

“Group Management Policies 2023”

IHI has made steady progress in preparing for its business transformation with "Project Change"

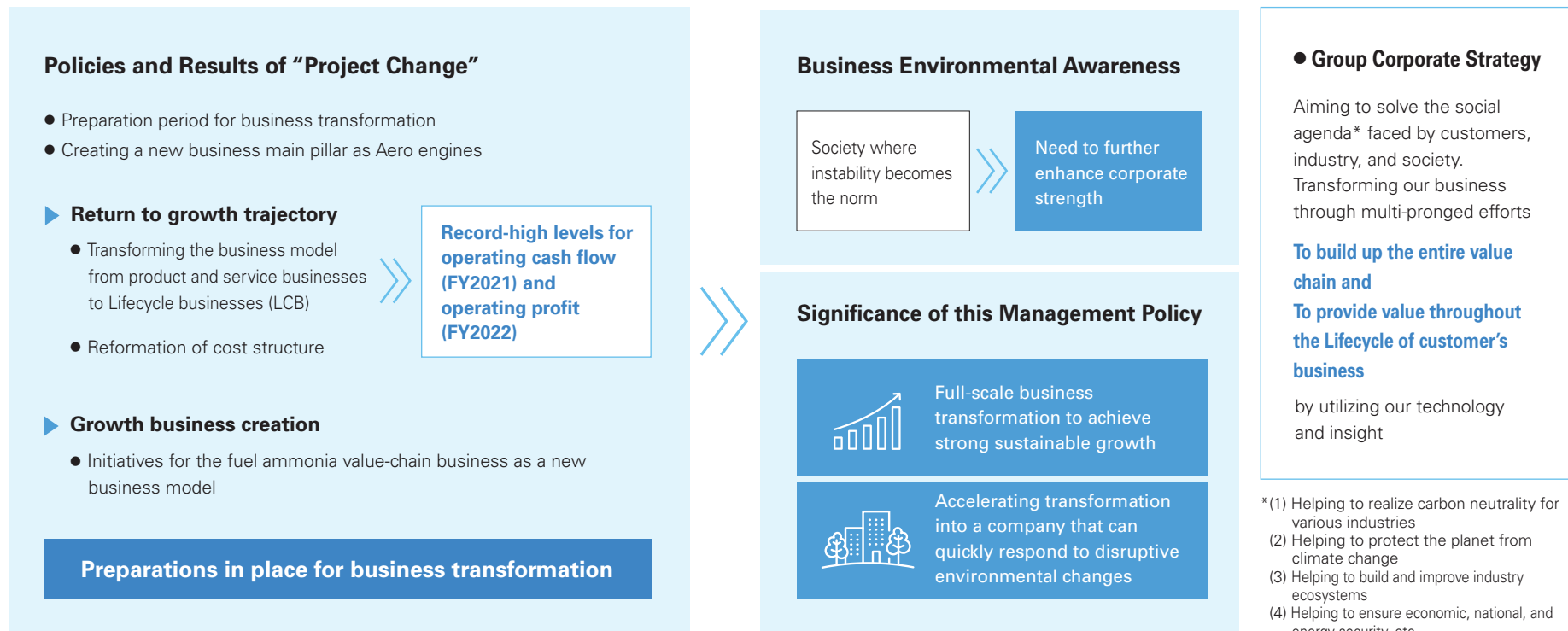
In “Project Change,” we achieved record-high levels for operating cashflow (FY2021) and operating profit (FY2022) by transforming the business model from product and service businesses to Lifecycle businesses and strengthening the cost structure. Furthermore, we have made steady progress in preparing for its business transformation, notably through full-fledged efforts to initiatives for the fuel ammonia value chain business. Alternatively, further enhancement of corporate strength is necessary to prosper in a society where instability becomes the norm.

Leaping forward to become a sustainable high-growth company through a bold shift of management resources to growth areas

In the “Group Management Policies 2023” (FY2023-2025), we will redouble efforts to transform our business to achieve strong, sustainable growth. Simultaneously, we will accelerate action to adapt to disruptive environmental change. Our target is to resolve the challenges of customers, industry, and society by leveraging our technologies and insights. For this purpose, we will transform our businesses through multi-pronged efforts to build entire value chains and provide value throughout customer business lifecycles. At the same time, we will restructure our business portfolio by decisively shifting management resources to Growth Business and Development-focus Business.

Core Businesses We will reinforce the generation of management resources (cash and human resources) which support the IHI Group

In the Core Businesses which includes Resources, Energy & Environment, Social Infrastructure, and Industrial Systems & General-Purpose Machinery, we will augment a growth strategy based on Exploit and Evolution of LCB. We will prioritize cash generation by meticulous reform of business structure and generating management resources that we invest in Growth Business and Development-focus Business.



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Growth Business

We will achieve world-class production efficiency and create new business

Aero Engines and Space, which are positioned as a Growth Business, will drive the growth of the IHI Group by pursuing business and production transformation, in addition to strengthening and expanding the civil aero engine and defense business. We will also create new business areas from the viewpoint of lifecycle and value chains.

Development-focus Business

We will develop a business that would drive our future growth in parallel with Aero Engines and Space business.

Clean Energy business represented by fuel ammonia and others is defined as Development-focus Business, which would drive our future growth in parallel with Aero Engines and Space business. We will build and enhance the value of our entire Clean Energy value chain. Such efforts will start with gas turbines that utilize world-leading ammonia combustion technology and storage and receiving terminals boasting a top-class share. We are open to invest in fuel manufacturing projects. We will also build a new business model leveraging the IHI Group's high engineering capability.

Quick response to environmental changes, transformation to capability of realizing transformation

Our management is centered on ESG-rooted values. For business transformation, we will pursue digital infrastructure advances as well as development and recruitment of innovative human resources.

Key points for the "Group Management Policies 2023"

- Leaping forward to become a sustainable high-growth company through a bold shift of management resources to growth areas



- Transformation to a corporate structure that can address operating environment changes and achieve business transformation

**FY2025 Management Targets**