



3<sup>rd</sup> of February, 2020

To whom it may concern:

Company name	Hitachi Zosen Corporation
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### Announcement on Non-Operating Expense and Extraordinary Loss

We hereby announce recording of non-operating expense (liquidated damages) and extraordinary loss (loss on valuation of investment securities) in the third quarter of the fiscal year ending March 2020 as follows.

1. Non-operating expense (Liquidated damages)

Due to a delay in the delivery, etc. of a project in UK by Hitachi Zosen Inova AG, a consolidated subsidiary of our Company, the contractual penalty of JPY 2.2 billion was recorded as non-operating expense in the third quarter of the fiscal year ending March 2020.

2. Extraordinary loss (Loss on valuation of investment securities)

As the value of Japan Marine United Corporation's shares in our investment securities has been significantly declined compared with the book value due to substantial deterioration in its earnings, a valuation loss of investment securities of JPY 6.5 billion was recorded.

3. Future forecast

The consolidated business forecast for the fiscal year ending March 2020 is not changed from the previous announcement made in 31 October, 2019 because the above-mentioned non-operating expense has already been taken into consideration, and extraordinary income is being planned for extraordinary loss.

Reference: Consolidated earnings forecast for this fiscal year (announced in 31 October, 2019) and results of the previous fiscal year.

	Net Sales (Million JPY)	Operating income (Million JPY)	Ordinary income (Million JPY)	Profit attributable to shareholders of Hitachi Zosen (Million JPY)
Forecast for this fiscal year ending Mar. 2020	395,000	12,000	8,000	1,000
Results of the previous fiscal year ended Mar. 2019	378,140	7,358	6,720	5,445

Note: Forward-looking statements are based on information currently available to Hitachi Zosen 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 Hitachi Zosen Corporation.