

(English Translation)

October 17, 2023

To whom it may concern,

IHI Corporation

3-1-1 Toyosu, Koto-ku, Tokyo

Hiroshi Ide, Representative Director,

President and Chief Executive Officer

(Securities Code: 7013)

Contact: Keiichi Sakamoto, General Manager

of Corporate Communication Division

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Regarding Settlement of Litigation involving IHI's Consolidated Subsidiary

On October 13, 2023 (US time), IHI Corporation's consolidated subsidiary, IHI E&C International Corporation ("IHI E&C"), settled a lawsuit with Elba Liquefaction Company, L.L.C. and Southern LNG Company, L.L.C. (collectively, the "Customers") related to costs incurred due to delay of construction of a process plant in North America.

1. History of the lawsuit from filing to settlement

Before any lawsuits were filed, IHI E&C negotiated with the Customers and, as called for in the applicable contract, pursued discussions and mediation with the Customers related to costs incurred due to delay in construction of the North American process plant, the order for which IHI E&C won from the Customers in 2016, but an agreement was not reached.

The Customers sued IHI E&C on October 23, 2020 seeking damages related to the delay. IHI E&C sued the Customers on December 4, 2020 alleging mainly breach of contract and seeking an increase of US\$227 million in contractual compensation related to increased costs due to the delay. The court subsequently consolidated the two lawsuits into one, which the parties have now settled through negotiation. The claim amount of the Customers' lawsuit was unclear, but IHI E&C received a written demand for US\$117 million as estimated damages from the Customers on December 4, 2019 in the course of discussions going on at that time.

2. IHI's Consolidated Subsidiary

- (1) Name: IHI E&C International Corporation
- (2) Location: Houston, Texas, USA
- (3) Line of Business: feasibility studies (FS), front-end and engineering design (FEED), engineering, procurement and construction (EPC) for the oil and gas industry
- (4) Paid-in Capital: US\$21,257,000
- (5) Representative: Chris Celano (CEO)

3. Settlement Counterparties

- (1) Names: Elba Liquefaction Company, L.L.C.
Southern LNG Company, L.L.C.
- (2) Location: Birmingham, Alabama, USA
- (3) Representative: Tom Martin (President)

4. Terms of Settlement

The Customers agreed to pay US\$37 million to IHI E&C.

5. Impact on IHI's Consolidated Forecast of Results for the Fiscal Year Ending March 31, 2024

IHI E&C already recognized a certain portion of its claim against the Customers as revenue based on a reasonable estimate. However, IHI E&C will likely need to recognize a loss due to the difference between the estimated and actual settlement amounts. We are analyzing the impact on IHI's consolidated forecast of results for the fiscal year ending March 31, 2024, including the amount of loss to be realized, and will announce the results as soon as they are available.

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