(Translation)

Securities Code: 7013
June 10, 2020

To Shareholders:

IHI Corporation
1-1, Toyosu 3-chome, Koto-ku, Tokyo
Tsugio Mitsuoka
Chairman of the Board and President

NOTICE OF CONVOCATION OF THE 203RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

IHI Corporation (the "Company" or "IHI") would hereby like to inform you that the 203rd Ordinary General Meeting of Shareholders will be held on Thursday, June 25, 2020, as described below.

Recently, to prevent the spread of the novel coronavirus ("COVID-19") infections, it is required to restrain travel and the holding of large gatherings. Upon careful evaluation of the situation, we have decided to reduce the scale of this meeting and hold the meeting at our head office, TOYOSU IHI BUILDING, to prioritize our shareholders' safety. We strongly ask all shareholders to refrain from visiting the event venue to prevent the spread of infection. We appreciate your understanding and cooperation.

Please review the Reference Material for the General Meeting of Shareholders in this document and exercise your voting rights by voting form (i.e., "Form for Exercising Voting Right") or via the Internet, etc., no later than 17:30 on Wednesday, June 24, 2020.

1. Date and Time: June 25, 2020 (Thursday)
10:00 a.m. Japan Standard Time

2. Location: TOYOSU IHI BUILDING (1-1, Toyosu 3-chome, Koto-ku, Tokyo)

3. Agenda:

Matters to be Reported:

Report No.1: Report on the Business Report and the Consolidated Financial Statements for the 203rd Fiscal Year (from April 1, 2019 to March 31, 2020), 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 203rd Fiscal Year (from April 1, 2019 to March 31, 2020)

Matters to be Resolved:

Proposal No. 1: Allotment of Dividend of Surplus
Proposal No. 2: Election of Twelve (12) Directors
Proposal No. 3: Election of Audit & Supervisory Board Members

Guidance on Exercising Voting Rights

Voting rights may be exercised through the following methods:

- Exercise of Voting Rights by Voting Form

  Please exercise your voting rights by stating whether you are for or against each of the proposals on the voting form enclosed herein and return the form that it reaches us by the deadline below.

  If you do not state whether for or against a proposal when exercising your voting rights by the voting form, you shall be considered to have stated that you are for the proposal.

  Deadline: To arrive no later than June 24, 2020 (Wednesday), 5:30 p.m. (JST)

- Exercise of Voting Rights via the Internet, etc.

  There are two methods of exercising voting rights via the Internet, etc.:

  I. Scanning the QR code using a smartphone, etc. ("Smart Vote")

  II. Entering the voting code and password printed on the voting form on the voting website, using a personal computer, etc.

  Please exercise your voting rights via personal computer or smartphone by the deadline below.

  For details of the methods for exercising voting rights, please refer to the following page.

  Deadline: No later than June 24, 2020 (Wednesday), 5:30 p.m. (JST)

In Case of Repeated Exercise of Voting Rights

(a) If any voting rights are exercised redundantly both by the voting form and via the Internet, etc., 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, etc. reach us on the same day, the votes cast via the Internet, etc. shall be considered to be valid.

(b) If any voting rights are exercised via the Internet, etc. more than once, the votes cast last shall be considered to be valid.

Outline of Exercise of Voting Rights via the Internet, etc.

■ **Method 1: Scan QR Code® on "Smart Vote"**

You can simply login to the website for exercising voting rights without entering your voting code and password.

1. Scan the QR code® located on the bottom right of the voting form.

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

2. Indicate your approval or disapproval by following the instructions on the screen.

Note that your voting rights may be exercised only once by using the "Smart Vote" method.

If you need to make a correction to the content of your vote after you have exercised your voting rights, please access the website for personal computer and login by entering your voting code and password printed on the voting form, and exercise your voting rights again.

(Note) You can access the website for personal computer by scanning the QR code® again.

■ **Method 2: Enter Voting Code and Password**

Website for exercising voting rights ► https://www.web54.net

1. Access the website for exercising voting rights
2. Enter your voting code indicated on voting form
3. Enter password indicated on voting form
4. Indicate your approval or disapproval following the instructions on the screen

In case you need instructions for how to operate your personal computer/smartphone in order to exercise your voting rights via the Internet, etc., please contact:	**Sumitomo Mitsui Trust Bank, Limited Securities Agency Web Support Hotline** **[Toll Free] 0120-652-031 (only from Japan)** **(9:00 a.m. – 9:00 p.m.) (JST)**

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

Matters regarding the Reference Material for the General Meeting of Shareholders and the Attachment to the Notice of Convocation

Please be noted that we will post any amendments to the Reference Material for the General Meeting of Shareholders, or the business report, the consolidated financial statements or the non-consolidated financial statements on our website, if any such amendment is made.

IHI Website: http://www.ihi.co.jp/en/

- END -

Disclaimer:

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the Japanese original shall prevail.

Reference Material for the General Meeting of Shareholders

Proposals and Reference Matters

Proposal No. 1: Allotment of Dividend of Surplus

The Company's management policy is to contribute in building a sustainable society, aiming to boost corporate value by working together with its customers to solve various social problems, and maintaining 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 for the 203rd fiscal year will be as follows:

(i) Type of Dividend Assets
Cash

(ii) Matters Concerning the Allotment of Dividend Assets and the Total Amount
20 yen per share of the Company's Common Stock
Total amount of Dividends 2,980,385,600 yen
An interim dividend of 30 yen per share was paid, resulting in an annual dividend of 50 yen per share. The consolidated payout ratio is 59.4%.

(iii) Effective Date of Dividends
June 26, 2020

Proposal No. 2: Election of Twelve (12) Directors

The terms of office of all eleven (11) current directors will expire at the conclusion of this General Meeting of Shareholders. In that regard, approval is hereby requested for the addition of one (1) outside director and the election of twelve (12) directors, including four (4) outside directors, to further strengthen the governance system.

The candidates for the offices of directors are as follows:

Candi-date No.	Name		Current Position at IHI	Attendance at Board of Directors Meetings	Period in Office
1	Tsugio MITSUOKA	Reappointment	Chairman of the Board and President; Chief Executive Officer	18 of 18 (100%)	6 years
2	Takeshi YAMADA	Reappointment	Executive Vice President; Senior Executive Officer	18 of 18 (100%)	3 years
3	Tomoharu SHIKINA	Reappointment	Executive Vice President; Senior Executive Officer	18 of 18 (100%)	4 years
4	Masafumi NAGANO	Reappointment	Director; Managing Executive Officer	18 of 18 (100%)	2 years
5	Kouichi MURAKAMI	Reappointment	Director; Managing Executive Officer	18 of 18 (100%)	2 years
6	Taketsugu FUJIWARA	Reappointment Outside Independent	Director	17 of 18 (94%)	5 years
7	Kazuhiko ISHIMURA	Reappointment Outside Independent	Director	18 of 18 (100%)	3 years
8	Hiroshi IDE	New Candidate	Chief Operating Officer	–	–
9	Takeshi KAWAKAMI	New Candidate	Managing Executive Officer	–	–
10	Yasuhiro SHIGEGAKI	New Candidate	Managing Executive Officer	–	–
11	Yoshiyuki NAKANISHI	New Candidate Outside Independent	–	–	–
12	Chieko MATSUDA	New Candidate Outside Independent	–	–	–

Cand-idate No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at IHI, and Significant Concurrent Positions	Number of IHI Shares Owned
1	Reappointment Tsugio MITSUOKA (October 13, 1954)	Apr. 1980: Joined IHI Apr. 2010: Executive Officer; Vice President of Aero-Engine & Space Operations, IHI Apr. 2013: Managing Executive Officer; President of Aero-Engine & Space Operations and Deputy General Manager of Intelligent Information Management Headquarters, IHI Jun. 2014: Director; Managing Executive Officer; President of Aero-Engine & Space Operations and Deputy General Manager of Intelligent Information Management Headquarters, IHI Apr. 2016: President; Chief Operating Officer, IHI Apr. 2017: President; Chief Executive Officer, IHI Apr. 2020: Chairman of the Board and President; Chief Executive Officer, IHI (incumbent) Jun. 2020: Chairman of the Board; Chief Executive Officer, IHI (to be resolved) Position and Areas of Responsibility at IHI Chairman of the Board and President; Chief Executive Officer Significant Concurrent Positions Executive Director, Japan Bridge Association Number of Other Listed Companies Concurrently Serving as Officer Engaged in Business Execution: 0 Not Engaged in Business Execution: 0	10,100 Shares

Reasons for Nomination

Mr. Tsugio Mitsuoka has led the IHI Group's management since April 2016, by actively carrying out the selection and concentration of business operations and the transformation of business model in response to the changing business environment. He has also built stronger earnings foundations for the Group by bolstering the risk management and ensuring compliance. Since April this year, he has been working to further strengthen corporate governance as Chairman of the Board. In the belief that his abundant experience and insight as corporate manager will be utilized in the management of the IHI Group, the Company has nominated him 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. Tsugio Mitsuoka will have served 6 years as director of the Company.

Special Notes

There are no special interests between the Company and Mr. Tsugio Mitsuoka or the Japan Bridge Association where he concurrently serves as a representative.

Cand-idate 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 Takeshi YAMADA (July 14, 1958)	Apr. 1981: Joined IHI Jul. 2011: Manager of Planning Group, Corporate Planning Division, IHI Apr. 2014: Executive Officer; Deputy General Manager of Finance & Accounting Division, IHI Apr. 2017: Executive Officer; General Manager of Finance & Accounting Division, IHI Jun. 2017: Director; Executive Officer; General Manager of Finance & Accounting Division, IHI Apr. 2018: Director; Managing Executive Officer; General Manager of Finance & Accounting Division, IHI Apr. 2019: Executive Vice President; Senior Executive Officer, IHI (incumbent) Feb. 2020: Director, Japan Marine United Corporation (incumbent) Position and Areas of Responsibility at IHI Executive Vice President; Senior Executive Officer; Assistant to the President; In Charge of Group Finance & Accounting Number of Other Listed Companies Concurrently Serving as Officer Engaged in Business Execution: 0 Not Engaged in Business Execution: 0	1,600 Shares

Reasons for Nomination

Mr. Takeshi Yamada has accumulated a great deal of knowledge mainly in the finance & accounting field and corporate planning division, and led the Group's finance & accounting division. Since April 2019, he has worked on the Group's financial strategies and improvement in the financial condition as Executive Vice President. In the belief that his high level of insight into the Group's overall business management will be utilized in the management of the IHI Group, the Company has nominated him 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. Takeshi Yamada will have served 3 years as director of the Company.

Special Notes

There are no special interests between the Company and Mr. Takeshi Yamada.

Cand-idate No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at IHI, and Significant Concurrent Positions	Number of IHI Shares Owned
3	Reappointment Tomoharu SHIKINA (February 4, 1958)	May 1980: Joined IHI Apr. 2011: Vice President of Aero-Engine & Space Operations, IHI Apr. 2013: Executive Officer; Vice President of Aero-Engine & Space Operations and Division Director of Civil Aero-Engine Division, IHI Apr. 2016: Managing Executive Officer; President of Aero-Engine & Space Operations and Deputy General Manager of Intelligent Information Management Headquarters, IHI Jun. 2016: Director; Managing Executive Officer; President of Aero-Engine & Space Operations and Deputy General Manager of Intelligent Information Management Headquarters, IHI Apr. 2017: Director; Managing Executive Officer; President of Aero-Engine, Space & Defense Business Area, IHI Apr. 2020: Executive Vice President; Senior Executive Officer and President of Aero-Engine, Space & Defense Business Area, IHI (incumbent) Position and Areas of Responsibility at IHI Executive Vice President; Senior Executive Officer; Assistant to the President; In Charge of Business Relating to Public Relations and Investor Relations; In Charge of Business Relating to Procurement; In Charge of Business Relating to Information Management; In Charge of Group Business Process Platform and President of Aero-Engine, Space & Defense Business Area Significant Concurrent Positions President, Gas Turbine Society of Japan Number of Other Listed Companies Concurrently Serving as Officer Engaged in Business Execution: 0 Not Engaged in Business Execution: 0	4,600 Shares

Reasons for Nomination

Mr. Tomoharu Shikina has accumulated a great deal of knowledge in the aero-engine technology development field. He has been responsible for managing the global aero-engine & space business and strived to grow the business. In the belief that his abundant accomplishments, experience, and insight will be utilized in the management of the IHI Group, the Company has nominated him 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. Tomoharu Shikina will have served 4 years as director of the Company.

Special Notes

There are no special interests between the Company and Mr. Tomoharu Shikina or the Gas Turbine Society of Japan where he concurrently serves as a representative.

Cand-idate 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 Masafumi NAGANO (November 27, 1958)	Apr. 1982: Joined IHI Mar. 2006: General Manager of Labor & Safety Planning Group, Human Resources Division, IHI Apr. 2009: General Manager of Kyusyu Branch, Sales Headquarters, IHI Apr. 2012: General Manager of Human Resources Division, IHI Apr. 2014: Executive Officer; General Manager of Human Resources Division, IHI Apr. 2016: Executive Officer; General Manager of Corporate Planning Division, IHI Apr. 2018: Managing Executive Officer; President of Industrial Systems & General-Purpose Machinery Business Area, IHI Jun. 2018: Director; Managing Executive Officer; President of Industrial Systems & General-Purpose Machinery Business Area, IHI Apr. 2020: Director; Managing Executive Officer, IHI (incumbent) Position and Areas of Responsibility at IHI Director; Managing Executive Officer; In Charge of Business Relating to Corporate Planning; In Charge of Business Relating to Human Resource and Labor; In Charge of Group Safety and Health Number of Other Listed Companies Concurrently Serving as Officer Engaged in Business Execution: 0 Not Engaged in Business Execution: 0	4,000 Shares

Reasons for Nomination

Mr. Masafumi Nagano has accumulated a great deal of knowledge mainly in the human resources division. He has worked on the transformation of business model centering on the life-cycle business in the Industrial Systems & General-Purpose Machinery Business Area, which has diverse types of operations. Since April this year, he has been involved in planning management strategies, drawing on his experience in both corporate and business divisions. In the belief that his extensive experience, accomplishments, and insight will contribute to the growth of the IHI Group, the Company has nominated him 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. Masafumi Nagano will have served 2 years as director of the Company.

Special Notes

There are no special interests between the Company and Mr. Masafumi Nagano.

Cand-idate 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 Kouichi MURAKAMI (January 19, 1960)	Apr. 1985: Joined IHI Apr. 2013: Deputy General Manager of Corporate Research & Development; General Manager of Research Laboratory, IHI Apr. 2015: Vice President of Rotating Machinery Operations; Assistant General Manager of Corporate Research & Development, IHI Apr. 2016: Executive Officer; President of Rotating Machinery Operations, IHI Apr. 2017: Executive Officer; General Manager of Corporate Research & Development, IHI Apr. 2018: Managing Executive Officer; General Manager of Corporate Research & Development, IHI Jun. 2018: Director; Managing Executive Officer; General Manager of Corporate Research & Development, IHI (incumbent) Position and Areas of Responsibility at IHI Director; Managing Executive Officer; In charge of Group Engineering; In charge of Business Relating to New Corporate Businesses; General Manager of Corporate Research & Development Number of Other Listed Companies Concurrently Serving as Officer Engaged in Business Execution: 0 Not Engaged in Business Execution: 0	4,600 Shares

Reasons for Nomination

Mr. Kouichi Murakami gained experience in the research & development of materials and overall technological management in corporate research & development division. After being the manager responsible for a business division, he has led the Group's corporate research & development division and engaged in creating new businesses, drawing on his high level of insight across all technologies. In the belief that his extensive experience, accomplishments, and insight will be essential for the growth of the IHI Group, the Company has nominated him 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. Kouichi Murakami will have served 2 years as director of the Company.

Special Notes

There are no special interests between the Company and Mr. Kouichi Murakami.

Cand-idate No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at IHI, and Significant Concurrent Positions	Number of IHI Shares Owned
6	Reappointment Candidate for Outside Director Candidate for Independent Director Taketsugu FUJIWARA (February 19, 1947)	Apr. 1969: Joined Asahi Chemical Industry Co., Ltd. (now Asahi Kasei Corporation) Jun. 2000: Director, Asahi Kasei Corporation Jun. 2003: Senior Executive Officer, Asahi Kasei Corporation Oct. 2003: Presidential Executive Officer, Asahi Kasei Chemicals Corporation Apr. 2009: Vice-Presidential Executive Officer, Asahi Kasei Corporation Jun. 2009: Director, Vice-Presidential Executive Officer, Asahi Kasei Corporation Apr. 2010: President and Representative Director, Presidential Executive Officer, Asahi Kasei Corporation Apr. 2014: Vice Chairman and Director, Asahi Kasei Corporation Jun. 2015: Director, IHI (incumbent) Standing Counsellor, Asahi Kasei Corporation Jun. 2018: Counsellor, Asahi Kasei Corporation **Position and Areas of Responsibility at IHI** Director **Significant Concurrent Positions** Outside Director, SHIMADZU CORPORATION Independent Director of the Board, KOKUYO Co., Ltd. Outside Director, KONICA MINOLTA, INC. **Number of Other Listed Companies Concurrently Serving as Officer** Engaged in Business Execution: 0 Not Engaged in Business Execution: 3 Companies	0 Shares

Reasons for Nomination

Mr. Taketsugu Fujiwara gained extensive experience and broad insight at the helm of a general chemicals manufacturer, where he implemented diversified management. Aiming for these qualities to be reflected in the management of the Company, and acknowledging his proven ability in performing management oversight and monitoring functions from an independent perspective, the Company has nominated him as a candidate for outside director.

Attendance at Board of Directors Meetings

17 out of 18 (94%)

Period in office

At the conclusion of this meeting, Mr. Taketsugu Fujiwara will have served 5 years as outside director of the Company.

Policy on Independence

Some of the Company's subsidiaries have a business relationship relating to the defense business with Asahi Kasei Corporation, where Mr. Taketsugu Fujiwara previously served as a business executive. However, the transaction amount generated by this is less than 0.01% of the Company's consolidated net sales and less than 0.04% of Asahi Kasei Corporation's consolidated net sales (for the fiscal year ended March 31, 2020), which is immaterial. Therefore, this has no impact on his independence.

The Company has registered Mr. Taketsugu Fujiwara with domestic financial instrument exchanges (where the Company is listed) as independent director.

Overview of the Limited Liability Contract

The Company has concluded a contract with Mr. Taketsugu Fujiwara to limit his 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. The amount of the limitation of his liability for damages under the said contract shall be the amount stipulated by laws and regulations. If reappointment of the director is approved, the Company shall continue the aforementioned contract to limit liability with him.

Cand-idate No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at IHI, and Significant Concurrent Positions	Number of IHI Shares Owned
7	Reappointment Candidate for Outside Director Candidate for Independent Director Kazuhiko ISHIMURA (September 18, 1954)	Apr. 1979: Joined Asahi Glass Co., Ltd. (now AGC Inc.) Jan. 2006: Executive Officer; GM of Kansai Plant, Asahi Glass Co., Ltd. Jan. 2007: Senior Executive Officer and GM of Electronics & Energy General Division, Asahi Glass Co., Ltd. Mar. 2008: Representative Director and President & COO, Asahi Glass Co., Ltd. Jan. 2010: Representative Director and President & CEO, Asahi Glass Co., Ltd. Jan. 2015: Chairman, Asahi Glass Co., Ltd. Jun. 2017: Director, IHI (incumbent) Jan. 2018: Director and Chairman, AGC Inc. Mar. 2020: Director, AGC Inc. (incumbent) Apr. 2020: President, National Institute of Advanced Industrial Science and Technology (incumbent) Position and Areas of Responsibility at IHI Director Significant Concurrent Positions President, National Institute of Advanced Industrial Science and Technology Director, AGC Inc. *He is not a business executive at AGC Inc. Outside Director, TDK Corporation Outside Director, Nomura Holdings, Inc. Number of Other Listed Companies Concurrently Serving as Officer Engaged in Business Execution: 0 Not Engaged in Business Execution: 3 Companies	1,100 Shares

Reasons for Nomination

Mr. Kazuhiko Ishimura gained extensive experience and broad insight at the helm of a comprehensive materials manufacturer. Aiming for these qualities to be reflected in the management of the Company, and acknowledging his proven ability to perform management oversight and monitoring functions from an independent perspective, the Company has nominated him 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. Kazuhiko Ishimura will have served 3 years as outside director of the Company.

Policy on Independence

The Group has a business relationship involving the maintenance and sale of industrial machinery, etc. with AGC Inc., where Mr. Kazuhiko Ishimura previously served as a business executive. However, the transaction amount that business relationship generates is less than 0.2% of the Company's consolidated net sales and less than 0.01% of AGC Inc.'s consolidated net sales (for the fiscal year ended March 31, 2020), which is immaterial. Therefore, this has no impact on his independence.
The Group also has a business relationship involving the maintenance and inspection of industrial machinery, etc. with National Institute of Advanced Industrial Science and Technology, where Mr. Kazuhiko Ishimura serves as a business executive. However, the transaction amount that business relationship generates is less than 0.01% of the Company's consolidated net sales, and the Company has no history of purchases from National Institute of Advanced Industrial Science and Technology (for the fiscal year ended March 31, 2020). Therefore, this has no impact on his independence.
The Company has registered Mr. Kazuhiko Ishimura with domestic financial instrument exchanges (where the Company is listed) as independent director.

Overview of the Limited Liability Contract

The Company has concluded a contract with Mr. Kazuhiko Ishimura to limit his 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. The amount of the limitation of his liability for damages under the said contract shall be the amount stipulated by laws and regulations. If reappointment of the director is approved, the Company shall continue the aforementioned contract to limit liability with him.

(Note) Mr. Kazuhiko Ishimura has been serving as Outside Director of Nomura Holdings, Inc. since June 2018. In May 2019, the Financial Services Agency issued a business improvement order against Nomura Holdings, Inc. and its subsidiary Nomura Securities Co., Ltd. in accordance with the Financial Instruments and Exchange Act. The order was issued in response to an incident whereby information related to the listing and delisting criteria for the upper market currently under review by the Tokyo Stock Exchange's Advisory Group to Review the TSE Cash Equity Market Structure was handled improperly in the course of communicating information at Nomura Securities Co., Ltd.

Although Mr. Kazuhiko Ishimura was not aware of these facts until they were identified, he had regularly made suggestions at meetings of the Board of Directors and other occasions from the perspective of ensuring compliance. Since these facts were identified, he has urged the strengthening and enhancement of the compliance and internal control frameworks to prevent the recurrence of the same issues, fulfilling his duties as Outside Director.

Cand-idate 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	Candidate for New Director Hiroshi IDE (February 16, 1961)	Apr. 1983: Joined IHI Apr. 2010: General Manager of Corporate Sales Planning Group, Global Marketing Headquarters, IHI Apr. 2012: General Manager of Global Strategic Planning Department, Global Marketing Headquarters, 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 (incumbent) Jun. 2020: President; Chief Operating Officer, IHI (to be resolved) Position and Areas of Responsibility at IHI Chief Operating Officer and President of Resources, Energy and Environment Business Area Number of Other Listed Companies Concurrently Serving as Officer Engaged in Business Execution: 0 Not Engaged in Business Execution: 0	1,300 Shares

Reasons for Nomination

Mr. Hiroshi Ide has accumulated a great deal of knowledge mainly in the overseas marketing division for the energy and plant businesses. As Managing Director of an overseas subsidiary and subsequently as the manager responsible for a business area, he has formulated business strategies and carried out business operations with a long-term perspective for the realization of a carbon-free recycling society. Since April this year, he has led the IHI Group's management as Chief Operating Officer. In the belief that his abundant international experience, accomplishments, and insight will be utilized in the management of the IHI Group, the Company has nominated him as a candidate for director.

Special Notes

There are no special interests between the Company and Mr. Hiroshi Ide.

Cand-idate 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	Candidate for New Director Takeshi KAWAKAMI (February 23, 1964)	Apr. 1989: Joined IHI Apr. 2009: General Manager of Bridge and Road Engineering Department, Infrastructure Operations, IHI Nov. 2009: General Manager of Project Department, Engineering Division, IHI Infrastructure Systems Co., Ltd. Apr. 2011: General Manager of IZMIT Project, Overseas Project Department, IHI Infrastructure Systems Co., Ltd. Jun. 2012: Associate Director; General Manager of IZMIT Project, Overseas Project Department, Bridge and Road Construction Division, IHI Infrastructure Systems Co., Ltd. Apr. 2017: President, IHI Infrastructure Systems Co., Ltd. Apr. 2018: Executive Officer; Vice President of Social Infrastructure & Offshore Facilities Business Area, IHI and President, IHI Infrastructure Systems Co., Ltd. Apr. 2019: Executive Officer; President of Social Infrastructure & Offshore Facilities Business Area, IHI Apr. 2020: Managing Executive Officer; President of Social Infrastructure & Offshore Facilities Business Area, IHI (incumbent) Position and Areas of Responsibility at IHI Managing Executive Officer; In charge of Monozukuri System Strategy; In charge of Group Quality Assurance; President of Social Infrastructure & Offshore Facilities Business Area Number of Other Listed Companies Concurrently Serving as Officer Engaged in Business Execution: 0 Not Engaged in Business Execution: 0	1,300 Shares

Reasons for Nomination

Mr. Takeshi Kawakami has accumulated a great deal of knowledge mainly in the bridge design and construction divisions. He served as the manager responsible for many domestic and overseas projects, and subsequently as President of a company formed through the Company's acquisitions of major operators in Japan, which engages in the bridge/water gate business. He has strived to grow the social infrastructure-related business within the Group. In the belief that his abundant accomplishments, experience, and insight will contribute to the growth of the IHI Group, including the Social Infrastructure & Offshore Facilities Business Area, the Company has nominated him as a candidate for director.

Special Notes

There are no special interests between the Company and Mr. Takeshi Kawakami.

Cand-idate 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	Candidate for New Director Yasuhiro SHIGEGAKI (March 15, 1964)	Apr. 1988: Joined IHI Apr. 2012: General Manager of New Products Incubation Center, Corporate Research & Development and General Manager of Products Development Department IHI Apr. 2013: Member of the Board, IHI Ionbond AG Jul. 2016: Chairman of the Board, IHI Ionbond AG Apr. 2018: Chairman of the Board, IHI Ionbond AG, and General Manager of Heat Treatment and Surface Engineering Business Unit, Industrial Systems & General Purpose Machinery Business Area, IHI Apr. 2019: Executive Officer; Vice President of Industrial Systems & General Purpose Machinery Business Area and General Manager of Heat Treatment and Surface Engineering Business Unit, IHI Apr. 2020: Managing Executive Officer; President of Industrial Systems & General Purpose Machinery Business Area, IHI (incumbent) Position and Areas of Responsibility at IHI Managing Executive Officer; In Charge of Production Base Strategy; President of Industrial Systems & General Purpose Machinery Business Area Number of Other Listed Companies Concurrently Serving as Officer Engaged in Business Execution: 0 Not Engaged in Business Execution: 0	1,400 Shares

Reasons for Nomination

Mr. Yasuhiro Shigegaki has accumulated a great deal of knowledge mainly in the research and development division. In addition to having served as Chairman of the Board of an overseas entity that the Company acquired for the heat and surface treatment business, he has actively pursued global expansion by leading domestic and overseas group companies engaged in the business to achieve growth. In the belief that his extensive experience, accomplishments, and insight will contribute to the growth of the IHI Group, including the Industrial Systems & General-Purpose Machinery Business Area, the Company has nominated him as a candidate for director.

Special Notes

There are no special interests between the Company and Mr. Yasuhiro Shigegaki.

Cand-idate No.	Name (Date of Birth)	Brief Personal History, and Significant Concurrent Positions	Number of IHI Shares Owned
11	Candidate for New Director Candidate for Outside Director Candidate for Independent Director Yoshiyuki NAKANISHI (November 3, 1954)	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 (incumbent) Significant Concurrent Positions Chairman of the Board of Directors, DIC Corporation *He is not a business executive at DIC Corporation. Outside Director, THE JAPAN STEEL WORKS, LTD. (scheduled to be appointed in June 2020) Number of Other Listed Companies Concurrently Serving as Officer Engaged in Business Execution: 0 Not Engaged in Business Execution: 1 Company	0 Shares

Reasons for Nomination

Mr. Yoshiyuki Nakanishi has gained extensive experience and broad insight as the corporate manager of a global chemical manufacturer by implementing various measures to respond to changes in the business environment. Aiming to reflect these qualities in the management of the Company, and expecting he can carry out management oversight and monitoring functions from an independent perspective, the Company has nominated him as a candidate for outside director.

Policy on Independence

Some of the Company's subsidiaries have business relationships involving the maintenance and sale of industrial machinery, etc. with DIC Corporation, where Mr. Yoshiyuki Nakanishi previously served as a business executive. However, the transaction amount that business relationship generates is less than 0.01% of the Company's consolidated net sales, which is immaterial, and the Company also has no history of purchases from DIC Corporation (for the fiscal year ended March 31, 2020). Therefore, this has no impact on his independence.

If appointment of Mr. Yoshiyuki Nakanishi is approved, the Company plans to register him with domestic financial instrument exchanges (where the Company is listed) as independent director.

Overview of the Limited Liability Contract

If appointment of the director is approved, the Company plans to conclude a contract with Mr. Yoshiyuki Nakanishi to limit his 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. The amount of the limitation of his liability for damages under the said contract shall be the amount stipulated by laws and regulations.

Cand-idate No.	Name (Date of Birth)	Brief Personal History and Significant Concurrent Positions	Number of IHI Shares Owned
12	Candidate for New Director Candidate for Outside Director Candidate for Independent Director Chieko MATSUDA (November 18, 1964)	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 Urban Liberal Arts (now Faculty of Economics and Business Administration), Tokyo Metropolitan University (incumbent) Professor, Graduate School of Social Science (now Economics and Business Administration), Tokyo Metropolitan University (incumbent) Significant Concurrent Positions Outside Director, Hitachi Chemical Company, Ltd. (scheduled to retire in June 2020) Independent Director, Foster Electric Company, Limited Non-Executive Director of the Board, Kirin Holdings Company, Limited External Director, SATO HOLDINGS CORPORATION (scheduled to retire in June 2020) Number of Other Listed Companies Concurrently Serving as Officer Engaged in Business Execution: 0 Not Engaged in Business Execution: 4 Companies	0 Shares

Reasons for Nomination

Ms. Chieko Matsuda has gained abundant knowledge in business strategy and finance strategy through her research and studies, and broad insight through her experience as an outside director of several companies. Aiming to reflect these qualities in the management of the Company, and expecting she can carry out management oversight and monitoring functions from an independent perspective, the Company has nominated her as a candidate for outside director.

Policy on Independence

There are no special interests between the Company and Ms. Chieko Matsuda. If appointment of Ms. Chieko Matsuda is approved, the Company plans to register her with domestic financial instrument exchanges (where the Company is listed) as independent director.

Overview of the Limited Liability Contract

If appointment of the director is approved, the Company plans to conclude a contract with Ms. Chieko Matsuda to limit her 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. The amount of the limitation of her liability for damages under the said contract shall be the amount stipulated by laws and regulations.

Proposal No. 3: Election of Two (2) Audit & Supervisory Board Members

Approval is hereby requested for the election of two (2) audit & supervisory board members, as follows, since out of the five (5) current audit & supervisory board members, the terms of office of Mr. Shigeru Uesugi and Ms. Yoko Hatta will expire at the conclusion of this General Meeting of Shareholders.

Consent to submission of this proposal has already been obtained from the Audit & Supervisory Board.

The candidates for the office of audit & supervisory board members are as follows:

Cand-idate No.	Name (Date of Birth)	Brief Personal History, Position and Areas of Responsibility at IHI, and Significant Concurrent Positions	Number of IHI Shares Owned
1	Candidate for New Audit & Supervisory Board Member Takashi NIIMURA (August 6, 1960)	Apr. 1983: Joined IHI Apr. 2010: General Manager of Global Marketing Headquarters, Administration Department, IHI Apr. 2012: General Manager of Global Marketing Headquarters, Corporate Sales & Marketing Department, IHI Apr. 2013: General Manager of Chubu Branch, Sales Headquarters, IHI Apr. 2016: Executive Officer; Deputy General Manager of Sales Headquarters and General Manager of Corporate Sales & Marketing Department, IHI Apr. 2017: Executive Officer; Vice President of Industrial Systems & General-Purpose Machinery Business Area and Deputy General Manager of Sales Headquarters, IHI Apr. 2018: Executive Officer; Vice President of Industrial Systems & General-Purpose Machinery Business Area and Deputy General Manager of Global Marketing & Sales Headquarters, IHI Apr. 2019: Executive Officer; General Manager of Global Marketing & Sales Headquarters, IHI Apr. 2020: General Advisor, IHI (incumbent) Position and Areas of Responsibility at IHI General Advisor Number of Other Listed Companies Concurrently Serving as Officer Engaged in Business Execution: 0 Not Engaged in Business Execution: 0	1,900 Shares

Reasons for Nomination

Mr. Takashi Niimura has accumulated a great deal of knowledge in the sales and marketing field since joining the Company. As the manager responsible for supervising domestic and overseas branches and affiliated companies, he has carried out sales strategies from a company-wide perspective, while globally expanding operations and managing risks according to the situation in each country. In the belief that his abundant accomplishments, experience, and insight will be utilized in the effective auditing of the IHI Group, the Company has nominated him as a candidate for audit & supervisory board member.

Special Notes

There are no special interests between the Company and Mr. Takashi Niimura.

Cand-idate No.	Name (Date of Birth)	Brief Personal History, and Significant Concurrent Positions	Number of IHI Shares Owned
2	Candidate for New Audit & Supervisory Board Member Candidate for Outside Audit & Supervisory Board Member Candidate for Independent Audit & Supervisory Board Member Aiko SEKINE (May 13, 1958)	Apr. 1981: Joined Citibank, N.A., Tokyo Branch Oct. 1985: Joined Aoyama Audit Corporation Mar. 1989: Registered as Certified Public Accountant Sep. 2006: Partner, PricewaterhouseCoopers Aarata, Japan Jul. 2007: Executive Board Member, Japanese Institute of CPAs (JICPA) Jan. 2008: Board Member, International Ethics Standards Board for Accountants (IESBA), International Federation of Accountants Jul. 2010: Deputy President, JICPA Jul. 2016: Chairman and President, JICPA Jan. 2019: Member of the Nominating Committee, International Federation of Accountants (incumbent) Jul. 2019: Advisor, JICPA (incumbent) Significant Concurrent Positions Certified Public Accountant Outside Director, ORIX Corporation (scheduled to be appointed in June 2020) Outside Audit & Supervisory Board Member, Sumitomo Riko Company Limited (scheduled to be appointed in June 2020) Number of Other Listed Companies Concurrently Serving as Officer Engaged in Business Execution: 0 Not Engaged in Business Execution: 0	0 Shares

Reasons for Nomination

Ms. Aiko Sekine has accumulated abundant experience and insight as Partner of PricewaterhouseCoopers Aarata, Japan, and Chairman and President of JICPA. Expecting these qualities and her independent perspective to be reflected in the management auditing operations of the Company, the Company has nominated her as a candidate for outside audit & supervisory board member.
Although she has not been involved in company management, the Company has judged that she can execute her duties as an outside audit & supervisory board member appropriately for the above-mentioned reasons.

Policy on Independence

There are no special interests between Ms. Aiko Sekine and the Company. If appointment of Ms. Aiko Sekine is approved, the Company plans to register her with domestic financial instrument exchanges (where the Company is listed) as independent audit & supervisory board member.

Overview of the Limited Liability Contract

If appointment of the audit & supervisory board member is approved, the Company plans to conclude a contract with Ms. Aiko Sekine to limit her 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. The amount of the limitation of her liability for damages under the said contract shall be the amount stipulated by laws and regulations.

*The name of Ms. Aiko Sekine in the family register is Aiko Sano.

<Reference>

Basic Views on Governance

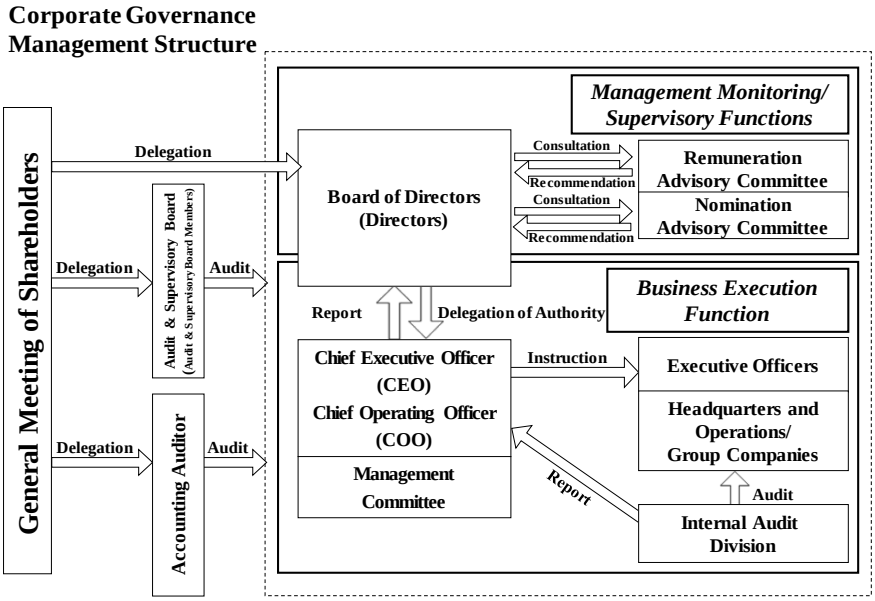
The Company defines corporate governance as a system that assures sustainable growth and maximization of corporate value by enhancing management efficiency so that the Company can leverage its innate capabilities to the fullest extent possible. To achieve this, the Company targets efficient and appropriate internal decision-making by clearly separating management monitoring and supervisory 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 monitoring and supervisory 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 their business execution. 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.

Executive Officer System

The Company has an executive officer system to strengthen the decision-making and supervisory functions of the Board of Directors, as well as to improve the efficiency of business operations. Executive officers are appointed by resolution of the Board of Directors. Under the Chief Executive Officer (CEO), the Chief Operating Officer (COO) manages the duties of the executive officers, giving directions and supervision. The executive officers follow the COO's directions to execute their assigned duties.

The Management Committee, which consists of members appointed by the CEO, supports the CEO's decision-making and business execution.

Executive Structure

The current executive structure consists of 11 directors (three (3) of whom are outside directors), five (5) audit & supervisory board members (three (3) of whom are outside audit & supervisory board members) and 20 executive officers (five (5) of whom are executive officers who concurrently serve as director). If Proposals No. 2 and No. 3 are approved in its original form, the executive structure will consist of 12 directors (four (4) of whom will be outside directors), five (5) audit & supervisory board members (three (3) of whom will be outside audit & supervisory board members) and 20 executive officers (eight (8) of whom will be executive officers who concurrently serve as director).

Remuneration Advisory Committee

The Company established the Remuneration Advisory Committee as the optional committee. To ensure that director remuneration is appropriate, the Remuneration Advisory Committee comprises six (6) members: three (3) outside directors and one (1) outside audit & supervisory board member, the director in charge of human resources, and the director in charge of finance and accounting, with an outside director serving as the committee chairperson.

Nomination Advisory Committee

The Company established the Nomination Advisory Committee as the optional committee. To provide supervision and advice on nomination of directors and audit & supervisory board members by the representative director, the Nomination Advisory Committee comprises four (4) members: the president and CEO, and three (3) outside directors, with the president and CEO serving as the committee chairperson.

When Proposal No. 2 is approved in its original form, the Nomination Advisory Committee will comprise six (6) members, including four (4) outside directors, the president, and CEO.

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 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 principles 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 net sales in the most recent fiscal year) · Major suppliers to the IHI Group (with transactions valued at 2% or more of the supplier's consolidated net sales 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.

Policy on Determination of Remuneration for Officers

Basic Policy on Determining Remuneration of Directors (Excluding Outside Directors) and Executive Officers

(1) 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.

(2) Remuneration shall be structured with the appropriate allocation of an annual incentive (performance-based bonuses), which is linked to the operating performance of each fiscal year, and a medium- and long-term incentive (performance-based 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.

(3) 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.

Remuneration Level and Allocated Ratios of Remuneration

(1) The Company shall regularly survey objective market data on remuneration researched by an external specialized institution, and set an appropriate remuneration level.

(2) In consideration of the Company's business characteristics, effectiveness of incentive remuneration, etc., total amount of remuneration shall be allocated at approximate proportions of 60%, 20%, and 20% to (i) a fixed base amount, (ii) an annual incentive (performance-based bonuses) to be provided upon the achievement of the targeted performance, and (iii) a medium- and long-term incentive (performance-based share remuneration) provided upon the achievement of the targeted performance respectively.

Framework of Incentive Remuneration

(1) The monetary amount of an annual incentive to be provided every fiscal year shall vary, depending on the achievement level, within an approximate range of from 0 to 200 under the assumption of providing the amount of 100 upon the achievement of the targeted performance. Performance evaluation indicators shall be those such as profit attributable to owners of parent, which is aimed at sharing the interests of shareholders, profitability which is emphasized in Group Management Policies 2019 (consolidated operating profit margin and operating profit margin of responsible business areas), and individual evaluation indicators corresponding to tasks assigned to each executive, and be reviewed as necessary upon changes in management environment, executives' duties, etc.

(2) The number of shares to be delivered every fiscal year as a medium- and long-term incentive shall vary, depending on the achievement level, within an approximate range of from 0 to 150 under the assumption of providing 100 shares upon the achievement of the targeted performance. The Performance Evaluation Period shall be three fiscal coming years, and performance goals for the final fiscal year of the Performance Evaluation Period shall be established in the initial fiscal year of the Performance Evaluation Period. The performance evaluation indicator shall be consolidated ROIC (return on invested capital), as emphasized in Group Management Policies 2019, and changes in the indicator, if necessary, shall be taken into consideration when reviewing the Group management policies.

Procedures for Determining Remuneration

To ensure appropriateness and objectivity in determining the remuneration of directors and executive officers, the Company has an optional body, the Remuneration Advisory Committee which is organized by six (6) members of three (3) outside directors, one (1) outside audit & supervisory board member, the director in charge of human resources, and the director in charge of finance and accounting under the chair of an outside director. The Committee shall examine and report remuneration related to directors and executive officers, and the Board of Directors shall make decisions.

Remuneration of Outside Directors and Audit & Supervisory Board Members

Remuneration of outside directors shall consist only of a base amount in the light of their duties.

Remuneration of audit & supervisory board members shall consist only of a base amount, 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.

- END -

(Attachment)

Business Report

(From April 1, 2019 to March 31, 2020)

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, Japan's economy remained stable overall supported by improvements in the employment situation as seen from work style reforms, as well as income situation, robust corporate performance, among other factors. In the global economy, while overall moderate growth continued, business conditions in China and Europe were in a slowdown trend and, in the political side, the unstable situation remained from problems including the trade friction between the U.S. and China, the issue of the U.K. regarding leaving EU, and heightened geopolitical risks. After January 2020, the global spread of the COVID-19 caused temporary shutdowns of manufacturing activity and decline in consumption, affected by travel restrictions. As a result, the economies among Japan and the globe have been in a rapid downturn and an extremely severe condition.

In the current situation where convergence of the spread of COVID-19 cannot be predicted, the IHI Group, while giving top priority to the safety and health of all stakeholders including employees and their families, will continue to carry out its business activities while taking measures preventing the spread of infection, such as thoroughly implementing the "work from home" model.

● Operating Results

In the fiscal year under review, orders received decreased 1.8% from the previous fiscal year to ¥1,373.9 billion. Net sales decreased 6.5% from the previous fiscal year to ¥1,386.5 billion.

In terms of profit, operating profit decreased by ¥21.6 billion to ¥60.7 billion due mainly a decrease of delivery in Europe regarding the vehicular turbochargers business. In addition, a downturn of sales in the boiler business and the power plant business, and a downturn of sales caused by making its inspection process more stringent in the civil aero engines business and additional program costs in this business. Ordinary profit decreased by ¥33.4 billion to ¥32.2 billion, which is a further down of profit margin than operating profit, due mainly to share of loss of entities accounted for using equity method caused by downturn in the operating performance of IHI's affiliate Japan Marine United Corporation. Profit attributable to owners of parent was ¥12.8 billion, a decrease of ¥27.0 billion.

[Earnings Highlights (Consolidated)]

	202nd Fiscal Year		203rd Fiscal Year	
	Amount (Billions of yen)	%	Amount (Billions of yen)	%
Orders Received	1,399.2	46	1,373.9	50
Net Sales	1,483.4	48	1,386.5	48
Operating Profit	82.4	–	60.7	–
Ordinary Profit	65.7	–	32.2	–
Profit Attributable to Owners of Parent	39.8	–	12.8	–
Order Backlog	1,478.2	39	1,462.0	41

(Note) The % column shows the overseas ratio.

- **Interim Dividend**

The Company's interim dividend for the first half of the fiscal year under review was 30 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), boilers, plants (storage facilities, chemical plants and pharmaceutical plants), nuclear power (components for nuclear power plants)

The movement to respond to climate change and the world's shift towards carbon-free societies are accelerating. In accordance with this, the issues facing societies and our customers are becoming more diversified, and energy management for the diffusion of renewable energy and distributed power sources, as well as stable energy supplies, is also strongly required.

In this business area, the IHI Group has undertaken initiatives to put in place the social infrastructure required for stable supply of energy, and to provide optimized and integrated solutions by region and by customer through the promotion of the effective use of exhaustible resources, of the use of renewable and distributed energy, and the utilization of renewable resources in preparation for the shift to carbon-free, recycling societies.

Business Topics

Order Received for Converting a Power Generation Boiler to a Combust Wood Biomass Exclusively

The Company received an order from Suzukawa Energy Center Ltd. for the conversion of a power generation boiler at Suzukawa's thermal power plant to use wood biomass exclusively as fuel. This project is Suzukawa's ongoing initiative aimed at using woody biomass as a single fuel source, and will be the first PC-fired boiler*1 in Japan to be converted exclusively to combust wood biomass.

As a carbon-neutral*2 fuel, wood biomass is expected to facilitate the realization of a low-carbon economy for climate change prevention. The Company aims to reduce CO_2 emissions of its customers around the world by 50% over the long term. Going forward, the IHI Group will continue to contribute to realizing a carbon-free, recycling-based society by actively expanding its businesses as it works on such initiatives as developing environmentally friendly woody biomass combustion technology, further improving the efficiency of power generation facilities, and developing approaches to capturing, storing, and converting CO_2 into a valuable resource.

*1 PC-fired boiler: Boiler using pulverized coal (PC) as its fuel.

*2 Carbon neutral: A state where carbon dioxide emission is balanced out by the amount of carbon dioxide emitted, resulting in zero carbon emissions.

○ **Social Infrastructure and Offshore Facility**

Main Businesses

Bridges/water gates, transport systems, shield systems, concrete construction materials, urban development (real estate sales and rental)

Domestically, as a result of the recent intensification in disasters and the progressive deterioration of infrastructure, demand for measures to make infrastructure more robust and to extend its life is rising sharply, and the trend toward a maintenance business is accelerating. Internationally, from perspectives of environmental considerations and improved efficiency of investment in infrastructure, concession businesses that take a comprehensive approach to everything from design and construction to operation and maintenance are becoming more common, and projects for road and bridge construction, which include bridges and tunnels, are moving ahead.

In this business area, the IHI Group is working on initiatives to roll out and expand life-cycle businesses, which include planning, operation, maintenance and conservation, primarily of bridges and tunnels, both domestically and internationally to offer robust and sustainable social infrastructure systems.

Business Topics

Orders Received for Myanmar's East-West Economic Corridor Improvement Project

IHI Infrastructure Systems Co., Ltd., an IHI subsidiary, received orders from the Department of Bridge under the Ministry of Construction of the Republic of the Union of Myanmar for the construction and dismantling of the Gyaing Zathabyin and Atran Bridges, and the dismantling of the Gyaing Kawkareik Bridge.

Implemented as part of the East-West Economic Corridor Improvement Project under the Japanese government's official development assistance loan contracts, this project is designed to build safe and fast distribution and passenger transport networks between Myanmar and Thailand, its major trade partner, by constructing international arterial roads connecting Vietnam, Laos, Thailand, and Myanmar, thereby facilitating and promoting distribution and trade in Myanmar and the Mekong area, as well as contributing to economic development.

The IHI Group will leverage the technologies it has developed over the years to build a safe and secure social infrastructure with the aim of contributing to the development of countries around the world.

○ **Industrial System and General-Purpose Machinery**

Main Businesses

Vehicular turbochargers, parking, rotating machineries (compressors, separation systems, turbochargers for ships), thermal and surface treatment, transport machineries, logistics/industrial systems (logistics systems, industrial machineries), agricultural machineries, paper-making machineries

There is a concern that situations including the global market slowdown in the automotive industry, that began in China, the associated slump in related components industries, and the prolonged stagnation of economic activity incurred by the spread of COVID-19 will have a significant impact on this business area, especially on our automotive related businesses. The IHI Group is working to minimize the impact and making preparations to facilitate a rapid restart when the recovery phase begins.

In this business area, we are realizing the development of efficient industrial infrastructure by pursuing, together with the customers, optimized operations throughout the life cycle.

Business Topics

Preventing Infection Using Ozone Systems

The IHI Group is working on infection control for new strains of bacteria and viruses from aspects such as air cleaning and medical equipment disinfection.

In 1996 an IHI subsidiary, IHI Agri-Tech Corporation, obtained regulatory approval from the Ministry of Health, Labour and Welfare for its ozone disinfection system. The company has prevented hospital-acquired infections, and has contributed to prevent infection in railroad, bus, and other transport vehicles, as well as in schools, nursing homes, and other facilities where there are a large number of compromised hosts, not to mention facilities that are open to the general public, such as hotels.

In addition to offering its key product, endoscope sterilizers for infection control, to medical facilities, IHI Agri-Tech sells tabletop autoclaves and compact automatic washer-disinfectors, which are designed to thoroughly clean, disinfect, and sterilize equipment used for surgery, treatment, etc.

The IHI Group is moving forward with technology research and product development on infection control to meet the various needs of medical facilities, etc. for controlling infection.

○ **Aero Engine, Space and Defense**

Main Businesses

Aero engines, rocket systems/space utilization systems, defense systems

The current global spread of COVID-19 evokes the drastic decline in demand for international aero transportation and the deterioration of operating performance and financial position of airlines, and it is supposed that the recovery of the market will take a certain amount of time. In the situation that our business will inevitably be affected by decreases in sales of aero engines and spare parts, we are reviewing production system to meet the changes of demand and shifting resources. Moreover, our aero engines are mounted on relatively new type aircrafts, and due to their superiority in operating costs such as fuel efficiency, it is expected that operation will be resumed preferentially and earnings in the aftermarket will recover rapidly.

In this business area, we will give top priority to strengthening responses to the aftermarket field in order to fully support the resumption of aircraft operations by customers in the recovery period of demand for aero transportation.

Business Topics

Development of Electric Aircraft Technologies Aimed at Reducing Aviation CO2 Emissions

The Company is working on various research and development projects with the aim of materializing the More Electric Architecture for Aircraft and Propulsion (MEAAP) concept, designed to dramatically increase aircraft fuel efficiency and reduce CO2 emissions.

The focus of MEAAP extends beyond individual component electrification to encompass total system optimization through technological innovations, such as a cooling system that takes cabin air, which would have otherwise been exhausted from the aircraft, and uses it to cool onboard power electronics. A major challenge in making MEAAP a reality is managing the heat generated by an electric generator and power electronics that can accommodate increased electrical power demand. The Company was the first in the world to develop an electric machine (250 kW) that can be mounted at the rear of an engine and an air-cooling system for 100 kW-class onboard power electronics.

The Company will aim to realize the MEAAP concept in the 2030s, and continue to move forward with research and development, including studies on electric machines with further higher power density.

(2) Financing

The Company carried out financing by means of the 43rd to 45th issues of unsecured bonds totaling ¥30.0 billion, long and short-term borrowings, and commercial papers for the purposes of repaying borrowings, redeeming bonds, allocating funds for working capital, securing liquidity on hand to prepare itself for the spread of COVID-19, and other purposes.

As a result, the balance of interest-bearing liabilities at the end of the fiscal year under review totaled ¥488.1 billion, up ¥133.0 billion from the previous fiscal year.

(3) Capital Investment

With regard to capital investment activities, total capital investment for the fiscal year under review was ¥80.6 billion, which was allocated to additional factory construction in order to increase production of new models of civil aero engines as well as new manufacturing facilities for the maintenance business in the Aero Engine, Space and Defense Business, and production facilities for the bridges/water gates business as well as assets for rent for the urban development business in the Social Infrastructure and Offshore Facility Business.

(4) Status of Important Business Reorganizations, Etc.

1) On April 1, 2019, the Company transferred its businesses of designing, manufacturing, sales plants and peripheral businesses to its wholly owned subsidiary IHI Plant Construction Co., Ltd. via a company split. Effective the same date, the said company absorbed IHI Plant Engineering Corporation through a merger and changed its name to IHI Plant Services Corporation.
2) On July 1, 2019, the Company transferred its power systems business centered on gas turbines for aircraft conversion to its wholly owned subsidiary Niigata Power Systems Co., Ltd. via a company split. Effective the same date, the said company absorbed Diesel United, Ltd. through a merger and changed its name to IHI Power Systems Co., Ltd.
3) On October 1, 2019, the Company absorbed its wholly owned subsidiary IHI Enviro Corporation through a merger.
4) On March 31, 2020, the Company transferred 20% of its 65% stake in IHI Investment for Aero Engine Leasing LLC, a specified subsidiary investing in a specialist engine leasing company under the civil aircraft engine program in which the Company participates.

(5) Issues to be Addressed

1) Impacts of the spread of COVID-19

The impacts of COVID-19 have continued to worsen since the end of the fiscal year under review, and prudent measures to prevent infection are still required, while the path toward a global economic recovery continues to remain elusive at the moment. While the IHI Group continues to carry out its business activities with due attention given to preventing the virus' spread as it fulfills its responsibility to supply products and services, it expects that its operations in fiscal 2020 and onward could be impacted in the ways described below.

- Civil Aero Engines Business

As airline companies have suspended operations or reduced flights due to a sharp decline in global air traffic demand, aircraft and engine manufacturers have taken corresponding measures, such as adjusting operations and cutting back investments. Our sales of civil aero engines and spare parts are expected to decrease due to the impact of such situation, and we are reviewing production system to meet the changes of demand and implementing other measures. On the other hand, it is expected that operation of aircrafts mounted our aero engines will be resumed preferentially, due to their superiority in operating costs such as fuel efficiency. We will give top priority to strengthening responses to the aftermarket field in order to support the resumption of aircraft operations by customers in the recovery period of demand for aero transportation.

- Vehicular Turbochargers Business

The global impact on the automotive industry, that began in China, has affected the vehicular turbochargers business for the fiscal year under review. In a situation where world-wide decreases in demand for automotive is supposed, we are working to minimize the impact on our automotive related businesses, ultimately making preparations to facilitate a rapid restart when the recovery period of demand for automotive begins.

- Other Businesses

Although our performance may be impacted by a drop in orders due to a declining appetite for investing in new equipment, we expect demand for after-sales services, designed to prolong the life of existing equipment and improve its efficiency, to grow and will work quickly to shift our human resources to these growth areas with the aim of expanding the lifecycle businesses.

2) Other Initiatives

- The IHI Group has made organization-wide efforts to implement recurrence prevention measures in response to inadequate inspections of civil aircraft engines that were carried out at the Aero-Engine Works last year. We continue to focus on ensuring quality and compliance as we build a stronger corporate culture that is devoted to uncompromising quality assurance and compliance.
- Our efforts to prevent a further decline in large-scale projects have paid off as a result of carefully screening project estimates and ensuring project monitoring, which put the brakes on the downturn. On the downside, we have seen downturns in some small to medium-scale projects, so we are continuing our efforts regardless of project size.

- Japan Marine United Corporation, an IHI affiliate accounted for by the equity method, reached an agreement with Imabari Shipbuilding Co., Ltd. on March 31, 2020 to form a capital alliance and establish a joint venture. Through this business alliance, Japan Marine United Corporation will leverage Imabari Shipbuilding's super eco-friendly technologies to lead the market and help the joint venture implement drastic reforms aimed at improving production efficiency and building optimal production systems in order to facilitate its independent corporate operations.

3) Key FY 2020 Initiatives

Anticipating that COVID-19 will have prolonged and extensive impacts on its operations, the Company has scaled back remuneration for directors and executive officers and will quickly implement all possible measures to deal with the situation, including cutting back capital expenditures, reducing research and development expenses, and adjusting production levels.

Rather than temporarily conducting emergency measures, these will be ongoing efforts that we will ramp up with the aim of restoring and restructuring existing businesses that need to be addressed. We will act boldly and swiftly to shift resources to growth areas and profitable businesses to transform our management culture into one that is strong, flexible, and able to help us realize a new business structure in "Post-COVID-19".

In fiscal 2019 the IHI Group launched the Group Management Policies 2019 medium-term management plan aimed at realizing a sustainable society from a long-term perspective. We continue to look into growth businesses that will be our core operations in the future as part of our efforts to overhaul our business strategies in the light of significant changes that the spread of COVID-19 is bringing to society and industries, and will announce the outcomes of these efforts in the second half of fiscal 2020.

We would like to ask for your continued understanding and support.

Forecasts of Consolidated Results for Fiscal 2020 and Dividend Forecast

The forecasts are undetermined, since it is difficult to calculate a reasonable impact amount from the spread of COVID-19 at this time (disclosed on May 19, 2020). Hereafter, once it become possible to determine the forecasts, we will announce them promptly.

(6) Changes in Assets and Profit/Loss

(Millions of Yen)

Item	200th Fiscal Year	201st Fiscal Year	202nd Fiscal Year	203rd Fiscal Year
Orders Received	1,389,885	1,505,010	1,399,242	1,373,995
Net Sales	1,486,332	1,590,333	1,483,442	1,386,503
Ordinary Profit	22,011	21,425	65,749	32,251
Profit Attributable to Owners of Parent	5,247	8,291	39,889	12,812
Basic Earnings per Share (Yen)	33.98	53.71	258.53	84.21
Total Assets	1,692,831	1,633,488	1,664,529	1,740,782
Net Assets	337,630	350,217	381,692	353,746
ROE (Return on Equity) (%)	1.6	2.6	11.8	3.8

(Notes)

1. The Company conducted a consolidation of common shares on a 10 for 1 basis (ratio of 1 new share for every 10 old shares) with an effective date of October 1, 2017. Basic earnings per share have been calculated under the assumption that this consolidation of common shares was conducted on the beginning of the 200th fiscal year.
2. The Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances from the beginning of the 202nd fiscal year. Accordingly, the amount of total assets for the 201st fiscal year has been restated retroactively in accordance with the Standard.
3. Profit attributable to owners of parent / Average of ending equity for the previous and current years

(7) Main lenders of Corporate Group (As of March 31, 2020)

(Millions of Yen)

Lender	Amount
Mizuho Bank, Ltd.	55,988
Sumitomo Mitsui Trust Bank, Limited	39,743
Sumitomo Mitsui Banking Corporation	39,511
The Yamaguchi Bank, Ltd.	17,000
The Hachijuni Bank, Ltd.	15,425
MUFG Bank, Ltd.	11,529
The Hiroshima Bank, Ltd.	11,404
THE NISHI-NIPPON CITY BANK, LTD.	10,704
The 77 Bank, Ltd.	9,140
The Shizuoka Bank, Ltd.	8,776

(8) Main Sales Offices and Works (As of March 31, 2020)

Head Office	1-1, Toyosu 3-chome, Koto-ku, Tokyo
Sales Offices	Hokkaido Branch (Chuo-ku, Sapporo-city) Tohoku Branch (Aoba-ku, Sendai-city) Hokuriku Branch (Toyama-city, Toyama) Chubu Branch (Nakamura-ku, Nagoya-city) Kansai Branch (Kita-ku, Osaka-city) Chugoku Branch (Naka-ku, Hiroshima-city) Shikoku Branch (Takamatsu-city, Kagawa) Kyushu Branch (Chuo-ku, Fukuoka-city)
Overseas Representative Offices	PARIS, MOSCOW, ALGERIA HANOI, DUBAI, JAKARTA BANGKOK, SEOUL, BEIJING TAIPEI, NEW DELHI, KUALA LUMPUR ISTANBUL, ROME
Main Overseas Companies	IHI Americas Inc. (U.S.A.) IHI ASIA PACIFIC PTE. LTD. (Singapore) IHI (Shanghai) Management Co., Ltd. (China) IHI Europe Ltd. (U.K.)
The Main Works in Japan	Mizuho Aero-Engine Works (Mizuho-machi, Nishitama-gun, Tokyo) Soma No.1 Aero-Engine Works/Soma No.2 Aero-Engine Works (Soma-city, Fukushima) 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 Engine Plant (Higashi-ku, Niigata); Niigata Foundry Plant (Higashi-ku, Niigata); Niigata Gas Turbine Plant (Seiro-machi, Kitakanbara-gun, Niigata) IHI Infrastructure Systems Co., Ltd.: Sakai Works (Sakai-ku, Sakai-city) IHI Construction Service Co., Ltd.: Ibaraki No.1 Works/No.2 Works (Namegata-city, Ibaraki); Shizuoka Works (Shimada-city, Shizuoka) Niigata Transys Co., Ltd.: Niigata Works (Seiro-machi, Kitakanbara-gun, Niigata) IHI Agri-Tech Corporation: Chitose Works (Chitose-city, Hokkaido); Matsumoto Works (Matsumoto-city, Nagano) IHI Transport Machinery Co., Ltd.: Numazu Works (Numazu-city, Shizuoka); Yasuura Works (Kure-city, Hiroshima) IHI Rotating Machinery Engineering Co., Ltd.: Tatsuno Works (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. Locations of main subsidiaries of the Company are as provided in "(10) Main subsidiaries".
2. On April 1, 2019, IHI Americas Inc. was established as new regional headquarters taking over the operations of IHI Inc. (in the U.S.A.).

(9) Employees (As of March 31, 2020)

Business Segment	Number of Employees
Resources, Energy and Environment	6,812
Social Infrastructure and Offshore Facilities	2,399
Industrial Systems and General-Purpose Machinery	10,079
Aero Engine, Space and Defense	6,684
Others	2,014
Corporate (Company-Wide)	976
Total	28,964

(322 decrease compared to March 31, 2019)

(10) Main Subsidiaries (As of March 31, 2020)

Company Name	Location	Capital	Voting Interest of the Company (Note 1)	Main Business
IHI AEROSPACE CO., LTD.	Koto-ku, Tokyo	5,000 Million Yen	100.00 %	Manufacture, Sale, And Repair Of Space Development Equipment And Rocket Vehicles
IHI Power Systems Co., Ltd. (Note 2)	Chiyoda-ku, Tokyo	3,000 Million Yen	100.00 %	Manufacture And Sale Of Internal Combustion Engines, Gas Turbine Engines And Marine Equipment

Company Name	Location	Capital	Voting Interest of the Company (Note 1)	Main Business
Meisei Electric Co., Ltd.	Isesaki-city, Gunma	2,996 Million Yen	51.02 %	Manufacture And Sale Of Communication, Electronic, Electric Measuring, Information Processing Machines And Other Instruments And Equipment, In Addition To Construction Design, Construction Work And Other Incidental Services
IHI Transport Machinery Co., Ltd.	Chuo-ku, Tokyo	2,647 Million Yen	100.00 %	Design, Manufacture, Sale, Installation, Maintenance, And Repair Of Parking Systems, Materials Handling Equipment, And Transport And Distribution Plants
IHI Agri-Tech Corporation	Chitose-city, Hokkaido	1,111 Million Yen	100.00 %	Development, Manufacture, And Sale Of Agricultural Machinery, Turf-Grass And Lawn Maintenance Equipment, Engines, Disinfecting/Deodoriz-Ing Equipment, 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 Infrastructure Systems Co., Ltd.	Sakai-ku, Sakai-city	1,000 Million Yen	100.00 %	Design, Manufacture, Sale, Maintenance And Repair Of Bridges, Water Gates, Etc.

Company Name	Location	Capital	Voting Interest of the Company (Note 1)	Main Business
Niigata Transys Co., Ltd.	Chiyoda-ku, Tokyo	1,000 Million Yen	100.00 %	Manufacture And Sale Of Rolling Stock, Industrial Vehicles And Machines For Snow Removal
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 %	Sales, Design, Manufacturing, Procurement, Construction, Installation, Conversion And Repair Related To Logistics Equipment, Fa Equipment And Industrial Equipment, In Addition To Repair And Maintenance Services For Parts And Equipment
IHI Plant Services Corporation (Note 3)	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 INC.	U.S.A.	92,407 Thousand US Dollars	100.00 %	Sale And Order Procurement Of Various Plant, Machinery And Maintenance Of Aircraft Engine
IHI Power Generation Corporation	U.S.A.	38,250 Thousand US Dollars	100.00 %	Investment In Biomass Power Generation Business

Company Name	Location	Capital	Voting Interest of the Company (Note 1)	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
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
IHI E&C International Corporation	U.S.A.	21,257 Thousand Us Dollars	100.00 %	Feasibility Study, Front End Engineering Design, And Engineering, Procurement, And Construction Businesses In Oil And Gas Field
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	Germany	15,000 Thousand Euro	100.00 %	Design, Development, Manufacture And Sale Of Vehicular Turbochargers
IHI ASIA PACIFIC PTE. LTD.	Singapore	22,459 Thousand Singapore Dollars	100.00 %	Order Procurement, Business Support, Purchase And Sale Agent (Regional Headquarters)
I&H Engineering Co., Ltd.	Myanmar	12,238 Thousand Us Dollars	60.00 %	Design, Engineering, Manufacture And Construction Services Of Concrete Products

Company Name	Location	Capital	Voting Interest of the Company (Note 1)	Main Business
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 Transport Machinery Taiwan Corporation	Taiwan	250,000 Thousand Taiwan Dollars	100.00 %	Manufacture, Sale And Maintenance Of Large Transport Machinery
IHI Turbo America Co.	U.S.A.	7,700 Thousand US Dollars	100.00 %	Manufacture And Sale Of Vehicular Turbochargers
IHI TURBO (THAILAND) CO., LTD.	Thailand	260,000 Thousand Thai Baht	90.00 %	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
IHI Southwest Technologies, Inc. (Note 4)	U.S.A.	5,800 Thousand US Dollars	100.00 %	Nondestructive Testing Services For Nuclear Power Plants, Petrochemical Plants, And Thermal Power Plants
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
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
IHI (Shanghai) Management Co., Ltd.	China	2,100 Thousand US Dollars	100.00 %	Sale, Order Procurement And Purchase Of Various Industrial Equipment, Technical Support Including Maintenance And Engineering, Provision Of Shared Services (Regional Headquarters)

Company Name	Location	Capital	Voting Interest of the Company (Note 1)	Main Business
IHI Americas Inc. (Note 5)	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 Aero Engines US Co., Ltd. (Note 6)	U.S.A.	0 Thousand US Dollars	89.50 %	Investment In Civil Aircraft Engine Program

(Notes)

1. The Voting Interests of the Company include indirectly owned portions.
2. On July 1, 2019, the Company transferred its power systems business to Niigata Power Systems Co., Ltd. via a company split. The said company absorbed Diesel United, Ltd. through a merger and changed its name to IHI Power Systems Co., Ltd.
3. On April 1, 2019, the Company transferred its process plants business to IHI Plant Construction Co., Ltd. via a company split. The said company absorbed IHI Plant Engineering Corporation through a merger and changed its name to IHI Plant Services Corporation.
4. On April 24, 2020, the Company sold all of its shares in IHI Southwest Technologies, Inc.
5. On April 1, 2019, IHI Americas Inc. was established as new regional headquarters taking over the operations of IHI Inc. (in the U.S.A.).
6. IHI Aero Engines US Co., Ltd. has an equity stake in GE Passport, LLC, an equity method affiliate of the Company.
7. On March 31, 2020, the Company partially transferred its equity interest of IHI Investment for Aero Engine Leasing LLC, which had been a specified subsidiary of IHI in the previous fiscal year. Accordingly, the said company has been excluded from the main subsidiaries.
8. Capital is displayed rounded down to the nearest unit. In the figures for the Voting Interests of the Company, shares of less than one unit are rounded to the nearest unit.

2. Company Officers

(1) Directors and Audit & Supervisory Board Members (as of March 31, 2020)

Title And Position	Name	Responsibilities And Significant Concurrent Position(s)
Chairman of the Board	Tamotsu SAITO	President, Manufacturing Science and Technology Center Chairman, THE JAPAN WORKVESSEL ASSOCIATION President, The Japan Society of Industrial Machinery Manufacturers Chairman, Japan Association of Defense Industry Chairman, The Shipbuilders' Association of Japan President, Society of Japanese Value Engineering President, Fukushima Innovation Coast Framework Promotion Organization Chairman, Japan International Chamber of Commerce Outside Director, JAPAN POST INSURANCE Co., Ltd. Outside Director, Oki Electric Industry Co., Ltd.
President; Chief Executive Officer	Tsugio MITSUOKA	In Charge of Business Relating to Internal Audit In Charge of Risk Management Executive Director, Japan Bridge Association
Executive Vice President; Senior Executive Officer	Hiroyuki OTANI	Assistant to the President In Charge of Business Relating to Procurement In Charge of Group Safety and Health, Labor, *Monozukuri* System Strategy, and Group Quality Assurance
Executive Vice President; Senior Executive Officer	Takeshi YAMADA	Assistant to the President In Charge of Business Relating to Corporate Planning In Charge of Group Finance & Accounting
Director; Managing Executive Officer	Tomoharu SHIKINA	In Charge of Business Relating to Public Relations and Investor Relations In Charge of Group Business Process Platform President of Aero-Engine, Space & Defense Business Area
Director; Managing Executive Officer	Nobuko MIZUMOTO	In Charge of Business Relating to Information Management General Manager of Intelligent Information Management Headquarters

Title And Position	Name	Responsibilities And Significant Concurrent Position(s)
Director; Managing Executive Officer	Masafumi NAGANO	President of Industrial Systems & General-Purpose Machinery Business Area
Director; Managing Executive Officer	Kouichi MURAKAMI	In Charge of Group Engineering and Business Relating to New Corporate Businesses General Manager of Corporate Research & Development
Director	Taketsugu FUJIWARA	Chairman, Japan Society for Safety Engineering Outside Director, SHIMADZU CORPORATION Independent Director of the Board, KOKUYO Co., Ltd. Outside Director, KONICA MINOLTA, INC.
Director	Hiroshi KIMURA	Outside Director, Nomura Holdings, Inc. Outside Director, Mitsui Sumitomo Insurance Company, Limited
Director	Kazuhiko ISHIMURA	Chairman, The Asahi Glass Foundation Vice Chairman, Japan Construction Material & Housing Equipment Industries Federation Director, AGC Inc. Outside Director, TDK Corporation Outside Director, Nomura Holdings, Inc.
Standing Audit & Supervisory Board Member	Shigeru UESUGI	
Standing Audit & Supervisory Board Member	Taizo SUGA	
Audit & Supervisory Board Member	Yoko HATTA	Outside Audit and Supervisory Board Member, Kobayashi Pharmaceutical Co., Ltd. Outside Director, Nippon Paper Industries Co., Ltd.
Audit & Supervisory Board Member	Tomomi YATSU	Attorney at Law Outside Executive Director, SMBC Nikko Securities Inc. Outside Corporate Auditor, KURARAY CO., LTD.
Audit & Supervisory Board Member	Toshio IWAMOTO	President, Japanese Association of Healthcare Information Systems Industry Independent Director, NSK Ltd.

(Notes)

1. Director: Messrs. Taketsugu Fujiwara, Hiroshi Kimura and Kazuhiko Ishimura are outside directors.
2. Audit & Supervisory Board Member: Mses. Yoko Hatta and Tomomi Yatsu and Mr. Toshio Iwamoto are outside audit & supervisory board members.
3. Standing Audit & Supervisory Board Member: Mr. Taizo Suga 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. Yoko Hatta possesses considerable knowledge of financial and accounting matters gained through her experience working in a tax accountant corporation.
5. Audit & Supervisory Board Member: Ms. Tomomi Yatsu is a certified public accountant and possesses considerable knowledge of financial and accounting matters.
6. The Company has registered Directors Messrs. Taketsugu Fujiwara, Hiroshi Kimura and Kazuhiko Ishimura, and Audit & Supervisory Board Members Mses. Yoko Hatta and Tomomi Yatsu and Mr. Toshio Iwamoto with domestic financial instrument exchanges (where the Company is listed) as independent directors and independent audit & supervisory board members, respectively.

(2) Directors and Audit & Supervisory Board Members Who Resigned During the Fiscal Year Under Review

Directors and Audit & Supervisory Board Members who held office during the fiscal year under review and whose terms expired during the fiscal year under review are as follows:

Position (At Time of Resignation)	Name	Significant Concurrent Positions at Time of Resignation	Date of Resignation
Director	Yayoi TANAKA	Outside Director, SUMITOMO CORPORATION	June 20, 2019
Audit & Supervisory Board Member	Takayuki HASHIMOTO	Outside Director, KAGOME CO., LTD. Outside Director, Chubu Electric Power Co., Inc. Outside Director of the Board, Mitsubishi Chemical Holdings Corporation	June 20, 2019

(3) System for Executing Business Operations as of April 1, 2020

Title and Position	Name	Responsibilities
Chairman of the Board and President Chief Executive Officer	Tsugio MITSUOKA	In Charge of Business Relating to Internal Audit In Charge of Risk Management
Chief Operating Officer	Hiroshi IDE	President of Resources, Energy and Environment Business Area
Executive Vice President Senior Executive Officer	Takeshi YAMADA	Assistant to the President In Charge of Group Finance & Accounting
Executive Vice President Senior Executive Officer	Tomoharu SHIKINA	Assistant to the President In Charge of Business Relating to Public Relations and Investor Relations, Procurement, and Information Management In Charge of Group Business Process Platform President of Aero-Engine, Space & Defense Business Area
Director	Tamotsu SAITO	
Director	Hiroyuki OTANI	In Charge of Special Mission from the President
Director	Nobuko MIZUMOTO	In Charge of Special Mission from the President
Director Managing Executive Officer	Masafumi NAGANO	In Charge of Business Relating to Corporate Planning, Human Resources and Labor In Charge of Group Safety and Health
Director Managing Executive Officer	Kouichi MURAKAMI	In Charge of Group Engineering and Business Relating to New Corporate Businesses General Manager of Corporate Research & Development
Managing Executive Officer	Kazuki AWAI	In Charge of Business Relating to Administration, Legal and CSR In Charge of Group Compliance
Managing Executive Officer	Yoshinori KAWASAKI	Vice President of Industrial Systems & General-Purpose Machinery Business Area
Managing Executive Officer	Yutaka KUNISADA	General Manager of Solution & Engineering and New Corporate Businesses Headquarters
Managing Executive Officer	Takeshi KAWAKAMI	President of Social Infrastructure & Offshore Facilities Business Area In Charge of *Monozukuri* System Strategy and Group Quality Assurance
Managing Executive Officer	Yoshinori KOMIYA	General Manager of Intelligent Information Management Headquarters
Managing Executive Officer	Yasuhiro SHIGEGAKI	President of Industrial Systems & General-Purpose Machinery Business Area
Executive Officer	Shunichi TAKAYANAGI	Vice President of Social Infrastructure & Offshore Facilities Business Area
Executive Officer	Mitsutoyo YOSHIDA	General Manager of Project Risk Management Division

Title and Position	Name	Responsibilities
Executive Officer	Masato SHIDA	General Manager of Human Resources Division
Executive Officer	Hideo MORITA	Vice President of Aero-Engine, Space & Defense Business Area
Executive Officer	Koji TAKEDA	Vice President of Resources, Energy and Environment Business Area President of IHI Plant Services Corporation
Executive Officer	Tetsuji FUJIMURA	Vice President of Aero-Engine, Space & Defense Business Area
Executive Officer	Kiyoshi NIHEI	General Manager of Global Marketing & Sales Headquarters and Vice President of Industrial Systems & General Purpose Machinery Business Area In Charge of Group Operations
Executive Officer	Noriko MORIOKA	Deputy General Manager of Solution & Engineering and New Corporate Businesses Headquarters

(4) Remuneration of Directors and Audit & Supervisory Board Members

Number of Recipients and Amounts Paid

(Millions of Yen)

Position	Number of Recipients	Breakdown			Total Amount Paid
		Base Amount	Performance-Based Share Remuneration	Performance-Based Bonus	
Director	12	434	117	12	565
Audit & Supervisory Board Member	6	108	–	–	108
Total (Number of Outside officers)	18 (8)	542 (75)	117 (–)	12 (–)	673 (75)

(Notes)

1. Remuneration of directors does not include salaries of those who are also company employees.
2. Maximum total amount of directors' remuneration is set at 1,090 million yen or below (excluding employee salaries) per year as resolved at the 200th Ordinary General Meeting of Shareholders held on June 23, 2017, and maximum total amount of audit & supervisory board members' remuneration is set at 120 million yen or below as resolved at the 197th Ordinary General Meeting of Shareholders held on June 27, 2014.
3. The performance-based share remuneration plan [Board Benefit Trust (BBT)] has been introduced. 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.
4. The total amount of performance-based share remuneration and performance based bonus is the amount of the provision that was recorded for the fiscal year under review, and it may be different from the total amount that is actually paid.
5. The numbers of directors and audit & supervisory board members as of March 31, 2020 are respectively 11 (including 3 outside directors) and 5 (including 3 outside audit & supervisory board members). The reason for the discrepancy from the above is that figures in the chart include 1 director and 1 audit & supervisory board member who retired at the conclusion of the 202nd Ordinary General Meeting of Shareholders held on June 20, 2019.

(5) Information Regarding Outside Directors and Outside Audit & Supervisory Board Members (as of March 31, 2020)

1) Significant concurrent positions at other entities and the relationship between the Company and those entities

Significant concurrent positions at other entities are as follows. There is no special relationship between the Company and these entities.

Position	Name	Significant concurrent positions at other entities
Director	Taketsugu FUJIWARA	Chairman, Japan Society for Safety Engineering Outside Director, SHIMADZU CORPORATION Independent Director of the Board, KOKUYO Co., Ltd. Outside Director, KONICA MINOLTA, INC.
Director	Hiroshi KIMURA	Outside Director, Nomura Holdings, Inc. Outside Director, Mitsui Sumitomo Insurance Company, Limited
Director	Kazuhiko ISHIMURA	Chairman, The Asahi Glass Foundation Vice Chairman, Japan Construction Material & Housing Equipment Industries Federation Director, AGC Inc. Outside Director, TDK Corporation Outside Director, Nomura Holdings, Inc.
Audit & Supervisory Board Member	Yoko HATTA	Outside Audit and Supervisory Board Member, Kobayashi Pharmaceutical Co., Ltd. Outside Director, Nippon Paper Industries Co., Ltd.
Audit & Supervisory Board Member	Tomomi YATSU	Attorney at Law Outside Executive Director, SMBC Nikko Securities Inc. Outside Corporate Auditor, KURARAY CO., LTD.
Audit & Supervisory Board Member	Toshio IWAMOTO	President, Japanese Association of Healthcare Information Systems Industry Independent Director, NSK Ltd.

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

Position	Name	Attendance at Meetings		Activities
		Board of Directors Meetings	Audit & Supervisory Board Meetings	
Director	Taketsugu FUJIWARA	17 of 18 (94%)	–	Offered advice and suggestions to ensure suitability and appropriateness of the decisions of the Board of Directors meetings based on his ample experience and broad insight gained as a corporate manager of a general chemicals manufacturer.
Director	Hiroshi KIMURA	18 of 18 (100%)	–	Offered advice and suggestions to ensure suitability and appropriateness of the decisions of the Board of Directors meetings based on his extensive experience and broad insight gained at the helm of business manager who has led globalization.
Director	Kazuhiko ISHIMURA	18 of 18 (100%)	–	Offered advice and suggestions to ensure suitability and appropriateness of the decisions of the Board of Directors meetings based on his extensive experience and broad insight gained at the helm of a comprehensive materials manufacturer.
Audit & Supervisory Board Member	Yoko HATTA	18 of 18 (100 %)	13 of 13 (100 %)	Addressed questions and expressed opinions accordingly based on her extensive experience and insight in global business operations, notably international taxation.

Position	Name	Attendance at Meetings		Activities
		Board of Directors Meetings	Audit & Supervisory Board Meetings	
Audit & Supervisory Board Member	Tomomi YATSU	18 of 18 (100%)	13 of 13 (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 and certified public accountant.
Audit & Supervisory Board Member	Toshio IWAMOTO	14 of 14 (100%)	10 of 10 (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.

(Notes)

1. Board of Directors meetings where resolutions were made in writing are excluded.
2. The stated attendance at meetings for audit & supervisory board member Mr. Toshio Iwamoto considers only the Board of Directors meetings and Audit & Supervisory Board meetings held after his assumption as audit & supervisory board member.

3) 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 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.

3. Corporate Share Information

(1) Corporate Shares (as of March 31, 2020)

1) Total Number of Shares Authorized to be Issued: 300,000,000

2) Total Number of Shares Issued: 149,019,280

(Excluding 5,660,674 Treasury Shares)

3) Total Number of Shareholders: 77,076

4) Major Shareholders (Top 10 Shareholders)

Name	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Holder in Trust)	12,330	8.27
Japan Trustee Services Bank, Ltd. (Holder in Trust)	10,770	7.22
The Dai-ichi Life Insurance Company, Limited	5,406	3.62
Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	4,597	3.08
Japan Trustee Services Bank, Ltd. (Holder in Trust 5)	2,937	1.97
State Street Bank And Trust Company 505001	2,882	1.93
IHI Customer Stock Ownership Association	2,677	1.79
Sumitomo Life Insurance Company	2,262	1.51
Japan Trustee Services Bank, Ltd. (Holder in Trust 9)	2,233	1.49
IHI Employee Stock Ownership Association	2,214	1.48

(Notes)

1. Voting rights for 4,597,000 shares held by "Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd." are exercised in accordance with the instructions of Mizuho Bank because Mizuho Bank is a consigner of the shares.
2. Shareholding ratios are calculated without including total number of treasury shares (5,660,674 shares). In addition, (393,900 shares) of the Company owned by Trust & Custody Services Bank, Ltd. (Holder in trust E) for a performance-based share remuneration plan "Board Benefit Trust" are not included in treasury shares.
3. The Company holds 5,660,674 treasury shares, but is excluded from major shareholders listed above.

5) Other Significant Corporate Share Information

(i) Through a resolution passed at the 200th Ordinary General Meeting of Shareholders, held on June 23, 2017, the Company has introduced a performance-based share remuneration plan, “Board Benefit Trust,” for its directors (excluding outside directors). To assure neutrality towards the Company’s management, voting rights of the Company’s shares held in the Trust accounts will not be exercised. In addition, as of March 31, 2020, a trust account for the Board Benefit Trust owns 393,900 shares of the Company.

(ii) Through a resolution passed at the Board of Directors meeting dated November 7, 2019, the Company acquired 5,542,200 treasury shares on November 8, 2019.

(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
1st Share Acquisition Rights (July 23, 2007)	8	Common Stock 800 Shares	462,000 Yen	100 Yen	From August 10, 2007 to August 9, 2037
2nd Share Acquisition Rights (July 22, 2008)	18	Common Stock 1,800 Shares	185,000 Yen	100 Yen	From August 19, 2008 to August 18, 2038
3rd Share Acquisition Rights (July 21, 2009)	27	Common Stock 2,700 Shares	165,000 Yen	100 Yen	From August 6, 2009 to August 5, 2039
4th Share Acquisition Rights (July 23, 2010)	54	Common Stock 5,400 Shares	154,000 Yen	100 Yen	From August 10, 2010 to August 9, 2040
5th Share Acquisition Rights (July 25, 2011)	65	Common Stock 6,500 Shares	178,000 Yen	100 Yen	From August 18, 2011 to August 17, 2041
6th Share Acquisition Rights (July 23, 2012)	103	Common Stock 10,300 Shares	159,000 Yen	100 Yen	From August 17, 2012 to August 16, 2042
7th Share Acquisition Rights (July 22, 2013)	66	Common Stock 6,600 Shares	376,000 Yen	100 Yen	From August 22, 2013 to August 21, 2043

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
8th Share Acquisition Rights (July 22, 2014)	77	Common Stock 7,700 Shares	440,000 Yen	100 Yen	From August 12, 2014 to August 11, 2044
9th Share Acquisition Rights (July 21, 2015)	58	Common Stock 5,800 Shares	413,000 Yen	100 Yen	From August 11, 2015 to August 10, 2045
10th Share Acquisition Rights (July 25, 2016)	164	Common Stock 16,400 Shares	278,000 Yen	100 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
1st Share Acquisition Rights	August 9, 2036	From August 10, 2036 to August 9, 2037
2nd Share Acquisition Rights	August 18, 2037	From August 19, 2037 to August 18, 2038
3rd Share Acquisition Rights	August 5, 2038	From August 6, 2038 to August 5, 2039
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

Name	Due date	Exercise period of share acquisition rights
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 proposalan 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 Director 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 common shares on a 10 for 1 basis (ratio of 1 new share for every 10 old shares). 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
1st Share Acquisition Rights (July 23, 2007)	8	800 Shares	1	–	–	–
2nd Share Acquisition Rights (July 22, 2008)	18	1,800 Shares	1	–	–	–
3rd Share Acquisition Rights (July 21, 2009)	27	2,700 Shares	1	–	–	–
4th Share Acquisition Rights (July 23, 2010)	54	5,400 Shares	2	–	–	–
5th Share Acquisition Rights (July 25, 2011)	65	6,500 Shares	3	–	–	–

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
6th Share Acquisition Rights (July 23, 2012)	103	10,300 Shares	3	–	–	–
7th Share Acquisition Rights (July 22, 2013)	57	5,700 Shares	4	9	900 Shares	1
8th Share Acquisition Rights (July 22, 2014)	77	7,700 Shares	7	–	–	–
9th Share Acquisition Rights (July 21, 2015)	58	5,800 Shares	7	–	–	–
10th Share Acquisition Rights (July 25, 2016)	164	16,400 Shares	8	–	–	–

(Notes) 1. These share acquisition rights are not granted to outside directors and audit & supervisory board members.

2. The share acquisition rights held by audit & supervisory board members were granted to them while they were serving as executive officers and not granted to them while serving as 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	206
Total Sum of Cash and Profits Relating to Other Assets that The Company and Its Subsidiaries Should Pay to the Accounting Auditor	492

(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 INC., JURONG ENGINEERING LIMITED and other 18 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

The Company entrusts the accounting auditor with the guidance on accounting for subsidiaries and associates, as well as the services including advisory for preparing to adopt international financial reporting standards (IFRS).

(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, based on the resolution of the Audit & Supervisory Board, the dismissal or non-reappointment of the accounting auditor shall be decided.

5. Systems to Ensure Appropriateness of Operations and Operation Status of the Systems

(1) Systems to Ensure Appropriateness of Operations

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 operations of a stock company and of operations 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 addition to the company-wide training organized and administered by Legal Division, training for each level (such as managerial staff, mid-level staff, and new employees) and training for each competency (such as human resources, finance, and procurement) shall be conducted to ensure compliance by all employees.

(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. “Corporate Audit Division,” which is independent of all other divisions, shall be established. Corporate Audit Division shall report the results of audits to the Board of Directors as needed. To prevent noncompliance, a “Compliance Hotline” shall be established as an internal reporting system and Legal Division shall provide the necessary consultations.

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 supervision 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 Planning 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.

The internal control systems of the IHI Group are ensured through the performance of evaluation of internal audit and internal control.

The Company enhanced the investigative organization for its internal reporting system and revised its criteria for closing a reported case and operational procedures for all reported incidents to be addressed quickly and optimally. The outline of operating status of the internal reporting system is disclosed internally on a quarterly basis.

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.

From an information security perspective, we are working on global risk countermeasures, strengthening rules on taking business data outside the organization, and on getting audit activities to take root.

3) System for Managing Risks

Risk management activities are implemented within the IHI Group in accordance with regulations for risk management, and by specifying the roles and responsibilities corporate departments, business segments, and business divisions should assume in risk management. The status of implementing these risk management activities is reported at Board of Directors' meetings on a quarterly basis.

In addition to implementing thoroughgoing measures to prevent the recurrence of inadequate inspections carried out in the civil aero engine maintenance business, the Company established the IHI Code of Action and Quality Declaration and provided all Group employees with quality and compliance training in order to cultivate and grow a corporate culture devoted to uncompromising quality assurance and compliance.

The Company identified material risks that could hamper implementation of strategies for each business segment 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 supervision and the performance of duties while a Remuneration Advisory Committee and a Nomination Advisory Committee have been established to strengthen monitoring and supervision 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 discussion 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, the responsible divisions manage, control and direct group companies. 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, and feedback is provided with regard to issues raised in evaluation processes. In addition, the current statuses of the management are confirmed by such measures as appointing part-time audit & supervisory board members who are dispatched from the Company to 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.

Consolidated Balance Sheet
(As of March 31, 2020)

(Millions of Yen)

Account Title	Amount	Account Title	Amount
Assets		**Liabilities**	
Current Assets	**1,076,009**	**Current Liabilities**	**909,005**
Cash And Deposits	147,228	Notes And Accounts Payable – Trade	262,587
Notes And Accounts Receivable – Trade	403,832	Short-Term Borrowings	185,600
Securities	21	Commercial Papers	56,000
Finished Goods	18,417	Current Portion Of Bonds Payable	10,000
Work In Process	289,277	Accrued Expenses	88,082
Raw Materials And Supplies	137,848	Income Taxes Payable	6,012
Other	83,410	Advances Received	151,790
Allowance For Doubtful Accounts	(4,024)	Provision For Bonuses	26,672
		Provision For Construction Warranties	42,759
Non-Current Assets	**664,773**	Provision For Loss On Construction Contracts	19,929
Property, Plant And Equipment	397,495	Other Provisions	1,141
Buildings And Structures	154,217	Other	58,433
Machinery, Equipment And Vehicles	76,183	**Non-Current Liabilities**	**478,031**
Land	96,579	Bonds Payable	50,000
Leased Assets	26,288	Long-Term Borrowings	159,223
Construction In Progress	11,706	Lease Obligations	22,089
Other	32,522	Deferred Tax Liabilities For Land Revaluation	4,950
Intangible Assets	32,162	Retirement Benefit Liability	166,193
Goodwill	7,456	Provision For Loss On Business Of Subsidiaries And Associates	1,249
Software	19,837	Other Provisions	1,068
Other	4,869	Other	73,259
		Total Liabilities	**1,387,036**
		Net Assets	
Investments And Other Assets	235,116	**Shareholders' Equity**	**329,216**
Investment Securities	63,514	Share Capital	107,165
Deferred Tax Assets	112,440	Capital Surplus	51,780
Retirement Benefit Asset	7	Retained Earnings	186,170
Other	60,410	Treasury Shares	(15,899)
Allowance For Doubtful Accounts	(1,255)	**Accumulated Other Comprehensive Income**	**(2,841)**
		Valuation Difference On Available-For-Sale Securities	(679)
		Deferred Gains Or Losses On Hedges	(252)
		Revaluation Reserve For Land	5,321
		Foreign Currency Translation Adjustment	(2,067)
		Remeasurements Of Defined Benefit Plans	(5,164)
		Share Acquisition Rights	**533**
		Non-Controlling Interests	**26,838**
		Total Net Assets	**353,746**
Total Assets	**1,740,782**	**Total Liabilities And Net Assets**	**1,740,782**

Consolidated Statement Of Income

(Year Ended March 31, 2020)

(Millions Of Yen)

Account Title	Amount
Net Sales	1,386,503
Cost Of Sales	1,131,775
Gross Profit	**254,728**
Selling, General And Administrative Expenses	193,931
Operating Profit	**60,797**
Non-Operating Income	
Interest And Dividend Income	1,871
Reversal Of Accrued Expenses For Compensation For Damage	1,340
Other	3,334
Non-Operating Expenses	
Interest Expenses	3,963
Share Of Loss Of Entities Accounted For Using Equity Method	12,991
Foreign Exchange Losses	2,083
Other	16,054
Ordinary Profit	**32,251**
Extraordinary Income	
Gain On Sales Of Non-Current Assets	4,409
Gain On Transfer Of Intellectual Property Assets	3,837
Gain On Transfer Of Equity Interest Of Subsidiaries And Associates	2,200
Gain On Insurance Claims	1,108
Gain On Sales Of Shares Of Subsidiaries And Associates	236
Extraordinary Losses	
Loss On Valuation Of Investment Securities	4,836
Impairment Loss	426
Profit Before Income Taxes	**38,779**
Income Taxes – Current	14,970
Income Taxes – Deferred	5,759
Profit	**18,050**
Profit Attributable To Non-Controlling Interests	5,238
Profit Attributable To Owners Of Parent	**12,812**

(Reference)

Consolidated Statement Of Cash Flows (Summary)

(Year Ended March 31, 2020)

(Millions Of Yen)

Account Title	Amount
Net Cash Provided By (Used In) Operating Activities	14,510
Net Cash Provided By (Used In) Investing Activities	(75,896)
Net Cash Provided By (Used In) Financing Activities	115,264
Effect Of Exchange Rate Change On Cash And Cash Equivalents	(1,301)
Net Increase (Decrease) In Cash And Cash Equivalents	52,577
Cash And Cash Equivalents At End Of Period	145,484

Consolidated Statement Of Changes In Equity

(Year Ended March 31, 2020)

(Millions Of Yen)

	Shareholders' Equity				
	Share Capital	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance At Beginning Of Period	107,165	53,410	184,092	(1,170)	343,497
Changes During Period					
Dividends Of Surplus			(10,816)		(10,816)
Profit Attributable To Owners Of Parent			12,812		12,812
Purchase Of Treasury Shares				(14,851)	(14,851)
Disposal Of Treasury Shares		4		122	126
Change In Ownership Interest Of Parent Due To Transactions With Non-Controlling Interests		(1,634)			(1,634)
Net Increase From Newly Consolidated Subsidiaries			82		82
Net Changes In Items Other Than Shareholders' Equity					
Total Changes During Period	–	(1,630)	2,078	(14,729)	(14,281)
Balance At End Of Period	107,165	51,780	186,170	(15,899)	329,216

	Accumulated Other Comprehensive Income						Share Acquisition Rights	Non-Controlling Interests	Total Net Assets
	Valuation Difference On Available-For-Sale Securities	Deferred Gains Or Losses On Hedges	Revaluation Reserve For Land	Foreign Currency Translation Adjustment	Remeasure-Ments Of Defined Benefit Plans	Total Accumul-Ated Other Compre-Hensive Income			
Balance At Beginning Of Period	1,063	(190)	5,321	2,808	(3,319)	5,683	659	31,853	381,692
Changes During Period									
Dividends Of Surplus									(10,816)
Profit Attributable To Owners Of Parent									12,812
Purchase Of Treasury Shares									(14,851)
Disposal Of Treasury Shares									126
Change In Ownership Interest Of Parent Due To Transactions With Non-Controlling Interests									(1,634)
Net Increase From Newly Consolidated Subsidiaries									82
Net Changes In Items Other Than Shareholders' Equity	(1,742)	(62)	–	(4,875)	(1,845)	(8,524)	(126)	(5,015)	(13,665)
Total Changes During Period	(1,742)	(62)	–	(4,875)	(1,845)	(8,524)	(126)	(5,015)	(27,946)
Balance At End Of Period	(679)	(252)	5,321	(2,067)	(5,164)	(2,841)	533	26,838	353,746

Notes to the Consolidated Financial Statements

I. Basis of Preparation of the Consolidated Financial Statements

1. Scope of Consolidation

(1) Number and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 155

Names of major consolidated subsidiaries:

IHI AEROSPACE CO., LTD., IHI Power Systems Co., Ltd.,
Meisei Electric Co., Ltd., IHI Transport Machinery Co., Ltd.,
IHI Agri-Tech Corporation, IHI Rotating Machinery Engineering Co., Ltd.,
Niigata Transys Co., Ltd., IHI Infrastructure Systems Co., Ltd.,
IHI Logistics & Machinery Corporation, IHI Turbo Co., Ltd.,
IHI Plant Services Corporation, IHI INC., IHI Power Generation Corp.,
JURONG ENGINEERING LIMITED, IHI INFRASTRUCTURE ASIA CO., LTD.,
IHI E&C International Corporation, Changchun FAWER-IHI Turbo Co., Ltd.,
IHI Charging Systems International GmbH,
IHI ASIA PACIFIC PTE. LTD., I&H Engineering Co., Ltd.,
IHI DALGAKIRAN MAKİNA SANAYİ VE TİCARET A.Ş.,
IHI Transport Machinery Taiwan Corporation, IHI Turbo America Co.,
IHI TURBO (THAILAND) CO., LTD.,
IHI-Sullair Compression Technology (Suzhou) Co., Ltd.,
IHI Southwest Technologies, Inc., IHI Europe Ltd.,
Jiangsu IHI Fengdong Vacuum Technology Co., Ltd., IHI Americas Inc.,
IHI (Shanghai) Management Co., Ltd., IHI Aero Engines US Co., Ltd.

In the fiscal year under review, the number of consolidated subsidiaries increased by 4 due to new establishment of the companies, 1 due to an acquisition and 2 due to increased materiality, and decreased by 1 due to partial transfer of equity interest, 3 due to merger and 1 due to decreased materiality.

The Company partially transferred its equity interest of IHI Investment for Aero Engine Leasing LLC (hereafter, IHI-IAEL), which had been a specified subsidiary of IHI in the previous fiscal year. Accordingly, IHI-IAEL has been excluded from the consolidation subsidiaries and included in the affiliates accounted for by the equity method.

(2) Names of major non-consolidated subsidiaries, etc.

Names of major non-consolidated subsidiaries:

ALPHA Automotive Technologies LLC

(Reason for excluding from the scope of consolidation)
The non-consolidated subsidiary is small in size and its total assets, net sales, the profit or loss for the Company's equity interest, and retained earnings for the Company's equity interest do not have a significant effect on the consolidated financial statements.

2. Application of the Equity Method

(1) Number And Names Of Major Non-Consolidated Subsidiaries And Affiliated Companies Accounted For By The Equity Method

Number of non-consolidated subsidiaries and affiliated companies accounted for by the equity method: 26

Names of major equity method affiliates:

Non-consolidated subsidiary	ALPHA Automotive Technologies LLC
Affiliated companies	Japan Marine United Corporation, GE Passport, LLC, IHI Investment for Aero Engine Leasing LLC

During the fiscal year under review, the number of equity method affiliates decreased by 1 due to liquidation, 1 due to the termination of a capital relationship, and increased by 1 due to a change in equity from the partial transfer of IHI's equity interest in its subsidiary, and 1 affiliate of the subsidiary decreased according to this partial transfer.

(2) Names Of Non-Consolidated Subsidiaries And Affiliated Companies Not Accounted For By The Equity Method

Names of major companies:	
Non-consolidated subsidiary	IHI Taiwan Corporation
Affiliated companies	Kondo Iron Works Co., LTD. TCT INDUSTRIALS CO., LTD.

(Reason for excluding from the scope of equity method)
The companies' profit or loss for the Company's equity interest, and retained earnings for the Company's equity interest have immaterial effect on the consolidated financial statements and is less significant as a whole.

3. Significant Accounting Policies

(1) Valuation Bases And Methods Of Securities

Securities to be held until maturity are stated at amortized cost (by the straight-line method).
Other securities with market prices available are stated at fair market value as of the balance sheet date. The related valuation differences are directly included into net assets and the cost of sale price is determined by the moving-average method. Other securities without market prices available are stated at moving-average cost.

(2) Valuation Bases And Methods Of Derivatives

Derivatives are stated at fair market value.

(3) Valuation bases and methods of inventories

Finished goods and work in process are stated principally 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).

(4) Depreciation And Amortization Of Non-Current Assets

Property, plant and equipment (except for leased assets)
These assets are depreciated principally by the straight-line method.

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).

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. The Company uses the method for ordinary rental transactions for non-ownership transfer finance leases for which lease agreements were concluded on or before March 31, 2008.

(5) Bases For Significant Allowances And Provisions

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.

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

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.

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.

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.

Provision for retirement benefits for directors (and other officers)

The domestic consolidated subsidiaries provided the provision for retirement benefits for directors (and other officers) for the amount required to be paid at the end of the fiscal year under review in accordance with the internal policy.

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.

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

Recognition of revenue and expenses

Basis of recognizing net sales of completed construction contracts and cost of sales of completed construction contracts

Construction projects whose outcome of the progress by the end of the fiscal year is deemed definite are recorded on the percentage-of-completion basis (rate of progress estimated by the cost-ratio method), while all other projects are accounted for on the completed construction basis.

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.

Accounting for retirement benefits

To prepare for employees' retirement benefits, retirement benefit asset/liability is recognized based on the estimated amounts of retirement benefit obligations and pension fund assets at the end of the fiscal year under review. Some consolidated subsidiaries adopt the conventional method to determine retirement benefit liability.

In the calculation of retirement benefit obligations, 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.

Amortization method and period of goodwill

Goodwill is amortized through the estimated effective period of the investment, with the exception that when the amount of goodwill is immaterial, it is charged to expenses as incurred.

Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

Application of the consolidated taxation system

The consolidated taxation system has been applied.

Application of tax effect accounting for transition from consolidated taxation system to group tax sharing system

The Company and a part of its domestic subsidiaries have calculated the amounts of deferred tax assets and deferred tax liabilities according to the tax acts before amended based on the treatment of Paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ Practical Issues Task Force No. 39, March 31, 2020) instead of applying the provision on Paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16 , 2018), regarding the transition to group tax sharing system established in "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8 of 2020), and items for which the non-consolidated taxation system has been reviewed in line with the transition to the group tax sharing system.

II. Changes in Accounting Policies

(Application of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements, etc.)

The Company has applied the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18, September 14, 2018) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using Equity Method" (ASBJ Practical Issues Task Force No. 24, September 14, 2018) effective from the beginning of the fiscal year under review.

The resulting effect on consolidated financial statements for the fiscal year under review is nothing.

Iii. Notes To The Consolidated Balance Sheet

1. Assets Pledged As Collateral And Secured Liabilities

(1) Assets Pledged As Collateral

Cash And Deposits	92 Million Yen
Land	280 Million Yen
Investment Securities	646 Million Yen (Note 1)
Other Investments And Other Assets	4,663 Million Yen (Notes 2, 3)

(2) Secured liabilities

Short-Term Borrowings	1,000 Million Yen

(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.
2. 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.

3. 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. Accumulated Depreciation Of Property, Plant And Equipment

642,955 Million Yen

3. Contingent Liabilities

(1) Liabilities On Guarantee (Note)

(Millions Of Yen)

Guaranteed Entity	Amount	Details Of Liability On Guarantee
IHI Investment For Aero Engine Leasing LLC	14,961	Loans From Financial Institutions
Japanese Aero Engines Corporation	5,659	Guarantee Of Loan Obligations For Purchase Of Fuselages, Guarantee Of Lease Obligations And Guarantee For Fuselage Asset Value
ALPHA Automotive Technologies LLC	603	Guarantee For Lease Obligations And Loans From Financial Institutions
Japan Aeroforge, Ltd.	354	Loans From Financial Institutions
Employees	194	Guarantee On Housing Loans, Etc.
Chubu Segment Co., Ltd.	25	Loans From Financial Institutions
Total	21,796	

(2) Quasi-Guarantee (Note)

(Millions Of Yen)

Guaranteed Entity	Amount	Description
Employees	4,255	Guarantee On Housing Loans, Etc.
Total	4,255	

(Note)
The amounts shown above are the amounts the Group 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 Group 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 Group is clearly expressed in accordance with an arrangement among guarantors and other joint and several guarantors' capacities to guarantee are deemed adequate.

(3) Notes receivable - trade discounted

103 million yen

(4) Others

The consolidated subsidiary IHI E&C International Corporation received a revised letter of claim for the payment of 117 million US dollars from a customer on December 4, 2019, for total expenses for delayed delivery regarding a process plant project currently underway in North America (hereinafter the "Expenses").

From the point of view of the IHI Group, the said subsidiary was constant in its requests for an extension of the delivery date ever since construction delays occurred due to reasons on the customer side, and the IHI Group continues to assert that the claim for the Expenses is unacceptable.

Therefore, at this point, as it is difficult to reasonably estimate the effect on the financial position and business results of the IHI Group, the effect of this matter is not reflected in the consolidated financial statements for the fiscal year under review.

IV. Notes to the Consolidated Statement of Changes in Equity

1. Numbers of Shares Issued

(1) Class and number of shares issued

(Unit: shares)

Class	Number of Shares at April 1, 2019	Increase	Decrease	Number of Shares at March 31, 2020
Common stock	154,679,954	–	–	154,679,954

(2) Class and number of treasury shares

(Unit: shares)

Class	Number of Shares at April 1, 2019	Increase	Decrease	Number of Shares at March 31, 2020
Common stock	388,346	5,718,203	51,975	6,054,574

(Notes)

1. The number of treasury shares at March 31, 2020 includes 393,900 shares of the Company owned by a trust account for the Board Benefit Trust (BBT).
2. The increase in shares resulted from the purchase of 5,542,200 shares in accordance with Article 156 of the Companies Act, the purchase of 1,003 shares of shares less than one unit, and the acquisition of 175,000 shares of the Company by the Board Benefit Trust (BBT).
3. The decrease in shares resulted from the sale of 75 shares of fractional shares at the request of shareholders, and decrease of 51,900 shares due to exercise of stock options.

2. Matters Concerning Dividends

(1) Cash Dividends

Resolution	Class	Total Dividends (Millions Of Yen)	Dividends Per Share (Yen)	Cutoff Date	Effective Date
Ordinary General Meeting Of Shareholders On June 20, 2019	Common Stock	6,180	40	March 31, 2019	June 21, 2019
Meeting Of The Board Of Directors On November 1, 2019	Common Stock	4,636	30	September 30, 2019	December 6, 2019

(Notes)

1. Total Dividends Resolved At The Ordinary General Meeting Of Shareholders On June 20, 2019 Include 9 Million Yen Which Is Dividends For Shares Of The Company Owned By A Trust Account For The Board Benefit Trust (Bbt).
2. Total Dividends Resolved At The Meeting Of The Board Of Directors On November 1, 2019 Include 12 Million Yen Which Is Dividends For Shares Of The Company Owned By A Trust Account For The Board Benefit Trust (Bbt).

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

Resolution	Class	Total Dividends (Millions Of Yen)	Dividends Per Share (Yen)	Cutoff Date	Effective Date
Ordinary General Meeting Of Shareholders On June 25, 2020	Common Stock	2,980	20	March 31, 2020	June 26, 2020

(Note) Total Dividends To Be Resolved At The Ordinary General Meeting Of Shareholders On June 25, 2020 Include 8 Million Yen Which Is Dividends For Shares Of The Company Owned By A Trust Account For The Board Benefit Trust (Bbt).

3. Class And Number Of Shares Underlying Share Acquisition Rights

Common Stock 195,700 Shares

4. Significant Changes In Amounts Of Shareholders' Equity

At the Board of Directors' meeting held on November 7, 2019, the Company resolved the matter regarding repurchase of treasury shares pursuant to the provisions of Article 156 of the Companies Act, applied by replacing the relevant terms pursuant to the provisions of Article 165 Paragraph 3 of the same Act. On November 8, 2019, the Company repurchased 5,542,200 shares of treasury shares. Consequently, total treasury shares increased ¥14,487 million for the fiscal year under review and were ¥15,899 million at the end of the fiscal year under review.

V. Financial Instruments

1. Status of Financial Instruments

As a Group policy, the Company and consolidated subsidiaries restrict the investments only in short-term and highly safe financial instruments and obtain funds mainly through bank borrowings and bond issuance.
The customer credit risks in connection with notes and accounts receivable are managed by monitoring the balances and the collectability status by customer and by order in accordance with the Company's policies and procedures. At the same time, the financial status of each counterparty is periodically monitored in order to early capture and mitigate collectability concern arisen from deterioration in financial conditions.
Foreign currency risks associated with monetary assets and liabilities denominated in foreign currencies are, in principle, hedged by utilizing foreign exchange futures and currency option contracts.
As for securities and investment securities, their market prices and the financial status of issuers are regularly assessed, and the Company's holding status is continuously monitored.
Borrowings, commercial papers and bond payables are made for the purpose of obtaining working capital and funds for capital expenditures. Of which, borrowings, commercial papers or bond payables with floating rate are exposed to fluctuation risk of interest rate, therefore, such risk is hedged by employing derivative contracts.
Derivative contracts are utilized solely to avoid fluctuation risks of foreign exchange rate, interest rate and commodity prices, and the Company does not enter derivative contracts for speculative purpose.

2. Fair Values of Financial Instruments

The table below shows the amounts of financial instruments recorded in the consolidated balance sheet and their fair values as of March 31, 2020, as well as their differences.

(Millions Of Yen)

	Consolidated Balance Sheet Amount	Fair Value	Differences
(1) Cash And Deposits	147,228	147,228	–
(2) Notes And Accounts Receivable - Trade	403,832		
Allowance For Doubtful Accounts (*1)	(3,715)		
	400,117	400,041	(76)
(3) Securities And Investment Securities	8,891	8,897	6
Securities To Be Held Until Maturity	154	160	6
Available-For-Sale Securities	8,737	8,737	–
Total Assets	556,236	556,166	(70)
(4) Notes And Accounts Payable - Trade	262,587	262,587	–
(5) Short-Term Borrowings	185,600	185,600	–
(6) Commercial Papers	56,000	56,000	–
(7) Bonds Payable	60,000	59,833	(167)
(8) Long-Term Borrowings	159,223	159,478	255
Total Liabilities	723,410	723,498	88
(9) Derivatives (*2)			
(A) Derivatives To Which Hedge Accounting Is Not Applied	(780)	(780)	–
(B) Derivatives To Which Hedge Accounting Is Applied	(135)	(135)	–
Derivatives, Total	(915)	(915)	–

(*1) The amount of allowance for doubtful accounts, which is recorded individually for notes and accounts receivable, is excluded.

(*2) Derivatives are stated in net of assets and liabilities. The figures in square brackets indicate net liabilities.

(Notes)

1. Fair value measurement of financial instruments and notes on securities and derivatives

   (1) Cash and deposits

   The fair value of cash and deposits approximates their book value because of their short-term nature. Thus, the book value is used as fair value.

   (2) Notes and accounts receivable - trade

   The fair values are measured based on the present values calculated by discounting receivable amounts classified by certain period at a rate with time to maturity and credit risk taken into account.

   (3) Securities and investment securities

   The fair values of equity securities are based on the market prices at the exchange.

   (4) Notes and accounts payable - trade, (5) Short-term borrowings, and (6) Commercial papers

   The fair value of these accounts approximates their book value because of their short-term nature. Thus, the book value is used as fair value.

   (7) Bonds payable

   The fair value of bonds issued by the Company is based on market price. If there is no market price, the price is computed by the present value method by which the total amount of principal and interest is discounted for the remaining period of the bond and taking into account credit risk.

   (8) Long-term borrowings

   The fair value of long-term borrowings is measured by discounting the total amount of principals and interests at an assumed interest rate for similar new borrowings.

   (9) Derivatives

   The fair value of forward exchange contracts is based on the forward exchange rate. The fair value of interest rate swaps is based on the prices provided by the financial institution with which the Company does business.

2. Unlisted equity securities (consolidated balance sheet amount of 11,715 million yen) and shares of subsidiaries and associates (consolidated balance sheet amount of 42,929 million yen) are not included in the above "(3) Securities and investment securities, Available-for-sale securities," since their market price is not available and the assessment of their fair values is deemed extremely difficult.

Vi. Investment And Rental Properties

1. Status Of Investment And Rental Properties

The Company and certain consolidated subsidiaries own rental office buildings (including land) and commercial facilities in Tokyo and other areas. Income from rental properties is 5,219 million yen for the fiscal year under review. Major lease revenue is included in net sales, where major rental expenses are included in cost of sales.

2. Fair Values of Investment and Rental Properties

(Millions of yen)

Consolidated Balance Sheet Amount	Fair Value
102,726	312,331

(Notes)

1. Consolidated balance sheet amount is calculated by subtracting accumulated depreciation and accumulated impairment loss from acquisition cost.
2. The fair value as of March 31, 2020 was measured mainly based on the values in the appraisal report prepared by external real estate appraisers.

Vii. Per Share Information

1. Net Assets Per Share 2,195.96 Yen

2. Basic Earnings Per Share 84.21 Yen

(Notes)

1. The Basis For Calculating Basic Earnings Per Share Is As Follows.

Profit Attributable To Owners Of Parent	12,812 Million Yen
Amounts For Non-Common Shareholders	–
Profit Attributable To Owners Of Parent Regarding Common Stock	12,812 Million Yen
Average Number Of Shares Of Common Stock	152,137 Thousand Shares

2. The number of shares issued at the end of the period, and the number of treasury shares excluded for the calculation of the average number of shares outstanding during the period, include shares of the Company owned by a trust account for the Board Benefit Trust (BBT). The number of treasury shares at the end of the period excluded for the calculation of net assets per share is 393,900 shares, and the average number of treasury shares outstanding during the period excluded for the calculation of basic earnings per share is 313,692 shares.

VIII. Significant Subsequent Events

No applicable item.

IX. Other Notes

(Gain on sales of non-current assets)
The Headquarters Representative's Office, Aichi District, ceased functioning as a production site upon completion of all of the F-LNG business' projects for which orders had been received. As a result, the Company recorded a gain on sales of non-current assets due to factors including the transfer of a portion of the Office's land and buildings, among other non-current assets.

Details And Location Of Assets	Gain On Sales Of Non-Current Assets
Land (Approximately 219,000 m^2) And Buildings (Including Associated Non-Current Assets) 11-21, Kitahamamachi, Chita-Shi, Aichi Others	4,409 Million Yen

(Gain on transfer of intellectual property assets)
The Company transferred intellectual property rights concerning the small power systems business operated by its consolidated subsidiary, IHI Agri-Tech Corporation. As a result, a gain on transfer of intellectual property assets totaling ¥3,837 million was recorded under extraordinary income.

(Gain on transfer of equity interest of subsidiaries and associates)

The Company partially transferred its equity interest in IHI Investment for Aero Engine Leasing LLC. As a result, a gain on transfer of equity interest of subsidiaries and associates totaling ¥2,200 million was recorded under extraordinary income.

(Recognition of revenue on engine programs)

Regarding the engine programs in which the Company participates, we record the revenue amount recorded by its main partners toward airlines etc. in net sales according to the participation rate. Although previously, the net sales were recorded based on the sales notification sent by the main partners on the following month after they had sold, we changed from March 2020 to record net sales within the same month, because it became possible to obtain the sales information earlier.

As a result, net sales of a thirteen-month including March 2020 were recorded in the fiscal year under review and net sales increased by 29,300 million yen.

(Impact of the spread of COVID-19)

Due to the spread of COVID-19, there is a concern of significant impact mainly on the civil aero engines business and the vehicular turbochargers business. Therefore, deferred tax assets for the fiscal year under review were calculated on the basis of an estimation of the impact to future taxable income under certain assumptions.

(Note)
In preparing consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to the consolidated financial statements, figures less than one unit for monetary amounts are rounded to the nearest unit.

Non-Consolidated Balance Sheet

(As Of March 31, 2020)

(Millions Of Yen)

Account Title	Amount	Account Title	Amount
Assets		**Liabilities**	
Current Assets	**638,612**	**Current Liabilities**	**628,700**
Cash And Deposits	94,986	Notes Payable – Trade	1,068
Notes Receivable – Trade	600	Accounts Payable – Trade	113,245
Accounts Receivable – Trade	157,248	Short-Term Borrowings	207,680
Work In Process	198,358	Commercial Papers	56,000
Raw Materials And Supplies	101,653	Current Portion Of Bonds Payable	10,000
Advance Payments – Other	10,686	Lease Obligations	1,932
Prepaid Expenses	5,873	Accounts Payable – Other	36,953
Accounts Receivable – Other	29,757	Accrued Expenses	67,486
Short-Term Loans Receivable	36,816	Income Taxes Payable	1,944
Other	5,597	Advances Received	79,839
Allowance For Doubtful Accounts	(2,967)	Deposits Received	1,061
Non-Current Assets	**563,220**	Provision For Bonuses	9,790
Property, Plant And Equipment	233,763	Provision For Bonuses For Directors (And Other Officers)	841
Buildings	104,712	Provision For Construction Warranties	33,591
Structures	7,745	Provision For Loss On Construction Contracts	5,192
Docks And Building Berths	0	Other	2,071
Machinery And Equipment	33,004	**Non-Current Liabilities**	**367,865**
Vessels	0	Bonds Payable	50,000
Vehicles	124	Long-Term Borrowings	139,605
Tools, Furniture And Fixtures	22,713	Lease Obligations	7,815
Land	50,442	Leasehold And Guarantee Deposits Received	12,095
Leased Assets	8,904	Provision For Retirement Benefits	100,557
Construction In Progress	6,114	Provision For Loss On Business Of Subsidiaries And Associates	1,249
Intangible Assets	14,889	Asset Retirement Obligations	4,417
Royalties And Other Intangible Assets	578	Other	52,123
Leasehold Interests In Land	32	**Total Liabilities**	**996,566**
Right To Use Facilities	40	**Net Assets**	
Software	14,137	**Shareholders' Equity**	**207,046**
Leased Assets	32	Share Capital	107,165
Other	67	Capital Surplus	54,529
Investments And Other Assets	314,567	Legal Capital Surplus	54,520
Investment Securities	18,072	Other Capital Surplus	9
Shares Of Subsidiaries And Associates	156,419	Retained Earnings	61,249
Investments In Capital	1,095	Legal Retained Earnings	6,083
Investments In Capital Of Subsidiaries And Associates	33,386	Other Retained Earnings	55,165
Long-Term Loans Receivable	1,176	Reserve For Tax Purpose Reduction Entry Of Non-Current Assets	7,651
Deferred Tax Assets	76,403	Reserve For Investment Loss On Restructuring Specified Business	485
Other	28,608	Retained Earnings Brought Forward	47,029
Allowance For Doubtful Accounts	(594)	Treasury Shares	(15,898)
		Valuation And Translation Adjustments	**(2,312)**
		Valuation Difference On Available-For-Sale Securities	(2,238)
		Deferred Gains Or Losses On Hedges	(74)
		Share Acquisition Rights	**532**
		Total Net Assets	**205,266**
Total Assets	**1,201,832**	**Total Liabilities And Net Assets**	**1,201,832**

Non-Consolidated Statement Of Income

(Year Ended March 31, 2020)

(Millions Of Yen)

Account Title	Amount
Net Sales	620,207
Cost Of Sales	525,253
Gross Profit	**94,953**
Selling, General And Administrative Expenses	81,341
Operating Profit	**13,612**
Non-Operating Income	
Interest And Dividend Income	26,938
Reversal Of Accrued Expenses For Compensation For Damage	1,339
Other	3,164
Non-Operating Expenses	
Interest Expenses	1,551
Foreign Exchange Losses	2,105
Payments For Civil Aero Engine Contract	2,109
Other	11,006
Ordinary Profit	**28,282**
Extraordinary Income	
Gain On Transfer Of Equity Interest Of Subsidiaries And Associates	6,293
Gain On Sales Of Non-Current Assets	4,466
Gain On Extinguishment Of Tie-In Shares	2,092
Extraordinary Losses	
Loss On Valuation Of Shares Of Subsidiaries And Associates	33,528
Loss On Valuation Of Investment Securities	4,783
Impairment Loss	15
Profit Before Income Taxes	**2,807**
Income Taxes – Current	1,122
Income Taxes – Deferred	7,405
Loss	**5,720**

Non-Consolidated Statement Of Changes In Equity

(Year Ended March 31, 2020)

(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 Retained Earnings	Treasury Shares	Total Share-Holders' Equity
Balance At Beginning Of Period	107,165	54,520	5	54,525	6,083	8,170	485	63,046	77,786	(1,170)	238,307
Changes During Period											
Dividends Of Surplus								(10,816)	(10,816)		(10,816)
Loss								(5,720)	(5,720)		(5,720)
Reversal Of Reserve For Tax Purpose Reduction Entry Of Non-Current Assets						(519)		519	–		–
Purchase Of Treasury Shares										(14,850)	(14,850)
Disposal Of Treasury Shares			4	4						122	126
Net Changes In Items Other Than Shareholders' Equity											
Total Changes During Period	–	–	4	4	–	(519)	–	(16,017)	(16,537)	(14,728)	(31,261)
Balance At End Of Period	107,165	54,520	9	54,529	6,083	7,651	485	47,029	61,249	(15,898)	207,046

	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	(621)	(39)	(661)	659	238,305
Changes During Period					
Dividends Of Surplus					(10,816)
Loss					(5,720)
Reversal Of Reserve For Tax Purpose Reduction Entry Of Non-Current Assets					–
Purchase Of Treasury Shares					(14,850)
Disposal Of Treasury Shares					126
Net Changes In Items Other Than Shareholders' Equity	(1,616)	(34)	(1,651)	(126)	(1,777)
Total Changes During Period	(1,616)	(34)	(1,651)	(126)	(33,039)
Balance At End Of Period	(2,238)	(74)	(2,312)	532	205,266

(Note)

In Preparing The Business Report, Consolidated Balance Sheet, Consolidated Statement Of Income, Consolidated Statement Of Changes In Equity, Non-Consolidated Balance Sheet, Non-Consolidated Statement Of Income And Non-Consolidated Statement Of Changes In Equity, Figures Less Than One Unit For Monetary Amounts, Numbers Of Shares And Shareholding Ratios Are Rounded Down. However, In The Business Report, Consolidated Balance Sheet, Consolidated Statement Of Income And Consolidated Statement Of Changes In Equity, For Monetary Amounts (Excluding Borrowings And Remuneration) For Which Units Are In Millions Of Yen, Figures Less Than One Unit Are Rounded To The Nearest Unit.

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.
Other securities with market prices available are stated at fair market value as of the balance sheet date. The related valuation differences are directly included into net assets and the cost of sale price is determined by the moving-average method. Other securities 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. The Company uses the method for ordinary rental transactions for non-ownership transfer finance leases for which lease agreements were concluded on or before March 31, 2008.

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

Basis of recognizing net sales of completed construction contracts and cost of sales of completed construction contracts

Construction projects whose outcome of the progress by the end of the fiscal year is deemed definite are recorded on the percentage-of-completion basis (rate of progress estimated by the cost-ratio method), while all other projects are accounted for on the completed construction basis.

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) Accounting method for retirement benefits

In the non-consolidated financial statements, the treatment for unrecognized actuarial gain or loss and unrecognized past service cost on the balance sheet is different to the treatment in the consolidated financial statements. On the non-consolidated balance sheet, unrecognized actuarial gain or loss and unrecognized past service cost are added or deleted from projected benefit obligations and the resulting amount is recorded in provision for retirement benefits.

(3) Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(4) Application of the consolidated taxation system

The consolidated taxation system has been applied.

(5) Application of tax effect accounting for transition from consolidated taxation system to group tax sharing system

The Company has calculated the amounts of deferred tax assets and deferred tax liabilities according to the tax acts before amended based on the treatment of Paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ Practical Issues Task Force No. 39, March 31, 2020) instead of applying the provision on Paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16 , 2018), regarding the transition to group tax sharing system established in "Act for Partial Amendment of the Income Tax Act, etc."(Act No. 8 of 2020), and items for which the non-consolidated taxation system has been reviewed in line with the transition to the group tax sharing system.

II. Changes in Presentation

"Payments for civil aero engine contract," which was included in "Other" under "Non-operating expenses" in the previous fiscal year, has been separately presented in the fiscal year under review due to its increased materiality of the amount.

III. Notes to the Non-Consolidated Balance Sheet

1. Assets Pledged as Collateral and Secured Liabilities

Assets pledged as collateral

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

(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.
2. 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.
3. 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. Accumulated Depreciation of Property, Plant and Equipment

362,046 million yen

3. Contingent Liabilities

(1) Liabilities On Guarantee (Note)

(Millions Of Yen)

Guaranteed Entity	Amount	Details Of Liability On Guarantee
Ihi Investment For Aero Engine Leasing Llc	14,961	Loans From Financial Institutions
Japanese Aero Engines Corporation	5,659	Guarantee Of Loan Obligations For Purchase Of Fuselages, Guarantee For Lease Obligations And Guarantee Of Fuselage Asset Value
Ihi Turbo America Co.	979	Loans From Financial Institutions
Alpha Automotive Technologies Llc	602	Guarantee For Lease Obligations And Loans From Financial Institutions
Japan Aeroforge, Ltd.	354	Loans From Financial Institutions
Total	22,557	

(2) Quasi-Guarantee (Note)

(Millions Of Yen)

Guaranteed Entity	Amount	Description
Employees Of The Company	4,251	Housing Loans And Others
Ihi Charging Systems International Gmbh	770	Commitment To Guarantees For The Obligation To Return Vat Refund
Total	5,022	

(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	57,301 million yen
Long-term monetary claims	1,500 million yen
Short-term monetary liabilities	113,764 million yen
Long-term monetary liabilities	6,206 million yen

IV. Notes to the Non-Consolidated Statement of Income

Amounts of Transactions with Subsidiaries and Associates

(1) Operating transactions

Sales to subsidiaries and associates	16,082 million yen
Purchases from subsidiaries and associates	177,914 million yen

(2) Non-operating transactions

77,853 million yen

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

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

Common stock	6,054,574 shares

(Note)

The number of treasury shares at March 31, 2020 includes 393,900 shares of the Company owned by a trust account for the Board Benefit Trust (BBT).

VI. Tax Effect Accounting

(Primary causes for the occurrence of deferred tax assets and liabilities)
Deferred tax assets are mainly in association with loss on valuation of shares of subsidiaries and associates, and provision for retirement benefits, and deferred tax liabilities are mainly in association with reserve for tax purpose reduction entry of non-current assets.

VII. 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.

Viii. 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 Power Systems Co., Ltd.	Chiyoda-Ku, Tokyo	3,000	Manufacture	Holding Directly 100%	Company Sharing Business Function
Subsidiary	IHI Plant Services Corporation	Koto-Ku, Tokyo	500	Construction	Holding Directly 100%	Company Sharing Business Function
Subsidiary	IHI Americas Inc.	New York, U.S.A.	2,000 Thousand US Dollars	Regional Headquarters	Holding Directly 100%	Company Sharing Business Function
Affiliate	IHI Investment For Aero Engine Leasing LLC	New York, U.S.A.	191,300 Thousand US Dollars	Investment	Holding Directly 45%	Interlocking Officers
Affiliate	Japan Marine United Corporation	Nishi-Ku, Yokohama -Shi	25,000	Shipbuilding	Holding Directly 49.42%	Financial Assistance Interlocking Officers
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, 2020 (Note 1)
IHI Power Systems Co., Ltd.	(Note 2) -Company Split Split Assets Split Liabilities	 17,817 9,545	–	–
IHI Plant Services Corporation	-Ordering Of Field Work, Etc. For Plant Construction Business	(Note 3) 33,228	Accounts Payable – Trade Accounts Payable – Other	13,136 4
IHI Americas Inc.	-Contribution In Kind -Equity Investment	(Note 4) 1,793 (Note 5) 11,101	–	–
IHI Investment For Aero Engine Leasing LLC	-Debt Guarantee	(Note 6) 14,961	–	–
Japan Marine United Corporation	-Subscription To Capital Increase	(Note 7) 15,000	–	–
IHI Finance Support Corporation	-Factoring	(Note 8) 41,552	Accounts Payable – Trade Accounts Payable – Other	5,639 1,021

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
Executive Fellow	Toshinori SEKIDO	–	–	Japanese Aero Engines Corporation (Representative Director)	Held Directly 0%	Executive Fellow Of The Company

(Millions Of Yen)

Name	Transactions	Transaction Amount (Note 1)	Account Title	Balance As Of March 31, 2020 (Note 1)
Toshinori SEKIDO	Operating Transactions With Japanese Aero Engines Corporation (JAEC) (Note 9)			
	-Subcontract Of Work From JAEC Related To R&D Of Jet Engines	1,344	–	–
	-Payment Of A Portion Of Funding Related To The Above	3,264	–	– (Note 10)
	-Acceptance Of Subsidies Related To The Above	1,115	Accounts Payable – Other	8,171
			Long-Term Accounts Payable – Other	48,473
	-Manufacture Of Jet Engine Components And Delivery Thereof To JAEC	258,032	Accounts Receivable – Trade	62,182
			Advances Received	13,406
	-Payment Of A Portion Of Expenses Related To The Above	166,740	–	–

(Notes)

1. Amounts of transactions do not include consumption taxes and balances as of March 31, 2020 do. The transaction amount does not include foreign exchange gains or losses, and the ending balance includes foreign exchange gains or losses.
2. The Company's power systems business was transferred to the subsidiary through an absorption-type company split where the Company was the splitting company and the subsidiary the successor company. Assets and liabilities that were split have been transferred to the subsidiary at fair book value.
3. Amounts of transactions and trading prices were based on conditions for general transactions, and took into account market prices.
4. The Company acquired shares in IHI America Inc. in exchange for an in-kind contribution of shares in IHI Turbo America Co. and other companies.
5. Equity investment in IHI America Inc. includes the capital injection and capital increase.
6. Debt guarantee is provided against borrowings from financial institutions.
7. The Company subscribed to the capital increase through Japan Marine United Corporation's allocation of new shares to investors. The Company recorded an impairment loss in the fiscal year under review.

8. 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.
9. 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.
10. Consumption tax, etc. are not included in Accounts payable – other or Long-term accounts payable - other for which Japanese Aero Engines Corporation is the counterparty.

IX. Per Share Information

1. Net Assets per Share 1,377.51 yen

2. Basic Loss per Share 37.60 yen

(Notes)

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

Loss	5,720 Million Yen
Amounts For Non-Common Shareholders	–
Loss Regarding Common Stock	5,720 Million Yen
Average Number Of Shares Of Common Stock	152,137 Thousand Shares

2. The number of shares issued at the end of the period, and the number of treasury shares excluded for the calculation of the average number of shares outstanding during the period, include shares of the Company owned by a trust account for the Board Benefit Trust (BBT). The number of treasury shares at the end of the period excluded for the calculation of net assets per share is 393,900 shares, and the average number of treasury shares outstanding during the period excluded for the calculation of basic loss per share is 313,692 shares.

X. Significant Subsequent Events

No applicable item.

XI. Other Notes

(Gain on transfer of equity interest of subsidiaries and associates)
The Company transferred all of its equity interest in Wuxi IHI Turbo Co. to its consolidated subsidiary Changchun FAWER IHI Turbo Co., Ltd. and partially transferred its equity interest in IHI Investment for Aero Engine Leasing LLC. As a result, a gain on transfer of equity interest of subsidiaries and associates totaling ¥6,293 million was recorded under extraordinary income.

(Gain on sales of non-current assets)
The Headquarters Representative's Office, Aichi District, ceased functioning as a production site upon completion of all of the F-LNG business' projects for which orders had been received. As a result, the Company recorded a gain on sales of non-current assets due to factors including the transfer of a portion of the Office's land and buildings, among other non-current assets.

Details And Location Of Assets	Gain On Sales Of Non-Current Assets
Land (Approximately 219,000 m^2) And Buildings (Including Associated Non-Current Assets) 11-21, Kitahamamachi, Chita-Shi, Aichi Others	4,466 Million Yen

(Gain on extinguishment of tie-in shares)
The Company acquired its consolidated subsidiary, IHI Enviro Corporation, through an absorption-type merger. As a result, a gain on extinguishment of tie-in shares totaling ¥2,092 million was recorded under extraordinary income.

(Loss on valuation of shares of subsidiaries and associates)
Because the fair value of Japan Marine United Corporation's shares held by the Company has declined significantly below their book value, the Company has investigated the likelihood of a recovery in the value of the shares. Having concluded that such a recovery would be difficult for the time being, the Company has recorded a loss on valuation of shares of subsidiaries and associates.
Including other losses on valuation of shares of subsidiaries and associates, extraordinary losses of 33,528 million yen were recorded.

(Recognition of revenue on engine programs)
Regarding the engine programs in which the Company participates, we record the revenue amount recorded by its main partners toward airlines etc. in net sales according to the participation rate. Although previously, the net sales were recorded based on the sales notification sent by the main partners on the following month after they had sold, we changed from March 2020 to record net sales within the same month, because it became possible to obtain the sales information earlier.
As a result, net sales of a thirteen-month including March 2020 were recorded in the fiscal year under review and net sales increased by 29,300 million yen.

(Impact of the spread of COVID-19)
Due to the spread of COVID-19, there is a concern of significant impact mainly on the civil aero engines business and the vehicular turbochargers business. Therefore, deferred tax assets for the fiscal year under review were calculated on the basis of an estimation of the impact to future taxable income under certain assumptions.

(Note)
In preparing the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and notes to the non-consolidated financial statements, monetary amounts less than one unit are rounded down.

Audit Report of Accounting Auditor on Consolidated Financial Statements

(Translation)

Report Of Independent Auditor

May 21, 2020

To The Board Of Directors
IHI Corporation

Ernst & Young ShinNihon LLC

Tokyo Office

Hideyuki Inoue (Seal)
Certified Public Accountant
Designated And Engagement Partner

Hirotaka Oya (Seal)
Certified Public Accountant
Designated And Engagement Partner

Yoichi Takanashi (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 balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements of IHI Corporation (the "Company") applicable to the fiscal year from April 1, 2019 through March 31, 2020.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and results of operations of the IHI Group, which consisted of the Company and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2020 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 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.

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 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 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 Group'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 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 generally accepted in Japan, 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 21, 2020

To the Board of Directors
IHI Corporation

Ernst & Young ShinNihon LLC

Tokyo Office

Hideyuki Inoue (Seal)
Certified Public Accountant
Designated and Engagement Partner

Hirotaka Oya (Seal)
Certified Public Accountant
Designated and Engagement Partner

Yoichi Takanashi (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 203rd fiscal year from April 1, 2019 through March 31, 2020.

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 203rd fiscal year ended March 31, 2020 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.

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 203rd fiscal year, from April 1, 2019 through March 31, 2020, based on audit reports from each Audit & Supervisory Board Member, prepared the following Audit Report.

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

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.

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. Simultaneously, 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.

In addition, each Audit & Supervisory Board Member reviewed the contents of the Board of Directors' resolutions on a system which assures that the execution of Directors' duties described in the business report comply with laws and regulations and the Articles of Incorporation, and monitored improvements to the system for assuring the propriety of operations of a corporate group consisting of a corporation and its subsidiaries, as stipulated in Article 100, Paragraphs 1 and 3 of the Regulation for Enforcement of the Companies Act of Japan.
Based on the methods described above, the Audit & Supervisory Board reviewed the Business Report and its supplementary schedules for the fiscal year.

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" (established by the Business Accounting Council on October 28, 2005), and requested explanations from them when necessary.

Based on the methods described above, the Audit & Supervisory Board reviewed 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 balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements) for the fiscal year.

II. Results of Audit

1. Results of the audit of the business report and other documents
(1) 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.
(2) 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.
(3) 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.

Regarding the inadequate practices in the civil aero engine maintenance business that were revealed in fiscal 2018, the Audit & Supervisory Board confirmed that the initiatives to prevent recurrence announced on May 10, 2019, as well as the initiatives to strengthen compliance and the risk management system throughout the Company are steadily being implemented.

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 26, 2020

The Audit & Supervisory Board
IHI Corporation

Shigeru Uesugi (Seal)
Standing Audit & Supervisory Board Member

Taizo Suga (Seal)
Standing Audit & Supervisory Board Member

Yoko Hatta (Seal)
Outside Audit & Supervisory Board Member

Tomomi Yatsu (Seal)
Outside Audit & Supervisory Board Member

Toshio Iwamoto (Seal)
Outside Audit & Supervisory Board Member