



March 31, 2022

Company Hitachi Zosen Corporation
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**Notice of Financing through New Subordinated Loan and
Early Repayment of Existing Subordinated Loan**

Hitachi Zosen Corporation (the “Company”) hereby announces that it has decided to finance by new subordinated loan (the “Subordinated Loan”) and make an early repayment of the existing subordinated loan (the “Existing Subordinated Loan”; together with the Subordinated Loan, collectively the “Refinancing”), as detailed below:

1. Purpose of the Refinancing

The Referencing is structured to comply with the Replacement Restrictions Clause (*1) of the Existing Subordinated Loan, to execute the business strategy for realizing strengthening profitability and to maintain our financial foundation and capital efficiency. we are expecting to receive the eligibility certification from rating agencies, R&I and JCR, to treat 50% of the Subordinated Loan as capital in nature which should contribute to the substantial enhancement of financial position without the dilution of equity.

*1:The Clause provides that “The company intends to make an early repayment of the Existing Subordinated Loan with the funds raised, within the 6-month prior to the date of such early repayment, by common stock or other securities or debt that have been approved by all ratings agencies as having equity credit attributes equal to or greater than the Existing Subordinated Loan.”

2. Overview of the Subordinated Loan

The detailed terms and conditions of the Subordinated Loan are as follows:

Loan amount	20 billion yen
Use of proceeds	Applied to the repayment of the Existing Subordinated Loan
Date of agreement	March 31, 2022
Loan execution date	May 31, 2022

Maturity date	<p>May 29, 2082</p> <p>However, the Company may make early repayment of all or part of the principal on May 31, 2027 or any interest payment date thereafter or upon occurrence of any predefined early repayment events.</p>
Replacement restrictions	<p>With respect to early repayment of the loan, we intend to raise funds that the credit rating agencies have approved the same or higher equity credit as the Subordinated Loan during the 12 months prior to the early repayment date. Provided, however, that the consolidated shareholder's equity ratio at the fiscal year end immediately preceding early repayment date is higher than March 31, 2022, an amount equal to 50% of the consolidated shareholder's equity at the fiscal year end immediately preceding early repayment date less the amount of consolidated shareholder's equity as of the end of the fiscal year ending March 2022 is deducted from the amount equal to the equity credit of the Subordinated Loan repaid earlier.</p>
Interest payment	<p>The company, at its discretion, may defer the whole or part of interest payment.</p>
Subordination	<p>Creditors of the Subordinated Loan have right to claim payment that is subordinated to all senior creditors with respect to cases where the Company begins liquidation proceedings, bankruptcy proceedings, corporate reorganization proceedings or civil rehabilitation proceedings.</p> <p>The terms and conditions of this Subordinated Loan agreement shall not be changed in any respect whatsoever to the disadvantage of senior creditors of the Company.</p>
Equity credit attributes	<p>Class 3, 50% (Rating and Investment Information, Inc.)</p> <p>Middle Level, 50% (Japan Credit Rating Agency, Ltd.)</p>

3. Details of the early repayment of the Existing Subordinated Loan

Early repayment date	May 31, 2022
Total amount of early repayment	20 billion yen
Reason for early repayment	Pursuant to the early repayment clause of the Existing Subordinated Loan