Notice Regarding Non-Operating Expenses

Hitachi Zosen Corporation (hereinafter, the “Company”) hereby announces that it reports non-operating expenses on non-consolidated basis.

1. Reporting Non-Operating Expenses (Allowance for Doubtful Accounts)

The Company reports the provision of allowance for loans to its consolidated subsidiaries whose financial conditions are deteriorating. JPY2,500 million is recorded as non-operating expenses in the non-consolidated statements for the fiscal year ended March 2020.

2. Impact on FY2019 Consolidated Financial Results

Since the provision of allowance is recorded only in the non-consolidated financial statements and is deleted in the consolidated financial statements, it has no impact on consolidated profit and loss.