

October 28, 2024

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
Phone: +81-3-6204-7030

Notice Regarding the Transfer of Shares of IHI PACKAGED BOILER CO., LTD.

IHI Corporation (hereinafter "IHI") hereby announces that it has resolved to transfer its consolidated subsidiary, IHI PACKAGED BOILER CO., LTD. (hereinafter "IBK"), to TAKUMA CO., LTD. (hereinafter "Takuma") as detailed below.

1. Reasons for the transfer

IHI has categorized its group's businesses into "Growth Businesses," "Development-focus Businesses," and "Core Businesses" in the group's mid-term management plan, "Group Management Policies 2023". By allocating management resources (cash and personnel necessary for investment) generated from "Core Businesses" to "Growth Businesses" and "Development-focus Businesses" as a result of optimizing its business portfolio, IHI attempts to transform itself into a corporate structure capable of achieving sustainable high growth, as well as adapt to the rapidly changing external environment.

IBK, as a leading manufacturer of packaged boilers, develops general-purpose boiler business, which is part of "Core Business," designs, manufactures, sells, and services various types of boilers that produce steam and heat sources required in production processes of factories. In recent years, it has attempted to launch problem-solving lifecycle businesses to expand its business, as well as to adapt its products and services to non-fossil fuels towards carbon neutrality. However, the business environment has been rapidly changing due to the anticipated intensification of product development to meet the needs of carbon neutrality, as well as competition with other decentralized energy solutions such as heat pumps.

Given these circumstances, in order to achieve sustainable growth for IBK while swiftly adapting to changes in the external environment, IHI has been extensively considering a wide range of strategic options and has held numerous discussions with Takuma regarding the transfer of IBK.

Takuma, with whom IHI has signed a share transfer agreement for IBK, has been a pioneer in the boiler industry since its founding in 1938, providing all types of boilers, including industrial, power, marine, and air-conditioning boilers, which is a leading company in the fields of renewable energy utilization and environmental conservation. The Package Boiler Business, which handles packaged boilers used for various applications, is categorized as a steadily expanding revenue business in Takuma.

Based on the above considerations, IHI has concluded that it will contribute to the sustainable growth of IBK to transfer its shares to Takuma and strengthen competitiveness through mutual synergies between both companies and continuous growth investments. Therefore, IHI has resolved to proceed with this transaction.

2. Method of Transfer

IHI will transfer all issued shares of IBK that it holds to Takuma.

3. Schedule

Resolution date regarding the share transfer: October 28, 2024

Share transfer date: April 1, 2025 (scheduled)

4. Overview of the subsidiary

Name	IHI PACKAGED BOILER CO., LTD.			
Location	7th Floor, KDX Harumi Building, 3-12-1 Harumi, Chuo-ku, Tokyo, Japan			
Representative	Representative Director and President Eiji Takayanagi			
Principal Business	Design, manufacturing, sales, installation, construction supervision, technical support, equipment diagnostics, operation, maintenance services, and supply of parts and water treatment chemicals for small to medium-sized boilers, heat management equipment, energy-saving equipment, pollution prevention equipment, and ancillary facilities			
Share Capital	400 million yen			
Date of Establishment	October 16, 1978			
Number of Employees	160 (as of the end of September 2024)			
Major Shareholders and Their Shareholding Ratio	IHI Corporation 100%			
Relationship between IHI and said Company	Capital relationship	IHI holds 100% of the issued shares.		
	Personnel relationship	IHI has dispatched five officers; directors, and audit and supervisory board members.		
	Business relationship	There are transactions such as loans between IHI and the subsidiary.		
Financial results for the past 3 years				
	Fiscal year	ending March 2022	ending March 2023	ending March 2024
	Sales:	5,788 million yen	5,973 million yen	6,232 million yen

*Items other than those mentioned above are not disclosed for operational reasons.

5. Overview of the Transferee

Name	TAKUMA CO., LTD.			
Location	2-2-33 Kanrakujicho, Amagasaki, Hyogo, Japan			
Representative	President and CEO Hiroaki Nanjo			
Principal Business	Design, construction, and supervision of various boilers, mechanical equipment, pollution control plants, environmental facilities, heating and cooling, and plumbing and sanitation facilities, as well as civil engineering, architectural, and other construction projects			

Share Capital	13,367 million yen			
Date of Establishment	June 10, 1938			
Number of Employees	4,278 (consolidated, as of the end of September 2024)			
Major Shareholders and Their Shareholding Ratio	The Master Trust Bank of Japan, Ltd.	11.73%		
	Mizuho Trust & Banking Co. Re-trustee The Custody Bank of Japan, Ltd.	4.33%		
	(Trust Account) The Custody Bank of Japan, Ltd.	3.88%		
	Hikari Tsushin, Inc.	3.48%		
	STATE STREET BANK AND TRUST COMPANY 505025	3.31%		
Relationship between IHI and said Company	Capital relationship	Not applicable		
	Personnel relationship	Not applicable		
	Business relationship	Not applicable		
Financial results for the past 3 years				
	Fiscal year	ending March 2022	ending March 2023	ending March 2024
	Sales	134,092 million yen	142,651 million yen	149,166 million yen

6. Number of Transferred Shares, Transfer Price, and Ownership Status Before and After Transfer

Number of Shares Owned Before Transfer	800,000 shares (Voting Rights Ratio: 100.0%)
Number of Transferred Shares	800,000 shares
Transfer Price	The transfer price is not disclosed, however it has been determined through a fair process and is considered to reflect the company's value.
Number of Shares Owned After Transfer	0 shares (Voting Rights Ratio: 0.0%)

7. Outlook

The impact on the full-year consolidated earnings forecast is expected to be minor. IHI will promptly notify you of any matters that should be disclosed in the future.

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(Reference) Forecast of the consolidated results for the fiscal year ending March 31, 2025 (announced on August 6, 2024) and the consolidated results for the fiscal year ended March 31, 2024

International Financial Reporting Standards (IFRS) (Millions of yen)

	Revenue	Operating Profit	Profit Before Tax	Profit Attributable to Owners of Parent	Basic Earnings per Share
Forecast of the consolidated results for the fiscal year ending March 31, 2025	1,600,000	110,000	100,000	60,000	394.98 yen
Consolidated results for the fiscal year ended March 31, 2024	1,322,591	(70,138)	(72,280)	(68,214)	(450.78) yen