

Kanadevia

Technology for people and planet

Dear
Shareholders

On October 1, 2024, Kanadevia changed its name from Hitachi Zosen.

I hereby deliver the Interim Business Report for the 128th Fiscal Year. First, as was announced in July of this year, we have discovered inappropriate conduct involving the test results of shop trial in the marine engine business of the Kanadevia Group (“the Group”). We sincerely apologize to all shareholders for the significant loss of trust and for causing considerable inconvenience and concern. A Special Investigation Committee is currently conducting an investigation. We will do our utmost to investigate the cause, prevent recurrence, and restore trust, to ensure that such an incident will not occur again in the future.

On October 1 of this year, Hitachi Zosen Corporation changed its name to Kanadevia Corporation (“the Company”).

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 name to Hitachi Zosen Corporation, but in 1947 we became independent from the Hitachi Group. We spun off the shipbuilding business in 2002. Today, our global businesses are expanding in the fields of decarbonization, resource circulation, and safe and prosperous community. We have changed our company name in order to respond to changes in social conditions, business activities, globalization, etc., and to continuously improve our corporate value.

In considering the new company name, we focused on our corporate

philosophy of “We create value useful to society with technology and integrity to contribute to a prosperous future,” and on carrying on the spirit of our founder, E.H. Hunter. That is, the spirit of taking on challenges with which our founder came to Japan from England at the end of the Edo period and established many businesses in Japan, the spirit of cooperation in which he respected Japanese culture and worked together with the Japanese in business, and the spirit of emphasizing the public interest in which he contributed to the development of Kobe, the revision of unequal treaties, and so on.

In light of which, the new company name was decided based on the new brand concept of “taking on the challenge, through the power of technology, to create a world that lives in balance with nature.”

The new company name “Kanadevia” combines “kanade” (from the Japanese verb “kanaderu” meaning “to play music in harmony”) and “via” (Latin for “way” or “method”). “Kanaderu” represents the spirit of cooperation, while “via” symbolizes the path we have taken and the path we will pioneer in the future.

Under the new company name “Kanadevia,” we aim to grow as a company that respects diversity, continues technological innovation, and blazes a new path toward the realization of harmony between humanity and nature.

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



President &
Chief Operating Officer

Michi Kuwahara



Chairman of the Board &
Chief Executive Officer

Sadao Mino

Financial Highlights (Consolidated)

Financial results for the first half of fiscal year 2024

During the first half of fiscal year 2024, economic conditions were on a gradual recovery track, although there remains some way to go, but there remains a need to pay attention to the effects of rising prices, continued high interest rate levels in Europe and the United States, the slowdown of the Chinese economy, geopolitical risks in the Ukraine and the Middle East, and fluctuations in the financial and capital markets. In this environment, the consolidated financial results for the first half of fiscal year 2024 of the Group were as follows.

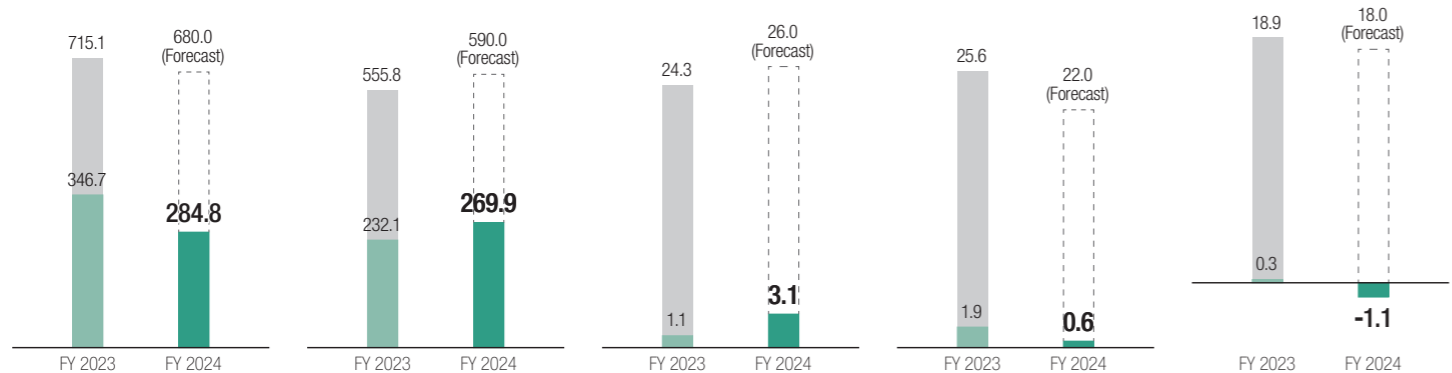
Order intake was 284.8 billion yen, due to decreases in the Environment Business and Carbon Neutral Solutions Business, while net sales were 269.9 billion yen, mainly due to an increase in the Environment Business.

In addition, operating income was 3.1 billion yen, mainly due to an increase in the Environment Business, while ordinary income was 0.6 billion yen and profit attributable to shareholders of Kanadevia was negative 1.1 billion yen, mainly due to share of loss of entities accounted for using the equity method and foreign exchange losses.

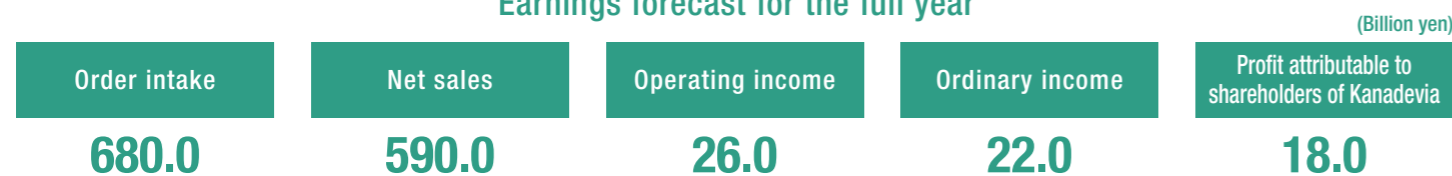
Since our profits are concentrated in the second half under the Group's business structure, we expect to achieve full-year earnings results as the following forecast announced on November 7.

We would like to ask for your understanding in that we have decided not to pay an interim dividend for the current fiscal year.

Earnings results for the first half



Earnings forecast for the full year



For detailed financial information, please refer to "Investor Relations" on the corporate website.

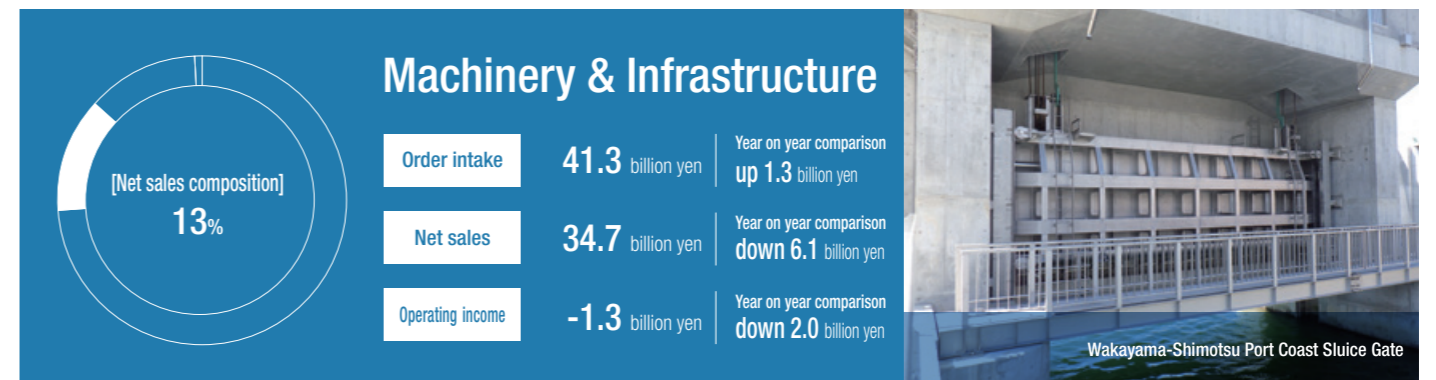
<https://www.kanadevia.com/english/ir/>



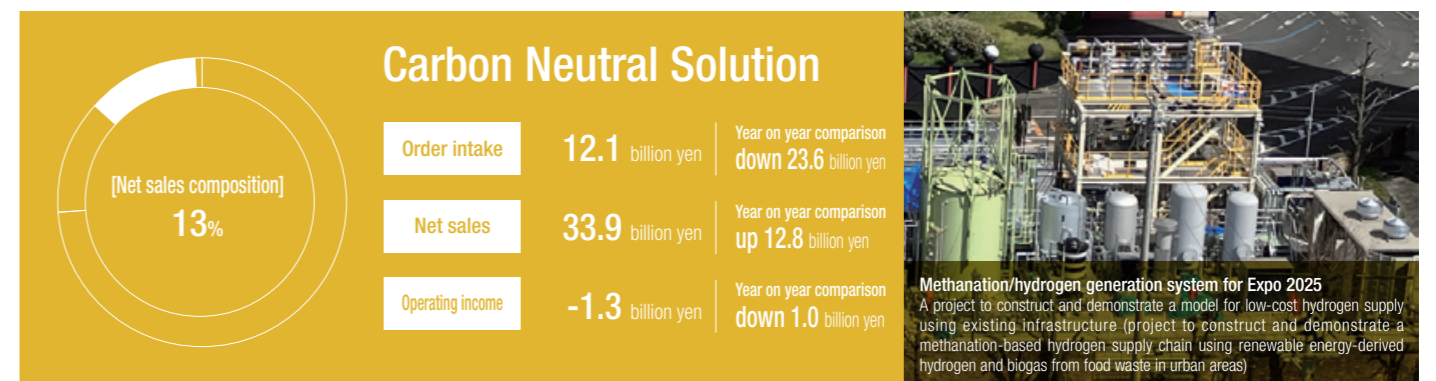
Summary by Business Segment



Total order intake decreased from the same period of the previous fiscal year to 229.9 billion yen, mainly due to a decrease in after-sales services (O&M) such as retrofit and operation project. Orders were received for upgrading works on core equipment in Japan for a recycling facility for the Nasu Area Integrated Administration of a Large Office Association in Tochigi Prefecture, the Kimotsuki District Cleaning Center for the Osumi Kimotsuki Public Service Association in Kagoshima Prefecture, and a night-soil treatment plant for Kuroshio Town, Kochi Prefecture, and for operation and maintenance work for a waste incineration power generation project for Abu Dhabi overseas. Net sales increased from the same period of the previous fiscal year to 199.5 billion yen, mainly due to the completion of an incineration facility for the DOUOU Waste Disposal Association in Hokkaido and a new clean center for the Nansatsu Sanitation Management Association in Kagoshima Prefecture, as well as increased sales at overseas subsidiaries. Operating income increased from the same period of the previous fiscal year to 5.5 billion yen, mainly due to reduced losses in domestic construction projects and improved earnings at overseas subsidiaries.



Total order intake increased from the same period of the previous fiscal year to 41.3 billion yen, mainly due to an increase in orders received for after-sales service works, etc. for press machines for the automotive industry and orders for water gate construction in the Philippines and for repair works for Ushibuka Haiya-ohashi Bridge in Kumamoto Prefecture. Net sales decreased from the same period of the previous fiscal year to 34.7 billion yen, due to decreases in sales of infrastructure and precision machinery, despite the completion of construction of the Wakayama-Shimotsu Port Coast Sluice Gate, shore protection, etc. for the Ministry of Land, Infrastructure, Transport and Tourism Kinki Regional Development Bureau and the Kinugawa Bridge upper portion construction for the Ministry of Land, Infrastructure, Transport and Tourism Kanto Regional Development Bureau as well as an increase in sales of press machines for the automotive industry. Operating income also decreased from the same period of the previous fiscal year to negative 1.3 billion yen, mainly due to deteriorating infrastructure profitability and decreased sales of precision machinery.



Total order intake decreased from the same period of the previous fiscal year to 12.1 billion yen, due to a decline in orders for wind power generation, marine diesel engines, and other products. Net sales increased from the same period of the previous fiscal year to 33.9 billion yen, due to progress in construction of the Mutsu Ogawara Wind Farm and increased sales of process equipment such as containers for transportation and storage of spent nuclear fuel. Operating income decreased from the same period of the previous fiscal year to negative 1.3 billion yen, mainly due to deteriorating profitability of decarbonization systems such as hydrogen generation systems, etc. and marine diesel engines.

(Note) In Other Businesses, order intake was 1.5 billion yen, net sales were 1.8 billion yen, and operating income amounted to 0.2 billion yen.

Corporate data

(as of September 30, 2024)

Date of founding	April 1, 1881
Capital	45,442,365,005 yen
Number of employees	3,928 (consolidated: 12,697)
Website	https://www.kanadevia.com/english/

Stock data

(as of September 30, 2024)

Total number of shares authorized to be issued	400,000,000 shares
Total number of issued shares	170,214,843 shares
Number of shareholders	73,599
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)	28,856	17.1
Custody Bank of Japan, Ltd. (Trust Account)	18,426	10.9
STATE STREET BANK AND TRUST COMPANY 505301	6,791	4.0
MUFG Bank, Ltd.	5,291	3.1
HSBC BANK PLC A/C M AND G (ACS) VALUE PARTNERS CHINA EQUITY FUND	3,878	2.3
STATE STREET BANK AND TRUST COMPANY 505223	3,290	2.0
STATE STREET BANK AND TRUST COMPANY 505025	3,123	1.9
JP MORGAN CHASE BANK 385632	2,819	1.7
GOVERNMENT OF NORWAY	2,790	1.7
Hitachi Zosen Employee Shareholding Association	2,600	1.5

Note 1: The holding ratio is calculated excluding the number of treasury stock.

Note 2: The name of Hitachi Zosen Employee Shareholding Association was changed to Kanadevia Employee Shareholding Association on October 1, 2024.

Connect to corporate website

<https://www.kanadevia.com/english/>

We have renewed our corporate website.
Please take a look.



Shareholder information

Fiscal year	April 1 to March 31
Public notices	Via the corporate website (https://www.kanadevia.com/) (in Japanese) 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.

Integrated Report 2024

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 the Group's long-term vision. Please refer to our website.



YouTube Channel

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

[Click here to view the commercials currently being broadcast.](#)



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.mufg.jp/?sn=7004> (in Japanese)

