



In anticipation of a changing society,
we will accelerate the use of digital technologies
and enhance profitability under “Forward 22”.

President and Chief Operating Officer
Sadao Mino

Status of the first half of the 124th fiscal year

In April this year, the new medium-term management plan “Forward 22” was launched.

In the first half, while the novel coronavirus disease (COVID-19) had an impact on our business, we strived to maintain the business execution system through work-style reform, such as simplifying the operation and improving its efficiency and adopting the teleworking system, and achieve numerical targets by promoting various measures based on the basic policies of “Forward 22.”

As a result, compared to the same period of the previous fiscal year, order intake increased, and net sales remained almost the same.

As our profits are concentrated in the second half under our Group’s business structure, income recorded a deficit; however, the results showed significant improvement year on year.

Full-year earnings results are likely to be achieved as forecast initially. In addition, in order to achieve sustainable growth in the post-COVID-19 society, we will secure the sturdiness of the supply chain and promote the utilization of digital technologies such as IoT and AI, toward the “improvement of profitability,” which is a challenge of our Group.

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



Note: 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 segments

Environmental Systems and Industrial Plants (Net sales composition: 64%)

Order intake: **166.3** billion yen (up 50.9 billion yen)
 Net sales: **106.3** billion yen (down 0.1 billion yen)
 Operating income: **-1.3** billion yen (down 0.8 billion yen)

Order intake increased from the same period of the previous fiscal year to 166.3 billion yen, due to the receipt of orders of the reconstruction of the Edogawa Incineration Plant for the Clean Authority of Tokyo, the construction and operation of Energy-from-Waste (EfW) plants for the Eastern Environment Facilities Association in Saga Prefecture and the Uki Wide Area Union Confederation in Kumamoto Prefecture, construction of a sludge recycling center for Ichihara City, Chiba Prefecture, and equipment for three EfW plants in Russia, among others.

Net sales levelled off from the same period of the previous fiscal year at 106.3 billion yen, due to the completion of domestic upgrading work on key components of the night-soil treatment plant for the Hikamitaka Hygiene Facilities Union in Hyogo Prefecture, and the progress of construction of overseas EfW plants, among others.

Operating income decreased from the same period of the previous fiscal business year to negative 1.3 billion yen due to a decline in highly profitable projects.



Night-soil treatment plant for the Hikamitaka Hygiene Facilities Union in Hyogo Prefecture (Nantouen)

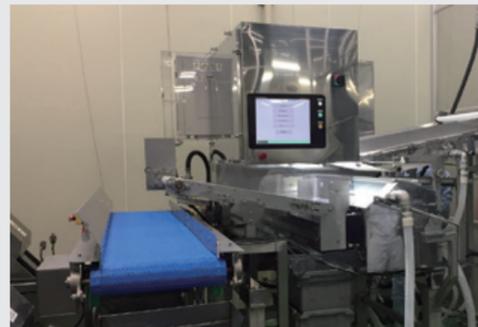
Machinery (Net sales composition: 27%)

Order intake: **40.9** billion yen (down 14.7 billion yen)
 Net sales: **44.3** billion yen (up 1.3 billion yen)
 Operating income: **0.1** billion yen (up 3.3 billion yen)

Order intake decreased from the same period of the previous fiscal year to 40.9 billion yen, mainly due to decreases in orders received for marine diesel engines, press machines for automotive industry and process equipment as a result of a decrease in capital investment caused by COVID-19.

Net sales increased from the same period of the previous fiscal year to 44.3 billion yen, due to increases in marine diesel engines, press machines for automotive industry, pressure vessels, vacuum valves, and imaging foreign substance separation equipment for cut vegetables, among others.

Operating income improved from the same period of the previous fiscal year to 0.1 billion yen, due to an increase in net sales and reduced losses in process equipment, among others.



Imaging foreign substance separation equipment for cut vegetables

Infrastructure (Net sales composition: 7%)

Order intake: **9.8** billion yen (down 13.9 billion yen)
 Net sales: **12.1** billion yen (down 1.2 billion yen)
 Operating income: **-0.1** billion yen (up 2.9 billion yen)

Order intake decreased from the same period of the previous fiscal year to 9.8 billion yen, due to a decrease in large-scale projects, despite orders for bridges and hydraulic gates for the Ministry of Land, Infrastructure, Transport and Tourism and local governments including renovation work on regional cooperation and promotion on National Route 324 for Kumamoto Prefecture.

Net sales decreased from the same period of the previous fiscal year to 12.1 billion yen, due to a decrease in large-scale projects, despite the smooth progress in the construction of shield tunneling machines, bridges and hydraulic gates.

Operating income improved from the same period of the previous fiscal year to negative 0.1 billion yen, due to improved profitability of individual construction and decrease in guarantee work costs.



Gate in Ishibane Dam (Iwate Prefecture)

* In "others" segment, Order intake was 4.2 billion yen, net sales were 4.1 billion yen, and operating income amounted to 0.0 billion yen.

Initiatives for the achievement of SDGs

We aim to be "a Solution Partner for realizing Sustainable and Safe & Secure Society" through business activities centered on clean energy and water, and environmental conservation, disaster resilient & prosperous community to address to social issues, such as climate change, environmental pollution, shortages of energy and water, and natural disasters under our long-term vision "Hitz 2030 Vision."

This long-term vision aligns with the Sustainable Development Goals (SDGs) adopted at the United Nations Summit in 2015. Our Group will contribute to achieving the SDGs through our business activities.

Our Group activities contributing to the SDGs



Activities directly contributing to the SDGs through products and businesses

Provide renewable energy (reduce CO₂ emissions)

Renewable energy from our Energy-from-Waste (EfW) plants, biomass power generation plants, wind and solar power generation plants, etc. contributes to the reduction of greenhouse gas emissions.

In addition, we aim to expand the use of renewable energy that contributes to CO₂ reduction, such as the construction of a "carbon cycle society model" that produces methane gas, used as energy, from CO₂ emitted from plants and hydrogen produced using renewable energy.

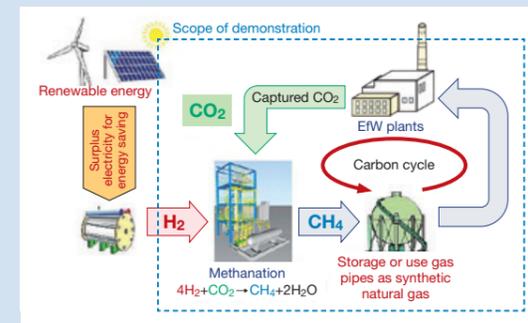
World's first methanation demonstration project using CO₂ emitted from EfW plants

We are working on the world's first methanation project using CO₂ emitted from EfW plant at the Environmental Business Center in Odawara City, Kanagawa Prefecture, as a project commissioned by the Ministry of the Environment.

We plan to commence the construction of the methanation facility in October 2020 and then complete the demonstration tests in FY 2022. The production volume of approximately 125 Nm³/h is planned on the assumption of commercialization.

We will expand this project to build a new carbon cycle society model for EfW plants.

*Nm³ refers to the unit of gas volume in standard conditions (0°C, 1 atm).



Carbon cycle society model (image)

Eliminate water shortages and prevent environmental degradation

We provide safe and secure water through our desalination plants, movable filtration systems and other related products in areas suffering from water shortages and in case of emergencies.

We will also continue to prevent water pollution in rivers with our sewage and industrial wastewater treatment systems, and make other contributions in areas related to water resources that support people's lives and industrial development.

Large-scale fiber filtration system for combined sewage system in China: Our first order intake in overseas

The combined sewage system in which waste water from households, etc. and rainwater are treated in a single pipe has raised an issue that sewage water overflow in excess of the processing capacity is discharged to rivers, etc. in an untreated condition when it rains.

Our fiber filtration system has realized high water treatment performance by using specially processed fiber filter materials, and this compact system can be installed at low cost. Now we have a track record of receiving orders repeatedly in Japan.

In August 2020, we received an order for this system (treatment capacity of 500,000 m³/day) for a sewage treatment plant in Changsha, China.

We will continue to contribute to safe and secure sewage treatment in China.



Fiber filtration system for combined sewage system (image)

Resolve food safety and other food issues

Recording of food processing using the food defense & management recording system, and detection and removal of foreign materials mixed in cut vegetables and food ingredients using foreign substance separation equipment have contributed to the safe and secure foods provision.

We also use our water treatment technology in land-based aquaculture to ensure the stable foods provision.

Land-based Chub Mackerel Aquaculture Center starts the operation

In June 2020, Hitachi Zosen Corporation, Nippon Suisan Kaisha, Ltd. and Yumigahama Suisan Kaisha, Ltd. commenced the operation of Yonago Land-Based Aquaculture Center, which is a demonstration facility of Japan's first land-based recirculating aquaculture system for chub mackerel.

By combining our water treatment technology with the Nippon Suisan's knowledge of chub mackerel farming, we will build a land-based recirculating aquaculture system with little risk of parasites and fish diseases by using underground seawater, with the aim to industrialize the land-based aquaculture for chub mackerel by March 2022, thereby leading to a stable supply of safe and secure marine products.



Yonago Land-Based Aquaculture Center (exterior)

Build a disaster resilient and prosperous community —Protecting lives from natural disasters

Our land-mounted and seabed-mounted flap-gate type seawalls contribute to the reduction and prevention of flood damage caused by torrential rainfalls, typhoons, tsunamis, etc.

In addition, we contribute to building a disaster resilient and prosperous community through the use of GPS Comprehensive Oceanographic Monitoring System to speed up the evacuation instructions in case of tsunamis, and the development of shield tunneling machines creating underground space to prevent flooding, etc.

Completion of the installation and on-site trial run of the first seabed-mounted flap-gate type seawall

In June 2020, the installation and trial run of the seabed-mounted flap-gate type seawall for Iwate Prefecture completed.

This seawall incorporates our unique technology and technology jointly developed with TOYO CONSTRUCTION CO., LTD. and PENTA-OCEAN CONSTRUCTION CO., LTD. This large seawall, which has a net span of 32 m x effective height of 13 m, realizes power source miniaturization and rapid closing operation by using buoyancy of water and the wave force as the power source of the gate operation. The time required to close the gate is about 90 seconds.



Seabed-mounted flap-gate type seawall for Iwate Prefecture (gate floating: from outside the harbor)

Corporate data (as of September 30, 2020)

Date of founding	April 1, 1881
Capital	45,442,365,005 yen
Number of employees	4,121 (consolidated: 11,041)
Website	https://www.hitachizosen.co.jp/english/

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>



Integrated Report 2020

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, 2020)

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

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

Number of shareholders.....74,569

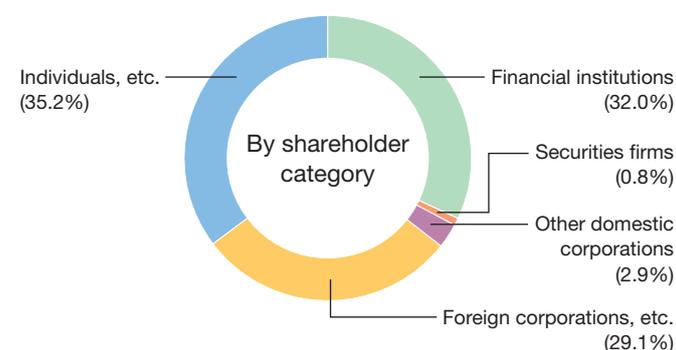
Number of shares constituting one unit of shares.....100 shares

Major shareholders

Name of shareholders	Number of shares held (Thousands of shares)	Holding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	13,823	8.2
Custody Bank of Japan, Ltd. (Trust Account)	10,515	6.2
MUFG Bank, Ltd.	5,291	3.1
Custody Bank of Japan, Ltd. (Trust Account 5)	3,291	2.0
JP MORGAN CHASE BANK 385781	3,231	1.9
Custody Bank of Japan, Ltd. (Trust Account 9)	3,228	1.9
DFA INTL SMALL CAP VALUE PORTFOLIO	2,916	1.7
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS- UNITED KINGDOM	2,843	1.7
Hitachi Zosen Employee Shareholding Association	2,773	1.6
Sompo Japan Insurance Inc.	2,358	1.4

(Note) The holding ratio does not include treasury stock (1,676,304 shares).

Distribution of shareholdings



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.