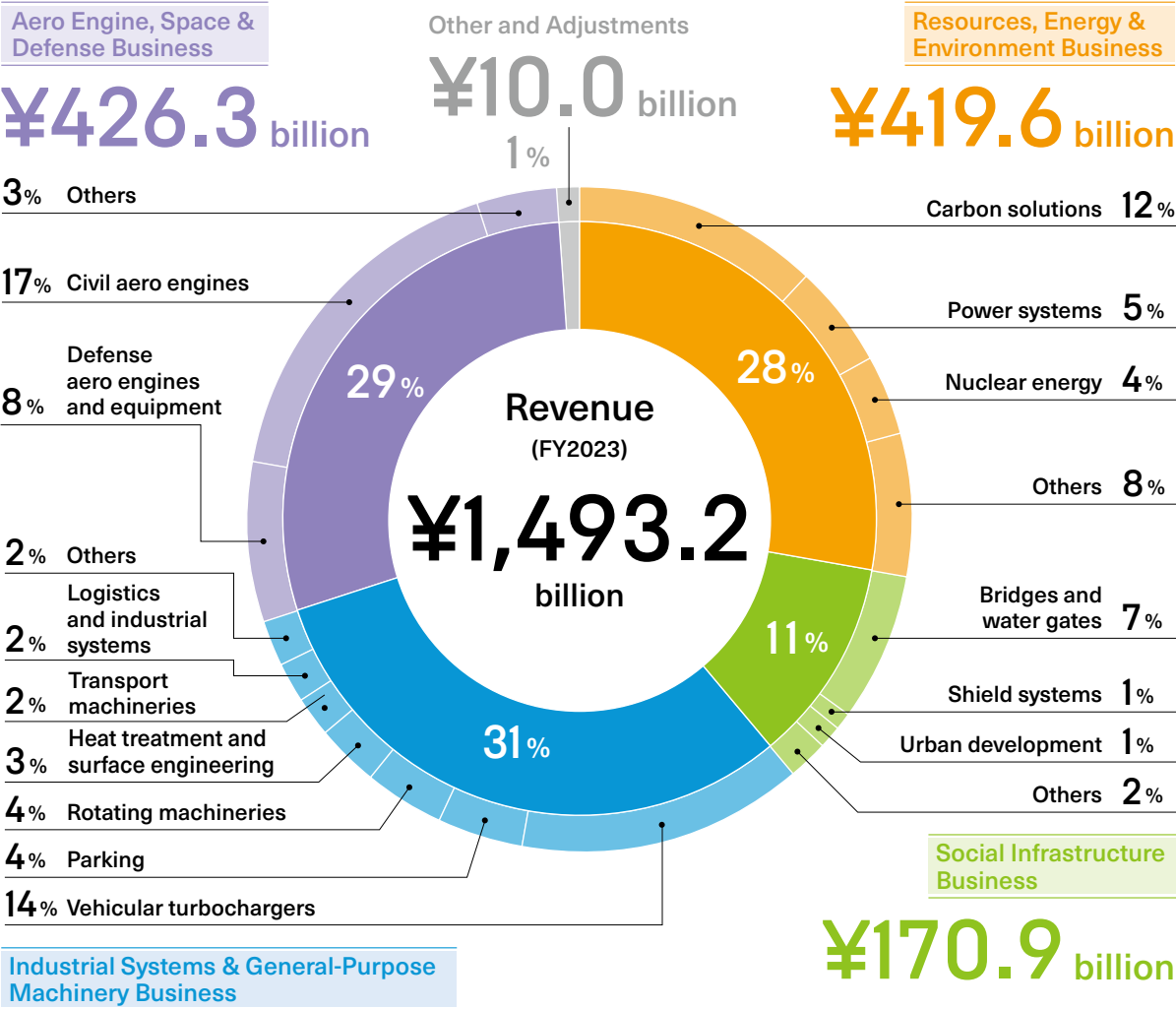


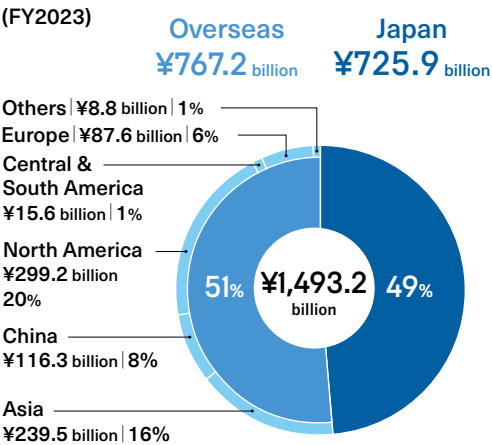
Business Overview (Except for Special Factors)



Industrial Systems & General-Purpose Machinery Business

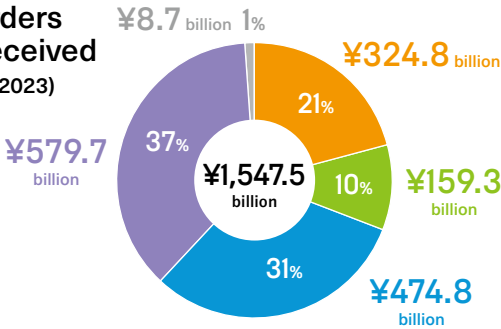
¥466.1 billion

Revenue by Region (FY2023)

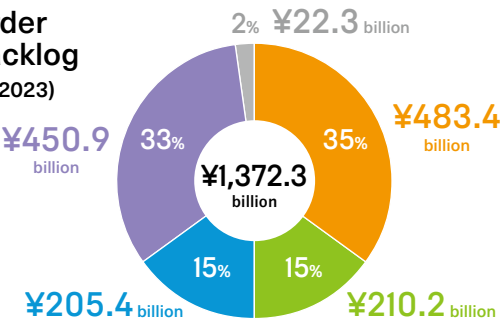


*Note: Sum of percentages for all segments may not total 100%, as figures are rounded to the nearest 100 million yen.

Orders Received (FY2023)



Order Backlog (FY2023)



Resources, Energy & Environment Business

To realize a decarbonized society, we need to make bold changes toward the business portfolio that we should have in the future. We will reform our business structure to become more lean, reform our business processes to match the new business, and improve our operating cash flow through the concerted efforts of all employees.



Main Businesses

Conventional Businesses

- ▶ Carbon solutions (power plants, process plants)
- ▶ Power systems (power systems plants for land use, reciprocating engines, gas turbines)
- ▶ Nuclear energy (components for nuclear power plants)

Development-focus Businesses

- ▶ Carbon solutions (utilization of ammonia, carbon recycling, methanation, etc.)
- ▶ Power systems (ammonia-fired engines, electrification of ships, etc.)

Value Creation and Sources of Strengths

The IHI Group has an extensive track record both in and outside Japan, such as an approximately 40% share of the domestic market for ultra-supercritical pressure coal-fired boilers. The Group also has differentiated technologies related to carbon solutions, such as ammonia utilization, that put us ahead of others. To realize an earth-friendly carbon neutral future, we will create value that contributes to decarbonization in each of the electric power, industry, and transportation markets.

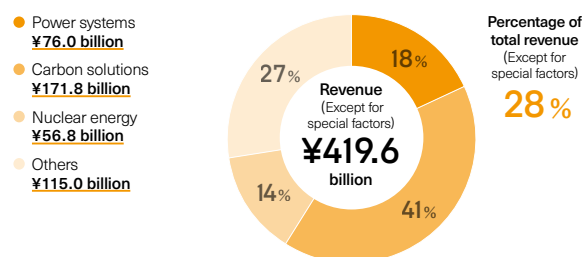
FY2023 Business Results

Orders received except for special factors amounted to 324.8 billion yen, decreasing 17.4% year on year due to the absence of large projects. Revenue increased 13.0% year-on-year to 419.6 billion yen, driven by the carbon solution business. Operating profit reached a record high at 32.4 billion yen (operating profit margin 7.7%), increasing 23.4% year on year, as a result of the expansion of LCB and reinforcement of the cost structure. The operating profit for FY2024 is expected to decrease due to the revenue decrease in LCB.

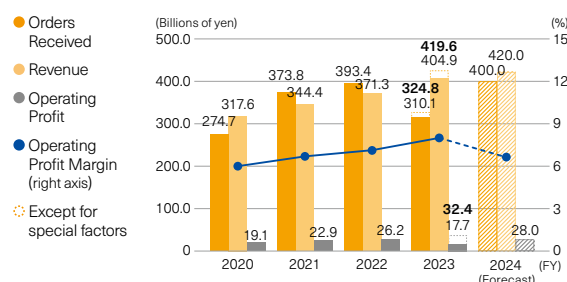
Progress of “Group Management Policies 2023”

The operating margin of 7.2%, which is set as the profit target, was achieved two years ahead of schedule. Operating cash flow achieved the plan by strengthening the LCB. However, excepting for special factors, the plan was not achieved due to factors such as an increase in procurement costs. Improvement of cash generation capability is needed. In addition, we are accelerating discussions on business strategies to transform our business portfolio, and we are developing and utilizing human resources to adapt to changes in the business environment, such as reskilling and resource shifting. In the future, we need to further specify our focus points for business portfolio transformation.

Major Product Sales Revenue Composition FY2023



Orders Received, Revenue, Operating Profit, Operating Profit Margin



Strengths, Business Opportunities, and Risks

Strengths

- ▶ Strong capabilities in the engineering of large-scale structures
- ▶ A rich track record in the energy industry both in and outside Japan
- ▶ Social implementation results of carbon neutral technologies such as ammonia utilization and methanation

Opportunities

- ▶ Expanding energy demand and rise of fuel conversion needs for power generation in emerging countries
- ▶ Increase in capital investments for clean electric power and eco-materials related to the demands of society
- ▶ Increase in demand for distributed power sources
- ▶ Increase in capital investments related to ammonia and hydrogen to realize a decarbonized society

Risks

- ▶ Shrinking of the thermal power generation business due to accelerating decarbonization
- ▶ Intensification of competition in emerging countries

*Note: Sum of percentages for all segments may not total 100%, as figures are rounded to the nearest 100 million yen.

*Note: The numbers in the pie chart are rounded to the nearest whole number for each item, so the breakdown totals may not equal 100%.

Social Infrastructure Business

Through business structural reforms we will enhance corporate value and rebuild a structure in which the strengths of the IHI Group can be maximized. At the same time, we will strengthen our order-winning capabilities, which are the source of cash and earnings. Furthermore, we will approach clients for appropriate price shifting and improved contract terms and conditions.



Main Businesses

- ▶ Bridges/water gates
- ▶ Shield systems
- ▶ Urban development (real estate sales and rental)
- ▶ Transport systems
- ▶ Concrete construction materials

Value Creation and Sources of Strengths

For bridges, we boast a high market share in Japan, leveraging our engineering and construction capabilities in all phases from design through construction to maintenance. We also have considerable experience in the construction of long-span bridges overseas. In addition, we have secured the top market share in Japan for watergates, transportation systems, shield systems and concrete construction materials. We will contribute to the building of safe, secure, and resilient infrastructure through these businesses.

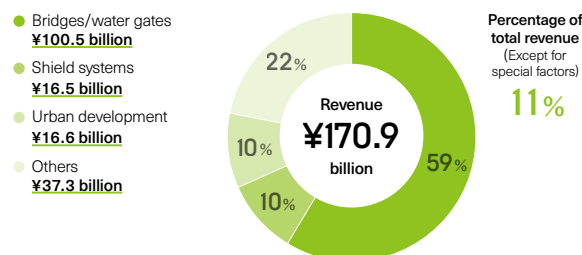
FY2023 Business Results

Orders received increased 19% year on year to 159.3 billion yen, mainly for bridges/water gates, and the revenue amounted to 170.9 billion yen, on par with the previous fiscal year. Despite the expansion in the LCB, the operating profit decreased 12% from the previous fiscal year to 15.0 billion yen (operating margin 8.8%), due to deterioration in the business environment, such as price hikes, delays in cost reductions, and other factors. For FY2024, we expect the operating profit to increase by 40% year on year, as a result of revenue improvement and others.

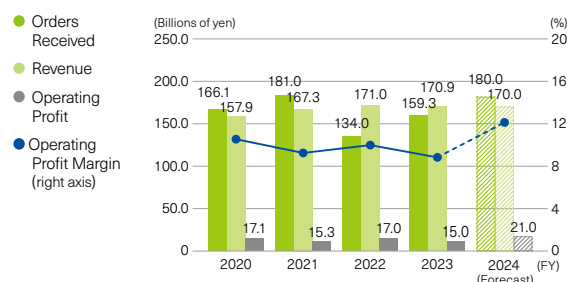
Progress of “Group Management Policies 2023”

Although we achieved the profit target, an operating margin of 8.6%, two years ahead of schedule, the operating cash flows failed to meet the plan due to factors such as an increase in large-scale projects, rising materials costs, and delays in receiving payments. Meanwhile, LCB is achieving steady results for comprehensive customer support in inspection, diagnostics, and management utilizing DX as well as in labor saving.

Major Product Sales Revenue Composition FY2023



Orders Received, Revenue, Operating Profit, Operating Profit Margin



Strengths, Business Opportunities, and Risks

Strengths

- ▶ Diverse technical knowledge and the ability to deploy businesses in a wide variety of businesses
- ▶ Comprehensive engineering capability from construction to repair of long-span bridges
- ▶ Abundant track record and high market share of each business

Opportunities

- ▶ Strong demand for new bridges in developing countries
- ▶ Increase in demand for renewal and maintenance of infrastructure facilities (LCB) in Japan, semi-developed countries and developed countries
- ▶ Increase in demand for pre-disaster prevention measures that incorporate hardware and software approach based on the river basin flood control project
- ▶ Measures to mitigate intensifying natural disasters based on the “Five-Year Acceleration Plan for Disaster Prevention, Disaster Mitigation, and Building National Resilience”

Risks

- ▶ Decrease in public investment projects in Japan
- ▶ Decrease in local installation engineers, and labor shortages
- ▶ Decrease in competitiveness due to slow response to changes in the business environment

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*Note: The numbers in the pie chart are rounded to the nearest whole number for each item, so the breakdown totals may not equal 100%.

Industrial Systems & General-Purpose Machinery Business

We aim to maximize cash by promoting activities to have customers recognize the value of the IHI Group and to expand LCB by strengthening collaboration across product and business areas. To this end, we aim to create a strong organization in which a diverse range of human resources can play an active role, and we will conduct business operations that enable employees to experience growth and fulfillment.



Main Businesses

- ▶ Vehicular turbochargers
- ▶ Parking
- ▶ Rotating machineries
(compressors/separation systems/turbochargers for ships)
- ▶ Heat treatment and surface engineering
- ▶ Logistics and industrial systems
(logistics systems/industrial machines)
- ▶ Transport machineries

Value Creation and Sources of Strengths

The Industrial Systems & General-Purpose Machinery business area holds the third largest share of the global market for vehicular turbochargers (No. 1 in Japan), the No. 1 share of the global market for cryogenic (ultra-low temperature) LNG BOG reciprocating compressors and surface treatment equipment, and the No. 1 share of the domestic market for mechanical parking systems, jib climbing cranes, and vacuum processing furnaces. The IHI Group provides solutions for industrial decarbonization, reduction of environmental impact, automation, labor saving, etc., through its unique and differentiated technologies cultivated over many years.

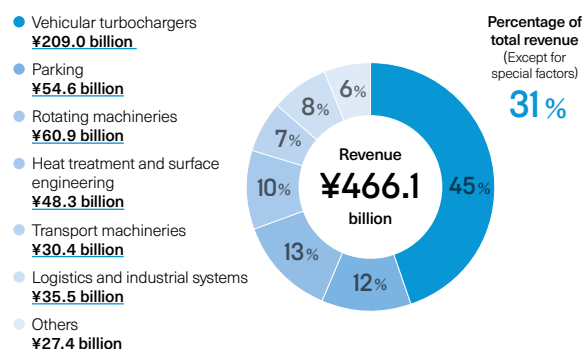
FY2023 Business Results and FY2024 Forecast

Orders received increased 4.1% year on year to 474.8 billion yen, mainly due to vehicular turbochargers. Similarly, revenue increased 6.8% year on year to 466.1 billion yen. Operating income decreased 29.2% to 12.7 billion yen (operating margin of 2.7%) due to the impact of cost increases in labor and energy, as well as the recording of structural reform expenses for the vehicular turbochargers SBU, despite progress in efforts to improve selling prices. In fiscal 2024, we expect operating income to increase by 73.2% year on year due to further efforts to improve selling prices and further expansion of LCB.

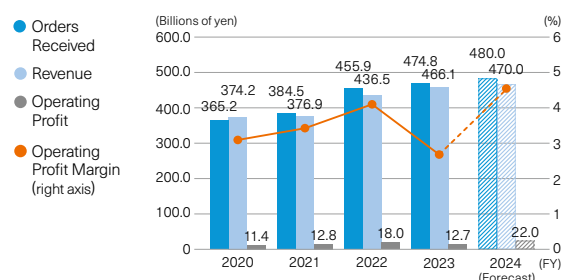
Progress of “Group Management Policies 2023”

The operating profit margin fell short of the plan due to the recording of restructuring costs and other factors. In addition, cash generation capability was lower than planned due to deteriorating profitability, despite progress in working capital reduction through efforts such as acquisition of advances and visualization of inventories and collaboration among production bases in the vehicular turbochargers SBU. As for LCB, LCB sales revenue increased in all SBUs as progress was made in integrating service bases and building a foundation to promote the use of digital technology. We are also working to improve employee engagement by maximizing the effectiveness of our own training and dialogue activities to promote well-being.

Major Product Sales Revenue Composition FY2023



Orders Received, Revenue, Operating Profit, Operating Profit Margin



Strengths, Business Opportunities, and Risks

Strengths

- ▶ Extensive track record of deliveries to a wide variety of customers in the industry
- ▶ Manufacturing system and service network that can respond to the global requirements
- ▶ Technological capabilities for hardware that are environmentally friendly
- ▶ Capability to provide solutions to decarbonization, heat usage, automation, labor saving and other issues
- ▶ Capability to propose solutions and create value that go beyond the existing businesses/products and encompass the entire process value chain

Opportunities

- ▶ Expansion of global need for decarbonization, automation, and labor saving
- ▶ Room for expansion through business development across SBUs
- ▶ Growth of gas-related capital investments such as ammonia and hydrogen

Risks

- ▶ Shift to EVs in the automobile industry
- ▶ Changes in international supply chains due to rising geopolitical tensions
- ▶ Changes in the competitive environment associated with the promotion of digital transformation and spread of AI

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*Note: The numbers in the pie chart are rounded to the nearest whole number for each item, so the breakdown totals may not equal 100%.

Aero Engine, Space & Defense Business

We aim to achieve sustainable growth in all businesses, including civil aero-engines, defense, and space, in response to increasing demand for aircraft passengers, the Japanese government policy of “Fundamental Reinforcement of Defense Capabilities”, and the expanding market for the space industry.



Source: GE

Main Businesses

- ▶ Aero engines (civil and defense)
- ▶ Rocket systems and space utilization systems
- ▶ Defense systems

Value Creation and Sources of Strengths

We will leverage our core technology in “Propulsion” to open new vistas for air transportation, defense systems, and space utilization and help bring forth a safe and affluent society. In addition to strengthening the lifecycle businesses and the supply chain of casting and forging products, which is one of the strengths of Japan, we will develop technologies such as electrification and hydrogen propulsion with a view to carbon neutrality and make new contributions to the defense and space fields.

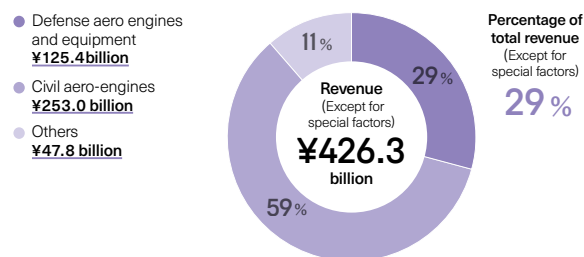
FY2023 Business Results and FY2024 Forecast

Orders received except for special factors amounted to 579.7 billion yen, a year on year 55.5% increase as a result of a rapid increase of the defense business to 268.4 billion yen, increasing 132.2% compared to the previous fiscal year. The defense business also drove revenue, which amounted to 426.3 billion, increasing 17.1% year on year. Operating profit amounted to 56.8 billion yen (operating profit margin 13.3%), increasing 57.3% year on year. This was a result of the increased sales of spare parts, depreciation in the yen, cost reductions, and other factors. Operating profit is expected to increase by 16.2% year on year in FY2024.

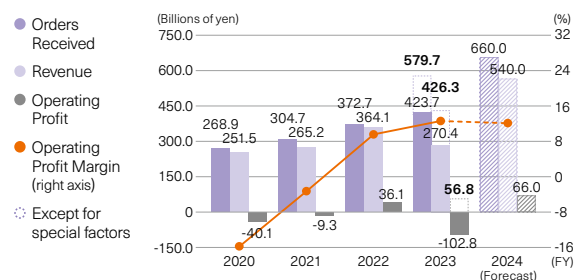
Progress of “Group Management Policies 2023”

Revenue and operating profit exceeded the pre-COVID-19 level (excluding impact of PW1100G-JM powder metallurgy issue). While continuing to reduce costs, particularly for the PW1100G-JM engine, which continues to observe increased production, we will further strengthen our working capital management. We will expand our business with awareness of the entire life cycle and value chain to realize environmentally friendly and economically efficient aircrafts, including weight reduction and electrification of engines, equipment, and airframe; development of Sustainable Aviation Fuel (SAF); satellite launch services using rockets; and usage of space, offshore, and land data obtained from satellites.

Major Product Sales Revenue Composition FY2023



Orders Received, Revenue, Operating Profit, Operating Profit Margin



Strengths, Business Opportunities, and Risks

Strengths

- ▶ Participation in the businesses for development and mass production of best-selling engines for civil aircraft from small to large and ultralarge classes
- ▶ Dual use of products and services for defense and civil purposes and business development through mutual use of knowledge
- ▶ Launch capabilities of rockets and satellites and various data collection technologies in the space field

Opportunities

- ▶ Growth in demand for new engines and aftermarket products that accompany growth in demand for global aircraft
- ▶ Expansion of defense budget
- ▶ Increase in demand for rockets and launches that accompany the growing demand for small-sized satellite launches

Risks

- ▶ Supply chain disruptions and rising prices of casting and forging products
- ▶ Sudden decline in air transportation demand owing to global recession, infectious diseases, etc.
- ▶ Information leakage risks owing to cyberattacks

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*Note: The numbers in the pie chart are rounded to the nearest whole number for each item, so the breakdown totals may not equal 100%.