

November 25, 2024

To whom it may concern,

IHI Corporation
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Hiroshi Ide, Representative Director,
President, and Chief Executive Officer
(Securities Code: 7013)
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Notice Regarding the Transfer of Turf Care Machinery Business of IHI Agri-Tech Corporation

IHI Corporation (hereinafter "IHI") hereby announces that it has resolved to transfer Turf Care Machinery Business (hereinafter "Target Business") of its consolidated subsidiary, IHI Agri-Tech Corporation (hereinafter "IHI Agri-Tech"), to a newly established company (hereinafter "New Company") by means of an absorption-type company split (hereinafter referred to as the "Absorption-Type Split"), and subsequently, to transfer all shares of New Company to KYOEISHA CO., LTD. (hereinafter "Kyoeshia"), at the Board meeting held today, as detailed below.

1. Reasons for the transfer

IHI has categorized its group's businesses into "Growth Businesses," "Development-focus Businesses," and "Conventional Businesses" in the group's medium-term management plan, "Group Management Policies 2023". By allocating management resources (cash and personnel necessary for investment) generated from "Conventional 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.

Target Business, which is a part of its "Conventional Business," engages in the design, manufacturing, sales of, and related services for, turf care machineries necessary for the maintenance of sports facilities such as golf courses and football fields, parks, river embankments, and agricultural land. However, the environment surrounding Target Business has been rapidly changing as demand in the domestic market, which is a major market of Target Business, is expected to decline in the mid- to long-term due to a shrinking population, and competition with overseas companies is intensifying.

Given these circumstances, in order to ensure the sustainable growth of Target Business while swiftly adopting to changes in the external environment, IHI has been considering a wide range of strategic options and has held numerous discussions with Kyoeshia regarding the transfer of Target Business.

Kyoeshia, the transferee, has been offering lawn mowers and grass trimmers under "BARONESS" brand that has a history over 100 years globally in Asia, America, and Europe. Under its company policy of "Quality on Demand," Kyoeshia is dedicated to product development and is challenging further globalization.

Based on the above considerations, IHI concluded that transferring Target Business to Kyoeshia will enhance the added value of its products and services through mutual synergy between the two companies, which enables Target Business to expand business in the domestic and global market, and therefore, IHI has resolved to proceed with this transaction.

2. Summary of the Transfer

(1) Schedule

Resolution Date at the Board of Directors Meeting	November 25, 2024
Signing Date of Share Transfer Agreement	November 25, 2024
Establishment Date of New Company	March 2025 (Scheduled)
Signing Date of Absorption-Type Split Agreement	To be determined (after the establishment of New Company)
Effective Date of Absorption-Type Split	June 2025 (Scheduled)
Execution Date of Share Transfer	June 2025 (Scheduled)

(2) Method of Absorption-Type Split

This is an absorption-type company split where IHI Agri-Tech will be the splitting company, and New Company will be the succeeding company.

(3) Allocation Details of Absorption-Type Split

In Absorption-Type Split, the succeeding company will newly issue common stock (number of shares to be determined, hereinafter "Consideration Shares") and allocate all of them to the splitting company. Additionally, the splitting company, upon receiving the Consideration Shares from the succeeding company, will distribute all of Consideration Shares as a dividend of surplus to IHI.

(4) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights Accompanying the Absorption-Type Split

Not applicable.

(5) Changes in Capital Due to Absorption-Type Split

There will be no change in capital due to Absorption-Type Split.

(6) Rights and Obligations to be Succeeded by New Company

New Company will succeed the rights and obligations related to the assets and liabilities of Target Business as defined in the Absorption-Type Split agreement on the effective date.

(7) Prospects for the Fulfillment of Obligations

IHI has determined that there will be no problems as to whether New Company can perform its obligations after the company split.

(8) Overview of the Share Transfer

IHI plans to transfer all shares of New Company to Kyo-eisha on the execution date of the share transfer. For details regarding the transferee, please refer to "6. Overview of the Transferee".

3. Overview of the parties

	Splitting Company	Succeeding Company
Name	IHI Agri-Tech Corporation	To Be Determined
Location	1061-2, Kamiosatsu Chitose-Shi, Hokkaido	To Be Determined
Representative	Representative Director and CEO, Soichi Isomoto	To Be Determined
Principal Business	Business related to the design, manufacturing, sales, lease, installation, repair, maintenance, and preservation of agricultural machineries and turf care machineries.	Business related to the design, manufacturing, sales, lease, installation, repair, maintenance, and preservation of turf care machineries.
Share Capital	1,111 million yen	To Be Determined
Date of Establishment	April 10, 1950	March 2025 (Scheduled)
Number of Issued Shares	22,220,000 Shares	To Be Determined
Major Shareholders and Their Shareholding Ratio	IHI Corporation 100%	IHI Corporation 100%
Operating results and financial positions of said company for the last three years		
Net Assets	4,784 million yen	-
Total Assets	15,339 million yen	-
Net Assets per share	215 yen	-
Sales	15,745 million yen	-
Operating Profit	555 million yen	-
Ordinary Profit	602 million yen	-
Profit Attributable to Owners of Parent	215 million yen	-
Profit Attributable to Owners of Parent per share	9.68 yen	-

4. Overview of Target Business of Absorption-Type Split

(1) Business Description

Business related to the design, manufacturing, sales, lease, installation, repair, maintenance, and preservation of turf care machineries.

(2) Operating Performance of Target Business

Sales: 5,687 million yen

(3) Items and Book Values of the Split Assets and Liabilities

The Items and book values of the split assets and liabilities are under scrutiny.

5. Situation After Absorption-Type Split

There will be no changes as to the name, location, representative's position and name, business content, capital, or fiscal year of IHI Agri-Tech due to Absorption-Type Split.

Additionally, IHI Agri-Tech will continue to operate the agricultural machinery business as a consolidated subsidiary of IHI.

6. Overview of the Transferee

Name	KYOEISHA CO., LTD.	
Location	1-26, Miyuki-cho, Toyokawa-shi, Aichi	
Representative	Representative Director, Hidenori Hayashi	
Principal Business	Manufacture and sale of green space maintenance machines, etc. that beginning with the lawn mower	
Share Capital	300 million yen	
Date of Establishment	August 4, 1918	
Net Assets	7,688 million yen	
Total Assets	14,718 million yen	
Relationship between IHI and said Company	Capital relationship	IHI Agri-Tech owns 20,000 shares of Kyo-eisha (Voting Rights Ratio: 5.24%)
	Personnel relationship	Not applicable
	Business relationship	Not applicable

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

Number of Shares Owned Before Transfer	To Be Determined (Voting Rights Ratio: 100.0%)
Number of Transferred Shares	All Shares owned
Transfer Price	The transfer price is not disclosed due to contractual confidentiality obligations, 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 (Number of Voting Rights: 0) (Voting Rights Ratio: 0.0%)

8. Outlook

The impact on the full-year consolidated earnings forecast for the fiscal year ending March 2025 is expected to be minor.

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