

(English Translation)

July 31, 2024

To whom it may concern,

**IHI Corporation**

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

Hiroshi Ide, Representative Director, President  
and Chief Executive Officer

(Securities Code: 7013)

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**Notice of Misconduct by IHI's Consolidated Subsidiary Niigata Transys Co., Ltd.**

IHI Corporation (hereafter "IHI") hereby announces that its consolidated subsidiary Niigata Transys Co., Ltd. (hereafter "Niigata Transys") was found to have delivered certain rotary snowplows (hereafter "snowplows") that it manufactured and sold with specifications different from those presented to customers. The details are as described below.

The IHI Group takes the discovery of this misconduct very seriously. We deeply apologize for the great inconvenience and concern caused to our customers and other stakeholders.

IHI is currently examining the impact of this incident on financial results, and will promptly announce the expected impact, if any, based on the findings of further investigation.

1. Details of the misconduct

When participating in the bidding process for the Ministry of Land, Infrastructure, Transport and Tourism's regional development bureaus, local governments, expressway companies, etc., which are the main customers of snowplows, the maximum snow removal capacity of snowplows is declared. In a test to measure this maximum snow removal capacity (hereafter "snow removal performance test"), it was discovered that the specifications of snow removal apparatus on snowplows had been changed (gear ratio for distributing power, number of rotations of the snow shoveling auger\*, shape of the snow discharge port) with the intention of showing improved snow removal capacity, and that snow removal performance tests had been conducted using the changes. The snowplows actually delivered to customers used different parts from those used in the snow removal performance tests (hereafter the "misconduct"), and as a result, it became necessary to reconfirm the maximum snow removal capacity of the vehicles subject to the misconduct.

The misconduct relates to the snow removal apparatus installed on snowplows, and the snowplow vehicles themselves meet the safety standards compliance inspection based on the Road Transport Vehicle Act.

\*Auger: a rotating apparatus at the front of a vehicle that shovels snow

## 2. Background of the discovery

In response to the revelation, as announced on April 24, 2024, that IHI Power Systems Co., Ltd., a consolidated subsidiary of IHI, had improperly revised the test operation records for marine engines and land-use engines, we investigated whether there were any similar incidents in the IHI Group, and conducted activities to raise awareness of compliance. In doing so, some employees of Niigata Transys raised the issue of this misconduct at an internal company meeting of Niigata Transys. In response, an investigation was conducted at IHI and Niigata Transys, which revealed that the misconduct had taken place.

## 3. Details identified to date

### (1) Number of vehicles involved

In response to the revelation from the employees, we investigated the scope of vehicles subject to the misconduct with respect to 2,847 vehicles of 43 models sold since 2002, for which the reliability of test data has been ensured.

As a result, we found that the misconduct took place between 2007 and 2017, and that 1,239 vehicles in 10 models were subject to the misconduct. (Including six vehicles whose registrations were cancelled.)

<Breakdown of vehicles involved by model> \*Excluding six vehicles whose registration was cancelled.

Model	NR84	NR103T	NR104T	NR144	NR282	NR301	NR302	NR303	NR401	NR402
No. of units	170	13	32	66	171	106	221	414	20	20

Total 1,233 units

<Breakdown by customer>

MLIT	NEXCO	Local governments	Private sector, etc.
98	33	925	177

Total 1,233 units

### (2) Background leading up to the misconduct

According to the interview-based investigation to date, it was found that in the snow removal performance test conducted in 2006, the required targets could not be achieved; therefore, certain parts of the snow removal apparatus were replaced in the following year's test.

In addition, during the investigation to date, some employees have testified that they took over the customary practice of replacing snow removal apparatus parts from their predecessors, and we believe that a lack of compliance awareness and issues with the workplace culture are behind this incident.

#### 4. Future actions

We will continue to investigate the facts and determine the cause of the misconduct, and IHI and Niigata Transys will provide individual explanations to customers to whom we have delivered the subject products and address them sincerely. Regarding the product models that were the subject of this misconduct, we will conduct new snow removal performance tests to confirm that they meet the performance specifications, and then take appropriate action. In addition, based on the results of the investigation into the facts and causes, we will proceed with the formulation of measures to prevent recurrence.

(END)

#### Outline of Niigata Transys, Co., Ltd.

Head office	5-2756-3 Higashiko, Seiro-machi, Kitakanbara-gun, Niigata, Japan
President	Haruhiko Shimada (Assumed office on April 1, 2023)
Business details	Manufacture and sale of rolling stock, guideway railroad facilities, snow removal equipment, etc.
Capital	1.0 billion yen
Net sales	23.6 billion yen (Fiscal year ended March 31, 2024)
Number of employees	424 (As of March 31, 2024)
Company history	1910 Niigata Engineering Co., Ltd. is established. 2003 Ishikawajima-Harima Heavy Industries Co., Ltd. (now IHI Corporation) takes over the business, and Niigata Transys Co., Ltd. is established.