

August 6, 2025

To whom it may concern,

IHI Corporation
3-1-1 Toyosu, Koto-ku, Tokyo
Hiroshi Ide, Representative Director, President,
and Chief Executive Officer
(Securities Code 7013)
Contact: Keiichi Sakamoto, General Manager
of Corporate Communication Division
Phone +81-3-6204-7030

Notice Regarding the Disposal of Treasury Shares by Third-Party Allotment in Connection with the Introduction of Restricted Stock Remuneration Plan

IHI Corporation (hereinafter “IHI”) hereby announces that it has resolved, at the Board of Directors meeting held today, to conduct the disposal of treasury shares (hereinafter the “Disposal of Treasury Shares”) in connection with the introduction of the restricted stock remuneration plan “Board Benefit Trust-Restricted Stock (BBT-RS)” (hereinafter the “Plan”), which was announced on May 21, 2025. The Disposal of Treasury Shares will be formally conducted to Custody Bank of Japan, Ltd. (Trust Account E) as the allottee, which is the re-trustee that receives re-trust from the trustee of the trust that will be established by the trust agreement to be concluded with Mizuho Trust & Banking Co., Ltd. regarding the Plan. However, the Disposal of Treasury Shares is effectively equivalent to allocating shares to IHI’s Directors (excluding Independent Directors. Hereinafter, the same applies) and Executive Officers who are not IHI’s Directors concurrently (hereinafter the “Directors, etc.”) as consideration for services provided to IHI.

1. Overview of the Plan

IHI introduced the Plan pursuant to resolutions at the 208th Annual General Meeting of Shareholders held on June 25, 2025, and the Board of Directors meeting held on the same day. IHI also resolved, at the same Board of Directors meeting, to introduce a system with the same purpose for IHI’s Executive Officers (The restricted stock benefit regulations that stipulate details of the Plan, resolved at the same Board of Directors meeting, are hereinafter referred to as the “Stock Benefit Regulations”).

The Plan is a system in which IHI will provide the Directors, etc. with IHI’s common shares (hereinafter the “IHI Shares”) and cash equivalent to the market value of the IHI Shares (hereinafter collectively with the IHI Shares, the “IHI Shares, etc.”) through the Trust.

IHI will grant the Directors, etc. points for the purpose of transferring the IHI Shares, etc. each fiscal year in accordance with the Stock Benefit Regulations and, through the Trust, grant the IHI Shares equivalent to some of the points to the Directors, etc. who fulfilled certain requirements set forth in the Stock Benefit Regulations.

In the event that IHI grants the IHI Shares to the Directors, etc. currently in office, IHI will first enter into a transfer restriction agreement with the said Directors, etc. Consequently, there will be restrictions on disposal through transfers, etc. of the IHI Shares received by the Directors, etc. during the period until the said Directors, etc. retire. The IHI Shares that are allotted to Custody Bank of Japan Ltd. (Trust Account E) will be held at Custody Bank of Japan Ltd. (Trust Account E) until the Directors, etc. receive such IHI Shares. Accordingly, even the Directors, etc. who received points are not allowed to dispose of the IHI Shares equivalent to the points through transfers, etc. until they receive the IHI Shares.

In addition to granting the IHI Shares, IHI will provide the Directors, etc. with the amount of money equivalent to part of the points through the Trust if the Directors, etc. who have fulfilled certain requirements set forth by the Stock Benefit Regulations retire from all of the positions as officers.

In the event that the Directors, etc. are non-residents, IHI will provide them with the amount of money equivalent to the market value of all points outside the Trust instead of the method for granting through the Trust.

2. Overview of Disposal of Treasury Shares

(1) Disposition date	Friday, August 22, 2025 (Note 1)
(2) Class and number of shares to be disposed of	78,000 common shares
(3) Disposal value	17,350 yen per share
(4) Total disposal value	1,353,300,000 yen
(5) Planned disposal destination	Custody Bank of Japan, Ltd. (Trust Account E) (Note 2)
(6) Other	IHI will submit a correction report as an extraordinary report stipulated in the Financial Instruments and Exchange Act concerning the Disposal of Treasury Shares.

(Note 1) The Disposal of Treasury Shares will be carried out prior to the stock split that is to come into effect on October 1, 2025, which was resolved at the Board of Directors meeting held today. For details of the stock split, please refer to the “Notice regarding Stock Split, Partial Amendment of Articles of Incorporation, and Revision of Year-End Dividend Forecast” which IHI announced today.

(Note 2) The formal planned disposal destination of the Disposal of Treasury Shares is Custody Bank of Japan, Ltd. (Trust Account E). Custody Bank of Japan, Ltd. (Trust Account E) is the trust account that will be established by the conclusion of a trust agreement between IHI as the entrustor and Mizuho Trust & Banking Co. Ltd. as the trustee (Custody Bank of Japan, Ltd. as the re-trustee) (hereinafter the “Trust Agreement”). However, the Disposal of Treasury Shares will be conducted to provide the Directors, etc. with shares under the Plan, and the above 78,000 shares are scheduled to be granted to the Directors, etc. (Directors: 27,000 shares and Executive Officers: 51,000 shares) as consideration for services provided to IHI (The numbers of Directors and Executive Officers are five and 16, respectively, as of August 6, 2025.) The number of shares to be granted to the Directors, etc. as consideration for the provision of service in relation to the fiscal year that ends on March 31, 2026 is as below.

IHI’s Directors 5 persons 3,608 shares

IHI’s Executive Officers 16 persons 6,082 shares

3. Purpose and Reason for the Disposal

The Disposition of Treasury Shares is to hold and dispose of the IHI Shares in the operation of the Plan and to dispose of treasury shares to the Trust Account E set up by Custody Bank of Japan, Ltd. (the re-trustee that receives re-trust from Mizuho Trust & Banking Co., Ltd., which is the trustee of the Trust) through third-party allotment. Although the Disposal of Treasury Shares will be formally conducted to Custody Bank of Japan, Ltd. (Trust Account E) as the allottee, it is planned to eventually grant such treasury shares to the Directors, etc. as consideration for services provided to IHI, and it is essentially equivalent to allocating shares to the Directors, etc. as consideration for services provided to IHI.

The number of shares to be disposed of corresponds to the number of shares that is reasonably estimated to be necessary for granting the IHI Shares, etc. as remuneration related to the provision of services by the Directors, etc. for the three fiscal years from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2028 and is 0.05% of the total number of issued shares as of March 31, 2025, which is 154,679,954 shares (0.05% of the total voting rights as of March 31, 2025, which is 1,514,756 units [Both rates are rounded off to two decimal places]). Accordingly, IHI has judged the scale of dilution as reasonable in light of the purpose of the Plan described in “Notice Regarding Introduction of Restricted Stock Remuneration Plan for IHI Executives,” dated on May 21, 2025.

4. Overview of the Trust

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| (1) Name: | Board Benefit Trust Restricted Stock (BBT-RS) |
| (2) Entrustor: | IHI |
| (3) Trustee: | Mizuho Trust & Banking Co., Ltd. (Re-trustee: Custody Bank of Japan, Ltd.) |
| (4) Beneficiaries: | The Directors, etc. who fulfill the beneficiary requirements set forth in the Stock Benefit Regulations |
| (5) Trust administrator: | Plan to select a third party with no vested interest in IHI |
| (6) Type of trust: | Trust of money other than money trust (third-party benefit trust) |
| (7) Date of conclusion of the Trust Agreement: | August 22, 2025 |
| (8) Date on which money is entrusted: | August 22, 2025 |
| (9) Trust period: | From August 22, 2025 until the end of the trust
(No specific termination date is set and the trust will continue as long as the Plan continues.) |

5. Basis and specifics of the calculation of the disposal value

The disposal value has been set at 17,350 yen, which is the closing price of IHI Shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors' resolution on the Disposal of Treasury Shares.

The reason for basing the value on the closing price on the business day immediately preceding the date of the Board of Directors' resolution is because it represents IHI's fair corporate value in the stock market and IHI judged it as reasonable.

The disposal value of 17,350 yen is the amount obtained by multiplying the average closing price of 15,793 yen (rounded down to the nearest yen) for the most recent 1-month period retracing from the business day immediately preceding the date of the Board of Directors' resolution by 109.86%; it is the amount obtained by multiplying the average closing price of 14,883 yen (rounded down to the nearest yen) for the most recent 3-month period retracing from the business day immediately preceding the date of the Board of Directors' resolution by 116.58%, and, moreover, it is the amount obtained by multiplying the average closing price of 12,663 yen (rounded down to the nearest yen) for the most recent 6-month period retracing from the business day immediately preceding the date of the Board of Directors' resolution by 137.01%. Considering the above, IHI has concluded that the disposal value related to the Disposal of Treasury Shares is not particularly advantageous but reasonable.

With respect to the above disposal value, five Audit & Supervisory Board Members who attended the Board of Directors' meeting (three of which are Independent Audit & Supervisory Board Members) expressed the opinion that the disposal value was not particularly favorable.

6. Matters concerning Procedures under the Code of Corporate Conduct

The Disposal of Treasury Shares does not require the obtaining of third-party opinions or the procedure for confirming the intent of shareholders stipulated by Article 432 of the Securities Listing Regulations set forth by the Tokyo Stock Exchange because (1) the dilution rate is less than 25% and (2) it will not cause a change of the controlling shareholder.

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