

IHI REPORT

Interim Report for the 206th Fiscal Year

April 1st, 2022 to September 30th, 2022

To Our Shareholders

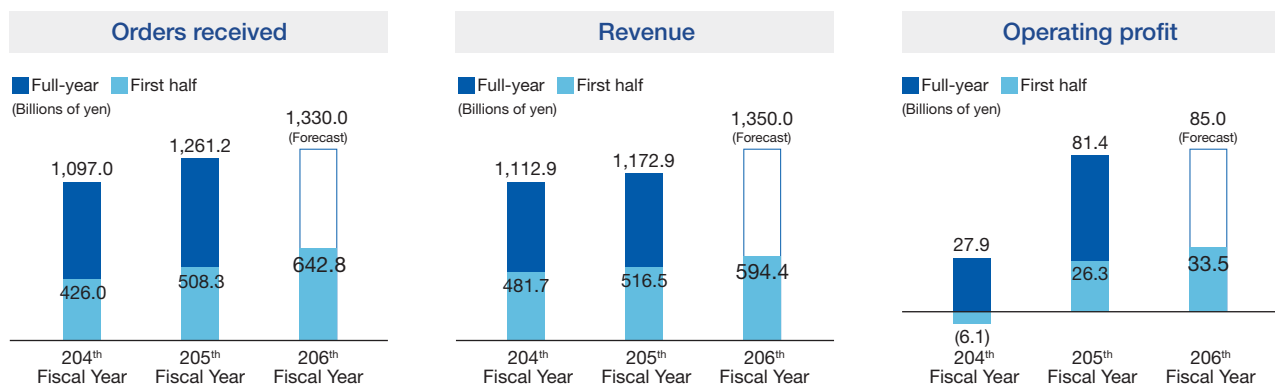
Here, we provide you with the Company's IHI REPORT for the 206th fiscal year.

The IHI REPORT provides details of the Company's performance and business topics that we wish to notify our shareholders. We invite you to read it.

Hiroshi Ide Representative Director and President



Consolidated Earnings Highlights (IFRS)



Item	Six months ended September 30, 2022	FY2022 Full-year consolidated forecast
Revenue	¥594.4 billion	¥1,350.0 billion
Operating profit	¥33.5 billion	¥85.0 billion
Profit before tax	¥39.5 billion	¥80.0 billion
Profit attributable to owners of parent	¥21.1 billion	¥50.0 billion

Interim Dividend **¥40** per share

We have set the interim dividend for the six months ended September 30, 2022, at ¥40 per share.

We plan to pay a dividend of ¥40 per share as a year-end dividend for the fiscal year ending March 31, 2023.



We are shifting from a preparation and transition period to an investment execution phase in our business reforms.

We will reflect the results of “Project Change” in our next medium-term management policies.

Hiroshi Ide Representative Director and President

Please review Project Change.

The business environment surrounding the Group continues to change dramatically due to the Ukraine issue, the deterioration of U.S.-China relations, global inflation, and rapid yen depreciation.

Amid this environment, the Group is working to return to a growth trajectory and to create new growth businesses by carrying out our “Project Change” that began in FY2020.

As a prerequisite to returning to a growth trajectory and as a Group that carries out large-scale projects, proper management to ensure there are no downturns in construction profits is of primary importance. Projects currently underway are being controlled through risk and project management, and we will continue to focus on proper management going forward. In terms of expanding our Lifecycle Businesses, we are working not only on large-scale projects such as safety measure for nuclear power facilities and repairing aging social infrastructure, but also on providing new services such as remote monitoring in the industrial machinery field. As a result, we expect to achieve our initial target of increasing the revenue of the Lifecycle Businesses by 30% compared to FY2019. In terms of strengthening our earnings foundation, we are making steady progress in our productivity improvement initiatives in the Civil Aero Engines Business and working to reduce lead times and improve production efficiency in other business areas.

In the first half of FY2022, in addition to these initiatives, revenue increased in all business domains year on year as the

trend of recovery continued in the Civil Aero Engines Business, and operating profit was positive in all business areas.

Please tell us about your initiatives and progress to create growth businesses.

We believe that resolving social issues connects to the sustainable growth of the Group and position “Carbon Solutions,” “Air Transportation Systems,” and “Maintenance, Disaster Prevention and Mitigation” as growth fields in our initiatives.

Carbon Solutions

Fuel ammonia is gaining global attention as a fuel that does not emit CO₂ when burned. The Group is aggressively advancing the development of fuel ammonia technologies and working toward commercialization through by co-firing ammonia at the Hekinan Thermal Power Station. While cooperating with global partners, we will continue to focus on building an ammonia value chain from fuel ammonia manufacturing to use.

Air Transportation Systems

To realize improved fuel efficiency through the lightening of aircraft, in addition to achieving lightening through the application of new materials in aero engines, we are advancing technological development to apply new materials to fuselages. We are also pursuing development aimed at the electrification and hybridization of aero engines toward the future.

Maintenance, Disaster Prevention and Mitigation

Through “protective technologies” that support the strengthening of social infrastructure such as bridges and

To Our Shareholders

water gates and “measurement technologies” to monitor weather and underground water levels, we are realizing maintenance, disaster prevention, and mitigation. Going forward, we will provide solutions that integrate “protective technologies” and “measurement technologies” with the Group’s strength of “rocket and satellite use” into space-related technologies.

* Carbon fiber reinforced composite materials (CFRP), ceramic matrix composites (CMC)

Please tell us about what you are considering in the next medium-term management policies.

In our next medium-term management policies currently being formulated, based on the results of “Project Change,” we are implementing focused investment into growth businesses and optimizing our business portfolio.

To secure investment resources, we are building a solid business foundation and promoting management focused on cash generation. Furthermore, we are promoting DX to act as the platform to realize a winning business structure amid changes in the business environment and developing and hiring innovative human resources.

Also in the next medium-term management policies we plan to resolve social issues through business activities centered on ESG values, and there will be no changes in the Group’s vision of balancing the realization of a sustainable society and the growth as a corporation. We are preparing to disclose the next medium-term management policies together with our FY2022 results announcement.

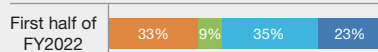
I express my heartfelt gratitude to all IHI shareholders and look forward to their continued and invaluable support in the future.

Business Review by Segment

Revenue increased year on year in all business areas.
Operating profit was positive in all business areas.

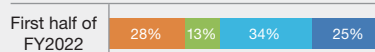


Orders received **¥642.8 billion**



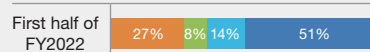
Percentage of orders received by business area^{*2}

Revenue **¥594.4 billion**



Percentage of revenue by business area^{*2}

Operating profit **¥33.5 billion**



Percentage of operating profit by business area^{*2}

*2 Excludes adjustment amounts, etc.



Increased revenue and profit through construction progress in nuclear energy

Revenue **¥164.5 billion** Operating profit **¥10.0 billion**



Despite increased revenue and profit for bridges and water gates, we experienced decreased profit due to reduced revenue in shield systems and urban development

Revenue **¥75.4 billion** Operating profit **¥3.1 billion**



Decreased profit due to a decline in logistics and industrial systems and strongly performing parking projects, despite increased revenue and profit in heat treatment and surface engineering

Revenue **¥200.2 billion** Operating profit **¥5.3 billion**

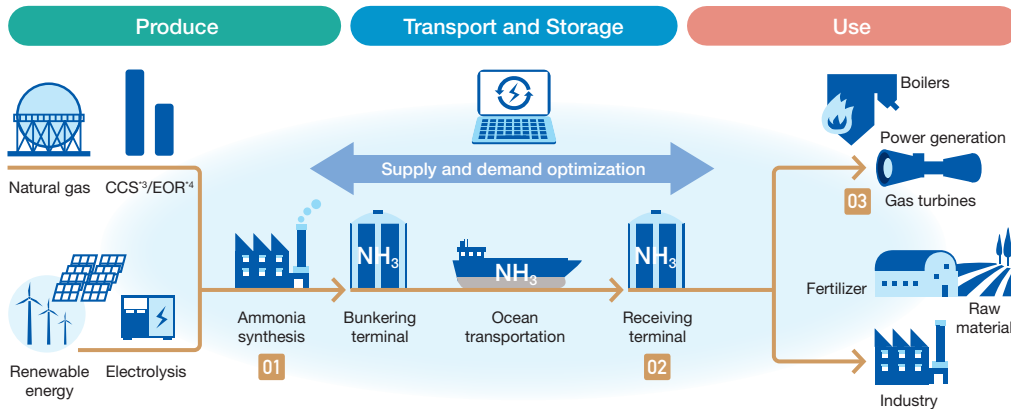


Increased revenue and profit due to growth in sales of spare parts of civil aero engines and the impact of foreign exchange

Revenue **¥150.9 billion** Operating profit **¥18.8 billion**

Ammonia is gathering attention as a fuel that contributes to the realization of carbon neutral, as it does not emit CO₂ when burned.

The Group is working to build a complete fuel ammonia value chain covering everything from manufacturing to shipping, storage, and use.



Initiatives to build an ammonia value chain

This June, we shipped clean ammonia produced in United Arab Emirates (UAE) to Japan and conducted joint verification testing of the supply chain using burning tests in gas turbines being developed by the Company.

Furthermore, in September, we accelerate our initiatives aimed at the prompt installation of these technologies by, for example, establishing the co-creation research center with Tohoku University.

01 Developing synthesis technology for CO₂-free ammonia

We are working jointly with multiple university organizations and De Nora Permelec Ltd to develop equipment to realize a single process covering the production of hydrogen as the raw material through ammonia synthesis. Through this initiative, we aim to establish ammonia synthesis technology using a low-cost, efficient production process that does not emit CO₂.

02 Developing floating storage facilities for ammonia

We are advancing joint research and development into floating storage facilities that store liquid ammonia shipped from land and then convert it to gas to be re-supplied to land. Because these facilities can be introduced in a short time with low costs, we expect them to be used as an alternative to land-based storage facilities.



03 Initiatives to commercialize fuel ammonia

At thermal power plants in Japan and overseas, we are conducting the Demonstration Project of power produced through the co-firing of coal and ammonia and advancing initiatives to consider the technology for mono-firing of ammonia.

Furthermore, in the first half of FY2022, we succeeded in the mono-firing of ammonia in boilers used for thermal power generation and in 2,000 kW-class gas turbines.



*3 CCS: Carbon dioxide Capture & Storage †4 EOR: Enhanced Oil Recovery

News

Wheelchair Basketball Event Held



The Group supports wheelchair basketball by sponsoring the activities of the Japan Wheelchair Basketball Federation since

2015 and by supporting various tournaments and holding exchange events for the players.

This October, we invited close to 100 people including the employees and families of IHI Aerospace Co., Ltd.'s Tomioka facility and members of the local government for an event including an exhibition match and a trial session of wheelchair basketball.

As an official sponsor of the Japan Wheelchair Basketball Federation, the Group will continue to support wheelchair basketball. Please also visit our special wheelchair basketball website.



URL <https://www.ihico.jp/csr/social/community/bsk/> (in Japanese only)

“Hayabusa2” Return Capsule Displayed for Neighboring School



This October, as part of our social contribution activities, the Group borrowed the return capsule of the asteroid explorer “Hayabusa2” launched by the Japan Aerospace

Exploration Agency (JAXA) to hold exhibitions as extracurricular activities for neighboring elementary and middle schools.

“Hayabusa2” is an explorer launched to perform scientific observation and collect samples from the asteroid Ryugu, and IHI Aerospace Co., Ltd. was involved in the capsule development.

Developing next-generation human resources is a key issue in the Group’s social contribution activities. The Group will continue to take a proactive approach in developing the human resources responsible for manufacturing.



URL <https://www.ihico.jp/csr/english/social/community/activity/index.html>

Corporate Data (As of September 30, 2022)

Trade name	IHI Corporation
Date of establishment	January 17, 1889
Head office	3-1-1 Toyosu, Koto-ku, Tokyo 135-8710, Japan
Capital	107,165,393,180 yen
Number of shareholders	91,996
Website address	https://www.ihl.co.jp/en/

Corporate Officers (As of September 30, 2022)

● Directors

Representative Director and Chairman of the Board	Tsugio Mitsuoka
Representative Director and President	Hiroshi Ide
Representative Directors	Takeshi Yamada Masataka Ikeyama
Directors	Takeshi Kawakami Yasuhiro Shigegaki Hideo Morita Akihiro Seo
Outside Directors	Yoshiyuki Nakanishi Chieko Matsuda Minoru Usui Toshihiro Uchiyama

● Audit & Supervisory Board Members

Standing Audit & Supervisory Board Members	Takashi Niimura Seiji Maruyama
Outside Audit & Supervisory Board Members	Toshio Iwamoto Aiko Sekine Yumiko Waseda

● Accounting Auditor

Ernst & Young ShinNihon LLC
Tokyo Midtown Hibiya, Hibiya Mitsui Tower, 1-1-2 Yurakucho, Chiyoda-ku, Tokyo

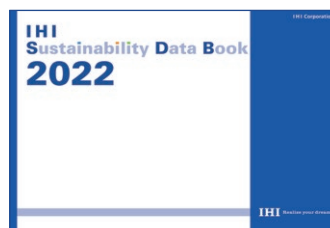
Please visit the Company's website.

Integrated Report



<https://www.ihl.co.jp/csr/english/download01/>

IHI SUSTAINABILITY DATA BOOK



<https://www.ihl.co.jp/csr/english/download02/>

IHI Group's ESG Management



<https://www.ihl.co.jp/csr/english/esg/>



YouTube

<https://www.youtube.com/@IHIcorporation>



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Inquiries regarding administrative procedures for stocks

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