

Business Overview

Aero Engine, Space & Defense Business

¥555.7 billion **34%**

- Civil aero-engines 22%
- Defense aero engines and equipment 9%
- Others 3%

Other and adjustments*1

¥28.8 billion **2%**

Industrial Systems & General-Purpose Machinery Business

¥484.8 billion **30%**

- Vehicular turbochargers 13%
- Parking 4%
- Rotating machinery 4%
- Heat treatment and surface engineering 3%
- Transport machinery 2%
- Logistics and industrial systems 2%
- Others 2%

*1 Urban development results have been reclassified from "Social Infrastructure" to "Other and adjustments"

Resources, Energy & Environment Business

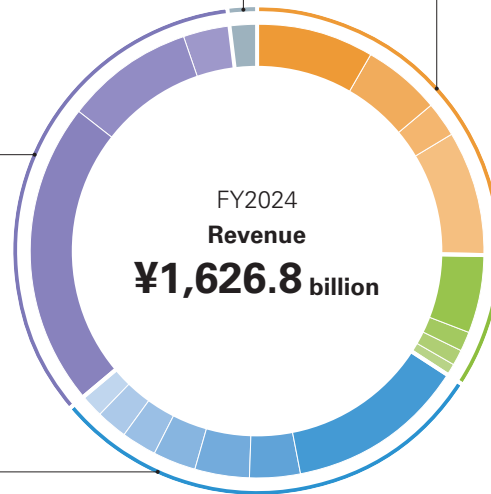
¥411.4 billion **25%**

- Carbon solutions 9%
- Power systems 6%
- Nuclear energy 3%
- Others 9%

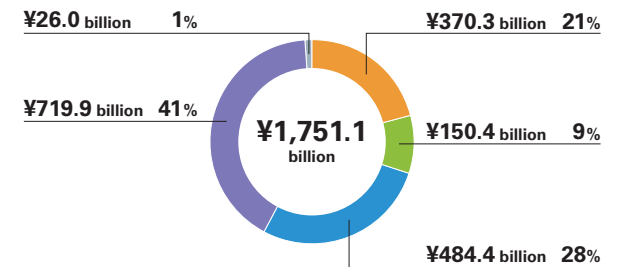
Social Infrastructure Business

¥146.0 billion **9%**

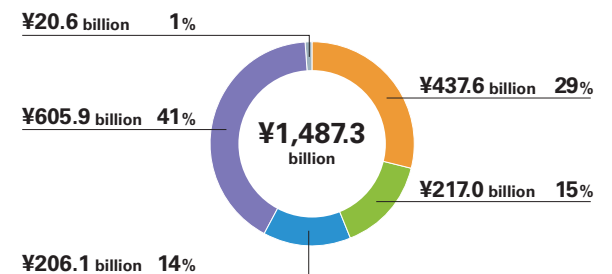
- Bridges and water gates 6%
- Transport systems 1%
- Shield systems 1%
- Others 1%



Orders received (FY2024)



Order backlog (FY2024)



Performance by business area*2, 3

(Billion of yen)

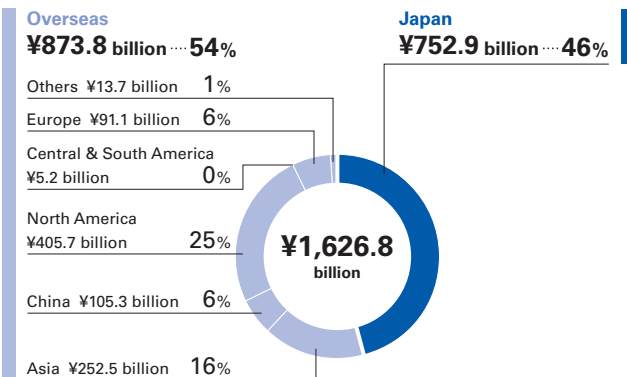
	FY2023 (Result)			FY2024 (Result)			FY2025 (Forecast)		
	Revenue	Operating profit	Operating profit margin	Revenue	Operating profit	Operating profit margin	Revenue	Operating profit	Operating profit margin
Resources, Energy & Environment	419.6	32.4	7.7%	411.4	16.1	3.9%	380.0	24.0	6.3%
Social Infrastructure	154.3	4.9	3.2%	146.0	(4.2)	(2.9)%	130.0	7.0	5.4%
Industrial Systems & General-Purpose Machinery	466.1	12.7	2.7%	484.8	10.8	2.2%	440.0	25.0	5.7%
Aero Engine, Space & Defense	426.3	56.8	13.3%	555.7	122.7	22.1%	680.0	109.0	16.0%
Other	72.7	14.5	—	77.2	16.8	—	70.0	25.0	—
Adjustments	(46.0)	(17.2)	—	(48.4)	(18.7)	—	(50.0)	(40.0)	—
Total	1,493.2	104.2	7.0%	1,626.8	143.5	8.8%	1,650.0	150.0	9.1%
FX rates	\$145.27 yen			\$152.84 yen			\$140.00 yen		

*2 FY2023 results exclude special factors

*3 FY2024 results for "Urban development" under Social Infrastructure have been reclassified to "Other"

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

Revenue by region (FY2024)



Business Overview

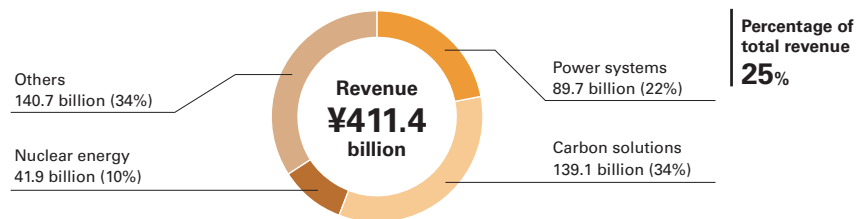
Resources, Energy & Environment Business Area



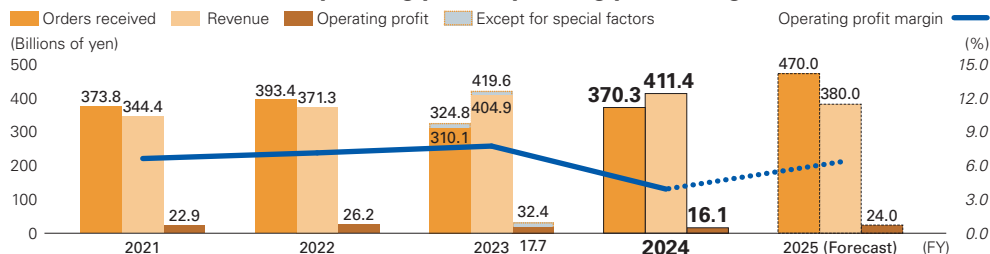
In addition to the IHI Group's extensive track record in thermal power generation and combustion technologies, we also possess world-leading carbon solution (CS) technologies, such as the use of ammonia, a fuel that emits no CO₂ during combustion.

We also offer our lifecycle businesses (LCBs), which contribute to improving efficiency, reducing environmental impact, and extending service life of customers' facilities and plants. In the nuclear energy business, IHI has world-leading manufacturing technology and production capacity for major components such as pressure vessels and containment vessels, and is the only company in Japan with such technology in the reprocessing and decommissioning of nuclear energy facilities. The IHI Group is committed to proactively doing business to help ensure the safe use of nuclear energy. We aim to achieve carbon neutrality in the electricity, industrial, and transportation markets.

Major product revenue



Orders received, revenue, operating profit, operating profit margin



Recognition of the market environment (opportunities and risks)

Around the world, businesses are rushing to build data centers that require enormous amounts of electricity, and demand for electricity is expected to increase in emerging countries amid population and economic growth. We recognize that even though energy demand is on the rise, the medium- to long-term direction toward achieving a decarbonized society has not changed. The IHI Group contributes to the stable, efficient, and environmentally friendly supply of energy through its business in the clean energy and nuclear energy fields.

Opportunities

- Strong electricity demand for data centers
- Growing global demand for nuclear power generation and supply of various equipment for small modular reactors (SMRs)
- Balancing expansion of energy demand with the reduction of GHG emissions in emerging countries
- Increase in capital investments related to ammonia to realize a decarbonized society

Risks

- Rising investment costs for decarbonization and stagnation of related businesses
- Fragmentation of economic activities due to geopolitical factors and actions for economic security
- Intensification of business competition in emerging countries

Business strategy

We aim to increase operating profit and maximize cash flow by optimizing our business structure through restructuring and resource reallocation. In our CS business, we will strengthen our sales force, and will expand LCBs to meet customer needs. In the nuclear energy business, we will steadily take orders for construction to address the restart of nuclear power plants and spent fuel reprocessing plants, steadily carry out decommissioning projects, and acquire new overseas construction projects. In the power systems business, we will advance profit structure reforms and strengthen LCBs. The Asian EPC business will be developed in coordination with the CS business, with emphasis on profitability and cash flow.

Achievements

In FY2024, orders received grew in the CS and nuclear energy businesses. Revenue was also up year on year thanks to clearing our order backlog. Operating profit declined due to LCBs entering a transitional period and deteriorating revenue of subsidiary companies overseas in the CS business. Although a slight decrease in revenue is expected for FY2025, operating profit is projected to increase (¥24.0 billion) due to improved profitability of LCBs and affiliated companies overseas in CS, stable earnings in the nuclear energy business, and improved profitability of the power systems business.

Business Overview

Social Infrastructure Business Area



In the Social Infrastructure Business, we have a variety of businesses related to infrastructure development and have cultivated a diverse range of technical insights and business development capabilities. In our bridges and water gate business, we boast a high market share in Japan, leveraging our engineering and

construction capabilities for providing services in all phases from engineering through construction to maintenance. Furthermore, we have considerable experience in the construction of long-span bridges overseas. We have also secured the top market share in Japan within our transportation systems and shield systems businesses. We will contribute to the provision and maintenance of safe, secure, and resilient infrastructure facilities through these businesses.

Recognition of the market environment (opportunities and risks)

In Japan, the government is advancing the Fundamental Plan for National Resilience

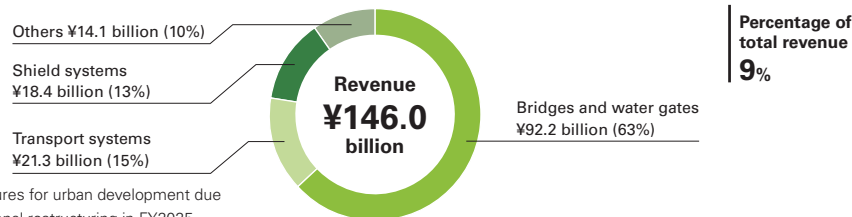
to address aging infrastructure facilities and natural disasters caused by climate change. In addition to strengthening road network functions, repairing aging bridges, and promoting watershed flood control, a shift is underway toward preventive maintenance. Due to new upper limit regulations on overtime work in the construction industry, which took effect in April 2024, there is a significant labor shortage in the sector. Improving productivity through the introduction of labor-saving and automation technologies, as well as the promotion of digital transformation (DX), is becoming increasingly important.

we will advance business structure reforms, including the optimization of our organizational structure and a review of our product portfolio, to strengthen our ability to take orders. In the bridges and water gates business, we aim to achieve global growth, improve profitability, and optimize business scale by applying seismic reinforcement and maintenance technologies developed in Japan to overseas construction projects and by applying the long-span bridge technologies and comprehensive management expertise accumulated overseas to construction projects in Japan.

Achievements

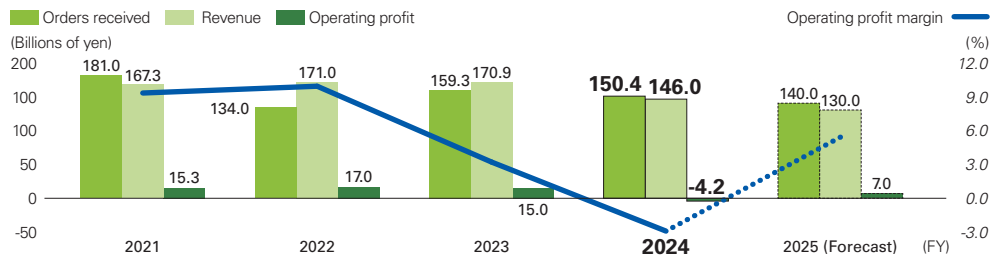
Orders received in FY2024 increased 5.3% year on year to 150.4 billion yen as the order environment continued to be strong, with a focus on the bridges and water gates business and the transport systems business. Meanwhile, revenue amounted to 146.0 billion yen, down 5.3% year on year. Operating profit amounted to a loss of 4.2 billion yen due to one-time restructuring costs of 6.4 billion yen resulting from the transfer of the concrete construction materials business and the deteriorating profitability of the transport systems business. In FY2025, although revenue is expected to decline due to a decrease in order backlog, the absence of structural reform expenses and improved profitability of the bridges and water gates business are expected to result in operating profit returning to the black at a level of 7.0 billion yen.

Major product revenue*1



*1 Excludes figures for urban development due to organizational restructuring in FY2025

Orders received, revenue, operating profit, operating profit margin*2



*2 Performance up to FY2023 includes figures for urban development

Opportunities

- Strong demand for new bridges in developing countries
- Increase in demand for renewal and maintenance of infrastructure facilities (LCBs) in Japan, semi-developed countries and developed countries

Risks

- Decrease in new public investment projects in Japan
- Decrease in installation engineers and worker shortages
- Decrease in competitiveness due to slow response to changes in the business environment

Business strategy

We will ensure cash flow generation by visualizing information on individual projects and SBU working capital, improving administrative business processes, and strengthening monitoring systems. In addition,

Business Overview

Industrial Systems & General-Purpose Machinery Business Area



We have established a solid position in several fields within this market, including 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 and vacuum heat treatment equipment. The IHI Group leverages its unique technological strengths in high-speed rotation, thermal and fluid mechanics, and control cultivated over many years to provide solutions that contribute to industrial decarbonization, reduction of environmental impact, and automation and labor saving. By advancing collaboration across product and business areas, we also aim to expand our lifecycle businesses (LCBs) and maximize cash flow.

Recognition of the market environment (opportunities and risks)

The global automobile market is seeing a temporary slowdown in the shift toward battery-electric vehicles (BEVs), with increased demand for plug-in hybrid electric vehicles (PHEVs) and hybrid electric vehicles (HEVs), and we expect a certain level of demand for vehicular turbochargers until around 2030. In addition, we recognize two major medium- to long-term trends in the industrial sector: labor shortages in developed countries and the growing need for carbon neutrality. Meanwhile, we will closely monitor and address the ongoing rise in material prices and personnel expenses, as well as economic slowdowns in Europe and China and changes in the international supply chain due to U.S. tariff policies.

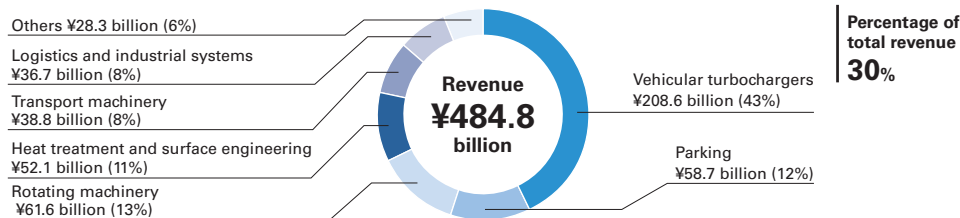
Business strategy

Within the rotating machinery business, we will focus on compressors and strengthen our LCBs both in Japan and overseas. In addition, we will expand applications for process gases, targeting markets for gases such as ammonia and hydrogen. As for parking, we will expand our maintenance and repair services for mechanical parking facilities and improve profitability. In vehicular turbochargers, we will aim to improve profitability and maximize cash flow by passing on price increases to clients, reorganizing global production plants, and optimizing fixed costs in anticipation of a decline in demand associated with the shift to BEVs in the medium to long term.

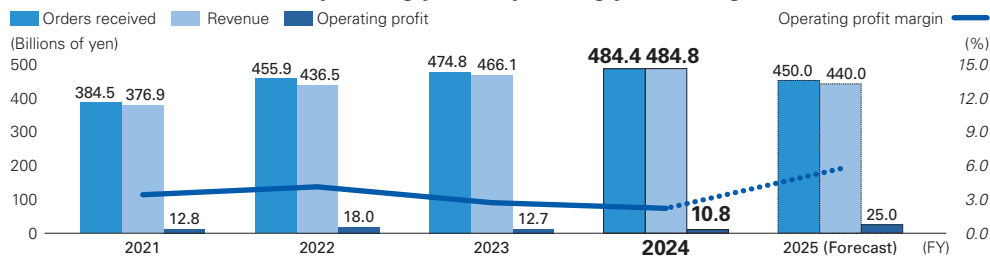
Achievements

Orders received in FY2024 remained steady at 210.2 billion yen, flat year on year, driven by strong demand for vehicular turbochargers. In all business areas, this increased 2.0% year on year to 484.4 billion yen, and revenue increased 4.0% to 484.8 billion yen. Operating profit decreased 15.4% to 10.8 billion yen, mainly due to delays in sales price negotiations for vehicular turbochargers and structural reform expenses. LCBs recorded the fourth straight year of operating profit increases. In FY2025, we expect to return to profitability through measures such as passing on price increases.

Major product revenue



Orders received, revenue, operating profit, operating profit margin



Opportunities

- Growing global need for decarbonization
- Growing need for automation and labor saving
- Expansion of LCBs through business development across SBUs
- Increase in ammonia and hydrogen-related capital investments

Risks

- Shift to BEVs in the automobile industry
- Changing international supply chains

Business Overview

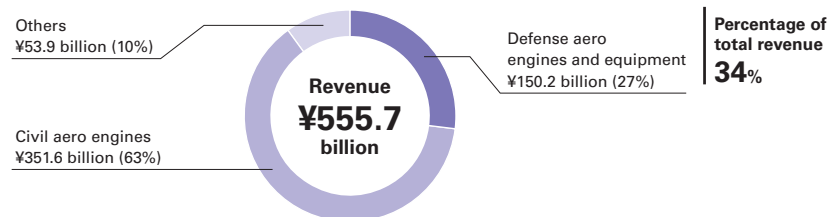
Aero Engine, Space & Defense Business Area



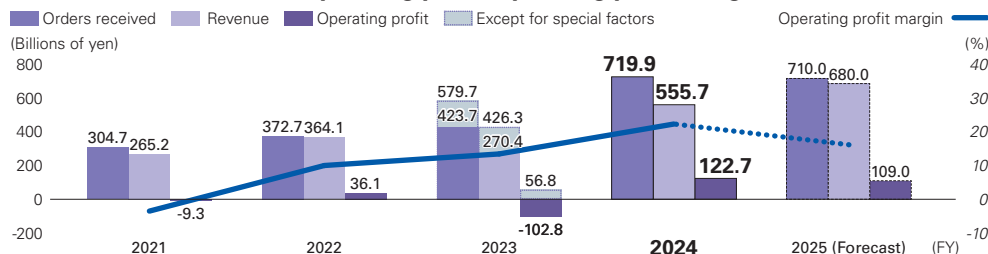
In the Aero Engine, Space & Defense Business Area, we contribute to building an affluent, safe, and secure society by leveraging our world-class core technology in “Propulsion.” In the civil aero engine business, we participate in a broad range of

engine development programs and deliver high-quality parts, with composite materials being one of our key strengths. We also supply spare parts and conduct repairs and overhauls that support stable operations. In the defense business, in line with the Japanese government’s policy of fundamental reinforcement of defense capabilities, we are reinforcing our business foundation and pursuing growth through global initiatives in cooperation with the government, such as the next-generation fighter aircraft jointly developed with the U.K. and Italy. In the space business, we are developing new ventures, primarily for security-related applications, amid ongoing expansion in the space industry.

Major product revenue



Orders received, revenue, operating profit, operating profit margin



Recognition of the market environment (risks and opportunities)

With global passenger traffic expected to maintain its steady growth, airlines are placing substantial orders for new aircraft. Under these conditions, demand in the aftermarket area is also increasing. Furthermore, under Japan’s National Security Strategy, profitability is anticipated to rise due to higher defense budgets and adjustments to contract details. Advances in the space industry are expected to lay the foundations for new commercialization of space-related services. However, concerns remain regarding risks such as supply chain fragmentation and sudden declines in airline transportation demand.

Opportunities

- Stable growth in global passenger traffic will drive demand for new engines and aftermarket services
- Expansion of defense budget and improvement in profitability
- Increase in demand for rockets that accompany the growing demand for small-sized satellite launches

Risks

- Supply chain pressure
- Information leaking owing to cyberattacks
- Sudden decline in air transportation demand owing to infectious diseases, etc.
- Changes in security policies and geopolitical landscapes

Business strategy

We aim to maximize cash flow by reducing working capital while linking robust demand growth to increased revenue. In the civil OEM aero engine business, we will work to shorten inventory turnover days while sustaining an expanded production system. In the civil MRO business, we will pursue stable growth in the parts and repair business. In the defense business, we will enhance profitability through the steady delivery of orders. In the space business, we will take over solid fuel rocket operations from JAXA, establish a mass production system, and advance new ventures such as satellite constellations.

Achievements

Orders received in fiscal 2024 totaled ¥719.9 billion, an increase of 69.9% over the previous fiscal year. Revenue rose by 105.5% to ¥555.7 billion, with revenue from civil aero engines increasing approximately 3.6 times to ¥351.6 billion and revenue from defense aero engines and equipment rising 20% to ¥150.2 billion. Operating profit increased 2.2 times to ¥122.7 billion (operating profit margin 22.1%). This was a result of increased sales of spare parts, improved profitability in defense projects, and other factors. The Group achieved record-high figures in orders received, revenue, and operating profit. For fiscal 2025, although we expect to maintain the trend of revenue growth, we forecast a decline in profit due to the appreciation of the yen and the deferral of maintenance costs.