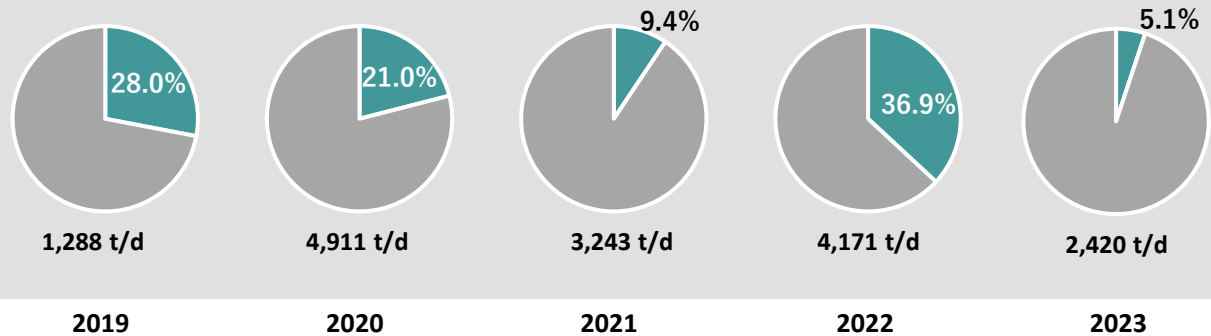


Environment Business – EPC Market Share (Orders Received)

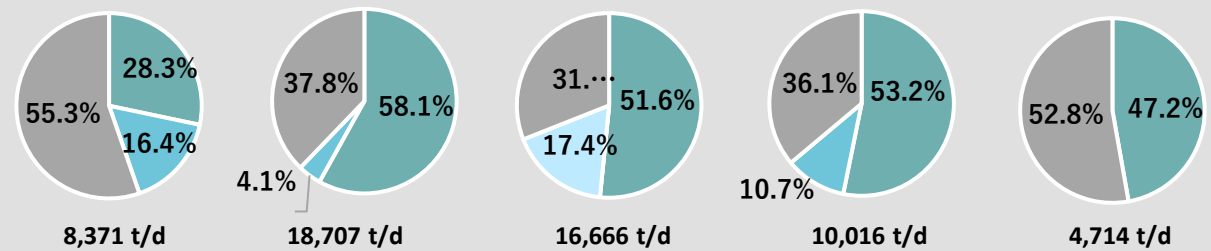
Market Share – New orders (Capacity basis)

■ Kanadevia group

■ Japan

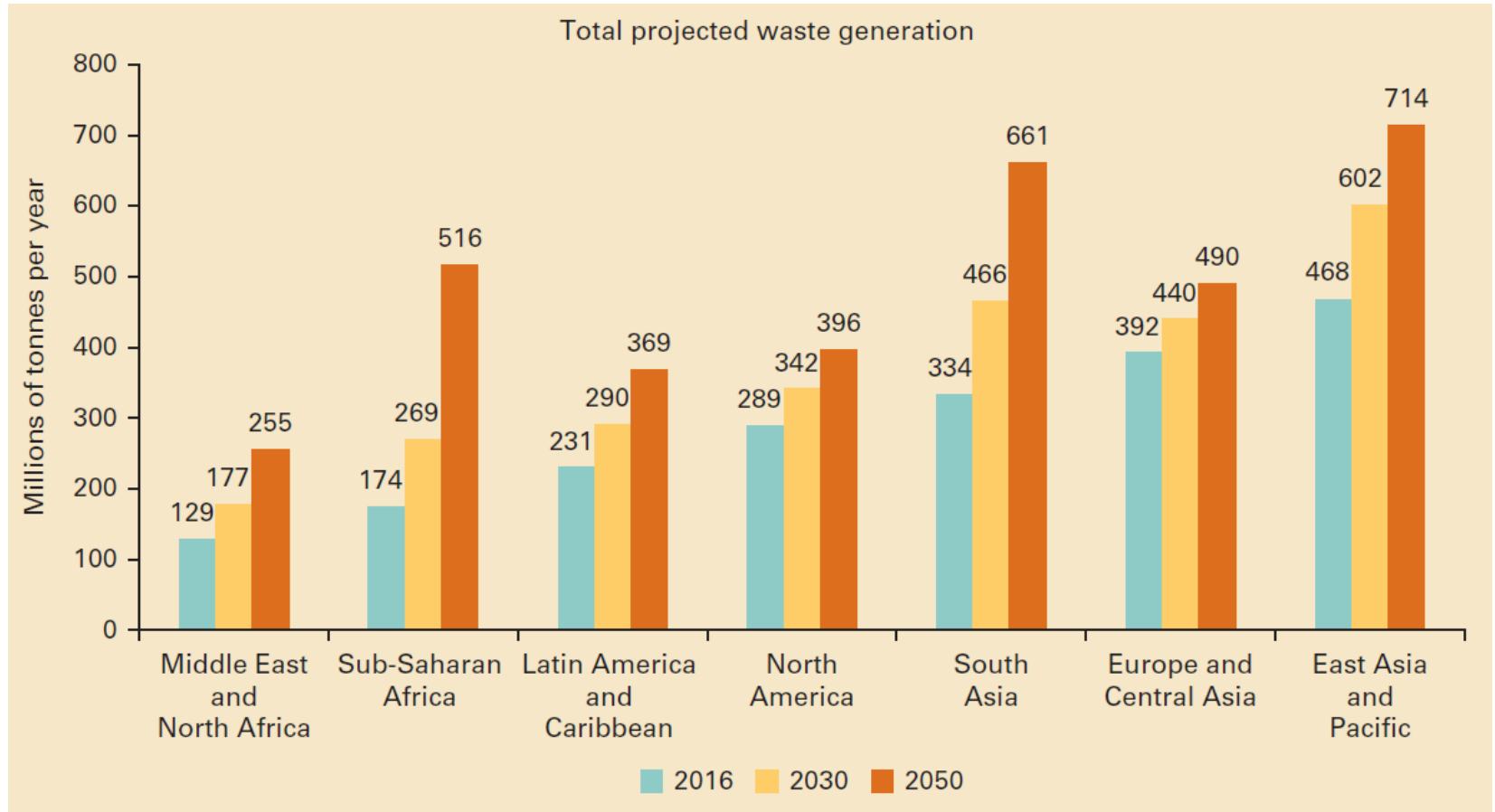


■ EMEA market



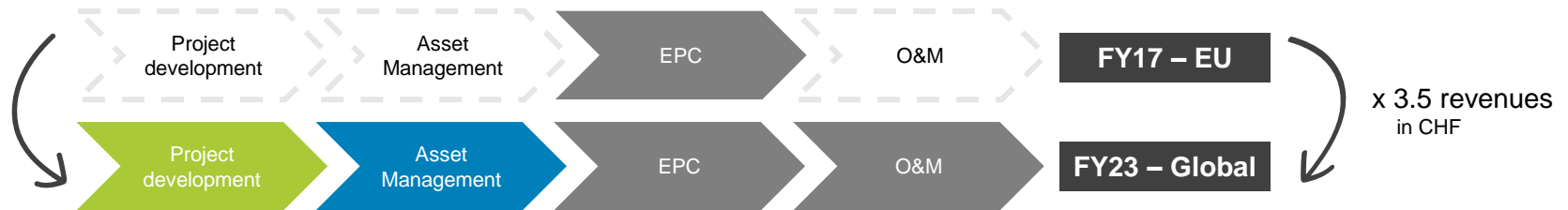
■ Kanadevia Inova ■ Kanadevia Inova Steinmüller ■ B&W

Inova's Future Growth Potential in the World



Source : The World Bank What a Waste 2.0

Inova – Business Expansion in Value Chain



- Expanding business areas from EPC specialist, with large performance fluctuations, to upstream and downstream of the value chain
- Project development, asset management, O&M, etc.

Expansion of Renewable Gas Business

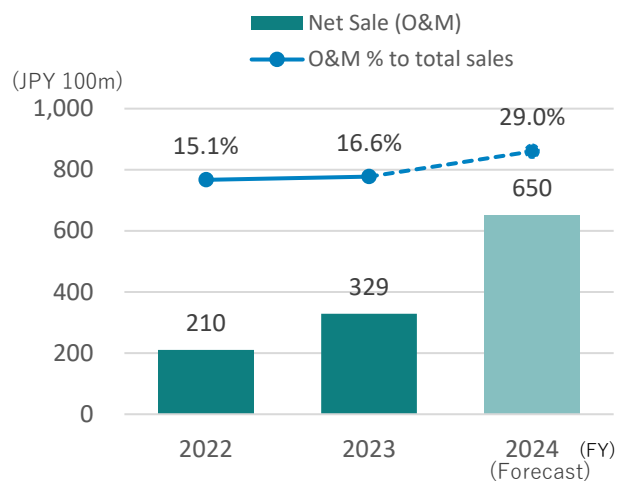
- Growing demand for biogas in Europe and the U.S. from the perspective of energy security, decarbonization, and the circular economy
- Inova can supply both dry and wet type systems.
- Expansion of business model to DFBOO*.

* DFBOO : Design, Finance, Build, Own, Operate
(Integrated plant design, financing, construction, ownership, and operation)

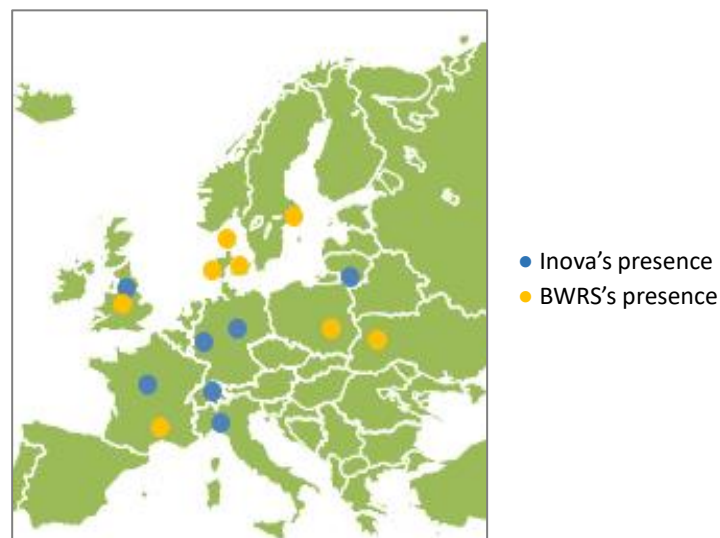


Inova – Business Expansion in the Geographic Market

Inova's sales from O&M and ratio to total sales



Inova's existing presence and BWRS (Inova Denmark)'s



Expansion of after-sales service network in Europe through M&A

Timing	Company	Country	Business Activities
DEC.2014	Kraftwerkstechnik	Germany	WtE maintenance
APR.2020	ESTI	France	WtE maintenance
APR.2020	NCIS	France	Manufacturing of spare parts
FEB.2022	Steinmüller	Germany	WtE
APR.2022	EST Industries	France	Boiler services
JUN.2024	BWRS	Denmark	WtE maintenance

Business Portfolio Management Initiatives

Major initiatives implemented after 2020

Date	Content	Acquisition	Strategic alliance	Transfer
Apr. 2020	Inova acquired French maintenance company ESTI	○		
Nov. 2020	NAC International invested in US company Deep Isolation		○	
Jul. 2021	Inova acquired a German biogas-related company from Schmack Group	○		
Oct. 2021	Kanadevia began alliance with Kawasaki Heavy Industries Ltd. in shield machine business		○	
Feb. 2022	Inova acquired German company Steinmüller	○		
Sep. 2022	Kanadevia transferred shares in a subsidiary that manufactures deck machinery for ships			○
Oct. 2022	Kanadevia formed a joint venture company with Tokyo Electric Power Company Holdings to manufacture spent fuel casks		○	
Jan. 2023	NAC International acquired US company Philotechnics	○		
Feb. 2023	Kanadevia transferred 66.6% of the shares in a subsidiary providing logistics services			○
Apr. 2023	Kanadevia spun off its marine engine business, and began alliance with Imabari Shipbuilding Co., Ltd.		○	
May. 2023	Kanadevia established an operations tie-up with TRE Holdings Corporation in the environmental business segment		○	
Jun. 2023	NAC International acquired Canadian company NIAGARA ENERGY PRODUCTS	○		
Mar. 2024	Inova acquired Italian company Schmack Biogas	○		
Jun. 2024	Inova acquired Danish company Babcock & Wilcox Renewable Service	○		
Oct. 2024	Inova acquires French company EST Industries as a subsidiary	○		

Business Portfolio Management

■ Screening low-profit businesses

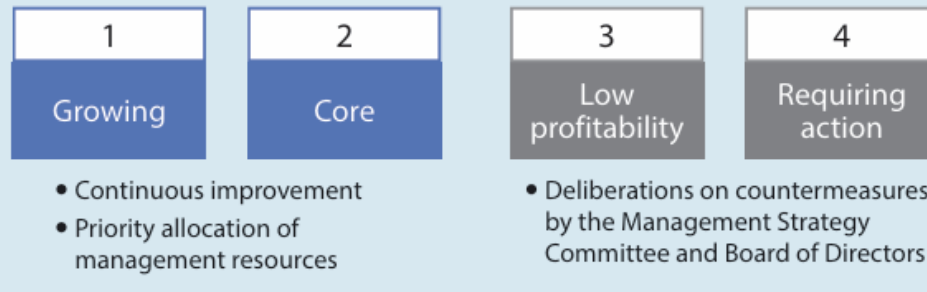
Numerical indicators

- Operating income margin, etc.
- Conformity with our vision

Strategy and risk evaluation

- Achievement of business target
- Future prospects for market position and attractiveness
- Potential changes in business environment that could inhibit business development

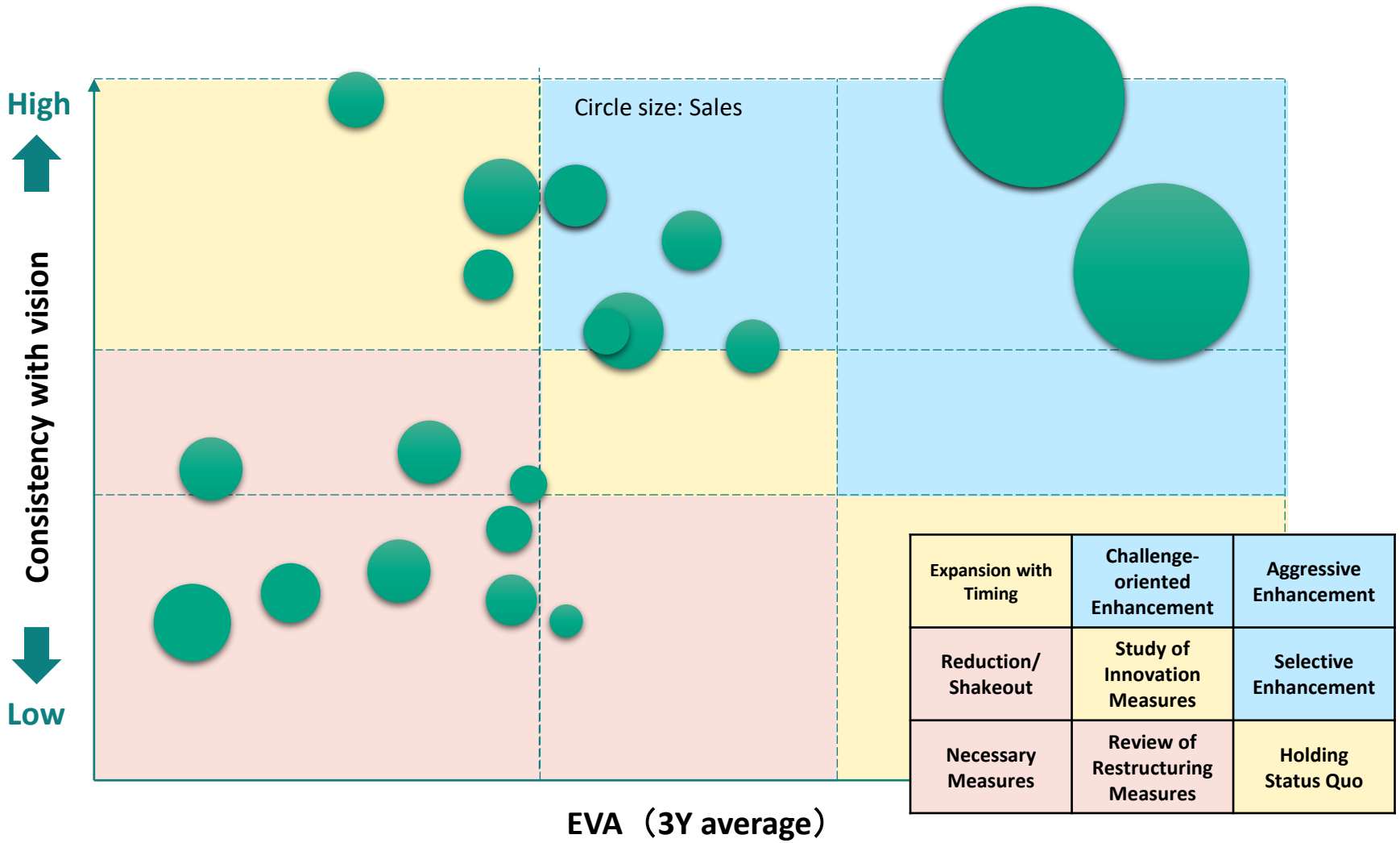
■ Determining four business level classifications



Reorganize low-profit businesses and shift resources to growing business areas

- Periodic review of business strategies and specific measures through PDCA cycle
- Verify the consistency of each business with the “Sustainable Vision” and “2030 Vision,” and aim to achieve both business growth and social contribution.

Consistency with Vision



Strengthening human capital

Secure, deploy, train, and retain the talent needed to execute management and business strategies

KPI (2025) Females in new graduate hires: 50% for administrative jobs and 10% for technical jobs
 Male employees taking childcare leave: 100%
 Employee engagement index: 70%
 Prevalence of lifestyle disease: 21% or lower

【Issues】

- Difficulty in securing talent
- Response to globalization
- Diversification of work style values

Growth of people

Autonomous individuals

Growth of organization

Diverse organization

A virtuous cycle of growth for people and the organization promotes the **company's growth** and **enhances corporate value**

Priority measures for human resources strategy

Securing talent

- Ensuring a diverse workforce (women, foreigners, and people with disabilities)
- Providing diverse work styles

Appropriate allocation and strategic development

- Career development support
- Training the global workforce
- Development of management human resources (succession plan)
- Reskilling
- Human resources mobility (job postings and second jobs)

Talent retention

- Redesigning the personnel system
- Restructuring the benefits program

Human resources strategy foundation

Talent portfolio

Collaboration and dialogue with management and business divisions

Talent management

Engagement

Well-being

Workstyle reform

Health management and safety

Work-life balance

Diversity and inclusion

Sharing the founder's spirit and Kanadevia Value

Mindset and culture reform

TOPICS

Participating in COP29

Exhibition at the Japan Pavilion

- Organized by the Ministry of the Environment
- Introducing our Group's various waste treatment technologies



Seminar Lecture by the President



Our exhibition booth

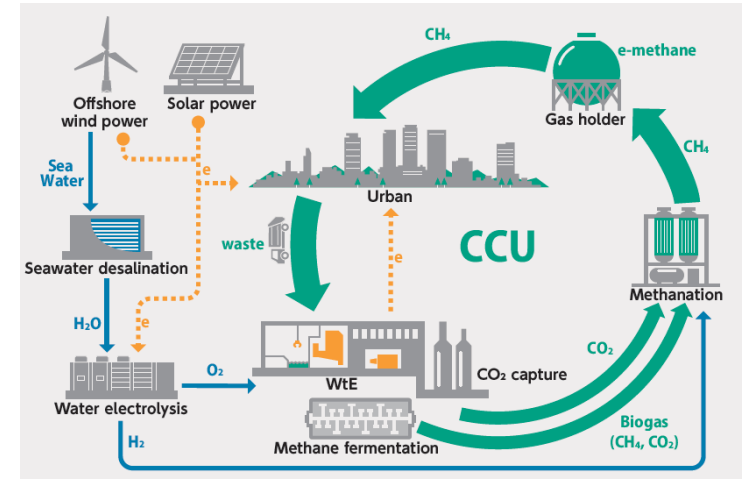


Exhibit model flow

TNFD (Task Force on Disclosure of Nature-related Financial Information)

- Expressed support for TNFD's recommendations in December 2023
- Published a TNFD Report in October 2024

TNFD Report 2024 https://www.kanadevia.com/english/ir/data/pdf/tnfd2024_E.pdf



TOPICS

Exhibit at CEATEC2024

Exhibited for the first time at the largest electronics exhibition in Japan.

Exhibits:

- Our approach WTE x DX
- Examples of our AI technology applications
- All-solid-state lithium-ion battery
- Remote operation of wind turbines

Lecture content: Plant Engineering x Digital
- Future society realised by Kanadevia -



Our exhibition booth



Seminar Lecture

Kanadevia

Technology for people and planet

Cautionary Statement

Forward-looking statements are based on information currently available to Kanadevia Corporation. Therefore, those forward looking statements include unknown risks and uncertainties. Accordingly, you should note that the actual results could differ materially from those forward-looking statements. Risks and uncertainties that could influence the ultimate outcome include, but are not limited to, the economic conditions surrounding Kanadevia Corporation and/or exchange rate fluctuation.