

Management Briefing for Second Quarter of Fiscal Year 2025



November 6, 2025

I H I Corporation

Hiroshi Ide
President and Chief Executive Officer

- 1. Progress of Group Management Policies 2023**
- 2. The future direction of each Business Area**

1. Progress of Group Management Policies 2023

Strengthening Growth and Development-focus Businesses

● Expanded the Growth Businesses

- Launched full-scale operation of a new facility to expand Civil aero engine maintenance business
- Participating as the engine contractor in the Japan, UK and Italy's joint next-generation fighter development program
- Enhancing manufacturing capacity for next-generation advanced reactors (SMR) related equipment (facility expansion and mockup production)

● Created new value chains

- Participating in the green ammonia production, supply, storage, and utilization business
- Accelerating partnerships for the satellite constellation business

Overhauling business portfolio

● Improved the profitability and efficiency of Conventional businesses

- Focused management resources on high-profit products and regional segments
- Liquidated subsidiary and consolidated our European sites in Vehicular turbochargers business
- Strengthened competitiveness by integrating the two domestic bridge subsidiaries

● Achieved growth by utilizing external capital

- Business transferred: Packaged boilers, Materials handling systems, Turf care machinery, Concrete construction materials
- Business transfer decided: Transport systems (scheduled for transfer in Dec 2025), Weather, disaster prevention, space (scheduled for transfer in Feb 2026)

Improving capital efficiency

- Divested investment properties (including in Toyosu in Tokyo, and Ayase in Kanagawa Prefecture)
- Sold policy shareholdings
- Agreed to transfer a portion of shares of Japan Marine United Corporation (JMU)

Main KPIs Set to Hit Record Highs

Main Financial KPIs

(Forecasts of FY2025)



Sustainable growth

Orders

Record High

¥1,850.0 Bil.
(CAGR 9%※)

Revenue

Record High

¥1,640.0 Bil.
(CAGR 7%※)

Operating profit

Record High

¥160.0 Bil.
(+¥78.1 Bil.※)

EBITDA

Record High

¥230.0 Bil.
(+¥78.9 Bil.※)



Profitability and efficiency

CF from
operating activities

¥100.0 Bil.

Operating margin

9.8%
(+ 3.7pt※)

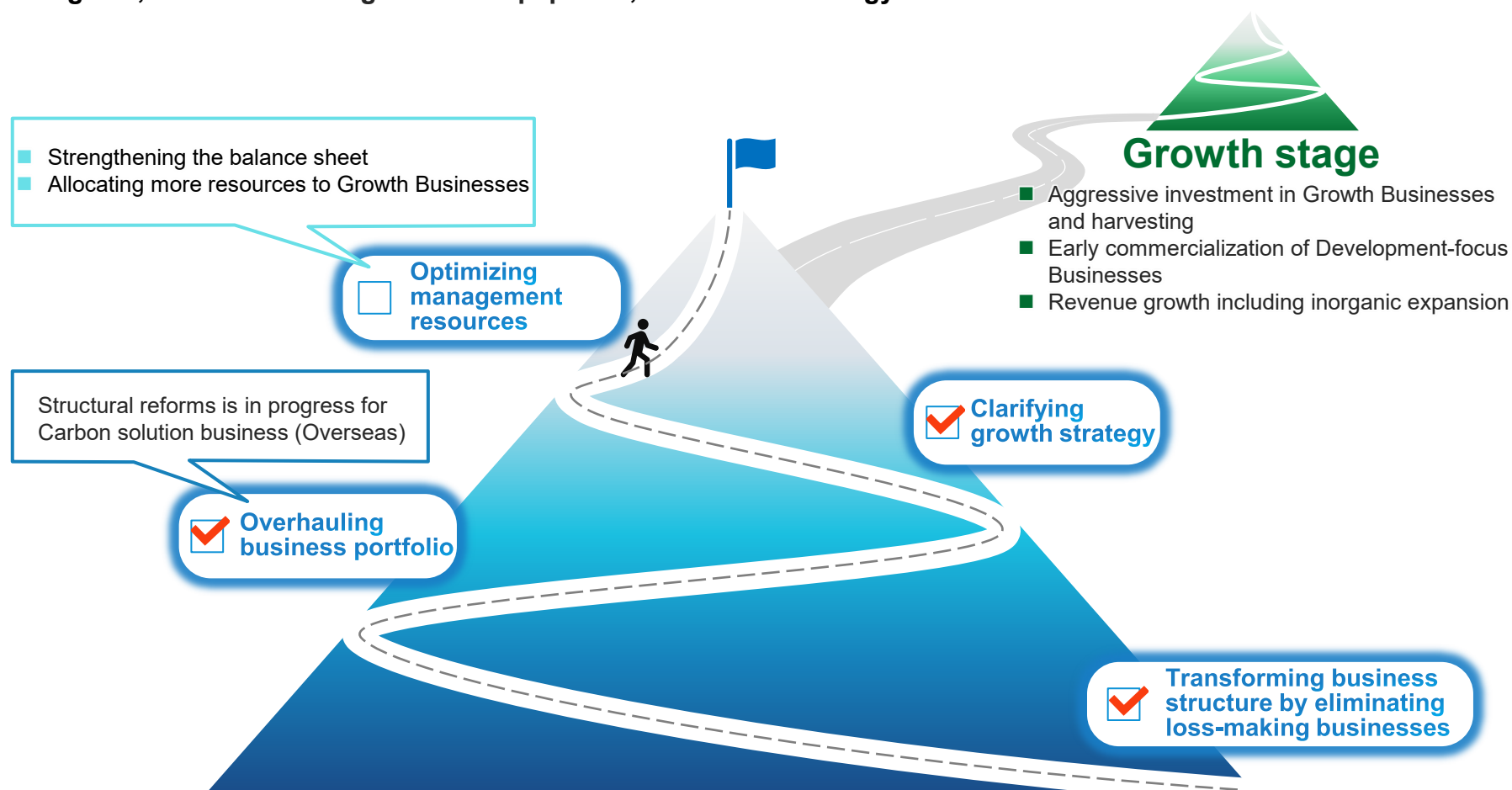
ROIC

10.6%
(+ 4.3pt※)

※Changes since the launch of “Group Management Policy 2023”
(end of fiscal year 2022)

Final stage of structural reform: Entering a New Growth Phase in the next fiscal year

- ✓ **Structural reforms are nearing completion**; remaining initiatives are **strengthening the balance sheet** and **allocating resources to the Growth businesses**
- ✓ From the next fiscal year, we aim to significantly expand revenue, **driven by the Growth Businesses: Civil aero engines, Defense aero engines and equipment, and Nuclear energy**



2. The future direction of each Business Area

(1) Resources, Energy & Environment Business Area

Scaling Up Our Business: Boosting Cash Flow with LCB, Powered by Nuclear Energy

- ✓ Orders increased significantly in the Nuclear energy, Power systems, and Carbon solution domestic businesses, driven by our initiatives for business growth.
- ✓ Structural reforms to improve profitability in the Carbon solution overseas business is currently in progress

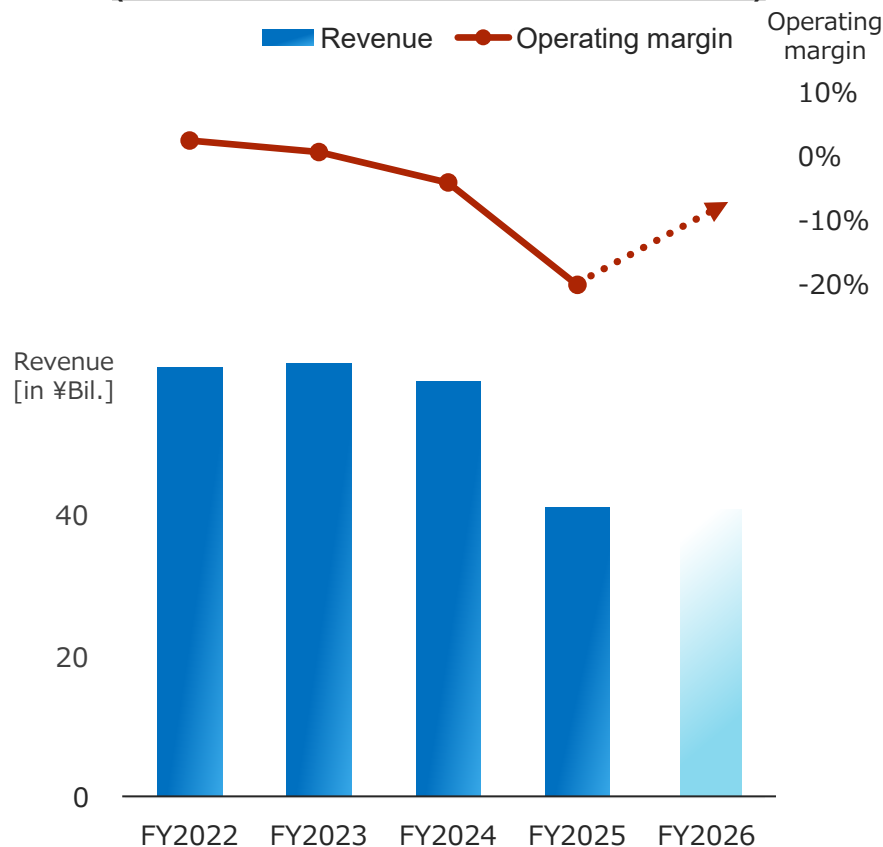
	Business	Orders YoY	Revenue YoY	Operating margin YoY
Growth Business	Nuclear energy	+ ¥48.6 Bil.	+ ¥18.0 Bil.	Same level
	Power systems	+ ¥2.6 Bil.	+ ¥5.2 Bil.	+ 2.1pt
Stable revenue base Business	Carbon solutions (Domestic)	+ ¥18.9 Bil.	+ ¥8.1 Bil.	Same level
	Carbon solutions (Overseas)	▲ ¥14.4 Bil.	▲ ¥17.3 Bil.	▲ 16.0pt
Restructured Business				

Note: Due to rounding, each figure may not match the difference between the full-year figures for FY2024 and FY2025 as presented in the "Financial Results for Second Quarter FY2025 (IFRS)".

Overseas Subsidiaries with Declining Performance: Direction to Be Decided This Fiscal Year

- ✓ Due to changes in the external environment, **the performance of overseas subsidiaries in Carbon solution business has stagnated**, putting pressure on the profits of our group
- ✓ **Structural reforms** to improve profitability is currently **in progress**

Revenue and operating margin (Carbon solution overseas business)



■ Energy management services business

IHI Terrasun Solutions (operates primarily in North America)

- Eliminate downside risks by selectively taking orders
- Manage fixed costs in line with business scale

■ Biomass power business

IHI Power Generation Corp. (operates in North America)

- Exit unprofitable power generation business

■ Engineering business

Steinmüller Engineering GmbH (based in Europe)

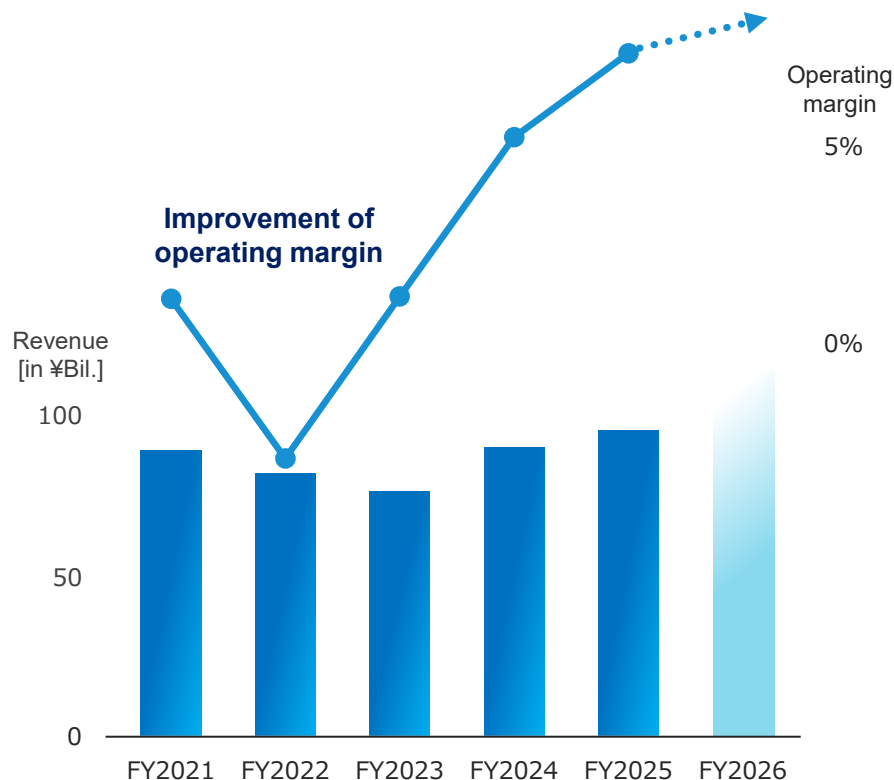
- Focus on projects where we have strengths

Driving Profitability Toward a 10% Operating Margin

- ✓ Through comprehensive structural reforms, **the operating margin has achieved a V-shaped recovery** since FY2022
- ✓ **Further strengthening profitability** in marine engines and power generation engines for data centers

Revenue and operating margin (Power plant systems business)

■ Revenue — Operating margin



■ Reformed business structure

- Shifted prices appropriately with immediate response to the external environment
- Focused on models with high marginal profit
- Reduced fixed costs and SG&A expenses in line with the scale of the business

■ Enhance profitability further

- Focus on segments with strong demand (e.g., marine engines, power generation engines for data centers)
- Expand LCBs by leveraging our high market share
- Maximize marginal profit through in-house production of key components

Expanding the Nuclear Business with World-Class Advanced Technology

- ✓ **World-class manufacturing technologies and capabilities** in pressure vessel and other key components for NPPs
- ✓ **The only player in Japan** with high-level radioactive waste management technology in back-end areas

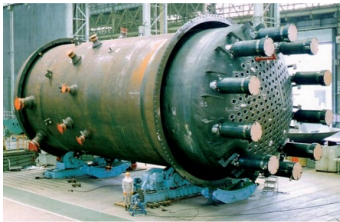
Front-end areas

Power Plant : Restart

- Onagawa-2, Kashiwazaki-6 completion
- Plan to accommodate restart of about 10 units

Power Plant : Key component

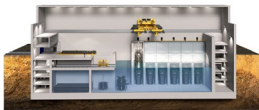
- World-class manufacturing technologies and capabilities
- Reactor pressure vessel (57% share in JPN)
- Primary containment vessel (54% share in JPN)



Source: IHI Corporation

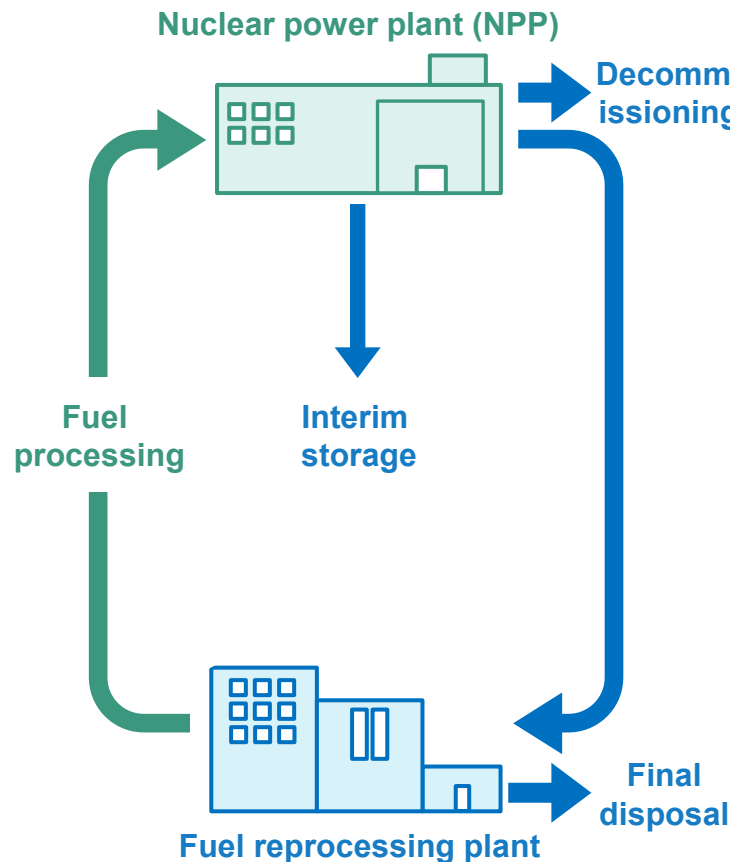
Power Plant : SMR

- NuScale Power has received design certification in the U.S. market
- IHI is leading in the development of equipment manufacturing technology



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Back-end areas

Decommissioning

- Fuel debris retrieval
- Contaminated water management

Interim storage

- Preparing to manufacture transport and storage casks

Fuel reprocessing plant

High-level liquid waste vitrification facility
(Japan's sole supplier)

- Safety measures towards completion



Source: Atomic Energy Society of Japan

Vitrified Waste Storage facility
(Japan's sole supplier)

- Expansion into waste treatment & storage

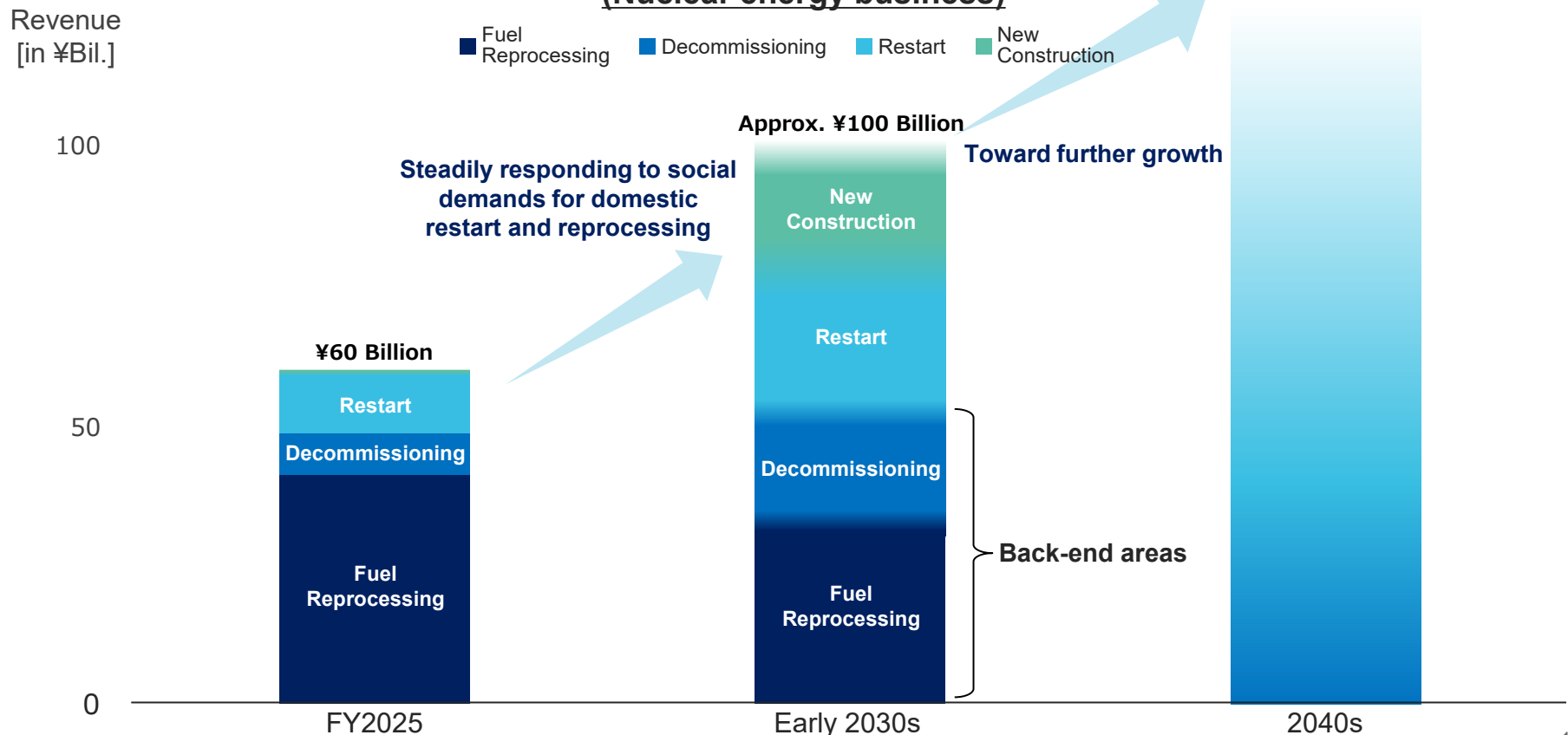


Source: Japan Nuclear Fuel Limited

Strong Orders Driven by Strong Demand: Revenue Target to Be Achieved Ahead of Schedule

- ✓ **Currently, the restart and nuclear fuel reprocessing businesses are performing well.** After the completion of the reprocessing plant, we will provide stable operational support.
- ✓ **In the medium to long term,** we will respond to rapidly growing demand for **new overseas projects** with world-class major equipment manufacturing technology, driving top-line growth.

Revenue forecast (Nuclear energy business)



(2) Social Infrastructure Business Area

Driving Profitable Growth with Technical Expertise, Especially in Bridges Business

- ✓ Through structural reforms, we **are focusing on projects where we can leverage our strengths**, resulting in a significant improvement in operating margins
- ✓ In Bridges business, we are accelerating the development of operations by leveraging **the technical synergy between new construction and maintenance**

	Business	Operating profit YoY	Operating margin YoY
Stable revenue base Business	Bridges and water gates	+ ¥5.0 Bil.	+ 5pt
	Shield systems		

Our technical strengths of Bridges business

New construction

- Extensive track record in large-scale bridge construction over many years
- World-class construction engineering know-how



Maintenance

- Structural analytics and design skills built through years of experience in Japan
- Top-class construction capabilities for high-complexity projects



Strengthening competitiveness
through mutual utilization of
technical strengths

Source: Metropolitan Expressway Co., Ltd

Social Infrastructure Business Area

Bridges and water gates business

Stable revenue base Business

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Building a Business Structure for Steady 10%+ Operating Margins

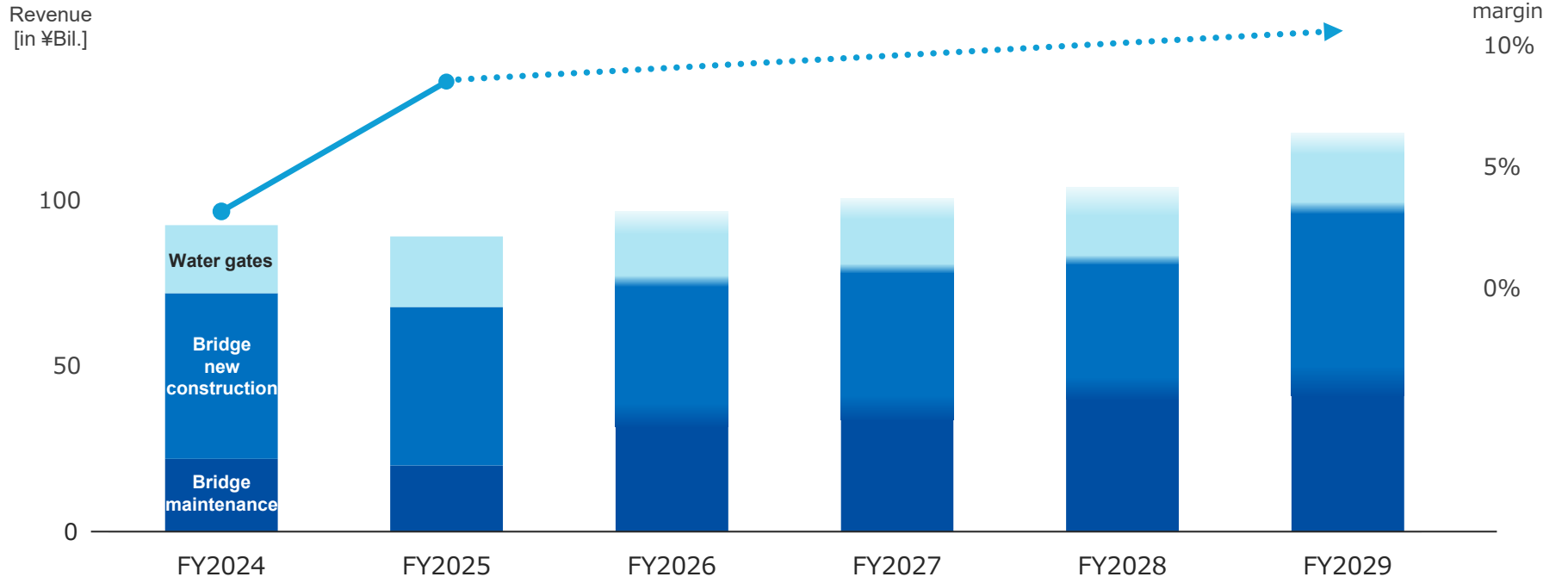
- ✓ Until FY2025, we have **prioritized improving operating margins** by selectively focusing on projects
- ✓ In the coming years, we will aim to **enhance profitability by focusing on highly profitable bridge maintenance projects** that demand advanced technical expertise

Revenue and operating margin (Bridges and water gates business)

■ Bridges maintenance ■ Bridges new construction ■ Water gates — Operating margin

Prioritizing profit margin improvement

Focusing on maintenance areas where we can leverage our advantages, further strengthening profitability



(3) Industrial Systems & General-Purpose Machinery Business Area

Achieving Higher Profitability and Stable Cash Flow Growth

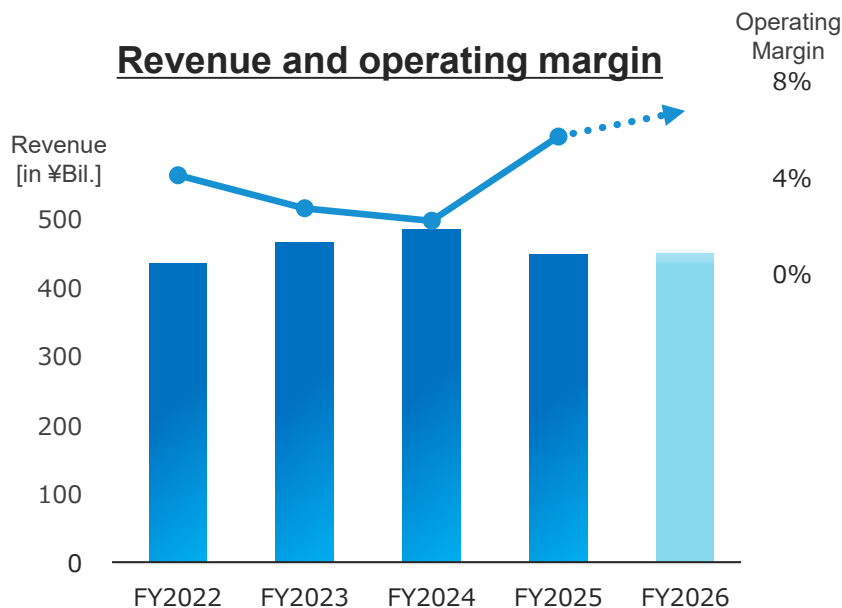
- ✓ Through **structural reforms** such as focusing on highly profitable models and strengthening LCB, **the profitability of each business has improved**
- ✓ We **will maximize cash flow** by fully leveraging our broad customer base across various industries.

	Business	Operating Profit YoY*	Operating Margin YoY*	CF from operating activities YoY
Stable revenue base Business	Vehicular turbochargers Parking Rotating machineries Heat treatment and surface engineering Logistics and industrial systems, etc.	+ ¥14.6 Bil.	+ 4pt	+ ¥5.4 Bil.

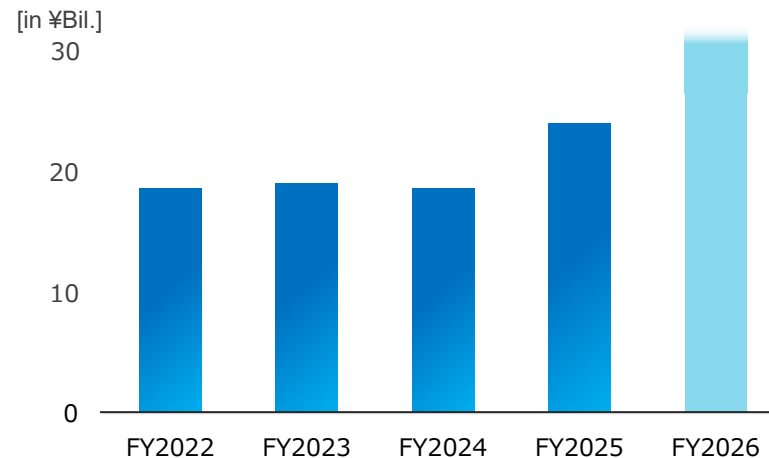
Performance trends of the Business Area

※Figures after excluding special factors

Revenue and operating margin



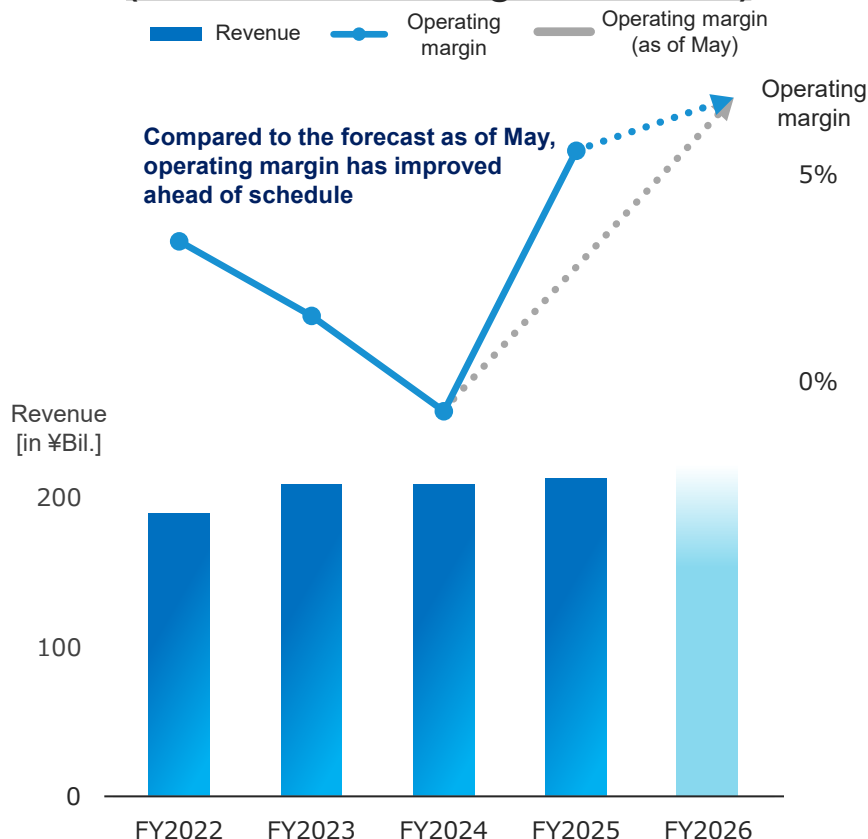
CF from operating activities



Structural Reforms Led to Early Profitability Improvement

- ✓ By **optimizing production sites**, including the closure of overseas facilities, we have **reduced fixed costs**
- ✓ In addition, with progress in **appropriate price shifting**, **profit margins recovered ahead of schedule**

Revenue and operating margin (Vehicular turbochargers business)



■ Reformed business structure

- Closed and restructured overseas production sites
- Optimized production scale at domestic plants
- Shifted prices appropriately with immediate response to the external environment

■ Enhance profitability further

- Reduce cost through supply chain management
- Optimize fixed costs through resource allocation to other businesses

(4) Aero Engine, Space & Defense Business Area

Aero Engine, Space & Defense Business Area

The future direction



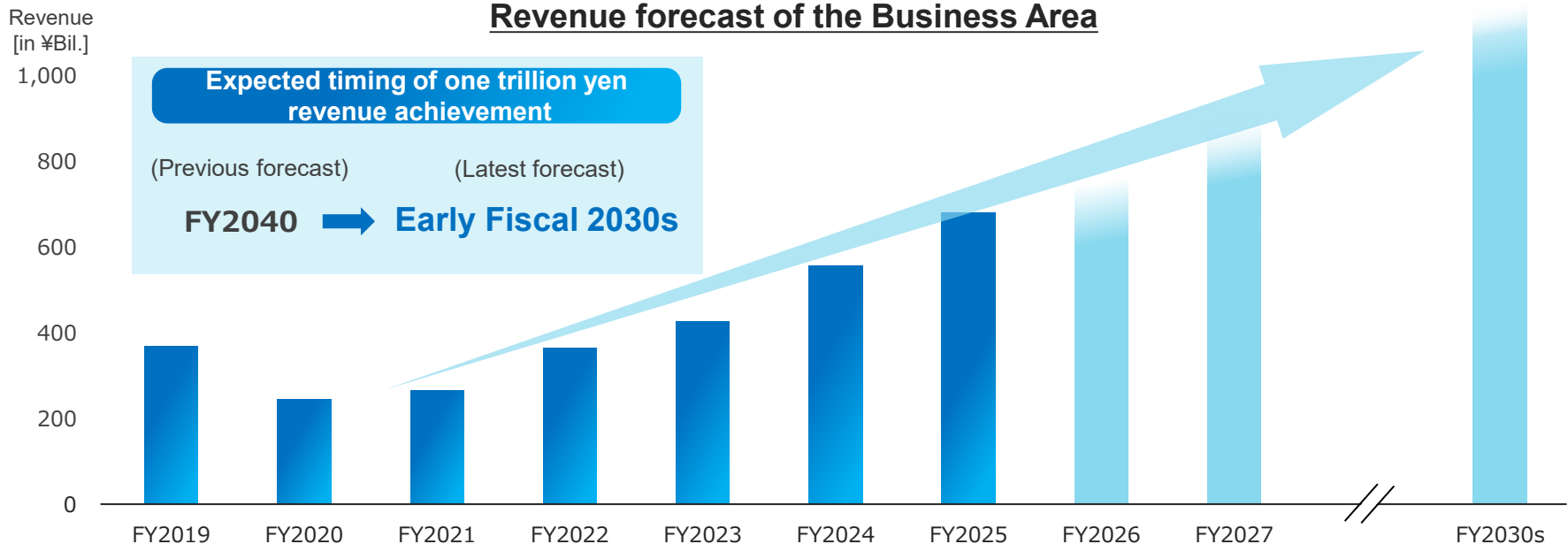
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Accelerating Toward 1 Trillion Yen Revenue Milestone

- ✓ We will continue to **prioritize the allocation of management resources to Civil aero engines and Defense aero engines and equipment business**, ensuring the capture of robust demand
- ✓ **Over the medium to long term**, we aim to **expand revenue** in space-related businesses, such as **satellite constellations**

	Business	Revenue Forecast for the Early Fiscal 2030s	Operating margin Forecast for the Early Fiscal 2030s
Development-focus Business	Space	Over ¥1 trillion	15~20%
Growth Business	Civil aero engines Defense aero engines and equipment		

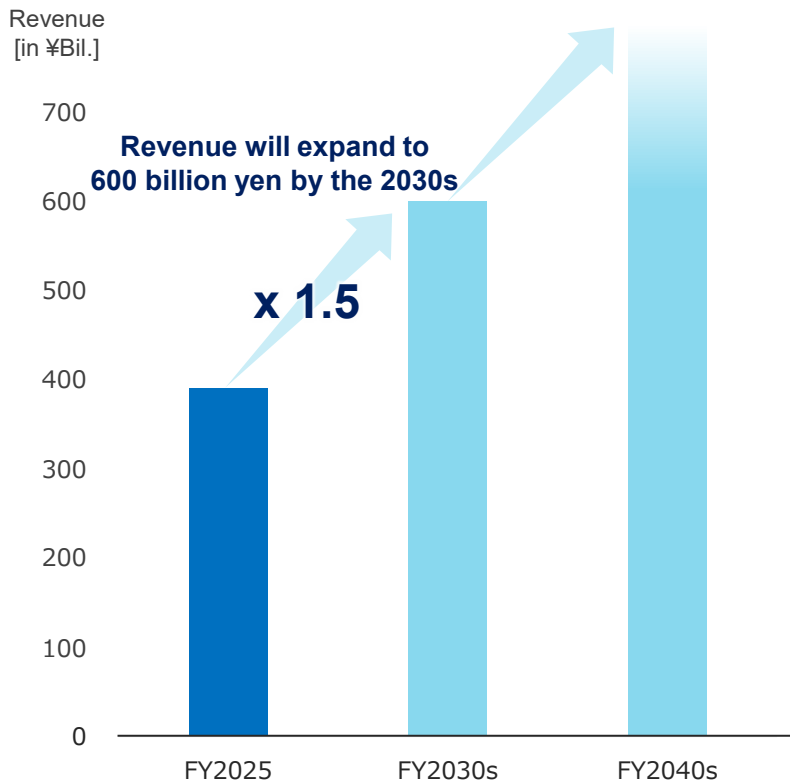
Revenue forecast of the Business Area



Driving Remarkable Growth via Fundamental Production and Supply System Enhancement

- ✓ With rising aircraft demand, the business is expected to experience substantial growth, mainly in the aftermarket
- ✓ With the aim of expanding business scale and improving profitability, we are working to enhance maintenance and repair capabilities and ensure the stable supply of critical materials

Revenue forecast (Civil aero engines business)



■ Enhance maintenance and repair capabilities

- Constructing of a new repair facility (Phase 1) at the Tsurugashima Aero-Engine Works
- Transfer of human resources from other sectors and talent acquisition through industry-academia collaboration



Tsurugashima Aero-Engine Works



Training center
at Mizuho Aero-Engine Works

■ Ensure the stable supply of critical materials

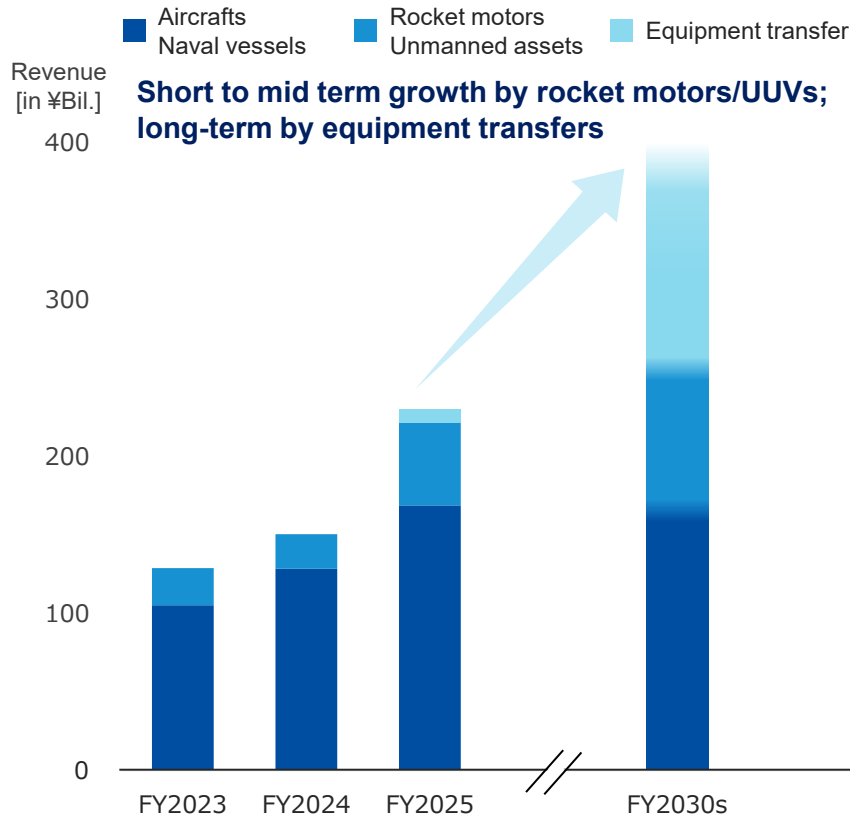
- Strengthen the supply system for castings and forgings through collaboration with domestic manufacturers and other partners
- Enhance supply capacity through quality and productivity reforms and facility expansion

Further contributions to the Japanese government's policy of "Fundamental Reinforcement of Defense Capabilities"

- ✓ In the short to medium term, revenue of solid rocket motors and UUVs* is expected to increase, driven by rising demand for missiles and unmanned assets
- ✓ In the long term, we aim for further business growth through the expansion of "Transfer of Defense Equipment and Technology" in cooperation with the government

Revenue forecast

(Defense aero engines and equipment business)



■ Solid rocket motors business

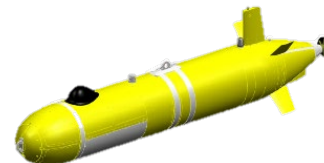
- Strengthen world-class production and technological infrastructure
- Construct a dedicated production facility to support increased production

■ Transfer of Defense Equipment and Technology

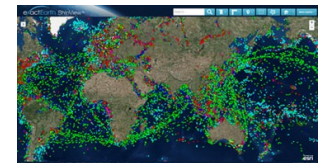
- Enhance production capacity for engine components
- Jointly develop the next-generation fighter aircraft and build a mass production system.
- Expand engine maintenance and parts business for F-35 fighter

■ Unmanned assets business

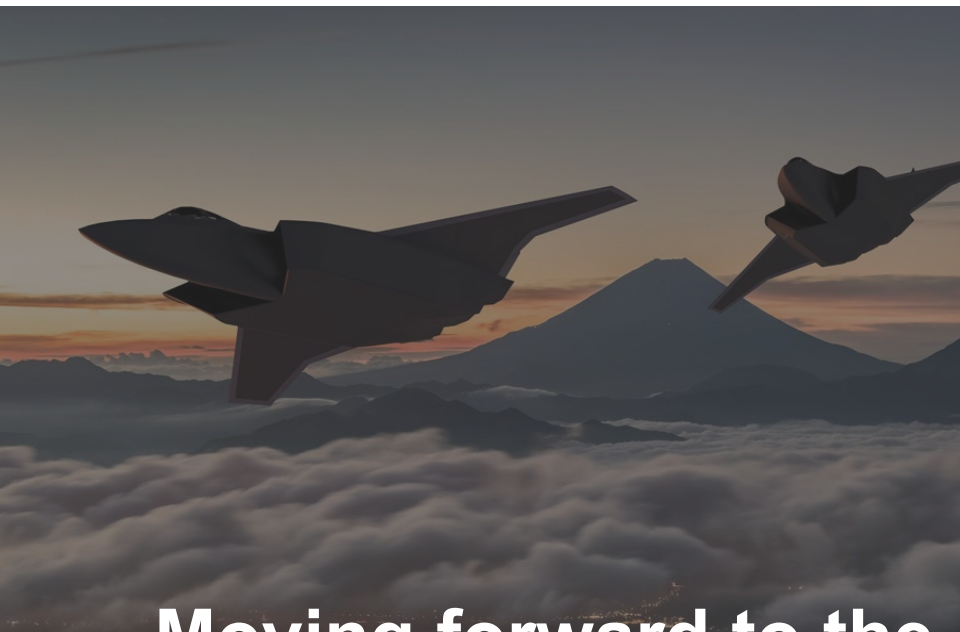
- Expand the UUV business
- Provide new services through collaboration with marine domain awareness system



*UUV (Unmanned Underwater Vehicle)



Marine domain awareness system



Moving forward to the next management plan





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.