



I hereby deliver the Interim Business Report for the 127th Fiscal Year and provide an overview of the business activities of Hitachi Zosen Corporation (“the Company”).

President and Chief Executive Officer
Sadao Mino

Earnings results for the first half of fiscal year 2023

Although activity restrictions related to the novel coronavirus disease (COVID-19) were lifted, the recovery in economic trends was subdued due to factors such as the impacts of continued price increases and the yen's depreciation.

In this environment, the consolidated financial results for the six months ended September 30, 2023 of the Hitachi Zosen Group (“the Group”) were as follows. Compared to the same period of the previous fiscal year, order intake was 346.7 billion yen, mainly due to an increase in orders in the Environment Business, while net sales were 232.1 billion yen, due to an increase in the Environment Business.

In addition, operating income was 1.1 billion yen, mainly due to returning

to black in the Environment Business.

Since our profits are concentrated in the second half under our Group's business structure, we expect to achieve full-year earnings results as the following forecast announced on November 6.

Furthermore, the Board of Directors decided to change our trade name to Kanadevia Corporation effective October 1, 2024.

Going forward, we will work to popularize and increase awareness of our new brand through promotion activities and other measures.

In addition, we will also consider changing the trade names of our Group companies to incorporate Kanadevia into their names.

We would like to ask for the continued support of our shareholders.



(Notes)

1. The full-year earnings forecasts, including for income line items, were revised upward.

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

Topics

Environment (Net sales composition: 73%)

Order intake:
270.0 billion yen
Year on year comparison
(up 25.7 billion yen)

Net sales:
169.2 billion yen
Year on year comparison
(up 26.1 billion yen)

Operating income:
0.5 billion yen
Year on year comparison
(up 0.6 billion yen)

Total order intake increased to 270.0 billion yen from the same period of the previous fiscal year, mainly due to orders received for construction of a new night-soil treatment plant in Inazawa City, Aichi Prefecture and upgrading work on core equipment of the waste incineration facility and water treatment facility in Japan, as well as two orders received for long-term operation services of Waste to Energy (WtE) plants in the UK.

Net sales increased from the same period of the previous fiscal year to 169.2 billion yen, mainly due to the completion of an WtE plant in the UK.

Operating income improved from the same period of the previous fiscal year to 0.5 billion yen, returning to black mainly due to increased profits at overseas subsidiaries.



WtE plant for Leicestershire, UK

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Machinery & Infrastructure (Net sales composition: 18%)

Order intake:
40.0 billion yen
Year on year comparison
(down 6.6 billion yen)

Net sales:
40.8 billion yen
Year on year comparison
(up 1.7 billion yen)

Operating income:
0.7 billion yen
Year on year comparison
(up 0.4 billion yen)

Total order intake decreased from the same period of the previous fiscal year by 6.6 billion yen to 40.0 billion yen, mainly due to decreased orders received for precision machinery, despite an increase in orders received for press machines for the automotive industry.

Net sales increased from the same period of the previous fiscal year to 40.8 billion yen, mainly due to an increase in sales in press machines for the automotive industry and progress in the business for marine structures, etc.

Operating income increased from the same period of the previous fiscal year to 0.7 billion yen, mainly due to an increase in profits from press machines for the automotive industry, despite a decrease in profits from precision machinery.



Meiko Chuo Ohashi Bridge (Seismic retrofitting) for Central Nippon Expressway Company Limited

Carbon Neutral Solution (Net sales composition: 9%)

Order intake:
35.7 billion yen
Year on year comparison
(up 12.3 billion yen)

Net sales:
21.1 billion yen
Year on year comparison
(up 0.4 billion yen)

Operating income:
-0.3 billion yen
Year on year comparison
(up 0.2 billion yen)

Total order intake increased significantly from the same period of the previous fiscal year to 35.7 billion yen, mainly due to an order received for operation and maintenance (O&M) of onshore wind power generation plants for 20 years from Mutsu Ogawara Wind Power LLC, as well as an increase in orders received for marine diesel engines.

Net sales increased from the same period of the previous fiscal year to 21.1 billion yen, mainly due to increases in sales of NOx removal systems and in construction work and O&M for wind power generation facilities, despite a decrease in sales of marine diesel engines.

Operating income improved from the same period of the previous fiscal year to negative 0.3 billion yen, due to increase in orders for process equipment.



Hydrogen generation system for Hokkaido Electric Power Co., Inc.

New business development using biogas and biomethane technology

Our Group company Hitachi Zosen Inova AG (HZI) is developing new businesses utilizing technology related to biogas, which is generated by fermenting organic waste (food waste, plants, etc.), and biomethane, which is generated from biogas purification.

During the first half of fiscal year 2023, construction was completed in Switzerland on a facility to cool and liquefy carbon dioxide (CO₂) generated during biogas purification, and HZI was decided to begin full-scale production and sales of liquefied biogas and liquefied CO₂ in Germany.

In addition, a 20-year biomethane supply project has been decided in Italy.

The reduction and reuse of CO₂ through these projects will contribute to the promotion of decarbonization, and the Group will continue to contribute to the global environment by providing products and technologies related to clean energy.



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CO₂ liquefaction facility (Switzerland)

Delivery of control system for “NanoTerasu”

The Company manufactured and delivered a control system and vacuum equipment, etc. for storing electron beams inside a next-generation radiation facility “NanoTerasu” (Sendai City, Miyagi Prefecture) for the National Institutes for Quantum Science and Technology.

NanoTerasu is a facility that acts as a giant microscope to enable us to see into the world of nano-level atoms and molecules, and elucidate the causes of various phenomena. The purpose of constructing this facility is to create “new light” for building a path to the future.

The facility is preparing to begin full-scale operations in 2024 as the foundation supporting science and technology in general. The Company delivered technologies that are essential to the facility, from access management systems to vacuum equipment, and while continuing to strive to increase the level of technological precision, we will contribute to creating a carbon-neutral society and solving social issues in the medical and other industries.



NanoTerasu (provided by the National Institutes for Quantum Science and Technology)

Start of construction work on onshore wind power generation plants in Aomori Prefecture

Mutsu Ogawara Wind Power LLC, established by the Company and ITOCHU Corporation, has begun construction of onshore wind power generation plants in Rokkasho Village, Kamikita District, Aomori Prefecture for the operation and the wholesale supply of electricity, and prayed for no accidents or disasters, and for success of the project at the ground breaking ceremony held in July 2023.

The project is scheduled to start operation in April 2026, and once operational, it is expected to supply electricity equivalent to the annual electricity consumed by about 46,000 ordinary households and to reduce CO₂ emissions by approximately 81,000 tons per year. Based on our experience in the construction and operation of onshore wind power generation facilities, the Company will provide the project with engineering, procurement, construction, and O&M. The Company is involved in technology development and demonstration projects for fixed-bottom and floating offshore wind power generation, with the manufacture of base structures as its main focus for future business expansion.



Left : Ground breaking ceremony
Right: Wind power generation plant under construction



Start of trial operation of remote operation of a waste crane

We have started demonstrating remote operation of the waste crane at a WtE plant in Kanagawa Prefecture (Hadano Clean Center) from the Hitz Advanced Information Technology Center (A.I./TEC) inside our Head Office.

To achieve stable 24-hour operation and low operation cost over long-term operation for WtE plants, it is essential to realize labor saving and automation.

Certain operations of a waste crane need to be performed manually, which creates challenges for labor saving in this system. However, with remote control conducted by A.I./TEC, a single operator can operate waste cranes at multiple facilities. Going forward, the Company will promote further refinement and versatility of remote operation, and contribute to our customers with increasing their productivity and solving labor shortages.



Remote operation of the waste crane from A.I./TEC.

(Note)
In Other Businesses, order intake was 1.0 billion yen, net sales were 1.0 billion yen, and operating income amounted to 0.2 billion yen.

Change of trade name

The Company has decided to change its trade name to “Kanadevia Corporation” effective October 1, 2024, subject to approval at the Annual General Meeting of Shareholders to be held in June 2024.

“Kanadevia” is a coined word that combines “kanade” (from the Japanese verb “kanaderu” meaning “to play music in harmony”) and “via” (Latin for “way” or “method”). It shows that we respect diversity, just as the many diverse players in an orchestra work in harmony (“kanaderu”). It also expresses our desire that we will pioneer a new path (“via”), through continuous technological innovation, to bring the same harmony to human society and the natural world.

Since the foundation in 1881 as Osaka Iron Works, we had expanded our business into areas such as shipbuilding, steel structures, plants, and industrial machinery. In 1943 we changed our trade name to Hitachi Zosen Corporation, but we spun off the shipbuilding business in 2002. Today, our global businesses are expanding in the fields of decarbonization, resource recycling, and safe and prosperous urban development.

With the current change of trade name, we aim to realize our long-term vision, “2030 Vision,” and “Sustainable Vision” to serve as a vision in 2050, to become a company that grows sustainably, and to build a new history.

Under the brand concept of “challenge through the power of technology, to create a world that lives in balance with nature,” our Group will continue to create value for society with technology and sincerity, and contribute to a prosperous future together with our shareholders, as the new “Kanadevia.”

Stock data (as of September 30, 2023)

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

Total number of issued shares170,214,843 shares

Number of shareholders73,734

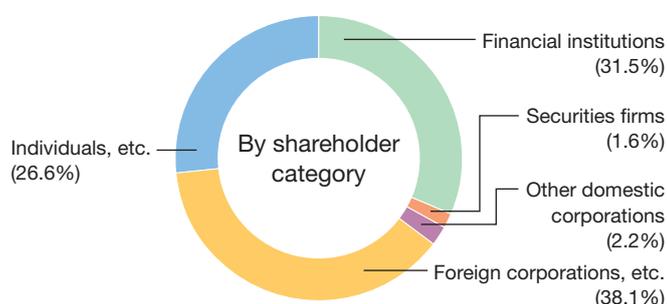
Number of shares constituting one unit of shares100 shares

Major shareholders

Name of shareholders	Numbers of shares held (Thousands of shares)	Holding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	27,822	16.5
Custody Bank of Japan, Ltd. (Trust Account)	9,488	5.6
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS- UNITED KINGDOM	6,446	3.8
MUFG Bank, Ltd.	5,291	3.1
HSBC BANK PLC A/C M AND G (ACS) VALUE PARTNERS CHINA EQUITY FUND	4,578	2.7
STATE STREET BANK AND TRUST COMPANY 505019	4,231	2.5
STATE STREET BANK AND TRUST COMPANY FOR STATE STREET BANK INTERNATIONAL GMBH, LUXEMBOURG BRANCH ON BEHALF OF ITS CLIENTS: CLIENT OMNI OM25	3,712	2.2
STATE STREET BANK AND TRUST COMPANY 505001	2,667	1.6
Hitachi Zosen Employee Shareholding Association	2,656	1.6
STATE STREET BANK WEST CLIENT - TREATY 505234	2,385	1.4

(Note) The holding ratio does not include treasury stock (1,689,375 shares).

Distribution of shareholdings



Integrated Report 2023

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.



Shareholder information

Fiscal year	April 1 to March 31
Public notices	Via Company’s website (https://www.hitachizosen.co.jp/) 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.