(Translation)

Securities Code: 7013
June 3, 2026

To Shareholders:

IHI Corporation
1-1, Toyosu 3-chome, Koto-ku, Tokyo
Hiroshi Ide
Representative Director and President

NOTICE OF CONVOCATION OF THE 209th ANNUAL GENERAL MEETING OF SHAREHOLDERS

IHI Corporation (the "Company" or "IHI") would hereby like to inform you that the 209th ANNUAL GENERAL MEETING OF SHAREHOLDERS will be held on Wednesday, June 24, 2026, as described below.

When convening this General Meeting of Shareholders, the Company takes measures for providing information that constitutes the content of the reference material for the general meeting of shareholders, etc. (items for which measures for providing information in electronic format will be taken; hereinafter "items subject to measures for electronic provision") in electronic format, and posts this information on the websites shown below. Please access any of the websites by using the Internet address shown below to review the information.

The Company's website:
https://www.ihi.co.jp (in Japanese)
* From the top page, click "English" on the top right, and select "Investor Relations," and click "Stock Information," and select "Shareholder Meeting."

Tokyo Stock Exchange (TSE) website:
https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show (in Japanese)
* Enter the Company's issue code "7013" in "Code," and click "Search," and then click "Basic information" and select "Documents for public inspection/PR information."

1. **Date and Time:** June 24, 2026 (Wednesday) 10:00 a.m. Japan Standard Time (the reception of the attendees to the meeting shall start at 9:00 a.m.)

2. **Location:** Heian Room, 1st Floor, The Okura Prestige Tower, The Okura Tokyo
2-10-4 Toranomon, Minato-ku, Tokyo

3. **Agenda:**

Matters to be Reported:

Report No.1: Report on the Business Report and the Consolidated Financial Statements for the 209th Fiscal Year (from April 1, 2025 to March 31, 2026), and the Results of the Audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board

Report No.2: Report on the Non-Consolidated Financial Statements for the 209th Fiscal Year (from April 1, 2025 to March 31, 2026)

Matters to be Resolved:

Proposal No. 1: Allotment of Dividend of Surplus
Proposal No. 2: Election of Eleven (11) Directors
Proposal No. 3: Revision of Audit & Supervisory Board Member's Remuneration

(Notes)

1. If revisions to the items subject to measures for electronic provision arise, the details of the items before and after the revisions will be posted on the Company's website and the TSE website.
2. In accordance with the provisions of laws and regulations and the Articles of Incorporation of the Company, the following items are not provided in the paper-based documents delivered to shareholders who have made a request for delivery of such documents (documents that states items subject to measures for electronic provision).
   (i) "Main Sales Offices and Works," "Employees," in "Matters on Current Status of the IHI Group," "Corporate Share Information," "Share Acquisition Rights," "Accounting Auditor," and "Systems to Ensure Appropriateness of Business Activities and Operation Status of the Systems" in the Business Report
   (ii) "Consolidated Statement of Changes in Equity" and "Notes to the Consolidated Financial Statements" in the Consolidated Financial Statements
   (iii) "Non-Consolidated Statement of Changes in Equity" and "Notes to the Non-Consolidated Financial Statements" in the Non-Consolidated Financial Statements
3. The Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements given in the documents that states items subject to measures for electronic provision are part of the documents included in the scope of audits by the Accounting Auditor and the Audit & Supervisory Board Members.

Guidance on Exercising Voting Rights

Voting rights can be exercised via the Internet or by voting form (i.e., "Form for Exercising Voting Right"). If you do not attend the meeting in person, please review the reference material for the general meeting of shareholders and exercise your voting rights, no later than 5:30 p.m. on Tuesday, June 23, 2026 (JST).

- **If Not Attending the Meeting in Person**
  - Exercise of Voting Rights via the Internet
    Input your approval or disapproval of the proposals by following the instructions on the next page.
    If any voting rights are exercised via the Internet more than once, the votes cast last shall be considered to be valid.

    Deadline: No later than June 23, 2026 (Tuesday), 5:30 p.m. (JST)

  - Exercise of Voting Rights by Voting Form
    Please indicate whether you are for or against each of the proposals on the voting form enclosed herein and return the completed form. If you do not indicate whether for or against a proposal on the voting form, you shall be considered to have stated that you are for the proposal.

    Deadline: To arrive no later than June 23, 2026 (Tuesday), 5:30 p.m. (JST)

  * Notes on Exercise of Voting Rights
    If any voting rights are exercised redundantly both via the Internet and by the voting form, the votes which reach us last shall be considered to be valid. If both the votes by the voting form and the votes via the Internet reach us on the same day, the votes cast via the Internet shall be considered to be valid.

- **If Attending the Meeting in Person**
  Please hand in the voting form at the reception desk at the meeting venue.

  Date and time of the meeting: June 24, 2026 (Wednesday), 10:00 a.m. (JST)

Outline of The Portal of Shareholders' Meeting® (Method of exercising voting rights via the Internet and Acceptance of Questions in Advance)

- **1: Exercise Voting Rights via Smartphone, etc.**
  1. Scan the QR code® on the voting form.

     (Notes) 1. "QR code" is a registered trademark of DENSO WAVE INCORPORATED.

     2. If you need to change your vote after already exercising your voting rights, you will need to enter your voting code and password indicated on the voting form.
  2. From the landing page of The Portal of Shareholders' Meeting®, tap on "Exercise Voting Rights."
  3. You will be redirected to the landing page of Smart Vote®. Indicate your approval or disapproval following the instructions on the screen.

- **2: Exercise Voting Rights via PC, etc.**

  Please follow the URL below and enter your voting code/The Portal of Shareholders' Meeting login ID and password indicated on the voting form. After logging in, indicate your approval or disapproval following the instructions on the screen.

  The Portal of Shareholders' Meeting® ► https://www.soukai-portal.net (in Japanese)

  Website for exercising voting rights ► https://www.web54.net (in Japanese)

- **3: Guidance on Questions in Advance**

  Deadline: No later than June 14, 2026 (Sunday), 5:30 p.m. (JST)

  Questions regarding the proposals for this General Meeting of Shareholders can be submitted in advance by shareholders via The Portal of Shareholders' Meeting®. Of the questions received, those thought to be of most interest to shareholders will be selected and presented during the meeting. Similar to the aforementioned method for exercising your voting rights, access The Portal of Shareholders' Meeting®, press the "Questions in Advance" button from the landing page and when the "Submit Questions in Advance" screen appears follow the instructions on the screen to type in your questions.

  *Please note that your questions will not be answered individually.

Note:

- Institutional investors may use the platform operated for institutional investors by ICJ, Inc. to electronically exercise the voting rights.

Contact:

Sumitomo Mitsui Trust Bank, Limited
Securities Agency Web Support Hotline
0120-652-031 (only from Japan)
(9:00 a.m. – 9:00 p.m.) (JST)

Guidance on Live Streaming

The proceedings of this General Meeting of Shareholders will be distributed via live stream to shareholders over the Internet so that they can view in real time instead of attending on the day. Please refer to the following for details on the method of use.

(1) Please access the following website.

Website: https://links-v.pdcp.jp/7013/2026/ihi209/ (in Japanese)
(Persons viewing from a smartphone, etc. can also access from a QR code)
* "QR code" is a registered trademark of DENSO WAVE INCORPORATED.

Date and time of release: June 24, 2026 (Wednesday) From 9:30 a.m. (JST) until the closing of the meeting

(2) Please enter your shareholder number and password then press the "Login" button.

Shareholder No.: Shareholder No. (nine-digit number) indicated on the voting form

Password: Postal code (seven-digit number) of the addresses registered in the shareholders' register as of March 31, 2026

(3) After logging in, please watch by pressing the "Live Stream" button displayed on the screen.

- Participation in this live streaming does not allow for voting rights to be exercised, so please exercise your voting rights in advance via the Internet or by the voting form.
- Please be aware that although we have taken every precaution with regard to this live streaming, in the unexpected event of a deterioration in the telecommunications environment or a system failure, the video or audio may be distorted, and there could be temporary interruptions.
- All communications equipment required for watching this live streaming, and all associated expenses, including internet connection and telecommunication charges, are the responsibility of the shareholder.
- The recording, filming and publishing of scenes from this live streaming may infringe on the portrait rights of shareholders, and we respectfully request that you refrain from such action.
- Only those shareholders listed in the shareholders' register of the Company as of March 31, 2026 may use this live streaming. Please do not use if you are not such a shareholder.

Contact for live streaming inquiries
0120-970-835 (only from Japan)
PRONEXUS INC.
(Telephone inquiries will be accepted from 9:00 a.m. (JST) on the day)

<Reference>
Summary of Proposals

Proposal No. 1: Allotment of Dividend of Surplus

The year-end dividend for the 209th fiscal year will be 10 yen per share (the annual dividend: 20 yen per share*).

* The Company conducted a 7-for-1 stock split for shares of the Company's common stock on October 1, 2025, and the interim dividend (70 yen per share) equates to 10 yen per share when converted following the stock split.

Type of dividend assets	Cash
Matters concerning the allotment of dividend assets and the total amount	10 yen per share of the Company's common stock Total amount of dividends 10,639,258,420 yen
Effective date of dividends	June 25, 2026

Proposal No. 2: Election of Eleven (11) Directors

The terms of office of all twelve (12) current directors will expire at the conclusion of this General Meeting of Shareholders. In that regard, approval is hereby requested for the election of eleven (11) directors, including six (6) outside directors, with a decrease of one (1) inside director with the aim of further strengthening corporate governance.

Candi-date No.	Name		Period in Office
1	Hiroshi IDE	Reappointment	6 years
2	Hideo MORITA	Reappointment	5 years
3	Jun KOBAYASHI	Reappointment	3 years
4	Atsushi SATO	Reappointment	1 year
5	Akihiro SEO	Reappointment	4 years

Candi-date No.	Name		Period in Office
6	Yoshiyuki NAKANISHI	Reappointment Outside Independent	6 years
7	Chieko MATSUDA	Reappointment Outside Independent	6 years
8	Minoru USUI	Reappointment Outside Independent	5 years
9	Toshihiro UCHIYAMA	Reappointment Outside Independent	4 years
10	Yayoi TANAKA	Reappointment Outside Independent	1 year
11	Kenichiro YOSHIDA	Reappointment Outside Independent	1 year

Proposal No. 3: Revision of Audit & Supervisory Board Member's Remuneration

Giving comprehensive consideration to various factors such as the substantial increase in the duties to be fulfilled by Audit & Supervisory Board Members and changes in economic conditions, we would like to revise the total amount of remuneration for the Audit & Supervisory Board Members from 120 million yen or below per year to 150 million yen or below per year.

- END -

Proposals and Reference Matters

Proposal No. 1: Allotment of Dividend of Surplus

The Company maintains a basic policy to aim for stable dividend payment and sustainable dividend increase, in proportion with the IHI Group's growth.

In consideration of the above policy, the results for the fiscal year under review and retained earnings, the year-end dividend will be as follows:

1. Type of Dividend Assets
   Cash

2. Matters Concerning the Allotment of Dividend Assets and the Total Amount
   10 yen per share of the Company's Common Stock
   Total amount of Dividends 10,639,258,420 yen

3. Effective Date of Dividends
   June 25, 2026

(Note) The Company conducted a 7-for-1 stock split for shares of its common stock on October 1, 2025. Since the interim dividend (70 yen per share) with a record date of September 30, 2025 equates to 10 yen per share when converted following the stock split, the annual dividend for the fiscal year ended March 31, 2026, including the year-end dividend, is 20 yen per share.

Proposal No. 2: Election of Eleven (11) Directors

The terms of office of all twelve (12) current directors will expire at the conclusion of this General Meeting of Shareholders. In that regard, approval is hereby requested for the election of eleven (11) directors, including six (6) outside directors, with a decrease of one (1) inside director with the aim of further strengthening corporate governance.

Candi-date No.	Name	Gender		Current Position at IHI	Attendance at Board of Directors Meetings*1	Period in Office
1	Hiroshi IDE	Male	Reappointment	Representative Director and President; Chief Executive Officer	18 of 18 (100%)	6 years
2	Hideo MORITA	Male	Reappointment	Representative Director; Senior Executive Officer	18 of 18 (100%)	5 years
3	Jun KOBAYASHI	Male	Reappointment	Representative Director; Senior Executive Officer	18 of 18 (100%)	3 years
4	Atsushi SATO	Male	Reappointment	Representative Director; Senior Executive Officer	13 of 13 (100%)	1 year
5	Akihiro SEO	Male	Reappointment	Director; Managing Executive Officer	18 of 18 (100%)	4 years
6	Yoshiyuki NAKANISHI	Male	Reappointment Outside Independent	Director	18 of 18 (100%)	6 years
7	Chieko MATSUDA	Female	Reappointment Outside Independent	Director	18 of 18 (100%)	6 years
8	Minoru USUI	Male	Reappointment Outside Independent	Director	18 of 18 (100%)	5 years
9	Toshihiro UCHIYAMA	Male	Reappointment Outside Independent	Director	18 of 18 (100%)	4 years
10	Yayoi TANAKA	Female	Reappointment Outside Independent	Director	13 of 13 (100%)	1 year*2
11	Kenichiro YOSHIDA	Male	Reappointment Outside Independent	Director	13 of 13 (100%)	1 year

*1. The stated attendance at board of Directors meetings is based merely on the attendance after his/her assumption as director.

*2. Elected as Director of the Company at the 200th Ordinary General Meeting of Shareholders held in June 2017, and resigned as Director of the Company at the conclusion of the 202nd Ordinary General Meeting of Shareholders held in June 2019, due to the expiration of her term. Therefore, her period in office in total is 3 years.

<table>
<tr><th>Candi-
date No.</th><th>Name
(Date of Birth)</th><th>Brief Personal History,
Position and Areas of Responsibility at IHI,
and Significant Concurrent Positions</th><th>Number
of IHI Shares
Owned</th></tr>
<tr><td>1</td><td>Reappointment

Hiroshi IDE
(February 16,
1961)</td><td>Apr. 1983: Joined IHI
Apr. 2013: Managing Director, Jurong Engineering Limited
Apr. 2017: Executive Officer; Vice President of Resources, Energy and Environment Business Area, IHI
Apr. 2019: Managing Executive Officer; President of Resources, Energy and Environment Business Area, IHI
Apr. 2020: Chief Operating Officer and President of Resources, Energy and Environment Business Area, IHI
Jun. 2020: Representative Director and President; Chief Operating Officer, IHI
Apr. 2021: Representative Director and President; Chief Executive Officer and General Manager of Strategic Technologies Division, IHI
Apr. 2023: Representative Director and President; Chief Executive Officer, IHI (to present)

Position and Areas of Responsibility at IHI
Representative Director and President; Chief Executive Officer; In Charge of Group Compliance

Number of Other Listed Companies Concurrently Serving as Officer
Engaged in Business Execution: 0
Not Engaged in Business Execution: 0</td><td>82,500
Shares</td></tr>
<tr><td colspan="4">Reasons for Nomination
Mr. Hiroshi Ide experienced many business operations in the overseas marketing division for the energy and plant businesses and as General Manager of an overseas representative office. Subsequently, he was responsible for the management as the Managing Director of an overseas subsidiary, and from April 2019, he served as the President of the Resources, Energy and Environment Business Area. As Representative Director and President since June 2020, he has been promoting the transformation into a business structure capable of responding to environmental changes and business portfolio reforms. Furthermore, this year, he set forth the management direction from a long-term perspective that the IHI Group should pursue to realize further sustainable high growth, and has been working towards that realization. Based on these abundant experience, accomplishments, and insight as corporate manager, the Company has nominated him again as a candidate for director.

Attendance at Board of Directors Meetings
18 out of 18 (100%)

Period in Office
At the conclusion of this meeting, Mr. Hiroshi Ide will have served 6 years as a director of the Company.</td></tr>
</table>

Candi-date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at IHI, and Significant Concurrent Positions	Number of IHI Shares Owned
2	Reappointment Hideo MORITA (October 20, 1961)	Apr. 1986: Joined IHI Apr. 2017: Division Director of Civil Aero-Engine Division, Aero-Engine, Space & Defense Business Area, IHI Apr. 2018: Executive Officer; Vice President of Aero-Engine, Space & Defense Business Area, IHI Apr. 2021: Managing Executive Officer; President of Aero-Engine, Space & Defense Business Area, IHI Jun. 2021: Director; Managing Executive Officer; President of Aero-Engine, Space & Defense Business Area, IHI Apr. 2024: Representative Director; Senior Executive Officer, IHI Apr. 2026: Representative Director; Senior Executive Officer; General Manager of Corporate Technology Strategy Office, IHI (to present) Position and Areas of Responsibility at IHI Representative Director; Senior Executive Officer; General Manager of Corporate Technology Strategy Office; In Charge of Group Corporate Technology Strategy; In Charge of Group Quality Assurance; In Charge of Group Production Base Strategy Number of Other Listed Companies Concurrently Serving as Officer Engaged in Business Execution: 0 Not Engaged in Business Execution: 0	45,100 Shares

Reasons for Nomination

Mr. Hideo Morita experienced many business operations in production, design and engineering areas of the Aero-Engine & Space Operations. Subsequently, he served as the manager responsible for the Civil Aero-Engine Division from April 2018, and as the President of Aero-Engine, Space & Defense Business Area from April 2021. Since April 2024, he has driven improvements in the quality assurance system as Senior Executive Officer, and has redefined technologies that form a source of competitive strength of the IHI Group and worked towards their further enhancement as the person in charge of technology strategy since April this year. Based on these abundant experience, accomplishments, and insight, the Company has nominated him again as a candidate for director.

Attendance at Board of Directors Meetings

18 out of 18 (100%)

Period in Office

At the conclusion of this meeting, Mr. Hideo Morita will have served 5 years as a director of the Company.

<table>
<tr><th>Candi-date No.</th><th>Name
(Date of Birth)</th><th>Brief Personal History,
Position and Areas of Responsibility at IHI,
and Significant Concurrent Positions</th><th>Number of IHI Shares Owned</th></tr>
<tr><td>3</td><td>Reappointment

Jun KOBAYASHI
(May 23, 1964)</td><td>Apr. 1988: Joined IHI
Apr. 2020: Vice President of Social Infrastructure & Offshore Facilities Business Area, Assistant General Manager of Corporate Business Development & Solution Headquarters, and General Manager of Rome Office, Global Marketing & Sales Headquarters, IHI
Apr. 2021: Executive Officer; General Manager of Solution & Business Development Division, IHI
Apr. 2023: Managing Executive Officer; General Manager of Business Development Division, IHI
Jun. 2023: Director; Managing Executive Officer; General Manager of Business Development Division, IHI
Apr. 2025: Representative Director; Senior Executive Officer; General Manager of Business Development Division, IHI
Apr. 2026: Representative Director; Senior Executive Officer, IHI (to present)

Position and Areas of Responsibility at IHI
Representative Director; Senior Executive Officer;
In Charge of Group Business Development and Operations;
In Charge of Project Management

Number of Other Listed Companies Concurrently Serving as Officer
Engaged in Business Execution: 0
Not Engaged in Business Execution: 0</td><td>4,400 Shares</td></tr>
<tr><td colspan="4">Reasons for Nomination
Mr. Jun Kobayashi experienced many business operations in sales in industrial machinery and bridge businesses, and as General Manager of an overseas representative office, and then he promoted business development including the establishment of fuel ammonia value chain as General Manager of Business Development Division from April 2023. He has supervised the business development and operations of the IHI Group as Senior Executive Officer since April last year, and has been working on strengthening management functions of large-scale projects, among other initiatives, as the person in charge of project management since April this year. Based on these abundant experience, accomplishments, and insight, the Company has nominated him again as a candidate for director.
Attendance at Board of Directors Meetings
18 out of 18 (100%)
Period in Office
At the conclusion of this meeting, Mr. Jun Kobayashi will have served 3 years as a director of the Company.</td></tr>
</table>

Candi-date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at IHI, and Significant Concurrent Positions	Number of IHI Shares Owned
4	Reappointment Atsushi SATO (January 17, 1967)	Apr. 1991: Joined IHI Apr. 2018: General Manager of Engine Technology Department, Research & Engineering Division, Aero-Engine, Space & Defense Business Area, IHI Apr. 2019: Division Director of Defense Systems Division, Aero-Engine, Space & Defense Business Area, IHI Apr. 2022: Vice President of Aero-Engine, Space & Defense Business Area, IHI Apr. 2023: Executive Officer; Vice President of Aero-Engine, Space & Defense Business Area, IHI Apr. 2024: Managing Executive Officer; President of Aero-Engine, Space & Defense Business Area, IHI Jun. 2025: Director; Managing Executive Officer; President of Aero-Engine, Space & Defense Business Area, IHI Apr. 2026: Representative Director; Senior Executive Officer; President of Aero-Engine, Space & Defense Business Area, IHI (to present) Position and Areas of Responsibility at IHI Representative Director; Senior Executive Officer; President of Aero-Engine, Space & Defense Business Area; In Charge of Group Economic Security; In Charge of Business Relating to Procurement Number of Other Listed Companies Concurrently Serving as Officer Engaged in Business Execution: 0 Not Engaged in Business Execution: 0	21,200 Shares

Reasons for Nomination

Mr. Atsushi SATO experienced many operations in the design and engineering departments of the aero-engine business, Mr. Atsushi Sato was engaged in initiatives to strengthen that business as the manager responsible for the Defense systems business from April 2019. From April 2024, as President of Aero-Engine, Space and Defense Business Area, he led business reforms and further growth and expansion of this business area in a globally competitive environment, and from April this year, he has worked on strengthening the management of economic security risk, which is becoming increasingly more important as Senior Executive Officer. Based on these abundant experience, accomplishments, and insight, the Company has nominated him again as a candidate for director.

Attendance at Board of Directors Meetings

13 out of 13 (100%)

Period in Office

At the conclusion of this meeting, Mr. Atsushi Sato will have served 1 year as a director of the Company.

Candi-date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at IHI, and Significant Concurrent Positions	Number of IHI Shares Owned
5	Reappointment Akihiro SEO (October 21, 1963)	Apr. 1987: Joined IHI Dec. 2007: President, Alpha Automotive Technologies LLC Apr. 2013: Manager of Planning & Control Department, Global Marketing Headquarters, IHI Apr. 2017: Manager of Corporate Business Development Division, IHI Apr. 2018: General Manager of Corporate Planning Division, IHI Apr. 2021: Executive Officer; General Manager of Corporate Planning Division, IHI Apr. 2022: Managing Executive Officer; General Manager of Human Resources Division, IHI Jun. 2022: Director; Managing Executive Officer; General Manager of Human Resources Division, IHI Apr. 2024: Director; Managing Executive Officer, IHI Oct. 2025 Director; Managing Executive Officer (to present); General Manager of Intelligent Operation Center, IHI Position and Areas of Responsibility at IHI Director; Managing Executive Officer; In Charge of Group ESG Number of Other Listed Companies Concurrently Serving as Officer Engaged in Business Execution: 0 Not Engaged in Business Execution: 0	22,400 Shares

Reasons for Nomination

Mr. Akihiro Seo experienced many business operations mainly in the corporate divisions, such as human resources and labor relations, corporate planning, and corporate business development. He launched a new company for a new business in Europe and was responsible for the management of the business as the President. Subsequently, he served as Manager of the Planning & Control Department of the Global Marketing Headquarters, Manager of the Corporate Business Development Division and General Manager of Corporate Planning Division. He worked on the formation and implementation of human resources strategies as an officer in charge of Human Resources Division, and is currently promoting the IHI Group's ESG management as an officer in charge of ESG. Based on these abundant experience, accomplishments, and insight, the Company has nominated him again as a candidate for director.

Attendance at Board of Directors Meetings

18 out of 18 (100%)

Period in Office

At the conclusion of this meeting, Mr. Akihiro Seo will have served 4 years as a director of the Company.

<table>
<tr><th>Candi-
date No.</th><th>Name
(Date of Birth)</th><th>Brief Personal History,
Position and Areas of Responsibility at IHI,
and Significant Concurrent Positions</th><th>Number
of IHI Shares
Owned</th></tr>
<tr><td>6</td><td>Reappointment
Candidate for Outside Director
Candidate for Independent Director

Yoshiyuki NAKANISHI
(November 3, 1954)</td><td>Apr. 1978: Joined Dainippon Ink and Chemicals, Incorporated (now DIC Corporation)
Apr. 2010: Executive Officer; In Charge of Corporate Strategy Division and Kawamura Memorial Museum of Art, DIC Corporation
Jun. 2011: Director; Executive Officer; In Charge of Corporate Strategy Division and Kawamura Memorial DIC Museum of Art, DIC Corporation
Apr. 2012: Representative Director; President and CEO, DIC Corporation
Jan. 2018: Chairman of the Board of Directors, DIC Corporation
Jun. 2020: Director, IHI (to present)
Jan. 2021: Director, DIC Corporation
Mar. 2021: Executive Advisor, DIC Corporation

Position and Areas of Responsibility at IHI
Director

Significant Concurrent Positions
Outside Director, The Japan Steel Works, Ltd.
Outside Director, SHIMADZU CORPORATION

Number of Other Listed Companies Concurrently Serving as Officer
Engaged in Business Execution: 0
Not Engaged in Business Execution: 2</td><td>12,700
Shares</td></tr>
<tr><td colspan="4">Reasons for Nomination and Overview of Expected Role
Mr. Yoshiyuki Nakanishi, following experiences in sales of products and services of a global chemical manufacturer and involvement in operations of its key business, has gained abundant experience, accomplishments, and extensive insight into overall corporate management at the helm of the manufacturer, where he implemented various measures to respond to changes in the business environment. Aiming to have him reflect these qualities in the management of the Company and carry out management oversight and monitoring functions from an independent perspective, the Company has nominated him again as a candidate for outside director.

Attendance at Board of Directors Meetings
18 out of 18 (100%)

Period in Office
At the conclusion of this meeting, Mr. Yoshiyuki Nakanishi will have served 6 years as an independent director of the Company.</td></tr>
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<table>
<tr><th>Candi-
date No.</th><th>Name
(Date of Birth)</th><th>Brief Personal History,
Position and Areas of Responsibility at IHI,
and Significant Concurrent Positions</th><th>Number
of IHI Shares
Owned</th></tr>
<tr><td>7</td><td>Reappointment
Candidate for Outside Director
Candidate for Independent Director

Chieko MATSUDA
(November 18, 1964)</td><td>Apr. 1987: Joined The Long-Term Credit Bank of Japan, Limited
Oct. 1998: Joined Moody’s Japan K.K.
Sep. 2001: Partner, Corporate Directions, Inc.
May 2006: Representative Director, Matrix, Inc.
Oct. 2006: Vice President (Partner), Booz & Company, Inc.
Apr. 2011: Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University (to present)
Professor, Graduate School of Management, Tokyo Metropolitan University (to present)
Jun. 2020: Director, IHI (to present)

Position and Areas of Responsibility at IHI
Director

Significant Concurrent Positions
Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University
Professor, Graduate School of Management, Tokyo Metropolitan University
Outside Director, Asahi Kasei Corporation
Outside Members of the Board, Toyota Tsusho Corporation
External Director, Isetan Mitsukoshi Holdings Ltd.

Number of Other Listed Companies Concurrently Serving as Officer
Engaged in Business Execution: 0
Not Engaged in Business Execution: 3</td><td>17,200
Shares</td></tr>
<tr><td colspan="4">Reasons for Nomination and Overview of Expected Role
Ms. Chieko Matsuda has extensive experience and insight gained through financial and capital market operations and management consulting operations and an extremely high level of expertise in corporate and financial strategies as a researcher. In addition, she has broad insight as an outside officer of several companies. Aiming to have her reflect these qualities in the management of the Company and carry out management oversight and monitoring functions from an independent perspective, the Company has nominated her again as a candidate for outside director.

Attendance at Board of Directors Meetings
18 out of 18 (100%)

Period in Office
At the conclusion of this meeting, Ms. Chieko Matsuda will have served 6 years as an outside director of the Company.</td></tr>
</table>

Candi-date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at IHI, and Significant Concurrent Positions	Number of IHI Shares Owned
8	Reappointment Candidate for Outside Director Candidate for Independent Director Minoru USUI (April 22, 1955)	Nov. 1979: Joined Shinshu Seiki Co., Ltd. (now Seiko Epson Corporation) Nov. 2004: Director; Deputy General Administrative Manager, Corporate Research & Development Division, and Deputy Chief Operating Officer, Imaging & Information Products Operations Division, Seiko Epson Corporation Nov. 2005: Director; General Administrative Manager, Production Engineering & Development Division, Seiko Epson Corporation Jul. 2007: Director; General Administrative Manager, Corporate Research & Development Division, and General Administrative Manager, Production Engineering & Development Division, Seiko Epson Corporation Oct. 2007: Managing Director; General Administrative Manager, Corporate Research & Development Division, and General Administrative Manager, Production Engineering & Development Division, Seiko Epson Corporation Jun. 2008: President and Representative Director; Chief Executive Officer, Seiko Epson Corporation Apr. 2020: Chairman and Director, Seiko Epson Corporation Jun. 2021: Director, IHI (to present) Jun. 2024: Advisor, Seiko Epson Corporation Position and Areas of Responsibility at IHI Director Significant Concurrent Positions Outside Director, Sumitomo Pharma Co., Ltd. Number of Other Listed Companies Concurrently Serving as Officer Engaged in Business Execution: 0 Not Engaged in Business Execution: 1	27,900 Shares

Reasons for Nomination and Overview of Expected Role

Mr. Minoru Usui, after being in charge of technology development in an electronic equipment manufacturer that operates business globally, has gained abundant experience, accomplishments, and extensive insight into overall corporate management at the helm of the manufacturer, where he implemented various measures to respond to changes in the business environment. Aiming to have him reflect these qualities in the management of the Company and carry out management oversight and monitoring functions from an independent perspective, the Company has nominated him again as a candidate for outside director.

Attendance at Board of Directors Meetings

18 out of 18 (100%)

Period in Office

At the conclusion of this meeting, Mr. Minoru Usui will have served 5 years as an outside director of the Company.

Candi-date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at IHI, and Significant Concurrent Positions	Number of IHI Shares Owned
9	Reappointment Candidate for Outside Director Candidate for Independent Director Toshihiro UCHIYAMA (November 28, 1958)	Apr. 1981: Joined NSK Ltd. Jun. 2008: Vice President; Deputy Head of Corporate Planning Division HQ, NSK Ltd. Jun. 2009: Vice President; Head of Corporate Planning Division HQ, NSK Ltd. Jun. 2010: Senior Vice President; Head of Corporate Planning Division HQ, NSK Ltd. Jun. 2012: Director; Senior Vice President; Head of Corporate Planning Division HQ, NSK Ltd. Jun. 2013: Director; Representative, Executive Vice President; Head of Corporate Strategy Division HQ, NSK Ltd. Jun. 2015: Director; Representative, President and Chief Executive Officer, NSK Ltd. Jun. 2017: Director; Representative, President and Chief Executive Officer, NSK Ltd. Apr. 2021: Chairman of the Board of Directors, NSK Ltd. Jun. 2022: Director, IHI (to present) Jun. 2023: Advisor, NSK Ltd. (to present) Position and Areas of Responsibility at IHI Director Significant Concurrent Positions Advisor, NSK Ltd. (Note) He is not an executive at NSK Ltd. External Director, NIKON CORPORATION (scheduled to be appointed in June 2026) Number of Other Listed Companies Concurrently Serving as Officer Engaged in Business Execution: 0 Not Engaged in Business Execution: 0	6,300 Shares

Reasons for Nomination and Overview of Expected Role

Mr. Toshihiro Uchiyama, after working on sales of products and services, production reforms in its overseas affiliated company, and other initiatives in an electronic equipment manufacturer that operates business globally, has gained abundant experience and extensive insight into overall corporate management at the helm of the manufacturer, where he implemented various measures to respond to changes in the business environment. Aiming to have him reflect these qualities in the management of the Company and carry out management oversight and monitoring functions from an independent perspective, the Company has nominated him again as a candidate for outside director.

Attendance at Board of Directors Meetings

18 out of 18 (100%)

Period in Office

At the conclusion of this meeting, Mr. Toshihiro Uchiyama will have served 4 years as an outside director of the Company.

Candi-date No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at IHI, and Significant Concurrent Positions	Number of IHI Shares Owned
10	Reappointment Candidate for Outside Director Candidate for Independent Director Yayoi TANAKA (March 20, 1960)	Apr. 1982: Joined Nippon Kogaku K.K. (now NIKON CORPORATION) Jan. 2007: Member of Fiscal System Council, Ministry of Finance Apr. 2007: Associate Professor of Department of Research for University Evaluation, National Institution for Academic Degrees and University Evaluation*1 Feb. 2013: Civilian Member of Administrative Reform Promotion Council, Cabinet Secretariat Apr. 2013: Professor of Research Department, National Institution for Academic Degrees and University Evaluation*1 Apr. 2015: Member of Policy Evaluation Council, Ministry of Internal Affairs and Communications Jun. 2017: Independent Director, IHI*2 Sep. 2019: Commissioner, Board of Audit of Japan Jan. 2024: President, Board of Audit of Japan Jun. 2025: Member of Administrative Reform Promotion Council, Cabinet Secretariat (to present) Jun. 2025: Visiting Professor, Graduate School of Public Policy, The University of Tokyo (to present) Jun. 2025: Director, IHI (to present) Position and Areas of Responsibility at IHI Director Significant Concurrent Positions Outside Director, Japan Exchange Group, Inc. Number of Other Listed Companies Concurrently Serving as Officer Engaged in Business Execution: 0 Not Engaged in Business Execution: 1	0 Shares

Reasons for Nomination and Overview of Expected Role

Ms. Yayoi Tanaka has been engaged in the evaluation and research of non-profit organizations. She also has broad perspectives and knowledge through her past experience on various governmental committees and as President of the Board of Audit of Japan. Aiming to have her reflect these qualities in the management of the Company and carry out management oversight and monitoring functions from an independent perspective, the Company has nominated her again as a candidate for outside director. Although she has not been involved in company management, the Company has judged that she can execute her duties as an outside director appropriately for the above-mentioned reasons.

Attendance at Board of Directors Meetings

13 out of 13 (100%)

Period in Office

At the conclusion of this meeting, Ms. Yayoi Tanaka will have served 1 year as an outside director of the Company*2.

*1. Now National Institution for Academic Degrees and Quality Enhancement of Higher Education

*2. Elected as Director of the Company at the 200th Ordinary General Meeting of Shareholders held in June 2017, and resigned as Director of the Company at the conclusion of the 202nd Ordinary General Meeting of Shareholders held in June 2019, due to the expiration of her term. Therefore, her period in office in total is 3 years.

<table>
<tr><th>Candi-
date
No.</th><th>Name
(Date of Birth)</th><th>Brief Personal History,
Position and Areas of Responsibility at IHI,
and Significant Concurrent Positions</th><th>Number
of IHI Shares
Owned</th></tr>
<tr><td>11</td><td>Reappointment

Candidate for Outside Director

Candidate for Independent Director

Kenichiro YOSHIDA
(March 9, 1963)</td><td>Apr. 1985: Joined Nikko Securities Inc. (now SMBC Nikko Securities Inc.)
Mar. 2006: Managing Director of Investment Research Department, Goldman Sachs Japan Co., Ltd.
Aug. 2010: General Manager of Equity Research, Nikko Cordial Corporation (now SMBC Nikko Securities Inc.)
Jan. 2014: Vice President of Ichigo Asset Management, Ltd.
May 2014: Outside Director of Ichigo Group Holdings Co., Ltd. (now ICHIGO Inc.)
Apr. 2021: Director and CFO of Uhuru Corporation
Oct. 2022: Advisor of Engagement Investment Division, Aozora Bank, Ltd.
Jun. 2025: Director, IHI (to present)
Apr. 2026: Chairman and Partner, Ichigo Asset Management, Ltd. (to present)

Position and Areas of Responsibility at IHI
Director

Significant Concurrent Positions
Outside Director, Cuorips Inc.
Chairman and Partner, Ichigo Asset Management, Ltd.

Number of Other Listed Companies Concurrently Serving as Officer
Engaged in Business Execution: 0
Not Engaged in Business Execution: 1</td><td>4,500
Shares</td></tr>
<tr><td colspan="4">Reasons for Nomination and Overview of Expected Role
Mr. Kenichiro Yoshida has been engaged in industrial research and the management analysis of individual companies at securities companies and asset management companies in Japan and overseas. He also has a wealth of expertise and experience in the capital markets through the management of an investment fund. Additionally, he has experience as a corporate manager, having managed venture companies. Aiming to have him reflect these qualities in the management of the Company and carry out management oversight and monitoring functions from an independent perspective, the Company has nominated him again as a candidate for outside director.

Attendance at Board of Directors Meetings
13 out of 13 (100%)

Period in Office
At the conclusion of this meeting, Mr. Kenichiro Yoshida will have served 1 year as an outside director of the Company.</td></tr>
</table>

(Notes)

1. There are no special interests between any of the candidates and the Company.
2. The Company has registered the candidates for outside director Messrs. Yoshiyuki Nakanishi, Minoru Usui, Toshihiro Uchiyama, Kenichiro Yoshida, Mses. Chieko Matsuda and Yayoi Tanaka with the Tokyo Stock Exchange (where the Company is listed) as independent directors.
   Note, the IHI Group has the following business relationships with companies where Messrs. Yoshiyuki Nakanishi, Minoru Usui and Toshihiro Uchiyama previously served as executives. In addition, the Company entered into an adjunct advisory contract during April to June 2025 with Ms. Yayoi Tanaka on the premise that she will be appointed an outside director of the Company, and the IHI Group paid her remuneration. Those are within the scope as stipulated in Independence Criteria for Outside Directors of the Company and has no impact on their independence.

Candidate for director	Company at which the candidate previously served as an executive or company at which the candidate is currently serving as an executive	The transaction amount with such company (actual for the most recent fiscal year)	Details of transactions with such company
Mr. Yoshiyuki Nakanishi	DIC Corporation	Less than 0.1% of the Company's consolidated revenue	Maintenance and sale of industrial machinery, etc. Sale of logistics plant, etc.
Mr. Minoru Usui	Seiko Epson Corporation	Less than 0.1% of the Company's consolidated revenue and less than 0.1% of consolidated revenue of Seiko Epson Corporation.	Maintenance and sale of power generation equipment, etc.
Mr. Toshihiro Uchiyama	NSK Ltd.	Less than 0.1% of the Company's consolidated revenue and less than 0.4% of consolidated net sales of NSK Ltd.	Sale of industrial machinery, etc. Procurement of components for space and defense products, etc.

3. The Company has concluded contracts with candidates for outside director Messrs. Yoshiyuki Nakanishi, Minoru Usui, Toshihiro Uchiyama, Kenichiro Yoshida, Mses. Chieko Matsuda and Yayoi Tanaka to limit their liability for damages prescribed in Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Act. If reappointment of the directors is approved, the Company shall continue the aforementioned contracts to limit liability with each of them. In any of these contracts, the amount of the limitation of their liability for damages under the contract shall be the amount stipulated by laws and regulations.
4. To enable officers to fully discharge their role as expected during the performance of their duties, and to attract highly effective individuals, the Company has entered into a directors and officers liability insurance ("D&O insurance") policy, with all Directors and Audit & Supervisory Board Members, as provided for in Article 430-3, Paragraph 1 of the Companies Act, and in the event that the respective elections of the candidates are approved, they will each be covered by this policy. The insurance policy covers losses that may arise from the insured's assumption of liability incurred in the course of the performance of duties as an officer or a person at a certain position, or receipt of the pursuit of such liability. However, there are certain reasons for coverage exclusion, such as cover not being extended to liability originating in behavior that was performed with the awareness that it was in violation of laws or regulations. Furthermore, the insurance premiums, including those for special clauses, are fully borne by the Company, and there are no insurance premiums borne by the insureds.
5. The Japan Steel Works, Ltd., in which Mr. Yoshiyuki Nakanishi has served as outside director since June 2020, announced in May 2022 that, for a portion of products manufactured by Japan Steel Works M&E, Inc., which was a subsidiary of the said company (absorbed into The Japan Steel Works, Ltd. on April 1, 2026), there was improper conduct in some examinations that should have been carried out during the manufacturing process. The said company established a Special Investigating Committee and carried out an investigation, and it is working on measures to prevent recurrence based on the results of the Committee's investigation and recommendations to prevent recurrence.
   In addition, in September 2022, SHIMADZU CORPORATION, for which he has served as an outside director since June 2021, announced that its subsidiary SHIMADZU MEDICAL SYSTEMS CORPORATION had engaged in inappropriate conduct in connection with the maintenance and inspection of X-ray equipment installed at medical institutions with which said company does business. The said company established an external investigation committee and carried out an investigation, and it is working on measures to prevent recurrence based on the results of the committee's investigation and recommendations to prevent recurrence.
   Although he was unaware of either of these incidents until they were discovered, he has always made proposals on the importance of legal compliance and internal control at meetings of the boards of directors of each company, and has fulfilled his responsibilities as an outside director by calling for further strengthening and enhancing legal compliance and internal control systems after the discovery of these incidents.

Proposal No. 3: Revision of Audit & Supervisory Board Member's Remuneration

The total amount of remuneration for the Company's Audit & Supervisory Board Members is set at 120 million yen or below per year, as resolved at the 197th Ordinary General Meeting of Shareholders held on June 27, 2014.

Giving comprehensive consideration to various factors such as the substantial increase in the duties to be fulfilled by Audit & Supervisory Board Members due to recent changes in the business environment and strengthening of the Company's corporate governance as well as current compensation levels and changes in economic conditions, we would like to revise the total amount of remuneration for the Audit & Supervisory Board Members to 150 million yen or below per year.

The current number of Audit & Supervisory Board Members is five (5) and will not change at the conclusion of this General Meeting of Shareholders.

<Reference>

Expertise and experience of Directors and Audit & Supervisory Board Members (skills matrix)

The Company has sorted out expertise and experience necessary for the Board of Directors to sufficiently fulfill its function and realize the IHI Group's management philosophy and future ideal vision. The following list shows up to three skills that are particularly expected of each Director and Audit & Supervisory Board Member (including candidates), and does not cover all expertise and experience of each person.

	Name	Corporate management	Technology/research and development	Global business	Sales/ marketing	ICT/DX	Human Resources management/ development	Finance and accounting	Legal/ compliance/risk management
Directors	Hiroshi IDE	○		○	○				
	Hideo MORITA		○	○					○
	Jun KOBAYASHI			○	○				
	Atsushi SATO		○						
	Akihiro SEO						○		○
Outside Directors	Yoshiyuki NAKANISHI	○		○	○				
	Chieko MATSUDA						○	○	○
	Minoru USUI	○	○	○					
	Toshihiro UCHIYAMA	○		○	○				
	Yayoi TANAKA							○	○
	Kenichiro YOSHIDA							○	
Audit & Supervisory Board Members	Tae HOZOJI								○
	Yasuaki FUKUMOTO							○	
Outside Audit & Supervisory Board Members	Aiko SEKINE							○	
	Yumiko WASEDA								○
	Kazuhiro MUTO			○	○	○			

Skill	Expected competencies based on expertise and experience
Corporate management	Formulate and implement management strategies to achieve sustainable enhancement of corporate value
Technology/research and development	Promote technology development and R&D that contributes to resolving social issues
Global business	Formulate and implement business strategies that contribute to resolving social issues from a global perspective
Sales/marketing	Formulate and implement sales and marketing strategies that contribute to resolving social issues from the customer's perspective
ICT/DX	Formulate and implement new business models and work styles utilizing ICT and DX, and promote IT risk management
Human resources management/ development	Formulate and implement human resource strategies to maximize employee potential
Finance and accounting	Formulate and implement financial strategies to achieve sustainable growth in corporate value
Legal/compliance/risk management	Establish transparent, fair, and efficient governance and risk management systems

Basic Views on Governance

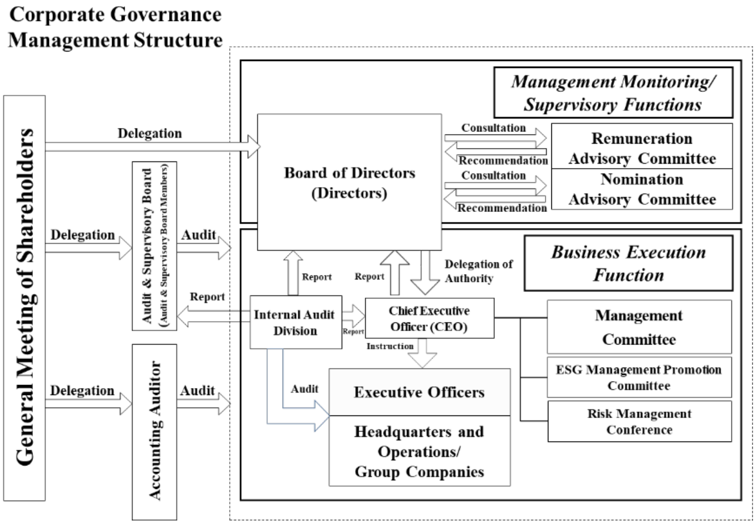
The Company defines corporate governance as a system that assures sustainable growth and maximization of corporate value by enhancing management efficiency so that the Company can leverage its innate capabilities to the fullest extent possible. To achieve this, the Company targets efficient and appropriate internal decision-making by clearly separating management oversight and monitoring functions from the business execution function. Furthermore, by establishing the relevant internal rules and building a system to administer them, the Company ensures appropriate operations across the entire Group.

The Company promotes constant improvement of its corporate governance, aiming to earn the trust and support of its shareholders and other stakeholders over the long term.

The Company will work to enhance its corporate governance in line with the following basic policies:

(1) Respect shareholders' rights and ensure equal treatment
(2) Strive to cooperate appropriately with shareholders and other stakeholders
(3) Fulfill our responsibility to be accountable to stakeholders and ensure transparency by appropriately and proactively disclosing information relating to the Company
(4) Clarify the roles and responsibilities of the Board of Directors, the audit & supervisory board members and the Audit & Supervisory Board to enable them to adequately fulfill their management oversight and monitoring functions
(5) Conduct constructive dialogue with shareholders who have investment policies according with the medium- to long-term interests of shareholders

Overview of Corporate Governance System



The Company has an Audit & Supervisory Board, which comprises audit & supervisory board members who audit the duties executed by directors.

The Board of Directors makes decisions related to all important matters concerning the management of the Company and the Group, in addition to supervising directors in the execution of their duties. The outside directors, who are elected from among individuals with extensive experience and broad insight gained at the helm of business managers, or with a high degree of specialist knowledge and diverse experience, participate in the Board of Directors' decision-making process, offer advice and make recommendations independently of managers who have been delegated the authority to handle day-to-day operations.

Board of Directors

The Board of Directors makes decisions related to all important matters concerning the management of the Company and the Group, in addition to supervising directors in the execution of their duties, and met eighteen (18) times during the fiscal year under review. The Board of Directors held concerted discussions on the formulation of new management policies from a long-term perspective to replace the three-year group management policies to date.

[Executive Structure]

The composition in the fiscal year under review is shown in the upper table. As shown in the lower table, if Proposal No. 2 is approved in its original form, the ratio of independent outside directors to directors will be 54% and the ratio of independent outside officers attending the Board of Directors meetings, including Audit & Supervisory Board Members, will be 56%.

Current Structure (Fiscal Year 2025)			
	Number of officers	Number (percentage) that are independent outside officers	Number (percentage) that are female officers
Directors	12	6 (50%)	2 (16%)
Audit & Supervisory Board Members	5	3 (60%)	3 (60%)
Total	**17**	**9 (52%)**	**5 (29%)**

Structure after the 209th AGM (Fiscal Year 2026)			
	Number of officers	Number (percentage) that are independent outside officers	Number (percentage) that are female officers
Directors	11	6 (54%)	2 (18%)
Audit & Supervisory Board Members	5	3 (60%)	3 (60%)
Total	**16**	**9 (56%)**	**5 (31%)**

Remuneration Advisory Committee and Nomination Advisory Committee

(1) Remuneration Advisory Committee

The Company established the Remuneration Advisory Committee as the optional committee to ensure appropriateness and objectivity of officer remuneration. The Committee held six (6) meetings during the fiscal year under review and deliberated on the policy and details of the remuneration paid to directors and audit & supervisory board members, as well as in relation to the details of revisions to the remuneration system.

(2) Nomination Advisory Committee

The Company established the Nomination Advisory Committee as the optional committee for proper implementation of officer appointments. The Committee held six (6) meetings during the fiscal year under review and deliberated on ideas for officer appointments and plans for successor training.

From the fiscal year under review, an independent outside director serves as chairperson of the Nomination Advisory Committee, resulting in both the Nomination Advisory Committee and the Remuneration Advisory Committee being chaired by an independent outside director.

[Composition and attendance at meetings of the Committees]

Remuneration Advisory Committee

Title and Position	Name		Attendance at Meetings
Independent Director	Yoshiyuki NAKANISHI	Chair	6 out of 6 (100%)
Independent Director	Minoru USUI	Member	6 out of 6 (100%)
Independent Director	Toshihiro UCHIYAMA	Member	6 out of 6 (100%)
Independent Audit & Supervisory Board Member	Kazuhiro MUTO	Member	6 out of 6 (100%)
Director and Chairman of the Board	Tsugio MITSUOKA	Member	6 out of 6 (100%)
Representative Director and President	Hiroshi IDE	Member	6 out of 6 (100%)

Nomination Advisory Committee

Title and Position	Name		Attendance at Meetings
Independent Director	Yoshiyuki NAKANISHI	Chair	6 out of 6 (100%)
Independent Director	Chieko MATSUDA	Member	6 out of 6 (100%)
Independent Director	Minoru USUI	Member	6 out of 6 (100%)
Independent Director	Toshihiro UCHIYAMA	Member	6 out of 6 (100%)
Independent Director	Yayoi TANAKA	Member	6 out of 6 (100%)
Independent Director	Kenichiro YOSHIDA	Member	6 out of 6 (100%)
Representative Director and President	Hiroshi IDE	Member	6 out of 6 (100%)

Policies and Procedures relating to Appointment of Officers

The Company's Board of Directors decides on ideal attributes for officers and draws up independence standards for outside directors and outside audit & supervisory board members. These standards are based on the requirements for independent directors/audit & supervisory board members stipulated by the Tokyo Stock Exchange and their emphasis is to assure that outside directors and outside audit & supervisory board members are genuinely independent. The Company's Board of Directors sets the basic policy of appointing the most appropriate officers according to the ideal attributes and the independence standards for outside directors and outside audit & supervisory board members with the aim of ensuring sustainable growth and increased corporate value for the IHI Group over the medium to long term.

In appointing officers, the Company's Board of Directors has supplemented the legally required procedures by establishing a Nomination Advisory Committee comprised of all the independent outside directors and the Representative Director and President. The Committee acts as an optional advisory body to the Board of Directors in order to enhance the Board of Directors' independence, objectivity, and accountability, as well as to proactively obtain the involvement, advice, and supervision of the outside directors. It supervises appointment-related procedures to ensure that they are applied appropriately, and offers related advice.

Should members of senior management or executive officers meet the dismissal criteria for officers, a determination of such dismissal shall be resolved promptly by the Board of Directors.

Ideal Attributes for Officers

The Company appoints directors and audit & supervisory board members who are healthy in mind and body and have all the following attributes:

- Deep understanding of, and sympathy with, the IHI Group's management philosophy and vision
- The ability to contribute to sustainable growth and medium- to long-term increase in corporate value at the IHI Group by addressing societal issues in accordance with the IHI Group's vision
- Outstanding foresight, penetrating discernment and ability to make appropriate decisions with regard to the management of the IHI Group
- Good character with a strong sense of ethics
- Ample experience as a corporate manager, or a high degree of specialist knowledge, combined with a broad, global perspective and insight

Independence Criteria for Outside Directors

In addition to the requirements for independent directors/audit & supervisory board members stipulated by the Tokyo Stock Exchange, the Company uses the standards below to determine independence.

(1) Major Shareholders	The director should not be a major shareholder with 10% or more of the voting rights in the Company, or serve as a director, audit & supervisory board member, executive officer at a company with committees, executive officer or employee, of a corporation that is a major shareholder.
(2) Major Clients, Suppliers, etc.	The director should not currently serve as a director, audit & supervisory board member, executive officer at a company with committees, executive officer or employee, of any of the Company's major clients, suppliers, etc. detailed below, nor should he/she have served as an executive director, executive officer at a company with committees, or executive officer, of such major clients, suppliers, etc. in the past. • Major clients of the IHI Group (with transactions valued at 2% or more of the Company's consolidated revenue in the most recent fiscal year) • Major suppliers to the IHI Group (with transactions valued at 2% or more of the supplier's consolidated revenue in the most recent fiscal year) • Major lenders to the Company (as listed in the business report for the most recent fiscal year)
(3) Providers of Specialist Services (Attorneys at Law, Certified Public Accountants, or Consultants, etc.)	The director should not be an attorney at law, certified public accountant, or consultant, etc. who receives 10 million yen or more of monetary consideration or other property from the Company annually besides compensation as a director/audit & supervisory board member.
(4) Accounting Auditor	The director should not be a representative partner or partner of the Company's accounting auditor.
(5) Mutual Exchange of Officers, etc. with IHI	The director should not be assigned to a corporation with which the Company has a relationship of mutually exchanging directors or audit & supervisory board members.

(6) Close Relatives	The director should not be the spouse or first- to second-degree relative of a director, audit & supervisory board member, executive officer or equivalent executive-level employee of the IHI Group. In addition, the director should not be the spouse or first- to second-degree relative of any person* referred to in (1) through (4) above. * If a major shareholder or a major client, supplier, etc. is a corporation, this applies only to directors, audit & supervisory board members, executive officers at companies with committees, executive officers, or equivalent executive-level employees of the corporation in question.

- END -

(Attachment)

Business Report

(From April 1, 2025 to March 31, 2026)

1. Matters on Current Status of the IHI Group

(1) Progress of Business Operations and Their Results

● Business Environment and Initiatives Taken by the IHI Group

During the fiscal year under review, the pace of economic recovery showed signs of stagnation due to factors such as soaring energy prices in Europe and low levels of personal consumption in China due to the prolonged real estate recession. However, in the U.S., although the economy was affected by uncertainty related to the current administration’s involvement in the Middle East, it was supported by AI-related investment and a solid employment environment. As a result, the global economy as a whole remained resilient. In the Japanese economy, despite the impact of rising prices, a gradual recovery trend has continued, supported by improvements in employment and income conditions.

In the civil aero engine business, one of the IHI Group’s Growth Businesses, while demand for aero transportation is expected to increase over the medium- and long-term, the aftermarket business expanded as a result of increased flight operating hours, etc. In the defense business, we continued to respond to orders for large-scale projects on the back of an increase in the defense budget due to the government’s policy of reinforcing defense capabilities. In order to respond to the increased demand, the IHI Group continues to work to enhance its production capacity, including securing resources, and achieve the world’s highest level of production efficiency.

In our Conventional Businesses, the lifecycle business is expected to undergo stable growth over the medium- and long-term. Therefore, the IHI Group will continue to work towards expansion, aiming to increase earnings and generate investment capital.

With respect to the business portfolio reforms carried out under the “Group Management Policies 2023,” the IHI Group is improving Group profitability and capital efficiency by systematically transferring businesses, etc.

● Main transfers completed during the fiscal year under review

Completion	Business	Completion	Business
April 2025	Packaged boilers	October 2025	Concrete construction material
June 2025	Turf care machinery	December 2025	Automated people movers
July 2025	Materials handling system	February 2026	Meteorology, disaster prevention, and space-related

In addition to business transfers, to secure a leading position in Japan’s bridge and water gates industry and to achieve global growth of the Group, an integration was carried out between the IHI Corporations’ subsidiary IHI Infrastructure Systems Co., Ltd. and IHI Construction Service Co., Ltd.

- **Operating Results**

During the fiscal year under review, orders received rose 11.6% from the previous fiscal year to 1,954.7 billion yen. Revenue rose by 1.0% from the previous fiscal year to 1,643.4 billion yen due to the growth of the civil aero engine business and defense business together with increased demand and sale price improvements in the vehicle turbocharger business, despite declines in revenue as a result of the transfer of some businesses and a decline in revenue in comparison to the previous fiscal year, in which a large power plant project advanced.

In terms of profit, despite negative effects of higher maintenance costs and research and development expenses in the civil aero engine business, along with declines in profitability in overseas construction projects in the resources, energy and environment business, Operating Profit increased 22.0 billion yen from the previous fiscal year to 165.5 billion yen, driven by improved profitability in nuclear power-related construction, the rebound from restructuring costs for vehicle turbocharger business recorded in the previous fiscal year, and the recognition of a gain on the transfer of the materials handling system business and investment property. Profit attributable to owners of parent increased by 48.2 billion yenamounted to 160.9 billion yen.

Changes in Assets and Profit/Loss [Earnings Highlights (Consolidated)] IFRS

(Millions of Yen)

Item	206th Fiscal Year	207th Fiscal Year	208th Fiscal Year	209th Fiscal Year
Orders Received	1,366,172	1,376,870	1,751,139	1,954,742
Revenue	1,352,940	1,322,591	1,626,831	1,643,402
Operating Profit	81,985	(70,138)	143,517	165,534
Profit Attributable to Owners of Parent	44,545	(68,214)	112,740	160,992
Basic Earnings per Share(*1)(Yen)	42.07	(64.40)	106.41	151.88
Total Assets	1,941,964	2,097,810	2,240,392	2,428,559
Total Equity	456,251	402,268	508,660	681,531
(Reference) ROE (Profit to Equity Attributable to Owners of Parent)(*2) (%)	11.0	(16.9)	26.3	28.4

(*1) The Company conducted a 7-for-1 stock split for shares of its ordinary shares on October 1, 2025. Basic earnings per share before the stock split shows the amount equivalent to that after the stock split.

(*2) Profit attributable to owners of parent / (Average of ending Equity Attributable to Owners of Parent for the previous and current fiscal years)

- **Interim Dividend**

The Company’s interim dividend for the first half of the fiscal year under review was 750 yen per share, which was determined in consideration of a broad range of factors such as earnings outlook during the fiscal year under review.

- **Overview of Each Business Division**

The overview of each business division for the fiscal year under review is as follows:

○ Resources, Energy and Environment

Main Businesses

- Power systems (power systems plants for land use and power systems for ships)
- Carbon solutions
- Nuclear power

Demand for power is expected to grow as a result of the increased utilization of AI, and due to the tense situation in the Middle East, energy security is becoming increasingly important. By steadily developing our nuclear power business, improving the efficiency of existing power generation facilities, carrying out infrastructure improvement measures that promote the use of ammonia, and optimizing the value that we offer to each customer, we will contribute to the stable supply of energy and the transition to a decarbonized society.

○ Social Infrastructure

Main Businesses

- Bridges/water gates
- Shield systems

In addition to the ongoing promotion of the national land resilience plan in response to aging infrastructure and increasingly severe natural disasters, efforts to improve productivity are growing in importance due to the labor shortages in the construction sector. Both in Japan and overseas, the IHI Group will further expand its lifecycle businesses, focusing on the fields of transportation infrastructure, disaster prevention and mitigation, and water management, and will provide innovative value by leveraging artificial intelligence (AI) and the like. By doing so, we will contribute to building strong and sustainable social infrastructure.

○ Industrial System and General-Purpose Machinery

Main Businesses

- Vehicular turbochargers
- Heat treatment and surface engineering
- Logistics/industrial systems
- Parking
- Rotating machineries

In the industrial sector, supply chains are being reorganized in light of security risks, given the recent rise in geopolitical risk. Over the medium- and long-term, decarbonization and personnel shortages will remain challenges. By optimizing operations, transforming mobility, and providing value that meets needs such as automation and labor-saving needs, we will contribute to the development of sustainable, carbon neutral industry.

○ Aero Engine, Space and Defense

Main Businesses

- Aero engines
- Rocket systems/space utilization systems
- Defense systems

While demand for aero transportation and defense budgets are expected to rise, our business environment is undergoing various changes, such as rising geopolitical risk, soaring fuel prices, and advances in decarbonization. By investing in production facilities for the highly profitable aftermarket segment, developing technologies related to next-generation aircraft to assist in the decarbonization of society, and taking part in international joint development of engines for next-generation fighters, we will contribute to the realization of a rich and safe society.

(2) Issues to be Addressed

During the COVID-19 pandemic, the IHI Group worked to strengthen its lifecycle business and its cost structure through Project Change (FY2020-2022) with the aim of transforming our business structure into one that can adapt to changes in the surrounding environment. To prepare for further growth, we worked to improve profitability and overhaul our business portfolio under Group Management Policies 2023.

Through the initiatives that we have carried out, we believe that the IHI Group has finally reached the starting line from which it will advance into its growth stage.

From FY2026, given the timeline of the IHI Group's businesses, we formulated a Medium-to-Longer-Term Direction for the years leading up to the year 2040 to take the place of the three-year Group Management Policies we used in the past. This new Medium-to-Longer-Term Direction clarifies the social issues that the Group must take on and the business strategies it will employ to grow. We will take on the challenge of making a great leap forward, led by a long-term perspective.

● Medium-to-Longer Term Direction

(1) Desired state in 2040

Ever since our company was founded, we have tackled major industrial and national-level challenges through technology and contributed to realizing safety, security and prosperity of the lives of people around the world.

As we approach the year 2040, we aim to play a key role in restoring Japan's industrial capabilities and national strength to world-class levels and contribute to the economic, national, and energy security of countries worldwide. To this aim, we have defined our desired state: Supporting the safety, security, and prosperity of people worldwide at its core (For Industry & National Security).

(2) Materializing sustainable growth (value creation process)

To realize our desired state in 2040, we will achieve sustainable growth through our value creation process.

Over the course of many years, we have used our solid technological strengths and our relationships with our partners to build high barriers to entry, and through our business activities, we have acquired new technologies and created new markets. In the future, we will expand and accelerate this cycle of growth, driven by the value creation process, and develop globally competitive businesses.

What's more, we will build new supply chains and promote strategic inter-company collaboration to grow the scale of our business and expand our business operations, leading to even more powerful growth for the IHI Group.

(3) Technology and human capital

Technology and human capital have been the driving force behind the IHI Group's journey, which began over 170 years ago. They will continue to drive our Group in the years leading up to 2040. In the future, we will redefine our approach to technology and human capital as we work toward the year 2040.

In our technologies, we will pursue manufacturing execution capability, based on our overwhelming technological capabilities, so that we can achieve victory in the global market. In particular, we will select technologies that serve as sources of competitiveness and intensify our investment of resources in these technologies.

In our human capital, we will significantly shift the concentration of our resources to the aerospace and energy fields. We will acquire and develop human capital to make this possible, and we will foster an organizational culture that encourages our diverse human capital to take on the challenges of new business segments.

● Roadmap to 2040

We have formulated a roadmap to clarify how we should proceed to realize our desired state in 2040 and to guide us as we make steady progress toward reaching our targets.

In Phase 1, which covers the next three fiscal years, we will engage in active investment and strengthen our financial foundations to bring about future growth. In particular, in our civil aero engine business, defense business, and nuclear energy business, which are expected to undergo significant growth over the medium- and long-term, we will make significant investments in strengthening our production capacity. We will also prioritize the allocation of funds to the ammonia business and space business, which will become new revenue pillars in the future. We anticipate 650.0 billion yen in cumulative investment during Phase 1, and we will systematically sell off real estate to secure the funds necessary for this investment.

Following our Phase 1 investment, during Phase 2 we will position the civil aero engine business, of which the aftermarket business is a growing part, as a business driver, and we will significantly expand our Operating Profit and our operating cash flow. In Phase 3, we will recover our up-front investment and achieve dramatic growth for both profit and cash flow, far exceeding their previous trajectories.

Over the next three fiscal years, while we prioritize investment, we also plan to continuously increase our dividends per share. Over the medium- and long-term, we will work to further increase our corporate value and enrich our returns to our shareholders.

● Execution of recurrence prevention measures and enforcement of thorough compliance in response to incidents of misconduct

In FY2024, it was discovered that the Company’s subsidiary IHI Power Systems Co., Ltd. had made improper alterations in its test operation records, and that another of the Company’s subsidiaries Niigata Transys Co., Ltd. had engaged in misconduct in relation to its performance tests. Moreover, it was also determined that the Company’s subsidiary IHI Transport Machinery Co., Ltd. (trade name changed to IHI Parking Square Co., Ltd. in April 2026) had violated the Antimonopoly Act. We would again like to offer our sincere apologies to our shareholders, customers, and all other stakeholders for the inconvenience and concern caused by the successive discovery of these incidents.

We take these incidents very seriously and continued to work to execute recurrence prevention measures and ensure thorough compliance in the fiscal year under review. During this process, however, we have identified new issues, and are keenly aware that significant shortcomings remain and that our initiatives for improvement are still a work in progress. Bearing these circumstances in mind, we will continue to thoroughly implement various measures. Specifically, to ensure that each line of defense within our risk management framework fulfils its roles and responsibilities, we are operating a three-layered system: business divisions are the first line of defense and are responsible for independent risk management; corporate divisions serve as the second line of defense to support and check business divisions’ activities; and the Internal Audit Division functions as the third line of defense to audit whether this system is being operated appropriately. Moreover, by more proactively rotating talents across the Group, we are working to constantly provide employees with the ability to check and review operations from new perspectives and create a system that helps prevent misconduct. Furthermore, the management has directly communicated to all employees that compliance is a core value that every employee must uphold, and that the Group cannot survive nor grow without thorough compliance, and, in addition to dialog sessions with each workplace based on this message, we are implementing educational programs tailored to each level of top management, managers, and new employees. In doing so, we are working to transition from an organizational culture in which misconduct is left unreported to a culture in which each employee takes ownership of thorough compliance and works independently to solve any challenges.

In addition to pouring every effort into restoring the trust of our shareholders, customers, and other stakeholders, we will contribute to the ongoing development of society and our customers and aim to further enhance our corporate value. We would like to ask our shareholders for their continued understanding and support.

(3) Financing

(Millions of Yen)

Item	YoY Increase / Decrease	Balance at End of Period
Short-term and long-term borrowings	(19,915)	289,697
Commercial papers	–	–
Bonds payable	(9,948)	69,836
Total	(29,863)	359,533

(4) Capital Investment

Total capital investment for the fiscal year under review was 97.6 billion yen. That mainly consisted of investment in the Aero Engine, Space and Defense Business Area which involved manufacturing facilities for the aero-engine business and the rocket systems and space utilization business; investment in ammonia combustion testing facilities in head office departments, and; investment in construction work mainly pertaining to investment real estate.

(5) Main lenders of Corporate Group (As of March 31, 2026)

(Millions of Yen)

Lender	Amount
Mizuho Bank, Ltd.	41,980
Sumitomo Mitsui Banking Corporation	32,500
Sumitomo Mitsui Trust Bank, Limited	29,866
Resona Bank, Limited	19,960
The Hiroshima Bank, Ltd.	10,409
The Hachijuni Nagano Bank, Ltd.	9,826
The Chiba Bank, Ltd.	9,500
THE NISHI-NIPPON CITY BANK, LTD.	8,919
MUFG Bank, Ltd.	8,300
The 77 Bank, Ltd.	7,419

(6) Main Sales Offices and Works (As of March 31, 2026)

Head Office	1-1, Toyosu 3-chome, Koto-ku, Tokyo	
Sales Offices	Hokkaido Branch (Kita-ku, Sapporo-city) Hokuriku Branch (Toyama-city, Toyama) Kansai Branch (Kita-ku, Osaka-city) Shikoku Branch (Takamatsu-city, Kagawa)	Tohoku Branch (Aoba-ku, Sendai-city) Chubu Branch (Nakamura-ku, Nagoya-city) Chugoku Branch (Naka-ku, Hiroshima-city) Kyushu Branch (Chuo-ku, Fukuoka-city)
Overseas Offices	Singapore Indonesia (Jakarta) Malaysia (Kuala Lumpur) Vietnam (Hanoi) Taiwan (Taipei) Australia (Sydney) Shanghai North America (New York) Belgium (Brussels) The U.K. (London) Turkey (Istanbul) UAE (Dubai)	Thailand (Bangkok) India (New Delhi) Korea (Seoul) Beijing Hong Kong South America (Sao Paolo) Algeria (Oran) Italy (Rome)
The Main Works in Japan	Soma Aero-Engine Works (Soma-city, Fukushima) Tsurugashima Aero-Engine Works (Tsurugashima-city, Saitama) Mizuho Aero-Engine Works (Mizuho-machi, Nishitama-gun, Tokyo) Yokohama Works (Isogo-ku, Yokohama-city) Aioi Works (Aioi-city, Hyogo) Kure Aero-Engine & Turbo Machinery Works (Kure-city, Hiroshima) IHI Power Systems Co., Ltd.: Ohta Plant (Ota-city, Gunma); Niigata Gas Turbine Plant (Seiro-machi, Kitakanbara-gun, Niigata); Niigata Engine Plant/Niigata Foundry Plant (Higashi-ku, Niigata) IHI Infrastructure Systems Co., Ltd.: Sakai Works (Sakai-ku, Sakai-city) IHI Transport Machinery Co., Ltd.: Numazu Works (Numazu-city, Shizuoka) IHI Agri-Tech Corporation: Chitose Works (Chitose-city, Hokkaido) IHI Rotating Machinery Engineering Co., Ltd.: Tatsuno Works (Tatsuno-machi, Kamiina-gun, Nagano) IHI Turbo Co., Ltd.: Kiso Works (Okuwa-mura, Kiso-gun, Nagano); Shinnmachi Plant (Tatsuno-machi, Kamiina-gun, Nagano) IHI Logistics & Machinery Corporation: Motomiya Works (Motomiya-city, Fukushima) IHI AEROSPACE CO., LTD.: Tomioka Plant (Tomioka-city, Gunma)	

(Notes)

1. IHI Infrastructure Systems Co., Ltd. changed its company name to IHI Infra-square Co., Ltd. on April 1, 2026.
2. IHI Transport Machinery Co., Ltd. changed its company name to IHI Parking Square Co., Ltd. on April 1, 2026.

(7) Employees (As of March 31, 2026)

Business Segment	Number of Employees
Resources, Energy and Environment	5,733
Social Infrastructure	1,741
Industrial Systems and General-Purpose Machinery	8,102
Aero Engine, Space and Defense	7,812
Others	1,607
Corporate (Company-Wide)	1,229
Total	26,224

(1,766 decrease compared to March 31, 2025)

(8) Main Subsidiaries (As of March 31, 2026)

Company Name	Location	Capital (Note 1)	Voting Interest of the Company (Note 2)	Main Business
Resources, Energy and Environment Business Area				
IHI Power Systems Co., Ltd.	Chiyoda-ku, Tokyo	3,000 Million Yen	100.00 %	Manufacture And Sale Of Internal Combustion Engines, Gas Turbine Engines And Marine Equipment
IHI Plant Services Corporation	Koto-ku, Tokyo	500 Million Yen	100.00 %	Design, Installation And Repair Of Boiler Facilities, Nuclear Power Facilities, Environmental And Storage Plant Facilities, Industrial Machinery Facilities, And Solar Power And Renewable Energy Facilities, Etc.
IHI Power Generation Corporation	U.S.A.	38,250 Thousand US Dollars	100.00 %	Investment In Biomass Power Generation Business

Company Name	Location	Capital (Note 1)	Voting Interest of the Company (Note 2)	Main Business
Jurong Engineering Limited	Singapore	51,788 Thousand Singapore Dollars	95.56 %	Installation Of Various Types Of Plants And Facilities/Equipment, Engineering And Consulting Of Architectural Work And Civil Engineering And Plants
Social Infrastructure Business Area				
IHI Infrastructure Systems Co., Ltd. (Note 3)	Sakai-ku, Sakai-city, Osaka	1,000 Million Yen	100.00 %	Engineering, Manufacture, Sale, Maintenance And Repair Of Bridges, Water Gates, Etc.
IHI INFRASTRUCTURE ASIA CO., LTD.	Vietnam	542,638 Million Vietnamese Dong	100.00 %	Engineering, Manufacture, Installation And Maintenance Of Steel Structures And Concrete Structures, In Addition To Manufacture And Installation Of Construction And Industrial Machineries
I&H Engineering Co., Ltd.	Myanmar	12,238 Thousand Us Dollars	60.00 %	Design, Engineering, Manufacture And Construction Services Of Concrete Products
Industrial System and General-Purpose Machinery Business Area				
IHI Transport Machinery Co., Ltd. (Note 4)	Chuo-ku, Tokyo	2,647 Million Yen (Note 5)	100.00 %	Design, Manufacture, Sale, Installation, Maintenance, And Repair Of Parking Systems, And Transport And Distribution Plants

Company Name	Location	Capital (Note 1)	Voting Interest of the Company (Note 2)	Main Business
IHI Agri-Tech Corporation	Chitose-city, Hokkaido	1,111 Million Yen	100.00 %	Development, Manufacture, And Sale Of Agricultural Machinery, Forged/Cast Materials, and Electronic Control Units
IHI Rotating Machinery Engineering Co., Ltd.	Koto-ku, Tokyo	1,033 Million Yen	100.00 %	Design, Manufacture, Sale, Installation, Maintenance And Repair Of Compressors, Separators, Superchargers, Etc., For Ships
IHI Turbo Co., Ltd.	Koto-ku, Tokyo	1,000 Million Yen	100.00 %	Manufacture Of Vehicular Turbochargers
IHI Logistics & Machinery Corporation	Koto-ku, Tokyo	1,000 Million Yen	100.00 %	Sale, Design, Manufacture, Procurement, Construction, Installation, Conversion And Repair Related To Logistics Equipment, FA Equipment, Industrial Equipment And Disinfecting/Deodorizing Equipment, In Addition To Repair And Maintenance Services For Parts And Equipment

Company Name	Location	Capital (Note 1)	Voting Interest of the Company (Note 2)	Main Business
IHI-Sullair Rotating Machinery Engineering and Manufacturing (Suzhou) Co., Ltd.	China	210,074 Thousand Chinese Yuan	51.00 %	Manufacture, Sale And Service Of Compressors
Changchun FAWER-IHI Turbo Co., Ltd.	China	158,300 Thousand Chinese Yuan	57.16 %	Manufacture And Sale Of Vehicular Turbochargers
IHI Charging Systems International GmbH i.L.	Germany	15,300 Thousand Euro	100.00 %	Design, Development, Manufacture And Sale Of Vehicular Turbochargers
IHI Turbo America Co.	U.S.A.	7,700 Thousand US Dollars	100.00 %	Manufacture And Sale Of Vehicular Turbochargers
IHI DALGAKIRAN MAKİNA SANAYİ VE TİCARET A.Ş.	Turkey	33,155 Thousand Revaluation Of The Turkish Lira	51.00 %	Development, Design, Manufacture, Sale And Service Of General-Purpose Turbo Compressors
IHI TURBO (THAILAND) CO., LTD.	Thailand	260,000 Thousand Thai Baht	100.00 %	Manufacture And Sale Of Vehicular Turbochargers
IHI-Sullair Compression Technology (Suzhou) Co., Ltd.	China	55,465 Thousand Chinese Yuan	51.00 %	Manufacture, Sale And Service Of General-Purpose Turbo Compressors
Jiangsu IHI Fengdong Vacuum Technology Co., Ltd	China	30,000 Thousand Chinese Yuan	50.00 %	Design, Manufacture, Sale And After-Sales Support Of Vacuum Heat Treatment Furnaces
Aero Engine, Space and Defense Business Area				
IHI AEROSPACE CO., LTD.	Tomioka-city, Gunma	5,000 Million Yen	100.00 %	Manufacture, Sale, And Repair Of Space Development Equipment And Vehicles

Company Name	Location	Capital (Note 1)	Voting Interest of the Company (Note 2)	Main Business
IHI Aero Engines US Co., Ltd. (Note 6)	U.S.A.	0 Thousand US Dollars	89.50 %	Investment In Civil Aircraft Engine Program
Other Business Area				
IHI ASIA PACIFIC PTE. LTD.	Singapore	22,459 Thousand Singapore Dollars	100.00 %	Order Procurement, Business Support, Purchase And Sale Agent (Regional Headquarters)
IHI Europe Ltd.	U.K.	2,500 Thousand Pound	100.00 %	Sale And Mediation Of Various Types Of Plant, Machinery, Ships/Vessels And Aircraft Engines
IHI Americas Inc.	U.S.A.	2,000 Thousand US Dollars	100.00 %	Provision Of Compliance And Risk Management, And Consulting And Shared Services, Within The Region It Covers (Regional Headquarters)
IHI (Shanghai) Management Co., Ltd.	China	13,604 Thousand Chinese Yuan	100.00 %	Sale, Order Procurement And Purchase Of Various Industrial Equipment, Technical Support Including Maintenance And Engineering, Provision Of Shared Services (Regional Headquarters)

(Notes)

1. Capital is displayed rounded down to the nearest unit.
2. The Voting Interests of the Company include indirectly owned portions and in their figures shares less than one unit are rounded to the nearest unit.
3. IHI Infrastructure Systems Co., Ltd. changed its company name to IHI Infra-square Co., Ltd. on April 1, 2026.
4. IHI Transport Machinery Co., Ltd. changed its company name to IHI Parking Square Co., Ltd. on April 1, 2026.
5. Capital was changed on April 1, 2026.
6. IHI Aero Engines US Co., Ltd. has an equity stake in GE Passport, LLC, an equity method affiliate of the Company.

2. Company Officers

(1) Directors and Audit & Supervisory Board Members (as of March 31, 2026)

Title And Position	Name	Responsibilities And Significant Concurrent Position(s)
Director and Chairman of the Board	Tsugio MITSUOKA	Representative Director, Japanese Aero Engines Corporation Outside Director, UBE Corporation
Representative Director and President; Chief Executive Officer	Hiroshi IDE	
Representative Director; Senior Executive Officer	Hideo MORITA	In Charge of Group Economic Security In Charge of Group Quality Assurance /Design Process In Charge of Production Base Strategy In Charge of Group Procurement
Director; Senior Executive Officer	Jun KOBAYASHI	In Charge of Group Operations General Manager of Business Development Division
Director; Managing Executive Officer	Akihiro SEO	In Charge of Group ESG In Charge of Group Safety and Health
Director, Managing Executive Officer	Atsushi SATO	President of Aero-Engine, Space & Defense Business Area
Director	Yoshiyuki NAKANISHI	Outside Director, THE JAPAN STEEL WORKS, LTD. Outside Director, SHIMADZU CORPORATION
Director	Chieko MATSUDA	Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University Professor, Graduate School of Management, Tokyo Metropolitan University Outside Director, Asahi Kasei Corporation Outside Members of the Board, Toyota Tsusho Corporation External Director, Isetan Mitsukoshi Holdings Ltd.
Director	Minoru USUI	Outside Director, Sumitomo Pharma Co., Ltd.
Director	Toshihiro UCHIYAMA	Advisor, NSK Ltd.
Director	Yayoi TANAKA	Outside Director, Japan Exchange Group, Inc.
Director	Kenichiro YOSHIDA	Outside Director, Cuorips Inc.

Title And Position	Name	Responsibilities And Significant Concurrent Position(s)
Standing Audit & Supervisory Board Member	Tae HOZOJI	
Standing Audit & Supervisory Board Member	Yasuaki FUKUMOTO	
Audit & Supervisory Board Member	Aiko SEKINE	Certified Public Accountant Advisor, JICPA Professor, Faculty of Commerce, Waseda University Outside Director, ORIX Corporation Outside Director (Audit & Supervisory Committee Member), NIPPON STEEL CORPORATION
Audit & Supervisory Board Member	Yumiko WASEDA	Attorney at Law Outside Audit & Supervisory Board Member, Chugai Pharmaceutical Co., Ltd. Outside Director (Audit and Supervisory Committee Member), SCSK Corporation
Audit & Supervisory Board Member	Kazuhiro MUTO	Corporate Executive Vice President, NEC Corporation

(Notes)

1. Director: Messrs. Yoshiyuki Nakanishi, Minoru Usui, Toshihiro Uchiyama, Kenichiro Yoshida and Mses. Chieko Matsuda, Yayoi Tanaka are outside directors.
2. Audit & Supervisory Board Member: Mses. Aiko Sekine, Yumiko Waseda and Mr. Kazuhiro Muto are outside audit & supervisory board members.
3. Standing Audit & Supervisory Board Member: Mr. Yasuaki Fukumoto possesses considerable knowledge of financial and accounting matters gained through his years of experience working in the Finance Division of the Company.
4. Audit & Supervisory Board Member: Ms. Aiko Sekine is a certified public accountant and possesses considerable knowledge of financial and accounting matters.
5. The Company has registered Directors Messrs. Yoshiyuki Nakanishi, Minoru Usui, Toshihiro Uchiyama, Kenichiro Yoshida and Mses. Chieko Matsuda, Yayoi Tanaka, and Audit & Supervisory Board Members Mses. Aiko Sekine, Yumiko Waseda and Mr. Kazuhiro Muto with the Tokyo Stock Exchange (where the Company is listed) as independent directors and independent audit & supervisory board members, respectively.
6. There is no special relationship between the Company and other entities at which each outside director/outside audit & supervisory board member has concurrent positions.

<Reference> System for Executing Business Operations as of April 1, 2026

Title and Position	Name	Responsibilities
Representative Director and President Chief Executive Officer	Hiroshi IDE	In Charge of Group Compliance
Representative Director Senior Executive Officer	Hideo MORITA	In Charge of Group Technology Strategy In Charge of Group Quality Assurance In Charge of Production Base Strategy General Manager of Corporate Technology Strategy Office
Representative Director Senior Executive Officer	Jun KOBAYASHI	In Charge of Group Business Development / Operations In Charge of Project Management
Representative Director Senior Executive Officer	Atsushi SATO	In Charge of Group Economic Security In Charge of Group Procurement President of Aero-Engine, Space & Defense Business Area
Director Managing Executive Officer	Akihiro SEO	In Charge of Group ESG
Managing Executive Officer	Kiyoshi NIHEI	President of Industrial Systems & General-Purpose Machinery Business Area
Managing Executive Officer	Chie FUKUOKA	In Charge of Group DX General Manager of Intelligent Information Management Division
Managing Executive Officer	Noriaki OZAWA	President of Resources, Energy and Environment Business Area
Managing Executive Officer	Kensuke YAMAMOTO	General Manager of Business Development Division
Managing Executive Officer	Mamiko SAITO	In Charge of Group Human Resources In Charge of Group Safety and Health General Manager of Human Resources Division
Managing Executive Officer	Hiromi OSHIMA	In Charge of Group Finance & Accounting General Manager of Finance & Accounting Division
Executive Officer	Kazuya Ueda	President of Social Infrastructure Business Area
Executive Officer	Chiyuki NAKAMATA	Representative Director and President, IHI AEROSPACE CO., LTD. Vice President of Aero Engine, Space & Defense Business Area

Title and Position	Name	Responsibilities
Executive Officer	Jun AKIMOTO	Vice President of Aero Engine, Space & Defense Business Area
Executive Officer	Yasuyuki HASEGAWA	Vice President of Resources, Energy and Environment Business Area
Executive Officer	Tsutomu MURAKAMI	Vice President of Aero Engine, Space & Defense Business Area
Executive Officer	Kazuhiro Onitsuka	General Manager of Monozukuri System Transformation Division
Executive Officer	Hiroki Kobayashi	Deputy General Manager of Business Development Division
Executive Officer	Takashi Murasumi	Vice President of Industrial Systems & General-Purpose Machinery Business Area
Executive Officer	Yoshiaki Matsuzawa	General Manager of Corporate Research and Development Division
Executive Officer	Takashi Mori	General Manager of Corporate Secretary Division
Executive Officer	Toru Uno	Vice President of Aero Engine, Space & Defense Business Area
Executive Officer	Nobutaka Yanagidani	Vice President of Aero Engine, Space & Defense Business Area

(2) Remuneration, etc. of Directors and Audit & Supervisory Board Members

At its Board of Directors meeting held on May 21, 2025, the Company resolved to revise its Policy on Determination of Remuneration for Officers. Content of the policy was referred for consultation to the Remuneration Advisory Committee, which accordingly deliberation on and reported findings thereof on a preliminary basis, prior to having been resolved by the Board of Directors.

(I) Directors (Excluding Outside Directors)

(i) Basic Policy on Determining Remuneration

- Remuneration shall be aimed at fully encouraging directors and executive officers to perform their duties in line with management philosophy, Group vision, and Group management policy, and strongly motivating them toward the achievement of specific management goals to bring the Company’s and the IHI Group’s sustainable growth and improve the medium- and long-term corporate value.
- Remuneration shall be structured with the appropriate allocation of a fixed basic remuneration, an annual incentive (performance-based bonuses), which is linked to the operating performance of each fiscal year, and a long-term incentive (performance-based share remuneration and restricted share remuneration), which is linked to medium- and long-term operating performance and corporate value aimed at broadly sharing a sense of value with stakeholders, and thereby shall contribute to performing with a sound entrepreneurial spirit.
- Under the management philosophy, “Human resources are our single most valuable asset,” appropriate treatment shall be provided to officers of the Company in consideration of the Company’s management environment, and social roles and accountabilities the Company undertakes.

(ii) Remuneration Level and Allocated Ratios of Remuneration

The Company shall appropriately establish remuneration levels and allocated ratios of remuneration upon having considered factors that include the Company's business characteristics, effectiveness of incentive remuneration, and professional duties. Moreover, the Company shall perform verification by regularly surveying objective market data on remuneration researched by an external specialized institution.

With respect to allocated ratios of remuneration, the Company shall set basic remuneration, annual incentive, and long-term incentive at approximate proportions of 50%:30%:20% for the Director and Chairman of the Board and the Representative Director and President, and at approximate proportions of 55%:25%:20% for other directors, subject to standard business performance.

Basic remuneration is set according to the level of each officer's responsibilities with basic remuneration paid for the execution of duties. In addition, long-term incentives are set so that the ratio of performance-based share remuneration to the restricted share remuneration plan is approximately 1:1.

(iii) Framework of Incentive Remuneration

a. Annual incentives

The monetary amount of remuneration provided as performance-based bonuses each fiscal year varies withinfrom the range of zero to approximately 200 depending on the extent of having achieved the performance target, with a baseline value of 100 for the amount of payment when performance targets have been achieved. Performance indicators shall be those that include: profit attributable to owners of parent underpinned by the aim of maintaining common interests with our shareholders; consolidated operating cash flow underpinned by the aim of strengthening the capacity to generate cash necessary for growth, and; ESG indicators underpinned by the aim of promoting ESG management. The performance indicators shall be reviewed as necessary, particularly upon encountering changes in the management environment and executives' duties.

For ESG indicators, initiatives on reduction of greenhouse gases, improvement of employee engagement, and promotion of DE&I (diversity, equity, and inclusion) are evaluated.

b. Long-term incentives

The number of shares to be delivered as performance-based share remuneration each fiscal year shall vary withinfrom the range of zero to approximately 150 depending on the extent of having achieved the performance target, with a baseline value of 100 for the number of shares to be delivered when performance targets have been achieved. The performance evaluation period shall encompass the next three fiscal years, and performance targets for the final fiscal year of the performance evaluation period shall be established at the outset of the performance evaluation period. The performance evaluation indicators shall be of primary emphasis under the Group management policies, with consolidated ROIC underpinned by the aims of engaging in business operations that place focus on investment efficiency, achieving sustainable growth, and increasing corporate value. The Company shall furthermore review the possibility of making changes to the performance indicators as necessary in alignment with review of the Group management policies.

Shares with restriction of transfer equivalent to the points defined by position shall be issued each fiscal year as restricted share remuneration. The transfer restriction period is the period from when the shares are issued until the officer retires for the purpose of strengthening management that is conscious of stock price and the connection with corporate value.

The incentive remuneration is calculated as follows.

[Performance-based bonuses (annual incentives)]

The monetary amount to be provided	=	(	Standard payment amount determined by titles and positions	×	Performance evaluation payout rates proportionate to the percentage achievement of profit indicators	×	Adjustment factor based on growth rate of consolidated Operating Profit	)	+	Payment amount based on ESG indicators

[Performance-based share remuneration (long-term incentive)] *

IHI's shares to be provided	=	Base points corresponding to titles and positions	×	Performance evaluation payout rates proportionate to the percentage achievement of profit indicators	×	The ratio obtained by dividing the months of service in the fiscal year under review by 12	×	50%

[Restricted share remuneration (long-term incentive)] *

IHI's shares to be provided	=	Points given corresponding to titles and positions	×	70%

* A monetary sum equivalent to the market value of the shares is to be delivered with respect to a portion of such remuneration.

(iv) Remuneration of Officers Who Are Serving Outside Japan

If deemed necessary for the execution of their duties, an allowance may be paid separately for expenses, etc., as determined by the Company, taking into consideration local laws and regulations, customs, levels, etc., pertaining to remuneration, and remuneration may also be determined individually, taking into consideration local market levels, etc. For the allowance, the equivalent amount of money shall be paid as part of the basic remuneration.

(v) Procedures for determining remuneration

To ensure appropriateness and objectivity regarding matters of officer remuneration, including remuneration for individual directors, the Board of Directors shall make decisions on such matters subsequent to deliberation and reporting findings thereof by the Remuneration Advisory Committee established as an optional body by the Company.

(vi) Other important matters

a. Incentive remuneration

The Company has adopted a mechanism under which IHI does not pay the unpaid portion (malus) and recoups remuneration already paid (clawback) for annual and long-term incentives in the case of events such as revision of business performance, which is the basis of remuneration, or violation of laws and regulations by eligible officers or serious violation of the contract of mandate between the Company and eligible officers. If no dividend is paid, directors receive no annual incentive, regardless of the calculation results.

b. Overall remuneration

If a loss attributable to owners of parent, major changes in the political, economic, and social conditions, and significant management events that were not predicted in the initial plan (including misconduct that damages corporate value) occur, any changes to remuneration will be decided by the Board of Directors after deliberations and reporting at the Remuneration Advisory Committee.

(II) Remuneration of Outside Directors and Audit & Supervisory Board Members

Remuneration of outside directors shall consist only of a basic remuneration in the light of their duties. Remuneration of audit & supervisory board members shall consist only of a basic remuneration, as compensation for responsibilities for auditing the execution of business throughout the IHI Group. The amount shall be determined through discussions among the audit & supervisory board members. The basic remuneration for outside directors and audit & supervisory board members shall be set at an appropriate level upon having considered factors that include roles and responsibilities assumed by the respective officers. Moreover, the Company shall perform verification by regularly surveying objective market data on remuneration researched by an external specialized institution.

Remuneration, etc. in FY2025

(I) Total Amount of Remuneration, etc. Paid and Number of Recipients in FY2025

(Millions of yen)

<table>
<tr><th colspan="2" rowspan="3">Officer Category</th><th rowspan="3">Total Amount Paid (Millions of Yen)</th><th colspan="4">Breakdown</th></tr>
<tr><th rowspan="2">Basic remunera-tion</th><th colspan="2">Performance-Based Remuneration, etc.</th><th rowspan="2">Restricted share remuneration</th></tr>
<tr><th>Performance-Based Bonus</th><th>Performance-based Share Remuneration</th></tr>
<tr><td rowspan="2">Director (15)</td><td>Inside Director (9)</td><td>748</td><td>416</td><td>181</td><td>88</td><td>61</td></tr>
<tr><td>Outside Director (6)</td><td>79</td><td>79</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td rowspan="2">Audit & Supervisory Board Member (6)</td><td>Inside Audit & Supervisory Board Members (3)</td><td>72</td><td>72</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Outside Audit & Supervisory Board Members (3)</td><td>43</td><td>43</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td colspan="2">Total (21)</td><td>942</td><td>610</td><td>181</td><td>88</td><td>61</td></tr>
</table>

(Notes)

1. Remuneration of directors does not include salaries of those who are also company employees.
2. The Company has introduced a "Board Benefit Trust" performance-based share remuneration plan, under which shares of the Company, etc. are granted after a certain period of time has elapsed. The total amount of performance-based share remuneration is the amount of the provision for share acquisition costs related to the granted points recorded in the fiscal year under review, which is different from the actual total payment amount.
3. The actual result of the performance indicator related to performance-based share remuneration for the fiscal year under review is as follows. Some adjustments, such as excluding the effects of the sale of investment properties, adjustment based on the level of planed foreign exchange, were made to the financial statements figures disclosed by the Company to calculate the actual figures.

<table>
<tr><th>Performance-based remuneration</th><th>Performance indicators</th><th>Actual figures</th></tr>
<tr><td rowspan="2">Performance-based bonuses (annual incentives)</td><td>Profit attributable to owners of parent</td><td>129.7 billion yen</td></tr>
<tr><td>Consolidated operating cash flow</td><td>90.7 billion yen</td></tr>
<tr><td>Performance-based share remuneration (long-term incentives)</td><td>Consolidated ROIC</td><td>9.4%</td></tr>
</table>

4. The number of directors as of March 31, 2026 is 12 (including 6 outside directors) and the number of audit & supervisory board members is 5 (including 3 outside audit & supervisory board members). The reason for the discrepancy from the above is that figures in the chart include 3 directors and 1 audit & supervisory board member who retired at the conclusion of the 208th Ordinary General Meeting of Shareholders held on June 25, 2025.
5. Monetary remuneration (basic remuneration and performance-based bonuses) of the Company's directors was resolved at the 200th Ordinary General Meeting of Shareholders held on June 23, 2017 to be the maximum total amount of 1,090 million yen (including total amount of 60 million yen for outside directors and excluding salaries for working as employees) per year. There were 14 directors (including 4 outside

directors) upon conclusion of said Ordinary General Meeting of Shareholders. Of this amount, a resolution was passed at the 208th Ordinary General Meeting of Shareholders held on June 25, 2025, to revise Outside Directors' portion to up to 110 million yen per year. There were 12 directors (including 6 outside directors) upon conclusion of said Ordinary General Meeting of Shareholders.

6. Non-monetary remuneration for the Company's directors comprises performance-based share remuneration and restricted share remuneration. For performance-based share remuneration, at the 200th Ordinary General Meeting of Shareholders held on June 23, 2017, the Company resolved to contribute a maximum of 450 million yen and to grant a maximum of 150,000 points (equivalent to 150,000 shares of the Company's ordinary shares), separately from the total monetary remuneration for directors. This is to serve as remuneration for directors (excluding outside directors) every fiscal year associated with the execution of their duties during the period extending from the start of the fiscal year until its end, for the purpose of providing the directors with shares of the Company and money equivalent to the market value of such shares through the trust set up by the Company. There were 10 directors (excluding outside directors) upon conclusion of said Ordinary General Meeting of Shareholders. For restricted share remuneration, at the 208th Ordinary General Meeting of Shareholders held on June 25, 2025, the Company resolved to set up a trust separate to that for performance-based share remuneration, and through this trust to contribute a maximum of 450 million yen and to grant a maximum of 150,000 points (equivalent to 150,000 shares of the Company's ordinary shares), in conjunction with the above performance-based share remuneration, for the purpose of providing the directors with shares of the Company and money equivalent to the market value of such shares. There were 6 directors (excluding outside directors) upon conclusion of said Ordinary General Meeting of Shareholders.
7. Remuneration of the Company's audit & supervisory board members was resolved at the 197th Ordinary General Meeting of Shareholders held on June 27, 2014 to be the maximum total amount of 120 million yen. There were 5 audit & supervisory board members upon conclusion of said Ordinary General Meeting of Shareholders.

(II) Reason for Determining Remuneration, etc. for Individual Directors Is in Line with Company Policy

In determining matters involving remuneration of the respective directors for the fiscal year under review, the Remuneration Advisory Committee, primarily consisting of independent outside directors, took a multifaceted approach in reviewing matters that included alignment with the Company's policies for determining remuneration, in light of objective and specialized information required for deliberations. The Board of Directors respects the advice of the Remuneration Advisory Committee based on the inquiry of the Board and accordingly deems them to be in alignment with policy for determining matters involving remuneration for the respective directors.

(3) Information Regarding Outside Directors and Outside Audit & Supervisory Board Members (as of March 31, 2026)

1) Attendance to directors/audit & supervisory board members' meetings and activities during the fiscal year under review:

Position	Name	Attendance at Meetings: Board of Directors Meetings	Attendance at Meetings: Audit & Supervisory Board Meetings	Activities
Director	Yoshiyuki NAKANISHI	18 of 18 (100%)	–	Offered advice and suggestions to ensure adequacy and appropriateness of the decisions of the Board of Directors meetings based on his ample experience and broad insight gained as the top management of a global chemicals manufacturer.
Director	Chieko MATSUDA	18 of 18 (100%)	–	Offered advice and suggestions to ensure adequacy and appropriateness of the decisions of the Board of Directors meetings based on her high level of expertise in corporate and financial strategies, and ample experience and broad insight gained as a researcher and business person.
Director	Minoru USUI	18 of 18 (100%)	–	Offered advice and suggestions to ensure adequacy and appropriateness of the decisions of the Board of Directors meetings based on his extensive experience and broad insight gained as the top management of a precision electronics manufacturer.
Director	Toshihiro UCHIYAMA	18 of 18 (100%)	–	Offered advice and suggestions to ensure adequacy and appropriateness of the decisions of the Board of Directors meetings based on his extensive experience and broad insight gained as the top management of a precision machinery manufacturer.
Director	Yayoi TANAKA	13 of 13 (100%)	–	Offered advice and suggestions to ensure adequacy and appropriateness of the decisions of the Board of Directors meetings based on her extensive experience and broad insight gained as a member of numerous government committees and as President of the Board of Audit of Japan.

Position	Name	Attendance at Meetings		Activities
		Board of Directors Meetings	Audit & Supervisory Board Meetings	
Director	Kenichiro YOSHIDA	13 of 13 (100%)	–	Offered advice and suggestions to ensure adequacy and appropriateness of the decisions of the Board of Directors meetings based on his extensive experience and broad insight relating to industrial research, management analysis, and capital markets.
Audit & Supervisory Board Member	Aiko SEKINE	17 of 18 (94%)	14 of 14 (100%)	Addressed questions and expressed opinions accordingly based on her extensive experience and insight accumulated by responding to various corporate issues as a certified public accountant.
Audit & Supervisory Board Member	Yumiko WASEDA	18 of 18 (100%)	14 of 14 (100%)	Addressed questions and expressed opinions accordingly based on her extensive experience and insight accumulated by responding to various corporate issues as an attorney at law.
Audit & Supervisory Board Member	Kazuhiro MUTO	18 of 18 (100%)	14 of 14 (100%)	Addressed questions and expressed opinions accordingly based on his ample experience and broad insight gained as a corporate manager of a state of the art IT company.

(Note) The attendance at meetings for directors Ms. Yayoi Tanaka and Mr. Kenichiro Yoshida states attendance at Board of Directors meetings held after their assumption as director.

2) Limitation of liability

In accordance with Article 427, Paragraph 1 of the Companies Act, each outside director/audit & supervisory board member has entered into an agreement with the Company to limit his or her liability for damages stipulated in Article 423, Paragraph 1 of the same Act. Amount of maximum liability of each director/audit & supervisory board member under the agreement shall be subject to laws and regulations.

(4) Information Regarding Directors and Officers (D&O) Liability Insurance Contract

In order to enable its corporate officers to fulfill their expected roles in performing their duties and to attract useful personnel, the Company has entered into a directors and officers (D&O) liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act, providing coverage for all directors, audit & supervisory board members and executive officers. D&O liability insurance covers the insured corporate officers against damages that may arise when they are held liable for the execution of their duties or when subject to such liability. However, there are some exclusions. For example, the insurance does not cover damages arising from conduct committed by an officer knowing that he or she is violating the law. The Company pays the premiums for full coverage, including riders, so the insured officers do not have to pay anything.

3. Corporate Share Information

(1) Corporate Shares (as of March 31, 2026)

1) Total Number of Shares Authorized to be Issued: 2,100,000,000

2) Total Number of Shares Issued: 1,063,925,842

(Excluding 18,833,836 Treasury Shares)

3) Total Number of Shareholders: 300,096

4) Major Shareholders (Top 10 Shareholders)

Name	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan (Holder in Trust)	158,637	14.91
THE CHASE MANHATTAN BANK, N.A. LONDONSECS LENDING OMNIBUS ACCOUNT	75,857	7.12
Custody Bank of Japan, Ltd. (Holder in Trust)	61,042	5.73
STATE STREET BANK AND TRUST COMPANY 505001	37,234	3.49
IHI Suppliers Stock Ownership Association	18,009	1.69
J.P. MORGAN BANK LUXEMBOURG S.A. 384513	16,742	1.57
IHI Employee Stock Ownership Association	15,297	1.43
J.P. MORGAN BANK 385781	13,253	1.24
J.P. MORGAN BANK 385642	13,232	1.24
The Dai-ichi Life Insurance Company, Limited	12,086	1.13

(Note) The Company holds 18,833,836 treasury shares, but is excluded from major shareholders listed above. Shareholding ratios are calculated without including total number of treasury shares. In addition, 3,763,914 shares of the Company owned by Custody Bank of Japan, Ltd. (Holder in trust E) for the Board Benefit Trust for the performance-based share remuneration plan and the restricted share remuneration plan are not included in treasury shares.

5) Shares Granted to Corporate Officers of the Company during the Fiscal Year under Review for their Performance of Duties

The details of the share benefits granted in the fiscal year under review are as follows.

Officer Category	Eligible Recipients	Number of Shares
Director	Internal director (9)	61,180

(Notes)

1. Details on the Company’s share remuneration are provided in “2. Remuneration, etc. of Directors and Audit & Supervisory Board Members” in the Business Report section of the Notice of Convocation of the 209th Annual General Meeting of Shareholders.
2. The above includes the shares granted to Company officers who have resigned.

6) Other Significant Corporate Share Information

a. Based on the resolutions passed at the 200th Ordinary General Meeting of Shareholders held on June 23, 2017 and the 208th Ordinary General Meeting of Shareholders held on June 25, 2025, the Company introduced the Board Benefit Trust for the performance-based share remuneration plan and the restricted share remuneration plan for directors (excluding outside directors) of the Company. To assure neutrality towards the Company’s management, voting rights of the Company’s shares held in the trust account will not be exercised. In addition, as of March 31, 2026, the trust account for the Board Benefit Trust owns 3,763,914 shares of the Company.

b. Effective October 1, 2025, the Company conducted a seven-for-one split of its common stock and changed the total number of authorized shares from 300,000,000 shares to 2,100,000,000 shares. As a result of this stock split, the total number of issued shares (including treasury shares) increased by 928,079,724 shares to 1,082,759,678 shares.

(2) Share Acquisition Rights

1) Share Acquisition Rights at the End of the Fiscal Year Under Review

(I) Share Acquisition Rights Granted to Company Officers in Remuneration for the Performance of Their Duties:

Name (Date Of Decision)	Number Of Share Acquisition Rights	Class And Number Of Shares Underlying Share Acquisition Rights	Amount To Be Paid In (Per Share Acquisition Right)	Value Of Property To Be Contributed Upon Exercise (Per Share Acquisition Right)	Exercise Period
4th Share Acquisition Rights (July 23, 2010)	23	Ordinary Share 16,100 Shares	154,000 Yen	700 Yen	From August 10, 2010 to August 9, 2040
5th Share Acquisition Rights (July 25, 2011)	17	Ordinary Share 11,900 Shares	178,000 Yen	700 Yen	From August 18, 2011 to August 17, 2041
6th Share Acquisition Rights (July 23, 2012)	21	Ordinary Share 14,700 Shares	159,000 Yen	700 Yen	From August 17, 2012 to August 16, 2042
7th Share Acquisition Rights (July 22, 2013)	12	Ordinary Share 8,400 Shares	376,000 Yen	700 Yen	From August 22, 2013 to August 21, 2043
8th Share Acquisition Rights (July 22, 2014)	11	Ordinary Share 7,700 Shares	440,000 Yen	700 Yen	From August 12, 2014 to August 11, 2044
9th Share Acquisition Rights (July 21, 2015)	8	Ordinary Share 5,600 Shares	413,000 Yen	700 Yen	From August 11, 2015 to August 10, 2045
10th Share Acquisition Rights (July 25, 2016)	38	Ordinary Share 26,600 Shares	278,000 Yen	700 Yen	From August 10, 2016 to August 9, 2046

(Notes) Terms and conditions for exercising share acquisition rights are as follows.

1. Share acquisition rights shall be exercisable for five (5) years from the date one (1) year after a director or an executive officer lost its position (in the event that such individual assumes the position of audit & supervisory board member within one (1) year after he/she resigns a director or an executive officer, the date he/she lost its position as audit & supervisory board member) ("Exercise Start Date").
2. Notwithstanding the above 1, in the event of the following (1) or (2), share acquisition rights shall be exercisable for the period stipulated below. (However, (2) does not apply to share acquisition rights issued by a reorganized company.)

   (1) In the event that the Exercise Start Date does not become effective by the dates indicated below for each of the share acquisition rights (the "due date"):

Name	Due date	Exercise period of share acquisition rights
4th Share Acquisition Rights	August 9, 2039	From August 10, 2039 to August 9, 2040
5th Share Acquisition Rights	August 17, 2040	From August 18, 2040 to August 17, 2041
6th Share Acquisition Rights	August 16, 2041	From August 17, 2041 to August 16, 2042
7th Share Acquisition Rights	August 21, 2042	From August 22, 2042 to August 21, 2043
8th Share Acquisition Rights	August 11, 2043	From August 12, 2043 to August 11, 2044
9th Share Acquisition Rights	August 10, 2044	From August 11, 2044 to August 10, 2045
10th Share Acquisition Rights	August 9, 2045	From August 10, 2045 to August 9, 2046

   (2) In the event that a proposal of a merger agreement (under which the Company becomes an absorbed company) or a proposal plan of an equity-swap agreement and/or an equity transfer plan (under which the Company becomes a wholly-owned subsidiary of another company) is approved at a General Meeting of Shareholders of the Company (or at a Board of Directors meeting or by the Chief Executive Officer if a decision at a shareholders' meeting is not necessary)

   Fifteen (15) days from the following day of such decision

3. A holder of share acquisition rights who relinquishes his/her share acquisition rights shall not be able to exercise such rights.
4. With October 1, 2017 as the effective date, the Company changed the number of shares constituting one unit from 1,000 shares to 100 shares and conducted a consolidation of ordinary shares on a 10 for 1 basis (ratio of 1 new share for every 10 old shares). In addition, the Company conducted a 7-for-1 stock split for its ordinary shares on October 1, 2025. As a result, "class and number of shares underlying share acquisition rights" and "value of property to be contributed upon exercise" have been adjusted.

(II) Number of Share Acquisition Rights

Name (Date of decision)	Director			Audit & Supervisory Board Member		
	Number Of Share Acquisition Rights	Number Of Shares Underlying Share Acquisition Rights	Number Of Holders	Number Of Share Acquisition Rights	Number Of Shares Underlying Share Acquisition Rights	Number Of Holders
4th Share Acquisition Rights (July 23, 2010)	23	16,100 Shares	1	–	–	–
5th Share Acquisition Rights (July 25, 2011)	17	11,900 Shares	1	–	–	–
6th Share Acquisition Rights (July 23, 2012)	21	14,700 Shares	1	–	–	–
7th Share Acquisition Rights (July 22, 2013)	12	8,400 Shares	1	–	–	–
8th Share Acquisition Rights (July 22, 2014)	11	7,700 Shares	1	–	–	–
9th Share Acquisition Rights (July 21, 2015)	8	5,600 Shares	1	–	–	–
10th Share Acquisition Rights (July 25, 2016)	38	26,600 Shares	1	–	–	–

(Note) These share acquisition rights are not granted to outside directors and audit & supervisory board members.

2) Share acquisition rights granted to the Company's executive officers in remuneration for the performance of their duties during the fiscal year under review:

No items to report.

3) Other important matters regarding share acquisition rights

No items to report.

4. Status of Accounting Auditor

(1) Name

Ernst & Young ShinNihon LLC

(2) Remunerations, etc.

	Amount Of Payment (Million Yen)
Remunerations Paid to the Accounting Auditor for the Fiscal Year Under Review	323
Total Sum of Cash and Profits Relating to Other Assets that The Company and Its Subsidiaries Should Pay to the Accounting Auditor	514

(Notes)

1. The audit agreement entered into by the accounting auditor and the Company does not clearly distinguish the amount being derived from the audit under the Companies Act and that being derived from the audit under the Financial Instruments and Exchange Act, and the two amounts cannot be substantially distinguished from each other. Therefore, the remunerations paid to the accounting auditor for the fiscal year under review indicates the total of these two kinds of amounts.
2. The Audit & Supervisory Board sought confirmation that the audit plan that the accounting auditor submitted was suitable and appropriate, and carefully studied the grounds and contents of calculations, such as time required for audits and the remuneration unit price. As a result of the aforementioned, the Audit & Supervisory Board found that the remuneration was appropriate, and therefore approved the amount of remunerations paid to the accounting auditor.
3. Of the Company's main subsidiaries, IHI Americas Inc., Jurong Engineering Limited and other 14 companies were audited by certified public accountants or accounting auditors (including persons overseas possessing the overseas country's equivalent qualification) other than the accounting auditor of the Company.

(3) Details of Non-Audit Services

Not applicable.

(4) Policy for Decisions on Dismissal or Non-Reappointment of Accounting Auditors

In the case where it is deemed that the accounting auditor has fallen under any of the reasons for dismissal prescribed in Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board shall dismiss the accounting auditor based on the consent of all audit & supervisory board members.

In addition, in cases where the accounting auditor is deemed to have difficulty in conducting audit operations appropriately, the content of the proposal for dismissal or non-reappointment of the accounting auditor to be submitted to the General Meeting of Shareholders shall be decided based on the resolution of the Audit & Supervisory Board.

5. Systems to Ensure Appropriateness of Business Activities and Operation Status of the Systems

(1) Systems to Ensure Appropriateness of Business Activities

The Company, through resolution by the Board of Directors, decided on a basic policy relating to "systems to ensure that the execution of duties by directors complies with laws and regulations and the articles of incorporation, and other systems necessary to ensure the appropriateness of business activities of a stock company and business activities of a corporate group consisting of said stock company and its subsidiaries" as stipulated by the Companies Act, and it is working to improve the effectiveness of corporate governance of the IHI Group and thereby increase corporate value. The overview of the basic policy is as follows.

1) System for Ensuring Compliance of Directors and Employees with Laws and Regulations and Articles of Incorporation

Directors of the Company shall establish rules to ensure that the performance of their duties is compliant with laws and regulations and articles of incorporation, and directors and employees shall observe such rules. Directors of the Company shall establish systems to ensure the appropriateness of operation activities throughout the Company, at each division, and at each affiliate company, and to audit such activities are properly pursued.

(i) Preparation of rules and regulations

Directors shall prepare group-wide, company-wide and departmental rules and procedures such as the "Basic Code of Conduct for the IHI Group" that all directors and employees of the Company must follow to perform their duties. Divisions and sections in charge of each operation must be specified clearly in each rule and regulation. A mechanism to update such rules and regulations in the event of amendment of laws shall also be defined.

(ii) Compliance activities

With respect to compliance activities, the "Compliance Committee" chaired by an officer in charge of compliance for the entire Company shall establish a company-wide compliance policy. The company-wide policy shall be applied to the plan for each division, and each division shall create its own rules and activity plans. In terms of compliance-related education, we will implement level-specific education for management, managerial staff, mid-career hires, new employees, etc., and training for specific competency such as human resources, finance, and procurement.

(iii) A system to ensure and correct activities

An internal audit mechanism shall be created to monitor, inspect, and assess operation activities at each division to ensure the appropriateness of such activities. “Internal Audit Division,” which is independent of all other divisions, shall be established. Internal Audit Division shall report the results of audits to the Board of Directors as needed. To prevent noncompliance, a “Compliance Hotline” as an internal reporting system, as well as an external contact point shall be established.

2) System for Storing and Managing Information

Directors of the Company shall preserve information related to Directors’ exercise of their duties as a written document or in an electromagnetic form. Directors shall establish a basic policy for storing and managing documents and electromagnetic records, and shall manage information thereof.

Amendment of such basic policy shall be subject to approval of the Board of Directors.

3) System for Managing Risks

Directors of the Company shall continuously assess, identify, and monitor business risks at each division of IHI group companies. Directors shall recognize the importance of assessing, identifying, and monitoring any of the following risks as various risks relevant to the execution of duties of IHI group companies, and shall establish an appropriate system to manage such risks as well as a system to apply and evaluate it.

(i) Contracts/agreements
Operational risks relating to contracts/agreements such as competition, alliance/M&A with other companies, business integration, overseas operations, material procurement, and debt guarantee.
(ii) Design, manufacturing, and technologies
Risks that manufacturing sites, quality assurance, technology agreements, and research and development perform below expectations.
(iii) Laws and regulations
Risks of losses or loss of credibility due to violation of law.
(iv) Information systems
Risks of leakage, theft, and loss of information assets, and damage thereto.
(v) Safety, health, and environment
Risks of problems with health and safety assurance and environmental conservation at offices and construction sites.
(vi) Disaster and system failure
Risks of interruption of business activities due to disaster, accidents, and information system failures.
(vii) Financial activities
Risks regarding financial activities such as exchange rate and interest rate trends.
(viii) Financial reporting
Risks of fictitious financial reporting (whether due to fraud or negligence).

Directors of the Company shall continuously assess, identify, and monitor business risks at each division of IHI group companies and promptly appoint personnel to deal with risks in the event new risks arise, and shall report to the Board of Directors of the Company regarding such risks that may affect IHI group performance, financial condition, and share price.

4) System for Assuring That Directors Exercise Their Duties Efficiently

Directors of the Company shall clearly separate the function of management oversight and monitoring from that of performance to ensure efficient performance of duties, and shall delegate most rights to perform duties to executive officers for efficiency.

To make appropriate decisions through multi-dimensional considerations, the Chief Executive Officer shall organize a Management Committee as an advisory body to discuss important matters of IHI group companies.

Directors shall prepare profit plans including target profitability of each business area and SBU (Strategic Business Unit) at the beginning of every financial period and verify their results each month.

5) System for Assuring Operational Legitimacy Within the Corporate Group

Directors of the Company shall establish a system to ensure IHI group-wide governance by setting rules to manage group companies and appointing responsible divisions to manage, control, and direct such companies. As for group company matters with high levels of importance, directors shall submit/report to the Board of Directors and Management Committee.

Directors of the Company shall monitor the business conditions of group companies on a routine basis by deploying part-time audit & supervisory board members or other employees to group companies. If necessary, responsible division or related division shall provide support to secure the appropriateness of business operations.

Directors also establish the Corporate Secretary Division to create a group-wide management mechanism and to supervise group company businesses.

6) Employees to Assist Audit & Supervisory Board Members

Audit & supervisory board members of the Company shall establish an Audit & Supervisory Board Division to assist them in the performance of their duties.

The Audit & Supervisory Board Division shall consist of several employees, including managerial staff, of the Company, and personnel matters regarding such employees shall be decided based on mutual consultation between audit & supervisory board members and related directors.

The employees of Audit & Supervisory Board Division shall follow the instructions of the audit & supervisory board members, and directors shall pay attention to maintaining independence of the Audit & Supervisory Board Division employees from the persons who execute business and to ensuring the effectiveness of instructions by the audit & supervisory board members to the Audit & Supervisory Board Division employees.

7) Audit by Audit & Supervisory Board Members

Audit & supervisory board members of the Company, in accordance with the audit policies defined at the Audit & Supervisory Board, shall attend important meetings including the Board of Directors meetings and management meetings, and audit the performance of directors through interviews with directors, reviews of documents related to important resolutions, and investigations of operations and financial situations of each division and main subsidiaries. The Company shall bear any expenses required for the performance of duties by audit & supervisory board members.

8) Reporting to Audit & Supervisory Board Members

Directors and employees of the Company shall, without delay, report to audit & supervisory board members and the Audit & Supervisory Board on matters provided for in laws and regulations, results of internal audits, results of hotline system, and other important matters that have an impact on the IHI Group.

No individual shall be treated unfavorably for making such a report.

(2) Overview of Operation Status of System to Ensure the Appropriateness of Operations

1) System for Ensuring Compliance of Directors and Employees with Laws and Regulations and Articles of Incorporation

Group-wide, company-wide and departmental rules have been established, and in addition to regularly updating rules and regulations to reflect amendment of laws, reviews are periodically carried out based on the regulations for managing rules.

The Compliance Committee has been established, decisions on annual compliance policy are made and such policy is implemented internally as well as in group companies.

In addition, we have set May 10 of each year as "Compliance Day" for our Group to raise awareness of compliance.

Under the investigative organization for its internal reporting system, the Company has made progress in quickly and optimally addressing reported incidents. Meanwhile, with respect to an outline of the operating status of the internal reporting system, the Company has been disclosing such matters internally on a quarterly basis, while also reporting such matters to the audit & supervisory board members and reporting such matters at the Compliance Committee.

2) System for Storing and Managing Information

The following activities are carried out pursuant to the policy established for storing and management of documents and digital records: document management, investigation of the status of the management on a company-wide basis, and guidance to ensure appropriate filing methods, etc.

The Company has been taking action from an information security perspective to ensure that such practices take hold. Based on "Information Management Rules of the IHI Group," the IHI Group is ensuring thorough information management on a group-wide basis, and engaging in activities to monitor the status of information management.

3) System for Managing Risks

Based on the Basic Rules of Risk Management for IHI Group, the Risk Management Conference, chaired by the Chief Executive Officer, discusses policies on initiatives related to risk management and annual plans.

Based on the policies and plans determined related to the risk management, the IHI Group conducts risk management activities by clarifying each role and responsibility of the Group Risk Management Units centered on the corporate division and business divisions. The progress of these activities is reported quarterly to the Board of Directors.

The Company identified material risks that affect the entire Company and those that could hamper implementation of strategies and worked to bolster its ability to detect early signs of risks in order to quickly and adequately address them.

4) System Assuring Directors to Exercise their Duties Efficiently

An executive officer system has been introduced to make clear functional separation of management oversight and monitoring and the performance of duties while a Remuneration Advisory

Committee and a Nomination Advisory Committee have been established to strengthen oversight and monitoring function. In addition, Management Committee has been established as an advisory body for the Chief Executive Officer as a forum to discuss important matters.

In discussions at the Board of Directors meetings and the Management Committee meetings, we delegate authority for certain matters related to decision-making for important business execution to the CEO or the Presidents of Business Areas. In this way we seek to invigorate discussions on important matters and to make them more substantial.

5) System Assuring Operational Legitimacy within the Corporate Group

Rules have been established to serve as rules for management of IHI Group companies, and in accordance with these rules, each division manages, controls and directs group companies for which it is responsible. Also with respect to group company matters with high levels of importance, discussions are held and reports are made at the Board of Directors meetings and the Management Committee meetings of the Company. In addition, the current statuses of the management are confirmed by such measures as dispatching the Company's employees to part-time audit & supervisory board members of each company.

6) Employees to Assist Audit & Supervisory Board Members

An Audit & Supervisory Board Division is established to assist audit & supervisory board members in the performance of their duties. Four employees are posted full-time to the Audit & Supervisory Board Division, and Audit & Supervisory Board Division's independence from the persons who execute business is maintained.

7) Audit by Audit & Supervisory Board Members

The audit & supervisory board members attend, in addition to the Board of Directors meetings of the Company, important meetings such as Management Committee meetings of the Company. In addition, the audit & supervisory board members review important documents related to the execution of business and conduct investigations at each division and main subsidiaries.

8) Reporting to Audit & Supervisory Board Members

Directors and employees of the IHI Group report to the audit & supervisory board members via the Company's Board of Directors, Management Committee and other means on not only matters prescribed by laws and regulations, but also important matters affecting the IHI Group.

Taking seriously the incidents of misconduct that were discovered at our subsidiaries in FY2024, we are ceaselessly working together throughout the Group to create a system to ensure that such incidents never occur again, to enforce thorough compliance, and to improve our corporate culture.

Consolidated Statement Of Financial Position

(As of March 31, 2026)

(Millions of Yen)

Account Title	Amount	Account Title	Amount
Assets		**Liabilities**	
Current Assets	**1,451,394**	**Current Liabilities**	**1,176,281**
Cash And Cash Equivalents	155,084	Trade And Other Payables	401,427
Trade And Other Receivables	575,965	Bonds And Borrowings	103,552
Contract Assets	104,903	Lease Liabilities	19,544
Other Financial Assets	4,100	Other Financial Liabilities	10,878
Inventories	504,223	Income Taxes Payable	23,923
Total Current Assets	107,119	Contract Liabilities	311,447
		Provisions	24,130
		Refund Liabilities	110,613
		Other Current Liabilities	170,767
Non-Current Assets	**977,165**	**Non-Current Liabilities**	**570,747**
Property, Plant And Equipment	240,010	Bonds And Borrowings	255,981
Right-Of-Use Assets	112,038	Lease Liabilities	110,816
Goodwill	4,931	Other Financial Liabilities	55,514
Intangible Assets	135,680	Deferred Tax Liabilities	2,996
Investment Property	144,817	Retirement Benefit Liability	121,401
Investments Accounted For Using Equity Method	79,758	Provisions	6,259
	37,848	Other Non-Current Liabilities	17,780
Other Financial Assets	127,618	**Total Liabilities**	**1,747,028**
Deferred Tax Assets	94,465	**Equity**	
Other Non-Current Assets		**Equity**	
		Share Capital	107,165
		Capital Surplus	48,401
		Retained Earnings	441,645
		Treasury Shares	(9,454)
		Other Components Of Equity	64,486
		Total Equity Attributable To Owners Of Parent	**652,243**
		Non-Controlling Interests	**29,288**
		Total Equity	**681,531**
Total Assets	**2,428,559**	**Total Liabilities And Equity**	**2,428,559**

Consolidated Statement Of Profit Or Loss

(Year Ended March 31, 2026)

(Millions Of Yen)

Account Title	Amount
Revenue	1,643,402
Cost Of Sales	1,263,891
Gross Profit	**379,511**
Selling, General And Administrative Expenses	242,695
Other Income	54,342
Other Expenses	25,624
Operating Profit	**165,534**
Finance Income	14,783
Finance Costs	9,059
Share Of Profit Of Investments Accounted For Using Equity Method	14,232
Profit Before Tax	**185,490**
Income Tax Expense	20,266
Profit	**165,224**

Profit Attributable To:	
Owners Of Parent	160,992
Non-Controlling Interests	4,232
Profit	**165,224**

(Reference)

Consolidated Statement Of Cash Flows (Summary)
(Year Ended March 31, 2026)

(Millions Of Yen)

Account Title	Amount
Net Cash Provided By (Used In) Operating Activities	121,360
Net Cash Provided By (Used In) Investing Activities	(18,423)
Net Cash Provided By (Used In) Financing Activities	(97,894)
Effect Of Exchange Rate Changes On Cash And Cash Equivalents	8,028
Net Increase (Decrease) In Cash And Cash Equivalents	13,071
Cash And Cash Equivalents At End Of Period	155,084

Consolidated Statement Of Changes In Equity

(Year Ended March 31, 2026)

(Millions Of Yen)

	Equity Attributable To Owners Of Parent						
					Other Components Of Equity		
	Share Capital	Capital Surplus	Retained Earnings	Treasury Shares	Exchange Differences On Translation Of Foreign Operations	Cash Flow Hedges	Financial Assets Measured At Fair Value Through Other Comprehensive Income
Balance At Beginning Of Period	107,165	46,384	280,100	(8,576)	36,162	777	19,765
Profit			160,992				
Other Comprehensive Income					14,533	426	4,421
Total Comprehensive Income	–	–	160,992	–	14,533	426	4,421
Purchase Of Treasury Shares				(1,368)			
Disposal Of Treasury Shares		665		490			
Dividends			(21,273)				
Share-Based Remuneration Transactions		955					
Transfer From Other Components Of Equity To Retained Earnings			22,246				(8,648)
Transfer To Other Components Of Equity Related To Disposal Groups Classified As Held For Sale					(89)	(20)	1
Other		397	(420)		(2,666)	(92)	(136)
Total Transactions With Owners	–	2,017	553	(878)	(2,755)	(112)	(8,783)
Balance At End Of Period	107,165	48,401	441,645	(9,454)	47,940	1,091	15,403

	Equity Attributable To Owners Of Parent						Total Other Components Of Equity	Total
	Other Components Of Equity							
	Remeasure-ments Of Defined Benefit Plans	Share Acquisition Rights	Total Other Components Of Equity	Total	Other Components Of Equity Related To Disposal Groups Classified As Held For Sale	Total		
Balance At Beginning Of Period	–	57	56,761	481,834	(108)	481,726	26,934	508,660
Profit			–	160,992		160,992	4,232	165,224
Other Comprehensive Income	13,598		32,978	32,978		32,978	1,708	34,686
Total Comprehensive Income	13,598	–	32,978	193,970	–	193,970	5,940	199,910
Purchase Of Treasury Shares			–	(1,368)		(1,368)		(1,368)
Disposal Of Treasury Shares		(5)	(5)	1,150		1,150		1,150
Dividends			–	(21,273)		(21,273)	(3,746)	(25,019)
Share-Based Remuneration Transactions			–	955		955		955
Transfer From Other Components Of Equity To Retained Earnings	(13,598)		(22,246)	–		–		–
Transfer To Other Components Of Equity Related To Disposal Groups Classified As Held For Sale			(108)	(108)	108	–		–
Other			(2,894)	(2,917)		(2,917)	160	(2,757)
Total Transactions With Owners	(13,598)	(5)	(25,253)	(23,561)	108	(23,453)	(3,586)	(27,039)
Balance At End Of Period	–	52	64,486	652,243	–	652,243	29,288	681,531

Notes to the Consolidated Financial Statements

I. Basis of Preparation of the Consolidated Financial Statements

1. Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (hereinafter, "IFRS") pursuant to Article 120, Paragraph 1 of the Regulation on Corporate Accounting. Pursuant to the provisions of the second sentence of said paragraph, some of the disclosure items required by IFRS have been omitted.

2. Scope of Consolidation

Number of consolidated subsidiaries:

127

Major consolidated subsidiaries:

Refer to "Main Subsidiaries" in Business Report.

3. Application of the Equity Method

Number of entities accounted for using the equity method:

18

Major equity method affiliates:

Japan Marine United Corporation, GE Passport, LLC, IHI Investment for Aero Engine Leasing LLC

4. Significant Accounting Policies

(1) Financial instruments

A. Financial assets

a. Initial recognition and measurement

The IHI Group recognizes financial assets on the transaction date when it becomes a party to the contract for the financial assets.

Financial assets are classified into those measured at fair value and those measured at amortized cost.

Financial assets are classified into those measured at amortized cost if they meet both of the following conditions. Financial assets other than the above are classified into those measured at fair value.

- The assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For financial assets measured at fair value, except for equity instruments held for trading, which must be measured at fair value through profit or loss, the IHI Group designates, for each financial instrument, whether the instrument is measured at fair value through profit or loss or the instrument is measured at fair value through other comprehensive income, and consistently applies the same designation. The IHI Group decides on such classification at the initial recognition.

All financial assets are measured at fair value plus transaction costs directly attributable to the financial assets unless they are classified into those measured at fair value through profit or loss.

b. Subsequent measurement

After the initial recognition, financial assets are measured as follows, depending on respective classifications:

(i) Financial assets measured at amortized cost

They are measured at amortized cost using the effective interest method.

(ii) Financial assets measured at fair value through profit or loss

After the initial recognition, they are measured at fair value, and changes in the fair value are recognized in profit or loss.

(iii) Financial assets measured at fair value through other comprehensive income

Changes in fair value are recognized in other comprehensive income. If such financial assets are derecognized or the fair value decreased significantly, such changes are transferred to retained earnings. Dividends from such financial assets are recognized in profit or loss for the fiscal year.

c. Impairment losses of financial assets

The IHI Group recognizes allowance for doubtful accounts for expected credit losses on financial assets measured at amortized cost.

The IHI Group determines, at the end of each reporting period, whether credit risk of the assets has increased significantly since the initial recognition. If the credit risk has increased significantly, allowance for doubtful accounts is recognized at an amount equal to lifetime expected credit losses. If no significant increase in the credit risk is identified, allowance for doubtful accounts is recognized at an amount equal to expected credit losses for 12 months.

However, for trade receivables and contract assets, allowance for doubtful accounts is recognized at an amount equal to lifetime expected credit losses, regardless of whether or not the credit risk has increased significantly since the initial recognition.

Objective evidence indicating a significant increase in credit risk includes default or delinquency by a debtor, extension of the due date of receivables on terms that the IHI Group would not otherwise grant, and indications that a debtor or issuer will enter bankruptcy. Provision for, or reversal of, allowance for doubtful accounts for expected credit losses is recognized in profit or loss.

d. Derecognition

The IHI Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the contractual rights to receive the cash flows of the financial asset and also transfers substantially all the risks and rewards incidental to ownership of the financial asset.

B. Financial liabilities

a. Initial recognition and measurement

Financial liabilities, except for financial guarantee contracts, are classified as those measured at amortized cost.

At initial recognition, financial liabilities measured at amortized cost are measured at fair value less transaction costs.

b. Subsequent measurement

After the initial recognition, financial liabilities measured at amortized cost are measured using the effective interest method.

After the initial recognition, financial guarantee contracts are measured at the higher of:

- the best estimate of expenditures required to settle obligations as of the account closing date and
- the amount initially recognized less accumulated amortization.

c. Derecognition

The IHI Group derecognizes a financial liability when it is extinguished—i.e. when the obligation specified in the contract is discharged or cancelled or expires.

d. Revenue-sharing arrangements

In the Civil aero engines Business, the Company has entered into revenue-sharing arrangements mainly with financial institutions, and classifies these arrangements into financial liabilities measured at amortized cost. Under these arrangements, the Company receives funding to execute certain business projects and makes payments based on future earnings of the projects.

At the initial recognition, the Company measures such financial liabilities measured at amortized cost at the amount of the funds received. After the initial recognition, the Company applies the effective interest method using a discount rate equal to the rate of return estimated upon entering into the arrangement. Furthermore, the number of engines to be delivered in the future etc. are not taken into consideration when measuring at amortized cost.

C. Derivatives and hedge accounting

The IHI Group uses derivatives, including forward exchange contracts and interest rate swap contracts, to hedge foreign currency risk and interest rate risk.

These derivatives are initially recognized at fair value. Even after the initial recognition, they are measured at fair value with subsequent changes in the fair value being recognized in profit or loss unless they are designated as a hedging instrument in a cash flow hedge.

At the inception of the hedge, the IHI Group formally designates and documents the hedging relationship for which the hedge accounting is applied and its risk management objective and strategy for undertaking the hedge. That documentation includes identification of the specific hedging instrument, the hedged item, the nature of the risk being hedged and the method of assessing the hedge effectiveness. In addition, the IHI Group assesses on an ongoing basis whether the hedging relationship is prospectively effective.

Hedges that qualify for the hedge accounting are classified and accounted for as follows:

a. Fair value hedges

A fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment. The IHI Group recognizes, in profit or loss, any changes in fair value of the recognized asset or liability or the unrecognized firm commitment and related derivatives.

b. Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a forecast transaction or a recognized asset or liability. As long as the hedge is highly effective, changes in fair value of the effective portion of the derivative designated as a cash flow hedge are recognized in other comprehensive income, whereas changes in fair value of the ineffective portion thereof are recognized in profit or loss.

D. Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset with the net amount presented in the consolidated statement of financial position when, and only when the IHI Group currently has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(2) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion include fixed production overheads based on the normal capacity level. In determining the cost of inventories, finished goods and work in process are determined principally by the specific identification method, whereas raw materials and supplies are determined principally by the moving average method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(3) Property, plant and equipment

As the IHI Group uses the cost model to measure property, plant and equipment, an item of property, plant and equipment is carried at its cost less any accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment includes any costs directly attributable to acquiring the item, the borrowing costs eligible for capitalization, the costs of dismantling and removing the item and the restoration costs.

Except for non-depreciable assets such as land, each asset is depreciated on a straight-line basis over its estimated useful life.

The estimated useful life and depreciation method etc. are subject to review at the end of each fiscal year, and any changes to them are prospectively applied as a change in an accounting estimate.

(4) Intangible assets

As the IHI Group uses the cost model to measure intangible assets, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment losses.

A separately acquired intangible asset is measured initially at cost, which includes borrowing costs that should be capitalized. The cost of intangible assets acquired through business combinations is measured at fair value at the acquisition date. For internally generated intangible assets, all expenditures, except for development expenditure eligible for capitalization, are recorded as expenses for the period in which they are incurred. The cost of an internally generated intangible asset eligible for capitalization is the sum of expenditures incurred from the date when the intangible asset first meets the criteria for capitalization.

Intangible assets with a finite useful life are amortized on a straight-line basis over their estimated useful life and tested for impairment whenever there is an indication of impairment. The estimated useful life and amortization method for intangible assets with a finite useful life are subject to review at the end of each fiscal year, and any changes to them are prospectively applied as a change in an accounting estimate.

Intangible assets with an indefinite useful life and those yet to be available for use are not amortized and are tested for impairment individually or by cash-generating unit in each fiscal year or whenever there is an indication of impairment.

(5) Leases

A. Lessee

The IHI Group recognizes a right-of-use asset, which represents its right to use an underlying asset, and a lease liability, which represents its obligation to pay lease payments. It also recognizes expenses associated with leases as depreciation charge for the right-of-use asset and interest expense on the lease liability. For short-term leases, which are leases with a lease term of 12 months or less, and leases for which the underlying asset is of low value, the IHI Group recognizes the lease payments associated with those leases in profit or loss on a straight-line basis over the lease term.

As the IHI Group uses the cost model to measure a right-of-use asset, a right-of-use asset is carried at cost at the commencement date less any accumulated depreciation and any accumulated impairment losses. The cost of the right-of-use asset is measured at the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, the costs of dismantling and removing the underlying asset and the restoration costs under the lease contract. Each right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Any change in the useful life or the lease term is treated as a change in an accounting estimate and accounted for prospectively.

The lease liability is measured and presented at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease or the lessee's incremental borrowing rate. Interest expense on the lease liability in each period during the lease term is the amount that produces constant periodic rate of interest on the remaining balance of the lease liability. The interest expense is recognized in profit or loss over the lease term and included in "Finance costs."

B. Lessor

The IHI Group classifies a lease of property, plant and equipment as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Under the finance lease, the lessor derecognizes the underlying asset, but instead recognizes and measures the net investment in the lease at the present value of the total lease payments.

A lease of property, plant and equipment is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. Under the operating lease, the lessor continues to recognize the underlying asset, and also recognizes the lease income on a straight-line basis over the lease term.

(6) Investment property

Investment property is real estate property held to earn rent income, or capital gains, or both. Investment property does not include real estate property for sale in the ordinary course of business, nor does it include real estate property for use in the production or sale of goods or services or for other administrative purposes.

As the IHI Group uses the cost model to measure investment property after the initial recognition, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses. The cost of investment property includes any costs directly attributable to acquiring the asset, the borrowing costs eligible for capitalization, the costs of dismantling and removing the asset and the restoration costs.

Investment property is depreciated on a straight-line basis over the estimated useful life. The estimated useful life and depreciation method etc. are subject to review at the end of each fiscal year, and any changes to them are prospectively applied as a change in an accounting estimate.

(7) Impairment of non-financial assets

The IHI Group determines, at the account closing date, whether there is any indication of impairment of non-financial assets excluding inventories and deferred tax assets. If any such indication exists, the IHI Group estimates the recoverable amount of the asset. Goodwill, intangible assets with indefinite useful lives and intangible assets yet to be available for use are tested for impairment in each fiscal year, mainly in the fourth quarter, irrespective of whether there is any indication that they may be impaired. When the recoverable amount of an individual asset cannot be estimated, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

The recoverable amount of an asset or a cash-generating unit is determined at the higher of its fair value less costs of disposal and its value in use. When the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, an impairment loss is recognized, and the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. In determining the value in use, estimated future cash flows are discounted to the present value using the pre-tax discount rate that reflects current market assessment of the time value of money, the risks specific to the asset, etc. In determining the fair value less costs of disposal, the IHI Group uses an appropriate valuation model supported by available indicators of the fair value.

The IHI Group determines, at the account closing date, whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may have decreased or may no longer exist. Such indications include a change in assumptions used to determine the recoverable amount of the asset. If any such indication exists, the IHI Group estimates the recoverable amount of the asset or cash-generating unit. When the recoverable amount of the asset or cash-generating unit exceeds its carrying amount, the impairment loss is reversed to the extent of the lower of the estimated recoverable amount and the carrying amount less depreciation or amortization that would have been recognized had no impairment losses been recognized in prior periods.

(8) Provisions

The IHI Group recognizes a provision when it has a present obligation (legal or constructive) as a result of a past event; it is probable that the IHI Group will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the amount of a provision is measured at the present value of the expenditures expected to be required to settle the obligation. In determining the present value, the IHI Group uses a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(9) Employee benefits

A. Post-employment benefit plans

a. Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Defined benefit obligations are separately accounted for each plan. The amount of each obligation is determined by estimating the amount of the future benefit that employees have earned in return for their service in the current and prior periods, and discounting the estimated amount to the present value using the projected unit credit method. The fair value of any plan assets is deducted from the above-determined present value of the defined benefit obligations.

The discount rate is determined by reference to market yields at the account closing date on high quality corporate bonds with the terms being almost the same as those of the defined benefit obligations of the IHI Group.

The IHI Group recognizes changes in the obligations as a result of the remeasurement of the benefit obligations and plan assets of the defined benefit plans in other comprehensive income, and immediately transfers them to retained earnings.

Past service cost is recognized in profit or loss for the period in which it is incurred.

b. Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an employer pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions. Contribution obligations under the defined contribution plans are recognized as expenses for the period in which employees render the related service.

B. Short-term employee benefits

The IHI Group recognizes undiscounted amounts of short-term employee benefits and paid annual leave as expenses at the time when the related services are rendered.

When the IHI Group has a present legal or constructive obligation to pay bonuses in return for services that the employees have rendered in the past, and can make a reliable estimate of their amount, it recognizes the amount that can be expected to be paid under the relevant bonus plan as a liability.

(10) Business combinations

The IHI Group accounts for business combinations by applying the acquisition method. The consideration for acquisition is measured as the sum of the acquisition-date fair value of the assets transferred, liabilities assumed, and equity instruments issued by the Company in exchange for control of an acquiree.

If the aggregate amount of consideration for acquisition, the amount of non-controlling interest, and previously held equity interests exceeds the fair value of identifiable assets and liabilities, such excess is recorded as goodwill in the consolidated statements of financial position. If, conversely, the consideration turns out to be less than the fair value, the difference is immediately recorded as revenue in the consolidated statement of profit or loss. If the initial accounting for a business combination is incomplete by the end of the period in which the combination occurs, the items for which the accounting is incomplete are measured at provisional amounts, and subsequently adjusts the provisional amounts during the measurement period, which is one year from the acquisition date.

Goodwill is presented at cost less any accumulated impairment losses. Goodwill is not subject to amortization, but an impairment test for goodwill is performed in each fiscal year, mainly in the fourth quarter, and impairment losses are recorded when necessary. Impairment losses of goodwill are not reversed.

Acquisition-related costs incurred in connection with business combination are expensed as incurred. Acquisition of additional non-controlling interests after control is obtained is accounted for as an equity transaction and no goodwill arising from such a transaction is recognized.

For a business combination achieved in stages, the IHI Group remeasures its previously held equity interest in the acquiree at fair value as of the date of obtaining control and recognizes the resulting gains or losses in profit or loss, or other comprehensive income.

(11) Foreign currency translation

A. Translation of foreign currency transactions

Foreign currency transactions are translated into the functional currencies of the IHI Group and its associates using the spot exchange rate at the dates of the transactions or rates that approximate such rates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currencies at the spot exchange rates at the consolidated account closing date. Exchange differences arising from the translation and settlement are recognized in profit or loss.

B. Translation of foreign operations

Assets and liabilities of foreign operations are translated into Japanese yen using the spot exchange rates at the account closing date, whereas revenue and expenses of foreign operations are translated into Japanese yen using the average exchange rate during the period. Exchange differences arising from such translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation are recognized in profit or loss for the period in which the foreign operation is disposed of.

(12) Revenue

The IHI Group recognizes revenue at an amount that reflects the consideration to which the IHI Group expects to be entitled in exchange for the transfer of goods or services to customers based on the following five-step approach, except for interest and dividend income, etc. under IFRS 9 Financial instruments.

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the separate performance obligations in the contract.

Step 5: Recognize revenue when (or as) the IHI Group satisfies a performance obligation.

The IHI Group identifies the contract based on its substance and may combine two or more contracts. If two or more performance obligations are identified in the contract, the IHI Group allocates the transaction price, which appropriately reflects variable consideration, consideration payable to a customer, etc., to each of the identified performance obligations on a relative stand-alone selling price basis. The transaction price does not include a significant financing component.

The IHI Group recognizes as an asset the incremental costs of obtaining a contract with a customer and the costs directly related to fulfilling a contract to the extent that it expects to recover those costs. The asset recognized above is amortized in a manner that is consistent with the method used to recognize revenue from the products and services to which the asset relates.

Assuming that persuasive evidence supporting a transaction exists, the IHI Group recognizes revenue when it is certain that economic benefits will flow to the IHI Group and those benefits can be measured reliably. Revenues from sale of goods, provision of services, construction contracts, etc. are measured at fair value of consideration received or receivable.

The recognition criteria by major revenue classification are as follows:

A. Sale of goods

For revenue from sale of goods, the IHI Group determines that its performance obligations are satisfied primarily when a customer obtains control of the goods upon delivery. Hence, revenue from sale of goods is usually recognized upon the delivery of goods.

B. Provision of services and construction contracts

For revenue from provision of services and construction contracts, in which performance obligations are satisfied over time, the IHI Group recognizes revenue by measuring progress towards complete satisfaction of the performance obligations. Measurements are based on the ratio of the estimated costs incurred to satisfy the performance obligations against the estimated total costs to fully satisfy the contractual obligations. Revenue is recognized by the cost recovery method when it is not possible to reasonably estimate progress towards satisfaction of performance obligations, but it is probable that the costs incurred will be recovered.

(13) Non-current assets held for sale

Non-current assets or disposal groups that are recovered primarily through a sale transaction rather than continuing use are classified as held for sale. To be classified as held for sale, assets must be under the condition that they are highly probable for sale and are available for immediate sale in their current state, and only when the Group's management is committed to implementing a plan to sell the said assets with the sale expected to be completed within one year.

Once classified as held for sale, the assets are measured at the lower of their carrying amount or fair value less costs to sell and are not depreciated or amortized.

(14) Other significant matters concerning the preparation of consolidated financial statements

Application of the group tax sharing system

The group tax sharing system has been applied.

II. Accounting Estimates

Assumptions and estimates that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year and amounts recorded in the fiscal year under review are as follows:

- Estimated refund liabilities

  In the civil aero engines business, as a result of the additional inspection program for shipped PW1100G-JM engines conducted during the second quarter of the fiscal year ended March 31, 2024, a refund liability of 53,547 million yen was recorded for the fiscal year under review. This was due to the fact that an average of 350 aircraft on the ground are to be expected during the period from 2024 to 2026 due to the increase in the number of shop visits over the next few years from 2024, and the Company, which holds approximately 15% share in the aforementioned engine program, expects to incur costs related to compensation, additional maintenance, and so forth. The reason for the increase in the number of shop visits is that at Pratt & Whitney ("P&W"), a partner company in the PW1100G-JM engines program, it was discovered that there were quality issues rarely in the manufacturing process of powder metallurgy parts (*) manufactured in the past, and as a result of P&W's technical review, a policy of repetitive inspections and shortening the service life was issued for parts in question in September 2023. Approximately 3,000 engines are affected, repetitive inspections at certain cycle intervals and parts replacement are required, resulting in an increase in the number of shop visits. The time between engine removal and installation is expected to be 250 to 300 days. Effective countermeasures have already been taken for the manufacturing process, and no similar issues have occurred with parts other than those currently known to be affected.

(*) Powder metallurgy: A technology that produces metal powder by spraying molten metal, and then solidifies and forges the powder to manufacture parts.

Refund liabilities	53,547 million yen

- Recoverability of deferred tax assets

The IHI Group recognizes deferred tax assets to the extent that it is likely that taxable income will be available against which the deductible temporary differences can be utilized. In determining the probability that taxable income will be available, the IHI Group estimates the timing and the amount of the taxable income based on the business plan.

In the fiscal year under review, the IHI Group has made estimates for taxable income for the fiscal year ending March 31, 2027 and subsequent fiscal years, by considering the assumptions regarding the additional inspection program for shipped PW1100G-JM engines in the civil aero engines business, along with the effects of the initiatives including various investments for materializing the transformations scheduled under the “Group Management Policies 2026,” expansion of lifecycle businesses, and strengthening of earnings foundations.

Although these estimates are management’s best estimates, the actual results may differ as a result of changes in uncertain future economic environment, and may affect the estimate on future taxable income and judgement on the recoverability, etc. of deferred tax assets. At present there have been no significant changes in the judgment on the recoverability, etc. of deferred tax assets from the previous fiscal year.

Deferred tax assets	127,618 million yen

III. Notes to Consolidated Statement of Financial Position

1. Assets Pledged as Collateral and Secured Liabilities

(1) Assets pledged as collateral

Investments accounted for using equity method	4,663 million yen (Notes 1, 2)
Other financial assets (non-current)	2,770 million yen (Notes 3, 4)

(Notes)

1. Nanatsujima Biomass Power Limited Liability Company, its nine shareholder companies and certain financial institutions have entered into an employee equity interest pledge agreement in order to guarantee all and any liabilities incurred by affiliate Nanatsujima Biomass Power Limited Liability Company, under the limited loan agreement concluded between the said company and financial institutions. The amount of assets pledged as collateral is 2,793 million yen.
2. Onahama Higashikou Bulk Terminal Limited Liability Company, its six shareholder companies and certain financial institutions have entered into an employee equity interest pledge agreement in order to guarantee all and any liabilities incurred by affiliate Onahama Higashikou Bulk Terminal Limited Liability Company, under the limited loan agreement concluded between the said company and financial institutions. The amount of assets pledged as collateral is 1,870 million yen.

3. Kagoshima Mega Solar Power Corporation and seven shareholder companies of the said company entered into a revolving pledge agreement with financial institutions in order to secure all and any liabilities of the said company under the limited loan agreement concluded between Kagoshima Mega Solar Power Corporation and the financial institutions. The amount of assets pledged as collateral is 646 million yen.
4. In order to guarantee all and any liabilities of the first issue of unsecured bonds (limited to qualified institutional investors) issued by affiliate Nanatsujima Biomass Power Limited Liability Company, under the aggregate underwriting agreement, the Company has entered into a subordinated bond revolving pledge agreement with Nanatsujima Biomass Power Limited Liability Company. The amount of assets pledged as collateral is 2,000 million yen.

(2) Secured liabilities

Not applicable

2. Allowance for doubtful accounts deducted directly from assets

27,191 million yen

3. Accumulated Depreciation (accumulated amortization) and accumulated impairment losses on Assets

Property, plant and equipment	713,597 million yen
Right-of-use assets	87,485 million yen
Intangible assets	141,870 million yen
Investment property	86,558 million yen

4. Contingent liabilities

(1) Liabilities on guarantee (Note)

Guarantees for loans from financial institutions etc. are as follows:

Details of liabilities on guarantee	Amount (Millions Of Yen)
Japanese Aero Engines Corporation	741
Japan Aeroforge, Ltd.	177
Contingent liabilities for employee housing loans	30
Total	948

(2) Guarantees in kind (Note)

Debt guarantees and guarantees in kind for borrowings, etc. from financial and other institutions provided by the IHI Group are as follows:

Details of guarantees in kind	Amount (Millions Of Yen)
Contingent liabilities for employee housing loans	1,477
Nanatsujima Biomass Power Limited Liability Company	216
Total	1,693

Notes: In any of the following cases, the amount represents the amounts for which the IHI Group is liable:

A. In the case of joint guarantees and guarantees in kind for debts with protection requirements against creditors, where the IHI Group's liabilities are specifically stated and clarified regardless of the debt capacity of other guarantors in the contract.

B. In the case of joint and several guarantees in which there are two or more guarantors, where the percentage or amount of the IHI Group's liabilities is specifically stated and clarified such as in agreement among the guarantors and other joint and several guarantors are considered to have sufficient debt capacity.

IV. Notes to Consolidated Statement of Profit or Loss

(Gain on sale of investment property)

In order to generate cash that contributes to business transformation to achieve sustainable high growth through the effective use of real estate owned by the Company, the Company transferred the following investment property, and recorded other income as gain on sale of investment property.

Details and location of assets	Gain on sale of investment property
Interest in the investment property (land, buildings, etc.) Koto-ku, Tokyo	8,758 million yen
Investment property (land) Koto-ku, Tokyo	7,274 million yen
Other	6,374 million yen

(Impairment losses)

The impairment loss of 10,481 million yen recognized in the fiscal year under review is mainly due to the impairment of carrying amounts of line items of buildings, among other assets, of Niigata Transys Co., Ltd. to their recoverable amounts in line with the efforts to reform the business portfolio. It was also due to the write-down of carrying amounts of line items of other tangible assets, etc. of Steinmüller Engineering GmbH, as well as those of line items of machinery and equipment, etc. of IHI Charging Systems International S.p.A., to their recoverable amounts due to declining profitability.

The impairment loss is recorded under other expenses in the consolidated statement of profit or loss.

Name	Address	Impairment loss
Niigata Transys Co., Ltd.	Kitakanbara-gun, Niigata	2,791 million yen
Steinmüller Engineering GmbH	Gummersbach, Germany	2,760 million yen
IHI Charging Systems International S.p.A.	Cernusco Lombardone, Italy	2,733 million yen
Others		2,197 million yen

V. Notes to Consolidated Statement of Changes in Equity

1. Total Number of Shares Issued at End of Fiscal Year under Review

(1) *Classes and total number of shares issued*

Ordinary shares 1,082,759,678 shares

(2) *Classes and number of treasury shares*

Ordinary shares 22,597,750 shares

Note: The number of treasury shares as of March 31, 2026 includes 3,763,914 shares of the Company owned by the trust account for the Board Benefit Trust.

2. Dividends

(1) *Dividends paid*

Resolution	Classes Of Shares	Total Amount Of Dividends (Millions of Yen)	Dividends Per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting Of Shareholders Held On June 25, 2025	Ordinary shares	10,633	70	March 31, 2025	June 26, 2025
Board of Directors meeting Held On November 6, 2025	Ordinary shares	10,639	70	September 30, 2025	December 5, 2025

(Notes)

1. Total dividends determined by a resolution of the Ordinary General Meeting of Shareholders held on June 25, 2025 included 38 million yen, which were dividends for shares of the Company owned by the trust account for the Board Benefit Trust.
2. Total dividends determined by a resolution of the Board of Directors meeting held on November 6, 2025 included 38 million yen, which were dividends for shares of the Company owned by the trust account for the Board Benefit Trust.
3. The Company conducted a 7-for-1 stock split for shares of its ordinary shares on October 1, 2025. Dividends with the record date of March 31, 2025 and September 30, 2025 are based on the number of shares before the stock split.

(2) Of The Dividends Whose Record Date Belongs To The Fiscal Year Under Review The Dividend Effective Date Falls In the Following Fiscal Year.

Resolution	Classes Of Shares	Total Amount Of Dividends (Millions of Yen)	Dividends Per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting Of Shareholders Held On June 24, 2026	Ordinary shares	10,639	10	March 31, 2026	June 25, 2026

(Note) Total dividends determined by a resolution of the Ordinary General Meeting of Shareholders held on June 24, 2026 included 38 million yen, which were dividends for shares of the Company owned by the trust account for the Board Benefit Trust.

3. Class and total number of shares underlying share acquisition rights

Ordinary shares 131,600 shares

VI. Notes to Financial Instruments

1. Financial instruments

The IHI Group is exposed to financial risks (credit risk, liquidity risk, foreign exchange risk, interest rate risk, market price fluctuation risk) in the course of performing operation activities. To mitigate such financial risks, the IHI Group has managed the risks in accordance with certain policies.

The IHI Group uses derivative transactions to hedge the fluctuation risks of foreign exchange rates or interest rates under the policy of not entering into any speculative transactions.

(1) Credit risk management

Credit risk is the risk of a financial loss that the IHI Group will incur from a default of a contractual obligation by a counterparty of financial assets held by the IHI Group.

To manage the credit risks, pursuant to the internal regulations related to receivable management, the department of the IHI Group in charge of collections in each business department periodically monitors the condition of major customers, manages the collectability and balances by customer or by project ordered, and thus seeks for preservation of receivables by means of such as a collection of collateral and an early identification and mitigation of collectability concern caused by deterioration in financial status.

In derivative transactions, the IHI Group enters into contracts only with financial institutions with high ratings to reduce the counterparty risks.

(2) Liquidity risk management

Liquidity risk is a risk that the IHI Group is unable to perform payments on the due date when it should perform the repayment obligation of financial liabilities as they become due.

The IHI Group prepares the appropriate funds for repayment by procuring short-term funds through measures, such as bank borrowings and commercial papers, and long-term funds through measures, such as long-term borrowings and bonds payables, if needed, in addition to net cash provided by operating activities.

Also, the IHI Group is taking efforts to secure liquidity and improve capital efficiency by means of financing through the cash management system among the Company and domestic subsidiaries, and among foreign affiliates in a partial area.

In addition, the IHI Group manages liquidity risks by measures such as timely forming and updating the cash flow plan by each group company.

(3) Foreign exchange risk management

To manage the foreign exchange risks for trade receivables and payables denominated in foreign currencies, the IHI Group hedges the foreign exchange risks monthly identified by currency by utilizing forward foreign exchange contracts and foreign currency options.

Hedge results are reported monthly to the executive in charge of Group Finance & Accounting, and quarterly to the Management Committee. The IHI Group also carries out similar management for principal consolidated subsidiaries.

To reduce the fluctuation risk of foreign exchange rates of borrowings denominated in foreign currencies, the Company and certain consolidated subsidiaries use foreign currency swaps.

As for derivatives, transactions are recorded and the balance is confirmed between the IHI Group and the counterparty. Moreover, derivative balances and valuation gains or losses as of the month-end are reported to the executive in charge of Group Finance & Accounting on a monthly basis.

(4) Interest rate risk management

To reduce the fluctuation risks of interest rates regarding bonds payable and long-term borrowings, the Company and certain consolidated subsidiaries use interest rate swaps.

As for derivatives, transactions are recorded and the balance is checked up between the IHI Group and the contract partner. Moreover, derivative balances and valuation gains or losses as of the month-end are reported to the executive in charge of Group Finance & Accounting on a monthly basis.

(5) Market price fluctuation risk management

The Company and certain consolidated subsidiaries hold shares associated with business consolidation or capital consolidation with companies to maintain business relationships, and such shares are exposed to the market price fluctuation risk.

As for such shares, their market prices and the financial condition of issuers (companies with which the IHI Group does business) are periodically monitored. Also, the IHI Group's holding status of those securities is continuously reviewed by taking into account the relationships with the companies with which the IHI Group does business.

2. Fair value of financial instruments, etc.

The fair value measurements of financial instruments measured at fair value are categorized into the following three levels based on the observability and significance of inputs used to measure such financial instruments.

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets

Level 2: Fair value, other than Level 1, that is determined by directly or indirectly using the observable price

Level 3: Fair value determined by using valuation techniques that incorporate unobservable inputs

(1) Measurement method for fair value

The measurement method for fair value of financial instruments is as follows.

(Cash and cash equivalents, trade and other receivables and trade and other payables)

It is omitted as the fair value of these accounts is assumed to be approximate to their carrying amount due to the short-term maturity.

(Bonds and borrowings)

The fair value of bonds is determined based on the market prices or prices provided by financial and other institutions with which the IHI Group does business.

The fair value of borrowings is determined based on the present value of future cash flows discounted at the interest rate to be applied if similar new contracts were entered into.

These liabilities are classified as Level 2.

(Government grants classified under contingent settlement provisions)

The fair value of government grants classified under contingent settlement provisions is determined based on the present value of future cash flows discounted at the interest rate to be applied if similar new contracts were entered into.

These liabilities are classified as Level 2.

(Other financial assets and other financial liabilities)

Derivatives are measured as financial assets or liabilities measured at fair value through profit or loss based on prices provided by the counterparty financial institutions and classified as Level 2.

The fair value of marketable shares and investments in capital are calculated based on the market price at the account closing date and classified as Level 1.

The fair value of non-marketable shares and investments in capital are calculated by the valuation technique using the net asset value, and by the valuation technique using quoted market prices of comparable companies, and in both cases, they are classified as Level 3.

(2) Financial instruments measured at amortized cost

The carrying amounts and fair values of financial instruments measured at amortized cost are as follows:

Financial instruments whose carrying amount is a reasonable approximation of the fair value are not included in the following table.

(Millions of Yen)

	Carrying amount	Fair value
Financial liabilities measured at amortized cost		
Borrowings	289,697	286,902
Bonds payable	69,836	67,518
Government grants classified under contingent settlement provisions	60,311	57,364
Total	419,844	411,784

(3) Financial instruments measured at fair value

The fair value hierarchy for financial instruments measured at fair value is as follows:

(Millions of Yen)

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through profit or loss				
Derivatives	–	620	–	620
Other	–	1,259	4,062	5,321
Financial assets measured at fair value through other comprehensive income				
Shares and investments in capital	2,540	–	15,193	17,733
Total	2,540	1,879	19,255	23,674
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivatives	–	1,483	–	1,483
Total	–	1,483	–	1,483

Transfers between levels of the fair value hierarchy are recognized on the day when the event or change in circumstances that caused the transfer occurred. The IHI Group did not recognize any significant transfers between Level 1 and Level 2 for the fiscal year under review.

(4) Valuation processes

For financial instruments classified as Level 3, the staff determines the valuation method of target financial instruments and measures the fair value in accordance with the valuation policy and procedures set by the IHI Group. The fair value measurement result is approved by the responsible person.

(5) Reconciliation of financial instruments classified as Level 3 from the beginning to the end of the fiscal year under review.

Changes in financial instruments classified as Level 3 from the beginning to the end of the fiscal year under review are as follows:

(Millions of Yen)

Balance at beginning of period	17,852
Total gains and losses	
Profit or loss (Note 1)	790
Other comprehensive income (Note 2)	1,391
Purchases	133
Sales	(103)
Transfer from Level 3	–
Other (Note 3)	(808)
Balance at end of period	19,255
Changes in unrealized gains or losses recorded in profit or loss on assets held at the end of the reporting period (Note 1)	790

(Notes)

1. Included in “Finance income” and “Finance costs” in the consolidated statement of profit or loss.
2. Included in “Financial assets measured at fair value through other comprehensive income” in the consolidated statement of profit or loss.
3. The impact of change in scope of consolidation is included.

VII. Investment Property

1. Investment property

The Company and certain consolidated subsidiaries own rental office buildings (including land) and commercial facilities in Tokyo and other areas.

2. Fair value of investment property

(Millions of Yen)

Carrying amount	Fair value
144,817	357,143

(Notes)

1. The amount in the consolidated statement of financial position is calculated by subtracting accumulated depreciation and impairment losses from acquisition cost.
2. The fair value at the end of the fiscal year under review is mainly the amount calculated based on the real estate survey report by an external real estate appraiser.

VIII. Notes on Revenue Recognition

(1) Disaggregation of revenues

Disaggregation of revenue recognized from contracts with customers and other sources of revenue, and revenue by major type of goods or services and regional market and the relationships with reportable segments are as follows:

1) Revenue recognized from contracts with customers and other sources of revenue

(Millions of Yen)

	Reportable segments					Other	Total
	Resources, Energy and Environment	Social Infrastructure	Industrial Systems and General-Purpose Machinery	Aero Engine, Space and Defense	Total		
Revenue recognized from contracts with customers	373,475	129,604	438,888	648,119	1,590,086	34,509	1,624,595
Revenue recognized from other sources of revenue	–	38	8	16	62	18,745	18,807
Total	373,475	129,642	438,896	648,135	1,590,148	53,254	1,643,402

Revenue recognized from other sources of revenue includes lease income under IFRS 16 *Leases*.

2) Breakdown by type of goods or services

(Millions of Yen)

	Reportable segments					Other	Total
	Resources, Energy and Environment	Social Infrastructure	Industrial Systems and General-Purpose Machinery	Aero Engine, Space and Defense	Total		
Power systems	99,593				99,593		99,593
Carbon solutions	129,877				129,877		129,877
Nuclear energy	57,643				57,643		57,643
Asian Base EPC	91,741				91,741		91,741
Bridges and water gates		86,815			86,815		86,815
Shield systems		26,081			26,081		26,081
Vehicular turbochargers			223,731		223,731		223,731
Parking			57,341		57,341		57,341
Rotating machineries			61,061		61,061		61,061
Heat treatment and surface engineering			52,328		52,328		52,328
Transport machineries			5,722		5,722		5,722
Logistics and industrial systems			38,242		38,242		38,242
Civil aero engines				378,889	378,889		378,889
Defense aero engines				132,498	132,498		132,498
Urban development					–	18,240	18,240
Other	–	19,044	13,377	175,914	208,335	66,108	274,443
Intersegment revenue	(5,379)	(2,298)	(12,906)	(39,166)	(59,749)	(31,094)	(90,843)
Revenue from external customers	373,475	129,642	438,896	648,135	1,590,148	53,254	1,643,402

3) Breakdown by region

(Millions of Yen)

		Reportable segments					Other	Total
		Resources, Energy and Environment	Social Infrastructure	Industrial Systems and General-Purpose Machinery	Aero Engine, Space and Defense	Total		
Japan		190,182	103,342	197,766	272,405	763,695	47,343	811,038
	North America	27,352	–	60,093	334,660	422,105	48	422,153
	Asia	127,104	23,018	116,768	13,043	279,933	2,806	282,739
	Europe	11,294	2,863	49,039	26,882	90,078	1,430	91,508
	Central and South America	967	–	13,844	1,011	15,822	–	15,822
	Other	16,576	419	1,386	134	18,515	1,627	20,142
	Overseas	183,293	26,300	241,130	375,730	826,453	5,911	832,364
Revenue from external customers		373,475	129,642	438,896	648,135	1,590,148	53,254	1,643,402

The IHI Group consists of segments by business area and sets the business areas of Resources, Energy and Environment; Social Infrastructure; Industrial Systems and General-Purpose Machinery; and Aero Engine, Space and Defense, and is engaged in the sale of goods, execution of construction and rendering of services in each business area.

The primary method to record revenue for each segment is as follows:

- Resources, Energy and Environment and Social Infrastructure

For revenue from sale of goods, the IHI Group determines that performance obligations have been satisfied when customers obtain control of the goods upon delivery. Hence, revenue from sale of goods is usually recognized upon the delivery of goods.

With regard to the execution of construction contracts and rendering of services including maintenance services, the IHI Group determines that performance obligations are satisfied over time, and revenue is recognized by measuring the progress towards complete satisfaction of said performance obligations to provide such services to customers.

The progress is measured by specifying the satisfaction of performance obligations. Measurements are estimated based on the ratio of the costs incurred to satisfy the performance obligations against the total expected costs to fully satisfy the contractual obligations.

Revenue is recognized by the cost recovery method when it is not possible to reasonably estimate progress towards satisfaction of performance obligations, but it is probable that the costs incurred will be recovered.

- Industrial Systems and General-Purpose Machinery and Aero Engine, Space and Defense

In the sale of goods mainly in the Civil aero engines Business and the Vehicular turbochargers Business, the IHI Group determines that performance obligations have been satisfied when customers obtain control of the goods upon delivery. Hence, revenue from sale of goods is usually recognized upon the delivery of goods.

In the Civil aero engines Business, revenue decreased after estimating the costs to be borne in connection with the civil aero engine programs in which IHI participates, which are deducted revenue as consideration paid to customers.

Furthermore, “Revenue” decreased during reversal as consideration prepaid by customers was recorded in “Other non-current assets.”

When certain refund obligations to customers are expected to arise, such as compensation for damages incurred in association with performance of contracts, the IHI Group reduces revenue to the extent of the estimated refund liability.

The consideration of a transaction is generally received based on the progress for each performance obligation satisfied over time, such as a milestone in the case of a construction contract. The consideration for the sale of goods or rendering of services is mostly received within one year after the performance obligation is satisfied. In either case, the contract does not include a significant financing component.

Further, IHI provides warranties assuring that a product satisfies specifications as provided in the contract. However, IHI does not identify this warranty as a separate performance obligation because it does not provide a distinct service.

(2) Contract balance

The details of receivables, contract assets and contract liabilities derived from contracts with customers are as follows:

(Millions of Yen)

	Balance at beginning of period	Balance at end of period
Receivables from contracts with customers	493,394	560,200
Contract assets	113,959	104,903
Contract liabilities	252,968	311,447

Portion of revenues recognized in the fiscal year under review that was included in contract liabilities at the beginning of the year was 136,395 million yen.

Revenue recognized from performance obligations fulfilled (or partially fulfilled) in the previous periods is immaterial.

Contract assets pertain to the consideration for the work completed but not invoiced as of the reporting date.

Contract assets are transferred to receivables at the point in time when right to payment becomes unconditional.

Contract liabilities pertain mainly to advances received from customers.

(3) Transaction price allocated to remaining performance obligations

The total amount of transaction prices allocated to remaining performance obligations is as follows:

(Millions of Yen)

	Reportable segments					Other	Total
	Resources, Energy and Environment	Social Infrastructure	Industrial Systems and General-Purpose Machinery	Aero Engine, Space and Defense	Total		
Remaining performance obligations	698,590	224,660	168,967	656,612	1,748,829	19,508	1,768,337

The above amounts include all considerations from contracts with customers.

Vehicular turbochargers and rotating machineries under Industrial Systems and General-Purpose Machinery, as well as civil aero engines under Aero Engine, Space and Defense are classified as mass production business, and their performance obligations are largely expected to be fulfilled within one year.

Businesses other than those listed above are classified primarily as built-to-order production business, consisting mainly of transactions related to construction contracts involving performance obligations being fulfilled over a long period in excess of one year.

IX. Notes to Per Share Information

1. Equity attributable to owners of parent per share 615.23 Yen

2. Basic earnings per share 151.88 Yen

X. Significant Subsequent Events

(Transfer of Non-current Assets)

As previously disclosed on the release dated April 20, 2026, the Company has resolved to transfer its non-current assets for the purpose of improving capital efficiency, strengthening its growth and development businesses, and securing funds for investment in the transformation of its business portfolio.

1. Description of the Assets Transferred

Details and location of assets	Gain on transfer	Type of assets
Interest in the land and building Koto-ku, Tokyo, Japan	Approximately 15.3 billion yen	Rental assets
Interest in the land and building Koto-ku, Tokyo, Japan	Approximately 24.0 billion yen	Rental assets
Total	Approximately 39.3 billion yen	-

(Notes) 1 For each of the assets, the beneficiary rights in trust will be transferred after the trust is established.

2. At the request of the transferees, the transfer prices and book values of the assets are not disclosed. In addition, the gain on transfer is approximate figures obtained by deducting the book values, transfer-related expenses, etc. from the transfer prices.

2. Schedule of Transfer

April 20, 2026: Conclusion of sales agreement, and transfer of interest in the land and buildings

3. Impact on Business Results

Due to the above-mentioned transfer of non-current assets, approximately 39.3 billion yen is expected to be recorded as other income for the fiscal year ending March 31, 2027.

Non-Consolidated Balance Sheet

(As Of March 31, 2026)

(Millions Of Yen)

Account Title	Amount	Account Title	Amount
Assets		**Liabilities**	
Current Assets	**995,422**	**Current Liabilities**	**794,894**
Cash And Deposits	82,313	Accounts Payable – Trade	213,246
Notes Receivable – Trade	765	Current Portion of Bonds Payable	10,000
Accounts Receivable – Trade	388,844	Short-Term Borrowings	180,888
Contract Assets	9,890	Lease Obligations	2,209
Work In Process	261,605	Accounts Payable – Other	49,729
Raw Materials And Supplies	136,803	Accrued Expenses	43,869
Advance Payments – Other	18,223	Income Taxes Payable	2,362
Prepaid Expenses	17,194	Contract Liabilities	155,998
Accounts Receivable – Other	53,120	Refund Liabilities	109,592
Short-Term Loans Receivable	33,520	Deposits Received	1,481
Other	6,749	Provision For Bonuses	16,324
Allowance For Doubtful Accounts	(13,609)	Provision For Bonuses For Directors (And Other Officers)	950
Non-Current Assets	**638,533**		
Property, Plant And Equipment	236,633	Provision For Construction Warranties	3,138
Buildings	108,116	Provision For Loss On Construction Contracts	2,144
Structures	9,720		
Machinery And Equipment	29,897	Other	2,959
Vessels	0	**Non-Current Liabilities**	**393,372**
Vehicles	133	Bonds Payable	60,000
Tools, Furniture And Fixtures	24,150	Long-Term Borrowings	189,200
Land	45,127	Lease Obligations	12,166
Leased Assets	12,784	Leasehold And Guarantee Deposits Received	13,737
Construction In Progress	6,701	Provision For Retirement Benefits	98,484
Intangible Assets	28,996	Provision For Loss On Business Of Subsidiaries And Associates	383
Royalties And Other Intangible Assets	535		
Leasehold Interests In Land	32	Asset Retirement Obligations	4,557
Right To Use Facilities	10	Other	14,842
Software	28,153	**Total Liabilities**	**1,188,266**
Leased Assets	197	**Net Assets**	
Other	67	**Shareholders' Equity**	**443,586**
Investments And Other Assets	372,904	Share Capital	107,165
Investment Securities	10,325	Capital Surplus	56,231
Shares Of Subsidiaries And Associates	149,927	Legal Capital Surplus	54,520
Bonds of Subsidiaries And Associates	878	Other Capital Surplus	1,711
Investments In Capital	1,240	Retained Earnings	289,643
Investments In Capital Of Subsidiaries And Associates	19,845	Legal Retained Earnings	6,083
		Other Retained Earnings	283,559
Long-Term Loans Receivable	1,425	Reserve For Tax Purpose Reduction Entry Of Non-Current Assets	5,230
Deferred Tax Assets	99,471		
Other	99,389	Retained Earnings Brought Forward	278,328
Allowance For Doubtful Accounts	(9,600)	Treasury Shares	(9,453)
		Valuation And Translation Adjustments	**2,050**
		Valuation Difference On Available-For-Sale Securities	2,145
		Deferred Gains Or Losses On Hedges	(94)
		Share Acquisition Rights	**52**
		Total Net Assets	**445,689**
Total Assets	**1,633,956**	**Total Liabilities And Net Assets**	**1,633,956**

Non-Consolidated Statement Of Income

(Year Ended March 31, 2026)

(Millions Of Yen)

Account Title	Amount
Net Sales	752,401
Cost Of Sales	565,020
Gross Profit	**187,380**
Selling, General And Administrative Expenses	112,324
Operating Profit	**75,056**
Non-Operating Income	
Interest And Dividend Income	41,752
Foreign Exchange Gain	11,874
Other	2,443
Non-Operating Expenses	
Interest Expenses	3,701
Loss On Scrapping Of Non-Current Assets	1,848
Loss On Dismantlement Costs For Non-Current Assets	1,715
Other	8,691
Ordinary Profit	**115,169**
Extraordinary Income	
Gain On Sale Of Non-Current Assets	22,579
Gain On Sale Of Shares Of Subsidiaries	15,012
Gain On Sale Of Investment Securities	6,437
Reversal Of Loss On Dismantlement Costs For Facilities Of Former Aichi Headquarters Representative’s Office	3,930
Extraordinary Losses	
Loss On Valuation Of Investments In Capital Of Subsidiaries And Associates	13,452
Loss on Sale Of Shares Of Subsidiaries And Associates	4,390
Loss On Debt Write-Offs For Subsidiaries And Associates	3,544
Loss on Valuation Of Bonds Of Subsidiaries And Associates	1,999
Profit Before Income Taxes	**139,741**
Income Taxes – Current	12,809
Income Taxes – Deferred	(12,308)
Profit	**139,241**

Non-Consolidated Statement Of Changes In Equity
(Year Ended March 31, 2026)

(Millions Of Yen)

	Shareholders' Equity										
		Capital Surplus			Retained Earnings						
						Other Retained Earnings					
	Share Capital	Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Legal Retained Earnings	Reserve For Tax Purpose Reduction Entry Of Non-Current Assets	Reserve For Investment Loss On Restructuring Specified Business	Retained Earnings Brought Forward	Total Other Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance At Beginning Of Period	107,165	54,520	18	54,538	6,083	5,531	485	159,574	171,674	(8,576)	324,802
Changes During Period											
Dividends Of Surplus				–				(21,272)	(21,272)		(21,272)
Profit				–				139,241	139,241		139,241
Reversal Of Reserve For Tax Purpose Reduction Entry Of Non-Current Assets				–		(300)		300	–		–
Reserve For Investment Loss On Restructuring Specified Business				–			(485)	485	–		–
Purchase Of Treasury Shares				–					–	(1,368)	(1,368)
Disposal Of Treasury Shares			664	664					–	490	1,155
Changes From Share Exchange			1,028	1,028					–		1,028
Transfer From Retained Earnings To Capital Surplus				–					–		–
Net Changes In Items Other Than Shareholders' Equity				–					–		–
Total Changes During Period	–	–	1,693	1,693	–	(300)	(485)	118,754	117,968	(877)	118,783
Balance At End Of Period	107,165	54,520	1,711	56,231	6,083	5,230	–	278,328	289,643	(9,453)	443,586

	Valuation And Translation Adjustments			Share Acquisition Rights	Total Net Assets
	Valuation Difference On Available-For-Sale Securities	Deferred Gains Or Losses On Hedges	Total Valuation And Translation Adjustments		
Balance At Beginning Of Period	4,643	(103)	4,539	57	329,399
Changes During Period					
Dividends Of Surplus			–		(21,272)
Profit			–		139,241
Reversal Of Reserve For Tax Purpose Reduction Entry Of Non-Current Assets			–		–
Reserve For Investment Loss On Restructuring Specified Business			–		–
Purchase Of Treasury Shares			–		(1,368)
Disposal Of Treasury Shares			–	(4)	1,150
Changes From Share Exchange			–		1,028
Transfer From Retained Earnings To Capital Surplus			–		–
Net Changes In Items Other Than Shareholders' Equity	(2,498)	9	(2,489)		(2,489)
Total Changes During Period	(2,498)	9	(2,489)	(4)	116,289
Balance At End Of Period	2,145	(94)	2,050	52	445,689

Notes to the Non-Consolidated Financial Statements

I. Significant Accounting Policies

1. Valuation Bases and Methods Of Assets

(1) Securities

Shares of subsidiaries and associates are stated at moving-average cost.
Securities other than shares without market prices available are stated at fair market value. The related valuation differences are directly included into net assets and the cost of sale price is determined by the moving-average method. Other shares without market prices available are stated at moving-average cost.

(2) Derivatives

Derivatives are stated at fair market value.

(3) Inventories

Work in process is stated at identified cost (for figures shown on balance sheet, the book value write-down method based on decreased profitability is used).
Raw materials and supplies are stated at moving-average cost (for figures shown on balance sheet, the book value write-down method based on decreased profitability is used).

2. Depreciation and Amortization of Non-current Assets

(1) Property, plant and equipment (except for leased assets)

These assets are depreciated by the straight-line method.

(2) Intangible assets (except for leased assets)

Intangible assets are amortized by the straight-line method. Software used internally is amortized using the straight-line method over the useful life of the assets as estimated by the company (within five years).

(3) Leased assets

Leased assets related to ownership transfer finance lease transactions are depreciated using the same method as that applied to non-current assets.
Leased assets related to non-ownership transfer finance leases are depreciated over the lease period as useful period using the straight-line method with no residual value.

3. Bases for Allowances and Provisions

(1) Allowance for doubtful accounts

To prepare for losses on bad debts, the allowance for doubtful accounts is provided for based on historical default rates for general receivables, plus individually estimated uncollectible amounts for specific receivables such as doubtful receivables.

(2) Provision for bonuses

For payment of employee bonuses, the provision for bonuses is provided for in the amount that is expected to be paid.

(3) Provision for bonuses for directors (and other officers)

To prepare for the transfer of money and shares to the directors, etc., an amount is recognized based on the estimated amount of the liability for transfer of money and shares at the end of the fiscal year under review.

(4) Provision for construction warranties

To prepare for expenditures for construction warranties, the provision for construction warranties is provided for in the amount of estimated future expenditures based on historical experience.

(5) Provision for loss on construction contracts

Provision for loss on construction contracts is provided for in the amount of estimated losses on undelivered construction contracts to occur at the end of the fiscal year under review.

(6) Provision for retirement benefits

Provision for retirement benefits is provided for based on estimated amounts of projected benefit obligations and pension fund assets as of the balance sheet date.
In the calculation of defined benefit liability, the method used to attribute projected benefit obligations in the period up to the fiscal year under review is benefit formula basis.
Past service cost is amortized using the straight-line method over a certain number of years within the average remaining service period of employees at the time of accrual.
Actuarial gain or loss is amortized starting in the fiscal year following the fiscal year in which it occurs using the straight-line method over a certain number of years within the average remaining service period of employees.

(7) Provision for loss on business of subsidiaries and associates

To prepare for losses on businesses of subsidiaries and associates, estimated loss amount is provided for, taking into account the details of assets and other factors of the relevant subsidiaries.

4. Basis of Recognizing Revenues and Expenses

The Company is engaged in the sale of goods, rendering of services and execution of construction contracts.

- Sale of goods

Revenues from the sale of goods are recognized in principle at the point of delivery of goods, as performance obligations are considered to be fulfilled generally at the point of delivery of goods when the customer gains the control of the goods.

- Rendering of services and execution of construction contracts

Revenues from rendering of services and execution of construction contracts where performance obligations are fulfilled over a period of time are recognized based on the measured degree of progress of the fulfillment of such performance obligations for the customer. The aforementioned degree of progress is measured based on the ratio of the cost incurred for fulfilling the performance obligation thus far against the total cost expected for fulfilling the entire performance obligation. In cases where such degree of progress cannot be measured reasonably but cost incurred is likely to be recovered, revenues are recognized based on the cost recovery method.

5. Other Significant Matters Concerning Preparation of the Non-Consolidated Financial Statements

(1) Hedge accounting

1) Hedge accounting

Deferred hedge accounting is applied.

2) Hedging instruments and hedged items

Interest rate swaps are used to hedge interest rate risks associated with borrowings, and forward exchange contracts, etc. are used to hedge foreign currency risks associated with monetary claims and liabilities denominated in foreign currencies.

3) Hedging policy

Hedging instruments necessary for each risk category are selected.

4) Method of assessing effectiveness of hedging

In the period from the beginning of hedging to the point of assessment, effectiveness is evaluated by comparing the cumulative total of the change in market value of or the change in cash flow of a hedged item, with the cumulative total of the change in market value of or the change in cash flow of hedging instruments.

(2) Application of the group tax sharing system

The group tax sharing system has been applied.

II. Accounting Estimates

Items whose amounts were recorded in the non-consolidated financial statements for the fiscal year under review based on accounting estimates, and which may have a significant impact on the non-consolidated financial statements for the following fiscal year, are as follows.

- Estimated refund liabilities

In the civil aero engines business, as a result of the additional inspection program for shipped PW1100G-JM engines conducted during the second quarter of the fiscal year ended March 31, 2024, a refund liability of 53,547 million yen was recorded for the fiscal year under review. This was due to the fact that an average of 350 aircraft on the ground are to be expected during the period from 2024 to 2026 due to the increase in the number of shop visits over the next few years from 2024, and the Company, which holds approximately 15% share in the aforementioned engine program, expects to incur costs related to compensation, additional maintenance, and so forth. The reason for the increase in the number of shop visits is that at Pratt & Whitney ("P&W"), a partner company in the PW1100G-JM engines program, it was discovered that there were quality issues rarely in the manufacturing process of powder metallurgy parts (*) manufactured in the past, and as a result of P&W's technical review, a policy of repetitive inspections and shortening the service life was issued for parts in question in September 2023. Approximately 3,000 engines are affected, repetitive inspections at certain cycle intervals and parts replacement are required, resulting in an increase in the number of shop visits. The time between engine removal and installation is expected to be 250 to 300 days. Effective countermeasures have already been taken for the manufacturing process, and no similar issues have occurred with parts other than those currently known to be affected.

(*) Powder metallurgy: A technology that produces metal powder by spraying molten metal, and then solidifies and forges the powder to manufacture parts.

Refund liabilities	53,547 million yen

- Recoverability of deferred tax assets

The Company recognizes deferred tax assets to the extent that it is likely that taxable income will be available against which the deductible temporary differences can be utilized. In determining the probability that taxable income will be available, the IHI Group estimates the timing and the amount of the taxable income based on the business plan.

In the fiscal year under review, the Company has made estimates for taxable income for the fiscal year ending March 31, 2027 and subsequent fiscal years, by considering the assumptions regarding the additional inspection program for shipped PW1100G-JM engines in the civil aero engines business, along with the effects of the initiatives including various investments for materializing the transformations scheduled under the “Group Management Policies 2026,” expansion of lifecycle businesses, and strengthening of earnings foundations.

Although these estimates are management’s best estimates, the actual results may differ as a result of changes in uncertain future economic environment, and may affect the estimate on future taxable income and judgement on the recoverability, etc. of deferred tax assets. At present there have been no significant changes in the judgment on the recoverability, etc. of deferred tax assets from the previous fiscal year.

Deferred tax assets	99,471 million yen

III. Changes in Presentation

“Losses On Scrapping Of Non-Current Assets” and “Loss On Dismantlement Costs For Non-Current Assets,” which were included in “Other” under “Non-Operating Expenses” in the previous fiscal year, have been reclassified and presented separately in the fiscal year under review due to their increased materiality.

IV. Notes to the Non-Consolidated Balance Sheet

1. Assets Pledged as Collateral and Secured Liabilities

(1)Assets pledged as collateral

Investment securities	646 million yen (Note 1)
Bonds of subsidiaries and associates	2,000 million yen (Note 2)
Investments in capital of subsidiaries and associates	4,663 million yen (Notes 3, 4)

(Notes)

1. Kagoshima Mega Solar Power Corporation and seven shareholder companies of the said company entered into a revolving pledge agreement with financial institutions in order to secure all and any liabilities of the said company under the limited loan agreement concluded between Kagoshima Mega Solar Power Corporation and the financial institutions. The amount of assets pledged as collateral is 646 million yen.
2. In order to guarantee all and any liabilities of the first issue of unsecured bonds (limited to qualified institutional investors) issued by affiliate Nanatsujima Biomass Power Limited Liability Company, under the aggregate underwriting agreement, the Company has entered into a subordinated bond revolving pledge agreement with Nanatsujima Biomass Power Limited Liability Company. The amount of assets pledged as collateral is 2,000 million yen.
3. Nanatsujima Biomass Power Limited Liability Company, its nine shareholder companies and certain financial institutions have entered into an employee equity interest pledge agreement in order to guarantee all and any liabilities incurred by affiliate Nanatsujima Biomass Power Limited Liability Company, under the limited loan agreement concluded between the said company and financial institutions. The amount of assets pledged as collateral is 2,793 million yen.
4. Onahama Higashikou Bulk Terminal Limited Liability Company, its six shareholder companies and certain financial institutions have entered into an employee equity interest pledge agreement in order to guarantee all and any liabilities incurred by affiliate Onahama Higashikou Bulk Terminal Limited Liability Company, under the limited loan agreement concluded between the said company and financial institutions. The amount of assets pledged as collateral is 1,870 million yen.

(2)Secured Liabilities

Not applicable

2. Accumulated Depreciation of Property, Plant and Equipment

460,520 million yen

3. Contingent Liabilities

(1) Liabilities on guarantee (Note)

Guarantees for loans from financial institutions etc. are as follows:

Details of liabilities on guarantee	Amount (Millions of Yen)
IHI Charging Systems International GmbH i.L.	5,755
IHI Charging Systems International S.p.A.	2,538
IHI Turbo America Co.	1,134
Japanese Aero Engines Corporation	741
I&H Engineering Co., Ltd.	391

Japan Aeroforge, Ltd.	177
Total	10,737

(2) Guarantees in kind (Note)

Debt guarantees and guarantees in kind for borrowings, etc. from financial and other institutions provided by the IHI Group are as follows:

Details of guarantees in kind	Amount (Millions of Yen)
Contingent liabilities for employee housing loans	1,476
Nanatsujima Biomass Power Limited Liability Company	216
Total	1,692

(Note)

The amounts shown above are the amounts the Company would pay to creditors in any of the following cases:

(1) In the case of a perfected joint guarantee agreement, etc., if the amount guaranteed by the Company is clearly expressed and specified irrespective of other guarantors' capacities to guarantee.

(2) In the case of a joint and several guarantee agreement with multiple guarantors, if the percentage or the amount guaranteed by the Company is clearly expressed in accordance with an arrangement among guarantors and other joint and several guarantors' capacities to guarantee are deemed adequate.

4. Monetary Claims and Liabilities to Subsidiaries and Associates

Short-term monetary claims	57,788 million yen
Long-term monetary claims	1,381 million yen
Short-term monetary liabilities	146,564 million yen
Long-term monetary liabilities	13,093 million yen

V. Notes to the Non-Consolidated Statement of Income

1. Amounts of Transactions with Subsidiaries and Associates

(1) Operating transactions

Sales to subsidiaries and associates	26,654 million yen
Purchases from subsidiaries and associates	237,664 million yen

(2) Non-operating transactions

54,226 million yen

2. Gain on Sale of Non-Current Assets

In order to generate cash that contributes to business transformation to achieve sustainable high growth through the effective use of real estate owned by the Company, the Company transferred the following non-current assets, etc., and recorded gain on sale of non-current assets.

Details and location of assets	Gain on sale of non-current assets
Interest in Property, plant and equipment (land, buildings, etc.) Koto-ku, Tokyo	8,758 million yen
Property, plant and equipment (land) Koto-ku, Tokyo	7,274 million yen
Property, plant and equipment (land, buildings, etc.) Nakano-ku, Tokyo	2,578 million yen
Property, plant and equipment (buildings) Chuo-ku, Tokyo	1,416 million yen
Property, plant and equipment (land) Koto-ku, Tokyo	1,401 million yen
Others	1,150 million yen

VI. Notes to the Non-Consolidated Statement of Changes in Equity

Class and Number of Treasury Shares at the End of the Fiscal Year

Ordinary shares 22,597,750 shares

(Note)

The number of treasury shares at March 31, 2026 includes 3,763,914 shares of the Company owned by the trust account for the Board Benefit Trust.

VII. Tax Effect Accounting

1. Primary causes for the occurrence of deferred tax assets and liabilities

Deferred tax assets are mainly in association with refund liabilities, loss on valuation of shares of subsidiaries and associates, and provision for retirement benefits, and deferred tax liabilities are mainly in association with investments and other assets.

2. Accounting treatment of income taxes and local income taxes as well as tax effect accounting related these taxes

The Company applies a group tax sharing system. Accounting treatment of income taxes and local income taxes as well as tax effect accounting related to these taxes and disclosure are in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021).

VIII. Non-current Assets Used Through Leases

In addition to the non-current assets on the non-consolidated balance sheet, some buildings of Headquarters Representative's Offices are used through non-ownership transfer finance leases.

IX. Related Party Transactions

1. Subsidiaries, Affiliates and Other Related Parties

(Millions of Yen)

Type	Name	Location	Capital Or Contri-bution	Nature Of Business	Voting Rights Holding Or Held	Relation With The Party
Subsidiary	IHI Plant Services Corporation	Koto-Ku, Tokyo	500	Construction	Holding Directly 100%	Company Sharing Business Function
Subsidiary	IHI Infrastructure Systems Co., Ltd.	Sakai-city, Osaka	1,000	Manufacturing	Holding Directly 100%	Company Sharing Business Function
Affiliate	IHI Finance Support Corporation	Chiyoda-Ku, Tokyo	200	Lease, Factoring, Etc.	Holding Directly 33.5%	Factoring

(Millions of Yen)

Name	Transactions	Transaction Amount (Note 1)	Account Title	Balance as Of March 31, 2026 (Note 1)
IHI Plant Services Corporation	- Borrowing Of Funds	3,026	Short-Term Borrowings	55,378
IHI Infrastructure Systems Co., Ltd.	- Lending Of Funds	(14,352)	Short-Term Loans Receivable	9,280
IHI Finance Support Corporation	- Factoring	(Note 2) 4,427	Accounts Payable – Trade Accounts Payable – Other	1,826 168

2. Directors/Audit & Supervisory Board Members and Major Individual Shareholders

(Millions of Yen)

Type	Name	Location	Capital Or Contri-bution	Nature Of Business Or Occupation	Voting Rights Holding Or Held	Relation With The Party
Officer	Tsugio MITSUOKA	–	–	Japanese Aero Engines Corporation (Representative Director)	Held Directly 0%	Director and Chairman of the Board

(Millions of Yen)

Name	Transactions	Transaction Amount (Note 1)	Account Title	Balance as Of March 31, 2025 (Note 1)
Tsugio MITSUOKA	Operating Transactions With Japanese Aero Engines Corporation (JAEC) (Note 3)			
	-Subcontract Of Work From JAEC Related To R&D Of Jet Engines	–	–	–
	-Payment Of A Portion Of Funding Related To The Above	1,446	–	–
	-Acceptance Of Subsidies Related To The Above	2,815	Accounts Payable – Other	5,803
			Long-Term Accounts Payable – Other	13,654
	-Manufacture Of Jet Engine Components And Delivery Thereof To JAEC	332,285	Accounts Receivable – Trade	280,013
			Allowance for Doubtful accounts (Note 4)	(16,024)
			Prepaid Expenses	10,220
			Contract Liabilities	33,221
			Investments And Other Assets (Other)	66,567
			Refund Liabilities	105,235
			Accrued Expenses	18,004
	-Payment Of A Portion Of Expenses Related To The Above	157,291	–	–

(Notes)

1. The transaction amount does not include foreign exchange gains or losses, and the ending balance includes foreign exchange gains or losses.
2. With regard to factorings, the Company, any customer and IHI Finance Support Corporation enter into a basic agreement concerning the Company’s liabilities and settle the amount.
3. The Company conducted these transactions as a representative of third parties, and amounts of transactions and trading prices were based on conditions for general transactions.
4. This allowance for doubtful accounts have been recognized for the accounts receivable that the IHI Group indirectly holds in the engine program in which the IHI Group participates through an international joint venture company for civil aero engines, based on the credit status of airlines and others.

X. Recognition of Revenue

Notes on recognition of revenue are omitted as they are stated in the Notes to the Consolidated Financial Statements.

XI. Per Share Information

1. Net Assets per Share 420.34 yen

2. Basic Profit per Share 131.36 yen

(Notes)

1. The basis for calculating basic profit per share is as follows.

Profit	139,421 million yen
Amounts For Non-Ordinary Shareholders	–
Profit Regarding Ordinary Shares	139,241 million yen
Average Number Of Ordinary Shares	1,059,967 thousand shares

2. The shares of the Company held by the trust account for the Board Benefit Trust are included in treasury shares, which are excluded in the calculation of the number of issued shares at the end of the period and the average number of shares during the period. The number of treasury shares at the end of the period excluded for the calculation of net assets per share is 3,763 thousand shares, and the average number of treasury shares during the period excluded for the calculation of profit per share is 3,745 thousand shares.

XII. Significant Subsequent Events

(Transfer of Non-current Assets)

As previously disclosed on the release dated April 20, 2026, the Company has resolved to transfer its non-current assets for the purpose of improving capital efficiency, strengthening its growth and development businesses, and securing funds for investment in the transformation of its business portfolio.

1. Description of the Assets Transferred

Details and location of assets	Gain on transfer	Type of assets
Interest in the land and building Koto-ku, Tokyo, Japan	Approximately 15.3 billion yen	Rental assets
Interest in the land and building Koto-ku, Tokyo, Japan	Approximately 24.0 billion yen	Rental assets
Total	Approximately 39.3 billion yen	-

(Notes) 1 For each of the assets, the beneficiary rights in trust will be transferred after the trust is established.

2. At the request of the transferees, the transfer prices and book values of the assets are not disclosed. In addition, the gain on transfer is approximate figures obtained by deducting the book values, transfer-related expenses, etc. from the transfer prices.

2. Schedule of Transfer

April 20, 2026: Conclusion of sales agreement, and transfer of interest in the land and buildings

3. Impact on Business Results

Due to the above-mentioned transfer of non-current assets, approximately 39.3 billion yen is expected to be recorded as extraordinary income (gain on sale of non-current assets) for the fiscal year ending March 31, 2027.

Audit Report of Accounting Auditor on Consolidated Financial Statements

(Translation)

Report of Independent Auditor

May 18, 2026

To The Board Of Directors
IHI Corporation

Ernst & Young ShinNihon LLC

Tokyo Office

Ichiro Tajima (Seal)
Certified Public Accountant
Designated And Engagement Partner

Kenji Kinoshita (Seal)
Certified Public Accountant
Designated And Engagement Partner

Issei Watanabe (Seal)
Certified Public Accountant
Designated And Engagement Partner

Audit Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and notes to consolidated financial statements of IHI Corporation (the "Company") applicable to the fiscal year from April 1, 2025 through March 31, 2026.

In our opinion, the above consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the IHI Group, which consists of the Company and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2026, in accordance with accounting standards with the omission of certain disclosure items required under Designated International Financial Reporting Standards as provided for in the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Statements

Other statements consist of the business report and the supplementary schedules. Management is responsible for the preparation and disclosure of the other statements. The Audit & Supervisory Board

Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the development and operation of the reporting process for the other statements.

Our audit opinion on the consolidated financial statements does not include the other statements, and we express no opinion on the other statements.

Our responsibility in the audit of the consolidated financial statements is to read the other statements carefully and, in the course of that reading, to consider whether there are material differences between the other statements and the consolidated financial statements or our knowledge obtained in the audit, and to pay attention to whether there is any indication of material errors in the other statements besides such material differences.

If, based on the work we have performed, we determine that there are material errors in the other statements, we are required to report those facts.

We have no other matters to report in respect to the other statements.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements pursuant to accounting standards with the omission of certain disclosure items required under Designated International Financial Reporting Standards as provided for in the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting. This includes the development, implementation, and maintenance of internal control determined necessary by management for the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Company's ability to continue as a going concern and disclosing matters related thereto as necessary based on accounting standards with the omission of certain disclosure items required under Designated International Financial Reporting Standards as provided for in the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit

of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with accounting standards with the omission of certain disclosure items required under Designated International Financial Reporting Standards as provided for in the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, as well as evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Conflicts of Interest

We or engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed in compliance with the Certified Public Accountants Act of Japan.

Audit Report of Accounting Auditor on Non-Consolidated Financial Statements

(Translation)

Report of Independent Auditor

May 18, 2026

To the Board of Directors
IHI Corporation

Ernst & Young ShinNihon LLC

Tokyo Office

Ichiro Tajima (Seal)
Certified Public Accountant
Designated and Engagement Partner

Kenji Kinoshita (Seal)
Certified Public Accountant
Designated and Engagement Partner

Issei Watanabe (Seal)
Certified Public Accountant
Designated and Engagement Partner

Audit Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity, the notes to the non-consolidated financial statements and the related supplementary schedules (the “financial statements, etc.”) of IHI Corporation (the “Company”) applicable to the 209th fiscal year from April 1, 2025 through March 31, 2026.

In our opinion, the financial statements, etc. referred to above present fairly, in all material respects, the financial position and results of operations of IHI Corporation applicable to the 209th fiscal year ended March 31, 2026 in conformity with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements, etc. section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, etc. in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Statements

Other statements consist of the business report and the supplementary schedules. Management is responsible for the preparation and disclosure of the other statements. The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors’ performance of duties within the development and operation of the reporting process for the other statements.

Our audit opinion on the financial statements, etc. does not include the other statements, and we express no opinion on the other statements.

Our responsibility in the audit of the financial statements, etc. is to read the other statements carefully and, in the course of that reading, to consider whether there are material differences between the other statements and the financial statements, etc. or our knowledge obtained in the audit, and to pay attention to whether there is any indication of material errors in the other statements besides such material differences.

If, based on the work we have performed, we determine that there are material errors in the other statements, we are required to report those facts.

We have no other matters to report in respect to the other statements.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements, etc.

Management is responsible for the preparation and fair presentation of the financial statements, etc. in accordance with accounting principles generally accepted in Japan; this includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of the financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the financial statements, etc. with the assumption of the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements, etc.

Our responsibilities are to obtain reasonable assurance about whether the financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, etc. whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the financial statements, etc. is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the financial statements, etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

required to draw attention in our auditor's report to the related notes to the financial statements, etc. or, if the notes to the financial statements, etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the presentation of the financial statements, etc. and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the financial statements, etc., including the related notes thereto, and whether the financial statements, etc. fairly represent the underlying transactions and accounting events.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Conflicts of Interest

We or engagement partners have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act of Japan.

Audit Report of the Audit & Supervisory Board

<Translation>

Audit Report

We, the Audit & Supervisory Board, having discussed the Directors' performance of duties during the 209th fiscal year, from April 1, 2025 through March 31, 2026, based on audit reports from each Audit & Supervisory Board Member, prepared the following Audit Report.

1. Methods and Contents of the Audit Implemented by Audit & Supervisory Board Members and the Audit & Supervisory Board

(1) The Audit & Supervisory Board established its audit policy, assigned responsibilities to each Audit & Supervisory Board Member in carrying out the policy, and received reports from each Audit & Supervisory Board Member on status of audit implementation and results. In addition, the Audit & Supervisory Board, when necessary, received reports and requested explanations from Directors, other executives and accounting auditors concerning the execution of their duties.

(2) Each Audit & Supervisory Board Member, in accordance with the Audit & Supervisory Board Members standard of audit, established by the Audit & Supervisory Board, as well as the audit policy and assigned responsibilities, communicated with Directors, internal audit divisions, and other employees, in order to gather information and develop an optimal audit environment, and audits were implemented as follows:

(i) Each Audit & Supervisory Board Member attended meetings of the Board of Directors and other vital meetings, received reports on the execution of duties from Directors, employees and other personnel, received reports and requested explanations from them when necessary, reviewed important documents including those subject to executive approval, and examined the conditions of assets and businesses at the head office and other major operations. With regard to the Company's subsidiaries, each Audit & Supervisory Board Member communicated and exchanged information with Directors, Audit & Supervisory Board Members, and other personnel of the subsidiaries, requested reports, and examined the conditions of assets and business when necessary.

(ii) Regarding the system for ensuring compliance of directors with laws and regulations and the Articles of Incorporation, which is described in the Business Report, and other systems established in accordance with the content of the resolution of the Board of Directors and the resolution thereof in relation to the establishment of the systems provided for in Article 100, paragraphs (1) and (3) of the Regulation for Enforcement of the Companies Act of Japan as necessary to ensure the properness of the business operations of a corporate group consisting of a stock company and its subsidiaries (internal control system), Audit & Supervisory Board Members regularly received reports from Directors, employees, and others on the status of the establishment and implementation of such systems, sought explanations, as necessary, and expressed opinions.

(iii) Furthermore, each Audit & Supervisory Board Member has monitored the accounting auditor to verify its independence and the propriety of their audit implementation, and has received reports and requested explanations when necessary. In addition, each Audit & Supervisory Board Member received a notice from the accounting auditor regarding "the system for securing appropriate execution of duties" (items listed in Article 131 of the Regulation on Corporate Accounting) has been developed in accordance with "the Standard on Quality Control Concerning Audit" (the Business Accounting Council), and requested explanations from them when necessary.

Based on the methods described above, the Audit & Supervisory Board reviewed the Business Report and its supplementary schedules, non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and notes to non-consolidated financial statements) and their supplementary schedules, along with consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity, and notes to consolidated financial statements) for the fiscal year.

2. Results of Audit

(1) Results of the audit of the business report and other documents

(i) The Business Report and its supplementary schedules accurately present the condition of the Company in accordance with applicable laws and regulations, along with the Articles of Incorporation.

(ii) With regard to the execution of Directors' duties, no misconduct nor material matters in violation of laws, regulations, or the Articles of Incorporation were found.

(iii) The content of the Board of Directors' resolution on the internal control system was found sufficient. Subsequently, with regard to the description of the internal control system in the Business Report and execution of Director's duties, nothing is to be pointed out.

As reported in the Business Report, in fiscal 2024 at our subsidiary IHI Power Systems Co., Ltd., inappropriate alterations were found in test run records, and at another subsidiary, Niigata Transys Co., Ltd., inappropriate conduct in performance testing was uncovered. In addition, it was determined that our subsidiary IHI Transport Machinery Co., Ltd. (scheduled to change its trade name to IHI Parking Square Corporation in April 2026) had engaged in conduct in violation of the Antimonopoly Act. The Company takes these matters very seriously and, in the fiscal year under review, has been working on implementing recurrence prevention measures and thoroughly reinforcing compliance. However, in light of the fact that new cases have been identified as we advance these initiatives and that our efforts are still insufficient in some respects, we are steadfastly promoting various additional measures. Specifically, we are working to further strengthen risk management, to build a framework that prevents inappropriate incidents from occurring, and to transform our organizational culture so that each and every employee treats compliance as a personal responsibility, rigorously adheres to it, and can autonomously resolve issues.

In the Audit & Supervisory Board, in view of the inappropriate cases that emerged at subsidiaries in fiscal 2024, we have provided advice and recommendations aimed at improving the organizational culture, while monitoring and reviewing the implementation of recurrence prevention measures and efforts to thoroughly reinforce compliance. Nevertheless, in light of the fact that new cases have been identified, we are once again confirming the awareness and recurrence prevention initiatives of each division, including subsidiaries. The Audit & Supervisory Board will continue to closely monitor and review whether the various measures are being fully communicated and embedded, and whether the directors are appropriately supervising their degree of establishment.

(2) Results of the audit of non-consolidated financial statements and supplementary schedules

The method and results of the audit conducted by Ernst & Young ShinNihon LLC, the Company's accounting auditor, are recognized as appropriate.

(3) Results of the audit of consolidated financial statements

The method and results of the audit conducted by Ernst & Young ShinNihon LLC, the Company's accounting auditor, are recognized as appropriate.

May 19, 2026

The Audit & Supervisory Board IHI Corporation
Tae Hozoji (Seal)
Standing Audit & Supervisory Board Member
Yasuaki Fukumoto (Seal)
Standing Audit & Supervisory Board Member
Aiko Sekine (Seal)
Outside Audit & Supervisory Board Member
Yumiko Waseda (Seal)
Outside Audit & Supervisory Board Member
Kazuhiro Muto (Seal)
Outside Audit & Supervisory Board Member