

Financial Results for Second Quarter FY2023 (IFRS) (for the year ending March 31, 2024)

IHI

November 7, 2023

IHI Corporation

Table of Contents

1 . Consolidated Results for Second Quarter FY2023

| | |
|---|----|
| Overview..... | 4 |
| Summary of Financial Results..... | 5 |
| Special factors resulting in decreases in orders received, revenue, and operating profit..... | 6 |
| Financial Results by Segment..... | 7 |
| Finance Income / Costs etc..... | 12 |
| Financial Position..... | 13 |
| Cash Flows..... | 14 |
| Supplementary Information..... | 15 |

2 . Forecasts of the Consolidated Results for FY2023

| | |
|--------------------------------------|----|
| Summary of Forecasts for FY2023..... | 17 |
| Forecasts for FY2023 by Segment..... | 18 |
| Cash Flows..... | 21 |

3 . Financial Results by Segment

| | |
|---|----|
| Resources, Energy and Environment..... | 23 |
| Social Infrastructure..... | 25 |
| Industrial Systems and General-Purpose Machinery..... | 27 |
| Aero Engine, Space and Defense..... | 29 |

| | |
|---------------------------------|----|
| <Appendices> | 31 |
|---------------------------------|----|

1. Consolidated Results for Second Quarter FY2023



- The impact of the additional inspection program for PW1100G-JM engines and the settlement of litigation involving IHI E&C were one-time recorded.
- As for Civil aero engines other than PW1100G-JM, recovery of passenger demand is steady, but aftermarket-related expenses are increasing. Considering the current situation, the risk of performance fluctuations is reflected in the forecast to a certain extent.
- With regard to reflecting the soaring prices of raw materials and equipment in selling prices and strengthening the cost structure, IHI is promoting activities so that it can achieve results by the end of the fiscal year.
- Although the first priority is to secure inventories for increased production of civil aero engines, IHI will accelerate efforts to improve working capital with the aim of earning operating cash flows.

1. Consolidated Results for Second Quarter FY2023

Summary of Financial Results

- The impacts of PW1100G and E&C settlement are one-time recorded in orders received and financial results for FY2023.2Q.

The subtotal of these special factors is shown in table ② below.

(In billion yen)

| | FY2022.2Q | FY2023.2Q ① | Change | Special factors | | | FY2023.2Q (except for special factors) ① − ② |
|--|--------------|----------------|----------------|----------------------|--------------------------------|----------------|---|
| | | | | Impact of PW1100G | Impact of E&C settlement | Subtotal ② | |
| Orders received | 642.8 | 480.2 | (162.5) | (154.1) | (14.6) | (168.7) | 649.0 |
| Revenue | 594.4 | 470.3 | (124.1) | (154.1) | (14.6) | (168.7) | 639.0 |
| Operating profit | 33.5 | (157.0) | (190.5) | (158.3) | (14.6) | (173.0) | 16.0 |
| Profit before tax | 39.5 | (151.0) | (190.5) | (158.3) | (14.6) | (173.0) | 21.9 |
| Profit attributable to owners of parent | 21.1 | (137.5) | (158.6) | (134.9) | (14.6) | (149.6) | 12.0 |

Note: Average FX rate FY2022.2Q US\$ 1.00 = ¥131.56
 FY2023.2Q US\$ 1.00 = ¥140.62

1. Consolidated Results for Second Quarter FY2023

Special factors resulting in decreases in orders received, revenue, and operating profit **IHI**

(1) Additional inspection program for shipped PW1100G-JM engines

- With respect to the ongoing additional inspection program for shipped PW1100G-JM engines, due to the fact that IHI expects there to be an average of 350 aircraft on the ground during the period from 2024 to 2026 due to the increase in the number of shop visits over the next few years.
- As costs related to compensation and additional maintenance incurred as a result of the above, IHI recorded decreases of 154.1 billion yen in orders received and revenue (*) and decrease of 158.3 billion yen in operating profit. These amounts correspond to IHI's participation share (approximately 15%) in the engine program.

(2) Settlement of litigation involving IHI E&C

- Regarding the lawsuit filed in relation to delays in construction of the North American process plant, an order previously received by IHI's consolidated subsidiary, IHI E&C, IHI E&C reached a settlement under which it would receive settlement payments.
- The difference of 14.6 billion yen between the settlement amount and the amount recorded as revenue by the previous period is recorded as a decrease in orders received, revenue and operating profit (*) for the current period.

*These are recognized as adjustments to the transaction value with customers, resulting in decreases in orders received and revenue.

1. Consolidated Results for Second Quarter FY2023

Financial Results by Segment

■ Orders received & Order backlog

(In billion yen)

| | Orders received | | | Order backlog | | |
|--|-----------------|--------------|----------------|----------------|----------------|-------------|
| | FY2022.2Q | FY2023.2Q | Change | FY2022 | FY2023.2Q | Change |
| Resources, Energy and Environment | 210.9 | 161.7 | (49.2) | 565.7 | 565.3 | (0.3) |
| Social Infrastructure | 55.5 | 59.1 | 3.6 | 218.4 | 204.9 | (13.4) |
| Industrial Systems and General-Purpose Machinery | 223.6 | 229.2 | 5.5 | 201.0 | 216.0 | 14.9 |
| Aero Engine, Space and Defense | 149.2 | 24.6 | (124.5) | 293.4 | 309.5 | 16.0 |
| Total Reportable Segment | 639.3 | 474.7 | (164.6) | 1,278.6 | 1,295.9 | 17.3 |
| Others | 25.5 | 29.1 | 3.6 | 20.8 | 25.2 | 4.3 |
| Adjustment | (22.0) | (23.6) | (1.5) | - | - | - |
| Total | 642.8 | 480.2 | (162.5) | 1,299.4 | 1,321.1 | 21.6 |

| | | | | | | |
|--|-------|-------|---------|-------|-------|-----|
| Overseas orders received / order backlog | 345.0 | 162.8 | (182.2) | 390.7 | 394.7 | 4.0 |
| % of Overseas orders received | 54% | 34% | (20%) | 30% | 30% | 0% |

■ The change in order backlog include the effect of exchange rate changes.

1. Consolidated Results for Second Quarter FY2023

Financial Results by Segment

■ Orders received & Order backlog

*Reference except for special factors

(In billion yen)

| | Orders received | | | Order backlog | | |
|--|-----------------|--------------|------------|----------------|----------------|-------------|
| | FY2022.2Q | FY2023.2Q | Change | FY2022 | FY2023.2Q | Change |
| Resources, Energy and Environment | 210.9 | 176.3 | (34.5) | 565.7 | 565.3 | (0.3) |
| Social Infrastructure | 55.5 | 59.1 | 3.6 | 218.4 | 204.9 | (13.4) |
| Industrial Systems and General-Purpose Machinery | 223.6 | 229.2 | 5.5 | 201.0 | 216.0 | 14.9 |
| Aero Engine, Space and Defense | 149.2 | 178.7 | 29.5 | 293.4 | 309.5 | 16.0 |
| Total Reportable Segment | 639.3 | 643.5 | 4.1 | 1,278.6 | 1,295.9 | 17.3 |
| Others | 25.5 | 29.1 | 3.6 | 20.8 | 25.2 | 4.3 |
| Adjustment | (22.0) | (23.6) | (1.5) | - | - | - |
| Total | 642.8 | 649.0 | 6.2 | 1,299.4 | 1,321.1 | 21.6 |

| | | | | | | |
|--|-------|-------|--------|-------|-------|-----|
| Overseas orders received / order backlog | 345.0 | 331.5 | (13.4) | 390.7 | 394.7 | 4.0 |
| % of Overseas orders received | 54% | 51% | (3%) | 30% | 30% | 0% |

■ The change in order backlog include the effect of exchange rate changes.

1. Consolidated Results for Second Quarter FY2023

Financial Results by Segment

■ Revenue & Operating profit

(In billion yen)

| | Revenue | | | Operating profit | | |
|--|--------------|--------------|----------------|------------------|----------------|----------------|
| | FY2022.2Q | FY2023.2Q | Change | FY2022.2Q | FY2023.2Q | Change |
| Resources, Energy and Environment | 164.5 | 173.2 | 8.6 | 10.0 | (8.1) | (18.2) |
| Social Infrastructure | 75.4 | 71.5 | (3.9) | 3.1 | (1.3) | (4.4) |
| Industrial Systems and General-Purpose Machinery | 200.2 | 213.6 | 13.3 | 5.3 | 3.0 | (2.2) |
| Aero Engine, Space and Defense | 150.9 | 9.3 | (141.6) | 18.8 | (147.7) | (166.5) |
| Total Reportable Segment | 591.1 | 467.6 | (123.4) | 37.4 | (154.0) | (191.5) |
| Others | 22.0 | 23.1 | 1.1 | 0.1 | 1.3 | 1.2 |
| Adjustment | (18.8) | (20.5) | (1.7) | (4.0) | (4.3) | (0.2) |
| Total | 594.4 | 470.3 | (124.1) | 33.5 | (157.0) | (190.5) |
| Overseas revenue | 312.4 | 178.8 | (133.5) | | | |
| % of overseas revenue | 53% | 38% | (15%) | | | |

1. Consolidated Results for Second Quarter FY2023

Financial Results by Segment

■ Revenue & Operating profit

*Reference except for special factors

(In billion yen)

| | Revenue | | | Operating profit | | |
|--|--------------|--------------|-------------|------------------|-------------|---------------|
| | FY2022.2Q | FY2023.2Q | Change | FY2022.2Q | FY2023.2Q | Change |
| Resources, Energy and Environment | 164.5 | 187.9 | 23.3 | 10.0 | 6.5 | (3.5) |
| Social Infrastructure | 75.4 | 71.5 | (3.9) | 3.1 | (1.3) | (4.4) |
| Industrial Systems and General-Purpose Machinery | 200.2 | 213.6 | 13.3 | 5.3 | 3.0 | (2.2) |
| Aero Engine, Space and Defense | 150.9 | 163.4 | 12.4 | 18.8 | 10.6 | (8.2) |
| Total Reportable Segment | 591.1 | 636.4 | 45.3 | 37.4 | 18.9 | (18.4) |
| Others | 22.0 | 23.1 | 1.1 | 0.1 | 1.3 | 1.2 |
| Adjustment | (18.8) | (20.5) | (1.7) | (4.0) | (4.3) | (0.2) |
| Total | 594.4 | 639.0 | 44.6 | 33.5 | 16.0 | (17.5) |
| Overseas revenue | 312.4 | 347.6 | 35.1 | | | |
| % of overseas revenue | 53% | 54% | 2% | | | |

1. Consolidated Results for Second Quarter FY2023

Financial Results by Segment



- Analysis of change in operating profit from the previous corresponding period

(In billion yen)

| | Impact of PW1100G | Impact of E&C settlement | Change in revenue | Change in construction profitability | Change in foreign exchange rate | Change in SG&A | Change in other income and expenses | Total |
|--|-------------------|--------------------------|-------------------|--------------------------------------|---------------------------------|----------------|-------------------------------------|----------------|
| Resources, Energy and Environment | | (14.6) | (3.2) | 0.2 | 0.4 | (1.1) | | (18.2) |
| Social Infrastructure | | | (0.9) | (2.6) | | (0.9) | | (4.4) |
| Industrial Systems and General-Purpose Machinery | | | 1.3 | (0.5) | 0.3 | (1.8) | (1.6) | (2.2) |
| Aero Engine, Space and Defense | (158.3) | | (9.4) | 0.1 | 4.8 | (3.9) | 0.1 | (166.5) |
| Total Reportable Segment | (158.3) | (14.6) | (12.2) | (2.8) | 5.5 | (7.7) | (1.4) | (191.5) |
| Others | | | | 1.2 | 0.1 | (0.3) | 0.2 | 1.2 |
| Adjustment | | | | | | (0.2) | | (0.2) |
| Total | (158.3) | (14.6) | (12.2) | (1.6) | 5.6 | (8.2) | (1.2) | (190.5) |

There are cases that the aggregated amount of each segment or factor doesn't match to the total due to rounding off. Change in SG&A and Change in other income and expenses exclude change in foreign exchange rate and other factors.

1. Consolidated Results for Second Quarter FY2023

Finance Income / Costs etc.

(In billion yen)

| | FY2022.2Q | FY2023.2Q | Change |
|---|------------|------------|------------|
| Foreign exchange gains (losses) | 11.3 | 7.6 | (3.7) |
| Share of profit (loss) of investments accounted for using equity method | (3.6) | 1.7 | 5.3 |
| Other finance income (costs) *1 | (1.7) | (3.3) | (1.6) |
| Finance income / costs etc. | 5.9 | 5.9 | 0.0 |

*1: Other finance income (costs) include dividend income, interest expenses, interest expenses on lease liabilities, interest expenses on bonds, losses on derivatives, etc.

Change of FX rate (US\$) FY2022.2Q ¥22.34 (beginning ¥122.39→end ¥144.72)
 FY2023.2Q ¥16.03 (beginning ¥133.41→end ¥149.44)

1. Consolidated Results for Second Quarter FY2023

Financial Position



(In billion yen)

| | As of March 31, 2023 | As of September 30, 2023 | Change |
|--|-------------------------|-----------------------------|----------------|
| Total assets | 1,941.9 | 2,053.3 | 111.3 |
| [Cash and cash equivalents] | [124.7] | [116.1] | [(8.5)] |
| [Trade receivables & contract assets] | [523.1] | [539.1] | [15.9] |
| [Inventories] | [374.5] | [434.3] | [59.8] |
| Total liabilities | 1,485.7 | 1,727.5 | 241.8 |
| [Trade payables etc.] | [247.0] | [221.5] | [(25.5)] |
| [Contract liabilities] | [201.8] | [190.4] | [(11.4)] |
| [Refund liabilities] | [38.6] | ^{*3} [198.5] | [159.8] |
| [Interest-bearing liabilities] | [519.4] | [644.7] | [125.2] |
| Bonds and borrowings | [393.6] | [521.6] | [128.0] |
| Lease liabilities | [125.8] | [123.0] | [(2.7)] |
| Total equity | 456.2 | 325.7 | (130.5) |
| Equity attributable to owners of parent | 431.2 | 298.4 | (132.8) |
| Non-controlling interests | 25.0 | 27.2 | 2.2 |
| Total liabilities and equity | 1,941.9 | 2,053.3 | 111.3 |
| D/E ratio (times) *1 | 1.14 | 1.98 | 0.84 |
| Ratio of equity attributable to owners of parent (%) *2 | 22.2 | 14.5 | (7.7) |

*1 $D/E \text{ ratio} = \text{Interest-bearing liabilities} / \text{Total equity}$

*2 $\text{Ratio of equity attributable to owners of parent} = \text{Equity attributable to owners of parent} / \text{Total liabilities and equity}$

*3 The impact of PW1100G is recorded in refund liabilities of 154.1 billion yen for the current period.

1. Consolidated Results for Second Quarter FY2023

Cash Flows

(In billion yen)

| | FY2022.2Q | FY2023.2Q | Change |
|---|-----------|-----------|---------|
| Profit before tax | 39.5 | (151.0) | (190.5) |
| Depreciation *1 | 31.5 | 30.8 | (0.6) |
| Other | (21.0) | (11.8) | 9.2 |
| Impact of PW1100G *2 | 0.0 | 154.1 | 154.1 |
| Subtotal | 49.9 | 22.0 | (27.9) |
| Change in working capital *3 | (59.9) | (103.5) | (43.5) |
| Cash flows from operating activities | (9.9) | (81.4) | (71.5) |
| Cash flows from investing activities | (21.6) | (31.3) | (9.6) |
| Free cash flows | (31.6) | (112.8) | (81.2) |
| Cash flows from financing activities | (19.3) | 101.4 | 120.8 |

*1: Depreciation consists of depreciation of property, plant and equipment, investment property, right-of-use assets and software, does not include amortization of capitalized development costs, patents and other intangible assets.

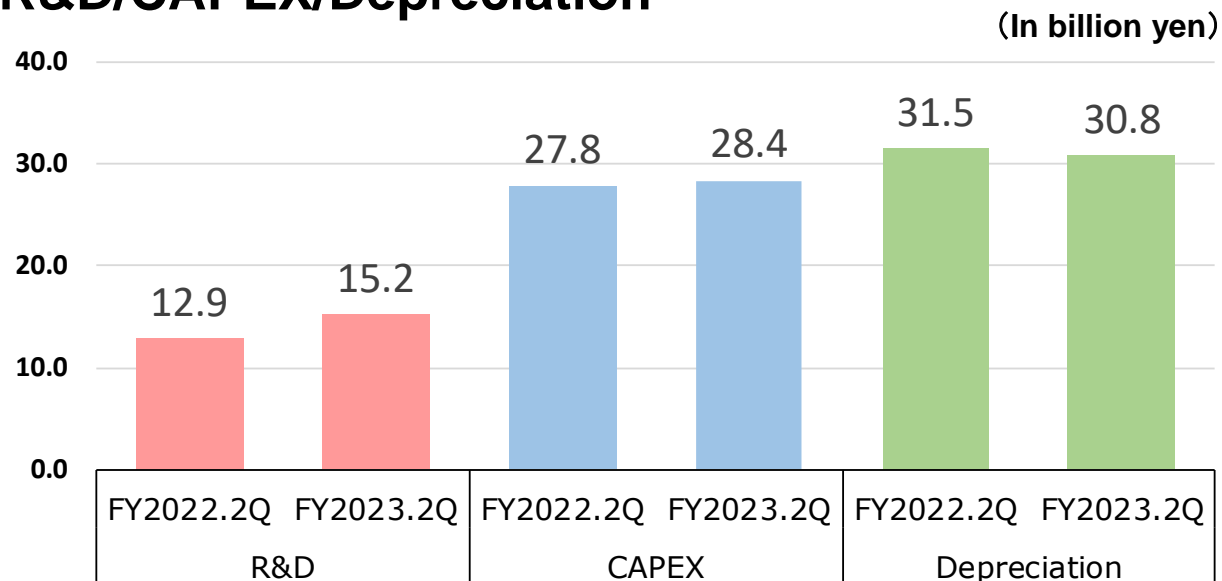
*2: Refund liabilities related to the impact of PW1100G are shown separately from changes in conventional working capital.

*3: Change in working capital consists of change in trade receivables, contract assets, inventories, prepayments, contract liabilities, trade payables and refund liabilities.

*Working capital = Trade receivables + Contract assets + Inventories + Prepayments - Contract liabilities
- Trade payables - Refund liabilities*

1. Consolidated Results for Second Quarter FY2023 Supplementary Information

(1) R&D/CAPEX/Depreciation



• CAPEX and depreciation consist of those of property, plant and equipment, investment property, right-of-use assets and software.

(2) Revenue by Region

(In billion yen)

| | FY2022.2Q | FY2023.2Q | FY2023.2Q (except for special factors) |
|---------------------------|--------------|--------------|---|
| Japan | 281.9 | 291.4 | |
| Asia | 94.3 | 112.6 | |
| China | 55.9 | 55.3 | |
| North America | 111.5 | (43.7) | 125.0 |
| Central and South America | 8.7 | 8.7 | |
| Europe | 36.7 | 41.6 | |
| Others | 5.1 | 4.1 | |
| Total | 594.4 | 470.3 | 639.0 |

2. Forecasts of the Consolidated Results for FY2023

2. Forecasts of the Consolidated Results for FY2023

Summary of Forecasts

Forecast (in November) is unchanged from the forecast announced on October 25, 2023.

**Assumed FX rate US\$ 1.00 = ¥140 (previously ¥130)
(in and after the third quarter ending December 31, 2023)**

(In billion yen)

| | FY2022 Results | FY2023 Forecast (in August) | FY2023 Forecast (in November) | Change Vs. Forecast (in August) |
|--|---------------------------|--|--|--|
| Orders received | 1,366.1 | 1,500.0 | 1,350.0 | (150.0) |
| Revenue | 1,352.9 | 1,450.0 | 1,300.0 | (150.0) |
| Operating profit | 81.9 | 90.0 | (80.0) | (170.0) |
| Profit before tax | 64.8 | 85.0 | (80.0) | (165.0) |
| Profit attributable to owners of parent | 44.5 | 50.0 | (90.0) | (140.0) |

(Reference) FX rate sensitivity (impact amount on operating profit by change of 1 yen) : US\$ ¥0.7 billion

Dividend forecast (unchanged) 100yen per share (Interim 50yen, year-end 50yen)

2. Forecasts of the Consolidated Results for FY2023

Forecasts by Segments

■ Orders received

(In billion yen)

| | FY2022 Results | FY2023 Forecast (in August) | FY2023 Forecast (in November) | Change Vs. Forecast (in August) |
|--|----------------|-----------------------------|-------------------------------|---------------------------------|
| Resources, Energy and Environment | 393.4 | 380.0 | 370.0 | (10.0) |
| Social Infrastructure | 134.0 | 180.0 | 180.0 | 0.0 |
| Industrial Systems and General-Purpose Machinery | 455.9 | 470.0 | 470.0 | 0.0 |
| Aero Engine, Space and Defense | 372.7 | 470.0 | 330.0 | (140.0) |
| Total Reportable Segment | 1,356.2 | 1,500.0 | 1,350.0 | (150.0) |
| Others | 53.9 | 50.0 | 50.0 | 0.0 |
| Adjustment | (44.0) | (50.0) | (50.0) | 0.0 |
| Total | 1,366.1 | 1,500.0 | 1,350.0 | (150.0) |

Forecast (in November) is unchanged from the forecast announced on October 25, 2023.

2. Forecasts of the Consolidated Results for FY2023

Forecasts by Segments



■ Revenue & Operating profit

(In billion yen)

| | Revenue | | | | Operating profit | | | |
|--|----------------|-----------------------------|-------------------------------|---------------------------------|------------------|-----------------------------|-------------------------------|---------------------------------|
| | FY2022 Results | FY2023 Forecast (in August) | FY2023 Forecast (in November) | Change Vs. Forecast (in August) | FY2022 Results | FY2023 Forecast (in August) | FY2023 Forecast (in November) | Change Vs. Forecast (in August) |
| Resources, Energy and Environment | 371.3 | 380.0 | 370.0 | (10.0) | 26.2 | 26.0 | 12.0 | (14.0) |
| Social Infrastructure | 171.0 | 190.0 | 190.0 | 0.0 | 17.0 | 13.0 | 13.0 | 0.0 |
| Industrial Systems and General-Purpose Machinery | 436.5 | 460.0 | 460.0 | 0.0 | 18.0 | 24.0 | 24.0 | 0.0 |
| Aero Engine, Space and Defense | 364.1 | 430.0 | 290.0 | (140.0) | 36.1 | 51.0 | (105.0) | (156.0) |
| Total Reportable Segment | 1,343.1 | 1,460.0 | 1,310.0 | (150.0) | 97.5 | 114.0 | (56.0) | (170.0) |
| Others | 54.2 | 50.0 | 50.0 | 0.0 | 1.3 | 3.0 | 3.0 | 0.0 |
| Adjustment | (44.4) | (60.0) | (60.0) | 0.0 | (16.8) | (27.0) | (27.0) | 0.0 |
| Total | 1,352.9 | 1,450.0 | 1,300.0 | (150.0) | 81.9 | 90.0 | (80.0) | (170.0) |

Forecast (in November) is unchanged from the forecast announced on October 25, 2023.

2. Forecasts of the Consolidated Results for FY2023

Forecasts by Segments

- Analysis of change in operating profit of forecasts (in August VS in November)

(In billion yen)

| | Impact of PW1100G | Impact of E&C settlement | Change in revenue | Change in construction profitability | Change in foreign exchange rate | Change in SG&A | Change in other income and expenses | Total |
|--|-------------------|--------------------------|-------------------|--------------------------------------|---------------------------------|----------------|-------------------------------------|----------------|
| Resources, Energy and Environment | | (15.0) | | | 1.0 | | | (14.0) |
| Social Infrastructure | | | | | | | | 0.0 |
| Industrial Systems and General-Purpose Machinery | | | | | | | | 0.0 |
| Aero Engine, Space and Defense | (160.0) | | (5.0) | | 9.0 | | | (156.0) |
| Total Reportable Segment | (160.0) | (15.0) | (5.0) | 0.0 | 10.0 | 0.0 | 0.0 | (170.0) |
| Others | | | | | | | | 0.0 |
| Adjustment | | | | | | | | 0.0 |
| Total | (160.0) | (15.0) | (5.0) | 0.0 | 10.0 | 0.0 | 0.0 | (170.0) |

Forecast (in November) is unchanged from the forecast announced on October 25, 2023.

2. Forecasts of the Consolidated Results for FY2023

Cash Flows

(In billion yen)

| | FY2022 Results | FY2023 Forecast (in August) | FY2023 Forecast (in November) | Change Vs. Forecast (in August) |
|---|-------------------|-----------------------------------|-------------------------------------|---------------------------------------|
| Profit before tax | 64.8 | 85.0 | (80.0) | (165.0) |
| Depreciation *1 | 62.9 | 64.0 | 64.0 | 0.0 |
| Impact of PW1100G *2 | 0.0 | 0.0 | 140.0 | 140.0 |
| Change in working capital *3 | (77.2) | (20.0) | (20.0) | 0.0 |
| Other | 3.5 | (29.0) | (29.0) | 0.0 |
| Cash flows from operating activities | 54.1 | 100.0 | 75.0 | (25.0) |
| Cash flows from investing activities | (52.3) | (100.0) | (90.0) | 10.0 |
| Free cash flows | 1.7 | 0.0 | (15.0) | (15.0) |

*1: Depreciation consists of depreciation of property, plant and equipment, investment property, right-of-use assets and software, does not include amortization of capitalized development costs, patents and other intangible assets.

*2: Refund liabilities related to the impact of PW1100G are shown separately from changes in conventional working capital.

*3: Change in working capital consists of change in trade receivables, contract assets, inventories, prepayments, contract liabilities, trade payables and refund liabilities.

*Working capital = Trade receivables + Contract assets + Inventories + Prepayments - Contract liabilities
- Trade payables - Refund liabilities*

Forecast (in November) is unchanged from the forecast announced on October 25, 2023.

3. Financial Results by Segment



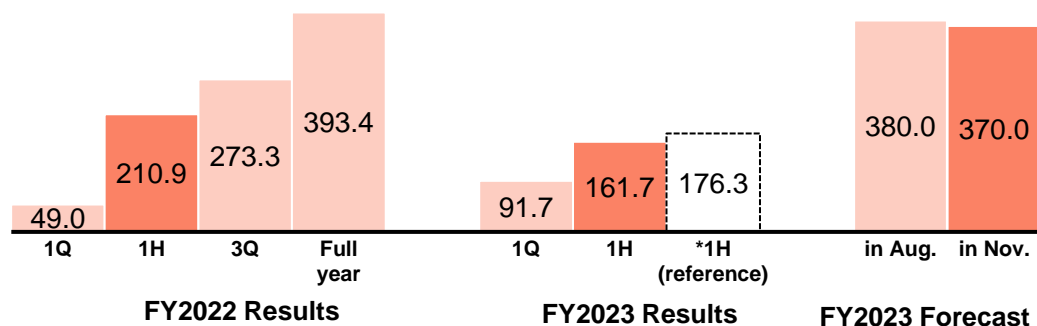
3. Financial Results by Segment

Resources, Energy and Environment

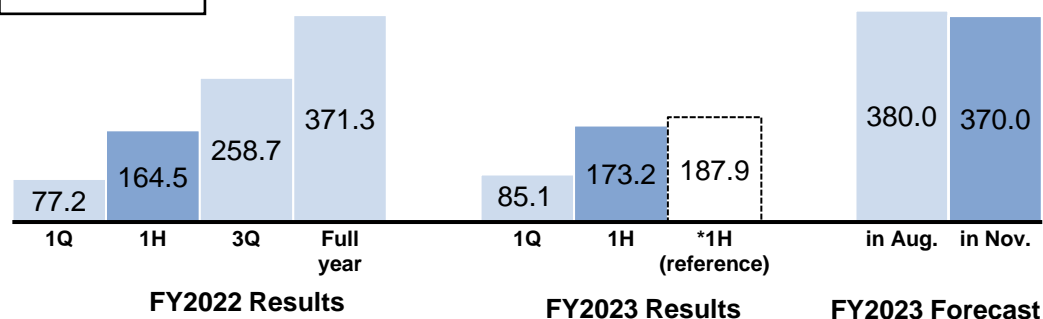
(In billion yen, accumulated amount)

*1H (reference): figures are shown excluding the impact of the E&C settlement from the 1H results.

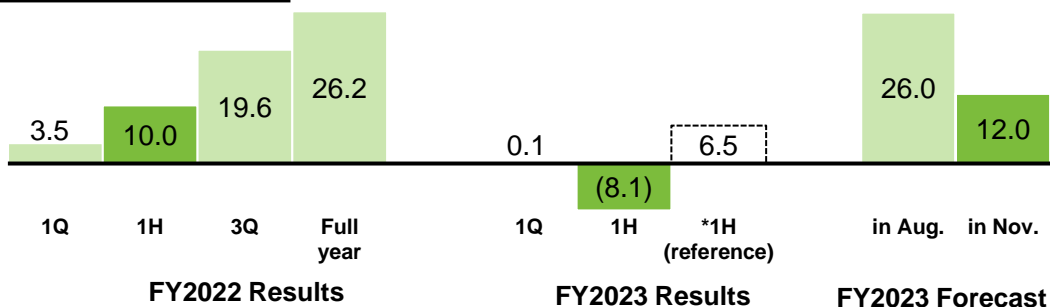
Orders received



Revenue



Operating Profit



Main Businesses : Power systems, Carbon solutions and Nuclear energy

Results (vs FY2022.2Q)

- Orders received, revenue and operating profit decreased by 14.6 billion yen due to the impact of E&C settlement.
- The results other than the above (vs FY2022.2Q) are shown below.

【Orders received】

Despite increased in Carbon solutions, decreased in large-scale power plant projects in Southeast Asia and Nuclear energy.

【Revenue】

Despite decreased due to lower construction volume in Nuclear energy, increased due to large-scale power plant projects in Southeast Asia and increases in lifecycle businesses in Carbon solutions.

【Operating profit】

Despite increased in large-scale power plant projects in Southeast Asia and Carbon solutions, decreased due to lower sales in Nuclear energy.

Full year Forecasts (vs In Aug)

- Decreased orders received, revenue and operating profit due to the impact of E&C settlement.

3. Financial Results by Segment Resources, Energy and Environment

(In billion yen)

| | Orders received | | | | | | Revenue | | | | | |
|-------------------------|-----------------|------|------|-----------|--------|-----------|---------|------|-------|-----------|--------|-----------|
| | FY2022 | | | | FY2023 | | FY2022 | | | | FY2023 | |
| | 1Q | 1H | 3Q | Full year | 1H | Full year | 1Q | 1H | 3Q | Full year | 1H | Full year |
| Power systems | 22.2 | 49.1 | 75.9 | 97.6 | 42.7 | 74.0 | 15.7 | 32.6 | 53.2 | 81.8 | 31.3 | 80.0 |
| Carbon solutions | 3.3 | 23.9 | 39.6 | 67.7 | 78.5 | 182.0 | 32.3 | 73.7 | 111.1 | 156.2 | 79.5 | 163.0 |
| Nuclear energy | 11.3 | 25.5 | 33.3 | 48.7 | 7.2 | 34.0 | 15.9 | 28.7 | 45.3 | 71.0 | 21.0 | 55.0 |

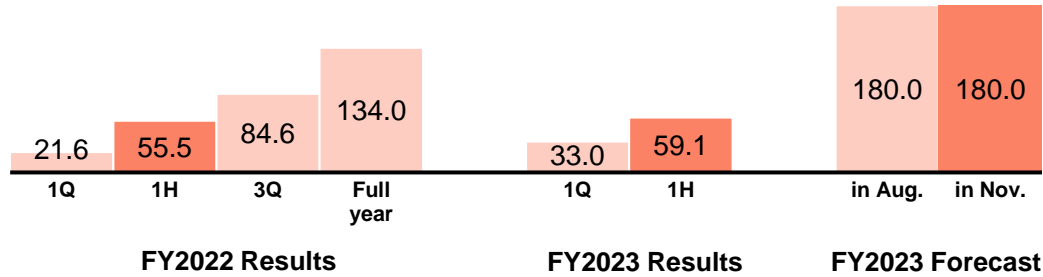
3. Financial Results by Segment

Social Infrastructure

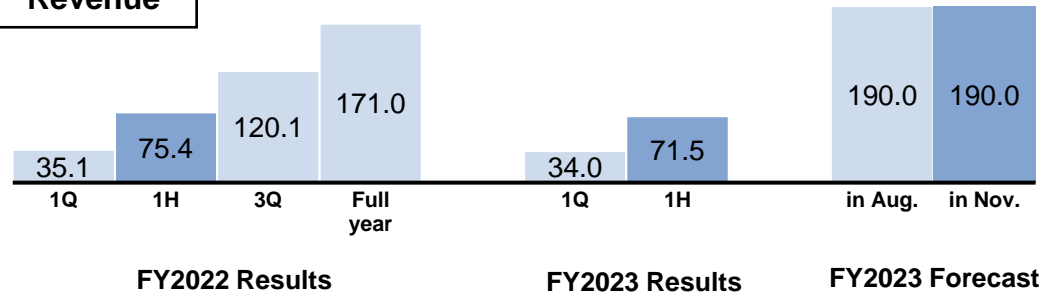
(In billion yen, accumulated amount)

Main Businesses : Bridges and water gates, Shield systems, Urban development, Transport systems, and Concrete construction materials

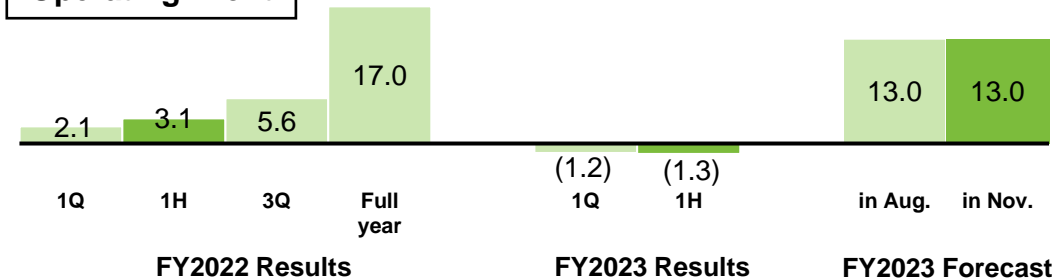
Orders received



Revenue



Operating Profit



Results (vs FY2022.2Q)

【Orders received】

Increased in Bridges and water gates and Concrete construction materials.

【Revenue】

Decreased in large-scale overseas construction of Bridges and water gates, and in Shield systems.

【Operating profit】

Decreased due to the impact of recording the necessary costs in advance in Bridges and water gates.

Full year Forecasts (vs In Aug)

- The forecast of orders received, revenue and operating profit remain unchanged.

3. Financial Results by Segment Social Infrastructure

(In billion yen)

| | Orders received | | | | | | Revenue | | | | | |
|-------------------------|-----------------|------|------|-----------|--------|-----------|---------|------|------|-----------|--------|-----------|
| | FY2022 | | | | FY2023 | | FY2022 | | | | FY2023 | |
| | 1Q | 1H | 3Q | Full year | 1H | Full year | 1Q | 1H | 3Q | Full year | 1H | Full year |
| Bridges and water gates | 9.3 | 27.4 | 40.1 | 69.2 | 30.1 | 104.0 | 20.2 | 43.8 | 70.1 | 103.1 | 40.9 | 113.0 |
| Shield systems | 1.4 | 4.3 | 9.8 | 18.1 | 4.6 | 27.0 | 5.1 | 9.3 | 14.4 | 18.0 | 7.3 | 24.0 |
| Urban development | 4.3 | 8.5 | 13.2 | 17.5 | 8.3 | 17.0 | 4.1 | 8.5 | 13.1 | 17.5 | 8.3 | 17.0 |

*For related information of “Urban development” in Toyosu, please refer to <Appendices> Urban development.

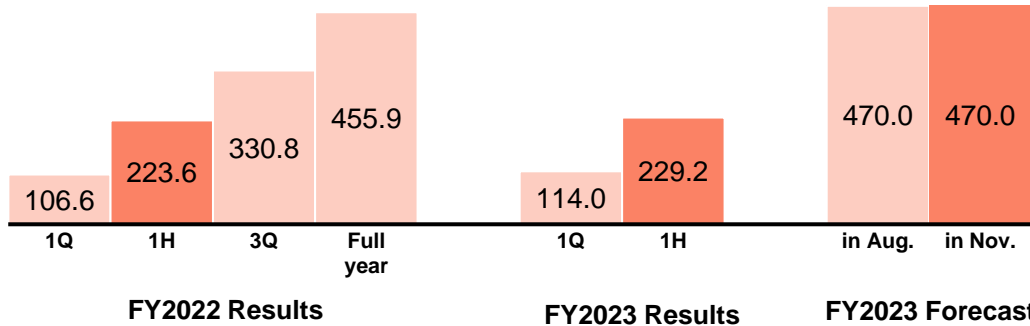
3. Financial Results by Segment

Industrial Systems and General-Purpose Machinery

(In billion yen, accumulated amount)

Main Businesses : Vehicular turbochargers, Parking, Rotating machineries, Heat treatment and surface engineering, Transport machineries and Logistics and industrial systems

Orders received



Results (vs FY2022.2Q)

【Orders received】

Despite decreased in Transport machineries and Heat treatment and surface engineering, increased in Vehicular turbochargers.

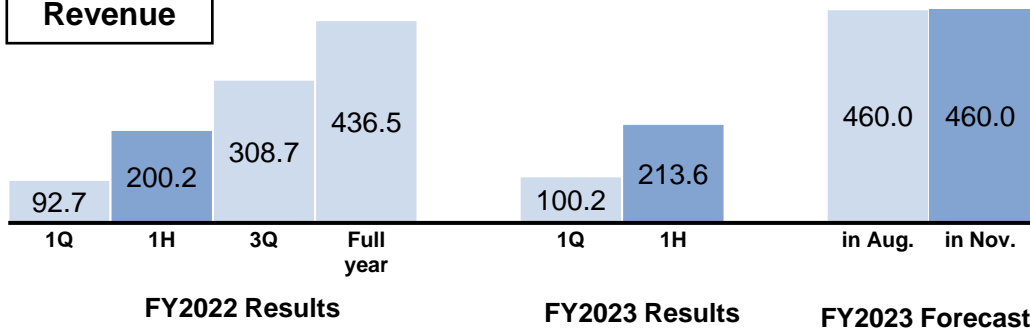
【Revenue】

Increased in Vehicular turbochargers.

【Operating profit】

Despite increased due to higher sales in Vehicular turbochargers, decreased due to the soaring prices of raw materials and equipment in Parking and higher SG&A expenses, etc.

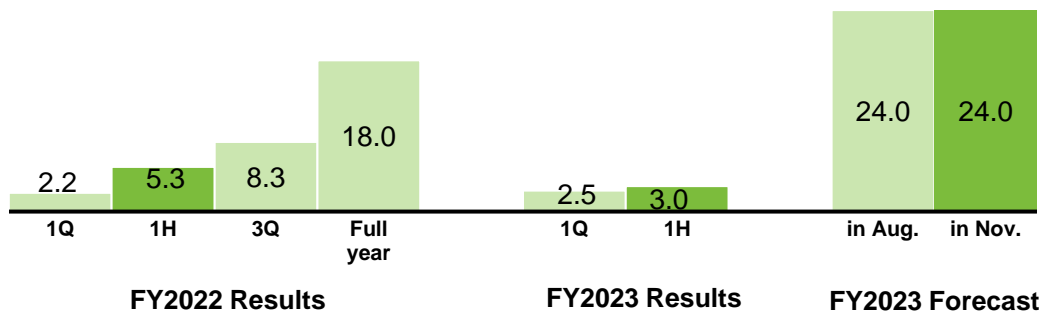
Revenue



Full year Forecasts (vs In Aug)

- The forecast of orders received, revenue and operating profit remain unchanged.

Operating Profit



3. Financial Results by Segment

Industrial Systems and General-Purpose Machinery



(In billion yen)

| | Orders received | | | | | | Revenue | | | | | |
|--|-----------------|------|-------|-----------|--------|-----------|---------|------|-------|-----------|--------|-----------|
| | FY2022 | | | | FY2023 | | FY2022 | | | | FY2023 | |
| | 1Q | 1H | 3Q | Full year | 1H | Full year | 1Q | 1H | 3Q | Full year | 1H | Full year |
| Vehicular turbochargers | 39.7 | 89.7 | 138.1 | 189.2 | 100.5 | 202.0 | 39.9 | 89.9 | 138.1 | 189.5 | 99.8 | 202.0 |
| Parking | 11.6 | 27.7 | 40.2 | 60.0 | 29.6 | 58.0 | 9.4 | 20.0 | 32.3 | 46.3 | 23.5 | 57.0 |
| Rotating machineries | 18.4 | 34.5 | 46.5 | 63.2 | 34.1 | 63.0 | 11.7 | 26.3 | 40.6 | 58.9 | 26.6 | 63.0 |
| Heat treatment and surface engineering | 13.5 | 25.3 | 38.3 | 48.4 | 22.4 | 54.0 | 10.1 | 21.6 | 34.1 | 47.7 | 22.4 | 50.0 |
| Transport machineries | 8.5 | 16.9 | 21.9 | 31.4 | 11.2 | 33.0 | 8.9 | 15.9 | 24.2 | 33.9 | 14.7 | 33.0 |
| Logistics and industrial systems | 7.7 | 15.9 | 26.4 | 36.0 | 16.1 | 45.0 | 6.6 | 14.1 | 21.3 | 33.6 | 14.1 | 41.0 |

*For details of “Vehicular turbochargers”, please refer to <Appendices> Vehicular turbochargers

< Number of vehicular turbochargers delivered >

(1,000 Units)

| | 1H | Full Year |
|--------|-------|-----------|
| FY2022 | 2,740 | 5,590 |
| FY2023 | 2,880 | 5,800 |

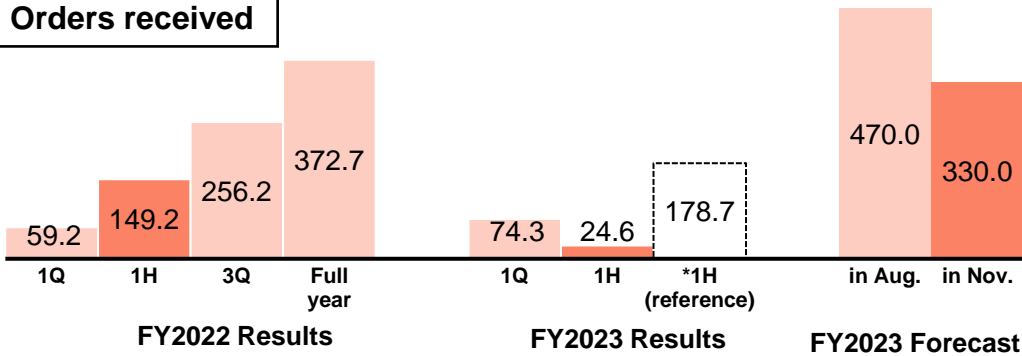
3. Financial Results by Segment

Aero Engine, Space and Defense

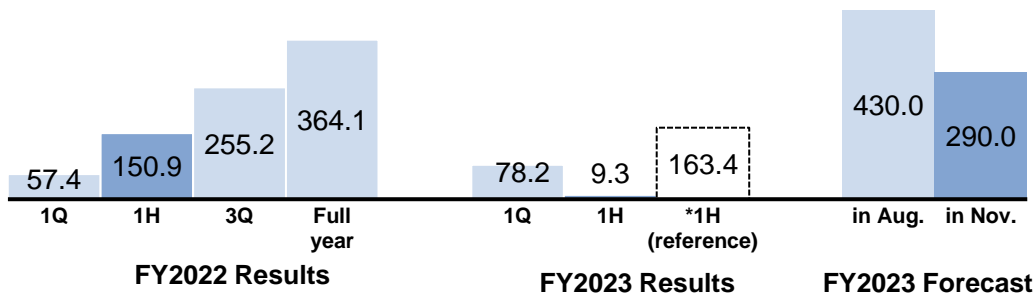
(In billion yen, accumulated amount)

*1H (reference): figures are shown excluding the impact of PW1100G from the 1H results.

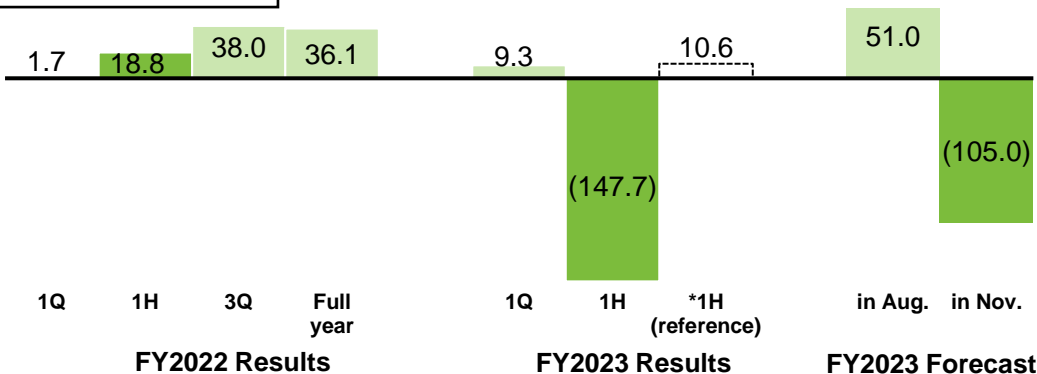
Orders received



Revenue



Operating Profit



Main Businesses : Aero engines, Rocket systems and space utilization systems and Defense systems

Results (vs FY2022.2Q)

- Orders received and revenue decreased by 154.1 billion yen, and operating profit decreased by 158.3 billion yen due to the impact of PW1100G.
- The results other than the above (vs FY2022.2Q) are shown below.

【Orders received】

Increased in Civil aero engines and Defense systems.

【Revenue】

Increased due to higher sales of main units for civil aero engines.

【Operating profit】

Despite increased due to yen depreciation, decreased due to higher sales of main units of PW1100G engines, which are in the early stage of mass production, as well as higher aftermarket costs and SG&A expenses in Civil aero engines.

Full year Forecasts (vs In Aug)

- The forecast reflects to a certain extent the risk of fluctuations in business performance, such as the decreases in order received, revenue and operating profit due to the additional inspections of PW1100G, as well as the increase in aftermarket costs in the near term.

3. Financial Results by Segment Aero Engine, Space and Defense

(In billion yen)

| | Orders received | | | | | | Revenue | | | | | |
|--------------------|-----------------|------|-------|-----------|--------|-----------|---------|------|-------|-----------|--------|-----------|
| | FY2022 | | | | FY2023 | | FY2022 | | | | FY2023 | |
| | 1Q | 1H | 3Q | Full year | 1H | Full year | 1Q | 1H | 3Q | Full year | 1H | Full year |
| Civil aero engines | 37.1 | 94.9 | 157.6 | 203.0 | (49.5) | 107.0 | 37.6 | 94.7 | 157.1 | 201.4 | (50.5) | 119.0 |
| | | | | | 104.6 | 261.0 | | | | | 103.6 | 273.0 |

Figures excluding the impact of PW1100G are shown at the bottom of the table for FY2023.

<Number of civil aero engines delivered>

(Units)

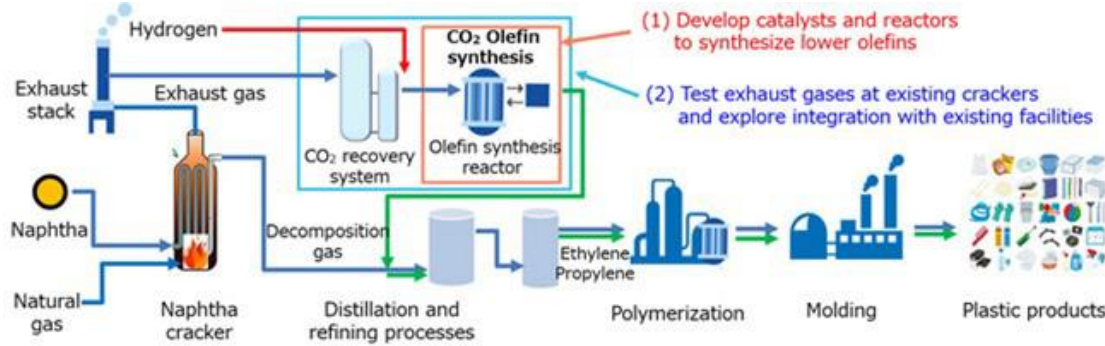
| | 1H | Full Year |
|--------|-----|-----------|
| FY2022 | 460 | 918 |
| FY2023 | 495 | 1,204 |

< Appendices >

- Topics in the Second Quarter
- Financial Performance
- Aero engines
- Vehicular turbochargers
- Urban development

Agreement to Conduct Proof-of-Concept Tests of Carbon-Neutral Lower Olefin Synthesis Technology at a Petrochemicals Plant in Thailand

- IHI has concluded an agreement with SCG Chemicals Public Company Ltd. (“SCGC”) to conduct proof-of-concept tests at a petrochemicals plant in Thailand operated by SCGC, as a part of Research and Development of Lower Olefins (*1) Production Technology by Direct Synthesis Reaction Using CO₂ as Feedstock, funded by Japan’s New Energy and Industrial Technology Development Organization, which was commissioned in FY 2021. Lower olefins obtained from these proof-of-concept tests will be compared in terms of physical properties and assessed compatibility with lower olefins produced at existing commercial plants, and IHI will explore toward commercialization.
- In order to confirm the feasibility of social implementation upon completion of this technology development, IHI will work with SCGC toward commercialization of the lower olefin synthesis process and contribute to the realization of carbon neutrality in the chemical industry.



*1 : A generic term for ethylene, propylene. They are used in the manufacture of plastic products such as packaging materials, Styrofoam and plastic bottles, and other daily essentials.

<Left: Image diagram of items (1) and (2) to be implemented in this study and the value chain that maximizes the use of existing facilities>

Braila Bridge, the longest suspension bridge in Romania, opened

- Braila Bridge, a large suspension bridge that IHI Infrastructure Systems Co., Ltd. ("IIS"), an IHI Group company, had constructed in a joint venture with the Italian construction company Webuild. This is the first order received by the IHI Group in Romania, awarded based on evaluation of the company’s long-standing experience and knowledge in large-scale overseas bridge construction projects. The bridge will be the longest suspension bridge in Romania and the third longest in the European Union.
- IIS has extensive experience in the construction of many large bridges overseas and is still undergoing some construction projects. The IHI Group will continue to promote activities to construct bridges overseas and contribute to the development of the countries through development of social infrastructure.



<Braila Bridge>

Began Consideration of Investment in Green Ammonia Production and Sales Business in Australia

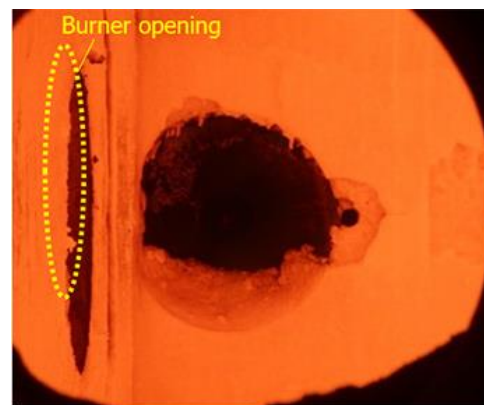


- IHI, through its Australian subsidiary IHI Engineering Australia, will be a joint development partner in the North Queensland Clean Energy Project, which will produce and sell green ammonia derived from renewable energy. The project aims to produce and sell 500,000 metric tons per year of green ammonia at the Abbot Point port in North Queensland, using abundant solar and wind. The project plans to advance to the Front-End Engineering Design phase by February 2024, with a final investment decision targeted for 2025.
- By switching from the current fossil fuel-derived ammonia to ammonia derived from renewable energy sources, CO₂ emissions can be significantly reduced to extremely low levels. In addition, as the technologies related to production, storage, and transportation have already been established, early social implementation is expected, and it has the potential to provide a wide range of decarbonization solutions.

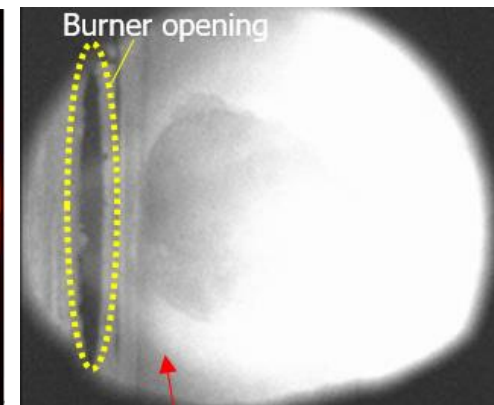
<The 6th person from the left is Kensuke Yamamoto, Associate Director, Vice President of Business Development Headquarters, IHI, and the 7th person from the left is Motoya Nakamura, Managing Director, IHI Engineering Australia>

IHI Photographs Ammonia Flames from Burner inside Thermal Power Boiler

- IHI has employed a special camera and filter to photograph ammonia flames inside furnaces to assess them, making visual checks possible. This breakthrough resulted from collaboration at the IHI X Tohoku University Co-Creation Research Center of Ammonia Value Chain for Carbon Neutrality. Capturing flame images enables IHI to conduct detailed combustion checks and verify the validity of measurement results. IHI will endeavor to develop and commercially apply more reliable burners.
- IHI will contribute to the early implementation of carbon neutral fuels, including fuel ammonia, in society and to the reduction of global environmental impact toward the realization of carbon neutrality in 2050.



A normal camera could not capture ammonia flames, as the background seen through the back window would be black



Clearly visible flame shape

<Left: Ammonia flame image from conventional camera
Right: Ammonia flame image from special camera and filter>

Financial Performance

(In billion yen)

| | Japanese GAAP | | IFRS | | | | | | IFRS |
|--|--|------------------------------------|------------------------------------|---------|------------------------------------|------------------------------------|-----------|-------------------------------------|-------------------------------------|
| | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 2Q | FY2023 (Forecast) | FY2023 (Forecast) (in August) |
| Orders received | 1,505.0 | 1,399.2 | 1,280.0 | 1,097.0 | 1,261.2 | 1,366.1 | 480.2 | 1,350.0 | 1,500.0 |
| Revenue | 1,590.3 | 1,483.4 | 1,263.1 | 1,112.9 | 1,172.9 | 1,352.9 | 470.3 | 1,300.0 | 1,450.0 |
| Operating profit | 72.2 | 82.4 | 47.8 | 27.9 | 81.4 | 81.9 | (157.0) | (80.0) | 90.0 |
| Profit attributable to owners of parent | 8.2 | 39.8 | 8.2 | 13.0 | 66.0 | 44.5 | (137.5) | (90.0) | 50.0 |
| Cash flows from operating activities | 99.0 | 46.4 | 42.4 | 36.3 | 114.1 | 54.1 | (81.4) | 75.0 | 100.0 |
| Cash flows from investing activities | (47.9) | (79.2) | (85.5) | (40.4) | 27.9 | (52.3) | (31.3) | (90.0) | (100.0) |
| Free cash flows | 51.0 | (32.8) | (43.0) | (4.1) | 142.0 | 1.7 | (112.8) | (15.0) | 0.0 |
| Dividends per share (yen) | Interim 3 Year-end 30* (*after share consolidation) | 70 (Interim 30, Year-end 40) | 50 (Interim 30, Year-end 20) | 0 | 70 (Interim 30, Year-end 40) | 90 (Interim 40, Year-end 50) | - | 100 (Interim 50, Year-end 50) | 100 (Interim 50, Year-end 50) |
| ROIC (%) | 7.7 | 8.7 | 4.1 | 2.2 | 6.4 | 6.3 | - | (11.6) | 6.4 |
| Operating margin (%) | 4.5 | 5.6 | 3.8 | 2.5 | 6.9 | 6.1 | (33.4) | (6.2) | 6.2 |
| CCC (days) | 83 | 97 | 92 | 124 | 112 | 120 | - | - | 124 |
| D/E ratio (times) | 0.92 | 0.93 | 2.00 | 1.85 | 1.24 | 1.14 | 1.98 | 1.66 | 1.13 |
| ROE (%) | 2.6 | 11.8 | 2.8 | 4.5 | 19.3 | 11.0 | - | (23.9) | 11.0 |
| Ratio of equity attributable to owners of parent (%) | 19.9 | 21.0 | 15.0 | 16.4 | 20.3 | 22.2 | 14.5 | 17.4 | 23.2 |

ROIC = (Operating profit + Interest income and dividend income) after tax / (Equity attributable to owners of parent + Interest-bearing liabilities)

*CCC = Working capital / Revenue * 365 days*

D/E ratio = Interest-bearing liabilities / Total equity

ROE = Profit attributable to owners of parent / Equity attributable to owners of parent

Ratio of equity attributable to owners of parent = Equity attributable to owners of parent / Total liabilities and equity

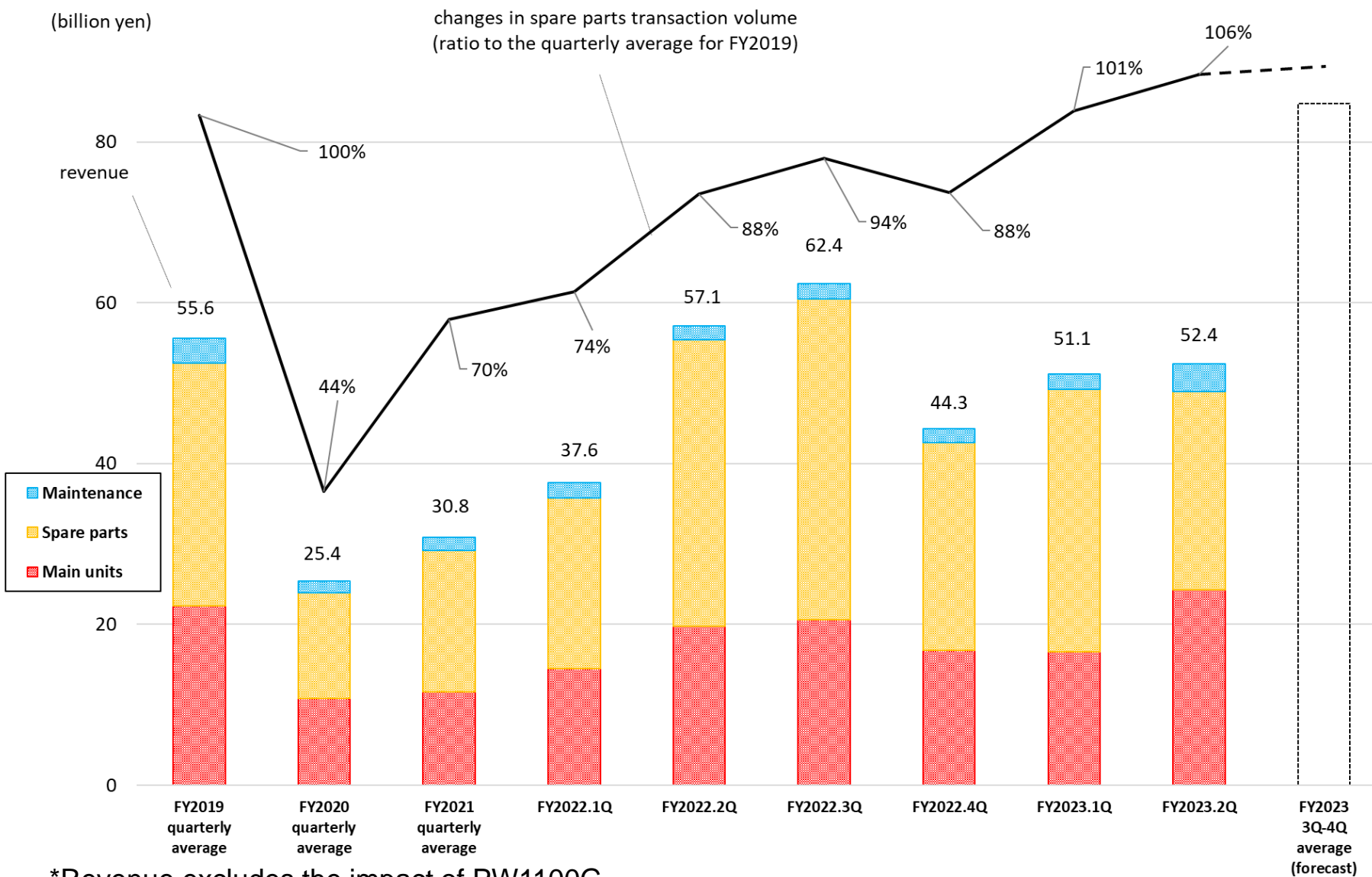
Revenue & Number of civil aero engines delivered

| | Japanese GAAP | | | | | | IFRS | | | | | Main loading |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------------------------------|
| | '13 | '14 | '15 | '16 | '17 | '18 | '19 | '20 | '21 | '22 | '23/2Q YTD | |
| Revenue (In billion yen) | 226.0 | 267.0 | 299.1 | 291.5 | 281.0 | 318.5 | 222.4 | 101.7 | 123.3 | 201.4 | (50.5) | |
| Accumulated number of civil aero engines delivered (Units) | | | | | | | | | | | | |
| V2500 | 5,969 | 6,469 | 6,896 | 7,236 | 7,508 | 7,688 | 7,735 | 7,740 | 7,756 | 7,776 | 7,780 | Airbus A319/320/321 |
| GE90 | 1,806 | 2,039 | 2,257 | 2,457 | 2,617 | 2,715 | 2,824 | 2,885 | 2,925 | 2,968 | 2,998 | Boeing B777 |
| CF34 | 3,820 | 4,156 | 4,471 | 4,821 | 5,085 | 5,331 | 5,611 | 5,798 | 5,926 | 6,085 | 6,149 | For regional jet (70 to 110 seats) |
| GEnx | 468 | 751 | 1,035 | 1,295 | 1,542 | 1,826 | 2,159 | 2,328 | 2,425 | 2,494 | 2,532 | Boeing B787/B747-8 |
| PW1100G | | | 16 | 148 | 398 | 1,058 | 1,784 | 2,144 | 2,585 | 3,146 | 3,472 | Airbus A320neo |
| Passport20 | | | | | 13 | 66 | 142 | 202 | 269 | 335 | 368 | Bombardier Global7500 |
| Total | 12,063 | 13,415 | 14,675 | 15,957 | 17,163 | 18,684 | 20,255 | 21,097 | 21,886 | 22,804 | 23,299 | |

(Note) The number of civil aero engine delivered is the number handed over to the airframe maker, and differs from the number of factory shipments.

Information about civil aero engines

Revenue (*) and changes in spare parts transaction volume of Civil aero engines (USD)



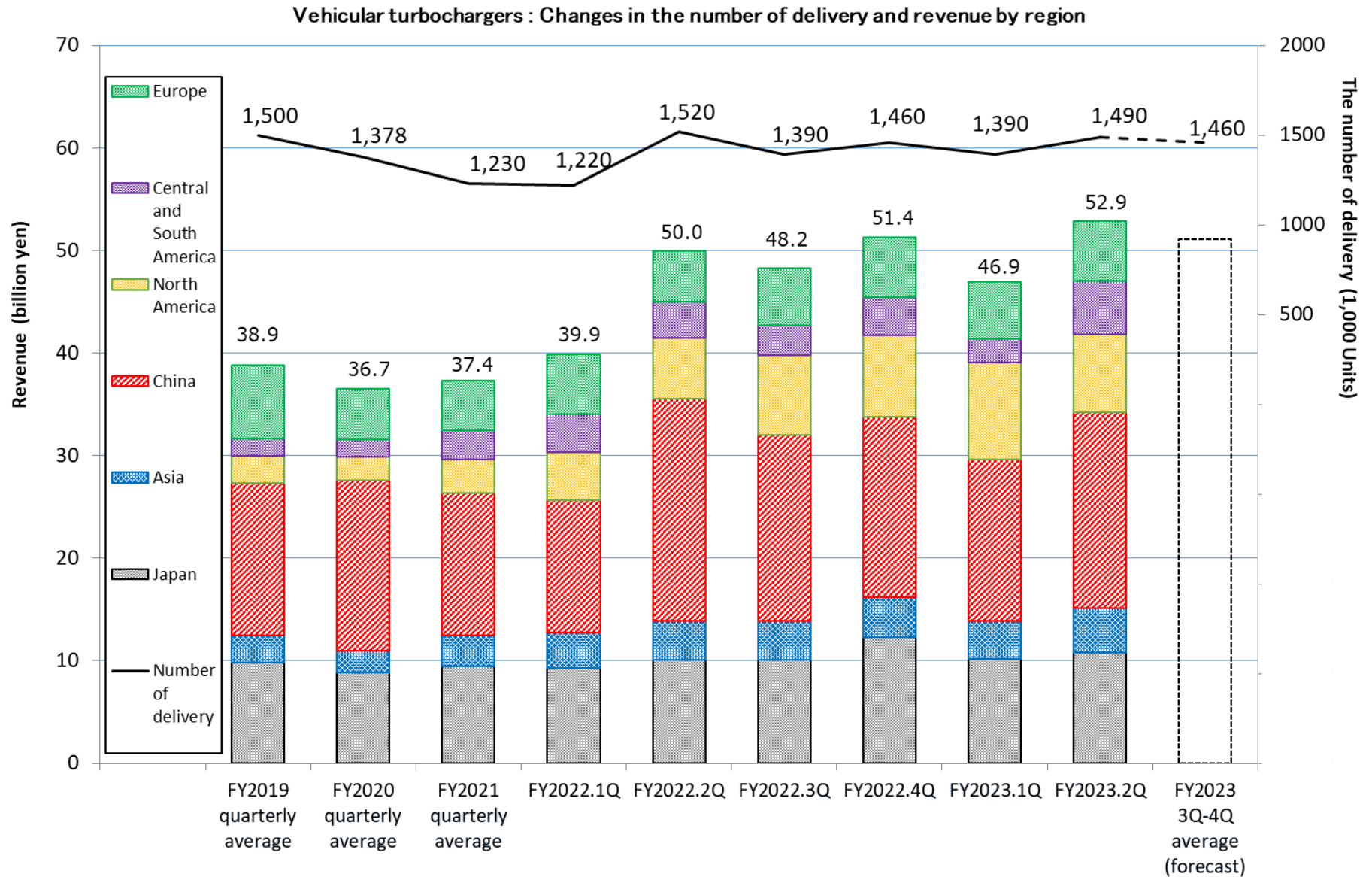
*Revenue excludes the impact of PW1100G.

Revenue by region

(In billion yen)

| | Japanese GAAP | | | | | | IFRS | | | | | |
|---|---------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|----------|
| | '13 | '14 | '15 | '16 | '17 | '18 | '19 | '20 | '21 | '22 | '23 | |
| | | | | | | | | | | | 2Q YTD | Forecast |
| Japan | 35.3 | 37.5 | 34.6 | 38.9 | 39.8 | 44.6 | 39.1 | 35.4 | 38.0 | 41.8 | 21.0 | 45.0 |
| Asia | 29.8 | 27.5 | 21.6 | 15.8 | 11.7 | 11.0 | 10.7 | 8.5 | 11.8 | 14.9 | 8.0 | 14.0 |
| China | 23.4 | 24.3 | 24.9 | 48.5 | 71.9 | 63.1 | 57.2 | 66.5 | 55.4 | 70.2 | 34.8 | 67.0 |
| North America | 1.6 | 1.8 | 2.4 | 3.3 | 8.4 | 11.6 | 10.8 | 9.0 | 13.1 | 26.4 | 17.1 | 34.0 |
| Central and South America | 0.0 | 0.7 | 3.4 | 6.1 | 7.4 | 7.5 | 6.6 | 6.9 | 11.5 | 13.8 | 7.5 | 12.0 |
| Europe | 60.2 | 75.6 | 74.3 | 61.7 | 81.1 | 51.3 | 28.9 | 19.9 | 19.5 | 22.3 | 11.4 | 30.0 |
| Others | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 |
| Total | 150.7 | 167.7 | 161.6 | 174.6 | 220.5 | 189.5 | 153.6 | 146.6 | 149.4 | 189.5 | 99.8 | 202.0 |
| The number of delivery (1,000 Units) | 5,540 | 5,890 | 5,360 | 6,100 | 7,900 | 6,760 | 6,000 | 5,510 | 4,920 | 5,590 | 2,880 | 5,800 |

Information about Vehicular turbochargers



(1) Lease revenue in Toyosu

(In billion yen)

| | Japanese GAAP | | | | | | IFRS | | | | | |
|---------------|---------------|-----|------|-----|-----|-----|------|------|------|------|--------|----------|
| | '13 | '14 | '15 | '16 | '17 | '18 | '19 | '20 | '21 | '22 | '23 | |
| | | | | | | | | | | | 2Q YTD | Forecast |
| Lease revenue | 9.1 | 9.3 | 10.1 | 9.3 | 9.2 | 9.3 | 9.4 | 12.3 | 12.1 | 12.2 | 6.0 | 12.0 |

(2) Lease revenue and expense in Toyosu (FY2023.2Q)

(In billion yen)

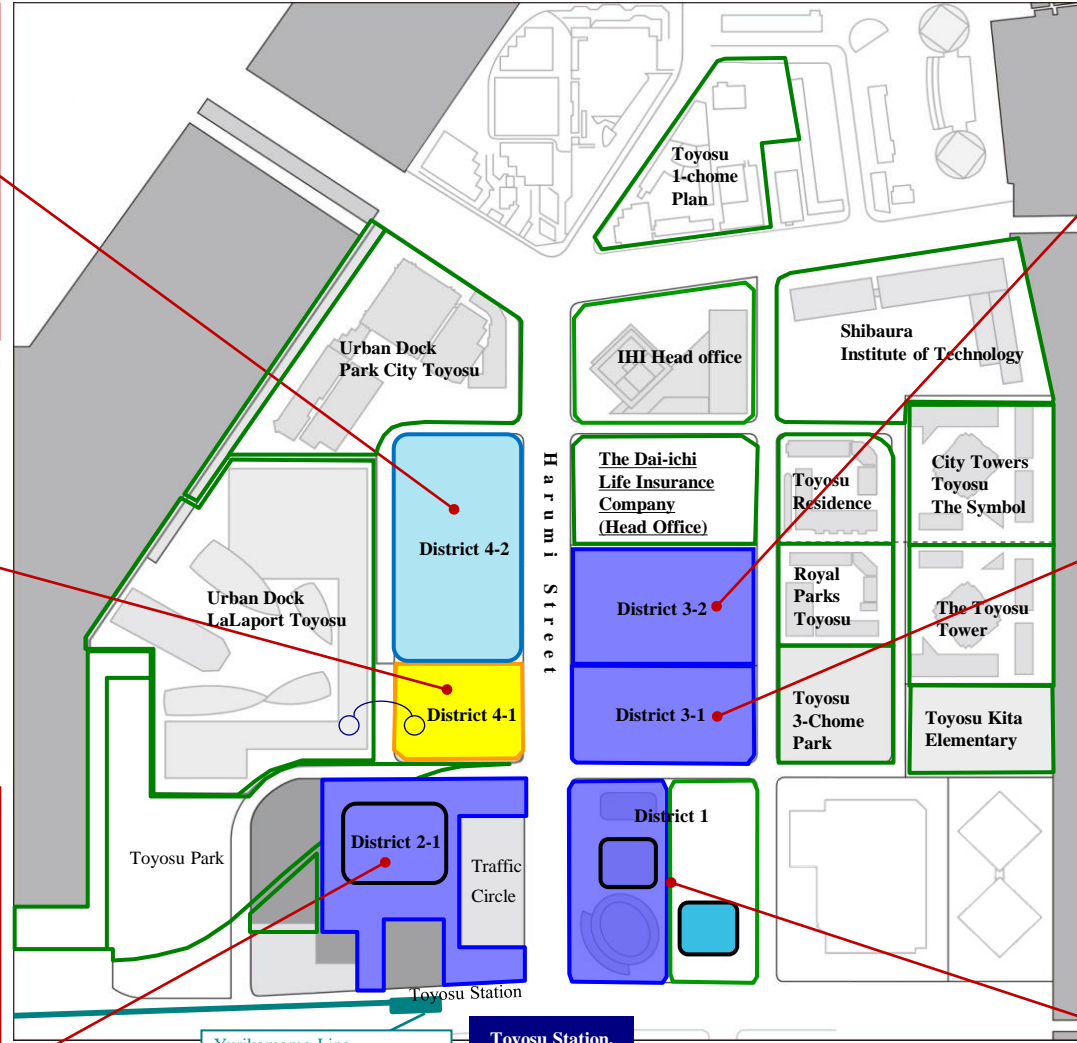
| | Lease revenue | Lease expense | | Profit |
|-----------|---------------|---------------|--------|--------|
| | | Depreciation | Others | |
| FY2023.2Q | 6.0 | 2.7 | 2.1 | 1.1 |

Development Plan for Toyosu 1 to 3 chome Area

Development Plan for District 4-2
 Site area : 19,493m²
 Planned construction schedule from July 2022 to June 2025

Urban Dock LaLaport Toyosu ANNEX
 5 floors above ground, Approx. 25m high
 Store floor space : 24,721m²
 Opened in October 2006

Toyosu Bayside Cross Tower A・C
 36 floors above ground, Approx. 178m high
 Gross floor area : 185,000m²
 Completed in March 2020



Toyosu Foresia
 16 floors above ground, Approx. 75m high,
 Gross floor area : 101,503m²
 Completed in July 2014

Toyosu Front
 15 floors above ground, Approx. 75m high
 Gross floor area : 106,861m²
 Completed in August 2010

Toyosu Center Building
 37 floors above ground, Approx. 165m high
 Gross floor area : 100,069m²
 Completed in October 1992
Toyosu Center Building Annex
 33 floors above ground, Approx. 150m high
 Gross floor area : 105,448m²
 Completed in August 2006

| | |
|-----------------|-------------|
| Property of IHI | Approx. 5ha |
|-----------------|-------------|

- Office Leasing
- Land Leasing
- Office Leasing (Leased land)
- Under development
- Sold, Donated, Exchanged



Forward-looking figures shown in this material with respect to IHI's performance outlooks and other matters are based on management's assumptions and beliefs in light of the information currently available to it, and therefore contain risks and uncertainties. Consequently, you should not place undue reliance on these performance outlooks in making judgments. IHI cautions you that actual results could differ materially from those discussed in these performance outlooks due to a number of important factors. These important factors include political environments in areas in which IHI operates, general economic conditions, and the yen exchange rate including its rate against the US dollar.