



December 5, 2022

Company name: Hitachi Zosen Corporation
Representative: Sadao Mino, President & CEO
(Security Code: 7004; Prime Market, Tokyo Stock Exchange)
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Information Regarding Recognition of Extraordinary Income on Transfer of Shares in Consolidated Subsidiary

We, Hitachi Zosen Corporation (hereinafter the “Company”) hereby inform that the Board of Directors held today, has resolved to transfer 66.6% (rounded down to 2 decimal places) of the shares of our consolidated subsidiary, OHNAMI CORPORATION (hereinafter "OHNAMI") to SENKO Group Holdings Co., Ltd. (hereinafter "SENKO GHD"), and we have concluded a share transfer agreement with SENKO GHD. Accordingly, extraordinary income is recognized in the fiscal year ending March 31, 2023 as follows.

Along with the share transfer, OHNAMI will be excluded from the Company’s consolidated subsidiaries and become an affiliated company accounted for by the equity-method.

1. Reason for transfer of shares

Since its establishment in 1949, OHNAMI has been involved in the general logistics business for large-scale structures, etc. in our Group (became a wholly owned subsidiary of the Company in 2016), and engaged in the Group's logistics business.

Under the current medium-term management plan, the Company is promoting the optimization of business portfolio. As the business surrounding of the logistics industry becomes more challenging, the Company has been considering collaboration with logistics companies that will be able to achieve decarbonization and DX initiatives of OHNAMI. As a result, the Company has decided to transfer the shares to SENKO GHD based on the judgement that they would lead to strengthen expansion of OHNAMI's business opportunities and reinforcement of its management.

Through this share transfer, OHNAMI will pursue synergies with the SENKO GHD, promote decarbonization and DX initiatives, and aim to increase corporate value as a logistics company by providing land and marine transportation services more efficiently.

2. Summary of Transferred Subsidiary (OHNAMI)

(1) Name	OHNAMI CORPORATION
(2) Address	6-33, Edobori 2-chome, Nishi-ku, Osaka
(3) Representative	Shoichi Morimoto, President and Representative Director
(4) Business Activities	Warehousing, general port transportation, motor trucking, packing, automobile maintenance, non-life insurance agency, industry waste and special management industrial waste collection and transportation, port handling, coastal shipping, construction, customs clearance, marine transportation agency, and other incidental businesses
(5) Paid-in Capital	JPY 525 million
(6) Incorporation	November, 1949
(7) Major shareholders	Hitachi Zosen Corporation (100%)

3.Outline of the Counterparty to the Share Transfer (SENKO GHD)

(1) Name	SENKO Group Holdings Co., Ltd.
(2) Address	Shiomi SIF Building, 2-8-10, Shiomi, Koto-ku, Tokyo
(3) Representative	Yasuhisa Fukuda, President and Representative Director
(4) Business Activities	Logistics, trading, life support, and business support businesses
(5) Paid-in Capital	JPY 28,479 million
(6) Incorporation	July, 1946

4.Number of Shares Transferred and Shares Held before and after the Change

(1) Number of shares held before change	10,455,074 shares (Voting rights: 100%)
(2) Number of shares to be transferred	6,970,049 shares
(3) Transfer price	Not disclosed
(4) Number of shares held after change	3,485,025 shares (Voting rights held:33.4%)

(Note) Transfer price shall not be disclosed due to confidentiality obligations.

5.Schedule

Signing of share transfer agreement	December 5, 2022
Scheduled date of share transfer	March 31, 2023

6.Impact on business performance

(1) Non-Consolidated Financial Results

As a result of the transfer of the shares, approximately JPY4.3 billion of the profit on the sale of stocks of subsidiaries is recognized as extraordinary income for the year ending March 31, 2023.

(2) Consolidated Financial Results

In the fiscal year ending March 31, 2023, the Company expects to recognize an extraordinary income of approximately JPY1.4 billion on the sale of shares of subsidiaries.

When it is deemed necessary to revise the forecast of consolidated financial results for the fiscal year ending March 31, 2023, the Company will announce it promptly.

(Reference) Consolidated Earnings Forecasts for the Fiscal Year (Announced on November 7, 2022) and Consolidated Results for the Previous Fiscal Year

	Net sales	Operating income	Ordinary income	Profit attributable to Shareholders of Hitachi Zosen
Forecast for the Fiscal Year ending March 31, 2023	480,000	20,000	16,000	10,000
Results for the Fiscal Year ended March 31, 2022	441,797	15,541	11,783	7,899

(Millions of yen)