

「Medium-to-Longer-Term Direction」

「Management Overview – Roadmap toward Medium- to Long-Term」



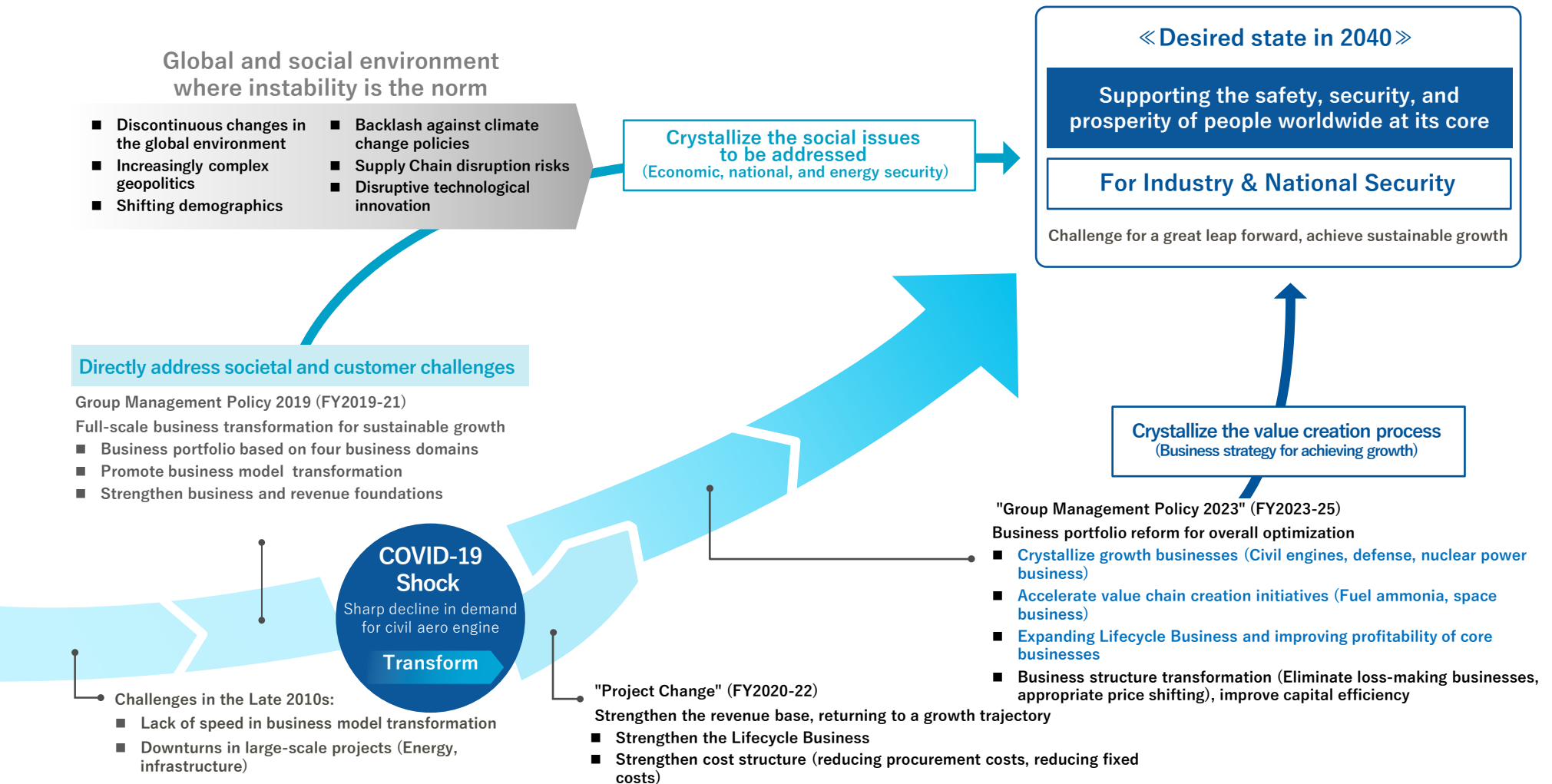
May 8, 2026

I H I Corporation

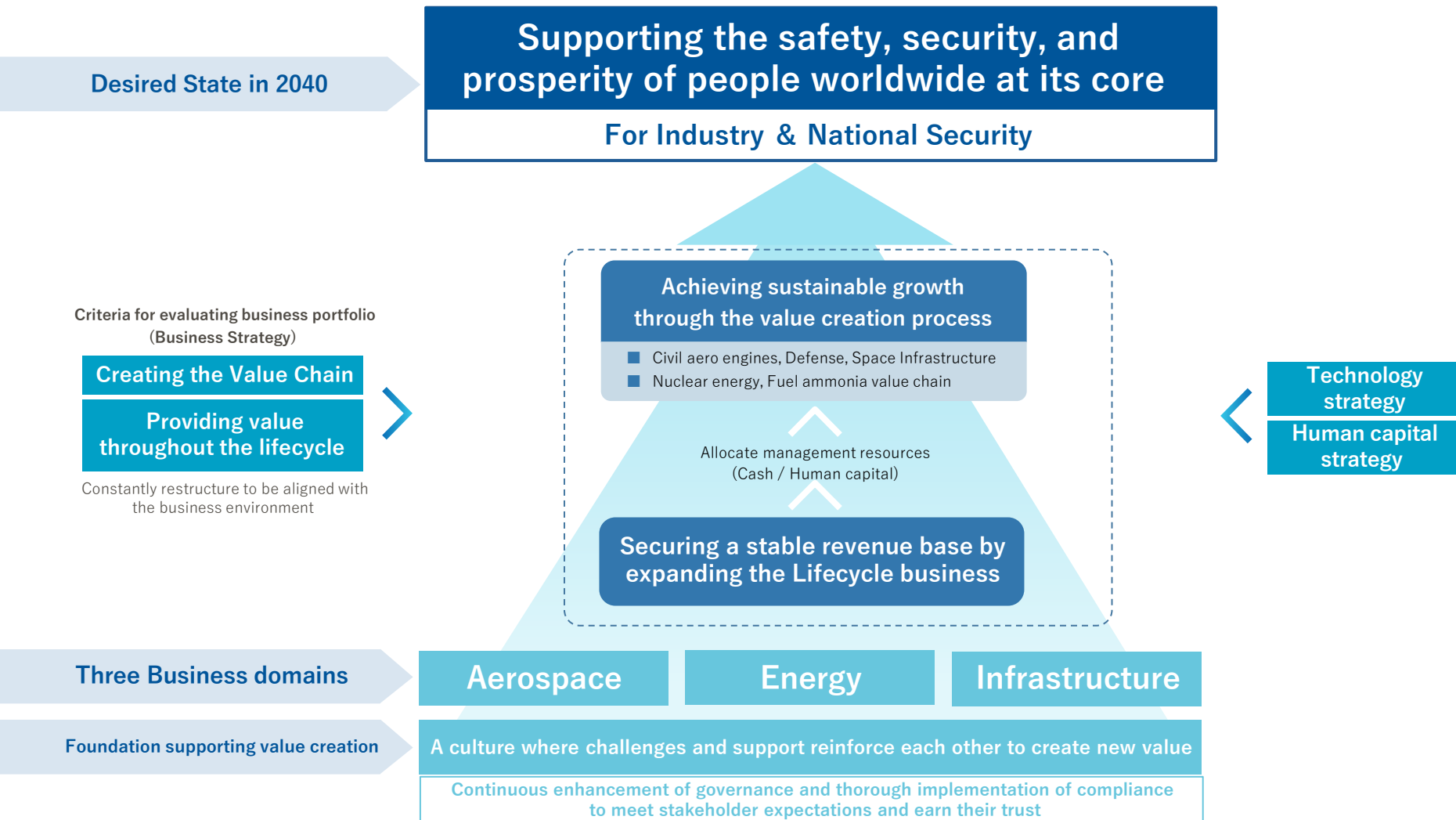
Hiroshi Ide
President and Chief Executive Officer

- 1. Medium-to-Longer-Term Direction**
- 2. Management Overview - Roadmap toward Medium- to Long-Term**

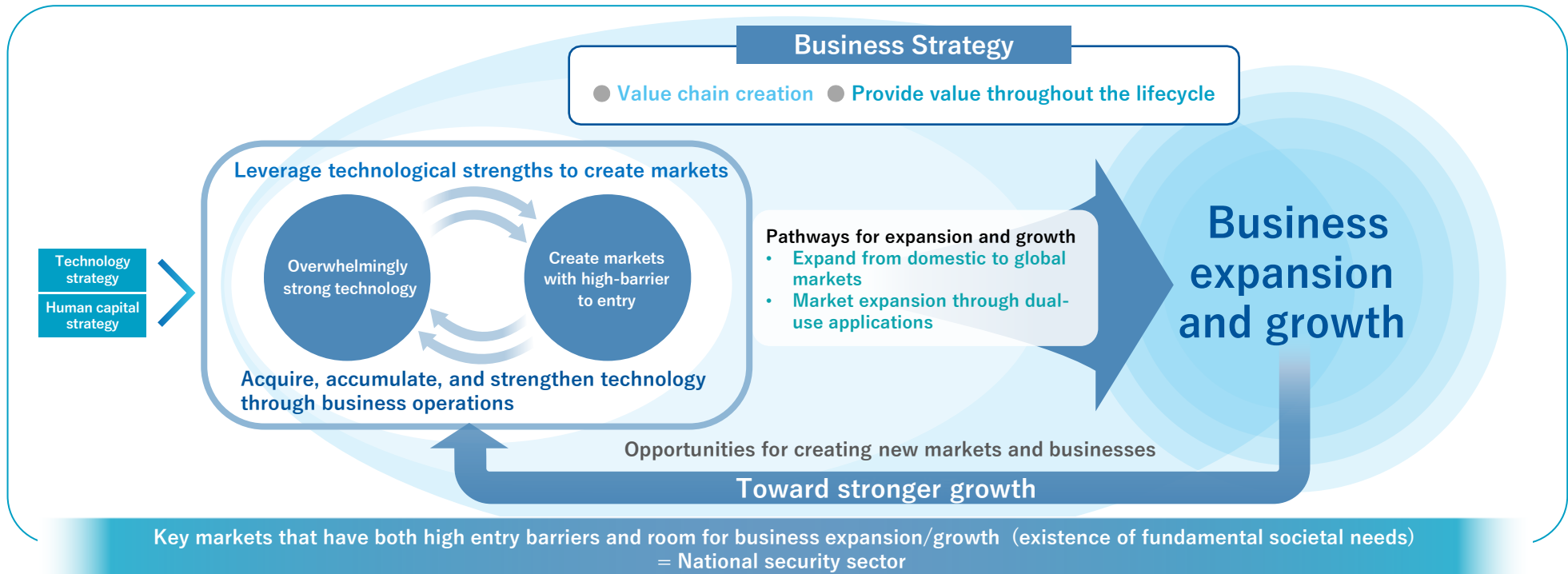
- We have been working since FY 2020 to transform our business structure into one that can adapt to changes in the surrounding environment as well as reform our business portfolio to achieve growth, following the sharp decline in demand for civil aero engines due to the COVID-19 shock.
- We will transition to a stage for achieving sustainable high growth from FY 2026. The social challenges IHI should address and the business strategy to achieve growth will be crystallized to embark on challenges that will materialize major leaps forward from a longer-term perspective toward 2040.



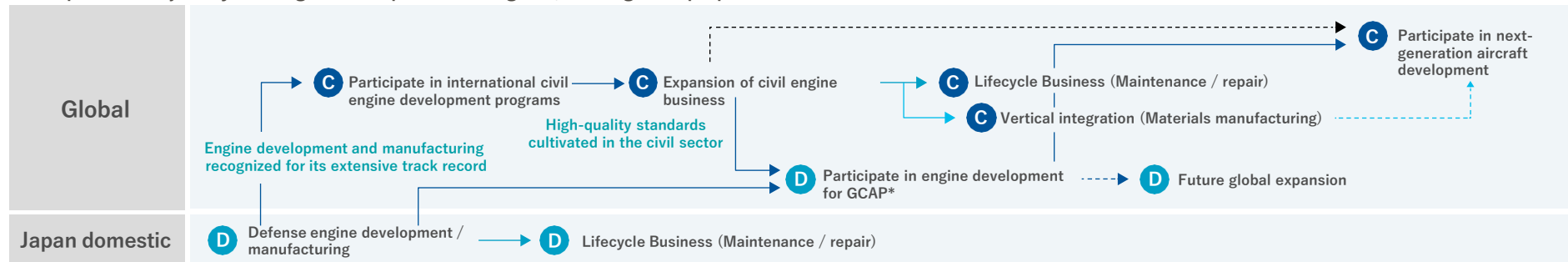
- IHI has tackled critical challenges since its founding at the industrial as well as national levels through technology, contributing to the safety, security, and prosperity of people in each country and region. This long history of accumulated challenges is the very source of IHI's competitive advantage.
- Looking toward 2040, IHI aims to play a key role in elevating Japan's industrial and national strength back to the world's top level, thereby contributing to the economic, national, and energy security of countries worldwide.



- Enlarge and spin faster the growth loop through the value creation process to generate globally competitive businesses.
- Promote building new supply chains and strategic inter-company collaboration to accelerate market creation as well as business expansion / growth.



(Example: The trajectory of the growth loop for aero engines, starting from propulsion)



* GCAP : Global Combat Air Programme

Capture immediate demand to materialize steady expansion of the civil aero engine business, while aiming for leap in growth of defense and space infrastructure that contribute to national security.

Market trends

■ Steady expansion of aviation demand

- Growth in global passenger demand: CAGR 3.1%^{※1} (2024-2050)
- Growth in the aftermarket
- Next-generation initiatives and carbon neutrality movements

■ Expanded defense budget: 1% of GDP → 2%^{※2}

- Full-scale implementation of equipment transfers and mass production of defense missiles
- Next-generation defense equipment, including unmanned assets

■ Government-announced space market size target: double^{※3} (2020: ¥4 trillion → Early 2030s: ¥8 trillion)^{※4}

- Increase in rocket launches driven by the rise of space business and satellite utilization demand



Strengths that can be leveraged

- Overwhelming technological strength in “propulsion”
- Dual-use production and technology infrastructure
- World-class materials & processes technology

Initiatives to materialize growth

(Accelerate and strengthen through strategic investments)

Provide multi-satellite and real-time earth observation data

Expand business globally while contributing to security

Expand added value for next-generation propulsion systems

Prepare for the next leap forward

Expand supply capacity to capture immediate demand in civil aero engine / defense

Production process innovation, production base reorganization / new production base construction (including overseas locations)

Enhance engine maintenance / component repair capabilities

Secure stable supply of critical components (Collaboration with domestic manufacturers, strengthen forged component supply system)

Respond to solid rocket motor production increase, expand UUV (Unmanned Underwater Vehicle) business

Image of business scale

2026

2030

2035

2040

Contribute to carbon neutrality and energy security in Japan and globally by advancing and expanding clean energy business centered on nuclear energy and the fuel ammonia value chain.

Market trends

- **Increase in global power generation capacity: CAGR 3.0%^{※1}**
(Present → 2040)
• New SMR demand in Europe, US, Southeast Asia, etc.
- **Increase in domestic power generation: 2.6 times^{※2}**
(Current → 2040)
• Nuclear power generation share: 8.5% → 20%^{※3}
• Completion and stable operation of reprocessing facilities, and expansion of the associated facilities
- **Expand adoption of fuel ammonia as a clean energy source**
• Japan's domestic fuel ammonia introduction target: 3 million tons in 2030 → 30 million tons in 2050^{※4}
• Accelerate adoption considerations in neighboring Asian countries



Strengths that can be leveraged

- World-leading manufacturing technology and capacity for key components for nuclear power plants (pressure vessels, etc.)
- Japan's sole supplier in back-end areas such as reprocessing (vitrification technology)
- World's only ammonia combustion technology

Initiatives to materialize growth

(Accelerate and strengthen through strategic investments)

Build a secure and stable green fuel ammonia supply system

Develop ammonia utilization technology and fuel synthesis technology

Globally expand the supply of key equipment of next-generation advanced reactors

Prepare for the next leap forward

Establish position as the top manufacturer in the domestic nuclear power sector

Expand production systems and increase headcount in response to acceleration of domestic nuclear power plant restarts

Complete reprocessing (vitrification) facilities and provide post-completion operational /technical support

Build a business structure that provides end-to-end services from reprocessing through waste treatment to final disposal

2026 2030 2035 2040

Image of business scale

※1 Source : World Energy Outlook 2025 (IEA) 、 ※2・3・4 Source : The 7th Strategic Energy Plan (Agency for Natural Resources and Energy)
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In addition to capturing the increasing demand for maintenance and management of urban and social infrastructure, we aim to achieve sustainable business growth by promoting the development of next-generation infrastructure that supports a safe, secure, and comfortable society.

Market trends

- **Expansion of demand for maintenance/renewal of road transportation infrastructure**
 - Full-scale renewal demand in heavily trafficked sections with numerous constraints
 - Growing demand for life extensions due to progressing aging

- **Advancement of infrastructure maintenance**
 - Labor-saving and automated operation in urban infrastructure
 - Escalation of water disasters due to climate change (necessity of river basin flood control and integrated water management)

- **Emerging demand related to infrastructure functional enhancement**
 - Accelerating the transition to next-generation urban mobility societies
 - Increasing severity of global urban issues
 - Further logistics efficiency improvements (e.g., automated logistics networks)



Strengths that can be leveraged

- Japan's only hybrid technology combining steel bridge/PC bridge※1
- Technologies for highly-difficult maintenance, life extension, and seismic retrofitting
- Strong track record (Stock) of installation and construction

Initiatives to materialize growth

(Accelerate and strengthen through strategic investments)

Image of business scale

Build a new value chain basing off of infrastructure maintenance and management

Enhancing the efficiency and advancement of spatial use and transportation in metropolitan areas

Expand added value through catering to next-generation high-specification roads and automated logistics networks

Preparing for the Next Leap Forward

Establish position as an urban and social infrastructure company both domestically and internationally

Respond to growing demand for maintenance projects (Shifting resources to maintenance)

Expand profitability through business integration and inter-company collaboration (Leveraging combined strengths)

Gain further strengths through the world's longest and most challenging bridge project※2

2026

2030

2035

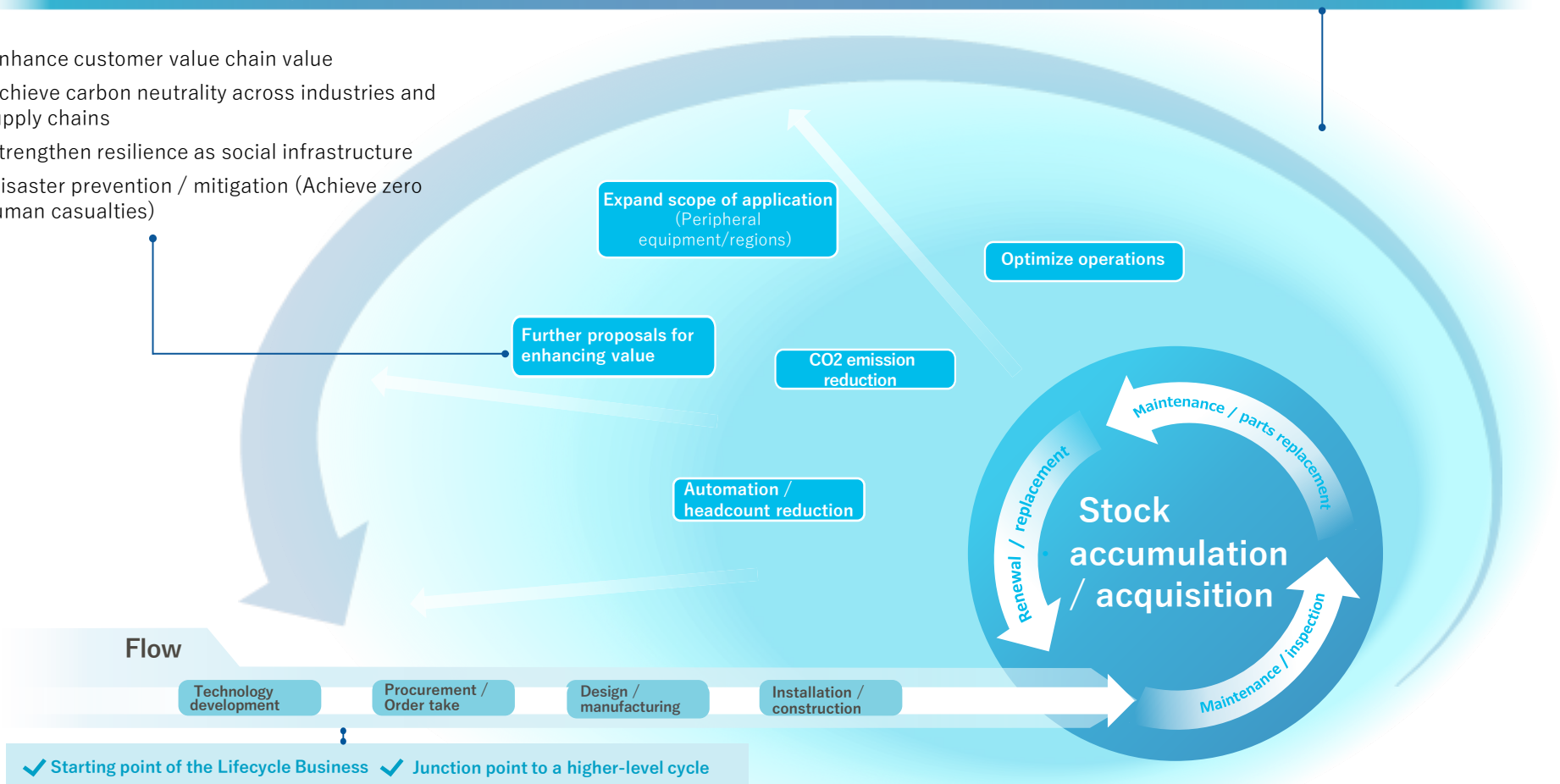
2040

- Spiral up the lifecycle business, that maximizes value of equipment and plant assets, **into initiatives that organically enhance value for customers and society** (economic efficiency, safety, resilience, climate change countermeasures, etc.).
- **Expand and extend a stable revenue base that is less susceptible to external factors** by building on IHI's strengths (technology, market position) and continuously enhancing added value offered.

✓ Maximizing value for customers and society

✓ Expansion and enhancement of a stable revenue base

- Enhance customer value chain value
- Achieve carbon neutrality across industries and supply chains
- Strengthen resilience as social infrastructure
- Disaster prevention / mitigation (Achieve zero human casualties)



- Technology and human capital that is symbolized by our two management philosophies have been the driving force behind the IHI Group's journey of over 170 years.
- **We will accelerate value creation for the IHI Group by redefining and further strengthening our approach to technology and human capital** in line with our business direction toward 2040.

Technology strategy

Key initiatives toward 2040

- Thoroughly enhance competitiveness across the three domains
- Pursue "Manufacturing execution capability" to prevail in the global market
- Enhance new value creation capabilities (optimize the entire process from technology development to business development)

Human capital strategy

Balancing a "Good + Strong" Company with People's "Growth + Happiness"

Key initiatives toward 2040

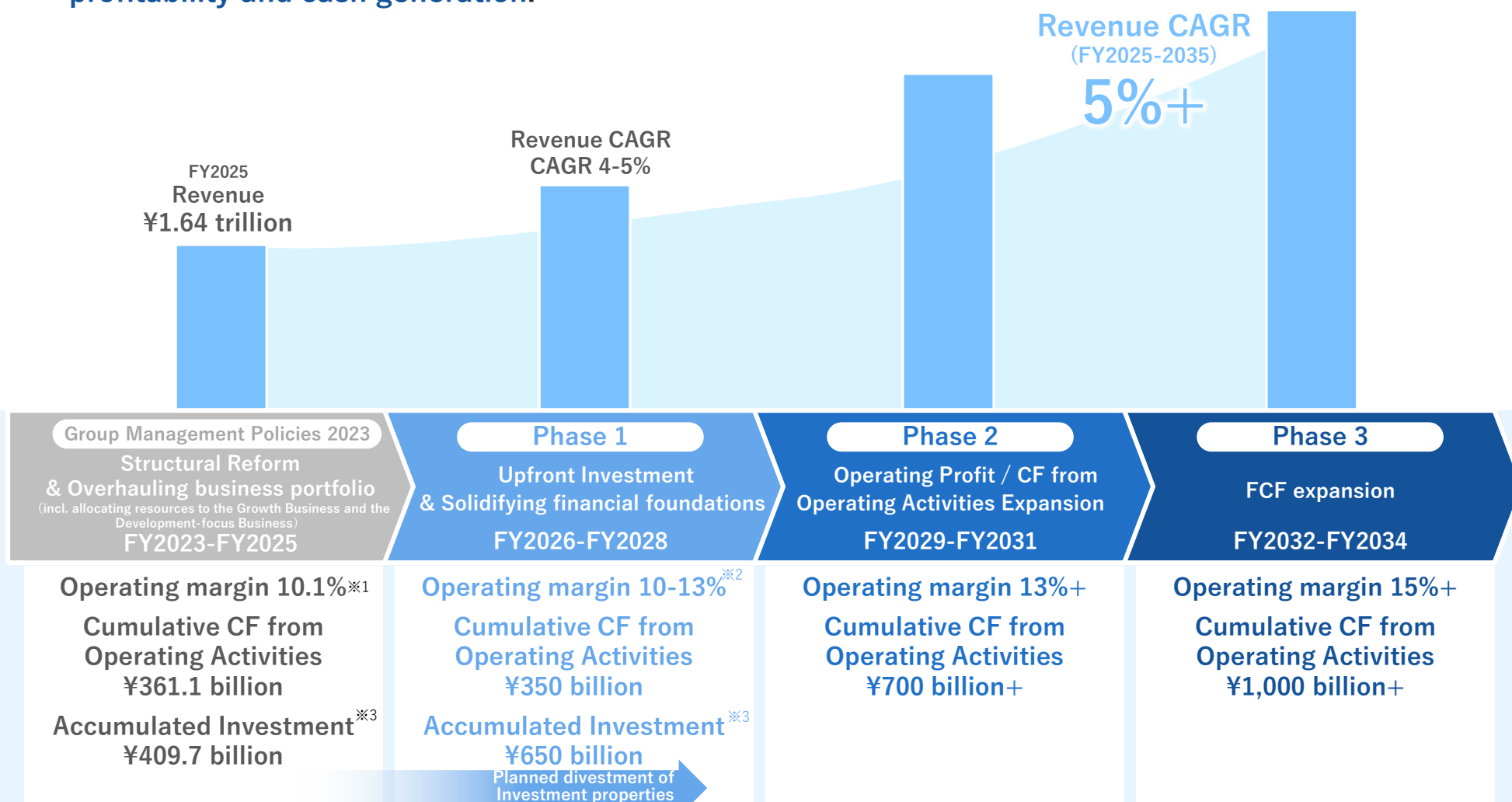
- Unlock the full potential of our people to develop talent that drives sustainable growth
- Build a culture where challenge and support reinforce each other to create new value
- Build an inclusive workforce where people collaborate with each other and with AI, turning differences into strength

Strengthen competitiveness through digital technology utilization

- **Production process innovation:**
Eliminate supply constraints and improving productivity
- **Business process optimization:**
Flexible and rapid inter-company and inter-organizational collaboration

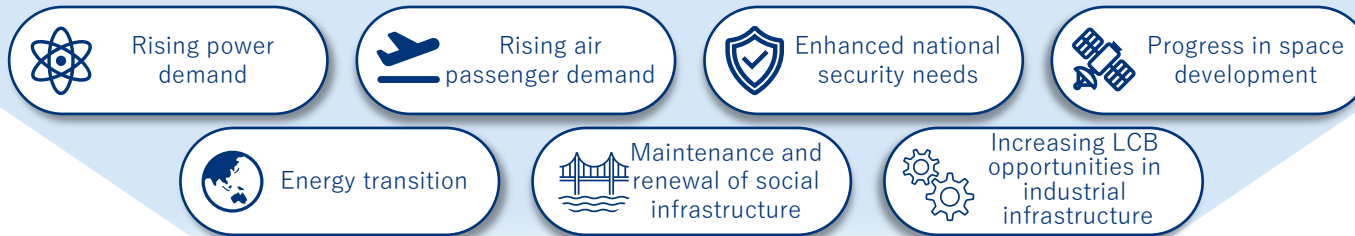
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- Over the next three years, we will **focus on upfront investments and solidifying our financial foundations** to enable a significant expansion of operating profit and cash flow from operating activities from FY2029, and of free cash flow from FY2032.
- While capturing growth opportunities through continued investments, we will steadily **enhance profitability and cash generation**.

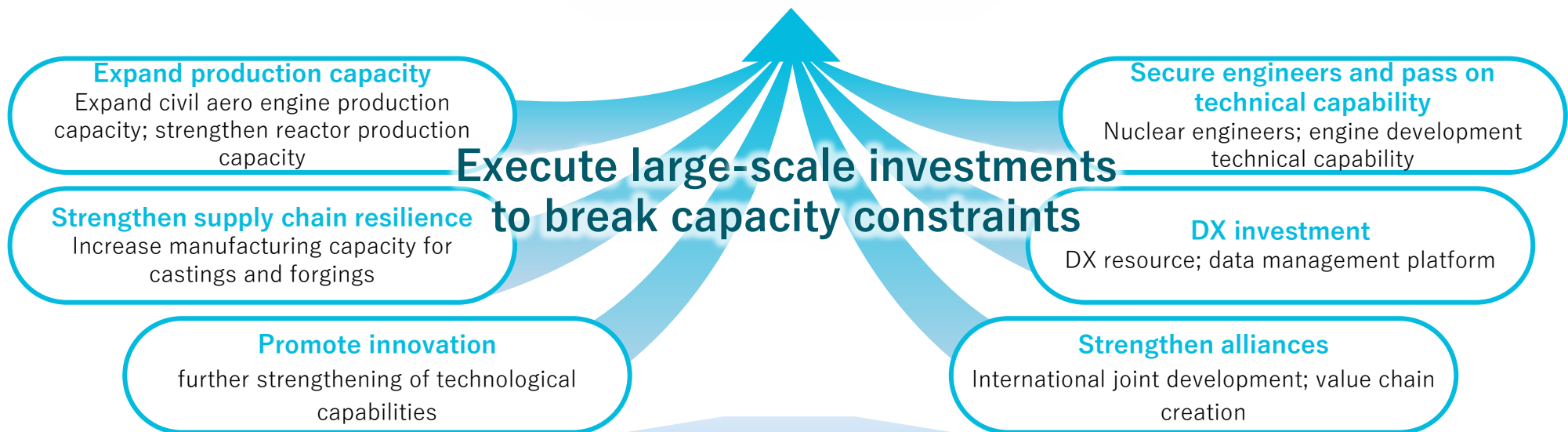


※1 : FY2025 ※2 : Indicative range for operating for FY2026-FY2028 ※3 : Does not correspond to CF from investing activities, as it includes R&D expenses and excludes divestment of Investment properties.
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Broadening Business Opportunities



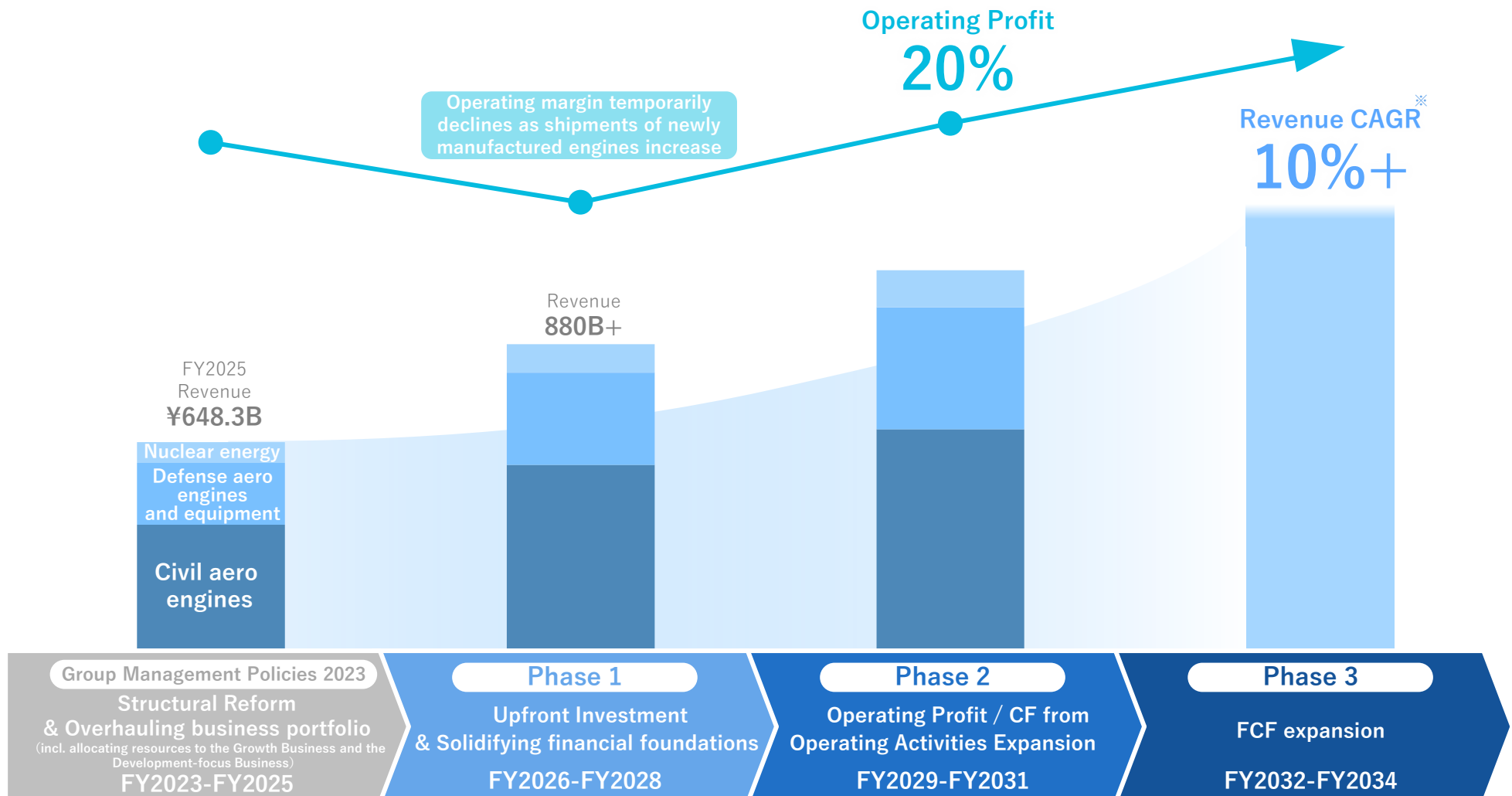
Toward a Stage of Rapid Growth



Group Management Policies 2023 Focus on building the foundation for the next growth stage



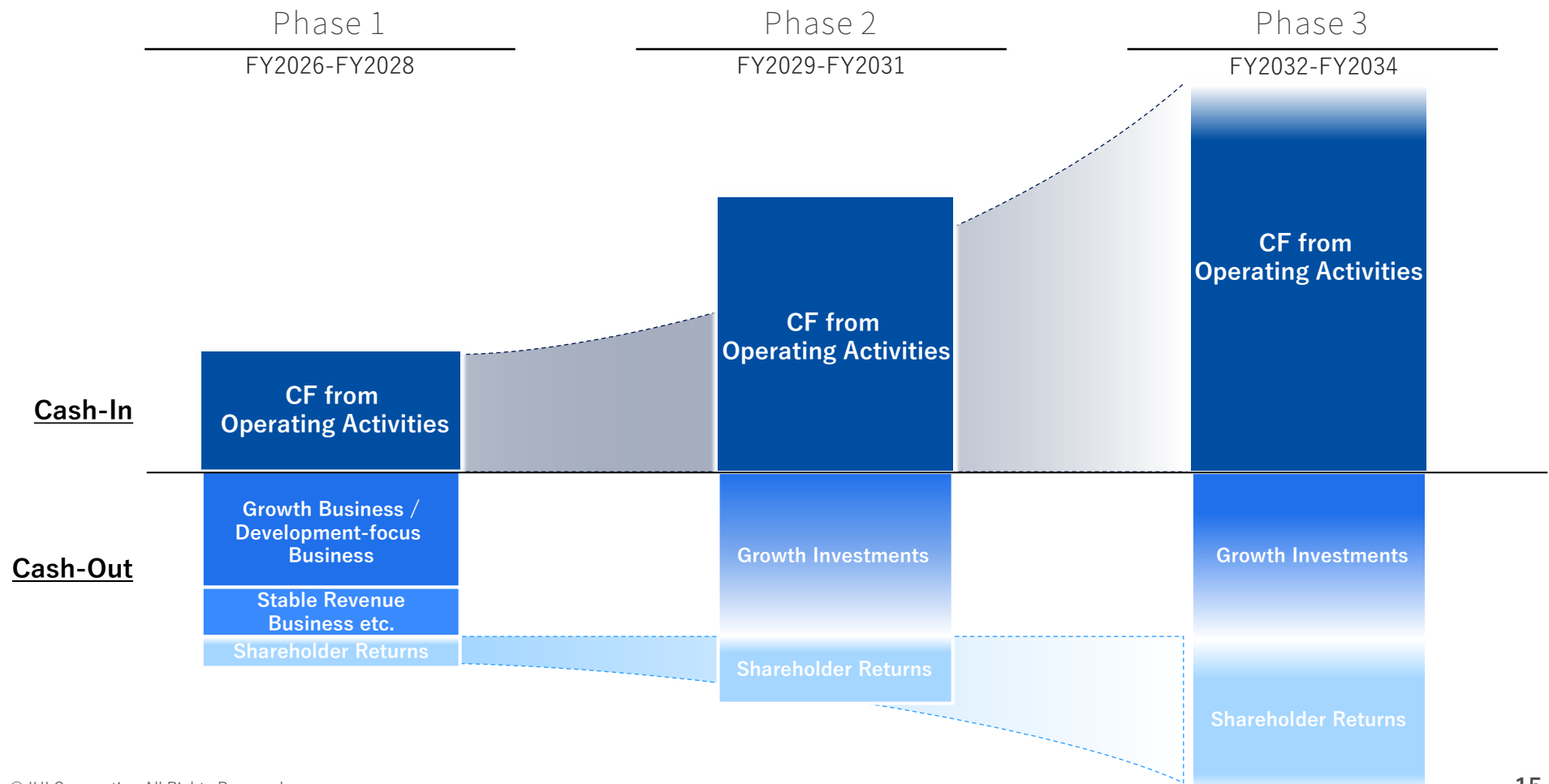
- Civil aero engines will achieve both top-line growth and high profitability through forward-looking upfront investment.
- Nuclear and Defense will use global markets as the next growth opportunity and enter a profit and cash flow expansion phase through strengthened production capacity.



※ : FY2023-FY2035

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- In Phase 1, we will prioritize proactive upfront investments in Growth business to secure major future growth opportunities.
- Shareholder Returns
 - In Phase 1, we aim to continuously increase dividends in line with Group growth, in addition to continuous provision of stable dividends to shareholders.
 - From Phase 2, as cash flow from operating activities expands, we aim to further enhance shareholder returns.



We will steadily execute growth investments toward a major leap forward in the future.

Management indicators (Phase 3)

Revenue CAGR **5 %+**

Operating margin **15 %+**

3-year cumulative CF from Operating Activities **¥1T+**

ROIC **13 %+**

FY2025

Revenue ¥1.64T

Operating margin 10.1%

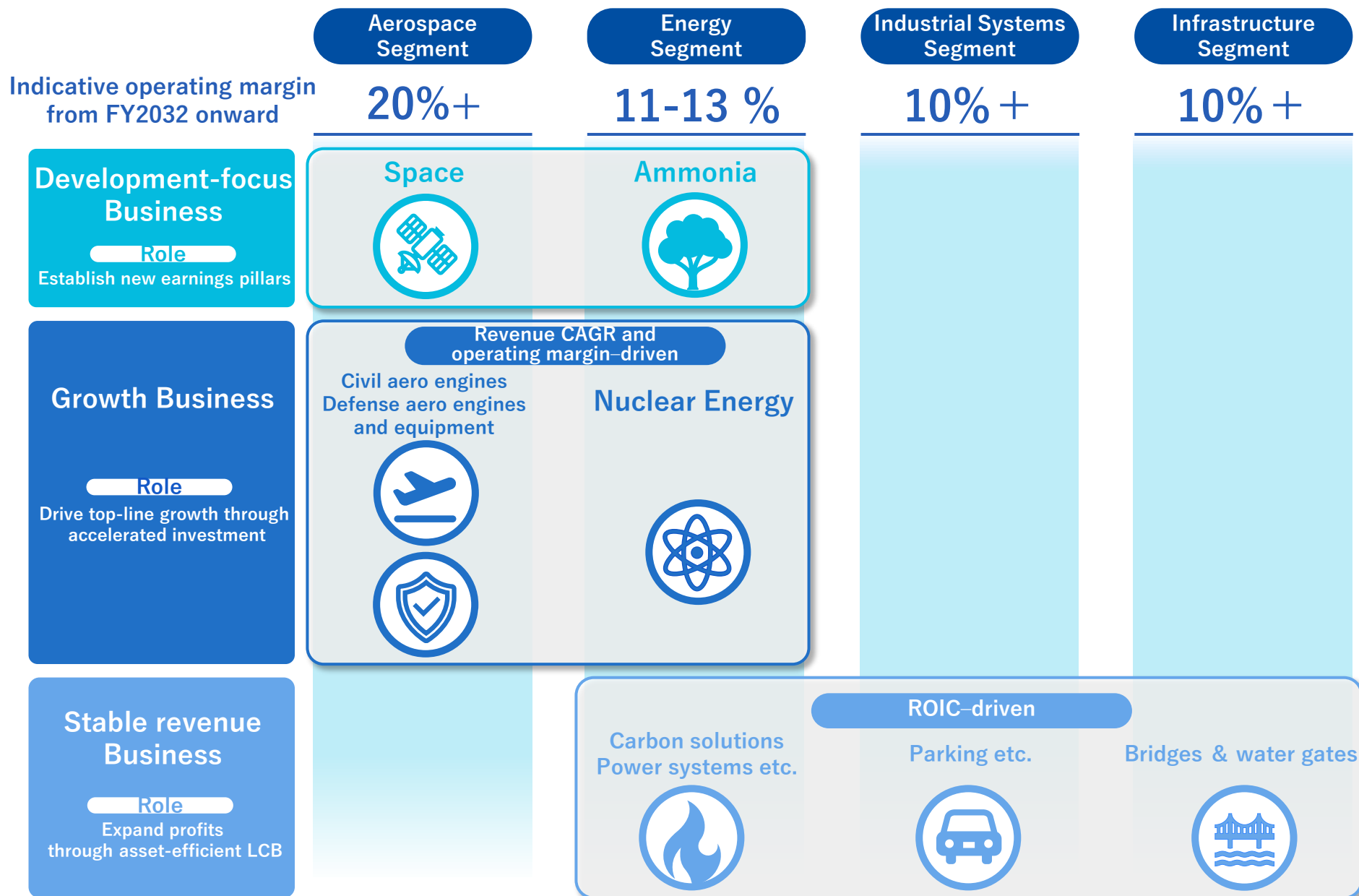
ROIC 9.5%※

※ROIC excluding gains from divestment of Investment properties



For Industry & National Security







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.