

CFO Session: Financial Strategy & Capital Allocation



June 2, 2026

IHI Corporation

Hiromi Oshima
Managing Executive Officer (Chief Financial Officer)

Driving Profit Growth and Cash Flow Expansion

	Profit Growth Drivers	Operating Profit	Operating C/F	ROIC
Group Management Policies 2023 (FY2023-FY2025)	✓ Aftermarket for the Engine Business	FY2025 Normalized performance ¥143.1B	3-year cumulative ¥361.1B	11%
Phase 1 (FY2026-FY2028)	<ul style="list-style-type: none"> ✓ Aftermarket for the Engine Business ✓ Defense ✓ Expansion of Lifecycle business 	vs. FY2025 +¥50-60B	3-year cumulative ¥350B	11%
Phase 2 (FY2029-FY2031)	<ul style="list-style-type: none"> ✓ Aftermarket for the Engine Business ✓ Defense ✓ Nuclear ✓ Space/Ammonia 	vs. FY2025 +¥150-160B	3-year cumulative ¥750B	11%+

EPS Growth

FCF Expansion

Balancing Investment and Discipline

Not Factored In

Rising Geopolitical Risk, Expanded Impact of China Export Control, Further Real Estate Divestures, Defense Budget Expansion, Expansion of Overseas Engine MRO Sites, Further Nuclear Capacity Expansion, Further Expansion of Defense Equipment Transfer, Overseas Bridge Maintenance & Rehabilitation, HEV-Driven Turbocharger Electrification, M&A (Acquisition, Divesture)

Balancing Growth Investments and Financial Discipline

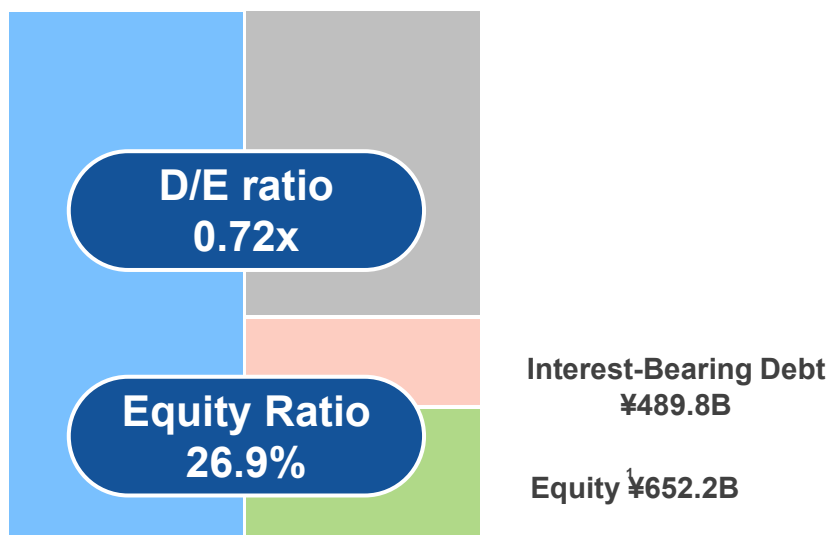
Building a resilient balance sheet and delivering high capital efficiency for Long-Term Growth

Enhancing corporate value by expanding earnings and C/F while widening the ROIC–WACC spread

Balance sheet Image

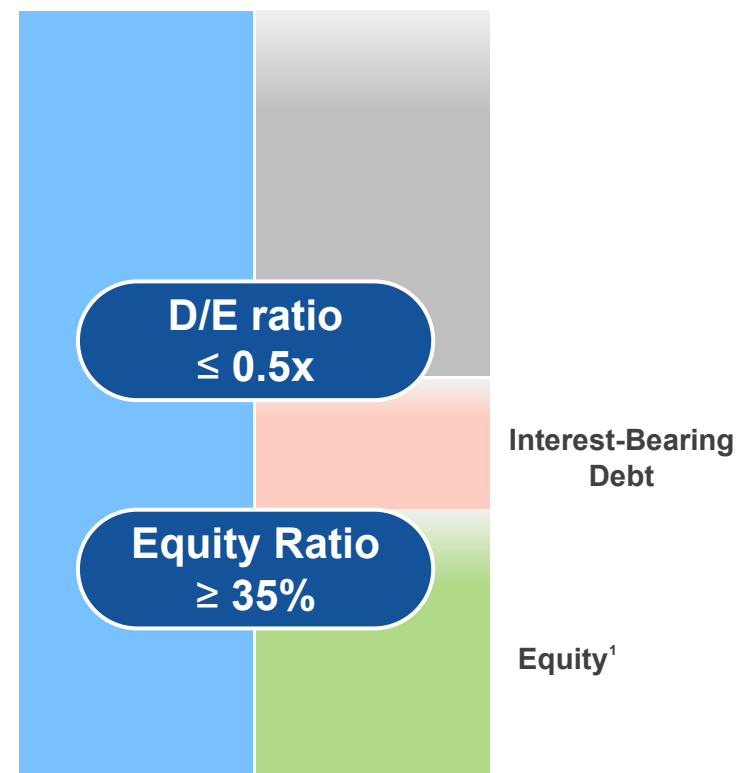
March-2026

Total Liabilities & Equity
2,428.5B



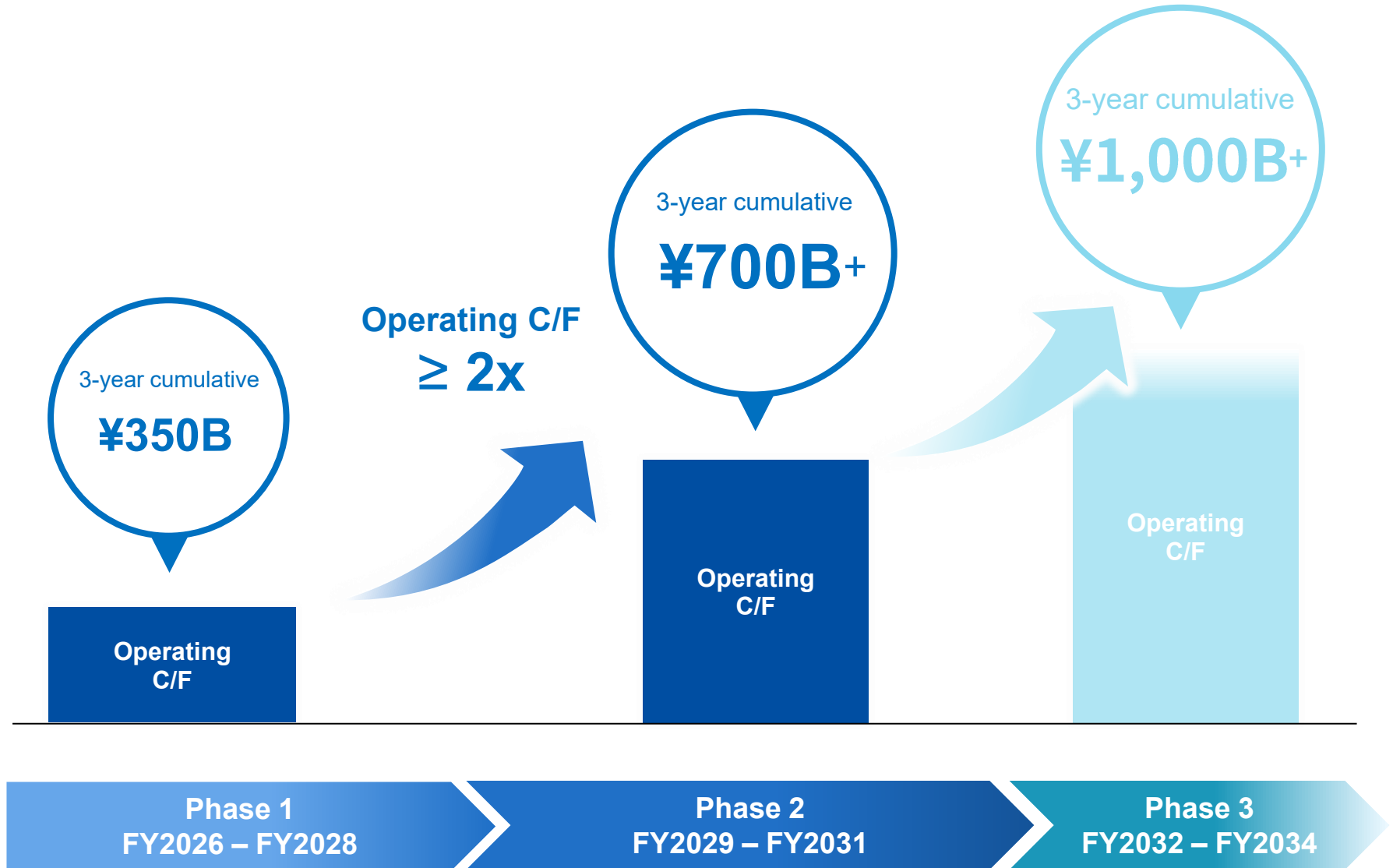
ROIC: 11.0%

Mid- to Long- term



ROIC : 13%+

Drive operating cash flow growth through significant profit expansion in growth business

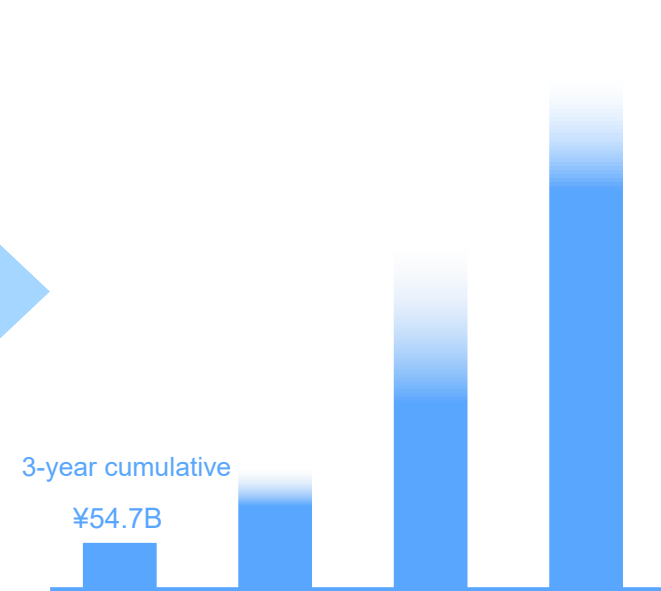
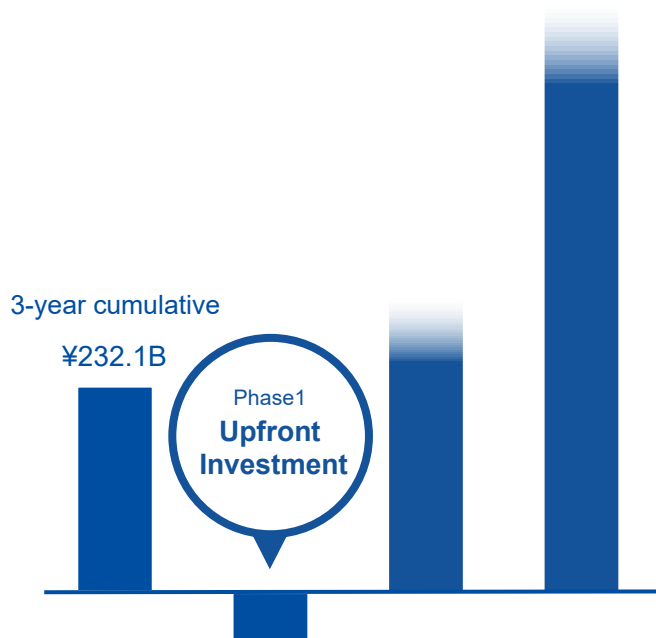


Phase 1: Aim for sustained growth in dividends per share

Phase 2 onward : Pursue further expansion of shareholder returns, considering options other dividends

Free Cash Flow

Shareholder Returns



Group Management Policies 2023 Phase 1 FY2026-2028 Phase 2 FY2029-2031 Phase 3 FY2032-2034

Group Management Policies 2023 Phase 1 FY2026-2028 Phase 2 FY2029-2031 Phase 3 FY2032-2034

Phase 1 Short-term negative due to upfront investments

Phase 2 Strong growth in the latter half by harvesting investment returns

Phase 1 Balancing upfront investments with steady enhancement of shareholder returns

Phase 2 Significant expansion of shareholder returns



Forward-looking figures shown in this material with respect to IHI's performance outlooks and other matters are based on currently available information, and therefore contain risks and uncertainties. Consequently, you should not place undue reliance on these performance outlooks in making investment decisions. Actual results could differ materially from those discussed in these performance outlooks due to several important factors. They include political environments in areas in which IHI operates, general economic conditions, and the yen exchange rate including its rate against the US dollar.

Appendix. Business Portfolio Reform

May 8, 2026
Presentation on Financial Report of 2025
(Reproduced)

- Executed decisive portfolio reforms via introducing external capital and liquidations to enhance profitability and capital efficiency

Publication date	Business	Overview
Oct.28, 2024	Packaged boiler	<ul style="list-style-type: none"> Completed transfer 100% shares of IHI PACKAGED BOILER CO.,LTD. to TAKUMA CO., LTD. (April 1, 2025)
Nov.6, 2024	Materials Handling Systems	<ul style="list-style-type: none"> Completed transfer the Materials Handling System business of IHI Transport Machinery Co.,Ltd. to Tadano Ltd. (July 1, 2025)
Nov.25, 2024	Turf care machinery	<ul style="list-style-type: none"> Completed transfer the Turf care machinery business of IHI Agri-Tech Corporation to Kyoeshia Co., Ltd. (June 1, 2025)
Mar.27, 2025	Concrete construction materials	<ul style="list-style-type: none"> Completed transfer 100% shares of IHI CONSTRUCTION MATERIALS Co., Ltd., to Vertex Corporation. (October 1, 2025)
Jun.26, 2025	Investments accounted for using equity method	<ul style="list-style-type: none"> Completed transfer 15% shares of Japan Marine United Corporation, to Imabari Shipbuilding Co., Ltd. (January 5, 2026)
Aug.6, 2025	Transport systems	<ul style="list-style-type: none"> Completed transfer 100% shares of Niigata Transys Co.,LTD. to J-Will Partners Co., Ltd. Group (December 30, 2025)
Aug.6, 2025	Weather, disaster prevention, space	<ul style="list-style-type: none"> Completed transfer 100% shares of Meisei Electric Co., Ltd. to NOHMI BOSAI LTD. (February 2, 2026)
Feb.2, 2026	Carbon solution	<ul style="list-style-type: none"> Completed transfer 100% shares of Kotobuki Iron Works Co., Ltd. to TSUNEISHI IRON WORKS Co., Ltd. (February 1, 2026)
Feb.10, 2026	Carbon solution (Overseas)	<ul style="list-style-type: none"> Initiated the liquidation process (Employee dismissal etc.) for IHI Energy Solutions Inc. on January 12, 2026. Completed substantial liquidation within fiscal year 2025.
Mar.16, 2026	Carbon Solution (Overseas)	<ul style="list-style-type: none"> Agreed to transfer 100% shares of IHI Power Services Corp. to Kyushu Electric Power Group (Scheduled to transfer at the end of May 2026)
May.8, 2026	Carbon Solution (Overseas)	<ul style="list-style-type: none"> Initiated the liquidation process for IHI SOLID BIOMASS MALAYSIA SDN. BHD.
May.8, 2026	Logistics & Machinery	<ul style="list-style-type: none"> Agreed to transfer 100% shares of IHI Logistics & Machinery Corporation to Toyota Industries Corporation. (Scheduled to transfer 80% shares on April 1, 2027 and 20% of the remaining shares after approximately 5 years of retention)