

Investor Day Materials

## Opening Remarks

**IHI**

June 2, 2026

株式会社 **IHI**  
Hiroshi Ide  
President and Chief Executive Officer

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## Key Message for Today

**IHI**

- **May 8** : "Medium-to- Longer Term Direction" and "Roadmap toward Medium-to Long- Term"
- **Today** : **Growth Strategy for each business**



- ✓ **Technology Strategy**  
Further strengthen technologies that are difficult to replicate and serve as barriers to entry
- ✓ **Growth Business**  
Drive significant profit growth through investment-led capacity expansion
- ✓ **Stable revenue business**  
Drive stable growth in profitability and ROIC through LCB expansion
- ✓ **Financial strategy**  
Substantially increase shareholder returns from Phase 2 onward

### ■ Key Message for Today

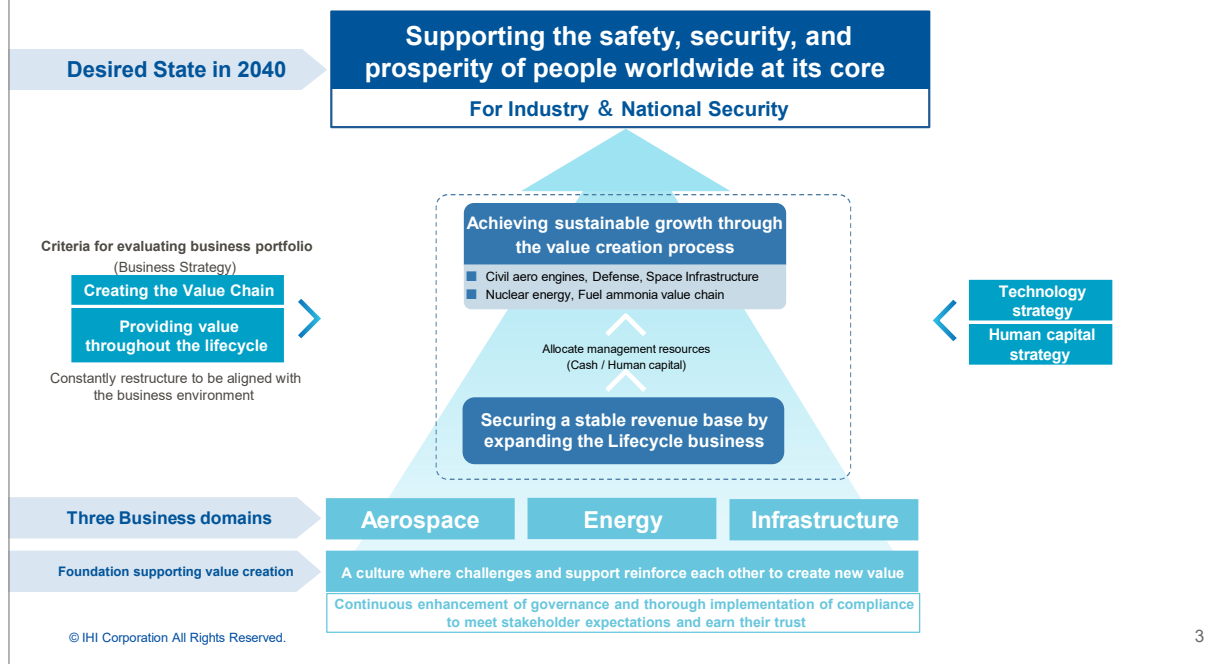
- Today, we will build on the "Medium-to-Longer direction" and "medium- to long-term roadmap" presented on May 8 and provide a detailed overview of our specific growth strategies.
- Further details will be provided by each business leader.
- The key message is our strong conviction that we can achieve significant growth in civil aero engines, defense, and nuclear by expanding production capacity amid robust mid- to long-term demand.

## Management Direction Toward 2040

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

**IHI**

- IHI has tackled critical challenges since its founding at the industrial as well as national levels through technology, contributing to the safety, security, and prosperity of people in each country and region. This long history of accumulated challenges is the very source of IHI's competitive advantage.
- Looking toward 2040, IHI aims to play a key role in elevating Japan's industrial and national strength back to the world's top level, thereby contributing to the economic, national, and energy security of countries worldwide.



### ■ Recap of May 8

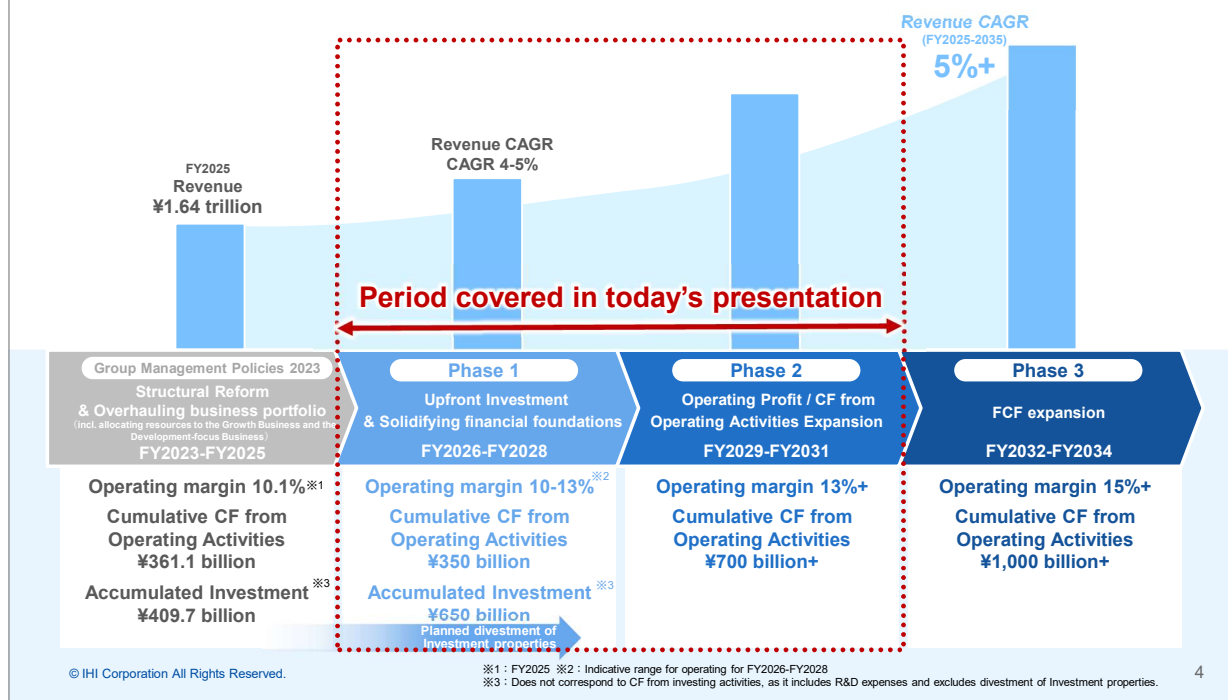
- We defined three business domains as the fields in which the IHI Group will operate.
- We set our desired state in 2040 as “For Industry & National Security.”
- We must continue to rigorously address the issues we have faced, including earnings volatility and compliance.
- Building on such foundation, we need to determine how to achieve sustainable growth over the medium to long term.

## Roadmap toward Medium- to Long-Term

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

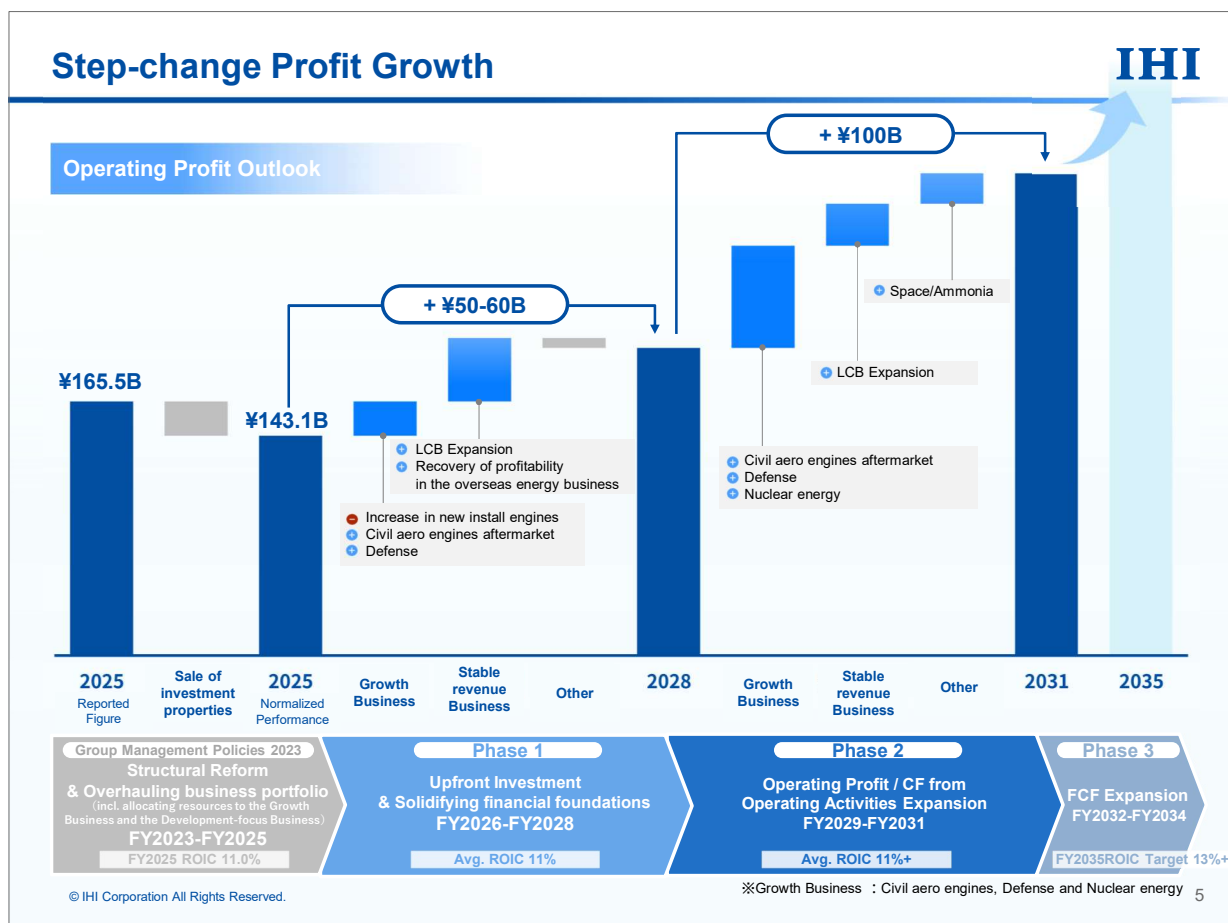


- Deliver **step-change profit growth** beyond past trajectory through disciplined execution of growth investments over the next three years



### ■ Period covered in today's presentation

- Today, focusing on Phase 1 and Phase 2, we will explain more concretely how we will realize returns on our investments and drive profit and cash flow growth through specific strategies and actions.



## ■ Step-change profit growth

- The profit growth we aim to achieve by Phase 2 is shown here.
- Driven by our growth businesses—Civil aero engines, Defense, and Nuclear energy—along with contributions from profit expansion in LCB such as energy, we expect operating profit to increase by ¥50–60 billion over the next three years and by nearly ¥100 billion in the following three years.
- In other words, over the next six years, we expect profit to increase by approximately ¥150–160 billion, which would roughly double last year’s operating profit of around ¥160 billion.
- In terms of capital efficiency, we aim to achieve an ROIC of 13%+ by FY2035 through disciplined investment execution.

## Drivers of profit growth



Strategies and Drivers for Profit Growth by Business

	Business	OPM <sup>※</sup>	Strategy for profit growth	Driver for profit growth	ROIC
Growth	Civil aero engines	High	Top-line growth	Capacity Expansion	Mid
	Defense	Mid	Top-line growth	Gov't Collaboration Capacity Expansion	High
	Nuclear energy	High	Top-line growth	Capacity Expansion	High
Stable revenue	Bridges, Vehicular Turbocharger, Parking, Energy LCB etc.	Mid	Margin improvement	LCB Expansion	High

※Operating profit margin

### ■ Drivers of profit growth

- This slide shows the key drivers of profit growth for each business.
- In Civil aero engines business and Nuclear energy business—both already highly profitable—we expect steady revenue expansion and significant profit growth by increasing production capacity, which is currently the main constraint.
- In Defense business, we will respond to increased demand by expanding production capacity in collaboration with Japanese government. Profitability has also improved in recent years, making it a significant contributor to overall profit.
- I would like to emphasize that, given the strong demand outlook across all our Growth businesses, expanding production capacity will be the key driver of profit growth.
- Our Stable revenue business will drive profit growth by expanding LCB businesses and enhancing profitability further.

## Agenda



We will present three key strategies to deliver our high growth

Contents	Speaker
Opening Remarks	Hiroshi Ide President and Chief Executive Officer
Technology Strategy	Hideo Morita Representative Director and Senior Executive Officer
Growth Strategy	
Nuclear energy	Noriaki Ozawa Managing Executive Officer
Bridge	Jun Kobayashi Representative Director and Senior Executive Officer
Vehicular turbocharger and Parking	Kiyoshi Nihei Managing Executive Officer
Civil aero engines and Defense	Atsushi Sato Representative Director and Senior Executive Officer
Financial Strategy	Hiromi Oshima Managing Executive Officer
Break	
Questions and Answers	Speakers
Closing Remarks	Hiroshi Ide President and Chief Executive Officer

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### ■ Today's agenda

- The three strategies shown here will be explained in detail by our Senior Executive Officers and Managing Executive Officers.
- After a short break, we will move to the Q&A session. Please feel free to ask any questions.
- Together with all speakers, we will make every effort to ensure this is a meaningful session for you.



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.

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## Technology Strategy

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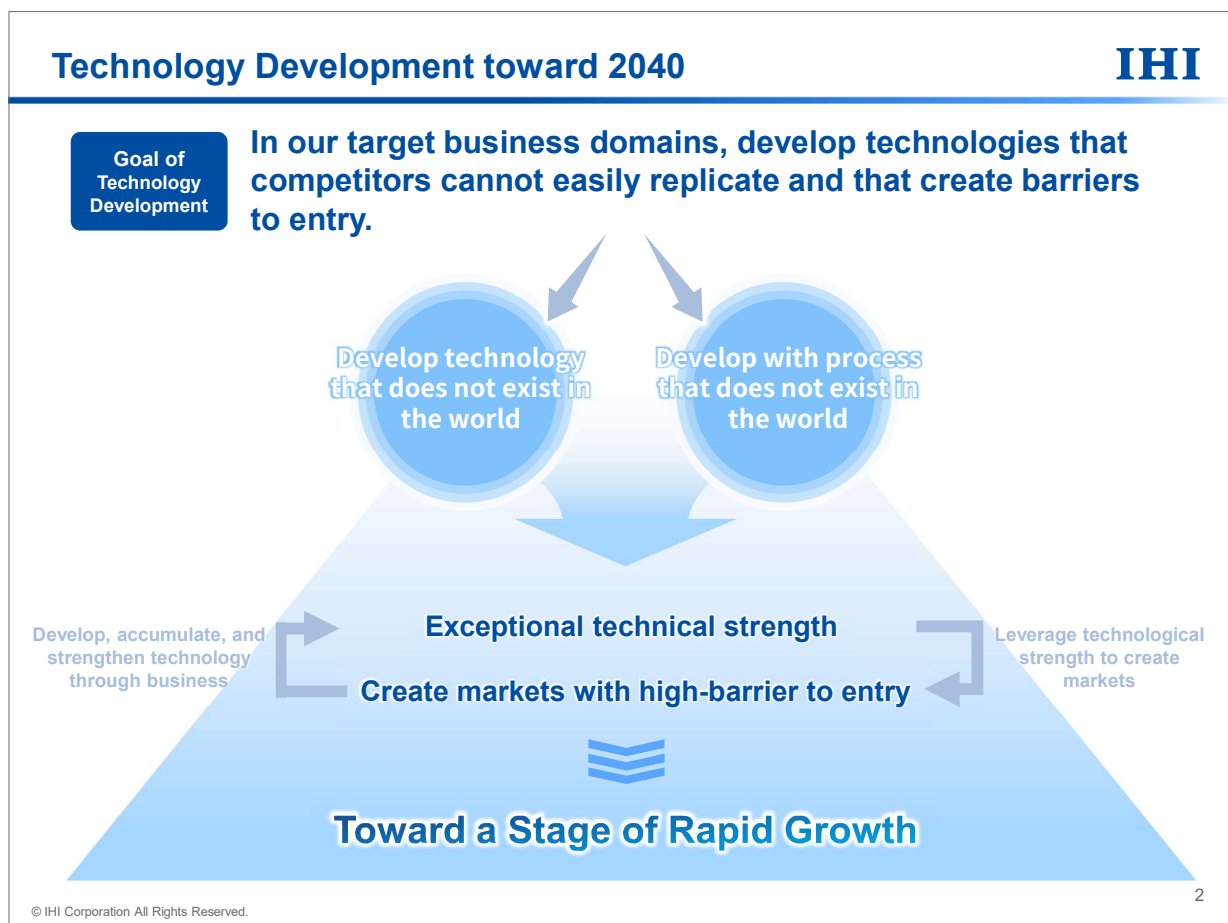
June 2, 2026

### **IHI Corporation**

Hideo Morita  
Representative Director and Senior Executive Officer

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- I am Hideo Morita, Representative Director and Senior Executive Officer. I am also responsible for corporate technology strategy
- I will explain the direction and priorities of our technology development.



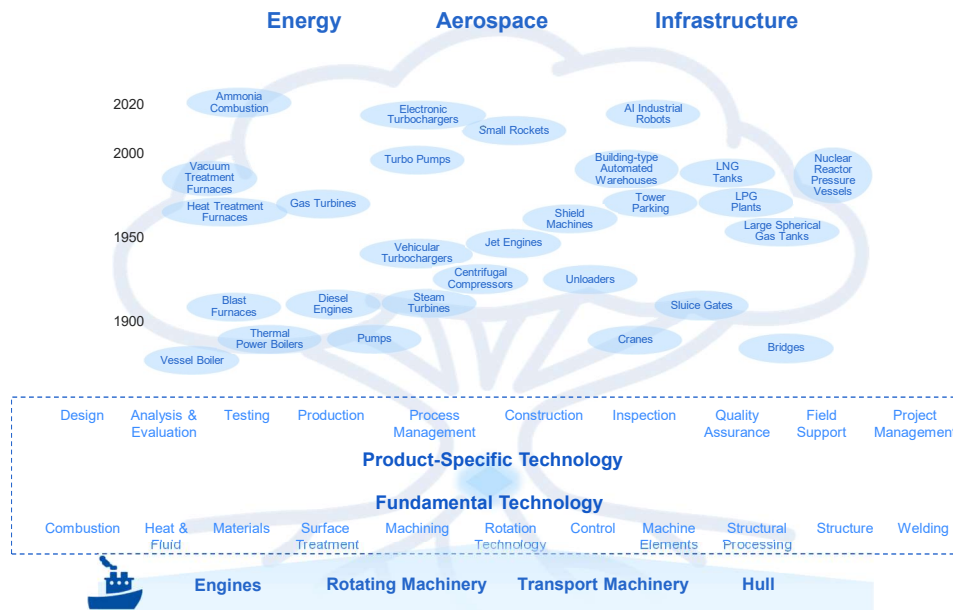
- First, regarding our technology development toward 2040.
- IHI has built Exceptional technical strength and turned those strengths into high-barriers to entry, thereby gaining competitiveness. Now and in the future, the source of our competitiveness is technology.
- “Competitive technologies” mean technologies that competitors cannot easily replicate. Broadly speaking, “cannot be replicated” falls into two categories: develop technology that does not exist in the world, or develop with process that does it not exist in the world.
- Ammonia combustion is a technology that did not exist elsewhere. Nobody believed that an engine could be run on ammonia. Yet we have now reached the point where we can operate boilers, gas turbines, and diesel engines with ammonia.
- New generation nuclear pressure vessels for such as SMRs represent a way of creating “HOW” does it not exist in the world. In the past, it took more than a year to build one, but we aim to make it possible to build multiple pressure vessels per year. This is what is new.

## Strength of IHI's Technology

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### “Exceptional technical strength seeds” nurtured by the accumulated, breadth, and depth of technology

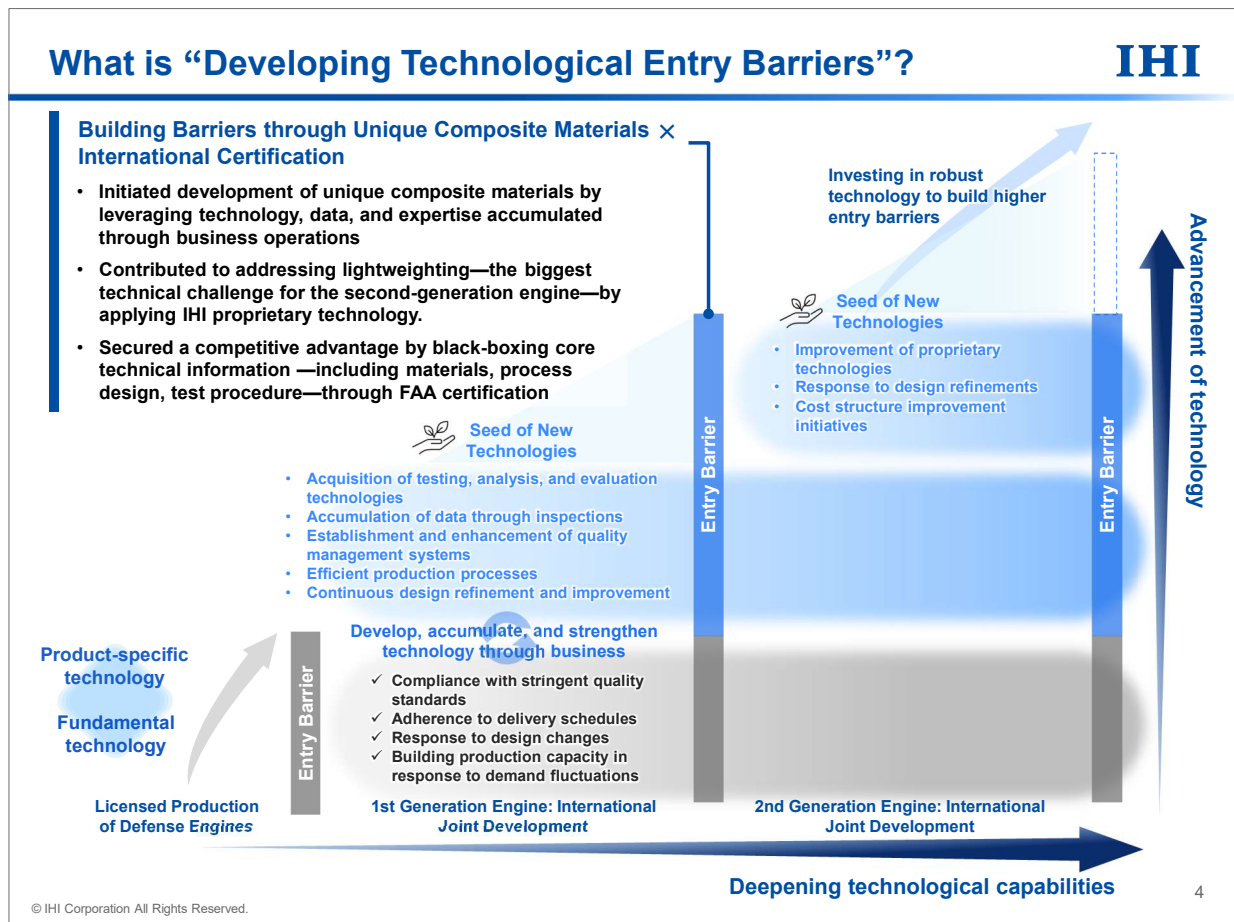
- IHI Group products are realized through the harmony of numerous fundamental technologies and product-specific technologies.
- For over 170 years, we have pursued the optimal harmony of technologies to maximize the value of manufacturing, while developing, accumulating, and strengthening technology through our business operations



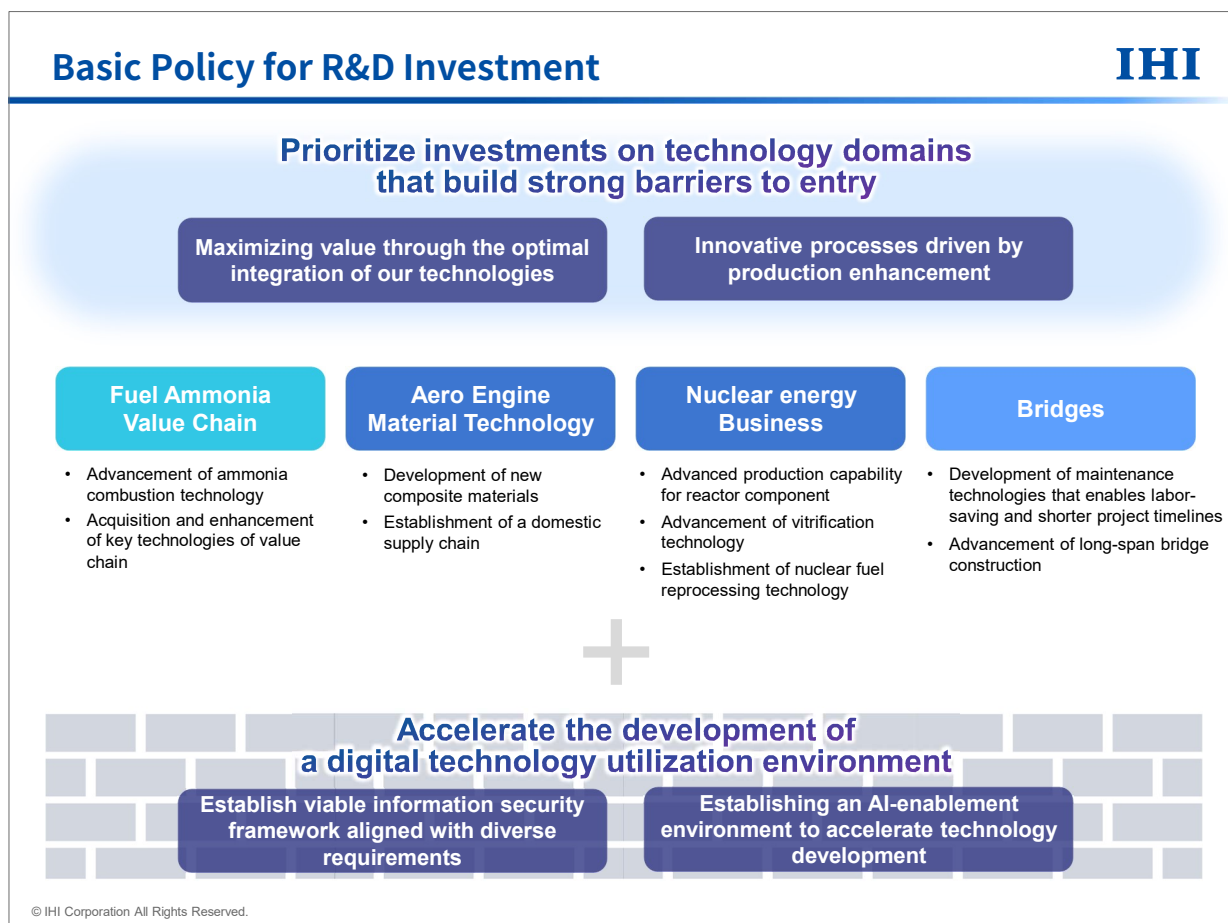
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- Like fruit growing on trees, IHI has created many unprecedented, overwhelmingly superior technologies. Underpinning these are product-specific technologies and fundamental technologies.
- Product-specific technologies are those that come with a qualifier, such as “boiler design” or “jet engine testing”—technologies specific to particular products. These are mainly led by the business operations.
- Fundamental technologies are basic, platform technologies, such as combustion, fluid dynamics, and structures. These are mainly led by the corporate research laboratories.
- Exceptional technical strength are born when product-specific and fundamental technologies are integrated effectively and harmoniously. To achieve effective integrations, having a wide range of both product-specific and fundamental technologies is a key factor.
- IHI’s origin is in shipbuilding. Building ships requires a broad spectrum of technologies. As a result, IHI has accumulated a wide range of technologies and has created numerous examples of beautiful harmonization.



- Using commercial jet engines as an example, I will explain the path from Exceptional technical strength to barriers to entry.
- At the beginning, we became able to obtain entry ticket to commercial engine market based on technologies accumulated through licensed engine production of defense application.
- Through the development and production of first-generation engines, we accumulated a variety of technologies. At the same time, we began development of our own composite materials which enables drastic weight reduction of engine components.
- For these composite technologies, we obtained certification from the aviation authorities and succeeded in black-boxing them. This became a high barrier to entry for second-generation engines.
- Going forward, we are working to develop even stronger technologies in order to raise that barrier further.
- Certifications and approvals from authority become powerful barriers. In addition, based on our competitive technologies, we are building barriers to entry across the entire business through exclusive supply chains and broad value chains.



- Next, I will explain the areas where we aim to create technologies that do not exist in the world, through the harmonization of a wide range of technologies.
- For ammonia, we aim to further advance our world-leading combustion technologies, and to develop other key technologies that make up the value chain.
- In the field of jet engines, it is said that “those who control materials control jet engines.” For aircraft engines, our primary focus is on enhancing competitiveness in materials and processes, including composite materials.
- In nuclear energy businesses, our focuses are technologies that enable the rapid, effective and repeated production of nuclear reactor components, as well as innovations in the nuclear fuel reprocessing cycle.
- In bridge engineering, we will focus on maintenance technologies that enables labor-saving and shorter timeline. Also, we will prioritize technologies that contributes to long-span bridge construction.
- To promote these technology development with efficiency, it is essential to build an environment where we can fully leverage physical AI under the high level of security required in the aviation, defense, and nuclear fields.
- We are investing an annual budget of 40–50 billion yen and the considerable total number of engineers in technology development. Starting this fiscal year, we have established the Corporate Technology Strategy Office and begun corporate-wide, cross-functional and flexible allocation of resources in a focused manner



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## Nuclear Energy Business

**IHI**

June 2, 2026

**IHI Corporation**

Noriaki Ozawa

Managing Executive Officer, President of Resources, Energy and Environment Business Area

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- Today, I will explain our initiatives in the Nuclear Energy Business, which is positioned as a Growth Business within the Resources, Energy & Environment Business Area.

## Key Messages for Today

- **Progress of Structural Reforms (Overseas Subsidiaries in Energy Segment)**

- ✓ Executing structural reforms for overseas subsidiaries.
- ✓ Continuous transformation of remaining non-core businesses to concentrate resources on Core Businesses.

- **Nuclear Energy Business**

- ✓ Contributing to domestic nuclear plant utilization through initiatives in domestic nuclear plant restarts and reprocessing.
- ✓ Realize top-line growth by capturing new nuclear plant construction in overseas.

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- There are two key points for today's presentation.
- First, I will touch upon the status of the structural reforms for our overseas subsidiary in energy businesses, which have been a point of concern for many of you.
- Second, regarding the Nuclear Energy Business, I will explain our strategy to achieve top-line growth by steadily proceeding with domestic restarts and fuel reprocessing while maximizing the capture of overseas demand for new plant construction.

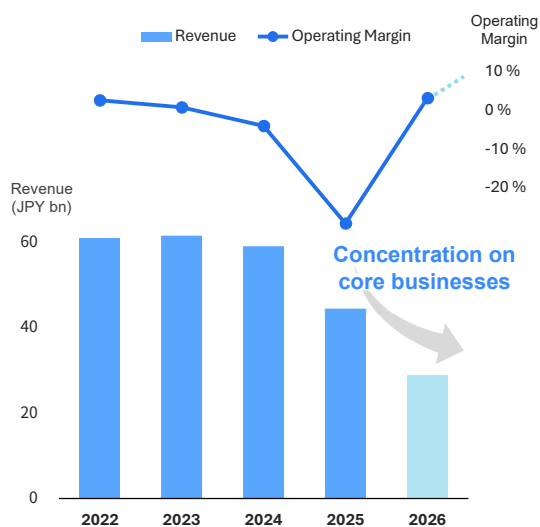
## Structural Reforms of Overseas Subsidiaries

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IHI will complete the structural reforms of remaining overseas subsidiary in Energy Segment during FY2026

### Overseas Subsidiaries Revenue / Operating Margin

Stabilizing trend from FY2026 onward following project rationalization under structural reforms



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### Progress of the Structural Reforms

Focusing resources on core businesses by restructuring non-core operations.

- ✓ Divestiture of Energy O&M business in North America
- ✓ Right-sizing of Energy Management business in North America
- ✓ Withdrawal from Biomass fuel business in Southeast Asia

### Transforming Remaining Non-Core Businesses

#### Steinmüller Engineering GmbH

- ✓ Completed project cost reviews for backlogs
- ✓ Considering all options, including business restructuring

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- First, let's look at the status of structural reforms for our overseas subsidiaries. The graph on the left shows the trend of revenue and operating margin for our overseas subsidiary businesses, centered on Carbon Solutions (CS).
- As previously explained, profitability in these businesses significantly deteriorated due to changes in the energy business environment; therefore, we have been accelerating structural reforms since last year.
- We intend to complete these reforms during this fiscal year—including the remaining businesses shown on the lower right—without excluding any options, thereby finalizing this series of structural reforms.

## Nuclear Energy Business



- Now, let's discuss the Nuclear Energy Business.
- The direction for the "maximum utilization" of nuclear Energy is becoming increasingly clear, driven by both decarbonization and energy security requirements.
- IHI has a 50-year track record of integrated design, manufacturing, and maintenance for domestic BWRs (Boiling Water Reactors), allowing us to provide value across the entire lifecycle—from restarts and fuel reprocessing to decommissioning.
- The following slides will detail the market environment, our competitive advantages, and our strategic initiatives.

Nuclear Energy Business

**Market Environment & Business Growth (Domestic)**



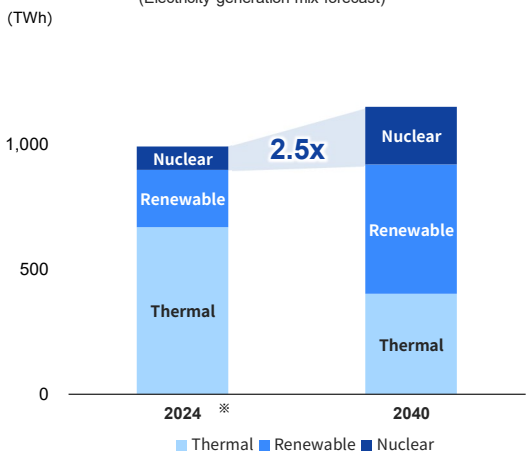
IHI aims for continuous business expansion in the domestic nuclear market by capturing on the trends of energy security and decarbonization.

**Market Environment (Domestic)**

Nuclear energy supply in Japan is projected to increase **2.5x** by 2040

**“The 7th Strategic Energy Plan” in Japan**

(Electricity generation mix forecast)



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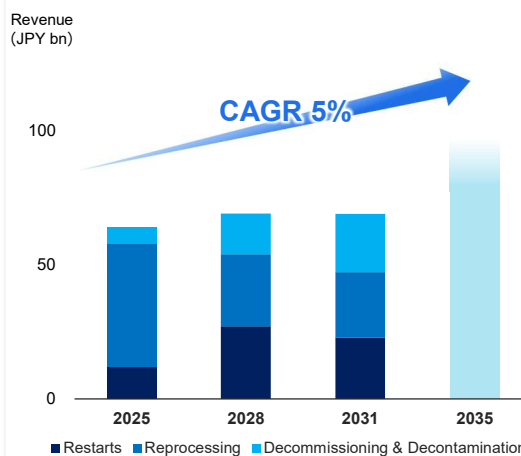
※ Source : METI FY2024 Energy Supply and Demand Results

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**Business Growth Strategy**

Continuous business expansion through capturing LCB demand for restarts and reprocessing

**Revenue of Nuclear Business (Domestic)**



- First, the domestic market.
- Under the policy of maximizing the utilization of existing nuclear energy plants, demand for restarts and reprocessing of spent fuel is steadily building up.
- As shown in the chart on the left, nuclear energy supply in 2040 is projected to be approximately 2.5 times the actual supply-demand results for FY2024.
- IHI will steadily expand its business by reliably capturing domestic Lifecycle Business (LCB) demand for restarts and fuel reprocessing.

Nuclear Energy Business

**Market Environment & Business Growth (Overseas)**

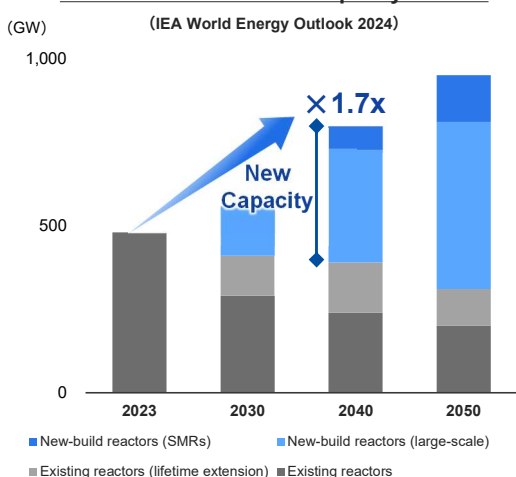


IHI will accelerate business growth in the overseas nuclear sector by capturing increasing global electricity demand

**Market Environment (Overseas)**

Global nuclear supply is expected to grow **1.7x by 2040**, requiring **over 400GW of new capacity**

**Global nuclear installed capacity outlook**

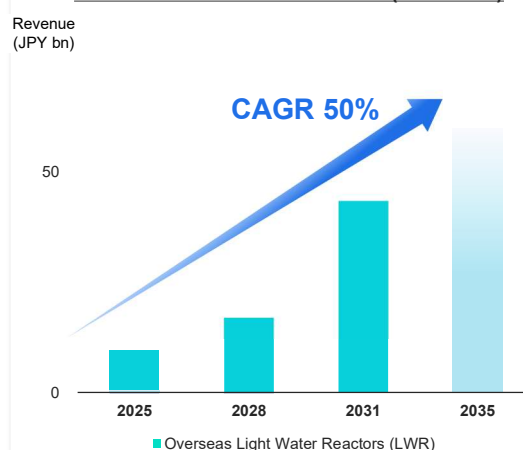


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**Business Growth Strategy**

Achieve **top-line growth** driven by **global demand for new builds**

**Revenue of Nuclear Business (Overseas)**




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- Next, the overseas market.
- With the continued increase in global electricity demand, expectations for nuclear energy are rising once again.
- As shown on the left, global nuclear capacity is expected to grow by approximately 1.7 times by 2040, requiring over 400GW of new capacity.
- IHI has established capability to supply major equipment for a wide range of reactor types, including large-scale reactors and SMRs (Small Modular Reactors), and we will achieve top-line growth by capturing increasing global electricity demand.
- The following slides outline our competitive advantages and strategy.

**Advantage 01** **Track Record & Technology:**  
50 years of experience in design, manufacturing, and maintenance for domestic BWR (Boiling Water Reactor) plants


Advanced piping and pressure vessel engineering capabilities  
Robust quality assurance management

**Advantage 02** **Unique Technology:**  
The only owner of vitrification technology in Japan which is essential for the fuel reprocessing process



**The Only One in Japan**  
Source : Japan Nuclear Fuel Limited

**Advantage 03** **Manufacturing Leadership:**  
World-class technology and capability for critical components (Pressure Vessels, Containment Vessels)



**No.1 BWR Share in Japan**  
**Pressure/Containment Vessels**

**Strategy for profit expansion** **Investments to expand manufacturing capacity and productivity to capture the upcoming new build opportunities**

- We possess three primary competitive advantages.
- Firstly, Track Record & Technology: The accumulation of technology in design, manufacturing, and maintenance, along with quality management developed over 50 years in domestic BWRs.
- Secondly, Unique Technology: Possession of Japan's only vitrification technology, which is indispensable for fuel reprocessing.
- Thirdly, Manufacturing Leadership: World-class manufacturing capacity for critical components and the No. 1 share in domestic BWRs.
- In addition to these, we will execute large-scale investments to further strengthen our manufacturing capacity, aiming for additional profit expansion and maximizing the capture of growing overseas demand for new builds.

Restart

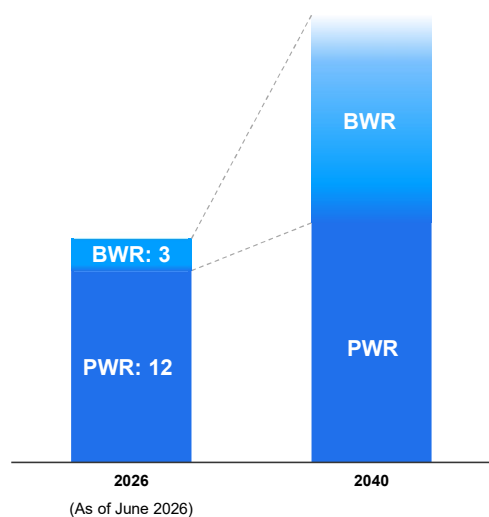
## Strategic Initiatives for Growth

**IHI**

Contributing to the maximum utilization of nuclear energy by leveraging IHI's track record and technologies in the upcoming BWR restart phase in Japan

### Outlook of Nuclear Power Plant Units

Moving to the **BWR restart phase**  
(where IHI holds a competitive edge)



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※BWR: Boiling Water Reactor  
PWR: Pressurized Water Reactor

Revenue Expansion Improve Profitability

### Capturing demand for domestic BWR restarts

- ✓ Integrated capabilities from design to manufacturing and maintenance
- ✓ Strong engineering expertise in main piping and vessels
- ✓ High-level quality assurance management

Revenue Expansion

### Broadening of operational scope

- ✓ Accelerate collaboration with energy companies and other manufacturers to broaden business opportunities

➤ Drive the restarts by providing the capabilities through collaboration

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- This slide is regarding our strategy for each segment:
- In supporting plant restarts, we will broaden business opportunities in the BWR field—where we hold our strongest competitive advantage—including for BWR plants built by other manufacturers.
- We provide highly reliable solutions by leveraging our integrated response from design to manufacturing and maintenance, engineering capabilities for main piping and vessels, and advanced quality assurance.
- To prepare for increased demand, we are establishing a system of over 1,000 nuclear personnel by 2030 through active recruitment and training.
- Furthermore, we will strongly promote restarts by forming cooperative relationships with electric power companies and other manufacturers to mutually supplement limited capabilities.

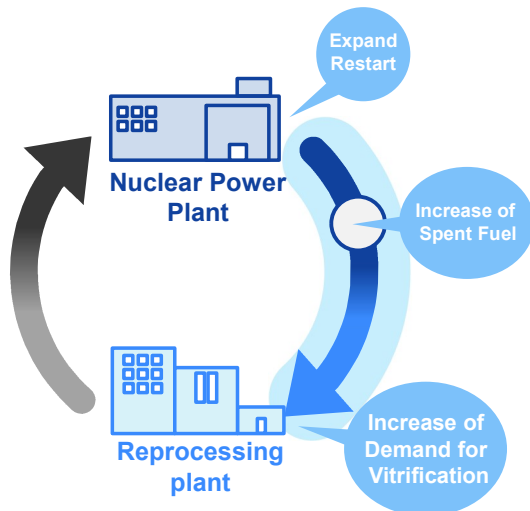
Reprocessing  
**Strategic Initiatives for Growth**



Expand the “back-end” business  
by leveraging unique vitrification technology in Japan

**Market Outlook**

As the restart of nuclear reactors progresses, fuel reprocessing cycle will be established



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**Roadmap of Reprocessing Business**

Reprocessing Plant Safety Measures Construction

Classifying “Completion of the reprocessing plant” as a top priority

Vitrification Facility LCB

Long-term maintenance centered on proprietary vitrification technology + Equipment renewals and upgrades

Expansion of Waste Treatment & Storage

Establishing a “Waste Treatment to Storage” process to provide an end-to-end response across the nuclear back-end sector

2025 ————— 2028 ————— 2031 ————— 2035



Source : Japan Nuclear Fuel Limited

Vitrification facilities



Source : Japan Nuclear Fuel Limited

Vitrified waste storage facility

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- Next, regarding fuel reprocessing.
- As restarts progress, the stable establishment of the nuclear fuel cycle is required. We are prioritizing safety measures to ensure the completion of the reprocessing plant.
- IHI possesses Japan's only glass solidification technology in this field. After plant completion, we will support stable operations and shift toward a long-term maintenance business centered on vitrification technology.
- Furthermore, we will build a system to handle the backend field comprehensively by expanding into waste treatment and storage.
- As nuclear utilization increases, spent fuel volume will rise, leading to higher expectations for reprocessing. We will leverage this structural trend to generate stable, long-term earnings.

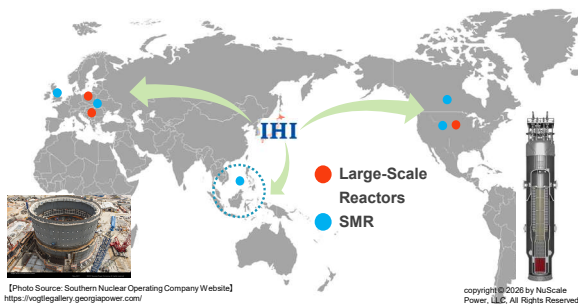
Overseas New Builds  
**Strategic Initiatives for Growth**



**Capturing global demand for new nuclear energy plants through world-class manufacturing technology**

**Global Expansion of Equipment Supply**

Supply key devices to various OEMs as a supplier utilizing advanced manufacturing technology centered on welding



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※SMR: Small Modular Reactors

Revenue Expansion | Improve Profitability

**Production Expansion to Capture Demand**

- ✓ Expand production capacity to more than double
- Yokohama Works: Expanding the production area
- Aioi Works: Transitioning the facility into a production hub
- Efficiency: Improving throughput via automation, labor-saving, and AI integration

Revenue Expansion

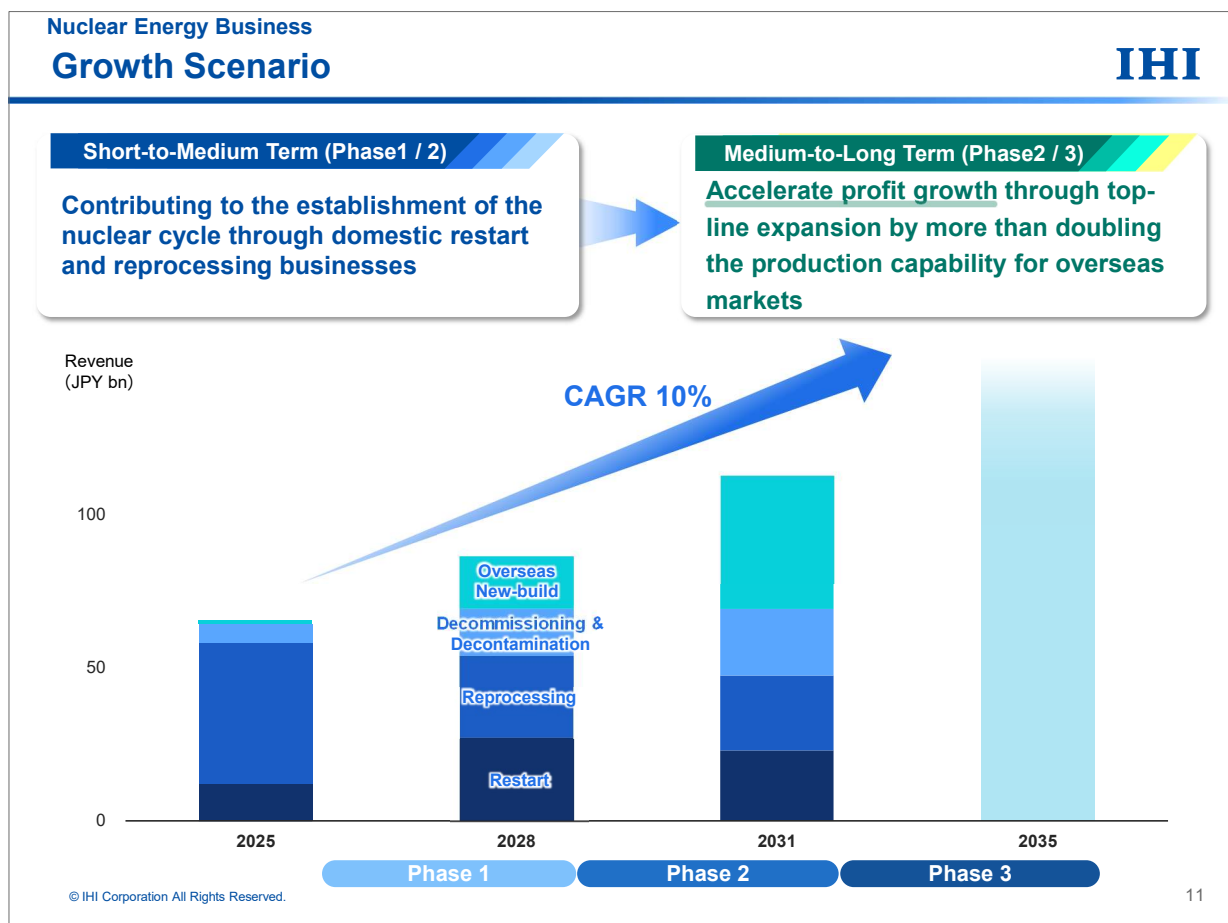
**Become key supplier to various OEMs**

- ✓ Establishing collaborative relationships with multiple SMR developers
- ✓ Strengthening the capability to support a wide range of reactor types

➤ **Leading the global market in nuclear equipment supply**

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- Now moving to overseas new build projects.
- We will deploy broadly as a supplier of major components, such as reactor pressure vessels and containment vessels, leveraging our advanced manufacturing technologies centered on welding.
- As expectations for nuclear energy rapidly expand—particularly in North America and Europe—proven major component suppliers are limited, and we recognize the high expectations placed on IHI.
- For large-scale reactors, we will expand supply for proven reactor types. For SMRs, we will lead the world in nuclear equipment supply by building cooperative relationships with multiple developers to respond to a wide range of reactor types.
- To capture this demand, we are proceeding with aggressive investments, such as expanding the production area at the Yokohama works and transitioning the Aioi works into a production hub, to more than double our production capacity.



- Finally, our growth scenario.

In the short-to-medium term, we will support earnings through domestic restarts and reprocessing to establish the nuclear cycle. In the medium-to-long term, we will grow our top line through equipment supply for overseas markets. With this two-pronged approach, we will achieve a Revenue CAGR of 10%.

While many new reactor construction plans are emerging globally, it is essential to identify the mainstream. At the same time, we face challenges such as production capacity not keeping pace with demand and supply chain weakness caused by long periods without new construction.

IHI will achieve rapid growth by:

- Utilizing our position as a proven major component supplier to identify the core of demand.
- Significantly strengthening production capacity through aggressive capital investment.
- Reinforcing the supply chain through collaboration with related manufacturers.



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## Bridge Business

**IHI**

June 2, 2026

### **IHI Corporation**

Jun Kobayashi  
Representative Director and Senior Executive Officer

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- I would like to present our bridge business initiatives.

## Key Messages for Today

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### What is the Bridge Business?

- Social infrastructure that connects separated areas and supports the prosperity of people at its core
- Directly linked to the safety and security; reliability is the paramount requirement for builders
- Stable demand towards future, underpinned by reliable financing.

### Our Goals

- Improve profitability by focusing on high-value-added projects, leveraging trust, track record, and core technologies built over 140 years
- Target aging infrastructure market in North America and Europe as strategic regions for growth, and become global leading player utilizing our strengths

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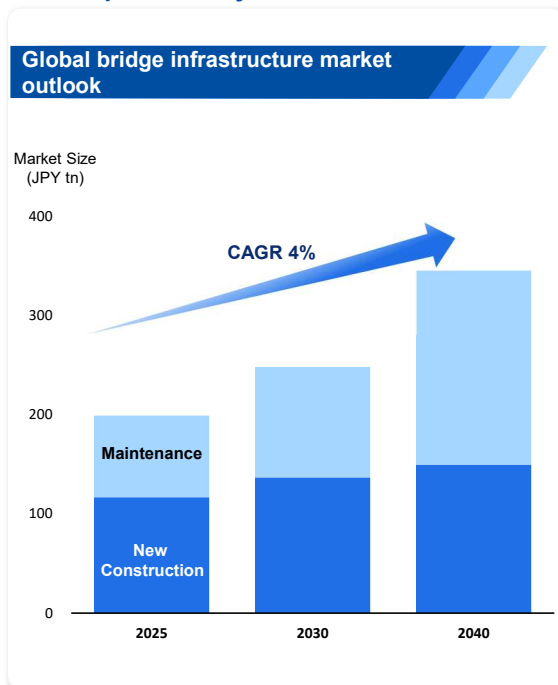
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- Bridges are essential social infrastructure that support regional livelihoods and underpin national security.
- While demand remains stable, particularly in public works, the nature of this market requires an uncompromising level of reliability in construction, quality, and scheduling. Leveraging our 140-year track record and core technical expertise, IHI is concentrating on high-value-added projects to drive superior profitability. At the same time, we are advancing our global footprint with a strategic focus on North America and Europe.
- I would like to emphasize two key pillars of our vision.
- First, we will improve profitability by utilizing our core technologies to focus on high-difficulty.
- Second, we will achieve growth by addressing the social challenge of aging infrastructure, particularly in our priority regions of North America and Europe. As a 'trusted builder,' IHI is committed to providing value across the entire Lifecycle Business, from initial construction through to long-term maintenance.

Bridge Business  
Market Environment

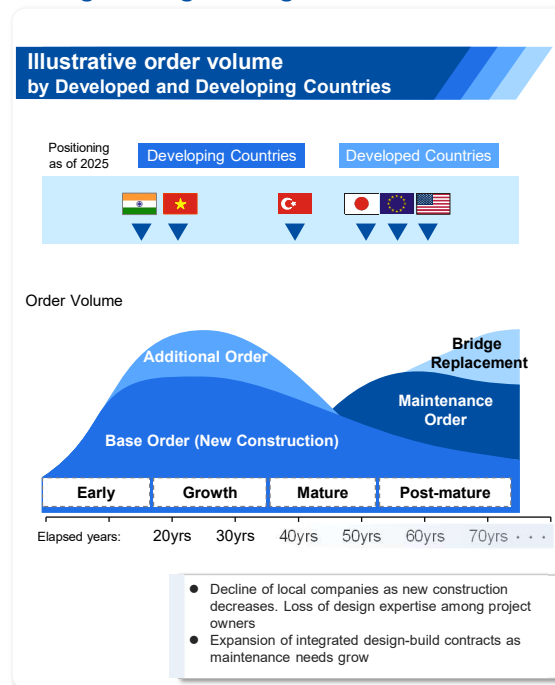


The market size is approx. ¥200 trillion/year; a stable market dominated by public works  
Developed country local market faces structural changes as aged bridges increases



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Source: IHI



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- The global bridge infrastructure market is valued at approximately ¥200 trillion. As a predominantly public-sector market, it offers significant stability.
- Looking ahead, we expect a major structural shift in advanced economies such as Japan, North America, and Europe: a decrease in new construction and a corresponding rise in maintenance. As local firms that handled original construction decline, project owners are losing design expertise.
- This is leading to a rise in Design-Build (DB) procurement and increasingly complex construction requirements.
- For IHI, this presents a unique opportunity to deploy the high-difficulty maintenance technologies and expertise we have refined in Japan to expanding overseas markets.
- While the overall market CAGR is projected at roughly 4%, we expect our profit margins and cash-generating capacity to grow significantly by establishing a competitive advantage in the high-margin maintenance and renewal segments.

Advantage  
**01** Proven Track Record that are Recognized Globally

Advantage  
**02** Comprehensive Engineering Capability to Complete High-Value-added Projects

For Profit Expansion  
Establish solid partnership to capture the expanding maintenance market outside Japan

- Our competitive edge is defined by two factors.
- The first is our proven track record of collaborating with national governments to deliver critical national infrastructure.
- The second is our comprehensive engineering capability, which allows us to handle design, construction, and maintenance seamlessly.
- This integration enables us to achieve total optimization of schedule, quality, and cost in high-difficulty projects. Furthermore, we are expanding our growth opportunities through strategic partnering tailored to capture the overseas maintenance market

Bridge Business

**Proven Track Record that are Recognized Globally**



**Records and trust established through continuous efforts in building bridges**

**Japan**

**Maintenance**

Completed the 300m bridge replacement in an **ultra-short, 2-week window**

IABSE AWARDS 2025 For Rehabilitation

**Romania**

**New Construction**

Integrated design & construction of the **country's longest bridge** with Italian leading partner

JSCE Tanaka Award 2023, JSSC Achievement Award 2024

**Turkey**

**New Construction**

**Maintenance**

**Lifecycle contribution** from initial construction to upgrading, **seismic retrofitting** executed with **Turkish construction partner**

The 4th Japan Construction International Award (MLIT)

**US**

**Maintenance**

Huey P. Long Bridge Widening (Upgrade) : together with US major contractors,

World-first method **shortened schedules** and **minimized river traffic restrictions**

Alliant Build America Grand Award (2012)



Expressway Daishi Bridge  
Photo courtesy of Metropolitan Expressway Co., Ltd.



Braila Bridge



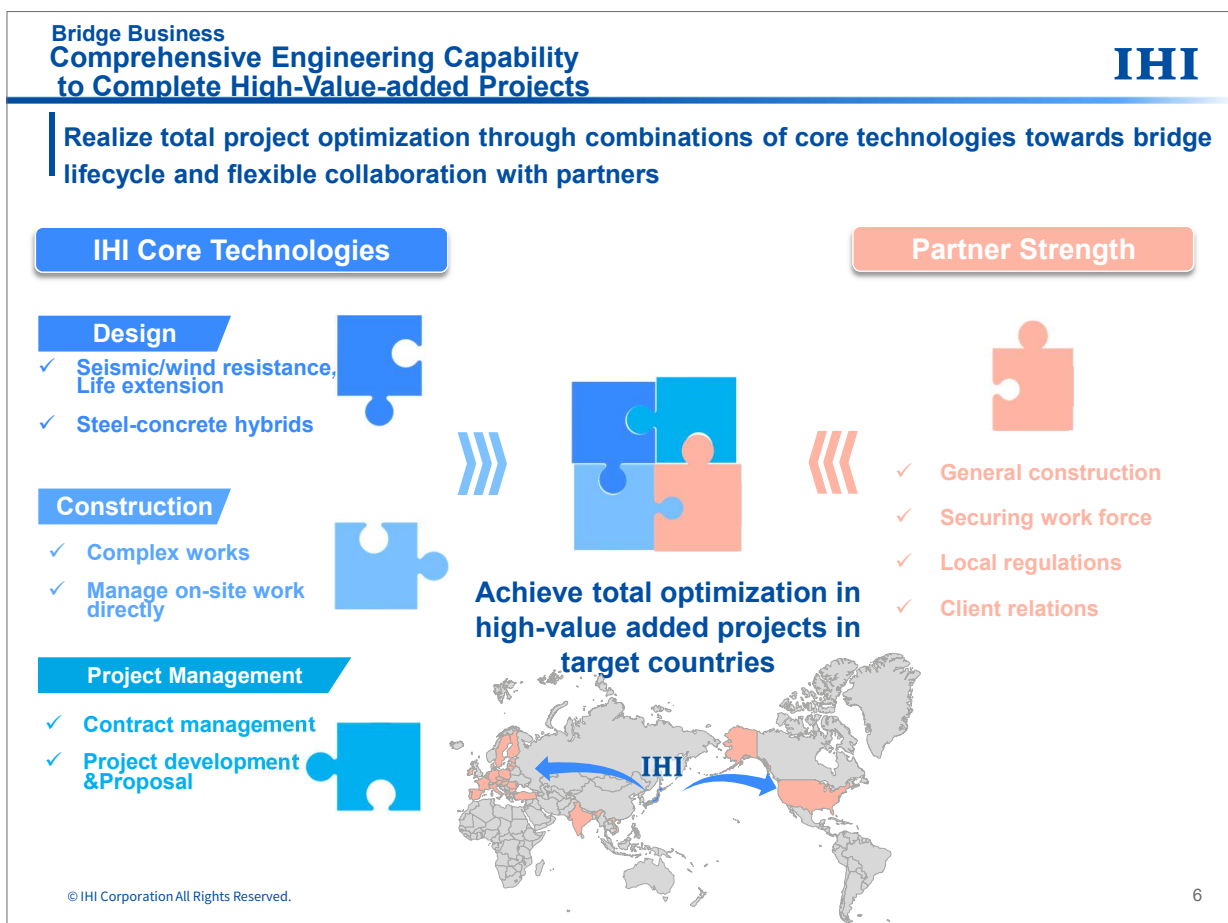
Second Bosphorus Bridge

**Why IHI?: Accumulation of Comprehensive Engineering Capability to Meet the Needs of Local Markets Worldwide**

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- This slide illustrates several of the global achievements we have accumulated.
- For instance, in Japan, we completed a total bridge replacement in just two weeks.
- In the United States, collaborating with major local contractors, we implemented a world-first construction method that shortened the schedule and significantly reduced water traffic restrictions, earning high praise from local authorities.
- These successes are not isolated events; they accumulate as 'Institutional Credibility' for our next project acquisitions.
- As we build this track record, we increase the quality of the projects we can participate in, which directly leads to higher profit margins.



- Our second advantage, comprehensive engineering capabilities, is demonstrated through our ability to combine core technologies—such as seismic and wind-resistant design, life-extension technologies, and steel-concrete hybrid designs—with robust project management.
- On a project-by-project basis, we collaborate with local firms and major general contractors to share risk appropriately while supplementing local regulatory compliance and resource mobilization.
- By combining in-house core technology with partner collaboration, we optimize the entire construction process, achieving high execution capability while mitigating risk.
- Consequently, this allows us to expand our order book for high-difficulty projects while ensuring stable earnings.

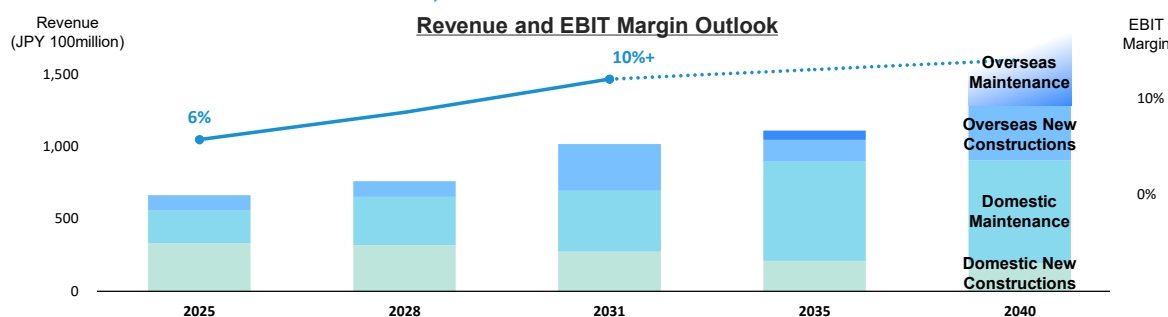
Bridge Business

Roadmap to a Global Leading Player



Expand High-Value-added maintenance projects, backed by technological synergies brought through new construction and maintenance projects, and achieve high profitability and ROIC  
Leverage the experience to further grow revenue in regions with solid partners

Synergy btw new construction & maintenance  
Leads to success in high-value-added projects



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- This slide outlines our roadmap to becoming a global leader.
- Domestically, we will leverage the technical synergies between new construction and maintenance to expand our share of the high-difficulty maintenance market and establish a highly profitable foundation.
- From this base, we will scale our overseas revenue in regions where we can maintain sustainable partnerships—specifically North America and Europe.
- As shown in the chart, the rising ratio of maintenance work provides significant room for margin improvement, creating a structure where profit growth outpaces revenue growth.
- The key is selectivity—concentrating on domains where we can win and utilizing the 'Compound Interest of Credibility' to make subsequent project acquisitions increasingly efficient.

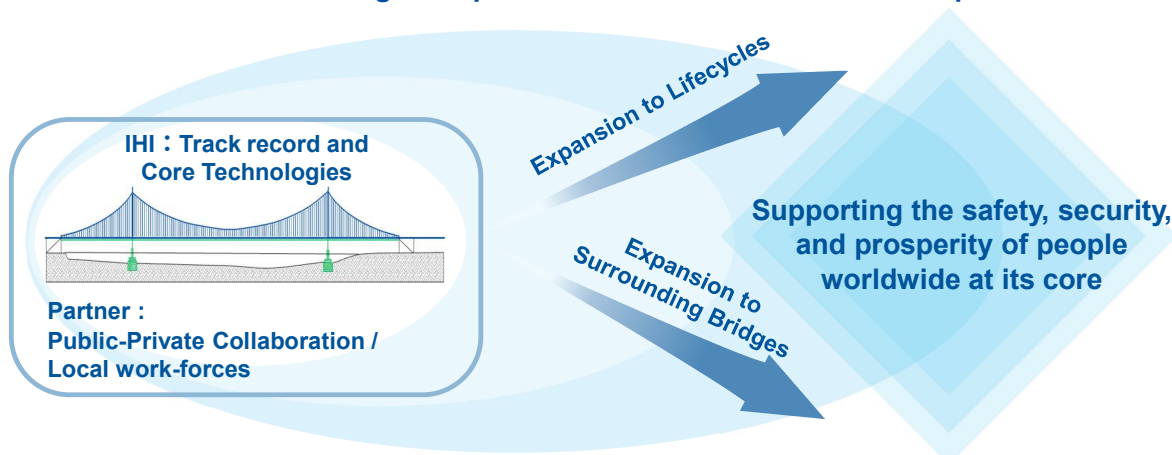
Bridge Business

## Regional & Partnership Strategy

**IHI**

"From Points to Lines, and Lines to Areas"

Collaboration with leading local partners in North America and European countries



### Previous Partnering

- ✓ Short-term Collaboration
- ✓ New Construction or Maintenance
- ✓ Specific Bridge Focus

⇒ 「Points」



### Future Partnership

- ✓ Sustainable, Long-term Collaboration
- ✓ New Construction + Maintenance Synergy
- ✓ Expansion to Surrounding Bridge Networks

⇒ 「Points → Lines → Areas」

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- Finally, we turn to our regional and partner strategy.
- Traditionally, partnerships tended to be short-term, project-specific 'Points.'
- Moving forward, we will combine IHI's core technologies with our partners' local networks and labor forces to build long-term relationships that span both new construction and maintenance within the same region.
- We are transitioning from isolated 'Points' to 'Lines' covering multiple bridges, and eventually into 'Planes' that encompass entire infrastructure networks.
- This approach increases the repeatability of our project acquisitions.
- Ultimately, this strategy allows us to balance sustainable profit growth with the social value of supporting the safety, security, and prosperity of communities worldwide.



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.

- While bridges may appear less profitable at first glance, this is not the case.
- There are only a limited number of companies globally that possess both structural design and manufacturing design capabilities in-house.
- With this capability, we believe it is our mission to respond to the expanding maintenance market, particularly by tackling highly complex projects—such as carrying out maintenance work while keeping traffic open.
- In reality, companies that do not possess in-house technical capabilities, like ours, find it difficult to execute such projects. Such as the UK and Germany, there is a shortage of contractors capable of carrying out maintenance work, and as a result, we are receiving a significant number of inquiries.
- Through disciplined project selection, we are reshaping our profitability structure. At the same time, we are shifting to more favorable contract frameworks—such as securing higher upfront payments and shortening payment cycles—while enhancing our procurement capabilities. As the number of players declines, it becomes easier to implement such contract structures.
- By leveraging these strengths, we will improve profitability through favorable contract terms, while continuing to engage in large-scale bridge projects and applying the technologies developed in new builds to the maintenance market—thereby creating a virtuous cycle.

Investor Day Materials

## Vehicular Turbocharger & Parking Business

**IHI**

June 2, 2026

### **IHI Corporation**

Kiyoshi Nihei

Managing Executive Officer, President of Industrial Systems & General-Purpose Machinery Business Area

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- I am Nihei, Head of the Industrial Systems & General Machinery Business Division.
- From here, I will explain two businesses in this field: the vehicular turbocharger business and the parking business.
- The common keyword is 'leveraging existing assets and stock.'
- By improving profitability and generating cash efficiently, we contribute to strengthening the group's overall cash generation capacity.

## Key Messages for Today

**IHI**

- **Vehicular Turbocharger Business**

We will capitalize on the global shift toward HEVs, concentrate on areas where we have clear strengths, and enforce strict fixed-cost discipline to improve profitability and generate cash flow.

- **Parking business**

With our leading market share in Japan and a substantial installed base, we will concentrate on LCBs of large-scale mechanical parking in major metropolitan areas to drive efficient, long-term cash flow generation.

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- These are the key points of each business.
- In the vehicular turbocharger business, riding the tailwind of the global HEV shift, we will focus on areas where we can demonstrate our strengths and enhance profitability through fixed cost management.
- In the parking business, leveraging our top domestic market share position and abundant existing inventory, we focus on large mechanical parking in major metropolitan areas, and efficiently generate cash over the long term through LCB, which focuses on maintenance, upkeep, and renewal.

## Vehicular Turbocharger Business



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- First, let me explain the vehicular turbocharger business.
- The market environment has changed from the initial assumptions, and the electrification of vehicles is no longer advancing rapidly.
- Our company secures revenue opportunities by leveraging our No.1 market share position for domestic OEMs, strong customization capabilities, and production systems capable of high-mix, low-volume manufacturing.

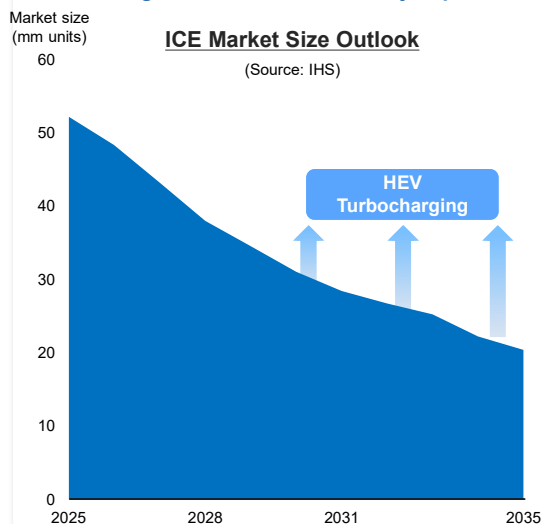
Vehicular Turbocharger Business  
**Market Environment**



Due to the slowdown in electrification trends, Turbocharger business will remain more than initially anticipated

**Market Size**

Due to changes in CN trends and the increase of HEV turbocharging, the electrification trend is slowing down more than initially expected



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**Market Trends**

■ **Slowdown in electrification policies**

- ✓ **Japan:** Continuing electrification including HEVs
- ✓ **North America:** Terminate EV subsidies and reduce federal subsidies
- ✓ **Europe:** Ease the 2035 ban on ICE vehicle sales
- ✓ **China:** Shift from EV-only to EV + PHEV

■ **HEV shift by OEM**

- ✓ **Japan:** Continuing expansion of HEVs
- ✓ **North America:** Partial suspension of EV investments; shift toward HEVs
- ✓ **Europe:** Revising EV Targets and extending HEV sales
- ✓ **China:** Expanding PHEV sales

Shift to HEVs

4

- Although Vehicle electrification continues, due to policy and OEM investment reviews, the pace of electrification has slowed, leading to a shift toward HEVs.
- By region, North America is reducing EV subsidies, Europe is easing the 2035 ICE ban, and China is shifting its focus from EVs to EV+PHEV.
- As a result, the turbocharging of HEVs is advancing, and business opportunities for vehicular turbochargers are expected to be maintained at a higher level than initially anticipated.

Vehicular Turbocharger Business  
**Our Competitive Advantages**

**IHI**

Advantage  
**01** Customized engineering capabilities to meet OEM requirements prioritizing engine performance optimization

Advantage  
**02** Advanced production system supporting high-mix, low-volume manufacturing allowing customized engine specifications

Advantage  
**03** Strong customer relationships especially with Japanese OEMs based on a long-standing proven track record

Transform to a high-margin, high-ROIC business  
driven by rigorous fixed cost management (CCC ~70 days)

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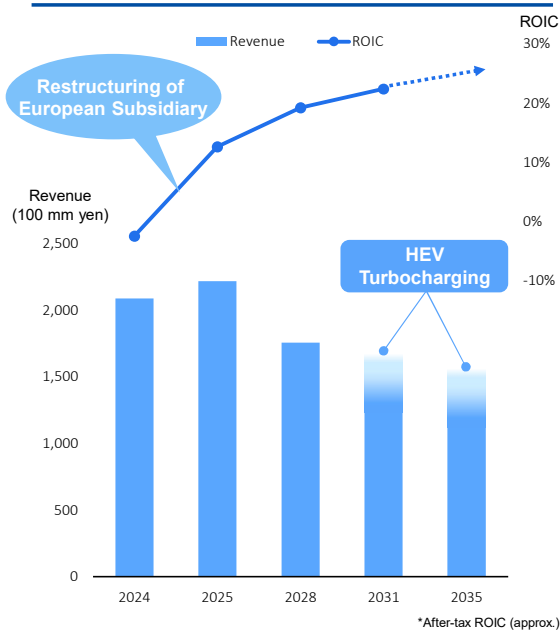
- Next is our competitive advantages.
- First and foremost, we have the ability to customize engineering to meet OEM requirements.
- We meet OEM specifications that prioritize engine performance optimization, especially for Japanese OEMs.
- Secondly, it is an advanced production system that supports high mix, low volume manufacturing that enables the realization of OEM specifications.
- We can balance OEM specifications with quality, cost and delivery.
- Thirdly, we build deep trust with Japanese OEMs based on our long-standing delivery experience.
- This has become a barrier to entry, enabling long-term stable order acquisition.
- By leveraging these strengths and thoroughly managing fixed costs, we will transform into a high-profit, high-ROIC business entity.

**Vehicular Turbocharger Business  
Initiatives to Improve Profitability**



**Achieve 20%+ of ROIC by 2031, driven by optimizing fixed costs in response to declining demand and leveraging existing assets**

**Vehicular Turbocharger Business  
Revenue & ROIC\***



**Strengthening partnerships with OEMs**

- ✓ Innovative proposals across development, design, and production
- ✓ Secured long-term stable orders leveraging its long-standing partnership

**Optimizing the global production system**

- ✓ Continuous optimization of production line and fixed cost in response to demand
- ✓ Leveraging existing assets
- ✓ Improving production efficiency through automation and labor-saving

**Achieve OP margin of 10% and ROIC of 20%+ by rigorous fixed cost management**

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- Next, we are working to improve profitability.
- First, strengthening partnerships with OEMs. We further strengthen close relationship with customers and enhance our proposal capabilities in development, design and production, and secure long-term, stable orders.
- Second, optimizing the global production system. We optimize fixed cost according to demand, maximize the use of existing assets, improve production efficiency through automation and labor-saving, and enhance profitability.
- By strengthening partnerships and thoroughly managing fixed costs, we aim for an operating profit margin of 10% and ROIC of 20 percent plus by 2031.

## Parking Business

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- Next is the parking business.

**Parking Business**  
**Business Overview**

**IHI**

---

**Top Manufacturers of Mechanical Parking Systems**

**?** Why mechanical parking systems?  
 - High land costs and limited space in Japan's urban centers  
 - Mechanical parking systems as key metropolitan infrastructure

Delivery Record  
**Approx.**  
**500k units**

Domestic Market Share  
**No.1**

Product Examples



Business Characteristics

- ✓ **Leading installed base × robust support & maintenance**
- ✓ **Track record of accumulated long-term maintenance contracts**
- ✓ **Urban asset concentration, allowing us efficient resource allocation**

LCB Operating Margin  
Consistently  
**over 20%**

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- Here is an overview of the business.
- Mechanical parking systems are important urban infrastructure due to the structural factors of high land prices and limited land in urban area in Japan.
- Our company holds the No.1 domestic market share and an overwhelming stock of approximately 500,000 units delivered. The more stock accumulates, the more stable LCB accumulates, resulting in a business with higher profit margins.
- With our robust support and maintenance system, we maximize the value of existing stock and efficiently expand cashflow by leveraging the characteristics of equipment concentrated in metropolitan areas, concentrating resources in a concentrated manner.

Advantage

**01**

Leading market position driven by a full-lineup of mechanical parking (large-scale to small-scale)

Advantage

**02**

Large installed base built through a full-lineup strategy, with strong LCB-driven long-term cash flow potential

Advantage

**03**

End-to-end engineering expertise across development to O&M, backed by a strong execution track record

Transform to a high-margin, high-ROIC business driven by metro, large-scale mechanical parking LCBs (CCC ~70 days)

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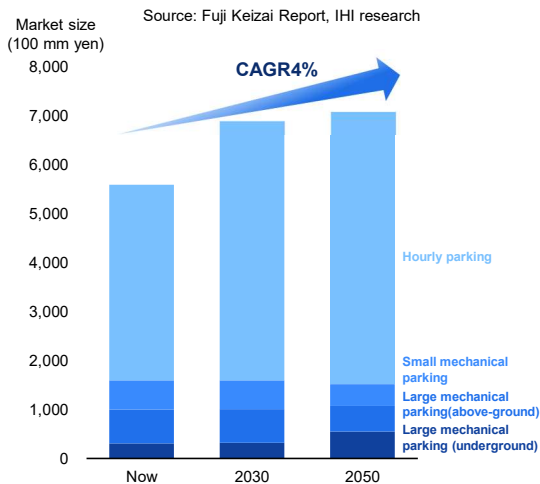
- Next is our competitive advantages
- First, we have a full lineup ranging from large-scale to small-scale, which supports our market-leading position
- Second, we have built a large installed base through this full-lineup strategy, providing strong potential for stable, long-term cash flow through our LCB business.
- Third, backed by extensive execution experience, we have end-to-end engineering capabilities across the entire value chain from development and design to manufacturing, installation, and O&M.
- Leveraging these strengths, we aim to shift toward a high-margin, high-ROIC business, driven by LCBs in large-scale mechanical parking in metropolitan areas.

**Concentrating in major metropolitan areas and large-scale mechanical parking:  
2035 sales revenue of 100 billion yen, ROIC\* to 20%+**

**Market Environment**

**Sustained supply-demand gap in metro areas driving continued market growth**

**Parking Lot Market Size and Outlook**

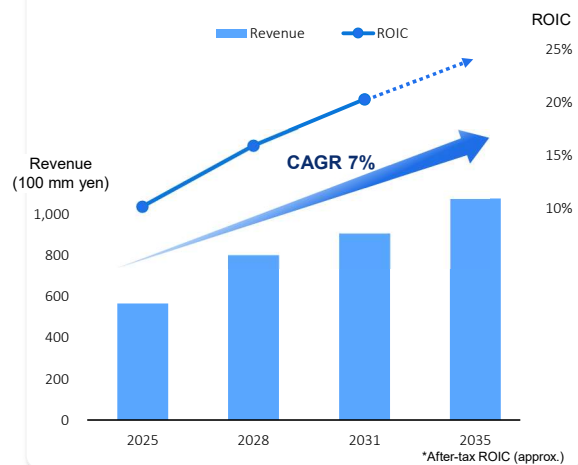


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**Our Business**

**Expanding LCBs based on the domestic installed base to drive revenue and ROIC**

**Parking Business Revenue & ROIC\***



10

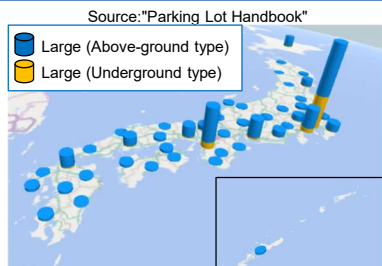
- Next, the market environment.
- This is actually very important. In metropolitan areas, demand continues to exceed supply, supporting continued growth in the parking system market.
- We will leverage our installed base and expand our LCB business to drive steady improvement in both revenue and ROIC.
- Specifically, by focusing on large-scale mechanical parking systems in metropolitan areas, we target revenue of JPY 100 billion and ROIC of more than 20% by 2035.
- The key is to expand value capture across lifecycle, not only from new installations, but also from maintenance, renewal and O&M.
- This will further strengthen a resilient to economic volatility, recurring revenue model.

Parking Business  
**Initiatives to Improve Profitability**

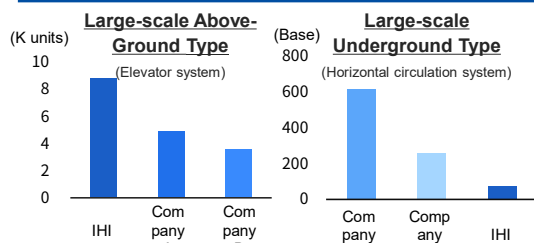


**Driving cash flow by scaling LCBs of large-scale mechanical parking segment in metropolitan areas, leveraging existing installed base**

**Large-Scale Mechanical Parking Installed Base by Prefecture**



**Large-Scale Mechanical Parking Installed Base by Company**



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Source: IHI research

\*Installed units currently in operation

**Resource concentration in metropolitan areas**

- ✓ Shifting resources to profitable metropolitan areas
- ✓ Restructuring of low-margin local service centers

**Focus on Large-scale Mechanical Parking**

- ✓ Focus on highly profitable large-scale systems (above-ground type and underground type)
- ✓ Strengthening underground type, especially concentrated in major metropolitan areas

**Achieving ROIC of 20%+ through LCB focus (LCB operating profit margin over 20%)**

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- Next, our initiatives to drive profitability.
- First, we are reallocating resources to high-margin metropolitan areas, while optimizing our service center footprint in lower-margin regions.
- Second, we are focusing on large-scale mechanical parking, particularly strengthening underground type in metropolitan areas.
- Through these initiatives and a focus on LCBs, we target ROIC of 20%+ and aim to generate stable, efficient cash flow over the long term.
- The key message here is very simple. Demand exceeds supply in metropolitan areas.
- In those areas with high equipment utilization rate, customers can invest in LCBs.
- We will focus our resources on those areas and generate revenue.



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Investor Day Materials

# Civil Aero Engines Business Defense Business

**IHI**

June 2, 2026

## **IHI Corporation**

Atsushi Sato  
Representative Director and Senior Executive Officer,  
President of Aero Engine, Space & Defense Business Area

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## Key Message for Today



### ● Civil aero engines business

- ✓ Earnings supported by 1<sup>st</sup> generation engines<sup>※</sup>; strong demand growth expected for 2<sup>nd</sup> generation engines<sup>※</sup>.
- ✓ Growth acceleration via expanded parts production and MRO capacity.
- ✓ Advancing technologies for next-gen single-aisle aircraft to strengthen our future business foundation.

※ 1<sup>st</sup> generation engines : V2500/GE90/CF34  
 2<sup>nd</sup> generation engines : GEnx/PW1100G-JM/Passport20/GE9X

### ● Defense business

- ✓ Expansion of Solid rocket motors business to capture growing demand in Japan and overseas.
- ✓ Accelerated expansion of the UUV<sup>※</sup> business, leveraging its potential in dual-use and security applications.
- ✓ Growth of Defense aero engines business, alongside accelerated global expansion.

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※ unmanned underwater vehicle

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## ■ Key Message for Today

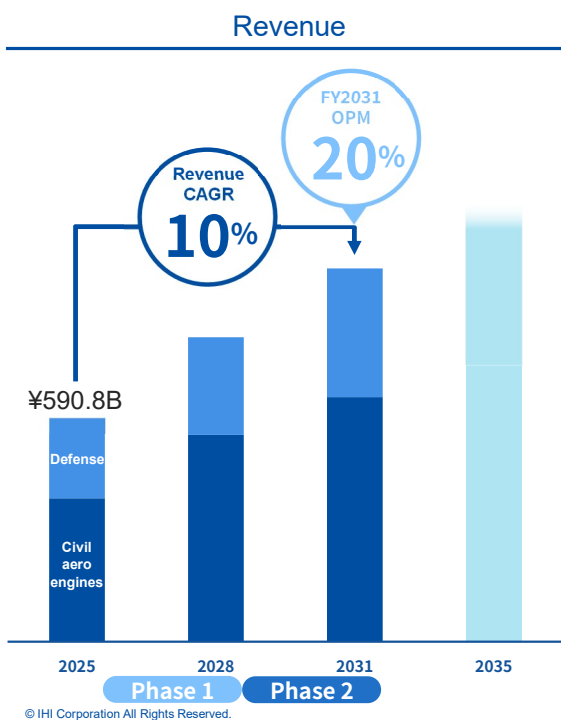
- In Civil aero engines business, we expect a significant expansion in demand for 2nd generation engines, in addition to 1st generation engines.
- By expanding parts production and MRO capacity, we will steadily convert this strong demand into our growth.
- Furthermore, we will advance technologies for next-generation single-aisle aircraft to further strengthen our future business foundation.
- In Defense business, we aim to expand Solid rocket motors business while accelerating the expansion of the UUV business.
- In addition, we will further advance the global expansion of the aero engine business.

Civil aero engines and Defense

## Mid- to Long-Term Growth Outlook — Top Line

**IHI**

Target ~10% CAGR through Phase 2 completion



### Civil aero engines

- ✓ Drive revenue growth from 2nd generation engines
- ✓ Capture strong demand for maintenance
- ✓ Improve profitability through the expansion of parts repair.

### Defense

(Assumption for revenue outlook: Japan's defense spending at ~2% of GDP)

- ✓ Address the expansion in missile demand
- ✓ Promote the unmanned assets business
- ✓ Accelerate growth in the transfer of defense equipment and technology

※Operating profit margin

3

## ■ Mid- to Long-Term Growth Outlook – Top Line

- By the completion of Phase 2, that is, by FY2031, we aim to achieve a CAGR of 10% in revenue.
- At that point, we expect an operating margin of around 20%.
- The key drivers supporting this growth are shown on the right.
- For Civil aero engine business: revenue growth from 2nd generation engines, capturing strong MRO demand, and profitability improvement through expanded component repair.
- For Defense business: responding to increasing missile demand, developing unmanned systems, and accelerating equipment transfer growth.
- Revenue in the defense business is based on the assumption that Japan's defense spending remains at around 2% of GDP.

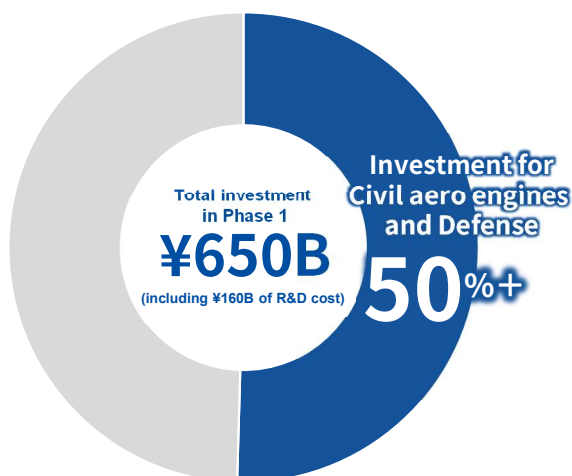
Civil aero engines and Defense

## Mid- to Long-Term Growth Outlook — Investment and Returns **IHI**

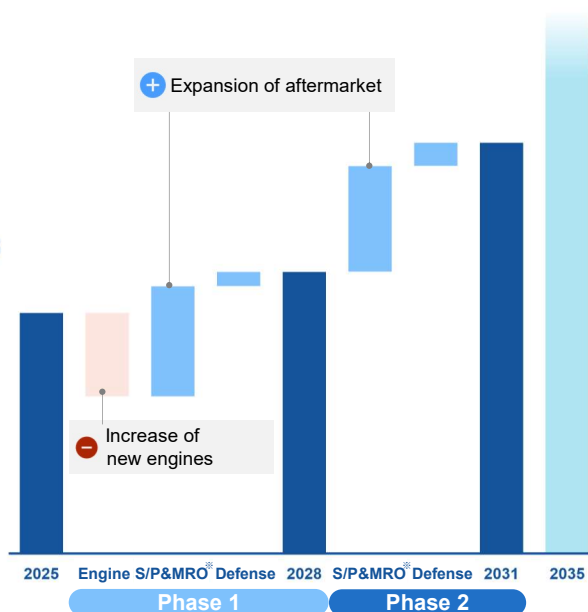
Solid revenue; steady OP growth despite new engine mix impact

### Total Investment in Phase 1

(FY2026-FY2028)



### Operating Profit



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## ■ Mid- to Long-Term Growth Outlook – Investment and Returns

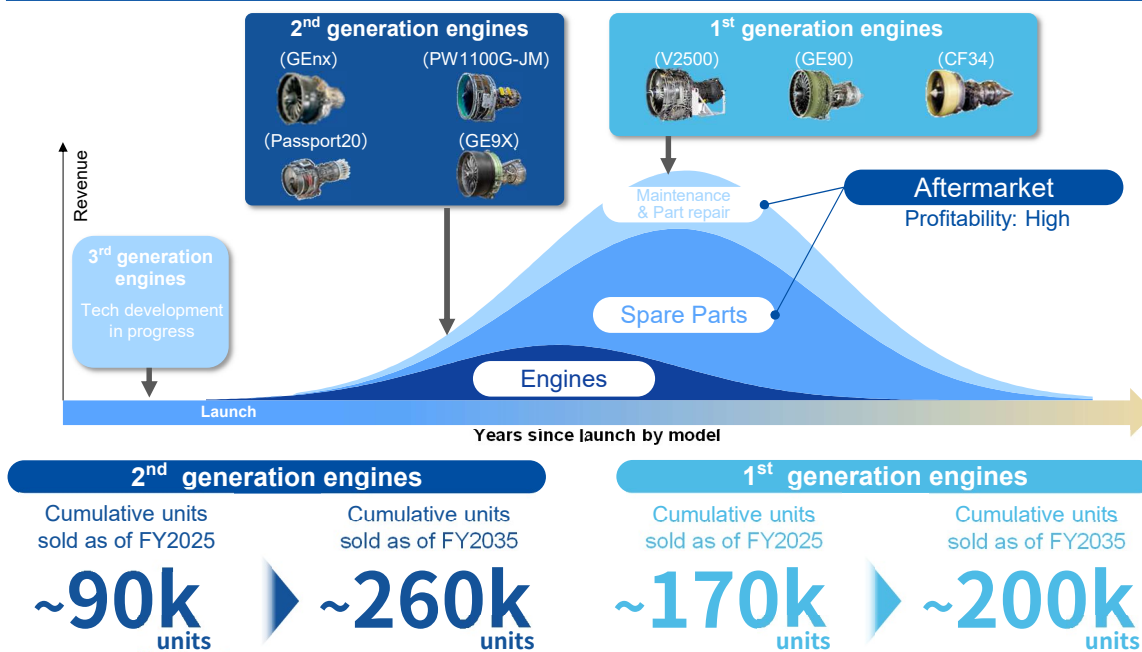
- Our Group plans to invest a total of ¥650 billion over the next three years, which we position as Phase 1.
- More than half of this investment will be allocated to Civil aero engines and Defense businesses.
- As a result, as shown on the right, we expect significant profit growth over the mid to long term.
- In Phase 1, profit growth will temporarily slow. However, this is a one-off impact driven by an increase in new engine deliveries.
- Overall, we expect sustained high growth, driven by Defense business and the expansion of the 2nd generation engine aftermarket.

Civil aero engines  
**Business Overview**



2<sup>nd</sup> generation earnings building on 1<sup>st</sup> generation to drive further business expansion

Earnings profile of Civil aero engines business



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■ **Business Overview – Earnings Profile**

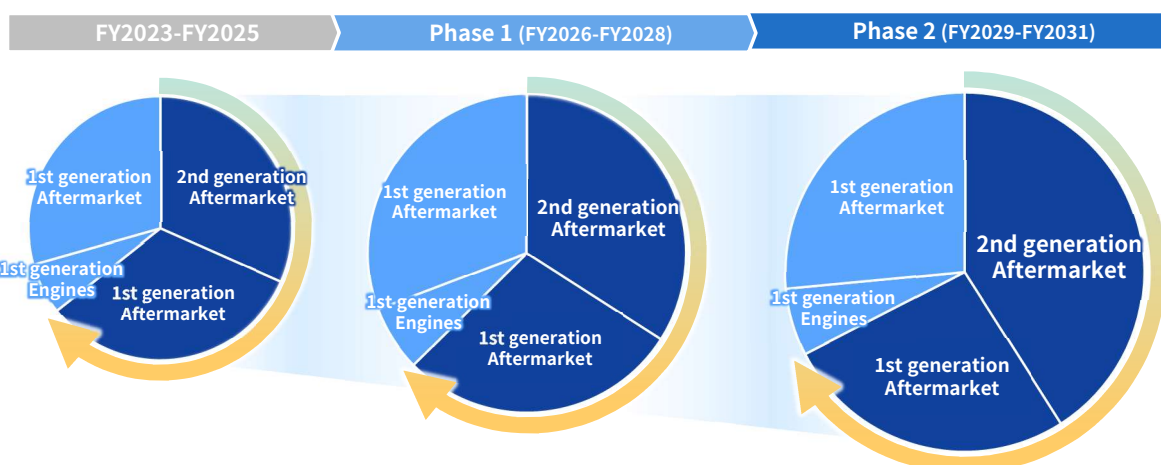
- In Civil aero engines business, earnings from 2nd generation engines will build on those from 1st generation engines, driving further expansion of the business.
- As shown in the central chart, the expansion of 2nd generation engine aftermarket has only just begun, and we expect a significant acceleration in demand going forward.
- In addition, 1st generation engines such as the V2500 will continue to remain in operation, and the highly profitable aftermarket business is expected to remain at an elevated level.

Civil aero engines  
**Business Overview**



2nd generation—driven aftermarket growth boosts profitability

Revenue mix of main units and aftermarket (image for reference)



Note: The size of each pie chart represents the scale of revenue

※ 1st generation engines : V2500/GE90/CF34  
2nd generation engines : GEnx/PW1100G-JM/Passport20/GE9X

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■ **Business Overview – Revenue mix**

- This chart shows the revenue mix from FY2025 through Phase 2 using pie charts.
- The size of each pie chart represents the scale of revenue.
- As you can see, beyond Phase 2, the aftermarket—centered on 2nd generation engines—will expand both in size and in its share of total revenue.
- This will lead us into a phase of significant profit growth.
- From the next slide, I will explain two key initiatives to firmly capture this demand and drive growth.

Civil aero engines

**Initiative 01: Expanding Production Capacity for Engine and S/P<sup>※</sup>**

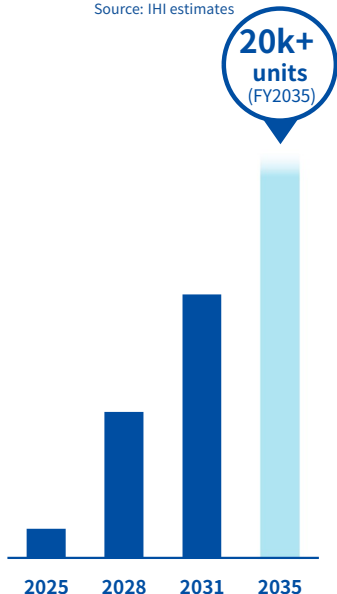
**IHI**

S/P: Spare parts

Invest in facilities and supply chain to ramp up Engine & S/P production

Cumulative engine deliveries since FY2025

Source: IHI estimates



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**Strengthen production base for further ramp-up**

- ✓ Upgrade aging facilities
- ✓ Automation & DX to 2x productivity  
(Robotics, factory automation (FA) equipment, and AI)
- ✓ Ensure a stable supply of key materials  
(Castings and forgings)

**Enhance materials technologies for NGSA<sup>※</sup>**

※NGSA: next-generation single-aisle aircraft

- ✓ Carbon fiber composites
- ✓ Ceramic matrix composites

Establish a foundation to support significant revenue and profit expansion beyond Phase 2

7

■ **Expanding Production Capacity for Engine and S/P**

- First, to strengthen our production foundation for further output increases, we will upgrade core facilities and promote automation and digital transformation (DX), while ensuring a stable supply of critical materials, such as castings and forgings, which could become production bottlenecks.
- For example, we are now expanding our production facilities for precision casting ingots for aero engine parts, which can only be produced by several companies worldwide, only by our group in Japan.
- In addition, we will further strengthen our materials technologies for application to next-generation single-aisle aircraft engines.
- In particular, we are proactively advancing the development of composite materials, an area where we have strong capabilities.
- Through these initiatives, we will establish a foundation to support significant expansion in both revenue and profits beyond Phase 2.

Civil aero engines  
**Initiative 02: Expansion of MRO\* Capacity**

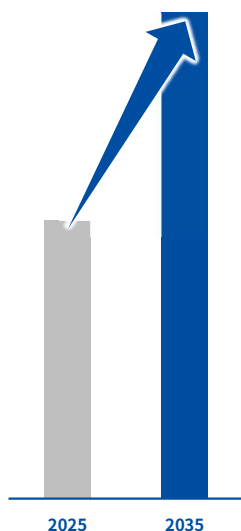


※MRO: Engine Maintenance and Parts repair

Proactive capex to expand engine maintenance & parts repair capacity

Shop Visit Trends for Participating Engines

Source: IHI estimates



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**Capture growing maintenance demand**

- ✓ Expansion of the maintenance facilities
- ✓ Establishment of a new training center
- ✓ Establishment of an engine test facility

Maintenance Capacity

**4x**

**Expand parts repair capacity**

contributing to improved profitability

- ✓ Construction of a new repair facilities
  - Tsurugashima Repair Facility Phase 2
  - U.S. Repair Facility
- ✓ Development of parts repair technologies

Parts Repair Capacity

**5x**

Establish a foundation to support profitability improvement and profit expansion beyond Phase 2

8

■ **Expansion of MRO Capacity**

- As shown on the left, shop visits for the engines in which we participate are expected to increase significantly going forward.
- To capture this growing maintenance demand, we will make proactive capital investments, including expanding the maintenance facility at the Tsurugashima Aero-Engine Works, establishing a new training center, and developing an engine test facility.
- In parallel, we will also expand parts repair capacity, which contribute to improving profitability. Specifically, we will make capital investments such as constructing a new repair facility at the Tsurugashima Aero-Engine Works and establishing a repair facility in the United States.
- In addition, we will proactively advance the development of component repair technologies.
- Through these initiatives, we will establish a foundation to support profitability improvement and profit expansion beyond Phase 2.

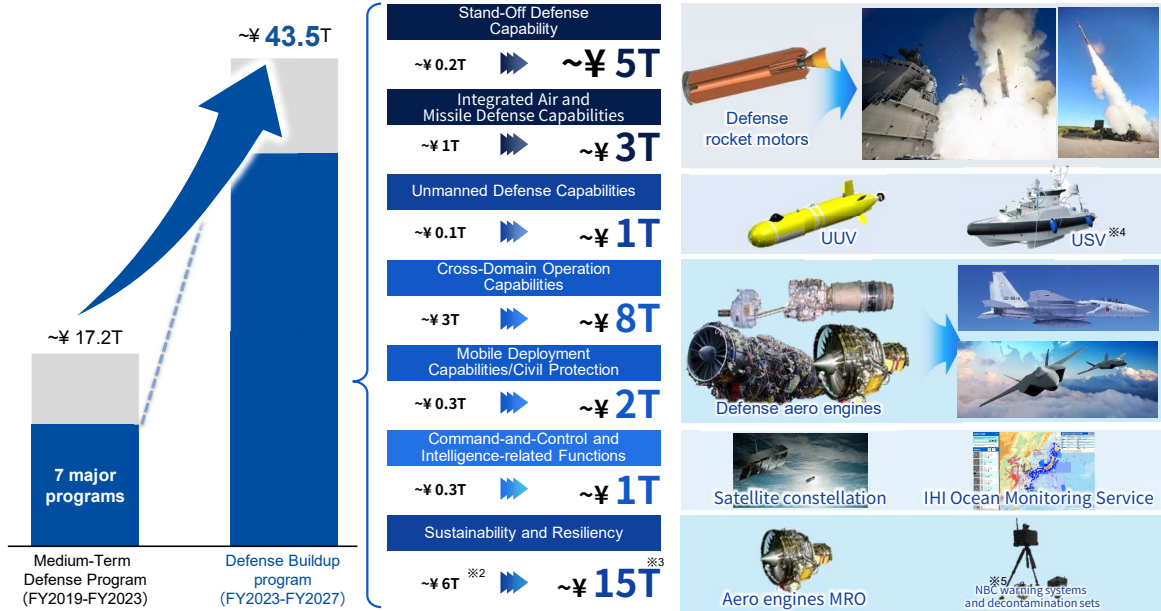
**Defense Business Overview**



IHI offers products and services for all 7 major programs to “Fundamental reinforcement of Japan’s defense capabilities”

The expenses<sup>※1</sup> based on contracts to be newly concluded

IHI products & Services



© IHI Corporation All Rights Reserved. <sup>※1</sup>:Material Expense <sup>※2</sup>:Ammunitions - <sup>※3</sup>:Sustainment and Maintenance for Equipment, and Securing Operational Availability - <sup>※4</sup>T. Facilities Improvement - <sup>※5</sup>: Nuclear, biological, and chemical

■ Business Overview — Defense

- In policy documents such as the “National Defense Strategy” formulated by the Japanese government, priority is placed on seven key fields, including “Integrated Air and Missile Defense Capability” and “Unmanned Defense Capability”, as shown in the center.
- Our Group’s defense business encompasses a wide range of products and services, and provides offerings across all seven of these key fields.
- From the following pages, we will explain our Group’s initiatives to drive growth in Defense business.

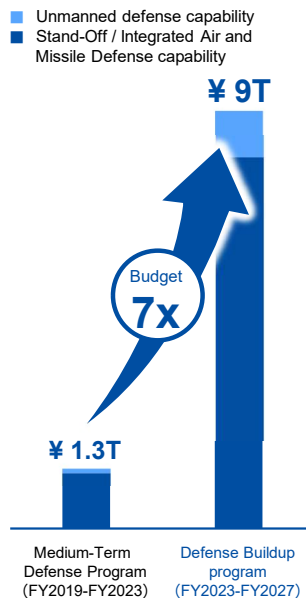
Defense

**Initiative 01: Expansion of the solid rocket motor and UUV**



Drive further contribution to missile & unmanned defense capabilities

Related Budget



**Solid rocket motors<sup>※</sup> business** ※Missile propulsion system

**Address significant production ramp-up and new programs, including joint development with the U.S.**

- ✓ Construct a dedicated facility under government support
- ✓ Strengthen talent & supply chain

**UUV business**

**Establish a foundation for business expansion**

- ✓ Expand production sites
- ✓ Enhance capabilities for new model development

**Expand earnings through dual-use applications and global expansion**

- ✓ Applied to civilian uses such as subsea infrastructure maintenance
- ✓ Expand globally leveraging advanced surveillance capabilities

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■ **Expansion of the solid rocket motor and UUV**

- This will contribute to strengthening the government’s missile defense and unmanned asset defense capabilities.
- In Solid rocket motors business, to respond to increased production demands and U.S.–Japan joint development programs, we will focus on constructing dedicated facilities under government support, as well as strengthening specialized talent and the supply chain.
- In UUV business, we will expand production sites and advance new model development to support business growth.
- In addition, we will actively promote global expansion and the application of our technologies to civilian uses.

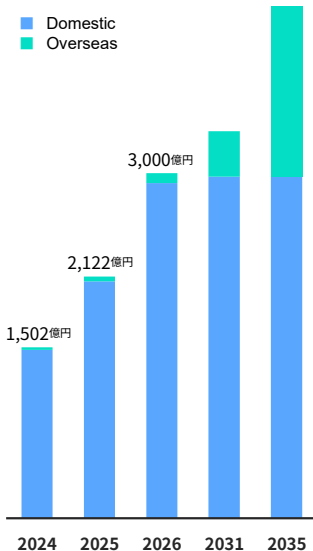
Defense

**Initiative 02: Global expansion of Defense aero engine business IHI**

Collaborate with the government to expand equipment transfers and deliver on GCAP<sup>※</sup>  
※Global Combat Air Programme

**Defense business revenue by domestic and overseas markets**

Assumption for revenue outlook:  
Japan's defense spending at ~2% of GDP



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**Global maintenance<sup>※</sup> and parts transfer<sup>※</sup> business**

※F-35 Joint Strike Fighter Engine Regional Depot      ※Transfer of F-15/F-16 fighter engine components

**Capture strong demand to expand the business**

- ✓ Build partnerships with other countries in collaboration with the Japanese government
- ✓ Expand production capacity, including the supply chain

**GCAP**

**Steady progress toward 2035 entry into service**

- ✓ Developed fighter aircraft engines exceeding 15 tons of thrust (FY2018)
- ✓ Participated in GCAP leveraging advanced technology (FY2022)
- ✓ Concluded the first engine development contract with Edgewing<sup>※</sup>(FY2026)  
※ A joint venture responsible for aircraft development

Support profitability improvement and profit expansion beyond Phase 2

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■ **Global expansion of Defense aero engine business**

- In collaboration with the Japanese government, we will aim to expand defense equipment transfers and achieve an early launch of GCAP.
- In defense equipment transfers, in addition to supplying components to OEMs, we will strengthen cooperation with partner countries in collaboration with the government and enhance production capacity, in order to meet growing demand for engine components and MRO services for platforms such as the F100, F110, and F135 engines.
- With regard to GCAP, development is steadily progressing toward entry into service in 2035.
- Leveraging our technological capabilities—demonstrated by the development of fighter engines exceeding 15 tons of thrust, a capability held only by our Group outside the United States and Russia—we will continue to play a leading role in the program.
- Through these initiatives, we will support profitability improvement and profit expansion beyond Phase 2.



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.

Investor Day Materials

## **CFO Session: Financial Strategy & Capital Allocation**



June 2, 2026

### **IHI Corporation**

Hiromi Oshima  
Managing Executive Officer (Chief Financial Officer)

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## Driving Profit Growth and Cash Flow Expansion

**IHI**

	Profit Growth Drivers	Operating Profit	Operating C/F	ROIC
<b>Group Management Policies 2023 (FY2023-FY2025)</b>	✓ Aftermarket for the Engine Business	FY2025 Normalized performance <b>¥143.1B</b>	3-year cumulative <b>¥361.1B</b>	<b>11%</b>
<b>Phase 1 (FY2026-FY2028)</b>	✓ Aftermarket for the Engine Business ✓ Defense ✓ Expansion of Lifecycle business	vs. FY2025 <b>+¥50-60B</b>	3-year cumulative <b>¥350B</b>	<b>11%</b>
<b>Phase 2 (FY2029-FY2031)</b>	✓ Aftermarket for the Engine Business ✓ Defense ✓ Nuclear ✓ Space/Ammonia	vs. FY2025 <b>+¥150-160B</b>	3-year cumulative <b>¥750B</b>	<b>11%+</b>

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)

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## ■ Driving Profit Growth and Cash Flow Expansion

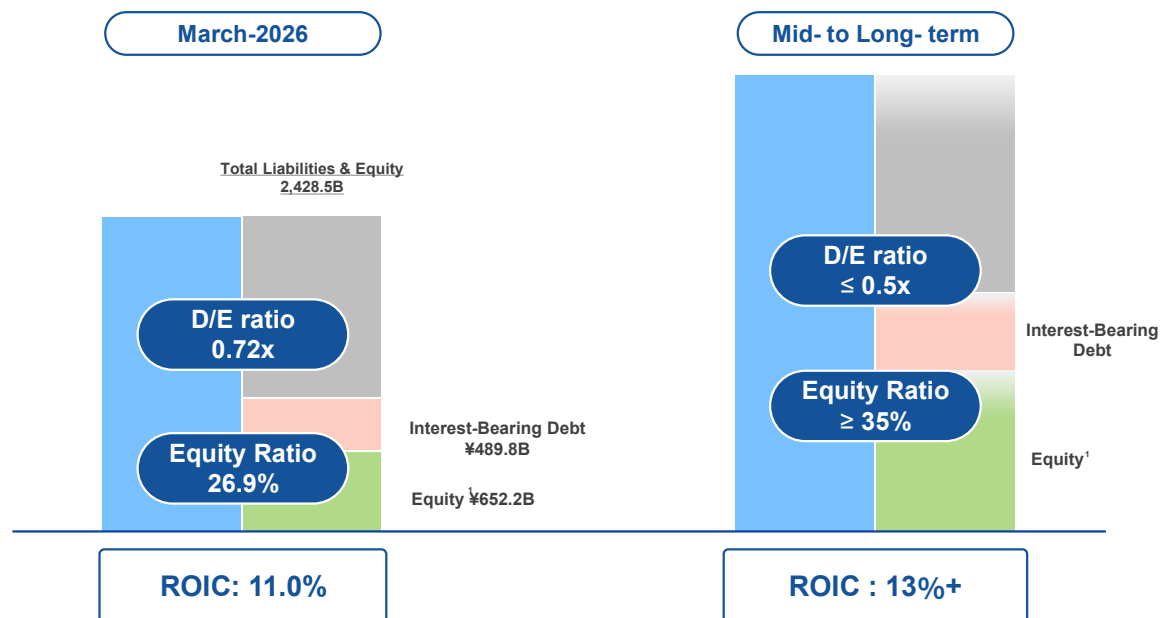
- Here is a numerical summary of key points to date.
- Through the effects of the business portfolio reforms implemented up to the previous fiscal year, along with disciplined upfront investments in Phase 1, we expect significant expansion in both operating profit and operating cash flow in Phase 2.
- In addition, by maintaining a balance between investment and financial discipline, we aim to sustain and enhance ROIC.
- The items shown in the lower section are not reflected in the current assumptions.
- While a certain level of geopolitical risk and the impact of China's export restrictions are factored into the current fiscal year, they are not reflected in our assumptions for subsequent years.
- In addition, our assumptions are based on Japan's defense spending remaining at around 2% of GDP.

## Balancing Growth Investments and Financial Discipline

**IHI**

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

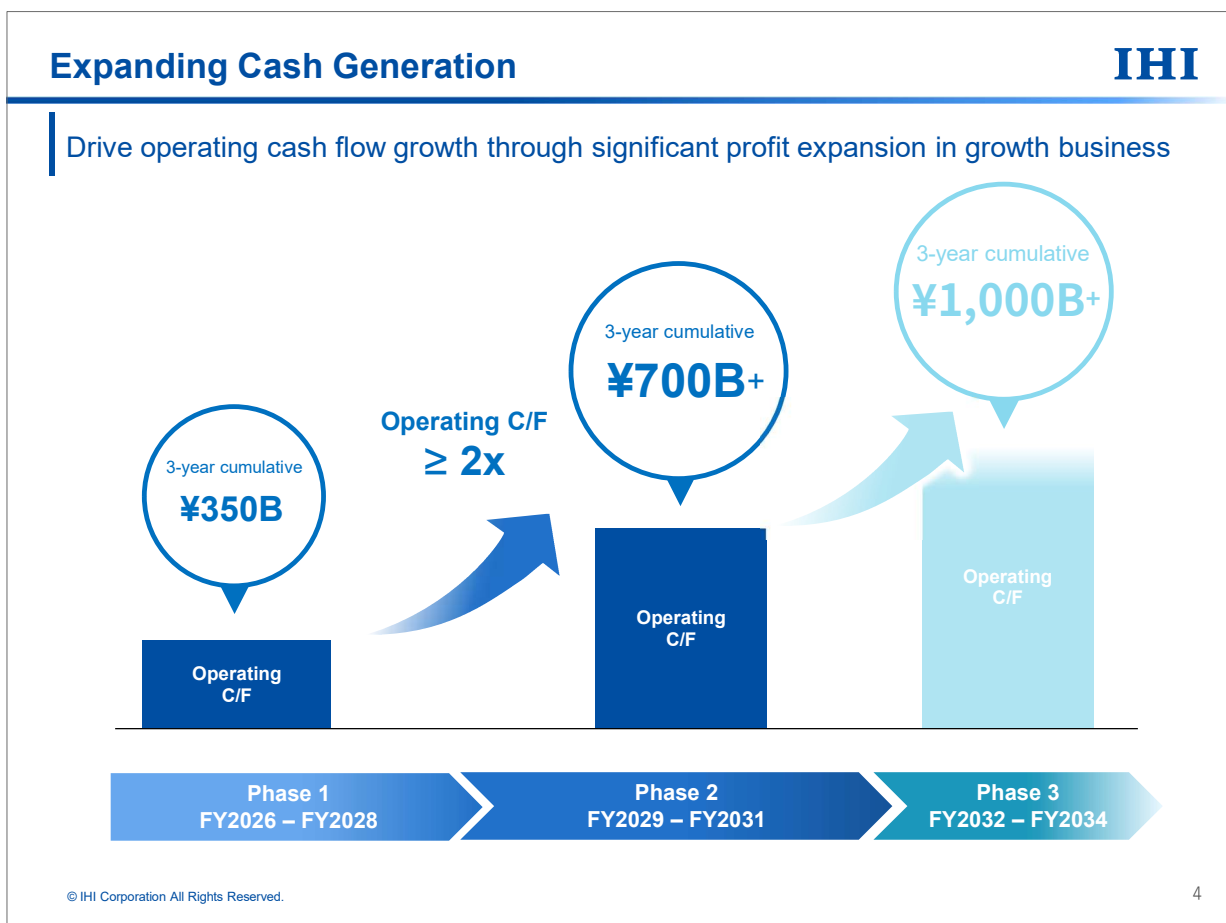


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### ■ Balancing Growth Investment and Financial Discipline

- While making significant growth investments, we will maintain financial discipline to build a sound financial foundation that supports medium- to long-term growth, while achieving high capital efficiency.
- Through future profit expansion, we will strengthen our balance sheet to absorb business risks while building up shareholders' equity.
- In addition, by lowering our D/E ratio, we aim to secure borrowing capacity and maintain the flexibility to respond swiftly to attractive future investment opportunities.
- As a result of these initiatives, our target medium- to long-term balance sheet profile and ROIC outlook are as shown here.



■ **Expanding Cash Generation**

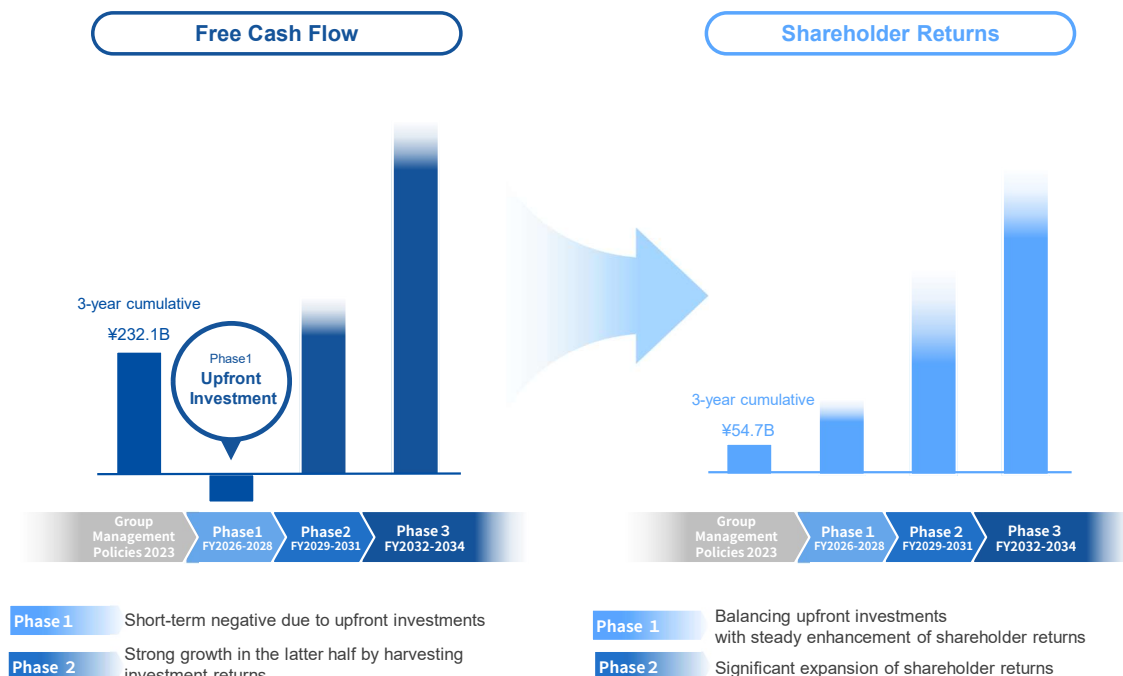
- As you can see, operating cash flow is expected to expand steadily over time.
- Supported by steady profit growth in the civil aero engine aftermarket and the collection of receivables from civil aero engine MRO, operating cash flow is expected to increase significantly from Phase 2 onward.

## Shareholder Returns Policy

**IHI**

Phase 1: Aim for sustained growth in dividends per share

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



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### ■ Shareholder Returns Policy

- As shown on the left, free cash flow will temporarily turn negative during Phase 1, the upfront investment period; however, we will continue to increase dividends per share even during this period.
- From Phase 2 onward, supported by the expansion of operating cash flow shown on the previous page, free cash flow is expected to increase significantly.
- While taking into account investment needs at that time, we intend to substantially enhance shareholder returns, considering options other dividends.



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.

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

## Appendix. Business Portfolio Reform

- 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	• Completed transfer 100% shares of IHI PACKAGED BOILER CO.,LTD. to TAKUMA CO., LTD. (April 1, 2025)
Nov.6, 2024	Materials Handling Systems	• 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	• 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	• 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	• Completed transfer 15% shares of Japan Marine United Corporation, to Imabari Shipbuilding Co., Ltd. (January 5, 2026)
Aug.6, 2025	Transport systems	• 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	• Completed transfer 100% shares of Meisei Electric Co., Ltd. to NOHMI BOSAI LTD. (February 2, 2026)
Feb.2, 2026	Carbon solution	• 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)	• 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)	• 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)	• Initiated the liquidation process for IHI SOLID BIOMASS MALAYSIA SDN. BHD.
May.8, 2026	Logistics & Machinery	• Agreed to transfer 100% shares of IHI Logistics & Machinery Corporation. (Scheduled to transfer 80% shares on April 1, 2027 and 20% of the remaining shares after approximately 5 years of retention)

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